



Sindh Abadgar's Sugar Mills Limited



TRUSTED BRAND
EXCELLENT QUALITY



40th Annual Report

FOR THE YEAR ENDED SEPTEMBER 30,

2023



SINDH ABADGAR'S SUGAR MILLS LIMITED

**40th ANNUAL REPORT
2023**

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COMPANY PROFILE

DIRECTORS

Mr. Deoo Mal Essarani	Chairman
Dr. Tara Chand Essarani	Chief Executive
Mr. Mahesh Kumar	Director
Mr. Dileep Kumar	Director
Mr. Pehlaj Rai	Director
Mr. Mohan Lal	Director
Dr. Besham Kumar	Director
Mr. Muhammad Siddiq Khokhar	Independent Director
Mr. Zafar Ahmed Ghori	Independent Director
Ms. Maheshwari Osha	Independent Director

CHIEF FINANCIAL OFFICER

Mr. Saqib Ghaffar

COMPANY SECRETARY

Mr. Aziz Ahmed

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
MCB Bank Limited
Bank AL Habib Limited
United Bank Limited
Meezan Bank Limited
HBL Foreign Exch. Bank
Limited

AUDIT COMMITTEE

Mr. Zafar Ahmed Ghori	Chairman
Mr. Pehlaj Rai	Member
Mr. Dileep Kumar	Member
Dr. Besham Kumar	Member

HR AND REMUNERATION COMMITTEE

Ms. Maheshwari Osha	Chairman
Mr. Mohan Lal	Member
Mr. Dileep Kumar	Member

AUDITORS

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

REGISTERED OFFICE

209, 2nd Floor, Progressive Plaza,
Beaumont Road, Karachi-Pakistan.

MILLS

Deh: Deenpur,
Taluka. Bulri Shah Karim,
Distt. Tando Muhammad Khan,
Sindh-73024.

REGISTRAR

JWAFFS Registrar Services (Pvt) Ltd.
407- 408, Al Ameera Centre,
Shahrah e Iraq, Saddar,
Karachi.

EMAIL ADDRESS

sasm@unitedgroup.org.pk



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Members of Sindh Abadgar's Sugar Mills Limited ("the Company"), will be held on January 26, 2024 at 4 P.M. at the Exchange Auditorium of Pakistan Stock Exchange Building at Pakistan Stock Exchange Road, Karachi-74400; to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the company for the year ended September 30, 2023 together with the Chairmans' Review, Directors' and Auditors' reports thereon.
2. To approve final cash dividend @ 20% (i.e Rs. 2/-) per Ordinary share as recommended by the Board of Directors
3. To appoint the Auditors of the Company for the period ending on date of the next Annual General Meeting and to Authorize the Directors to fix their remuneration. The present auditors, M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants, being eligible, have offered themselves for reappointment.

Special Business

4. To approve transmission of Annual Audited Financial Statements of the Company to the members by QR enabled code and web link and to pass with or without modification the following resolution as special resolution.

"Resolved that, the consent and approval of the shareholders of the company be and is hereby accorded for transmission of the Annual Audited Financial Statements along with the notice of Annual General Meeting through QR enabled code and weblink"

"Further resolved that the company secretary be and is hereby authorized to do all necessary acts, deeds and things in connection therewith and ancillary there to as may be required to give effect to the intent of the above resolution"

BY ORDER OF THE BOARD

Aziz Ahmed
Company Secretary

Karachi: 29th December, 2023

NOTES:

BOOK CLOSURE NOTICE:

The Ordinary Share Transfer books of the Company will remain closed from January 19, 2024 to January 26, 2024 (both days inclusive) for entitlement of Cash dividend and attending and voting at Annual General Meeting, Physical transfer / CDS Transactions IDs received in order in all respect up to 1:00p.m. on January 18, 2024 at share registrar M/s JWAFS Registrar Services (Pvt.) Ltd, 407 & 408, 4th Floor, Almeera Centre, Shakra-e-Iraq, Saddar, Karachi., will be considered in time for entitlement of cash dividend and attending of meeting.

PROXIES:

A member eligible to attend and vote at this meeting may appoint another member or his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the company's registered office not less than 48 hours before the time of holding the meeting. Proxies of the members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, account number and participant account number to produce at the time of attending the meeting. The proxy shall produce his / her original valid CNIC or original passport at the time of meeting. Shareholders are requested to immediately notify the company of change in address, if



any. Members who have deposited their shares into Central Depository Company of Pakistan Ltd (CDC) will further have to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- a. in case of individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the CDC regulations, shall authenticate his / her identity by showing his / her original CNIC or original passport at the time of attending the meeting.
- b. in case of corporate entity, the Board’s Resolution and power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

B. For Appointing Proxies

- a. in case of individual, the account holder and / or sub-account holder and their registration details are uploaded as per the CDC regulations, shall submit the proxy form as per above requirements.
- b. the proxy form shall be witnessed by two persons, whose names addresses and CNIC number shall be mentioned on the form.
- c. attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. the proxy shall produce his/her original CNIC or original passport at the time of meeting.
- e. in case of corporate entity, the Board resolution / power of attorney with specimen signature shall be furnished unless it has been provided earlier) along with proxy form to the Company.

DEDUCTION OF WITHHOLDING, TAX ON DIVIDEND

Pursuant to the provisions of the Finance Act, 2019 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows;

- FILER 15%
- Non Filer 30%

All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and may, if required, take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

DEDUCTION OF WITHHOLDING TAX ON DIVIDEND IN CASE OF JOINT ACCOUNT HOLDERS

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal shareholder and joint-holders in respect of shares held by them to our share registrar M/s JWAFS Registrar Services (Pvt) LTD, Suite# 407 & 408, 4th Floor, Alameera Centre, Shakra-e- Iraq, Saddar, Karachi. Otherwise each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account#	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

Signature of Primary Shareholder _____

EXEMPTION OF WITHHOLDING TAX:

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificates is made available to our Share Registrar office, M/s JWAFS Registrar Services (Pvt.) Ltd, Suite# 407 & 408, 4th Floor, Alameera Centre, Shakra-e- Iraq, Saddar, Karachi up to January 19, 2024.

SUBMISSION OF COPY OF CNIC (MANDATORY)

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the company or the company’s Share registrar. All shareholders are once again requested to send a copy of valid CNIC to our Share Registrar office M/s JWAFS Registrar Services (Pvt.) Ltd, Suite# 407 & 408, 4th

the Company Secretary /Share Registrar and the Company will then provide the hard copy to shareholders without any cost.

UNCLAIMED DIVIDEND / SHARES

Shareholders who could not collect their dividend/Physical shares are advised to contact our Share Registrar to collect & enquire about their unclaimed dividend or shares, if any.

VIDEO CONFERENCE FACILITY

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video link for participating in the Annual General Meeting. The request for video-link facility shall be received by Share Registrar at the address given hereinabove at least 7 days prior to the date of the meeting in the standard form place in the annual report which is also available on the website of the company.

E-VOTING AND POSTAL BALLOT FACILITY.

POLLING ON SPECIAL RESOLUTION

The members are allowed to vote through Electronic voting or voting by post for the special resolution in accordance with the conditions contained in postal ballot regulations 2018 amended by notification dated 5th December, 2022 issued by SECP.

PROCEDURE OF E-VOTING

Details of the E-voting will be shared through an email with those shareholders who have their valid CNIC numbers and email available with the register by the close of business on 21st January, 2024. The web address, login detail and password will be communicated by email. The security codes will be communicated to the shareholders through SMS from the web portal of the Share Registrar of the company.

E-Voting lines will start from 22nd January, 2024 at 09:00 A.M and shall close on 25th January, 2024. The Shareholders can cast their vote anytime during this period. Once the vote cast, the shareholders shall not be allowed to change its subsequently.

PROCEDURE FOR VOTING THROUGH POSTAL BALLOT

The Shareholders shall send duly filled and signed ballot papers along with CNIC which should reach the Chairman of the meeting through post on the company's registered address: Progressive Plaza Suite# 209, 2nd Floor, Beaumont Road, Karachi-75530., one day before AGM. The ballot paper is also available on the company's website for downloading.

CIRCULATION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH QR ENABLED CODE AND WEBLINK STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017.

The SECP vide its notification no. SRO 389(1) 2023 dated: March 21,2023 has allowed to circulate the Annual Audited Financial Statements together with related documents along with the notice of the meeting to its shareholders through QR enabled code and weblink . The approval of the shareholders is being sought to circulate the Annual Audited Financial Statements to the shareholders through the QR enabled code and weblink. The company however, shall send the hard copy of the same at their registered address free of cost if a request is made by the shareholders to the company.

None of the directors of the company have any direct or indirect interest in the aforesaid special resolution.

For any query / clarification / information, the shareholder may contact the company. And/or the Share Registrar at the following addresses:

Company Address:

Sindh Abadgar's Sugar Mills Limited.

Suite no. 209, 2nd Floor, Progressive Plaza,
Beaumont Road, Karachi-75530.

Share Registrar Address:

JWAFFS Registrar Services (Pvt.) Ltd.

Suite # 407-408, 4th Floor, Al-Ameer,
Centre, Shahra-e-Iraq, Sadder, Karachi.



CHAIRMAN'S REPORT

On behalf of the Board of Directors, I am pleased to present a review report on the overall performance of the Board and effectiveness of the role played by the Board in achieving the company's objectives under section 192 of the Companies Act, 2017.

The composition of the Board of Directors represents mix of varied backgrounds and rich experience in the field of business, banking etc., more specifically having thorough understanding of sugar industry spanning experience of more than 15 years, and is committed to operate at highest standard of Corporate Governance.

The Board provides strategic directions both short term and long term to the Company and guide the management to achieve objectives and goals of the Company. Annual evaluation of the Board of Directors as required under the Code of Corporate Governance has been carried out to measure the performance and effectiveness of the Board against the objectives of the Company set at the beginning of the year and report that:

1. The overall performance of the Board for the year under review was satisfactory.
2. The Directors have performed their duty diligently and honestly in the best interest of the company particularly related to strategic objective of the company and monitoring the actuals their against.
3. The Board remained focus on Risk Management, business growth and future opportunities especially relating to procurement of sugarcane Price, monitoring of sugar price and extent of utilization of borrowings.
4. The Board had full understanding of the vision and mission statements and revisited them during the year to update with the changing market conditions
5. The Board members attended Board meetings during the year and participated in important Company's matter.
6. The Board undertook an overall review of business risks to ensure effectiveness of internal controls to safeguard assets and interest of the company and shareholders.
7. The Board members regularly received reports on finances / budgets, production and other important matters which helped them take effective decisions.
8. The Board members were updated with regard to achievement of financial results through regular presentations by the management and accordingly received directions and oversight on a timely basis.

I would like to thank the Board members for their commitments in overcoming the difficulties faced by the Company due to unstable market environments, and expect them to put all their energy and efforts to spur growth in the future.

DEOO MAL ESSARANI

Karachi: 29 December, 2023

چیمبر میں رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، میں انتہائی مسرت کے ساتھ آپ کے سامنے بورڈ کی مجملہ کارکردگی اور بورڈ کی جانب سے کمینیز ایکٹ 2017 کی دفعہ 192 کے تحت کمپنی کے اغراض و مقاصد کے حصول کیلئے ادا کیے گئے کردار پر جائزہ رپورٹ پیش کر رہا ہوں۔

بورڈ آف ڈائریکٹرز مختلف شعبہ ہائے سے تعلق رکھتے ہیں اور کاروباری شعبہ، بینکنگ وغیرہ میں بھرپور تجربہ رکھتے ہیں اور خصوصی طور پر چینی کی صنعت سے 15 سال سے زائد عرصے سے وابستہ ہیں اور انہوں نے اعلیٰ معیاری کارپوریٹ گورننس پر کام کرنے کا عزم کر رکھا ہے۔

بورڈ کمپنی کی حکمت عملی کے حوالے سے ہدایات فراہم کرتا ہے اور کمپنی کے اغراض و مقاصد کے حصول میں انتظام و انصرام کرتا ہے۔ بورڈ کی کارکردگی اور کمپنی کے اہداف جو کہ سال کے شروع میں مقرر کیے گئے تھے کے حصول میں بورڈ کے کردار کی موثریت کا جائزہ لینے کیلئے بورڈ کے ڈائریکٹرز کا سالانہ تجزیہ کیا گیا ہے جیسا کہ کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت ضروری ہے، جس کی رپورٹ درج ذیل ہے:

- 1- بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی تسلی بخش رہی۔
- 2- ڈائریکٹرز نے کمپنی کے مفاد میں انتہائی دیانتداری کے ساتھ اپنے فرائض سرانجام دیئے، خصوصاً کمپنی کی حکمت عملی کے اہداف کے حوالے سے اور چیدہ چیدہ پہلوؤں پر نظر رکھی۔
- 3- بورڈ نے رسک مینجمنٹ، کاروباری ترقی اور مستقبل کے مواقع پر اپنی توجہ مرکوز رکھی۔
- 4- بورڈ کے پاس ویژن اور مشن کے گوشواروں کے متعلق مکمل آگہی تھی اور بدلتی ہوئی مارکیٹ کی صورتحال کے حساب سے انہیں تازہ ترین رکھنے کا جائزہ لیا جاتا رہا۔
- 5- بورڈ کے ممبران نے سال کے دوران ہونے والی بورڈ میٹنگ میں شرکت کی اور کمپنی کے اہم معاملات میں اپنا کردار ادا کیا۔
- 6- کمپنی اور شیئرز ہولڈرز کے مفاد اور اثاثہ جات کو محفوظ رکھنے کیلئے اندرونی کنٹرول کی موثریت کو یقینی بنانے کے حوالے سے بورڈ نے کاروباری خطرات کا ہر طرح سے جائزہ لیا۔
- 7- بورڈ ممبران پابندی کے ساتھ مالی امور/ بجٹ، پیداوار اور دیگر اہم مسائل کے متعلق رپورٹ موصول کرتے رہے جو کہ موثر فیصلہ لینے میں مددگار ثابت ہوئیں۔
- 8- بورڈ ممبران انتظامیہ کی جانب سے باقاعدہ طور پر ریزیمیشنز کے ذریعے مالی نتائج حاصل کرنے کے حوالے سے آگاہ رہے اور اسی حساب سے ہدایات وصول کرتے رہے اور بروقت بنیادوں پر کسی بھی قسم کی بھول چوک سے آگاہ رہے۔

میں تمام بورڈ ممبران کا شکر گزار ہوں جنہوں نے تندہی، انتہک محنت اور لگن کے ساتھ کوششیں کیں اور غیر مستحکم مارکیٹ کی صورتحال کی وجہ سے پیدا ہونے والی مشکلات پر قابو پانے کیلئے جدوجہد کی۔

دیوبل ایسرانی

کراچی بتاریخ 29 دسمبر 2023



DIRECTORS' REPORT

Dear Members
Assalam o-alaikum,

On behalf of the Board of Directors of Sindh Abadgar's Sugar Mills Ltd, we are pleased to submit the Directors report together with audited financial statements of the company for the year ended 30th September, 2023.

Financial Results:

	FY 2023	FY 2022
	(Rupees)	(Rupees)
Profit/(Loss) before tax	608,941,709	(13,477,594)
Taxation net	<u>(235,573,052)</u>	<u>(27,462,479)</u>
Profit/(Loss) after taxation	373,368,657	(40,940,073)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax.	<u>81,939,142</u>	<u>87,858,569</u>
	455,307,799	46,918,496
Accumulated (Loss) brought forward	<u>(170,155,080)</u>	<u>(217,073,575)</u>
Accumulated Profit/(Loss) carried forward	<u>285,152,719</u>	<u>(170,155,080)</u>
Earnings/(Loss) per share	35.81	(3.93)

The Company posted a sales volume of 61,141 M. Tons of Sugar compared to 45,478 M. Tons in the corresponding year reflecting an increase of 34%. However, sales in term of Rupees achieved Rs.5,534 million compared to Rs.3,391 million in the last year showing an increase of 62%. This phenomenal spike is attributed to sharp increase in local price of sugar which jumped by 22% at Rs. 90.76 per kg compared to Rs. 74.59 per kg in the corresponding period. Further, some quantity of sugar was also exported which fetched good selling prices. The plant operated 95 days during the crushing season compared to 110 days in the preceding season. The cost of production has arisen by 15% during the year under review mainly because of the manufacturing salaries & wages which has increased by 20% over the corresponding year due to annual increments and increase in minimum wages by the Sindh government, whereas production stores consumed increased by 25%, fuel and power increased by 68% and repair & maintenance increased by 29% resulting from weakening of Pak Rupee and uncontrollable inflation. Administrative expenses have also increased by 12%, which were recorded at Rs. 134.69 million compared to Rs. 119.75 million in the corresponding year. The most severe impact was of financial cost which drastically swelled to Rs. 384.18 million during the year from Rs. Rs. 279.84 million in the corresponding year due to frequent hike in policy rate by SBP. The sugar recovery has plunged to 10.63% as compared to 11.08% in the last season. The drop in recovery is caused by dreaded flood which affected standing crop. The average procurement price of sugarcane per 40 kg recorded at Rs. 341/- compared to Rs. 289/- in the corresponding year; showing an increase of Rs. 52.00 (18%) which is attributed to increase of minimum purchase price by Government.



The gross profit on sales achieved at 20.48% from 9% in the corresponding year instantly attributed to better selling price of sugar. The EBITDA recorded at Rs. 1,230 million compared to Rs. 427 million of last year showing phenomenal increase of 188% resulting in a profit after tax of Rs. 373.369 million compared to a loss Rs. 40.94 million last year. The earning per share stood at Rs.35.81 as against Rs.(3.93) in the corresponding year.

Dividend

The Board of Directors in its meeting held on 29th December, 2023 has recommended dividend of Rs. 2/- per share for the year ended 30th September 2023 to be approved by the shareholders in their AGM which will be held on January 26th, 2024.

Operational Results:

		FY 2022-23	FY 2021-22
Crushing Commenced		20.11.2022	28.11.2021
Crushing Ended		03.03.2023	17.03.2022
Days Worked (Gross)		95	110
Sugarcane crushed	- Tons	485,128	474,176
Net crushing	- Days	84	84
Daily average crushing	- Gross days	5,107	4,311
Daily average crushing	- Net days	5,775	5,645
Capacity utilization	- %	72	71
Sugar produced	- Tons	51,529	52,507
Sugar recovery	- %	10.63	11.08
Molasses produced as a	- Tons	22,574	20,723
Molasses produced as a % Sugarcane	- %	4.66	4.37

The crushing was started on 20th November, 2022 and the mills remained operative for 95 days compared to 110 days in the corresponding season. The crushing, however, increased by 2.3% over the corresponding season at 485,128 M. Tons compared to 474,176 M. Tons. However, the sugar production is slightly less at 51,529 M. Tons as against 52,507 M. Tons in the corresponding season attributed to decrease in sugar recovery by 0.45% from 11.08% in the previous to 10.63% in the current season under review.

Industry Overview

Sugar production in Pakistan achieved 7.05 million metric tons during the season 2022-23 as compared to 7.92 million metric tons in the corresponding season. The low production of sugar



is attributed to devastated flood which brought havoc in Sindh whereby some standing crop where damaged and sugar recovery remained low as well. The minimum support price of Sugarcane fixed by the provincial governments at Rs.300/- per 40 Kgs in Punjab / KPK and Rs.302/- in Sindh was an increase of 21% over the previous year in the Sindh amid record inflation pushing higher input and other cost of production. Similarly, sugar prices also moved upward in the 2nd half of the financial year attributed to strong demand in the local market.

Corporate Social Responsibility Activities

Your company is committed towards providing its staff & workers a safe and healthy environment, pollution free atmosphere and accordingly has installed necessary equipment in order to remain compliant with the safety rules and regulations. The workers are provided necessary protective equipment to safeguard themselves from any accidents. Regular in house trainings are arranged to acquaint themselves with safety guidelines. The Company is providing sugar at subsidized rate from its fair price shop. The company being a good corporate citizen is contributing towards improving the life style of community inhabited around the factory by providing them financial assistance, free health care, meal, education etc., to the deserving people.

Impact on Environment

Your company is strongly committed to its Environmental Responsibilities and fulfilling them, as per Sindh Environmental Protection Agency Rules. The company is equipped with Effluent Treatment Plant to keep the environment free from the harmful effect caused by the effluent. Your company has launched "Tree Plantation Campaign" regularly each year whereby, large number of trees are planted. The Company supports environmental protection activities in the community and fund them to protect the people from hazards of filthy environment.

Future Outlook

Sugarcane production for the ensuing season 2023-24 is expected to be around 83.5 million metric tons compared to 82.40 million metric tons achieved in 2022-23. The marginal increase is attributed to increase in plant area affected by the flood in Sindh in the last season. The government of Sindh has set a minimum support price of Rs. 425 per 40 kgs compared to Rs. 302/- per 40 kgs in the preceding crushing season exponentially increasing it by 41 % citing a reason worked out after analyzing cost / volume relationship. Consequently, the sharp spike in sugarcane price will have direct negative impact on the cash flow of the sugar industry, since more bank borrowing is required for payment to growers during the ongoing crushing season, ultimately the financial cost will dent profitability of the sugar industry. In the event the prices of sugar do not tend to behave in relationship with the cost of sugarcane there is likelihood the sugar industry will suffer colossal losses a potential threat to its survival. As such the ensuing financial year is more challenging in view of very low and discounted selling price of sugar on the local market which is now about Rs.130/- kg being now the lowest in the world when compared with the international



price of sugar. As it is widely speculated, that there will be less production of sugar in the country which may prompt the government to import sugar at a price approximately to Rs.250/- per kgs. We therefore, urged the government to allow the market to regulate the price of sugar in order to curb smuggling ultimately leading to saving in the foreign exchange of the country is not in a position to spend on the commodity in which it is self-sufficient. The six month Kibor at 22.57% remains a constant thorn for the industry in view of unabated inflation and weakening of Pak rupee against the dollar. This trend seems to continue and no respite is foreseen in the near term. Consequently, the mark up on short term borrowing will be significantly higher during the ongoing crushing season. We reiterate that the government will resolve all issues of the industry at the earliest specially regulation of the sugar price commercially for which to ensure a fair and transparent policy that would support the industry. There is a need of the hour to allow spike in price of sugar to cater unprecedented inflation and mark-up cost.

Code of Corporate Governance

The Company has adopted the Code of Corporate Governance promulgated by the Securities & Exchange Commission of Pakistan. We have implemented the entire mandatory provisions and welcome the Government step to get fully disclosed financial statements to closely monitor the corporate sector. We hope it will go a long way in confidence building of small investors and will boost corporate investment.

Directors' Training program

We are pleased to inform you that the company is compliant to clause 19 of the Code of Corporate Governance Regulation 2019 with regard to Directors Training Program.

Statement on Corporate and Financial Reporting Framework

The Board is pleased to confirm the following:

1. The Financial Statements, prepared by the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper Books of Accounts of the company have been maintained.
3. Appropriate Accounting Policies have been consistently applied in preparation of the Financial Statements, Changes, if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Standards, as applicable in Pakistan, have been followed in preparation of the Financial Statements.
5. The system of Internal Control is sound in design and has been effectively implemented and monitored regularly.



6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
8. The Statement of Ethics and Business Strategy is prepared and circulated among the directors and employees.
9. The Investments out of Provident Funds have been made in accordance with the provision of Section 218 of the companies Act, 2017 and the rules formulated for this purpose. The value of the fund as at 30th September, 2023 was at Rs. 96.796 million.
10. The Board has adopted a Mission Statement and a statement of overall corporate strategy.
11. Key Operating and Financial Data for last six years, in summarized form, is given on page 26 .
12. Information about the Taxes and Levies is given in the notes to the Financial Statements.
13. The Pattern of Shareholding and additional information regarding Pattern of Shareholding is given on page 83 and 84 .
14. Mr. Mahesh Kumar director of the company has brought 184,600 shares during the year.
15. During the year 2022 - 2023 four (4) Meetings of the Board of Directors were held.

Attendance of each Director was as under:

Name of Directors	No. of meeting attended
Mr. Deoo Mal Essarani	4
Dr. Tara Chand	4
Mr. Dileep Kumar	3
Mr. Pehlaj Kumar	3
Mr. Mohan Lal	3
Dr. Besham Kumar	3
Mr. Mahesh Kumar	4
Muhammad Siddiq Khokhar	4
Mr. Zafar Ahmed Ghori	4
Ms. Maheshwari Oasha	4

The leave of absence was granted to the Directors who could not attend the meeting due to their pre-occupation.



Code of Conduct & Ethics

It is the company's policy to conduct its operations in accordance with the highest business ethical considerations, to comply with all statutory regulations and to conform to the best accepted standards of good corporate citizenship. This policy applies to all directors and employees of the Company regardless of function, grade or standing.

1. The Company's activities and operations are carried out in strict compliance with all applicable laws and the highest ethical standards. The directors and employees ensure that the company deals in all fairness with its customers, suppliers and competitors.
2. In its relations with Governmental Agencies, Customers and Suppliers, the company does not, directly or indirectly; engage in any corrupt business practices.
3. The Directors and Employees do not take advantage of the company's information or property or their position with the company to develop inappropriate gains or opportunities.

Directors' Remuneration Policy

The Board has approved a Directors' Remuneration Policy, which described in detail the objectives and transparent procedures for the remuneration package of individual director. The company does not have the remuneration policy for non-executive and independent directors except for attending meeting of the Board and its committee. The remuneration however is paid to executive directors based on their annual appraisal. The director remuneration policy is reviewed and approved by the Board from time to time.

Detail of aggregate amount of Executive and Non-Executive Directors are disclosed in note 30 to the financial statement.

Composition of Board

Total Number of Directors

(a) Male	9
(b) Female	1

Composition:

Independent Director	03
Other non-executive Director	05
Executive Directors	02



Audit Committee

The Audit Committee of the company is performing duties with its term of reference as determined by the Board. During the year four meetings were held. Attendance is as under:

Mr. Zafar Ahmed Ghori	...	Chairman	4
Mr. Besham Kumar	...	Member	3
Mr. Dileep Kumar	...	Member	3
Mr. Pehlaj Rai	...	Member	3

HR and Remuneration Committee

The HR and Remuneration Committee of the company is performing its duties with its term of reference as determined by the Board. During the year one meeting was held. Attendance is as under:

Ms. Maheshwari Osha	...	Chairman	1
Mr. Mohan Lal	...	Member	1
Mr. Dileep Kumar	...	Member	1

Credit Rating

The Long Term Rating of the Company is BBB and the Short Term is A2 assigned by Pakistan Credit Rating Agency Limited. The outlook of the assigned rating is stable.

Subsequent Material Events

Material changes and commitments affecting the financial positions of the Company occurred after 30th September 2023 till the issue of this financial statement has been reflected in the notes of contingencies and commitments to the financial statements. The company is confident that no adverse financial impact will occur. The Board, however, has proposed a cash dividend of Rs.2/- per share in their meeting held on Friday, 29th December, 2023.

Evaluation of Board of Directors'

The Board of Directors has evolved a criteria to measures the performance of each member of the Board & its Committees. Annual Evaluation as required under the Code of Corporate Governance has been carried out against the criteria / objectives set out at the beginning of the year.

Statutory Auditors

The present Auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board's Audit Committee has recommended appointment of M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants as auditors for the ensuing year, also.



Acknowledgement

The Board acknowledges the cooperation of all stakeholders and place on record its gratitude for the dedication of workers and employees of the Company.

At the end, let us pray to Almighty Allah to guide us in all our pursuits for national development and for the betterment of your organization – Ameen.

On behalf of the Board of Directors

Dr. Tara Chand
Chief Executive Officer

Mahesh Kumar
Director

Dated: 29th December, 2023.

ڈائریکٹرز رپورٹ

پیارے ممبران - اسلام علیکم!

ہم سندھ آبادگار شوگر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز، انتہائی مسرت کے ساتھ ڈائریکٹرز کی رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے سال اختتام پذیر 30 ستمبر 2023 پیش کر رہے ہیں۔

مالی سال 2022	مالی سال 2023	مالیاتی نتائج:
روپے میں	روپے میں	نفع / (نقصان) ما قبل ٹیکس
(13,477,594)	608,941,709	ٹیکس منجملہ
(27,462,479)	(235,573,052)	نفع / (نقصان) ما بعد ٹیکس
(40,940,073)	373,368,657	قدرو قیمت کی تعیین نو سے حاصل شدہ منافع منتقل کیا گیا
87,858,569	81,939,142	
46,918,496	455,307,799	کل ملا کر (نقصان) سامنے لایا گیا
(170,155,080)	(217,073,575)	حاصل سابق (نفع / نقصان)
(170,155,080)	285,152,719	فی شیئر کمائی / (نقصان)
(3.93)	35.81	

کمپنی نے 34 فیصد اضافہ کے ساتھ 61,141 میٹرک ٹن فروختگی حجم حاصل کیا جو کہ گذشتہ سال 45,478 میٹرک ٹن تھا۔ تاہم اگر روپیہ میں فروخت کی بات کی جائے تو کمپنی نے 64 فیصد اضافے کے ساتھ 5,549 ملین روپے حاصل کیے جو کہ گذشتہ سال 3,392 ملین روپے تھے۔ اس اضافے کی وجہ چینی کی مقامی قیمت میں 22% کا اضافہ ہے یعنی فی کلو چینی کی قیمت 90.76 روپے رہی جو کہ گذشتہ دورانیہ میں 74.59 روپے فی کلو تھی۔ مزید یہ کہ چینی کی کچھ مقدار ایکسپورٹ بھی کی گئی جس کی وجہ سے اچھی قیمت فروخت حاصل ہوئی۔ اس سیزن کے دوران پلانٹ نے گذشتہ سیزن میں 110 دن کے مقابلے میں 95 دن کام کیا۔ زیر جائزہ سال کے دوران پیداواری لاگت میں 15 فیصد اضافہ ہوا ہے جس کی بنیادی وجہ تنخواہ جات اور معاوضہ جات میں گذشتہ سال کے مقابلے میں 21

فیصد اضافہ ہے کیونکہ حکومت سندھ کی جانب سے کم از کم تنخواہ اور سالانہ مراعات میں اضافہ کیا گیا ہے، جبکہ پروڈکشن اسٹورز کے مصارف میں بھی 25 فیصد اضافہ ہوا، ایندھن اور توانائی کی مد میں 68 فیصد اضافہ ہوا اور ریپیئر اور مینٹنس کی مد میں 29 فیصد اضافہ ہوا، اس اضافے کی وجہ پاکستانی کرنسی کا کمزور ہونا اور ناقابل کنٹرول مہنگائی ہے۔ انتظامی اخراجات میں بھی 12 فیصد اضافہ ہوا جو کہ مبلغ 134.69 ملین روپے ریکارڈ کیے گئے جبکہ گذشتہ مماثل دورانیہ میں 119.75 ملین روپے تھے۔ سب سے زیادہ اثر مالی اخراجات کی مد میں ہوا جو کہ زیر جائزہ سال کے دوران 384.18 ملین روپے تک جا پہنچے جو کہ گذشتہ سال 279.84 ملین روپے تھے، جس کی وجہ اسٹیٹ بینک کی جانب سے پالیسی ریٹ میں مسلسل اضافہ ہے۔ چینی کی وصولی میں بھی تھوڑی سی کمی ہوئی یعنی 10.63 فیصد رہی جو کہ گذشتہ سیزن میں 11.08 فیصد تھی۔ چینی کی وصولی میں کمی کی وجہ سے خوفناک سیلابی صورتحال رہی جس نے کھڑی فصلوں کو نقصان پہنچایا۔ گنے حاصل کرنے کی مناسب قیمت 341 روپے فی من رہی جو کہ گذشتہ سال 289 روپے فی من تھی یعنی اس میں 52 روپے (18 فیصد) کا اضافہ ہوا، اس کی بنیادی وجہ حکومت کی جانب سے گنے کی کم از کم قیمت میں اضافہ ہے۔

فروخت پر منجملہ منافع 20.48 فیصد رہا جو کہ گذشتہ سال 9 فیصد تھا، اس کی وجہ چینی کی قیمتوں میں بہتری ہے۔ اس سال EBITDA مبلغ 1,230 ملین روپے ریکارڈ کیا گیا جو کہ پہلے 427.214 ملین روپے تھا یعنی 188 فیصد اضافہ ہوا، اس کے نتیجے میں ٹیکس کے بعد منافع 373.369 روپے رہا جو کہ گذشتہ مماثل سال میں 40.94 ملین خسارے میں تھا۔ فی شیئر کمائی 35.81 روپے رہی جو کہ گذشتہ سال (3.93) روپے تھی۔

منقسمہ / ڈیویڈنڈ:

بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ 29 دسمبر 2023 میں سال اختتام پذیر 30 ستمبر 2023 کیلئے مبلغ 2 روپے فی شیئر ڈیویڈنڈ تجویز کیا ہے جس کی منظوری مورخہ 26 جنوری 2024 کو منعقد ہونے والی سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی جانب سے دی جائے گی۔

عملیاتی نتائج

2021-22	2022-23	عملیاتی نتائج:
28-11-2021	20-11-2022	پیسائی کا آغاز
17-03-2022	03.03.2023	پیسائی کا اختتام
110	95	کام کے ایام (مجموعی) - ایام
474,176	485,128	پیسے گئے گنوں کی تعداد - ٹن
84	84	کل پیسائی - ایام
4,311	5,107	روزانہ پیسائی کا تناسب - منجملہ ایام
5,645	5,775	روزانہ پیسائی کا تناسب - کل ایام
71	72	استعمال کی استعداد - فیصد
52,507	51,529	چینی کی پیداوار - ٹن
11.08	10.63	چینی کی وصولیابی - فیصد
20,723	22,574	شیرہ کی پیداوار - ٹن
4.37	4.66	گنے میں شیرہ کا تناسب - فیصد

کمپنی نے پیسائی کا آغاز مورخہ 20 نومبر 2022 سے کیا اور مل گذشتہ سال 110 دن کے مقابلے میں 95 دن تک کام کرتی رہی لہذا کمپنی نے اس سیزن 2.3 فیصد اضافے کے ساتھ 485,128 میٹرک ٹن گنے کی پیسائی کی جو کہ گذشتہ سال 474,176 میٹرک ٹن تھی۔ تاہم گنے سے چینی کی پیداوار تھوڑی سی کم یعنی 51,529 میٹرک ٹن رہی جو کہ گذشتہ سیزن میں 52,507 میٹرک ٹن تھی۔ چینی کی حصولیابی میں بھی 0.45 فیصد کمی رہی یعنی اس سال 10.63% رہی جو کہ گذشتہ سال 11.08% تھی۔

صنعت کا جائزہ:

پاکستان میں اس سال سیزن 2022-23 میں گنے کی پیداوار 7.05 میٹرک ٹن رہی جو کہ گذشتہ سیزن میں

7.92 میٹرک ٹن تھی۔ چینی کی پیداوار میں کمی کی وجہ سے سندھ میں تباہ کن سیلاب ہے جس میں ایک طرف کچھ کھڑی فصلیں تباہ ہوئیں جبکہ دوسری طرف چینی کی وصولی میں کمی پیدا ہوئی۔ پنجاب / خیبر پختونخواہ میں گنے کی کم از کم قیمت 300 روپے فی من مقرر کی گئی ہے جب کہ سندھ میں 302 روپے فی من مقرر کی گئی یعنی ریکارڈ مہنگائی کی وجہ سے سندھ میں گذشتہ سال کے مقابلے میں قیمتوں میں 21 فیصد اضافہ ہوا، اس کی وجہ سے آپریشنل اور پیداواری اخراجات میں اضافہ ہوا۔ اسی طرح چینی کی قیمتیں بھی اس مالی سال کی ششماہی میں بڑھنا شروع ہوئیں جس کی وجہ مقامی مارکیٹ میں چینی کی اضافی طلب تھی۔

کارپوریٹ سماجی سرگرمیاں

آپ کی کمپنی نے اپنے عملہ اور ملازمین کو ایک محفوظ اور صحت مند ماحول فراہم کرنے کا اعادہ کر رکھا ہے۔ آلودگی سے پاک ماحول کیلئے کمپنی نے ضروری آلات نصب کیے ہیں تاکہ حفاظتی قوانین و ضوابط کی پاسداری ہوتی رہے۔ ملازمین کو ضروری حفاظتی آلات فراہم کیے گئے ہیں تاکہ انہیں حادثات سے بچایا جاسکے۔ کمپنی کے اندر باقاعدہ تربیتی نشستوں کا اہتمام کیا جاتا ہے تاکہ انہیں حفاظتی ہدایات سے آگاہ رکھا جاسکے۔ کمپنی اپنی فیز پر انر شاپ سے گروسری اور گھریلو اشیاء رعایتی قیمت پر فراہم کر رہی ہے۔ ایک اچھے کارپوریٹ شہری ہونے کے ناطے کمپنی کے قریبی لوگوں کے طرز زندگی کو بہتر بنانے میں اپنا کردار ادا کر رہی ہے اور مستحق افراد کو مالی معاونت، مفت ہیلتھ کیئر، کھانا، تعلیم وغیرہ فراہم کر رہی ہے۔

ماحولیاتی اثرات

آپ کی کمپنی نے عائد ماحولیاتی ذمہ داریوں کو پورا کرنے کا اعادہ کیا ہوا ہے جیسا کہ سندھ انوائزمنٹل پرائیکشن ایجنسی رولز میں وضع کیا گیا ہے۔ کمپنی نے افلوینٹ ٹریٹمنٹ پلانٹ نصب کیے ہیں تاکہ ماحول کو افلوینٹ کی وجہ سے پیدا ہونے والے منفی اثرات سے پاک رکھا جائے۔ آپ کی کمپنی نے پہلے ہی ”درخت لگانے کی مہم“ کا آغاز کر رکھا ہے جس کے تحت باقاعدہ طور پر بڑی تعداد میں درخت لگائے جا رہے ہیں۔ کمپنی کمیونٹی میں ماحولیاتی محافظتی سرگرمیوں کی حمایت کرتی ہے اور مضر صحت ماحول کے اثرات سے لوگوں کو محفوظ کرنے کیلئے اس طرح کی سرگرمیوں کی مالی معاونت کرتی ہے۔

مستقبل کے امکانات

اگلے سیزن یعنی 2023-24 میں گنے کی پیداوار 83.5 ملین میٹرک ٹن ہونے کا امکان ہے جو کہ اس سیزن 2022-23 میں 82.40 ملین میٹرک ٹن رہی۔ یہ اضافے پیداواری علاقے میں اضافے کی وجہ سے ممکن ہے جو کہ سندھ میں سیلاب کی وجہ سے متاثر ہوا۔ حکومت سندھ نے کم از کم گنے کی قیمت 425 روپے فی من مقرر کی ہے جو کہ پہلے 302 روپے فی من تھی۔ گنے کی قیمت میں تیزی سے ہونے والا اضافہ، چینی کی صنعت کے کیش فلو پر منفی اثرات مرتب کرے گا اور پیسائی کے سیزن کے دوران کسانوں کو ادائیگیاں کرنے کیلئے مزید بینک قرضوں کی ضرورت پڑے گی، جس سے چینی کی صنعت کے منافع پر مالی اخراجات کا بوجھ بڑھے گا۔ اگر چینی کی قیمتیں، چینی کی لاگت کی مناسبت سے نہیں ہوتیں تو اس سے چینی کی صنعت خسارے کا شکار ہوگی اور اس کی بقاء کیلئے خطرے کا باعث ہوگی۔ اس لیے مقامی مارکیٹ میں چینی کی انتہائی کم اور رعایتی قیمتوں جو کہ بین الاقوامی چینی کی قیمت کے مقابلے میں دنیا میں سب سے کم ہیں، کو مد نظر رکھتے ہوئے یہ سال زیادہ چیلنجنگ ہے۔ قیاس آرائیوں کے مطابق، ملک میں چینی کی پیداوار کم ہوگی اور حکومت اندازاً 250 روپے فی کلو کی قیمت پر چینی کی امپورٹ کی جانب راغب ہو سکتی ہے۔ لہذا ہم حکومت سے یہ درخواست کرتے ہیں کہ وہ اسمگلنگ کی روک تھام کیلئے چینی کی قیمت مارکیٹ کو ریگولیٹ کرنے دے اس سے ملک کے زرمبادلہ کی بچت ہوگی کیونکہ ملک اس وقت اُن کموڈٹی پریزرز مبادلہ خرچ کرنے کی پوزیشن میں نہیں ہے جن کیلئے ملک خود مختار ہے۔ چھ ماہ کا KIBOR، 22.57 فیصد پر قائم رہا جس کی وجہ مہنگائی اور ڈالر کے مقابلے میں پاکستانی روپیہ کی قدر میں کمی ہے۔ یہ رجحان مسلسل رہنے کا امکان ہے اور مستقبل قریب میں کوئی ایسی پیش رفت نظر نہیں آرہی ہے۔ لہذا، تھوڑے عرصے کے قرضوں پر شرح سود بھی آئندہ پیسائی کے سیزن میں زیادہ رہنے کا امکان ہے۔ ہم ایک بار پھر حکومت سے مطالبہ کرتے ہیں کہ چینی کی قیمت کمرشل سطح پر لانے کے حوالے سے ہماری صنعت کے تمام مسائل فوری طور پر حل کیے جائیں تاکہ منصفانہ اور شفاف پالیسی کو یقینی بنا جا سکے۔ یہ وقت کی ضرورت ہے کہ چینی کی قیمت غیر متوقع مہنگائی اور شرح سود کی مناسب سے، بڑھائی جائیں۔

کارپوریٹ طرز حکمرانی کے ضابطے

کمپنی نے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کی جانب سے لاگو کردہ تنظیمی طرز حکمرانی کے ضابطے کو اختیار کیا ہے۔ ہم نے تمام تر لازمی ضوابط پر عملدرآمد کیا ہے اور کارپوریٹ سیکٹر کی نگرانی کیلئے اٹھائے گئے حکومتی اقدام کو مالیاتی گوشواروں

کو واضح انداز میں منظر عام پر لایا جائے، کا خیر مقدم کرتی ہے۔ ہم امید کرتے ہیں کہ اس سے چھوٹے سرمایہ داروں کے اعتماد میں اضافہ ہوگا اور کارپوریٹ سرمایہ کاری بڑھے گی۔

ڈائریکٹرز کا تربیتی پروگرام

ہم انتہائی مسرت کے ساتھ آپ کو آگاہ کرتے ہیں کہ کمپنی ڈائریکٹرز کے تربیتی پروگرام کے حوالے سے کوڈ آف کارپوریٹ گورننس ریگولیشن 2019 کی شق 19 پر عمل پیرا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر گوشوارہ:-

(1) کمپنی کی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی گوشوارے، شفافیت کے ساتھ، اس کے امور، نقد کا بہاؤ اور شیئر میں تبدیلیاں پیش کرتے ہیں۔

(2) کمپنی کے اکاؤنٹس کی باضابطہ کتب برقرار رکھی گئی ہیں۔

(3) مالیاتی گوشواروں کی تیاری میں توازن کے ساتھ مناسب اکاؤنٹنگ پالیسی لاگو کی گئی ہے، تبدیلیاں، اگر کوئی

ہوں، انہیں ٹھیک طور پر واضح کیا جاتا ہے اور محاسبی تخمینہ کاری معقول اور دانشمندانہ فیصلوں پر مبنی ہے۔

(4) بین الاقوامی معیارات، جو کہ پاکستان میں لاگو ہیں، مالیاتی گوشواروں کی تیاری میں ان کی پاسداری کی گئی ہے اور اس میں اگر کوئی انحراف ہے تو اسے ٹھیک انداز میں منظر عام پر لایا گیا ہے۔

(5) اندرونی نظم و نسق کا نظام موثر طرز سے ترتیب دیا گیا ہے اور اس پر موثر انداز میں عملدرآمد و نگرانی جاری ہے۔

(6) کمپنی کی صلاحیت پر کوئی قابل ذکر شک و شبہات موجود نہیں اور اس کا کاروبار جاری و ساری ہے۔

(7) درج مندرج ضوابط میں تفصیل کردہ، کارپوریٹ گورننس کی پاسداری میں کوئی بنیادی انحراف موجود نہیں ہے۔

(8) اخلاقی اور کاروباری حکمت عملی کے گوشوارے بنائے گئے ہیں اور انہیں ڈائریکٹرز اور ملازمین تک پہنچایا گیا ہے۔

(9) پراویڈنٹ فنڈز میں سے سرمایہ کاری کمپنیز ایکٹ 2017 کی دفعہ 218 کی شرائط کے مطابق کی گئی ہے اور اس مقصد کیلئے اصول بنائے گئے ہیں۔ 30 ستمبر 2023 تک فنڈ کی مالیت 96.796 ملین روپے تھی۔

(10) کمپنی نے ایک مشن اسٹیٹمنٹ اور کل ملا کر کارپوریٹ حکمت عملی کی ایک اسٹیٹمنٹ کو اختیار کیا ہے۔

(11) چھ سالہ کلیدی اعمال اور مالیاتی اعداد و شمار، مختصراً انداز میں بیان کیا گیا ہے، جو کہ صفحہ نمبر --- پر موجود ہیں۔

- (12) ٹیکس اور دیگر مراعات کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
- (13) حصص داری کا خاکہ اور حصص داری کے خاکے سے متعلقہ مزید معلومات صفحہ نمبر۔۔۔ اور۔۔۔ پر موجود ہے۔
- (14) کمپنی کے ڈائریکٹر جناب مہیش کمار نے زیر غور سال کے دوران 184,600 شیئرز خریدے ہیں۔
- (15) رواں سال 2022-23 میں بورڈ آف ڈائریکٹرز کی چار (4) میٹنگ منعقد کی گئیں:-
- ہر ایک ڈائریکٹر کی حاضری ذیل مطابق ہے:-

ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
جناب دیول ایرانی	4
ڈاکٹر تارا چند ایرانی	4
جناب دلپ کمار	3
جناب پہلا ج رائے	3
جناب موہن لال	3
ڈاکٹر بیٹام کمار	3
جناب مہیش کمار	4
جناب محمد صدیق کھوکھر	4
جناب ظفر احمد غوری	4
مسز مہیشوری اوشا	4

ایسے ڈائریکٹرز جو کہ اپنے ذاتی مصروفیات کی بناء پر میٹنگ میں حاضر نہ ہو سکے، انہیں رخصت عنایت کی گئی

تھی۔

طرز عمل اور اخلاقی ضابطے

یہ کمپنی کی پالیسی ہے کہ وہ اپنے اعمال عمدہ ترین کاروباری اخلاقیات کو زیر غور لاتے ہوئے سرانجام دیتی ہے، تاکہ تمام قانونی ضوابط کی پاسداری کی جائے اور اچھی کاروباری اہلیت کے معیارات کو اچھے انداز میں قبول کرنے کو یقینی بنایا جائے۔ فرائض، عہدہ یا حیثیت کو خاطر میں لائے بغیر اس پالیسی کا اطلاق تمام ڈائریکٹرز اور کمپنی کے ملازمین پر ہوتا

ہے۔

- (1) کمپنی کی سرگرمیاں اور اعمال تمام لاگو قوانین اور بہترین اخلاقی معیارات کی پاسداری میں اسرجمام دی گئیں۔ ڈائریکٹر اور ملازمین نے یہ یقینی بنایا ہے کہ کمپنی کا لین دین اس کے صارفین، سپلائرز اور مسابقت داروں کے ساتھ شفافیت پر مبنی ہو۔
- (2) حکومتی اداروں، صارفین اور سپلائرز کے ضمن میں، کمپنی بلا واسطہ یا بلواسطہ کسی بدعنوان کاروباری امور میں ملوث نہیں رہی۔
- (3) ڈائریکٹر اور کمپنی کے ملازمین نے، کمپنی کی معلومات یا جائیداد یا کمپنی کے ساتھ ان کے عہدے سے کسی قسم کا کوئی فائدہ حاصل نہیں کیا ہے کہ جس کے ذریعے معقول فائدے یا مواقع تخلیق کیے جائیں۔

ڈائریکٹر کی تنخواہ جاتی پالیسی

بورڈ نے ڈائریکٹر کی تنخواہ جاتی پالیسی منظور کی ہے، جو کہ انفرادی ڈائریکٹر کیلئے تنخواہ کے پیکیج کی تفصیلاً وضاحت اور شفاف طریقہ کار بیان کرتی ہے۔ کمپنی نے کسی نان ایگزیکٹو ڈائریکٹر کو تنخواہ ادا نہیں کی ہے ماسوائے بورڈ کی میٹنگ اور اس کی کمیٹی میں حاضر ہونے کیلئے۔ تاہم، ایگزیکٹو ڈائریکٹر کو تنخواہ ادا کی گئی ہے جو کہ سالانہ تشخیص پر مبنی ہے۔

ڈائریکٹرز کی تنخواہ

ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹر کی تنخواہ کی منجملہ رقم مالیاتی گوشوارے کے نوٹ۔۔۔ میں ظاہر کی گئی ہے۔

بورڈ کا مرکب

ڈائریکٹرز کی کل تعداد

9	مرد	(الف)
1	عورت	(ب)

مرکب:

03	خود مختار ڈائریکٹر
05	دیگر نان ایگزیکٹو ڈائریکٹرز
02	ایگزیکٹو ڈائریکٹرز

آڈٹ کمیٹی:

کمپنی کی آڈٹ کمیٹی درج ذیل اراکین پر مشتمل ہے:-

4	چیئر مین	جناب ظفر احمد غوری
3	ممبر	ڈاکٹر بیٹام کمار
3	ممبر	جناب دلپ کمار
3	ممبر	جناب پہلا ج رائے

ایچ آر اور تنخواہ جاتی کمیٹی

ایچ آر اور تنخواہ جاتی کمیٹی درج ذیل اراکین پر مشتمل ہے:-

1	چیئر مین	مس مہیشوری اوشا
1	ممبر	جناب موہن لال
1	ممبر	جناب دلپ کمار

کریڈٹ ریٹنگ

کمپنی کی طویل عرصہ سے ریٹنگ BBB ہے جبکہ مختصر عرصہ کیلئے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی جانب سے A2 دی گئی ہے۔ نوازی گئی ریٹنگ آئندہ بھی مستحکم رہنے کا امکان ہے۔

مابعد اہم مالی تبدیلیاں:

کمپنی کی مالی حالت کو متاثر کرنے والی بنیادی تبدیلیاں اور قول و اقرار جو کہ 30 ستمبر 2023 کے بعد سے اس مالی گوشوارے تک رونما ہوئے ہیں انہیں مالی گوشواروں کے کنٹری جنسز اور کمنٹس کے نوٹس میں ظاہر کیا گیا ہے۔ کمپنی کو یقین ہے کہ اس سے مالی معاملات پر کوئی منفی فرق مرتب نہیں ہوگا۔ کمپنی کو بھروسہ ہے کہ منفی مالی اثرات مرتب نہیں ہوں گے۔ تاہم بورڈ نے 29 دسمبر 2023 بروز جمعہ کو منعقد ہونے والی میٹنگ میں فی شیئر نقد ڈوائڈنڈ مبلغ 2 روپے کی تجویز دی ہے۔

بورڈ آف ڈائریکٹرز کا تجزیہ:

بورڈ آف ڈائریکٹرز نے ایک معیارِ اصول بنایا ہے تاکہ بورڈ کے ہر ممبر اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لیا جاسکے۔ کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت ضروری سالانہ تجزیہ سال کے شروع میں طے کیے گئے معیارِ اصول / مقاصد کے حساب سے سرانجام دیا گیا ہے۔

قانونی آڈیٹرز

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس، سبکدوش ہوئے جو کہ بااہل ہیں، انہوں نے دوبارہ تقرری کیلئے اپنی خدمات کی پیشکش کی ہے۔ آڈٹ کمیٹی کے بورڈ نے بھی آئندہ مالی سال کیلئے بحیثیت آڈیٹرز، میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز دی ہے۔

اختتام:-

بورڈ تمام شراکت داروں کی تعاون کو تسلیم کرتا ہے اور کمپنی کے ملازمین اور ورکرز کی تہدیت پر انہیں سراہتا ہے۔

آخر میں، ہم اللہ سبحانہ تعالیٰ کے حضور دعا گو ہیں کہ وہ ہماری قومی ترقی کیلئے جدوجہد اور ہمارے ادارے کی بہتری کیلئے ہماری رہنمائی فرمائے۔ آمین۔

بورڈ آف ڈائریکٹرز کی جانب سے

مہیش کمار

ڈائریکٹر

ڈاکٹر تارا چندا لیرانی

چیف ایگزیکٹو آفیسر

تاریخ : 29 دسمبر 2023



SIX YEARS AT A GLANCE

	2023 (Rupees)	2022 (Rupees)	2021 (Rupees)	2020 (Rupees)	2019 (Rupees)	2018 (Rupees)
Profit & Loss Account:						
Turnover	5,534,665,598	3,391,035,376	2,253,713,462	3,025,752,336	2,211,305,116	4,216,372,059
Gross profit/(loss)	1,133,265,190	288,281,668	160,386,429	85,350,634	334,329,208	349,185,653
Operating profit / (loss)	993,122,969	266,361,542	57,178,656	(1,166,425)	224,674,689	158,330,432
Profit / (loss) before tax	608,941,709	(13,477,594)	(104,747,813)	(166,149,028)	41,192,279	125,472,507
Profit / (loss) after tax	373,368,657	(40,940,073)	(80,156,086)	(165,396,500)	49,653,685	68,210,590
Balance Sheet:						
Fixed assets at WDV	3,015,168,720	3,108,090,245	3,245,126,564	2,395,853,223	2,604,746,154	2,801,755,471
Long term loans, advances and deposits etc.	2,710,855	1,265,773	1,244,756	1,574,456	1,404,846	2,800,805
Current assets	1,372,123,084	1,816,681,330	1,503,777,226	919,263,023	891,378,142	646,227,439
	4,390,002,659	4,926,037,348	4,750,148,546	3,316,690,702	3,497,529,142	3,450,783,715
Shareholders' equity	389,402,719	(65,905,080)	(112,823,575)	(109,062,511)	(39,776,215)	(191,491,993)
Surplus on revaluation of fixed assets	1,671,374,503	1,753,313,644	1,841,172,213	1,250,971,892	1,357,507,096	1,476,249,189
Long term liabilities & current maturity thereof	625,833,334	709,166,667	830,000,000	660,000,000	710,000,000	1,039,166,667
Deferred liabilities / Deferred Income	922,003,350	869,039,179	889,917,432	717,513,213	766,348,446	817,545,784
Current liabilities excluding current maturity of long term liabilities	781,388,753	1,660,422,937	1,301,882,476	797,268,108	703,449,815	309,314,068
	4,390,002,659	4,926,037,348	4,750,148,546	3,316,690,702	3,497,529,142	3,450,783,715
Statistics and Ratios						
Gross profit to Sales	20.48%	8.50%	7.12%	2.82%	15.12%	8.28%
Profit / (Loss) before tax to Sales	11.00%	-0.40%	-4.65%	-5.49%	1.86%	2.98%
Profit / (Loss) after tax to Sales	6.75%	-1.21%	-3.56%	-5.47%	2.25%	1.62%
Fixed Assets/Turnover (Times)	1.84	1.09	0.69	1.26	0.85	1.50
Inventory/Turnover (Times)	4.07	2.59	3.88	11.30	3.99	7.57
Current Ratio	1.76:1	1.09:1	1.16:1	1.15:1	1.27:1	2.09:1
Debt-Equity Ratio	0.53	0.66	0.64	0.66	0.62	0.63
Earning / (Loss) per Share (Rs.)	35.81	-3.93	-7.69	-15.87	4.76	6.54
Dividend per Share (Rs.)	2.00	-	-	-	1.00	1.60



VISION

- To be a sustainable, growth and customer oriented company with professionalism to remain competitive and contributing to society in the barrier free company.

MISSION

- To build the company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs by utilizing blend of state of the art technologies.
- To accomplish excellent financial results which can benefit all the stakeholders including members and employees of the company
- To fulfill obligation towards the society, being a good corporate citizen.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Sindh Abadgar's Sugar Mills Limited

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **M/s. Sindh Abadgar's Sugar Mills Limited** ('the Company') for the year ended **September 30, 2023** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations, and report if it does not, and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2023.

Further, we highlight below an explanation for non-compliance with a non-mandatory requirement of the code as stated in paragraphs 18 of the Statement of Compliance respectively:

S.No.	Nature of the requirement	Paragraph No.	Description
1	Non-mandatory	18	As per regulation # 6 of Listed Companies (Code of Corporate Governance) Regulations, 2019, number of independent directors shall be at least two or one third of the total board members, whichever is higher. However, during the year September 30, 2023, the Company had only three independent directors which is less than one third of the total board members. As explained in paragraph 18 to the Statement of Compliance, as per management the three elected directors have enough competencies, skills, knowledge and experience to execute their duties competently as per laws and regulations and therefore appointment of the fourth director is not required.

Karachi.

Date: December 30, 2023

UDIN: CR202310210spUbDVrw4

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Statement of Compliance with Listed Companies (Code of Corporate Governance Regulations, 2019)

Name of the Company: SINDH ABADGAR'S SUGAR MILLS LIMITED
Year Ending: 30.09.2023.

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 10 as per the following:
 - a. Male: 09
 - b. Female: 01

2. The composition of Board of Directors (BOD) is as follows:

a) Independent Director	3
b) Non-Executive Director	5
c) Executive Director	2

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.

6. All the powers of BOD have been duly exercised and decisions on relevant matters have been taken by BOD/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of BOD were presided over by the Chairman and, in his absence, by a director elected by the BOD for this purpose. BOD has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of BOD.

8. The BOD have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The company is compliant to Clause 19 of the COCG with respect to Directors' Training Programme.

10. The Board has approved appointment of CFO, Company Secretary and Head of International Auditor including their remuneration and terms and conditions of employment and complied with relevant requirements of the regulations. There was a new appointment of Internal Auditor during the year Mr. Mohammad Moin was appointment in place of Mr. Ali Raza Shamjee on 18/09/2023.

11. CFO and CEO duly endorsed the financial statements before approval of the BOD.
12. BOD has formed committees comprising of members given below:

a) Audit Committee:	Mr. Zafar Ahmed Ghori	Chairman
	Mr. Pehlaj Rai	Member
	Mr. Dileep Kumar	Member
	Dr. Besham Kumar	Member
b) HR and Remuneration Committee:	Ms. Maheshwari Oasha	Chairman
	Mr. Mohan Lal	Member
	Mr. Dileep Kumar	Member
13. Terms of reference of aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee: Four quarterly meeting were held during the year ended 30th Sept. 2023.
 - b) HR and Remuneration Committee:
One meeting was held during the Financial Year ended 30th September, 2023.
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and or all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the Audit are not a close relative (spouse, parents, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied and
19. The three elected independent directors have enough competencies, skills, knowledge and experience to execute their duties competently as per laws and regulations; as such appointment of Fourth director is not required.

(Deoo Mal Essarani)
Chairman

INDEPENDENT AUDITORS' REPORT

To the members of Sindh Abadgar's Sugar Mills Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Sindh Abadgar's Sugar Mills Limited** ('the Company'), which comprise the statement of financial position as at **September 30, 2023**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at **September 30, 2023** and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following is the key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
01.	<p>Contingencies</p> <p>As disclosed in note 12.1 to the financial statements, as of the reporting date, the Company was exposed to various material contingent liabilities arising from legal suits / proceedings instituted by / against the Company including, in particular, those related to the tax demand of Rs. 260.1 million created by the Deputy Commissioner Inland Revenue (DCIR) for the tax year 2018 on account of the alleged failure of the Company to deduct / collect tax at source under certain provisions of the income tax law, the imputed allocation of export quota for the crushing season 2022-23 giving rise to a financial implication of Rs. 47.377 million, and the penalty of Rs. 110.56 million imposed by the Competition Commission of Pakistan (CCP) for the alleged sharing of certain information with Pakistan Sugar Mills Association (PSMA) in order to avail sugar export permission.</p> <p>Given the technicalities and complexities involved in the evaluation of the Company's stance in the legal suits / proceedings as well as the assessment of the uncertainties about the amount or timing of related outflows of economic benefits, determining appropriately their effects on the financial statements in accordance with the applicable financial reporting framework is a matter of significant management judgement which, in turn, required us to apply significant auditor judgement and devote sufficient time and resources, including involvement of senior engagement team members, in order to obtain sufficient appropriate audit evidence.</p> <p>We considered this area to be of most significance keeping in view the various developments therein that occurred during</p>	<p>Our audit procedures to obtain sufficient appropriate audit evidence over the contingencies, amongst others, included the following:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of the Company's processes and controls over contingencies through meetings with management and review of the minutes of the Company's Board of Directors and the Audit Committee; ▪ Discussing the uncertainties involved in the legal suits / proceedings as well as the developments therein that occurred during the year with the Company's senior management personnel responsible for legal and financial reporting matters and corroborating the results of such inquiries to supporting documentary evidences such as orders passed by the courts or the appellate authorities; ▪ Circularizing confirmations to the Company's external legal counsels and corroborating the responses received there-against with the results of management inquiries and the supporting documentary evidences; ▪ Evaluating the appropriateness of the management's conclusions on whether the said legal suits or proceedings give rise to provisions or contingent liabilities as of the reporting date; and ▪ Assessing the appropriateness of the related disclosures made in the financial statements, including, in particular, evaluating whether the same are in conformity with the disclosure requirements of the applicable financial reporting standards and the Fourth Schedule to the Companies Act, 2017, and whether all the significant developments occurring during the year have been



	the year (including, in particular, those relating to the matters resolved during the year as disclosed in note 12.1.2 to the financial statements) as well as the materiality of the monetary demands involved therein.	adequately disclosed.
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Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. However, we have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because



the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Rafiq Dosani.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: December 29, 2023

UDIN AR2023102104tXmIzpV6



Statement of Financial Position

As at September 30, 2023

	Note	2023 Rupees	2022
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital	4	<u>650,000,000</u>	<u>650,000,000</u>
Issued, subscribed and paid-up capital	4	104,250,000	104,250,000
Capital reserves			
Surplus on revaluation of property, plant and equipment - net	5	1,671,374,503	1,753,313,645
Revenue reserves			
Accumulated profit / (loss)		<u>285,152,719</u>	<u>(170,155,080)</u>
		<u>2,060,777,222</u>	<u>1,687,408,565</u>
Subordinated loans	6	<u>480,000,000</u>	<u>480,000,000</u>
		<u>2,540,777,222</u>	<u>2,167,408,565</u>
Non-current liabilities			
Long term finance - secured	7	62,500,001	145,833,335
Deferred liabilities	8	922,003,350	869,039,179
		984,503,351	1,014,872,514
Current liabilities			
Trade and other payables	9	698,708,422	643,189,986
Short term borrowings	10	-	949,354,072
Unclaimed dividend		6,491,122	6,494,727
Accrued mark-up	11	23,779,230	61,384,153
Taxation - net		52,409,979	-
Current maturity of long term finance	7	83,333,333	83,333,332
		864,722,086	1,743,756,270
Contingencies and commitments			
	12	<u>4,390,002,659</u>	<u>4,926,037,348</u>
ASSETS			
Non current assets			
Property, plant and equipment	13	3,015,168,720	3,108,090,245
Long term loans	14	1,918,328	473,246
Long term deposits		792,527	792,527
		<u>3,017,879,575</u>	<u>3,109,356,018</u>
Current assets			
Stores and spares - net	15	66,441,067	110,369,812
Stock in trade	16	842,119,799	1,322,450,664
Trade debts - unsecured	17	121,571	37,151,653
Short term loans, advances and deposit - unsecured	18	241,278,063	141,466,780
Other receivables	19	76,419,802	76,247,837
Taxation - net		-	63,034,135
Cash and bank balances	20	145,742,782	65,960,449
		<u>1,372,123,084</u>	<u>1,816,681,330</u>
		<u>4,390,002,659</u>	<u>4,926,037,348</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

Statement of Profit or Loss

As at September 30, 2023

		2023	2022
	<i>Note</i>	Rupees	Rupees
Revenue - net	21	5,534,665,598	3,391,035,376
Cost of sales	22	<u>(4,401,400,408)</u>	<u>(3,102,753,708)</u>
Gross profit		1,133,265,190	288,281,668
Administrative expenses	23	(134,686,796)	(119,749,938)
Selling and distribution expenses	24	(16,424,955)	(6,310,821)
Other income	25	107,632,550	108,215,004
Other expenses	26	(96,663,020)	(4,074,371)
		(140,142,221)	(21,920,126)
Operating profit		993,122,969	266,361,542
Finance costs	27	(384,181,260)	(279,839,136)
Profit / (loss) before taxation		608,941,709	(13,477,594)
Taxation	28	(235,573,052)	(27,462,479)
Profit / (loss) after taxation		373,368,657	(40,940,073)
Profit / (loss) per share - basic and	29	35.81	(3.93)

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



Statement of comprehensive income

For the year ended September 30, 2023

	2023	2022
	Rupees	
Profit / (loss) after taxation	373,368,657	(40,940,073)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	373,368,657	(40,940,073)

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



Statement of Changes in Equity
For the year ended September 30, 2023

	Issued, subscribed and paid up capital	Capital reserve Surplus on revaluation of property, plant and equipment	Revenue reserve Accumulated losses	Total
	Rupees			
Balance as at September 30, 2021	104,250,000	1,841,172,214	(217,073,575)	1,728,348,639
<i>Total comprehensive loss for the year ended September 30, 2022</i>				
- Loss after taxation	-	-	(40,940,073)	(40,940,073)
- Other comprehensive income	-	-	-	-
	-	-	(40,940,073)	(40,940,073)
Incremental depreciation transferred from surplus on revaluation of Property, plant and equipment - net of deferred tax	-	(87,858,569)	87,858,569	-
Balance as at September 30, 2022	104,250,000	1,753,313,645	(170,155,080)	1,687,408,566
<i>Total comprehensive income for the year ended September 30, 2023</i>				
- Profit after taxation	-	-	373,368,657	373,368,657
- Other comprehensive income	-	-	-	-
	-	-	373,368,657	373,368,657
Incremental depreciation transferred from surplus on revaluation of Property, plant and equipment - net of deferred tax	-	(81,939,142)	81,939,142	-
Balance as at September 30, 2023	104,250,000	1,671,374,503	285,152,719	2,060,777,223

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

Statement of Cash Flows

For the year ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2023	2022
		Rupees	
Profit / (loss) before taxation		608,941,709	(13,477,594)
<i>Adjustments for:</i>			
- Depreciation on operating fixed assets	13.2	165,289,715	175,902,559
- Profit on deposit accounts	25	(16,714,872)	(8,362,863)
- (Gain) on disposal of operating fixed assets	25	(1,714,480)	(6,686,751)
- Provision for slow moving stores and spares	26	19,021,869	-
- Provision for advance to suppliers	26	23,605,605	-
- Provision for Worker's Welfare Fund	26	14,050,018	-
- Provision for Worker's Profit Participation Fund	26	34,012,232	-
- Finance costs	27	384,181,260	279,839,136
		621,731,347	440,692,081
Operating profit before working capital changes		1,230,673,056	427,214,488
Changes in working capital			
<i>Decrease / (increase) in current assets</i>			
- Stores and spares		24,906,876	(11,613,930)
- Stock in trade		480,330,865	(305,239,208)
- Trade debts - unsecured		37,030,082	56,544,075
- Short term loans and advances		(123,416,888)	(30,102,680)
- Short term prepayments		-	1,630,862
- Other receivables		(171,965)	183,350
		418,678,970	(288,597,531)
<i>Increase in current liabilities</i>			
- Trade and other payables		7,456,186	281,244,891
Net cash generated from operations		1,656,808,212	419,861,847
Taxes paid		(67,164,766)	(42,530,711)
Finance costs paid		(421,786,183)	(243,328,065)
		(488,950,949)	(285,858,776)
Net cash generated from / (used in) operating activities		1,167,857,263	134,003,071
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(72,603,710)	(30,893,467)
Proceeds from sale of operating fixed assets		1,950,000	8,620,909
Profit on bank deposits received		16,714,872	8,362,863
Long term loans - net		(1,445,082)	(21,017)
Net cash used in investing activities		(55,383,920)	(13,930,712)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		(83,333,333)	(120,833,333)
Short term borrowings- net		(571,502,153)	71,502,153
Dividend paid		(3,605)	(4,720)
Net cash generated from financing activities		(654,839,091)	(49,335,900)
Net increase in cash and cash equivalents		457,634,252	70,736,458
Cash and cash equivalents at the beginning of the year		(311,891,470)	(382,627,928)
Cash and cash equivalents at the end of the year	36	145,742,782	(311,891,470)

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

Notes to the Financial Statements

For the year ended September 30, 2023

1. THE COMPANY AND ITS OPERATIONS

Sindh Abadgar's Sugar Mills Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984, which has now been repealed with the enactment of Companies Act, 2017, on May 30, 2017. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal business of the Company is the production and sale of white sugar.

The geographical location and address of the Company's business units, including plant are as under:

Head office: The Company's registered office is situated at 209, Progressive Plaza, Beaumont Road, Karachi, Pakistan.

Mill: The Company's plant is located at Deh Deenpur, District Tando Muhammad Khan, Sindh, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of, and directives issued under, the Companies Act, 2017.

Where the provisions of, and directives issued under, the Companies Act, 2017 differ from the IFRS, the provisions of, and directives issued under, the Companies Act, 2017 have been followed.

2.2 Basis of measurement of items in the financial statements

In these financial statements, all items have been measured at their historical cost except freehold land, factory building, non-factory building and plant and machinery which are stated at revalued amount, less accumulated depreciation and accumulated impairment losses thereon, if any.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note reference	Area of judgement	Brief description of the judgement applied
3.4	Property, plant and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'reducing balance method' as the depreciation method.
3.9	Timing of revenue recognition	<p><i>Local sales revenue:</i> Whether control of the promised goods is transferred to the customer when the reasons for the Company temporarily holding the goods on behalf of the customer are substantive, the goods have been identified separately as belonging to the customer, the goods are ready for physical transfer to the customer and the Company no longer has the ability to use the goods or direct the goods to another customer.</p> <p><i>Export sales revenue:</i> Whether control of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.</p>

(b) Assumptions and other major sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note reference	Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
3.4	Property, plant and equipment	Estimation of useful lives and residual values of the operating fixed assets
3.5	Stores and spares	Estimation of the net realizable value of stores and spares inventory and recognition of the provision for slow-moving items
3.3	Deferred taxation	Recognition of deferred tax assets on unused tax losses and unused tax credits - availability of future taxable profit against which deductible temporary differences and unused tax losses and unused tax credits can be utilised

2.5 New accounting pronouncements

2.5.1 New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:

Effective date:

(a) IAS 37 - Onerous contracts

January 01, 2022

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

Effective date:

(b) IAS 16 - Proceeds before an asset's intended use

January 01, 2022

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2022 and have not been early adopted by the Company:

(a) IAS 1 - Disclosure of accounting policies **Effective date:**
January 01, 2023

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

(b) IAS 8 - Definition of accounting estimates **Effective date:**
January 01, 2023

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

(c) IAS 12 - Deferred tax **Effective date:**
January 01, 2023

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

(d) IAS 1 - Classification of liabilities as current or non current **Effective date:**
January 01, 2024

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendment, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the

company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

Effective date:

(e) IFRS 16 - Sale and leaseback transaction

January 01, 2024

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.2 Foreign currency transactions and translation

Transactions in foreign currencies are converted into Rupees at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange ruling at the statement of financial position date. All exchange differences arising on transaction are charged to the statement of profit or loss in that period.

3.3 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and tax credits.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxes are not accounted for if they arise from the initial

recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.4 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except freehold land, factory building, non-factory building and plant and machinery which are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the carrying amount of an asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss as and when incurred except major repairs which are capitalised.

Gains / losses on disposal of operating fixed assets are charged to the statement of profit or loss.

Depreciation on operating fixed assets is charged using reducing balance method in accordance with the rates specified in note 13.1 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each annual reporting date. Depreciation is charged from the date when the assets become available for use till the date of disposal.

Any revaluation increase arising on the revaluation of freehold land, factory building, non-factory building and plant and machinery is recognised in statement of comprehensive income and presented as a separate component of equity except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of profit or loss, in which case the increase is credited to the statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant & machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profit. The surplus realised on disposal of revalued operating fixed assets is credited directly to unappropriated profits / accumulated losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal) is included in the statement of profit or loss in the year in which the asset is derecognised.

Capital work - in - progress

Capital work - in - progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when asset become available for use.

3.5 Stores and spares

Stores and spares (excluding items in transit) are valued at lower of average cost and net realisable value.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the reporting date.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

3.6 Stock-in-trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realisable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the cane purchase price, and, if applicable, taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of materials and services.

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities (which is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance). Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

The cost of the items consumed or sold and those held in stock at the reporting date is determined using the weighted average cost formula.

Determination of net realizable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The Company estimates the net realisable value of inventories based on the most reliable evidence available, at the reporting date, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

While estimating the net realisable value, the Company also takes into consideration the purpose for which the inventory is held. For example, the net realisable value of the quantity of inventory held to satisfy firm sales contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realisable value of the excess quantity is based on general selling prices.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write down is reversed (i.e. the reversal is limited to the amount of the original write down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

3.7 Trade and other receivables

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognised when the goods are delivered to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and short term borrowings from banks which are repayable on demand and form an integral part of the Company's cash management.

3.9 Revenue recognition

(a) Revenue from sale of goods

Typically, all the contracts entered into by the Company with its customers contain a single performance obligation i.e. the transfer of goods promised in the contract (which may be sugar, molasses or bagasse).

The Company does not expect to have contracts with its customers where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

Revenue from sale of goods is recognised when the customer obtains control of the promised goods. This is further analysed as below:

(a) In case of local sale of goods, the customer is deemed to have obtained control of the promised goods when all the following criteria are met:

- (i) The reason for the Company temporarily holding the goods on behalf of the customer is substantive (where applicable);
- (ii) The goods have been identified separately as belonging to the customer;
- (iii) The goods are ready for physical transfer to the customer; and

- (iv) The Company no longer has the ability to use the goods or direct the goods to another customer.

The above criteria are usually deemed to have been satisfied, and, accordingly, the revenue is recognised when the Delivery Order (DO) is issued to the customer.

- (b) In case of export sale of goods, the customer is deemed to have obtained control of the promised goods when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.

- (b) Export subsidy

Export subsidy is recognised as income in the period in which it becomes receivable i.e. when all the prescribed eligibility criteria have been met and the receipt of the related proceeds from the concerned government authority is probable.

3.10 Other income

Interest income

Return on bank deposits is recognised on a time proportion basis on the principal amount outstanding and at the rate applicable.

3.11 Staff retirement benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution and will have no legal or constructive obligation to pay further amounts. Obligations for the defined contributions plans are recognised as an employee benefit expense in statement of profit or loss when they are due.

The Company operates a recognised provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 12% of basic salary. The Company's contribution are charged to the statement of profit or loss.

3.12 Borrowing costs

Borrowing costs are recognised as an expense in the year in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of the relevant asset.

3.13 Dividend distribution

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

3.14 Financial assets

3.14.1 Initial recognition, classification and measurement

The Company recognises a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortised cost.
- (b) fair value through other comprehensive income (FVOCI);
- (c) fair value through profit or loss (FVTPL); and

(a) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.14.2 Subsequent measurement

(a) Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognised in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from statement of changes in equity to statement of profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in statement of profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognised in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognised in statement of comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in statement of comprehensive income is not reclassified from statement of changes in equity to statement of profit or loss as a reclassification adjustment.

3.14.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance. For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial

recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in statement of profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.14.4 De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.15 Financial liabilities

"Financial liabilities are classified as measured at amortised cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on de-recognition is also recognised in the statement of profit or loss.

Financial liabilities are derecognised when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.16 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in statement of profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognised in statement of profit or loss.

3.17 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. AUTHORISED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
(Number of shares)			Rupees	
		Authorised capital		
<u>65,000,000</u>	<u>65,000,000</u>	Ordinary shares of Rs. 10/- each	<u>650,000,000</u>	<u>650,000,000</u>
		Issued, subscribed and paid up capital		
		Ordinary shares of Rs.10/- each		
<u>10,425,000</u>	<u>10,425,000</u>	fully paid in cash	<u>104,250,000</u>	<u>104,250,000</u>

4.1 There are no agreements among shareholders for voting rights, board selection, rights of first refusal and block voting.

	2023	2022
	Rupees	
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net		
On freehold land		
Gross surplus	391,215,000	391,215,000
On buildings / plant and machinery		
<i>Gross surplus</i>		
Opening balance	1,918,448,795	2,042,193,258
Incremental depreciation transferred to retained earnings	(115,407,242)	(123,744,463)
	1,803,041,553	1,918,448,795
<i>Related deferred tax charge</i>		
Opening balance	(556,350,150)	(592,236,044)
Incremental depreciation transferred to retained earnings	33,468,100	35,885,894
	(522,882,050)	(556,350,150)
	1,280,159,503	1,362,098,645
	1,671,374,503	1,753,313,645

5.1 The revaluation surplus on property, plant and equipment is a capital reserve and is not available to for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

	2023	2022
	Rupees	
6. SUBORDINATED LOANS		
	Note	
Directors	403,000,000	403,000,000
Sponsors	77,000,000	77,000,000
	6.1	
	480,000,000	480,000,000

6.1 These are unsecured and interest-free loans obtained from the Company's directors and sponsors. The Company's agreements with its bankers stipulate that the financing availed by the Company from such banks are extinguished in full before any payment is made against the subordinated loans. These loans are repayable at the discretion of the Company.

	2023	2022
	Rupees	
7. LONG TERM FINANCE - SECURED		
	Note	
<i>Term Finance</i>		
Opening balance	229,166,667	350,000,000
Less: Payment made during the year	(83,333,333)	(120,833,333)
	145,833,334	229,166,667
Less: current maturity shown under current liabilities	(83,333,333)	(83,333,332)
	7.1	
	62,500,001	145,833,335

7.1 Principal terms of the financing obtained from M/s. Bank Alfalah Limited

Purpose:	To meet capital expenditure requirements of the Company
Facility amount:	Rs. 250 million
Installment frequency:	Quarterly
Date of first installment:	July 05, 2018
Date of last installment:	April 05, 2025
Total number of installments:	24 installments
Principal repayable in each installment:	Rs. 20.83 million
Applicable mark up rate:	3-Month KIBOR + 0.5%
Security:	(1) First joint pari passu charge of Rs. 698.67 million (2022: Rs. 698.67 million) over all plant and machinery of the Company; and (2) Personal guarantee of all directors of the Company.

8. DEFERRED LIABILITIES	Note	2023	2022
		Rupees	
Deferred taxation - net	8.1	645,427,831	592,463,660
Quality premium	8.2	276,372,514	276,372,514
Staff retirement benefits		203,005	203,005
		922,003,350	869,039,179

8.1 Deferred taxation - net

For the year ended September 30, 2023

	Balance at beginning of the year	Charge / (income) recognized in profit or loss	Charge / (income) recognized in other comprehensive income	Balance at end of the year
	Rupees			
Deferred tax liability arising from:				
- Surplus on revaluation of property, plant and equipment	556,350,150	(33,468,100)	-	522,882,050
- Accelerated tax depreciation	103,652,369	30,901,457	-	134,553,826
	660,002,519	(2,566,643)	-	657,435,876
Deferred tax assets arising from:				
- Minimum tax	(61,047,155)	61,047,155	-	-
- Provision for slow moving stores and spares	(6,432,832)	(5,516,342)	-	(11,949,174)
- Provision for gratuity	(58,871)	-	-	(58,871)
- Unused tax losses	-	-	-	-
	(67,538,858)	55,530,813	-	(12,008,045)
Net deferred tax position	592,463,660	52,964,170	-	645,427,831

For the year ended September 30, 2022

	Balance at beginning of the year	Charge / (income) recognized in profit or loss	Charge / (income) recognized in other comprehensive income	Balance at end of the year
----- Rupees -----				
Deferred tax liability arising from:				
- Surplus on revaluation of property, plant and equipment	592,236,045	(35,885,895)	-	556,350,150
- Accelerated tax depreciation	96,242,065	7,410,304	-	103,652,369
	688,478,110	(28,475,591)	-	660,002,519
Deferred tax assets arising from:				
- Minimum tax	(53,129,274)	(7,917,881)	-	(61,047,155)
- Provision for slow moving stores and spares	(5,821,000)	(611,832)	-	(6,432,832)
- Provision for gratuity	(58,871)	-	-	(58,871)
- Unused tax losses	(16,127,052)	16,127,052	-	-
	(75,136,197)	7,597,339	-	(67,538,858)
Net deferred tax position	613,341,913	(20,878,252)	-	592,463,661

8.2 As required under the provisions of Sugar Factories Control Act, 1950, sugar mills in Sindh are required to pay quality premium to cane growers at the rate of 50 paise per 40 Kg cane for each 0.1 percent of excess sucrose recovery above the benchmark of 8.7 percent, determined on the aggregate sucrose recovery of each mill. The Company, along with other sugar mills, had challenged the levy of quality premium through the Pakistan Sugar Mills Association (PSMA) – Sindh Zone before the Honorable Sindh High Court (SHC), however, the matter was decided against the applicants. Thereafter, the applicants filed an appeal with the Honorable Supreme Court of Pakistan (SC) which then granted stay to the Company, while admitting the appeal against the impugned judgment of SHC. The SC has issued an order in this matter and has disposed of the appeal filed by the sugar mills. However, the implementation of the said order is subject to clarification from relevant authorities.

9. TRADE AND OTHER PAYABLES	<i>Note</i>	2023	2022
----- Rupees -----			
Trade Creditors:			
- for sugarcane		188,567,624	232,108,199
- for other supplies	37.4	101,297,254	43,718,473
		289,864,878	275,826,672
Other payables:			
Advances from customers	9.1	202,707,695	177,903,167
Accrued expenses	37.4	5,109,658	4,255,526
Sales tax payable	37.4	140,052,415	174,512,209
Withholding sales tax payable	37.4	1,320,487	1,298,432
Withholding federal excise duty payable	37.4	247,888	247,888
Income tax deducted at source		2,508,030	307,970
Workers' Welfare Fund payable	9.2	22,641,142	8,591,124
Workers' Participation Profit Fund payable	9.3 & 37.4	34,082,792	70,560
Contractors' retention money		26,437	26,437
Others	37.4	147,000	150,001
		698,708,422	643,189,986

9.1 Information regarding the timing of satisfaction of performance obligations underlying the closing balance of advance from customers is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

		2023	2022
	Note	Rupees	
9.2 Workers' Welfare Fund			
Opening balance		8,591,124	8,591,124
Charge for the year	26	14,050,018	-
Closing balance		<u>22,641,142</u>	<u>8,591,124</u>

9.3 Workers' Participation Profit Fund payable			
Opening balance		70,560	70,560
Charge for the year	26	34,012,232	-
Closing balance		<u>34,082,792</u>	<u>70,560</u>

10. SHORT TERM BORROWINGS - Secured

Cash finance

- Bank Alfalah Limited	-	370,502,153
- Habib Bank Limited	-	201,000,000
	-	571,502,153

Running finance

- Bank Alfalah Limited	-	186,960,539
- Askari Bank Limited	-	190,891,380
	-	377,851,919
	-	<u>949,354,072</u>

11. ACCRUED MARK-UP

- Long term financing	8,608,722	9,143,813
- Short term borrowings	15,170,508	52,240,340
	<u>23,779,230</u>	<u>61,384,153</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 Contingent liabilities existing as at the reporting date

- (a) The Deputy Commissioner Inland Revenue (DCIR) vide its order, dated September 19, 2022, raised a demand of Rs. 260.10 million (including default surcharge u/s. 205 amounting to Rs. 91.19 million and penalty u/s. 182 amounting to Rs. 15.35 million) on the alleged failure of the company to collect/deduct tax under sections 236G, 236H and 153 of the Income Tax Ordinance (ITO), 2001, for the tax year 2018.

In response to the said order, on October 12, 2022, the Company filed an appeal before the Commissioner Inland Revenue (Appeals-I) challenging the demand raised by the DCIR on the grounds that the order passed was bad in law and the DCIR has grossly erred in raising

the demand @ 0.5% u/s 236H which was not applicable to the Company and similarly also erred in calculating the withholding tax liability against various heads of expenses claimed which were duly reconciled with the reconciliation filed with the DCIR as required under rule 44(4) of the Income Tax Rules (ITR), 2002. Accordingly, the levy created against the impugned expenses arbitrarily is unjustified and unwarranted.

On August 17, 2023, Commissioner Inland Revenue, Appeals-I, CIR(A), through its order set aside the tax assessment made by DCIR for the said tax year on the basis that allegations made by him were found to be incorrect after verification of the documents produced by the Company which were not duly taken in account by DCIR. Accordingly, CIR(A) disposed off the said appeal in favour of the Company stating that the Company has duly discharged its withholding tax liability.

Being aggrieved with the aforesaid order by CIR (A), DCIR preferred an appeal with the Appellate Tribunal Inland Revenue (ATIR) on the grounds that order passed by learned CIR(A) was bad in law and against the facts of the case. As of the reporting date, the case was pending for adjudication before the ATIR. After due consultation with its legal advisor, the Company expects a favourable decision and, accordingly, has not made any provision in this regard.

- (b)** The Economic Coordination Committee of the Federal Cabinet (ECC), in its meeting dated January 11, 2023, held that, in relation to the crushing season 2022-23, a total export quota of 32% (i.e. 80,000 M.T.) be allocated to the Province of Sindh and directed the Cane Commissioner, Sindh to distribute the said quota among all the sugar mills currently functioning in the province of Sindh. In response thereto, the Cane Commissioner, Sindh issued various notices to the sugar mills (dated January 26, 2023 and January 30, 2023) whereby an equal quota of 2,500 M.T. was allocated to each mill.

Being aggrieved with the aforesaid equal quota allocation, M/s. JDW Sugar Mills Limited and M/s. JK Sugar Mills (Private) Limited (along with certain other petitioners) filed suits (numbered as Suit 145 of 2023 and Suit No. 149 of 2023, respectively) in the Honourable High Court of Sindh ('the High Court'). In these suits, it was claimed that the equal quota allocation by the Cane Commissioner, Sindh was designed to unfairly and unlawfully benefit a group of mill owners having no significant contribution at all in the process of crushing of sugarcane and the production of sugar, and that they were given benefit at the expense of other mill owners being efficient and contributing to a large extent towards the national need. Subsequently, on March 07, 2023, the High Court finally decided the matter in favour of the sugar mills holding the equal quota allocation as being illegal and unlawful and directing the Cane Commissioner, Sindh to submit the revised quota allocation within two weeks from the date of the order.

Thereafter, on March 10 2023, the Cane Commissioner, Sindh filed two appeals (numbered as H.C.A No. 66 of 2023 and H.C.A. 67 of 2023) in the High Court praying, on various grounds, that the said High Court order be set aside and its operation be suspended. In addition, on March 12, 2023, certain other sugar mills also instituted an appeal against M/s. JDW Sugar Mills Limited (in H.C.A No. 64 of 2023) and M/s. JK Sugar Mills (Private) Limited (in H.C.A No. 65 of 2023). In response to these appeals, the High Court, via its interim order dated March 09, 2023, modified its earlier order dated March 07, 2023 (referred to above) directing that the claimed export quota of the respondent sugar mills in H.C.A No. 64 and 65 of 2023 be secured by the Cane Commissioner, Sindh, and that PSMA and all its member sugar mills be allowed to export 1,500 M.T of sugar till further order of the Court.

Subsequently, in May 2023, the respondent sugar mills in the aforementioned H.C.A. No. 64 and 65 of 2023 filed CMA No. 2297 of 2023 in the High Court requesting that, till the decision in the instant H.C.A.s, an interim arrangement for export of the remaining quota (i.e. 32,000 M.T.) be allowed subject to deposit of an amount before the Nazir of the Court (explained below). The said CMA was duly supported by a joint statement dated May 29, 2023 prepared on behalf of the respondents and appellants in the instant H.C.A.s wherein a detailed proposal for the interim arrangement to allow export of the aforesaid remaining quota was given. In terms of the said joint statement, the total disputed quantity was 15,776 M.T. which, when divided into 32 functioning sugar mills, came to 493 M.T. per mill. Based on the said quantity of 493 M.T. and the rate of Rs. 96.10 per kg. (worked out as the difference between the price per kg. of sugar realized in the export market relative to that realized in the local market), each mill was required to deposit an amount of Rs. 47.377 million with the Nazir of the Court. Accordingly, the said amount was duly deposited by the Company with the Nazir of the Court on August 08, 2023 (refer note 18.2 to these financial statements). In the event that the H.C.A.s are decided in favour of the respondent mills, the said deposit amount (along with profit accruing thereon) shall be disbursed to them; otherwise, the same shall be distributed between all the sugar mills, including the appellant and respondent sugar mills, in the same proportion in which they deposited the amount with the Nazir of the Court, or as may be ordered by the Court.

As of the reporting date, the H.C.A.s were yet pending for adjudication before the High Court. In the opinion of the Company's legal counsel, the appellant sugar mills (including the Company), however, have a good case on merit and the final outcome of the appeals is expected to be in their favour. Consequently, no provision for the aforesaid amount of **Rs. 47.377 million** has been recognized in these financial statements.

- (c) On November 05, 2020, the Competition Commission of Pakistan (CCP) issued a show cause notice (SCN) to the Company alleging violation of various sections of Competition Act, 2010. The SCN was replied to by Company's learned legal counsel. However, CCP vide its order dated August 13, 2021, imposed upon the Company a penalty of Rs. 110.56 million for sharing certain information with Pakistan Sugar Mills Association (PSMA) to avail sugar export permission. Being aggrieved with the aforesaid order, on October 07, 2021, the Company filed a Suit (bearing no. 2272 of 2021) before the Honorable High Court of Sindh ('the Court') which, vide its order dated October 08, 2021 suspended the operation of the impugned order till the next date of hearing. Thereafter, the case was fixed for hearing on various dates falling in the period February - April 2022.

In its order dated June 13, 2022, the Court accepted the Company's stance for illegally exercising casting vote in the impugned CCP order, and held that a casting vote in the judicial matter was not available under Competition Act, 2010 and, accordingly, suspended the said order till the final disposal of the Suit subject to furnishing of a 50% bank guarantee. In compliance with the said Court's order, the bank guarantee was duly submitted by the Company with the Nazir of the Court on July 25, 2022. Subsequently, the Company preferred an appeal before the Competition Appellate Tribunal, Islamabad (CAT) which, vide its order dated June 02, 2022, directed that, till the final adjudication of the appeal, no coercive measures shall be taken by the CCP against the appellant for recovery of the aforesaid penalties.

Thereafter, the Company also filed a High Court Appeal (H.C.A.) before the Court against the aforesaid submission of the bank guarantee. In its order dated August 25, 2022, the

Court disposed of the above H.C.A. in terms of a 'Joint Statement' signed by the learned counsel for both the parties to the case. As per the said Joint Statement, the Court's order dated June 13, 2022 was set aside, the bank guarantees previously submitted by the plaintiffs in Suit No. 2272 of 2021 (and other connected suits) were directed to be discharged and returned, the CCP was directed not to initiate recovery proceedings against the plaintiffs until the final decision of the appeals pending before the CAT, and the Single Judge was directed to frame the issues in Suit No. 2272 of 2021 (and other connected suits) and decide the suits expeditiously.

As of the reporting date, the Company's appeal before the Court and CAT were yet pending for final adjudication. In the opinion of its legal counsel, the Company has a good case on merit and, hence, the final outcome of aforesaid appeals was expected to be in favour of the Company. Accordingly, no provision for the aforesaid imposed penalties amounting, in aggregate to Rs. 110.56 million, has been recognized in the financial statements.

- (d) The Pakistan Standard and Quality Control Authority (the Authority) demanded from the company a marking fee @0.1 % of the ex-factory price of sugar produced for the year 2008-09.

The Company then filed a petition with Honorable High Court of Sindh challenging a marking fee under PSQCA Act -VI of 1996 pleading that the impugned demand so raised are without any lawful authority under the said Act and in violation of the Constitution of the Islamic Republic of Pakistan. Other mills in the industry too have filed similar petitions. Therefor, on December 04, 2012, The High Court passed order on the company's petition terming the impugned notification as issued without lawful authority on the grounds that the subject of agricultural produced is a provincial subject and the Federal Government or its departments has no jurisdiction to prescribe the standard or to regulate licensing, marking and levying of any fee on the petitioners.

In March 2013, the authority being aggrieved filed an Appeal against the aforesaid order of the High Court before the Supreme Court of Pakistan (the Apex Court) which is currently pending in adjudication. The Company has not made any provision against the impugned demand in view of the legal counsel of the company that the company has a good case on merit and the judgment of the High Court is likely to be upheld.

12.1.2 Contingent asset existing as at the reporting date

The Ministry of Commerce vide its notification no. F.No. 7(2)/2012 - Exp. III, dated October 03, 2017, had announced a Cash Freight Support / Subsidy of Rs. 10.70 per Kg in relation to the export of sugar made by all the sugar mills in the FY 2016-17 and FY 2017-18 subject to conditions as laid down in the said notification. This support was intended to be shared equally Federal and Provincial (Government of Sindh in Company's case) Governments.

Pursuant to this notification, the Company had filed its claim of freight subsidy against the export of sugar with concerned authorities. Whilst, the Federal Government had released its share of the freight subsidy, the Government of Sindh's share was outstanding amounted to Rs. 58.775 million. In this relation, in September 2021, the Company, in collaboration several other sugar mills, had filed a Constitutional Petition (bearing no. C.P. D-5366/2021) before the Honourable Court of Sindh (SHC) to recover the outstanding subsidy owed by the Government of Sindh.

During the year, on March 30, 2023, SHC vide its order disposed off the aforesaid petitions with the directions to the respondents to ensure that all the requisite steps are taken and completed for the settlement of the reconciled claims of the petitioners (including the Company) within the first quarter of the forthcoming financial year. In response to the said High Court's order, Finance Department of Government of Sindh vide its letter dated April 18, 2023, requested to the Secretary of Agriculture Supply & Prices Department of Government of Sindh to reconcile and work out the details of claims of sugar mills with the State Bank of Pakistan (the State Bank), and forward a duly scrutinized and reconciled case to this Department, so that appropriate provision of fund may be kept in Budget Estimate 2023-24, on account of said Cash Freight Support on export. Subsequently, on request of the Finance Department, Agriculture Supply & Prices Department vide its letter dated April 20, 2023, requested to the Sindh Cane Commissioner to reconcile and work out the details of claims with the State Bank and forward a duly scrutinized and reconciled case to this Department for its onward submission to the quarter concerned.

In response to the letter from Agriculture Supply & Prices Department, the Cane Commissioner Sindh vide its letter dated April 27, 2023, requested the Chairman of Pakistan Sugar Mills Association, Sindh Zone (PSMA) to finalize the claims with the State Bank and forward the reconciled case to the Finance Department.

Thereafter, the Company vide its letter dated May 03, 2023, forwarded its claim amount details to the Chairman of the PSMA.

12.1.3 Previously reported contingent liabilities that were resolved during the year

In its financial statements for the year ended September 30, 2022, the Company had disclosed the following below matters as contingent liabilities. However, during the year, certain key developments occurred due to which the previously reported uncertainties surrounding such matters were resolved and, hence, the same were no longer regarded as contingent liabilities as at September 30, 2023.

- (a) As disclosed in note 12.1.1.1 (a) to the financial statements for the year ended September 30, 2022, the Deputy Commissioner Inland Revenue (DCIR) vide its order, had created a demand of Rs. 14.66 million alleging a short payment of federal excise duty (FED) by the Company on local supplies during the period from February 2013 to August 2013 as per the SRO 77(I)/2023 read with amended SRO. 1072(I)/2023. Being aggrieved with the aforesaid order, the Company had filed a constitutional petition challenging the said demand before the Honourable High Court of Sindh (SHC) which had granted the Company an interim stay. Simultaneously, The Company had also filed an appeal before Commissioner Inland Revenue (CIR) Appeal-III, against the said demand order which were pending for adjudication as of the previous reporting period.

During the year, on August 28, 2023, CIR Appeal-III disposed of the said appeal in favour of the Company on the grounds that the Company has rightly availed the benefits of reduced rate as contained in the said amended SRO. Consequently, the demand created at Rs. 14.66 million by the DCIR is accordingly ordered to be deleted along with default surcharge and penalty.

- (b) As disclosed in note 12.1.1.1 (b) to the financial statements for the year ended September 30, 2022, the Deputy Commissioner Inland Revenue (DCIR) vide its order, had raised a

demand of Rs. 23.507 million on the grounds that the Company has not declared the quantity of 957.350 metric ton sugar in its sales tax return for the period of November 2021 (being the difference between the Sales Tax Return filed for the month of November and the Report produced by monitoring team u/s. 40B of Sales Tax Act, 1990). Being aggrieved with the aforesaid order, the Company had preferred an appeal with the Commissioner Inland Revenue (Appeals) Hyderabad - CIR(A), challenging the said demand raised by the DCIR on the grounds that difference worked out on the basis of alleged report u/s. 40B by the monitoring team is not only incorrect but also baseless and unfounded. Because the said report is prepared on the basis of unlifted quantity whereas, the sales tax on this quantity had already been paid by the Company in previous tax periods on D.O. basis. The said appeal was pending for adjudication before the CIR(A) as of previous reporting period.

During the year, on August 28, 2023, CIR (A) disposed of the said appeal on the grounds that there is no justification for subjecting the unlifted quantity and charging the sales tax by the DCIR against which sales tax had already been paid on D.O. basis which is tantamount to double jeopardy and, therefore, is ordered to be deleted along with default surcharge and penalty.

- (c) As disclosed in note 12.1.1.1 (c) to the financial statements for the year ended September 30, 2022, the Deputy Commissioner Inland Revenue (DCIR) vide its order, disallowed the input tax claimed by the Company amounting to Rs. 4.218 million on the item purchased and used in repair and maintenance of the plant and machinery being the inadmissible input tax u/s. 8(1)(a)(b)(f)(g)(h). Being aggrieved with the aforesaid order, the Company filed an appeal with the Commissioner Inland Revenue (Appeal-IV) - CIR(A) on the grounds that order issued was bad in law and input tax disallowed on impugned items purchased were correlated with the taxable production activity of the Company and had a direct nexus with the taxable production activities in as much as there were used for smooth running of plant and machinery. As of reporting period, the said appeal was pending for adjudication with the said authority.

During the year, on August 22, 2023, CIR (A) disposed off the said appeal in favour of the Company, directing the DCIR to delete the said order asserting the admissibility and justification of the input tax claimed along with the removal of the penalty and surcharge associated.

12.2 Commitments

As of the reporting date, there were no financial commitments of the Company. (2022: As of the Reporting date, there were no financial Commitments of the Company)

<i>Note</i>	2023	2022
	————— Rupees —————	—————

13. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	13.1	2,959,745,232	3,098,183,314
Capital spares	37.4	55,423,488	9,906,931
		3,015,168,720	3,108,090,245

13.1 Operating fixed assets

	Rupees										Total	
	Freehold Land	Freehold building	Non-factory building on freehold land	Plant and machinery	Office, tools fire fighting and laboratory equipments	Furniture & fixture	Computer & allied items	Vehicles	Tents and Tarpaulins	Tools and Tackles		
As at September 30, 2021												
Gross carrying amount	411,750,000	439,409,250	347,631,395	3,812,130,079	23,655,658	8,502,750	13,516,171	101,653,733	7,629,077	10,464,618	5,176,342,731	
Accumulated depreciation	-	(166,889,610)	(115,485,035)	(1,549,099,574)	(15,651,785)	(6,625,093)	(12,219,545)	(48,187,591)	(7,543,479)	(9,514,455)	(1,931,216,167)	
Net book value	411,750,000	272,519,640	232,146,360	2,263,030,505	8,003,873	1,877,657	1,296,626	53,466,142	85,598	950,163	3,245,126,564	

Movement during the year ended September 30, 2022

Opening net book value	411,750,000	272,519,640	232,146,360	2,263,030,505	8,003,873	1,877,657	1,296,626	53,466,142	85,598	950,163	3,245,126,564
Additions during the year	-	334,366	-	29,188,835	237,205	83,813	118,020	-	-	931,228	30,893,467
Disposals:											
- Cost	-	-	-	-	-	-	-	(9,320,489)	-	-	(9,320,489)
- Accumulated depreciation	-	-	-	-	-	-	-	7,386,331	-	-	7,386,331
Depreciation for the year	-	(27,273,789)	(23,214,636)	(113,233,070)	(806,827)	(192,525)	(411,713)	(10,311,581)	(29,959)	(428,459)	(175,902,559)
Closing net book value	411,750,000	245,580,217	208,931,724	2,178,986,270	7,434,251	1,768,945	1,002,933	41,220,403	55,639	1,452,932	3,098,183,314

As at September 30, 2022

Gross carrying amount	411,750,000	439,743,616	347,631,395	3,841,318,914	23,892,863	8,586,563	13,634,191	92,333,244	7,629,077	11,395,846	5,197,915,709
Accumulated depreciation	-	(194,163,399)	(138,699,671)	(1,662,332,644)	(16,458,612)	(6,817,618)	(12,631,258)	(51,112,841)	(7,573,438)	(9,942,914)	(2,099,732,395)
Net book value	411,750,000	245,580,217	208,931,724	2,178,986,270	7,434,251	1,768,945	1,002,933	41,220,403	55,639	1,452,932	3,098,183,314

Movement during the year ended September 30, 2023

Opening net book value	411,750,000	245,580,217	208,931,724	2,178,986,270	7,434,251	1,768,945	1,002,933	41,220,403	55,639	1,452,932	3,098,183,314
Additions during the year	-	1,711,394	-	20,933,924	717,165	-	246,670	3,014,000	-	464,000	27,087,153
Disposals:											
- Cost	-	-	-	-	-	-	-	(2,666,520)	-	-	(2,666,520)
- Accumulated depreciation	-	-	-	-	-	-	-	2,431,000	-	-	2,431,000
Depreciation for the year	-	(24,628,928)	(20,893,172)	(109,206,540)	(766,099)	(176,895)	(340,015)	(8,683,485)	(19,474)	(575,107)	(165,289,715)
Closing net book value	411,750,000	222,662,683	188,038,552	2,090,713,654	7,385,317	1,592,050	909,588	35,315,398	36,165	1,341,825	2,959,745,232

As at September 30, 2023

Gross carrying amount	411,750,000	441,455,010	347,631,395	3,862,252,838	24,610,028	8,586,563	13,880,861	92,680,724	7,629,077	11,859,846	5,222,336,342
Accumulated depreciation	-	(218,792,327)	(159,592,843)	(1,771,539,184)	(17,224,711)	(6,994,513)	(12,971,273)	(57,365,326)	(7,592,912)	(10,518,021)	(2,262,591,110)
Net book value	411,750,000	222,662,683	188,038,552	2,090,713,654	7,385,317	1,592,050	909,588	35,315,398	36,165	1,341,825	2,959,745,232
Annual rates of depreciation	0%	10%	10%	5%-10%	10%	10%	30%	20%	35%	35%	

13.2 Allocation of depreciation

Cost of goods manufactured - Manufacturing expenses	22.1	148,760,743	158,312,303
Administrative expenses	23	16,528,972	17,590,256
		<u>165,289,715</u>	<u>175,902,559</u>

13.3 Particulars of the immovable property (i.e. land and building) in the name of the Company are as follows:

Asset class	Location	Total area (acres)	Covered area (acres)
Freehold land	Tando Muhammad Khan	205	-
Factory & Non-factory building	Tando Muhammad Khan	-	105

13.4 The latest valuation of the freehold land, factory building, non-factory building and plant and machinery was carried out by an independent valuer, M/s. MYK Associates (Private) Limited, as at September 30, 2021. According to that valuation, the forced sale value of these assets was assessed at Rs. 2.316 billion as at September 30, 2021.

13.5 Had freehold land, factory and non-factory buildings and plant and machinery been carried under the cost model of accounting, their carrying amounts as of the reporting date would have been as follows:

	Note	2023	2022
		Rupees	
Freehold land		20,535,000	20,535,000
Factory building		52,521,021	56,533,926
Non - factory building		7,453,778	8,281,975
Plant and machinery		638,398,538	650,233,516
		<u>718,908,337</u>	<u>735,584,417</u>

14. LONG TERM LOANS - unsecured

Due from employees	14.1	<u>1,918,328</u>	<u>473,246</u>
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14.1 These represent interest-free loans provided to the employees of the Company for the purchase of vehicles. The loans are recoverable over a period of five years through deduction from monthly salaries.

			2023	2022
		Note	Rupees	
15.	STORES AND SPARES - NET			
	Stores and spares inventory	37.4	107,645,116	132,551,992
	Provision for slow moving and obsolete items	15.1	<u>(41,204,049)</u>	<u>(22,182,180)</u>
			<u>66,441,067</u>	<u>110,369,812</u>
15.1	Movement of provision for slow moving and obsolete items			
	Opening		22,182,180	20,072,415
	Charge for the year	26	19,021,869	2,109,765
	Closing		<u>41,204,049</u>	<u>22,182,180</u>
16.	STOCK IN TRADE			
	Finished goods inventory:			
	- Sugar		796,703,764	1,302,857,862
	- Bagasse		<u>29,400,759</u>	<u>9,790,371</u>
			826,104,523	1,312,648,233
	Work-in-process inventory:			
	- Sugar		<u>13,059,876</u>	<u>8,547,119</u>
	- Molasses		<u>2,955,400</u>	<u>1,255,311</u>
			<u>16,015,276</u>	<u>9,802,431</u>
			<u>842,119,799</u>	<u>1,322,450,664</u>
17.	TRADE DEBTS - UNSECURED			
	Receivable against local sales of:	Note		
	- Sugar		8,700	37,044,700
	- Bagasse		<u>112,871</u>	<u>106,953</u>
			<u>121,571</u>	<u>37,151,653</u>
18.	SHORT TERM LOANS, ADVANCES AND DEPOSIT - UNSECURED			
	Loans to growers - unsecured	18.1	87,110,600	63,988,613
	Security deposit - Nazir Sindh High Court	18.2	47,377,300	-
	Advance to suppliers and contractors	18.3	103,781,915	75,384,881
	Due from employees	18.4	3,008,248	2,093,286
			<u>241,278,063</u>	<u>141,466,780</u>
18.1	Loans to growers - unsecured			
	Considered good		87,110,600	63,988,613
	Considered doubtful		<u>137,833,341</u>	<u>137,833,341</u>
			<u>224,943,941</u>	<u>201,821,954</u>
	Provision for loans considered doubtful		<u>(137,833,341)</u>	<u>(137,833,341)</u>
			<u>87,110,600</u>	<u>63,988,613</u>

18.1.1 These loans had been provided to sugar cane growers for their capital requirements related to cultivation and development. Management has initiated recovery efforts for outstanding amount of loans together with interest thereon. However, adjustment of outstanding balance of loans has been slow in view of volatile market situation where procurement of cane has been difficult over the past few years in the Province of Sindh owing to various factors including dezoning. In view of uncertainty of the recoverability of these loans, management has made a provision against the outstanding amounts considered doubtful.

18.2 As disclosed in note 12.1.1(b) to these financial statements, an amount of Rs. 47.377 million has been placed by the Company as security with the Nazir of the Court in terms of the joint statement dated May 29, 2023 filed, in the Honourable High Court of Sindh ('the Court'), on behalf of the respondents and appellants in the High Court Appeals (H.C.A) No. 64, 65, 66 and 67 of 2023 currently pending for adjudication before the Court. As stated in the said note, in the event that these H.C.A.s are decided in favour of the respondent mills, the amount deposited (along with profit accruing thereon) shall be disbursed to them; otherwise, the same shall be distributed between all the sugar mills, including the appellant and respondent sugar mills, in the same proportion in which they deposited the amount with the Nazir of the Court, or as may be ordered by the Court.

For a comprehensive understanding of the aforementioned legal arrangement, please refer note 12.1.1(b) to these financial statements wherein all the related events, facts, circumstances and uncertainties have been discussed at length.

18.3	Advance to suppliers and contractors - unsecured	<i>Note</i>	2023	2022
			Rupees	
	Considered good		127,387,520	75,384,881
	Considered doubtful		23,605,605	-
			150,993,125	75,384,881
	Provision for advances considered doubtful	26	(23,605,605)	-
			127,387,520	75,384,881

18.4 These represent interest free loans provided to employees as per the Company's policy and these are recovered through deduction from monthly payroll.

19.	OTHER RECEIVABLES	<i>Note</i>	2023	2022
			Rupees	
	Sales tax refundable		1,054,585	1,054,585
	Subsidy receivable	19.1	73,920,300	73,920,300
	Receivable against insurance claim		441,029	441,029
	Others		1,003,888	831,923
			76,419,802	76,247,837

19.1 This represents the Inland Freight Subsidy receivable from TDAP (in relation to exports made by the Company in the FY 2012-13 and FY 2013-14). In this relation, the Pakistan Sugar Mills Association (PSMA) as well as the Company have recently approached TDAP requesting the release of the said subsidy; however, any response from TDAP is still forthcoming.

		2023	2022
	Note	Rupees	
20. CASH AND BANK BALANCES			
Cash in hand		701,519	309,993
Cash at bank:			
- Current accounts		17,153,369	31,622,622
- Deposit accounts	20.1	127,887,894	34,027,834
		<u>145,041,263</u>	65,650,456
		<u>145,742,782</u>	<u>65,960,449</u>
20.1	These represent funds deposited with banks in saving accounts carrying profit at the rate of 14% to 15% (2022: 8% to 10%).		
		2023	2022
		Rupees	
21. REVENUE - NET			
Revenue from local sales - net	21.1	5,127,938,286	3,391,035,376
Revenue from export sales	21.2	406,727,312	-
		<u>5,534,665,598</u>	<u>3,391,035,376</u>
21.1 Revenue from local sales - net			
Sale of goods to local customers - gross		6,060,396,100	3,950,342,450
Less: sales tax		(918,074,829)	(558,245,074)
Less: advance income tax	37.4	(14,382,985)	(1,062,000)
		<u>5,127,938,286</u>	<u>3,391,035,376</u>
21.2 Sales made to following geographical region:			
- China		208,445,999	-
- Tajikstan		198,281,313	-
		<u>406,727,312</u>	<u>-</u>
22. COST OF SALES		2023	2022
		Rupees	
Sugarcane consumed		4,141,812,682	3,425,868,254
Manufacturing expenses	22.1	532,206,262	463,420,322
		<u>4,674,018,944</u>	3,889,288,576
Sugar stock in process - opening		8,547,119	7,675,430
Sugar stock in process - closing		(13,059,876)	(8,547,119)
		<u>(4,512,757)</u>	<u>(871,689)</u>
		4,669,506,187	3,888,416,887
Molasses stock in process - opening		1,255,311	-
Molasses stock in process - closing		(2,955,400)	(1,255,311)
Sale of molasses (by-product)		(752,949,400)	(481,295,660)
		<u>(754,649,489)</u>	<u>(482,550,971)</u>
Cost of goods manufactured		3,914,856,698	3,405,865,915
Finished stock of Sugar - opening		1,302,857,862	1,004,529,461
Finished stock of Sugar - closing		(796,703,764)	(1,302,857,862)
		<u>506,154,098</u>	<u>(298,328,401)</u>
Stock of Bagasse - opening		9,790,371	5,006,565
Stock of Bagasse - closing		(29,400,759)	(9,790,371)
		<u>(19,610,388)</u>	<u>(4,783,806)</u>
		<u>4,401,400,408</u>	<u>3,102,753,708</u>

22.1 Manufacturing expenses

Salaries, wages and other benefits	22.1.1	172,404,207	142,505,004
Depreciation on operating fixed asset	13.2	148,760,743	158,312,303
Repairs and maintenance		99,272,205	77,083,820
Production stores consumed		76,517,086	61,457,921
Fuel and power		21,518,970	12,816,370
Insurance		10,001,926	8,005,627
Transportation charges	37.4	3,220,403	2,732,055
Others		510,722	507,222
		532,206,262	463,420,322

22.1.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 2.35 million (2022: Rs. 2.24 million)

23. ADMINISTRATIVE EXPENSES

	Note	2023	2022
		Rupees	
Salaries, wages and other benefits	23.1 & 37.4	71,133,116	62,241,889
Depreciation on operating fixed asset	13.2	16,528,972	17,590,256
Vehicle running and maintenance		10,024,146	7,324,861
Directors' remuneration	30 & 37.4	7,255,020	4,463,982
Legal and professional	37.4	4,751,650	7,139,615
Entertainment expense		4,018,512	3,145,863
Postage, fax and telephone		3,175,117	2,383,473
Subscriptions, books and periodicals		3,097,485	4,276,114
Printing and stationery		2,909,315	1,267,368
Insurance		1,933,882	1,450,754
Repair and maintenance		1,884,635	1,463,972
Utilities		1,583,458	532,499
Traveling and conveyance		1,161,965	1,041,096
Rent, rates and taxes		899,084	944,595
Auditor's remuneration	23.2 & 37.4	1,894,185	1,755,548
Others	37.4	2,436,254	2,728,054
		134,686,796	119,749,938

23.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 3.49 million (2022: Rs.2.99 million).

23.2 Auditors' remuneration

	Note	2023	2022
		Rupees	
Audit fee		1,050,000	975,000
Certification charges		235,000	235,000
Half yearly review		330,000	300,000
Out of pocket expenses		279,185	245,548
		1,894,185	1,755,548

24. SELLING AND DISTRIBUTION EXPENSES

Loading, stacking and handling		5,469,004	5,903,921
Transportation		5,110,725	-
Service related to export		3,642,712	-
Commission		1,185,925	-
Advertisement expense		1,016,589	406,900
		<u>16,424,955</u>	<u>6,310,821</u>

25. OTHER INCOME

Sale of bagasse - net	25.1	81,368,857	90,124,539
Liabilities no longer payable written back		7,467,231	-
Profit on deposit accounts		16,714,872	8,362,863
Gain on disposal of operating fixed assets		1,714,480	6,686,751
Insurance Claim		-	2,000,000
Exchange gain		364,929	-
Others		2,181	1,040,851
		<u>107,632,550</u>	<u>108,215,004</u>

25.1 Sale of bagasse - net

Gross Sale of Bagasse		95,634,257	105,446,132
Less: sales tax		(14,265,400)	(15,321,593)
		<u>81,368,857</u>	<u>90,124,539</u>

26. OTHER EXPENSES

Provision for Worker's Profit Participation Fund		34,012,232	-
Provision for advance to suppliers	18.3	23,605,605	-
Provision for Worker's Welfare Fund		14,050,018	-
Provision for slow moving stores and spares		19,021,869	2,109,765
Advances written off		4,426,302	-
Charity and donation	26.1 & 37.4	1,546,994	1,964,606
		<u>96,663,020</u>	<u>4,074,371</u>

26.1 None of the directors of the Company or their spouses had any interest in the donee organizations.

27. FINANCE COSTS

	2023	2022
	Rupees	
Mark up on:		
- Long term finance	34,541,667	32,697,223
- Short term borrowings	347,163,064	244,208,925
	<u>381,704,731</u>	<u>276,906,148</u>
Bank charges	2,476,529	2,932,988
	<u>384,181,260</u>	<u>279,839,136</u>

28. TAXATION - net	2023	2022
	Rupees	
Current	166,869,761	48,340,731
Prior year	15,739,121	-
	<u>182,608,882</u>	48,340,731
Deferred	52,964,170	(20,878,252)
	<u>235,573,052</u>	<u>27,462,479</u>

28.1 Relationship between income tax expense and accounting profit before taxation

	2023
	-- Rupees --
Profit before taxation	608,941,709
Tax at the applicable rate of 29% (2022: 29%)	176,593,096
<i>Tax effects of:</i>	
- permanent difference	8,577,881
- income subject to taxation under final tax regime	(16,802,195)
- super tax	68,460,889
- benefit of unused tax losses and tax credits for which deferred tax asset was not previously recognized	(40,655,219)
- excess of alternate corporate tax over corporate tax	1,574,668
- prior tax	15,739,121
- others	22,190,641
	<u>235,678,882</u>

28.2 Status of income tax assessments

Except as stated in note 12.1.1.1(a) to these financial statements, the income tax assessments of the Company are deemed to have been finalised up to, and including, the tax year 2023 (accounting year ended September 30, 2022) based on the returns of income filed by the Company with the concerned taxation authority. As per section 120 of the Income Tax Ordinance, 2001 ('the Ordinance'), a tax return filed by a taxpayer is treated as an assessment order issued by the concerned taxation authority unless the same is selected for re-assessment / audit as per the legal provisions stipulated in the Ordinance.

29. EARNING / (LOSS) PER SHARE - BASIC AND DILUTED	2023	2022
	Rupees	
29.1 Basic earning / (loss) per share		
Profit / (loss) after taxation	<u>373,368,657</u>	<u>(40,940,073)</u>
	Number	
Weighted average number of ordinary shares outstanding	<u>10,425,000</u>	<u>10,425,000</u>
	Rupees	
Earning / (Loss) per share - basic	<u>35.81</u>	<u>(3.93)</u>

29.2 Diluted earn loss per share

There is no dilutive effect on the basic earning / (loss) per share of the Company, since there were no potential ordinary shares in issue as at September 30, 2023 and September 30, 2022.

30. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

Particulars	2023				2022			
	Chief Executive	Executive Director	Executives	Total	Chief Executive	Executive Director	Executives	Total
-----Rupees-----								
Basic salary	2,498,000	2,170,000	11,971,596	16,639,596	1,500,000	1,125,000	10,744,818	13,369,818
Vehicle expenses	455,020	-	4,695,282	5,150,302	242,700	-	3,352,746	3,595,446
Other prerequisites	1,102,000	1,030,000	9,711,455	11,843,455	921,282	675,000	9,196,444	10,792,726
Total	4,055,020	3,200,000	26,378,333	33,633,353	2,663,982	1,800,000	23,294,008	27,757,990
No. of persons	1	1	5	7	1	1	5	7

30.1 In addition, all Directors and executives of the Company have been provided with free use of Company owned and maintained cars in accordance with their terms of employment / services.

31. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of group companies, major shareholders, key management personnel and directors of the company and their close family members, and the staff provident fund. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the Chief Executive and Directors is disclosed in note 31 to the financial statements. Transactions entered into, and balances held, with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Basis of relationship with the party	Particulars	2023	2022
			----- Rupees -----	
SGM Sugar Mills Limited	Company under common control	<i>Transactions during the year</i>		
		Purchases	-	1,410,967
		Amount received	18,518,561	-
		<i>Balances at the year end</i>		
		Advances given	-	18,518,561
Directors	Key management personnel	<i>Balances at the year end</i>		
		Loan payable	403,000,000	403,000,000
Sponsors	Key management personnel	<i>Balances at the year end</i>		
		Loan payable	77,000,000	77,000,000
Staff retirement contribution - Provident Fund	Other related party	<i>Transaction during the year</i>		
		Company's contribution for the year	5,854,782	5,227,431

32. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment. The category-wise disclosures required by the accounting and reporting standards as applicable in Pakistan are as follows:

- Revenue from sale of sugar represents 86.90% (2022: 83.15%) of the total revenue/income arising from sale of sugar, molasses and bagasse.
- 6.39% (2022: Nil%) revenue of the Company relates to customers outside Pakistan.
- All non-current assets of the Company at September 30, 2023 and 2022 were located in Pakistan.

33. FINANCIAL INSTRUMENTS

33.1 Nature and extent of risks arising from financial instruments

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

33.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as 'defaulted' when it is past due for 90 days or more. This is because the Company mostly deals on advance payment basis; for other transactions on credit basis, the amounts are usually collected within 90 days.

The Company writes off a financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means. The financial assets written off are not subject to enforcement activity.

Maximum exposure to credit risk

The carrying amounts of the financial assets represent their maximum credit exposure at the reporting date. These exposures are as follows:

	<i>Note</i>	2023	2022
		Rupees	Rupees
Long term loans		1,918,328	473,246
Long term deposits		792,527	792,527
Trade debts	(a)	121,571	37,151,653
Short term loans		50,385,548	2,093,286
Other receivables		1,444,917	1,272,952
Bank balances	(b)	145,041,263	65,650,456
		199,704,154	107,434,120

Note (a) - Credit risk exposure on trade debts

To reduce the exposure to credit risk arising from trade debts, the Company has developed its own risk management policies and guidelines whereby credit limit is assigned on customer to customer basis. In addition, all export sales are made under L/C arrangements.

The aging analysis of the trade debts as at the reporting date is as follows:

	September 30, 2023		September 30, 2022	
	Gross carrying amount	expected credit Losses	Gross carrying amount	expected credit Losses
	Rupees			
Not past due	121,571	-	37,151,653	-
Past due 3 months -1 year	-	-	-	-
Past due 1 year to 3 years	-	-	-	-
More than 3 years	-	-	-	-
	121,571	-	37,151,653	-

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment except for which has already been provided. Further, all debtors have been collected post year end, therefore, expected credit loss has not been considered.

Note (b) - Credit risk exposure on bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

	Short term rating	Credit rating agency	2023	2022
			Rupees	
Bank Al Falah Limited	A-1+	PACRA	116,379,801	1,587,081
MCB Bank Limited	A-1+	PACRA	8,193,421	8,681,719
Habib Bank Limited	A-1+	JCR-VIS	7,550,622	27,364,859
Allied Bank Limited	A-1+	PACRA	5,804,338	3,598,299
Mezaan Bank Limited	A-1+	JCR-VIS	4,147,254	14,549,569
Bank Al Habib Limited	A-1+	PACRA	1,103,447	3,479,966
Bank Islami Limited	A-1	PACRA	564,956	24,601
United Bank Limited	A-1+	JCR-VIS	368,470	440,091
Dubai Islamic Bank Limited	A-1+	JCR-VIS	311,370	5,109,430
National Bank Pakistan Limited	A-1+	PACRA	269,008	614,958
Askari Bank Limited	A-1+	PACRA	248,204	101,512
Sindh Bank Limited	A-1+	JCR-VIS	71,465	69,465
Other banks (Non- rated)	-	-	28,907	28,906
			145,041,263	65,650,456

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

33.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize the liquidity risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

Following is the maturity analysis of non-derivative financial liabilities:

	September 30, 2023			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Long term finance - secured	145,833,334	145,833,334	83,333,333	62,500,001
Trade and other payables	295,147,973	295,147,973	295,147,973	-
Accrued mark-up	23,779,230	23,779,230	23,779,230	-
	<u>464,760,537</u>	<u>464,760,537</u>	<u>402,260,536</u>	<u>62,500,001</u>

	September 30, 2022			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Long term finance	229,166,667	229,166,667	83,333,332	145,833,335
Trade and other payables	280,258,636	280,258,636	280,258,636	-
Accrued mark-up	61,384,153	61,384,153	61,384,153	-
Short term borrowings	949,354,072	949,354,072	949,354,072	-
	<u>1,520,163,528</u>	<u>1,520,163,528</u>	<u>1,374,330,193</u>	<u>145,833,335</u>

33.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. As of the reporting date, the Company was not exposed to currency risk as there were no foreign currency denominated receivables / payables.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company manages its interest rate risk by regularly monitoring changes in interest rates and its effect on the Company's financial instruments and cash flows. At the reporting date, the Company's exposure to interest rate risk was as follows:



	2023	2022	2023	2022
	Effective interest rate		Carrying amount	
	-----Percentage-----		-----Rupees-----	
Financial liabilities				
Long term financing	16.19% - 23.42%	10.27% - 17.41%	145,833,334	229,166,667
Short term borrowings	16.51% - 23.37%	8.26% - 16.77%	-	949,354,072
Financial Assets				
Bank deposits - pls account	14% - 15%	8% - 10%	34,027,834	8,569,171

Fair value sensitivity analysis for fixed rate instruments

As at reporting date, the Company did not hold any fixed rate interest based financial assets or liabilities carried at fair value. Hence, a change in interest rates at the reporting date would not affect the carrying value of any financial asset or financial liability in the financial statements.

Cash flow sensitivity analysis for variable rate instruments

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Increase / (decrease) in profit before taxation	
	100 bp increase	100 bp decrease
As at September 30, 2023		
Cash flow sensitivity-Variable rate financial instruments	<u>(1,118,055)</u>	<u>1,118,055</u>
As at September 30, 2022		
Cash flow sensitivity-Variable rate financial instruments	<u>(11,699,516)</u>	<u>11,699,516</u>

iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. As of the reporting date, the Company was not exposed to other price risk.

33.2	Financial instruments by categories	2023	2022
		Rupees	
	<i>Financial assets at amortised cost</i>		
	Long term loans	1,918,328	473,246
	Long term deposits	792,527	792,527
	Trade debts	121,571	37,151,653
	Short term loans	50,385,548	2,093,286
	Other receivables	1,444,917	1,272,952
	Cash and bank balances	145,742,782	65,960,449
		200,405,673	107,744,113
	<i>Financial liabilities at amortised cost</i>		
	Long term finance - secured	145,833,334	229,166,667
	Trade and other payables	295,147,973	280,258,636
	Short term borrowings	-	949,354,072
	Accrued mark-up	23,779,230	61,384,153
		464,760,537	1,520,163,528

34. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- Level 1 : Quoted market price (unadjusted) in an active market.
- Level 2 : Valuation techniques based on observable inputs.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Presently, items in the financial statements that are carried at fair value are freehold land, factory building, non-factory building and plant and machinery. On a periodic basis, the Company engages an independent external valuer to carry out a fresh revaluation of these operating fixed assets to ensure that their carrying amounts in the financial statements do not differ materially from that which would be determined using fair value at the end of the reporting period. Such valuation usually involves the use of observable and unobservable inputs; however, the weightage of observable inputs used is considered as significant. Accordingly, the Company classifies the aforesaid classes of operating fixed assets within Level 2 of the fair value hierarchy.

The management considers that the fair value of all other assets and liabilities recognised in the financial statements approximate their fair value.

35. CAPITAL MANAGEMENT

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not subject to any externally imposed capital requirements.

Following is the quantitative analysis of Company's capital management:

	2023	2022
	Rupees	
Borrowings:		
Long term finance from a banking companies	145,833,334	229,166,667
Shareholders' equity:		
Issued, subscribed and paid up capital	104,250,000	104,250,000
Accumulated profit/ (losses)	285,152,719	(170,155,080)
Subordinated loans	480,000,000	480,000,000
	869,402,719	414,094,920
Total capital managed by the Company	1,015,236,053	643,261,587

36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

		2023	2022
	Note	Rupees	
Cash and bank balances	20	145,742,782	65,960,449
Short term borrowings - Running finance	10	-	(377,851,919)
		145,742,782	(311,891,470)

37. GENERAL

37.1 Number of employees

	2023	2022
	Number	
Total employees of the Company at the year end	391	275
Average employees of the Company during the year	457	328

37.2 Investment out of Provident fund

The investments out of provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2023	2022
	M.tons	
37.3 Plant capacity and actual production		
Sugarcane crushing capacity	<u>1,280,000</u>	1,280,000
Sugarcane crushed	<u>485,128</u>	474,176
Sugar produced	<u>51,529</u>	52,507

37.3.1 The estimated production capacity is based on 160 days of crushing. However, the actual crushing days were only 95 days (2022: 84 days) due to non-availability of sugar cane.

37.4 Reclassification of corresponding figures

Certain corresponding figures have been rearranged and reclassified, wherever considered necessary and for the purpose of comparison and better presentation.

Reclassified from component	Reclassified to component	Note	Rupees
Administrative expenses (Others)	Manufacturing expense (Transportation charges)	22.1	<u>2,732,055</u>
Administrative expenses (Salaries, wages and other benefits)	Administrative expenses (Directors' remuneration)	23	<u>4,463,982</u>
Administrative expenses (Legal and professional)	Administrative expenses (Auditor's remuneration)	23	<u>110,000</u>
Other expenses (Charity and donation)	Revenue - net (Revenue from local sales - net)	21	<u>1,062,000</u>
Trade and other payables (Others)	Trade and other payables (Trade Creditors-for other supplies)	9	<u>1,100,000</u>
Trade and other payables (Others)	Trade and other payables (Workers' Participation Profit Fund payable)	9	<u>70,560</u>
Trade and other payables (Sales tax payable)	Trade and other payables (Withholding sales tax payable)	9	<u>1,298,432</u>
Stores and spares - net (Stores and spares inventory)	Property, plant and equipment (Capital spares)	15	<u>9,906,931</u>
Trade and other payables (Others)	Trade and other payables (Withholding federal excise duty payable)	9	<u>247,888</u>

37.5 Date of authorization of the financial statements for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 29th December, 2023.

37.6 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.

Chief Executive

Director

Chief Financial Officer



PATTERN OF SHAREHOLDING

AS AT SEPTEMBER 30, 2023

NUMBER OF SHARES HOLDERS	SHAREHOLDING		TOTAL NUMBER OF SHARES HELD
	FROM	TO	
958	1	100	58,946
532	101	500	138,410
124	501	1,000	106,679
127	1,001	5,000	303,635
15	5,001	10,000	113,850
6	10,001	15,000	82,400
5	15,001	20,000	91,800
1	20,001	25,000	23,000
1	55,001	60,000	57,000
2	65,001	70,000	135,500
1	180,001	185,000	184,600
2	195,001	200,000	400,000
1	555,001	560,000	559,500
1	595,001	600,000	599,200
1	720,001	725,000	721,765
1	725,001	730,000	725,600
1	785,001	790,000	790,000
2	815,001	820,000	1,635,400
1	835,001	840,000	837,400
1	905,001	910,000	906,200
1	945,001	950,000	946,815
1	1,005,001	1,010,000	1,007,300
1,785			10,425,000

CATEGORIES	NUMBERS OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
INDIVIDUALS	1,771	9,425,289	90.41%
INVESTMENT COMPANIES	2	4,900	0.05%
INSURANCE COMPANIES	1	65,500	0.63%
JOINT STOCK COMPANIES	4	1,901	0.02%
FINANCIAL INSTITUTIONS	4	924,800	8.87%
MODARABA COMPANIES	1	600	0.01%
OTHERS	2	2,010	0.02%
TOTAL	1,785	10,425,000	100.00%



SINDH ABADGAR'S SUGAR MILLS LIMITED
PATTERN OF SHARES HELD BY SHARE HOLDERS
AS AT SEPTEMBER 30, 2023

Combined pattern of CDC & Physical Shareholding as at 30th September 2023

CATEGORY NO.	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHARES HELD CDC ACCOUNT	CATEGORY WISE NO. OF FOLIOS/ SHARES	CATEGORY WISE SHARES	PERCENTAGE
1	INDIVIDUALS	-	1,759	2,015,853	19.34
2	INVESTMENT COMPANIES PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. INVESTMENT CORPORATION OF PAKSITAN	3,700 1,200	2	4,900	0.05
3	INSURANCE COMPANIES PAKISTAN REINSURANCE COMPANY LIMITED	65,500	1	65,500	0.63
4	JOINT STOCK COMPANIES MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) SARFARAZ MEHMOOD (PRIVATE) LIMITED MAPLE LEAF CAPITAL LIMITED NINI SECURITIES (PRIVATE) LIMITED	400 500 1 1,000	4	1,901	0.02
5	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN MR. DEOO MAL DR. BESHAM KUMAR MR. PEHLAJ RAI MR. MOHAN LAL DR. TARA CHAND MR. MAHESH KUMAR MR. DILEEP KUMAR MRS. MAHESHWARI OASHA MR. MUHAMMAD SIDDIQ KHOKHAR MR. ZAFAR AHMED GHORI	946,815 837,400 817,900 817,500 725,600 744,100 1,007,300 500 56 500	10	5,897,671	56.57
6	EXECUTIVES	-	-	-	-
7	FINANCIAL INSTITUTIONS (BANKS,DFIS,NBFI) NATIONAL INVESTMENT TRUST LIMITED - ADMI NATIONAL DEVELOPMENT FINANCE CORPORATION NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT.	17,300 200 1,100	3	18,600	0.18
8	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES MR. JUGDESH KUMAR MR. HASSANAND (MR. HASSOMAL)	790,000 721,765	2	1,511,765	14.50
9	PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-	-	-
10	MODARABAS & MUTUAL FUNDS FIRST CRESCENT MODARABA	600	1	600	0.01
11	FOREIGN INVESTORS ISLAMIC DEVELOPMENT BANK	906,200	1	906,200	8.69
12	CO-OPERATIVE SOCIETIES	-	-	-	-
13	OTHERS THE SECRETARY KHOJA (PIRHAJ) SHIA ISNA ASHERI JAMAT	410 1,600	2	2,010	0.02
	TOTAL		1,785	10,425,000	100.00



FORM OF PROXY

No. of Shares

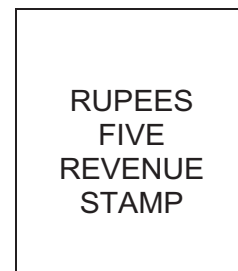
Please Quote Folio No.

I/Weof..... a member of SINDH ABADGAR'S SUGAR MILLS LIMITED and holding ordinary shares, as per Register Folio No..... hereby appoint Mr.....of..... or failing him.....of..... who is also a member of the company vide Register Folio No. as my proxy to vote for me and on my behalf at the Forty Annual General Meeting of the Company to be held on January 26, 2024 at 16:00 hours at the Hall/Auditorium of Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi and at an adjournment thereof.

As witness my hand this day of..... 2023. Witness

Signature: _____

Name : _____



SIGNATURE OF MEMBER















- 1. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him. No person shall act as proxy (except for a corporation) unless he is entitled to be present and vote in his own right.
2. The proxies shall be lodged with the company not later than 48 hours before the time for holding of the meeting and must be duly stamped, signed and witnessed.
3. The instrument appointing a Proxy should be signed by the member or his/her attorney duly authorized in writing, if the member is a corporate Body should be signed either under the Common Seal or under the hand of an officer or attorney so authorized.



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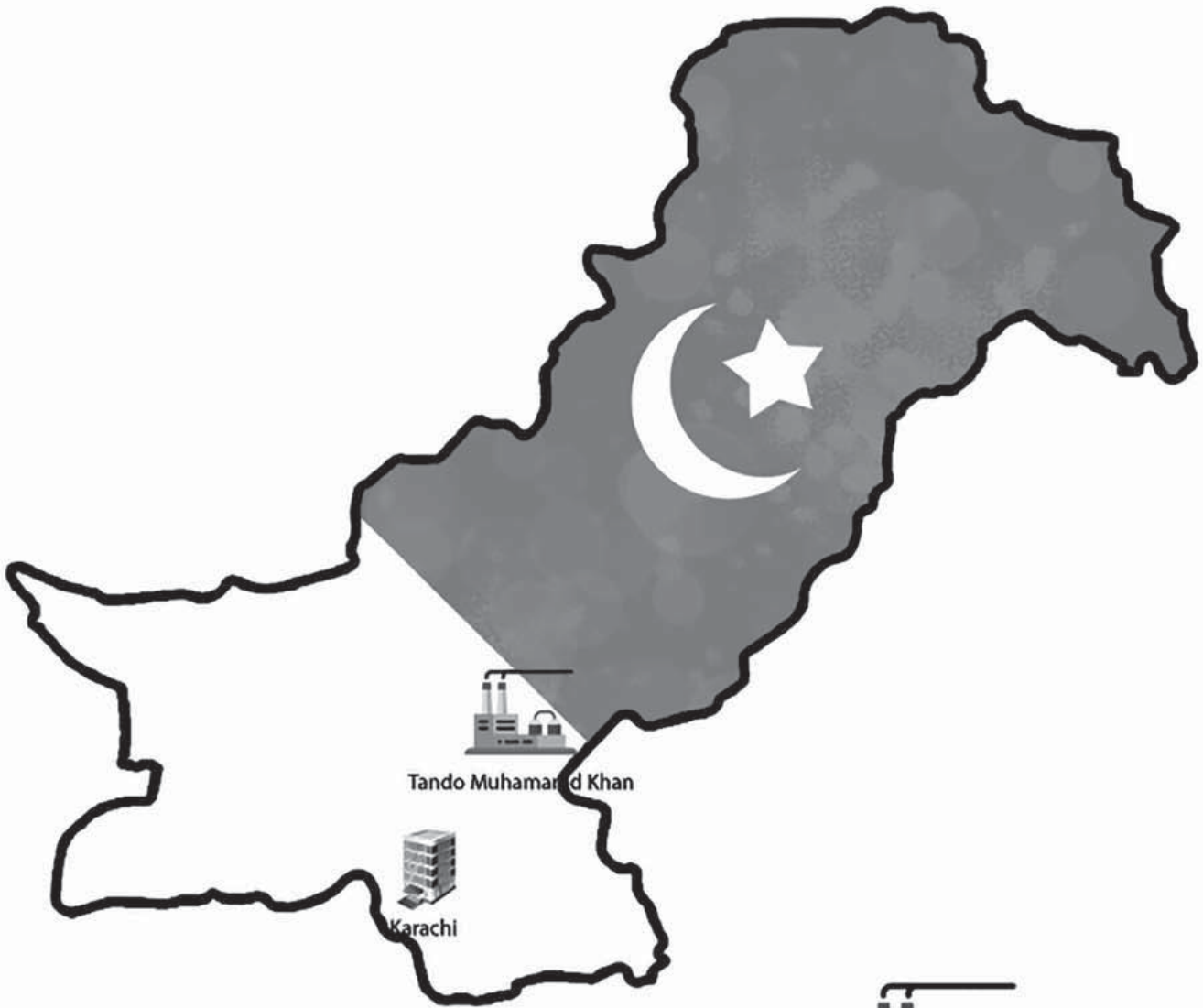
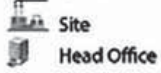
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PAKISTAN

Sindh Abadgar's Sugar Mills Limited
Geographical Preference



Sindh Abadgars Sugar Mills Limited
Site: Deh: Deenpur, Taluka, Bulri Shah Karim,
Distt: Tando Muhammad Khan, Sindh-73024



209, Progressive Plaza, Beaumont Road, Karachi.
Tel. : +92 21 35638212 -6 Fax: +92 21 35638219
Email: sasm@unitedgroup.org.pk



Sindh Abadgar's Sugar Mills Limited

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Mill: Deh: Deenpur, Taluka: Bulri Shah Karim, Distt. Tando Muhammad Khan , Sindh-73021.
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