

39th ANNUAL REPORT
2021-2022



MACCA GROUP

Abdullah Shah Ghazi
Sugar Mills Limited

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CORPORATE INFORMATION

Board of Directors

Muhammad Dawood (Chief Executive)
Yasir Iqbal (Chairman)
Muhammad Nawaz
Muhammad Rashid Rana
Atif Butt
Muhammad Talib
Amjad Abbas

Audit Committee

Muhammad Nawaz (Chairman/Member)
Atif Butt (Member)
Amjad Abbas (Member)

Chief Financial Officer

Sohail Azam Khan

Company Secretary

Saleem Abbas

Internal Auditors'

Syed Waqar Ali Bukhari

Auditors'

Akhtar Mahmood Mian
Chartered Accountants

Registrar

CDC Shares Registrar Services Limited
CDC House, 99-B, Block-B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi, Pakistan

Registered Office

7/10, A-2 Arkay Square
Shahrah-e-Liaqa, New Challil, Karachi

Mills

Abdullah Shah Ghaziabad, Garho,
District Thatta, Sindh

Bankers

Bank Islami Pakistan Limited
Summit Bank Limited
Bank Al-Falah Limited
Silk Bank Limited
MCB Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited
Allied Bank Limited

Web Presence:

www.asgsmi.com

Mission Statement

To be the premier sugar and allied product's manufacturer while providing our clients with flexibility, on-time delivery, and consistent quality and to achieve sustainable and equitable expansion and growth through efficient and effective resources and at the same time developing a Corporate business environment most suited to all the employees and people Concerned.

Vision Statement

To transform the Company into a market leader for the Quality Sugar Manufacturing, while keeping our focus on the growing customer base, be characterized by a high degree of professionalism and is accountable for the successful fulfillment of the company's mission, and to play a meaningful role in the economy of Pakistan

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 39th Annual General Meeting ("AGM") of Abdullah Shah Ghazi Sugar Mills Limited (the "Company") will be held on Saturday, January 28, 2023 at 9:00 a.m. at Diamond Banquet, Plot No. C-36, 37 Extension, Gulshan-e- Hadeed, Phase-1, Karachi and via video link to transact the following Ordinary Business:

1. To receive, consider and adopt the Chairman's Review Report, Reports of Directors and Auditors together with Audited Annual Financial Statements of the Company for the year ended 30 September 2022.
2. To appoint Company's auditors and fix their remuneration. The members are hereby notified that the Audit Committee and the Board of directors have recommended the name of retiring auditors M/s Akhter Mahmood Mian, Chartered Accountants for re-appointment as auditors of the Company.

By Order of the Board

Lahore: January 06, 2023

Saleem Abbas
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from January 22, 2023 to January 28, 2023 (both days inclusive). Transfers received in order at the office of the Company's Independent Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi by the close of business (5:00 PM) on January 21, 2023, will be treated in time for the purposes of entitlement to attend, speak and vote at the AGM.
2. The Company has also arranged participation of members in the AGM via video link. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (In case of corporate shareholders) through WhatsApp at 03028407700 or email at saleem.magsi@maccagroup.com by January 25, 2023

Name of member	CNIC No.	CDC Account No/Folio No.	Cell Number.	Email address

The members who are registered after the necessary verification shall be provided a video link by the Company on the same email address that they email with the Company with.

3. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her and a proxy so appointed shall have the same rights, as respects attending, speaking and voting at the AGM as are available to the members. A Proxy must be a member of the Company.

4. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM.
5. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the 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/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- 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 submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers 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 original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

6. Change of address

Members are requested to promptly notify to the Company's Share Registrar of any change in their addresses.

7. Placement of Financial Statements and Other Information on Company's website

The Company has placed a copy of the Notice of AGM, Audited Annual Financial Statements for the year ended September 30, 2022 along with Auditors and Directors Reports thereon, Chairman's Review and other information on the website of the Company: www.agsm.com

8. Computerized National Identity Card (CNIC) of Shareholders (Mandatory)

Shareholders are requested to provide if not already provided, copy of their valid CNIC to the Company's Independent Share Registrar at the address given herein below. A legible scanned copy of the same can also be forwarded at saleem.magsi@maccagroup.com along with folio number and updated address for correspondence

9. Deposit of Physical Shares into CDC Account

The shareholders having physical shareholding may open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into script-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange. Further, Section 72 of the Act states that after the commencement of the Act from a date notified by SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act.



Saleem Abbas
Company Secretary

CHAIRMAN'S REVIEW

I am pleased to report on the performance of the Board of Directors (hereinafter the "Board"). The Board consists of competent and efficient members having immense experience in various business sectors and has been constituted in accordance with the provisions of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies Act, 2017.

The Board is responsible for the management of Company affairs, for formulating and approving significant policies and strategies. The Board acknowledges its responsibility for the corporate and financial reporting framework and is committed to good corporate governance. The Board has constituted two committees of the Board - the Audit Committee and the Human Resource & Remuneration Committee. The Committees comprise of suitably qualified persons having relevant competencies. The Committees perform their functions in line with their respective Terms of Reference assigned to them by the Board.

The Board also monitored the compliance with best corporate practices and governance, encouraging diversity and ethical behavior and development of skills to attain advancement and excellence. The Board is also well aware of its corporate social responsibility especially towards education, health safety and environment. The Board is satisfied with its efforts towards ensuring our corporate social responsibility and hope to improve the efforts with each passing year.

The Board carries out a review of its effectiveness and performance and of its committees each year after the closure of the fiscal year, on a self-assessment basis. Overall effectiveness of the Board and its committees was assessed as satisfactory.

The Board shall continue to play a vital role in setting the course of the Company, promoting its success and performance and guiding the management to conduct operations in conformity with the strategies approved by the Board while upholding the principles of good corporate governance.



Yasir Iqbal
Chairman

Lahore
January 06, 2023

چیئر مین کی جائزہ رپورٹ

مجھے بورڈ آف ڈائریکٹرز "بورڈ" کی کارکردگی کے بارے میں بتاتے ہوئے خوشی ہے۔ یہ بورڈ قابل اور موثر ممبروں پر مشتمل ہے جن کو مختلف کاروباری شعبوں میں سب سے زیادہ تجربہ ہے اور اس کی تشکیل سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے (کارپوریٹ گورننس کا سٹینڈرڈ) 2019 کی دہکات کے مطابق کی گئی ہے۔

بورڈ اہم پالیسیوں اور حکمت عملیوں کی تشکیل اور منظوری کے لیے کمپنی کے معاملات کے انتظام کے لیے ذمہ دار ہے۔ بورڈ کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے لیے اپنی ذمہ داری کو تسلیم کرتا ہے اور اچھی کارپوریٹ گورننس کے لیے ہر عزم ہے۔ بورڈ نے بورڈ کی وہ کمیٹیاں تشکیل دی ہیں، آڈٹ کمیٹی اور انسانی وسائل اور معاوضے کی کمیٹیاں۔ کمیٹیاں مناسب اہلیت رکھنے والے افرادہ پر مشتمل ہوتی ہیں۔ کمیٹیاں بورڈ کی طرف سے انہیں تفویض کردہ اپنے متعلقہ شرائط کے مطابق اپنے کام انجام دیتی ہیں۔

بورڈ نے بہترین کارپوریٹ گورننس پریکٹس اور گورننس کی تعمیل کی نگرانی کی، تنوع اور اخلاقی رویے کی حوصلہ افزائی کی اور ترقی اور نفسیت حاصل کرنے کے لیے مہارتوں کی نشوونما کی۔ بورڈ اپنی کارپوریٹ سماجی ذمہ داری سے بھی بخوبی واقف ہے خاص طور پر تعلیم، صحت کی حفاظت اور ماحولیات کے تئیں۔ بورڈ ہماری کارپوریٹ سماجی ذمہ داری کو یقینی بنانے کی کوششوں سے مطمئن ہے اور ہر گزرتے سال کے ساتھ کوششوں میں بہتری کی امید کرتا ہے۔

بورڈ مالی سال کے اختتام کے بعد ہر سال اپنی اور اپنی کمیٹیوں کی کارکردگی کا جائزہ لیتا ہے۔ بورڈ اور اس کی کمیٹیوں کی مجموعی کارکردگی کو تسلی بخش قرار دیا گیا۔

بورڈ کمپنی کے معاملات کو ترتیب دینے، اس کی کامیابی اور کارکردگی کو فروغ دینے اور اچھی کارپوریٹ گورننس کے اصولوں کو برقرار رکھنے ہوئے بورڈ کی طرف سے منظور شدہ حکمت عملیوں کے مطابق کام کرنے کے لیے انتظامیہ کی رہنمائی کرتا ہے گا۔

سید ناصر

پاسر اقبال

چیئر مین

لاہور: 06 جنوری، 2023

DIRECTORS' REPORT

IN THE NAME OF **ALLAH** THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members; Asalam-o-Alaikum:

On behalf of the Board of Directors, I welcome all of you to the 39th annual general meeting of the Company and present before you the annual report for the financial year ended September 30, 2022 along with financial statements and auditors' report thereon. The financial results of the year under review can be summarized as follows:

FINANCIAL RESULTS

Particulars	2022 Rupees	2021 Rupees
Net sales	-	-
Gross loss	(195,594,589)	(200,934,146)
Net loss after tax	(319,536,961)	(222,152,349)
Loss per share	(4.04)	(2.80)

DIVIDEND:

The Board of Directors have not recommended any dividend due to accumulated losses.

FUTURE OUTLOOK:

Due to scarcity of sugar cane in surrounding areas of mills and current liquidity crunch resulting from persistent losses, future looks tough. Management is striving hard to safely sail the Company out of current troubled situation and firmly believes that following factors will eventually pave way to deliver long term values to all stakeholders including our worthy shareholders:

- Unfavorable business conditions are temporary and cyclical in nature and would reverse in future.
- The management is very confident to start the crushing in upcoming season 2022-23.
- Arbitration efforts to resolve the issue with TCP are underway and it is expected that the Company will be able to settle the subject amount in a convenient and sustainable manner.
- Negotiations with all the secured creditors and financial institutions to restructure the liabilities on long-term basis are underway and some financial institutions have restructured their facilities and management is confident that restructuring will be successful with other lenders.
- The sponsors, despite of limited means available, have unconditional commitment to enable the Company to resume as a 'going concern'.

RISK AND UNCERTAINTIES FACING THE COMPANY:

In consistent with prior year, there remained a persistent shortage of sugar cane crop especially in mills' surrounding areas. This scarcity of crop coupled with non-availability of requisite finances

resulted in to non-operation of mills during the year under review. All these factors resulted in to above unhealthy financial numbers as outlined above.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Directors are pleased to confirm compliance with corporate and financial reporting framework of the Securities and Exchange Commission of Pakistan and the Code of Corporate Governance for the following:

1. CORPORATE GOVERNANCE COMPLIANCE:

The compliance with the best practices of Code of Corporate Governance provides comfort to the Board. Therefore, the management ensures that all requirements of the code of corporate governance are complied with. The statement of compliance with the best practices of Code of Corporate Governance is annexed.

2. STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Framework:

- The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts as per statutory requirements.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance, as detailed in the list in regulations.
- Key operating and financial data of last six years is annexed in summarize form.

3. CHANGES DURING FINANCIAL YEAR CONCERNING NATURE OF THE BUSINESS OF THE COMPANY OR OF ITS SUBSIDIARIES:

No changes have occurred during the financial year concerning the nature of the business of the Company or its subsidiaries.

4. MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year of the company to which the financial statement relates and the date of the report.

5. BOARD MEMBERS:

The names of the Directors during the year are:

1. Mr. Muhammad Dawood	Chief Executive / Director
2. Mr. Yasir Iqbal	Chairman / Director
3. Mr. Muhammad Rashid Rana	Independent Director
4. Mr. Muhammad Nawaz	Independent Director
5. Mr. Amjad Abbas	Non-Executive Director
6. Mr. Atif Butt	Non-Executive Director
7. Mr. Muhammad Talib	Executive Director

BOARD MEETINGS:

During the year under review four (04) meetings of the Board of Directors were held. Participation of Directors is as follows: -

<u>NAME OF DIRECTOR</u>	<u>ATTENDED</u>	<u>STATUS</u>
1. Mr. Muhammad Dawood	4	Executive Director
2. Mr. Muhammad Talib	4	Executive Director
3. Mr. Muhammad Rashid Rana	4	Independent Director
4. Mr. Muhammad Nawaz	4	Independent Director
5. Mr. Yasir Iqbal	4	Non-Executive Director
6. Mr. Amjad Abbas	4	Non-Executive Director
7. Mr. Atif Butt	4	Non-Executive Director

6. AUDIT COMMITTEE:

The Board has also constituted an Audit Committee comprising of the following directors. During the period under consideration, four meetings of the Audit Committee were held and attendance of each director was as under:

<u>NAME OF DIRECTOR</u>		<u>ATTENDED</u>	<u>STATUS</u>
1. Mr. Muhammad Nawaz	Chairman	4	Independent Director
2. Mr. Atif Butt	Member	4	Non-Executive Director
3. Mr. Amjad Abbas	Member	4	Non-Executive Director

Terms of Reference of the Audit Committee have also been determined by the Board.

7. HUMAN RESOURCES AND REMUNERATION COMMITTEE:

The Board has also constituted Human Resource and Remuneration Committee in accordance with the guide lines provided in the Listing Regulations of Pakistan Stock Exchange Limited consisting of the following Directors.

<u>NAME OF DIRECTOR</u>		<u>STATUS</u>
1. Mr. Muhammad Rasheed Rana	Chairman	Independent Director
2. Mr. Yasir Iqbal	Member	Executive Director
3. Mr. Amjad Abbas	Member	Non-Executive Director

During the period, one meeting of the Committee was held and all the directors attended the meetings.

DIRECTORS' REMUNERATION POLICY:

Through the articles of the Company, the Board of Directors is authorized to fix remuneration of non-executive and independent Directors. Approval of members in general meeting is required in accordance with the articles of the Company and Companies Act 2017. The Board of Directors has developed a Directors' Remuneration Policy which describes in detail, the objectives and sets a transparent procedure for determination of the remuneration packages of individual director.

CORPORATE SOCIAL RESPONSIBILITY:

The Company is socially responsible and committed to conduct its business ethically and with responsibility. The Company is conscious of the role to play as responsible corporate citizen in fulfilling the various needs of the society concerning health, safety, environment, employee relationship and social welfare of the society. The Company considers itself accountable to its stakeholders and has identified dimensions of performing the social responsibilities which are contribution to economy, environment and society. The management peruses the strategy by following strategic guidelines to be a good corporate citizen:

- Encouraging employment of work force living in the rural areas in order to yield significant gain and uplift their living standard.
- Support social causes and human rights.
- Behave responsibly and with sensitivity to local communities in the area in which we operate.

PATTERN OF SHAREHOLDING:

Pattern of shareholding as at September 30, 2022 is annexed.

AUDITORS:

The Board appointed M/s Akhtar Mahmood Mian, Chartered Accountants who will stand retired

with the conclusion of Annual General Meeting and being eligible have offered themselves for re-appointment. Audit Committee also recommended their re-appointment for the year 2022-23 and the Board of your company also endorsed the recommendation of the Audit Committee for re-appointment of M/s Akhtar Mahmood Mian, Chartered Accountant, till the conclusion of next Annual General Meeting.

ACKNOWLEDGEMENT:

The Board acknowledges the continued support and cooperation extended by the shareholders, bankers, sugarcane farmers and all other stakeholders. The Board also places on record its appreciation for employees of the Company for their devotion and hard work.

On behalf of Board of Directors



MUHAMMAD DAWOOD
(CHIEF EXECUTIVE)

Lahore: January 06, 2023

ڈائریکٹرز رپورٹ برائے ممبران

جنسہ اللہ تعالیٰ تعالیٰ

محرم ممبران کا سلام و تحیات اور عرضہ

ہدایت اور ترقی کی طرف سے ہم سب کو کئی کے 39 ویں سالہ عوامی سال میں خوش آمد کہہ رہا ہوں۔ 30 جنوری 2022 کو ہم نے اپنے مالی سال کی سالانہ رپورٹ کے ساتھ ساتھ مالی سالانہ پلان اور آڈیٹ کی رپورٹ بھی پیش کر دی ہیں۔

ملاحظہ کریں

ملاحظات	2022 (روپے)	2021 (روپے)
فاس فریٹ	-	-
عمومی ٹھکان	(195,594,589)	(200,934,146)
ٹیس کے بعد فاس ٹھکان	(319,836,961)	(222,152,349)
فی ٹیڈ ٹھکان	(4.03)	(2.80)

منج (Dividend):

ہدایت اور ترقی کے لیے حق ادا کرنے کے جب کسی بھی منافع کی طرف سے فیٹ کی ہے۔

مشعلی کا پلان

ہدایت اور ترقی کے لیے ہم نے مشعلی کا پلان تیار کیا ہے۔ مشعلی کا پلان تیار کرنے کے لیے ہم نے مشعلی کے لیے ایک پلان تیار کیا ہے۔

♦ فیٹ کے لیے ایک پلان تیار کیا گیا ہے۔

♦ اگلے سال کے لیے ایک پلان تیار کیا گیا ہے۔

♦ اس سال کوئی منافع نہیں ہے۔

♦ فاس فریٹ کے لیے ایک پلان تیار کیا گیا ہے۔

♦ فاس فریٹ کے لیے ایک پلان تیار کیا گیا ہے۔

کئی کو سب سے پہلے

کئی کو سب سے پہلے فاس فریٹ کے لیے ایک پلان تیار کیا گیا ہے۔

کارپوریشن کے لیے ایک پلان

کارپوریشن کے لیے ایک پلان تیار کیا گیا ہے۔

1. کارپوریشن کے لیے ایک پلان

کارپوریشن کے لیے ایک پلان تیار کیا گیا ہے۔

2. کارپوریشن کے لیے ایک پلان

کارپوریشن کے لیے ایک پلان تیار کیا گیا ہے۔

• کئی کو سب سے پہلے فاس فریٹ کے لیے ایک پلان تیار کیا گیا ہے۔

• کئی کو سب سے پہلے فاس فریٹ کے لیے ایک پلان تیار کیا گیا ہے۔

6 YEARS OPERATING HIGHLIGHTS

(Figure in Thousand)

DESCRIPTION	2022	2021	2020	2019	2018	2017
OPERATING HIGHLIGHTS						
Gross sales	-	-	66,360	169,625	128,863	327,387
Net sales	-	-	59,427	153,110	118,723	298,566
Cost of sales	195,595	200,934	260,827	327,372	363,033	401,310
Gross profit	(195,595)	(200,934)	(202,400)	(174,262)	(244,310)	(102,744)
Administrative and selling expenses	25,729	31,066	14,465	21,565	20,306	24,170
Interest expenses	88,642	35,024	77,878	62,811	49,236	48,262
Other income	239	92,410	-	-	-	-
Profit before taxation	(309,727)	(174,815)	(294,743)	(258,637)	(313,853)	(175,177)
Profit after taxation	(319,537)	(222,152)	(209,298)	(54,022)	(322,611)	54,984
Basic earnings per share Rs.	(4.63)	(2.80)	(2.64)	(0.68)	(4.07)	0.69
PRODUCTION DATA						
Crushing days	-	-	-	38	70	58
Cane Crushed	TPD	-	-	662	562	292
Sugar production	M.Tons	-	-	1,755	3,096	1,200
Sugar recovery	% age	-	-	7.33	8.00	8.08
Molasses production	M.Tons	-	-	1,600	2,325	1,440
Molasses recovery	% age	-	-	6.59	5.92	4.80

PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30,2022

FORM "34" THE COMPANIES ACT 2017 (Section 227)(2)(f)

1 Incorporation Number

2 Name of Company

3 Pattern of holding of the shares held by the shareholding as 30-09-2022

# Of Shareholders	Shareholdings'Slab		Total Shares Held
737	1	to 100	57,865
678	101	to 500	259,338
146	501	to 1000	136,395
191	1001	to 5000	543,217
57	5001	to 10000	461,900
17	10001	to 15000	222,000
19	15001	to 20000	352,443
9	20001	to 25000	213,169
8	25001	to 30000	229,700
3	30001	to 35000	101,000
4	35001	to 40000	156,500
2	40001	to 45000	86,000
3	45001	to 50000	150,000
1	50001	to 55000	53,555
2	55001	to 60000	116,500
2	60001	to 65000	129,000
4	70001	to 75000	294,000
1	80001	to 85000	85,000
2	90001	to 95000	190,000
1	95001	to 100000	100,000
2	100001	to 105000	204,400
2	120001	to 125000	246,600
2	125001	to 130000	260,000
2	135001	to 140000	274,000
2	140001	to 145000	285,500
1	150001	to 155000	154,000
1	165001	to 170000	167,000
1	175001	to 180000	175,575
1	180001	to 185000	184,000
2	195001	to 200000	400,000
1	245001	to 250000	250,000
1	345001	to 350000	346,500
1	355001	to 360000	358,500
1	495001	to 500000	500,000
1	585001	to 590000	590,000
1	2030001	to 2035000	2,033,500
1	2300001	to 2305000	2,302,000
1	4495001	to 4500000	4,500,000
1	62090001	to 62095000	62,092,509
1912			79,261,666

CATEGORIES OF SHAREHOLDING AS AT SEPTEMBER 30,2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MUHAMMAD TALIB	1	400	0.00
ATIF BUTT	1	400	0.00
MUHAMMAD RASHID RANA	1	400	0.00
YASIR IQBAL	1	400	0.00
MR. MUHAMMED NAWAZ	1	100	0.00
MR. MUHAMMAD DARWOOD	1	400	0.00
MR. AMIAD ABBAS	1	100	0.00
Associated Companies, undertakings and related parties			
HAQ BAHU SUGAR MILLS (PVT) LTD	2	62,215,609	78.49
NIT and ICP	1	20,000	0.03
Executives	-	-	-
Banks, development finance institutions, non-banking finance companies,	2	433	0.00
Insurance Companies	1	500	0.00
Mutual Funds and Modarabas	1	101,400	0.13
General Public			
a. Local	1,878	16,761,624	21.15
b. Foreign	10	51,000	0.06
Others	10	108,900	0.14
Totals	1,912	79,261,666	100.00

Share holders holding 10% or more	Shares Held	Percentage
HAQ BAHU SUGAR MILLS (PVT) LTD	62,215,609	78.49

6 Signature of Company Secretary



7 Name of signatory

Saleem Abbas

8 Designation

Company Secretary

9 CNIC Number

32304-8810990-5

10 Date

30-09-2022

Akhter Mahmood Mian

Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

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 Abdullah Shah Ghazi Sugar Mills Limited for the year ended September 30, 2022, 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, except for non-compliance to Regulation no. 7, 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, 2022.

Reference		
Sr No.	of Regulation	Description
1	7	There is no Female Director in Company.


Akhter Mahmood Mian,
Chartered Accountants
Place: Lahore
Date: January 06, 2023
UDIN# _____

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E-mail: info@amca.com.pk
Other Office: Gujranwala

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company : **ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED**
Year Ended: **September 30, 2022**

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

1 The total number of directors is seven as per the following:

- a Male: 7
- b Female: 0

2 The composition of the board is as follows:

Category	Names
Independent Directors	Mr. Muhammad Raheem Rana Mr. Muhammad Naveed
Non-Executive Directors	Mr. Arshad Abbas Mr. Ali Butt Mr. Yasir Iqbal
Executive Directors	Mr. Muhammad Danish Mr. Muhammad Faliq
Female Directors	Nil

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 the Board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

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

8 The Board have a formal policy and transparent procedure for nomination of directors in accordance with the Act and these Regulations.

9 All members of the board have requisite education and experience on the board(s) of listed companies and are exempt from Directors' Training Program. The directors have already completed training course as required.

10 The board has approved appointment of CFO, Company Secretary and head of internal audit, including their remuneration, terms and conditions of employment complied with relevant requirements of the regulations.

11 Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.

12 The Board has formed committees comprising of members given below:

Names of Committee	Names of Members and Chairman
Audit Committee	Mr. Muhammad Naveed (Chairman/Member) Mr. Ali Butt (Member) Mr. Arshad Abbas (Member)
Human Resource and Remuneration Committee	Mr. Muhammad Raheem Rana (Chairman/Member) Mr. Yasir Iqbal (Member) Mr. Arshad Abbas (Member)

13 The term of reference of the internal committee have been formed, documented and advised to the committee for compliance.

14 The frequency of meetings (quarterly/half yearly/ yearly) were as per following:

- a Audit Committee Quarterly
- b HR&R Committee Yearly

15 The Board has set up an effective internal audit function controlled by internal audit department, which is comprised of qualified and experienced professionals for the purpose and are consistent 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in audit are not a close relative (spouse, parent, 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, 4, 7, 8, 27, 32, 33 and 35 of the regulations have been complied with.

19 Explanation for non compliance with requirements, other than regulations 3, 4, 7, 8, 27, 32, 33 and 35 are below:

Sr.No.	Requirements	Explanations	Regulations No.
1	Constitution of Risk Management Committee	The function of risk of management committee are currently performed by chief internal auditor who reports the board accordingly.	30
2	Female director	As currently there is no female shareholder who is qualified to be director. The Company did not receive any consent from female in last election. However, the board intends to explore the possibility of appointment of female director before the close of current fiscal year.	7

On behalf of the board of director



(Signature)

Place
Date:

06 January, 2022

Akhter Mahmood Mian

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Abdullah Shah Ghazi Sugar Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Abdullah Shah Ghazi Sugar Mills Limited** (the Company), which comprise the statement of financial position as at September 30, 2022, and the statement of profit or loss, and statement of other 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, 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 and 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, 2022 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with 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.

Material Uncertainty Relating to Going Concern

As disclosed in note no. 2.2 and 15 of the financial statements of the company for the year ended September 30, 2022, the company is non-operational and has prepared these financial statements on the basis of "going concern assumptions". The company incurred a net loss before tax of Rs. 309,727,264/- (2021: Rs. 174,614,607/-) in the current year including depreciation of Rs. 170,789,262/- (2021: 180,595,430/-). The current liabilities exceeds the current assets by an amount of Rs. 2,821,516,753/- (2021: Rs. 2,741,408,113/-). The accumulated losses stands at 2,201,286,662/- (2021: Rs. 1,949,619,000/-). These conditions indicate the existence of material uncertainty which may cast significant doubts about the company's ability to continue as a going concern and therefore the company may not be able to realize its assets and discharge its liabilities in the normal course of business. The company has provided viable mitigation plans, budgets and cash flow forecasts and others to support its going concern assumptions. The company is in negotiations with lenders, and financial institutions to restructure and reschedule its financial liabilities. Furthermore, the company expects continuous financial support from its sponsors to cater to any adversity. Our opinion is not modified in respect of this matter.

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Akhter Mahmood Mian
Chartered Accountants

Emphasis of Matter Paragraph

In addition to Note No. 15(a), 15(b) and 15(d), as disclosed in note no 15 (c), during the current year, the Bank Islami has filed litigation against the company for the recoverability of Principal outstanding amounting Rs. 275,000,000, markup Rs. 45,134,399 and charity amounting to Rs. 15,858,070, the management and legal advisor of the company are of the opinion that only principal amount would be payable on final settlement with the bank. Therefore the company has not recognized any provision for markup and other charges.

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 were 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 are the Key audit matters:

Key audit matter	How the matter was addressed in our audit
Verification of creditors, advances from customers Creditors and advance from customers represent significant amounts in terms of materiality, therefore the verification of the same has been considered the key audit matter to be reported.	Our audit procedures included the following: Obtained list of parties and circularized confirmation on sample basis Performed arithmetic test, analytical procedures and reconciled the ledgers amounts with the supplier statements Checked that the company has performance obligation outstanding to creditors and customers Obtained and performed aging analysis and had discussions with the management Performed subsequent verification procedures Obtained representation from the management Checked that appropriate presentation and disclosure is made in the financial statements

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 opinion thereon.

Akhter Mahmood Mian

Chartered Accountants

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. 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism 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.
- 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 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

Akhter Mahmood Mian
Chartered Accountants

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 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 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 and 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 deducted 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 Jamil Akhter Baig.



Akhter Mahmood Mian
CHARTERED ACCOUNTANTS

Engagement Partner: Jamil Akhter Baig

Place: Lahore

Date: January 06, 2023

UDIN# _____

STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	NOTES	2022 RUPEES	2021 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5.1	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	5.2	792,616,680	792,616,660
Capital Reserve:			
Revaluation surplus on property, plant and equipment	6	1,235,349,332	1,303,207,955
Revenue Reserve:			
Un-appropriated loss		(2,201,286,662)	(1,949,619,000)
		(173,320,670)	146,205,615
NON-CURRENT LIABILITIES			
Long term loan from related party - unsecured	7	371,465,030	312,752,733
Long term loan from bank - secured	8	972,000	1,972,000
Employee benefit obligations	9	9,947,121	8,716,711
Deferred tax liability	10	162,994,719	152,530,540
		544,978,870	475,971,984
CURRENT LIABILITIES			
Trade and other payables	11	2,462,384,756	2,449,801,387
Finance cost payable	12	364,265,110	290,909,447
Short term borrowings - secured	13	18,973,000	18,973,000
Current portion of long term loan from bank	14	272,798,518	272,798,518
Current tax liability		-	-
		3,118,421,384	3,032,482,352
CONTINGENCIES AND COMMITMENTS			
	15	-	-
		3,490,079,584	3,654,659,951
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	3,191,348,788	3,362,059,547
Long term deposits	17	1,826,165	1,826,165
		3,193,174,953	3,363,885,712
CURRENT ASSETS			
Stores and spares		40,355,104	36,780,360
Stock in trade	18	150,911,486	150,911,486
Advances, deposits and prepayments	19	98,972,896	98,685,394
Taxes recoverable		3,995,994	3,412,847
Cash and bank balances	20	3,069,151	984,152
		296,904,631	290,774,239
		3,490,079,584	3,654,659,951

The annexed notes, from 1 to 35, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

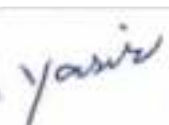
**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	NOTES	2022 RUPEES	2021 RUPEES
Sales	21	-	-
Less: Cost of sales	22	195,594,590	200,934,146
Gross loss		(195,594,590)	(200,934,146)
Less: Administrative and general expenses	23	25,729,836	31,066,034
Operating Loss		(221,324,426)	(232,000,180)
Add: Other Income	24	239,401	92,409,647
Loss before interest and tax		(221,085,025)	(139,590,533)
Less: Finance cost	25	88,642,239	35,024,074
Loss before income tax		(309,727,264)	(174,614,607)
Less: Income tax expense	26	(10,271,283)	(47,537,742)
Loss for the year		(319,998,547)	(222,152,349)
Loss per share - basic and diluted	27	(4.04)	(2.80)

The annexed notes, from 1 to 35, form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR




CHIEF FINANCIAL OFFICER

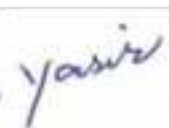
**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	NOTES	2022 RUPEES	2021 RUPEES
Loss for the year		(319,998,547)	(222,152,349)
Other comprehensive income:			
Items that will not be subsequently reclassified in profit or loss:			
Re-measurement of defined benefit liability		665,159	457,996
Related tax		(192,896)	(132,819)
		472,263	325,177
Total comprehensive income /(loss) for the year		(319,526,284)	(221,827,172)

The annexed notes, from 1 to 35, form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

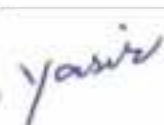
**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	2022 RUPEES	2021 RUPEES
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Loss before taxation	(309,727,264)	(174,614,607)
Adjustments for non cash and other items:		
Depreciation	170,789,262	180,595,430
Financial charges	73,412,670	27,570,476
Provision for gratuity	1,591,674	1,510,757
	<u>245,793,606</u>	<u>209,676,663</u>
Cash flows before working capital changes	(63,933,658)	35,062,056
Effect on cash flows due to working capital changes (Increase) / Decrease in:		
Stores and spares	(3,574,744)	7,141
Advances, deposits and prepayments	(287,502)	(10,412,869)
	(3,862,246)	(10,405,728)
Increase / (Decrease) in:		
Trade and other payables	12,583,369	9,952,743
	12,583,369	9,952,743
Cash generated from/(used in) operations	(55,212,534)	34,609,071
Income tax paid	(183,147)	(200,605)
Finance cost paid	(57,008)	(92,464,559)
Gratuity paid	(96,105)	(69,459)
	<u>(336,260)</u>	<u>(92,734,623)</u>
Net cash generated (used-in) operating activities	(55,548,794)	(58,125,552)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Fixed capital expenditures	(78,500)	-
Long term deposit		
Net cash (used-in) investing activities	(78,500)	-
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Long term loan from bank	(1,000,000)	(76,000,000)
Short term borrowings - net	-	(55,747,546)
Long term loan from related party - unsecured	58,712,297	189,336,419
Net cash from/(used-in) financing activities	57,712,297	57,588,873
Net (decrease) / increase in cash and cash equivalent	2,084,999	(536,679)
Cash and bank balances at the beginning of the year	984,152	1,520,831
Cash and bank balances at the end of the year	3,069,151	984,152

The annexed notes, from 1 to 35, form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

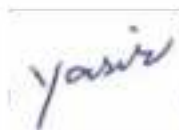
**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Notes	Share Capital	Reserves			Total Reserves	Total Equity
		Capital		Revenue		
		Share premium	Surplus on revaluation of PPE (net)	Accumulated Profit / (Loss)		
		Rupees	Rupees	Rupees		
Balance as at September 30, 2019	702,616,640	-	1,451,142,571	(1,666,909,693)	(215,765,472)	576,851,187
Total comprehensive loss for the year						
Loss for the year ended September 30, 2020	-	-	-	(200,298,887)	(200,298,887)	(200,298,887)
Other comprehensive income	-	-	-	479,687	479,687	479,687
	-	-	-	(208,818,400)	(208,818,400)	(208,818,400)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	-	-	(26,089,582)	26,089,582	-	-
Balance as at September 30, 2020	792,616,600	-	1,375,054,008	(1,799,637,881)	(424,582,073)	268,023,787
Loss for the year ended September 30, 2021	-	-	-	(222,152,349)	(222,152,349)	(222,152,349)
Other comprehensive income	-	-	-	325,177	325,177	325,177
	-	-	-	(221,827,172)	(221,827,172)	(221,827,172)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	-	-	(71,846,053)	71,846,053	-	-
Balance as at September 30, 2021	792,616,600	-	1,303,207,955	(1,949,649,800)	(646,441,844)	146,203,615
Loss for the year ended September 2022	-	-	-	(319,998,947)	(319,998,947)	(319,998,947)
Other comprehensive income	-	-	-	472,263	472,263	472,263
	-	-	-	(319,526,284)	(319,526,284)	(319,526,284)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	-	-	(67,858,622)	67,858,622	-	-
Balance as at September 30, 2022	792,616,600	-	1,235,349,332	(2,201,288,662)	(965,937,329)	(173,320,679)

The annexed notes, from 1 to 35, form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on February 25, 1964 as a Private Limited Company and was subsequently converted into a Public Limited Company on February 11, 1990. The Company is listed on Pakistan Stock Exchange. The principal business of the Company is manufacturing and selling of refined sugar and by products.

The Company has been classified as Large Sized Entity as per the guidelines of SECP and ICAP.

Business Unit	Geographical Location
■ Head / Registered Office	Registered office of the company is situated at 7/10, A-2 Arkay Square Shalra - e - Usqat, New Chalf, Karachi.
■ Mills / Plant	Garho, District Thatta, 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 of:

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

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

2.2 Basis of Measurement

These financial statements have been prepared under the "going concern convention" except of certain classes of property, plant and equipment which are stated at revalued amount and employee retirement benefits which are stated at fair value.

Material Uncertainty Relating to Going Concern

The financial statements of the company for the year ended September 30, 2022, show that the company incurred a net loss before tax of Rs. 309,727,263/- (2021: Rs. 174,614,607/-) in the current year including depreciation of Rs.176,789,262/- (2021: Rs.180,595,430/-) The current liabilities exceeds the current assets by an amount of Rs.2,621,516,753/- (2021: Rs. 2,741,708,113/-) and its accumulated losses stands out at Rs. 2,201,285,562/- (2021: Rs. 1,919,619,000). The company has prepared these financial statements on the basis of going concern assumption. These conditions indicate the existence of material uncertainty which may cast significant doubts about the company's ability to continue as going concern and therefore the company may not be able to realize its assets and discharge its liabilities in the normal course of business. However management has taken the following significant measures to improve the operational performance and liquidity of the company based on:

- a) Arbitration efforts to resolve issues with TCP is underway and it is expected that the Company will be able to settle the subject amount in a favorable and sustainable manner. Also see note no. 15.L.
- b) Negotiations with some financial institutions to restructure the liabilities on long-term basis are underway and some financial institutions have restructured their facilities and management is confident that restructuring will be successful with other lenders. Also see note no. 15.L.
- c) The sponsors, despite of limited means available, have unconditional commitment to enable Company to resume as going concern.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupee has been rounded off to the nearest Rupee unless stated otherwise.

2.4 Use of significant estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the

reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in the next year are described in the following notes:

- Property, plant and equipment and intangible assets (note 4.7).
- Trade debts (note 4.10)
- Stores and spares (note 4.8)
- Stock-in-trade (note 4.9)
- Taxation (note 4.4)
- Staff retirement benefits (note 4.3)
- Impairment (note 4.16)
- Provisions (note 4.6)

2.5 Accounting policies

The accounting policies adopted for the preparation of these financial statements are consistent with those applied in the preparation of the preceding annual financial statements of the company for the year ended September 30, 2018, to the extent

2.6 Change in accounting standards, interpretations and amendments to published approved accounting

IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" became applicable to the Company from October 1, 2018. For related changes in accounting policies and impact on the Company's financial statements:

Standards, amendments and interpretations to existing standards that are effective and have been early adopted by the Company to the extent and manner required and applicable to the company in the current year:

	Effective date (annual reporting periods beginning on or after)
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2020
IAS 8	January 1, 2020
Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2019
IAS 12 Income Taxes (Amendments)	January 1, 2019
IAS 19 Employee Benefits (Amendments)	January 1, 2019
IAS 23 Borrowing Costs (Amendments) January 1, 2019	January 1, 2019
IAS 28 Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRS 3 Business Combinations (Amendments)	January 1, 2020
IFRS 9 Financial Instruments (Amendments)	January 1, 2020
IFRS 11 Joint Arrangements (Amendments)	January 1, 2019
IFRS 16 Leases	June 1, 2020
IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019
IASB Conceptual framework financial reporting (revised)	January 1, 2020

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial impact on presentation / disclosures. The management is in the process of assessing the impact of statements other than the changes laid down by the IFRS 16 on its financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan Securities and Exchange.

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 14 Regulatory Deferral Accounts
IFRS 17 Insurance Contracts



The following interpretations issued by the IASB have been waived off by SEC:
IFRIC 4 Determining Whether an Arrangement Contains Lease
IFRIC 12 Service Concession Arrangements

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which from the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the future period are as follows:

- (i) Useful life and residual value of property, plant and equipment
- (ii) Provision for doubtful debts
- (iii) Provision for obsolete stores and spares and stock in trade
- (iv) Provision for taxation
- (v) Staff retirement gratuity
- (vi) Contingencies

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Issued, subscribed and paid-up capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.2 Borrowings

Loans and borrowings are recorded at their fair value being the proceeds received. Financial charges are accounted for by applying effective interest rate method and included in accrued expenses.

4.3 Staff Retirement Benefits

The Company operates an an-funded gratuity scheme covering all employees eligible to the benefit. Provisions are made on the basis of actuarial recommendations. The actuarial valuations are carried out as at 30th September 2021 using the Projected Unit Credit Method, as required by International Accounting Standards (IAS-19).

The amount recognized in balance sheet represents the present value of the defined benefit obligation as on 30th September, 2021 as adjusted for unrecognized actuarial gains and losses.

The amendments in IAS 19 require the recognition of changes in defined benefit obligation and fair value of plan asset when they occur thus eliminating 'Corridor Approach' permitted under previous version of IAS 19 thus accelerating recognition of past service cost. All actuarial gains and losses are recognized immediately through 'Other Comprehensive Income'.

4.4 Taxation

(a) Current income tax

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for tax on income is calculated at the current rates of taxation as applicable after taking into account tax credit and tax rebates available, if any. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

(b) Deferred tax

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that related tax benefits will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

(c) Sales tax / excise duty

- Revenues, expenses and assets are recognized net of the amount of sales tax / FED except:
- Where the sales tax / FED incurred on purchase of assets or services is not recoverable from the taxation authority.
- Receivables and payables balances that are stated with the amount of sales tax / FED included.

The net amount of sales tax / FED recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

4.5 Trade and other payables

Trade and other payables are carried at cost which is the fair value of consideration to be paid for goods and/or services received, whether or not billed to the Company.

4.6 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of a past event and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made. The expense related to provision is presented in profit and loss net of any reimbursements. The provision is recognized at its present value, accounting for time value of money, except where the impact for discounting is considered to be immaterial. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.7 Property, plant and equipment

(a) Operating fixed assets

- Fixed assets including additions are stated at cost less accumulated depreciation, except that certain assets which are stated at revalued amount less accumulated depreciation.
- Depreciation on fixed assets is provided on the reducing balance method over its useful life at the rates specified in the fixed assets schedule.
- Depreciation on additions to property, plant and equipment is charged for the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.
- Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major repairs and improvements are capitalized.
- Gain or loss on scrapping or disposal of assets, if any, is charged to profit and loss account.
- The incremental depreciation charged on revalued assets during the year has been transferred to retained earnings/accumulated profit to record realization of surplus to the extent of incremental depreciation.

(b) Capital work in progress

Capital work in progress is stated at cost less identified impairment losses, if any. All expenditure including applicable borrowing costs, if any, connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

(c) Revaluation

Fixed assets are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet date. Increases in the carrying amounts arising on revaluation of fixed assets are recognised, net of tax (other than on land), in other comprehensive income and accumulated in revaluation surplus in shareholders' equity to the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decrease that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit. Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

4.8 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of cost, which is calculated according to moving average cost, and net realizable value. The cost is determined using weighted average method.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

Stores in transit are valued at invoice values including other charges, if any, incurred thereon.

4.9 Stock-in-trade

These are valued at lower of cost and net realizable value. The cost is determined as follows:

Raw materials:	Weighted average cost
Goods in transit:	Cost comprising invoice value plus other charges incurred thereon.
Work in process:	Weighted average manufacturing cost
Finished goods:	Average manufacturing cost
Orders:	Contracted price / net realizable value

Net realizable value signifies the estimated selling price in ordinary course of business less expenses necessary to be incurred in order to make sale.

4.10 Trade debts

Trade debts are recognized and carried at original invoice amount less an allowance for doubtful debts. Provision for doubtful debts is based on the management's assessment of customer's outstanding balances and credit worthiness. Trade debts are written off when identified and considered irrecoverable.

4.11 Loans, advances, deposits, prepayments and other receivables

Loans, advances, deposits, prepayments and other receivables are carried at cost less provision made for doubtful receivables based on review of all outstanding amounts at the year end. Loans, advances, deposits, prepayments and other receivables considered irrecoverable are written off.

4.12 Cash and cash equivalent

Cash and cash equivalents are carried in the balance sheet at nominal amounts. For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and balance with banks in current and jls accounts.

4.13 Revenue recognition

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of discounts and applicable taxes. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement of management when the goods and the amount of revenue can be measured reliably.

- Sale of goods is recorded when significant risks and rewards of ownership are transferred to the customer;
- Interest and rental income are recognized on accrual basis;
- Dividend income is recognized when the company's right to receive the dividend is established; and
- Sale of scrap is recognized on actual realization basis.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs its performance obligations under the contract.

Others

Return on deposits is accounted for on 'accrual basis'.

4.14 Borrowing costs

Borrowing cost incurred on finance obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other mark up interest and other related charges are taken to profit and loss account.

4.15 Ijarah

Ijarah payments under an Ijarah are recognized as an expense in the profit and loss account on a straight-line basis over the Ijarah term.

4.16 Impairment

(a) Financial assets

The Company assesses at each balance date whether there is any objective evidence that a financial asset or a group of financial asset is impaired. A financial asset is deemed to be impaired if and only if there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Any impairment loss on financial assets, including the financial assets carried at amortized cost, is recognized in profit and loss account.

(b) Non-financial assets

The Company continually assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account for the year. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

When impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

4.17 Financial instruments

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of a financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of the financial asset. While a financial liability or part of a financial liability is derecognized from the balance sheet, when, and only when it is extinguished, i.e. when the obligation specified in the contract is discharged cancelled or expires.

(a) Financial assets

Financial assets are investment in associates, long term loans and advances, long term deposits, trade debts, short term loans and advances, other receivable and cash and bank balances. These are initially recognized at its cost which represent fair value of consideration given for it and subsequent to initial recognition financial assets are carried at cost, if fair value is not materially different at the balance sheet date.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term loans, short term finances, obligations under finance lease, trade and other payables. All financial liabilities are initially recognized at cost, which represents fair value of the consideration received at initial recognition. After initial recognition financial liabilities held for trading are carried at fair value and all other financial liabilities are measure at amortized cost.

4.17.1 Financial assets Classification

Effective October 01, 2020, the Company classifies its financial assets in the following measurement categories:

- i) Amortised cost where the effective interest rate method will apply;
- ii) fair value through profit or loss; and
- iii) fair value through other comprehensive income.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income (OCI).

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Further, 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 the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Impairment of financial assets

Effective October 01, 2020, the Company assesses on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its trade debts. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model

- Trade debts
- Cash and bank balances

Simplified approach for trade debts

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Recognition of loss allowance

The Company recognises an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Write-off

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

- i) fair value through profit or loss; and
- ii) other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in profit or loss for the year, when the liabilities are derecognised as well as through effective interest rate amortization process.

Derecognition of financial liabilities

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or expired.

Off Setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

4.18 Off setting of financial instruments

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability, simultaneously.

4.19 Foreign currency translation and transactions

Assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date except for the liabilities covered under forward exchange contracts which are translated at the contracted rates. Transaction in foreign currencies are converted into rupees at the rate of ruling on the date of transactions. Profit or loss arising on translation is recognised in the profit and loss account currently.

4.20 Related party transactions

All transactions between company and related parties are accounted for in the normal course of business carried out on mutually agreed terms. The company voluntarily place before the board of directors for their consideration and of approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in accordance with normal business price recording proper justification for using if any, alternate pricing mechanism.

4.21 Dividends

Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved.

4.22 Earnings per share (EPS)

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by using profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effect of all dilutive potential ordinary shares.

4.23 Segment Reporting

A segment is a distinguishable component within the company that is engaged in providing products and under a common control environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis, segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment. The company principal business of the Company is manufacturing and selling of refined sugar and by products therefore no segmentation has been provided.

4.24 LEASED ASSETS

Right of Use Asset

The Company assesses whether a contract is or contains a lease at the inception of the contract. The Company recognises a right of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Where the Company determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Variable lease payments are recognised in the profit or loss in the period in which the condition that triggers these payments occurs.

	NOTES	2022 RUPEES	2021 RUPEES
5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
5.1 Authorized Share Capital			
2022 2021			
Number of Shares			
100,000,000 100,000,000 Ordinary shares of Rs. 10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
5.2 Issued, Subscribed and Paid-up Capital			
2022 2021			
Number of Shares			
79,261,666 79,261,666 Ordinary shares of Rs. 10/- each fully paid in cash		<u>792,616,660</u>	<u>792,616,660</u>
5.3 62,215,609 (2021:62,215,689) ordinary shares are held by Haq Bahu Sugar Mills (Private) Limited (holding concerns) representing 79.49% (2021:76.49%) shareholding in the company.			
5.4 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of the shareholders.			

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENTS - Net

The latest revaluation of property, plant and equipment of the Company was carried out by independent professional valuers, Aircam International Surveyors (Approved business valuers on the panel of Pakistan Bank's Association), which resulted in the revaluation surplus of Rs. 1,332,972,413 and report was issued on September 30, 2015. The Company has incorporated the revaluation adjustments in these financial statements at the year end.

	2022 Rupees	2021 Rupees
Opening Balance	1,828,495,751	1,929,687,375
Add: Revaluation during the year	<u>1,828,495,751</u>	<u>1,929,687,375</u>
Less: Transferred to equity in respect of: Incremental depreciation on revalued Asset Related deferred tax liability	(67,839,622) (27,716,902)	(71,846,053) (29,345,571)
Closing Balance - Gross	<u>1,732,920,226</u>	<u>1,828,495,751</u>
Less: Related Deferred tax liability Related deferred tax liability on revaluation surplus Revaluation during the year Effect of change in tax rate Amount realized during the year on account of incremental depreciation	525,387,796 (27,716,902)	514,633,367 (29,345,571)
Closing Balance - net	<u>1,235,349,332</u>	<u>1,303,207,955</u>

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

7 LONG TERM LOAN FROM RELATED PARTY - UNSECURED

Subordinated loan from Holding Company	<u>371,465,030</u>	<u>312,752,733</u>
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The loan has been advanced by M/s. Haq Bahu Sugar Mills (Pvt.) Ltd. which carries mark-up @ 3 months KIBOR plus 1% (2021: @ 3 months KIBOR plus 1%) payable half yearly. Since the loan will not be repayable within next twelve months therefore the same has been classified as long term liability. The loan is subordinated to certain short term finance facility obtained by the company and is subject to BOD resolution/approval.

8 LONG TERM LOAN FROM BANK - SECURED

Mark-up based borrowing from conventional banks (Secured):		
Term Finance:		
Summit Bank Limited 8.1	-	-
Sik Bank Limited 8.2	1,972,000	2,972,000
	<u>1,972,000</u>	<u>2,972,000</u>
Islamic Mode of Financing (Secured):		
Bank Islami Pakistan Limited 8.3	271,798,518	271,798,518
	<u>271,798,518</u>	<u>271,798,518</u>
	<u>271,798,518</u>	<u>274,770,518</u>
Less: Current Portion of Long term Loans	<u>(272,298,518)</u>	<u>(272,298,518)</u>
	<u>972,000</u>	<u>1,972,000</u>

8.1 The facility has been obtained from Summit Bank Limited amounting to Rs. 75 million. As per the facility sanctioned advice, it carries mark-up @ 3 months KIBOR plus 1% per annum payable quarterly in arrears. The facility is secured against first pari passu charge over present and future fixed assets of the company amounting to Rs. 66.70 million and personal guarantees of all sponsoring director. During the year amount obtained from bank has been paid as per final settlement.

8.2 The facility has been obtained from Sik Bank Limited amounting to Rs. 100 million. As per the facility sanctioned advice, the facility carries no mark-up. The facility is secured against pledge of refined sugar with 10% margin. The Sik Bank limited entered into a restructuring programme in the earlier years. The company is making payments towards this obligation on bi annual basis as per the terms of the agreement.

8.3 The facility has been obtained from Bank Islami Limited amounting to Rs. 275 million. As per the facility sanctioned advice, it carries mark-up @ 3 months KIBOR with a floor of 5% and cap of 12% per annum payable quarterly in arrears. The facility is secured against ranking charge over current assets of the Company with 20% margin. The company is in litigation with Bank Islami. Refer note no. 15.1 (c).

		2022 RUPEES	2021 RUPEES
9 EMPLOYEE BENEFIT OBLIGATIONS			
Balance sheet liability		8,736,711	7,733,409
Expenses chargeable to profit and loss account	9.1	1,591,674	1,530,757
Re-measurements chargeable in other comprehensive income	9.2	(665,159)	(467,996)
Benefits paid		(98,100)	(98,459)
		9,547,121	8,736,711
9.1 Amount charged to profit and loss account			
Current service cost		937,724	1,001,477
Interest cost on defined benefit obligation		653,950	500,280
Total amount chargeable to profit and loss account		1,591,674	1,530,757
9.2 Re-measurements chargeable in other comprehensive income			
Re-measurement of plan obligation:			
Actuarial (gains)/losses from changes in demographic assumptions		21,730	5,611
Actuarial (gains)/losses from changes in financial assumptions		(665,880)	(463,607)
Experience assumptions		(605,159)	(467,996)
Total re-measurements chargeable in other comprehensive income		(649,309)	(465,992)
k) Changes in Present Value of Defined benefit Obligations			
Present value of defined benefit obligation		8,736,711	7,733,409
Current service cost		937,724	1,001,477
Interest cost on defined benefit obligation		653,950	500,280
Benefits due but not paid (past-due)			
Benefits paid		(98,100)	(98,459)
Re-measurements:			
Actuarial (gains)/losses from changes in demographic assumptions		21,730	5,611
Actuarial (gains)/losses from changes in financial assumptions		(665,880)	(463,607)
Experience assumptions		(605,159)	(467,996)
Present value of defined benefit obligation		9,547,121	8,736,711
9.3 Significant actuarial assumptions			
Discount rate used for interest cost in profit and loss account charge		10.58%	9.79%
Discount rate used for year end obligation		11.25%	10.70%
Salary increase used for year end obligation		N/A	N/A
Net salary is increased at		1-Jan-23	1-Jan-22
Mortality rates		2004-2005	2001-2005
Withdrawal rates		Age-Based	Age-Based
Retirement assumption		Age 60	Age 60
9.4 Allocation			
Total retirement benefits costs are included in salaries and benefits and allocated as follows:			
Cost of sales		608,503	725,063
Administrative and general expenses		923,171	785,594
		1,531,674	1,510,657
9.5 Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation			
Discount rate + 100 BPS		6,892,805	6,584,128
Discount rate - 100 BPS		7,390,203	6,495,580
Salary Increase + 100 BPS		7,356,347	6,591,437
Salary Increase - 100 BPS		6,882,839	6,205,666
The average duration of the defined benefit obligation is 3 years.			
10 DEFERRED TAXATION			
The Liability of Deferred Tax comprises of Temporary differences relating to:			
Taxable Temporary Differences			
Accelerated Tax Depreciation		242,881,179	238,551,341
Revaluation Surplus		497,520,824	525,282,795
		740,401,993	763,834,137
Deductible Temporary Differences			
Retirement Benefit Obligation		(2,706,600)	(2,527,940)
Minimum Tax Available for Carry Forward		-	-
Unused Tax Losses		(575,617,680)	(606,780,751)
		(578,324,280)	(609,308,691)
		162,077,713	154,525,446
Deferred tax asset on minimum tax and business losses has been provided on the basis of expectation of future availability of normal taxable profits in the future against which this deferred tax asset could be utilized.			
10.1 Movement in deferred tax balances is as follows:			
At beginning of the year		152,530,540	104,859,979
Effect of rate change			
Recognized in statement of profit or loss:			
Accelerated tax depreciation/amortization		4,388,798	8,523,188
Incremental depreciation		(27,736,932)	(21,346,571)
Minimum tax available for carry forward		-	6,092,519
Tax credits / Unused tax losses		32,163,103	61,283,594
Retirement Benefit Obligation		(431,715)	(412,877)
		18,271,284	47,533,742

		2022 RUPEES	2021 RUPEES
Recognized in statement of comprehensive income:			
Comprehensive income		192,590	132,619
At end of the year		161,994,721	152,530,549
11 TRADE AND OTHER PAYABLES			
Créditors for goods and services		1,946,156,807	1,049,983,736
Advance from customers	11.1	1,269,532,179	1,289,521,179
Accrued liabilities		14,745,725	13,946,995
Deposits		39,076	39,076
Road dues		2,446,195	2,448,093
Income tax payable		3,670,938	3,958,454
Workers' profit participation fund	11.2	89,595,978	75,474,668
Workers' welfare fund	11.3	7,031,693	5,923,345
Sales tax payable		7,326,715	9,346,739
Other liabilities		1,625,549	1,625,611
		3,462,384,755	2,449,899,387
11.1 Advance from customers includes disputed balance amounting Rs. 521,162,485/- with Trading Corporation of Pakistan . For details refer to note 11.1(b) The matter is subject to the appellate authority.			
11.2 Workers' profit participation fund			
Workers' profit participation fund		89,595,978	75,474,668
No provision has been recognized in the current year due to accounting loss. Furthermore, mark up has been charged including late payment surcharge @ 3 year KIBOR plus 2.5%.			
11.3 Workers' welfare fund			
Balance Outstanding		7,031,693	5,923,345
No provision has been recognized in the current year due to taxable losses. Furthermore, mark up has been charged including late payment surcharge @ 3 year KIBOR plus 2.5%.			
12 FINANCE COST PAYABLE			
Basic Mode of Financing:			
Long Term Financing		130,109,811	99,362,397
Short Term Borrowings		51,706,799	51,706,799
		179,836,609	181,669,756
Other:			
Long Term Financing	12.1	186,449,973	130,839,692
		284,945,621	139,839,692
		364,365,130	299,909,447
12.1 The mark-up is payable to Haq Suleh Sugar Mills (Pvt.) Limited, parent of the Company, calculated @ 3 month KIBOR +1%.			
13 SHORT TERM BORROWINGS			
Mark-up Based Borrowing from Conventional Banks (Secured):			
		-	-
Other Financing (Unsecured):			
	13.1	18,973,080	18,973,080
		18,973,080	18,973,080
13.1 This loan is interest free, unsecured and repayable on demand.			
14 CURRENT PORTION OF LONG TERM LOANS			
Current Portion of Long term Loans		272,798,518	272,798,518
		272,798,518	272,798,518
15 CONTINGENCIES AND COMMITMENTS			
15.1 Contingencies			
a) The Company received advances from Trading Corporation of Pakistan (TCP) under four different sugar supply agreements. The Company contends that this amount is not due as the buyer did not fulfil its performance obligations. As a prudent policy, adjustments would be made on finalization of the dispute. The company is of the view that Trading Corporation of Pakistan has made numerous breaches of the agreements causing enormous losses to the Company and has filed a civil suit in court of Honorable Civil Judge, Lahore praying to refer the dispute for arbitration under the terms of the agreements. The matter is pending arguments before the Court.			
b) During the previous years, the TCP filed a complaint with National Accountability Bureau (NAB), Sindh for recovery of the amount advanced by it as referred in preceding paragraph. Total amount claimed by TCP is Rs. 1,311,528 million being principal amount of Rs. 576,913 million plus Rs. 734,615 million being penalty, mark-up and other incidental charges. The matter is pending with NAB for disposal and the management expects that outcome will be in its favour, the penalty, mark-up and other incidental charges of Rs. 734,615 million would not be payable, hence no provision has been made in these financial statements. During the previous years TCP has credited Margin on Guarantee deposited by the company with the banks and therefore the principal amount claimed has been reduced to Rs. 521,165 million.			

- c) The Bank Bani Limited has filed a recovery suit for Rs. 209,997,223 on account of principal, rental and as charge against the company. On May 2021, the learned court has reserved its judgment on this issue. The company and legal advisor of the company are of the opinion that they have a strong case against the liabilities of the bank and are of the view that the settlement of the liabilities with the bank will be in their favour and only the principal would be payable therefore no provision for mark up and other charges during the current year has been provided.
- d) The Company had deposited an amount of Rs. 30,032 million of excess duty in 1995-96 under protest with Collector of Customs and Central Excise, Hyderabad on account of rebate of excise duty earlier claimed as per the incentive given by the government. The Honourable High Court of Sindh has decided the case in favour of Collector of Customs. The company has filed an appeal in Supreme Court of Pakistan which is pending for hearing. The management of the company expects favourable outcome.

15.2 Commitments

The company has no commitments at the year end.

16 PROPERTY, PLANT AND EQUIPMENTS

Operating Fixed Assets	16.1	3,170,091,109	3,301,371,929
Capital Work in Progress - At Cost	16.2	60,687,608	60,687,608
		3,191,348,788	3,362,059,547
16.2 Capital work in progress - At cost			
Opening balance		60,687,608	60,687,608
Add Additions during the year		-	-
Less Transfer to property, plant and Equipments		-	-
	16.2.1	60,687,608	60,687,608
16.2.1 Breakup is as follows			
Plant and machinery		60,687,608	60,687,608
Oil works		-	-
		60,687,608	60,687,608

The management carried out an impairment review at the year end as per IAS 36 and is of the view that there is no impairment that needs to be accounted for in the financial statements relating to capital work in progress.

		2022 RUPEES	2021 RUPEES
17 LONG TERM DEPOSITS			
Long Term Deposits (Interest free and unsecured)		<u>1,826,165</u>	<u>1,826,165</u>
18 STOCK IN TRADE			
Work in process	18.1	150,911,486	150,911,486
Finished goods		-	-
		<u>150,911,486</u>	<u>150,911,486</u>
18.1	The company has not carried out any production activity during the year. Work in process is carried out at lower of cost or NRV.		
19 ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances - Unsecured, considered good			
Growers		31,834,566	37,726,314
Contractors		4,162,025	4,162,025
Suppliers		30,860,028	27,670,193
Employees		1,107,857	852,207
For expenses		15,153,248	12,459,695
Other receivable		339,772	-
Export rebates receivable	19.1	<u>15,815,000</u>	<u>15,815,000</u>
		98,972,896	98,685,394
Deposits:			
Excise duty		20,831,910	20,831,910
Sales tax receivable		-	-
		<u>119,804,806</u>	<u>119,517,304</u>
Provision against excise duty deposit		<u>(20,831,910)</u>	<u>(20,831,910)</u>
		98,972,896	98,685,394
19.1	The management confirmed that since the claim still holds good against the relevant authority and the authority has not rejected the claim till to date, therefore no provision/impairment is required. Also see note no. 30 a.		
20 CASH AND BANK BALANCES			
Cash in Hand		2,203,984	292,947
Cash at Banks			
- Current Accounts		704,096	785,134
- Saving Accounts		101,671	101,671
		<u>3,009,151</u>	<u>884,152</u>
21 SALES - NET			
Gross local sales			
Sugar		-	-
Molasses		-	-
Total gross sales		-	-
Less: Sales tax		-	-
Sales - Net		-	-
22 OPERATING COST			
Cost of sugar cane		-	140,900
Stores and spares consumed		2,104,221	305,622
Oil and lubricants consumed		10,778	-
Packing material consumed		-	-
Chemical consumed		-	-
Salaries, wages and benefits	22.1	19,846,838	19,389,662
Water, fuel and power		2,281,750	1,575,090
Vehicle running and maintenance		1,201,557	946,380
Freight, handling and octroi		127,897	14,700
Depreciation	16.1.1	167,112,425	176,678,352
Others		2,907,325	2,083,041
		<u>195,594,590</u>	<u>200,934,146</u>
Add: Opening WIP		150,911,486	150,911,486
Less: Closing WIP		<u>(150,911,486)</u>	<u>(150,911,486)</u>
Cost of Goods Manufactured		195,594,590	200,934,146
Add: Opening Finished Goods		-	-
Less: Closing Finished Goods		-	-
		<u>195,594,590</u>	<u>200,934,146</u>
22.1	It also includes an amount relating to staff retirement benefits.		
23 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, wages and other benefits	23.1	2,449,609	2,585,594
Fees, subscription and renewals		5,306,768	10,123,502
Vehicle running and maintenance		951,012	327,792
Legal and professional charges		8,297,050	5,601,025
Printing and stationery		130,030	222,283
Travelling, conveyance and entertainment		1,541,428	3,994,930
Rent, rates and taxes		171,200	330,500
Auditor's remuneration	23.2	1,000,000	950,000
Depreciation	16.1.1	3,676,837	4,117,078
Miscellaneous		2,184,281	2,637,110
Entertainment		11,620	176,280
		<u>25,729,838</u>	<u>31,066,034</u>
23.1	It also includes an amount relating to staff retirement benefits.		

	2022	2021
	RUPEES	RUPEES
23.2 Auditors' remuneration		
Annual audit fee	850,000	800,000
Review of code of corporate governance	75,000	75,000
Half yearly review	75,000	75,000
	1,000,000	950,000
24 OTHER INCOME		
Mark up value off		24.1
Bank Profit	-	82,405,647
	239,493	82,405,647

In the earlier years, the mark up on outstanding loans was charged in the financial statement relating to sumit bank, the bank and the company were in litigation. The liability towards the bank has been fully settled, the mark up charged earlier is no longer payable has been written back as other income.

25 FINANCE COST		
Mark up on subordinated sponsors' loan-flag bank	46,080,329	14,223,422
Mark up on long term loan	28,746,334	13,262,142
Mark up on WPPF and WPF	15,229,568	7,453,337
Bank charges and commission	57,000	34,913
	80,113,231	35,024,074

26 TAXATION		
Current Year Provision	-	-
Deferred Taxation		
Relating to Origination and Reversal of Temporary Differences	10,771,203	47,532,242
Relating to Rate Change	-	-
	10,771,203	47,532,242

26.1 Relationship between tax expense and accounting profit

Accounting loss for the year	(300,727,264)	(174,634,607)
Applicable tax rate	29%	29%
Tax on accounting loss	(89,620,907)	(50,626,226)
Tax effect of expenses that are not deductible in determining taxable profit	50,039,698	79,608,392
Tax effect of expenses that are deductible in determining taxable profit	(28,075,968)	(32,972,431)
Adjustment of brought forward losses	(606,790,751)	(682,776,470)
Tax deductible under normal rules	(674,617,648)	(666,796,751)
Tax payable under normal rules	NIL	NIL
Minimum tax liability U/s. 113 (2019: U/s 113 - C)	-	-

27 LOSS PER SHARE - Basic and diluted		
Loss after taxation for the year attributable to ordinary shareholders	(319,996,547)	(322,452,348)
	NUMBER OF SHARES	
Weighted average number of ordinary shares outstanding during the year	79,262,066	79,261,066
Loss Per share	(4.04)	(4.07)

27.1 Diluted Earning per Share

There is no dilution effect on the basic earning per share as the company has no such commitments.

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company was as follows:

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
Management Remuneration	-	-	-	200,000	980,000	1,808,000
Perquisites	-	-	-	-	-	-
	-	-	-	200,000	980,000	1,808,000
Number of Persons	1	1	1	1	2	2

29 TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, subsidiary, associated undertakings, directors of the Company, key employees and staff retirement fund. The Company in normal course of business carries out transactions with various related parties on mutually agreed terms and conditions subjected to BOD approval. Amounts due from and to related parties are shown under receivables and payables. Parent, subsidiary and associated undertakings also have some common directorship.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Name of related party	Relationship with the Company	Nature of Transactions	2022 RUPEES	2021 RUPEES
Hsu Baku Sugar Mills Private Limited	Holding company	Share up account	44,609,329	14,231,432
		Purchase of bagasse	-	-
		Sharing of Expense	-	11,631,831
		Fund Received	-	177,704,588
Kiry makojdmotz potornel			-	-

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 Financial assets and Liabilities As at September 30, 2022

	Amortized Cost	Fair Value through Profit and Loss	Fair Value through other comprehensive income	Total
-----Rupees-----				
Financial assets				
Maturity upto one year				
Advances, deposits and prepayments	15,815,000	-	-	15,815,000
Taxes receivable	2,995,994	-	-	2,995,994
Cash and Bank balances	2,008,851	-	-	2,008,851
Maturity after one year				
Long term deposits	1,626,465	-	-	1,626,465
	24,306,310	-	-	24,306,310
Financial liabilities				
Other financial liabilities				
Maturity upto one year				
Trade and other payables		2,462,304,756	-	2,462,304,756
Current maturity of non-current liabilities		272,798,538	-	272,798,538
Finance cost payable		364,265,130	-	364,265,130
Short term borrowings - secured		18,973,000	-	18,973,000
WPF and WFF		56,627,581	-	56,627,581
Maturity after one year				
Long term finances - secured		972,000	-	972,000
Long term loans from related party - unsecured		371,465,630	-	371,465,630
		3,587,485,995	-	3,587,485,995
Sensitivity Gap				(3,953,175,685)
Interest bearing financial liabilities				1,186,128,239
Non-Interest bearing financial liabilities				2,401,357,756

As at September 30, 2021

	Amortized Cost	Fair Value through Profit and Loss	Fair Value through other comprehensive income	Total
-----Rupees-----				
Financial assets				
Maturity upto one year				
Advances, deposits and prepayments	16,667,207	-	-	16,667,207
ASSETS	2,412,847	-	-	2,412,847
Cash and Bank balances	904,152	-	-	904,152
Maturity after one year				
Long term deposits	1,626,465	-	-	1,626,465
	22,606,371	-	-	22,606,371
Financial liabilities				
Other financial liabilities				
Maturity upto one year				
Trade and other payables		2,448,801,287	-	2,448,801,287
Current maturity of non-current liabilities		272,798,538	-	272,798,538
Finance cost payable		290,909,447	-	290,909,447
Short term borrowings - secured		18,973,000	-	18,973,000
WPF and WFF		81,398,073	-	81,398,073
Maturity after one year				
Long term finances - secured		1,972,000	-	1,972,000
Long term loans from related party - unsecured		312,752,739	-	312,752,739
		3,428,605,098	-	3,428,605,098

	2022 RUPEES	2021 RUPEES
Sensitivity Gap		(1,495,714,727)
Interest bearing financial liabilities		933,838,711
Non-Interest bearing financial liabilities		2,460,774,387

The Company's activities are exposed to a variety of financial risks. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Company's financial performance. The Company sets policies, strategies and mechanisms, which aim at effective management of these risks within its unique operating environment. The key financial risks include credit risk, liquidity risk and interest rate risk.

Risk management is carried out in accordance with established policies and guidelines approved by the Board of Directors. The management continuously monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management objectives and policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The company is exposed to the following risk:

- Credit risk
- Liquidity risk
- Market risk

a) Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is at least:

Financial Assets	2022	2021
Long term deposits	1,826,185	1,826,185
Trade debts - unsecured - considered good		
Advances, deposits and prepayments	22,493,145	21,864,256
Taxes Recoverable	3,985,994	3,412,847
Cash & Bank Balances	805,167	685,285
	<u>28,767,471</u>	<u>26,989,423</u>

Credit quality of financial assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparties.

(i) Counterparties without external credit ratings

The Company has a policy to provide for impairment of expected credit loss based upon the age analysis which is being implemented. Based on past experience the management believes that no further impairment allowance is necessary in respect of trade debts as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in their course of time.

(ii) Other financial assets

Based on past experience the management believes that no impairment allowance is necessary in respect of receivables from related parties, security deposits and advances, loan from directors and amount interest on loan to director as there are reasonable grounds to believe that these balances will be recovered.

(iii) Counterparties with external credit ratings

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly credit risk is minimal. The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

Bank balances are held only with reputable banks. The credit rating of banks holding balances is given below:

	Short-term	Long-term	Agency	30-Sep-22	30-Sep-21
BANK AL HABIB LTD.	A1+	AAA	PACRA	75,552	76,769
MEESAN BANK LTD.	A-1+	AAA	VIS	190,041	7,410
MCB BANK LTD.	A-1+	AAA	PACRA	494,329	260,289
HABIB BANK LTD.	A-1+	AAA	VIS	31,239	31,239
SPEECH BANK LTD.	A-1	A+	VIS	890	490
NATIONAL BANK OF PAKISTAN	A-1+	AAA	PACRA	85,811	75,552
SALB BANK LTD.	A-2	A-	VIS	797	797
JS BANK LTD.	A-1+	A+	PACRA	85,078	14,378
SOMNI BANK LTD.	A-1+	A+	PACRA	21,299	146,739
SUMMIT BANK LTD.	A-2	BBB-	JCR-VIS	89,832	89,832
Cash				2,203,994	297,047
				<u>3,089,191</u>	<u>884,152</u>

Concentration of credit risk:

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and all transactions are entered into with credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Financial Assets

Financial Assets	2022	2021
Long term deposits	1,826,185	1,826,185
Advances, deposits and prepayments	22,493,145	21,864,256
Taxes Recoverable	3,985,994	3,412,847
Bank Balances	805,167	685,285
	<u>28,767,471</u>	<u>26,989,423</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counterparties on their obligations to the Company. Accordingly the credit risk is minimal.

The Company has established a credit policy for its industrial and retail customers under which each new customer is analyzed individually for credit worthiness before the Company enters into a commercial transaction. The Company's review includes identity checks, minimum security deposits, bank guarantees and in some cases bank references. Credit limits are established for each customer in accordance with the security deposit or bank guarantee received, which represents the maximum open amount without requiring approval from the higher management; customer limits are reviewed on a regular basis and once the credit limits of individual customers are exhausted, further transactions are discontinued.

Trade Debtors	91-180 Days	181-365 Days	More than 365 Days	Total
Bal. as at 30-09-2022	-	-	-	-
Less Allowance	-	-	-	-
Bal. as at 30-09-2021	-	-	-	-
Less Allowance	-	-	-	-

All receivables are considered Goods. ECL on trade receivables is calculated using simplified approach. The company has no receivables outstanding at the year end.

As at the reporting date, Company envisages that default risk on account of non-realisation of other receivables, deposits and advances is minimal and thus based on historical trends adjusted to reflect current and forecast looking information, loss allowance has been calculated by the Company using a range of probable recovery pattern of related other receivables and assigning a time value of money to same. As per the abovementioned approach, the loss allowance for other receivables was determined as follows:

	2022	2021
	Rspees	Rspees
Gross carrying amount	27,802,304	26,300,718
Less Allowance	-	-

ECL on other receivables is calculated using general approach. Advances, deposits and prepayments also includes an amount of Rs.15,815,690 in terms of export rebate receivable. The management considered that since the claim still holds good against the relevant authority and the authority has not rejected the claim till to date, therefore no provision/impairment is required, and that the receivables from Government may be delayed but it is neither doubtful nor bad in the given circumstances. Furthermore, the same is backed by BFD resolution/approval.

The credit risk related to balances with banks, in term deposits, savings accounts and current accounts, is managed in accordance with the Company's policy of placing funds with approved financial institutions and within the limits assigned in accordance with the counter party risk policy. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counter party failure.

b) Liquidity Risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate actions for new requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Non Derivative Financial Liabilities	Carrying Amount	Contractual Cash Flows	One Year or Less	One Year to Two Years	One Year to Five Years
Long term loan from related party - unsecured	371,465,839	371,465,839	-	371,465,839	-
Long term loan from bank - secured	273,770,518	273,770,518	-	273,770,518	-
Short term borrowings - secured	18,973,000	18,973,000	18,973,000	-	-
Finance cost payable	364,265,110	364,265,110	325,883,530	-	-
Trade and other payables	2,462,384,756	2,462,384,756	2,462,384,756	-	-
	3,490,858,444	3,490,858,413	2,837,861,287	645,235,548	-

Non Derivative Financial Liabilities	Carrying Amount	Contractual Cash Flows	One Year or Less	One Year to Two Years	One Year to Five Years
Long term loan from related party - unsecured	312,752,733	312,752,733	-	312,752,733	-
Long term loan from bank - secured	274,770,518	274,770,518	-	274,770,518	-
Short term borrowings - secured	18,973,000	18,973,000	18,973,000	-	-
Finance cost payable	290,869,447	290,869,447	325,883,530	-	-
Trade and other payables	2,446,804,387	2,446,804,387	2,446,804,387	-	-
	3,347,267,885	3,347,267,884	2,824,577,917	587,523,251	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 September. Rates of interest / mark - up and their maturities are given in the respective notes.

	Short-term	Long-term	Agency	30-Sep-22	30-Sep-21
Sik Bank Limited	A-2	A-	JCR-YES	1,022,000	2,872,000
Bank Islam Pakistan Limited	A1	A+	MACRA	271,798,518	271,798,518

c) Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

Variable rate instruments at carrying amounts:

		2022 RUPEES	2021 RUPEES
Balance as at September 30, 2021	290,909,447	587,523,251	18,973,909

30.2 The company has no investment in listed securities.

31 CAPITAL MANAGEMENT

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios while continue as going concern in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholder, issue new shares or sell assets to reduce debts or raise debts, if required.

As of the balance sheet date, the management considers that the capital of the Company is sufficient to meet the requirements of the business. The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as under:

Long term loan from related party - unsecured	371,469,038	312,752,722
Long term loan from bank - secured	273,770,518	279,770,518
Short Term Borrowings	18,973,000	18,973,000
Less: Cash and Cash Equivalents	7,090,151	994,152
Net Debt	661,339,397	605,912,999
Net Equity	(172,320,678)	(146,285,415)
Total capital employed	487,818,727	751,717,714
Gearing Ratio	130%	81%

32 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at September 30, 2022 and 2021 respectively are as follows:

	2022	2021
Average number of employees during the year	33	33
Number of employees as at year end	64	32

33 CAPACITY AND PRODUCTION


Years	No. of Days Mill Operated	Crushing Capacity (M.Tons)/Day	Total Crushing Capacity (M.Tons)	Sugar Production (M.Tons)	Sugar Production (M.Tons)
2022	-	1,500	-	-	-
2021	-	1,500	-	-	-

34 CORRESPONDING FIGURES

The corresponding and comparative figures have been rearranged and reclassified for the purpose of comparison and better presentation however there has been no significant reclassification, affecting the financial results.

35 AUTHORIZATION DATE

These financial statements have been authorized for issue on **January 04, 2023** by the Board of Directors of the Company.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

PROXY FORM

[Section 137 of the Companies Act, 2017]

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED

39th ANNUAL GENERAL MEETING

Company Secretary,
Abdullah Shah Ghazi Sugar Mills Limited,
7/10, A-2 Arkay Square, Shahrah-e-Liaqat, New Chilli,
Karachi

I / We _____ s/o _____ r/o _____ being a member of **Abdullah Shah Ghazi Sugar Mills Limited** and holder of _____ ordinary shares as per registered Folio / CDC Participant ID # _____ and CDC Sub Account # / CDC Investor Account ID # _____ hereby appoint Mr. _____ s/o _____ r/o _____ having registered Folio / CDC Participant ID # _____ and CDC Sub Account # / CDC Investor Account ID # _____ as my/our proxy to attend and vote on my/our behalf at the 39th Annual General Meeting of the Company to be held at 9:00 a.m. on 28 January, 2023 at _____ or at any adjournment thereof.

Affix Rs. 5/-
Revenue Stamp

Signature of Member
(Signature should agree with the specimen
Registered with the Company).

Dated this _____ day of January, 2023

Witnesses:

1 Signature _____	2 Signature _____
Name _____	Name _____
Address _____	Address _____
_____	_____
CNIC or Passport # _____	CNIC or Passport # _____

Important notes:

1. No person shall act as proxy unless he himself is member of the Company, except that a corporate entity may appoint a person who is not a member. Non-material members must furnish board resolution / power of attorney with specimen signatures of proxy along with the proxy form.
2. Attested copies of the CNIC or the Passport of the member and the proxy shall be furnished with the proxy form. The proxy shall produce original CNIC or original passport at the time of the meeting.
3. Proxies in order to be effective must be received by the Company at its Registered Office not less than forty-eight (48) hours before the time for holding the meeting.
4. CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with the proxy form before submission to the Company (Original CNIC / Passport is required to be produced at the time of the meeting).
5. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**39th ANNUAL REPORT
2021-2022**