2023

ADAM
SUGAR MILLS LIMITED

58th
Annual Report

IN THE NAME OF ALLAH
THE BENEFICENT, THE MERCIFUL

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	MR. JAWAID AHMED - CHAIRMAN MR. GHULAM AHMED ADAM - CHIEF EXECUTIVE MR. JUNAID G. ADAM MR. OMAR G. ADAM MRS. NABIAH OMAR ADAM MRS. HUMERA DIWAN MS. SARAH ADAM
AUDIT COMMITTEE	
CHAIRPERSON	MRS. HUMERA DIWAN
MEMBER	MR. JUNAID G. ADAM
MEMBER	MS. SARAH ADAM
HUMAN RESOURCES AND REMUNERATION COMMITTEE	
CHAIRPERSON	MRS. NABIAH OMAR ADAM
MEMBER	MR. JUNAID G. ADAM
MEMBER	MR. OMAR G. ADAM
CORPORATE SECRETARY	QAMAR RAFI KHAN
CHIEF FINANCIAL OFFICER	FAISAL HABIB
HEAD OF INTERNAL AUDIT	NOMAN IQBAL
REGISTERED OFFICE	HAJI ADAM CHAMBERS, ALTAF HUSSAIN ROAD, NEW CHALLI, KARACHI-2 TEL NO. 32417812 & 32401139-43 WEBSITE: www.adam.com.pk/adamsugar.html
FACTORY	CHAK NO. 4, FORDWAH, CHISHTIAN DISTRICT BAHAWALNAGAR
STATUTORY AUDITORS	RAHMAN SARFARAZ RAHIM IQBAL RAFIQ CHARTERED ACCOUNTANTS
COST AUDITOR	A.D. AKHAWALA & CO. CHARTERED ACCOUNTANTS
SHARE REGISTRARS	C & K MANAGEMENT ASSOCIATES (PVT) LTD 4TH FLOOR, 404 TRADE TOWER, ABDULLAH HAROON ROAD, KARACHI TEL NO. 35685930 FAX NO. 35687839

VISION

To be the leader in sugar industry by building the company's image through quality improvement, competitive prices and meeting social obligations.

MISSION

- Endeavour to be the market leader by offering high quality sugar to our customers at competitive prices.

- To continue improving operating performance and profitability thereby ensuring growth for the company while serving best interest of shareholders.

SIX YEARS' REVIEW AT A GLANCE

	2022-2023	2021-2022 (Restated)	2020-2021	2019-2020	2018-2019	2017-2018
Cane Curshed (Metric Tons)	590,048	833,340	337,875	312,955	363,306	606,623
Recovery	9.79%	9.84%	8.74%	10.21%	8.91%	9.53%
Sugar Produced (Metric Tons)	57,790	82,039	29,543	31,952	32,204	57,835
	Rs	Rs	Rs	Rs	Rs	Rs
Paid up Capital	172,909,620	172,909,620	172,909,620	172,909,620	172,909,620	172,909,620
Reserves & Surplus	5,310,691,993	3,842,018,201	3,596,257,434	3,471,567,653	3,142,836,964	914,860,007
Shareholders Equity	5,483,601,613	4,014,927,821	3,769,167,054	3,644,477,273	3,315,746,584	1,087,769,627
Non-Current Assets	6,538,522,077	5,055,257,768	4,844,990,238	4,939,030,383	5,115,456,052	1,814,659,566
Sales	5,426,394,318	5,422,523,482	2,880,598,200	3,553,991,007	2,314,623,158	3,762,793,904
Cost of Sales	4,785,332,133	4,712,720,815	2,470,296,287	2,846,000,169	2,295,798,406	3,658,075,471
Gross Profit/(Loss)	641,062,185	709,802,667	410,301,913	707,990,838	18,824,752	104,718,433
Profit / (Loss) Before Tax	156,306,197	323,307,516	174,818,608	415,760,363	(315,480,488)	(2,595,718)
Profit / (Loss) After Tax	101,323,710	158,390,368	195,674,295	318,557,054	(254,059,293)	(30,738,650)
Earning / (Loss) Per Share	5.86	9.16	11.32	18.42	(14.69)	(1.78)
Break up Value of Share (Including Revaluation Reserve)	317.14	232.20	217.98	210.77	191.76	62.91

CHAIRMAN'S REPORT

The Composition of the Board of Directors represents mix of varied back grounds and rich experience in the field of business, banking etc.

The Board provides strategic directions to the Company and directs the management to achieve objectives and goals of the Company.

Annual evaluation of the Board of Directors as required under the code of Corporate Governance has been carried out to measure the performance and effectiveness of the Board against the objectives of the Company set at the beginning of the year and I report that:

1. The overall performance of the Board for the year under review was satisfactory.

2. The Board had full understanding of the vision and mission statements and frequently revisits them to up -date with the changing market conditions.

3. The Board members attended Board meeting during the year and participated in important company's matter.

4. The Board undertook and overall review of business risks ensuring effectiveness of risk identification, risk management and internal controls to safeguard assets and interest of the company and shareholders.

5. The Board members regularly received reports on finance / budgets, production and other important matters which helped them take effective decisions.

6. The Board members were updated with regard to achievement of financials results through regular presentations by the management and accordingly received directions and oversight on a timely basis

   I would like to thank the Board members for their commitments and untiring efforts by overcoming the difficulties posed by the unstable market environments.

Jawaid Ahmed
Chairman
Karachi
Dated: **January 5, 2024**

چیئرمین رپورٹ

بورڈ آف ڈائریکٹرز کی تشکیل مختلف پس منظر اور کاروبار، بینکنگ وغیرہ کے میدان میں بھرپور تجربہ کے امتزاج کی نمائندگی کرتی ہے۔

بورڈ کمپنی کو اسٹریٹجک ہدایات فراہم اور انتظامیہ کو کمپنی کے مقاصد اور اہداف حاصل کرنے کی ہدایت کرتا ہے۔

کارپوریٹ گورننس کے ضابطہ کے تحت درکار بورڈ آف ڈائریکٹرز کا سالانہ جائزہ، سال کے آغاز میں طے شدہ کمپنی کے مقاصد کے مقابل بورڈ کی کارکردگی اور مؤثر گی کی پیمائش کے لیے کیا گیا ہے اور میں بیان کرتا ہوں کہ:

۱۔ زیر جائزہ سال کے لیے بورڈ کی مجموعی کارکردگی تسلی بخش رہی۔

۲۔ بورڈ کو وژن اور مشن کے بیانات کی مکمل سمجھ بوجھ تھی اور وہ مارکیٹ کے بدلتے ہوئے حالات کے ساتھ بار بار ان کا تازہ ترین جائزہ لیتا رہا ہے۔

۳۔ بورڈ ممبران نے سال کے دوران بورڈ کے اجلاسوں میں شرکت کی اور کمپنی کے اہم معاملات میں حصہ لیا۔

۴۔ بورڈ نے کمپنی اور شیئر ہولڈرز کے اثاثوں اور مفادات کے تحفظ کے لیے خطرہ کی شناخت، رسک مینجمنٹ اور اندرونی کنٹرول کی مؤثر گی کو یقینی بناتے ہوئے کاروباری خطرات کا مجموعی جائزہ لیا۔

۵۔ بورڈ کے اراکین کو باقاعدگی سے فنانس/ بجٹ، پیداوار اور دیگر اہم معاملات سے متعلق رپورٹس فراہم کی گئی تھیں جس سے انہیں مؤثر فیصلے کرنے میں مدد ملی۔

۶۔ بورڈ کے اراکین کو انتظامیہ کی طرف سے باقاعدہ پریزنٹیشنز کے ذریعے مالیاتی نتائج کے حصول کے حوالے سے اپ ڈیٹ کیا گیا اور اس کے مطابق بروقت ہدایات اور نگرانی حاصل کی گئی۔

میں بورڈ کے ارکان کے عزم اور انتھک کوششوں کی بدولت مارکیٹ کے غیر مستحکم ماحول کی وجہ سے پیدا ہونے والی مشکلات پر قابو پانے پر ان کا شکریہ ادا کرتا ہوں۔

جاوید احمد

چیئرمین

کراچی

تاریخ: 5 جنوری 2024ء

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 58th Annual General Meeting of the shareholders of the Company will be held at 11:00 a.m. on Saturday, January 27, 2024 at The Arts Council of Pakistan, M.R.Kiyani Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of 57th Annual General Meeting held on January 27, 2023.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2023 together with Directors' and Auditors' Reports thereon.

3. To approve the payment of final cash dividend @ 35% (Rupee 3.50 per share) as recommended by the Board of Directors. This is in addition to the interim dividend @15% (Rupee 1.50 per share) already paid.

4. To appoint auditors of the Company for the year 2023-2024 and to fix their remuneration

SPECIAL BUSINESS

5. To consider and ratify related party transactions as required by the Companies Act, 2017.

6. To approve transmission of Annual Audited Financial Statements of the Company to the members by QR enabled code and web link as allowed by the Securities and Exchange Commission of Pakistan vide SRO 389(I)/2023 dated March 21, 2023 and to pass with or without modification the following as ordinary resolution.

   "RESOLVED that the transmission of the Annual Audited Financial Statements through QR enabled code and web link instead of transmission through CD/DVD/USB be and is hereby approved".

7. To transact any other business with the permission of the Chair.

By Order of the Board
QAMAR RAFI KHAN
Corporate Secretary

Karachi: January 05, 2024

NOTES:

1) Members who are not able to attend the meeting in person may send their respective proxies duly signed and stamped in the usual form. Such proxies should reach the Registered Office of the Company at least 48 hours before the meeting.

2) The Share Transfer Book of the Company will remain closed from January 17, 2024 to January 27, 2024 (both days inclusive). Transfer received at Company Share Registrar M/s C & K Management Associates (Pvt.) Ltd, 4th Floor, 404 Trade Tower, Abdullah Haroon Road, Karachi at the close of business on January 16, 2024 will be treated in time.

3) The members having physical shares are requested to provide copies of their CNIC and Bank account details enabling the Company to credit their cash dividend directly into their respective Bank accounts.

4) Shareholders are requested to notify the Company of any change in address immediately.

5) CDC Account holders will further have to follow the following guidelines:

- **For Attending the Meeting:**

  a) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account shall authenticate their identity by showing original NIC or original passport at the time of the meeting.

  b) 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 the meeting.

- **For Appointing Proxies:**

  a) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account shall submit the duly filled proxy form along with attested copies of NIC cards or passport of the beneficial owners.

  b) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be submitted along with duly filled proxy form.

  c) Proxy shall produce original NIC or passport at the time of meeting.

6) Transmission of Annual Financial Statements through Email

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide SRO 787(I)/2014 dated September 08, 2014, those shareholders who wish to receive Annual Financial Statements through email instead of receiving the same by post are advised to give their consent along with valid email address, copy of CNIC and send it to the Company's Share Registrar M/s C & K Management Associates (Pvt.) Ltd, 4th Floor, 404 Trade Tower, Abdullah Haroon Road, Karachi.

7) Video Conference Facility

In terms of the Companies Act, 2017 members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video link for participating in the Annual General Meeting. The request for video link facility shall be received by Share Registrar at the address given herein above at least 7 days prior to the date of the meeting.

Statement under section 134 of The Companies Act, 2017

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on Saturday, January 27, 2024. The approval of the members of the Company will be sought for:

Agenda Item No. 5

To consider and ratify related party transactions as required by the Companies Act, 2017.

Agenda Item No. 6

To approve transmission of Annual Audited Financial Statements of the Company to the members by QR enabled code and web link as allowed by the Securities and Exchange Commission of Pakistan vide SRO 389(I)/2023 dated March 21, 2023.

The statement is being dispatched with the Notice to the members.

https://www.adam.com.pk/financials.html

Statement under section 134 of The Companies Act, 2017

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on Saturday, January 27, 2024. The approval of the members of the Company will be sought for:

Related Party Transactions

During the financial year ended September 30, 2023, the Company carried out transactions with its associated and related parties in accordance with its policies and applicable laws and regulations.

The members are requested to ratify the transactions which have been disclosed in Note no. 35 of the Financial Statements for the year ended September 30, 2023 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending September 30, 2024.

Party wise breakup of transactions as disclosed in Note no.35 of the Financial Statements for the year ended September 30, 2023 are given below:

Name of Related Party	Nature of Transaction	Amount (Rs.)
Adam Lubricants Limited	**Transactions during the year**	
	Purchases made during the year	18,923,044
	Payment made during the year	18,566,914
	Short Term Loan received during the year	360,000,000
	Short Term Loan repaid during the year	697,500,000
	Balances at the year end	
	Payable against purchase	356,431
	Short Term Loan payable	165,000,000
Mr. Ghulam Ahmed Adam Chief Executive	**Balances at the year end**	
	Short Term Loan payable	32,164,394
	Sub-ordinated Loan payable	24,959,713

Transmission of Annual Financial Statements through by QR enabled code and web link

To transmit Annual Audited Financial Statements of the Company to the members by QR enabled code and web link as allowed by the Securities and Exchange Commission of Pakistan vide SRO 389(I)/2023 dated March 21, 2023.

None of the Directors of the Company have any direct or indirect interest in the aforesaid Special Business except as mentioned above for short term loan and subordinated loan given to the Company by Chief Executive.

DIRECTORS' REPORT

IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL

Dear Members,

On behalf of the Board, we welcome you to the 58th Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30 September 2023.

FINANCIAL RESULTS:	**Rs.**
Profit after taxation	101,323,710
Incremental depreciation, net-off deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	125,473,894
Un-appropriated profit brought forward	788,775,896
Un-appropriated profit carried forward	946,325,477

OPERATING RESULTS

	2023	2022
Cane Crushed-Metric Tons	590,048	833,340
Sugar Recovery Rate	9.79%	9.84%
Sugar Produced-Metric Tons	57,790	82,039
Commenced Crushing on	27/11/2022	15/11/2021
Stopped Crushing on	12/03/2023	05/04/2022
Number of Season Days	106	142
EPS - basic & diluted	5.86	Rs.9.16 (Restated)

The Punjab Government had fixed the minimum support price of sugarcane at Rs. 300 per 40 Kgs. The crushing season concluded on 106th day in comparison to previous year's 142 days thus the sugar cane crushing season was significantly shorter, yield was low country wide due to erratic weather and flooding.

The Government of Punjab has increased the minimum support price by 33.33% from PKR 225/40Kgs. to PKR 300/40Kgs. The actual purchase price is higher than the minimum support price due to price competition for cane between mills.

A shorter season was the main reason for lower production due to which fixed costs were not fully absorbed, further global inflation has raised overall costs. The average sale price of sugar was also not increased in relation to the raw material costs.

As mentioned in our December 2022' quarterly report that the Government has allowed export of 250,000 M.Ton of Sugar. Alhamdulillah, your company had exported their allotted quota and sales were realized in this quarter.

FUTURE PROSPECTS

The minimum support price for cane crushing season 2023-2024 of sugarcane has been increased by the Government from Rs. 300 to Rs. 400 per 40 kgs. We have already crushed 241,097 M.Ton of sugarcane at an average recovery of 9.736% and have produced 22,691 M. Tons of sugar.

The prevailing political condition, depreciating rupee and rise in markup rates depicts an uncertain business environment. The raw material support price for season 2023-24 is increased by 33.33% along with rising overheads and increased cost of funding will affect future profitability of the Company, if the Government will control the sugar price by artificial means.

The current political scenario of the country fuelled by global inflation and international crises such as war in Gaza/Ukraine predicts an uncertain business environment. The uncertainty at the political front regarding general elections in February 2024 is also affecting businesses all over the country. All depends upon the elected Government to handle the crises. Until elected Government resumes power, no long term economic/business decisions will be made at Government level. Private Local/International investors are also waiting for the right time to invest even China has told that they will talk to elected Government for Long Term Contracts.

The price of white crystalline sugar in international market is also on the higher side at approx. FOB value of USD605 per M.Ton, which when translates into PKR comes to PKR250 per Kg with all other import incidentals.

We understand that Government's interference in setting the retail price of sugar will affect the industry. Price should be decided by the market forces. Conducive atmosphere for business including strict measures to curb smuggling of sugar should be the Government's role.

STATEMENT OF CORPORATE AND FINANCIAL REPROTING FRAMEWORK

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- The names of the persons who, at any time during the financial year, were Directors of the Company are given below:

  1. Mr. Ghulam Ahmed Adam
  2. Mr. Jawaid Ahmed
  3. Mr. Junaid G. Adam
  4. Mr. Omar G. Adam
  5. Mrs. Nabiah Omar Adam
  6. Mrs. Humera Diwan
  7. Ms. Sarah Adam

- The financial statements, prepared by the Management, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The company has maintained proper books of accounts as required by the law.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The accounting policies and disclosures are in accordance with the approved Accounting Standards applicable in Pakistan, unless otherwise disclosed.
- The system of internal control is sound in design and effectively implemented.
- There is no significant doubt as to the ability of the company to continue as an on-going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- No trading in the shares of the Company was carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children.
- The management of the Company follows the rigorous approach to risk management which is essential to running a successful sustainable business.
- The main trends and factors likely to affect the future development, performance and position of the Company's business are described in **"Future Prospects"**.
- There are no contents with regard to modification in the Auditor's Report.
- Pattern of Shareholding is attached in the Annual Report.

BOARD MEETINGS

During the period five meetings of the Board of Directors were held. Participation of directors is as follows:

	NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
1.	Mr. Ghulam Ahmed Adam	5
2.	Mr. Jawaid Ahmed	5
3.	Mrs. Humera Diwan	1
4.	Mr. Junaid G. Adam	3
5.	Mr. Omar G. Adam	5
6.	Mrs. Nabiah Omar Adam	5
7.	Ms. Sarah Adam	1

Leave of absence was granted to Directors who could not attend the meetings.

CORPORATE SOCIAL RESPONSIBILITY

The Company realizes its responsibility towards the society and in this regard, the Company has shown commitment to make education more easily available. The Company is running a free school at its Mills site where children of Company's staff and adjoining areas are enrolled.

Another goal is to make health care accessible without any discrimination therefore in this regard Free Eye Camps are arranged where Specialized Doctors performs surgeries free of cost.

Two eye camps were organized, one in February 2023 where 729 surgeries were performed and other eye camp was organized in October 2023 where 731 surgeries were performed.

ENVIRONMENT

The Company's processes are such that they do not bring any adverse effect to the environment; however the Company has already got approval from Environmental Protection Agency, Punjab for installation of Water Treatment Plant at Adam Sugar Mills Limited. The Company has appointed Consulting Engineering firm for preparation of design for the installation of Water Treatment Plant. The Consultants have almost finalized the design.

DIVIDEND

The Board of Directors in their meeting held on January 05, 2024, has recommended a final cash dividend for the year ended September 30, 2023 at Rs.3.50 per share i.e. 35%. This is in addition to the interim cash dividend paid at Rs.1.50 per share i.e. 15% totaling Rs.5.00 per share i.e. 50%.

AUDITORS

M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, the auditors of the Company retires and offers them for reappointment. The Audit Committee has recommended their reappointment for the year 2023-2024.

EMPLOYEE RELATIONS

Your directors appreciate the spirit of cooperation shown by the officers, staff and workers and we hope that their dedication will continue in future.

On behalf of the Directors

Karachi: January 05, 2024	**JUNAID G. ADAM** Director	**GHULAM AHMED ADAM** Chief Executive

ڈائریکٹرز رپورٹ

شروع اللہ کے نام سے، جو بڑا مہربان، رحم کرنے والا ہے

محترم ارکان،

بورڈ کی جانب سے، ہم آپ کو کمپنی کے 58ویں سالانہ اجلاس عام میں خوش آمدید کہتے ہیں اور 30 ستمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے نظرثانی شدہ اکاؤنٹس آپ کے سامنے پیش کرتے ہیں۔

مالیاتی نتائج

تفصیل	روپے
ٹیکس کے بعد منافع	101,323,710
اضافی فرسودگی، پراپرٹی، پلانٹ اور آلات کی تجدید پر سرپلس سے مؤخر ٹیکس کے علاوہ جو منتقل کیا گیا	125,473,894
غیر موزوں منافع جو آگے لایا گیا	788,775,896
غیر موزوں منافع جو آگے بھیجا گیا	946,325,477

آپریٹنگ نتائج

	2023	2022
گنے کی کرشنگ میٹرک ٹن	590,048	833,340
چینی کی ریکوری کی شرح	9.79%	9.84%
چینی کی پیداوار - میٹرک ٹن	57,790	82,039
کرشنگ کا آغاز	27/11/2022	15/11/2021
کرشنگ کا اختتام	12/03/2023	05/04/2022
سیزن کے دنوں کی تعداد	106	142
EPS - بنیادی اور معتدل	5.86روپے	9.16روپے (اعادہ)

پنجاب حکومت نے گنے کی کم از کم امدادی قیمت 300روپے فی 40 کلوگرام مقرر کی ہے۔

گزشتہ سال کے 142 دنوں کے مقابلے میں کرشنگ سیزن 106 ویں دن ختم ہوا اس طرح گنے کی کرشنگ کا سیزن نمایاں طور پر کم رہا، موسم کی خرابی اور سیلاب کی وجہ سے ملک بھر میں پیداوار کم رہی۔

حکومت پنجاب نے کم از کم امدادی قیمت 225روپے فی 40 کلوگرام سے 33.33 فیصد بڑھا کر 300روپے فی 40 کلوگرام کردی۔ ملز کے درمیان گنے کی قیمت کے مقابلے کی وجہ سے اصل قیمت خرید کم از کم امدادی قیمت سے زیادہ ہے۔

کم پیداوار کی بنیادی وجہ مختصر سیزن تھا جس کی وجہ سے مقررہ لاگتیں پوری طرح منتقل نہیں ہوئیں، مزید برآں عالمی افراط زر نے بھی مجموعی لاگت کو بڑھا دیا ہے۔ خام مال کی قیمتوں کے حوالے سے بھی چینی کی اوسط فروخت قیمت میں اضافہ نہیں کیا گیا۔

جیسا کہ ہماری دسمبر 2022 کی سہ ماہی رپورٹ میں بیان کیا گیا ہے کہ حکومت نے 250,000 میٹرک ٹن چینی برآمد کرنے کی اجازت دی ہے۔ الحمدللہ، آپ کی کمپنی نے الاٹ کردہ اپنا کوٹہ برآمد کیا اور اس سہ ماہی میں فروخت مکمل ہوگئی تھی۔

مستقبل کے امکانات

کرشنگ سیزن 2024-2023 کے لیے حکومت نے گنے کی کم از کم امدادی قیمت 300 روپے سے بڑھا کر 400 روپے فی 40 کلوگرام کردی ہے۔ ہم نے پہلے ہی 9.736 فیصد کی اوسط ریکوری پر 241,097 میٹرک ٹن گنے کی کرشنگ کی اور 22,691 میٹرک ٹن چینی بنائی ہے۔

موجودہ سیاسی حالات، روپے کی قدر میں کمی اور مارک اپ شرحوں میں اضافہ غیر یقینی کاروباری ماحول کی عکاسی کرتا ہے۔ سیزن 24-2023 کے لیے خام مال کی امدادی قیمت میں 33.33 فیصد کا اضافہ ہوا اور اس کے ساتھ بڑھتے ہوئے اوور ہیڈز اور فنڈنگ کی بڑھتی ہوئی لاگت کمپنی کے مستقبل کے منافع کو متاثر کرے گی، اگر حکومت مصنوعی طریقے سے چینی کی قیمت کو کنٹرول کرے گی۔

عالمی افراط زر اور غزہ/ یوکرین میں جنگ جیسے بین الاقوامی بحرانوں کی وجہ سے ملک کا موجودہ سیاسی منظر نامہ غیر یقینی کاروباری ماحول کی پیش گوئی کرتا ہے۔ فروری 2024 میں ہونے والے عام انتخابات کے حوالے سے سیاسی محاذ پر غیر یقینی کی صورتحال بھی ملک بھر میں کاروباروں کو متاثر کر رہی ہے۔ بحرانوں سے نمٹنے کا تمام انحصار منتخب حکومت پر ہے۔ جب تک منتخب حکومت دوبارہ اقتدار میں نہیں آتی، حکومتی سطح پر کوئی طویل مدتی اقتصادی/ کاروباری فیصلے نہیں کیے جائیں گے۔ نجی مقامی/ بین الاقوامی سرمایہ کار بھی سرمایہ کاری کے لیے مناسب وقت کا انتظار کر رہے ہیں یہاں تک کہ چین نے کہا ہے کہ وہ طویل مدتی معاہدے منتخب حکومت کے ساتھ کریں گے۔

بین الاقوامی مارکیٹ میں سفید کرسٹل چینی کی قیمت بھی تقریباً زیادہ ہے۔ FOB ویلیو USD605 فی میٹرک ٹن، جو دیگر تمام درآمدی واقعات کے ساتھ 250 روپے فی کلو گرام بنتی ہے۔

ہمارا خیال ہے کہ چینی کی خوردہ قیمت مقرر کرنے میں حکومت کی مداخلت صنعت کو متاثر کرے گی۔ قیمت کا فیصلہ مارکیٹ فورسز کے ذریعے کیا جانا چاہئے۔ چینی کی اسمگلنگ کو روکنے کے لیے سخت اقدامات سمیت کاروبار کے لیے سازگار ماحول پیدا کرنے میں حکومت کا کردار ہونا چاہیے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورننس کے تقاضہ کے مطابق، آپ کے ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

• ان افراد کے نام جو مالی سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز رہے ذیل میں دیئے گئے ہیں:

1۔ جناب غلام احمد آدم
2۔ جناب جاوید احمد
3۔ جناب جنید جی آدم
4۔ جناب عمر جی آدم
5۔ محترمہ نبیحہ عمر آدم
6۔ محترمہ حمیرہ دیوان
7۔ محترمہ سارہ آدم

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات قانون کے مطابق بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد کیا جاتا ہے۔
- کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- فہرستی قواعد میں دی گئی تفصیل کے مطابق کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری یا ان کے زوج اور نابالغ بچوں کی طرف سے کمپنی کے حصص کی کوئی تجارت نہیں ہوئی ہے۔
- کمپنی کی انتظامیہ رسک مینجمنٹ کے لیے سخت طریقہ کار کی پیروی کرتی ہے جو ایک کامیاب پائیدار کاروبار چلانے کے لیے ضروری ہے۔
- کمپنی کے کاروبار کی مستقبل کی ترقی، کارکردگی اور پوزیشن کو متاثر کرنے والے اہم رجحانات اور عوامل کو "مستقبل کے امکانات" میں بیان کیا گیا ہے۔
- آڈیٹر کی رپورٹ میں کوئی ترمیم نہیں کی گئی ہے۔
- نمونہ حصص داری سالانہ رپورٹ میں لف ہے۔

بورڈ کے اجلاس

اس سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے۔ ڈائریکٹرز کی شرکت حسب ذیل ہے:

نمبر شمار	ڈائریکٹرز کے نام	اجلاسوں کی تعداد
1	جناب غلام احمد آدم	5
2	جناب جاوید احمد	5
3	جناب جنید جی آدم	3
4	جناب عمر جی آدم	5
5	محترمہ نبیجہ عمر آدم	5
6	محترمہ حمیرہ دیوان	1
7	محترمہ سارہ آدم	1

اجلاس میں شرکت نہ کر سکنے والے ڈائریکٹرز کو عدم شرکت کی رخصت دی گئی۔

کارپوریٹ سماجی ذمہ داری

کمپنی کو معاشرے کے لئے اپنی ذمہ داری کا احساس ہے اور اس سلسلے میں، کمپنی نے مزید آسانی سے تعلیم دستیاب کرنے کا عزم ظاہر کیا ہے۔ کمپنی اپنی ملز سائٹ پر ایک مفت اسکول چلا رہی ہے جہاں کمپنی کے عملے اور ملحقہ علاقوں کے بچے تعلیم حاصل کر رہے ہیں۔

ایک اور مقصد بغیر کسی امتیاز کے صحت کی دیکھ بھال کو قابل رسائی بنانا ہے اس لیے اس سلسلے میں فری آئی کیمپس کا اہتمام کیا جاتا ہے جہاں ماہر ڈاکٹرز مفت سرجری کرتے ہیں۔

دو آئی کیمپ لگائے گئے، ایک فروری 2023 میں جہاں 729 سرجریاں کی گئیں اور دوسرا آئی کیمپ اکتوبر 2023 میں منعقد کیا گیا جہاں 731 سرجریاں کی گئیں۔

ماحولیات

کمپنی کے عوامل ماحول پر کوئی منفی اثر نہیں ڈالتے؛ تاہم کمپنی پہلے ہی آدم شوگر ملز لمیٹڈ میں واٹر ٹریٹمنٹ پلانٹ کی تنصیب کے لیے ماحولیاتی تحفظ ایجنسی، پنجاب سے منظوری حاصل کر چکی ہے۔ کمپنی نے واٹر ٹریٹمنٹ پلانٹ کی تنصیب کا ڈیزائن تیار کرنے کے لئے مشاورتی انجینئرنگ فرم مقرر کی ہے۔ مشیران نے تقریباً ڈیزائن کو حتمی شکل دے دی ہے۔

منافع منقسمہ (ڈیویڈینڈ)

بورڈ آف ڈائریکٹرز نے 05 جنوری 2024 کو منعقد ہونے والے اپنے اجلاس میں 30 ستمبر 2023 کو ختم ہونے والے سال کے لیے 3.50 روپے فی شیئر یعنی 35% حتمی نقد منافع منقسمہ کی سفارش کی ہے۔ یہ پہلے ادا شدہ 1.50 روپے فی حصص یعنی 15% عبوری نقد منافع منقسمہ کے علاوہ ہے لہذا کل منافع منقسمہ 5.00 روپے فی شیئر یعنی 50% بنتا ہے۔

آڈیٹرز

میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹ، کمپنی کے آڈیٹرز ریٹائر ہوگئے ہیں اور انہیں دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی نے سال 2023-2024 کے لیے ان کی دوبارہ تقرری کی سفارش کی ہے۔

ملازمین سے تعلقات

آپ کے ڈائریکٹرز آفیسرز، عملے اور کارکنوں کے تعاون کے جذبہ کو سراہتے ہیں اور ہمیں امید ہے کہ ان کی لگن مستقبل میں بھی جاری رہے گی۔

منجانب ڈائریکٹرز

غلام احمد آدم
چیف ایگزیکٹو

جنید جی آدم
ڈائریکٹر

کراچی: 05 جنوری 2023ء

DETAILS OF SHAREHOLDERS CATEGORIES AS ON SEPTEMBER 30, 2023

	NUMBER	SHARE HELD
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES:		
Adam Pakistan Limited	1	3,503,389
ICP:		
Investment Corporation of Pakistan	1	117
DIRECTORS, CEO AND THEIR SPOUSE AND. MINOR CHILDREN:		
Mr. Ghulam Ahmed Adam	1	392,266
Mr. Jawaid Ahmed	1	7,500
Mr. Junaid G. Adam	1	2,443,000
Mr. Omar G. Adam	1	27,500
Nabiah Omar Adam	1	2,500
Mrs. Humera Diwan	1	2,443,000
Mrs. Sarah Adam	1	3,053,750
Mr. Mustafa G. Adam	1	7,500
Rafiqa G. Adam	1	764,361
Executive	-	-
Public Sector Companies and Corporation	-	-
BANKS, DEVELOPMENT FINANCE INSTITUTIONS INSURANCE COMPANIES, MODARBAS AND MUTUAL FUND		
United Bank Limited	1	178
MCB Bank Limited	1	223
State Life Insurance Company	1	190
SHAREHOLDING 10% OR MORE SHARE VOTING INTEREST IN THE COMPANY		
Mr. Junaid G. Adam	1	2,443,000
Mrs. Humera Diwan	1	2,443,000
Mrs. Sarah Adam	1	3,053,750
Adam Pakistan Limited	1	3,503,389

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

M/s. Adam Sugar Mills Limited ('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 of the Company are 7 as follows:

   Male: 04
   Female: 03

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

i.	Independent directors.	None (refer S.no 18 (1) for related information)
ii.	Non-executive directors.	Mrs. Nabiah Omar Adam (Female) Mr. Jawaid Ahmed (Chairman) Mrs. Humaira Diwan (Female) Ms. Sarah Adam (Female)
iii.	Executive directors.	Mr. Ghulam Ahmed Adam (Chief Executive) Mr. Omar G. Adam; and Mr. Junaid G. Adam

3. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including the Company;

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

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

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations;

7. The meetings of the Board were chaired 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 Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;

8. The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations;

9. Four out of seven directors are exempt from directors training program due to having 14 years of education and 15 years of experience on Board of listed company. The remaining two directors intend to acquire necessary training program in due course. Following is the breakup of directors along with their status in relation to directors training program:

S No.	Name of Director	Director Since	Certification Status
1	Mr. Jawaid Ahmed	2001	Exempt
2	Mr. Ghulam Ahmed Adam	1965	Exempt
3	Mr. Junaid G. Adam	1996	Exempt
4	Mr. Omar G. Adam	2002	Exempt
5	Mrs. Nabiha Omar Adam	2020	Yet to be obtained
6	Mrs. Humaira Diwan	2023	Yet to be obtained
7	Ms. Sarah Adam	2023	Yet to be obtained

10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

Audit Committee	
Mrs. Humaira Diwan	Chairperson
Mr. Junaid G. Adam	Member
Ms. Sarah Adam	Member

HR & Remuneration Committee	
Mrs. Nabiah Omar Adam	Chairperson
Mr. Omar G. Adam	Member
Mr. Junaid G. Adam	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings of the committees were as follows:

Audit Committee	Quarterly
HR & Remuneration Committee	Annually

15. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or a director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. Except for the non-compliances noted below, we confirm that all requirements of the regulation no. 6 and 27 of the Regulations have been complied with:

S. no.	Regulation reference no.	Description of non-compliance
(1)	166(1) & 166(2)	Mrs. Humera Diwan and Ms. Sarah Adam elected by the Company as Independent Directors (ID) in its Annual General Meeting (AGM) held on January 27, 2023 do not meet the criteria of independence specified in the Companies Act, 2017 and the Regulations, as further elaborated below: i. In terms of Section 166(1) of the Companies Act, 2017, an independent director to be appointed under any law, rules, regulations or code, shall be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by any institute, body or association, as may be notified by the Securities and Exchange Commission of Pakistan (SECP). However, the names of the aforementioned IDs do not appear in the said data bank maintained by the Pakistan Institute of Corporate Governance (PICG); ii. Mrs. Humera Diwan and Ms. Sarah Adam respectively hold 14.13% and 17.66% shares of the Company which exceed the maximum permissible limit of 10% as outlined in the frequently asked questions on the application of requirements of the Regulations issued by the SECP in July 2020; and iii. Ms. Sarah Adam is also a close relative of one of the directors of the Company (i.e. daughter of Mr. Ghulam Ahmed Adam, an Executive Director). Notably, as per the proviso to Section 166(2) of the Companies Act, 2017, a person shall not be deemed as independent if he/she is a close relative of the company's promoters, directors, or major shareholders.
(2)	06	As per Regulation 06 of the Regulations, a listed company shall have at least two or one-third members of the Board, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third numbers is not rounded up as one.

S. no.	Regulation reference no.	Description of non-compliance
		Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended September 30, 2023, the number of independent directors of the Company has been 2. As per management, the two elected directors have enough competencies, skills, knowledge and experience to execute their duties competently as per laws and regulations and, therefore, the appointment of an independent director is not necessary.
(3)	08	As per Regulation 08 of the Regulations, it is mandatory that the executive directors, including the chief executive officer, shall not be more than one third of the Board. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third numbers is rounded up as one. Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended September 30, 2023, the number of executive directors of the Company has been 3. As per management, one of the directors is since incorporation of the company and other 2 are also directors for more than 2 decades. All 3 executive directors are fully involved in the management of the company; therefore, any change in executive directors will affect the operations of the company.
(4)	27(1)(i)	As per Regulation 27(1)(i) of the Regulations, it is mandatory that all the members of the audit committee shall be non-executive directors. However, Mr. Junaid G Adam, who is the member of the audit committee, is an executive director.

19. We further confirm that there has been no non-compliance with the non-mandatory provisions of the Regulations except as stated below:

S. no.	Regulation reference no.	Description of non-compliance
(1)	28(1) & (2)	As per Regulation 28(1) & (2) of the Regulations, the majority of the members of the human resource and remuneration committee shall be non-executive directors and the committee shall have at least one member as independent director. Further, the chairman of the committee shall be an independent director. However, the majority of the human resource and remuneration committee comprises of executive directors. Further, none of the committee members is an independent director.

Jawaid Ahmed
Chairman of the Board of Directors
Adam Sugar Mills Limited

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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Karachi-74400, PAKISTAN.
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Adam Sugar Mills Limited

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

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

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

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

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

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

Further, we highlight below the instances of non-compliance made by the Company with certain requirements of the Code as stated in paragraphs 18 and 19 of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(1)	Mandatory	18	**Mrs. Humera Diwan** and **Ms. Sarah Adam** elected by the Company as Independent Directors (ID) in its Annual General Meeting (AGM) held on January 27, 2023 **do not meet the criteria of independence** specified in the Companies Act, 2017 and the Regulations, as further elaborated below: i. In terms of Section 166(1) of the Companies Act, 2017, an independent director to be appointed under any law, rules, regulations or code, shall be **selected from a data bank** containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by any institute, body or association, as may be notified by the Securities and Exchange Commission of Pakistan (SECP). However, the names of the aforementioned IDs do not appear in the said data bank maintained by the Pakistan Institute of Corporate Governance (PICG);

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S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
			ii. **Mrs. Humera Diwan and Ms. Sarah Adam respectively hold 14.13% and 17.66% shares** of the Company which exceed the maximum permissible limit of 10% as outlined in the frequently asked questions on the application of requirements of the Regulations issued by the SECP in July 2020; and iii. **Ms. Sarah Adam** is **also a close relative** of one of the directors of the Company (i.e. daughter of Mr. Ghulam Ahmed Adam, an Executive Director). Notably, as per the proviso to Section 166(2) of the Companies Act, 2017, a person shall not be deemed as independent if he/she is a close relative of the company's promoters, directors, or major shareholders.
(2)	Explanation for non-compliance is required	18	As per Regulation 06 of the Regulations, a listed company shall have at least two or one-third members of the Board, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third numbers is not rounded up as one. Since the total number of directors of the Company is **7**, its one-third fraction comes to **2.33**. In contrast, during the year ended September 30, 2023, the number of independent directors of the Company has been **2**. As per management, the two elected directors have enough competencies, skills, knowledge and experience to execute their duties competently as per laws and regulations and, therefore, the appointment of an independent director is not necessary.
(3)	Explanation for non-compliance is required	18	As per Regulation 08 of the Regulations, it is mandatory that the executive directors, including the chief executive officer, shall not be more than one third of the Board. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third numbers is rounded up as one. Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended September 30, 2023, the number of executive directors of the Company has been 3. As per management, one of the directors is since incorporation of the company and other 2 are also directors for more than 2 decades. All 3 executive directors are fully involved in the management of the company; therefore, any change in executive directors will affect the operations of the company.

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S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(4)	Mandatory	18	As per Regulation 27(1)(i) of the Regulations, it is mandatory that all the members of the audit committee shall be non-executive directors. However, Mr. Junaid G Adam, who is the member of the audit committee, is an executive director.
(5)	Explanation for non-compliance is required	19	As per Regulation 28(1) & (2) of the Regulations, the majority of the members of the human resource and remuneration committee shall be non-executive directors and the committee shall have at least one member as independent director. Further, the chairman of the committee shall be an independent director. However, the majority of the human resource and remuneration committee comprises of executive directors. Further, none of the committee members is an independent director.

Karachi.
Date: January 09, 2024
UDIN: CR202310210votTHFfS8

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the members of Adam Sugar Mills Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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Following is the key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
01.	**Revaluation of property, plant and equipment** As disclosed in note 5.1.3 to the financial statements, in January 2023, a fresh revaluation of the Company's freehold land, factory buildings, non-factory buildings, and plant and machinery was carried out by an independent valuer, M/s. Iqbal A. Nanjee and Company (Private) Limited. As further reported in note 14 to the financial statements, the said revaluation resulted in the recognition of a revaluation surplus on freehold land amounting to Rs. 556.009 million, and on buildings / plant and machinery amounting to Rs. 1,090.625 million. Since the said revaluation is an accounting estimate that is highly dependent on the judgement exercised by the management's expert (and thus involving a high degree of estimation uncertainty) and that its accounting and reporting requires a careful consideration and application of the related requirements in the applicable financial reporting framework, it is considered an area involving a higher assessed risk of material misstatement necessitating the application of significant auditor judgement, and the involvement of senior engagement team members in order to obtain sufficient appropriate audit evidence. In addition, we considered this area to be of most significance keeping in view the frequent and robust interactions thereon we had with those charged with governance of the Company, as well as the importance of the matter to users' understanding of the financial statements as a whole, in particular, its materiality to the financial statements.	Our audit procedures over the revaluation of property, plant and equipment, among others, included the following: ▪ Evaluating the competence, capabilities and objectivity of the external valuer. In doing so, we considered the relevance of the valuer's competence to the valuation of property, plant and equipment (including assessing the areas within the field of valuation that the valuer is specialized in). Additionally, we considered the valuer's competence with respect to relevant accounting requirements including its knowledge of the assumptions and methods that are consistent with the requirements of the applicable financial reporting framework; ▪ Obtaining an understanding of the valuer's work by evaluating the terms of the agreement entered into between the Company and the valuer to gain an insight of the nature, scope and objectives of the valuer's work, and the respective roles and responsibilities of management and the valuer. We also evaluated the appropriateness of the valuer's work by assessing whether the assumptions used in the valuation are relevant, reasonable and consistent with the requirements of the applicable financial reporting framework, and also by testing the relevance, completeness and accuracy of any source data used by the valuer; ▪ Conducting necessary tests on the asset-wise working of revaluation surplus to check whether the revalued amounts considered therein are in agreement with those reflected in the valuation report, and also whether all the assets within a class of assets have been revalued; and ▪ Assessing the accuracy and appropriateness of the related presentation and disclosure including, in particular, the presentation of gross carrying amounts and accumulated depreciation (in note 5.1) and the disclosures provided in notes 5.1.3, 14 and 38.2 to the financial statements.

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-: 3 :-

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (continued)

(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 auditor's report is **Mr. Muhammad Rafiq Dosani.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: **January 05, 2024**
UDIN: **AR2023102101f3MKOyVU**

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT 30 SEPTEMBER, 2023

NUMBER OF SHAREHOLDERS	SIZE OF SHAREHOLDING				TOTAL SHARES HELD
1,768	FROM	1	TO	100	66,755
348	FROM	101	TO	500	85,943
77	FROM	501	TO	1,000	62,364
118	FROM	1,001	TO	5,000	326,266
47	FROM	5,001	TO	10,000	338,299
7	FROM	10,001	TO	15,000	87,000
9	FROM	15,001	TO	20,000	160,200
3	FROM	20,001	TO	25,000	73,500
5	FROM	25,001	TO	30,000	130,100
1	FROM	30,001	TO	35,000	33,589
1	FROM	35,001	TO	40,000	40,000
1	FROM	40,001	TO	45,000	41,504
1	FROM	45,001	TO	50,000	46,000
1	FROM	50,001	TO	55,000	52,500
1	FROM	55,001	TO	60,000	55,836
1	FROM	60,001	TO	65,000	62,000
1	FROM	65,001	TO	70,000	66,000
1	FROM	120,001	TO	125,000	121,000
1	FROM	130,001	TO	135,000	133,000
1	FROM	155,001	TO	160,000	158,157
1	FROM	195,001	TO	200,000	200,000
1	FROM	205,001	TO	210,000	205,500
1	FROM	295,001	TO	300,000	295,500
1	FROM	390,001	TO	395,000	392,266
1	FROM	455,001	TO	460,000	457,683
1	FROM	555,001	TO	560,000	558,500
1	FROM	760,001	TO	765,000	764,361
1	FROM	830,001	TO	835,000	834,000
2	FROM	2,440,000	TO	2,445,000	4,886,000
1	FROM	3,050,001	TO	3,055,000	3,053,750
1	FROM	3,500,001	TO	3,505,000	3,503,389
2,405					**17,290,962**

CATAGORIES OF SHAREHOLDERS	NUMBERS	SHARES HELD	PERCANTAGE
Individuls	2,385	13,196,941	76.33 %
Investment Companies	1	117	0.00 %
Insurance Companies	1	190	0.00 %
Joint Stock Companies.	13	4,092,705	23.67 %
Financial Instutions	2	401	0.00 %
Others (See below)	3	608	0.00 %
	2,405	17,290,962	**100 %**

OTHERS

Administrator abandoned Properties	91
Ismail Usman & Co.	17
Trustee Karachi Sheraton Hotel & Tower Employees	500
	608

ADAM SUGAR MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

	Note	2023	(Restated) 2022	(Restated) 2021
ASSETS		------- Rupees -------		
Non-current assets				
Property, plant and equipment	5	**6,532,712,172**	4,966,579,661	4,840,678,847
Long term advances		**1,503,424**	84,371,626	4,311,481
Long term deposits		**4,306,481**	4,306,481	-
		6,538,522,077	5,055,257,768	4,844,990,328
Current assets				
Stores and spares	6	**199,341,127**	112,739,378	109,727,672
Stock in trade	7	**1,827,839,307**	1,229,259,922	285,907,322
Short term investments	8	**25,204,970**	25,204,970	25,323,290
Trade debts - unsecured	9	**98,357,818**	317,686,918	410,047,952
Loans, advances and prepayments	10	**75,388,674**	74,290,321	204,120,049
Others receivables - considered good	11	**11,456,837**	11,142,124	12,746,469
Cash and bank balances	12	**35,231,198**	64,817,637	191,784,566
		2,272,819,931	1,835,141,270	1,239,657,320
Total assets		**8,811,342,008**	6,890,399,038	6,084,647,648
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized capital		**250,000,000**	250,000,000	250,000,000
Issued, subscribed and paid-up capital	13	**172,909,620**	172,909,620	172,909,620
Capital reserves:				
Surplus on revaluation of property, plant and equipment- net	14	**3,972,855,205**	2,661,730,994	2,738,425,918
Share premium		**172,909,620**	172,909,620	172,909,620
Capital contribution from director		**18,601,691**	18,601,691	18,601,691
		4,164,366,516	2,853,242,305	2,929,937,229
Revenue reserves	15	**1,146,325,477**	988,775,896	765,134,776
		5,483,601,613	4,014,927,821	3,867,981,625
Non-current liabilities				
Subordinated loan from Chief Executive	16	**20,411,807**	18,458,845	16,692,752
Long term financing	17	**312,254,709**	107,667,302	188,194,445
Deferred liabilities	18	**958,788,704**	768,619,740	702,776,408
Provident fund payable		**4,267,808**	9,625,273	9,486,443
		1,295,723,028	904,371,160	917,150,048
Current liabilities				
Short term borrowings	19	**664,802,282**	963,244,526	770,635,475
Trade and other payables	20	**1,090,915,331**	780,194,638	361,887,575
Accrued markup	21	**78,451,764**	38,347,012	20,270,153
Current maturity of long term financing	17	**96,771,337**	116,074,971	89,444,444
Current maturity of deferred income - Government grant		**2,110,493**	2,664,988	-
Unclaimed dividend		**6,251,126**	5,207,966	7,332,915
Taxation - net	22	**92,715,034**	65,365,956	49,945,413
		2,032,017,367	1,971,100,057	1,299,515,975
Contingencies and commitments	23			
Total equity and liabilities		**8,811,342,008**	6,890,399,038	6,084,647,648

The annexed notes from 1 to 41 form an integral part of these financial statements.

GHULAM AHMED ADAM	JUNAID G. ADAM	FAISAL HABIB
Chief Executive	Director	Chief Financial Officer

ADAM SUGAR MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Note	2023	(Restated) 2022
		Rupees	
Sales revenue - net	24	**5,426,394,318**	5,422,523,482
Cost of sales	25	**(4,785,332,133)**	(4,712,720,815)
Gross profit		**641,062,185**	709,802,667
Administrative expenses	26	**(198,660,875)**	(158,494,818)
Selling and distribution costs	27	**(29,284,005)**	(13,403,725)
		(227,944,880)	(171,898,543)
Operating profit		**413,117,305**	537,904,124
Finance costs	28	**(278,546,391)**	(164,819,857)
Other income	29	**33,319,738**	10,817,875
Other operating expenses	30	**(11,584,455)**	(60,594,626)
		(256,811,108)	(214,596,608)
Profit before taxation		**156,306,197**	323,307,516
Taxation - net	31	**(54,982,487)**	(164,917,148)
Profit after taxation		**101,323,710**	158,390,368
Earnings per share-basic and diluted	32	**5.86**	9.16

The annexed notes from 1 to 41 form an integral part of these financial statements.

GHULAM AHMED ADAM	**JUNAID G. ADAM**	**FAISAL HABIB**
Chief Executive	Director	Chief Financial Officer

ADAM SUGAR MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023	(Restated) 2022
	----- Rupees -----	
Profit after taxation	**101,323,710**	158,390,368
Other comprehensive income / (loss) for the year		
Items that will not be reclassified subsequently to profit or loss		
(Loss) / gain on remeasurement of defined benefit obligation	**(118,275)**	2,410,404
Related deferred tax effect	**34,300**	(699,017)
	(83,975)	1,711,387
Increase in revaluation surplus on property, plant and equipment	**1,646,634,379**	-
Related deferred tax effect	**(274,595,477)**	-
	1,372,038,902	-
Effect of change in NTR/FTR ratio on the deferred tax liability on revaluation surplus	**64,559,003**	21,426,365
Total comprehensive income for the year	**1,537,837,640**	181,528,120

The annexed notes from 1 to 41 form an integral part of these financial statements.

GHULAM AHMED ADAM	JUNAID G. ADAM	FAISAL HABIB
Chief Executive	Director	Chief Financial Officer

ADAM SUGAR MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2023

		Capital reserves			Revenue reserves		
	Issued, subscribed and paid up capital	Surplus on revaluation of property, plant and equipment - net	Share premium	Capital contribution from Director	General reserve	Unappropriated profits	Total
	Rupees						
Balance as at September 30, 2021 (as previously reported)	172,909,620	2,663,381,821	172,909,620	18,601,691	200,000,000	541,364,302	3,769,167,054
Effect of restatement of corresponding figures (refer note 40)	-	75,044,097	-	-	-	23,770,474	98,814,571
Balance as at September 30, 2021 (as restated)	172,909,620	2,738,425,918	172,909,620	18,601,691	200,000,000	565,134,776	3,867,981,625
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax (restated)	-	(98,121,289)	-	-	-	98,121,289	-
Total comprehensive income for the year ended September 30, 2022 (restated)							
- Profit after taxation (restated)	-	-	-	-	-	158,390,368	158,390,368
- Other comprehensive income (restated)	-	21,426,365	-	-	-	1,711,387	23,137,752
	-	21,426,365	-	-	-	160,101,755	181,528,120
Transactions with owners:							
Final cash dividend @ 20% for the year ended September 30, 2021	-	-	-	-	-	(34,581,924)	(34,581,924)
Balance as at September 30, 2022 (as restated)	**172,909,620**	**2,661,730,994**	**172,909,620**	**18,601,691**	**200,000,000**	**788,775,896**	**4,014,927,821**
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	**-**	**(125,473,694)**	**-**	**-**	**-**	**125,473,694**	**-**
Total comprehensive income for the year ended September 30, 2023							
- Profit after taxation	**-**	**-**	**-**	**-**	**-**	**101,323,710**	**101,323,710**
- Other comprehensive income	**-**	**1,436,597,905**	**-**	**-**	**-**	**(83,975)**	**1,436,513,930**
	-	**1,436,597,905**	**-**	**-**	**-**	**101,239,735**	**1,537,837,640**
Transactions with owners:							
Final cash dividend @ 25% for the year ended September 30, 2022	**-**	**-**	**-**	**-**	**-**	**(43,227,405)**	**(43,227,405)**
Interim cash dividend @ 15% for the quarter ended June 30, 2023	**-**	**-**	**-**	**-**	**-**	**(25,936,443)**	**(25,936,443)**
	-	**-**	**-**	**-**	**-**	**(69,163,848)**	**(69,163,848)**
Balance as at September 30, 2023	**172,909,620**	**3,972,855,205**	**172,909,620**	**18,601,691**	**200,000,000**	**946,325,477**	**5,483,601,613**

The annexed notes from 1 to 41 form an integral part of these financial statements.

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director

FAISAL HABIB
Chief Financial Officer

ADAM SUGAR MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Note	2023	(Restated) 2022
CASH FLOWS FROM OPERATING ACTIVITIES		---------------- Rupees ----------------	
Profit before taxation		**156,306,197**	323,307,516
Adjustments:			
Depreciation on property, plant and equipment	5.1	**272,798,044**	224,218,383
Gain on sale of fixed assets	29	**(247,264)**	(255,943)
Provision for provident fund		**7,315,956**	591,602
Finance costs	28	**278,546,391**	164,819,857
Amortization of deferred grant - net		**(2,664,988)**	(2,216,672)
Provision for gratuity	18.2.2	**5,499,229**	2,167,363
Profit on savings account	29	**(92,672)**	(3,809,945)
Profit on term deposits	29	**(11,721,661)**	(4,077,285)
Stores and spares written off		**-**	26,206,000
Provision against slow moving stores and spares		**-**	2,345,987
Provision for expected credit losses		**-**	1,583,807
Provision for Worker's Profit Participation Fund	30	**8,394,533**	18,770,866
Provision for Worker's Welfare Fund	30	**3,189,922**	7,132,929
		561,017,490	437,476,949
Operating profit before working capital changes		**717,323,687**	760,784,465
Working capital changes:			
Decrease / (increase) in current assets			
Stores and spares		**(86,601,749)**	(5,357,693)
Stock in trade		**(598,579,385)**	(943,352,600)
Trade debts		**219,329,100**	90,777,227
Loans, advances and prepayments		**(1,098,353)**	103,623,728
Other receivables - considered good		**-**	708,918
Increase / (decrease) in current liabilities			
Trade and other payables		**299,136,238**	389,213,621
		(167,814,149)	(364,386,799)
Cash generated from operations		**549,509,538**	396,397,666
Financial costs paid		**(233,212,248)**	(142,739,764)
Payment to provident fund		**(12,673,421)**	(452,772)
Gratuity paid		**(587,897)**	(366,063)
Taxes paid		**(50,385,733)**	(66,998,599)
		(296,859,299)	(210,557,198)
Net cash generated from operating activities		**252,650,239**	185,840,468
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(192,448,912)**	(350,363,254)
Proceed from sale of operating fixed assets		**400,000**	500,000
Long term advances adjusted / (paid)		**82,868,202**	(84,371,626)
Long term deposit received		**-**	5,000
Short term investments		**-**	118,320
Profit received on saving accounts	29	**92,672**	3,809,945
Profit received on term deposit accounts	29	**11,406,948**	4,972,712
Net cash used in investing activities		**(97,681,090)**	(425,328,903)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowing-net		**(196,858,288)**	191,812,093
Dividend paid		**(68,120,688)**	(33,517,226)
Long term loan obtained		**295,624,000**	47,057,210
Long term loan repaid		**(113,616,656)**	(93,627,529)
Net cash (used in) / generated from financing activities		**(82,971,632)**	111,724,548
Net increase / (decrease) in cash and cash equivalents		**71,997,517**	(127,763,887)
Cash and cash equivalents at the beginning of the year		**(135,104,207)**	(7,340,320)
Cash and cash equivalents at the end of the period		**(63,106,690)**	(135,104,207)
Cash and cash equivalents comprise of the following:			
- Cash and Bank Balances		**35,231,198**	64,817,637
- Short term borrowing - running finance		**(98,337,888)**	(199,921,844)
		(63,106,690)	(135,104,207)

The annexed notes from 1 to 41 form an integral part of these financial statements.

GHULAM AHMED ADAM	JUNAID G. ADAM	FAISAL HABIB
Chief Executive	Director	Chief Financial Officer

ADAM SUGAR MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

1. STATUS AND NATURE OF BUSINESS

Adam Sugar Mills Limited ('the Company') was incorporated in Pakistan on October 19, 1965 in the name of Bahawalnagar Sugar Mills Limited as a public limited company under the provisions of the Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984, and subsequently, the Companies Act, 2017, promulgated in May 2017). In 1985, the name of the Company was changed to Adam Sugar Mills Limited. The shares of the Company are quoted on Pakistan Stock Exchange ("the Exchange"). The Company is principally engaged in the manufacturing and sale of white sugar.

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

Head office: The Company's registered office is situated at first floor, Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi.

Mill: The Company's plant is located at Chak #4, Fordwah, Chishtian, District Bahawalnagar, Punjab.

2. BASIS OF PREPARATION

2.1 Statement of compliance with the applicable accounting and reporting standards

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

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

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

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

2.2 Basis of measurement of items in these financial statements

Items included in these financial statements have been measured at their historical cost except for freehold land, factory building, non-factory building and plant and machinery which are carried at revalued amounts less accumulated depreciation charged thereon.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

(a) Judgements

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

Area of judgement	Brief description of the judgement applied
Property, plant and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'diminishing balance method' as the depreciation method.
Timing of revenue recognition	*Local sales revenue:* Whether control of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises. *Export sales revenue:* Whether control of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.

(b) Assumptions and other major sources of estimation uncertainty

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

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Property, plant and equipment	- Estimation of useful lives and residual values of the operating fixed assets - Estimation of revalued amounts of freehold land, factory building, non-factory building and plant and machinery.
Deferred taxation	Recognition of deferred tax assets on unused tax losses and unused tax credits-availability of future taxable profits against which deductible temporary differences and unused tax losses and unused tax credits can be utilised.

3. NEW ACCOUNTING PRONOUNCEMENTS

3.1 *Amendments to approved accounting standards and interpretations which became effective during the year ended September 30, 2023*

During the year ended September 30, 2023, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to these financial statements, the same have not been reported.

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

The following new standards and amendments to approved accounting standards are effective for the financial year beginning on or after the dates specified below and have not been early adopted by the Company:

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. Further, as stated in note 40.1 to these financial statements, during the year, the Company has changed its accounting policy for determining the cost of inventories.

4.1 Property, plant and equipment

Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except freehold land, factory building, non-factory buildings and plant and machinery which are stated at revalued amounts less accumulated depreciation charged thereon.

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

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

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

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

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

Capital work-in progress

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

4.2 Intangible assets - *accounting software*

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the enterprise and the cost of such asset can be measured reliably. Costs directly associated with an identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and other directly attributable costs of preparing the software for its intended use.

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised using the straight-line basis over its estimated useful life.

4.3 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost and net realizable value. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the reporting date.

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

4.4 Stock-in-trade

Basis of valuation

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

Determination of cost

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

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

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

The cost of the items consumed or sold and those held in stock at the reporting date is determined using the **first-in, first-out (FIFO)** cost formula.

Determination of net realizable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs to be incurred to make the sale have increased.

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

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

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

4.5 Trade debts

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

4.6 Cash and cash equivalents

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

4.7 Financial assets

4.7.1 *Initial recognition, classification and measurement*

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

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

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

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

(c) *Financial asset FVTPL*

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

Such financial assets are initially measured at fair value.

4.7.2 ***Subsequent measurement***

(a) *Financial assets measured at amortized cost*

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

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

(b) *Financial assets at FVOCI*

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

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

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

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

4.7.3 ***Impairment***

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

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

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

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

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

4.7.4 *De-recognition*

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

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

4.8 Financial liabilities

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

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

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

4.9 Off-setting of financial assets and financial liabilities

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

4.10 Provisions and contingent liabilities

Provisions

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

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

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

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

Contingent liabilities

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

4.11 Employee benefits

Post-employment benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Company operates an unfunded provident scheme for its mills employees which is classified as a defined contribution plan. Equal monthly contributions are made by the Company and the workers and officers to the plan.

When an employee has rendered service to the Company during a period, the Company recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Company recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

Post-employment benefits - Defined benefit plan

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Company operates an unfunded gratuity scheme for its employees which is classified as a defined benefit plan.

The Company's obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit Method.

Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

4.12 Revenue

Revenue from sale of goods

Typically, all the contracts entered into by the Company with its customers contain a single performance obligation i.e. the transfer of goods promised in the contract.

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

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

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

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

(b) Revenue from export sales is recegnised when the customer obtains control of the goods being when the goods are loaded on to the shipping vessel, and in case of export through land transportation, when the goods are dispatched from the Company's premises, and there remains no other unfulfilled obligation to be satisfied by the Company.

Export subsidy

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

4.13 Other income

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

4.14 Impairment of non-financial assets

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

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

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

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

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

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

4.15 Taxation

Tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In that case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax

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

Deferred tax

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

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

Judgment and estimates

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

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

Offsetting

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

4.16 Translation of foreign currency transactions and balances

On initial recognition, a foreign currency transaction is recognized, in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate (i.e. the spot exchange rate at the end of the reporting period).

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

4.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Company that are outstanding during the period. However, the Company excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that the Company capitalises during a period does not exceed the amount of borrowing costs it incurs during that period.

The Company begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Company first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Company ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4.18 Dividend distribution

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

		2023	2022
5. PROPERTY, PLANT AND EQUIPMENT	*Note*	**Rupees**	
Operating fixed assets	*5.1*	**6,532,712,172**	4,825,029,489
Capital work in progress	*5.2*	**-**	141,550,172
		6,532,712,172	4,966,579,661

5.1 Operating fixed assets

	2023												
	Gross carrying amount						Accumulated depreciation					Written down value as at September 30, 2023	Depreciation rates
	As at October 01, 2022	Additions	Transfer from CWIP	Effect of revaluation	Disposals	As at September 30, 2023	As at October 01, 2022	Charge for the year	Effect of revaluation	Reversal on disposal	As at September 30, 2023		
Free hold land	873,884,000	-	-	556,009,000	-	1,429,893,000	-	-	-	-	-	1,429,893,000	-
Factory buildings on freehold land	271,093,391	15,578,006	-	(42,079,862)	-	244,591,535	131,249,195	21,487,564	(134,774,035)	-	17,962,724	226,628,811	10%
Non-factory buildings on freehold land	87,685,253	-	-	(6,545,453)	-	81,139,800	22,616,788	3,854,447	(23,436,829)	-	3,034,406	78,105,394	5%
Plant and machinery	5,018,786,858	124,967,280	159,880,553	(456,436,676)	-	4,847,198,015	1,391,766,108	227,683,073	(1,437,476,506)	-	181,972,675	4,665,225,340	5%-9%
Building construction machinery	12,553,248	-	-	-	-	12,553,248	4,106,908	747,273	-	-	4,854,181	7,699,067	9%
Railway slidings	2,191,346	-	-	-	-	2,191,346	2,181,339	982	-	-	2,182,321	9,025	10%
Vehicles	85,518,573	1,939,627	-	-	(1,647,205)	85,810,995	40,068,553	8,788,035	-	(1,494,469)	47,362,119	38,448,876	20%
Office equipments	3,179,535	-	-	-	-	3,179,535	2,391,624	77,306	-	-	2,468,930	710,605	10%
Computer and other equipments	9,773,385	1,788,658	-	-	-	11,562,043	5,358,342	551,983	-	-	5,910,325	5,651,718	10%
Furniture and fixtures	7,454,782	2,558,434	-	-	-	10,013,216	4,526,285	474,948	-	-	5,001,233	5,011,983	10%
Electrical equipments	15,785,394	-	-	-	-	15,785,394	8,509,321	609,966	-	-	9,119,287	6,666,107	9%
Water connections and electrical installations	22,087,619	25,409,477	-	-	-	47,497,096	6,748,841	3,271,908	-	-	10,020,749	37,476,347	9%
Tools and other equipments	56,287,990	1,877,049	-	-	-	58,165,039	23,561,828	4,999,629	-	-	28,561,457	29,603,582	15%
Arms and ammunations	401,000	-	-	-	-	401,000	212,646	11,173	-	-	223,819	177,181	6%
Air conditioners and refrigerators	3,456,762	-	-	-	-	3,456,762	1,811,869	239,757	-	-	2,051,626	1,405,136	15%
	6,470,139,136	174,118,531	159,880,553	50,947,009	(1,647,205)	6,853,438,024	1,645,109,647	272,798,044	(1,595,687,370)	(1,494,469)	320,725,852	6,532,712,172	

	2022												
	Gross carrying amount						Accumulated depreciation					Written down value as at September 30, 2022	Depreciation rates
	As at October 01, 2021	Additions	Transfer from CWIP	Effect of revaluation	Disposals	As at September 30, 2022	As at October 01, 2021	Charge for the year	Effect of revaluation	Disposal	As at September 30, 2022		
Free hold land	873,884,000	-	-	-	-	873,884,000	-	-	-	-	-	873,884,000	-
Factory buildings on freehold land	266,690,472	4,402,919	-	-	-	271,093,391	116,038,694	15,210,501	-	-	131,249,195	139,844,196	10%
Non-factory buildings on freehold land	87,685,253	-	-	-	-	87,685,253	19,192,132	3,424,656	-	-	22,616,788	65,068,465	5%
Plant and machinery	4,874,935,475	143,851,383	-	-	-	5,018,786,858	1,204,161,265	187,604,843	-	-	1,391,766,108	3,627,020,750	5%
Building construction machinery	12,553,248	-	-	-	-	12,553,248	3,271,556	835,352	-	-	4,106,908	8,446,340	9%
Railway slidings	2,191,346	-	-	-	-	2,191,346	2,180,227	1,112	-	-	2,181,339	10,007	10%
Vehicles	48,784,810	39,242,003	-	-	(2,508,240)	85,518,573	33,188,080	9,144,656	-	(2,264,183)	40,068,553	45,450,020	20%
Office equipments	3,179,535	-	-	-	-	3,179,535	2,304,078	87,546	-	-	2,391,624	787,911	10%
Computer and other equipments	8,686,631	1,086,754	-	-	-	9,773,385	4,916,452	441,890	-	-	5,358,342	4,415,043	10%
Furniture and fixtures	6,443,926	1,010,856	-	-	-	7,454,782	4,272,715	253,570	-	-	4,526,285	2,928,497	10%
Electrical equipments	15,785,394	-	-	-	-	15,785,394	7,789,709	719,611	-	-	8,509,320	7,276,074	9%
Water connections and electrical installations	17,088,163	4,999,456	-	-	-	22,087,619	5,320,055	1,428,786	-	-	6,748,841	15,338,778	9%
Tools and other equipments	43,499,891	12,788,099	-	-	-	56,287,990	18,618,611	4,943,217	-	-	23,561,828	32,726,162	15%
Arms and ammunations	401,000	-	-	-	-	401,000	200,623	12,024	-	-	212,647	188,353	6%
Air conditioners and refrigerators	2,025,150	1,431,612	-	-	-	3,456,762	1,701,250	110,619	-	-	1,811,869	1,644,893	15%
	6,263,834,294	208,813,082	-	-	(2,508,240)	6,470,139,136	1,423,155,447	224,218,383	-	(2,264,183)	1,645,109,647	4,825,029,489	

5.1.1 The depreciation forthe year has been allocated as follows:

	Note	2023 Rupees	2022 Rupees
Cost of sales	*25.1*	**262,905,772**	214,290,721
Administrative expenses	*26*	**9,892,272**	9,927,662
		272,798,044	224,218,383

5.1.2 Particulars of the Company's immovable fixed assets are as follows:

Asset class	Location	Total area
Freehold land	Chistian	211.836 acres
Factory building	Chistian	247,625 Sq.ft
Non-factory building	Chistian	102,897 Sq.ft

5.1.3 The latest valuation of the freehold land, factory building, non-factory building and plant and machinery was carried out by an independent valuer, M/s. Iqbal A. Nanjee and Company (Private) Limited, as at January 04, 2023. According to that valuation, the fair value and forced sale value of the assets were as follows:

	Fair value Rupees	Forced sale value Rupees
Freehold land	**1,429,893,000**	**1,143,914,400**
Building- factory and non-factory	**310,153,329**	**248,122,663**
Plant and machinery	**4,614,617,283**	**3,691,693,827**

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

Particulars	Note	2023 Rupees	2022 Rupees
Free hold land		**18,855,030**	18,855,030
Factory building on free hold land		**55,767,838**	45,581,775
Non- Factory building on free hold land		**2,966,120**	3,122,232
Plant and Machinery		**1,573,634,262**	1,368,569,017
		1,651,223,250	1,436,128,054

5.2 Capital work in progress

	Note	2023 Rupees	2022 Rupees
Opening balance		**141,550,172**	-
Addition during the year		**18,330,381**	141,550,172
Transfer to plant and machinery	*5.2.1*	**(159,880,553)**	-
		-	141,550,172

5.2.1 Transfer to plant and machinery

	2023 Rupees	2022 Rupees
Solar power plant	**52,267,101**	-
Conventional Mill No. 5	**93,000,000**	-
Three phase slip ring motor	**14,613,452**	-
	159,880,553	-

			2023	2022
6.	**STORES AND SPARES**		**Rupees**	
	Stores inventory in hand		**175,034,576**	92,702,555
	Spares inventory in hand		**26,652,538**	22,382,810
			201,687,114	115,085,365
	Provision for slow-moving and obsolete stores and spares		**(2,345,987)**	(2,345,987)
			199,341,127	112,739,378

			2023	(Restated) 2022
7.	**STOCK IN TRADE**	*Note*	**Rupees**	
	Work-in-process	*40*	**4,427,369**	4,178,341
	Finished goods- Sugar	*40*	**1,741,362,883**	1,225,081,581
	Finished goods- Molasses		**82,049,055**	-
			1,823,411,938	1,225,081,581
			1,827,839,307	1,229,259,922

7.1 As of the reporting date, the value of stock pledged against bank borrowings amounted to Rs. 644 million (2022: Rs. 350 million).

			2023	2022
8.	**SHORT TERM INVESTMENTS**	*Note*	**Rupees**	
	Term Deposit Receipts (TDRs):			
	Faysal Bank Limited		**9,894,001**	9,894,001
	JS Bank Limited		**15,310,969**	15,310,969
			25,204,970	25,204,970
9.	**TRADE DEBTS -** *unsecured, considered good*			
	Receivable against sales of sugar		**99,941,625**	319,270,725
	Less: provision against expected credit losses	*9.1*	**(1,583,807)**	(1,583,807)
			98,357,818	317,686,918
9.1	**Provision against expected credit losses:**			
	Opening provision		**1,583,807**	-
	Charge for the year		**-**	1,583,807
	Closing balance		**1,583,807**	1,583,807
10.	**LOANS, ADVANCES AND PREPAYMENTS**			
	Loans to staff	*10.1*	**2,761,121**	1,074,121
	Advances:			
	- to growers		**16,897,081**	4,680,005
	- to contractors		**291,295**	1,910,950
	- to suppliers		**45,404,255**	56,321,215
	- against expenses		**23,549**	165,080
	- others		**9,658,236**	9,658,236
			72,274,416	72,735,486
	Prepayments		**353,137**	480,714
			75,388,674	74,290,321

10.1 These represent interest free loans provided to employees in accordance with the Company's policy and are recoverable in equal monthly installments.

11. OTHER RECEIVABLES- considered good	*Note*	**2023**	2022
		Rupees	Rupees
Rebate receivable	*11.1*	**10,822,087**	10,822,087
Interest accrued on term deposit receipts		**634,750**	320,037
		11,456,837	11,142,124

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

12. CASH AND BANK BALANCES	*Note*	**2023**	2022
		Rupees	Rupees
Cash in hand		**-**	49,226
Cash at bank			
- Current accounts		**34,699,552**	60,128,574
- Deposit accounts	*12.1*	**531,646**	4,639,837
		35,231,198	64,768,411
		35,231,198	64,817,637

12.1 These represent balances held with banks in saving accounts carrying profit at the rate of 10% to 19% (2022: 6.24% to 14.85%).

13. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		**2023**	2022
(Number of shares)			**Rupees**	
		Authorized capital		
25,000,000	25,000,000	Ordinary shares of Rs. 10/- each	**250,000,000**	250,000,000
		Issued, subscribed and paid up capital		
		Ordinary shares of Rs.10/- each:		
14,968,221	14,968,221	- fully paid in cash	**149,682,210**	149,682,210
250,000	250,000	- issued to Pakistan Industrial Credit and Investment Corporation under terms of loan agreement	**2,500,000**	2,500,000
2,072,741	2,072,741	- issued as fully paid bonus shares	**20,727,410**	20,727,410
17,290,962	17,290,962		**172,909,620**	172,909,620

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

		2023	(Restated) 2022
14.	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- NET**	**Rupees**	
	On freehold land		
	Gross surplus		
	Balance as at the beginning of the year	**855,028,970**	855,028,970
	Revaluation increase recognized during the year	**556,009,000**	-
		1,411,037,970	855,028,970
	On buildings / plant and machinery		
	Gross surplus		
	Balance as at the beginning of the year	**2,414,660,387**	2,546,975,847
	Revaluation increase recognized during the year	**1,090,625,379**	-
	Incremental depreciation transferred to unappropriated profits	**(167,695,809)**	(132,315,460)
		3,337,589,957	2,414,660,387
	Related deferred tax charge		
	Balance as at the beginning of the year	**(607,958,363)**	(663,578,899)
	Revaluation increase recognized during the year	**(274,595,477)**	-
	Incremental depreciation transferred to unappropriated profits	**42,222,115**	34,194,171
	Effect of change in NTR/FTR ratio	**64,559,003**	21,426,365
		(775,772,722)	(607,958,363)
		3,972,855,205	2,661,730,994

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

		2023	(Restated) 2022
15.	**REVENUE RESERVES**	**Rupees**	
	General reserve	**200,000,000**	200,000,000
	Unappropriated profits	**946,325,477**	788,775,896
		1,146,325,477	988,775,896

		2023	2022
16.	**SUBORDINATED LOAN FROM THE CHIEF EXECUTIVE** - *unsecured*	**Rupees**	
	Outstanding amount of the loan (on undiscounted basis)	**24,959,713**	24,959,713
	Outstanding amount of the loan (on discounted basis):		
	Balance as at the beginning of the year	**18,458,845**	16,692,752
	Add: Interest on unwinding of the loan during the year	**1,952,962**	1,766,093
		20,411,807	18,458,845

16.1 As of September 30, 2020, the outstanding carrying amount of the loan was fully amortized to its nominal value (i.e. Rs. 24.96 million). However, the terms of the loan were renegotiated with the Chief Executive of the Company whereby the contractual maturity of the loan was extended for a further period of five (05) years ending on September 30, 2025. Accordingly, in view thereof, the nominal value of the loan was, again, discounted to its present value, as of September 30, 2020, determined using the discount rate of 10.58% (computed as 1-year KIBOR + 3% credit spread).

		Note	2023	2022
17.	**LONG TERM FINANCE** - *secured*		Rupees	
	From conventional banking companies			
	Habib Bank Limited	*17.1*	**378,124,000**	112,500,000
	JS Bank Limited		**-**	44,444,445
			378,124,000	156,944,445
	From Islamic banking companies			
	Al Baraka Bank (Pakistan) Limited		**-**	31,250,000
	Dubai Islamic Bank Pakistan Limited	*17.2*	**30,902,046**	35,547,828
			30,902,046	66,797,828
			409,026,046	223,742,273
	Current maturity shown under current liabilities		**96,771,337**	116,074,971
	Non-current maturity shown under non-current liabilities		**312,254,709**	107,667,302
			409,026,046	223,742,273
17.1	**Loan obtained from Habib Bank Limited**			
	Term finance - I	*17.1.1*	**82,500,000**	112,500,000
	Term finance - II	*17.1.2*	**295,624,000**	-
			378,124,000	112,500,000
17.1.1	**Term finance - I**			
	Opening balance		**112,500,000**	120,000,000
	Repaid during the year		**(30,000,000)**	(7,500,000)
	Closing balance	*17.1.3*	**82,500,000**	112,500,000
17.1.2	**Term finance - II**			
	Opening balance		**-**	-
	Obtained during the year		**295,624,000**	-
	Closing balance	*17.1.3*	**295,624,000**	-

17.1.3 The principal terms and conditions of the financing arrangements are as follows:

Facility type	**Term finance I**	**Term finance II**
Purpose	For BMR activities pertaining to mill to reach optimal capacity utilization	To finance the replacement of its mill No. 05 and the procurement of a power turbine Along with equipments
Facility availed amount	Rs. 120 million	Rs. 300 million
Outstanding balance at year end	Rs. 82.5 million	Rs. 295.624 million
Principal repayment frequency	Quarterly	Quarterly
Mark up payment frequency	Quarterly	Quarterly
Date of the first installment	July 21, 2022	March 27, 2024
Date of the last installment	April 21, 2026	December 27, 2027
Total number of installments	16	16
Principal repayable in each installment	Rs. 7,500,000/=	Rs. 18,476,500/=
Markup rate (formula)	3 month KIBOR + 2%	3 month KIBOR + 1.25%
Security	1) First pari passu equitable mortgage charge of Rs. 267 million over mills premises (land & building) situated at Chak #4 Fordwah Chishtian District Bahawalnager. 2) First pari passu hypothecation charge for Rs. 267 million over present and future plant & machinery of company. 3) Personal guarantee of the Director Mr. Ghulam Ahmad Adam for Rs. 667 million with 25% margin.	1) First pari passu charge over land, building, plant & machinery of the extent of PKR 400 million inclusive of 25% margin. 2) Disbursement to be made on ranking charge. Charge to be upgraded within 180 days from the date of disbursement.

17.2 Dubai Islamic Bank Pakistan Limited	Note	2023	2022
		Rupees	
Opening carrying amount - net of deferred grant		**35,547,828**	-
Funds borrowed from the bank:			
Loan amount from the bank		-	47,057,210
Less: Element of government grant recognized as deferred income		-	(9,563,438)
		-	37,493,772
Interest recognized on unwinding of the liability	28	**3,276,429**	3,643,130
Loan installments paid		**(7,922,211)**	(5,589,074)
		(4,645,782)	(1,945,944)
Closing carrying amount - net of deferred grant	17.2.1	**30,902,046**	35,547,828
Current maturity shown under current liabilities		**11,341,837**	10,380,527
Non-current maturity shown under non-current liabilities		**19,560,209**	25,167,301
	17.2.1	**30,902,046**	35,547,828

17.2.1 The Company obtained a long term financing facility amounting to Rs. 47.06 million from M/s. Dubai Islamic Bank Pakistan Limited under the State Bank of Pakistan's (SBP) Islamic Financing Facility for Renewable Energy (IFRE) notified vide IH & SMEFD Circular No. 12 of 2019 dated August 21, 2019.

The principal terms and conditions of the financing arrangement are as follows:

Purpose	For procurement and installation of solar panel of 509.22 KW on Company's land in Bhawalnagar
Total facility amount	Rs. 47,057,210
Facility availed amount	Rs. 47,057,210
Principal repayment frequency	Semi annually
Mark up payment frequency	Quarterly
Grace period	9 months from the date of disbursement of each tranche
Date of the first installment	August 04, 2022
Date of the last installment	May 25, 2027
Principal repayable in each installment	Each tranche of the facility is repayable in 10 equal semi-annually intallments
Markup rate (formula)	SBP rate + 2.5%
Security	1) First pari passu charge of Rs. 80 million over fixed assets (including land and building) of the Company with 25% margin. 2) Personal guarantee of the Director Mr. Ghulam Ahmed Adam with net worth statement.

17.2.2 Since the facility carries the markup rate of 4.5% which is well below the market interest rate prevailing as on the date of disbursement of funds, the financing is considered to contain an element of government grant as per the IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Accordingly, at initial recognition, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value, as deferred government grant in the statement of financial position. This deferred government grant is being recognized as income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

18. DEFERRED LIABILITIES	Note	2023	(Restated) 2022
		Rupees	
Deferred taxation - net	*18.1 & 40*	**944,035,160**	756,785,310
Staff retirement benefits - gratuity	*18.2*	**12,182,259**	7,152,652
Deferred Grant		**2,571,285**	4,681,778
		958,788,704	768,619,740

18.1 Deferred taxation-net

	For the year ended September 30, 2023			
	Balance at beginning of the year (restated)	Charge / (income) recognized in statement of profit or loss	Charge / (income) recognized in other comprehensive income	Balance at end of the year
	(Rupees)			
Deferred tax liability in respect of:				
- Surplus on revaluation of property, plant and equipment	607,958,363	(42,222,115)	210,036,474	775,772,722
- Accelerated tax depreciation	249,454,088	(10,644,980)	-	238,809,108
- SBP's islamic financing facility for renewable energy	1,844,600	(1,249,418)	-	595,182
	859,257,051	(54,116,513)	210,036,474	1,015,177,012
Deferred tax asset in respect of:				
- Excess of minimum tax over normal tax liability	(40,287,000)	2,768,139	-	(37,518,861)
- Unabsorbed tax depreciation	(25,196,111)	25,196,111	-	-
- Excess of alternative corporate tax over corporate tax	(16,169,033)	-	-	(16,169,033)
- Deferred income - Government grant	(1,849,754)	3,232,307	-	1,382,553
- Provision for gratuity	(1,800,880)	4,666,763	(34,300)	2,831,583
- Provision for slow moving items	-	(680,336)	-	(680,336)
- Provision for doubtful debtors	-	(459,304)	-	(459,304)
- Provision for WWF and WPPF	(17,168,963)	(3,359,491)	-	(20,528,454)
	(102,471,741)	31,364,189	(34,300)	(71,141,852)
Net deferred tax liability	756,785,310	(22,752,324)	210,002,174	944,035,160

	For the year ended September 30, 2022 (restated)			
	Balance at beginning of the year	Charge / (income) recognized in statement of profit or loss	Charge / (income) recognized in other comprehensive income	Balance at end of the year
	(Rupees)			
Deferred tax liability in respect of:				
- Surplus on revaluation of property, plant and equipment	663,578,899	(34,194,171)	(21,426,365)	607,958,363
- Accelerated tax depreciation	253,129,128	(3,675,040)	-	249,454,088
- SBP's islamic financing facility for renewable energy	-	1,844,600	-	1,844,600
	916,708,027	(36,024,611)	(21,426,365)	859,257,051
Deferred tax asset in respect of:				
- Excess of minimum tax over normal tax liability	(101,859,188)	61,572,188	-	(40,287,000)
- Unabsorbed tax depreciation	(84,712,309)	59,516,198	-	(25,196,111)
- Excess of alternative corporate tax over corporate tax	(16,173,387)	4,354	-	(16,169,033)
- Deferred income - Government grant	-	(1,849,754)	-	(1,849,754)
- Provision for gratuity	(2,250,909)	(248,988)	699,017	(1,800,880)
- Provision for WWF and WPPF	(16,697,582)	(471,381)	-	(17,168,963)
	(221,693,375)	118,522,617	699,017	(102,471,741)
Net deferred tax liability	695,014,652	82,498,006	(20,727,348)	756,785,310

18.2 Staff retirement benefits - gratuity

As disclosed in note 4.11, the Company operates an unfunded gratuity scheme for its head office staff employees. The latest actuarial valuation of the plan was carried out as at September 30, 2023 by M/s. Nauman Associates, using the Projected Unit Credit Method.

	2023	2022
18.2.1 Movement in net liability in the statement of financial position	Rupees	
Opening defined benefit obligation	**7,152,652**	7,761,756
Expense charged to statement of profit or loss	**5,499,229**	2,167,363
Remeasurements recognized in other comprehensive income	**118,275**	(2,410,404)
Benefit paid	**(587,897)**	(366,063)
Closing defined benefit obligation	**12,182,259**	7,152,652
18.2.2 Expense recognized in the statement of profit or loss		
Current service cost	**4,717,128**	1,371,597
Interest cost on defined benefit obligation	**782,101**	795,766
	5,499,229	2,167,363
18.2.3 Remeasurement gains recognised in other comprehensive income		
Actuarial (gain) / loss on defined benefit obligation due to change in financial assumptions	**(965,774)**	(133,955)
Actuarial (gain) / loss on defined benefit obligation due to experience adjustments	**1,084,049**	(2,276,449)
	118,275	(2,410,404)
18.2.4 Year end sensitivity analysis of defined benefit obligation		
Discount rate + 100 bps	**9,597,639**	6,599,832
Discount rate - 100 bps	**12,922,188**	7,872,922
Rate of salary increase + 100 bps	**12,925,096**	7,867,746
Rate of salary increase -100 bps	**9,584,617**	6,593,912

18.2.5 Principal assumptions used in valuation of gratuity	**2023**	2022
Discount rate used for interest cost in profit and loss	**13.25%**	10.50%
Discount rate used for year end obligation	**16.75%**	13.25%
Expected rate of increase in salary level (per annum)	**12.00%**	13.25%
Mortality rates	**SLIC 2001- 2005**	SLIC 2001- 2005

18.2.6 As of the reporting date, the weighted average duration of the defined benefit obligation was 7 years (2022: 6 years).

18.2.7 The current service and interest cost amounting to Rs. 5,499,229 (2022: Rs. 2,167,363) has been classified under administrative expenses.

19. SHORT TERM BORROWINGS	Note	2023	2022
		Rupees	
Unsecured - interest free			
- from Chief Executive	*19.1*	**32,164,394**	32,164,394
- from Adam Lubricants Limited (a related party)	*19.2*	**165,000,000**	502,500,000
		197,164,394	534,664,394
Secured			
- from Conventional banking companies			
- JS Bank Limited	*19.3*	**98,337,888**	199,921,844
- Habib Bank Limited	*19.4*	**-**	78,658,288
		98,337,888	278,580,132
- from Islamic banking companies			
- Al Baraka Bank (Pakistan) Limited	*19.5*	**269,300,000**	150,000,000
- Askari Bank Limited	*19.6*	**100,000,000**	-
		369,300,000	150,000,000
		664,802,282	963,244,526

19.1 Loan obtained from the Chief Executive

This represents a loan granted by Mr. Ghulam Ahmed Adam, the Chief Executive of the Company, to meet working capital requirements of the Company. The loan is interest free and is repayable on demand.

19.2 Loan obtained from M/s. Adam Lubricants Limited

This represents loan granted by M/s. Adam Lubricants Limited to meet working capital requirements of the Company. The loan is interest free and is repayable on demand.

19.3 Running finance from JS Bank Limited

This represents the amount availed under the running finance facility obtained from M/s. JS Bank Limited in order to meet the working capital requirements of the Company. As of September 30, 2023, the limit of the facility amounted to Rs. 100 million (2022: Rs. 200 million). The facility carries markup at the rate of 3-Month KIBOR + 3%. (2022: 3-Month KIBOR + 3%) and is secured against equitable mortgage and token registered mortgage of PKR 0.1 million on residential property, i.e. Plot # 31, Khayaban-e-Sehar, DHA Phase VI, Karachi, measuring 2,000 square feet and having market value of Rs. 250 million and forced sale value of Rs. 200 million (as per valuation report conducted by M/s Sipra & Company on 19-Nov-2020) with minimum margin of 60%. The unavailed facility at year end is amounting to Rs. 1.662 million (2022: Rs. 0.078 million). Further the said facility is due to expire on February 2024.

19.4 Cash finance from Habib Bank Limited	Note	2023	2022
		Rupees	
Opening balance		**78,658,288**	32,346,195
Obtained during the year		**1,937,916,590**	506,341,738
Repaid during the year		**(2,016,574,878)**	(460,029,645)
Closing balance	*19.4.1*	**-**	78,658,288

19.4.1 This represents the amount availed under the cash finance facility obtained from M/s. Habib Bank Limited in order to meet the working capital requirements of the Company. As of September 30, 2023, the limit of the facility amounted to Rs. 800 million (2022: Rs. 300 million). The facility carries markup at the rate of 1-Month KIBOR + 1.25%. (2022: 1-Month KIBOR+ 1.25%). The facility is secured against pledge over stock of sugar bags with 25% margin, ranking charge over fixed assets amounting to Rs. 500 million (2022: Rs. 300 million) to be enhanced upto Rs. 800 million and personal guarantee of Director (Mr. Ghulam Ahmad Adam) amounting to Rs. 667 million with 25% margin. The unavailed facility at year end is Rs 800 million (2022: Rs. 221.342 million). Further the said facility is due to expire in May 2024.

		2023	2022
19.5 Salam facility from AlBaraka Bank (Pakistan) Limited	*Note*	Rupees	
Opening balance		**150,000,000**	-
Financing obtained during the year		**399,300,000**	200,000,000
Financing repaid during the year		**(280,000,000)**	(50,000,000)
Closing balance	*19.5.1*	**269,300,000**	150,000,000

19.5.1 This represents the amount availed under the salam facility obtained from M/s. AlBaraka Bank (Pakistan) Limited in order to meet working capital requirements of the Company. As of September 30, 2023, the limit of the facility amounted to Rs. 300 million (2022: Rs. 300 million). The loan is repayable within 270 days from the disbursement of each tranche. The facility carries markup at the rate of Matching KIBOR + 2.25% (2022: Matching KIBOR + 2.25%) and is secured against pledge of sugar stock of Rs. 425.125 million with 25% margin, and personal guarantee of directors of the Company (namely Mr. Ghulam Ahmed Adam and Mr. Junaid Ahmed Adam) amounting to Rs. 328.120 million of each director. The unavailed facility at year end amounting Rs. 30.7 million (2022: Rs. 150 million). Further the said facility is due to expire on September 2023.

		2023	2022
19.6 Salam facility from Askari Bank Limited	*Note*	Rupees	
Opening balance		**-**	210,000,000
Obtained during the year		**590,651,467**	301,808,210
Repaid during the year		**(490,651,467)**	(511,808,210)
Closing balance	*19.6.1*	**100,000,000**	-

19.6.1 This represents the amount availed under the salam facility obtained from M/s. Askari Bank Limited in order to meet working capital requirements during crushing season. The limit of the facility was Rs. 400 million (2022: Rs. 300 million). The facility carried markup at the rate of Matching KIBOR + 1.5% (2022: Matching KIBOR + 1.5%) and was secured against pledge of white refined sugar stock amounting to Rs. 218.796 million with 25% margin, ranking charge over current assets for Rs. 533 million and personal guarantee of directors of the Company (namely Mr. Ghulam Ahmed Adam, Mr. Junaid Ahmed Adam and Omar G Adam) to the extent of unpaid liability.

		2023	(Restated) 2022
20. TRADE AND OTHER PAYABLES	*Note*	Rupees	
Trade creditors	*20.1*	**39,302,907**	88,344,209
Accrued liabilities		**48,898,684**	39,150,281
Advance from customers		**502,825,992**	130,464,112
Sales tax payable		**410,466,078**	433,926,083
Withholding tax payable		**17,635,205**	27,732,781
Provision for Workers' Profit Participation Fund	*20.2*	**36,554,154**	28,159,621
Provision for Workers' Welfare Fund	*20.3*	**34,233,620**	31,043,698
Others		**998,691**	1,373,853
		1,090,915,331	780,194,638

			2023	(Restated) 2022
20.1	**Trade creditors**	*Note*	**Rupees**	
	Cane growers		**3,816,697**	69,102,056
	Others	*20.1.1*	**35,486,210**	19,242,153
			39,302,907	88,344,209

20.1.1 This includes an amount of Rs. 356,431 (2022: Rs. 301) due to Adam Lubricants Limited, an associated undertaking, as at reporting date.

			2023	(Restated) 2022
20.2	**Provision for Workers' Profit Participation Fund**	*Note*	**Rupees**	
	Opening balance	*20.2.1 & 40*	**28,159,621**	9,388,755
	Charge for the year		**8,394,533**	18,770,866
			36,554,154	28,159,621

20.2.1 Subsequent to the year end, the opening liability of Rs. 28.159 million has been settled by the Company.

			2023	(Restated) 2022
20.3	**Provision for Workers' Welfare Fund**	*Note*	**Rupees**	
	Opening balance	*40*	**31,043,698**	23,910,769
	Charge for the year		**3,189,922**	7,132,929
			34,233,620	31,043,698

		2023	2022
21.	**ACCRUED MARKUP**	**Rupees**	
	Long term borrowings	**22,209,146**	2,994,271
	Short term borrowings	**56,242,618**	35,352,741
		78,451,764	38,347,012

			2023	(Restated) 2022
22.	**TAXATION - NET**	*Note*	**Rupees**	
	Opening balance	*40*	**65,365,956**	49,945,413
	Less: Provision for taxation for the year	*31*	**77,734,811**	82,419,142
			143,100,767	132,364,555
	Taxes deducted at source / paid during the year		**(50,385,733)**	(66,998,599)
			92,715,034	65,365,956

22.1 Except as disclosed in note 23.1 to these financial statements, income tax assessments of the Company are deemed to have been finalized up to, and including, the tax year 2023 (accounting year ended September 30, 2022) based on the returns of income filed by the Company with the concerned taxation authority. As per section 120 of the Income Tax Ordinance, 2001 ('the Ordinance'), a tax return filed by a taxpayer is treated as an assessment order issued by the concerned taxation authority unless the same is selected for re-assessment / audit as per the legal provisions stipulated in the Ordinance.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 During the year ended September 30, 2021, the Commissioner, Inland Revenue (defunct) Zone II, LTU, selected the case of the Company for tax years 2014, for audit under section 177(1). During the pending proceedings, the jurisdiction was transferred to Audit Unit-12 under Commissioner Inland Revenue, Audit-I, LTO. The Deputy Commissioner (Audit-1) Inland Revenue, after notice and hearing, then passed orders in terms of Section 122(1) resulting in a demand of Rs. 487.06 million against declared loss of Rs. 23.16 million for a the tax year 2014.

The Company filed an appeal against the impugned order and impugned demand before the Commissioner Inland Revenue (Appeals) for the above mentioned tax year, whereby the Company failed to get desired relief, and therefore, filed appeals before the Appellate Tribunal. Further, the Company also filed a Constitutional Petition before the Honorable Sindh High Court, Karachi, and the Court, vide its order dated January 25, 2021 directed the Department not to take coercive action against the Company for recovery of the impugned demand.

On February 16, 2022, the Deputy Commissioner (Audit-1) Inland Revenue issued a notice to impose penalty u/s 182 for concealment of income u/s 111(1)(a)/(d)(i) amounting to Rs. 266.51 million for the above mentioned tax year. The Company filed a Constitutional Petition before the Honorable Sindh High Court, Karachi, and the Court, vide its order dated August 04, 2022 directed the Department not to pass any final order pursuant to the impugned notice u/s 182(2).

The legal counsel is of the view that there is no likelihood of any unfavourable outcome against the Company pertaining which is pending before Appellate Tribunal because it bears similar grounds as were presented in the cases remanded back by Appellate Tribunal Inland Revenue for the tax years 2015, 2016, 2017, 2018 and 2019. Therefore, based on the view of the Company's legal counsel, no provision has been made in these financial statements.

23.1.2 In April and June 2021, the Company received certain Orders-in-Original passed by the Deputy Commissioner Inland Revenue (DCIR) whereby it was alleged that the Company had suppressed its sales and the corresponding sales tax liability and, accordingly, it was liable to pay an aggregate amount of Rs. 8,683.757 million (including default surcharge and penalty). The details of the said Orders-in-Original are produced below:

Order-in-Original		Period covered	Demand created		
Order No.	Order Date		Sales tax	Default surcharge and penalty	Total
			-------------- (Rs. in million) --------------		
09/165/2021	June 05, 2021	Oct. 2014 to Sep. 2015	995.887	846.735	1,842.622
10/165/2021	June 12, 2021	Oct. 2015 to Sep. 2016	1,074.208	915.274	1,989.482
05/165/2021	April 08, 2021	Oct. 2016 to Sep. 2017	1,293.325	1,100.854	2,394.179
06/165/2021	April 08, 2021	Oct. 2017 to Sep. 2018	1,327.875	1,129.599	2,457.474
Total			**4,691.295**	**3,992.462**	**8,683.757**

Being aggrieved with the aforementioned Orders-in-Original passed by the DCIR (here-in-after referred to as 'the impugned orders'), in May and June 2021, the Company preferred appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] praying that the impugned orders are bad in law and may be set-aside or demanded back. In addition, the Company also filed Constitutional Petitions before the Honorable Sindh High Court, Karachi which, vide its order dated October 04, 2021 directed the DCIR not to take coercive measures against the Company for recovery of the impugned demand. Thereafter, the CIR(A) vide his orders dated August 21, 2021, September 17, 2021 and October 21, 2021 upheld the orders passed by the DCIR and disposed off the pending appeals.

Subsequently, on September 28, 2021 and December 08, 2021, the Company filed appeals before the Appellate Tribunal Inland Revenue (ATIR) challenging the aforesaid orders passed by the CIR(A). As of the reporting date, all such appeals were pending for adjudication. However, the Company's legal counsel is of the view that the final outcome of the appeals is likely to be in favour of the Company and, accordingly, no provision for the aforementioned tax demand raised by the DCIR, amounting to Rs. 8,683.757 million, has been recognized in these financial statements.

23.1.3 In August 2021, The Company with several other mills received demand notice issued by The Competition Commission of Pakistan (CCP) whereby it was alleged that the Company involve in anti competitive activities in sugar industries and accordingly the said demand notice impose a penalty of Rs. 277,754,779/- on the Company.

Being aggrieved with the aforesaid order the Company filed a Suit (bearing no. 64290 of 2021) before the Honorable High Court of Lahore ('the Court') for suspension of demand notice dated August 13, 2021 issued by CCP. Subsequently, the Honorable Lahore High Court vide its order dated October 18, 2021, has restrained CCP from recovering the impugned demand, till the next date of hearing against legality, correctness, propriety and legitimacy of the Casting Vote of Chairperson of The Competition Commission of Pakistan.

Subsequently, the Company preferred an appeal before the Competition Appellate Tribunal, Islamabad (CAT) which, vide its order dated June 02, 2022, directed that, till the final adjudication of the appeal, no coercive measures shall be taken by the CCP against the appellant for recovery of the aforesaid penalties.

As of the reporting date, the Company's appeal before the CAT was yet pending for final adjudication. In the opinion of its legal counsel, the Company has a good case on merit and, hence, the final outcome of aforesaid appeal was expected to be in favour of the Company. Accordingly, no provision for the aforesaid imposed penalties amounting, in aggregate to Rs. 277 million, has been recognized in these financial statements.

23.1.4 The Deputy Commissioner Inland Revenue a issued show cause notice under section 161(1A) dated May 19, 2021 and then issued an exparte order under section 161(1) dated June 16, 2021 for non deduction and collection of withholding taxes under the various heads of the Income Tax Ordinance, 2001 and its timely deposit into the federal treasury for the tax year 2015 and thereby created a demand for short deduction / collection of withholding taxes of Rs. 146.66 million along with default surcharge u/s 205 of Rs. 118.13 million and penalty u/s 182 of Rs. 14.67 million.

The Company filed appeal before the Commissioner Inland Revenue (Appeals) against the order of Deputy Commissioner Inland Revenue which is pending for adjudication. The legal counsel is of the view that there is no likelihood of any unfavourable outcome against the Company and accordingly, no provision has been made in these financial statements.

23.1.5 Deputy Commissioner Inland Revenue issued show cause notice, bearing no. C.No. DCIR/Wrong Input/U-05/Enf-I/LTO/2021-22 dated February 11, 2022, DCIR/Unit-5/Inspection report/Enf-I/LTO/2021-2022 dated March 09, 2022 and DCIR/Wrong Input/U-05/Enf-I/LTO/2021-2022/674 dated March 08, 2022, u/s 11(2) of the Sales Tax Act 1990 and then passed assessment order no. 33/122, 32/122 and 57/124 created demand for inadmissible input tax claimed for the period from July 2021 to November 2021, July 2018 to June 2021 and July 2020 to June 2021 amounting to Rs. 13, 290,794, Rs. 12,506,377 and Rs. 5,208,929 along with penalty u/s 33(5) of Rs. 664,538, Rs. 629,635 and Rs. 260,446 respectively.

The Company filed appeals bearing no. 149/App/MTN/ST/2020, 150/App/MTN/ST/2020 and 151/App/MTN/ST/2020 before the Commissioner Inland Revenue (Appeals) on April 07, 2022 respectively against the order of Deputy Commissioner Inland Revenue which is pending for adjudication. The legal counsel is of the view that there is no likelihood of any unfavourable outcome against the Company and accordingly, no provision has been made in these financial statements.

23.1.6 In addition to the above, the Company is contesting litigations with tax authorities on different forums. Management considers these litigations not being material and expects a favorable decision from tax authorities. The brief description of these cases is given below:

S. no.	Case no.	Nature	Pending at	Parties involved	Amount involved (Rs. in million)
1	STA-223/2018	The Deputy Commissioner (Audit-I) Inland Revenue after reviewing declarations from e-portal of FBR issued a show cause notice and then created a demand under section 161(1) of Income Tax Ordinance, 2001 for non deduction and deposit of withholding tax under section 236G and 236H for the tax year 2018.	Appellete Tribunal Inland Revenue, Karachi	Deputy Commissioner Inland Revenue	7.925
2	Appeal No. i) 209 dated 31.10.2022; ii) 210 dated 31.10.2022	The Commissioner Inland Revenue issued a notice with an allegation that the Company has claimed inadmissible input tax on construction materials in violation of section 8(1) of the Sales Tax Act (STA), 1990 during the period from July 2014 to November 2017.	Appellete Tribunal Inland Revenue, Karachi	Commissioner Inland Revenue	12.333

			2023	2022
23.2	**Commitments**		**Rupees**	
23.2.1	*Guarantees issued by banking companies on behalf of the Company are as follows:*			
	Punjab Employees Social Security Institution		**15,311,000**	15,311,000
23.2.2	*Letters of credit issued by commercial banks in respect of:*			
	Capital expenditure		**-**	14,611,790
	Import of stores and spares		**22,437,840**	-
24.	**SALES REVENUE - NET**			
	Local sales	*24.1*	**5,080,923,640**	5,422,523,482
	Export sales (sugar sold to a customer based in the Netherlands)		**345,470,678**	-
			5,426,394,318	5,422,523,482
24.1	**Local sales**			
	Sale of sugar	*24.1.1*	**4,329,186,817**	4,666,000,381
	Sale of by-products	*24.1.2*	**751,736,823**	756,523,101
			5,080,923,640	5,422,523,482
24.1.1	**Sale of Sugar**			
	Revenue from sale of sugar - gross		**5,102,764,403**	5,420,228,629
	Less: sales tax		**(773,577,586)**	(754,228,248)
			4,329,186,817	4,666,000,381

		2023	2022
24.1.2 Sale of By-products:	*Note*	**Rupees**	
Sales of Molasses (gross)		**731,500,000**	750,204,337
Less: sales tax		**-**	(5,168,000)
		731,500,000	745,036,337
Sales of Bagasse (gross)		**20,000,000**	5,000,000
Less: sales tax (including further tax)		**(3,443,933)**	(833,333)
		16,556,067	4,166,667
Sales of Mud (gross)		**4,425,355**	8,784,116
Less: sales tax (including further tax)		**(744,599)**	(1,464,019)
		3,680,756	7,320,097
		751,736,823	756,523,101

		2023	(Restated) 2022
25. COST OF SALES	*Note*	**Rupees**	
Opening stock of finished goods			
- Sugar	*40*	**1,225,081,581**	280,613,576
- Molasses		**-**	-
		1,225,081,581	280,613,576
Cost of finished goods manufactured	*25.1*	**5,383,662,490**	5,657,188,820
		6,608,744,071	5,937,802,396
Closing stock of finished goods			
- Sugar	*7*	**(1,741,362,883)**	(1,225,081,581)
- Molasses	*7*	**(82,049,055)**	-
		(1,823,411,938)	(1,225,081,581)
		4,785,332,133	4,712,720,815

25.1 Cost of finished goods manufactured

Raw materials consumed		**4,631,256,902**	5,030,263,419
Conversion costs incurred:			
- Depreciation	*5.1.1*	**262,905,772**	214,290,721
- Salaries, wages and allowances	*25.1.1*	**243,962,116**	194,091,719
- Repairs and maintenance		**134,734,785**	87,850,410
- Stores and spares consumed	*25.1.2*	**77,447,357**	87,613,250
- Fuel and power		**19,924,951**	25,825,631
- Insurance		**8,673,131**	10,304,684
- Market committee fees		**2,580,462**	3,456,713
- Flying ash removal expenses		**2,426,042**	2,376,868
		752,654,616	625,809,996
Opening stock of work in process		**4,178,341**	5,293,746
Closing stock of work in process	*7*	**(4,427,369)**	(4,178,341)
		(249,028)	1,115,405
		5,383,662,490	5,657,188,820

25.1.1 This includes Rs. 4,550,680/- (2022: Rs.591,602) in respect of staff retirement benefits.

25.1.2 It includes an amount of Rs. 18,923,044 (2022: Rs. 5,981,291) against purchase of lube oil from M/s. Adam Lubricants Limited (a related party).

26. ADMINISTRATIVE EXPENSES

	Note	2023	2022
		Rupees	
Salaries, wages and other allowances	26.1	**63,124,322**	48,751,906
Directors' remuneration	34	**62,848,145**	51,245,833
Printing and stationery		**4,180,832**	3,710,930
Postage and telephone		**2,862,585**	2,490,220
Vehicle running expenses		**8,357,877**	3,441,034
Conveyance and travelling expenses		**1,772,597**	1,145,504
Auditors' remuneration	26.2	**2,049,920**	1,574,000
Legal and professional charges		**11,182,255**	9,648,770
Rent, rates and taxes		**937,684**	854,906
Electricity charges		**3,941,148**	4,428,123
Fees and subscription		**2,900,788**	2,009,202
Entertainment		**3,227,624**	2,259,599
General expenses		**3,988,604**	3,779,437
Repair and maintenance		**3,007,637**	2,935,072
Charity and donation	26.3	**8,548,663**	5,428,313
Computer expenses		**2,053,982**	2,032,270
Depreciation	5.1.1	**9,892,272**	9,927,662
Bank charges		**3,783,940**	2,832,037
		198,660,875	158,494,818

26.1 This include Rs. 5,499,229 (2022: Rs. 2,167,363) in respect of staff retirement benefits.

26.2 Auditors' remuneration

	2023	2022
	Rupees	
Annual audit	**1,500,000**	1,200,000
Review of half yearly financial statements	**449,920**	324,000
Other certifications	**100,000**	50,000
	2,049,920	1,574,000

26.3 None of the directors or their spouse had any interest in the donees. Further, there is no single party to whom the donation exceeds the higher of 10% of the Company's total amount of donation expense for the year or Rs. 1 million.

27. SELLING AND DISTRIBUTION COSTS

	2023	2022
	Rupees	
Commission expenses	**4,654,104**	6,964,368
Shifting expenses	**3,672,780**	4,216,311
Loading and unloading expenses	**1,317,286**	1,551,756
Export expenses	**19,189,985**	-
Advertisement expenses	**449,850**	671,290
	29,284,005	13,403,725

		Note	2023	2022
28.	**FINANCE COSTS**		Rupees	
	Markup charge on long term borrowings:			
	- Conventional financing		**75,910,009**	18,612,678
	- Islamic financing		**-**	6,766,526
	- Islamic financing facility for renewable energy	*17.2*	**3,276,429**	3,643,130
	- Subordinated loan from Chief Executive		**1,952,962**	1,766,093
			81,139,400	30,788,427
	Markup charge on short term borrowings:			
	- on conventional financing		**79,118,079**	55,834,415
	- on Islamic financing		**118,288,912**	78,197,015
			197,406,991	134,031,430
			278,546,391	164,819,857
29.	**OTHER INCOME**			
	Profit on saving accounts		**92,672**	3,809,945
	Profit on term deposit receipts		**11,721,661**	4,077,285
	Gain on sale of operating fixed assets		**247,264**	255,943
	Amortization of deferred government grant		**2,664,988**	2,216,672
	Forfeited deposits on unfulfilled sale contracts		**11,462,325**	-
	Miscellaneous		**7,130,828**	458,030
			33,319,738	10,817,875

		Note	2023	(Restated) 2022
30.	**OTHER OPERATING EXPENSES**		Rupees	
	Provision for Workers' Welfare Fund	*40*	**3,189,922**	7,132,929
	Provision for Workers' Profit Participation Fund	*40*	**8,394,533**	18,770,866
	Provision against slow-moving stores and spares		**-**	2,345,987
	Provision for expected credit losses		**-**	1,583,807
	Asset written off		**-**	26,206,000
	Surcharge on sales tax		**-**	4,555,037
			11,584,455	60,594,626
31.	**TAXATION**			
	Current	*40*	**72,915,377**	84,883,220
	Prior year		**4,819,434**	(2,464,078)
			77,734,811	82,419,142
	Deferred	*40*	**(22,752,324)**	82,498,006
			54,982,487	164,917,148
32.	**EARNINGS PER SHARE**			
32.1	**Basic earnings per share**			
	Profit after taxation		**101,323,710**	158,390,368
			Number	
	Weighted average number of ordinary shares outstanding during the year		**17,290,962**	17,290,962
			Rupees	
	Earnings per share - basic		**5.86**	9.16

32.2 Diluted earnings per share

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

33. CASH AND CASH EQUIVALENTS	*Note*	**2023**	2022
		Rupees	
Cash and bank balances	*12*	**35,231,198**	64,817,637
Short term borrowing - running finance	*19.3*	**(98,337,888)**	(199,921,844)
		(63,106,690)	(135,104,207)

34. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES		TOTAL	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	Rupees							
Basic salary	**31,800,000**	23,859,000	**30,600,000**	24,288,000	**3,000,000**	3,000,000	**65,400,000**	51,147,000
Vehicle expenses	**-**	391,922	**396,455**	2,105,206	**24,140**	96,218	**420,595**	2,593,346
Travelling expenses	**-**	132,598	**-**	421,107	**-**	-	**-**	553,705
Bonus and leave encashment	**-**	-	**-**	-	**125,000**	375,000	**125,000**	375,000
Meeting Fee	**10,000**	8,000	**41,690**	40,000	**-**	-	**51,690**	48,000
	31,810,000	24,391,520	**31,038,145**	26,854,313	**3,149,140**	3,471,218	**65,997,285**	54,717,051
Number of persons	**1**	1	**6**	6	**1**	1		

34.1 The Chief Executive, two directors and the executive have been provided with free use of the Company maintained cars.

35. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company comprise of Adam Pakistan Limited, Adam Lubricants Limited, key management personnel, directors and their close family members. Remuneration of the Chief Executive and directors is disclosed in note 34 to the financial statements. Transactions entered into, and balances held with, related parties, are as follows:

Name of the related party	**Particulars**	**2023**	2022
		Rupees	
Adam Lubricants Limited (Company under common control)	*Transactions during the year*		
	Lubricants puchased during the year	**18,923,044**	5,981,291
	Payment against purchases during the year	**18,566,914**	5,980,990
	Loan received during the year	**360,000,000**	769,000,000
	Loan repaid during the year	**697,500,000**	442,500,000
	Balances at the year end		
	Payable against purchases	**356,431**	301
	Short term loan payable	**165,000,000**	502,500,000
Chief Executive (Mr. Ghulam Ahmed Adam)	*Balances at the year end*		
	Short term loan payable	**32,164,394**	32,164,394
	Subordinated loan payable	**24,959,713**	24,959,713
Chief Executive (Mr. Ghulam Ahmed Adam), Directors (Mr. Junaid Ghulam Adam and Mr. Omar Ghulam Adam)	Guarantees provided to banks against financing on behalf of the Company *(refer notes 17, 19.4.1, 19.5.1 and 19.6.1)*	**4,251,360,000**	3,090,240,000

36. SEGMENT INFORMATION

These financial statements have been prepared on the basis of a single reportable segment i.e. sale and manufacturing of sugar. The entity-wide disclosures required by IFRS 8 'Operating Segments' are given below:

(a) Revenue from sale of sugar represents 86.15% (2022: 86.05%) of the total revenue whereas remaining represent revenue from sale of molasses, bagasse and mud.

(b) 94.43% (2022: 100%) gross sales of the Company were made to customers based in Pakistan.

(c) As at September 30, 2023 and September 30, 2022 all non-current assets of the Company were located in Pakistan.

(d) Following are the customers from whom 10% or more of the Company's revenue has been generated during the year:

	2023	2022
	Rupees	
Customer- A	**1,663,877,440**	1,360,624,189
Customer- B	**894,338,400**	1,083,242,543
Customer- C	**721,525,950**	752,519,742
Customer- D	**562,005,000**	566,438,749

37. FINANCIAL INSTRUMENTS

37.1 Categories of financial assets and financial liabilities

	2023	2022
37.1.1 Financial assets	**Rupees**	
At amortised cost		
Long term deposits	**4,306,481**	4,306,481
Short term investments	**25,204,970**	25,204,970
Trade debts	**98,357,818**	317,686,918
Short term loans to staff	**2,761,121**	1,074,121
Other receivables	**634,750**	320,037
Cash and bank balances	**35,231,198**	64,817,637
	166,496,338	413,410,164
37.1.2 Financial liabilities		
Subordinated loan from the Chief Executive	**20,411,807**	18,458,845
Long term finance	**409,026,046**	223,742,273
Short term borrowings	**664,802,282**	963,244,526
Trade and other payables	**89,200,282**	128,868,343
Accrued markup	**78,451,764**	38,347,012
	1,261,892,181	1,372,660,999

37.2 Risks arising from financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

37.2.1 Credit risk

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

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

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

Maximum exposure to credit risk and its management strategies

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

	Note	**2023**	2022
		Rupees	
Long term deposits		**4,306,481**	4,306,481
Short term investments		**25,204,970**	25,204,970
Trade debts	*(a)*	**98,357,818**	317,686,918
Short term loans to staff		**2,761,121**	1,074,121
Other receivables		**634,750**	320,037
Bank balances	*(b)*	**35,231,198**	64,768,411
		166,496,338	413,360,938

Note 'a' - Credit risk management of trade debts

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

As of the reporting date, the aging analysis of trade debts was as follows:

	2023		2022	
	Gross carrying amount	**Provision for expected credit losses**	**Gross carrying amount**	**Provision for expected credit losses**
	Rupees			
Not past due	**98,357,818**	**-**	317,686,918	-
Past due 3 months -1 year	**-**	**-**	-	-
Past due more than 1 year	**1,583,807**	**1,583,807**	1,583,807	1,583,807
	99,941,625	**1,583,807**	319,270,725	1,583,807

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment. The Company trades on advance basis instead of credit basis, therefore, credit risk is usually not involved.

Note 'b' - Credit risk management of bank balances

Bank Name	Credit rating agency	Short term rating	2023	2022
			Rupees	
Meezan Bank Limited	JCR-VIS	A-1+	**3,594,177**	12,854,398
Habib Bank Limited	JCR-VIS	A-1+	**624,798**	11,818,758
Bank Al-Habib Limited	PACRA	AAA	**7,788,973**	7,420,907
Bank Al-Falah Limited	PACRA	AA+	**410,387**	7,122,879
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	**5,851,978**	5,829,391
MCB Bank Limited	PACRA	AAA	**503,790**	4,611,666
Faysal Bank Limited	PACRA	AA	**667,151**	3,544,324
Allied Bank Limited	PACRA	AAA	**2,560,124**	2,589,624
Soneri Bank Limited	PACRA	AA-	**113,083**	2,003,137
Askari Bank Limited	PACRA	AA+	**1,481,210**	1,914,364
United Bank Limited	JCR-VIS	A-1+	**5,537,757**	1,803,931
Bank of Punjab	PACRA	AA+	**1,252,633**	1,252,633
Samba Bank Limited	PACRA	AA	**830,110**	500,000
HSBC Bank Middel East Limited	-	-	**497,907**	497,907
JS Bank Limited	PACRA	AA-	**380,321**	380,322
National Bank of Pakistan	PACRA	AAA	**315,887**	315,887
Dubai Islamic Bank Limited	JCR-VIS	A-1+	**2,691,427**	178,459
Habib Metropolitan Bank Limited	PACRA	AA+	**95,640**	95,979
Sindh Bank Limited	JCR-VIS	A-1	**22,861**	22,861
Silk Bank Limited	JCR-VIS	A-2	**6,826**	6,826
Summit Bank Limited	-	-	**3,321**	3,321
KASB Bank Limited	-	-	**837**	837
			35,231,198	64,768,411

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by change in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was exposed to following concentration of credit risk:

	2023	2022
	Rupees	
Customer- A	**85,769,222**	168,018,299
Customer- B	**-**	63,562,070
Customer- C	**-**	34,372,824

37.2.2 Liquidity risk

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

	September 30, 2023						
	Carrying amount	Contractual cash flows	On demand	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees)						
Non-derivative financial liabilities							
Long term finance (including accured markup)	**431,235,192**	**592,344,703**	**2,566,495**	**76,058,824**	**90,649,716**	**423,069,668**	**-**
Subordinated loan from the Chief Executive	**20,411,807**	**24,959,713**	**-**	**-**	**-**	**24,959,713**	**-**
Short term borrowings	**664,802,282**	**664,802,282**	**197,164,394**	**467,637,888**	**-**	**-**	**-**
Accured markup on short term borrowings	**56,242,618**	**56,242,618**	**-**	**56,242,618**	**-**	**-**	**-**
Trade and other payables	**89,200,282**	**89,200,282**	**-**	**89,200,282**	**-**	**-**	**-**
	1,261,892,181	**1,427,549,598**	**199,730,889**	**689,139,612**	**90,649,716**	**448,029,381**	**-**

	September 30, 2022						
	Carrying amount	Contractual cash flows	On demand	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees)						
Non-derivative financial liabilities							
Long term finance (including accured markup)	226,736,544	238,956,776	-	64,695,968	55,286,984	118,973,824	-
Subordinated loan from the Chief Executive	18,458,845	24,959,713	-	-	-	24,959,713	-
Short term borrowings	963,244,526	963,244,526	534,664,394	428,580,132	-	-	-
Accured markup on short term borrowings	35,352,741	35,352,741	-	35,352,741	-	-	-
Trade and other payables	128,868,343	128,868,343	-	128,868,343	-	-	-
	1,372,660,999	1,391,382,099	534,664,394	657,497,184	55,286,984	143,933,537	-

37.2.3 Market risk

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

a) Currency risk

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

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 changes in market interest rates. As of the reporting date, the Company was exposed to cash flow interest rate risk on the long term and short term financing obtained from banks.

Exposure to interest rate risk

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

	2023	2022	**2023**	2022
	Effective interest rate (%)		**Carrying amount (Rs.)**	
Financial liabilities				
Long term finance	**11.02%-25.03%**	9.39% - 18.91%	**378,124,000**	188,194,445
Short term borrowings	**13.37%-25.91%**	9.05% - 18.16%	**664,802,282**	963,244,526
Financial assets				
Bank deposits - pls account	**10% - 19%**	6.24% - 14.85%	**531,646**	4,639,837

Sensitivity analysis:

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

	(Decrease) / increase in profit before taxation	
	1% increase	**1% (decrease)**
As at September 30, 2023		
Cash flow sensitivity - Variable rate financial instruments	**(10,423,946)**	**10,423,946**
As at September 30, 2022		
Cash flow sensitivity - Variable rate financial instruments	(11,467,991)	11,467,991

c) *Other price risk*

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

38. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

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

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

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

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

38.1 Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
	Rupees			
September 30, 2023				
- Freehold land	-	**1,429,893,000**	-	**1,429,893,000**
- Factory building	-	**226,628,811**	-	**226,628,811**
- Non - factory building	-	**78,105,394**		**78,105,394**
- Plant and machinery	-	**4,665,225,340**	-	**4,665,225,340**
September 30, 2022				
- Freehold land	-	873,884,000	-	873,884,000
- Factory building	-	139,844,196	-	139,844,196
- Non - factory building	-	65,068,465	-	65,068,465
- Plant and machinery	-	3,627,020,750	-	3,627,020,750

There were no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

38.2 Valuation techniques and inputs used to determine fair value

The Company obtains independent valuations for its certain classes of property, plant and equipment. The following table summarizes the inputs used in the fair value measurement:

Description	2023 Rupees	2022 Rupees	Inputs used in fair value measurement
	--- Written down value (WDV) ---		
Freehold land	1,429,893,000	873,884,000	The market value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot.
Factory buildings on freehold land	226,628,811	139,844,196	
Non-factory buildings on freehold land	78,105,394	65,068,465	To determine the fair value of the buildings, following significant inputs were used:
	304,734,205	204,912,661	1) Covered area of each building physically inspected by the valuer; 2) Complete specification of civil work on each building; 3) Physical condition of each building; 4) Cost of construction of new similar building;
Plant and machinery	4,665,225,340	3,627,020,750	To determine the fair value of the plant and machinery, following significant inputs are used: 1) Cost of acquisition of similar plant and machinery with similar level of technology keeping in view the make, model, capacity, country of origin and other specification. 2) **Physical condition of the plant and machinery** - To arrive at commensurable value, the new installed values have been depreciated accordingly, keeping in view the present condition of the plant and machinery.;

38.3 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value of the financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The Company's financial assets consist of long term deposits, short term investments, trade debts, short term loan to staff, other receivables and cash and bank balances. Its financial liabilities consist of long term finances (including accrued markup), subordinated loan from the Chief Executive, short term borrowings, accrued markup on short term borrowings and trade and other payables. The fair value of above financial assets and liabilities (except non-current portion of long term loans) approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of non-current portion of long term loans is not significantly different from its carrying value as these financial instruments bear interest at floating rates which gets re-priced at regular intervals.

39. CAPITAL MANAGEMENT

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

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

	2023	(Restated) 2022
	Rupees	
Borrowings		
Long term finance	**414,462,305**	231,068,570
Subordinated loan from the Chief Executive	**24,959,713**	24,959,713
	439,422,018	256,028,283
Share capital and reserves		
Issued, subscribed and paid up capital	**172,909,620**	172,909,620
Share premium	**172,909,620**	172,909,620
Revenue reserves	**1,146,325,477**	988,775,896
	1,492,144,717	1,334,595,136
	1,931,566,735	1,590,623,419

40. RESTATEMENT OF THE CORRESPONDING FIGURES

40.1 Change in accounting policy

During the year, the Company changed its accounting policy for determining the cost of inventories pertaining to sugar and its by-products. As per the revised policy, the cost of such inventories is determined by using the **First-In, First-Out (FIFO)** formula as against the previous policy of using the Weighted average cost formula.

The management believes that the aforementioned new policy provides reliable and more relevant information to users of the financial statements since:

(a) it more closely aligns the reported cost of sales for a period as well as the reported cost of inventories held at the end of that period with the actual physical flow of inventories. This is because, in practice, it has been observed that, every year, the stocks of sugar and its by-products that were produced in the previous crushing season are sold first, and consequently, the items remaining in inventory at the end of the year are those produced in the most recent crushing season.

(b) the cost of production fluctuates significantly from one crushing season to the next. This makes the use of the FIFO method even more relevant as, otherwise, the inventories would be measured at average costs and, therefore, may be materially under / over valued.

As also stated in note 40.3 below, the aforesaid change in accounting policy has been accounted for retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and all the corresponding figures affected thereby have been restated. However, had the said change in policy not been made, the effects on the financial statements would have been as under:

(i) The figures reported in the statement of financial position would have been higher / (lower) as follows:

	2023	2022	2021
	----- (Rupees) -----		
Assets			
Stock in trade	**(106,407,773)**	12,785,655	(7,072,892)
Liabilities			
Deferred liabilities - deferred tax	**(7,176,270)**	19,668,935	-
Trade and other payables	**(5,038,000)**	1,370,239	(488,029)
Taxation - net	**(2,950,965)**	3,189,620	-
	(15,165,235)	24,228,794	(488,029)
Share capital and reserves			
Unappropriated profits	**(91,242,538)**	(11,443,139)	(6,584,863)
	(106,407,773)	12,785,655	(7,072,892)

(ii) The expenses reported in the statement of profit or loss would have been (higher) / lower and the profits and earnings per share would have been (lower) / higher by the amounts presented below:

	2023	2022
	----- (Rupees) -----	
Cost of sales	**(119,193,428)**	19,858,547
Other operating expenses	**6,408,239**	(1,370,239)
Profit before taxation	**(112,785,189)**	18,488,308
Taxation - net	**32,985,790**	(6,160,973)
Profit after taxation	**(79,799,399)**	12,327,335
Earnings per share - basic and diluted	**(4.62)**	0.71

40.2 Correction of prior period errors

40.2.1 *Overstatement of deferred tax liability*

In its financial statements for the year ended September 30, 2021 and September 30, 2022, the Company had, inadvertently, overstated the net deferred tax liability by Rs. 91.742 million and Rs. 102.04 million, respectively. This can be further analysed as follows:

		Overstatement of deferred tax liability - net	
		2022	2021
Effect of:	*Note*	**Rupees**	
- non-application of the NTR ratio on the deferred tax liability on the revaluation surplus	*(i)*	79,221,410	75,044,097
- non-recognition of deferred tax asset on the provision for WPPF and WWF	*(ii)*	16,226,201	16,697,582
- deferred tax asset on unabsorbed tax depreciation	*(iii)*	3,925,920	-
- deferred tax asset on minimum tax carry forward	*(iv)*	2,666,543	-
		102,040,074	91,741,679

Note (i) - Non-application of the NTR ratio on the deferred tax liability on the revaluation surplus

In light of the guidance provided in the Accounting Technical Release (ATR) 27 (Revised 2012) issued by the Institute of Chartered Accountants of Pakistan (ICAP), the difference between the tax base and the carrying amount of property, plant and equipment should have been split into temporary and permanent differences (by applying the NTR ratio to the said total difference) and, accordingly, the deferred tax should have been recognized only on the portion representing the temporary difference. However, in its previous financial statements, the Company had, inadvertently, not split the said difference in the tax base and the carrying amount arising from the revaluation surplus and, instead, had measured the corresponding deferred tax liability based on the entire amount of the surplus which resulted in the recognition of an excess deferred tax liability as at September 30, 2021 and 2022 by Rs. 75.044 million and Rs. 79.221 million, respectively. Further, since the said accounting treatment had not been applied, the effects of the year-on-year changes in the aforesaid NTR ratio had also not been recognized in other comprehensive income and the revaluation surplus.

Note (ii) - Non-recognition of deferred tax asset on the provision for WPPF and WWF

As per sections 60A and 60B of the Income Tax Ordinance, 2001, a person is entitled to a deductible allowance for the amount of any Workers' Welfare Fund (WWF) and Workers' Profit Participation Fund (WPPF) paid by the person in a tax year under the respective statues. This provision of law gives rise to a deductible temporary difference in relation to the provisions for WWF and WPPF whereon a deferred tax asset should have been recognized. However, in its financial statements for the years ended September 30, 2021 and 2022, the Company had, inadvertently, not recognized the said deferred tax asset amounting to Rs. 16.697 million and Rs. 16.226 million, respectively.

Note (iii) - Deferred tax asset on unabsorbed tax depreciation

As a result of the correction of the error described in note 40.2.2 below, the taxable income of the Company for the year ended September 30, 2022 increased by Rs. 27.075 million due to which further brought forward tax depreciation losses amounting to Rs. 13.537 million were utilized. This, in turn, resulted in a decrease in the deferred tax asset on unabsorbed tax depreciation as at September 30, 2022 by Rs. 3.926 million.

Note (iv) - Deferred tax asset on minimum tax carry forward

As a result of the correction of the error described in note 40.2.2 below, the taxable income of the Company for the year ended September 30, 2022 increased by Rs. 27.075 million which, in turn, resulted in an increase in the normal tax liability and a reduction in the minimum tax carry forward as at September 30, 2022 by Rs. 2.666 million.

40.2.2 *Incorrect valuation of finished goods*

In its financial statements for the year ended September 30, 2022, the Company had, inadvertently, valued its closing stock of finished goods (i.e. sugar) by deducting, from the cost of goods manufactured, the total net realizable value of bagasse produced instead of deducting only a portion thereof representing the net realizable value of bagasse sold to external customers. This had caused the value of the stock of finished goods (i.e. sugar) and work-in-progress reported as at September 30, 2022 to be understated by Rs. 50.879 million and Rs. 0.165 million, respectively *(with their corresponding effects on the cost of sales, other operating charges and related liabilities , current / deferred tax charge and related liabilities, and unappropriated profits reported in the said annual financial statements)*.

40.3 Combined effects of restatement of the corresponding figures

In these financial statements, the change in accounting policy (referred to in note 40.1 above) as well as the correction of prior period errors (referred to in note 40.2 above) have been accounted for retrospectively in accordance with the requirements of the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and all the corresponding figures affected thereby have been restated. Further, since these restatements have material effects on the statement of financial position as at the beginning of the earliest period presented (i.e. September 30, 2021), the said statement has also been presented in these financial statements in accordance with the requirements of the IAS 1 'Presentation of Financial Statements'.

The retrospective effects on the corresponding figures presented in these financial statements are as follows:

Effects on the statement of financial position

	September 30, 2022			September 30, 2021		
	As previously reported	As restated	Change	As previously reported	As restated	Change
	(Rupees)					
Assets						
Stock in trade	1,191,001,464	1,229,259,922	38,258,458	278,834,430	285,907,322	7,072,892
Liabilities						
Deferred liabilities	871,489,389	768,619,740	(102,869,649)	794,518,087	702,776,408	(91,741,679)
Trade and other payables	778,569,189	780,194,638	1,625,449	361,887,575	361,887,575	-
Taxation - net	63,023,567	65,365,956	2,342,389	49,945,413	49,945,413	-
Share capital and reserves						
Surplus on revaluation of property, plant and equipment- net	2,569,437,845	2,661,730,994	92,293,149	2,663,381,821	2,738,425,918	75,044,097
Unappropriated profits	743,908,776	788,775,896	44,867,120	541,364,302	565,134,776	23,770,474

Effects on the statement of profit or loss / statement of comprehensive income

	For the year ended September 30, 2022		
	As previously reported	As restated	Change
	(Rupees)		
Sales revenue - net	5,422,523,482	5,422,523,482	-
Cost of sales	(4,743,906,381)	(4,712,720,815)	31,185,566
Gross profit	678,617,101	709,802,667	31,185,566
Administrative expenses	(158,494,818)	(158,494,818)	-
Selling and distribution costs	(13,403,725)	(13,403,725)	-
	(171,898,543)	(171,898,543)	-
	506,718,558	537,904,124	31,185,566
Operating profit			
Finance costs	(164,819,857)	(164,819,857)	-
Other income	10,817,875	10,817,875	-
Other operating expenses	(58,969,177)	(60,594,626)	(1,625,449)
	(212,971,159)	(214,596,608)	(1,625,449)
Profit before taxation	**293,747,399**	**323,307,516**	**29,560,117**
Taxation - net	(152,276,364)	(164,917,148)	(12,640,784)
Profit after taxation	**141,471,035**	**158,390,368**	**16,919,333**
Earnings per share - basic and diluted	**8.18**	**9.16**	**0.98**
Increase in other comprehensive income			21,426,365
Increase in total comprehensive income			**38,345,698**

41. GENERAL

41.1 Plant capacity and actual production

	2023		2022	
	Quantity (Metric Tons)	**No. of Days**	Quantity (Metric Tons)	No. of Days
Crushing capacity	**2,400,000**	**150**	2,400,000	150
Cane crushed	**590,048**	**106**	833,340	142
Production - sugar	**57,790**	**106**	82,039	142

41.1.1 During the crushing season 2022-23, mill operated 106 days (2021-2022: 142 days) out of 180 days, therefore the production capacity of the Company remained under utilized mainly due to non-availability of sugar cane.

41.2 Number of employees

	2023	2022
	Number	
Total number of employees as at the year end	**479**	504
Average number of employees during the year	**491.5**	707

41.3 Non-adjusting event after the reporting date

The Board of Directors in their meeting held on January 05, 2024 has proposed a final cash dividend of Rs. 3.5/- per share (2022: Rs. 2.5/- per share) for approval of the members at the Annual General Meeting to be held on January 27, 2024. These financial statements do not reflect this appropriation.

41.4 Date of authorization of the financial statements for issue

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on January 05, 2024.

41.5 Level of rounding

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

GHULAM AHMED ADAM	**JUNAID G. ADAM**	**FAISAL HABIB**
Chief Executive	Director	Chief Financial Officer

58th ANNUAL GENERAL MEETING

PROXY FORM

Registered Folio / Participant's
ID No. and A/c No. ____________________
No. of Shares held ____________________

I/We ____

of ____

Being a member of Adam Sugar Mills Limited Holder of ____________________

shares hereby appoint ________________________ of ____________________

(another Member of the Company) of failing him ________________________ as

my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11:00 A.M. on Saturday January 27, 2024 at The Arts Council of Pakistan and at any adjournment there of.

In witness my/our hand this ____________________ day of 2024

Signed by the said ______________ ____________________
(WITNESS'S SIGNATURE)

In the presence of ______________ ____________________
(WITNESS'S SIGNATURE)

Affix Rs. 5/-
Revenue
Stamps

This form of Proxy, duly completed, must be deposited at the Company's Registered Office not less than 48 hurs before the time of the meeting.

اٹھاون واں سالانہ عام اجلاس

پراکسی فارم

فولیو/CDC اکاؤنٹ نمبر

میں مسمیٰ/مسمّاۃ ____________________

ساکنہ ____________________

بحیثیت ممبر آدم شوگر ملز لمیٹڈ، مسمی/مسمّاۃ ____________________

ساکنہ کو بطور مختار (پراکسی) مقرر کرتا/کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے اٹھاون واں سالانہ اجلاسِ عام جو بتاریخ 27 جنوری 2024 بروز ہفتہ آرٹس کونسل میں منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط گواہ: ____________________

نام: ____________________

مطلوبہ ریوینیو ٹکٹ چسپاں کر کے ممبر کے دستخط

دستخط گواہ: ____________________

نام: ____________________

تاریخ: ____________________

مکمل پُر شدہ پراکسی فارم کے رجسٹرڈ آفس میں میٹنگ سے 48 گھنٹے قبل جمع کرایا جانا لازمی ہے۔

Haji Adam Chambers, Altaf Hussain Road,
New Challi, P.O. Box 4274, Karachi.