AUDITED FINANCIAL STATEMENTS
OF
MATIARI SUGAR MILLS LIMITED
FOR THE YEAR ENDED
SEPTEMBER 30, 2023

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
KARACHI, LAHORE & ISLAMABAD

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MATIARI SUGAR MILLS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

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Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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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.

- 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.

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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;

d) No zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Karachi
Date: January 16, 2024
UDIN: AR202310210FJdPokrsx

Matiari Sugar Mills Limited

Unconsolidated Statement of Financial Position

As at September 30, 2023

	Note	2023	2022
ASSETS		---------- (Rupees) ----------	
Non-current assets			
Property, plant and equipment	5	4,569,729,423	4,666,229,176
Right-of-use assets	6	140,063,304	184,883,782
Investment in subsidiaries	7	1,770,271,444	1,004,641,280
Long term deposits	8	38,828,217	38,828,217
		6,518,892,388	5,894,582,455
Current assets			
Stores, spares and loose tools	9	59,043,979	40,721,846
Stock in trade	10	853,695,224	1,605,522,690
Short term deposits		49,684,016	28,046,400
Biological assets	11	21,037,500	42,305,324
Trade debts - unsecured, considered good		84,047,931	20,115,302
Loans, advances, prepayments and other receivables	12	463,200,128	409,480,534
Tax refunds due from government	13	381,636,858	395,333,884
Cash and bank balances	14	39,902,119	28,911,963
		1,952,247,755	2,570,437,943
Total assets		8,471,140,143	8,465,020,398
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
25,000,000 Ordinary shares of Rs. 10 each		250,000,000	250,000,000
Issued, subscribed and paid up capital	15	248,384,300	248,384,300
Capital reserves			
Surplus on revaluation of property, plant and equipment- net	16	2,742,940,964	2,802,021,370
Surplus on revaluation of investment in subsidiaries		1,624,539,844	858,909,680
Revenue reserve			
Unappropriated profit		417,001,811	378,746,050
		5,032,866,920	4,288,061,400
Non-current liabilities			
Long term financing	17	678,528,376	597,495,759
Lease liability	18	69,746,236	114,260,835
Deferred liabilities	19	397,277,437	444,751,524
		1,145,552,049	1,156,508,118
Current liabilities			
Trade and other payables	20	985,861,155	510,009,183
Accrued mark up	21	71,541,290	70,940,509
Short term borrowings	22	1,108,554,289	2,243,493,968
Current maturity of long term liabilities	23	110,859,007	155,057,008
Unclaimed dividend		15,905,433	40,950,212
		2,292,721,174	3,020,450,880
Contingencies and commitments	24		-
Total equity and liabilities		8,471,140,143	8,465,020,398

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive	**Director**

Matiari Sugar Mills Limited

Unconsolidated Statement of Profit or Loss
For the year ended September 30, 2023

	Note	2023	2022
		(Rupees)	
Sales - net	25	4,856,230,902	3,279,701,136
Cost of sales	26	(4,521,045,227)	(3,015,531,825)
Gross profit		335,185,675	264,169,311
Administrative expenses	27	(143,918,310)	(139,511,385)
Selling and distribution cost	28	(3,179,798)	(3,869,370)
Other operating costs	29	(980,414)	(750,000)
		(148,078,522)	(144,130,755)
Operating profit		187,107,153	120,038,556
Other income	30	187,285,809	129,436,291
		374,392,962	249,474,847
Finance cost	31	(354,527,672)	(300,874,969)
Profit / (loss) before taxation		19,865,290	(51,400,122)
Taxation	32	(40,689,936)	58,101,082
(Loss) / profit after taxation		(20,824,646)	6,700,960
(Loss) / earnings per share - basic and diluted	33	(0.84)	0.27

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

Matiari Sugar Mills Limited

Unconsolidated Statement of Comprehensive Income
For the year ended September 30, 2023

	2023	2022
	---------- Rupees ----------	
(Loss) / profit after taxation	(20,824,646)	6,700,960
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Gain / (loss) on remeasurement of fair value of investment in subsidiaries classified as available for sale	765,630,164	260,647,138
Total comprehensive income for the year	744,805,518	267,348,099

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

Matiari Sugar Mills Limited

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

		Capital reserves		Revenue reserve	
	Issued, subscribed and paid up capital	Surplus on revaluation of property, plant and equipment - net	Surplus on revaluation of investment in subsidiaries	Unappropriated profit	Total
	Rupees				
Balance as at September 30, 2021	248,384,300	2,866,597,940	598,262,542	307,468,520	4,020,713,302
Transfer of incremental depreciation from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(62,309,235)	-	62,309,235	-
Surplus on revaluation realised on disposal of property, plant and equipment - net of deferred tax	-	(2,267,335)	-	2,267,335	-
Total comprehensive income for the year ended September 30, 2022:					
- Profit after taxation	-	-	-	6,700,960	6,700,960
- Other comprehensive income - net	-	-	260,647,138	-	260,647,138
	-	-	260,647,138	6,700,960	267,348,098
Balance as at September 30, 2022	248,384,300	2,802,021,370	858,909,680	378,746,050	4,288,061,400
Transfer of incremental depreciation from surplus on revaluation of property, plant and equipment - net of deferred tax	**-**	**(59,080,407)**	**-**	**59,080,407**	**-**
Total comprehensive income for the year ended September 30, 2023:					
- Loss after taxation	**-**	**-**	**-**	**(20,824,646)**	**(20,824,646)**
- Other comprehensive income - net	**-**	**-**	**765,630,164**	**-**	**765,630,164**
	-	**-**	**765,630,164**	**(20,824,646)**	**744,805,518**
Balance as at September 30, 2023	**248,384,300**	**2,742,940,963**	**1,624,539,844**	**417,001,811**	**5,032,866,918**

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

Matiari Sugar Mills Limited

Unconsolidated Statement of Cash Flows

For the year ended September 30, 2023

	Note	2023	2022
		---------- Rupees ----------	
Cash used in operations	35	1,434,923,240	(255,952,256)
Income tax paid		(75,403,868)	(77,327,649)
Finance cost paid		(353,926,891)	(268,213,373)
Accumulated compensated absences		936,871	(902,904)
Long term deposits		-	(9,468,345)
Net cash generated / (used) in operating activities		1,006,529,352	(611,864,527)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(23,488,600)	(19,470,992)
Expenditure incurred on cultivation - Biological assets	11	(3,376,587)	(15,756,700)
Proceeds from disposal of property, plant and equipment		805,900	38,750,000
Proceeds from sale of biological assets	11	27,234,627	34,456,700
Interest on loan to growers received	30	1,415,514	2,297,505
Profit received on bank deposit	30	3,093,053	1,123,583
Dividend received	30	166,441,340	83,220,670
Net cash generated from investing activities		172,125,247	124,620,766
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability	18	(52,788,045)	(122,664,287)
Long term finance obtained		40,500,000	-
Long term finance repaid		(99,247,257)	(175,712,193)
Dividend paid		(25,044,779)	-
Loan from related party		103,855,319	521,779,330
Short term borrowings - net		(1,134,759,643)	212,349,998
Net cash (used) / generated from financing activities		(1,167,484,405)	435,752,848
Net increase / (decrease) in cash and cash equivalents during the year		11,170,194	(51,490,913)
Cash and cash equivalents at the beginning of the year		(120,732,005)	(69,241,092)
Cash and cash equivalents at the end of the year		(109,561,811)	(120,732,005)
Cash and cash equivalents comprise the following:			
Cash and bank balances	14	39,902,119	28,911,963
Short term borrowings - running finance	22	(149,463,930)	(149,643,968)
		(109,561,811)	(120,732,005)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive **Director**

Matiari Sugar Mills Limited

Notes to the Unconsolidated Financial Statements
For the year ended September 30, 2023

1. THE COMPANY AND ITS OPERATIONS

1.1 Legal status and operations

Matiari Sugar Mills Limited ("the Company") was incorporated in Pakistan as a public unlisted company on May 26, 1987 under the Companies Ordinance, 1984 (now repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The principal business of the Company is the production and sale of white sugar.

1.2 Geographical location and address of business units

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

a) The registered office of the Company is situated at Matiari House, C-48, K.D.A Scheme No 1, Karachi, Pakistan.

b) The Company's mills is located at Nasarpur road, District Matiari, Sindh, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provision of, and directives issued under, the Companies Act, 2017.

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

2.2 Basis of measurement

Items in these financial statements have been measured at their historical cost except for:

a) Land, factory building, non-factory building, and plant and machinery which are stated at revalued amounts;

b) Long term investment in unquoted ordinary shares of M/s. Matol (Private) Limited and Matiari Flour Mills (Private) Limited which are carried at fair value through other comprehensive income;

c) Biological assets which are stated at fair value less costs to sell; and

d) Lease liability and the related right-of-use asset which are initially measured at the present value of the lease payments that are not paid at the commencement date.

2.3 Functional and presentation currency

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

2.4 Use of judgements and estimates

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

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

(a) Judgements

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

Note reference	Area of judgement	Brief description of the judgement applied
4.1	Property, plant and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'diminishing balance method' as the depreciation method.
4.3	Investment in subsidiaries	Whether the Company has control over M/s. Matol (Private) Limited and M/s. Matiari Flour Mills (Private) Limited.
4.14	Timing of revenue recognition	Whether control of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises:
4.16	Financing for payment of wages and salaries	Whether the financing contains an element of government grant that should be recognized separately as deferred income.

(b) Assumptions and other major sources of estimation uncertainty

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

Note reference	Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
4.1	Property, plant and equipment	- Estimation of useful lives and residual values of the operating fixed assets - 'Unobservable inputs used in the revaluation of land, buildings and plant and machinery
4.2	Right of use assets	Lease term and discount rate used to measure the right-of-use assets and the lease liability
4.3	Investment in subsidiaries	Unobservable inputs used in the valuation of long term investment in M/s. Matol (Private) Limited and Matiari Flour Mills (Private) Limited
4.4	Stores and spares	Estimation of the net realizable value of stores and spares inventory and recognition of the provision for slow-moving items
4.6	Biological assets	Fair value less costs to sell of biological assets
19.1.1	Deferred taxation	Recognition of deferred tax assets on unused tax losses - availability of future taxable profit against which deductible temporary differences and unused tax losses can be utilised

3. NEW ACCOUNTING PRONOUNCEMENTS

3.1 *New and amended standards and interpretations mandatory for the first time for the financial year beginning October 01, 2022:*

(a) IAS 37 -Onerous contracts — **Effective date: January 01, 2022**

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

(b) IAS 16 - Proceeds before an asset's intended use — **Effective date: January 01, 2022**

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

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

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

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

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

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

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

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

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

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

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

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

(e) IFRS 16 - Sale and leaseback transaction **Effective date: January 01, 2024**

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation, except for freehold land, building and plant & machinery which are stated at revalued amounts less subsequent accumulated depreciation and subsequent accumulated impairment loss. Capital work-in-progress is stated at cost.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Major spare parts qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation of an asset begins from the date when the asset becomes available for use and continues till the date it is disposed of. Depreciation on all property, plant and equipment is charged to the statement of profit or loss using the reducing balance method over the asset's useful life at the rates specified in note 5.1 to these financial statements.

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

Any surplus arising on revaluation is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of plant and machinery (net of deferred taxation) is transferred directly to retained earning / unappropriated profit.

Capital work-in progress

Capital work-in-progress is stated at cost less impairment if any, and consists of expenditure incurred and advances made in respect of property, plant and equipment in the course of their construction and installation. Transfers are made to operating fixed assets as and when the assets become available for use.

4.2 Right of use assets and the related lease liability

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

A - Leases other than short-term leases and leases of low-value assets

(a) Right-of-use assets

The Company recognises 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 impairment losses, (except leased plant and machinery which is stated at revalued amount less subsequent accumulated depreciation and subsequent accumulated impairment losses) and adjusted for any remeasurement 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 reducing balance basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

B - Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to those leases where the nature of the underlying asset is such that, when new, the asset is typically not of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.3 Investment in subsidiaries

A subsidiary is an entity over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity (which is the Company has existing rights that give it the current ability to direct the relevant activities of the entity).

The Company accounts for its investment in subsidiaries initially at cost, being the fair value of consideration given includes acquisition charges associated with such investments. Subsequently, the investment is classified as fair value through OCI and carried at fair value. The fair value of the quoted equity instruments is determined by using market value at each reporting date and for unquoted equity instruments by using the alternative techniques for the valuation of unquoted equity instruments.

4.4 Stores, spares and loose tools

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

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

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

4.5 Stock in trade

Basis of valuation

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

Determination of cost

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

The costs of purchase of inventories comprise the purchase price, duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities (which is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance). However, in periods of abnormally high production, the amount of fixed overhead allocated to each unit of production is decreased so that inventories are not measured above cost. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

Notwithstanding the above, since by-products, by their nature, are immaterial, they are measured at their net realizable value.

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

Determination of net realizable value

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

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

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

Raw materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value. In such circumstances, the replacement cost of the materials is used as the measure of their net realisable value.

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

4.6 Biological assets

Biological assets comprise of crops in field. These are measured at fair value less costs to sell on initial recognition and at each reporting date. Gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset at the reporting date is included in statement of profit or loss for the period in which it arises.

4.7 Trade debts

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

4.8 Financial assets

4.8.1 *Initial recognition, classification and measurement*

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

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

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

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

(c) Financial assets at FVTPL

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

Such financial assets are initially measured at fair value.

4.8.2 *Subsequent measurement*

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

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

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

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

4.8.3 *Impairment*

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

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

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

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

4.8.4 *De-recognition*

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

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

4.9 Cash and cash equivalents

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

4.10 Financial liabilities

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

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

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

4.11 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

4.12 Provisions and contingent liabilities

Provisions

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

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

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

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

Contingent liabilities

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

4.13 Employee benefits

Compensated absences

Provision for accumulating compensated absences, whether vesting or non-vesting, is recognized as the employees render services that increase their entitlement to future paid absences. Such provision is measured as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Non-accumulating compensated absences are recognized as expense in the period in which they occur.

Defined contribution plan

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

The Company operates a recognized provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10% of basic salary. The Company's contribution is charged to the statement of profit or loss.

4.14 Revenue recognition

Revenue from sale of goods

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

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

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

(a) In case of local sale of goods, the customer is deemed to have obtained control of the promised goods being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Delivery occurs when the goods have been dispatched from the Company's premises and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

4.15 Ijarah lease arrangements

Upon its inception, an Ijarah lease contract entered into with a bank / other financial institution is evaluated to establish if it meets the Shariah essentials of Ijarah financing as approved by the Shariah Board of the State Bank of Pakistan including, in particular, the essential that, during the entire term of the lease, the lessor should retain title to the assets and bear all risks and rewards pertaining to ownership. If, in substance, all the prescribed Shariah essentials are assessed to be met, the contract is accounted for in accordance with the requirements of the Islamic Financial Accounting Standard (IFAS) 2 'Ijarah' (notified by the Securities & Exchange Commission of Pakistan vide its S.R.O. 431(I)/2007 dated May 22, 2007) whereby the ujrah payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the ijarah term. If, however, it is assessed that the Shariah essentials prescribed for Ijarah financing are not met, the lease contract is accounted in accordance with the requirements of the International Financial Reporting Standard (IFRS) 16 'Leases'.

4.16 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.17 Other income

Interest income

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

Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

4.18 Impairment of non-financial assets

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

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

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

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

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

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

4.19 Foreign currency translation

Foreign currency transactions are translated into Pak Rupee using the exchange rates prevailing on the transaction date. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the reporting date. All realized and unrealized foreign exchange gains or losses are recognized in the statement of profit or loss.

4.20 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset.

4.21 Taxation

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

Current tax

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

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There may be transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

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

Offsetting

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

4.22 Dividend distribution

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

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		Rupees	
Operating fixed assets - owned	*5.1*	4,532,323,142	4,628,879,195
Capital work in progress	*5.5*	37,406,281	37,349,981
		4,569,729,423	4,666,229,176

5.1 Operating fixed assets- Owned:

Description	Freehold land	Factory building on freehold land	Non-factory building on freehold land	Plant and machinery	Furniture, fixtures and office equipments	Electrical equipments and installations	Computers	Vehicles	Tools, fire fighting equipment, arms and ammunition	Total
	Rupees									
As at September 30, 2021										
Gross carrying amount	1,785,000,000	448,253,593	75,553,323	2,856,806,457	14,975,192	42,504,277	8,806,420	72,938,476	3,997,951	5,308,835,689
Accumulated depreciation	-	(147,767,471)	(41,519,445)	(1,056,806,457)	(10,510,672)	(21,873,181)	(7,936,235)	(54,052,730)	(3,105,822)	(1,343,572,013)
Net book value	1,785,000,000	300,486,122	34,033,878	1,800,000,000	4,464,520	20,631,096	870,185	18,885,746	892,129	3,965,263,676
Year ended September 30, 2022										
Opening net book value	1,785,000,000	300,486,122	34,033,878	1,800,000,000	4,464,520	20,631,096	870,185	18,885,746	892,129	3,965,263,676
Additions during the year	-	-	-	16,180,946	321,800	1,177,870	619,000	478,500	23,200	18,801,316
Transfers from ROUA										
Gross carrying amount	-	-	-	933,691,493	-	-	-	-	-	933,691,493
Accumulated depreciation	-	-	-	(163,710,778)	-	-	-	-	-	(163,710,778)
	-	-	-	769,980,715	-	-	-	-	-	769,980,715
Disposals during the year										
Gross carrying amount	-	-	-	(6,538,252)	-	-	-	(20,725,950)	-	(27,264,202)
Accumulated depreciation	-	-	-	1,690,992	-	-	-	14,065,452	-	15,756,444
	-	-	-	(4,847,260)	-	-	-	(6,660,498)	-	(11,507,758)
Depreciation for the year	-	(15,024,306)	(1,701,694)	(90,074,524)	(467,300)	(2,126,354)	(309,263)	(3,864,983)	(90,329)	(113,658,754)
Closing net book value	1,785,000,000	285,461,816	32,332,184	2,491,239,876	4,319,020	19,682,612	1,179,922	8,838,765	825,000	4,628,879,195
As at September 30, 2022										
Gross carrying amount	1,785,000,000	448,253,593	75,553,323	3,800,140,644	15,296,992	43,682,147	9,425,420	52,691,026	4,021,151	6,234,064,296
Accumulated depreciation	-	(162,791,777)	(43,221,139)	(1,308,900,768)	(10,977,972)	(23,999,535)	(8,245,498)	(43,852,261)	(3,196,151)	(1,605,185,101)
Net book value	1,785,000,000	285,461,816	32,332,184	2,491,239,876	4,319,020	19,682,612	1,179,922	8,838,765	825,000	4,628,879,195
Year ended September 30, 2023										
Opening net book value	1,785,000,000	285,461,816	32,332,184	2,491,239,876	4,319,020	19,682,612	1,179,922	8,838,765	825,000	4,628,879,195
Additions during the year	-	-	-	20,656,000	1,850,000	606,400	-	319,900	-	23,432,300
Transfers from ROUA										
Gross carrying amount	-	-	-	-	-	-	-	76,919,000	-	76,919,000
Accumulated depreciation	-	-	-	-	-	-	-	(46,756,822)	-	(46,756,822)
	-	-	-	-	-	-	-	30,162,178	-	30,162,178
Disposals during the year										
Gross carrying amount	-	-	-	-	-	-	-	(3,496,504)	-	(3,496,504)
Accumulated depreciation	-	-	-	-	-	-	-	2,686,120	-	2,686,120
	-	-	-	-	-	-	-	(810,384)	-	(810,384)
Depreciation for the year	-	(14,273,091)	(1,616,609)	(125,171,839)	(554,559)	(1,997,876)	(353,976)	(5,289,696)	(82,500)	(149,340,148)
Closing net book value	1,785,000,000	271,188,725	30,715,575	2,386,724,037	5,614,460	18,291,136	825,945	33,220,763	742,500	4,532,323,142
As at September 30, 2023										
Gross carrying amount	1,785,000,000	448,253,593	75,553,323	3,820,796,644	17,146,992	44,288,547	9,425,420	126,433,422	4,021,151	6,330,919,092
Accumulated depreciation	-	(177,064,868)	(44,837,748)	(1,434,072,607)	(11,532,532)	(25,997,411)	(8,599,475)	(93,212,659)	(3,278,651)	(1,798,595,950)
Net book value	1,785,000,000	271,188,725	30,715,575	2,386,724,037	5,614,460	18,291,136	825,945	33,220,763	742,500	4,532,323,142
Annual rate of depreciation	-	5%	5%	5%	10%	10%	30%	20%	10%	

	Note	2023	2022
		Rupees	
5.2 ***Depreciation charge for the year has been allocated as follows:***			
Cost of sales	26	139,444,930	105,098,830
Administrative expenses	27	9,895,218	8,559,924
		149,340,148	113,658,754

5.3 The latest revaluation of freehold land, factory and non-factory buildings, and plant and machinery was carried out by an independent valuer, Oceanic Surveyors (Private) Limited as at September 30, 2021. According to that valuation, the forced sale value of these assets has been assessed amounting to Rs. 4.253 billion.

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

Particulars	2023 Cost	2023 Accumulated depreciation	2023 Net book value	2022 Cost	2022 Accumulated depreciation	2022 Net book value
	Rupees					
Freehold land	164,586,764	-	164,586,764	164,586,764	-	164,586,764
Buildings	287,263,364	(146,297,901)	140,965,463	287,263,364	(138,878,666)	148,384,698
Plant and machinery	1,709,027,104	(762,969,255)	946,057,849	1,709,027,104	(713,176,736)	995,850,368
Right of use assets	115,288,964	(10,139,550)	105,149,414	115,288,964	(4,605,370)	110,683,594
	2,276,166,196	(919,406,706)	1,356,759,490	2,276,166,196	(856,660,772)	1,419,505,424

5.4 Details of disposal of property, plant and equipment during the year having net book exceeding Rs. 500,000 are as follows:

Description of asset	Cost / revalued amount	Accumulated depreciation	Net Book Value	Sale proceed	Gain / (loss)	Mode of disposal	Particulars of buyer
	Rupees						
2023	-	-	-	-	-		
Plant and machinery	6,538,252	(1,690,992)	4,847,260	6,000,000	1,152,740	As per Company policy	Faran Sugar Mills Limited
Vehicles	20,725,950	(14,065,452)	6,660,498	32,450,000	25,789,502	Sale and leaseback	OLP Modaraba
2022	27,264,202	(15,756,444)	11,507,758	38,450,000	26,942,242		

	2023	2022
	Rupees	
5.5 Capital work in progress		
Civil works	29,669,542	29,628,042
Plant and Machinery	7,736,739	7,721,939
	37,406,281	37,349,981

This represents expenditure incurred on construction work in progress pertaining to mill house and other related items.

6. RIGHT-OF-USE ASSETS

	Plant and machinery	Vehicles	Total
	Rupees		
As at September 30, 2021			
Cost	1,023,691,492	100,784,700	1,124,476,192
Accumulated depreciation	(123,185,477)	(51,290,715)	(174,476,192)
	900,506,015	49,493,985	950,000,000
For the year ended September, 2022			
Opening carrying value	900,506,015	49,493,985	950,000,000
Additions during the year	25,288,965	38,450,000	63,738,965
Transfer during the year:			
- Cost	(933,691,493)	-	(933,691,493)
- Accumulated depreciation	163,710,778	-	163,710,778
	(769,980,715)	-	(769,980,715)
Depreciation for the year	(45,130,671)	(13,743,797)	(58,874,468)
Closing net book value	110,683,594	74,200,188	184,883,782
As at September 30, 2022			
Cost	115,288,964	139,234,700	254,523,664
Accumulated depreciation	(4,605,370)	(65,034,512)	(69,639,882)
	110,683,594	74,200,188	184,883,782
For the year ended September, 2023			
Opening carrying value	110,683,594	74,200,188	184,883,782
Additions during the year	-	7,310,000	7,310,000
Disposal during the year:			
- Cost	-	(1,380,000)	(1,380,000)
- Accumulated depreciation	-	820,173	820,173
	-	(559,827)	(559,827)
Transfer during the year:			
- Cost	-	(76,919,000)	(76,919,000)
- Accumulated depreciation	-	46,756,822	46,756,822
	-	(30,162,178)	(30,162,178)
Depreciation for the year	(5,534,180)	(15,874,293)	(21,408,473)
Closing net book value	105,149,414	34,913,890	140,063,304
As at September 30, 2023			
Cost	115,288,964	68,245,700	183,534,664
Accumulated depreciation	(10,139,550)	(33,331,810)	(43,471,360)
	105,149,414	34,913,890	140,063,304
Depreciation rate (per annum)	5%	20%	

6.1 *Depreciation charge for the year has been allocated as follows:*

	Note	2023	2022
		Rupees	
Cost of sales	*26*	5,534,180	45,130,671
Administrative expenses	*27*	15,874,293	13,743,797
		21,408,473	58,874,468

6.2 The principal terms and conditions of the lease contracts entered into for plant and machinery are as follows:

S. No.	Lease contract no.	Lessor name	Availability of extension option?	First installment payable on	Last installment payable on	Total number of installments	Rental payment frequency	Markup rate	Number of the leased assets
1	2021/MP/407935	OLP Financial Services	No	30-Sep-21	30-Sep-25	16	Quaterly	6 months KIBOR + 5%	3
2	2022/MP/407969	OLP Financial Services	No	29-Nov-22	29-Aug-26	16	Quaterly	6 months KIBOR + 5%	6

6.3 The principal terms and conditions of the lease contracts entered into for vehicles are as follows:

S. No.	Lease contract no.	Lessor name	Availability of extension option?	First installment payable on	Last installment payable on	Total number of installments	Rental payment frequency	Markup rate	Number of the leased assets
1	9973FFA191910003	Dubai Islamic Bank	No	21-Sep-20	21-Aug-24	48	Monthly	6 months KIBOR + 3.10%	1
2	9973FFA191770004	Dubai Islamic Bank	No	21-Sep-20	21-Aug-24	48	Monthly	6 months KIBOR + 3.10%	1
3	9973FFA191910001	Dubai Islamic Bank	No	21-Sep-20	21-Aug-24	48	Monthly	6 months KIBOR + 3.10%	1
4	9973FFA191910002	Dubai Islamic Bank	No	21-Sep-20	21-Aug-24	48	Monthly	6 months KIBOR + 3.10%	1
5	9973FFA213360005	Dubai Islamic Bank	No	11-Oct-23	11-Sep-27	48	Monthly	6 months KIBOR + 3.10%	1
6	9973FFA213360003	Dubai Islamic Bank	No	11-Oct-23	11-Sep-27	48	Monthly	6 months KIBOR + 3.10%	1
7	BP 10367/BP 10286	OLP Modaraba	No	25-Mar-22	25-Mar-26	16	Monthly	6 months KIBOR + 3.65%	3
8	BP 10508	OLP Modaraba	No	1-May-23	1-Apr-27	48	Monthly	6 months KIBOR + 3.65%	2

7. INVESTMENT IN SUBSIDIARIES

2023	2022			2023	2022
Number of shares			Note	Rupees	
16,644,134	16,644,134	Matol (Private) Limited	7.1 & 7.2	1,769,271,444	1,003,641,280
100,000	100,000	Matiari Flour Mills (Private) Limited	7.1 & 7.3	1,000,000	1,000,000
16,744,134	16,744,134			1,770,271,444	1,004,641,280

7.1 Investment in associated companies have been made in accordance with the requirement under the Companies Act, 2017.

7.2 **Investment in Matol (Private) Limited**	Note	2023	2022
		Rupees	
Cost as at October 01		144,731,600	144,731,600
Cumulative fair value increase as at October 01 - net		858,909,680	598,262,542
		1,003,641,280	742,994,142
Gain / (loss) on remeasurement to fair value during the year		765,630,164	260,647,138
	7.2.1	1,769,271,444	1,003,641,280

7.2.1 This represents the investment in 16,644,134 unquoted shares of M/s Matol (Private) limited. The Company as per policy, reviewed the fair values of the above unquoted investments after considering the latest available financial information and recent market development using discounted free cash flow to equity model for business valuation was used. Assumptions and inputs used in the valuation technique mainly include risk free rate, equity risk premium, long term growth rate and projected rate of increase in revenue and expenses. Valuation techniques and key assumptions used for the remeasurement of above unquoted investments at fair value are as under:

Cost of equity	22%
Projection period	5 years
Growth rate from 1-5 years	6.05% - 12.18%
Growth rate after 5 years	5%
Present value of terminal value (Rs.)	1,715 millions
Value per share (Rs.)	106.3

7.3 The Company's current shareholding in Matiari Flour Mills (Private) Limited (MFML) is 100,000 (2022: 100,000) shares of Rs.10 each i.e. 0.4% (2022: 0.4%) and remaining shares are held by Matol (Private) Limited, subsidiary of the Company. The shares of MFML are not quoted on Pakistan Stock Exchange. As at the reporting date, the fair value of the investment is not materially different from its original cost. The breakup value per share of MFML, based on un-audited financial statements as at September 30, 2023 is Rs. 23.6/- per share (2022: Rs. 16).

	Note	2023	2022
		------------- Rupees -------------	

8. LONG TERM DEPOSITS

		2023	2022
Lease		37,722,744	37,722,744
Utilities		819,473	819,473
Others		286,000	286,000
		38,828,217	38,828,217

9. STORES, SPARES AND LOOSE TOOLS

		2023	2022
Stores		3,858,096	3,392,058
Spares		64,024,818	46,748,406
Loose tools		8,613,284	8,033,601
		76,496,198	58,174,065
Less: Provision for slow moving and obsolete items		(17,452,219)	(17,452,219)
		59,043,979	40,721,846

10. STOCK IN TRADE

		2023	2022
Work in process		11,588,334	6,097,427
Finished goods			
- *Sugar*		842,106,890	1,599,425,263
		853,695,224	1,605,522,690

11. BIOLOGICAL ASSETS

	Note	2023	2022
Carrying value at the beginning of the year		42,305,324	55,250,007
Additions due to cultivation		3,376,587	15,756,700
Change in fair value less costs to sell	*30*	2,590,216	5,755,317
		48,272,127	76,762,024
Deduction due to harvesting		(27,234,627)	(34,456,700)
Carrying value at the end of the year		21,037,500	42,305,324

11.1 Operations and principal activities

The Company's principal activities in relation to above biological assets comprises of managing the biological transformation of assets such as sugar cane, seeds, wheat, onion, bio-composites and tricho cards and supply thereof to sugar cane growers and other parties.

			2023	2022
12.	**LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**	*Note*	Rupees	
	Loans to growers - secured, considered good		34,484,598	24,659,936
	Advances - unsecured, considered good			
	Against equity	*12.1*	220,936,106	220,936,106
	Suppliers		128,191,507	133,030,543
	Expenses		25,289,353	9,210,600
	Others		2,112,748	402,253
			376,529,714	363,579,502
	Due from related parties	*12.2*	39,565,715	13,734,323
	Receivable from provident fund		11,590,380	6,638,499
	Prepaid insurance		1,029,721	293,274
	Accrued interest		-	575,000
			463,200,128	409,480,534

12.1 This represents advance given to Matiari Health Services (Private) Limited in respect of purchase of ordinary shares to be issued by the entity.

12.1.1 The maximum aggregate amount outstanding from Matiari Health Services (Private) Limited at any time during the year was Rs. 243.45 million (2022: Rs. 220.94 million).

12.2 This includes amount receivable from M/s. Matol (Private) Limited, M/s. Matiari Health Services (Private) Limited and M/s. Condor Security Services (Private) Limited amounting to Rs. 11.48 million (2022: Rs. 7.47 million), Rs. 23.83 million (2022: Rs. 1.31 million) and Rs. 4.25 million (2022: Rs. 4.96 million) respectively.

12.2.1 The maximum aggregate amount outstanding from M/s. Matol (Private) Limited, M/s. Matiari Health Services (Private) Limited and M/s. Condor Security Services (Private) Limited computed with reference to month-end balances amounted to Rs. 12.35 million (2022: Rs. 104.82), Rs. 23.83 million (2022: Rs. 1.31 million) and Rs. 7.86 million (2022: 8.11 million) respectively.

			2023	2022
13.	**TAX REFUNDS DUE FROM GOVERNMENT**	*Note*	Rupees	
	Advance tax			
	Opening balance		395,333,884	370,662,500
	Advance tax paid / tax withheld during the year		92,585,990	77,163,185
	Tax refunded during the year		(17,182,122)	-
	Closing balance		470,737,752	447,825,685
	Less: Adjusted for current year	*32*	(89,100,894)	(52,491,801)
			381,636,858	395,333,884

			2023	2022
14.	**CASH AND BANK BALANCES**			
	Cash in hand		130,992	203,829
	Cash at banks			
	- Deposit accounts	*14.1*	2,301,259	5,840,084
	- Current accounts		37,469,868	22,868,050
			39,771,127	28,708,134
			39,902,119	28,911,963

14.1 These carry profit at the rate ranging from 6.65% to 19.79% (2022: 4.5% - 14%).

15. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
—— Number of shares ——			——— Rupees ———	
6,525,000	6,525,000	Ordinary shares of Rs. 10 each fully paid in cash	65,250,000	65,250,000
18,313,430	18,313,430	Ordinary shares of Rs. 10 each issued as bonus shares	183,134,300	183,134,300
24,838,430	24,838,430		248,384,300	248,384,300

15.1 There are no agreements among shareholders in relation to voting rights, board selection, rights of first refusal and block voting.

16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net

	Note	2023	2022
		——— Rupees ———	
On freehold land			
Gross surplus			
Balance as at		1,620,413,236	1,620,413,236
On buildings / plant and machinery			
Gross surplus			
Balance as at 01 October		1,664,236,807	1,755,189,722
Surplus realized on disposal of property, plant and equipment		-	(3,193,429)
Incremental depreciation transferred to retained earnings		(83,211,840)	(87,759,486)
		1,581,024,967	1,664,236,807
Related deferred tax charge			
Balance as at 01 October		(482,628,673)	(509,005,018)
Deferred tax on disposal of property, plant & equipment		-	926,095
Incremental depreciation transferred to retained earnings		24,131,434	25,450,251
		(458,497,239)	(482,628,673)
		2,742,940,964	2,802,021,370

17. LONG TERM FINANCING

	Note	2023	2022
From other financial institutions - Secured			
Term finance from PAIR Investment Company Limited	17.1	-	42,857,145
Diminishing Musharaka from Sindh Modaraba	17.2	7,291,653	18,749,990
Term finance from OLP Modaraba	17.3	31,492,780	-
		38,784,433	61,607,135
From related parties - Unsecured			
Loan from Matiari Flour Mills (Private) Limited	17.4	45,608,470	14,109,294
Loan from Matol (Private) Limited	17.4	594,135,473	521,779,330
		678,528,376	597,495,759

17.1	Term finance from PAIR Investment Company Limited	Note	2023	2022
			Rupees	
	Opening balance		**100,000,002**	157,142,858
	Add: Loan obtained during the year		**-**	-
	Less: Principal repaid during the year		**(57,143,090)**	(57,142,856)
			42,856,912	100,000,002
	Less: current maturity shown under current liabilities	23.1	**(42,856,912)**	(57,142,857)
			-	42,857,145

17.1.1 This facility has been obtained for the purpose of maintenance and expansion of existing plant and machinery. As of the reporting date, the limit of the facility amounted to Rs. 200 million (2022: Rs. 200 million)

17.1.2 This facility was drawn down in March 19, 2020. The principal terms and conditions of the facility are as under:

Facility amount	Rs. 200 million
Profit rate	3 Month KIBOR + 2.5%
Principal repayment frequency	Quarterly
Total number of installments	14
Amount of each installment	Rs. 14,285,714
Date of the first installment	January 01, 2021
Date of the last installment	April 01, 2024
Security	1. 1st pari passu charge over plant and machinery of Rs. 100 million and land & building of Rs. 34 million; 2. Corporate guarantee of Matiari Flour Mills (Pvt.) Ltd; 3. Personal guarantee of the main sponsoring directors of the Company; and 4. Post dated cheques covering the facility amount and margin.

17.2	Diminishing Musharaka from Sindh Modaraba	Note	2023	2022
			Rupees	
	Opening balance		**32,291,661**	43,749,998
	Add: loan obtained during the year		**-**	-
	Less: loan paid during the year		**(11,458,337)**	(11,458,337)
			20,833,324	32,291,661
	Less: current maturity shown under current liabilities	23.1	**(13,541,671)**	(13,541,671)
			7,291,653	18,749,990

17.2.1 This facility was obtained in March 3, 2020 for the purchase of machinery items for the Mill House. As of the reporting date, the limit of the facility amounted to Rs. 50 million (2022: 50 million)

17.2.2 The principal terms and conditions of the facility are as under:

Profit rate	6 Month KIBOR + 3.25%
Principal repayment frequency	Monthly
Total number of installments	60
Amount of each installment	Rs. 1,041,667
Date of the first installment	April 30, 2021
Date of the last installment	March 30, 2025
Security	(1) Ranking charge of Rs. 62.5 million; and (2) Personal guarantees of all the directors

	Note	2023	2022
		Rupees	
17.3 Diminishing Musharaka from OLP Modaraba			
Opening balance		-	-
Add: Loan obtained during the year		40,500,000	-
Less: Principal repaid during the year		-	-
		40,500,000	-
Less: current maturity shown under current liabilities	23.1	(9,007,220)	-
		31,492,780	-

17.3.1 This facility was obtained in November 20, 2022 for the purchase of motor vehicle. As of the reporting date, the limit of the facility amounted to Rs. 50 million (2022: Rs. Nil).

17.3.2 The principal terms and conditions of the facility are as under:

Profit rate	6 Month KIBOR + 3.65%
Principal repayment frequency	Monthly with 12 months grace period
Total number of installments	48
Amount of each installment	Rs. 1,494,622
Date of the first installment	December 20, 2022
Date of the last installment	November 20, 2026
Security	(1) Vehicle to be registered in the name of OLP Modaraba (2) Personal guarantees of following directors: - Syed Shafqat Ali Shah, - Masood Ahmed, - Syed Taimoor Ali Shah

17.4 These loans from related parties have been obtained on renewable terms which may be extended for such period as may be mutually agreed by companies after expiry of the repayment period. These loans are interest free and repayable within 15 months from October 01, 2023.

	Note	2023	2022
		Rupees	
18. LEASE LIABILITY			
Balance at the beginning of the year		165,926,770	224,552,092
Assets acquired during the year		6,438,600	64,038,965
		172,365,370	288,591,057
Less: Installments paid / adjusted during the year		(59,226,645)	(122,664,287)
		113,138,725	165,926,770
Less: Current maturity shown under current liabilities	23	(43,392,489)	(51,665,935)
Balance at the end of the year		69,746,236	114,260,835

	Note	2023	2022
19. DEFERRED LIABILITIES			
Deferred taxation - net	19.1	175,584,778	223,995,736
Provision for unpaid sugarcane cost	19.2	146,363,591	146,363,591
Sales tax	19.3	48,518,096	48,518,096
Market committee fee	19.4	23,868,214	23,868,214
Accumulated compensated absences		2,942,758	2,005,887
		397,277,437	444,751,524

19.1 Deferred taxation - net

	Note	2023	2022
		Rupees	
Deferred tax liability arising in respect of:			
- Accelerated tax depreciation		227,851,213	243,205,827
- Surplus on revaluation of property, plant and equipment		458,497,239	482,628,673
		686,348,452	725,834,500
Deferred tax asset arising in respect of:			
- Lease liability		(32,810,230)	(48,118,763)
- Provision for deferred liabilities		(853,400)	(581,707)
- Provision for slow moving and obsolete items		(5,061,144)	(5,061,144)
- Minimum tax carryforward		(90,499,526)	(87,605,509)
- Unused tax losses	*19.1.1*	(381,539,374)	(360,471,640)
		(510,763,673)	(501,838,763)
		175,584,778	223,995,736

19.1.1 Deferred tax asset on business losses reccognized are based on cash flow and profitability projections considered sufficient against which these amounts can be adjusted.

19.2 This represents provision recorded in respect of a case pending before the Honourable High Court of Sindh against the sugarcane purchase price of Rs. 182 per 40 kgs as fixed for the season 2013-2014. The Honourable Court disposed of the case upon settlement with the consent of all the stake holders whereby it was settled that Sugar Mills shall purchase the sugarcane from growers at Rs. 160 per 40 kgs for crushing season 2014-15 whereas Rs. 12 per 40 kgs will be paid by the Government of Sindh. The Honourable Court has subjected this interim arrangement to the decision of Civil appeal No 48 of 2015 pending before the Honourable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and 172 will also be dependent on upon the decision of Honourable Supreme Court of Pakistan. The Company as a matter of prudence has accounted for the said difference of Rs. 10 per 40 kgs in the financial statements.

19.3 This represents the amount of liability against further tax chargeable u/s 3(1A) of the Sales Tax Act, 1990 relating to the period from December 2000 to June 2004. The matter is currently pending for adjudication in Honorable High Court of Sindh, Karachi against appeal filed by the tax authorities, against the order passed by the Appellate Tribunal in favor of the Company.

19.4 This represents a provision recognized by the Company on the basis of demand for fee raised by Market Committee, Hala (MC) by filing a suit for recovery with the Senior Civil Judge Hyderabad, Sindh in 2001. The MC could not justify its claim by providing any conclusive evidence as to how much sugar cane was brought and sold in the territory of the MC and was, thus, dismissed by the Senior Civil Judge Hyderabad, Sindh vide his judgment dated February 01, 2011. The MC then preferred an appeal against the said order with the Court of Learned District and Session Judge, Matiari which was also dismissed on December 19, 2012; since then the MC has not preferred any appeal with the higher authorities. However, the Company has decided to retain the provision in anticipation of any further appeal that may be filed by MC in future.

20. TRADE AND OTHER PAYABLES

	Note	2023	2022
		Rupees	
Cane growers		4,013,892	1,527,091
Suppliers - Stores		65,576,781	57,662,713
Accrued liabilities		14,125,011	17,895,052
Workers' Welfare Fund		7,181,629	6,776,215
Advances from customers	*20.1*	57,572,168	417,008,183
Advances against sale of molasses	*20.2*	500,000,000	-
Sales tax payable	*20.3*	324,553,579	6,129,877
Advances deducted from staff against vehicles		10,365,644	2,957,671
Income tax deducted at source		2,472,451	52,381
		985,861,155	510,009,183

20.1 During the year, the performance obligations underlying the opening contract liability of Rs. 417 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year.

In addition, Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

20.2 This represents advance received from Matol (Private) Limited, a related party, in respect of molasses to be sold.

20.3 This represents the sales tax payable on account of sales to customers. The company is of the view that since the company has carry forward tax refunds, therefore the sales tax payable shall be adjusted /paid when the refund is issued. The company's legal counsel has approached the concerned tax authorities and all procedural compliances has been made.

21. ACCRUED MARK UP

	Note	2023	2022
		Rupees	
Long term finance		2,769,283	2,958,607
Short term borrowings		68,772,007	67,981,902
		71,541,290	70,940,509

22. SHORT TERM BORROWINGS - Secured

	Note	2023	2022
MCB Bank Limited			
- Agricultural finance		60,000,000	60,000,000
- Running finance		149,463,930	149,643,968
- Cash finance		-	800,000,000
	22.1	209,463,930	1,009,643,968
Samba Bank Limited			
- Cash finance	*22.2*	399,090,359	500,000,000
Dubai Islamic Bank Pakistan Limited			
- Istisna	*22.3*	500,000,000	533,850,000
Al Baraka Bank (Pakistan) Limited			
- Salam	22.4	-	200,000,000
		1,108,554,289	2,243,493,968

22.1 These facilities were obtained to meet working capital requirements having aggregate limit amounting to Rs. 1,010 million (2022: Rs. 1,010 million). These facilities are secured against pledge of refined sugar, first exclusive registered hypothecation charge of Rs. 900 million over all present and future current assets and personal guarantee of all sponsoring directors and continuing guarantee of the Company (for agricultural finance) along with charge over its current assets. Rate of markup for cash finance and running finance is 3MK + 1.25% and for agricultural finance is 12MK + 1.25%

22.2 This facility was obtained to meet working capital requirements having limit amounting to Rs. 400 million (2022: Rs. 500 million) with markup of 1M KIBOR + 1.5%. This facility is secured against pledge of white refined sugar with 20% margin, ranking hypothecation charge of Rs. 500 million over plant and machinery of the Company and personal guarantees of main sponsoring directors covering facility amount and margin.

22.3 This represents Istisna facility carrying markup at the rate of relevant KIBOR + 1.5%. Half of the facility is secured against pledge of stock with 20% margin and charge over pledge of stocks amounting to Rs. 625 million registered with SECP. The remaining half is secured against additional security of 3rd ranking charge over plant and machinery of Rs. 333.34 million with 25% margin. The purpose of the facility is to meet the working capital requirements of the Company.

22.4 This represents Salam finance facility carrying markup at the rate of matching KIBOR + 2.5%. This facility is secured against pledge of sugar at the Company's godown with 25% margin, exclusive hypothecation charge over pledged goods with 25% margin and personal guarantee of all the directors. The limit of the facility is Rs. 200 million (2022: Rs. 300 million). The purpose of the facility is to finance the manufacturing of crystal refined sugar.

23. CURRENT MATURITY OF LONG TERM LIABILITIES

	Note	2023	2022
		Rupees	
Long term financing	17 & 23.1	67,466,518	103,391,073
Lease liability	18	43,392,489	51,665,935
		110,859,007	155,057,008

23.1 Current maturity of long term financing

	Note	2023	2022
Diminishing Musharaka from MCB Islamic Bank Limited		-	13,428,427
Financing for payment of wages and salaries from MCB Bank Limited		2,060,715	19,278,118
Term finance from PAIR Investment Company Limited	17.1	42,856,912	57,142,857
Diminishing Musharaka from Sindh Modaraba	17.2	13,541,671	13,541,671
Diminishing Musharaka from OLP Modaraba	17.3	9,007,220	-
		67,466,518	103,391,073

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 The Commissioner Inland Revenue Zone II, LTO selected the case of the company for tax years 2015, 2016, 2017, 2018 and 2019 for audit under section 177(1) of the Income Tax Ordinance , 2001 (hereinafter referred to as the Ordinance, 2001). The Assistant / Deputy Commissioner (Audit-I) Inland Revenue, after proceedings, passed orders under Section 122(1) of the Ordinance, 2001, of identical nature resulting in demand of Rs.4.718 billion for tax year 2015, demand of Rs.4.500 billion for tax year 2016, demand of Rs. 4.231 billion for tax year 2017, demand of Rs.1.941 billion for tax year 2018 and demand of Rs. 4.811 billion for tax year 2019. The Company filed appeals against the impugned orders and impugned demand for the aforesaid years before the Commissioner (Appeals) Inland Revenue.

On August 31, 2022, the above amended assessments and consequently tax demand has been deleted by the Learned Commissioner Inland Revenue (Appeals) and the appeal effected orders also passed subsequently.

During the year, an appeal against the order of Learned Commissioner Inland Revenue (Appeals) was filed by Assistant / Deputy Commissioner (Audit-I) Inland Revenue before Tribunal Inland Revenue at Karachi.

24.1.2 The Government of Sindh, Agriculture, Supply and Prices Department, in exercise of the power conferred to it under Section 16 of the Sugar Factories Control Act, 1950, fixed the minimum price of sugarcane at the rate of Rs. 182 per 40 kg for crushing season 2017-18 vide its notification no. 8(142)/S.O(Ext)2017-18 dated December 05, 2017. Subsequently, in January 2018, the Honourable High Court of Sindh passed an interim order in relation to the Constitutional Petition No.D-8666 of 2017 wherein the sugar mills were directed to purchase the sugarcane at the rate of Rs. 160 per 40 kg from the growers for the crushing season 2017-18. As far as payment of rate differential of Rs. 22 per 40 Kg (i.e. R. 182 per 40 Kg less Rs. 160 per 40 Kg., the financial impact of which amounts to Rs. 282.15 million) is concerned, the matter is, currently, pending for adjudication before the Honourable High Court of Sindh having been adjourned sine die and to be revived for hearing after decision by the Honourable Supreme Court of Pakistan in Civil Appeal No. 48/ 2015 along with other connected petitions.

The Company's legal counsel is of the opinion that, currently, the matter is subjudice and, based on merit of the case, it is expected that the ultimate outcome of the case will be in favour of the sugar mill owners. Hence, in view of the above, no provision for the sugar cane rate differential amount has been recognized in these financial statements.

24.2 **Commitments**

24.2.1 Corporate guarantees issued by the Company to MCB Bank Limited in favor of Matol (Private) Limited against Export Refinance Arrangement amounted to Rs. 400 million (2022: Rs. 400 million).

24.2.3 Corporate guarantees issued by the Company to Dubai Islamic Bank Limited in favor of Matiari Health Services (Private) Limited against Diminishing Musharaka Facility amounted 210 million (2022: Rs. 210 million).

24.2.4 Corporate guarantee issued by the Company to MCB Bank Limited in favor of the Company itself against agricultural finance, running finance and cash finance facility amounted to Rs. 1,313.83 million (2022: Rs. Nil).

24.2.5 Commitments related to capital expenditure as at year end amounted Nil (2022: Rs. Nil).

	Note	2023	2022
		------------- Rupees	-------------
25. SALES REVENUE - net			
Revenue from local sales - net	*25.1*	4,457,845,403	3,279,701,136
Revenue from export sales		398,385,499	-
		4,856,230,902	3,279,701,136

25.1 Revenue from local sales - net

	2023	2022
Sales of sugar - gross	4,526,957,319	3,368,826,047
Less: Sales tax	(640,087,716)	(497,583,610)
	3,886,869,603	2,871,242,437
Sales of molasses	570,975,800	395,025,400
Sales of bagasse - gross	-	15,733,568
Less: Sales tax	-	(2,300,269)
	-	13,433,299
Net sales revenue	4,457,845,403	3,279,701,136

26. COST OF SALES

	Note	2023	2022
Opening stock of finished goods		1,599,425,263	902,087,222
Add: Cost of finished goods manufactured	*26.1*	3,763,726,854	3,712,869,866
		5,363,152,117	4,614,957,088
Less: Closing stock of finished goods		(842,106,890)	(1,599,425,263)
		4,521,045,227	3,015,531,825

26.1 Cost of finished goods manufactured

	Note	2023	2022
Raw material consumed		3,257,747,363	3,209,293,443
Conversion costs incurred	*26.1.1*	511,470,398	507,475,535
		3,769,217,761	3,716,768,978
Opening stock of work in process		6,097,427	2,198,315
Closing stock of work in process		(11,588,334)	(6,097,427)
		(5,490,907)	(3,899,112)
		3,763,726,854	3,712,869,866

26.1.1 Conversion costs incurred

	Note	2023	2022
		Rupees	
Salaries, wages and benefits	26.1.2	218,009,797	218,998,168
Depreciation on operating fixed assets	5.2	139,444,930	105,098,830
Depreciation on right of use assets	6.1	5,534,180	45,130,671
Chemicals and packing material consumed		72,222,200	66,419,711
Fuel and power	26.1.3	12,223,366	28,811,174
Stores, spares and maintenance		38,816,810	21,831,442
Vehicles maintenance		12,944,310	9,780,529
Insurance		5,888,603	6,411,798
Others		6,386,202	4,993,212
		511,470,398	507,475,536

26.1.2 This includes Rs. 2.67 million (2022: Rs. 2.67 million) in respect of staff retirement benefits.

26.1.3 Fuel and power

	Note	2023	2022
		Rupees	
Baggasse consumed		265,628	14,468,660
Electricity charges		11,194,838	11,954,454
Diesel expense		762,900	2,388,060
		12,223,366	28,811,174

27. ADMINISTRATIVE EXPENSES

	Note	2023	2022
Salaries, wages and benefits	39.4	69,248,355	65,660,673
Directors' remuneration	27.1	18,469,512	18,469,512
Depreciation on right of use assets	6.1	15,874,293	13,743,797
Depreciation on operating fixed assets	5.2	9,895,218	8,559,924
Legal and professional charges		1,685,700	6,840,434
Repairs and maintenance		7,151,569	5,298,457
Water, gas and electricity		4,974,620	3,875,124
Insurance		1,429,370	3,333,370
Vehicles maintenance		4,449,035	3,171,865
Postage and telephone		2,589,214	2,638,806
Travelling and conveyance		1,620,265	1,894,742
Printing and stationery		2,457,637	1,644,704
Entertainment		1,752,534	1,615,789
Subscription, books and periodicals		767,076	1,277,424
Auditors' remuneration		1,150,000	1,000,000
Miscellaneous expenses		240,308	386,764
Rent, rates and taxes		163,604	100,000
		143,918,310	139,511,385

27.1 This includes Rs. 2.24 million (2022: Rs. 1,896 million) in respect of staff retirement benefits.

28. SELLING AND DISTRIBUTION COST

	2023	2022
	Rupees	
Sugar stacking/re-stacking expenses	1,317,503	2,638,972
Export costs	673,200	-
Loading and unloading charges	437,053	481,070
Brokerage expense	454,780	479,510
Printing and other expenses	297,262	269,818
	3,179,798	3,869,370

29. OTHER OPERATING COSTS

	Note	2023	2022
		Rupees	
Workers' Welfare Fund		405,414	-
Donation	29.1	-	750,000
Others		575,000	-
		980,414	750,000

29.1 None of the directors or their spouses had any interest in the donee institution. Further, the entire amount of donation was deposited in "Prime Minister's Flood Relief Fund 2022".

30. OTHER INCOME

	Note	2023	2022
		Rupees	
Dividend income		166,441,340	83,220,670
Gain on sale of property, plant and equipment		4,141,794	26,942,242
Amortization of deferred government grant		2,603,892	2,595,332
Interest income on loans to growers		1,415,514	2,297,505
Profit on bank deposit		3,093,053	1,123,583
Realised farming income		7,000,000	6,903,562
Change in fair value less costs to sell of biological assets		2,590,216	5,755,317
Reversal of provision for slow moving stores and spares		-	598,081
		187,285,809	129,436,291

31. FINANCE COSTS

	Note	2023	2022
Mark up on short term borrowings		307,126,943	253,203,872
Finance charge on lease liability		19,172,892	26,066,286
Mark up on long term finances		24,250,694	17,412,485
Bank charges	40.1	3,977,143	4,192,326
		354,527,672	300,874,969

32. TAXATION

	2023	2022
Current tax	83,245,684	52,491,801
Prior tax	5,855,210	-
Deferred income	(48,410,958)	(110,592,884)
	40,689,936	(58,101,082)

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

32.2 The numerical reconciliation between the tax expense and accounting profit has not been presented for the current year and comparative year in these financial statements as the total income of the Company for the current year and comparative year attracted minimum tax under Section 113 of the Income Tax Ordinance, 2001.

33. EARNINGS PER SHARE

	2023	2022
	Rupees	
Basic (loss) / earnings per share		
(Loss) / profit after taxation	(20,824,646)	6,700,960
	Number	
Weighted average number of ordinary shares outstanding during the year	24,838,430	24,838,430
	Rupees	
Basic (loss) / earnings per share	(0.84)	0.27

33.1 Diluted earnings per share

There was no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at the reporting date.

34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of the Company's subsidiary, associates, key management personnel (including directors) and staff provident fund. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of Chief Executive, Directors and executives is disclosed in note 39.4 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in the financial statements, are given below:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2023	2022
			Rupees	
Condor Security Services (Private) Limited	Associated company by virtue of significant influence	*Transactions during the year end*		
		Security services hired	30,642,854	29,128,087
		Payment made against services hired	29,932,504	29,143,061
		Balance outstanding at year end		
		Receivable from related party	4,250,393	4,960,743
Matiari Health Services (Private) Limited	Associated company by virtue of significant influence	*Transactions during the year end*		
		Payment against purchase of shares	34,512,053	49,304,468
		Refunds received	12,000,000	-
		Balance outstanding at year end		
		Advance against purchase of share	220,936,106	220,936,106
		Receivable from related party	-	-
Matol (Private) Limited	Subsidiary Company - 66.31% direct shareholding	*Transactions during the year end*		
		Expense paid on behalf of related party	30,461,014	161,164,169
		Payments received against expenses	26,448,058	153,695,895
		Dividend income adjusted from loan payable	166,441,340	83,220,670
		Sale of molasses adjusted against loan payable	570,975,800	395,025,400
		Long term loan received	874,842,379	605,000,000
		Payments made against loan	65,069,096	-
		Advances received for molasse sales	500,000,000	-
		Balance outstanding at year end		
		Payable to related party	4,565,100	4,565,100
		Receivable from related party	11,481,230	7,468,274
		Long term loan payable	594,135,473	521,779,330
		Advances against sale of molasses	500,000,000	-
Matiari Flour Mills (Private)	Subsidiary Company - 66.45% effective shareholding (Direct - 0.4% & Indirect - 66.05%)	*Transactions during the year end*		
		Payments made to related party	237,755,219	347,887,585
		Expense paid on behalf of related party	67,499,288	68,926,398
		Loan received	336,753,683	347,072,115
		Balance outstanding at year end		
		Loan payable	45,608,470	14,109,294
Staff retirement benefit plan-Provident fund	Other related party	*Transactions during the year end*		
		Contributions by the Company	9,738,299	4,570,085
		Payments made by the Company on behalf of the fund	14,690,180	945,000
		Balance outstanding at year end	11,590,380	6,638,499

35. CASH GENERATED FROM OPERATIONS

	Note	2023	2022
		------------- Rupees -------------	
Profit/(loss) before taxation		19,865,290	(51,400,122)
Adjustments for non cash and other items:			
Depreciation on operating fixed assets	*5.2*	149,340,148	113,658,754
Depreciation on right of use assets	*6.1*	21,408,473	58,874,468
Finance costs	*31*	354,527,672	296,682,643
Gain on sale of property, plant and equipment		(4,141,794)	(26,942,242)
Amortization of deferred government grant	*30.*	(2,603,892)	(2,595,332)
Change in fair value less costs to sell of biological assets	*11*	(2,590,216)	(5,755,317)
Dividend income	*30*	(166,441,340)	(83,220,670)
Profit on bank deposit	*30*	(3,093,053)	(1,123,583)
Interest on loan to growers	*30*	(1,415,514)	(2,297,505)
		344,990,484	347,281,217
Operating profit before working capital changes		364,855,774	295,881,095
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(18,322,133)	(2,202,347)
Stock in trade		751,827,466	(672,689,633)
Trade debts		(63,932,629)	65,950,806
Short term deposits		(21,637,616)	-
Loans, advances, prepayments and other receivables		(53,719,594)	5,951,626
		594,215,494	(602,989,548)
Decrease in current liabilities			
Trade and other payables		475,851,972	51,156,197
		1,434,923,240	(255,952,256)

36. FINANCIAL INSTRUMENTS DISCLOSURES

36.1 Categories of financial assets and financial liabilities

36.1.1 Financial assets

	2023	2022
At amortised cost		
Long term deposits	38,828,217	38,828,217
Short term deposits	49,684,016	28,046,400
Trade debts	84,047,931	20,115,302
Loans and other receivables	74,050,313	38,969,259
Cash and bank balances	39,902,119	28,911,963
	286,512,596	154,871,141
At fair value through other comprehensive income		
Investment in subsidiaries	1,770,271,444	1,004,641,280

36.1.2 Financial liabilities

	2023	2022
At amortised cost		
Long term finances	745,994,894	700,886,832
Lease liability	113,138,725	165,926,770
Provision for compensated absences	2,942,758	2,005,887
Provision for unpaid sugarcane cost	146,363,591	146,363,591
Trade and other payables	83,715,684	77,084,856
Accrued markup	71,541,290	70,940,509
Short term borrowings - secured	1,108,554,289	2,243,493,968
	2,272,251,231	3,406,702,413

36.2 Risks arising from financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

36.2.1 Credit risk

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

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 90 days or more.

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

Maximum exposure to credit risk and its management strategies

Following is the quantitative analysis of the Company's exposure to credit risk at the reporting date:

	Note	2023	2022
		Rupees	
Long term deposits		38,828,217	38,828,217
Short term deposits		49,684,016	28,046,400
Trade debts	(a)	84,047,931	20,115,302
Short term loans		34,484,598	24,659,936
Other receivables		-	575,000
Bank balances	(b)	39,771,127	28,708,134
		246,815,889	140,932,989

Note 'a' - Credit risk management of trade debts

The Company attempts to control credit risk arising from dealings with customers by monitoring credit exposures and continually assessing the creditworthiness of its customers. As part of its credit risk management strategy, the Company receives advances from customers against sales of goods. In addition, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored.

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

	2023		2022	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
	Rupees			
Not past due	84,047,931	-	20,115,302	-
Past due 1 to 180 days	-	-	-	-
More than 180 days	-	-	-	-
	84,047,931	-	20,115,302	-

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment. The Company usually trades on advance basis instead of credit basis, therefore, credit risk is usually not involved. Further, all debtors have been collected post year end, therefore, expected credit loss has not been considered.

Note 'b' - Credit risk management of bank balances

To minimize its exposure to credit risk, the Company maintains its cash balances only with banks with high quality credit worthiness. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Bank Name	Credit Rating Agency	Rating	
		Short term	Long term
Habib Bank Limited	JCR VIS	A-1+	AAA
MCB Bank Limited	PACRA	A-1+	AAA
Habib Metro Bank Limited	PACRA	A-1+	AA+
Dubai Islamic Bank Limited	JCR VIS	A-1+	AA
Soneri Bank Limited	PACRA	A-1+	AA-
Bank Al Habib	PACRA	A-1+	AAA
JS Bank Limited	PACRA	A-1+	AA-
Meezan Islamic Bank	JCR VIS	A-1+	AAA
National Bank of Pakistan	JCR VIS	A-1+	AAA
Allied Bank Limited	PACRA	A-1+	AAA
Samba Bank Limited	JCR VIS	A-1	AA
Al Baraka Bank (Pakistan) Limited	JCR VIS	A-1	A+
MCB Islamic Bank Limited	PACRA	A-1	A
United Bank Limited	JCR VIS	A-1+	AAA

Concentration of credit risk

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

36.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	September 30, 2023			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Long term financing	745,994,894	760,205,259	81,677,126	678,528,133
Lease liability	113,138,725	152,808,057	62,525,710	90,282,347
Trade and other payables	83,715,684	83,715,684	83,715,684	-
Accrued markup	71,541,290	71,541,290	71,541,290	-
Short term borrowings	1,108,554,289	1,108,554,289	1,108,554,289	-
	2,122,944,882	2,176,824,579	1,408,014,099	768,810,480

Non-derivative financial liabilities	September 30, 2022			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Long term financing	700,886,832	727,190,043	107,624,741	619,565,302
Lease liability	165,926,770	189,394,691	63,670,704	125,723,987
Trade and other payables	77,084,856	77,084,856	77,084,856	-
Accrued markup	70,940,509	70,940,509	70,940,509	-
Short term borrowings	2,243,493,968	2,243,493,968	2,243,493,968	-
	3,258,332,935	3,308,104,067	2,562,814,778	745,289,289

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at September 30, 2023 (and does not include the effect of future interest payments).

36.2.3 Market risk

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

i) Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. As of the reporting date, the Company was not exposed to any foreign currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of the reporting date, the Company was exposed to cash flow interest rate risk on the long term and short term financing obtained from financial institutions.

Since all the borrowings of the Company are variable rate borrowings, as of the reporting date, the Company was not exposed to fair value risk on its borrowings.

Exposure to interest rate risk:

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2023	2022	2023	2022
	Effective interest rate (%)		Carrying amount (Rs.)	
Financial liabilities				
Long term financing	18.21% - 26.6%	10.28% - 19.02%	106,250,951	164,998,208
Lease liability	17.21% - 26.6%	7.85% - 13.15%	113,138,725	165,926,770
Short term borrowings	17.01% - 24.79%	9.03% - 18.27%	1,108,554,289	2,243,493,968
Financial Assets				
Bank deposits - pls account	6.65% - 19.79%	4.5% - 14%	2,301,259	5,840,084

Sensitivity analysis:

As of the reporting date, if the KIBOR had been 100 basis points higher / lower with all other variables held constant, loss after taxation for the year would have been lower / higher by Rs. 19.685 million (2022: Rs. 25.685 million) respectively, mainly as a result of higher / lower net interest expense.

iii) Other price risk

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

36.3 Fair value of assets and liabilities

Fair value is the price that would be received to sale an asset are paid to transfer a liability in any orderly transaction between market participants at measurement rate.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. However, during the year, there were no transfers between the levels of the fair value hierarchy.

Following is the fair value hierarchy of the assets carried at fair value:

September 30, 2023	Level 1	Level 2	Level 3
	Rupees		
Financial assets measured at fair value			
Investment in subsidiaries	-	-	1,770,271,444
Other assets measured at fair value			
Freehold land	-	1,785,000,000	-
Factory building	-	271,188,725	-
Non-factory building	-	30,715,575	-
Plant and machinery	-	2,386,724,037	-
Biological assets	-	21,037,500	-
	-	4,494,665,837	1,770,271,444
September 30, 2022			
Financial assets measured at fair value			
Investment in subsidiaries	-	-	1,004,641,280
Other assets measured at fair value			
Freehold land	-	1,785,000,000	-
Factory building	-	285,461,816	-
Non-factory building	-	32,332,184	-
Plant and machinery	-	2,601,923,470	-
Biological assets	-	42,305,324	-
	-	4,747,022,794	1,004,641,280

37. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit or loss after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

Following is the quantitative analysis of what the Company manages as capital:

	2023	2022
	Rupees	
Borrowings		
Long term borrowings	745,994,894	700,886,832
Share capital and reserves		
Issued, subscribed and paid up capital	248,384,300	248,384,300
Unappropriated profit	417,001,811	378,746,050
	665,386,111	627,130,350
	1,411,381,005	1,328,017,182

38. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis.

38.1 Revenue from sales of sugar represents 84.78% (2022: 87.55%) of total revenue whereas remaining represents revenue from sale of molasses and bagasse.

38.2 All non current assets of the Company as at September 30, 2023 were located in Pakistan.

39. DISCLOSURES REQUIRED BY THE COMPANIES ACT, 2017

39.1 Plant capacity and actual production

	2023		2022	
	Quantity (metric tons)	No. of days	Quantity (metric tons)	No. of days
Sugarcane crushing capacity	744,000	124	620,000	106
Sugarcane crushed	419,614	111	446,558	106
White sugar produced	41,795		47,450	

39.1.1 The main reason for under utilization of the installed capacity is limited availability of sugarcane.

39.2 Number of employees

	2023	2022
	---- Number ----	
Total number of employees as at September 30	379	404
Average number of employees during the year	536	561

39.3 Investments made by the provident fund

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

39.4 Remuneration of the Chief Executive, Directors and Executives

		2023			
	Note	Chief Executive	Directors	Executives	Total
		---- Rupees ----			
Managerial remuneration		18,469,512	2,265,120	16,734,468	37,469,100
Contribution to provident fund		-	-	1,110,592	1,110,592
Other perquisites and benefits	*39.4.1*	-	-	30,213,479	30,213,479
		18,469,512	2,265,120	48,058,539	68,793,171
Number of persons		1	1	4	

		2022			
		Chief Executive	Directors	Executives	Total
		---- Rupees ----			
Managerial remuneration		18,469,512	2,565,120	17,522,340	38,556,972
Contribution to provident fund		-	-	2,829,204	2,829,204
Other perquisites and benefits	*39.4.1*	-	-	29,450,919	29,450,919
		18,469,512	2,565,120	49,802,463	70,837,095
Number of persons		1	1	4	

39.4.1 Other perquisites and benefits mainly include house rent allowance, utilities allowance, medical allowance and bonus.

39.4.2 In addition, Chief Executive, Directors and all the Executives of the Company have been provided with free use of Company owned and maintained cars and other benefits in accordance with their terms of employment / services.

40. GENERAL

40.1 Reclassification of corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purpose of comparison and better presentation. Following reclassifications have been made in these financial statements.

Reclassified from component	Reclassified to component	Amount (Rupees)
Bank charges (Administrative expenses)	Bank charges (Finance cost)	4,192,326

40.2 Date of authorization of the financial statements for issue

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on 16 JAN 2024.

Level of rounding

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

Chief Executive

Director