

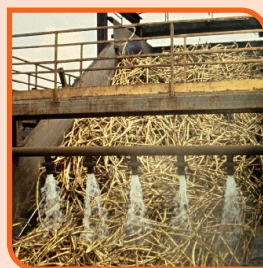
# NOON

SUGAR MILLS LTD.

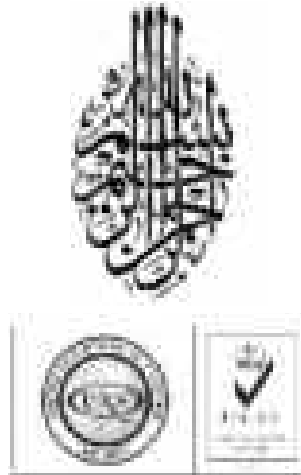
## ANNUAL REPORT

# 2022

# 2022



NOON  
GROUP OF COMPANIES



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## CORPORATE INFORMATION

|                             |   |  |
|-----------------------------|---|--|
| <b>BOARD OF DIRECTORS</b>   | Mr. K. Iqbal Talib<br>Lt Col Abdul Khaliq Khan (Retd)<br>Mr. Saif Ullah Khan Noon<br>Mr. Salman Hayat Noon<br>Mr. Irfan Ahmed<br>Mr. Atta Ali Malik<br>Ms. Maryam Mamdot  | Chairman<br>Chief Executive / Director<br>(Executive Director)<br>(Non- Executive Director)<br>(Non- Executive Director)<br>(Non- Executive / Independent Director)<br>(Non- Executive / Independent Director) |
| <b>AUDIT COMMITTEE</b>      | Ms. Maryam Mamdot<br>Mr. Salman Hayat Noon<br>Mr. Irfan Ahmed   | Chairperson<br>Member<br>Member  |
| <b>HR &amp; R COMMITTEE</b> | Ms. Maryam Mamdot<br>Mr. Salman Hayat Noon<br>Mr. Saif Ullah Khan Noon  | Chairperson<br>Member<br>Member  |
| <b>TECHNICAL COMMITTEE</b>  | Mr. Irfan Ahmed<br>Mr. Salman Hayat Noon<br>Mr. Saif Ullah Khan Noon<br>Lt Col Abdul Khaliq Khan (Retd)   | Chairman<br>Member<br>Member<br>Member   |
| <b>MANAGEMENT</b>           | Lt Col Abdul Khaliq Khan (Retd)<br>Mr. Saif Ullah Khan Noon<br>Mr. Rizwan Sohail (FCA)  | Chief Executive<br>Executive Director<br>Chief Financial Officer   |
| <b>COMPANY SECRETARY</b>    | Mr. Nasir Iqbal Ansari  |  |
| <b>HEAD INTERNAL AUDIT</b>  | Muhammad Ashfaq (FCMA)  |  |
| <b>AUDITORS</b>             | Shinewing Hameed Chaudhri & Co.,<br>Chartered Accountants   |  |
| <b>LEGAL ADVISERS</b>       | Hassan & Hassan (Advocates)   |  |
| <b>BANKERS</b>              | Askari Bank Limited<br>Bank Alfalah Limited – Islamic Banking<br>Bank Islami Pakistan Limited<br>Dubai Islamic Bank Pakistan Limited<br>Habib Bank Limited – Islamic Banking<br>MCB Bank Limited<br>Meezan Bank Limited<br>National Bank of Pakistan<br>Samba Bank Limited<br>United Bank Limited |  |
| <b>REGISTERED OFFICE</b>    | 66-Garden Block,<br>New Garden Town, Lahore.<br>Tel. (042) 35831462-3,<br>E-mail: noonshr@brain.net.pk<br>noonshr66@gmail.com   |  |
| <b>SHARES REGISTRAR</b>     | Corplink (Pvt.) Limited<br>Wings Arcade, 1-K Commercial,<br>Model Town, Lahore.<br>Tel. # (042) 35839182, 35916714, 35916719<br>Fax # (042) 35869037, E-mail: shares@corplink.com.pk<br>Website: www.corplink.com.pk  |  |
| <b>MILLS WEBSITE</b>        | Bhalwal, District Sargodha.<br>www.noonsugar.com  |  |

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## **MISSION STATEMENT**

“Noon Sugar Mills Limited is committed to continue its sustained efforts towards optimizing its resources through updated technology, staff motivation and good corporate governance so as to Insha Allah maintain its tradition of high yield and handsome returns to its shareholders on their investment in the Company.”



## NOON SUGAR MILLS LIMITED

Registered Office: 66 Garden Block, New Garden Town, Lahore.

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 60<sup>th</sup> Annual General Meeting of Noon Sugar Mills Limited will be held on **Saturday, January 28, 2023 at 11:30 a.m.** at 66 Garden Block, New Garden Town, Lahore to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on January 27, 2022.
2. To receive, consider and adopt the audited accounts for the year ended on September 30, 2022 and the reports of the directors and auditors thereon.
3. To approve payment of Dividend. The Board has recommended dividend @ Rs. 4/- per share (40%).
4. To appoint auditors for the year ending on September 30, 2023 and to fix their remuneration.
5. To transact any other business as may be placed before the meeting with the permission of the Chairman.

#### **SPECIAL BUSINESS**

To increase the authorised share capital of the Company from Rs. 200 million to Rs. 500 million by addition of 30 million ordinary shares of Rs. 10/- each.

#### **CLOSURE OF SHARE TRANSFER BOOKS**

The Share Transfer Books of the Company will remain closed from January 21, 2023 to January 28, 2023 (both days inclusive) for holding the Annual General Meeting and to determine entitlement of dividend. The share(s) transfer requests received up to close of business on January 20, 2023 shall entitle the transferees to receive the aforesaid dividend.

By order of the Board



**NASIR IQBAL ANSARI**

Company Secretary

**Lahore:** December 30, 2022

#### **NOTES:**

**1. Participation in the AGM Proceedings:**

A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the Company at the registered office duly stamped and signed not later than forty eight (48) hours before the time for holding the meeting. A member cannot appoint more than one proxy. Attested copy of CNIC must be attached with the proxy form.

2. CDC account holders are required to follow under mentioned guidelines laid down by Securities and Exchange Commission of Pakistan:

**(a) For attending the meeting:**

- i. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his / her original national identity card or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

**(b) For appointing proxies:**

- i. In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
  - ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
  - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted to the Company along with proxy form.
3. The members having physical shares are advised to intimate any change in their registered address and the shareholders who have not yet submitted photocopies of their CNIC are requested to send the same at the earliest to Company's Share Registrar i.e. M/s Corplink (Pvt.) Ltd, Wings Arcade, 1-K Commercial, Model Town, Lahore.
  4. In compliance with directive of SECP, shareholders are advised to send their respective International Bank Account Number (IBAN) details as per form attached enabling the Company to credit their cash dividend directly into their respective bank accounts.
  5. Pursuant to the provision of Section 132(2) of Companies Act 2017 the shareholders residing in other cities and holding at least ten percent of the total paid up capital may demand the company to provide the facility of video link for participation in meeting. The demand for video link facility shall be received at share registrar address given herein above at least ten days prior to the date of meeting. Prescribed form for consent is enclosed in the Annual Report.
  6. The audited financial statements of the Company for the year ended September 30, 2022 are being made available on the Company's website.
  7. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

**STATEMENT U/S 134(3) OF THE COMPANIES ACT, 2017 WITH RESPECT TO SPECIAL BUSINESS AS CONTAINED IN THE NOTICE OF ANNUAL GENERAL MEETING TO BE HELD ON JANUARY 28, 2023.**

**INCREASE IN THE AUTHORIZED SHARE CAPITAL**

The share capital of the Company is being increased to cater for any future need of issue of capital.

The following resolution will be proposed at the meeting to be passed as Special Resolution:

RESOLVED that the authorized Share Capital of the Company be and is hereby increased from Rs. 200 million to Rs. 500 million by addition of 30 million ordinary shares of Rs.10/- each.

FURTHER RESOLVED that alterations in clause 5 of the Memorandum of Association of the Company be made as under:

The figure and words "Rs. 200,000,000 (Rupees two hundred million) divided into 20,000,000 (twenty million)" shall be replaced with the figure and words "Rs. 500,000,000 (Rupees five hundred million) divided into 50,000,000 (fifty million)".

FURTHER RESOLVED that alterations in clause 5 of the Articles of Association of the Company be made as under:

The figure and words "Rs. 200,000,000 (Rupees two hundred million) divided into 20,000,000 (twenty million)" shall be replaced with the figure and words "Rs. 500,000,000 (Rupees five hundred million) divided into 50,000,000 (fifty million)".

Clause 5 of the Articles of Association after the proposed amendment will read as under:

**5. AUTHORIZED CAPITAL**

The authorized Share Capital of the Company is Rs.500,000,000 (Rupees five hundred million) divided into 50,000,000 (fifty million) Shares of Rs.10 (Rupees ten only) each with the powers of the Company, specifically, to increase the authorized Share Capital to include a further issue including, of preference shares, and generally, to increase or reduce the Capital and to sub-divide its Shares, or any of them into Shares of smaller amount than is fixed herein (stock split) or consolidate and divide the whole or any part of the Shares in the Capital into Shares of larger amount than its existing Shares (reverse split) and to divide the Shares in the Capital for the time being into several classes in accordance with the provisions of the Act and any Regulations made thereunder, and to attach thereto respectively such rights, privileges or conditions as may be determined by or in accordance with these Articles of Association, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by these Articles of Association in accordance with the Applicable Law.

A copy of the Memorandum & Articles of Association of the Company is available at the Company's Registered Office for inspection during the working hours.

The directors of the Company do not have any interest in the special resolution that would require disclosure.

## SIX YEARS' REVIEW AT A GLANCE

| Year ended September 30,     |               | 2022       | 2021      | 2020      | 2019      | 2018      | 2017      |
|------------------------------|---------------|------------|-----------|-----------|-----------|-----------|-----------|
| <b>Sugar Production:</b>     |               |            |           |           |           |           |           |
| Cane crushed                 | (M.Tons)      | 1,120,350  | 863,552   | 543,477   | 630,929   | 1,008,945 | 1,115,492 |
| Average sucrose recovery     | (%)           | 9.36       | 9.60      | 9.71      | 10.01     | 9.77      | 10.16     |
| Sugar produced               | (M.Tons)      | 104,720    | 82,710    | 52,787    | 63,098    | 98,655    | 113,308   |
| Operating period             | (Days)        | 144        | 121       | 105       | 102       | 121       | 140       |
| <b>Alcohol Production:</b>   |               |            |           |           |           |           |           |
| Molasses processed           | (M.Tons)      | 151,780    | 123,567   | 85,969    | 69,229    | 85,724    | 87,140    |
| Alcohol produced             | (M.Tons)      | 27,256     | 24,582    | 17,104    | 14,311    | 17,794    | 17,162    |
| Average alcohol yield        | (Ltrs/Ton)    | 224        | 249       | 249       | 259       | 259       | 246       |
| Operating period             | (Days)        | 294        | 284       | 351       | 216       | 310       | 297       |
| <b>Operating results:</b>    |               |            |           |           |           |           |           |
| Sales                        | (Rs. In 000') | 11,965,974 | 9,189,680 | 6,138,166 | 5,671,219 | 6,273,476 | 4,835,588 |
| Cost of sales                | (Rs. In 000') | 10,406,680 | 8,183,388 | 5,178,147 | 4,805,768 | 5,562,171 | 4,263,805 |
| Gross profit                 | (Rs. In 000') | 1,559,294  | 1,006,292 | 960,019   | 865,451   | 711,305   | 571,783   |
| Gross Profit to Net Sales    | (%)           | 13.03      | 10.95     | 15.64     | 15.26     | 11.34     | 11.82     |
| Pre-tax profit               | (Rs. In 000') | 656,931    | 377,177   | 322,368   | 272,332   | 270,184   | 189,947   |
| Total Comprehensive income   | (Rs. In 000') | 463,098    | 252,458   | 253,721   | 229,735   | 207,929   | 142,627   |
| Net Profit to Net Sales      | (%)           | 3.87       | 2.75      | 4.13      | 4.05      | 3.31      | 2.95      |
| <b>Shareholders' Equity:</b> |               |            |           |           |           |           |           |
| Paid up capital              | (Rs. In 000') | 165,175    | 165,175   | 165,175   | 165,175   | 165,175   | 165,175   |
| Reserves & surplus           | (Rs. In 000') | 1,567,769  | 1,162,482 | 967,835   | 763,666   | 576,876   | 426,758   |
| Shareholders' equity         | (Rs. In 000') | 1,732,944  | 1,327,657 | 1,133,010 | 928,841   | 742,051   | 591,933   |
| Break-up value per share     | (Rupees)      | 104.92     | 80.38     | 68.59     | 56.23     | 44.93     | 35.84     |
| Earnings per share           | (Rupees)      | 28.09      | 15.38     | 15.50     | 13.64     | 12.76     | 8.73      |
| Return on equity             | (%)           | 26.72      | 19.02     | 22.39     | 24.73     | 28.02     | 24.10     |
| <b>Financial position:</b>   |               |            |           |           |           |           |           |
| Current assets               | (Rs. In 000') | 2,778,584  | 2,809,726 | 2,738,872 | 2,719,124 | 2,609,533 | 2,865,040 |
| Fixed capital expenditure    | (Rs. In 000') | 1,799,082  | 1,611,027 | 1,529,009 | 1,486,466 | 1,358,323 | 1,122,818 |
| Total assets                 | (Rs. In 000') | 4,584,747  | 4,425,653 | 4,273,391 | 4,211,454 | 3,980,149 | 4,002,125 |
| Current liabilities          | (Rs. In 000') | 2,778,293  | 2,961,307 | 2,931,541 | 3,076,890 | 2,964,329 | 3,064,573 |
| Long term debts              | (Rs. In 000') | -          | 75,000    | 150,000   | 150,000   | 225,000   | 300,000   |
| Total liabilities            | (Rs. In 000') | 2,851,803  | 3,097,996 | 3,140,381 | 3,282,613 | 3,238,098 | 3,410,192 |
| <b>Current ratio</b>         | (%)           | 1.00       | 0.95      | 0.93      | 0.88      | 0.88      | 0.93      |
| <b>Debt equity ratio</b>     | Times         | 1.11       | 1.87      | 2.18      | 2.88      | 3.62      | 4.56      |
| <b>Dividends:</b>            |               |            |           |           |           |           |           |
| Cash                         | (%)           | 40         | 35        | 35        | 30        | 26        | 35        |
| Bonus Shares                 | (%)           | 0          | 0         | 0         | 0         | 0         | 0         |
| Total pay out                | (%)           | 40         | 35        | 35        | 30        | 26        | 35        |



## CHAIRMAN'S REVIEW

FOR THE YEAR ENDED ON SEPTEMBER 30, 2022

Dear Members,

On behalf of the Board of Directors, it is my privilege to present the annual review of the performance of Noon Sugar Mills Limited, for the year ended on September 30, 2022.

It gives me great pleasure to announce that despite a very challenging business environment, the prudent operational & management strategy adopted by your Company has resulted in an impressive performance during the year 2021-22. The Board was industriously engaged with the management for efficient & effective decision making and has continued to provide an oversight to preserve their trust in enhancing the shareholder's value. The government support through favorable and consistent policies will however, continue to be an essential factor to ensure a sustained growth of the industry.

The Board comprises of highly accomplished professionals with diverse and invaluable experience in various disciplines of management, to provide strategic guidance and focus on major risk areas to ensure that your Company is headed in the right direction.

As required by the Listed Companies (Coded of Corporate Governance) Regulations, 2019, an annual performance evaluation has to be conducted to assess the Board's overall performance and effectiveness during the year under review. The Board has completed its self-evaluation for the year ended September 30, 2022 and the overall performance of the Board and its Committees for the year 2022-23 has been found to be satisfactory.

We are optimistic that if the general economic conditions remain stable, your management's constant efforts will derive optimal results in an efficient and cost effective manner, the year 2022-23, will also be a successful year, Inshallah. The Board has motivated the management to focus on maximizing the utilization of its production capacities in both sugar and ethanol units, while maintaining the highest standards of product quality with optimal economy.

I sincerely hope that NSML will continue to follow the path to utilize its best potential while striving for new capabilities, Inshallah.



**K. Iqbal Talib**

Chairman

Lahore : December 30, 2022

## DIRECTORS' REPORT TO THE MEMBERS

Dear members,

The Directors of Noon Sugar Mills Limited are pleased to present the 60<sup>th</sup> annual report and Audited Financial Statements of the Company and the Auditors' Report thereon, for the year ended September 30, 2022.

### Financial Performance:

Your company have posted a recorded after tax profit of Rs.463 million in the reporting year, as compared to Rs.252 million in the corresponding period of the last year. Net sales were Rs.11,966 million in the current year against the net sales of Rs.9,190 million in the last year. EPS is Rs.28.09 during the current financial year as against Rs.15.38 in the same period last year.

During the year under review, the Company remained successful in achieving a comprehensive growth in its revenue, in a very challenging environment has resulted in enhancing the shareholders' wealth. A strategic planning and timely follow-up by your management has proved to be invaluable in achieving the undermentioned results.

|                            | 2022              | 2021  |
|----------------------------|-------------------|-------|
|                            | Rupees in million |       |
| Net Sales                  | 11,966            | 9,190 |
| Gross Profit               | 1,559             | 1,006 |
| Operating Profit           | 1,046             | 641   |
| Total Comprehensive Income | 463               | 252   |
|                            | Rupees            |       |
| Earnings Per Share         | 28.09             | 15.38 |

### Operational Performance:

#### Sugar:

Your mills crushed 1,120,350 M. Tons of the sugarcane and produced 104,720 M.Tons sugar, with an average sucrose recovery of 9.36% in 144 days operation, as compared to 863,552 M.Tons of the sugarcane crushing and 82,710 M.Tons of the sugar production with 9.60% sucrose recovery, in 121 days operation in the corresponding period of last year.

The operational performance of Sugar segment for the year under review along with comparative statistics of last year are tabulated below:

|                          |         | 2022      | 2021    |
|--------------------------|---------|-----------|---------|
| Operating Period         | Days    | 144       | 121     |
| Cane Crushed             | M. Tons | 1,120,350 | 863,552 |
| Sugar Produced           | M. Tons | 104,720   | 82,710  |
| Average Sucrose Recovery | % age   | 9.36      | 9.60    |
| Molasses Recovery        | % age   | 4.68      | 4.30    |
| Molasses Produced        | M. Tons | 52,378    | 37,033  |

Your management has further strengthened their relationship of mutual trust with farmers, motivating them to develop good variety of sugarcane in mills surrounding area, which has resulted a consistently improved crushing of cane as compared to the last season. The above procurement strategy ensured smooth supply of sugarcane at affordable prices through efficient cane procurement planning. A slight reduction in sucrose recovery however was observed due to climate changes, premature harvesting of crop and procurement of cane from distant areas, to maximize the sugar & molasses production. The Punjab government has increased minimum support price of cane from Rs.200 to Rs.225 per 40 kg, and together with increase in interest rates and other inflation factors contributing to increase the sugar production cost have to be kept in view which reviewing the above performance.

### **Distillery:**

During the reporting year, 151,780 M.Tons of molasses with a yield of 224 Ltrs/M.Ton, was processed, resulting in the production of 27,256 M.Tons of the industrial grade ethanol, as compared to 123,567 M.Tons of the molasses with a yield of 249 Ltrs/M.Ton processed, which resulted in the production of 24,582 M.Tons of the industrial grade ethanol in the previous year.

The operational performance of the Distillery segment for the year under review with comparative statistics of last year are tabulated below:

|                    |             | <b>2022</b> | <b>2021</b> |
|--------------------|-------------|-------------|-------------|
| Operating Period   | Days        | 294         | 284         |
| Molasses Processed | M. Tons     | 151,780     | 123,567     |
| Ethanol Produced   | M. Tons     | 27,256      | 24,582      |
| Average Yield      | Ltrs/M. Ton | 224         | 249         |

During the reporting year, molasses procurement remained a challenge which your management had successfully addressed to procure a significantly increased quantity of molasses, as compared to previous year. However, molasses procurement from various resources of varying quantities and specifications, resulted in a slightly reduced average ethanol yield as compared to last year.

### **Future Outlook:**

#### **Sugar:**

The Punjab government significantly increased the minimum support price of sugar cane from Rs.225 to Rs.300 per 40kg. High fuel cost, rising inflation, increased interest rates, combined with increased tax rates including the imposition of higher super tax rate, put extra burden on sugar sector. The rising inflation against restricted income has severely impacted individual's consumption pattern which is likely to cause a negative effect on sugar demand.

Considering the surplus sugar production and carryover stocks over the last year, the Federal Government is considering to allow the export. Export of surplus sugar, which may provide a crucial help to the sugar industry enabling them to make timely payment to cane growers and to secure the shareholders interest as well.

The current economic condition and political instability has caused a serious imbalance in business environment and sugar industry is not like to escape it.

The Company has started the current crushing season by November 25, 2022. The concerted efforts of cane department ensured the regular supply of sugarcane, and your company is trying to achieve another milestone in sugar production. Your management is continuously monitoring the inflationary impact on cost of production and trying to mitigate negative impacts by adopting a procurement strategic planning.

### **Ethanol:**

Following a rising trend in the prices of all commodities and raw materials has also resulted in substantial increase the current price of molasses as compared to last crushing season. The unprecedented increase of more than 33% in the support price of sugarcane of current season by the Provincial Governments is the major factor in this regards.

The international Ethanol prices appear to be stable but any significant fall in crude oil price may have an negative impact on it. A forecast of worldwide recession remains a worrying factor as well. However, the consistent devaluation of Pak Rupees against US Dollar may offset these negative factors in some measure. Your management is well aware of these upcoming challenges and have developed appropriate strategies to safeguard the interest of the shareholders.

### **Related Parties Transaction:**

Related party transactions are being carried out on arm's length basis. A complete list of all related party transactions is compiled and submitted to the Audit Committee at every quarter. The internal audit function ensures that all Related Party transactions are done on an arm's length basis. After review by the audit committee the transactions are placed before the Board for their consideration and approval.

During the year, the Company has carried out transactions with its related parties. Details of these transactions are disclosed in note 39 to the attached financial statements.

### **Corporate Social Responsibility:**

Noon Sugar Mill Ltd is committed to playing an active role in supporting and working for sustainable community and social development. Corporate Social Responsibility (CSR) is integrated in its core values and is an integral part of the Company's overall mission.

Followings are few ongoing initiatives taken by NSML to fulfill its corporate social responsibilities.

- a. Your company is providing quality education by establishing and running a college and a modern English medium Model High School in the Employees Housing Colony, for the benefit of its employee's children and also families living in factory vicinity. The employee's children are also encouraged to pursue higher education by grant of scholarships starting from Matriculation upwards every year.
- b. NSML is running a fair price shop in the housing colony for provision of household items at subsidized rates.
- c. It also runs a free Dispensary in Bhalwal for the past 29 years and provides free medicines to the poor patients of adjoining housing colonies.

### **Compliance with the Code of Corporate Governance:**

The requirement of the Listing Companies (Code of Corporate Governance) Regulations, 2019 relevant for the year ended September 30, 2022 have been duly complied with. A statement to this effect is annexed to the Report.

### **Corporate and Financial Reporting Framework:**

The financial statements together with the notes thereon have been drawn up by the management of the Company in conformity with the Companies Act, 2017 and applicable International Financial Reporting Standards (IFRS). These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

The Board of Directors hereby declares that:

- IFRSs as applicable in Pakistan, have been adequately followed in preparation of Financial Statements and any departure there from has been adequately disclosed in “Notes to the Financial Statements” and explained the reason thereof;
- proper books of accounts have been maintained by the Company;
- appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- the system of internal controls is sound in design and has been effectively implemented and monitored;
- there are no doubts upon the Company's ability to continue as a going concern;
- there has been no material departure from the Best Practices of Corporate Governance, as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019;
- The key operating and financial data of last six years is annexed to this Report;
- there are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at September 30, 2022 except for those disclosed in the financial statements;
- Mr. Saif Ullah Khan noon purchased 355,000 shares of the Company during the year ended on September 30, 2022, whereas other directors, CEO, CFO, Company Secretary and their spouses and minor children have not made any transactions in the Company's shares during the year.
- Cost of the investments of employees retirement funds are as follows:

**Staff Retirement Benefits:**

The Company has maintained a recognized provident fund, and based on financial statements of funds, value of its investment is as follows:

|                          |                    |
|--------------------------|--------------------|
| As at September 30, 2022 | Rs. 51.860 million |
| As at September 30, 2021 | Rs. 61.016 million |

Gratuity scheme is currently un-funded and annual provision is made on the basis of actuarial valuation to cover obligation under the scheme for all eligible employees and the details are contained in Note 9 to the audited financial statements for the year ended September 30, 2022.

Pattern of Shareholding of the Company as on September 30, 2022 is annexed whereas other related information is as follows:

**Shares held by:**

I. Associated Companies, undertakings and related parties:

|                                | <b><u>Number of shares held</u></b> |
|--------------------------------|-------------------------------------|
| Noon Industries (Pvt.) Limited | 765,403                             |

II. Mutual Funds:

Nil

III. The Directors and their spouse and minor children:

**Number of shares held**

| <b><u>Names of Directors</u></b> | <b><u>Own self</u></b> | <b><u>Spouse</u></b> | <b><u>Minor Children</u></b> |
|----------------------------------|------------------------|----------------------|------------------------------|
| Mr. Salman Hayat Noon            | 3,384,695              | Nil                  | Nil                          |
| Mr. Saif Ullah Khan Noon         | 355,017                | Nil                  | Nil                          |
| Mr. K. Iqbal Talib               | 26,360                 | 7,260                | Nil                          |
| Lt Col Abdul Khaliq Khan (Retd)  | 1                      | Nil                  | Nil                          |
| Mr. Irfan Ahmed                  | 1                      | Nil                  | Nil                          |
| Mr. Atta Ali Malik               | 1                      | Nil                  | Nil                          |
| Ms. Maryam Mamdot                | 1                      | Nil                  | Nil                          |

IV. Executives:

Nil

Nil

Nil

V. Public Sector Companies and Corporations, Joint Stock Companies and others:

| <b><u>Shares held</u></b> | <b><u>Percentage</u></b> |
|---------------------------|--------------------------|
| 2,157,134                 | 13.06%                   |

VI. Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

| <b><u>Shares held</u></b> | <b><u>Percentage</u></b> |
|---------------------------|--------------------------|
| 7,219                     | 0.04 %                   |

VII. Shareholders holding five percent or more voting rights:

|   | <b><u>Shares held</u></b> | <b><u>Percentage</u></b> |
|---|---------------------------|--------------------------|
| Ms. Tahia Noon                          | 6,000,000                 | 36.33 %                  |
| Mr. Salman Hayat Noon                   | 3,384,695                 | 20.49 %                  |
| EFG Private Bank (Channel Islands) Ltd. | 1,437,480                 | 8.70 %                   |
| Bulk Management Pakistan (Pvt.) Limited | 1,031,600                 | 6.25%                    |

**Trading in Shares:**

| <b><u>Name of Director</u></b> | <b><u>Sale/Gift</u></b> | <b><u>Purchase</u></b> |
|--------------------------------|-------------------------|------------------------|
| Mr. Saif Ullah Khan Noon       | Nil                     | 355,000                |

**Meeting of Board of Directors and Attendance:**

During the year under review, four meetings of the Board of Directors were held. Attendance by each director was as under:

| <b><u>NAMES OF DIRECTORS</u></b> | <b><u>MEETINGS ATTENDED</u></b> |
|----------------------------------|---------------------------------|
| Mr. K. Iqbal Talib               | 4                               |
| Mr. Salman Hayat Noon            | 4                               |
| Mr. Saif Ullah Khan Noon         | 2                               |
| Lt Col Abdul Khaliq Khan (Retd)  | 4                               |
| Mr. Irfan Ahmed                  | 2                               |
| Syed Ali Raza                    | 2                               |
| Mr. Atta Ali Malik               | 1                               |
| Ms. Maryam Mamdot                | 4                               |

Leave of absence was granted to the directors who could not attend the Board Meetings.

**Meetings of Audit Committee and Attendance:**

During the year under review, four meetings of the Audit Committee were held. Attendance by each director was as under:

| <b><u>NAMES OF DIRECTORS</u></b> | <b><u>MEETINGS ATTENDED</u></b> |
|----------------------------------|---------------------------------|
| Ms. Maryam Mamdot                | 4                               |
| Mr. Salman Hayat Noon            | 4                               |
| Mr. Saif Ullah Khan Noon         | 2                               |
| Syed Ali Raza                    | 2                               |

**Meetings of HR & R Committee and attendance:**

During the year under review, two meetings of the HR&R Committee were held. Attendance by each director was as under:

| <b><u>NAMES OF DIRECTORS</u></b> | <b><u>MEETINGS ATTENDED</u></b> |
|----------------------------------|---------------------------------|
| Mr. Saif Ullah Khan Noon         | 2                               |
| Mr. Salman Hayat Noon            | 2                               |
| Lt Col Abdul Khaliq Khan (Retd)  | 2                               |
| Syed Ali Raza                    | 1                               |

### **Meetings of Technical Committee and attendance:**

During the year under review, four meetings of the Technical Committee were held. Attendance by each director was as under:

| <b><u>NAMES OF DIRECTORS</u></b> | <b><u>MEETINGS ATTENDED</u></b> |
|----------------------------------|---------------------------------|
| Mr. Irfan Ahmed                  | 3                               |
| Mr. Salman Hayat Noon            | 3                               |
| Mr. Saif Ullah Khan Noon         | 4                               |
| Lt Col Abdul Khaliq Khan (Retd)  | 4                               |

### **Number of Meetings of Shareholders:**

During the year under review, annual general meeting was held on January 27, 2022.

### **Outstanding Statutory Payments:**

All outstanding payments are of normal and routine nature.

### **Director's Remuneration Policy:**

The Board of Directors has approved a formal policy for remuneration of executive directors depending upon their responsibility in the affairs of the Company. Remuneration of the executive directors shall be approved by the Board of Director, as recommended by the Human Resource and Remuneration Committee. The Company will not pay any remuneration to Independent Directors except fee for attending meetings of the Board and its committees.

### **Board Performance Evaluation**

In compliance of Regulation 10(3)(v) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors has put in place a mechanism for annual evaluation of performance of the Board as a whole, Board committees and individual members of the Board.

### **Role of Shareholders:**

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half-yearly and annual reports, now being promptly placed on Company's website. The Board encourages the shareholders' participation at the general meetings to ensure the desired level of accountability.

### **Dividend:**

The Board of Directors in their meeting held on December 30, 2022 has recommended payment of final cash dividend for the year ended September 30, 2022 @ **Rs.4** per share ( **40%**) to all the shareholders of the Company. The approval of the members for the final dividend shall be obtained at the Annual General Meeting to be held on January 28, 2023.



**Health, Safety & Environment:**

The Company adheres and ensures strict compliance of internationally acceptable health, safety and environment standards and we continue refining our processes for safer, more sustainable operations for today and tomorrow. Management has taken prompt and effective measures by enforcing the general and specific hygiene factors to minimize the impact of COVID-19.

**Auditors:**

M/s Shinewing Hameed Chaudhri & Co., Chartered Accountants, the retiring auditors have offered their services for another term. The Board proposes their appointment as recommended by the Audit Committee.

**Acknowledgement:**

We acknowledge invaluable support from all of our stakeholders including financial institutions, vendors, customers and shareholders of our Company. We take this opportunity to appreciate our employees for their commitment, dedication and round the clock efforts for the growth of the Company.

For and on behalf of the Board



**Lt Col ABDUL KHALIQ KHAN (Retd)**  
Chief Executive



**SALMAN HAYAT NOON**  
Director

**Lahore :** December 30, 2022

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

Name of Company: Noon Sugar Mills Limited (the Company)  
Year Ended: September 30, 2022

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are seven as per the following;

- |    |         |    |
|----|---------|----|
| a) | Male:   | 06 |
| b) | Female: | 01 |

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

| <u>Names</u>                    | <u>Category</u>                        |
|---------------------------------|--|
| Mr. K. Iqbal Talib              | (Non-Executive Director / Chairman)    |
| Mr. Salman Hayat Noon           | (Non-Executive Director)               |
| Irfan Ahmed                     | (Non-Executive Director)               |
| Lt Col Abdul Khaliq Khan (Retd) | (Executive Director / CEO)             |
| Mr. Saif Ullah Khan Noon        | (Executive Director)                   |
| Mr. Atta Ali Malik              | (Non-Executive / Independent Director) |
| Ms. Maryam Mamdot               | (Non-Executive / Independent Director) |

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. A casual vacancy occurring on the Board was filled up by the directors on July 18, 2022 when Mr. Atta Ali Malik was appointed as Director of the Company in place of Syed Ali Raza.
5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
7. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;
8. The meetings of the Board are presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to the frequency, recording and circulating minutes of meetings of the Board;

9. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
10. Total seven (07) directors of the Company were elected on March 31, 2020. Among all the directors, four directors have acquired Director Training Certification while two directors meet the requirements of the exemption under the Regulations. One director appointed on a casual vacancy on July 18, 2022 may acquire the directors training program certification within a period of one year from the date of his appointment as a director on the Board. The independent directors have affirmed their eligibility as laid down under Section 166(2) of the Companies Act, 2017 to act as an independent director of the Company;
11. During the year there is no change in the CFO, Company Secretary and Head of Internal Audit;
12. CFO and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
13. The Board has formed committees comprising of members given below:
- a) Audit Committee**
- |                           |             |
|---------------------------|-------------|
| i) Ms. Maryam Mamdot      | Chairperson |
| ii) Mr. Salman Hayat Noon | Member      |
| iii) Mr. Irfan Ahmed      | Member      |
- b) Human Resource and Remuneration Committee**
- |                           |             |
|---------------------------|-------------|
| i) Ms. Maryam Mamdot      | Chairperson |
| ii) Mr. Salman Hayat Noon | Member      |
| iii) Mr. Saif Ullah Noon  | Member      |
- c) Technical Committee**
- |                                     |          |
|-------------------------------------|----------|
| i) Mr. Irfan Ahmed                  | Chairman |
| ii) Mr. Salman Hayat Noon           | Member   |
| iii) Mr. Saif Ullah Khan Noon       | Member   |
| iv) Lt Col Abdul Khaliq Khan (Retd) | Member   |
14. The Terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
15. The frequency of meetings of the committees were as per following:
- |  |    |
|--|----|
| 1. Audit Committee                         | 04 |
| 2. Human Resource & Remuneration Committee | 02 |
| 3. Technical Committee                     | 04 |
16. The Board has setup an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and the procedures of the Company;
17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partner of the firm involved in the Audit are not a close relative

(spouse, parents, dependent and non–dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
19. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
20. Regulation 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 requires that “each listed company shall have at least two or one third members of Board, whichever is higher, as independent directors”. At the time of election of Directors, the Company assessed its compliance with this Regulation. One third of the Company's total number of Directors results in a fractional number, i.e. 2.33. The fraction has not been rounded up to one and therefore, the Board of Directors currently has 2 independent directors.



**K. IQBAL TALIB**

Chairman

**Lahore** : December 30, 2022

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NOON SUGAR MILLS LIMITED**

### **Review Report on the Statement of Compliance Contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **NOON SUGAR MILLS LIMITED** (the Company) for the year ended September 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2022.

*Shinewing Hameed Chaudhri & Co.*

**SHINEWING HAMEED CHAUDHRI & CO.,**  
CHARTERED ACCOUNTANTS

Audit Engagement Partner: Osman Hameed Chaudhri

Lahore : December 30, 2022

UDIN Number: CR202210104r7u610FAk

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOON SUGAR MILLS LIMITED Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **NOON SUGAR MILLS LIMITED** (the Company), which comprise the statement of financial position as at September 30, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matters

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

Following are the key audit matters:

| S. No. | Key audit matters   | How the matter was addressed in our audit   |
|--------|---|---|
| 1.     | <p><b>Contingencies</b></p> <p>The Company is subject to litigations against various Government departments involving different Courts. These litigations require management to make assessment and judgement with respect to likelihood and impact of such litigations.</p> <p>Management has engaged independent lawyers and legal advisors on these matters. The accounting for and disclosure of contingencies is complex and a matter of significance in our audit because of the judgement required to determine the level of certainty on these matters.</p> | <p>In response to this matter, our audit procedures included:</p> <ul style="list-style-type: none"> <li>- discussed legal cases with the internal legal department of the Company to understand the management's view point, obtained and reviewed the litigation documents to assess the facts and circumstances;</li> <li>- obtained independent opinion of lawyers and legal advisors dealing with such cases through confirmations;</li> </ul> |

| S. No. | Key audit matters  | How the matter was addressed in our audit   |
|--------|--|---|
|        | <p>Due to high magnitude of the amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impact, we have considered above referred contingencies as one of the key audit matters.</p> <p>Refer contents of notes 15.1 to 15.21 to the financial statements.</p>  | <ul style="list-style-type: none"> <li>- evaluated the possible outcome of these legal cases in line with the requirements of IAS 37 (Provisions, contingent liabilities and contingent assets); and</li> <li>- checked the disclosures of legal exposures and assessed provisions for completeness and accuracy.</li> </ul>  |
| 2.     | <p><b>Capitalisation of property, plant and equipment</b></p> <p>Refer note 16 to the financial statements. The Company incurred significant capital expenditure mainly to enhance production capacity and technological upgrade of the plant as part of its expansion activity. The Company has capitalized operating fixed assets aggregating Rs.315.800 million during the year.</p> <p>There are number of areas where management judgement is involved in connection with the above activities. These include:</p> <ul style="list-style-type: none"> <li>- Determining which costs meet the criteria for capitalisation as per International Accounting Standard - IAS - 16;</li> <li>- Determining the date on which assets under construction are transferred to operating fixed assets and the respective dates from which their depreciation should commence;</li> <li>- Capitalisation of borrowing costs and related implications;</li> <li>- The estimation of economic useful lives and residual values assigned to property, plant and equipment; and</li> <li>- Impairment testing; assessing whether there are any indicators of impairment present.</li> </ul> <p>We consider the above as a key audit matter being significant transactions and events for the Company during the year.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- obtained an understanding of the design and implementation of management controls over capitalization and performed tests of controls over authorization of capital expenditure and accuracy of its recording in the system;</li> <li>- assessed, on a sample basis, costs capitalised during the year by comparing the costs capitalised with the relevant underlying documentation, which included purchase agreements and invoices;</li> <li>- assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable financial reporting framework;</li> <li>- checked the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates, on a sample basis;</li> <li>- checked the disposal of operating fixed assets made during the year. Obtained and verified disposal considerations / insurance claims documents; and</li> <li>- assessed whether the disclosures were made in accordance with the applicable financial reporting framework.</li> </ul> |

| S. No. | Key audit matters  | How the matter was addressed in our audit  |
|--------|--|--|
| 3.     | <p><b>Valuation of stock-in-trade</b></p> <p>Refer to note 19 to the financial statements. Stock-in-trade at the reporting date mainly included finished goods (sugar bags).</p> <p>The value of stock-in-trade at the reporting date aggregated to Rs.1,160 million representing 40.97% of the Company's total current assets.</p> <p>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of stocks and in determining the appropriate value of slow moving and obsolete stocks.</p> <p>We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.</p> | <p>We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> <li>- assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards;</li> <li>- attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data;</li> <li>- assessed the historical costs of raw material recorded in the inventory valuation by checking purchase invoices on sample basis;</li> <li>- tested the reasonability of assumptions applied by the management in the allocation of overhead costs to the inventories; and</li> <li>- tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices.</li> </ul> <p>We reviewed the Company's disclosure in the financial statement in respect of stock in trade.</p> |
| 4.     | <p><b>Revenue recognition</b></p> <p>The principal activity of the Company is to manufacture and sale of sugar and spirit. Revenue from sale of goods is recognised as or when performance obligations are satisfied by transferring control of promised goods to customer. Revenue is measured at fair value of the consideration received or receivable and the payment is typically due on the satisfaction of performance obligation.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and due to the reason that revenue increased significantly as compared to last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>  | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition;</li> <li>- performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices;</li> <li>- tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period;</li> <li>- performed audit procedures to analyse variation in the price and quantity sold during the year;</li> <li>- performed recalculations of discounts as per the Company's policy on test basis;</li> <li>- understood and evaluated the accounting policy with respect to revenue recognition; and</li> <li>- assessed the adequacy of disclosures made in the financial statements related to revenue.</li> </ul>   |



### **Information Other than the Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information, which comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditors' 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 auditors' 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 auditors' 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 upto the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Osman Hameed Chaudhri.

**LAHORE:** December 30, 2022

UDIN Number: AR202210104hIHmDZduF

*Shinwing Hameed Chaudhri & Co.*  
**SHINewing HAMEED CHAUDHRI & CO.,**  
CHARTERED ACCOUNTANTS

## Statement of Financial Position As at September 30, 2022

| Equity and Liabilities                     | Note      | 2022<br>--- Rupees in '000 --- | 2021                    |
|--|-----------|--------------------------------|-------------------------|
| <b>Share Capital and Reserves</b>          |           |                                |                         |
| <b>Authorised capital</b>                  |           |                                |                         |
| 20,000,000 ordinary shares of Rs.10 each   |           | <u>200,000</u>                 | <u>200,000</u>          |
| Issued, subscribed and paid-up capital     | 5         | 165,175                        | 165,175                 |
| Reserves                                   | 6         | 249,217                        | 249,217                 |
| Unappropriated profits                     |           | <u>1,318,552</u>               | <u>913,265</u>          |
|  |           | <b>1,732,944</b>               | <b>1,327,657</b>        |
| <b>Non-Current Liabilities</b>             |           |                                |                         |
| Long term finance                          | 7         | -                              | 75,000                  |
| Lease liabilities                          | 8         | 635                            | 1,613                   |
| Staff retirement benefits - gratuity       | 9         | 72,875                         | 60,076                  |
|  |           | <u>73,510</u>                  | <u>136,689</u>          |
| <b>Current Liabilities</b>                 |           |                                |                         |
| Trade and other payables                   | 10        | 607,845                        | 358,134                 |
| Contract liabilities                       | 11        | 16,744                         | 21,036                  |
| Accrued mark-up                            | 12        | 15,786                         | 38,126                  |
| Short term finances                        | 13        | 1,848,338                      | 2,335,335               |
| Current portion of non-current liabilities | 14        | 76,000                         | 76,640                  |
| Unclaimed dividends                        |           | 5,053                          | 5,100                   |
| Unpaid dividends                           |           | 4,801                          | 3,879                   |
| Provision for taxation                     |           | 203,726                        | 123,057                 |
|  |           | <u>2,778,293</u>               | <u>2,961,307</u>        |
|  |           | <b>2,851,803</b>               | <b>3,097,996</b>        |
| <b>Contingencies and Commitments</b>       | <b>15</b> | <u><b>4,584,747</b></u>        | <u><b>4,425,653</b></u> |

The annexed notes form an integral part of these financial statements.



**Lt Col ABDUL KHALIQ KHAN (Retd)**

Chief Executive

## Statement of Financial Position As at September 30, 2022

|  | Note | 2022<br>---- Rupees in '000 ---- | 2021      |
|--|------|----------------------------------|-----------|
| <b>Assets</b>  |      |                                  |           |
| <b>Non-Current Assets</b>  |      |                                  |           |
| Property, plant and equipment  | 16   | 1,799,082                        | 1,611,027 |
| Loans and advances   | 17   | 1,633                            | 2,053     |
| Security deposits  |      | 5,448                            | 2,847     |
|  |      | 1,806,163                        | 1,615,927 |
| <b>Current Assets</b>  |      |                                  |           |
| Stores, spares and loose tools                                       | 18   | 143,723                          | 88,406    |
| Stock-in-trade   | 19   | 1,160,752                        | 1,405,972 |
| Trade debts  | 20   | 313,026                          | 337,868   |
| Loans and advances   | 21   | 689,706                          | 369,655   |
| Short term prepayments   |      | 4,315                            | 2,953     |
| Other receivables  | 22   | 134,389                          | 223,593   |
| Income tax refundable, advance income tax and tax deducted at source |      | 222,139                          | 156,356   |
| Bank balances  | 23   | 110,534                          | 224,923   |
|  |      | 2,778,584                        | 2,809,726 |
|  |      | 4,584,747                        | 4,425,653 |

The annexed notes form an integral part of these financial statements.



**SALMAN HAYAT NOON**  
Director



**RIZWAN SOHAIL**  
Chief Financial Officer

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended September 30, 2022

|  | Note | 2022<br>--- Rupees in '000 --- | 2021           |
|--|------|--------------------------------|----------------|
| Sales - net  | 24   | 11,965,974                     | 9,189,680      |
| Cost of sales  | 25   | (10,406,680)                   | (8,183,388)    |
| <b>Gross profit</b>  |      | <u>1,559,294</u>               | 1,006,292      |
| Distribution and marketing expenses  | 26   | (335,177)                      | (183,761)      |
| Administrative expenses  | 27   | (268,339)                      | (213,520)      |
| Other income   | 28   | 216,031                        | 64,118         |
| Other expenses   | 29   | (125,363)                      | (32,463)       |
| <b>Profit from operations</b>  |      | <u>1,046,446</u>               | 640,666        |
| Finance cost   | 30   | (389,515)                      | (263,489)      |
| <b>Profit before taxation</b>  |      | <u>656,931</u>                 | 377,177        |
| Taxation   | 31   | (192,924)                      | (123,057)      |
| <b>Profit after taxation</b>   |      | <u>464,007</u>                 | 254,120        |
| <b>Other comprehensive loss</b>  |      |                                |                |
| Items that will not be reclassified subsequent to statement of profit or loss: |      |                                |                |
| - loss on remeasurement of staff retirement benefit obligation                 |      | (909)                          | (1,662)        |
| <b>Total comprehensive income</b>  |      | <u>463,098</u>                 | <u>252,458</u> |
| ----- Rupees -----   |      |                                |                |
| <b>Earnings per share - basic and diluted</b>                                  | 32   | <u>28.09</u>                   | <u>15.38</u>   |

The annexed notes form an integral part of these financial statements.



**Lt Col ABDUL KHALIQ KHAN (Retd)**  
Chief Executive



**SALMAN HAYAT NOON**  
Director



**RIZWAN SOHAIL**  
Chief Financial Officer

## Statement of Cash Flows For the Year Ended September 30, 2022

|   | 2022                   | 2021      |
|---|------------------------|-----------|
|   | --- Rupees in '000 --- |           |
| <b>Cash flows from operating activities</b>   |                        |           |
| Profit for the year before taxation   | 656,931                | 377,177   |
| <b>Adjustments for non-cash charges and other items:</b>                              |                        |           |
| Depreciation on property, plant & equipment and right-of-use assets                   | 159,158                | 149,806   |
| Gain on disposal of operating fixed assets & capital work-in-progress                 | (3,840)                | (2,634)   |
| Unclaimed and other payable balances written-back                                     | (7)                    | (1,251)   |
| Receivable balances written-off   | 11,845                 | -         |
| Provision for doubtful receivable balance   | 52,745                 | -         |
| Provision for expected credit loss for trade debtors                                  | 1,333                  | 762       |
| Provision for staff retirement benefits - gratuity                                    | 16,536                 | 13,293    |
| Provision made for slow moving stores and spares inventory                            | 884                    | -         |
| Finance cost  | 375,776                | 256,167   |
| <b>Profit before working capital changes</b>  | 1,271,361              | 793,320   |
| <b>Effect on cash flow due to working capital changes</b>                             |                        |           |
| (Increase) / decrease in current assets:  |                        |           |
| Stores, spares and loose tools  | (56,201)               | (12,203)  |
| Stock-in-trade  | 245,220                | (399,810) |
| Trade debts   | 23,509                 | 338,543   |
| Loans and advances  | (320,087)              | 218,734   |
| Short term prepayments  | (1,362)                | 2,361     |
| Other receivables   | 24,614                 | (28,815)  |
| Increase / (decrease) in current liabilities:   |                        |           |
| Trade and other payables and contract liabilities                                     | 245,426                | (60,691)  |
|   | 161,119                | 58,119    |
| <b>Cash generated from operations</b>   | 1,432,480              | 851,439   |
| Income tax paid   | (178,038)              | (130,096) |
| Staff retirement benefits (gratuity) - paid   | (4,646)                | (10,076)  |
| <b>Net cash generated from operating activities</b>                                   | 1,249,796              | 711,267   |
| <b>Cash flows from investing activities</b>   |                        |           |
| Additions to property, plant and equipment  | (385,259)              | (234,073) |
| Sale proceeds / insurance claims of operating fixed assets & capital work-in-progress | 41,886                 | 4,883     |
| Long term security deposits - net   | (2,601)                | 807       |
| Loans and advances - net  | 456                    | (926)     |
| <b>Net cash used in investing activities</b>  | (345,518)              | (229,309) |
| <b>Cash flows from financing activities</b>   |                        |           |
| Long term finances - net  | (75,000)               | (37,500)  |
| Short term finances - net   | (486,997)              | 57,739    |
| Lease liabilities   | (1,618)                | (6,496)   |
| Finance cost paid   | (398,116)              | (264,714) |
| Dividend paid   | (56,936)               | (57,590)  |
| <b>Net cash used in financing activities</b>  | (1,018,667)            | (308,561) |
| <b>Net (decrease) / increase in cash and cash equivalents</b>                         | (114,389)              | 173,397   |
| <b>Cash and cash equivalents - at beginning of the year</b>                           | 224,923                | 51,526    |
| <b>Cash and cash equivalents - at end of the year</b>                                 | 110,534                | 224,923   |

The annexed notes form an integral part of these financial statements.



**Lt Col ABDUL KHALIQ KHAN (Retd)**  
Chief Executive



**SALMAN HAYAT NOON**  
Director



**RIZWAN SOHAIL**  
Chief Financial Officer

## Statement of Changes in Equity For the Year Ended September 30, 2022

| Share capital | Reserves      |         |                         | Sub- total | Total |
|---------------|---------------|---------|-------------------------|------------|-------|
|               | Capital       | Revenue |                         |            |       |
|               | Share premium | General | Un-appropriated profits |            |       |

----- Rupees in '000 -----

**Balance as at October 01, 2020**                      **165,175**    **119,217**    **130,000**    **718,618**    **967,835**    **1,133,010**

**Transactions with owners -distributions**

Cash dividend at the rate of Rs.3.50  
per ordinary share for the year  
ended September 30, 2020

-                      -                      -                      (57,811)                      (57,811)                      (57,811)

**Total comprehensive income for the  
year ended September 30, 2021**

Profit for the year

|   |   |   |         |         |         |
|---|---|---|---------|---------|---------|
| - | - | - | 254,120 | 254,120 | 254,120 |
| - | - | - | (1,662) | (1,662) | (1,662) |

Other comprehensive loss

-                      -                      -                      252,458                      252,458                      252,458

**Balance as at September 30, 2021**                      **165,175**    **119,217**    **130,000**    **913,265**    **1,162,482**    **1,327,657**

**Transactions with owners -distributions**

Cash dividend at the rate of Rs.3.50  
per ordinary share for the year  
ended September 30, 2021

-                      -                      -                      (57,811)                      (57,811)                      (57,811)

**Total comprehensive income for the  
year ended September 30, 2022**

Profit for the year

|   |   |   |         |         |         |
|---|---|---|---------|---------|---------|
| - | - | - | 464,007 | 464,007 | 464,007 |
| - | - | - | (909)   | (909)   | (909)   |

Other comprehensive loss

-                      -                      -                      463,098                      463,098                      463,098

**Balance as at September 30, 2022**                      **165,175**    **119,217**    **130,000**    **1,318,552**    **1,567,769**    **1,732,944**

The annexed notes form an integral part of these financial statements.



**Lt Col ABDUL KHALIQ KHAN (Retd)**  
Chief Executive



**SALMAN HAYAT NOON**  
Director



**RIZWAN SOHAIL**  
Chief Financial Officer

# Notes to the Financial Statements

## For the Year Ended September 30, 2022

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Noon Sugar Mills Limited (the Company) was incorporated in the year 1964 as a Public Company and its shares are quoted on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of white sugar and spirit.

1.1 Geographical location and addresses of major business units including mills / plant of the Company are as under:

| <b>Sargodha</b>  | <b>Purpose</b>           |
|--|--------------------------|
| Bhalwal  | Mills / Production plant |
| <br><b>Lahore</b>  |                          |
| 66-Garden Block, New Garden Town, Lahore.                        | Head office              |
| <br><b>Karachi</b>   |                          |
| 1st Floor, P.I.I.A Building,<br>Mulana Deen Muhammad Wafai Road, | Marketing office         |

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for staff retirement benefits (gratuity) which is stated at their present value.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional currency of the Company. All financial information presented in Pak Rupees has been rounded-off to the nearest thousand, unless otherwise stated.



## 2.4 Initial application of standards, amendments or interpretations to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements:

### 2.4.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on October 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

#### (a) Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the KIBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the KIBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from KIBORs to alternative benchmark rates, and how the entity is managing this transition. This amendment is effective for annual reporting periods beginning on or after January 01, 2021.

#### (b) COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021. In the light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

### 2.4.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations to IFRSs are only effective for accounting periods beginning on after the date mentioned in each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements.

#### (a) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

#### (b) Property, Plant and Equipment – Proceeds before intended use (Amendments to IAS 16)

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies the prohibition on

an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in the statement of profit or loss.

**(c) Presentation of Financial Statements – Classification of liabilities as current or non-current (Amendments to IAS 1)**

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

**(d) Definition of Accounting Estimates (Amendments to IAS 8)**

The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023.

**(e) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)**

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after January 01, 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

**(f) Annual Improvements to IFRS Standards 2018 – 2020**

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

**IFRS 9** – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

**IFRS 16** – The amendment partially amends illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The amendments are not likely to affect the Company's financial statements.

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

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

The following interpretation issued by the IASB has been waived off by SECP:

IFRIC 12 Service concession arrangements

### 3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

#### (a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

#### (b) Stores & spares and stock-in-trade

The Company estimates the net realizable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make sale.

#### (c) Provision for impairment of trade debts

Impairment losses related to trade and other receivables, are calculated using simplified approach of expected credit loss (ECL) model. Management used actual credit loss experience over past years for the calculation of ECL. Trade and other receivables are written off when there is no reasonable expectation of recovery.

#### (d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 9.

#### (e) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax laws and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 4.1 Borrowings and borrowing costs

These are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings as interest expense.

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

#### 4.2 Leases liabilities

The Company leases vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### 4.3 Staff retirement benefits

##### (a) Defined contribution plan

The Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 10% of the basic salaries both by the employees and the Company. The assets of the Fund are held separately under the control of the Trustees.

##### (b) Defined benefit plan

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2022 on the basis of the projected unit credit method by an independent Actuary.

The liability recognised in the statement of financial position in respect of retirement gratuity scheme is the present value of defined benefit obligation at the end of reporting period. The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

#### 4.4 Trade and other payables

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

## 4.5 Taxation

### (a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by the reporting date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

### (b) Deferred

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

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income / equity in which case it is included in other comprehensive income / equity.

## 4.6 Property, plant and equipment

### (a) Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except freehold land, which is stated at cost. Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years.

Depreciation is taken to statement of profit or loss applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 16.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to statement of profit or loss. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to statement of profit or loss.

### (b) Right-of-use assets

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis (note 16.5). The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

### (c) Capital work-in-progress

This is stated at cost. All expenditure connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

## 4.7 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Company uses cost model for valuation of its investment property; freehold land has been carried at cost whereas buildings on freehold land have been carried at cost less accumulated depreciation and any identified impairment loss.

Depreciation on buildings is taken to statement of profit or loss on reducing balance method. Depreciation on additions to investment property is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

## 4.8 Financial assets

### Initial measurement

The Company classifies its financial assets in the following three measurement categories:

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

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

### Subsequent Measurement

#### - *Equity Instruments at FVTOCI*

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

#### - *Debt Instruments at FVTOCI*

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On derecognition, gains and losses accumulated in statement of other comprehensive income are reclassified to the statement of profit or loss.

#### - *Debt Instruments at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in the statement of profit or loss.

#### - *Financial Assets measured at amortised cost*

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

## **Derecognition**

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.

### **4.9 Derivative, financial instruments and hedging activities**

Derivatives are recognized initially at fair value, attributable transaction costs are recognized in statement of profit or loss when incurred.

### **4.10 Loans and advances**

These are stated at amortised cost.

### **4.11 Stores, spares and loose tools**

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated to the reporting date. Adequate provision is made against slow moving / obsolete items after taking into account a reasonable estimate of salvage value.

### **4.12 Stock-in-trade**

Basis of valuation are as follows:

#### **Particulars**

#### **Mode of valuation**

Raw materials - molasses:

- purchased

- At lower of weighted average cost and net realisable value.

- own produced

- At net realisable value

Finished goods

- At lower of cost and net realisable value.

Work-in-process

- At cost.

- Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which consists of prime cost and appropriate production overheads.

- Net realisable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.

### **4.13 Trade debts and other receivables**

These are classified at amortized cost and are initially recognised and measured at fair value of consideration receivable. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

### **4.14 Cash and cash equivalents**

Cash at banks and short term deposits, which are held to maturity are carried at cost. For the purposes of statement of cash flows, cash equivalents are short term highly liquid instruments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

## 4.15 Impairment

### (a) Financial assets

The Company assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, the Company followed simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. Management used actual credit loss experience over past years for the calculation of ECL.

### (b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognized in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

## 4.16 Financial liabilities

### Classification & subsequent measurement

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 derecognition is also recognized in the statement of profit or loss.

### Derecognition

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.

## 4.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

### *Sale of goods*

- revenue from sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers;
- revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port;



***Other sources of revenue***

- Dividend income is accounted for when the right of receipt is established; and
- return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income establishes.

**4.18 Foreign currency transactions**

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses on translations are recognized in the statements of profit or loss. Forward foreign exchange contracts if any are measured at fair value which is calculated by reference to current forward foreign exchange rates with similar maturity profiles. The unrealized gain if any is included in equity and realized gains /losses are included in the statement of profit or loss currently. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

**4.19 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events 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 reviewed at each reporting date and adjusted to reflect the current best estimate.

**4.20 Off-setting of financial assets and liabilities**

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

**4.21 Segment reporting**

A segment is a distinguishable component within the Company that is engaged in providing products which are subject to risks and returns that are different from those of other business segments.

**4.22 Dividend and appropriation to reserves**

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

**4.23 Ijarah Contracts**

The Company has entered in to Ijarah contracts under which it obtains assets for an agreed period for an agreed consideration. The Ijarah contracts are undertaken in compliance with the Shariah essentials for such contracts prescribed by the State Bank of Pakistan.

The Company recognises the Ijarah rental payments as an expense in the profit or loss on straight line basis over the Ijarah term.

## 5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2022<br>(No. of shares) | 2021              |   | 2022<br>--- Rupees in '000 --- | 2021           |
|-------------------------|-------------------|---|--------------------------------|----------------|
| 7,187,829               | 7,187,829         | Ordinary shares of Rs.10 each fully paid in cash                                      | 71,879                         | 71,879         |
| 500,000                 | 500,000           | Ordinary shares of Rs.10 each issued to a financial institution on conversion of loan | 5,000                          | 5,000          |
| 8,829,624               | 8,829,624         | Ordinary shares of Rs.10 each issued as fully paid bonus shares                       | 88,296                         | 88,296         |
| <u>16,517,453</u>       | <u>16,517,453</u> |   | <u>165,175</u>                 | <u>165,175</u> |

5.1 The voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of shareholders.

## 6. RESERVES

|                                 | Note | 2022<br>--- Rupees in '000 --- | 2021           |
|---------------------------------|------|--------------------------------|----------------|
| Capital reserve - share premium | 6.1  | 119,217                        | 119,217        |
| Revenue reserve - general       |      | 130,000                        | 130,000        |
|                                 |      | <u>249,217</u>                 | <u>249,217</u> |

6.1 This represents share premium received on 5,687,829 ordinary right shares issued during the financial year ended September 30, 2006 at the rate of Rs.30 per share adjusted by bonus shares issued.

## 7. LONG TERM FINANCE

|   | Note | 2022<br>--- Rupees in '000 --- | 2021          |
|---|------|--------------------------------|---------------|
| Balance as at September 30,                             | 7.1  | 75,000                         | 150,000       |
| Less: Current portion grouped under current liabilities |      | 75,000                         | 75,000        |
|   |      | <u>-</u>                       | <u>75,000</u> |

- 7.1 The Company has obtained a demand finance facility of Rs.300 million from MCB bank Limited to finance BMR of sugar and distillery units. This finance facility carries mark-up at the rate of 6 month KIBOR + 175 bps per annum and is repayable in 8 equal semi annual instalments of Rs.37.500 million each. Effective mark-up rate charged by the bank, during the current financial year, ranged from 9.66% to 17.87% (2021: 9.04% to 9.53%) per annum. This finance facility is secured against first pari passu charge of Rs.400 million on present and future plant and machinery of the Company with 25% margin.

| <b>8. LEASE LIABILITIES</b> | <b>Note</b> | <b>2022</b>       | <b>2021</b>  |
|-----------------------------|-------------|-------------------|--------------|
| --- Rupees in '000 ---      |             |                   |              |
| Lease liabilities           | <b>8.1</b>  | <b>1,635</b>      | 3,253        |
| Less: current portion       |             | <b>1,000</b>      | 1,640        |
|                             |             | <u><b>635</b></u> | <u>1,613</u> |

**8.1 Movement in the account of lease liabilities**

|                                     | <b>2022</b>         | <b>2021</b>  |
|-------------------------------------|---------------------|--------------|
| --- Rupees in '000 ---              |                     |              |
| Opening balance as at October 01,   | <b>3,253</b>        | 9,749        |
| Add: Interest charge for the year   | <b>276</b>          | 694          |
| Less: Payment made during the year  | <b>1,894</b>        | 7,190        |
| Closing balance as at September 30, | <u><b>1,635</b></u> | <u>3,253</u> |

**8.1.1 Maturity analysis of undiscounted lease payments need to be made after the reporting period**

|                            |                     |              |
|----------------------------|---------------------|--------------|
| Payable less than one year | <b>1,223</b>        | 1,880        |
| Payable between:           |                     |              |
| one to two years           | <b>674</b>          | 1,140        |
| two to three years         | -                   | 627          |
|                            | <u><b>1,897</b></u> | <u>3,647</u> |

- 8.2 The Company has entered into lease arrangements with banks to acquire vehicles. The liabilities under these arrangements are repayable in 36 to 60 monthly instalments and carry profit / mark-up at different rates. Effective profit / mark-up rates charged by the banks, during the current financial year, ranged from 15.05% to 19.12% (2021: 9.35% to 10.91%) per annum. The Company intends to exercise its option to purchase the leases vehicles upon completion of lease term. The liabilities are secured against title of vehicles in the name of the respective bank.

**9. STAFF RETIREMENT BENEFITS - Gratuity**

- 9.1 Projected unit credit method, as allowed under IAS 19 (Employee Benefits), has been used for actuarial valuation based on the following significant assumptions:

|                                       | <b>2022</b>   | <b>2021</b> |
|---------------------------------------|---------------|-------------|
| - discount rate                       | <b>13.25%</b> | 10.50%      |
| - expected rate of increase in salary | <b>10.25%</b> | 7.50%       |

- 9.2 The amount recognised in the statement of financial position is present value of defined benefit obligation at reporting date.

|   | 2022                   | 2021          |
|---|------------------------|---------------|
|   | --- Rupees in '000 --- |               |
| <b>The movement in the present value of defined benefit obligation is as follows:</b> |                        |               |
| Balance at beginning of the year  | 60,076                 | 55,582        |
| Current service cost  | 10,472                 | 8,384         |
| Interest cost   | 6,064                  | 4,909         |
| Benefits due but not paid (transferred to short term liabilities)                     | -                      | (385)         |
| Benefits paid   | (4,646)                | (10,076)      |
| Remeasurement of obligation   | 909                    | 1,662         |
| Balance at end of the year  | <u>72,875</u>          | <u>60,076</u> |

**9.3 Charge to statement of profit or loss:**

|                      |               |               |
|----------------------|---------------|---------------|
| Current service cost | 10,472        | 8,384         |
| Interest cost        | 6,064         | 4,909         |
|                      | <u>16,536</u> | <u>13,293</u> |

**9.4 Remeasurements recognised in other comprehensive income**

|                         | 2022                   | 2021         |
|-------------------------|------------------------|--------------|
|                         | --- Rupees in '000 --- |              |
| Actuarial loss / (gain) | 225                    | (336)        |
| Experience adjustments  | 684                    | 1,998        |
|                         | <u>909</u>             | <u>1,662</u> |

- 9.5 Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

|   | 2022                       | 2021   | 2020   | 2019    | 2018   |
|---|----------------------------|--------|--------|---------|--------|
|   | ----- Rupees in '000 ----- |        |        |         |        |
| Present value of defined benefit obligation | <u>72,875</u>              | 60,076 | 55,582 | 45,926  | 43,991 |
| Experience adjustment on obligation         | <u>909</u>                 | 1,662  | 2,339  | (4,418) | 2,856  |

## 9.6 Sensitivity analysis for actuarial assumptions:

The calculation of defined benefit obligation is sensitive to assumptions set-out above. The following table summarizes how defined benefit obligation would have increased / (decreased) as a result of change in respective assumption by 1 percent.

|                      | Increase in<br>assumptions | Decrease in<br>assumptions |
|----------------------|----------------------------|----------------------------|
|                      | ----- Rupees in '000 ----- |                            |
| Discount rate        | (67,299)                   | 78,913                     |
| Increase in salaries | 78,915                     | (67,299)                   |

### Expected maturity analysis of undiscounted obligation is as follows:

| Time in years | Rupees in '000' |
|---------------|-----------------|
| 1             | 6,317           |
| 2             | 7,529           |
| 3             | 8,698           |
| 4             | 10,275          |
| 5             | 11,414          |
| 6 and onwards | 76,026          |

9.7 The Company's contribution to scheme for the financial year 2023 is expected to be Rs.22.642 million.

9.8 Gratuity payable includes liability in respect of key management personnel aggregating Rs.12.544 million (2021: Rs.9.321 million).

## 10. TRADE AND OTHER PAYABLES

|   | Note | 2022<br>--- Rupees in '000 --- | 2021           |
|---|------|--------------------------------|----------------|
| Creditors   |      | 364,410                        | 222,099        |
| Advance payments                                  |      | 7                              | 7              |
| Retention money                                   |      | 2,664                          | 364            |
| Sales tax payable                                 |      | 117,369                        | 74,224         |
| Accrued expenses                                  |      | 44,907                         | 21,980         |
| Income tax deducted at source                     |      | 3,469                          | 2,047          |
| Workers' (profit) participation fund              | 10.1 | 38,342                         | 20,343         |
| Payable against Workers' welfare fund obligations | 10.2 | 24,680                         | 9,387          |
| Gratuity payable                                  |      | -                              | 385            |
| Others  |      | 11,997                         | 7,298          |
|   |      | <u>607,845</u>                 | <u>358,134</u> |

|             |  | 2022                   | 2021             |
|-------------|--|------------------------|------------------|
|             |  | --- Rupees in '000 --- |                  |
| <b>10.1</b> | <b>Workers' (profit) participation fund- the Fund</b>  |                        |                  |
|             | Balance at beginning of the year   | 20,343                 | 16,984           |
|             | Add: - profit earned on the Fund's balances<br>maintained in a PLS bank account                                    | 57                     | 33               |
|             | - allocation for the year  | 38,233                 | 20,292           |
|             | - interest on funds utilised by the Company  | 3,021                  | 2,660            |
|             | Less: payment made during the year   | (23,312)               | (19,626)         |
|             | Balance at end of the year   | <u>38,342</u>          | <u>20,343</u>    |
| <b>10.2</b> | <b>Payable against Workers' welfare fund obligations</b>   |                        |                  |
|             | Balance at beginning of the year   | 9,387                  | 1,057            |
|             | Add - allocation for the year  | 15,293                 | 8,330            |
|             | Balance at end of the year   | <u>24,680</u>          | <u>9,387</u>     |
| <b>11.</b>  | <b>CONTRACT LIABILITIES</b>  |                        |                  |
| 11.1        | These represent advance consideration received from customers in ordinary course of business and carry no mark-up. |                        |                  |
| <b>12.</b>  | <b>ACCRUED MARK-UP</b>   |                        |                  |
|             |  | 2022                   | 2021             |
|             |  | --- Rupees in '000 --- |                  |
|             | Mark-up accrued on:  |                        |                  |
|             | - long term finances   | 367                    | 399              |
|             | - short term finances  | 15,419                 | 37,727           |
|             |  | <u>15,786</u>          | <u>38,126</u>    |
| <b>13.</b>  | <b>SHORT TERM FINANCES</b>   |                        |                  |
|             | Running / cash finances - secured  | 1,841,193              | 1,901,835        |
|             | From a related party - unsecured   | -                      | 433,500          |
|             | Temporary bank overdraft - unsecured   | 7,145                  | -                |
|             |  | <u>1,848,338</u>       | <u>2,335,335</u> |

- 13.1** Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.4.600 billion (2021: Rs.4.725 billion). These finance facilities, during the current financial year, carried mark-up at the rates ranging from 3.00% to 19.11% (2021: 3.00% to 10.91%) per annum. Facilities available for opening letters of credit and guarantees aggregate to Rs.130.82 million (2021: Rs.319.19 million) of which facilities aggregating Rs.111.742 million (2021: Rs.184.01 million) remained unutilised at the reporting date. The aggregate finance facilities are secured against charge over plant & machinery, pledge of refined sugar in bags, charge over current assets of the Company and lien over import & export documents. These facilities are expiring on various dates by May, 2023.
- 13.2** The Company obtained a short term loan amounting Rs.450 million from one of its related party Mr. Adnan Hayat Noon (sponsor) to meet its working capital requirements. During the current year, the Company has fully repaid the said loan. This loan was interest free.
- 13.3** This represents book overdraft balance due to cheques issued in excess of an actual bank balance in respect of a bank account.

| <b>14. CURRENT PORTION OF<br/>NON-CURRENT LIABILITIES</b> | <b>Note</b> | <b>2022<br/>-- Rupees in '000 --</b> | <b>2021</b>   |
|---|-------------|--------------------------------------|---------------|
| Long term finance   | <b>7</b>    | <b>75,000</b>                        | 75,000        |
| Lease liabilities   | <b>8</b>    | <b>1,000</b>                         | 1,640         |
|   |             | <u><b>76,000</b></u>                 | <u>76,640</u> |

## **15. CONTINGENCIES AND COMMITMENTS**

### **Contingencies**

- 15.1** On an interim order of the High Court of Sindh, Karachi, sale certificate has been issued to the Company in respect of factory / plant known as Northern Chemicals and the Company has paid stamp duty on land it purchased. It was held that in case the Court comes to a conclusion that the Company is liable to pay stamp duty on plant and machinery as well, the Company shall pay the same within fifteen days from decision of appeal. In this regard, the Company has provided a bank guarantee in favour of Nazir of High Court of Sindh for an amount of Rs.2.400 million.
- 15.2** An appeal was pending before the Lahore High Court (LHC) against the order of the Customs, Central Excise & Sales Tax Appellate Tribunal (the Tribunal) in the matter of permit fee amounting Rs.5.994 million. The said appeal filed was dismissed by the LHC on September 22, 2020. The Company has filed an appeal in the Supreme Court of Pakistan against the order of LHC. The case is pending adjudication.
- 15.3** A reference application under section 47(1) of the Sales Tax Act, 1990 (the Act) is pending before the LHC against confirmation of original order by the Tribunal whereby the Company was ordered to pay sales tax demands aggregating Rs.3.083 million.
- 15.4** An appeal under section 47 of the Act is also pending before the LHC against judgment of the Tribunal whereby the Company was ordered to pay dues aggregating Rs.4.991 million.
- 15.5** An appeal before the LHC, against judgment of the Tribunal, is pending; the Tribunal has upheld the judgment of the Additional Collector whereby the Company was ordered to pay demands aggregating Rs.1.400 million.
- 15.6** Provisions for cane quality premium payable to growers aggregating Rs.79.335 million, related to different yearly notifications issued by the Government of the Punjab (GoP) for fixation of cane

support price and quality premium above 'bench mark average recovery', made during the financial years 1981-82 to 1994-95 were written-back during the financial year ended September 30, 2006. The management is of the view that no outflow of resources will be required as a result of judgment by the LHC for the cases pending adjudication, as LHC has judged this levy as unconstitutional in similar cases.

Presently, the intra-court appeals of the GoP are pending for a fresh decision by the LHC. Earlier, the Supreme Court of Pakistan had set aside the LHC's judgment of dismissal of review application filed by the GoP.

- 15.7** A writ petition is pending before the LHC against decision of the Board of Trustees of Employees Old-age Benefits Institution; the Institution has raised demand amounting Rs.3.394 million. The Company, as per order of the LHC, has deposited Rs.381 thousand during May, 2011.
- 15.8** The Company, during the financial year 2002, had filed an appeal before the Tribunal against the order of the Additional Collector (Central Excise), Faisalabad rejecting the refund claim of the Company amounting Rs.15.117 million. The Company had paid this amount under protest as customs duty on the sale of sugar. The appeal is pending adjudication.
- 15.9** The GoP, during the financial year 2012, imposed a duty @ Rs.2 per litre on manufacturing of spirit. The Company has filed an appeal before the LHC against the imposition of duty which is pending adjudication. However, on an interim order of the LHC the Company provided a bank guarantee in favour of excise and taxation department for an amount of Rs.1.000 million.

During the financial year ended September 30, 2017, the LHC passed another interim order and directed the Company to deposit the amount of provincial excise duty in cash with deputy registrar of the court on monthly basis till the final order. In compliance with this interim order the Company has deposited Rs.120.771 million till September 30, 2019. Based on the advice of the Company's legal counsel this amount has been booked as receivable as there are meritorious grounds for the case to be decided in favour of the Company and the amount be refunded. Further, the GoP vide its notification no.SO(E&M)2-5/2018/ED has withdrawn this duty with effect from August 05, 2019 and the LHC has released the bank guarantee submitted by the Company. The case is pending adjudication.

- 15.10** The Irrigation Department of the GoP, during the financial year 2015, has raised demand aggregated Rs.6.810 million based on its notification dated June 12, 2014, for the revision of rates for supply of water to the Company. The Company, against the said demand, has filed an appeal in the Civil Court, which is pending adjudication.
- 15.11** The Company has filed a writ petition before the LHC challenging a notice received from the Excise & Taxation Office, Sargodha demanding excise duty amounted Rs.3.739 million on account of waste of rectified spirit during transit. The LHC vide its interim order dated December 14, 2020 has suspended the notice. The case is pending adjudication.
- 15.12** The Additional Commissioner IR (Audit) has passed an assessment order dated June 29, 2020 under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) through which a tax credit of Rs.6.290 million under section 65B of the Ordinance has been disallowed for the tax year 2014. The Company has filed an appeal against the aforesaid assessment order before the Commissioner IR Appeals-V, dated July 13, 2020. The CIR(A) remanded back the case on June 14, 2021 to the ACIR. The ACIR disallowed the tax credit, through order dated June 09, 2022. The Company has filed an appeal against the aforesaid assessment order before the CIR(A) and the CIR(A) rejected the appeal. The Company, has filed an appeal before Appellate Tribunal (ATIR), which is pending adjudication.
- 15.13** The Company has filed a writ petition in the LHC on August 28, 2020 against the case for sales tax audit relating to the tax periods October, 2015 to September, 2018. The LHC granted stay order on November 16, 2020. The hearing of the petition filed came up before the LHC on November 22, 2020 and the judgement is still awaited. The management of the Company is confident that this case will be decided in its favor.



- 15.14** The Federal Government and GoP issued various notifications regarding fixation of minimum ex-mill price and retail price of sugar. Writ petitions were filed by the Company before the LHC against the said notifications. The LHC in its interim order asked the petitioner to submit the differential amount of actual sale price and the Govt. fixed price to the deputy registrar (Judicial) of LHC along with the direction of not taking any coercive action against the petitioner till the final order of the Court. The Company in compliance with the interim order has deposited Rs.9.382 million to deputy registrar till the reporting date and the fate of remaining differential amount will be dependent upon the decision of the Honorable Supreme Court of Pakistan in Appeal.
- 15.15** The Company has filed a writ petition before the LHC challenging the amendment inserted vide Finance Act, 2019 whereby tax credit under section 65B of the Ordinance has been reduced from 10% to 5% for the Tax Year 2019. The Company has claimed tax credit at the rate of 10% for the tax year 2019. The LHC issued a stay order against the writ petition. The case is pending adjudication.
- 15.16** The Competition Commission of Pakistan (CCP) issued a show cause notice dated November 04, 2020 to sugar mills with respect to artificial price hike and alleged cartelization. The Company submitted its reply dated December 25, 2020. However CCP passed an order dated August 13, 2021 and on the basis of revenues of financial year 2019 and 2020 imposed a penalty of Rs.680 million on the Company. Against the said order of CCP, the Company has filed an appeal before the CCP Appellate tribunal and also filed a writ petition in the LHC. The CCP Appellate tribunal has granted stay order against the CCP's order dated August 13, 2021. The case is pending adjudication.
- 15.17** An order under section 122(1) was passed by Learned Assistant Commissioner IR against the Company creating tax demand of Rs.83.839 million for the tax year 2015. The Company filed an appeal before Commissioner IR Appeals (CIRA), where proceedings are now pending. Considering the grounds of appeal and facts of the case, the management expects a favourable outcome of appeal.
- 15.18** An order under section 122(5A) was passed by the Learned Additional Commissioner IR against the Company creating tax demand of Rs.91.065 million for the tax year 2015. The Company filed an appeal before CIRA, where proceedings are now pending. Considering the grounds of appeal and facts of the case, the management expects a favourable outcome of appeal.
- 15.19** The Company has filed writ petition in the LHC against notices under section 177(1) of the Ordinance for the tax year 2016, 2017 and 2018. The Company has also received notices under section 122(9) of the Ordinance for the tax year 2017 and 2018. The Company has filed writ petition against the orders in the LHC. The LHC has granted stay against the said proceedings. The LHC passed the order dated April 24, 2022 for tax year 2016 in favour of the Company. The Department has filed appeal before the Honourable Supreme Court against the said order, which is pending adjudication.
- 15.20** For tax year 2019, DCIR issued notices under section 177(6) for non-submission of record. DCIR raised income tax demand of Rs.4.237 billion vide its order dated December 29, 2020. The Company filed an appeal before the CIR(A). The CIR(A) vide its order dated June 29, 2021 remanded the case back to the assessing officer. Further, the Company has filed an appeal in the Appellate tribunal inland revenue which is pending adjudication.
- 15.21** Certain cases have been filed against the Company by some former employees. Based on the advice of its legal advisors handling the subject cases, no provision has been made in these financial statements by the management of the Company.

### Commitments

- 15.22** Commitments in respect of capital expenditure other than letters of credit at the year-end aggregate to Rs.12.889 million (2021: Rs.13.149 million).
- 15.23** Guarantees given by commercial banks on behalf of the Company to Sui Northern Gas Pipelines Limited, Excise and taxation department and Faisalabad Electric Supply Company, outstanding as at September 30, 2022, aggregate to Rs.19.077 million (2021: Rs.19.082 million).

**15.24** Commitments in respect of letters of credit at the year end aggregate to Rs.Nil (2021: Rs.116.106 million).

**15.25** The Company has entered into Ijarah arrangements for one (2021: one) vehicles with MCB Islamic Bank Limited. Aggregate commitments for rentals under Ijarah arrangements as at September 30, 2022 are as follows:

|   |      | 2022                   | 2021             |
|---|------|------------------------|------------------|
|   | Note | - - Rupees in '000 - - |                  |
| Not later than one year                           |      | 80                     | 480              |
| Later than one year but not later than five years |      | -                      | 80               |
|   |      | <u>80</u>              | <u>560</u>       |
| <b>16. PROPERTY, PLANT AND EQUIPMENT</b>          |      |                        |                  |
| Operating fixed assets                            | 16.1 | 1,476,205              | 1,350,338        |
| Right-of-use assets                               | 16.5 | 2,005                  | 9,994            |
| Capital work-in-progress                          | 16.6 | 320,872                | 250,695          |
|   |      | <u>1,799,082</u>       | <u>1,611,027</u> |

16.1 Operating fixed assets - tangible

|   | Owned          |                            |                     |                    |                                  |                 |                                   |           |                  |                        |          |               |                |               | Total  |        |        |           |  |
|---|----------------|----------------------------|---------------------|--------------------|----------------------------------|-----------------|-----------------------------------|-----------|------------------|------------------------|----------|---------------|----------------|---------------|--------|--------|--------|-----------|--|
|   | Free hold land | Buildings on freehold land | Plant and machinery | Workshop equipment | Scales & Laboratory weighbridges | Other equipment | Electric installations & fittings | Tube-well | Office equipment | Furniture and fixtures | Vehicles | Farm tractors | Farm equipment | Power project |        |        |        |           |  |
|   | Colony         | Office                     | Factory             |                    |                                  |                 |                                   |           |                  |                        |          |               |                |               |        |        |        |           |  |
| Rupees in '000                                  |                |                            |                     |                    |                                  |                 |                                   |           |                  |                        |          |               |                |               |        |        |        |           |  |
| <b>COST</b>                                     |                |                            |                     |                    |                                  |                 |                                   |           |                  |                        |          |               |                |               |        |        |        |           |  |
| Balance as at October 01, 2020                  | 6,306          | 27,674                     | -                   | 398,000            | 2,689,336                        | 471             | 21,560                            | 4,382     | 20,195           | 184,167                | 7,837    | 18,551        | 9,285          | 64,344        | 17,683 | 16,347 | 36,286 | 3,523,024 |  |
| Transfer from investment property               | 15,307         | -                          | 5,609               | -                  | -                                | -               | -                                 | -         | -                | -                      | -        | -             | -              | -             | -      | -      | -      | 20,916    |  |
| Additions during the year                       | -              | -                          | 87,837              | -                  | 2,934                            | -               | 521                               | 15        | 14,826           | 1,348                  | 1,549    | 1,549         | 2,322          | 12,353        | -      | 3,403  | -      | 127,108   |  |
| Disposal during the year                        | -              | -                          | -                   | -                  | -                                | -               | -                                 | -         | -                | -                      | -        | (18)          | -              | (6,073)       | -      | -      | -      | (6,091)   |  |
| Balance as at September 30, 2021                | 21,613         | 27,674                     | 93,446              | 398,000            | 2,692,270                        | 471             | 21,560                            | 4,903     | 20,210           | 198,993                | 9,185    | 20,082        | 11,607         | 70,624        | 17,683 | 19,750 | 36,286 | 3,664,957 |  |
| Balance as at October 01, 2021                  | 21,613         | 27,674                     | 93,446              | 398,000            | 2,692,270                        | 471             | 21,560                            | 4,903     | 20,210           | 198,993                | 9,185    | 20,082        | 11,607         | 70,624        | 17,683 | 19,750 | 36,286 | 3,664,957 |  |
| Transfer from right-of-use assets - (note 16.5) | -              | -                          | -                   | -                  | -                                | -               | -                                 | -         | -                | -                      | -        | -             | -              | 22,738        | -      | -      | -      | 22,738    |  |
| Additions during the year                       | -              | 6,556                      | -                   | 54,401             | 163,530                          | -               | 2,395                             | 149       | 48,667           | -                      | 1,574    | 1,574         | 461            | 37,213        | 201    | 653    | -      | 315,800   |  |
| Disposal during the year                        | -              | -                          | -                   | -                  | (46,026)                         | -               | -                                 | -         | -                | -                      | -        | -             | -              | (7,012)       | -      | -      | -      | (53,038)  |  |
| <b>Balance as at September 30, 2022</b>         | 21,613         | 34,230                     | 93,446              | 453,001            | 2,809,774                        | 471             | 21,560                            | 7,298     | 20,359           | 247,660                | 9,185    | 21,656        | 12,068         | 123,563       | 17,884 | 20,403 | 36,286 | 3,950,457 |  |
| <b>DEPRECIATION</b>                             |                |                            |                     |                    |                                  |                 |                                   |           |                  |                        |          |               |                |               |        |        |        |           |  |
| Balance as at October 01, 2020                  | -              | 14,301                     | -                   | 228,912            | 1,682,402                        | 454             | 15,811                            | 951       | 11,324           | 123,757                | 6,974    | 10,069        | 7,580          | 43,067        | 7,037  | 2,071  | 12,699 | 2,167,409 |  |
| Transfer from investment property               | -              | -                          | 4,628               | -                  | -                                | -               | -                                 | -         | -                | -                      | -        | -             | -              | -             | -      | -      | -      | 4,628     |  |
| Charge for the year                             | -              | 669                        | -                   | 16,969             | 100,840                          | 2               | 690                               | 371       | 888              | 9,791                  | 176      | 1,432         | 301            | 6,500         | 2,662  | 1,595  | 3,538  | 146,424   |  |
| On disposals during the year                    | -              | -                          | -                   | -                  | -                                | -               | -                                 | -         | -                | -                      | -        | (1)           | -              | (3,841)       | -      | -      | -      | (3,842)   |  |
| Balance as at September 30, 2021                | -              | 14,970                     | 4,628               | 245,881            | 1,783,242                        | 456             | 16,501                            | 1,322     | 12,212           | 133,548                | 7,150    | 11,500        | 7,881          | 45,726        | 9,699  | 3,666  | 16,237 | 2,314,619 |  |
| Balance as at October 01, 2021                  | -              | 14,970                     | 4,628               | 245,881            | 1,783,242                        | 456             | 16,501                            | 1,322     | 12,212           | 133,548                | 7,150    | 11,500        | 7,881          | 45,726        | 9,699  | 3,666  | 16,237 | 2,314,619 |  |
| Transfer from right-of-use assets - (note 16.5) | -              | -                          | -                   | -                  | -                                | -               | -                                 | -         | -                | -                      | -        | -             | -              | 15,417        | -      | -      | -      | 15,417    |  |
| Charge for the year                             | -              | 881                        | 4,441               | 19,352             | 99,647                           | 2               | 607                               | 545       | 809              | 13,282                 | 203      | 1,445         | 393            | 10,815        | 2,026  | 1,654  | 3,007  | 159,109   |  |
| On disposals during the year                    | -              | -                          | -                   | -                  | (8,371)                          | -               | -                                 | -         | -                | -                      | -        | -             | -              | (6,522)       | -      | -      | -      | (14,893)  |  |
| <b>Balance as at September 30, 2022</b>         | -              | 15,851                     | 9,069               | 265,233            | 1,874,518                        | 458             | 17,108                            | 1,867     | 13,021           | 146,830                | 7,353    | 12,945        | 8,274          | 65,436        | 11,725 | 5,320  | 19,244 | 2,474,252 |  |
| BOOK VALUE AS AT SEPTEMBER 30, 2021             | 21,613         | 12,704                     | 88,818              | 152,719            | 909,028                          | 15              | 5,059                             | 3,581     | 7,998            | 65,445                 | 2,035    | 8,582         | 3,726          | 24,898        | 7,984  | 16,084 | 20,049 | 1,350,338 |  |
| BOOK VALUE AS AT SEPTEMBER 30, 2022             | 21,613         | 18,379                     | 84,377              | 187,768            | 935,256                          | 13              | 4,452                             | 5,431     | 7,338            | 100,830                | 1,832    | 8,711         | 3,794          | 58,127        | 6,159  | 15,083 | 17,042 | 1,476,205 |  |
| Depreciation rate (%)                           | 5              | 5                          | 5                   | 10                 | 10                               | 12              | 12                                | 10        | 10               | 15                     | 10       | 15            | 10             | 25            | 25     | 10     | 10     | 15        |  |

**16.2** Free-hold land of the Company is located at different areas in Bhalwal, district Sargodha comprising in total 1,001,426 square yards and Garden Town, Lahore comprising an area of 8,675 square yards.

| <b>16.3 Depreciation on property, plant and equipment for the year has been apportioned as under:</b> | <b>2022</b>                   | <b>2021</b>    |
|---|-------------------------------|----------------|
|   | <b>--- Rupees in '000 ---</b> |                |
| Cost of sales   | <b>140,397</b>                | 136,713        |
| Distribution and marketing expenses   | <b>369</b>                    | 404            |
| Administrative expenses   | <b>18,343</b>                 | 9,307          |
|   | <b>159,109</b>                | <b>146,424</b> |

**16.4** The details of operating fixed assets disposed-off is as follows:

| <b>Asset description</b>   | <b>Cost</b>   | <b>Accumulated depreciation</b> | <b>Net book value</b> | <b>Sale proceeds</b> | <b>Gain</b>  | <b>Mode of disposal</b> | <b>Sold to:</b>   |
|--|---------------|---------------------------------|-----------------------|----------------------|--------------|-------------------------|---|
| ----- Rupees in '000 -----   |               |                                 |                       |                      |              |                         |   |
| <b>Particulars of assets having book value of Rs.500,000 or more are as follows:</b> |               |                                 |                       |                      |              |                         |   |
| <b><u>Plant and machinery</u></b>  |               |                                 |                       |                      |              |                         |   |
| Storage tanks and related installations  | 21,077        | 3,833                           | 17,244                | 17,648               | 404          | Insurance claim         | M/s. New Jubilee Insurance / M/s. EFU General Insurance |
| ---- do ----   | 14,588        | 2,653                           | 11,935                | 12,215               | 280          | ---- do ----            | ---- do ----  |
| ---- do ----   | 4,480         | 815                             | 3,665                 | 3,751                | 86           | ---- do ----            | ---- do ----  |
| ---- do ----   | 2,940         | 535                             | 2,405                 | 2,461                | 56           | ---- do ----            | ---- do ----  |
| ---- do ----   | 2,940         | 535                             | 2,405                 | 2,461                | 56           | ---- do ----            | ---- do ----  |
| <b>Various assets of book value less than Rs.500,000</b>                             |               |                                 |                       |                      |              |                         |   |
|  | 7,013         | 6,522                           | 491                   | 3,350                | 2,859        | Negotiation             | Various parties   |
| <b>2022</b>  | <b>53,038</b> | <b>14,893</b>                   | <b>38,145</b>         | <b>41,886</b>        | <b>3,741</b> |                         |   |
| <b>2021</b>  | <b>6,091</b>  | <b>3,842</b>                    | <b>2,249</b>          | <b>4,883</b>         | <b>2,634</b> |                         |   |

| <b>16.5 Right-of-use assets</b>    | <b>2022</b>                   | <b>2021</b> |
|------------------------------------|-------------------------------|-------------|
|                                    | <b>--- Rupees in '000 ---</b> |             |
| <b>Cost</b>                        |                               |             |
| As at October 01,                  | <b>28,422</b>                 | 28,422      |
| Transfer to operating fixed assets | <b>(22,738)</b>               | -           |
| As at September 30,                | <b>5,684</b>                  | 28,422      |
| <b>Accumulated depreciation</b>    |                               |             |
| As at October 01,                  | <b>18,428</b>                 | 15,098      |
| Depreciation for the year          | <b>668</b>                    | 3,330       |
| As at September 30,                | <b>19,096</b>                 | 18,428      |
| Transfer to operating fixed assets | <b>(15,417)</b>               | -           |
| Net book value                     | <b>2,005</b>                  | 9,994       |
| <b>Depreciation rate (%)</b>       | <b>25%</b>                    | 25%         |

16.5.1 Depreciation expense relating to right of use asset - vehicles has been charged to administrative expenses.

| <b>16.6 Capital work-in-progress</b> | <b>2022</b>            | 2021           |
|--------------------------------------|------------------------|----------------|
|                                      | --- Rupees in '000 --- |                |
| Buildings on freehold land:          |                        |                |
| - colony                             | <b>10,123</b>          | 6,556          |
| - factory                            | <b>11,442</b>          | 54,401         |
| - office                             | <b>36,208</b>          | 4,989          |
| Plant and machinery                  | <b>255,975</b>         | 166,177        |
| Electric installations & fittings    | <b>4,528</b>           | 6,966          |
| Vehicles                             | <b>2,596</b>           | 11,606         |
|                                      | <b><u>320,872</u></b>  | <u>250,695</u> |

**16.6.1 Movement in the account of capital work-in-progress**

|                                   | Balance as at<br>October 01,<br>2021 | Additions<br>during the<br>year | Transferred to<br>operating<br>fixed assets | Disposal<br>during the<br>year | Balance as at<br>September<br>30, 2022 |
|-----------------------------------|--------------------------------------|---------------------------------|---|--------------------------------|--|
|                                   | ----- Rupees in '000 -----           |                                 |   |                                |  |
| Buildings on freehold land:       |                                      |                                 |   |                                |  |
| - colony                          | 6,556                                | 10,123                          | 6,556                                       | -                              | 10,123                                 |
| - factory                         | 54,401                               | 11,441                          | 54,400                                      | -                              | 11,442                                 |
| - office                          | 4,989                                | 31,219                          | -   | -                              | 36,208                                 |
| Plant and machinery               | 166,177                              | 255,976                         | 161,947                                     | (4,231)                        | 255,975                                |
| Electric installations & fittings | 6,966                                | 4,528                           | 6,966                                       | -                              | 4,528                                  |
| Vehicles                          | 11,606                               | 2,596                           | 11,606                                      | -                              | 2,596                                  |
|                                   | <b><u>250,695</u></b>                | <b><u>315,883</u></b>           | <b><u>241,475</u></b>                       | <b><u>(4,231)</u></b>          | <b><u>320,872</u></b>                  |

16.6.2 The Company during the year disposed of under construction plant and machinery costing Rs.4.231 million against an insurance claim.

| <b>17. LOANS AND ADVANCES- Secured, considered good</b> | <b>2022</b>            | 2021         |
|---|------------------------|--------------|
|   | --- Rupees in '000 --- |              |
| Loans / advances to employees                           | <b>3,572</b>           | 4,028        |
| Less: current portion grouped under current assets      | <b>1,939</b>           | 1,975        |
|   | <b><u>1,633</u></b>    | <u>2,053</u> |

17.1 These interest free loans and advances are recoverable in instalments which vary from case to case.

17.2 These loans are secured against lien on provident fund / gratuity balances of employees.

|  |   | 2022                   | 2021             |
|--|---|------------------------|------------------|
|  |   | --- Rupees in '000 --- |                  |
| <b>18. STORES, SPARES AND LOOSE TOOLS</b>  | <b>Note</b>   |                        |                  |
| Stores   |   | 91,847                 | 37,333           |
| Spares   |   | 65,256                 | 63,617           |
| Loose tools  |   | 566                    | 518              |
|  |   | <u>157,669</u>         | <u>101,468</u>   |
| Less: provision for slow moving items  | 18.1  | <u>13,946</u>          | <u>13,062</u>    |
|  |   | <u>143,723</u>         | <u>88,406</u>    |
| <b>18.1 The movement in balance of provision for obsolescence is as follows:</b> |   |                        |                  |
| Balance at the beginning of the year   |   | 13,062                 | 13,062           |
| Add: Provision made during the year  |   | 884                    | -                |
| Balance at the end of the year   |   | <u>13,946</u>          | <u>13,062</u>    |
| <br>   |   |                        |                  |
| <b>18.1.1</b>  | Stores and spares inventory includes slow moving items valuing Rs.27.894 million (2021: Rs.26.125 million). The management estimates that slow moving items carry salvage value approximating to 50% of the book value. Provision against slow moving items to the extent of 50% of their carrying value has been made in the books of account. |                        |                  |
| <br>   |   |                        |                  |
| <b>19. STOCK-IN-TRADE</b>  | <b>Note</b>   | 2022                   | 2021             |
|  |   | --- Rupees in '000 --- |                  |
| Raw materials - molasses   |   | 62,228                 | 35,452           |
| Work-in-process:   |   |                        |                  |
| - sugar  |   | 20,930                 | 13,166           |
| - molasses   |   | 14,167                 | 48,652           |
|  |   | 35,097                 | 61,818           |
| Finished goods:  |   |                        |                  |
| - sugar  |   | 938,140                | 763,875          |
| - spirit   |   | 123,886                | 543,308          |
|  |   | 1,062,026              | 1,307,183        |
| Other stocks - fair price shop and depot   |   | 1,401                  | 1,519            |
|  |   | <u>1,160,752</u>       | <u>1,405,972</u> |
| <b>20. TRADE DEBTS</b>   |   |                        |                  |
| Local - unsecured  | 20.1  | 315,121                | 338,630          |
| Less: Provision for expected credit loss   | 20.2  | (2,095)                | (762)            |
|  |   | <u>313,026</u>         | <u>337,868</u>   |

- 20.1** These include an amount of Rs.10.020 million (2021: Rs.0.680 million) receivable from Fauji Foods Limited, related party during the reporting period but has ceased to be related party during the year.

| <b>20.2 Provision for expected credit loss</b> | <b>Note</b> | <b>2022</b>                   | <b>2021</b> |
|--|-------------|-------------------------------|-------------|
|  |             | <b>--- Rupees in '000 ---</b> |             |
| Balance at the beginning of the year           |             | <b>762</b>                    | -           |
| Charged during the year                        |             | <b>1,333</b>                  | 762         |
| Balance at the end of the year                 |             | <b><u>2,095</u></b>           | <u>762</u>  |

**21. LOANS AND ADVANCES-** considered good

Advances to:

|   |             |                       |                |
|---|-------------|-----------------------|----------------|
| - key management personnel                      | <b>21.1</b> | -                     | 1,075          |
| - other employees                               |             | <b>13,536</b>         | 12,393         |
| - suppliers                                     | <b>21.2</b> | <b>504,006</b>        | 237,147        |
| Recoverable from growers                        |             | <b>163,307</b>        | 109,833        |
| Current portion of long term loans and advances | <b>17</b>   | <b>1,939</b>          | 1,975          |
| Letters of credit                               |             | <b>6,918</b>          | 7,232          |
|   |             | <b><u>689,706</u></b> | <u>369,655</u> |

**21.1** The Company has advanced two loans aggregating Rs.3 million to Mr. Azeem Hafeez (General Manager (site)) for education of his child. The maximum aggregate balance outstanding against these loans at the end of any month during the year was Rs.1.005 million (2021: Rs.1.075 million). These loans have been recovered during the year.

**21.2** These mainly represents advances to suppliers in the normal course of business against goods and services to be received in future. These are unsecured and does not carry any interest or mark-up.

| <b>22. OTHER RECEIVABLES</b>                    | <b>Note</b> | <b>2022</b>                   | <b>2021</b>    |
|---|-------------|-------------------------------|----------------|
|   |             | <b>--- Rupees in '000 ---</b> |                |
| Claims receivable - considered good             |             | <b>5,415</b>                  | 5,415          |
| Excise duty receivable                          | <b>15.9</b> | <b>120,770</b>                | 120,770        |
| Export subsidy                                  | <b>22.1</b> | -                             | 11,845         |
| Others  | <b>22.2</b> | <b>60,949</b>                 | 85,563         |
|   |             | <b><u>187,134</u></b>         | <u>223,593</u> |
| Less: provision for doubtful receivable balance | <b>22.2</b> | <b>(52,745)</b>               | -              |
|   |             | <b><u>134,389</u></b>         | <u>223,593</u> |

**22.1** This represents freight support subsidy on export of sugar receivable from federal government. The Company, during the year has recognised the entire amount as an expense.

**22.2** This mainly includes Rs.52.745 million (2021: Rs.52.745 million) receivable from Faisalabad Electric Supply Company against sale of electricity in prior years. As the recoverability of this amount is doubtful; provision for expected loss has been made in these financial statements.

### 23. BANK BALANCES

|   | Note | 2022<br>--- Rupees in '000 --- | 2021           |
|---|------|--------------------------------|----------------|
| Cash at commercial banks on:                      |      |                                |                |
| - current accounts                                | 23.1 | 78,681                         | 164,415        |
| - saving accounts                                 | 23.2 | 17,025                         | 21,415         |
| - margin accounts                                 | 23.3 | 5,766                          | 38,310         |
| - dividend accounts                               |      | 9,062                          | 783            |
|   |      | <b>110,534</b>                 | <b>224,923</b> |
| Cash at Cooperative Societies on current accounts |      | 745                            | 745            |
| Less: provision for impairment                    | 23.4 | 745                            | 745            |
|   |      | -                              | -              |
|   |      | <b>110,534</b>                 | <b>224,923</b> |

**23.1** These include foreign currency deposits amounting to US.\$ 1,065 (2021: US.\$ Nil).

**23.2** Saving accounts, during the current financial year, carried profit / mark-up at the rate of 5.57% to 13.50% (2021: at the rate of 5.50%) per annum.

**23.3** These represent 100% cash margin deducted by banks against guarantees issued on behalf of the Company.

**23.4** As the recoverability of balances with Cooperative Societies is doubtful due to their closure by the Government of Pakistan; therefore, provision has been made to meet the potential eventuality.

### 24. SALES - Net

|                           | Sugar                      |           | Distillery       |           | Total             |            |
|---------------------------|----------------------------|-----------|------------------|-----------|-------------------|------------|
|                           | 2022                       | 2021      | 2022             | 2021      | 2022              | 2021       |
|                           | ----- Rupees in '000 ----- |           |                  |           |                   |            |
| Local                     | 8,334,057                  | 7,445,767 | 298,110          | 245,877   | 8,632,167         | 7,691,644  |
| Inter-segment (note 25.1) | 1,094,125                  | 740,653   | -                | -         | -                 | -          |
| Export                    | -                          | -         | 4,633,017        | 2,623,782 | 4,633,017         | 2,623,782  |
|                           | <b>9,428,182</b>           | 8,186,420 | <b>4,931,127</b> | 2,869,659 | <b>13,265,184</b> | 10,315,426 |
| Less:                     |                            |           |                  |           |                   |            |
| - trade discount          | -                          | 4,433     | -                | -         | -                 | 4,433      |
| - sales tax               | 1,253,544                  | 1,083,353 | 45,666           | 37,960    | 1,299,210         | 1,121,313  |
|                           | <b>8,174,638</b>           | 7,098,634 | <b>4,885,461</b> | 2,831,699 | <b>11,965,974</b> | 9,189,680  |



**24.1** All the contracts were under one performance obligation and revenue has been recognized at the point of time when the goods have been transferred to the customers.

**24.2** Revenue aggregating Rs.15.576 million (2021: Rs.12.120 million) has been recognised against the customer advances received as at September 30, 2021 and 2020 respectively.

**25. COST OF SALES**

|  | Sugar            |           | Distillery       |           | Total              |             |
|--|------------------|-----------|------------------|-----------|--------------------|-------------|
|  | 2022             | 2021      | 2022             | 2021      | 2022               | 2021        |
| ----- Rupees in '000 -----               |                  |           |                  |           |                    |             |
| Raw materials consumed                   | <b>6,873,439</b> | 5,982,985 | <b>2,187,967</b> | 1,905,970 | <b>9,061,406</b>   | 7,888,955   |
| Inter-segment transfers (note 25.1)      | -                | -         | <b>1,094,125</b> | 740,653   | -                  | -           |
|  | <b>6,873,439</b> | 5,982,985 | <b>3,282,092</b> | 2,646,623 | <b>9,061,406</b>   | 7,888,955   |
| Salaries, wages and benefits (note 25.2) | <b>210,862</b>   | 143,964   | <b>54,679</b>    | 43,252    | <b>265,541</b>     | 187,216     |
| Fuel and power                           | <b>27,067</b>    | 10,210    | <b>21,885</b>    | 10,639    | <b>48,952</b>      | 20,849      |
| Chemicals and stores consumed            | <b>172,670</b>   | 88,035    | <b>68,012</b>    | 35,198    | <b>240,682</b>     | 123,233     |
| Repair and maintenance                   | <b>308,034</b>   | 146,935   | <b>32,096</b>    | 15,766    | <b>340,130</b>     | 162,701     |
| Depreciation                             | <b>101,088</b>   | 97,900    | <b>39,309</b>    | 38,813    | <b>140,397</b>     | 136,713     |
| Insurance                                | <b>6,968</b>     | 6,944     | <b>4,125</b>     | 2,317     | <b>11,093</b>      | 9,261       |
| Rates and taxes                          | <b>996</b>       | 868       | <b>19</b>        | 25        | <b>1,015</b>       | 893         |
| Others                                   | <b>21,513</b>    | 15,145    | <b>4,073</b>     | 1,805     | <b>25,586</b>      | 16,950      |
|  | <b>7,722,637</b> | 6,492,986 | <b>3,506,290</b> | 2,794,438 | <b>10,134,802</b>  | 8,546,771   |
| Adjustment of work-in-process            |                  |           |                  |           |                    |             |
| Opening                                  | <b>13,166</b>    | 10,338    | <b>48,652</b>    | 23,931    | <b>61,818</b>      | 34,269      |
| Closing                                  | <b>(20,930)</b>  | (13,166)  | <b>(14,167)</b>  | (48,652)  | <b>(35,097)</b>    | (61,818)    |
|  | <b>(7,764)</b>   | (2,828)   | <b>34,485</b>    | (24,721)  | <b>26,721</b>      | (27,549)    |
| Cost of goods manufactured               | <b>7,714,873</b> | 6,490,158 | <b>3,540,775</b> | 2,769,717 | <b>10,161,523</b>  | 8,519,222   |
| Adjustment of finished goods             |                  |           |                  |           |                    |             |
| Opening stock                            | <b>763,875</b>   | 733,673   | <b>543,308</b>   | 237,676   | <b>1,307,183</b>   | 971,349     |
| Closing stock                            | <b>(938,140)</b> | (763,875) | <b>(123,886)</b> | (543,308) | <b>(1,062,026)</b> | (1,307,183) |
|  | <b>(174,265)</b> | (30,202)  | <b>419,422</b>   | (305,632) | <b>245,157</b>     | (335,834)   |
|  | <b>7,540,608</b> | 6,459,956 | <b>3,960,197</b> | 2,464,085 | <b>10,406,680</b>  | 8,183,388   |

**25.1** Inter-segment sales and purchases have been eliminated from the total figures.

**25.2** These include Rs.1,071 thousand (2021: Rs.1,026 thousand) and Rs.10,258 thousand (2021: 8,246 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

## 26. DISTRIBUTION AND MARKETING EXPENSES

|   | Sugar         |               | Distillery     |                | Total          |                |
|---|---------------|---------------|----------------|----------------|----------------|----------------|
|   | 2022          | 2021          | 2022           | 2021           | 2022           | 2021           |
| ----- Rupees in '000 -----                      |               |               |                |                |                |                |
| Salaries and benefits (note 26.1)               | 2,370         | 2,157         | -              | -              | 2,370          | 2,157          |
| Loading, unloading, freight and export expenses | 16,268        | 5,214         | 273,560        | 150,860        | 289,828        | 156,074        |
| Rent of storage tanks                           | -             | -             | 35,103         | 18,150         | 35,103         | 18,150         |
| Depreciation                                    | 369           | 404           | -              | -              | 369            | 404            |
| Commission                                      | 5,149         | 4,819         | -              | -              | 5,149          | 4,819          |
| Others  | 2,311         | 2,125         | 47             | 32             | 2,358          | 2,157          |
|   | <b>26,467</b> | <b>14,719</b> | <b>308,710</b> | <b>169,042</b> | <b>335,177</b> | <b>183,761</b> |

26.1 These include Rs.10 thousand (2021: Rs.10 thousand) and Rs.170 thousand (2021: Rs.137 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

## 27. ADMINISTRATIVE EXPENSES

|   | Sugar          |                | Distillery    |               | Total          |                |
|---|----------------|----------------|---------------|---------------|----------------|----------------|
|   | 2022           | 2021           | 2022          | 2021          | 2022           | 2021           |
| ----- Rupees in '000 -----  |                |                |               |               |                |                |
| Salaries and benefits (note 27.1)   | 106,673        | 90,031         | 35,558        | 30,010        | 142,231        | 120,041        |
| Travelling and conveyance including directors' travelling amounting Rs.659 thousand (2021: Rs.156 thousand) | 2,611          | 1,420          | 870           | 473           | 3,481          | 1,893          |
| Vehicles' running and maintenance   | 22,671         | 14,036         | 7,557         | 4,679         | 30,228         | 18,715         |
| Communication   | 3,013          | 2,695          | 1,049         | 955           | 4,062          | 3,650          |
| Printing and stationery   | 1,268          | 1,417          | 693           | 636           | 1,961          | 2,053          |
| Rent, rates and taxes   | 1,081          | 2,431          | 1,235         | 1,508         | 2,316          | 3,939          |
| Insurance   | 581            | 765            | 194           | 255           | 775            | 1,020          |
| Repair and maintenance  | 3,316          | 2,322          | 1,169         | 787           | 4,485          | 3,109          |
| Subscription  | 12,438         | 10,257         | 10,537        | 5,714         | 22,975         | 15,971         |
| Advertisement   | 429            | 893            | 143           | 298           | 572            | 1,191          |
| Ijarah rentals  | 483            | 2,743          | -             | -             | 483            | 2,743          |
| Depreciation  | 18,750         | 9,043          | 261           | 3,594         | 19,011         | 12,637         |
| Entertainment / guest house expenses  | 6,655          | 5,581          | 2,338         | 1,979         | 8,993          | 7,560          |
| Auditors' remuneration (note 27.2)  | 1,389          | 1,197          | 463           | 399           | 1,852          | 1,596          |
| Legal and professional charges (other than Auditors')   | 9,732          | 8,576          | 3,244         | 2,874         | 12,976         | 11,450         |
| Utilities   | 7,505          | 3,014          | 2,502         | 1,005         | 10,007         | 4,019          |
| Others  | 1,448          | 1,450          | 483           | 483           | 1,931          | 1,933          |
|   | <b>200,043</b> | <b>157,871</b> | <b>68,296</b> | <b>55,649</b> | <b>268,339</b> | <b>213,520</b> |

**27.1** These include Rs.366 thousand (2021: Rs.327 thousand) and Rs.6,109 thousand (2021: Rs.4,910 thousand) in respect of provident fund contributions and staff retirement benefits-gratuity respectively.

**27.2 Auditors' remuneration**

|                                      | <b>2022</b>            | 2021  |
|--------------------------------------|------------------------|-------|
|                                      | --- Rupees in '000 --- |       |
| ShineWing Hameed Chaudhri & Co.      |                        |       |
| - statutory audit fee - current year | <b>1,200</b>           | 1,200 |
| - short provision prior year         | <b>72</b>              | 100   |
| - half yearly review                 | <b>200</b>             | 200   |
| - certification charges              | <b>50</b>              | 50    |
| - out-of-pocket expenses             | <b>35</b>              | 35    |
|                                      | <b>1,557</b>           | 1,585 |
| Javaid Jalal Amjad & Co.             | <b>295</b>             | 11    |
|                                      | <b>1,852</b>           | 1,596 |

**27.3** Administrative expenses, which are not separately identifiable, have been allocated on the basis of management's estimation.

**28. OTHER INCOME**

|  | <b>Note</b> | <b>2022</b>            | 2021   |
|--|-------------|------------------------|--------|
|  |             | --- Rupees in '000 --- |        |
| <b>Income from financial assets</b>  |             |                        |        |
| Unclaimed and other payable balances written-back                                  |             | 7                      | 1,251  |
| Interest / mark-up on saving accounts  |             | <b>2,783</b>           | 1,592  |
| <b>Income from other than financial assets</b>                                     |             |                        |        |
| Scrap sales - net  |             | <b>4,755</b>           | 1,555  |
| Bagasse, molasses and press mud sales - net  |             | <b>108,048</b>         | 42,345 |
| Sale of fusil oil  |             | <b>157</b>             | 1,580  |
| Gain on disposal of operating fixed assets & assets under capital work-in-progress |             | <b>3,840</b>           | 2,634  |
| Rental income  |             | <b>153</b>             | 135    |
| Realised exchange gain due to currency rate fluctuations - export sale             |             | <b>96,116</b>          | -      |
| Others   |             | <b>172</b>             | 13,026 |
|  |             | <b>216,031</b>         | 64,118 |

**29. OTHER EXPENSES**

|  |             |                |        |
|--|-------------|----------------|--------|
| Donations (without directors' interest)                    |             | <b>831</b>     | 574    |
| Depreciation on investment property                        |             | -              | 52     |
| Provision for doubtful receivable balance                  | <b>22.2</b> | <b>52,745</b>  | -      |
| Exchange fluctuation loss - net                            |             | <b>10</b>      | 2,157  |
| Provision made for slow moving stores and spares inventory | <b>18.1</b> | <b>884</b>     | -      |
| Provision for expected credit loss for trade debtors       | <b>20.2</b> | <b>1,333</b>   | 762    |
| Provision for Workers' profit participation fund           | <b>10.1</b> | <b>38,233</b>  | 20,292 |
| Provision for Workers' welfare fund                        | <b>10.2</b> | <b>15,293</b>  | 8,330  |
| Net loss on insurance claim                                |             | <b>4,106</b>   | -      |
| Export subsidy written-off                                 | <b>22.1</b> | <b>11,845</b>  | -      |
| Miscellaneous  |             | <b>83</b>      | 296    |
|  |             | <b>125,363</b> | 32,463 |

| <b>30. FINANCE COST</b>  |  | <b>2022</b>                    | 2021       |
|--|--|--------------------------------|------------|
|  | <b>Note</b>  | <b>--- Rupees in '000 ---</b>  |            |
| Mark-up / profit on:   |  |                                |            |
| - long term finances   |  | <b>14,972</b>                  | 17,327     |
| - short term finances  |  | <b>357,507</b>                 | 235,486    |
| - lease finances   |  | <b>276</b>                     | 694        |
| - workers' profit participation fund                                   | <b>10.1</b>  | <b>3,021</b>                   | 2,660      |
| Bank and other charges   |  | <b>13,739</b>                  | 7,322      |
|  |  | <b>389,515</b>                 | 263,489    |
| <b>31. TAXATION - Net</b>  |  |                                |            |
| Provision for year   |  |                                |            |
| - current  | <b>31.2</b>  | <b>157,973</b>                 | 123,057    |
| - prior  | <b>31.2</b>  | <b>34,951</b>                  | -          |
|  |  | <b>192,924</b>                 | 123,057    |
| <b>31.1</b>  | Income tax assessments of the Company have been finalised upto Assessment Year 2002-03 under section 62 of the repealed Income Tax Ordinance, 1979 whereas Tax Years 2003 to 2022 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance). Income tax return for tax year 2022 has been filed subsequent to the year-end.   |                                |            |
| <b>31.2</b>  | No numeric tax rate reconciliation has been presented in these financial statements as provisions made during the current and preceding financial year mainly represent minimum tax payable under section 113 and final tax deducted at source on realisation of foreign exchange proceeds under section 154 the Ordinance. It also includes super tax provided under Section 4C of the Ordinance.                                       |                                |            |
| <b>31.3</b>  | The Company has challenged the imposition of super tax under section 4C of the Ordinance introduced through Finance Act, 2022 and has filed a writ petition dated December 15, 2022 with The Lahore High Court (LHC). The management has not accounted for the liability under section 4C while filing tax return for tax year 2022 as allowed by the LHC. However, provision in this respect has been made in the financial statements. |                                |            |
| <b>31.4</b>  | Deferred tax asset arising on unused tax losses has not been recognised in these financial statements due to uncertainty about the availability of taxable profits in the foreseeable future.  |                                |            |
| <b>32. EARNINGS PER SHARE - Basic and Diluted</b>                      |  | <b>2022</b>                    | 2021       |
|  |  | <b>--- Rupees in '000 ---</b>  |            |
| Profit after taxation attributable to ordinary shareholders            |  | <b>464,007</b>                 | 254,120    |
|  |  | <b>---- No. of shares ----</b> |            |
| Weighted average number of ordinary shares outstanding during the year |  | <b>16,517,453</b>              | 16,517,453 |
|  |  | <b>----- Rupees -----</b>      |            |
| Earnings per share - basic   |  | <b>28.09</b>                   | 15.38      |

**32.1** A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2022 and September 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

### 33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

| Particulars                | Chief Executive |              | Directors  |              |               |              | Executives    |               |
|----------------------------|-----------------|--------------|------------|--------------|---------------|--------------|---------------|---------------|
|                            |                 |              | Executive  |              | Non-Executive |              |               |               |
|                            | 2022            | 2021         | 2022       | 2021         | 2022          | 2021         | 2022          | 2021          |
| ----- Rupees in '000 ----- |                 |              |            |              |               |              |               |               |
| Managerial remuneration    | 5,700           | 5,400        | 132        | 2,822        | -             | -            | 32,942        | 27,408        |
| Perquisites and benefits:  |                 |              |            |              |               |              |               |               |
| Utilities                  | -               | -            | -          | -            | 579           | 724          | -             | -             |
| House rent                 | -               | -            | 400        | -            | -             | -            | -             | -             |
| Medical                    | 57              | 24           | -          | 4,125        | 340           | 720          | 78            | 462           |
| Entertainment / club bills | -               | -            | -          | 108          | 119           | 82           | -             | -             |
|                            | 57              | 24           | 400        | 4,233        | 1,038         | 1,526        | 78            | 462           |
|                            | <b>5,757</b>    | <b>5,424</b> | <b>532</b> | <b>7,055</b> | <b>1,038</b>  | <b>1,526</b> | <b>33,020</b> | <b>27,870</b> |
| No. of persons             | 1               | 1            | 1          | 1            | 1             | 1            | 8             | 8             |

**33.1** The directors and executives have been provided with free use of the Company maintained cars and telephones at their residences. Furnished residences have also been provided to the executives in the Mills' Colony.

**33.2** During the current financial year, meeting fees of Rs.590 thousand (2021: Rs.430 thousand) were paid to four (2021: three) Non-executive directors of the Company.

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 34.1 Financial Risk Factors

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

- market risk
- credit risk; and
- liquidity risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges

financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

### 34.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

#### (a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of stores & spares and export of goods mainly denominated in US Dollars and Euros. As at reporting date, the Company is not exposed to any significant currency risk except for commitments in foreign currency against imports of plant & machinery and stores as disclosed in note 15.24 to the financial statements.

#### (b) 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 change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

|                                  | <b>2022</b>           | 2021         | <b>2022</b>             | 2021             |
|----------------------------------|-----------------------|--------------|-------------------------|------------------|
|                                  | <b>Effective rate</b> |              | <b>Carrying amount</b>  |                  |
|                                  | %                     | %            | --- Rupees in '000 ---  |                  |
| <b>Financial assets</b>          |                       |              |                         |                  |
| Bank balances                    | <b>5.57 - 13.50</b>   | 5.50         | <u><b>17,025</b></u>    | <u>21,415</u>    |
| <b>Variable rate instruments</b> |                       |              |                         |                  |
| <b>Financial liabilities</b>     |                       |              |                         |                  |
| Long term finance                | <b>9.66 - 17.87</b>   | 9.04 - 9.53  | <u><b>75,000</b></u>    | <u>150,000</u>   |
| Short term borrowings            | <b>3.00 - 19.11</b>   | 3.00 - 10.91 | <u><b>1,841,193</b></u> | <u>1,901,835</u> |
| Lease liabilities                | <b>15.05 - 19.12</b>  | 9.35 - 10.91 | <u><b>1,635</b></u>     | <u>3,253</u>     |

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

The Company does not account for any fixed rate financial assets and liabilities at fair value through the statement of profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

#### Cash flow sensitivity analysis for variable rate instruments

At September 30, 2022, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs.19.178 million (2021: Rs.20.551 million) lower / higher mainly as a result of higher / lower interest expense on variable rate financial liabilities.

**(c) Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

**34.3 Credit risk exposure and concentration of credit risk**

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from deposits, trade debts, loans & advances, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Company.

**Exposure to credit risk**

The maximum exposure to credit risk as at September 30, 2022 along with comparative is tabulated below:

|                    | <b>2022</b>                   | 2021           |
|--------------------|-------------------------------|----------------|
|                    | <b>--- Rupees in '000 ---</b> |                |
| Security deposits  | <b>5,448</b>                  | 2,847          |
| Trade debts        | <b>315,121</b>                | 338,630        |
| Loans and advances | <b>24,026</b>                 | 24,728         |
| Other receivables  | <b>13,619</b>                 | 90,978         |
| Bank balances      | <b>110,534</b>                | 224,923        |
|                    | <b><u>468,748</u></b>         | <u>682,106</u> |

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

|          | <b>2022</b>                   | 2021           |
|----------|-------------------------------|----------------|
|          | <b>--- Rupees in '000 ---</b> |                |
| Domestic | <b><u>315,121</u></b>         | <u>338,630</u> |

The aging of trade debts at the date of statement of financial position was as follows:

|                              | 2022                   | 2021           |
|------------------------------|------------------------|----------------|
|                              | --- Rupees in '000 --- |                |
| Not yet due                  | 299,247                | 314,922        |
| Past due - more than 30 days | 15,874                 | 23,708         |
|                              | <u>315,121</u>         | <u>338,630</u> |

Based on the working, the management has created necessary provision for impairment loss allowance. Trade debts aggregating Rs.306.135 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

#### 34.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach for 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 table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

|                                   | Carrying<br>amount         | Contractual<br>cash flows | Less than 1<br>year | Between 1<br>to 5 years |
|-----------------------------------|----------------------------|---------------------------|---------------------|-------------------------|
|                                   | ----- Rupees in '000 ----- |                           |                     |                         |
| <b>September 30, 2022</b>         |                            |                           |                     |                         |
| Long term finance                 | 75,000                     | 84,694                    | 84,694              | -                       |
| Lease liabilities                 | 1,635                      | 1,897                     | 1,223               | 674                     |
| Trade and other payables          | 423,978                    | 423,978                   | 423,978             | -                       |
| Accrued mark-up                   | 15,786                     | 15,786                    | 15,786              | -                       |
| Short term finances               | 1,841,193                  | 1,914,047                 | 1,914,047           | -                       |
| Unclaimed and<br>unpaid dividends | 9,854                      | 9,854                     | 9,854               | -                       |
|                                   | <u>2,367,446</u>           | <u>2,450,256</u>          | <u>2,449,582</u>    | <u>674</u>              |
| <b>September 30, 2021</b>         |                            |                           |                     |                         |
| Long term finances                | 150,000                    | 167,487                   | 87,317              | 80,170                  |
| Lease liabilities                 | 3,253                      | 3,647                     | 1,880               | 1,767                   |
| Trade and other payables          | 252,126                    | 252,126                   | 252,126             | -                       |
| Accrued mark-up                   | 38,126                     | 38,126                    | 38,126              | -                       |
| Short term finances               | 2,335,335                  | 2,383,910                 | 2,383,910           | -                       |
| Unclaimed and<br>unpaid dividends | 8,979                      | 8,979                     | 8,979               | -                       |
|                                   | <u>2,787,819</u>           | <u>2,854,275</u>          | <u>2,772,338</u>    | <u>81,937</u>           |



The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

### 34.5 Fair value of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

### 34.6 Valuation techniques used to determine fair values

**Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

At September 30, 2022, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

### 34.7 Financial instruments by category

|   | Amortised cost         |                |  | Financial liabilities measured at amortised cost |                  |
|---|------------------------|----------------|--|--|------------------|
|   | 2022                   | 2021           |  | 2022   | 2021             |
| Financial assets as per the statement of financial position | --- Rupees in '000 --- |                | Financial liabilities as per the statement of financial position | --- Rupees in '000 ---                           |                  |
| Loans and advances  | 1,633                  | 2,053          | Long term finance  | 75,000   | 150,000          |
| Security deposits   | 5,448                  | 2,847          | Lease liabilities  | 1,635  | 3,253            |
| Trade debts   | 315,121                | 338,630        | Trade and other payables   | 423,978  | 252,126          |
| Loans and advances  | 24,026                 | 24,728         | Accrued mark-up  | 15,786   | 38,126           |
| Other receivables   | 134,389                | 223,593        | Short term finances  | 1,848,338  | 2,335,335        |
| Bank balances   | 110,534                | 224,923        | Unclaimed and unpaid dividends                                   | 9,854  | 8,979            |
|   | <b>591,151</b>         | <b>816,774</b> |  | <b>2,374,591</b>                                 | <b>2,787,819</b> |

### 35. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances, lease liabilities and short term borrowings as shown in the statement of financial position) less bank balances. Total equity includes all capital and reserves of the Company that are managed as capital. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

|                     | 2022                   | 2021             |
|---------------------|------------------------|------------------|
|                     | --- Rupees in '000 --- |                  |
| Total borrowings    | 1,924,973              | 2,488,588        |
| Less: bank balances | 110,534                | 224,923          |
| Net debt            | <u>1,814,439</u>       | <u>2,263,665</u> |
| Total equity        | 1,732,944              | 1,327,657        |
| Total capital       | <u>3,547,383</u>       | <u>3,591,322</u> |
| Gearing ratio       | <u>51%</u>             | <u>63%</u>       |

### 36. RECOILATION OF MOVEMENT OF LIABILITES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

|  | Liabilities                |                      |                          |                     |
|--|----------------------------|----------------------|--------------------------|---------------------|
|  | Long term<br>finances      | Lease<br>liabilities | Short term<br>borrowings | Dividend            |
|  | ----- Rupees in '000 ----- |                      |                          |                     |
| Balance as at October 01, 2021                 | 150,000                    | 3,253                | 2,335,335                | 8,979               |
| <b>Changes from financing activities</b>       |                            |                      |                          |                     |
| Finances repaid                                | (75,000)                   | -                    | (486,997)                | -                   |
| Lease finances repaid                          | -                          | (1,618)              | -                        | -                   |
| Dividends paid                                 | -                          | -                    | -                        | (56,936)            |
| <b>Total changes from financing cash flows</b> | <b>(75,000)</b>            | <b>(1,618)</b>       | <b>(486,997)</b>         | <b>(56,936)</b>     |
| Dividend declared                              | -                          | -                    | -                        | 57,811              |
| <b>Balance as at September 30, 2022</b>        | <u><b>75,000</b></u>       | <u><b>1,635</b></u>  | <u><b>1,848,338</b></u>  | <u><b>9,854</b></u> |

|  | <b>Liabilities</b>            |                              |                                  |                 |
|--|-------------------------------|------------------------------|----------------------------------|-----------------|
|  | <b>Long term<br/>finances</b> | <b>Lease<br/>liabilities</b> | <b>Short term<br/>borrowings</b> | <b>Dividend</b> |
|  | ----- Rupees in '000 -----    |                              |                                  |                 |
| Balance as at October 01, 2020                     | 187,500                       | 9,749                        | 2,277,596                        | 8,758           |
| <b>Changes from financing activities</b>           |                               |                              |                                  |                 |
| Finances (repaid) / obtained                       | (37,500)                      | -                            | 57,739                           | -               |
| Lease finances repaid                              | -                             | (6,496)                      | -                                | -               |
| Dividends paid                                     | -                             | -                            | -                                | (57,590)        |
| <b>Total changes from<br/>financing cash flows</b> | (37,500)                      | (6,496)                      | 57,739                           | (57,590)        |
| Dividend declared                                  | -                             | -                            | -                                | 57,811          |
| <b>Balance as at September 30, 2021</b>            | <b>150,000</b>                | <b>3,253</b>                 | <b>2,335,335</b>                 | <b>8,979</b>    |

| <b>37. CAPACITY AND PRODUCTION</b>                     |         | <b>2022</b>       | 2021       |
|--|---------|-------------------|------------|
| <b>Sugar Plant</b>                                     |         |                   |            |
| Rated crushing capacity {based on 120<br>working days} | M. Tons | <b>1,440,000</b>  | 1,440,000  |
| Cane crushed   | M. Tons | <b>1,120,350</b>  | 863,552    |
| Sugar produced   | M. Tons | <b>104,720</b>    | 82,710     |
| Days worked  | Nos.    | <b>144</b>        | 121        |
| Sugar recovery   | %       | <b>9.36</b>       | 9.60       |
| <b>Distillery Plant</b>                                |         |                   |            |
| Rated capacity per day                                 | Litres  | <b>130,000</b>    | 130,000    |
| Actual production                                      | Litres  | <b>34,070,544</b> | 30,728,078 |
| Days worked  | Nos.    | <b>294</b>        | 284        |

### 38. SEGMENT INFORMATION

The Company's reportable segments are as follows:

- Sugar
- Distillery

### 38.1 Segment revenues and results

|   | Sugar          | Distillery     | Elimination of<br>inter<br>segment<br>transactions | Total          |
|---|----------------|----------------|--|----------------|
| ----- Rupees in '000 -----  |                |                |  |                |
| <b>For the year ended<br/>September 30, 2022</b>                          |                |                |  |                |
| Sales - net   | 8,174,638      | 4,885,461      | (1,094,125)  | 11,965,974     |
| Cost of sales   | (7,540,608)    | (3,960,197)    | (1,094,125)  | (10,406,680)   |
| Gross profit  | 634,030        | 925,264        | -  | 1,559,294      |
| Selling and distribution<br>expenses                                      | (26,467)       | (308,710)      | -  | (335,177)      |
| Administrative expenses   | (200,043)      | (68,296)       | -  | (268,339)      |
|   | (226,510)      | (377,006)      | -  | (603,516)      |
| <b>Profit before taxation<br/>and unallocated<br/>income and expenses</b> | <b>407,520</b> | <b>548,258</b> | <b>-</b>   | <b>955,778</b> |
| <b>Unallocatable income and expenses</b>                                  |                |                |  |                |
| Other income  |                |                |  | 216,031        |
| Other expenses  |                |                |  | (125,363)      |
| Finance cost  |                |                |  | (389,515)      |
| Taxation  |                |                |  | (192,924)      |
| <b>Profit for the year</b>  |                |                |  | <b>464,007</b> |
| <b>For the year ended<br/>September 30, 2021</b>                          |                |                |  |                |
| Sales - net   | 7,098,634      | 2,831,699      | (740,653)  | 9,189,680      |
| Cost of sales   | (6,459,956)    | (2,464,085)    | (740,653)  | (8,183,388)    |
| Gross profit  | 638,678        | 367,614        | -  | 1,006,292      |
| Selling and distribution<br>expenses                                      | (14,719)       | (169,042)      | -  | (183,761)      |
| Administrative expenses   | (157,871)      | (55,649)       | -  | (213,520)      |
|   | (172,590)      | (224,691)      | -  | (397,281)      |
| <b>Profit before taxation<br/>and unallocated<br/>income and expenses</b> | <b>466,088</b> | <b>142,923</b> | <b>-</b>   | <b>609,011</b> |
| <b>Unallocatable income and expenses</b>                                  |                |                |  |                |
| Other income  |                |                |  | 64,118         |
| Other expenses  |                |                |  | (32,463)       |
| Finance cost  |                |                |  | (263,489)      |
| Taxation  |                |                |  | (123,057)      |
| <b>Profit for the year</b>  |                |                |  | <b>254,120</b> |

### 38.2 Segment assets and liabilities

|   | Sugar                     | Distillery | Total            |
|---|---------------------------|------------|------------------|
|   | -----Rupees in '000 ----- |            |                  |
| <b>As at September 30, 2022</b>                                     |                           |            |                  |
| Segment assets  | 2,965,210                 | 1,118,566  | 4,083,776        |
| Unallocatable assets  |                           |            | 500,971          |
| <b>Total assets as per the statement of financial position</b>      |                           |            | <b>4,584,747</b> |
| Segment liabilities   | 575,390                   | 1,855,360  | 2,430,750        |
| Unallocatable liabilities   |                           |            | 421,053          |
| <b>Total liabilities as per the statement of financial position</b> |                           |            | <b>2,851,803</b> |
| <b>As at September 30, 2021</b>                                     |                           |            |                  |
| Segment assets  | 2,770,705                 | 1,261,793  | 4,032,498        |
| Unallocatable assets  |                           |            | 393,155          |
| <b>Total assets as per the statement of financial position</b>      |                           |            | <b>4,425,653</b> |
| Segment liabilities   | 364,358                   | 85,678     | 450,036          |
| Unallocatable liabilities   |                           |            | 2,647,960        |
| <b>Total liabilities as per the statement of financial position</b> |                           |            | <b>3,097,996</b> |

Sales to domestic customers in Pakistan are 65.07% (2021: 74.56%) and to customers outside Pakistan are 34.93% (2021: 25.44%) of the revenues during the current financial year.

The Company sells its manufactured products to local and foreign companies, commission agents, organisations and institutions. During the current and preceding year, the Company has no customer having sale in excess of 10% of the local sales of the Company.

#### Geographical information

All segments of the Company are managed on nation-wide basis and operate manufacturing facilities and sale offices in Pakistan.

### 39. RELATED PARTY TRANSACTIONS

Related parties comprise of the Associated Companies, directors, relative of directors, major shareholders, key management personnel and entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' retirement funds. The Company in the normal course of business carries out transactions with various related parties.

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Company considers its Chief Executive, directors and all team members of its management team to be its key management personnel.

Detail of related parties (with whom the Company has transacted) along with the relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

|   | 2022                        | 2021          |
|---|-----------------------------|---------------|
| <b>i) Associated Company due to common directorship</b> | <b>--- Rupees in 000---</b> |               |
| Noon Industries (Pvt) Limited                           |                             |               |
| • Dividend paid   | <u>2,277</u>                | <u>2,277</u>  |
| Fauji Foods Limited (a related party during the year)   |                             |               |
| • sale of sugar   | <u>32,848</u>               | <u>60,316</u> |
| <b>ii) Relative of director</b>                         |                             |               |
| Mr. Adnan Hayat Noon                                    |                             |               |
| • loan repaid during the year                           | <u>433,500</u>              | <u>-</u>      |
| • Consultancy paid                                      | <u>10,200</u>               | <u>10,200</u> |
| <b>iii) Key management personnel</b>                    |                             |               |
| • salary and other employment benefits                  | <u>39,309</u>               | <u>41,550</u> |
| • loan provided   | <u>37</u>                   | <u>1,000</u>  |
| • loan repaid   | <u>1,112</u>                | <u>1,800</u>  |
| • vehicle sold  | <u>-</u>                    | <u>1,032</u>  |
| <b>iv) Retirement Fund</b>                              |                             |               |
| • Contribution towards provident fund                   | <u>1,447</u>                | <u>1,363</u>  |

|  | 2022                        | 2021          |
|--|-----------------------------|---------------|
| <b>40. DISCLOSURE RELATING TO PROVIDENT FUND</b> | <b>--- Rupees in 000---</b> |               |
| (i) Size of the Fund                             | <u>81,083</u>               | <u>87,735</u> |
| (ii) Cost of investments made                    | <u>51,860</u>               | <u>61,016</u> |
| (iii) Percentage of investments made             | <u>63.96%</u>               | <u>69.55%</u> |
| (iv) Fair value of investments made              | <u>51,860</u>               | <u>61,016</u> |

**40.1 Break-up of the investment is as follows:**

|                                     | 2022                      | 2021          | 2022                          | 2021          |
|-------------------------------------|---------------------------|---------------|-------------------------------|---------------|
|                                     | <b>--- Percentage ---</b> |               | <b>--- Rupees in '000 ---</b> |               |
| Special account in a scheduled bank | <u>66.17</u>              | <u>34.44</u>  | <u>34,315</u>                 | <u>21,016</u> |
| Mutual funds                        | <u>33.83</u>              | <u>65.56</u>  | <u>17,545</u>                 | <u>40,000</u> |
|                                     | <u>100.00</u>             | <u>100.00</u> | <u>51,860</u>                 | <u>61,016</u> |

The figures are based on the un-audited financial statements of the Provident Fund (the Fund) as at September 30, 2022 and audited financial statements as at September 30, 2021. 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.

The Fund's audit for the year ended September 30, 2021 has been carried-out by M/s. Javaid Jalal Amjad & Co., Chartered Accountants, 384-N, Samanabad, Lahore.

|   | <b>2022</b>        | 2021 |
|---|--------------------|------|
|   | ----- Number ----- |      |
| <b>41. NUMBER OF EMPLOYEES</b>              |                    |      |
| Average number of employees during the year | <b>536</b>         | 522  |
| Number of employees at the September 30,    | <b>598</b>         | 489  |

**42. SUBSEQUENT EVENT**

The Board of Directors, in its meeting held on December 30, 2022 has proposed a final cash dividend of Rs.4 (2021: Rs.3.5) per share amounting to Rs.66.070 million (2021: Rs.57.811 million) for the year ended September 30, 2022. This appropriation will be approved by the members in the forthcoming Annual General Meeting to be held on January 28, 2023.

The financial statements for the year ended September 30, 2022 do not include the effect of the proposed appropriation, which will be accounted for in the financial statements for year ending September 30, 2023.

**43. CORRESPONDING FIGURES**

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made in these financial statements.

**44. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on December 30, 2022 by the board of directors of the Company.



**Lt Col ABDUL KHALIQ KHAN (Retd)**  
Chief Executive



**SALMAN HAYAT NOON**  
Director



**RIZWAN SOHAIL**  
Chief Financial Officer

## FORM 34

The Companies Act, 2017  
(Section 227(2)(f))

### PATTERN OF SHAREHOLDING

1.1 Name of the Company : **NOON SUGAR MILLS LIMITED**

2.1 Pattern of holding of the shares held by the shareholders as at **30-09-2022**

| 2.2<br>No. of Shareholders | Shareholdings |           | Total Shares Held |
|----------------------------|---------------|-----------|-------------------|
|                            | From          | To        |                   |
| 825                        | 1             | 100       | 22,867            |
| 444                        | 101           | 500       | 118,326           |
| 177                        | 501           | 1,000     | 132,782           |
| 216                        | 1,001         | 5,000     | 477,770           |
| 26                         | 5,001         | 10,000    | 189,601           |
| 10                         | 10,001        | 15,000    | 121,305           |
| 14                         | 15,001        | 20,000    | 247,927           |
| 7                          | 20,001        | 25,000    | 161,196           |
| 4                          | 25,001        | 30,000    | 113,210           |
| 1                          | 35,001        | 40,000    | 39,100            |
| 2                          | 40,001        | 45,000    | 86,808            |
| 1                          | 45,001        | 50,000    | 47,916            |
| 1                          | 55,001        | 60,000    | 58,117            |
| 2                          | 60,001        | 65,000    | 123,275           |
| 1                          | 85,001        | 90,000    | 85,041            |
| 1                          | 105,001       | 110,000   | 105,400           |
| 1                          | 140,001       | 145,000   | 142,806           |
| 1                          | 215,001       | 220,000   | 217,700           |
| 1                          | 270,001       | 275,000   | 273,520           |
| 1                          | 290,001       | 295,000   | 290,500           |
| 1                          | 350,001       | 355,000   | 355,000           |
| 1                          | 545,001       | 550,000   | 549,000           |
| 1                          | 765,001       | 770,000   | 765,403           |
| 1                          | 1,030,001     | 1,035,000 | 1,031,600         |
| 1                          | 1,435,001     | 1,440,000 | 1,437,480         |
| 1                          | 3,320,001     | 3,325,000 | 3,323,803         |
| 1                          | 5,995,001     | 6,000,000 | 6,000,000         |
| <b>1,743</b>               |               |           | <b>16,517,453</b> |



| <b>2.3 Categories of shareholders</b>   | <b>Share held</b> | <b>Percentage</b> |
|---|-------------------|-------------------|
| 2.3.1 Directors, Chief Executive Officer, and their spouse and minor children       | 3,773,336         | 22.8445%          |
| 2.3.2 Associated Companies, undertakings and related parties. (Parent Company)      | 7,320,849         | 44.3219%          |
| 2.3.3 NIT and ICP   | 29,372            | 0.1778%           |
| 2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions. | 1,448             | 0.0088%           |
| 2.3.5 Insurance Companies   | 3,732             | 0.0226%           |
| 2.3.6 Modarabas and Mutual Funds  | -                 | 0.0000%           |
| 2.3.7 General Public  |                   |                   |
| a. Local  | 1,791,951         | 10.8488%          |
| b. Foreign  | -                 | 0.0000%           |
| 2.3.8 Others (to be specified)  |                   |                   |
| - Joint Stock Companies   | 2,108,221         | 12.7636%          |
| - Pension Funds   | 2,039             | 0.0123%           |
| - Foreign Companies   | 1,437,592         | 8.7035%           |
| - Others  | 48,913            | 0.2961%           |
| 2.3.9 Shareholders holding 10% or more  | 9,384,695         | 56.8168%          |

Signautre of Company Secretary



Name of Signatory

**NASIR IQBAL ANSARI**

Designation

**COMPANY SECRETARY**

CNIC Number

**35202-8896523-7**

Date

**30/09/2022**

# NOON SUGAR MILLS LIMITED

## FORM OF PROXY

Registered Folio No. /  
CDC Account No. \_\_\_\_\_

I/We \_\_\_\_\_  
(Name)

of \_\_\_\_\_  
(Address)

being a member of NOON SUGAR MILLS LIMITED hereby appoint

\_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

or failing him/her \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

as my/ our proxy to attend, act and vote for me/ us and on my/ our behalf, at the 60<sup>th</sup> Annual General Meeting of the Company to be held at 66 Garden Block, New Garden Town, Lahore on Saturday, January 28, 2023 at 11:30 a.m. and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

### WITNESSES

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC # \_\_\_\_\_

\_\_\_\_\_  
Signature of the Shareholder/ Appointer

2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC # \_\_\_\_\_

|                                |
|--------------------------------|
| Revenue<br>Stamp<br>(Rs. 50/-) |
|--------------------------------|

**NOTE:** Proxies in order to be effective must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.

## نون شوگر ملز لیمیٹڈ پراکسی فارم

رجسٹرڈ فوئیو نمبر/

سی ڈی سی اکاؤنٹ نمبر

میں/ہم

(نام)

(پتہ)

بحیثیت ممبر/ممبران نون شوگر ملز لیمیٹڈ، یہاں پر تقرر کرتا ہوں/کرتے ہیں

(نام)

(پتہ)

یا اس کی غیر حاضری کی صورت میں

(نام)

(پتہ)

کو بمقام 66 گارڈن بلاک، نیو گارڈن ٹاؤن، لاہور میں بروز ہفتہ مورخہ 28 جنوری، 2023 بوقت ساڑھے گیارہ بجے صبح یا اس کے کسی بھی التواء پر، منعقد ہونے والے کمپنی کے ساٹھویں سالانہ اجلاس عام میں شرکت کرنے اور حق رائے دہی استعمال کرنے کے لیے اپنا/ہمارا بطور نمائندہ مقرر کرتا ہوں/کرتے ہیں۔

بطور گواہ آج بتاریخ \_\_\_\_\_ 2023

چچاس روپے کارسیدی ٹکٹ

یہاں چسپاں کریں

شیر ہولڈر تقرر کنندہ کے دستخط

گواہ 2

دستخط

نام

پتہ

قومی شناختی کارڈ نمبر

گواہ 1

دستخط

نام

پتہ

قومی شناختی کارڈ نمبر

نوٹ: پراکسی اسی صورت میں قابل قبول ہوگی کہ اس پر دستخط، رسیدی ٹکٹ، گواہان کے دستخط ہوئے ہوں اور اس کو اجلاس سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ پتہ پر بھیج دیا جائے۔ سی ڈی سی کے ممبران کو اپنی پراکسی اپنے تصدیق شدہ قومی شناختی کارڈ کے ہمراہ بھیجنا ہوگی۔

## VIDEO LINK FACILITY FORM

I / We \_\_\_\_\_ being the member of Noon Sugar Mills Limited, holder of \_\_\_\_\_ Ordinary share(s) as per registered folio No./ CDC AC No. \_\_\_\_\_ hereby opt for video link facility at \_\_\_\_\_.

Signature of Member \_\_\_\_\_

Date \_\_\_\_\_

## BANK ACCOUNT DETAIL FORM

Bank Account Details of Shareholder for payment of Cash Dividend through Electronic Mode:

I hereby wish to communicate my desire to receive my dividend directly in my bank account as detailed below:

Name of Shareholder: \_\_\_\_\_

Folio Number / CDC AC No. \_\_\_\_\_

Bank Account No: \_\_\_\_\_

IBAN: \_\_\_\_\_

Title of Account: \_\_\_\_\_

Name of Bank: \_\_\_\_\_

Branch/full mailing address: \_\_\_\_\_

Contact Number: \_\_\_\_\_

It is stated that the above information is correct to the best of my knowledge and shall keep the company informed in case of any changes in the above particulars in future.

\_\_\_\_\_  
Shareholder's Signature

\_\_\_\_\_  
Date:

\_\_\_\_\_  
CNIC #: (copy attached)

GOVERNMENT OF PAKISTAN  
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 9<sup>th</sup> September, 2015

S.R.O. 924 /II/2015- In exercise of the powers conferred by Section 505B of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan is pleased to direct that a company listed on a stock exchange in Pakistan shall, while issuing annual accounts and balance sheet, incorporate the following informational message on 'JamaPunj', with immediate effect:



**Jama Punji**  
Stock Exchange Pakistan

**Be aware, Be alert,  
Be safe**  
Learn about investing at  
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**Key Features:**

- Licensed Entity Verification
- Scam Alert\*
- Jamsbund games\*
- Tax credit calculator\*
- Company Verification
- Investor & Investment Checklist
- Firms Approved
- Stock trading simulator (based on the best firm listed)
- Knowledge center
- Fee profiler\*
- Financial calculator
- Subscription to alerts (event notifications, corporate and regulatory matters)
- Applicable application for mobile device
- Online classes

**www.jamapunji.pk**

[No. EMO/website-regulatory/74/2015]

*Bushra*  
9/9/15  
(Bushra Aslam)  
Secretary to the Commission

## ڈائریکٹران رپورٹ برائے نمبران

معزز نمبران،

نون شوگر ملز لمیٹڈ کے ڈائریکٹران 30 ستمبر 2022 کو اختتام پزیر ہونے والے مالی سال کی ساٹھویں سالانہ رپورٹ، آڈٹ شدہ مالیاتی حسابات اور ان پر آڈٹ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### مالیاتی کارکردگی:

آپ کی کمپنی نے سابقہ تقابلی سالانہ عرصہ میں حاصل کردہ 252 ملین روپے کے مقابلے میں رواں سال کے دوران 463 ملین روپے کا ریکارڈ بعد از ٹیکس منافع حاصل کیا ہے۔ سابقہ سالانہ عرصہ میں مصنوعات کی فروخت سے حاصل شدہ کل رقم 9,190 ملین روپے کے مقابلے میں حالیہ زیر جائزہ مالیاتی سال کے دوران کمپنی نے 11,966 ملین روپے کا حصول کیا۔ سابقہ سالانہ عرصہ کے دوران 15.38 روپے فی حصہ منافع کے مقابلے میں رواں مالی سال کے دوران فی حصہ منافع 28.09 روپے رہا۔ زیر نظر سال کے دوران، کمپنی انتہائی مشکل حالات میں اپنی آمدنی میں جامع ترقی کے حصول میں کامیاب رہی جس سے حصص یافتگان کی دولت میں اضافہ ہوا۔ آپ کی انتظامیہ کی اسٹریٹجک منصوبہ بندی اور بروقت پیروی، ذیل میں مذکور نتائج کے حصول میں انمول ثابت ہوئی ہے۔

| 2021        | 2022        |                                      |
|-------------|-------------|--------------------------------------|
| (ملین روپے) | (ملین روپے) |                                      |
| 9,190       | 11,966      | پیداواری کی فروخت سے حاصل شدہ کل رقم |
| 1,006       | 1,559       | خام منافع                            |
| 641         | 1,046       | پیداواری منافع                       |
| 252         | 463         | خالص آمدن                            |
| 15.38 روپے  | 28.09 روپے  | فی حصہ آمدن (روپے)                   |

### پیداواری کارکردگی:

چینی:

آپ کی ملز نے سابقہ سال کے تقابلی عرصہ کے دوران نیلے جانے والے 863,552 میٹرک ٹن گنے سے 121 دنوں میں 9.60 فیصد شرح کشید سے پیدا کردہ 82,710 میٹرک ٹن چینی کی پیداوار کے مقابلے میں 1,120,350 میٹرک ٹن گنا بیلا اور 144 دنوں کے عرصہ میں 9.36 فیصد شرح کشید سے 104,720 میٹرک ٹن چینی پیدا کی۔ گزشتہ سال کے تقابلی اعداد و شمار کے ساتھ زیر جائزہ عرصہ کے دوران چینی کے شعبے کے آپریشنل کارکردگی کا گوشورہ حسب ذیل ہے:

| 2021    | 2022      |          |                             |
|---------|-----------|----------|-----------------------------|
| 121     | 144       | دن       | پیداواری عرصہ               |
| 863,552 | 1,120,350 | میٹرک ٹن | گنا نیلے جانے کی مقدار      |
| 82,710  | 104,720   | میٹرک ٹن | چینی کی پیداوار             |
| 9.60    | 9.36      | شرح فیصد | رس سے چینی کی پیداواری اوسط |
| 4.30    | 4.68      | شرح فیصد | شیرے کا پیداواری تناسب      |
| 37,033  | 52,378    | میٹرک ٹن | شیرے کی پیداوار             |

آپ کی انتظامیہ نے کاشتکاروں کے ساتھ ان کے باہمی اعتماد کے رشتے کو مزید مضبوط کیا ہے اور انہیں ملز کے آس پاس کے علاقے میں گنے کی اچھی قسم تیار کرنے کی ترغیب دی ہے جس کے نتیجے میں سابقہ سیزن کے مقابلے میں گنے کی کاشتکاری میں مسلسل بہتری آئی ہے۔ مذکورہ خریداری کی حکمت عملی نے گنے کی خریداری کی موثر منصوبہ بندی کے ذریعے سستی قیمت پر گنے کی ہموار فراہمی کو یقینی بنایا۔ تاہم موسمیاتی تبدیلیوں، فصل کی قبل از وقت کٹائی اور چین اور شیرے کی پیداوار کو زیادہ سے زیادہ کرنے کے لیے دور دراز علاقوں سے گنے کی فراہمی کی وجہ سے سکروز ریکوری میں معمولی کمی بھی دیکھنے میں آئی۔ حکومت پنجاب نے گنے کی کم از کم امدادی قیمت 200 روپے سے بڑھا کر 225 روپے فی 40 کلوگرام کر دی ہے، اور مذکورہ کارکردگی کے جائزہ میں شرح سود میں اضافے اور افراط زر کے دیگر عوامل کو بھی مد نظر رکھنا ہوگا جو چین کی پیداواری لاگت میں اضافے کا سبب بن رہے ہیں۔

## ڈسٹری:

زیر جائزہ عرصہ کے دوران 224 لیٹرن فی میٹرک ٹن کی شرح سے 151,780 میٹرک ٹن شیرہ پراسس کر کے 27,256 میٹرک ٹن انڈسٹریل گریڈ اتھنول پیدا کی گئی جبکہ سابقہ سال کے دوران 249 لیٹرا اتھنول فی میٹرک ٹن کی پیداواری شرح سے 123,567 میٹرک ٹن شیرا پراسس کر کے 24,582 میٹرک ٹن انڈسٹریل گریڈ اتھنول پیدا کی گئی تھی۔

زیر جائزہ سال اور سابقہ سال کے عرصہ میں ڈسٹری کے شعبے میں پیداواری کارکردگی کے اعداد و شمار کا تقابلی گوشوارہ حسب ذیل ہے:

| 2021    | 2022    |                   |                   |
|---------|---------|-------------------|-------------------|
| 284     | 294     | دن                | پیداواری عرصہ     |
| 123,567 | 151,780 | میٹرک ٹن          | شیرے کی پیداوار   |
| 24,582  | 27,256  | میٹرک ٹن          | اتھنول کی پیداوار |
| 249     | 224     | لیٹرن فی میٹرک ٹن | پیداواری اوسط     |

رپورٹنگ سال کے دوران شیرے کی خریداری ایک چیلنج بنی ہوئی تھی جسے آپ کی انتظامیہ نے گزشتہ سال کے مقابلے میں شیرے کی زیادہ مقدار میں خریداری کے لیے کامیابی سے حل کیا۔ تاہم مختلف ذرائع سے مختلف مقداروں میں کئی طرح کے شیرے کی خریداری کے نتیجے میں گزشتہ سال کے مقابلے میں اتھنول کی اوسط پیداوار میں قدرے کمی واقع ہوئی۔

## مستقبل کی پیش گوئی:

### چینی:

پنجاب حکومت نے گنے کی کم از کم امدادی قیمت 225 روپے سے نمایاں طور پر بڑھا کر 300 روپے فی 40 کلوگرام کر دی ہے۔ ایندھن کی زیادہ لاگت، بڑھتے ہوئے افراط زر، شرح سود میں اضافہ، ٹیکس کی بڑھی ہوئی شرحوں کے نفاذ بشمول سپر ٹیکس کی بڑھی ہوئی شرح کے ساتھ مل کر شوگر سیکٹر پر اضافی بوجھ ڈالا ہے۔ محدود آمدن کے مقابلے میں بڑھتے ہوئے افراط زر نے انفرادی استعمال کے انداز کو بری طرح متاثر کیا ہے جس سے چینی کی طلب پر منفی اثر پڑنے کا امکان ہے۔

گزشتہ سال کے دوران چینی کی اضافی پیداوار اور اونچے ہوئے اسٹاک کو مد نظر رکھتے ہوئے، وفاقی حکومت برآمد کی اجازت دینے پر غور کر رہی ہے۔ اضافی چینی کی برآمد، چینی کی صنعت کو گنے کے کاشتکاروں کو بروقت ادائیگی کرنے کے قابل بنانے کے ساتھ حصص یا فنڈنگ کے مفادات کے تحفظ میں ایک اہم مدد فراہم کر سکتی ہے۔ موجودہ معاشی صورتحال اور سیاسی عدم استحکام نے کاروباری ماحول میں شدید عدم توازن پیدا کر دیا ہے اور شوگر انڈسٹری اس سے نکل نہیں سکتی۔

کمپنی نے موجودہ کرشنگ سیزن کا آغاز 25 نومبر 2022 سے کر دیا ہے۔ کین ڈپارٹمنٹ کی مشترکہ کوششوں سے گنے کی مسلسل فراہمی کو یقینی بنایا گیا ہے اور آپ کی کمپنی چین کی پیداوار میں ایک اور سنگ میل عبور کرنے کی کوشش کر رہی ہے۔ آپ کی انتظامیہ پیداواری لاگت پر افراط زر کے اثرات کی مسلسل نگرانی کر رہی ہے اور اسٹریٹجک پروکیورمنٹ پلاننگ کے ذریعے اس کے منفی اثرات کو کم کرنے کی کوشش کر رہی ہے۔

## اتھنول:

تمام اشیاء اور خام مال کی قیمتوں میں اضافہ کے رجحان کے بعد گزشتہ کرشنگ سیزن کے مقابلے میں شیرے کی موجودہ قیمت میں بھی خاطر خواہ اضافہ ہوا ہے۔ صوبائی حکومتوں کی جانب سے رواں سیزن کے لیے گنے کی امدادی قیمت میں 33% کا بے مثال اضافہ اس حوالے سے اہم عنصر ہے۔

اتھنول کی بین الاقوامی قیمتیں مستحکم دکھائی دیتی ہیں لیکن خام تیل کی قیمت میں کوئی نمایاں کمی اس پر منفی اثر ڈال سکتی ہے۔ عالمی کساد بازاری کی پیش گوئی بھی ایک تشویشناک عنصر بنی ہوئی ہے۔ تاہم، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مسلسل کمی ان منفی عوامل کو کسی حد تک ختم کر سکتی ہے۔ آپ کی انتظامیہ آنے والے ان چیلنجوں سے بخوبی واقف ہے اور اس نے ٹھوس یا فٹنگان کے مفادات کے تحفظ کے لیے مناسب حکمت عملی تیار کی ہے۔

## متعلقہ پارٹیوں سے لین دین:

متعلقہ فریقین سے لین دین on arm's length کی بنیاد پر کیا جا رہا ہے۔ متعلقہ فریقین سے کیے گئے تمام لین دین کی جامع فہرست مرتب کر کے ہر سہ ماہی میں آڈٹ کمیٹی کو پیش کی جاتی ہے۔ داخلی جانچ کا عمل اس بات کو یقینی بناتا ہے کہ متعلقہ فریقین سے لین دین arm's length کی بنیاد پر ہے۔ آڈٹ کمیٹی کے جائزے کے بعد معاملات بورڈ کے سامنے غور و فکر اور منظوری کے لیے رکھے جاتے ہیں۔

سال کے دوران کمپنی نے متعلقہ فریقین کے ساتھ جو لین دین کیا ہے اس کی تفصیلات مالیاتی بیانات کے نوٹ 39 میں بیان کی گئی ہیں۔

## کارپوریٹ سماجی ذمہ داری:

نون شوگر ملز لمیٹڈ معاشرتی ترقی اور پائیدار برادری کے لیے معاونت اور کام کرنے میں فعال کردار ادا کرنے کے لیے پرعزم ہے۔ کارپوریٹ سوشل ریسپانسیبلٹی (CSR) اپنی بنیادی اقدار میں مربوط ہے اور یہ کمپنی کے مجموعی مشن کا لازمی جزو ہے۔

مندرجہ ذیل اقدامات جو نون شوگر ملز لمیٹڈ اپنی سماجی ذمہ داریوں کو پورا کرنے کی غرض سے نبھا رہی ہے:

a- نون شوگر ملز لمیٹڈ اپنے ملازمین کے بچوں اور فیملی کے آس پاس رہنے والے کنوں کے فائدے کے لیے ملازمین کی رہائشی کالونی کے اندر ایک کالج اور ایک انگلش میڈیم ماڈل ہائی اسکول کے قیام کے ذریعے معیاری تعلیم مہیا کر رہی ہے۔ ملازمین کے بچوں کی حوصلہ افزائی بھی کی جاتی ہے کہ وہ ہر سال میٹرک سے شروع ہونے والے وظائف کے ذریعے اعلیٰ تعلیم حاصل کریں۔

b- گھریلو اشیاء کی رعایتی نرخوں پر فراہمی کے لیے نون شوگر ملز لمیٹڈ رہائشی کالونی میں ایک فیبر پرائیس شاپ چلا رہی ہے۔

c- کمپنی بھلوال میں گزشتہ 29 سالوں سے ایک مفت ڈسپنری بھی چلا رہی ہے اور ملحقہ رہائشی بستیوں کے غریب مریضوں کو مفت ادویات بھی مہیا کر رہی ہے۔



## کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے ضوابط کو 30 ستمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی نے اختیار کیا ہے اور ان پر مکمل طور پر عمل کیا ہے۔ اس ضمن میں ایک بیان رپورٹ سے منسلک ہے۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

انتظامیہ نے مالیاتی رپورٹوں اور ان کے نوٹس کو کمپنیز ایکٹ 2017 اور انٹرنیشنل مالیاتی رپورٹنگ سٹینڈرڈز (IFRS) کے اصولوں کے مطابق تیار کیا ہے۔ یہ رپورٹیں کمپنی کے کاروباری نتائج، رقم کے بہاؤ اور ایکویٹی کی تبدیلی کے بیانات کو صریح طور پر بیان کرتی ہیں۔

## بورڈ آف ڈائریکٹران یہاں یہ بیان کرتے ہیں:

- مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات کو، جو کہ پاکستان میں لاگو ہیں، مناسب طریقے سے عمل میں لایا گیا ہے اور اس سے کسی بھی طرح کے انحراف کا مناسب طور پر "مالیاتی بیانات کے نوٹس" میں بیان کیا گیا ہے اور اس کی وجہ بیان کی گئی ہے؛
- کمپنی کی تمام مالیاتی کتب کو مناسب طور پر مرتب کیا گیا ہے؛
- مالیاتی گوشوارے تیار کرنے کیلئے مناسب حساباتی پالیسیوں کا مستقل طور پر اطلاق کیا گیا ہے اور حسابات کے تخمینے مناسب اور محتاط فیصلوں پر مبنی ہیں؛
- اندرونی گرفت کا نظام مضبوط ہے اور موثر انداز میں نافذ العمل اور زیر نگرانی ہے؛
- کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں کوئی شک و شبہ نہیں ہے؛
- لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں بیان کردہ کارپوریٹ گورننس کے بہترین طریقوں سے انحراف نہیں کیا گیا ہے؛
- سابقہ چھ سال کے اہم مالیاتی اور کاروباری کوائف اس رپورٹ سے منسلک ہیں؛
- مالی سال 30 ستمبر 2022 تک ٹیکسوں، ڈیوٹیوں اور محصولات کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ماسوائے ان کے جن کا انکشاف مالی بیانات میں کیا گیا ہے؛
- کمپنی کے ڈائریکٹر جناب سیف اللہ خان نون نے 30 ستمبر 2022 کو اختتام پزیر ہونے والے عرصہ کے دوران کمپنی کے 355,000 حصص خریدے جبکہ کمپنی کے دیگر ڈائریکٹران، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں نے اس سال کے دوران کمپنی کے حصص میں کوئی لین دین نہیں کیا؛
- ملازمین کے ریٹائرمنٹ فنڈ کی سرمایہ کاری کی لاگت مندرجہ ذیل ہے:

## ملازمین کی ریٹائرمنٹ کے فوائد:

کمپنی نے ایک تسلیم شدہ پراؤڈنٹ فنڈ قائم کر رکھا ہے اور فنڈ کے مالی بیانات کے مطابق اس کی سرمایہ کاری کی مالیت حسب ذیل ہے:

|                        |                  |
|------------------------|------------------|
| 30 ستمبر 2022 کی مالیت | 51.860 ملین روپے |
| 30 ستمبر 2021 کی مالیت | 61.016 ملین روپے |

گر بجو بیٹی سکیم فی الوقت un-funded ہے اور تمام اہل ملازمین کے لیے اسکیم کے تحت ذمہ داری کو پورا کرنے کے لیے ایکچوریل ویلیو ایڈجسٹمنٹ کی بنیاد پر سالانہ رقم فراہم کی گئی ہے جن کی تفصیلات 30 ستمبر 2022 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالیاتی بیانات کے نوٹ نمبر 9 میں موجود ہیں۔

30 ستمبر 2022 کو کمپنی کی حصص داری کی ساخت کا نمونہ (شیر ہولڈنگ پیٹرن) منسلک ہے جبکہ دیگر متعلقہ معلومات حسب ذیل ہیں:

### حصص یافتگان:

|              |   |      |
|--------------|---|------|
| حصص کی تعداد | ایسوسی ایٹڈ کمپنیاں، وابستگان اور متعلقہ فریقین | I-   |
| 765,403      | نون انڈسٹریز (پرائیوٹ) لمیٹڈ                    | II-  |
| NIL          | میوچل فنڈز                                      | III- |
|              | ڈارکیٹران اور ان کے شریک حیات اور نابالغ بچے    |      |

| نابالغ بچے | شریک حیات | ذاتی ملکیت | ڈارکیٹران کے نام                |
|------------|-----------|------------|---------------------------------|
| NIL        | NIL       | 3,384,695  | جناب سلمان حیات نون             |
| NIL        | NIL       | 355,017    | جناب سیف اللہ خان نون           |
| NIL        | 7,260     | 26,360     | جناب کنور اقبال طالب            |
| NIL        | NIL       | 1          | لیفٹیننٹ کرنل (ر) عبدالخالق خان |
| NIL        | NIL       | 1          | جناب عرفان احمد                 |
| NIL        | NIL       | 1          | جناب عطا علی ملک                |
| NIL        | NIL       | 1          | محترمہ مریم ممدوٹ               |

IV- ایگزیکٹوز NIL NIL

V- پبلک سیکر کمپنیز، کارپوریشنز، جوائنٹ سٹاک کمپنیز

حصص  
فیصد  
2,157,134  
13.06%

VI- بینک، مالیاتی ادارے، نان بینکنگ مالیاتی کمپنیاں، انشورنس کمپنیاں، کافلز، مضاربہ اور پنشن فنڈ:

حصص  
فیصد  
7,219  
0.04%

VII۔ پانچ فیصد اور اس سے زائد کے حصص یافتگان:

| فیصد   | حصص ملکیت |  |
|--------|-----------|--|
| 36.33% | 6,000,000 | محترمہ طہیہ نون                                |
| 20.49% | 3,384,695 | سلمان حیات نون                                 |
| 8.70%  | 1,437,480 | ای ایف جی پرائیویٹ بینک (سپینل آئی لینڈ) لمیٹڈ |
| 6.25%  | 1,031,600 | بلک مینجمنٹ پاکستان (پرائیویٹ) لمیٹڈ           |

**حصص میں لین دین:**

| خرید    | فروخت / گفٹ | ڈائریکٹر کا نام       |
|---------|-------------|-----------------------|
| 355,000 | NIL         | جناب سیف اللہ خان نون |

**بورڈ کی میٹنگز اور ڈائریکٹران کی حاضری:**

زیر جائزہ سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے جن میں حاضری کی تفصیل درج ذیل ہے:

| اجلاس میں حاضری | ڈائریکٹران کے نام               |
|-----------------|---------------------------------|
| 4               | جناب کنورا قبیل طالب            |
| 4               | جناب سلمان حیات نون             |
| 2               | جناب سیف اللہ خان نون           |
| 4               | لیفٹیننٹ کرنل (ر) عبدالخالق خان |
| 2               | جناب عرفان احمد                 |
| 2               | سید علی رضا                     |
| 1               | جناب عطا علی ملک                |
| 4               | محترمہ مریم ممدوٹ               |

بورڈ نے ان ڈائریکٹران کی چھٹی منظور کر لی جو بورڈ کے اجلاسوں میں شریک نہ ہو سکے۔

**آڈٹ کمیٹی کی میٹنگ اور حاضری:**

زیر جائزہ سال کے دوران اس کمیٹی کے چار اجلاس ہوئے جن میں حاضری کی تفصیل حسب ذیل ہے:

| میٹنگ کی حاضری | ڈائریکٹر کا نام       |
|----------------|-----------------------|
| 4              | محترمہ مریم ممدوٹ     |
| 4              | جناب سلمان حیات نون   |
| 2              | جناب سیف اللہ خان نون |
| 2              | سید علی رضا           |

### انسانی وسائل اور معاوضہ کمیٹی:

زیر جائزہ سال میں کمیٹی کے دو اجلاس ہوئے جن میں حاضری کی تفصیل حسب ذیل ہے:

| اجلاس میں حاضری | ڈائریکٹر کا نام                 |
|-----------------|---------------------------------|
| 2               | جناب سلمان حیات نون             |
| 2               | جناب سیف اللہ خان نون           |
| 2               | لیفٹیننٹ کرنل (ر) عبدالخالق خان |
| 1               | سید علی رضا                     |

### ٹیکنیکل کمیٹی:

زیر جائزہ سال میں کمیٹی کے چار اجلاس ہوئے جن میں حاضری کی تفصیل حسب ذیل ہے:

| اجلاس میں حاضری | ڈائریکٹر کا نام                 |
|-----------------|---------------------------------|
| 3               | جناب عرفان احمد                 |
| 3               | جناب سلمان حیات نون             |
| 4               | جناب سیف اللہ خان نون           |
| 4               | لیفٹیننٹ کرنل (ر) عبدالخالق خان |

### حصص یافتگان کے اجلاس:

زیر جائزہ سال کے دوران سالانہ اجلاس عام 27 جنوری 2022 کو منعقد ہوا۔

## واجب الادا قانونی ادائیگیاں:

تمام واجب الادا ادائیگیاں معمول کی نوعیت کی ہیں۔

## ڈائریکٹران کے معاوضے کی پالیسی:

بورڈ آف ڈائریکٹران نے کمپنی معاملات میں ذمہ داریوں کی نوعیت پر منحصر ایگزیکٹو ڈائریکٹران کو معاوضے کی ادائیگی کے لیے باضابطہ پالیسی کی منظوری دے دی ہے۔ انسانی وسائل اور معاوضے کی کمیٹی کی سفارشات کے مطابق ایگزیکٹو ڈائریکٹران کے معاوضے کی منظوری بذریعہ بورڈ آف ڈائریکٹران دی جائے گی۔ کمپنی آزاد ڈائریکٹران کو بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے فیس کے علاوہ کوئی ادائیگی نہیں کرے گی۔

## بورڈ کی کارکردگی کا جائزہ:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے ضابطہ (v)(3)10 کی تعمیل میں بورڈ آف ڈائریکٹران نے مجموعی طور پر بورڈ، بورڈ کمیٹیوں اور انفرادی ارکان بورڈ کی کارکردگی کی سالانہ جانچ کے لیے ایک طریقہ کار وضع کیا ہے۔

## حصص یافتگان کا کردار:

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ کمپنی کے حصہ داران کو کمپنی کی صورتحال کو متاثر کرنے والی اہم پیش رفتوں سے بروقت آگاہ کیا جائے۔ اس مقصد کے حصول کے لئے حصص یافتگان کو سہ ماہی، ششماہی اور سالانہ رپورٹوں کے ذریعے آگاہ کیا جاتا ہے، اور انہیں اب فوری طور پر کمپنی کی ویب سائٹ پر رکھ دیا جاتا ہے۔ احتساب کی مطلوبہ سطح کو یقینی بنانے کے لیے بورڈ عام اجلاسوں میں حصص داران کی شرکت کی حوصلہ افزائی کرتا ہے۔

## منافع منقسمہ:

بورڈ آف ڈائریکٹران نے 30 دسمبر 2022 کو منعقدہ اجلاس میں کمپنی کے تمام حصص یافتگان کو 30 ستمبر 2022 کو ختم ہونے والے سال کے لیے -4/ روپے فی حصہ ((40% کے حساب سے حتمی منافع منقسمہ کی ادائیگی کی سفارش کی ہے۔ حتمی منافع منقسمہ کی منظوری 28 جنوری 2023 کو منعقد ہونے والے سالانہ اجلاس عام میں ممبران سے لی جائے گی۔

## صحت، حفاظت اور ماحول:


کمپنی بین الاقوامی سطح پر قابل قبول صحت، حفاظت اور ماحول کے معیارات پر سختی سے عمل پیرا ہے اور اس امر کو یقینی بناتی ہے کہ ہم آج اور کل کے لیے محفوظ اور زیادہ پائیدار کارروائیوں کے لیے اپنے عمل کو بہتر بناتے رہیں۔ انتظامیہ نے کووڈ 19 کے اثر کو کم سے کم کرنے کے لیے عمومی اور مخصوص حفظان صحت کے عوامل کو نافذ کر کے فوری اور موثر اقدامات کیے ہیں۔

## آڈیٹران:


ریٹائر ہونے والے آڈیٹرز شائن ونگ حمید چوہدری اینڈ کمپنی (Shinewing Hameed Chaudhri & Company)، چارٹرڈ اکاؤنٹنٹس نے اپنی خدمات کو ایک اور مدت کے لیے پیش کیا ہے۔ آڈٹ کمیٹی کی سفارش کے مطابق بورڈ ان کی تفریری کی تجویز پیش کرتا ہے۔

## اعتراف:

ہم کمپنی سے انمول تعاون کے لیے اپنی کمپنی کے تمام متعلقین، بشمول مالیاتی ادارے، سپلائرز، گاہک اور حصص یافتگان کے شکرگزار ہیں۔ اس موقع پر ہم کمپنی کے تمام ملازمین کی جانب سے کمپنی کی بہبود کی خاطر لگن، توجہ اور محنت سے جو بیس گھنٹے کی جانے والی ان کی تمام کاوشوں کو سراہتے ہیں۔



سلمان حیات نون  
ڈائریکٹر



یوسفینٹ کرنل عبدالخالق خان (ریٹائرڈ)  
چیف ایگزیکٹو

بمقام لاہور۔ 30 دسمبر، 2022

# نون شوگر ملز لمیٹیڈ

رجسٹرڈ آفس : 66 گارڈن بلاک، نیوگارڈن ٹاؤن، لاہور۔

## اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ نون شوگر ملز لمیٹیڈ (کمپنی) کے ممبران کا ساٹھواں سالانہ اجلاس عام بروز ہفتہ مورخہ 28 جنوری، 2023 صبح ساڑھے گیارہ بجے مندرجہ ذیل امور کی انجام دہی کے لیے بمقام 66 گارڈن بلاک، نیوگارڈن ٹاؤن، لاہور منعقد ہوگا:

- 1- ممبران کے سالانہ اجلاس عام منعقدہ 27 جنوری، 2022 کی کارروائی کی توثیق۔
- 2- 30 ستمبر، 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ حسابات اور ان پر آڈیٹران اور ڈائریکٹران کی رپورٹوں پر غور کرنا اور انہیں منظور کرنا۔
- 3- منافع منقسمہ کی ادائیگی کو منظور کرنا۔ بورڈ نے 4/ روپے فی حصہ (40%) منافع منقسمہ دینے کی سفارش کی ہے۔
- 4- 30 ستمبر 2023 کو اختتام پزیر ہونے والے سال کے لیے کمپنی کے آڈیٹران کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔
- 5- صدر اجلاس کی اجازت سے اجلاس میں پیش کیے جانے والے دیگر امور انجام دینا۔

## خصوصی کارروائی

کمپنی حصص کے مجاز سرمایہ کو دس روپے فی حصہ مالیت کے 30 ملین عام حصص کے اضافے سے 200 ملین روپے سے بڑھا کر 500 ملین روپے کرنا۔

## منتقلی حصص کی کتابوں کی بندش

کمپنی حصص کی منتقلی کی کتابیں 21 جنوری، 2023 تا 28 جنوری، 2023 (بشمول دونوں ایام) بغرض انعقاد سالانہ اجلاس عام اور منافع منقسمہ کے تعین کے لیے بند رہیں گی۔ 20 جنوری 2023 کے دفتری اوقات کے خاتمہ تک موصول ہونے والی حصص کی منتقلی کی درخواستوں کے منتقل علیہم مذکورہ منافع منقسمہ کے حصول کے حقدار ہونگے۔

حسب الحکم بورڈ

**Nasir Ahmad**  
ناصر اقبال انصاری

کمپنی سیکریٹری

بمقام لاہور۔

مورخہ 30 دسمبر، 2022

## نوٹس:

### 1- اجلاس کی کارروائی میں شرکت کے لیے:

اجلاس میں شرکت کرنے اور ووٹ ڈالنے کا اہل ممبر کسی دوسرے ممبر کو اپنی طرف سے شرکت، بولنے اور ووٹ دینے کی غرض سے اپنی پراکسی کے طور پر مقرر کر سکتا ہے۔ پراکسیوں کے لیے ضروری ہے کہ وہ اجلاس کے انعقاد کے لیے مقرر کردہ وقت سے کم از کم اڑتالیس گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جائیں۔ ایک ممبر ایک سے زیادہ پراکسی کی

تقرری نہیں کر سکتا۔ پراکسی فارم کے ساتھ CNIC کی تصدیق شدہ کاپی ہونا ضروری ہے۔

2 - CDC کے اکاؤنٹ ہولڈروں کو ہدایت کی جاتی ہے کہ وہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے وضع کردہ مندرجہ ذیل ہدایات پر عمل کریں:

**a. اجلاس میں شرکت کے لیے:**

i - افراد کی صورت میں اجلاس میں شرکت کے وقت اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اپنی شناخت کی تصدیق اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ یا اصلی پاسپورٹ دکھا کر کرے گا۔

ii - کارپوریٹ باڈیز کے نمائندے اجلاس میں شرکت کے لیے بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نامزد افراد کے نمونہ دستخط اپنے ہمراہ لائیں گے۔

**b. پراکسیوں کے تقرر کے لیے:**

i - افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر مندرجہ بالا ہدایات کے مطابق پراکسی فارم مہیا کریں۔

ii - پراکسی فارم دو گواہان سے تصدیق شدہ ہوگا جن کے نام، پتے اور CNIC نمبر فارم پر درج کیے جائیں گے۔

iii - پراکسی فارم دینے والے ممبر اور پراکسی ہولڈر کے CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ مہیا کی جائیں گی۔

iv - میٹنگ میں شرکت کے وقت پراکسی ہولڈر اپنا اصل قومی شناختی کارڈ یا پاسپورٹ برائے شناخت پیش کرے گا۔

v - کارپوریٹ باڈیز اپنے بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ اور پراکسی کے نمونہ دستخط پراکسی فارم کے ہمراہ مہیا کریں۔

3 - فزیکل شیئرز رکھنے والے ممبران سے التماس ہے کہ وہ اپنے رجسٹرڈ پتوں میں کسی تبدیلی کی اطلاع دیں اور وہ حصص یافتگان جنہوں نے کمپنی کو اپنے کمپیوٹرائزڈ قومی

شناختی کارڈ (CNIC) کی نقل ابھی تک مہیا نہیں کی ہے ان سے التماس ہے کہ وہ اس کی نقل جلد از جلد کمپنی رجسٹرار یعنی کارپ لنک (پرائیویٹ) لمیٹڈ کو ان کے پتے

واقع Wings Arcade, 1-K, Commercial ماڈل ٹاؤن لاہور پر مہیا کریں۔

4 - SECP کی ہدایات کی تعمیل میں ممبران کو ہدایت کی جاتی ہے کہ وہ منسلک فارم پر اپنے متعلقہ انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) کی تفصیل مہیا کریں تاکہ کمپنی ان کا

کیش ڈیپوزٹ منڈان کے بینک اکاؤنٹ میں براہ راست بھجوا سکے۔

5 - کمپنیز ایکٹ، 2017 کی دفعہ (2) 132 کے تحت دوسرے شہروں میں مقیم ایسے حصص یافتگان جن کے حصص کی مجموعی تعداد مجموعی اداشدہ سرمایہ کا کم از کم دس فیصد

ہے کمپنی سے مطالبہ کر سکتے ہیں کہ انہیں اجلاس میں شرکت کے لیے ووٹوں کی سہولت مہیا کی جائے۔ ووٹوں کی سہولت کا مطالبہ اجلاس کی تاریخ سے کم از کم دس روز

قبل شیئرز رجسٹرار کے مذکورہ بالا پتے پر موصول ہونا چاہیے۔ مجوزہ درخواست فارم سالانہ رپورٹ سے منسلک ہے۔

6 - 30 ستمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کو کمپنی کی ویب سائٹ پر مہیا کیا جا رہا ہے۔

7 - کمپنیز ایکٹ، 2017 کی دفعات 143 تا 145 اور کمپنیز (پوسٹل بیٹ) ریگولیشنز، 2018 کی قابل اطلاق شقوں کے تقاضوں کو پورا کرنے کے بعد ممبران اپنا

رائے شماری کا حق استعمال کر سکتے ہیں۔



خصوصی کارروائی کے حوالے سے کمپنیز ایکٹ، 2017 کی دفعہ (3) 134 کے تحت بیان جو کہ 28 جنوری، 2023 کو منعقد ہونے والے سالانہ اجلاس عام کے نوٹس میں شامل ہے:

### کمپنی حصص کے مجاز سرمایہ میں اضافہ

مستقبل میں سرمائے کے اجراء کی کسی بھی ضرورت کو پورا کرنے کے لیے کمپنی حصص کے مجاز سرمایہ میں اضافہ کیا جا رہا ہے۔ اجلاس میں درج ذیل قرارداد پیش کی جائے گی جسے خصوصی قرارداد کے طور پر منظور کیا جائے گا:

قرارداد پر کمپنی حصص کے مجاز سرمایہ کو دس روپے فی حصہ مالیت کے 30 ملین عام حصص کے اضافے سے 200 ملین روپے سے بڑھا کر 500 ملین روپے کر دیا جائے۔

مزید قرارداد پر کمپنی کے میمورینڈم آف ایسوسی ایشن کی شق 5 میں حسب ذیل تبدیلیاں کی جائیں:

اعداد اور الفاظ "Rs. 200,000,000 (Rupees two hundred million) divided into 20,000,000 (twenty million)" کو "Rs. 500,000,000 (Rupees five hundred million) divided into 50,000,000 (fifty million)" کے اعداد و الفاظ سے بدل دیا جائے۔

مزید قرارداد پر کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شق 5 میں حسب ذیل تبدیلیاں کی جائیں:

اعداد اور الفاظ "Rs. 200,000,000 (Rupees two hundred million) divided into 20,000,000 (twenty million)" کو "Rs. 500,000,000 (Rupees five hundred million) divided into 50,000,000 (fifty million)" کے اعداد و الفاظ سے بدل دیا جائے۔

مجوزہ ترمیم کے بعد آرٹیکلز آف ایسوسی ایشن کی شق 5 حسب ذیل طور پر پڑھی جائے گی:

The authorized Share Capital of the Company is Rs.500,000,000 (Rupees five hundred million) divided into 50,000,000 (fifty million) Shares of Rs.10 (Rupees ten only) each with the powers of the Company, specifically, to increase the authorized Share Capital to include a further issue including, of preference shares, and generally, to increase or reduce the Capital and to sub-divide its Shares, or any of them into Shares of smaller amount than is fixed herein (stock split) or consolidate and divide the whole or any part of the Shares in the Capital into Shares of larger amount than its existing Shares (reverse split) and to divide the Shares in the Capital for the time being into several classes in accordance with the provisions of the Act and any Regulations made thereunder, and to attach thereto respectively such rights, privileges or conditions as may be determined by or in accordance with these Articles of Association, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by these Articles of Association in accordance with the Applicable Law.

میمورینڈم اور آرٹیکلز آف ایسوسی ایشن کی ایک کاپی کام کے اوقات کے دوران معائنہ کے لیے کمپنی کے رجسٹرڈ آفس میں دستیاب ہے۔

کمپنی کے ڈائریکٹران کو اس خصوصی قرارداد میں ایسی کوئی دلچسپی نہیں ہے جس کا انکشاف ضروری ہو۔