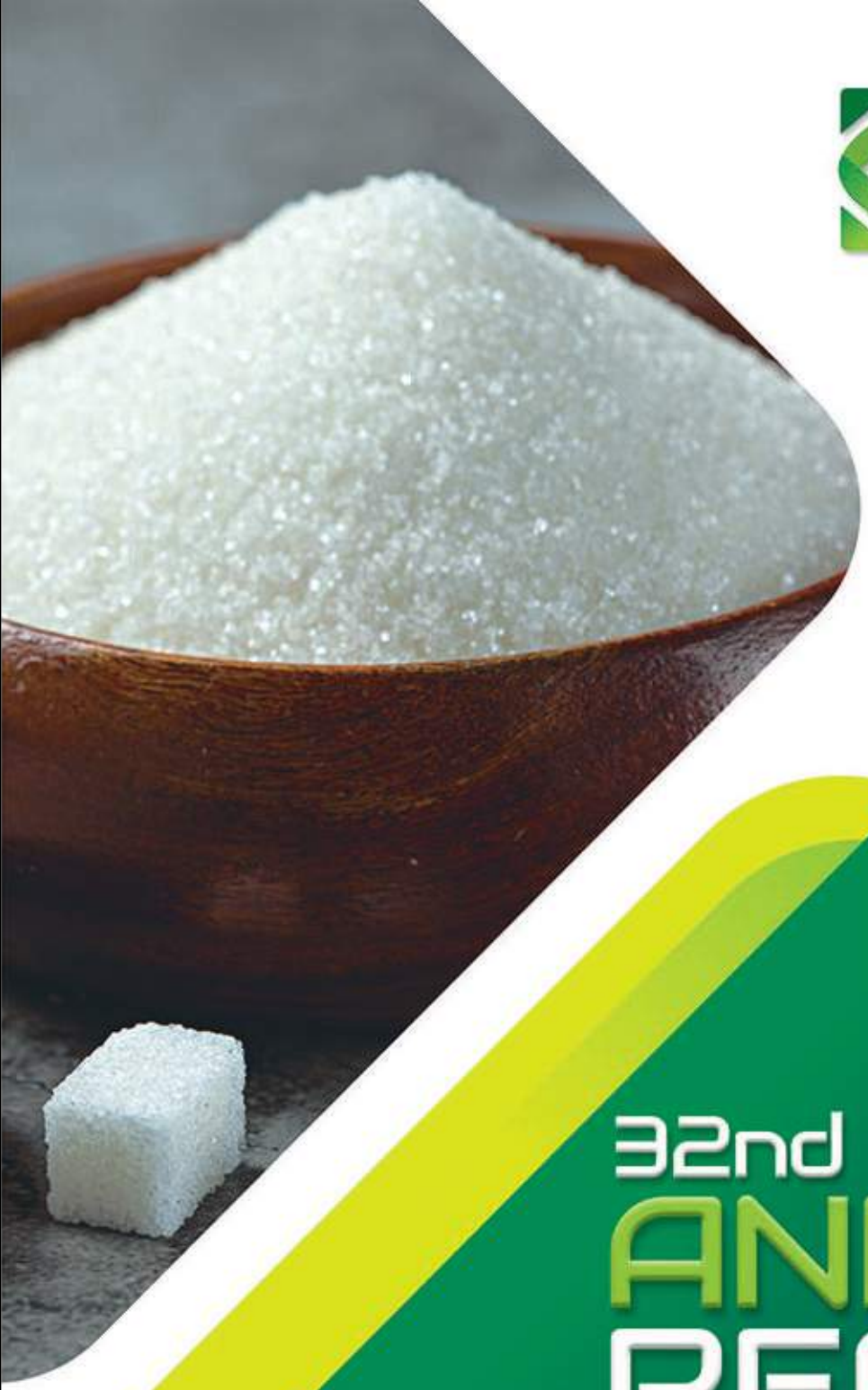

KHAIRPUR
SUGAR MILLS LIMITED

# 32nd ANNUAL REPORT 2021

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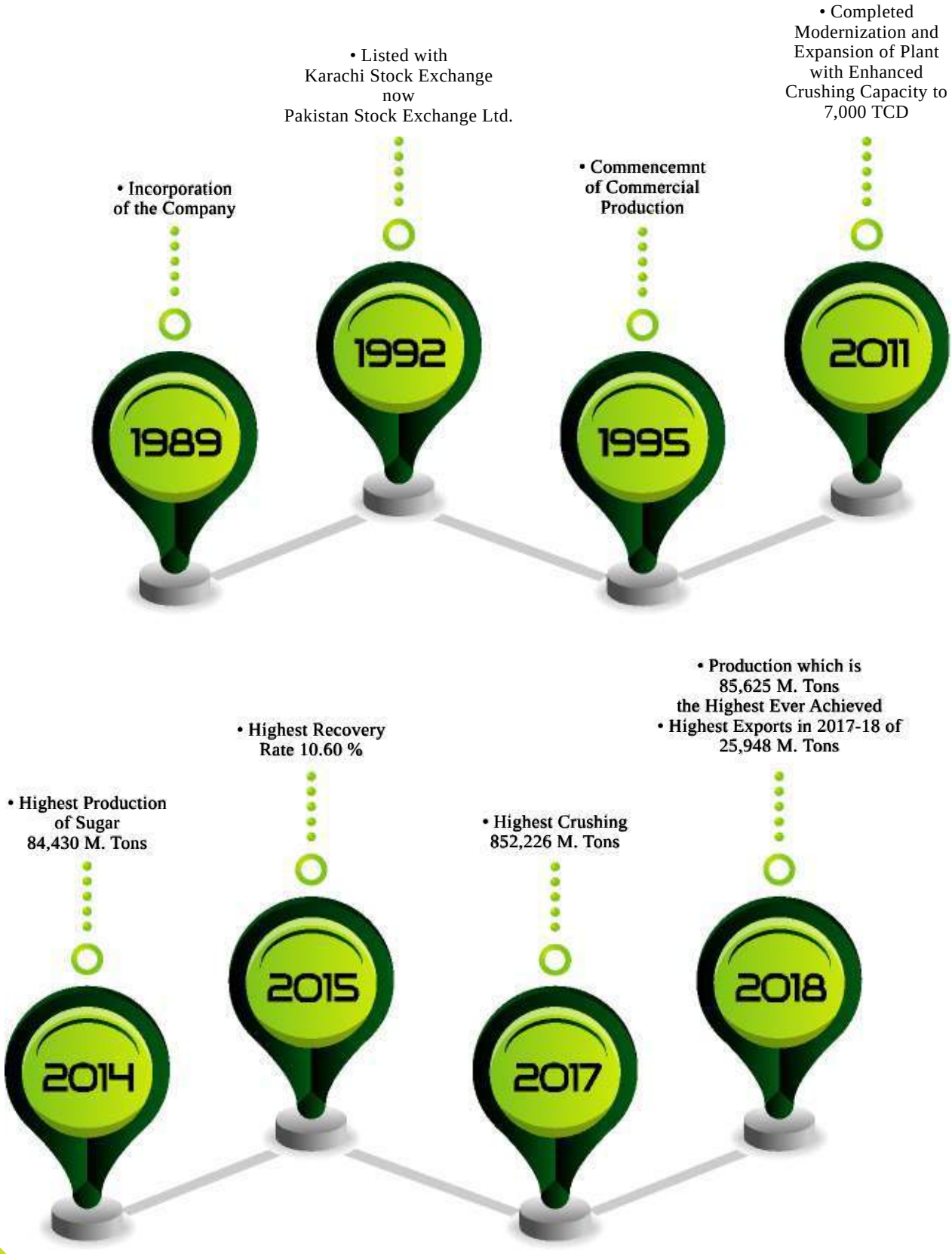
# Major Milestones



KHAIRPUR
SUGAR MILLS LIMITED

# KSML History

Khairpur Sugar Mills Limited was incorporated on August 23, 1989 as a public limited company under Companies Ordinance and the plant is located in Kot Diji area of Khairpur District, Sindh, Pakistan.

Khairpur Sugar Mills Limited has been manufactured under licience by Fives Call Babcock (FCB) of France. Trial production began on 17 January, 1994 and commercial operation started on 01 March, 1995. The Management decided to upgrade the plant in 2008 to a proposed capacity of 7,000 metric tons daily. The up gradation was completed in 2011. Khairpur Sugar Mills Limited also facilitates the local area Cane Growers in the form of seeds and fertilizer subsidy. Khairpur Sugar Mills Limited is also a listed company with Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited).

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KHAIRPUR
SUGAR MILLS LIMITED

# Corporate Information

**Date of Incorporation**
August 23, 1989

**Date of Commencement of Business**
September 13, 1989

**BOARD OF DIRECTORS**
Mr. Faraz Mubeen Jumani
(Chief Executive Officer)
Mr. Muhammad Mubeen Jumani
Mr. Fahad Mubeen Jumani
Mrs. Qamar Mubeen Jumani
(Chairperson)
Miss. Arisha Mubeen Jumani
Lt. Gen (Retd). Tahir Mahmud Qazi
Mr. Asif Khan Brohi

**CHIEF FINANCIAL OFFICER**
Mr. Mirza Muhammad Bilal Kamil

**COMPANY SECRETARY**
Mr. Shoaibul Haque

**BANKERS**
National Bank of Pakistan
Sindh Bank Limited
Dubai Islamic Bank Pakistan Limited
MCB Bank Limited
United Bank Limited
Allied Bank Limited
Bank Al Falah Limited
Habib Bank Limited
JS Bank Limited
Bank AL Habib Limited

**STATUTORY AUDITORS**
M/S. Haroon Zakaria & Company
Chartered Accountants
M-1-M4, Mezzanine Floor, Progressive Plaza,
Plot No. 5 CL - 10, Civil Lines Quarter,
Beaumont Road, Near Dawood Centre,
Karachi - 75530 PAKISTAN.

**AUDIT COMMITTEE**
Mr. Asif Khan Brohi
(Chairman)
Lt. Gen (Retd). Tahir Mahmud Qazi
(Member)
Mrs.Qamar Mubeen Jumani
(Member)

**HR AND REMUNERATION COMMITTEE**
Mr. Asif Khan Brohi
(Chairman)
Lt. Gen (Retd). Tahir Mahmud Qazi
(Member)
Mr. Muhammad Mubeen Jumani
(Member)

**LEGAL ADVISOR**
Asad Ali Riar (Advocate)
Suite No 17-18, Farid Chambers, 2nd Floor,
Abdullah Haroon Road, Karachi.

**SHARES REGISTERAR**
M/S. C & K Management Associates (Pvt.) Limited
404, Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi.

**REGISTERED OFFICE**
51/II/IV, Khayaban-e-Janbaz,
Phase V Ext., D.H.A., Karachi.
Ph: 021-35250131-35
Fax: 021-35250136

**MILLS**
Naroo Dhoro, Taluka Kot Diji, Khairpur.

**E-MAIL & WEBSITE**
headoffice@jumanigroup.com
http://khairpursugar.com.pk

**STOCK EXCHANGE SYMBOL**
KPUS

KHAIRPUR
SUGAR MILLS LIMITED

# Vision

We aim to be a leading manufacturer of quality sugar, and other allied products and its supplier in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

KHAIRPUR
SUGAR MILLS LIMITED

# Mission

As a prominent producer of sugar, and other allied products, we shall continue to strive to achieve excellence in performance and aim to exceed the expectations of all stakeholders. We target to achieve technological advancements to inculcate the most efficient, ethical and time tested business practices in our management.

KHAIRPUR
SUGAR MILLS LIMITED

# Chief Executive Officer's Profle

## Faraz Mubeen Jumani

Mr. Faraz Mubeen Jumani completed his early education from BVS Parsi High School in Karachi. Moving to the United States of America for higher studies, completed his Bachelors in Business Administration from AIU South Florida and his Master in Business Administration from NOVA Southeastern University in 2011. In 2012, he offcially joined KSML in full time capacity as Deputy Managing Director and in 2014 was promoted as Managing Director of the company by the board of Directors. Appointed as Chief Executive Officer on May 8 2021.

# Director's Profile

## Muhammad Mubeen Jumani

Mr. Muhammad Mubeen Jumani is the Chairman of Jumani Group of Companies completing his education from University of Karachi in 1972 with a Bachelor in Commerce degree, stepped into the construction industry in 1974 by founding Jumani Group of Companies. Under his leadership and guidance more than 25 high rise projects have been completed so far and at the moment two residential societies are also under development in the Gulshan-e-Iqbal area of Karachi Pakistan.

Khairpur Sugar Mills Limited was set up in the year 1989 in the Khairpur District region of Sindh with a crushing capacity of 4,000 TCD under the Jumani Group of Companies umbrella. Today, the plant's crushing capacity is 7,000 TCD and all long term loans on the project have been paid.

Mr. Jumani also head a charitable trust with the name of Hidayat Jumani Welfare Trust which is operating in the interior as well as major cities in Sindh province. It is also important to mention here that Mr. Muhammad Mubeen Jumani has served as member of board of Directors for Pakistan International Airlines (1993-1996) and Pakistan Industrial Development Corporation (2011-2013).

# Notice Of Annual General Meeting

Notice is hereby given that the 32nd Annual General Meeting of KHAIRPUR SUGAR MILLS LIMITED (the Company) will be held at Khairpur House, 51/2/4, Khayaban-e-Janbaz (26th Street) D.H.A., Phase-V Ext., Karachi on January 28, 2022 at 02:30 p.m. to transact the following business:

**Ordinary Business**

1. To confirm the minutes of Extra Ordinary General Meeting of the Company held on April 23, 2021

2. To review, consider and adopt the Annual Audited Financial Statements of the Company together-with the Directors' and Auditors' Reports thereon and the Chairperson's Review Report for the year ended September 30, 2021

3. To appoint Aud itors of the Company for the next financial year ending September 30, 2022 and fix their remuneration. The Audit Committee of the Board has recommended the retiring auditors- M/s Reanda Haroon Zakaria & Company, Chartered Accountants retire and being eligible, offer themselves for re-appointment as Auditors of the Company.

4. To transact any other business as may be placed before the meeting with the permission of the Chair.

By order of the Board

Karachi: January 02,2022

**SHOAIB UL HAQUE**
Company Secretary

**Notes**

a) The share transfer book of the Company shall remain dosed with effect from January 21, 2022 to January 28, 2022 (both days inclusive). Transfer received at the office of Company's Shares Registrar - M/s C&K Management Associates (Private) Limited, 404-Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi Phone 021-3S687839 & 3S685930 at close of business on January 21,2022 will be considered in time to attend and vote at the meeting and for the purpose of any entitlement to the transferees.

b) A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of his/her proxy, in order to be effective must reach the Company Registered Office not less than 48 hours before the time of the meeting during working hours.

c) The shareholders are advised to notify the Registrar of any change in their address.

d) Pursuant to the directives given by the Securities and Exchange Commission of Pakistan through its SRO 787(1)/2014 dated September 08,2014, shareholders have option to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. Shareholders of the company are requested to give their consent to the Company's Registered/Head Office to update our record if they wish to receive Annual Financial Statements and notice of Annual General Meeting through email. However, if shareholder, in addition, request for hard copy of audited Financial Statements, the same shall be provided free of cost within seven (7) working days of receipt of such request.

e) The audited financial statements of the Company for the year ended September 30, 2021 have been made available on the Company's website www.khairpursugar.com.pk, in addition to annual and quarterly financial statements for the prior years. Printed copy of above referred statements can be provided to members upon request.

**Submission of copies of CNIC/SNIC/NTN (Mandatory)**

Pursuant to the directives of Securities and Exchange Commission of Pakistan (SECP), it is hereby informed that the individual members who have not yet submitted photocopy of their valid CNIC/SNIC (if not already provided) are once again advised to send the same at their earliest to our Shares Registrar/Registered office of the Company. The Corporate entities are requested to provide their National Tax Number (NTN).

**Guideline for CDC Holders**

CDC Accounts holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

**A) For attending the meeting**

• In the case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate their identity by showing their original CNIC (Computerized National identity Card) or original Passport at the time of attending the meeting.

• In case of Corporation entities, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless provided earlier).

**B) For Appointing Proxies**

• In case of individuals, the account holder or sub-account and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations shall submit the proxy form as per above mentioned requirements.

• The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

• Attested copies of the CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

• The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

• In case of Corporate Entities, the Board of Directors resolution/power of attorney with specimen signature(s) of the nominee shall be submitted (unless provided earlier) along-with the proxy form to Company.

• In pursuance to Circular No.10of 2014 dated May 21, 2014, if the Company receives consent from Members holding in aggregate ten (10) percent or more shareholding residing at geographical location, to participate in the meeting through video conference at least seven (7) days prior to the date of the meeting. the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of video conference facility at least five (5) days before the meeting along with complete informa tion necessary to enable them to access such facility. In order to avail this facility, please provide the following information to our Share Registrar:

I / We _____ of _____ holding CNIC _____ being a member of KHAIRPUR SUGAR MILLS LIMITED, holder of _____ Ordinary Share(s) as per Register Folio No./CDC Account No. _____ hereby opt for video conference facility at _____

_____

**Signature of Member**

## کمپیوٹرائزڈ قومی شناختی کارڈ اور این ٹی این سرٹیفکیٹس کی کاپیاں (لازمی) جمع کرانا ہوں گی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے نوٹیفکیشن کی روشنی میں ان تمام انفرادی ممبران کو مطلع کیا جاتا ہے کہ جنہوں نے تاحال اپنی مستند سی این آئی سی / ایس این آئی سی کی فوٹو کاپیاں کمپنی کو جمع نہیں کرائیں انہیں ایک بار پھر صلاح دی جاتی ہے کہ وہ ہمارے شیئرز رجسٹرار / رجسٹرڈ آفس کو فوری طور پر مذکورہ کاپیاں ارسال کریں۔ کارپوریٹ اداروں سے درخواست ہے کہ وہ اپنے قومی ٹیکس نمبر (این ٹی این) فراہم کریں۔

## سی ڈی سی ہولڈرز کی رہنمائی کیلئے

سی ڈی سی اکاؤنٹس ہولڈرز سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر 1 بتاریخ جنوری 26، 2000 میں دی گئی ہدایات پر عملدرآمد کریں گے۔

## (اے) اجلاس میں شرکت کیلئے

I) انفرادی ہونے کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات سی ڈی سی قوانین کے تحت اپ لوڈ کی جا چکی ہوں اسے اپنے شناخت کے لیئے اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ ("سی این آئی سی") یا اجلاس میں شرکت کے وقت اپنا اصل پاسپورٹ پیش کریں گے۔

II) کارپوریٹ اداروں کی صورت اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹران کی قرارداد / پاور آف اٹارنی مع نامزد کردہ شخص کے خصوصی دستخط پیش کرنا ہوں گے۔ (اجلاس سے قبل فراہم کرنا ہوگا)

## (بی) پراکسیز کی تقرری کیلئے

I) انفرادی ہونے کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات سی ڈی سی قوانین کے تحت اپ لوڈ کی جا چکیوں کو مذکورہ میں بتائی گئی ضروریات کے تحت اپنا پراکسی فارم جمع کرانا ہوگا۔

II) پراکسی فارم پر دو گواہان کے نام، پتے اور سی این آئی سی نمبرز فارم میں واضح کرنا ہوں گے۔

III) فائدہ مند مالکان کے سی این آئی سی یا پاسپورٹ کی مصدقہ کاپیاں پراکسی کو پراکسی فارم کے ہمراہ فراہم کرنا ہوگا۔

IV) پراکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔

V) کارپوریٹ ادارے کی صورت بورڈ آف ڈائریکٹران کی قرارداد / نامزد کردہ نمائندے کے مخصوص دستخط کے ساتھ پاور آف اٹارنی کمپنی کو پراکسی فارم کے ہمراہ اجلاس سے قبل جمع کرانا ہوگا۔

VI) 2014 کے سرکلر نمبر 10 بتاریخ 21 مئی 2014 کے مطابق، اگر کمپنی کو دس (10) فیصد یا اس سے زیادہ شیئرز رکھنے والے ممبران سے جو جغرافیائی لحاظ سے ایک ہی محل وقوع پر مقیم ہوں سے اجلاس میں وڈیو کانفرنس کے ذریعے شرکت کیلئے اجلاس کی تاریخ سے کم از کم سات (7) دن قبل رضامندی حاصل ہو جاتی ہے تو، کمپنی اس شہر میں اگر وڈیو کانفرنس کی سہولت میسر ہو تو اس کا انتظام کرے گی۔ اس سلسلے میں کمپنی اجلاس سے کم از کم پانچ (5) دن پہلے وڈیو کانفرنس کی سہولت کے مقام کے بارے میں ممبران کو مطلع کرے گی اور اس کے ساتھ ایسی تمام معلومات بھی فراہم کرے گی جس کے ذریعے ممبران کی اس سہولت تک رسائی ممکن بنائی جا سکے۔ اس سہولت سے فائدہ اٹھانے کیلئے براہ کرم ہمارے شیئر رجسٹرار کو درج ذیل معلومات فراہم کریں:

میں / ہم _____ کے _____ خیرپور شوگر ملز لمیٹڈ کے ممبر اور _____ عام شیئرز کے حامل ہونے کے ناطے رجسٹر فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر _____ کے تحت _____ پر وڈیو کانفرنس کی سہولت کا انتخاب کرتے ہیں۔

_____

ممبر کے دستخط

# سالانہ اجلاس عام کا نوٹس

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ خیر پور شوگر ملز لمیٹڈ ("کمپنی") کا 32 واں سالانہ اجلاس عام خیر پور ہاؤس، 51/2/4، خیابان جانباز (26 اسٹریٹ) DHA، فیز IV ایکسٹینشن، کراچی میں 28 جنوری، 2022 کو دوپہر ڈھائی بجے منعقد ہوگا جس میں درج ذیل کاروباری امور طے کئے جائیں گے۔

**عام کاروبار**

1۔ کمپنی کے غیر معمولی اجلاس عام منعقدہ 23 اپریل 2021 کی کارروائی کی توثیق

2۔ 30 ستمبر 2021 کو ختم ہونے والے سال کیلئے کمپنی کے سالہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ڈائریکٹران اور آڈیٹرز کی رپورٹ کا جائزہ، غور اور منظوری

3۔ اگلے مالیاتی سال گویا برائے سال اختتام 30 ستمبر 2022ء کیلئے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین، بورڈ کی آڈٹ کمیٹی نے ریٹائر ہونے والے آڈیٹرز میسرز ریاض الحق ہارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو اہلیت کی بنیاد پر سفارش کی ہے کہ انہوں نے دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔

4۔ چیئرمین کی اجازت سے اجلاس سے پہلے رکھے جانے والے دیگر کاروباری امور طے کئے جائیں گے۔

بحکم بورڈ

شعیب الحق
کمپنی سیکریٹری

کراچی: 02 جنوری 2022

## نوٹس

1۔ کمپنی کی حصص منتقلی کی کتابیں 21 جنوری 2022 تا 28 جنوری 2022 (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے شیئر رجسٹرار میسرز سی اینڈ کے مینجمنٹ ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے آفس واقع 404، ٹریڈ ٹاور، عبداللہ ہارون روڈ، نزد میٹروپول ہوٹل کراچی۔ فون 021-35687839 اور 021-35685930 پر 21 جنوری، 2022 اوقات کار کے دوران موصول ہونے والے ٹرانسفرز کو بروقت تصور کیا جائے گا، ٹرانسفریز کے کسی بھی تبدیل شدہ کے استحقاق کا مقصد ووٹ دینے اور اجلاس میں شرکت کر سکے گا۔

2۔ کمپنی کا ہر ممبر ووٹ دینے اور اجلاس میں شرکت کا اہل ہے اور وہ اپنی جگہ اجلاس میں شرکت اور ووٹ دینے کیلئے اپنا پراکسی مقرر کر سکتا ہے، اس سلسلے میں اسے کمپنی رجسٹرڈ آفس کو اجلاس سے کم سے کم 48 گھنٹہ قبل اوقات کار کے دوران مطلع کرنا ہوگا۔

3۔ حصص یافتگان کو مشورہ دیا جاتا ہے کہ وہ اپنے پتوں میں کسی بھی تبدیلی کی صورت رجسٹرار کو مطلع کریں۔

4۔ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے S.R.O 787(I)/2014 بتاریخ 08 ستمبر، 2014 کے حوالے سے حصص داروں کو ای میل کے ذریعے سالانہ آڈٹ کردہ مالیاتی گوشوارے اور اجلاس عام کے نوٹس حاصل کرنے کا اختیار ہے۔ کمپنی کے حصص یافتگان سے درخواست کی جاتی ہے کہ وہ اپنی رضامندی کو اپنے ریکارڈ کو اپ ڈیٹ کرنے کے لئے کمپنی کے ہیڈ آفس میں بھیجیں تو اگر وہ ای میل کے ذریعے سالانہ آڈٹ کردہ مالیاتی گوشوارے اور اجلاس عام کے نوٹس حاصل کرنا چاہتے ہیں۔ تاہم اس کے علاوہ شیئر ہولڈر کو سالانہ آڈٹ کردہ مالیاتی گوشوارے کی نقل تحریری درخواست کی وصولی کے سات دن کے اندر مفت پیش کی جائے گی۔

5 30 ستمبر 2021 کو ختم ہونے والے سال کے لیئے مالیاتی گوشوارے کمپنی کی ویب سائٹ www.khairpursugar.com.pk پر دستیاب کر دیے گئے ہیں۔ اس کے علاوہ اس سے پہلے کے سالانہ اور سہ ماہی مالیاتی گوشوارے بھی دستیاب ہیں۔ درخواست پر ممبران کو مذکورہ بالا گوشواروں کی شائع شدہ کاپی بھی فراہم کی جا سکتی ہے۔

# Bagasse

Bagasse is commonly used as a substitute for wood in many tropical and subtropical countries for the production of pulp, paper and board. However, Pakistan does not produce any bagasse products other than local chipboards, there is a lot of potential in this area, for creating green products like bags, paper cups, and other earth friendly packaging materials.

# Biogas

The first biogas project to use sugarcane - waste created from the production of ethanol has begun operations. The grid - connected development is powered by eight Jenbacher biogas engines from GE Energy. The sugarcane biogas plant in Jhang, Pakistan provides an onsite source of power to help the mill and industrial operations to meet production requirements. The biogas used to fuel the plant is extracted from spent wash, a by product of the ethanol production operation that uses sugarcane molasses as a raw material. The plant is expected to produce approximately 20,000 tons of certied emissions reductions (CERs) annually under the Kyoto Protocol.

# Six Years' Review At A Glance

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| **OPERATIONAL TRENDS** | | | | **Restated** | | |
| Sugarcane crushed - M.Tons | 573,858 | 524,253 | 663,365 | 828,101 | 852,226 | 647,635 |
| Sugar produced - M.Tons | 57,294 | 51,552 | 68,714 | 85,625 | 83,579 | 66,818 |
| Average sucrose recovery - % | 9.98 | 9.83 | 10.36 | 10.34 | 9.81 | 10.32 |
| Crushing days | 122 | 106 | 112 | 148 | 140 | 115 |
| Average crushing per day - M.Tons | 4,704 | 4,946 | 5,923 | 5,595 | 6,087 | 5,632 |
| **BALANCE SHEET** | | | | **FIGURES IN MILLION** | | |
| Share capital | 160.18 | 160.18 | 160.18 | 160.18 | 160.18 | 160.18 |
| Shareholders' equity | 1,563.08 | 957.46 | 990.88 | 207.37 | 199.91 | 175.50 |
| Non current liabilities | 1,234.78 | 901.97 | 810.52 | 1,118.13 | 1,030.04 | 1,098.30 |
| Current liabilities | 2,408.38 | 1,804.63 | 2,171.88 | 2,403.29 | 2,430.35 | 613.27 |
| Total Equity & Liabilities | 5,206.24 | 3,664.06 | 3,973.28 | 3,728.79 | 3,660.38 | 1,887.08 |
| Fixed Assets | 3,255.51 | 2,332.10 | 2,317.19 | 1,608.01 | 1,570.60 | 1,437.39 |
| Other non current assets | 9.22 | 10.29 | 10.28 | 7.86 | 34.64 | 0.26 |
| Current assets | 1,941.50 | 1,321.67 | 1,645.81 | 2,112.91 | 2,055.14 | 449.42 |
| Total assets | 5,206.24 | 3,664.06 | 3,973.28 | 3,728.79 | 3,660.38 | 1,887.08 |
| **FINANCIAL TRENDS** | | | | **FIGURES IN MILLION** | | |
| Turnover | 4,589.43 | 4,290.85 | 4,252.27 | 4,237.32 | 2,933.18 | 4,146.50 |
| Gross profit/(loss) | 698.58 | 509.12 | 395.43 | 41.86 | 193.91 | 326.74 |
| Operating profit/(loss) | 471.84 | 341.75 | 194.66 | 271.31 | 58.50 | 175.06 |
| Pre-tax (loss)/profit | 178.74 | 5.35 | (85.12) | 91.96 | (110.74) | 42.64 |
| After-tax (loss)/profit | 82.54 | (33.97) | (64.00) | 3.67 | (93.49) | 56.77 |
| **CASH FLOWS** | | | | **FIGURES IN MILLION** | | |
| Operating activities | (179.35) | 92.78 | (142.68) | 496.81 | (1,063.22) | 206.81 |
| Investing activities | (218.60) | (111.74) | (247.92) | (93.98) | (209.36) | (44.84) |
| Financing activities | 440.30 | (11.16) | 447.19 | (415.96) | 1,284.52 | (196.85) |
| Cash and cash equivalents at the end of the year | 92.72 | 50.37 | 80.50 | 23.91 | 37.05 | 25.10 |
| **PROFITABILITY INDICATIONS** | | | | | | |
| Gross profit/(loss) margin (%) | 15.22 | 11.87 | 9.30 | 0.99 | 6.61 | 7.88 |
| Net (loss)/profit margin (%) | 1.80 | (0.79) | (1.51) | 0.09 | (3.19) | 1.37 |

# Directors' Report To Members

Dear Members

Assalam-o-Alaikoom

On behalf of the Board of Directors, it is our privilege to present before you the 32nd Annual Report of your Company with the audited financial statements for the year ended September 30, 2021:

| **FINANCIAL RESULTS** | **2021** | **2020** |
|---|---|---|
| | **(Rupees in thousand)** | |
| Profit before Taxation | **178,739** | 5,358 |
| Taxation | **(96,202)** | (39,330) |
| Profit / (Loss) after taxation | **82,537** | (33,972) |
| Profit / (Loss) per share – Basic & diluted | **5.15** | (2,12) |

**PERFORMANCE REVIEW**

The operating results for the crushing season comparative to previous season is mentioned here under:

| | **SEASON 2020-21** | SEASON 2019-20 |
|---|---|---|
| Season Started on | **05-11-2020** | 21-11-2019 |
| Season closed on | **06-03-2021** | 05-03-2020 |
| Number of days worked | **122** | 106 |
| Sugarcane Crushing (mt) | **573,858.360** | 524,252.694 |
| Recovery (%) Sugar | **9.983** | 9.833 |
| Recovery (%) Molasses | **4.942** | 4.559 |
| Production – Sugar (MT) | **57,294.00** | 51,552.00 |
| Production – Molasses (MT) | **28,361.00** | 23,900.00 |

The crushing season 2020-21 started on November 05th, 2020 ended on March 06th, 2021 after crushing 573,858.360 MT sugar-cane thereby produced 57,294 MT of Sugar with average recovery of 9.983 in 122 days, as compared to crushing of 524,252.694 MT sugar-cane and producing 51,552 MT of sugar with average recovery of 9.833% in 106 days in corresponding of last year/season (2019-20).

During crushing season 2020-21, the Government of Sindh had notified the sugarcane price and fixed the price/ maund @ 202/maund which was already 10/maund in excess of previous crushing season 2019-20. However, the competition for cane procurement obtaining the cane during the season led the company to pay extra per maund over the minimum support price.

Keeping all the above in perspective, our Mill earned operating profit of Rs. 471.84 Million as compared to operating profit of Rs.341.75 Million during the corresponding period of the previous year which is above par in the conditions and limitations as mentioned earlier.

**DIVIDEND**

As the accumulated profits are on a very lower side plus the profit for the year is also not so substantial that is why the directors have decided not to distribute any dividend.

**EARNINGS/ (LOSS) PER SHARE**

The Earning/ (Loss) per share for the year comparative to previous year is given hereunder:

| | **2020-21** | 2019-20 |
|---|---|---|
| Basic and diluted | **5.15** | (2.12) |

**FUTURE OUTLOOK**

The sugar cane crushing season 2021-22 started from 13-11-2021 and by the date of this report, your mill produced 22,120 MT Sugar with average recovery of 9.194%. The Government of Sindh (Agriculture Supply & Prices Department) has issued a notification fixing the minimum sugarcane support price at Rs.250/= (Rupees Two hundred and two) per 40 kg (Mds) for crushing season 2021-22. Due to which growers are getting more than the previous year and fair return of their efforts. Sugar prices dropped significantly at the start of the crushing season. Similarly, the prices of molasses are also decreasing as compared to the last year. Further combining the same with the increase in Kibor rates over the period of time by the SBP from 7% to 7.53% on September 30, which has increased further on reporting date as a result the company is anticipating increase in the overall financing cost. All such factors will play significant role on company's cost. However, company is anticipating significant increase in sugar cane harvesting which will helps in maintaining the overall cane cost coupled with the increase in recovery rates in the coming months and the anticipation in the stability in sugar prices for the upcoming year. All these factors will have the positive bearing on the operation of the company due to which your company is anticipating to close the next financial year with decent profitability.

**ENVIRONMENT**

For improvement of environment hazard, Khairpur sugar mills limited have taken care on priority. As per Sindh's Environmental policy Act 2013, proven care has been taken care. On implementing this policy, use of water and drainage has been reduced. After approval from Sindh Environmental Protecting Agency (SEPA) and foreign expert's consultant's services for waste water, the treatment has been installed having capacity of 3000 cm/day. Which will become again useful for the use of agriculture sector to end the water scarcity and to end the pollution. By the grace of almighty Allah. Our mill inaugurated this plant during the last accounting period.

**CORPORATE SOCIAL RESPONSIBILITY**

Responding to needs of local communities, civil society organizations and Governments bodies includes social welfare, education, health care, infrastructural development and livelihood generation are the priorities of your company since its establishment.

**CONTRIBUTION TO THE NATIONAL EXCHEQUER**

The Company contributed a total amount of Rs. 655 Million to the Government Treasury in shape of taxes, levies, excise duty and sales tax.

**CORPORATE GOVERNNCE**

The Directors are pleased to state that your Company has complied with the provisions of the Code of Corporate Governance as required by SECP which formed part of rule book of Pakistan Stock Exchange.

**STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

- The Financial statements, prepared by the Management of your Company, present its state of affairs, the result of is operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards (IFRS) as applicable in Pakistan have been followed in preparation of these financial statements and any departure therefrom has been effectively implemented and monitored.
- Summary of key operations and financial data for the last 6 (six) years is annexed.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- Information about taxes and levies is given in the notes forming part of the financial statements.
- There is no doubt upon the Company's ability to continue as a going concern.

**INDUSTRIAL RELATION**

Harmonious working environment and cordial industrial relations atmosphere prevailed within the Company.

| **BOARD MEETING** | **No. of meeting attended** |
|---|---|
| Mr. Muhammad Mubeen Jumani | 7 |
| Mr. Faraz Mubeen Jumani | 6 |
| Mr. Fahad Mubeen Jumani | 7 |
| Mrs. Qamar Mubeen Jumani | 7 |
| Miss. Arisha Mubeen Jumani | 7 |
| Mr. Asif Khan Brohi | 4 |
| Lt. Gen.(R) Tahir Mahmud Qazi | 4 |

**AUDIT COMMETTEE**

The Company has established Independent Audit Committee as required in Code of Corporate Governance. The Audit Committee comprises of three members (two of whom are Independent non-executive Directors and one is non-executive Director). The Audit Committee met 4 (four) meetings during the year; attendance of the meeting is as follows:

| **Name of Director** | **No. of meeting attended** |
|---|---|
| • Lt. Gen.(R) Tahir Mahmud Qazi | 4 |
| • Mr. Asif Khan Brohi | 3 |
| • Mrs.Qamar Mubeen Jumani | 4 |

**MEETING OF HR & REMUNERATION COMMETTEE**

The Company has established HR & Remuneration Committee as required in the Code of Corporate Governance. The HR and Remuneration Committee comprises three members (two of whom are Independent non-executive Directors). The Executive Director is also member of the Committee. The Chairman of the Committee is Independent non-executive Director. The HR and Remuneration Committee met once during the year. Attendance of the meeting is as follows:

| Name of Director | No. of meeting attended |
|---|---|
| Mr. Asif Khan Brohi | 1 |
| Lt. Gen.(R) Tahir Mahmud Qazi | 1 |
| Mr. Muhammad Mubeen Jumani | 1 |

**AUDITORS**

The Auditors – M/s Reanda Haroon Zakaria & Company, Chartered Accountants, retired and offer themselves for re-appointment.

The Audit Committee has recommended to consider the re-appointment of M/s Reanda Haroon Zakaria & Company, Chartered Accountants as Auditors of the Company for next year ending 30.09.2022.

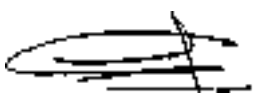
**PATTERN OF SHARE-HOLDING**

The patter of shareholding as on September 30, 2021 in accordance with the requirements of Code of Corporate Governance and a statement reflecting distribution of shareholding is separately annexed to this report.

**ACKNOWLEDGEMENT**

We take pleasure by thanking members of the management, other employees and staff for their continued commitment to the success of the Company. We also value the support and cooperation of our Customers, suppliers, bankers and all stakeholders and wish to record our thanks and gratitude. May almighty Allah bless us in our efforts. Aameen!

For and on behalf of Board of Directors of Khairpur Sugar Mills Limited



**(Faraz Mubeen Jumani)**
Chief Executive Officer

**Place:** Karachi
**Dated:** December 28, 2021

## آڈیٹرز

موجودہ آڈیٹرز' میسرز ریاض الہ دین زکریا اینڈ کمپنی' چارٹرڈ اکاؤنٹنٹس ہیں جنہوں نے اگلے سال کیلئے بحیثیت آڈیٹرز کیلئے پیش کیا ہے اور رضامندی ظاہر کی ہے۔ آڈٹ کمیٹی نے نامزدگی کی مسرز ریاض الہ دین ہارون زکریا اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو ہماری کمپنی کے آڈیٹرز برائے اگلے سال اختتام 30 ستمبر 2022ء کی سفارش کی ہے۔

## شیئر ہولڈرز کا پیٹرن

کمپنی کے شیئر ہولڈنگ سال کے اختتام 30 ستمبر 2021ء کو کوڈ آف کارپوریٹ گورننس کے مطابق کمپنی کا شیئر ہولڈنگ کی تفصیلات مع شیئر ہولڈنگ کی تقسیم کی عکاسی کا بیان سالانہ رپورٹ کے ساتھ علیحدہ سے منسلک ہے۔

## اعتراف

ہم خوشی کے ساتھ اپنے تمام کارکنان' عملے' ملازمین اور منسلک افراد جنہوں نے اس مقصد کے حصول کے خاطر ان کی کوششوں کا اعتراف کرتے ہوئے شکریہ ادا کرتے ہیں ہم قابل عدد حصص داران حکومتی اداروں کے نمائندوں' ایسوسی ایسٹز' بینکنگ و مالیاتی اداروں کے نمائندے اور دیگر اسٹیک ہولڈرز کا جنہوں نے ہم سے تعاون کیا ان سب کا بے حد شکر گذار ہیں۔ اللہ تعالیٰ ہماری کاوشوں میں خیر فرمائے۔ (امین)

منجانب بورڈ آف ڈائریکٹرز

**خیرپور شوگر ملز**

**فراز مبین جمانی**
سی۔ای۔او

کراچی بتاریخ
28 دسمبر 2021

## صنعتی تعلق

کام میں ماحولیاتی ہم آہنگی اور مقوی صنعتی ریلیشن کا ماحول ہماری کمپنی نے قائم کیا ہوا ہے۔

## بورڈ کا اجلاس

| ڈائریکٹرز کے نام | بورڈ اجلاس میں شرکت کی تعداد |
|---|---|
| جناب محمد مبین جمانی | 7 |
| جناب فراز مبین جمانی | 6 |
| جناب فہد مبین جمانی | 7 |
| جناب قمر مبین جمانی | 7 |
| مس عریشہ مبین جمانی | 7 |
| جناب آصف خان بروہی | 4 |
| لیفٹیننٹ جنرل (ریٹائرڈ) طاہر محمود قاضی | 4 |

## آڈٹ کمیٹی

کمپنی کے کوڈ آف کارپوریٹ گورننس کے پیش نظر آڈٹ کمیٹی تشکیل دی گئی ہے جو کہ تین 3 ممبروں پر مشتمل ہے ان میں دو ممبران آزاد ڈائریکٹرز ہیں اس سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے جس میں ہر ممبران کی شرکت درج ذیل ہے۔

| ڈائریکٹرز کے نام | اجلاس میں شرکت کی تعداد |
|---|---|
| جناب آصف خان بروہی | 3 |
| لیفٹیننٹ جنرل (ریٹائرڈ) طاہر محمود قاضی | 4 |
| مس عریشہ مبین جمانی | 4 |

## ہیومن ریسورسس اور معاوضہ کمیٹی کا اجلاس

کمپنی نے کوڈ آف کارپوریٹ گورننس کے پیش نظر ہیومن ریسورسس اور معاوضہ کمیٹی تشکیل دی۔ ہیومن ریسورسس اور معاوضہ کمیٹی تین ممبروں پر مشتمل ہے ان میں سے دو (2) ممبران آزاد ڈائریکٹرز ہیں ایگزیکٹیو ڈائریکٹر بھی اس کے ممبر ہیں کمیٹی کے چیئرمین نان ایگزیکٹیو ڈائریکٹر ہیں ہیومن ریسورسس اور معاوضہ کمیٹی سال میں ایک مرتبہ اجلاس منعقد کرتے ہیں ان ممبران کے نان درج ذیل ہیں۔

| ڈائریکٹرز کے نام | اجلاس میں شرکت کی تعداد |
|---|---|
| جناب آصف خان بروہی | 1 |
| لیفٹیننٹ جنرل (ریٹائرڈ) طاہر محمود قاضی | 1 |
| جناب محمد مبین جمانی | 1 |

اور غیر ملکی ماہرین کی خدمات سے تلفی پانی کا ٹریٹمنٹ پلانٹ نصب کیا گیا ہے جس کی صلاحیت تقریباً تین ہزار کیوبک میٹر روزانہ کے حساب سے استعمال شدہ پانی کو دوبارہ قابل استعمال بنائے گا جس سے کاشتکاری کے پانی کی کمی کو دور کرنے کے ساتھ ساتھ آلودگی کو کم کرتے ہیں۔ الحمدللہ ہمارے مل میں اس پلانٹ کا افتتاح موجودہ مدت میں کیا جا چکا ہے۔

## کارپوریٹ سماجی ذمہ داری

ہم اس کام کو اپنی ذمہ داری سمجھتے ہیں کہ مندرجہ بالا ضروریات کیلئے آبادی سول سوسائٹی کے ادارے سرکاری محکمے بشمول سماجی بہبود تعلیم، صحت عامہ بنیادی ڈھانچے کے لئے بھرپور تعاون کریں جو کہ دور اول سے ہماری ترجیحات میں شامل ہے ہماری مل ایسی سماجی ذمہ داری کے علاوہ ماحولیاتی ذمہ داریوں کو سمجھتے ہوئے بہتری کیلئے کوشاں ہے۔

## قومی خزانے میں اعانت

آپ کے ادارے نے 655 ملین روپے قومی خزانے میں مختلف شکل کے ٹیکس لیویز، ایکسائز اور سیلز ٹیکس وغیرہ کے مد میں جمع کرائے۔

## کارپوریٹ حکمرانی

ڈائریکٹرز بخوشی بیان کرتے ہیں کہ آپ کی کمپنی نے دوران سال اور ہر طرح سے SECP اور پاکستان اسٹاک ایکس چینج کے قانونی اور انتظامی تقاضے پورے کئے۔

## کارپوریشن و فنانشل رپورٹنگ فریم ورک

- مینجمنٹ کے جانب سے فنانشل گوشوارہ اس کے موجودہ امور کی حالت آپریشن کے نتائج، نقصد بہاؤ، منصفی تبدیلیوں کو شفاف طریقے سے پیش کیا گیا ہے۔
- موزوں طریقے سے اکاؤنٹس بک کمپنی نے برقرار رکھا ہے۔
- فنانشل گوشوارے کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کو بروئے کار لایا گیا ہے اور اکاؤنٹ اسٹیمنٹس موزوں اور زیرک فیصلے کی بنیاد پر کئے گئے ہیں۔
- بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IFRS) جو کہ پاکستان میں قابل اطلاق ہے پورے طور پر نافذ کیا گیا ہے۔
- پچھلے چھ (6) سالوں کے اہم آپریٹنگ اور فنانشل کوائف کا خلاصہ منسلک ہے۔
- یہاں کارپوریٹ گورننس کے بہترین اعمال سیکیورٹی مادی کو رخصت نہیں جیسا کہ لسٹنگ ریگولیشن میں بیان کیا گیا ہے۔
- ٹیکس اور لیویز سے متعلق فنانشل گوشوارے کا نوٹس اس کا حصہ ہے۔
- اس میں کوئی شک نہیں کہ کمپنی کی صلاحیت ہے کہ مسلسل چلتی رہے۔

کو 524,252.694 میٹرک ٹن گنے کی کرشنگ سے 51,552 میٹرک ٹن چینی بنی تھی جو کہ اوسط ریکوری 9.833 فیصد 106 دن میں حاصل کیا تھا۔ کرشنگ سیزن 2020-21 کے دوران، حکومت سندھ نے قیمت 202 روپے پر فی من مقرر کی تھی جو پچھلے کرشنگ سیزن 2019-20 کے مقابلے میں پہلے ہی 10 روپے فی من اضافی ہے۔

مزید یہ کہ موجودہ سیزن کے دوران گنے کے حصول کی جدوجہد کے نتیجے میں کمپنی کو کم سے کم قیمت سے زیادہ کی ادائیگی کرنی پڑی، اس طرح کمپنی کو گنے کی خریداری میں مسابقت کی وجہ سے فی من گنے کی اضافی قیمت ادا کرنی پڑی۔

انکم ٹیکس/کم سے کم ٹیکس کی شرح میں بھی فنانس ایکٹ 2020 کے ذریعے اضافہ کیا گیا جس نے اس ادارے کی مجموعی کارکردگی میں بھی منفی کردار ادا کیا۔

مذکورہ بالا تمام صورتحال کو مدنظر رکھتے ہوئے، ہماری مل نے گذشتہ سال کے اسی عرصے کے دوران 341.75 ملین روپے کے آپریٹنگ منافع کے مقابلے میں 471.84 ملین روپے کا آپریٹنگ منافع حاصل کیا جو پہلے بیان کی گئی شرائط اور حدود کے برابر ہے۔

## ڈویڈنڈ

جیسا کہ مجموعی منافع بہت کم ہے اور سالانہ منافع بہت زیادہ نہیں اس وجہ سے کمپنی کے بورڈ آف ڈائریکٹر نے ڈویڈنڈ نہ دینے کی سفارش کی ہے۔

| | 2020-21 | 2019-20 |
|---|---|---|
| بنیادی و ترمیم شدہ فی حصص | 5.15 | (2.12) |

## مستقبل کا منظر

گنے کی کرشنگ سیزن 2021-22 آغاز مورخہ 13 نومبر 2021 کو ہوا اور اس رپورٹ کے اشاعت تک آپ کے مل نے 22,120 میٹرک ٹن چینی بنائی جس کی اوسط ریکوری 9.194 فیصد پر حاصل کیا۔

حکومت سندھ (محکمہ زراعت سپلائی اینڈ پرائسز) نے کرشنگ سیزن 2021-22ء کیلئے گنے کی کم سے کم قیمت -/250 (صرف دوسو پچاس روپے) 40 کلوگرام (ایم ڈی ایس) پر طے کرنے کا نوٹیفکیشن جاری کیا ہے۔ جس کی وجہ سے کاشتکاروں کو پچھلے سال کے مقابلے میں زیادہ منافع مل رہا ہے اور ان کی کاوشوں کی منصفانہ صلہ ہے۔ کرشنگ سیزن کے آغاز پر چینی کی قیمتوں میں نمایاں کمی واقع ہوئی ہے۔ جبکہ گڑ کی قیمتیں مسلسل بڑھ رہی ہیں۔ جبکہ اسٹیٹ بینک کے ذریعہ وقتاً فوقتاً 7 فیصد سے 7.5 فیصد تک کا بڑھ KIBOR کے نرخوں میں نمایاں اضافہ کے ساتھ اور 30 ستمبر کو سالانہ گوشوارے رپورٹ کے بعد بھی کا بنچ مارک KIBOR ریٹ میں مزید اضافہ کے بعد کمپنی کی مالیاتی لاگت میں مزید اضافہ کی توقع کی جارہی ہے، اور یہ سارے عوامل کمپنی کی مالیاتی لاگت میں نمایاں اضافہ میں کردار ادا کریں گے۔ اسکے باوجود کمپنی یہ سمجھتی ہے کہ گنے کی کاشت میں نمایاں اضافہ کی وجہ سے کمپنی کو مجموعی لاگت میں استحکام رکھنے میں مدد ملے گی اور اسکے ساتھ ریکوری ریٹ میں اضافے کی وجہ سے آنے والے مہینوں اور آنے والے سال میں چینی کی قیمتوں میں استحکام نظر آرہا ہے، یہ سارے عوامل کمپنی کے منافع پر مثبت انداز میں اثر انداز ہونگے اور اگلے سال کے منافع میں کمپنی نمایاں اضافہ دیکھ رہی ہے۔

## ماحولیات

خیرپور شوگر ملز نے ماحولیاتی اثرات کو بہتر کرنا اپنی اولین ترجیحات میں شامل کیا ہے۔ سندھ ماحولیاتی تحفظ ایکٹ (SEPA) مجریہ 2013ء کے تحت جامع حکومت عملی مرتب کی ہے اس منصوبے پر عمل کرتے ہوئے پانی کے استعمال اور اخراج کو کم کردیا گیا ہے۔ سندھ ماحولیاتی تحفظ ایجنسی (SEPA) کی منظوری

# ڈائریکٹرز رپورٹ برائے ممبران

محترم ممبران

السلام علیکم

آپ کے ڈائریکٹرز کی جانب سے 30 ستمبر 2021ء کے اختتامی سال کے لئے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ گوشارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

| مالیاتی اعداد و شمار | 2021ء (روپے ہزار میں) | 2020ء (روپے ہزار میں) |
|---|---|---|
| قبل از ٹیکس منافع | 178.739 | 5.358 |
| ٹیکس | (96.202) | (39.330) |
| بعد از ٹیکس منافع / (نقصان) | 82.537 | (33.972) |
| فی حصص منافع / (نقصان) ۔ بنیادی و رقیق | 5.15 | (2.12) |

## کارکردگی جائزہ

آپریشنل نتائج بمقابلہ پچھلے سیزن درج ذیل ہیں۔

گذشتہ سیزن کے مقابلے میں کرشنگ سیزن کے آپریٹنگ نتائج کا تذکرہ ذیل میں کیا گیا ہے:

| | سیزن 2020-21 | سیزن 2019-20 |
|---|---|---|
| سیزن کا آغاز | 05 نومبر 2020ء | 21 نومبر 2019ء |
| سیزن کا اختتام | 6 مارچ 2021 | 5 مارچ 2020 |
| کام کا دورانیہ | 122 | 106 |
| گنا کرش کیا گیا (میٹرک ٹن) | 573,858.360 | 524,252.694 |
| پیداوار شوگر کی ریکوری (فیصد) | 9.983 | 9.833 |
| مولاسیس کی ریکوری (فیصد) | 4.942 | 4.559 |
| چینی کی پیداوار (میٹرک ٹن) | 57,294.00 | 51,552.00 |
| مولاسیس کی پیداوار (میٹرک ٹن) | 28,361.00 | 23,900.00 |

کرشنگ سیزن 2020-21ء کا آغاز مورخہ 5 نومبر 2020 اور اختتام مورخہ 6 مارچ 2021ء کو ہوا، اس دوران 573,858.360 میٹرک ٹن گنے کی کرشنگ کی جس سے 57,294 میٹرک ٹن چینی ہیں جو کہ اوسط ریکوری 9.983 فیصد 122 دن میں حاصل ہوا اس کے مقابلے میں پچھلے سیزن 2019-20

# Chairman's Review Report

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present you the review report on the overall performance of the Board and the effectiveness of role played by the Board in the achievement of overall organisational objectives in terms of section 192 of the Company Act 2017.

The Company's financial year 2020-21 started with multiple challenges which were not only related to the financial factors but also the non-financial factors i.e. the outbreak of different variants of corona virus pandemic. Due to prevailing economic downturn which further aggravated due to the corona virus, inconsistent economic policies of Federal Government and the reduction in the overall area cultivated the cost of sugarcane procured increased significantly. Moreover, policy rates were also increased by the State Bank of Pakistan during the accounting year 2020-21 but their slight impact were appeared in the last quarter of the company's operation hence it did not contribute a lot against the company's cause. All these factors contributed in the dilution of profitability.

On the other hand, the prices of sugar have shown an upward trend in the domestic market and that helped the company to cover cost of cane. Similarly, the rate of income tax / minimum tax was also enhanced through the finance act 2020 which also contributed negatively to the overall financial performance of the entity. However, the % increase in sale price of sugar and by products with the overall decrease in finance cost enable your company to achieve decent profit for the year 2020-2021.

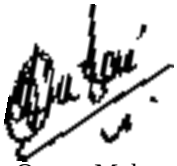
The composition of Board of Director reflects a mix of varied background with rich experience in the field of business to provide strategic guidance and inputs regularly to the company's management.

The Board is assisted by its committees. The Audit committee reviews the financial statements and ensures that the periodic / annual financial statements fairly represent the true financial position of the company. It also ensures the effectiveness of internal control. The HR committee overviews the HR policy framework and recommends selection and compensation of senior management team with a continuous watch on succession planning done by the company.

The Board is also focused on increasing shareholders' value through efficiency enhancement and diversification initiatives and enduring contribution towards development of the farming community.

In the end I would like to acknowledge the immense contribution and commitment of each member of the leadership team and employees of the company, who played a role to ensure the company's continued growth and success.

Thanks and regards



Mrs. Qamar Mubeen Jumani
Chairperson

Place: Karachi
Dated: December 28, 2021

# چیئرمین کا جائزہ

عزیز شیئر ہولڈرز

بورڈ آف ڈائریکٹرز کی طرف سے میں خوشی محسوس کرتے ہوئے میں آپ کو بورڈ کی مجموعی کارکردگی اور کمپنی ایکٹ مجریہ 2017 کے سیکشن 192 کے تحت مجموعی تنظیمی مقاصد کے حصول میں بورڈ کی طرف سے ادا کردہ کردار کی تاثیر پر جائزہ رپورٹ پیش کرتا ہوں۔

کمپنی کو مالی سال 2020-21 مختلف چیلنجز کا سامنا رہا۔ جس کا تعلق نا صرف مالیاتی عوامل سے تھا بلکہ غیر مالیاتی عوامل سے بھی تھا۔ جیسا کے کرونا وائرس کا اپنی مختلف اقسام کے ساتھ ظاہر ہونا۔ موجودہ معاشی بحران جو کرونا وائرس کے پیش نظر مزید بڑھ گیا۔ وفاقی حکومت کی معاشی پالیسوں کا غیر تسلسل شدہ ہونا اور زیر کاشت رقبہ میں کمی جس کی وجہ سے گنے کی قیمت میں بے تحاشا اضافہ۔ مزید یہ کے وفاقی بینک نے معاشی سال 2020-21 میں شرہ سود میں اضافہ کیا جس کا معمولی سا اثر کمپنی کے آخری سہ ماہی میں نمودار ہوا لیکن اس نے پھر بھی کمپنی کے کاز کو بہت متاثر نہیں کیا۔ ان سارے عوامل کی وجہ سے کمپنی کے منافے میں کمی واقع ہوئی۔

دوسری طرف چینی کی قیمتوں میں مقامی منڈیوں میں اضافہ دیکھا گیا۔ جس نے کمپنی کی گنے کی قیمت کو وصول کرنے میں مدد کیا۔ اس طرح انکم ٹیکس کی شرح کم از کم ٹیکس جو فنانس ایکٹ 2020 میں مزید بڑھے ہیں۔ انہوں نے بھی کمپنی کی معالی کارگردگی پر منفی اثرات مرتب کرے اس کے باوجود چینی کی قیمت کے شرح اضافہ اور چینی سے متصل دوسرے اجناس کی قیمت میں شرح اضافہ نے اس کے ساتھ ساتھ مجموعی مالیاتی لاگت کمی نے کمپنی کو اس قابل کرا کر اس نے معالی سال 2020-21 ایک اچھے منافے پر ختم کیا۔

بورڈ آف ڈائریکٹر کی تشکیل کمپنی کے انتظام کو مستقل حکمت عملی اور رہنمائی فراہم کرنے کے لئے کاروبار کے شعبے میں بھرپور تجربہ کے ساتھ مختلف پس منظر کے امتزاج کی عکاسی کرتی ہے۔ بورڈ کو اس کی کمیٹیوں کے ذریعہ مدد ملتی ہے۔ آڈٹ کمیٹی مالی بیانات کا جائزہ لیتی ہے اور یقینی بناتی ہے کہ وقتاً فوقتاً/سالانہ مالی بیانات کمپنی کی حقیقی مالی حیثیت کی منصفانہ نمائندگی کرتے ہیں۔ یہ اندرونی اختیار کی نشاندہی کرتے ہیں۔ HR & Remuneration کمیٹی عمومی جائزہ اس کی پالیسی کی بنیاد پر سینئر مینجمنٹ ٹیم کے معاوضہ کا انتخاب کرتی ہے اور مجموعی طور پر کمپنی کے لئے منصوبے بندی کرتی ہے۔

بورڈ کا شیئر ہولڈرز کے لئے اضافی کے طرف نگاہ مرکوز کرتا رہتا ہے اور کاشتکاری برادری کی ترقی میں پائیدار شراکت کے ذریعہ حصص یافتگان کی قدر بڑھانے پر بھی مرکوز ہے۔ آخر میں ہم تسلیم کرتے ہوئے قابل قدر تمام کارکنان عملے ملازمین اور کمپنی کے ساتھ منسلک افراد جنہوں نے اس مقصد کے حصول کے خاطر ان کی کوششوں کا اعتراف کرتے ہیں۔

شکریہ اور احترام

منزر قمر مبین جمانی (چیئرپرسن)

کراچی بتاریخ 28 دسمبر 2021

# Sugar

Total Sugar Production per million tons has witnessed a 125% increase in 2017-18 as compared to 2009-10 while increase in Sugarcane area per hectores over the same period was 29%.

# Molasses

The Pakistan sugar sector has the capacity to produce over 2.5 million metric tons (MMT) of molasses available for processing into ethanol. To maximize returns, the sugar industry processes molasses to produce anhydrous and hydrous ethanol. Countrywide, nineteen distillery units have an annual ethanol production capacity of over half a million tons.

# Statement of Compliance with Listed Companies

## (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: Khairpur Sugar Mills Limited
Year ended: September 30, 2021

Khairpur Sugar Mills Limited (the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven as per the following:

| | | |
|---|---|---|
| a. | Male: | 5 |
| b. | Female: | 2 |

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

| | |
|---|---|
| Independent Directors | Mr. Asif Khan Brohi<br>Lt. Gen (Rtd). Tahir Mahmud Qazi |
| Non-Executive Directors | Mr. Fahad Mubeen Jumani<br>Mrs. Qamar Mubeen Jumani<br>Miss. Arisha Mubeen Jumani |
| Executive Directors | Mr. Muhammad Mubeen Jumani<br>Mr. Faraz Mubeen Jumani |
| Female Directors | Mrs. Qamar Mubeen Jumani<br>Miss. Arisha Mubeen Jumani |

Fraction (0.33) related to the requirement for number of independent Director is less than 0.5 and therefore, has not been rounded up as one.

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;

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

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

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

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

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9. Out of seven (7) Directors, One (1) Director meets exemption requirement of Director Training {rogram (DTP). One newly appointed Director, and the rest of five (5) Directors shall obtain DTP Certification in due course of time.

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

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

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

a. Audit Committee

| | | |
|---|---|---|
| i | Mr. Asif Khan Brohi | Chairman |
| ii | Lt. Gen Tahir Mahmud Qazi | Member |
| iii | Mrs. Qamar Mubeen Jumani | Member |

b. HR and Remuneration Committee

| | | |
|---|---|---|
| i | Mr. Asif Khan Brohi | Chairman |
| ii | Lt. Gen (Retd) Tahir Mahmud Qazi | Member |
| iii | Mr. Muhammad Mubeen Jumani | 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 per following:

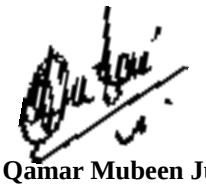
| | |
|---|---|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | One meeting was held during the year |

15. The Board has set up an effective internal audit function who are 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 Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.



**(Mrs. Qamar Mubeen Jumani)**
Chairperson

**Place:** Karachi
**Dated:** December 28, 2021

# Independent Auditor's Review Report

To the Members of Khairpur 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 Khairpur Sugar Mills Limited ("the Company") for the year ended September 30, 2021 in accordance with the requirement of regulation 36 of the Regulation.

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 Regulation 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 transaction by the board of directors upon recommendations 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, 2021.

**Reanda Haroon Zakaria & Company**
Chartered Accountants

**Place:** Karachi
**Dated:** December 28, 2021

# Independent Auditor's Report

## To the Members of Khairpur Sugar Mills Limited on the Audit of tThe Financial Statements

**Opinion**

We have audited the annexed financial statements of Khairpur Sugar Mills Limited which comprise the statement of financial position as at September 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

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

**Following are the key audit matters:**

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| **1. Contingencies** | |
| (Refer to Notes No. 20.1 to the accompanying financial statements).<br><br>Contingencies disclosed in the annexed financial statements relate to various matters including income tax demand of Rs. 3.145 billion, Rs. 3.736 billion, Rs. 3.473 billion and Rs. 3.751 billion tax years 2016, 2017, 2018 and 2019 respectively, which are pending before the appellate authorities and the courts. | Our audit procedures in relation to the matter included:<br><br>Obtained an understanding of the management's processes and controls over contingencies through meetings with the management.<br><br>We obtained and reviewed income tax orders for tax year 2016, 2017, 2018 and 2019 issued and discussed the matter in details with Company external advisor to obtain their views on the legal position of the Company in relation to these orders. |

| | |
|---|---|
| Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.<br><br>Due to the significance of matters involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgements and estimates to assess the same including related financial impacts, we consider contingencies a key audit matter.<br><br>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgements and estimates to assess the same including related financial impacts, we considered this as a key audit matter. | We obtained and reviewed confirmations from the Company's external lawyers and advisors for their views on the legal position of the Company in relation to these contingencies.<br><br>Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures in the financial statements in accordance with the applicable financial reporting standards. |

**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. 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 these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

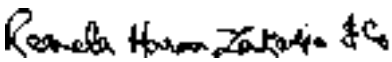
a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Haroon.**



**Reanda Haroon Zakaria & Company**
Chartered Accountants

**Place:** Karachi
**Dated:** December 28, 2021

# Code of Conduct

Management of Khairpur Sugar Mills Limited established the Company on very sound principles and envisioned its development and growth on the basis of making no compromise in any aspects of business practices. Management is guided by the following principles in its pursuit of excellence in all activities for the attainment of the Company's Objectives.

**THE COMPANY**

- Fulfil all statutory requirements of the Regulatory Authority and follow all applicable laws of the country together with compliance of accepted accounting principles, rules and procedures required.
- Deals with all stakeholders in an objective and transparent manner so as to meet the expectations of those who rely on the Company.
- Meet the expectations of the spectrum of the society and the Regulatory Authority by implementing an effective and fair system of financial reporting and internal controls.
- Uses all means to protect the environment and ensures health and safety of the employees.
- Activities and involvement of directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are motivated by the interest of the Company rather than their own.
- Ensures efficient and effective utilization of its resources.

**AS DIRECTORS**

- Promote and develop attractive environment through responsive policies and guidelines to facilitate viable and timely decisions.
- Maintain organizational effectiveness for the achievement of the Company's goals.
- Support and adherence to compliance of legal and industry requirements.
- Safeguard the interest and assets of the Company to meet and honor all obligations of the Company.
- Promote a culture that supports enterprise and innovation with appropriate short term and long term performance related towards that are fair and achievable in motivating management and employees effectively and productively.

**AS EXECUTIVE AND MANAGERS**

- Ensure cost effectiveness and profitability of operations.
- Provide directors and leadership for the organization and take viable and timely decisions.
- Develop and cultivate work ethics and harmony among colleagues and associates.
- Encourage initiatives and self realization in employees through meaningful Empowerment.
- Promote and develop culture of excellence, conservation and continuous improvement.
- Provide pleasant work atmosphere and ensure an equitable way of working and rewarding system.
- Institute commitment of environmental health and safety performance.

**AS EMPLOYEE AND WORKERS**

- Observe Company policies. regulations and codes of Best Business Practices.
- Exercise prudence in effective, efficient and economical utilization of resources of the Company.
- Make concerted struggle for excellence and quality.
- Devote productive time and continued efforts to strength the Company.
- Protect and Safeguard the interest of the Company and avoid the conflict of interest. Ensure the primary interest in all respects is that of the Company.
- Maintain financial integrity and must avoid making personal gain at the Company's cost by participating.

# Green Energy

According to government officials and experts, it could be possible to produce 2000–3000 MW of electricity from local bagasse during the sugarcane crushing season, which normally begins in October and continues for about 120 days. Pakistan could generate 1500 MW of electricity daily by using bagasse once the sugar mills are able to acquire efficient machinery.

# Animal Feed

Animal feed is another source of sugarcane. Molasses is the readily available source of sugar and phosphorus to the animal body. The urea molasses diet can be successfully fed as a sole ration with little protein supplement and forage to growing calves and lactating animals. Sugarcane tops are palatable and cattle can be maintained entirely on them with a little supplement of concentrate mixture or leguminous feeds. Bagasse with High-pressure treatment improves the palatability and digestibility of bagasse. It can be fed up to 4 kg to adult cattle for maintenance after chaffing it.

# Statement Of Financial Position

As At September 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ------- Rupees in thousand ------ | |
| ***ASSETS*** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 4 | 3,255,511 | 2,332,102 |
| Intangible assets | 5 | 5,992 | 6,307 |
| Long term deposits | 6 | 3,232 | 3,979 |
| | | 3,264,735 | 2,342,388 |
| **Current Assets** | | | |
| Stores, spares and loose tools | 7 | 144,468 | 165,071 |
| Stock in trade | 8 | 940,159 | 426,209 |
| Loans and advances | 9 | 532,909 | 453,609 |
| Deposits, prepayments and other receivables | 10 | 231,244 | 226,415 |
| Cash and bank balances | 11 | 92,724 | 50,373 |
| | | 1,941,504 | 1,321,677 |
| **Total Assets** | | 5,206,239 | 3,664,065 |
| ***EQUITY AND LIABILITIES*** | | | |
| **Authorized Capital** | | | |
| 20,000,000 Ordinary shares of Rs. 10 each | | 200,000 | 200,000 |
| **Share capital and reserves** | | | |
| Issued, subscribed and paid up capital | 12 | 160,175 | 160,175 |
| Revenue reserves - accumulated profit | | 153,776 | 140,698 |
| Surplus on revaluation of property, plant and equipment - net | 13 | 1,249,129 | 656,590 |
| **Shareholders' equity** | | 1,563,080 | 957,463 |
| **Non-Current Liabilities** | | | |
| Long term financing | 14 | 949,127 | 824,593 |
| Deferred liabilities | 15 | 274,525 | 59,468 |
| Deferred income | | 9,707 | 9,932 |
| Lease liability | 16 | 1,420 | 7,978 |
| | | 1,234,779 | 901,971 |
| **Current Liabilities** | | | |
| Trade and other payables | 17 | 551,634 | 433,690 |
| Current portion of long term financing | 14 | 69,532 | 39,375 |
| Current portion of lease liability | 16 | 6,558 | 13,333 |
| Short term borrowings | 18 | 1,729,323 | 1,248,043 |
| Accrued markup | | 36,869 | 11,899 |
| Provision for taxation | 19 | 14,464 | 58,291 |
| | | 2,408,380 | 1,804,631 |
| **Contingencies** | 20 | | |
| **Total Equities and Liabilities** | | 5,206,239 | 3,664,065 |

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

*Faraz Mubeen Jumani*
Chief Executive Officer

*Mirza Muhammad Bilal Kamil*
Chief Financial Officer

*Muhammad Mubeen Jumani*
Director

**Place:** Karachi, **Dated:** December 28, 2021

# Statement of Profit or Loss & Other Comprehensive Income

For The Year Ended September 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ------ Rupees in thousand ------ | |
| Sales - net | 21 | 4,589,427 | 4,290,858 |
| Cost of sales | 22 | (3,890,843) | (3,781,737) |
| **Gross profit** | | 698,584 | 509,121 |
| Administrative expenses | 23 | (202,787) | (179,017) |
| Distribution cost | 24 | (14,555) | (15,084) |
| Other incomes | 25 | 2,799 | 27,025 |
| Other operating expenses | 26 | (12,202) | (286) |
| | | (226,745) | (167,362) |
| **Operating profit** | | 471,839 | 341,759 |
| Finance cost | 27 | (293,100) | (336,401) |
| **Profit before taxation** | | 178,739 | 5,358 |
| Taxation | 28 | (96,202) | (39,330) |
| **Profit / (loss) after taxation** | | 82,537 | (33,972) |
| **Other comprehensive income for the year** | | | |
| **(a) Items to be classified subsequently to the statement of profit or loss** | | - | - |
| **(b) Items that will not be reclassified subsequently to the statement of profit or loss** | | | |
| Remeasurement of defined benefit liability - net | | - | 548 |
| | | - | 548 |
| **Total comprehensive income / (loss) for the year** | | 82,537 | (33,424) |
| **Earning / (loss) per share - basic and diluted (Rupees)** | 29 | 5.15 | (2.12) |

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

*Faraz Mubeen Jumani*
Chief Executive Officer

*Mirza Muhammad Bilal Kamil*
Chief Financial Officer

*Muhammad Mubeen Jumani*
Director

**Place:** Karachi, **Dated:** December 28, 2021

# Statement Of Changes in Equity

For The Year Ended September 30, 2021

| | Note | Issued, subscribed & paid-up capital | Revenue reserves - Accumulated profit | Revaluation surplus on property, plant and equipment | Total |
|---|---|---|---|---|---|
| | | Rupees in thousand | | | |
| **Balance as at September 30, 2019** | | 160,175 | 148,329 | 682,383 | 990,887 |
| Loss for the year | | - | (33,972) | - | (33,972) |
| Other comprehensive income | | - | 548 | - | 548 |
| **Total comprehensive income** | | - | (33,424) | - | (33,424) |
| Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax | | - | 25,793 | (25,793) | - |
| **Balance as at September 30, 2020** | | **160,175** | **140,698** | **656,590** | **957,463** |
| Profit for the year | | - | **82,537** | - | **82,537** |
| Revaluation surplus arises during the year - net of tax | | - | - | **617,043** | **617,043** |
| Present value adjustment of long term loan due to modification | 14.1 | - | **(93,963)** | - | **(93,963)** |
| Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax | | - | **24,504** | **(24,504)** | - |
| | | - | **(69,459)** | **592,539** | **523,080** |
| **Balance as at September 30, 2021** | | **160,175** | **153,776** | **1,249,129** | **1,563,080** |

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

*Faraz Mubeen Jumani*
Chief Executive Officer

*Mirza Muhammad Bilal Kamil*
Chief Financial Officer

*Muhammad Mubeen Jumani*
Director

**Place:** Karachi, **Dated:** December 28, 2021

# Statement Of Cash Flows

For The Year Ended September 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ------ Rupees in thousand ------ | |
| **A. CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit before taxation** | | 178,739 | 5,358 |
| **Adjustment for non-cash charges and other items:** | | | |
| Depreciation | | 115,249 | 120,639 |
| Amortization | | 315 | - |
| Provision for Workers' Welfare Fund | | 2,302 | - |
| Provision for Workers' Profit Participation fund | | 9,340 | - |
| Gratuity | | - | 2,742 |
| Finance cost | | 293,100 | 336,401 |
| Gain on disposal | | - | (42) |
| Working capital changes | 30.1 | (471,291) | (23,618) |
| Cash generated from operations | | 127,754 | 441,480 |
| Finance cost paid | | (183,885) | (277,785) |
| Gratuity paid | | (24,133) | (44,608) |
| Income tax paid | | (99,837) | (26,307) |
| Long term deposits - net | | 747 | - |
| **Net cash (used in) / generated from operating activities** | | (179,354) | 92,780 |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure | | (194,573) | (110,200) |
| Capital work-in-progress - net | | (24,024) | (2,742) |
| Proceeds from disposal of fixed assets | | - | 1,200 |
| **Net cash (used in) investing activities** | | (218,597) | (111,742) |
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Market Committee fee | | (4,020) | (4,020) |
| Long term loans - net | | (23,625) | 105,000 |
| Lease rental paid | | (13,333) | (14,867) |
| Short term finance - net | | 481,280 | (97,281) |
| **Net cash generated from / (used in) financing activities** | | 440,302 | (11,168) |
| **Net increase / (decrease) in cash and cash equivalents** | | 42,351 | (30,130) |
| **Cash and cash equivalents at the beginning of the year** | | 50,373 | 80,503 |
| **Cash and cash equivalents at the end of the year** | | 92,724 | 50,373 |

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

*Faraz Mubeen Jumani*
Chief Executive Officer

*Mirza Muhammad Bilal Kamil*
Chief Financial Officer

*Muhammad Mubeen Jumani*
Director

**Place:** Karachi, **Dated:** December 28, 2021

# Notes to the Financial Statements

For The Year Ended September 30, 2021

## 1 LEGAL STATUS AND NATURE OF BUSINESS

Khairpur Sugar Mills Limited (the Company) was incorporated in Pakistan on August 23, 1989 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. The company is principally engaged in the manufacture and sale of sugar and by-products.

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

- The registered office of the Company is situated at 51/2/4, 26th Street, khayaban-e-Janbaz, Clifton, Karachi.
- The manufacturing facilities of the company are situated at Naroo Dhoro, Tando Masti road, Taluka Kot Diji, Khairpur in the province of Sindh.

### 1.1 Impact of Covid-19 on financial statement

In light of ongoing COVID - 19 pandemic, the Company has reviewed its exposure to business risks and has not identified any risks that could materially impact the financial performance or position of the Company. Consequently, there was no significant impact of COVID-19 pandemic on the Company's operations and financial results. In future also, the Company does not foresee any significant adverse impact on its operations and financial results.

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

- International Financial reporting standards (IFRS standards) issued by international Accounting standards Board (IASB) as notified under Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

### 2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed hereafter.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupees which is the functional currency of the company. Figures are rounded off to the nearest thousand rupee.

**2.4 *Significant accounting estimates and judgments***

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

In the process of applying the accounting polices, management has made the following estimates and judgments which are significant to the financial statements:

a) Determining the residual values and useful lives of property, plant and equipments (Note 3.1)
b) Impairment / adjustments of inventories and stores to their net realizable value (Note 3.4 & 3.5)
c) Accounting for staff retirement benefits (Note 3.9)
d) Recognition of taxation and deferred tax ( Note 3.10) and
e) Impairment of assets (Note 3.15.5 & 3.17)

**2.5 *Standards, interpretations and amendments to approved accounting standards***

**2.5.1 *Amendments to published accounting and reporting standards which are effective for the year ended September 30, 2021***

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

**2.5.2 *Amendments to published accounting and reporting standards which are not yet effective.***

| | | *Effective date (annual reporting periods beginning on or after)* |
|---|---|---|
| - IAS 1 | Presentation of financial statements (Amendments) | January 1, 2023 |
| - IAS 8 | Accounting policies, changes in accounting estimates and errors (Amendments) | January 1, 2023 |
| - IAS 12 | Income Taxes (Amendments) | January 1, 2023 |
| - IAS 16 | Property, Plant and Equipment (Amendments) | January 1, 2022 |
| - IAS 37 | Provisions, Contingent Liabilities and Contingent Assets (Amendments) | January 1, 2022 |
| - IFRS 3 | Business Combinations (Amendments) | January 1, 2022 |
| - IFRS 7 | Financial Instruments: Disclosures (Amendments) | January 1, 2021 |
| - IFRS 9 | Financial Instruments (Amendments) | January 1, 2021 |
| - IFRS 16 | Amendment in 'LEASES' to provide practical relief for lessee in accounting for rent concession | January 1, 2021 |
| - IFRS 9, 7, 4, 16 and IAS 39 | Interest Rate Benchmark Reform - Phase 2 (Amendment) | January 1, 2021 |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property, plant and equipment

***Fixed assets - Owned***

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land, building, plant and machinery. Land is stated at revalued amount less impairment losses, if any. Building and plant & machinery are stated at revalued amount less accumulated depreciation and impairment losses, if any. Depreciation on fixed assets is charged to statement of profit or loss by applying reducing balance method at the rates specified in the relevant note.

Monthly depreciation is charged on the assets acquired during the month, whereas, no depreciation is charged from the month of disposal.

Normal repairs and maintenance are charged to statement of profit or losss as and when incurred. Major renewals and improvements are capitalized.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Gain/ loss on disposal of fixed assets are recognized in the statement of profit or loss.

***Right of use asset***

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated at the rates and basis applied to the company's owned assets over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

***Lease Liabilities***

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

### 3.2 Capital work in progress

Capital work-in-progress is stated at cost accumulated up to the statement of financial position date less impairment if any. Transfer are made to relevant property, plant and equipment category as and when assets are available for their intended use.

### 3.3 Intangible Assets

An intangible asset is recognized as an assets if it is probable that economic benefits attributable to the assets will flow to the company and cost of the assets can be measured reliably.

# Notes to the Financial Statements

For The Year Ended September 30, 2021

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company.

An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss account when the asset is derecognized.

### *3.4 Stores and Spares*

These are valued at lower of the moving average cost or net realizable value. Net realizable value comprise of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale. Provision is made for items considered obsolete and slow moving. Items in transit are valued at cost comprising invoice price and other charges paid thereon.

Major stores and spare parts qualify for recognition as property, plant and equipment when the Company expects to use these for more than one year. Transfer are made to relevant operating fixed assets category as and when such items are issued for use.

Major stores and spare parts are valued at cost less accumulated impairment, if any.

### *3.5 Stock in trade*

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

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

Net realizable value comprises of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale.

### *3.6 Trade debts*

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss (ECL).

# Notes to the Financial Statements

For The Year Ended September 30, 2021

### 3.7 *Loans, advances, deposits and prepayments*

These are stated at their fair values net of allowance for uncollectable amounts (if any).

### 3.8 *Trade and other payables*

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

### 3.9 *Employee benefits*

#### a) *Defined contribution plan*

The Company operates a recognised provident fund for all its eligible employees. Equal contributions are made, both by the Company and the employees, to the fund at the rate of 8.33% of the basic salary. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

#### b) *Defined benefit plan*

The Company used to operate an unapproved gratuity scheme (defined benefit plan) for its employees. The Company has discontinued its present gratuity scheme.

### 3.10 *Taxation*

***Current***

Provision for current taxation is determined in accordance with provision of Income Tax Ordinance, 2001.

***Deferred***

Deferred tax is recognized using the statement of financial position liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are excepted to apply to the period when the assets is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the statement of financial position date.

### 3.11 *Provisions*

A provision is recognized when the Company has an obligation (legal or constructive), 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 the obligation.

# Notes to the Financial Statements

For The Year Ended September 30, 2021

### 3.12 *Revenue recognition*

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is reduced for the allowances such as taxes, duties, commissions, sales returns and trade discounts. The following recognition criteria must be met before revenue is recognized:

- Revenue from sale of goods is recognized when or as control of goods has been transferred to buyer and performance obligation is met.
- Return on bank deposits is recognized on accrual basis..
- Miscellaneous income is recognized when performancem obligation is met.

### 3.13 *Cash and cash equivalents*

For the purpose of cash flow statement, these include cash in hand and balances at bank.

### 3.14 *Borrowing Cost*

These are incurred on short term borrowings and are charged to profit or loss account in the year in which it is incurred except to the extend of borrowing costs that are directly attributable to the acquisition, contribution and commissioning of a qualify asset which are capitalized.

### 3.15 *Financial Instruments*

### 3.15.1 *Initial Recognition*

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost as the case may be.

### 3.15.2 *Classification of financial assets*

The Company classifies its financial instruments in the following categories:

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

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

***Financial assets at amortized cost***

Financial assets that meet the following conditions are subsequently measured at amortized cost:

*a)* the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

*b)* the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at fair value through OCI***

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

*a)* the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

*b)* the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

***Financial assets at fair value through P&L***

A financial asset is measured at fair value through P&L unless it is measured at amortized or at fair value through OCI.

### *3.15.3 Financial liabilities*

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

### *3.15.4 Subsequent measurement*

***Financial assets at FVTOCI***

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Investments in un-quoted equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value. However, in limited circumstances, where there is insufficient recent information is available or where there is wide range of possible fair value measurements, the cost may be an appropriate estimate of fair value.

***Financial assets and liabilities at amortized cost***

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

***Financial assets and liabilities at FVTPL***

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

***3.15.5 Impairment of financial assets at amortized cost***

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

***3.15.6 Derecognition***

***Financial assets***

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

***Financial liabilities***

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

***3.15.7 Offsetting of financial assets and financial liabilities***

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

***3.16 Translation of foreign***

Transaction in foreign currencies are recorded into rupees at the rates approximating those prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in rupees using the exchange rates approximating those prevailing on the statement of financial position date. Exchange differences are included in income currently.

# Notes to the Financial Statements

For The Year Ended September 30, 2021

### 3.17 *Impairment*

***Non-financial assets***

The Company assesses at each statement of financial position date whether there is any indication that assets, may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss account. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

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

### 3.18 *Earnings per share*

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

### 3.19 *Government Grant*

The benefit of Central Bank loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Grant is recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the term of loan in which the Company recognises the related finance cost.

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Rupees in thousand | |
| **4 PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets - tangible | 4.1 | **3,207,084** | 2,278,461 |
| Capital work in progress | 4.2 | **48,427** | 24,403 |
| Advance against purchase of fixed assets | | - | 29,238 |
| | | **3,255,511** | 2,332,102 |

**4.1 Operating fixed assets - tangible**

| | Owned | | | | | | Right to use | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold land | Building on freehold land | Plant & machinery | Furniture & fittings | Office equipment | Factory equipment | Vehicles | Plant & machinery | Office Premises | Vehicle | Total |
| | Rupees in thousand | | | | | | | | | | |
| **Net book values** | 180,000 | 346,493 | 1,682,284 | 517 | 14,533 | 1,951 | 17,546 | 22,950 | - | - | 2,266,294 |
| **For the year ended Sep 30, 2020** | | | | | | | | | | | |
| Additions during the year | - | - | 106,469 | 198 | 3,527 | - | 8 | - | 4,098 | 19,665 | 133,965 |
| **Disposal** | | | | | | | | | | | |
| Cost | - | - | - | - | - | - | 2600 | - | - | - | 2,600 |
| Accumulated Depreciation | - | - | - | - | - | - | (1,442) | - | - | - | (1,442) |
| | - | - | - | - | - | - | 1,158 | - | - | - | 1,158 |
| Revaluation surplus during the year | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation for the year | - | (17,325) | (87,217) | (69) | (1,735) | (195) | (3,381) | (1,148) | (4,098) | (5,472) | (120,639) |
| **Net book values** | 180,000 | 329,168 | 1,701,536 | 666 | 16,325 | 1,756 | 13,015 | 21,802 | - | 14,193 | 2,278,461 |
| **For the year ended Sep 30, 2021** | | | | | | | | | | | |
| Additions during the year | - | **5,175** | **201,014** | **3,145** | **12,117** | **2,045** | **315** | - | - | - | **223,811** |
| Revaluation surplus during the year | **120,000** | **104,885** | **595,976** | - | - | - | - | - | - | - | **820,861** |
| Depreciation for the year | - | **(16,528)** | **(90,002)** | **(120)** | **(2,392)** | **(269)** | **(2,648)** | **(1,090)** | - | **(1,608)** | **(115,249)** |
| **Net book values** | **300,000** | **421,500** | **2,407,924** | **3,691** | **26,050** | **3,532** | **10,698** | **20,712** | - | **12,585** | **3,207,084** |
| **As at September 30, 2020** | | | | | | | | | | | |
| Cost or revaluation | 180,000 | 379,909 | 2,044,120 | 4,519 | 26,145 | 7,981 | 43,279 | 25,430 | 4,098 | 19,665 | 2,735,146 |
| Accumulated depreciation | - | (50,741) | (342,584) | (3,853) | (9,820) | (6,225) | (30,264) | (3,628) | (4,098) | (5,472) | (456,684) |
| **Net book values** | 180,000 | 329,168 | 1,701,536 | 666 | 16,325 | 1,756 | 13,015 | 21,802 | - | 14,193 | 2,278,461 |
| **As at September 30, 2021** | | | | | | | | | | | |
| Cost or revaluation | **300,000** | **489,169** | **2,841,110** | **7,664** | **38,262** | **10,026** | **43,594** | **25,430** | **4,098** | **19,665** | **3,779,018** |
| Accumulated depreciation | - | **(67,269)** | **(433,186)** | **(3,973)** | **(12,212)** | **(6,494)** | **(32,904)** | **(4,718)** | **(4,098)** | **(7,080)** | **(571,933)** |
| **Net book values** | **300,000** | **421,900** | **2,407,924** | **3,691** | **26,050** | **3,532** | **10,698** | **20,712** | - | **12,585** | **3,207,084** |
| | **0%** | **5%** | **5%** | **10%** | **10%** | **10%** | **20%** | **5%** | | **20%** | |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Rupees in thousand | |
| ***4.1.1 Depreciation charge for the year has been allocated as follows:*** | | | |
| Cost of sales | 22 | **108,489** | 109,983 |
| Administration expense | 23 | **6,760** | 10,656 |
| | | **115,249** | 120,639 |

***4.1.2*** Had the Free hold land, Factory building on free hold land, and plant and machinery not been revalued, the total carrying values as at September 30, would have been as follows;

| | 2021 | 2020 |
|---|---|---|
| | Rupees in thousand | |
| Free hold land | **11,831** | 11,831 |
| Factory building on free hold land | **175,030** | 178,868 |
| Plant and machinery | **1,290,051** | 1,152,171 |
| | **1,476,912** | 1,342,869 |

***4.1.3*** The forced sale value of Free Hold Land, Factory Building, and Plant and Machinery is assessed at Rs.240.000, Rs.337.520 and Rs.1,926.339 million respectively.

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Rupees in thousand | |
| ***4.2 Capital work in progress*** | | | |
| Civil works | | **7,247** | 9,050 |
| Plant and machinery | | **41,180** | 15,353 |
| | | **48,427** | 24,403 |
| ***5 INTANGIBLE ASSETS*** | | | |
| Software | 5.1 | **5,992** | 6,307 |
| ***5.1 Software*** | | | |
| Opening | | **6,307** | 6,307 |
| Amortization | | **(315)** | - |
| | | **5,992** | 6,307 |
| ***6 LONG TERM DEPOSITS*** | | | |
| Deposits against right of use asset | | **2,422** | 2,422 |
| Other deposits | | **810** | 1,557 |
| | | **3,232** | 3,979 |
| ***7 STORES, SPARES AND LOOSE TOOLS*** | | | |
| Stores, spares and loose tools | | **155,247** | 175,850 |
| Provision for slow moving and obsolete items | 7.1 | **(10,779)** | (10,779) |
| | | **144,468** | 165,071 |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | | 2021 | 2020 |
|---|---|---|---|
| | | ------- Rupees in thousand ------- | |
| **7.1** | ***Movement in provision for slow moving items and obsolescence during the year is as follows*** | | |
| | Balance at beginning of the year | (10,779) | (10,779) |
| | Provision made during the year | - | - |
| | Balance at end of the year | (10,779) | (10,779) |

**7.2** Most items of the stores and spares are interchangeable in nature and can be used as machine spares or consumed as stores.

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ------- Rupees in thousand ------- | |
| **8** | ***STOCK IN TRADE*** | | |
| | ***Finished goods*** | | |
| | - Sugar | 886,648 | 392,872 |
| | - Bagasse | 52,660 | 32,004 |
| | 8.1 | 939,308 | 424,876 |
| | Work in process | 851 | 1,333 |
| | | 940,159 | 426,209 |

**8.1** Inventory having carrying value of Rs. 644.3 (2020 : Rs. 388.3) million has been pledged against bank financing.

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ------- Rupees in thousand ------- | |
| **9** | ***LOANS AND ADVANCES*** | | |
| | ***Advances*** | | |
| | - to growers | 9.1 164,656 | 178,686 |
| | - to suppliers | 9.2 329,342 | 239,312 |
| | - for expenses - considered good | 25,930 | 26,008 |
| | - to staff | 9.3 12,981 | 9,603 |
| | | 532,909 | 453,609 |
| **9.1** | ***Advances to growers*** | | |
| | Considered good | 164,656 | 178,686 |
| | Considered bad | 1,428 | 1,428 |
| | | 166,084 | 180,114 |
| | Provision for doubtful advances | (1,428) | (1,428) |
| | | 164,656 | 178,686 |
| **9.2** | ***Advances to suppliers*** | | |
| | Considered good | 329,342 | 239,312 |
| | Considered bad | 6,294 | 6,294 |
| | | 335,636 | 245,606 |
| | Provision for doubtful advances | (6,294) | (6,294) |
| | | 329,342 | 239,312 |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Rupees in thousand | |
| **9.3 Advances to staff** | | | |
| Considered good | | 12,981 | 9,603 |
| Considered bad | | 367 | 367 |
| | | 13,348 | 9,970 |
| Provision for doubtful advances | | (367) | (367) |
| | | 12,981 | 9,603 |

## 10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Rupees in thousand | |
| Deposits | 10.1 | 5,702 | 5,841 |
| Prepayments | | 15,828 | 9,016 |
| Other receivables | | 7,518 | 9,362 |
| Freight subsidy | 10.2 | 202,196 | 202,196 |
| | | 231,244 | 226,415 |

**10.1** In the year ended September 30, 2008, the company has paid Rs.5.220 million as performance money in relation to its agreement with Trading Corporation of Pakistan (TCP) for the purchase of 5,000 M. Tons sugar the season 2007-2008 at a price of Rs. 20,880 per metric ton. Due to non-performance of obligation by Trading Corporation of Pakistan, the company has withdrawn from the agreement but performance money is not refunded by TCP. The case has been decided in favour of TCP during the year and company has filed review appeal in the Honorable Sindh High Court.

**10.2** This includes Rs. 202.196 (2020 : Rs.202.196) million receivable against the cash freight subsidy related to sugar exports made during the financial year 2018 from Federal Government and the Government of Sindh.

The company with other sugar mills of Sindh have filed the petition before Honorable Sindh High Court regarding the outstanding portion of freight support subsidy payable by the Government of Sindh (GOS). The company have exported 25,948 MT of sugar during the crushing season 2017-18, and amount of Rs. 188.271 million are receivable from GOS as freight support subsidy till date. The company's lawyer is optimistic about the outcome of suit in favor of company.

## 11 CASH AND BANK BALANCES

| | 2021 | 2020 |
|---|---|---|
| | Rupees in thousand | |
| Cash in hand | 217 | 588 |
| Cash at banks - in current account | 92,507 | 49,785 |
| | 92,724 | 50,373 |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

## 12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| 2021 | 2020 | | Note | 2021 | 2020 |
|---|---|---|---|---|---|
| Number of Shares | | | | Rupees in thousand | |
| 16,017,500 | 16,017,500 | Ordinary shares of Rs.10 each fully paid in cash | 12.1 | 160,175 | 160,175 |

**12.1** This include 12.057 million (2020 : 12.057 million) ordinary shares of Rs. 10 each held by the directors and related parties.

| | 2021 | 2020 |
|---|---|---|
| | Rupees in thousand | |
| **13 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET** | | |
| **Revaluation surplus** | | |
| Balance as at October 01 | 858,429 | 894,758 |
| Add: Surplus arises during the year | 820,061 | - |
| Less : Transferred to unappropriated profit in respect of incremental depreciation charged during the year | (34,513) | (36,329) |
| | 1,643,977 | 858,429 |
| **Related deferred tax liability** | | |
| Balance as at October 01 | (201,839) | (212,375) |
| Increase in revaluation surplus during the year | (203,018) | - |
| Deferred tax on incremental depreciation charged during the year | 10,009 | 10,536 |
| | (394,848) | (201,839) |
| | 1,249,129 | 656,590 |

**13.1** During the year, the Company has carried out revaluation of freehold land, factory building and plant & machinery by independent valuer M/s. Oceanic Surveyors (Pvt.) Limited as at September 30, 2021 which resulted in revaluation surplus by Rs. 820.061 million. The basis of valuation is assessed / evaluated at market value.

Previously revaluations are summarised below:

| Date of Revaluation | Revaluer Name | Revaluation surplus/(deficit) in million |
|---|---|---|
| January 16, 2019 | M/s. Oceanic Surveyors (Pvt.) Limited | 569.968 |
| January 25, 2016 | M/s. Amir Evaluations & Consultants | (44.962) |
| March 29, 2013 | M/s. Consultancy Support & Services (Management Consultants) | 125.753 |
| December 13, 2007 | M/s. Consultancy Support & Services (Management Consultants) | 201.386 |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Rupees in thousand | |
| **14 LONG TERM FINANCING** | | | |
| Loan from related parties | 14.1 | 946,992 | 768,900 |
| SBP payroll refinancing | 14.2 | 2,135 | 55,693 |
| | | 949,127 | 824,593 |
| ***14.1 Loan from related parties*** | | | |
| ***- Directors*** | | | |
| Original value of loan | | 1,140,657 | 1,140,657 |
| Less: Present value adjustment | 14.1.1 | (277,794) | (466,479) |
| Add: Interest charged to profit and loss account to date | | 84,129 | 94,722 |
| | | 946,992 | 768,900 |
| ***Present value adjustment*** | | | |
| Opening balance | | 466,479 | 531,583 |
| Present value adjustment of long term loan due to modification in interest rate | | (93,963) | - |
| Transferred to profit or loss in previous years | | (94,722) | (65,104) |
| | | 277,794 | 466,479 |

***14.1.1*** These loans have been obtained from directors and is unsecured. In accordance with IFRS 9: Financial Instruments, these loans have been measured at amortized cost calculated at average one year kibor rate.

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Rupees in thousand | |
| ***14.2 Payroll Financing*** | | | |
| Opening | | 105,000 | - |
| Addition | | 21,000 | 105,000 |
| Repayment of loan | | (44,625) | - |
| Present value adjustment | | (14,005) | (11,541) |
| | | 67,370 | 93,459 |
| Current portion | | (69,532) | (39,375) |
| Deferred grant | | 4,297 | 1,609 |
| | | 2,135 | 55,693 |
| **15 DEFERRED LIABILITIES** | | | |
| Staff retirement gratuity | 15.1 | - | 24,133 |
| Deferred tax liability | 15.2 | 264,476 | 21,266 |
| Market Committee fee | 15.3 | 14,069 | 18,089 |
| Less: Current portion | | (4,020) | (4,020) |
| | | 10,049 | 14,069 |
| | | 274,525 | 59,468 |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Rupees in thousand | |
| ***15.1 Staff retirement benefits*** | | | |
| **Movement in defined obligation Present value of defined benefit obligation** | | | |
| At beginning of the year | | **24,133** | 66,547 |
| Charge for the year | 15.1.1 | **-** | 2,742 |
| Other Comprehensive income | | **-** | (548) |
| Benefit paid during the year | | **(24,133)** | (44,608) |
| At the end of year | | **-** | 24,133 |
| ***15.1.1 Charge for the year*** | | | |
| Interest cost | | **-** | 2,742 |

***15.1.2*** During the year, the company has updated the assumptions related to interest rates due to change in circumstances.

| | 2021 | 2020 |
|---|---|---|
| Discount rate used for interest cost in P&L charge | - | 12.50% |
| Discount rate for year end obligation | - | 9.75% |
| Expected rate of increase in salary | - | N/A |
| Mortality rates | - | N/A |
| Retirement Assumption | - | Age 60 |

| | 2021 | 2020 |
|---|---|---|
| | Rupees in thousand | |
| ***15.2 Deferred tax liability*** | | |
| **Deductible temporary differences:** | | |
| Tax losses | **236,853** | 326,889 |
| Minimum tax credit | **220,526** | 208,665 |
| Provision for gratuity | **-** | 6,332 |
| Provision for stores, loans and advances | **4,824** | 4,950 |
| | **462,203** | 546,836 |
| **Taxable temporary differences:** | | |
| Accelerated depreciation | **(280,960)** | (237,123) |
| Surplus on revaluation | **(394,848)** | (201,839) |
| | **(675,808)** | (438,962) |
| Unrecognized deferred tax asset | **(50,871)** | (129,140) |
| **Deferred tax liability** | **(264,476)** | (21,266) |

***15.2.1*** The deferred tax asset of Rs. 50.871 million (2020 : Rs.129.140 million) has not been recognised owing to uncertainty regarding future profitability against which deferred tax asset could be set off.

### 15.3 *Market committee fee payable*

In the year ended 30 September 2015, the Company has settled the petition filed before the Honorable High Court of Sindh against Market Committee, Kotdegi for payment of Market Committee fee for pending years from 2003-2004 to 2014-2015. As per agreed terms, the Company is liable to pay Rs. 40.199 million in 20 installments.

## 16 *LEASE LIABILITY*

In 2018, the Company entered into lease agreement with leasing company to acquire plant and machinery. The purchase option is available to the Company after payment of the last installment and on surrender of deposit at the end of the lease period. Taxes, repairs and maintenance, insurance and other costs relating to the leased assets are to be borne by the Company. The implicit rate of return on lease finance is 16.36% per annum.

Set out below the carrying amount of lease liabilities and the movements during the year:

| | *2021* | *2020* |
|---|---|---|
| | *Rupees in thousand* | |
| **As at October 01** | **21,311** | 12,415 |
| Additions | - | 23,763 |
| Interest expense | **2,262** | 3,948 |
| Payments | **(15,595)** | (18,815) |
| **As at September 30** | **7,978** | 21,311 |
| Current | **6,558** | 13,333 |
| Non-current | **1,420** | 7,978 |
| | **7,978** | 21,311 |

### 16.1 *Lease liabilities are payable as follows:*

| | | |
|---|---|---|
| **Minimum lease payment** | | |
| Upto one year | **7,141** | 15,595 |
| More than one year but less than five years | **1,519** | 8,660 |
| | **8,660** | 24,255 |
| **Financial charges** | | |
| Upto one year | **583** | 2,262 |
| More than one year but less than five years | **99** | 682 |
| | **682** | 2,944 |
| **Present value of minimum lease payments** | | |
| Upto one year | **6,558** | 13,333 |
| More than one year but less than five years | **1,420** | 7,978 |
| | **7,978** | 21,311 |
| Current maturity shown under current liabilities | **(6,558)** | (13,333) |
| | **1,420** | 7,978 |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Rupees in thousand | |
| **17 TRADE AND OTHER PAYABLES** | | | |
| Creditors | | 123,499 | 35,500 |
| Accrued liabilities | | 8,778 | 16,491 |
| Market committee fee payable | | 14,535 | 10,631 |
| Advance from customers | | 178,351 | 115,284 |
| Unclaimed gratuity | | 14,341 | 14,341 |
| Sales tax payables | | 52,302 | 61,107 |
| Workers' Profit Participation Fund | 17.1 | 10,399 | 941 |
| Workers' Welfare Fund | 17.2 | 11,500 | 9,199 |
| Income tax payable | | 2,586 | 2,398 |
| Other payables - Related Parties | 17.3 | 135,343 | 167,798 |
| | | 551,634 | 433,690 |

### 17.1 Workers' Profit Participation Fund

| | | |
|---|---|---|
| Balance at 01 October | 941 | 840 |
| Interest on funds utilized in the Company's business | 118 | 101 |
| Charge for the year | 9,340 | - |
| | 10,399 | 941 |

The Company retains the allocation to this fund for its business operations till the amounts are paid together with interest at prescribed rate under the Act.

| | 2021 | 2020 |
|---|---|---|
| | Rupees in thousand | |

### 17.2 Workers' Welfare Fund

| | | |
|---|---|---|
| Balance at 01 October | 9,199 | 9,199 |
| Charge for the year | 2,302 | - |
| | 11,501 | 9,199 |

### 17.3 Other payables - Related Parties

This represents unsecured and interest free loan obtained from associated company and payable on demand.

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Rupees in thousand | |
| **18 SHORT TERM BORROWINGS** | | | |
| ***- From Banking Companies*** | | | |
| ***Secured*** | | | |
| Cash finance | 18.1 | 1,444,300 | 1,188,300 |
| ***- From Related parties*** | | | |
| ***Unsecured*** | | | |
| from directors | 18.2 | 2,373 | 59,743 |
| from associate | 18.3 | 282,650 | - |
| | | 1,729,323 | 1,248,043 |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

**18.1** This represents roll over secured cash financing facilities from banking companies. These facilities carries mark-up at 3 Month KIBOR + 2.5% to 4% (2020 : 3 Month KIBOR + 2.5% to 4%) per annum respectively. The facilities are secured against pledge of sugar stock of the Company, first equitable mortgage over land and property of associated company and personal guarantees of all directors of the Company and subordination.

| Nature of Facility | Available Limits | | Unavailed Limits | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Rupees in million | | | |
| Running Finance | 2,200 | 2,200 | 756 | 1,012 |
| Fleet Finance | 10.75 | 17 | 6.36 | 5.61 |
| LC at sight | 62 | - | 62 | - |

**18.2** This represents loan from directors which is unsecured and interest free and payable on demand.

**18.3** This represents loan from associate which is unsecured and carries markup at 1 Year KIBOR.

| | 2021 | 2020 |
|---|---|---|
| | Rupees in thousand | |
| **19 PROVISION FOR TAXATION** | | |
| Opening balance | 58,291 | 22,280 |
| Provision for the year | 56,010 | 62,318 |
| | 114,301 | 84,598 |
| Income tax paid / deducted during the year | (99,837) | (26,307) |
| Tax payable | 14,464 | 58,291 |

## 20 CONTINGENCIES

**20.1** During the year Income tax audit for the tax years 2016, 2017, 2018 and 2019 have been finalized by the Inland Revenue Department. Inland Revenue Department raised the demand of Rs.3.145 billion for tax year 2016, Rs.3.736 billion for tax year 2017, Rs. 3.473 billion for tax year 2018 and Rs.3.751 billion for tax year 2019.

The Company has filed appeal against above orders before the Commissioner Inland Revenue (Appeals) but no order has yet been passed. The Comapny also filed constitutional petition before honorable High Court of Sindh (SHC) for stay against recovery of tax demands which has been granted by honorable SHC. The Company's Tax advisor is of the view that ultimate outcome will be in the favor of the Company in the appellate forum. Hence no provision has been made in the financial statements.

**20.2** The Company has filed three petitions against the impugned contribution amount of totalling Rs.8.37 million against Social Security, Sukkur Directorate and Sindh Employees Social Security Institution, Karachi. If these cases are allowed against the company, then the company has to pay a sum of Rs.8.37 million.

The Company expects favourable outcome of these cases, hence no provision has been made in these financial statements.

# Notes to the Financial Statements

For The Year Ended September 30, 2021

**20.3** A show cause notice has been served by the Collectorate of Customs, Sales Tax and Central Excise regarding non-payment / charging of further tax to unregistered persons on sales made in the month of December 2000, January 2001 and May 2001 amounting to Rs.2.318 million and order against the company has been obtained by the Collectorate. The company has challenged that Order dated December 25, 2008 in the High Court of Sindh. In current year, The Hon'ble High Court of Sindh has decided the case in favour of company, the department has filed the appeal in the Hon'ble Supreme Court of Pakistan.

**20.4** During the year 2009-10, the Company along with other sugar mills filed a Constitutional petition before the Honorable High Court of Sindh against Pakistan Standards and Quality Controls Authority - PSQCA challenging the notification issued in respect of registration of the standard mark for refined sugar manufactured and sold by the Company and levy of marking fee at the rate of 0.1 % of ex-factory price of sugar sold with effect from January 01, 2009.

The Honorable High Court of Sindh decided the case in favour of Company. Against the said order, PSQCA filed an appeal before the Honorable Supreme Court of Pakistan. The Honorable Supreme Court of Pakistan passed the interim order against PSQCA restraining from demanding any marks or licensing fee from the sugar mills till further order.

The Company is of the view that the demand raised is without any lawful authority and is in violation of the Constitution, hence , no provision is made in this regard.

**20.5** In financial year 2019, various growers have filed constitutional petition in Sindh High Court (SHC) against sugar mills in the province of Sindh for non-compliance of the judgment of the Supreme Court relating to quality premium to sugarcane growers. Subsequent to the year end, the SHC has directed the provincial cane commissioner to determine the sucrose recovery rate for the crushing seasons of the last 20 years to determine quality premium payable by sugar mills in the province. Since the matter is subject to determination of sucrose recovery rate by the cane commissioner, the expected liability in respect of quality premium (if any) can not be determined at this stage as the rate is not yet determined by the cane commissioner till the date of the authorization of these financial statements. Therefore, no provision has been made in the financial statements.

**20.6** In financial year 2019, the company has filed an appeal with CIR (appeals) Sukkur against order passed u/s 161 of Income Tax Ordinance, 2001 raising a disputed demand of Rs. 3.414 million. The said appeal is pending but management & legal advisor are expecting a favorable outcome. Hence, no provision is made in this regard.

| | 2021 | 2020 |
|---|---|---|
| | Rupees in thousand | |
| **21 SALES - NET** | | |
| Sugar - local | 4,585,707 | 4,532,116 |
| Sale of by-products | 588,007 | 412,643 |
| | 5,173,714 | 4,944,759 |
| Sales tax | (584,287) | (653,901) |
| | 4,589,427 | 4,290,858 |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| **22 COST OF SALES** | | ------- Rupees in thousand ------- | |
| Raw material consumed | | 3,972,065 | 2,983,676 |
| Stores and spares consumed | | 48,807 | 34,681 |
| Packing material consumed | | 33,333 | 30,399 |
| Salaries and wages | 22.1 | 131,927 | 121,699 |
| Power and fuel | | 36,564 | 29,199 |
| Freight and handling | | 3,812 | 2,998 |
| Wastage removing and cane feeding | | 7,418 | 6,923 |
| Repair and maintenance | | 39,826 | 16,675 |
| Printing and stationery | | 3,246 | 1,028 |
| Vehicle running expenses | | 10,593 | 11,264 |
| Insurance | | 8,713 | 5,156 |
| Depreciation | 4.1.1 | 108,489 | 109,983 |
| **Manufacturing expenses** | | 4,404,793 | 3,353,681 |
| Opening stock of work in process | | 1,333 | 985 |
| Closing stock of work in process | | (851) | (1,333) |
| | | 482 | (348) |
| **Cost of goods manufactured** | | 4,405,275 | 3,353,333 |
| Opening stock of finished goods | | 424,876 | 853,280 |
| Closing stock of finished goods | | (939,308) | (424,876) |
| | | (514,432) | 428,404 |
| | | 3,890,843 | 3,781,737 |

*22.1* These include an amount of Rs. 3.764 million (2020 : Rs. 5.188) million in respect of staff retirement benefits.

| | Note | 2021 | 2020 |
|---|---|---|---|
| **23 ADMINISTRATIVE EXPENSES** | | ------- Rupees in thousand ------- | |
| Salaries and other benefit | 23.1 | 134,467 | 115,388 |
| Communication expenses | | 3,688 | 3,215 |
| Repair and maintenance | | 5,711 | 3,316 |
| Traveling and conveyance | | 8,392 | 12,703 |
| Electricity and gas | | 8,679 | 8,270 |
| Legal and professional charges | | 8,671 | 5,285 |
| Fees and subscription | | 7,686 | 2,679 |
| Rent, rates and taxes | | 6,062 | 41 |
| Printing and stationery | | 1,098 | 1,426 |
| Entertainment | | 2,320 | 6,020 |
| Insurance | | 4,643 | 3,438 |
| Auditors' remuneration | 23.2 | 1,136 | 996 |
| Security expenses | | 942 | 1,396 |
| General expenses | | 2,217 | 4,188 |
| Amotization | | 315 | - |
| Depreciation | 4.1.1 | 6,760 | 10,656 |
| | | 202,787 | 179,017 |

*23.1* These include an amount of Rs. 0.947 million (2020 : Rs. 1.974) million in respect of staff retirement benefits.

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Rupees in thousand | |
| **23.2 Auditors' remuneration** | | | |
| Statutory audit | | 805 | 732 |
| Half yearly review | | 146 | 133 |
| Review report on code of corporate governance | | 82 | 74 |
| Other certifications | | 47 | 20 |
| Out of pocket expenses | | 56 | 37 |
| | | 1,136 | 996 |
| **24 DISTRIBUTION COST** | | | |
| Export expenses | | - | 999 |
| Loading and unloading | | 11,349 | 12,698 |
| Advertisement and publicity | | 673 | 189 |
| Miscellaneous | | 2,533 | 1,198 |
| | | 14,555 | 15,084 |
| **25 OTHER INCOMES** | | | |
| **Income from non-financial assets** | | | |
| Insurance claim | | 12 | 313 |
| Gain on disposal of asset | | - | 42 |
| Scrap sales | | 99 | 25,061 |
| Unwinding of defered grant | | 2,688 | 1,609 |
| | | 2,799 | 27,025 |
| **26 OTHER OPERATING EXPENSES** | | | |
| Workers' Profit Participation Fund | | 9,340 | - |
| Workers' Welfare Fund | | 2,302 | - |
| Charity and donation | 26.1 | 428 | 286 |
| Other operating expenses | | 132 | - |
| | | 12,202 | 286 |

**26.1** No donation was paid to any person or institution in which director or his spouse is interested.

| | 2021 | 2020 |
|---|---|---|
| | Rupees in thousand | |
| **27 FINANCE COST** | | |
| Amortization of long term loan from directors | 84,129 | 94,722 |
| Mark-up on cash finance | 176,178 | 234,090 |
| Lease finance charges | 614 | 1,637 |
| Mark-up on payroll finance | 6,468 | 2,397 |
| Markup on short term finance - RP | 23,385 | - |
| Finance cost on lease liability | 1,607 | 2,496 |
| Interest on Workers' Profit Participation Fund | 118 | 101 |
| Bank charges | 601 | 958 |
| | 293,100 | 336,401 |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | 2021 | 2020 |
|---|---|---|
| | ------- Rupees in thousand ------- | |
| **28 TAXATION** | | |
| Current tax | **56,010** | 62,318 |
| Deferred tax | **40,192** | (22,988) |
| | **96,202** | 39,330 |

**28.1** The income tax assessments of the Company have been finalised up to and including the tax year 2021. Tax returns which are submitted with Federal Board of Revenue are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

**28.2** Due to the brought forward tax losses, provision for current income tax is based on section 113 of the Income Tax Ordinance, 2001. Accordingly tax expense reconciliation with the accounting profit is not reported.

**28.3** The provision for current year tax represents tax on annual turnover at the rate of 1.25% (2020: 1.50%). The computed current tax expense based on the generally accepted interpretation of tax laws to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statement is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| | ------- Rupees in thousand ------- | | |
| Income tax provision for the year | 62,318 | 62,805 | 36,891 |
| Income tax as per tax assessment | 62,318 | 62,805 | 41,633 |

| | 2021 | 2020 |
|---|---|---|
| **29 PROFIT / (LOSS) PER SHARE** | | |
| **- Basic and diluted** | | |
| Profit / (loss) after tax | **82,537** | (33,972) |
| Weighted average number of ordinary shares | **16,017,500** | 16,017,500 |
| Earning / (loss) per share - basic and diluted | **5.15** | (2.12) |

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | 2021 | 2020 |
|---|---|---|
| | Rupees in thousand | |

## 30 CASH GENERATED FROM OPERATIONS

### 30.1 Working capital changes

| | | |
|---|---|---|
| *(Increase) / decrease in current assets* | | |
| - Stores and spares | 20,603 | (25,475) |
| - Stock-in-trade | (513,950) | 428,056 |
| - Loans and advances | (79,300) | (101,390) |
| - Trade deposits and short term prepayments | (4,829) | (7,188) |
| - Trade and other payables | 106,185 | (317,621) |
| | (471,291) | (23,618) |

## 31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including certain benefits to Directors, Chief Executive and executives of the company as follows:

| | 2021 | | | |
|---|---|---|---|---|
| | Chief Executive | Directors | Executive | Total |
| | Rupees in Thousand | | | |
| Managerial remuneration | 4,500 | 10,800 | 11,454 | 26,754 |
| Utilities | 900 | 2,160 | 5,728 | 8,788 |
| Perquisites and other benefits | 3,600 | 8,640 | 5,728 | 17,968 |
| | 9,000 | 21,600 | 22,910 | 53,510 |
| Number of persons | 1 | 1 | 11 | 11 |

| | 2020 | | | |
|---|---|---|---|---|
| | Chief Executive | Directors | Executive | Total |
| | Rupees in Thousand | | | |
| Managerial remuneration | 10,800 | 4,500 | 9,960 | 25,260 |
| Utilities | 2,160 | 900 | 4,981 | 8,041 |
| Perquisites and other benefits | 8,640 | 3,600 | 4,981 | 17,221 |
| | 21,600 | 9,000 | 19,922 | 50,522 |
| Number of persons | 1 | 1 | 11 | 11 |

**31.1** The Chief Executive and executive directors are also entitled for company maintained vehicles in accordance with Company's policy.

**31.2** During the year, there was no payment (2020: Nil) made to non-executive director for attending meetings.

# Notes to the Financial Statements

For The Year Ended September 30, 2021

## 32 PROVIDENT FUND

The following information is based on audited financial statements of the Fund as at June 30, 2021 and June 30, 2020:

| | 2021 | 2020 |
|---|---|---|
| | ------- Rupees in thousand ------- | |
| Size of the fund - Total assets | 37,807 | 32,283 |
| Fair value of investments / Bank balances | 31,567 | 18,676 |
| Percentage of investment made | 83% | 58% |

32.1 The break-up of fair value of investment is as follows :

| | 2021 | 2020 | 2021 | 2020 |
|---|---|---|---|---|
| | (Percentage) | | ------- Rupees in thousand ------- | |
| National Bank Islamic Asset Allocation Fund | 7% | 10% | 2,267 | 1,876 |
| Amdani Certificate National Bank of Pakistan | 15% | 26% | 4,800 | 4,800 |
| TDR NBP | 40% | 0% | 12,500 | - |
| TDR JS | 38% | 64% | 12,000 | 12,000 |
| | 100% | 100% | 31,567 | 18,676 |

| | 2021 | 2020 | 2021 | 2020 |
|---|---|---|---|---|
| | (Percentage) | | ------- Rupees in thousand ------- | |
| Investment | 83% | 58% | 31,567 | 18,676 |

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Head Office | Factory | Head Office | Factory |

## 33 NUMBER OF EMPLOYEES

| | | | | |
|---|---|---|---|---|
| Number of employees including contractual employees at the end of year | 74 | 668 | 74 | 700 |
| Average number of employees including contractual employees during the year | 74 | 792 | 76 | 669 |

## 34 TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over other party in making financial and operating decisions.

# Notes to the Financial Statements

For The Year Ended September 30, 2021

The related parties comprise of major shareholders, directors of the company and key management personnel and staff / workers funds. Remuneration and benefits to executives of the company are in accordance with the terms of the employment while contribution to the provident fund and gratuity are in accordance with staff service rules. Details of transactions with related parties other than disclosed elsewhere in financial statements are as follows:

| *Name of Related party* | *Relationship* | *Percentage of Shareholding* | *Transaction during the year* | *2021* | *2020* |
|---|---|---|---|---|---|
| | | | | *--- Rupees in thousands ---* | |
| Muhammad Mubeen Jumani | Director | 54.80% | Receipts of loan | **8,393** | 41,400 |
| | | | Repayment of loan | **43,327** | 21,842 |
| Qamar Mubeen Jumani | Director | 6.50% | Repayment of loan | **-** | 9,407 |
| Faraz Mubeen Jumani | Director | 3.80% | Receipts of loan | **218,286** | 115,200 |
| | | | Repayment of loan | **243,071** | 97,014 |
| Arisha Mubeen Jumani | Director | 2.38% | Receipt of loan | **2,351** | - |
| Centex (Pvt.) Ltd | Common directorship | 0.00% | Receipts of loan | **100,000** | 56,600 |
| | | | Repayment of loan | **100,000** | 17,132 |
| Jumani Group of Companies | Common directorship | 0.00% | Receipts of loan | **884,300** | - |
| | | | Repayment of loan | **634,000** | - |
| Hidayat Jumani Welfare Trust | Associate | 0.00% | Receipts of loan | **481** | - |
| | | | Repayment of loan | **481** | - |
| KSML Employees Provident Fund | Provident fund | | Contribution to provident fund | **4,712** | 4,421 |

## 35 PRODUCTION CAPACITY

| | *2021* | *2020* |
|---|---|---|
| | *M. Tons* | *M. Tons* |
| Crushing capacity (per day) | **7,000** | 7,000 |
| Crushing capacity based on actual days | **854,000** | 742,000 |
| Actual cane crushed | **573,858** | 524,253 |
| Production - sugar | **57,294** | 51,552 |
| Sucrose recovery | **9.98%** | 9.83% |
| | *2021* | *2020* |
| | *Days* | *Days* |
| Duration of season | **122** | 106 |

**35.1** Cane crushed is less than installed capacity due to the seasonal availability of sugarcane.

# Notes to the Financial Statements

For The Year Ended September 30, 2021

| | 2021 | 2020 |
|---|---|---|
| | ------- Rupees in thousand ------- | |

## 36 FINANCIAL INSTRUMENTS

### 36.1 Financial assets and liabilities

| | | |
|---|---|---|
| **Financial assets** | | |
| Loans and advances | **12,981** | 9,603 |
| Trade deposits and other receivables | **218,648** | 221,378 |
| Cash and bank balances | **92,724** | 50,373 |
| | **324,353** | 281,354 |
| **Financial liabilities** | | |
| Long term financing | **1,018,659** | 863,968 |
| Lease liability | **7,978** | 21,311 |
| Market committee fee payable | **10,049** | 14,069 |
| Short term borrowings | **1,729,323** | 1,248,043 |
| Trade and other payables | **356,356** | 301,667 |
| Accrued markup | **36,869** | 11,899 |
| | **3,159,234** | 2,460,957 |

### 36.2 Financial risk management objectives and policies

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

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

### 36.2.1 Credit risk

Credit risk is the risk which assess with a possibility that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

# Notes to the Financial Statements

For The Year Ended September 30, 2021

***Exposure to credit risk***

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Out of the total financial assets of Rs. 324,353 million (2020 : Rs. 281,354 million), the financial assets which are subject to credit risk amounted to Rs. 324,136 million (2020 : Rs. 280,766 million).

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date is:

| | *2021* | *2020* |
|---|---|---|
| | *Rupees in thousand* | |
| Loans and advances | **12,981** | 9,603 |
| Trade deposits and other receivables | **218,648** | 221,378 |
| Bank balances | **92,507** | 49,785 |
| | **324,136** | 280,766 |

***Quality of financial assets***

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external long term credit ratings or the historical information about counter party default rates as shown below:

| | *2021* | *2020* |
|---|---|---|
| | *Rupees in thousand* | |
| ***Bank Balances*** | | |
| AAA | **79,775** | 15,872 |
| AA+ | **9,350** | 22,983 |
| A+ | **776** | 374 |
| AA | **1,640** | 9,042 |
| AA- | **967** | 1,514 |

***36.2.2 Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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 Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The company's exposure to liquidity risk along with expected maturities is as follows:

| | *2021* | | | |
|---|---|---|---|---|
| | *Carrying amount* | *Contractual cash flows* | *Up to one year* | *More than one year* |
| | *(Rupees in thousand)* | | | |
| ***Non-derivative financial liabilities*** | | | | |
| Lease liability | **7,978** | **(7,978)** | **(6,558)** | **(1,420)** |
| Long term financing | **949,127** | **(1,222,032)** | **(69,532)** | **(1,152,500)** |
| Short term borrowings | **1,729,323** | **(1,729,323)** | **(1,729,323)** | **-** |
| Trade and other payables | **551,634** | **(551,634)** | **(551,634)** | **-** |
| Accrued markup | **36,869** | **(36,869)** | **(36,869)** | **-** |
| | **3,274,931** | **(3,547,836)** | **(2,393,916)** | **(1,153,920)** |

| | 2020 | | | |
|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Up to one year | More than one year |
| | (Rupees in thousand) | | | |
| *Non-derivative financial liabilities* | | | | |
| Lease liability | 21,311 | (21,311) | (13,333) | (7,978) |
| Long term financing | 824,593 | (1,245,657) | (39,375) | (1,206,282) |
| Short term borrowings | 1,248,043 | (1,248,043) | (1,248,043) | - |
| Trade and other payables | 433,690 | (433,690) | (433,690) | - |
| Accrued markup | 11,899 | (11,899) | (11,899) | - |
| | 2,539,536 | (2,960,600) | (1,746,340) | (1,214,260) |

***36.2.3 Market risk***

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

***a) Currency risk***

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year end, the Company is not exposed to foreign exchange currency risk.

***b) Interest rate risk***

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the statement of financial position date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

| | *2021* | *2020* |
|---|---|---|
| | *Effective Interest Rate (In Percent)* | |
| ***Variable Rate Instruments*** | | |
| ***Financial liabilities*** | | |
| - Short term borrowings | **10.78%** | 10.25% |

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

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

| | 2021 | 2020 |
|---|---|---|
| | ------- Rupees in thousand ------- | |
| ***Cash flow Sensitivity - Variable Rate Instruments*** | | |
| - Increase | **18,187** | 14,694 |
| - Decrease | **(18,187)** | (14,694) |

The sensitivity analysis prepared is not necessarily indicative of the effects on loss/profit for the year and assets of the Company.

***c) Price risk***

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments.

***Sensitivity analysis***

At reporting date, the company is not exposed to sensitivity analysis as the company has no investment and interest bearing financial instruments.

### *36.3 Capital risk management*

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company finances its operations through equity and by managing working capital.

Consistent with others in the industry, the company monitors capital on the basis of the its gearing ratio. This is calculated as net debt divided by total capital which is equal to net debt and share holders' equity. Net debt is calculated as total borrowings from financial institutions, if any, and directors less cash and bank balances. Total capital is calculated as equity as shown in the statement of financial position plus sponsors' loan, if any, subordinate to equity and net debt.

| | 2021 | 2020 |
|---|---|---|
| | ------- Rupees in thousand ------- | |
| Long term financing | **1,018,659** | 863,968 |
| Lease liability | **7,978** | 21,311 |
| Short term borrowings | **1,729,323** | 1,248,043 |
| **Total debt** | **2,755,960** | 2,133,322 |
| Less: Cash and bank balances | **92,724** | 50,373 |
| **Net Debt** | **2,663,236** | 2,082,949 |
| Share capital | **160,175** | 160,175 |
| **Net debt and share capital** | **2,823,411** | 2,243,124 |
| **Gearing ratio (%)** | **94.33%** | 92.86% |

## *37 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES*

The carrying amounts of the financial assets and financial liabilities as at the reporting date approximate their fair values.

# Notes to the Financial Statements

For The Year Ended September 30, 2021

## 38 OPERATING SEGMENT

**38.1** These financial statements have been prepared on the basis of a single reportable segment.

**38.2** Revenue from sale of sugar represents 89% (2020 : 92%) of the gross sales of the Company.

**38.3** 100% (2020 : 100%) of the gross sales of the Company are made to customers located in Pakistan.

**38.4** All non-current assets of the Company at September 30, 2021 are located in Pakistan.

## 39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on December 28, 2021 by the Board of Directors of the Company.

## 40 GENERAL

Figures have been rounded off to the nearest thousand rupees except as stated otherwise.

*Faraz Mubeen Jumani*
Chief Executive Officer

*Mirza Muhammad Bilal Kamil*
Chief Financial Officer

*Muhammad Mubeen Jumani*
Director

**Place:** Karachi, **Dated:** December 28, 2021

# Pattern of Shareholding

As at September 30, 2021

| No. of Shareholders | | Size of Shareholding | | | | Total Number of Shares Held |
|---|---|---|---|---|---|---|
| 31 | FROM | 1 | TO | 100 | SHARES | 789 |
| 82 | FROM | 101 | TO | 500 | SHARES | 39,361 |
| 8 | FROM | 501 | TO | 1,000 | SHARES | 7,900 |
| 8 | FROM | 1,001 | TO | 10,000 | SHARES | 26,000 |
| NIL | FROM | 10,001 | TO | 20,000 | SHARES | NIL |
| 1 | FROM | 20,001 | TO | 50,000 | SHARES | 25,000 |
| 1 | FROM | 50,001 | TO | 100,000 | SHARES | 60,000 |
| 1 | FROM | 100,001 | TO | 200,000 | SHARES | 170,283 |
| NIL | FROM | 200,001 | TO | 300,000 | SHARES | NIL |
| 1 | FROM | 300,001 | TO | 400,000 | SHARES | 381,849 |
| NIL | FROM | 400,001 | TO | 500,000 | SHARES | NIL |
| 4 | FROM | 500,001 | TO | 1,000,000 | SHARES | 2,819,094 |
| 1 | FROM | 1,000,001 | TO | 2,000,000 | SHARES | 1,040,500 |
| 1 | FROM | 2,000,001 | TO | 3,000,000 | SHARES | 2,669,600 |
| 1 | FROM | 3,000,001 | TO | 9,000,000 | SHARES | 8,777,124 |
| **140** | | | | | **TOTAL** | **16,017,500** |

# Pattern of Shareholding (Additional Information)

As at September 30, 2021

| | | No. of Shareholders | Shares Held | Percentage |
|---|---|---|---|---|
| **Associated Cos., Undertaking and Related Parties** | | - | - | - |
| **Director, CEO and their spouses and Minor Children** | | | | |
| Mr. Muhammad Mubeen Jumani | Director | 1 | 8,777,174 | 54.80 |
| Mrs. Qamar Mubeen Jumani | Chairperson | 1 | 1,040,500 | 6.50 |
| Mr. Faraz Mubeen Jumani | Chief Executive Officer | 1 | 608,400 | 3.80 |
| Mr Fahad Mubeen Jumani | Director | 1 | 608,949 | 3.80 |
| Miss. Arisha Mubeen Jumani | Director | 1 | 381,849 | 2.38 |
| Mr. Lt. Gen Anis Ahmed Abbasi | Director | 1 | 500 | 0.00 |
| Mr. Lt. Gen Tahir Mahmood Qazi | Director | 1 | 500 | 0.00 |
| Mrs. Yasmeen Mubeen Jumani | Spouse | 1 | 640,698 | 4.00 |
| **Banks, DFIs, Insurance Companies, Modarabas and Mutual Funds.** | | | | |
| - Bankers Equity Limited | | 1 | 2,669,600 | 16.67 |
| - E.F.U. General Insurance | | 1 | 500 | 0.00 |
| **Share holders five percent or more interest** | | | | |
| Mr. Muhammad Mubeen Jumani | Director | 1 | 8,777,174 | 54.80 |
| Mrs. Qamar Mubeen Jumani | Chairperson | 1 | 1,040,500 | 6.50 |
| Mr. Allah Warayo Jumani | | 1 | 961,047 | 6.00 |
| Bankers Equity Limited | | 1 | 2,669,600 | 16.67 |

# Form of Proxy

The Company Secretary
Khairpur Sugar Mills Limited
51/II/IV, Khayaban-e-Janbaz,
Phase-V Ext., D.H.A., Karachi - 75500.

I / We _____ of (full address) _____

being a member / members of Khairpur Sugar Mills Limited holding _____ ordinary shares,

as per Share Registrar Folio No._____ and / or CDC Participant's I.D. Numbers_____

and Account/Sub-Account No. _____ hereby appoint. _____

Of (full address) _____ or failing him / her

_____ of (full address)_____ who is also a member of Khairpur Sugar Mills Limited, as my proxy in my/ our absence to attend and vote for me /us and on my/ our behalf at the 31st Annual General Meeting of the Company to be held at 3rd floor, Plot NO. 15-C, 9th Commercial Lane, Zamzama, D.H.A. phase V, Karachi on January 28, 2021 and / or any adjournment thereof.

Signed this _____ day of January, 2022

Witnesses

**Rs. 5/**
**Revenue Stamp**

_____
Signature of Member(s)

1. Signature_____
   Name_____
   CNIC_____
   Address_____

2. Signature_____
   Name_____
   CNIC_____
   Address_____

Note:

1) All proxies, in order to be effective, must be received at the Company's Registered Office not less than forty eight (48) hours before the time fixed for holding the Annual General Meeting and must be duly stamped, signed and witnessed as required.
2) If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the company, all such forms of proxy shall be rendered invalid.
3) In case of proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's computerized national identity card (CNIC) or passport, account and participant's ID numbers must be deposited along with the form of proxy. In case of proxy for representative of corporate members from CDC, board of directors' resolution and power of attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his / her original CNIC or passport at the time of meeting

KHAIRPUR
SUGAR MILLS LIMITED.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Khairpur Sugar Mills Limited
51/II/IV, Khayaban-e-Janbaz,
Phase-V Ext., D.H.A., Karachi - 75500.

# پراکسی فارم

کمپنی سیکریٹری
خیرپور شوگر ملز لمیٹڈ
پلاٹ نمبر IV/II/51، خیابان جانباز، فیز V ایکسٹنشن، ڈی ایچ اے، کراچی 75500۔

میں/ ہم _____
ساکن _____
میں بحیثیت ممبر خیر پور شوگر ملز لمیٹڈ مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں _____ ساکن
عام شیئرز جن کے شیئرز رجسٹر فولیو نمبر _____ اور/یا سی ڈی سی پارٹیسپنٹس آئی ڈی نمبر _____
اور ذیلی اکاؤنٹ نمبر _____ بذریعہ ہذا _____
ساکن _____
اور اگر ان کے لئے ممکن نہ ہو تو _____ ساکن _____
کو بطور اپنا/ ہمارا پراکسی مقرر کرتا/کرتی ہوں تاکہ 28 جنوری 2022ء منعقدہ کئے جانے والے کمپنی کے 31 ویں سالانہ اجلاس عام میں میری/ ہماری جگہ ووٹ دے سکیں۔

دستخط _____ مورخہ _____

ممبر کے دستخط

| |
|---|
| دستخط<br>مبلغ ۵ روپے<br>کے ٹکٹ |

گواہان:

دستخط _____ دستخط _____
نام _____ نام _____
پتہ _____ پتہ _____
شناختی کارڈ نمبر _____ شناختی کارڈ نمبر _____
پاسپورٹ نمبر _____ پاسپورٹ نمبر _____

نوٹ:

۱) مختار پراکسی کو کمپنی کا رکن (ممبر) ہونا ضروری ہے۔ مختار نامہ (پراکسی فارم) مکمل پر شدہ کمپنی کے رجسٹرار آفس میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل جمع کرانا ضروری ہے۔

۲) ممبر (رکن) کے دستخط شدہ/ اندراج شدہ دستخط سے مماثلت ضروری ہے۔

۳) سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ اداروں کے نمائندوں کو معمول کے مطابق دستاویزات لانا ضروری ہے۔

KHAIRPUR
SUGAR MILLS LIMITED.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Khairpur Sugar Mills Limited
51/II/IV, Khayaban-e-Janbaz,
Phase-V Ext., D.H.A., Karachi - 75500.

KHAIRPUR
SUGAR MILLS LIMITED

51/II/IV, Khayaban-e-Janbaz,
Phase-V Ext., D.H.A., Karachi.
Tel: 021-35250131-35, Fax: 021-35250136,
Email: headoffice@jumanigroup.com
Website: www.khairpursugar.com.pk