

# **BANDHI SUGAR MILLS LIMITED**

Financial Statements

For the year ended  
September 30, 2021



**Parker Russell-A. J. S.**  
CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BANDHI SUGAR MILLS LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **Bandhi Sugar Mills Limited** (the Company), which comprise the statement of financial position as at September 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes 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, 2021 and of the profit and other comprehensive income, 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 Related to Going Concern**

We draw attention to the note 1.2 to the accompanying financial statements which states that the Company's current liabilities as at reporting date exceeded its current assets by Rs. 2,727.339 million (2020: Rs. 2,708.724 million). Further, Company's borrowings from financial institutions as at reporting date amounted to Rs. 1,378.254 million (2020: Rs. 1,391.321 million) which included overdue installments amounting Rs. 1,033.609 million (2020: Rs. 584.839 million). These conditions along with matters disclosed in note 22.1.1 to note 22.1.6 to the accompanying financial statements indicate that a material uncertainty exists that may cast significant doubt on Company's ability to operate as a going concern. The accompanying financial statements have been prepared using the going concern assumption as the management is confident that these conditions are temporary, and would reverse in foreseeable future due to the reasons given below:

- The management of the Company is in the process of restructuring of its borrowings from financial institutions and has also submitted an application to the lead bank in this regard and is confident that it will successfully reach an agreement with its bankers for restructuring.
- The Company has strong financial support from its directors which is evident through unsecured, interest free directors' loan to be paid at the discretion of the Company. Further, the management of the Company is confident of continued financial support in future from its sponsor directors in the form of equity injection / interest free unsecured loans.
- The management in consultation with the legal and tax advisors of the Company is confident of favorable outcome in respect of matters disclosed in note 22.1.1 to note 22.1.6 to the accompanying financial statements.

Therefore, the financial statements of the Company are prepared on a going-concern basis. Our opinion is not modified in respect of this matter.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The 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 auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially







misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

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 is responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

The engagement partner on the audit resulting in independent auditors' report is Muhammad Shabbir Kasbati.



**(Chartered Accountants)**

Karachi

Date: December 28, 2021



# Bandhi Sugar Mills Limited

## Directors' report to the members

For the year ended September 30, 2021

On behalf of the Board of Directors, we are pleased to present before you the Annual Report and Audited Financial Statements of the Company for the year ended September 30, 2021.

The operation and financial performances are presented as under.

### Operational performance

	2020- 2021	2019- 2020
Sugarcane crushed (M Tons)	369,652	365,805
Sugar produced (M Tons)	35,035	34,102
Sugar recovery percentage	9.49%	9.335%
Molasses produced (M Tons)	22,110	21,530
Electricity exported (M W)	-	4,485

### Financial performance

	2020- 2021	2019- 2020
	.... Rupees in '000' ...	
Turnover (net)	2,962,067	2,394,221
Gross profit/(loss)	483,803	(6,134)
Profit/(Loss) before tax	201,202	(266,560)
Profit/(Loss) after tax	195,115	(306,037)

The mill commenced crushing of sugarcane on 01<sup>st</sup> November, 2020 which continued up to 06<sup>th</sup> March, 2021. During the year, the company achieved a crushing of 369,652 tons of sugarcane as compared to 365,805 tons during the last year. Recovery of sucrose percentage in the area however improved to 9.49% from 9.3358% producing 35,035 M.tons of sugar as compared to 34,102 M.tons during the last year.

The Government of Sindh fixed minimum support price of sugarcane vide notification dated 23<sup>rd</sup> November, 2020 for the crushing season 2020-21 at Rs. 202 per 40 kgs as compared to Rs. 192 for the crushing season 2019-20. In addition, mills are also required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%.

The company earned a profit before tax of Rs. 201million as against loss of Rs. 266 million during the corresponding crushing season. The improvement in operating profit was mainly due to better sucrose recovery and sugar prices.

### Future Outlook

The mill commenced its sugarcane crushing season 2021-22 on 13<sup>th</sup> November, 2021 and it is expected that the sugarcane crushing would be much higher than the last year. Government of Sindh has notified the minimum support price of sugarcane at Rs. 250 per 40 kgs vide notification No.8(142)/S.O(Ext)2021-22 dated November 04, 2021 as against Rs. 202 notified last year.





# Bandhi Sugar Mills Limited

## Auditors

The present auditors M/s. Parker Russell-A.J.S., Chartered Accountants retired and have offered themselves for re-appointment.

## Corporate Governance

1. The Financial Statements prepared by the management of the Company present fairly its states of affairs, the results of operations, cash flow and changes in equity.
2. The Company has maintained proper books of accounts as required under the law.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The pattern of shareholding in the Company as on September 30, 2021 is also included in the Annual Report.

## Acknowledgment

The directors place on record their appreciation of the devoted services and hard work put in by the officers, staff and workers of the Company and to thank all the financial institutions having business relationship with us and our satisfied customers for their continued support and cooperation.

For and on behalf of Board

Agha Sher Shah(CEO)  
Karachi: December 28, 2021

Ahsan Mukhtar (Director)



# Bandhi Sugar Mills Limited

## Pattern of Shareholding as at September 30, 2021

No of shareholders	Shareholding	Total shares held
6	shareholding from 101 to 500 shares	3,000
1	shareholding from 119,696,500 to 119,697,000 shares	119,697,000
7	<b>Total</b>	<b>119,700,000</b>

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	7	119,700,000	100

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## SIX YEARS' REVIEW AT A GLANCE

OPERATING RESULTS		2021	2020	2019	2018	2017	2016
Sugarcane crushed	(tonnes)	369,652	365,805	255,172	484,794	709,987	610,670
Sugar recovery	( % )	9.49	9.34	10.01	10.81	9.70	10.29
Sugar produced	(tonnes)	35,035	34,102	25,540	52,422	68,865	62,860
Molasses recovery	( % )	5.99	9.31	5.11	4.85	4.22	4.30
Molasses produced	(tonnes)	22,110	34,064	13,030	23,502	29,985	26,245
Operating period	( days )	124	100	109	135	134	123
FINANCIAL RESULTS		(Rs. In 000)					
Sales		2,962,067	2,394,221	3,598,473	3,115,398	5,139,224	2,199,543
Gross (loss) / profit		483,803	(6,134)	505,103	456,325	783,245	1,782
Operating Profit / loss		369,644	(48,704)	402,591	423,272	748,149	(381,587)
Profit/ (loss) before taxation		201,202	(266,560)	176,370	90,902	432,118	(159,077)
Profit/ (loss) after taxation		195,115	(306,037)	90,464	79,402	176,805	(71,082)
ASSETS EMPLOYED							
Fixed capital expenditure		4,392,307	4,487,747	4,589,958	4,699,434	4,713,770	4,673,953
Deferred Taxation		40,383	-	-	26,045	15,556	197,410
Long term loans and deposits		19,898	27,128	27,330	19,898	24,444	50,004
Current assets		406,928	448,659	423,920	2,298,664	2,150,001	2,398,514
<b>Total assets employed</b>		<b>4,859,516</b>	<b>4,963,534</b>	<b>5,041,208</b>	<b>7,044,041</b>	<b>6,903,771</b>	<b>7,319,881</b>
FINANCED BY							
Shareholders' equity		1,197,000	1,197,000	1,197,000	1,197,000	1,197,000	1,197,000
Revaluation on fixed assets		346,004	346,004	344,495	344,495	344,495	344,495
Accumulated profit / (loss)		66,424	(128,691)	177,346	89,971	10,569	(166,236)
Subordinate loan from directors		71,250	71,250	71,250	71,250	71,250	71,250
Long term liabilities		44,570	316,641	777,684	1,208,016	1,544,425	1,662,783
Deferred Taxation		-	3,947	3,947	-	-	-
Current liabilities		3,134,268	3,157,383	2,469,486	4,133,309	3,736,032	4,210,589
<b>Total funds invested</b>		<b>4,859,516</b>	<b>4,963,534</b>	<b>5,041,208</b>	<b>7,044,041</b>	<b>6,903,771</b>	<b>7,319,881</b>
Break-up value per share	(Rupees)	14.04	12.41	14.95	14.22	13.56	12.08
Earning per share	(Rupees)	1.63	(2.56)	0.76	0.66	1.48	(5.94)

**BANDHI SUGAR MILLS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2021**

		30.9.2021	30.9.2020
	Note	---(Rupees in '000')---	(Restated)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	5	4,392,307	4,487,747
Deferred taxation	17	40,383	-
Long-term deposits and advances	7	19,898	27,128
		<u>4,452,588</u>	<u>4,514,875</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	6	102,164	126,712
Stock-in-trade	8	8,910	4,896
Trade debts	9	46,895	39,025
Prepayments and advances	10	22,091	15,406
Other receivables	11	172,287	175,308
Tax refundable	12	-	40,160
Cash and bank balances	13	54,581	47,152
		<u>406,928</u>	<u>448,659</u>
		<u>4,859,516</u>	<u>4,963,534</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorised capital</b>			
380,000,000 (2020: 380,000,000 of Rs. 10 each) ordinary shares @ Rs. 10 each		<u>3,800,000</u>	<u>3,800,000</u>
<b>Share capital</b>			
Issued, subscribed and paid-up capital	14	1,197,000	1,197,000
<b>Capital reserves</b>			
Revaluation surplus on freehold land	15	346,004	346,004
<b>Revenue reserve</b>			
Unappropriated profit / (accumulated loss)		66,424	(128,691)
		<u>1,609,428</u>	<u>1,414,313</u>
Directors' loan		71,250	71,250
		<u>1,680,678</u>	<u>1,485,563</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	16	44,570	316,641
Deferred taxation	17	-	3,947
		<u>44,570</u>	<u>320,588</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	1,280,921	1,709,488
Accrued mark-up	19	456,705	318,452
Short-term financing	20	1,333,683	1,074,680
Current tax liability	21	62,959	54,763
		<u>3,134,268</u>	<u>3,157,383</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22	<u>4,859,516</u>	<u>4,963,534</u>

The annexed notes from note 1 to 39 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**



**BANDHI SUGAR MILLS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Note	30.9.2021 ---(Rupees in '000') ---	30.9.2020 (Restated)
Sales - net	23	2,962,067	2,394,221
Cost of goods sold	24	(2,478,264)	(2,400,355)
<b>Gross profit / (loss)</b>		<b>483,803</b>	<b>(6,134)</b>
Administrative and selling expenses	25	(116,614)	(57,822)
		<b>367,189</b>	<b>(63,956)</b>
Other income	26	2,455	15,252
Other expenses	27	(18,157)	-
Financial charges	28	(150,285)	(217,855)
<b>Profit / (loss) before taxation</b>		<b>201,202</b>	<b>(266,560)</b>
Taxation	29	(6,087)	(39,478)
<b>Profit / (loss) after taxation</b>		<b>195,115</b>	<b>(306,037)</b>
<b>Earning / (loss) per share - basic and diluted (Rupees)</b>	30	<b>1.63</b>	<b>(2.56)</b>

The annexed notes from note 1 to 39 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER**

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**CHIEF FINANCIAL OFFICER**

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*Dayan*  
**DIRECTOR**

**BANDHI SUGAR MILLS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	30.9.2021	30.9.2020
	--(Rupees in '000')--	
		(Restated)
Profit / (loss) after taxation	195,115	(306,037)
Other comprehensive income	-	-
<i>Items that will not be reclassified to profit and loss</i>		
Revaluation surplus on property, plant and equipment	-	1,509
Related deferred tax	-	-
Other comprehensive income for the year	-	1,509
<b>Total comprehensive income / (loss) for the year</b>	<b>195,115</b>	<b>(304,528)</b>

The annexed notes from note 1 to 39 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**  
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**CHIEF FINANCIAL OFFICER**

  
  
**DIRECTOR**



**BANDHI SUGAR MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Issued, subscribed and paid-up capital	Revaluation surplus on freehold land	Unappropriated profit	Director's Loan	Total equity
	(Rupees in '000')				
<b>Balance as at 30.9.2019</b>	<b>1,197,000</b>	<b>344,495</b>	<b>177,346</b>	<b>71,250</b>	<b>1,790,091</b>
Loss for the year ( <i>Restated</i> )	-	-	(306,037)	-	(306,037)
Other comprehensive income	-	1,509	-	-	1,509
<i>Total comprehensive loss for the year (Restated)</i>	-	1,509	(306,037)	-	(304,528)
<b>Balance as at 30.9.2020 (<i>Restated</i>)</b>	<b>1,197,000</b>	<b>346,004</b>	<b>(128,691)</b>	<b>71,250</b>	<b>1,485,563</b>
Profit for the year	-	-	195,115	-	195,115
Other comprehensive income	-	-	-	-	-
<i>Total comprehensive income for the year</i>	-	-	195,115	-	195,115
<b>Balance as at 30.9.2021</b>	<b>1,197,000</b>	<b>346,004</b>	<b>66,424</b>	<b>71,250</b>	<b>1,680,678</b>

The annexed notes from note 1 to 39 form an integral part of these financial statements.

**AS H C J**  
**CHIEF EXECUTIVE OFFICER**

**Shree Manku**  
**CHIEF FINANCIAL OFFICER**

**Devi Singh**  
**DIRECTOR**

**BANDHI SUGAR MILLS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

		30.9.2021	30.9.2020
	Note	----(Rupees in '000')----	(Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		201,202	(266,560)
Adjustments for non cash charges and other items:			
Depreciation	5.1.5	124,552	116,451
Tax refundable write off		40,160	-
Related party receivables write off	11.2	3,021	-
Provision for obsolescence of store spares and loose tools	6	18,972	-
Amortization of transaction cost	16.1	3,028	10,138
Financial charges		147,257	207,717
		<u>336,990</u>	<u>334,306</u>
Net cash flows before working capital changes		538,192	67,747
<b>WORKING CAPITAL CHANGES</b>			
<i>(Increase) / decrease in current assets</i>			
Stores, spares and loose tools		5,576	6,698
Stock-in-trade		(4,014)	(3,314)
Trade debts		(7,870)	(31,417)
Prepayments and advances		(6,685)	1,967
		(12,993)	(26,066)
<i>(Decrease)/Increase in current liabilities</i>			
Trade and other payables		(428,567)	30,942
Cash generated from operations		96,632	72,623
Financial charges paid		(9,004)	(19,566)
Income taxes paid		(42,221)	(25,221)
		(51,225)	(44,787)
Net cash inflow from operating activities		45,407	27,836
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(31,189)	(12,730)
Long-term deposits		7,230	202
Sale proceed of disposal of fixed assets		2,077	-
Net cash used in investing activities		(21,882)	(12,528)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing		-	-
Short-term financing		-	-
Lease rental paid		(16,095)	(16,635)
Net cash outflow from financing activities		(16,095)	(16,635)
Net decrease in cash and cash equivalents		7,430	(1,327)
Cash and cash equivalents at beginning of the period	13	47,152	48,479
Cash and cash equivalents at end of the period		<u>54,581</u>	<u>47,152</u>

The annexed notes from note 1 to 39 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**



**BANDHI SUGAR MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**1. STATUS AND NATURE OF BUSINESS**

- 1.1 Bandhi Sugar Mills Limited (the Company) was incorporated as a private limited company on September 27, 2011 in Pakistan, registered under the Companies Ordinance, 1984 (the Ordinance), [Repealed with the enactment of Companies Act, 2017] and was subsequently converted into a public limited company as on February 27, 2018. The principal activity of the Company is production and sale of crystalline sugar, molasses, bagasse, electricity and allied business.

The geographical location and address of Company's business units, including mills is as under:

- The Company's registered office is located at 206, 2nd floor, Continental Trade Centre, Block-8, Clifton Karachi, Pakistan.
- The Mill is located at Bandhi city, District Shaheed Benazirabad, Sindh, Pakistan.

- 1.2 During the current year, current liabilities of the Company exceeded its current assets by Rs. 2,727.339 million (2020 Rs. 2,708.724 million). Further, Company's borrowings from financial institutions as at reporting date amounted to Rs. 1,378.254 million (2020: 1,391.321 million), which included overdue installments amounted to Rs. 1,033.609 million (2020: Rs. 584.839 million) these conditions along with matter disclosed in note 22.1.1 to note 22.1.7 to the financial statements indicate that a material uncertainty exist that may cast significant doubt on Company's ability to operate as a going concern. The financial statements have been prepared using the going concern assumption as management is confident that these conditions are temporary, and would reverse in foreseeable future due to the reason given below. The management in consultation with legal and tax advisors of the Company is confident of favorable outcome in respect of matter disclosed in 22.1.1 to 22.1.7 to the financial statements. Therefore the financial statements of the Company are prepared

The management of the Company is in the process of restructuring of its borrowing from financial institutions and is also submitted an application to the lead bank in this regard and is confident that it will successfully reach an agreement with its bankers for restructuring.

The Company has strong financial support from its director which is evident through unsecured, interest free directors' loan to be paid at the discretion of the company, further the management of the Company is confident of continuing financial support in future from its sponsor directors in the form of equity injection/interest free unsecured loans.

**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 (IFRS Standards) 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.

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Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, 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 historical cost convention except for the following material items in the statement of financial position:

- a) Inventories are carried at lower of cost or net realisable value;
- b) Freehold land is stated at revalued amount.

These financial statements are prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in Pakistan Rupee (Rs.) which is the Company's functional and presentation currency.

## **3. New standards, interpretations and amendments to published approved accounting standards**

### **3.1 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant**

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after October 1, 2020, are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

### **3.2 New accounting standards and amendments to standards not yet effective**

The following Standards, interpretations and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to

	<b>Effective for the period beginning on</b>
IAS-1 Presentation of Financial Statements & Accounting Policies - Amendments regarding the classification of liabilities	January 01, 2023
IAS-8 Accounting Policies, changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates)	January 01, 2023
IAS-12 Income Taxes (The amendments to narrow the scope of the initial recognition exemption)	January 01, 2023
IAS-16 Property, Plant and Equipment- Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts	January 01, 2022
IAS-37 Provisions, Contingent Liabilities and Contingent Assets-Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022





IAS-41	Amendment resulting from Annual Improvements to IFRS Standards 2018-2020 (the amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique)	January 01, 2022
IFRS-1	First-time Adoption of International Financial Reporting Standards- Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (subsidiary as a first-time adopter)	January 01, 2022
IFRS-3	Business Combinations - Amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS-4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS-9	Financial Instruments -Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	January 01, 2022
IFRS-16	Leases (Extension in respect of the practical expedient for COVID-19 related rent concession by one year)	July 01, 2021
IFRS-16	Amendment resulting Annual Improvements to IFRS Standards 2018-2020 (to resolve any potential confusion that might arise in lease incentives)	January 01, 2022
IFRS-10	Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture).	The effective date for these changes has been deferred indefinitely until the completion of a broader review.

Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IOBR reform. The amendments also allow a series of exemptions from regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms.

January 01, 2022

### 3.3 New Standards issued by IASB and but not yet been notified / adopted by SECP

Following new standards issued by IASB but not yet been notified / adopted by SECP

	Effective for the period beginning on or after
IFRS – 1 First Time Adoption of IFRS	July 01, 2009
IFRS – 17 Insurance Contracts	January 01, 2022



### 3.4 Critical accounting estimates and judgments

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

The estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively, commencing from the period of revision.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgments which are significant to these financial statements.

#### a) Property, plant & equipment

The Company reviews the appropriateness of useful lives, method of depreciation and residual values of property, plant and equipment on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

#### b) Provision for trade debts and other receivables

On an annual basis, the Company reviews the recoverability of its trade debts, advances and other receivables, to assess the amount required for provision of doubtful debts. Trade debts, advances and other receivables considered irrecoverable are written-off. No provision is made in respect of the active customers who are considered good.

#### c) Taxation

The provision for taxation is accounted for by the Company after taking into account the current income tax laws and relevant decisions taken by appellate authorities. Accordingly, the recognition of deferred tax is also made, taking into account, the decisions and best estimates of future results of operations of the Company.

#### d) Stores and spares

The Company reviews the stores and spares for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence/slow moving stores, spares and loose tools.

#### e) Stock-in-trade

The Company reviews the net realizable value of stock-in-trade to assess any impairment in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

#### f) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty.

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The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies have been applied consistently to all the period presented in these financial statements.

##### **4.1 Property, plant & equipment**

###### **a) Owned**

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is stated at revalued amount. Cost comprises of purchase\* price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Subsequent costs are included in the asset's carrying amounts or are recognised 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.

Depreciation is charged to the statement of profit and loss by applying the reducing balance method, so as to write down the assets over their estimated useful lives at the rates specified in note 5.1 to these financial statements. The assets residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Freehold land is revalued by professionally qualified valuator with sufficient regularity to ensure that the net carrying amounts do not differ materially from their fair values.

Any revaluation increase arising on the revaluation of freehold land is recognised in the statement of comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant & equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

Any decrease in carrying amount arising on the revaluation of freehold land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant & equipment relating to a previous revaluation increase of that asset. The surplus on revaluation in respect of freehold land to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged in the month of disposal.

Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.





The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss. In case of sale or retirement of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to the unappropriated profit.

#### 4.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to the relevant category of tangible / intangible assets as and when the assets are available for intended use.

#### 4.3 Right-of-use assets

The Company recognises a right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the period of lease term.

#### 4.4 Biological assets

Biological assets comprise of crop in fields. These assets are measured at fair value less estimated point of sale costs, with changes in the fair value during the period recognised in the statement of profit or loss.

Costs of harvested and consumed biological assets are charged to the statement of profit or loss.

The fair value is determined using the present value of expected net cash-flow from the asset based on significant assumptions. Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material.

#### 4.6 Stores, spares and loose tools

These are valued at lower of cost or net realizable value except for items in transit, which are valued at cost comprising of invoice value and related expenses incurred thereon unto date of the statement of financial position. Cost is calculated on First In First Out (FIFO) basis.

#### 4.7 Stock-in-trade

These are valued at lower of weighted average cost and net realizable value. Cost is determined as follows:-

Finished goods	Prime cost plus an appropriate allocation of manufacturing overheads.
Work-in-process	Prime cost plus proportionate allocation of manufacturing overheads based on stage of completion.
Stock of by products	Net realizable value

*Signature*

Provision for obsolete and slow moving stock are made as and when required. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred in order to make the sale.

#### **4.8 Trade debts**

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

#### **4.9 Provisions**

Provisions are recognised when Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

#### **4.10 Loss allowance for ECL / impairment**

##### **Financial assets**

The Company assesses on a forward-looking basis the Expected Credit Losses (ECLs) associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk from the date of initial recognition of a financial asset.

For trade receivables, the Company applies 'simplified approach' as permitted by IFRS 9, which requires expected lifetime credit losses to be recognised at initial recognition and throughout the life of the receivables at an amount equal to lifetime ECLs. Loss allowances are recognised in the statement of profit or loss as at reporting date.

##### **Non-financial assets**

The carrying amounts of non-financial assets are assessed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. An asset's recoverable amount is the higher of its fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment, are reviewed for possible reversal of the impairment as at each reporting date. Reversal of impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognised. An impairment loss, or the reversal of an impairment loss, are both recognised in the statement of profit or loss.

#### **4.11 Taxation**

Income tax expense comprises of current and deferred tax.





## Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

## Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that further taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits will be utilized.

Deferred tax is calculated at the rates that are expected to apply to the periods when the differences reverse based on tax rates that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

### 4.12 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand & bank balances.

### 4.13 Post retirement benefits

#### Defined contribution plan - provident fund

The Company operates a provident fund scheme for its permanent employees. Obligation for contributions to the fund are recognised as an expense in the statement of profit or loss when they are due. A trust has been established and its approval has been obtained from the Commissioner of Income Tax. Monthly contributions are made at the rate of 10% of basic salary both by the Company and its employees to the Fund as per the Company policy.

	30-9-2021 ( Unaudited )	30.9.2020 ( Unaudited )
	----- (Rupees in '000') -----	
<b>Details of provident fund:</b>		
Size of the fund	36,909	26,833
Cost of investment	12,933	12,933
Percentage of investment	35%	48%
<b>Break up of investments:</b>		
Mutual funds	12,933	12,933
Percentage of investment	100%	100%





The figures for the both years are based on unaudited financial statements of the provident fund. The investments in collective mutual funds and saving accounts out of aforementioned funds have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

**4.15 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

**4.16 Mark-up bearing borrowings**

Mark-up bearing borrowings are recognised initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognised amounts (as reduced by periodic payments) and redemption value is recognised in the statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

**4.17 Directors' loan**

The Company has adopted Technical Release - 32 (Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan.

In accordance with TR- 32, directors' interest free, unsecured loans that are repayable at the discretion of the Company have been accounted for in equity and presented separately as "Directors' loan".

**4.18 Loans, advances and deposits**


These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts as at the date of statement of financial position. Balances considered bad and irrecoverable are written-off as and when identified.

**4.19 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset under construction are capitalized and added to the project cost until such time the asset is substantially ready for their intended use, i.e., when they are capable of commercial production. All other borrowing costs are recognised as an expense in the statement of profit or loss in the period in which they are incurred.

**4.20 Foreign currency transaction**

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing on the date of the statement of financial position. Exchange differences arising from the settlement of such transactions, and from the translation of monetary items at the end of the year exchange rates, are charged to the statement of profit or loss.



#### **4.21 Lease liability against ROU assets**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short term leases (defined as leases with a non-cancellable period of 12 months or less) and leases of low value of assets. For short term leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of these lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. The lease liability is subsequently measured by the increasing the carrying amount reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

#### **4.22 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **Initial measurement of financial assets**

The Company classified its financial assets into the following categories:

- a) at fair value through other comprehensive income (FVTOCI).
- b) at fair value through other profit or loss (FVTPL); and
- c) at amortized cost

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Except for trade receivables which are measured at the transaction price determined under IFRS 15.

Financial assets are classified and measured at fair value through other comprehensive income (FVTOCI) or amortized cost, if both of the following conditions are met:

- a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset and; (Business Model test).
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principle and Interest thereon.

For purchase of sales of financial assets, the Company uses trade date basis of accounting i.e. the date that the Company commits to purchase or sell the asset.

#### **4.23 Subsequent measurement**

##### **4.23.1 Financial assets**

Financial assets are subsequently classified into the following categories:





**a) Financial assets at amortized cost**

The Company measures its financial assets at amortized cost if Business Model test & SPPI test is passed. These assets are subsequently measured at amortized cost using Effective Interest Rate (EIR) method and are subject to impairment as at each reporting date. Gains / losses are recognised in the statement of profit or loss when the asset is derecognised / retired / modified.

**b) Financial assets at fair value through other comprehensive income (FVTOCI) (Equity Instruments)**

Upon initial recognition, an entity may make an irrevocable election to classify its equity investments at FVTOCI that are not held for trading purpose. Subsequent changes in the fair value of an equity investment are presented in other comprehensive income which are never reclassified to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**c) Financial asset at fair value through profit or loss (FVTPL)**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

**Derecognition of financial assets**

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.

**4.23.2 Financial liabilities**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

**Derecognition of financial liabilities**

Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of profit or loss.





#### 4.24 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of promised goods or service to the customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue comprises income arising in the course of the Company's ordinary activities. The Company is engaged in the sale of crystalline sugar, its by-products, sale of electricity and agricultural produce.

- Local sales are recognised when goods are dispatched to customers.
- Export sales are recognised upon issuance of Goods Declaration (GD).
- Revenue from sale of energy is recognized over time as electricity is delivered and based on the rates determined under the mechanism laid down in the EPA.
- Return on bank balances is accrued using an effective interest rate method.
- Other income is recognised on an accrual basis.

#### 4.25 Dividend

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised as a liability in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

#### 4.26 Related party transactions

All transactions between the Company and related parties are carried out and recorded at rate agreed under a contract/arrangement/agreement. Following are the related parties of the Company:

Names of related party	Basis of relationship	(%) of shareholding
- Mr. Agha Shershah	Director	99.9967
- Mr. Ahsan Mukhtar	Director	0.0004
- Mr. Ali Muhammad	Director	0.0004
- Mr. Imran Ali Khan	Director	0.0004

#### 4.27 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognised amounts and the Company intends to either settle on net basis or to realise the assets and settle the liability simultaneously.

#### 4.28 Earning per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

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5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

	30.9.2021	30.9.2020
Note	----- (Rupees in '000') -----	
5.1	4,392,307	4,487,747
	<u>4,392,307</u>	<u>4,487,747</u>

5.1 OPERATING FIXED ASSETS

Description	OWNED										Leased	
	Freehold land	Building on freehold land	Computers and accessories	Office equipment s	Furniture and fixtures	Generator s	Plant and machinery	Vehicles	Plant and machinery	Vehicles	Total	
Rupees in '000'												
COST												
Balance as at 1.10.2019	573,491	492,546	6,475	7,843	3,472	10,070	4,080,863	18,696	170,910	21,710	5,386,076	
Transfer from CWIP	-	-	-	-	-	-	-	-	-	-	-	
Additions	-	648	-	140	-	320	4,450	7,172	-	-	12,730	
Revaluation surplus	1,509	-	-	-	-	-	-	-	-	-	1,509	
Balance as at 30.9.2020	575,000	493,194	6,475	7,983	3,472	10,390	4,085,313	25,868	170,910	21,710	5,400,315	
Balance as at 1.10.2020	575,000	493,194	6,475	7,983	3,472	10,390	4,085,313	25,868	170,910	21,710	5,400,315	
Additions	-	1,057	346	156	-	-	19,262	10,368	-	-	31,189	
Disposal	-	-	-	-	-	-	-	(5,083)	-	(1,103)	(6,186)	
Balance as at 30.9.2021	575,000	494,251	6,821	8,139	3,472	10,390	4,104,575	31,153	170,910	20,607	5,425,318	
ACCUMULATED DEPRECIATION												
Balance as at 1.10.2019	-	108,521	3,074	3,380	1,623	5,058	648,555	10,607	6,702	8,598	796,118	
Charge for the year	-	19,234	340	460	185	533	85,919	3,052	4,105	2,622	116,451	
Balance as at 30.9.2020	-	127,755	3,414	3,840	1,808	5,591	734,474	13,659	10,807	11,220	912,568	
Balance as at 1.10.2020	-	127,755	3,414	3,840	1,808	5,591	734,474	13,659	10,807	11,220	912,568	
Accumulated depreciation on disposal	-	-	-	-	-	-	-	(3,403)	-	(706)	(4,109)	
Charge for the period	-	18,325	341	430	166	480	96,253	2,818	4,003	1,736	124,552	
Balance as at 30.9.2021	-	146,080	3,755	4,270	1,974	6,071	830,727	13,074	14,810	12,250	1,033,011	
Carrying amount - 30.9.2021	575,000	348,171	3,066	3,869	1,498	4,319	3,273,848	18,079	156,100	8,357	4,392,307	
Carrying amount - 30.9.2020	575,000	365,439	3,061	4,143	1,664	4,799	3,350,839	12,209	160,103	10,490	4,487,747	
RATE OF DEPRECIATION												
	-	5%	10%	10%	10%	10%	2.5%-7.5%	20%	2.5%	20%		

5.1.1 Freehold land and building on freehold land is situated at Deh Nusrat 61 & 62, Bandhi, Taluka Daur, District Shaheed Benazirabad, Sindh, Pakistan, measuring 132.83 acres, duly registered in the name of the Company. The property is utilized as manufacturing facility for production of sugar.

5.1.2 Revaluation of freehold land was carried out by an independent valuator Sipra & Company (Pvt.) Ltd. as on January 12, 2021, an approved professional valuator on the panel of Pakistan Banks' Association (PBA). This revaluation on freehold land resulted in net surplus of Rs. 1,509 million. The forced sale value of the revalued freehold land has been assessed at Rs. 460 million as at revaluation date. Had the revaluation not been carried out, the book value of the freehold land would be Rs. 186,830 million (2020: Rs. 186,830) million.

*[Signature]*



		30.9.2021	30.9.2020
	Note	----- (Rupees in '000') -----	
<b>5.1.5 Depreciation for the period has been allocated as under:</b>			
Cost of goods sold	24.1	123,135	114,932
Administrative and selling expenses	25	1,417	1,519
		<u>124,552</u>	<u>116,451</u>
<b>6 STORES, SPARES AND LOOSE TOOLS</b>			
Stores, spares and loose tools		121,136	126,712
Less: Provision for obsolescence of stores, spares and loose tools		(18,972)	-
		<u>102,164</u>	<u>126,712</u>
<b>7 LONG-TERM DEPOSITS AND ADVANCES</b>			
<b>Long-term deposits</b>			
Lease key money		18,577	18,577
Electricity		1,193	1,193
Others		128	128
		19,898	19,898
<b>Advances - unsecured</b>			
Advances against plant and equipment		-	7,230
		<u>19,898</u>	<u>27,128</u>
<b>8. STOCK-IN-TRADE</b>			
<b>Finished goods</b>			
Bagasse		8,910	4,894
<b>Work-in-process</b>			
Sugar		-	2
		<u>8,910</u>	<u>4,896</u>
<b>9. TRADE DEBTS</b>			
<b>Unsecured - considered good</b>			
Sugar		69	64
Electricity	9.1	41,039	41,039
Molasses		9,776	1,976
Bagasse		261	196
		51,145	43,275
<b>Considered doubtful</b>			
Loss allowances for debts considered doubtful		(4,250)	(4,250)
		<u>46,895</u>	<u>39,025</u>
<b>9.1</b>	This represents receivable against sale of electricity to Hyderabad Electric Supply Company.		
<b>10. PREPAYMENTS AND ADVANCES</b>			
<b>Unsecured - considered good</b>			
Prepayments		955	247
Advance to suppliers		10,778	10,019
Advance to related party		114	-
Advances to staff :			
- against salaries - secured		10,012	4,656
- against expenses - unsecured		232	484
		<u>22,091</u>	<u>15,406</u>

	Note	30.9.2021 ------(Rupees in '000')-----	30.9.2020 ------(Rupees in '000')-----
<b>11. OTHER RECEIVABLES</b>			
Unsecured - considered good			
Export subsidy	11.1	172,283	172,283
Related party - Bandhi Powergen (Private) Limited	11.2	-	3,021
Other financial assets		4	4
		<u>172,287</u>	<u>175,308</u>

11.1 This includes export subsidy on export of sugar during the year ended June 30, 2018 as announced by the Federal Government of Pakistan. Through Constitutional petition no. 5564 of 2021 the Company has sought directions from Honourable Sindh Court against Government of Sindh in respect of approval, settlement and release of the pending claims of the Company in respect of freight support. The Company exported sugar and therefore entitled to receive the respective share from provincial Government. The management in consultation with their legal advisor is confident of favourable outcome, hence, no provision including in this regard has been recorded in the financial statements.

11.2 This represented unsecured, interest free advance to a related party which was recoverable on demand. The maximum outstanding amount calculated with reference to month end balances is Rs. 3.021 million (2020: 3.021) million this long outstanding receivables has been written off during the current reporting period.

	Note	30.9.2021 ------(Rupees in '000')-----	30.9.2020 ------(Rupees in '000')-----
<b>12. TAX REFUNDABLES</b>			
Income tax refundable		-	10,442
Sales tax refundable		-	29,718
		<u>-</u>	<u>40,160</u>

**13. CASH AND BANK BALANCES**

Cash in hand		8,396	643
Cash at bank			
- in current accounts	13.1	46,137	46,461
- in saving accounts		48	48
		<u>54,581</u>	<u>47,152</u>

13.1 This includes an amount of Rs. 43.655 million (2020: 43.655) million held in frozen bank accounts. Transaction in those bank accounts were blocked during the year ended June 30, 2019 under the order of Government of Pakistan. The Company is vigorously pursuing the matter with the banks and in this respect has also made complaints against respective banks to Banking Mohtasib of Pakistan. The management is confident and believes that matter will soon be settled and operations of those accounts will be restored.

	Note	30.9.2021 ------(Rupees in '000')-----	30.9.2020 ------(Rupees in '000')-----
<b>14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
Share capital	14.1	<u>1,197,000</u>	<u>1,197,000</u>

14.1 The break-up of ordinary share capital is as follows:

30.9.2021      30.9.2020

Number of shares

119,700      119,700

1,197,000      1,197,000

14.2 All ordinary shares rank equally with regard to residual assets of the Company. The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction. As at reporting date, all shares are held by the directors of the Company.



	Note	30.9.2021 ------(Rupees in '000')-----	30.9.2020 ------(Rupees in '000')-----
<b>15. REVALUATION SURPLUS ON FREEHOLD LAND</b>			
Revaluation surplus on freehold land	15.1	<u>346,004</u>	<u>346,004</u>
<b>15.1 Movement in revaluation surplus on freehold land</b>			
Opening balance as at October 01		346,004	344,495
Revaluation surplus during the year		-	1,509
Closing balance as at September 30		<u>346,004</u>	<u>346,004</u>

15.1.1 The revaluation surplus is presented as a separate capital reserve in these financial statements and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

	Note	30.9.2021 ------(Rupees in '000')-----	30.9.2020 ------(Rupees in '000')-----
<b>16. LONG-TERM FINANCING</b>			
Loan from banking companies - secured	16.1	<u>1,273,849</u>	<u>1,270,821</u>
Lease liabilities	16.2	<u>104,405</u>	<u>120,500</u>
		<u>1,378,254</u>	<u>1,391,321</u>
Current portion of long-term financing shown under current liabilities	20	<u>(1,333,684)</u>	<u>(1,074,680)</u>
		<u>44,570</u>	<u>316,641</u>
<b>16.1 Borrowings - under mark-up arrangements</b>			
Opening balance		1,273,849	1,273,849
Transaction costs incurred		(70,966)	(70,966)
Transaction costs amortised :			
-opening balance		67,938	57,800
-during the year		3,028	10,138
		<u>70,966</u>	<u>67,938</u>
		<u>1,273,849</u>	<u>1,270,821</u>
Current portion shown under current liabilities		<u>(240,240)</u>	<u>(448,770)</u>
Overdue instalments		<u>(1,033,609)</u>	<u>(584,839)</u>
		<u>(1,273,849)</u>	<u>(1,033,609)</u>
		<u>-</u>	<u>237,212</u>

16.1.1 This represents restructured syndicated term finance facility obtained from a consortium of four banks amounting to Rs. 1,818 million to finance capital expenditure required for setting up sugar manufacturing plant. The principal amount is repayable semi-annually in 6 years from facility effective date carrying mark-up at the rate of 6 months KIBOR plus 3% p.a (2020: 6 months KIBOR plus 3% p.a ) payable semi annually. This facility is secured against first parri passu hypothecation charge over all present and future moveable fixed assets (excluding leased assets), registered mortgage over freehold land and building on freehold land, any other immoveable property with 25% margin over the facility amount, pledge of 51% shares and personal guarantee of all sponsors & directors of the Company. Overdue instalments represents 5 semi-annual principal repayments for the periods August 2019, February 2020, August 2020, February 2021, and August 2021 respectively.

*Boaz*

## 16.2 LEASE LIABILITIES

Lease liabilities payable are as follows:

	(30.9.2021)		(30.9.2020)	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	Rupees in '000'			
Not later than one year	66,454	59,834	55,029	41,071
Later than 1 year but not later than 5 years	45,291	44,571	84,544	79,429
<b>Total minimum lease payments</b>	<b>111,745</b>	<b>104,405</b>	<b>139,573</b>	<b>120,500</b>
Amount representing finance charges	7,341	-	19,074	-
Present value of minimum lease payments	104,405	104,405	120,500	120,500
Current portion - present value	(59,834)	(59,834)	(41,071)	(41,071)
	<b>44,571</b>	<b>44,571</b>	<b>79,429</b>	<b>79,429</b>

- 16.2.1 This represents finance lease entered into between leasing company and the Company. The minimum lease payments have been discounted at an implicit interest rate ranging from 10.85% to 11.42 % (2020: 10.96% to 17.83%) per annum to arrive at their present value. Rentals are paid on monthly instalments. Taxes, repairs and insurance costs are to be borne by the Company.

30.9.2021      30.9.2020  
----- (Rupees in '000') -----

## 17 DEFERRED TAXATION

### Deferred tax liability on

#### Taxable temporary difference

Accelerated tax depreciation	745,023	717,244
Amortization of long-term financing	-	878

### Deferred tax asset on

#### Deductible temporary difference

Lease liabilities	(30,277)	(34,945)
Trade debts	(1,233)	(1,233)
Provision for obsolescence of stores, spares and loose tools	(5,502)	-

#### Tax credits

Minimum taxes / Alternate corporate taxes paid	(107,558)	(74,909)
Carried forward tax losses	(785,406)	(707,129)
	(929,976)	(818,216)

	(184,953)	(93,653)
	144,570	97,600
<b>Deferred Tax (asset) / liability</b>	<b>(40,383)</b>	<b>3,947</b>

- 17.1 The Company has not recognised deferred tax assets amounting to Rs. 144.564 million (2020: 97.600 million) because it is not probable that future taxable profit will be available against which the Company can use the benefit there from before there expiry.

- 17.2 Tax credits for which no deferred tax asset was recognised expire as follows:

*Ross*



	30.9.2021	
	(Rupees in '000')	
	Amount	Expiry
Alternate corporate tax pertaining to Tax year 2018	15,436	2028
Minimum tax pertaining to Tax year 2020	30,600	2025
Minimum tax pertaining to Tax year 2021	17,091	2026
Minimum tax pertaining to Tax year 2022	44,431	2027
	<u>107,558</u>	

	30.9.2021	30.9.2020
Note	----- (Rupees in '000') -----	
<b>18. TRADE AND OTHER PAYABLES</b>		
Sugar cane and others	514,669	725,957
Accrued liabilities	18,048	15,773
Advance from customers - unsecured	8,290	335,238
Payable to employees' provident fund	18.1 15,937	12,032
Sindh workers' welfare fund payable	10,468	6,081
Sindh workers' profit participation fund payable	25,631	14,882
Due to related party - director	18.2 13,135	5,635
Others	18.3 674,743	593,890
	<u>1,280,921</u>	<u>1,709,488</u>
18.1	The bank account of the Employees' Provident Fund Trust was blocked during the year ended June 30, 2019 upon the order of authorities of Government of Pakistan.	
18.2	This represents unsecured amount payable to a director on demand and carries mark-up at the rate of 9.55% (2020: 9.55%) per annum.	
18.3	This represents amount of sales tax payable for the months of May 2019, December 2019 to May 2020, September 2020 and September 2021 amounting in aggregate to Rs. 594.743 million.	

	30.9.2021	30.9.2020
Note	----- (Rupees in '000') -----	
<b>19. ACCRUED MARK-UP</b>		(Restated)
Mark-up on long-term financing	448,226	313,918
Mark-up on Sindh Workers' Profit Participation Fund	19.1 3,571	1,897
Mark-up on Provident fund	1,781	765
Mark-up on due to related party	3,127	1,872
	<u>456,705</u>	<u>318,452</u>
19.1	This represent mark-up charged on SWPPF under Section 2(f)(2) The Sindh Companies Profits (Workers' Participation) Act, 2015.	

	30.9.2021	30.9.2020
Note	----- (Rupees in '000') -----	
<b>20. SHORT-TERM FINANCING</b>		
<b>Under mark-up arrangement</b>		
<b>From banking companies - secured</b>		
Current portion of long-term financing including overdue instalments	16.1 1,273,849	1,033,609
Current portion of lease liability	16.2 59,834	41,071
	<u>1,333,683</u>	<u>1,074,680</u>

	Note	30.9.2021	30.9.2020
		------(Rupees in '000')-----	
<b>21. CURRENT TAX LIABILITY</b>			
Opening balance as at October 01		54,763	40,506
Provision for current tax liability	29	44,431	29,483
Prior period tax (income) / expense		5,986	9,995
Advance income tax		(42,221)	(25,221)
Closing balance as at September 30		<u>62,959</u>	<u>54,763</u>

## 22. CONTINGENCIES AND COMMITMENTS

### 22.1 Contingencies

22.1.1 The Government of Sindh (GOS) in the year 2017 issued notification no. 18(142)/S.O (EXT) 2017 fixing the minimum price of sugarcane at the rate of Rs.182 per 40 kgs for the crushing season 2017-2018. Various sugar mills filed a Constitution Petition in High Court of Sindh challenging the said notification. The Court in its judgment fixed the minimum price of sugarcane at the rate of Rs.160 per 40 kgs for crushing season 2017-2018 and the balance of Rs. 22 per 40 kgs to be decided by the Honorable Supreme Court of Pakistan which is currently pending. No provision in respect of rate differential amounting to Rs. 266.637 million has been made in these financial statements as the Company in consultation with their legal advisor is confident that the matter will eventually be decided in favor of the Company.

22.1.2 Suit was filed by one of the consortium bank bearing suit no. B-26 of 2020 before the Honorable High Court of Sindh at Karachi on August 11, 2020 against the Company for recovery of principal amount outstanding and mark-up thereon amounting in aggregate to Rs. 196.685 million under Section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001. The Company, in this respect, has written applications for seeking unconditional leave to defend and denied the outstanding amount as claimed by the bank. The bank has not yet filed its replication in response to the above referred application. The Company has denied the outstanding amounts as claimed by the Bank and has claimed that the Bank without having any lawful justification recovered huge amounts from the Company and has illegally adjusted the same towards mark-up over mark-up beyond its legal entitlement and even charged mark-up after the expiry of the contractual period additionally several other factual & legal grounds have been raised in the application raised by Company which is still pending and the amounts claimed by the Bank has to qualify the test of judicial determination with respect to the amounts actually payable, if any in accordance with law. The application written and the matter is yet pending adjudication. Additionally, several other factual and legal grounds have been raised which is still pending and the amounts claimed by the Bank has to qualify the test of judicial determination. The Company has fully recognised mark-up on its outstanding/overdue liability in these financial statements up to the reporting date. The Company in consultation with their legal advisor firmly believes that the Company has a strong case and the matter will eventually be decided in the favor of the Company referred to the note 16.1.

22.1.3 An assessment Order-in-Original No. 3/5 of 2020 (the "Impugned Order") dated June 29, 2020 was passed by Deputy Commissioner Inland Revenue against the Company in response to Show Cause Notice (the "SCN") dated March 11, 2020 under section 11(2) of the Sales Tax Act, 1990. The impugned order required Company to deposit short payment of sales tax for the month of January 2020 amounting to Rs. 91.953 million along with default surcharge u/s 32(1) and penalty under section 33 under the said Act. The Company being aggrieved by the impugned order, filed appeal before Commission (Appeals-IV) at Karachi which was rejected vide order no 6 dated March 31, 2021. An appeal has been filed by the Company before Appellate tribunal against the above order which is yet pending. The management in consultation with their tax advisor is confident of favorable outcome, hence, no provision including default surcharge and penalty has been recorded in the financial statements.

*Signature*



- 22.1.4 The Company was selected for audit under section 177 of the Income Tax Ordinance, 2001 for five tax years (i.e. tax years 2015 to 2019). A detailed audit of Company's tax affairs was carried out by tax authorities and consequent to the audit, during the month of January 2021, the tax authorities passed assessment orders in terms of Section 122(1) of the Ordinance for the above five years whereby unlawful and arbitrary tax demands aggregating to Rs. 14.352 billion were raised by making additions/disallowances under various heads. The additions/disallowances were generally of arbitrary nature, illegal and without basis. Similar approach was adopted while framing the assessment orders of other sugar mills in the province of Sindh. Appeals have been filed by the Company before the Commissioner Inland Revenue (Appeals) against the above assessment orders and Commissioner (Appeals) confirmed the assessment orders. The Company in this regard obtained stay of demand from the Appellate Tribunal. The legal counsel of the Company is of the view that the above assessments have been framed on frivolous and flimsy grounds without merit. The Company, therefore, based on the advice of the legal counsel, expects a favourable outcome and has not made any provision in these financial statements in respect of the impugned assessment orders.
- 22.1.5 Constitutional petition No. D-3086 pertaining to the matter of repeated selection of tax year 2017 under section 177 of the Income tax Ordinance, 2001 is pending before honorable High Court of Sindh. The Company has obtained stay order against the above matter. Management in consultation with their legal advisor is confident of favourable outcome hence, no provision is recorded in the financial statements.
- 22.1.6 Constitutional petition No. D-3692 of 2021 pertaining to the sales tax audit under section 25 of Sales Tax Act, 1990 for the period August 2016 to September 2017 is pending before honorable High Court of Sindh. The Company has obtained stay order in respect of the above matter. Management in consultation with their legal advisor is confident of favourable outcome hence, no provision is recorded in the financial statements.
- 22.1.7 The Company has issued Post Dated Cheques (PDCs) amounting in aggregated to Rs. Nil (2020: 12.721 million) to Sindh Leasing Company Limited on account of future lease payments.

## 22.2 Commitments

There were no commitments as at September 30, 2021 (2020: nil).

## 23. SALES - NET

### Sales

- Sugar - local
- Electricity
- Molasses
- Bagasse

### Sales tax

	30.9.2021	30.9.2020
	----- (Rupees in '000') -----	
	2,828,950	2,306,540
	-	41,037
	472,331	353,056
	71,015	56,923
	<u>3,372,296</u>	<u>2,757,556</u>
	(410,229)	(363,335)
	<u>2,962,067</u>	<u>2,394,221</u>



		30.9.2021	30.9.2020
	Note	----- (Rupees in '000') -----	
<b>24. COST OF GOODS SOLD</b>			
Opening stock - finished goods		4,894	-
Cost of goods manufactured	24.1	2,482,280	2,405,249
Closing stock - finished goods		(8,910)	(4,894)
Cost of goods sold		<u>2,478,264</u>	<u>2,400,355</u>

**24.1 Cost of goods manufactured**

Wages, salaries and other benefits	24.1.1	88,152	115,204
Sugarcane consumed including road cess		2,126,028	2,063,023
Cartage and conveyance		15,345	13,030
Stores, spares and loose tools consumed	24.1.2	87,500	79,666
Provision for obsolescence of stores, spares and loose tools		18,972	-
Communication		2,343	2,240
Utilities		4,398	5,344
Vehicle running and maintenance		8,897	3,388
Entertainment		1,270	1,548
Insurance		4,793	3,923
Depreciation	5.1.5	123,135	114,932
Security charges		631	1,058
Other overheads		813	313
		<u>2,482,278</u>	<u>2,403,669</u>

**Sugar**

Opening work-in-process	2	1,582
Closing work-in-process	-	(2)
	<u>2</u>	<u>1,580</u>
	<u>2,482,280</u>	<u>2,405,249</u>

24.1.1 Salaries, wages and other benefits include contributions of Rs. 0.571 million (2020:Rs. 0.903 million) in respect of defined contribution plan.

**24.1.2 Stores, spares and loose tools consumed**

	Note	30.9.2021	30.9.2020
		----- (Rupees in '000') -----	
Opening balance		126,712	133,410
Purchases during the year		62,951	72,968
Closing balance		(102,164)	(126,712)
Stores, spares and loose tools consumed		<u>87,500</u>	<u>79,666</u>

**25. ADMINISTRATIVE AND SELLING EXPENSES**

Salaries wages and other benefits	25.1	36,556	37,625
Traveling and conveyance		1,372	391
Fuel and power		1,384	1,528
Printing and stationery		1,573	3
Legal and professional		23,071	8,272

*8005*



	Note	30.9.2021 ----- (Rupees in '000') -----	30.9.2020
Short term lease rental		2,738	2,581
Rent, rates and taxes		44,941	2,068
Insurance		1,013	757
Repairs and maintenance		952	1,320
Auditors' remuneration	25.2	1,155	1,050
Depreciation	5.1.5	1,417	1,519
Others		442	708
		<u>116,614</u>	<u>57,822</u>
25.1	Salaries, wages and other benefits includes contribution of Rs. 1.797 million (2020: Rs. 2.061 million) in respect of defined contribution plan.		
25.2	<b>Auditors' remuneration</b>	Note	30.9.2021 ----- (Rupees in '000') -----
	Statutory audit fee		1,095
	Out of pocket expenses		60
			<u>1,155</u>
26.	<b>OTHER INCOME</b>		
	Scrap sales		2,455
			<u>2,455</u>
27.	<b>OTHER OPERATING EXPENSES</b>		
	Provision for related party receivables written off		3,021
	Sindh workers' welfare fund		4,387
	Sindh workers' profit participation fund		10,749
			<u>18,157</u>
28.	<b>FINANCIAL CHARGES</b>		(Restated)
	Mark-up on long-term financing		132,984
	Mark-up on sindh worker's profit participation fund		1,674
	Mark-up on payable to provident fund		1,016
	Amortisation of transaction cost	16.1	3,028
	Mark-up on lease liabilities		10,190
	Mark-up on due to related party		1,254
	Bank charges		139
			<u>150,285</u>
29.	<b>TAXATION</b>		
	Provision for current taxation	29.1	44,431
	Prior period tax (income) / expense		5,986
	Deferred tax income		(44,330)
			<u>6,087</u>
29.1	As the tax charge represents minimum tax (turnover) under Income Tax Ordinance, 2001, numerical reconciliation between the average effective tax rate and applicable tax rate is not prepared and presented.		
29.2	Income tax assessments of the Company have been completed up to the tax year 2021 (accounting year ended September 30, 2020) which are deemed to have been assessed under section 120 of the Income Tax Ordinance, 2001.		

*Signature*

30. **EARNINGS / (LOSS) PER SHARE – BASIC AND DILUTED**

earnings/(Loss) per share has been computed by dividing the profit/(loss) for the year after taxation by the weighted average number of shares outstanding during the year.

(Loss) / profit for the period (Rs. in "000").

Weighted average number of ordinary shares (Rs. in "000").

Basic earning / (loss) per share (in Rs.)

195,115	(306,037)
119,700	119,700
1.63	(2.56)

- 30.1 There is no dilutive effect on the basic earnings/(loss) per share as the Company has no potential convertible ordinary shares in issue as at the end of the reporting period.

31. **REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVE**

	30-09-2021		30-09-2020	
	Chief Executive Officer	Directors	Chief Executive Officer	Directors
	(Rupees in '000')			
Managerial remuneration	11,613	8,143	11,613	6,196
House rent allowance	5,226	3,712	5,226	2,788
Utilities	1,161	2,098	1,161	620
	1,161	814	1,161	557
Company's contribution to provident fund				
	19,161	14,768	19,161	10,161
Number of persons	1	6	1	6

- 31.1 Certain chief executive officer and directors are also provided with Company maintained cars.

- 31.2 There were no executives of the Company as at reporting date.

32. **TRANSACTIONS WITH RELATED PARTIES**

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

Names of related party	Nature of transaction	30.9.2021	30.9.2020
		(Rupees in '000')	
Bandhi Powergen (Private) Limited	Other receivables	-	3,021
Staff retirement benefit	Contribution paid	3,789	2,761
Mr.Agha Shershah	Interest on loan	1,254	538
Directors & CEO	Managerial remuneration	33,929	29,322

33. **FINANCIAL INSTRUMENT AND RELATED DISCLOSURES**

**Financial assets at amortised cost**

Long-term deposits*	19,898	19,898
Trade debts	46,895	39,025
Other receivables*	4	3,025
Cash and bank balance	54,581	47,152
	121,378	109,100



\*Advance against plant and equipment is a non financial asset hence it is excluded from long term deposits and advances.

\*Export subsidy amounting to Rs. 172.283 million (2020: Rs. 172.283 million) is a non-financials asset hence, it is excluded from other receivables

	30.9.2021	30.9.2020
	----- (Rupees in '000') -----	
<b>Financial liabilities at amortised cost</b>		
Long-term financing	44,570	316,641
Trade and other payables*	625,852	747,365
Accrued mark-up	456,705	340,664
Short-term financing	1,333,683	1,074,680
	<u>2,460,809</u>	<u>2,479,350</u>

\*Advance from customers amounting to Rs.8.29 million (2020: Rs. 335.238 million), payable to employees' provident fund amounting to Rs. 15.937 million (2020: Rs. 12.032 million), Sindh workers' welfare fund payable amounting to Rs. 10.468 million (2020: Rs. 6.081 million), Sindh workers' profit participation fund payable amounting to Rs. 25.631 million (2020: Rs. 14.882 million) are non-financial liabilities, hence, excluded from trade and other payables shown as financial liabilities.

#### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors have an overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents the information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Company's activities.

##### 34.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, obtaining advances against sales and continually assessing the creditworthiness of counterparties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The maximum exposure to credit risk as at the reporting date is:

	30.9.2021	30.9.2020
	----- (Rupees in '000') -----	
Long-term deposits*	19,898	19,898
Trade debts	46,895	39,025
Other receivables	4	3,025
Bank balances	46,185	46,509
	<u>112,982</u>	<u>108,457</u>

## Trade debts

The maximum exposure to credit risk before any credit enhancements and provision for bad debts at the reporting date by division is:

	30.9.2021	30.9.2020
	----(Rupees in '000')----	
Sugar	69	64
Electricity	41,039	41,039
Molasses	9,776	1,976
Bagasse	261	196
	<u>51,145</u>	<u>43,275</u>

## The aging of trade receivables at the reporting date is:

Past due 1-90 days	9,649	1,342
Past due 90-180 days	396	840
Past due 180-270 days	61	54
Past due 270-365 days	41,039	41,039
	<u>51,145</u>	<u>43,275</u>

### 34.1.1 Bank balances

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

Name of banks	Ratings		Date of Rating	30-9-2021 Rs in "000"
	Long-term	Short-term		
National Bank of Pakistan	VIS AAA	A-1+	Jun-21	5,035
United Bank Ltd.	VIS AAA	A-1+	Jun-21	33,508
Sindh Bank Ltd.	VIS A+	A-1	Jun-21	1,284
Habib Bank Ltd.	VIS AAA	A-1+	Jun-21	3,067
Summit Bank Ltd.	VIS BBB-	A-3	Nov-18	102
MCB Bank Ltd.	PACRA AAA	A1+	Jun-21	629
Meezan Bank Ltd.	VIS AAA	A-1+	Jul-21	295
Bank Al-Habib Ltd.	PACRA AAA	A1+	Jun-21	2,192
Bank Alfalah Ltd.	PACRA AA+	A1+	Jul-21	72
				<u>46,185</u>

### 34.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity risk by ensuring as far as possible to always have sufficient liquid assets to meet its liabilities when they fall due. In addition, the Company has obtained financing facilities from various commercial banks to meet any deficit, if required to meet the liquidity commitments. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	As at 30-09-2021			
	Up to 6 months	More than six months and up to one year	More than one year and up to five years	Total
	-----Rupees in '000'-----			
Long-term financing	-	-	44,570	44,570
Current portion of long term financing	1,062,475	271,208	-	1,333,683
Trade and other payables	1,032,737	248,184	-	1,280,921
Accrued mark-up	456,705	-	-	456,705
	<u>2,551,917</u>	<u>519,392</u>	<u>44,570</u>	<u>3,115,879</u>



As at 30-09-2020

	Up to 6 months	More than six months and up to one year	More than one year and up to five years	Total
	-----Rupees in '000'-----			
Long-term financing	-	-	316,641	316,641
Current portion of long term financing	809,224	265,456	-	1,074,680
Trade & other payables	1,011,217	362,979	-	1,374,195
Accrued mark-up	340,664	-	-	340,664
Current tax liability	54,763	-	-	54,763
	<b>2,215,868</b>	<b>628,435</b>	<b>316,641</b>	<b>3,160,943</b>

### 34.3 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and equity prices.

#### 34.3.1 Foreign exchange risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transactions or receivables or payables that exist due to transactions in foreign currency. As at reporting date, the Company is not exposed to foreign exchange risk.

#### 34.3.2 Interest / mark-up rate risk

Interest rate risk is the risk that fair value of future cash flows of the financial instruments will fluctuate due to changes in the market interest rates. The Company interest rate risk arises from long-term financing and short-term financing obtained with floating rates. As at the date of statement of financial position, the interest rate profile of the Company's significant interest bearing financial instruments are as follows:

	30.9.2021	30.9.2020
	Carrying amount	
	------(Rupees in '000')-----	
<b>Financial liabilities</b>		
<b>Variable rate instruments</b>		
Long-term financing	44,570	316,641
Due to related party - director	13,135	5,635
Current portion of long term financing	1,333,683	1,074,680
	<b>1,391,388</b>	<b>1,396,956</b>

### Sensitivity analysis

#### Fair value sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

*80m53*

	30.9.2021	30.9.2020
	----- (Rupees in '000') -----	
	Profit or loss 100 bp	
	Increase	Decrease
<b>Financial liabilities</b>		
<b>As at 30-09-2021</b>		
Cash flow sensitivity	<u>(13,914)</u>	<u>(13,970)</u>
<b>As at 30-09-2020</b>		
Cash flow sensitivity	<u>(13,970)</u>	<u>(14,035)</u>

#### 34.3.3 Other price risk

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

#### 34.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short-term in nature or reprised periodically.

International Financial Reporting Standard 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. As at reporting date, the Company only has certain freehold land measured at revalued amount using level 2 valuation techniques. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

#### 34.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures which commensurate to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

*Boon*



	30.9.2021	30.9.2020
	----(Rupees in '000')----	
Long-term financing	44,570	316,641
Short-term financing	1,333,683	1,074,680
Total debts	1,378,253	1,391,321
Less: Cash and bank balances	(54,581)	(47,152)
Net debts	1,323,672	1,344,169
Total equity	1,680,678	1,463,351
<b>Total debt and equity</b>	<b>3,004,350</b>	<b>2,807,520</b>
<b>Gearing ratio</b>	<b>79%</b>	<b>92%</b>

35. **INSTALLED CAPACITY AND ACTUAL PRODUCTION**

	30.9.2021	30.9.2020
Installed crushing capacity	7,000	7,000
Number of days of production	126	100
Capacity utilized	2,933 TCD	3,658 TCD
Actual cane crushing	369,652	365,805
Percentage of capacity attained	42%	52.26%
Total sugar bagged	35,035	34,102

The sugar production plant capacity is based on crushing of sugarcane on daily basis in a season and sugar production is dependent on various factors which mainly includes sucrose content recovery. The change in actual crushing is due to supply and demand situation in market.

36. **NUMBER OF EMPLOYEES INFORMATION**

	30.9.2021	30.9.2020
Total employees of the Company as at reporting date	296	316
Average employees of the Company during the year	306	306
Total Employees working in the Company's factory at the reporting date	280	299
Average employees working in Company's factory during the year	290	290

37. **CORRECTION OF PRIOR YEAR**

During the year ended September 30, 2021, it was discovered that interest charges of prior year on loan from banking companies and accrued markup were overstated by Rs. 22.212 million. The error has been corrected by restating each of the affected financial statement line items for the prior period. The following tables summarise the impacts on the Company's financial statements.

Statement of Financial position	Impact of error correction		
	As previously reported	Error correction	As restated
	---(Rupees in "000")---		

As at Sep 30, 2020

Mark-up on long term financing	340,664	(22,212)	318,452
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Statement of profit or loss	Impact of error correction		
	As previously reported	Error correction	As restated
	---(Rupees in "000")---		

**For the year ended Sep 30, 2020**

Financial charges	(240,067)	22,212	(217,855)
Loss before taxation	(288,771)	22,212	(266,560)
Loss after taxation	(328,249)	22,212	(306,037)
Loss per share - basic & diluted	(2.74)	(0.18)	(2.56)

Statement of Cash flows	Impact of error correction		
	As previously reported	Error correction	As restated
	---(Rupees in "000")---		

**For the year ended Sep 30, 2020**

*Cash flows from operating activities*

Loss before taxation	(288,771)	22,212	(266,559)
Financial charges	(229,929)	22,212	(207,717)

Statement of Changes in Equity	Impact of error correction		
	As previously reported	Error correction	As restated
	---(Rupees in "000")---		

**As at Oct 1, 2020**

Accumulated loss	(150,903)	22,212	(128,691)
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**For the year ended Sep 30, 2020**

Loss after taxation	(328,249)	22,212	(306,037)
Total comprehensive loss	(326,740)	22,212	(304,528)

**38. AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 28 DEC 2021 by the board of directors of the Company.

**39. GENERAL**

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

*AS Hcl*  
CHIEF EXECUTIVE  
*xxx*

*Sham Malik*  
CHIEF FINANCIAL OFFICER

*Agul*  
DIRECTOR