

Directors' Report

The Directors of your Company are pleased to present 38th Annual Report with the Audited Financial Statements of the Company for the year ended September 30, 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the manufacture and sale of sugar and sale of its by-products i.e. molasses and bagasse. The Company has also installed bagasse fired transmission equipment to sell surplus electric power, as and when available during season. The manufacturing facilities are located at Sanghar Sindhri Road, Deh Kehore, District Sanghar in the province of Sindh.

OPERATING RESULTS & ITS REVIEW

	2022-2023	2021-2022
Season started on	25-11-2022	15-11-2021
Season completed on	17-02-2023	19-03-2022
Duration of crushing days	85	125
Sugarcane crushed (Metric Tons)	406,402.792	581,109.556
Average daily crushing (Metric Tons)	4,781.21	4,648.88
Cane sugar produced (Metric Tons)	41,711.25	61,785.00
Sucrose recovery (%)	10.263	10.635

Your Company is able to crush 406,402.792 M. Tons of sugar cane compared with 581,109.556 M. Tons of sugar cane in the last crushing season resulting a decrease of 30.06% in crushing and produced 41,711.25 M. Tons of sugar, correspondingly resulting a decrease of 32.49%, when compared with production of 61,785.00 M. Tons of last year. The Company has produced 21,300 M. Tons of molasses as compared to the 26,291.340 M. Tons of the last year resulting a decrease of 19.37% while comparing with the last year.

Crushing & Production, both are low due to shortage of crop in the area when compared with the last season and also the sucrose recovery is low due to stagnation of water in certain areas from which the cane were purchased and intermitted supply of cane, due to low availability. This season has also been started with carry forward stock of sugar in your Company as well as in the Country. Due to low cane, crushing was delayed by 10 to 15 days in the Province of Sindh.

FINANCIAL RESULTS & ITS REVIEW

The key financial figures of the Company for the year ended September 30, 2023 along with the comparatives for the corresponding year are summarized as under:

	2023 (Rupees '000).....	2022
Profit before taxation	132,451	70,466
Taxation	27,568	68,857
Profit after taxation	104,883	1,609
Earnings per share basic and diluted (Rupees)	8.78	0.13

During the year, the Company has earned profit before taxation amounted to Rs. 132,451 thousand compared with profit before taxation of Rs. 70,466 thousand in last year. During the year, we managed to keep the cane procurement cost on the lower side, when compared to the adjoining mills, but increased when compared with the last year of our Company, gradually reduced the tenure of utilization of short term borrowings for a short span of time, however, we have obtained and availed increased limited of short term borrowing as compared to the last year and had completely paid off before the year end, which keeps the finance cost in control and also the repayment of long term loans gradually keep the cost at lower side, managed & control the manufacturing expenses despite phenomenal increase in inflation.

Due to better selling price of local sales, resulting an increase in the gross selling price of sugar up-to 19.23% as compared to the last year while there is a decline in the quantity of sugar sold up-to 16.32% and the sale of by-product i.e molasses have been increased in terms of value i.e. up-to 23.44% which contributed in the profitability of the Company, while the quantity of sale of molasses has been decreased by 19.37% as compared to the last year.

Export of sugar through export quota approved by the Government has benefited the Company to some extent which also contributed in the profit of the financial results.

COMMENTS ON AUDITORS' REPORT

The statutory auditors of the Company emphasizing the matter in their report regarding non-provision of Rs.22 per maund for the season 2017-18, in this regards, we would like to inform you that your financials are prepared by taking sugar cane purchased at Rs. 160 per 40 k.g. in the light of the interim order passed by the Honourable High Court of Sindh with the consent of all the stakeholders, we hope that considering the continued depressed economic condition of the sugar industry, the final decision by the Honourable Courts are likely to be in line with the consent order.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors and the Company remain committed to the principles of good corporate management practice with emphasis on transparency and disclosures. The Board and management are cognizant of their responsibilities and monitor the operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Company is fully compliant with the Code of Corporate Governance and as per the requirements of the listing regulations, following specific statements are being given hereunder:

- The Financial Statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts 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 Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements and there is no departure there from.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of the Corporate Governance as detailed in the Regulations.
- The Key Operating and Financial Data for last ten years in summarized form are annexed.
- There are no statutory over dues otherwise than those disclosed in the financial statements and statutory payments due on account of taxes duties, levies and charges are being made in the normal course of business.

- An unfunded Gratuity Scheme is in operation for all permanent eligible employees and also the Leave Encashment Scheme for eligible employees to be paid at the time of retirement or leaving the Company. Provision are made annually to cover the obligation on the basis of actuarial valuation, related details of which are mentioned in the notes to the Financial Statements.
- The Pattern of Shareholding is annexed.
- In terms of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), the Company shall ensure that all the directors on their board have acquired the prescribed certification under Director Training Program. As at the year end, the seven directors on the Board are Certified Directors and the one is exempt from certification under the Regulations. Subsequently, the new elected Directors namely: Mr. Ghulam Dastagir Rajar, Mr. Ghulam Hyder, Mr. M. Abdul Jabbar and Mr. Muhammad Qasim have attended and completed directors' training course conducted by Institutes / organizations authorized by the Securities & Exchange Commission of Pakistan. Haji Khuda Bux Rajar has the prescribed education and required experience for exemption under the said Regulations, accordingly he is exempted from attending Directors' Training Program. Further, Mr. Mehmood Alam and Ms. Misbah will attend and complete the Director Training Program in due course of time, as allowed by the Regulations because both of them has been elected on November 02, 2023.
- The Board strives to continuously improve its and Board Committees' effectiveness. Board has developed a mechanism as required under the Code of Corporate Governance to undertake annual evaluation to assess Board's and its Committees' performance. The Board also reviews developments in corporate governance to ensure that the Company always remains aligned with best practices.
- To the best of our knowledge, the Directors, Executives and their spouses and their minor children have not undertaken any trading of Company's shares during the year.
- Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year is annexed with the Report.

CORPORATE GOVERNANCE & ADHERENCE TO BEST PRACTICES OF CORPORATE GOVERNANCE

The Company has a long history of adherence to high standards of ethical practices, and it continues to uphold these standards going forward. The Board defines a path of continuous improvement by constantly challenging existing processes and the Board has fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and transparent reporting to shareholders.

The Corporate Governance structure of the Company is based on the Articles of Association as well as statutory, regulatory and other compliance requirements applicable to companies listed on the Pakistan Stock Exchange and the same is complemented by several internal procedures including a risk assessment and control system, as well as system of assurance on compliance with the applicable laws, regulations and the Company's Code of Conduct.

NUMBER OF DIRECTORS

The total number of Directors are as follows:

Before Election of Directors As at September 30, 2023

- a) Male: Seven
- b) Female: One

After Election of Directors As at November 02, 2023

- a) Male: Six
- b) Female: One

COMPOSITION OF THE BOARD

Before Election of Directors as at September 30, 2023, the composition of Board was as follows:

	Name of Directors	Status	Category
1)	Mr. Ghulam Dastagir Rajar	Chairman	Non-Executive Director
2)	Mr. Ghulam Hyder	Chief Executive	Executive Director
3)	Haji Khuda Bux Rajar	Executive Director	Executive Director
4)	Mr. M. Abdul Jabbar	Independent Director	Non-Executive Director
5)	Mr. Rahim Bux	Independent Director	Non-Executive Director
6)	Mr. Shahid Aziz	Director	Non-Executive Director
7)	Mr. Muhammad Qasim	Director	Non-Executive Director
8)	Ms. Nazia Azam	Independent Director	Non-Executive Director - Female

After Election of Directors as at November 02, 2023, the composition of Board is as follows:

	Name of Directors	Status	Category
1)	Mr. Ghulam Dastagir Rajar	Chairman	Non-Executive Director
2)	Mr. Ghulam Hyder	Chief Executive	Executive Director
3)	Haji Khuda Bux Rajar	Executive Director	Executive Director
4)	Mr. M. Abdul Jabbar	Independent Director	Non-Executive Director
5)	Mr. Mehmood Alam	Independent Director	Non-Executive Director
6)	Mr. Muhammad Qasim	Director	Non-Executive Director
7)	Ms. Misbah	Director	Non-Executive Director - Female

BOARD COMMITTEES

The Board has formed their Committees. During the year, the composition and their details are as follows:

Audit Committee

	Name of Members	Status	Category
1)	Mr. Rahim Bux	Chairman	Independent Director
2)	Mr. M. Abdul Jabbar	Member	Independent Director
3)	Mr. Shahid Aziz	Member	Non-Executive Director

Human Resource & Remuneration Committee

	Name of Members	Status	Category
1)	Mr. Rahim Bux	Chairman	Independent Director
2)	Mr. Ghulam Hyder	Member	Executive Director
3)	Mr. M. Abdul Jabbar	Member	Independent Director

Information Technology & Steering Committee

	Name of Members	Status	Category
1)	Mr. Ghulam Hyder	Chairman	Executive Director
2)	Syed Rehan Ahmad Hashmi	Member	Chief Financial Officer
3)	Mr. Sheraz Khan	Member	Manager Management Information System

Corporate Social Responsibility Committee

	Name of Members	Status	Category
1)	Mr. Ghulam Dastagir	Chairman	Non-Executive Director
2)	Mr. Muhammad Qasim	Member	Non-Executive Director
3)	Ms. Nazia Azam	Member	Independent Director
4)	Syed Rehan Ahmad Hashmi	Member	Chief Financial Officer - Representing Management

Risk Management Committee

	Name of Members	Status	Category
1)	Mr. Shahid Aziz	Chairman	Non-Executive Director
2)	Haji Khuda Bux	Member	Executive Director
3)	Mr. Ghulam Dastagir	Member	Non-Executive Director

ATTENDANCE OF THE BOARD OF DIRECTORS AND COMMITTEES**Attendance of the Board of Directors in Board Meetings**

Four Board meetings were held during the year. Leave of absence were granted to the Directors unable to attend the meetings. Attendance by each Director was as mentioned below:

S. No.	Name of Directors	Status	No. of Meetings Attended / Total Meetings held
1)	Mr. Ghulam Dastagir Rajar	Chairman	3/4
2)	Mr. Ghulam Hyder	Chief Executive	3/4
3)	Haji Khuda Bux Rajar	Director	4/4
4)	Mr. Rahim Bux	Director	4/4
5)	Mr. Shahid Aziz	Director	4/4
6)	Mr. M. Abdul Jabbar	Director	4/4
7)	Ms Nazia Azam	Director	4/4
8)	Mr. Muhammad Qasim	Director	4/4

Attendance of Members in Meetings of Audit Committee

Five meetings of Audit Committee were held during the year. Attendance by each Member was as mentioned below:

S. No.	Name of Members	Status	No. of Meetings Attended / Total Meetings held
1)	Mr. Rahim Bux	Chairman	5/5
2)	Mr. Shahid Aziz	Member	5/5
3)	Mr. M. Abdul Jabbar	Member	5/5

Attendance of Members in Meetings of Human Resource & Remuneration (H. R. & R.) Committee

Two meetings of H. R. & R. Committee were held during the year. Attendance by each Member was as mentioned below:

S. No.	Name of Members	Status	No. of Meetings Attended / Total Meetings held
1)	Mr. Rahim Bux	Chairman	2/2
2)	Mr. Ghulam Hyder	Member	2/2
3)	Mr. M. Abdul Jabbar	Member	2/2

Attendance of Members in Meetings of Information Technology Committee

Two meetings of Information Technology Committee were held during the year. Leave of absence was granted to the Member unable to attend the meeting. Attendance by each Member was as mentioned below:

S. No.	Name of Members	Status	No. of Meetings Attended / Total Meetings held
1)	Mr. Ghulam Hyder	Chairman	1/2
2)	Syed Rehan Ahmad Hashmi	Member	2/2
3)	Mr. Sheraz Khan	Member	2/2

Attendance of Members in Meetings of Corporate Social Responsibility (CSR) Committee

Two meetings of CSR Committee were held during the year. Attendance by each Member was as mentioned below:

S. No.	Name of Members	Status	No. of Meetings Attended / Total Meetings held
1)	Mr. Ghulam Dastagir Rajar	Chairman	2/2
2)	Mr. Muhammad Qasim	Member	2/2
3)	Ms. Nazia Azam	Member	2/2
4)	Syed Rehan Ahmad Hashmi	Member	2/2

Attendance of Members in Meetings of Risk Management Committee

Two meetings of Risk Management Committee were held during the year. Attendance by each Member was as mentioned below:

S. No.	Name of Members	Status	No. of Meetings Attended / Total Meetings held
1)	Mr. Shahid Aziz	Chairman	2/2
2)	Haji Khuda Bux Rajar	Member	2/2
3)	Mr. Ghulam Dastagir Rajar	Member	2/2

BOARD EVALUATION

Complying with the Code of Corporate Governance, the Board approved "Self-Evaluation Mechanism" for evaluation of performance of the Board, its directors and committees through discussion and questions focusing on the Board's scope, objectives, functions, responsibilities, the Company's performance and monitoring. The purpose of the evaluation is to ensure that the Board's performance is measured with reference to overall corporate objectives, governance structure of the Company, statutory & regulatory compliance, communication and information, risk management, strategic planning, implementation of policies and relationship with stakeholders.

DIRECTOR'S TRAINING

The Company is fully aware of the requirements of the Code of Corporate Governance. A formal program has been conducted which primarily includes amongst other things giving briefings relating to the Company's Vision and Strategies, organizational structure, role and responsibilities and powers of the Directors as per the Companies Act including the Code of Corporate Governance and any other regulatory laws applicable in Pakistan. As at the year end, one Director was exempt and other seven Directors were duly Certified. Subsequently, after election of Directors on November 2, 2023, one Director of the Company has the prescribed education and experience and he is exempted from Director's Training Program pursuant to the Code of Corporate Governance Regulations. The following are the details of Directors who are duly Certified or exempted from Directors' Training Program:

- | | | |
|----|---------------------------|-------------|
| 1. | Mr. Ghulam Dastagir Rajar | - Certified |
| 2. | Mr. Ghulam Hyder | - Certified |
| 3. | Mr. Muhammad Qasim | - Certified |
| 4. | Mr. M. Abdul Jabbar | - Certified |
| 5. | Haji Khuda Bux Rajar | - Exempted |

Further, Mr. Mehmood Alam and Ms. Misbah were elected on November 02, 2023 and they will attend and complete the Directors' Training Program in due course of time, as allowed by the Regulations.

CHIEF EXECUTIVE OFFICER'S (CEO) PERFORMANCE REVIEW

Each year the Board establishes a list of goals and strategies aligned to achieve the mission of the Company. This helps in assessing how each objective is contributing towards the growth of the Company. The factors to be evaluated are adherence to the mission, long and short term objectives, ensuring long term profitability, increasing shareholder's value and ensuring good governance and statutory reporting. In addition, a separate evaluation questionnaire for Chief Executive Officer has also been developed for his performance. The performance evaluation of the CEO is carried out by all the Directors.

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

The role of the Chairman and the Chief Executive Officer are segregated and they have distinct responsibilities and has been informed at the time of appointments.

Chairman acts as custodian of the Company on behalf of the Board and Stakeholders. He heads the Board of Directors and is responsible for ensuring the Board's effectiveness. The Chairman ensures the development of business and protection of goodwill of the Company. The Chairman also controls all meeting procedures and processes, guiding discussion and decision making along with enhancing relations with members and staff.

CEO has the prime responsibility of driving for achievement of the Company's vision, mission and its long term goals. He acts as a link between the Board and management of the Company and communicates with the Board on behalf of the management. The CEO is responsible for the day to day management of the Company's affairs and execution of long term strategy and plans. CEO also represents the Company to the shareholders, government authorities and the public. He is the leader and the decision maker to achieve targets.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Management of the Company is responsible for establishing and maintaining a system of adequate internal controls and procedures. The Company has developed a sound mechanism for identification of risks, assigning levels and devising effective mitigating measures where required while ensuring their implementation by the Management across all functions.

The Board assumes the overall responsibility of overseeing the internal control process, including its effectiveness. These controls are documented, responsibility is assigned and are monitored. The Internal Audit function also assists the Management to achieve reasonable assurance in terms of reliability and integrity of the Company's financial and operational information, effectiveness in Company's operation to achieve desired results, safeguarding of Company's assets and Compliance of Company's actions with the relevant laws and regulations.

Further, the Directors confirm that the compliance with highest standard of Corporate Governance and comprehensive policies and procedures on internal financial controls has been approved by the Board and are in place and have been effectively implemented and monitored.

THRESHOLD FOR DETERMINING EXECUTIVE

Pursuant to the requirement of Clause 5.6.4 of the Listing Regulations (Rule Book) of the Pakistan Stock Exchange, the Board has set out a Threshold for determining an 'Executive' in respect of trading of Company's shares. The person whose annual basic salary exceeds Rs. 2,400 thousand during the year is treated as "Executive".

RELATED PARTY TRANSACTIONS

The Code of Corporate Governance requires the Company to place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board for consideration and approval. The Company has duly ensured compliance of this requirement and all the Related party transactions were placed before the Audit Committee and upon recommendation, approved by the Board. These transactions

were in-line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 2017. The Company maintains a thorough and complete record of all such transactions.

Remuneration of Chief Executive, Directors and Executives

The remuneration of the Board Members are approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The aggregate amount charged during the year for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company are disclosed in notes to the Financial Statements. Policy for Director's remuneration and meeting fee are annexed with this report.

Other Transactions

The Company in the normal course of business carried out transactions with Key Management Personnel (KMP)/related parties. The transactions reflect economic substance and are executed in the normal course of business and are disclosed in notes to the Financial Statements.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

Name of Related parties with whom the Company has entered into transactions or had agreements and arrangements in place during the financial year along with the basis of relationship are also disclosed in respective notes to the financial statements. Contract or arrangements with related parties were in the ordinary course of business and were at arm's length basis.

MATERIALITY APPROACH

The Board has given authority and powers to the Company's management for taking day to day decisions. The management, however, observes the approach of materiality in applying power and authority. Determining materiality levels is subjective and varied between organizations. Authorizations for transactions and delegation of powers have been define clearly and carried out through formalized process in the Company.

HUMAN RESOURCE MANAGEMENT & SUCCESSION PLANNING

Human resource planning and management is one of the most important considerations with the senior management. The Board has established a Committee which is involved in the selection, evaluation, compensation and succession planning of key management personnel. It is also involved in recommending improvements in the human resource policies and procedures and their periodic review.

The Company is committed to build the better organizational culture that is shaped by empowered employees who demonstrate a deep belief in the Company's Vision and Values. H.R. Management Policy is integral part of the Company's business strategy. The Company fosters leadership, individual accountability and team work.

The Company believes in pro-active approach towards Succession Planning. The Company recruits employees, develops their knowledge, skills, abilities and prepares them for advancement and promotion into more challenging roles. Succession Planning ensures that employees are constantly developed to fill each needed role. The Company looks for people who exemplify continuous improvement when it is spotting Successors for future.

CONFLICT OF INTEREST

The management of Company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid, identify the existence and to disclose the existence of conflict of interest. No employee will perform any kind of work (directly or indirectly) for a third party without proper approval. Employees must notify their any actual or potential conflict of interest situation and obtain an advice or ruling as the case may be. The primary goal of Company is to manage conflicts of interest to ensure that decisions are made and are

seen to be made on proper grounds, for legitimate reasons and without bias. The Company has set the procedures to manage and monitor the conflict of interest.

Every Director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested director(s) do not participate in the discussion neither they vote on such matters. The Director shall promptly notify or disclose to the Board any personal or outside interest, relationship or responsibility held by the director with respect to any potential or actual transaction, agreement or other matter which is or may be presented to the Board for consideration. The transactions with all the related parties are made on arms length basis and complete details are provided to the Board for their approval. Further, all the transactions with the related parties are fully disclosed in the financial statements of the Company.

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

It is the responsibility of the Company to make the environment healthy and clean. Therefore, the Company has made serious efforts and are installing equipment to reduce the pollution and making a good impact of Company's business on Environment. The Company has installed collection units to retrieve oil / grease e.t.c. from the waste water and ash collectors are also installed at the chimneys to absorb the ash. The Effluent treatment plant has been completed and has also conducted all environmental examination and is working hard to significantly reduce the consumption of water by increase in imbibition water temperature at Mill House, reactivation of cooling tower for vertical crystallizer, by this we are re-cycling water use for crystallizer cooling purposes. Intake of fresh water is minimized only to make up water loss due to evaporation. Process chemicals are prepared with condensate water in place of raw water.

Further, our Reverse Osmosis (RO) Plants helps meet our water requirements at the factory premises while reducing reliance on municipal water systems, thereby assisting in the reduction of water scarcity in Pakistan. The Company is considerable lighting load, initially all lights were high pressure sodium bulbs, we have started to replace bulbs with Light Emitting Diode (LED) helping us in energy savings. Variable Frequency Drives (VFDs) has been installed on various machines to reduce power consumption.

INVESTOR GRIEVANCE AND COMPLAINTS

The Company allows full access to all shareholders including potential investors, to call for relevant information or details on Company's operations and their own shareholding. The required information is provided immediately or a query / grievance is resolved promptly in accordance with the regulatory guidelines.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Report of Sustainability and Corporate Social Responsibility is annexed with this report.

RISK MANAGEMENT & STRATEGY

The Company's overall risk management program focus on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's operations. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and control, and to monitor risks and adherence to limits. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company considers the following material risk:

Operational Risk

Operational risk results in disruption of operations due to scarcity of material, energy outages and dearth of skilled human resources. To mitigate the operational risks, necessary strategies have been developed and substantial investments are continuously being made to ensure the reliability of operating plant. The Company has carried out necessary repairs & maintenance as required.

Market Risk

The Company is not materially exposed to the prices of raw material due to the fixation of prices by the Government. Strategies has been planned and implemented to overcome the huge cost of raw material.

Foreign Exchange Risk

The Company is not directly exposed to the risk of exchange rate fluctuation as at the year-end and the Company was directly exposed during the year due to export of sugar.

Credit Risk

Credit risk relates to the risk that a Company may encounter as a result of failure of the counter parties to satisfy their debts or obligation in accordance with the agreed terms of credit. To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. The Company manages credit risk inter alia by setting out credit limits in relation to individual customers and / or by obtaining advance against the sales and / or through letter of credits and / or by providing adequate allowance for doubtful debts. The Company believes that it is not exposed to major concentration of credit risk.

Liquidity Risk

Liquidity risk arises when the Company has insufficient ready cash and encounters difficulty in meeting its financial obligation. The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. As at the year-end, the Company has available un-availed short term borrowing facilities and also has cash & bank balances. The management believes that the Company is not significantly exposed to the liquidity risk.

Interest Rate Risk

Interest rate risk arises due to fluctuation in interest rates resulting in adverse future cash flows. Company's exposure to interest rate is mainly associated with the short term borrowings. The Company monitors interest rate fluctuation and encounters interest rate risk by utilizing optimal mix of different types of borrowing arrangements.

CAPITAL RESERVE

Revaluation surplus on property, plant & equipment is presented in the statement of financial position as part of equity and in the statement of changes in equity as a capital reserve being the part of equity. This surplus is a capital reserve and is not available for distribution to shareholders of the Company in accordance with the Section 241 of the Companies Act, 2017.

DIVIDEND & APPROPRIATION

Due to the marginal profit after huge losses of previous years, minimum cash flows and other circumstances already discussed, the Board of Directors of the Company in its meeting does not recommend any dividend and or appropriation for the year ended September 30, 2023.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company is contributing to the National growth by sharing its revenue with the nation in the form of taxes, rates and duties. The Company has accounted for in respect of contribution to National Exchequer in the form income taxes, sales tax and other levies amounting to Rs. 701,073 thousand during the year as compared to Rs. 773,853 thousand during the last year.

SUBSEQUENT EVENTS: RE-CONSTITUTED BOARD OF DIRECTORS AFTER ELECTION

The Shareholders of the Company in the Extra Ordinary General Meeting of the Company held on November 02, 2023 elected the following Seven Directors for the tenure of three years commencing from November 04, 2023: (1) Mr. Ghulam Dastagir Rajar (2) Haji Khuda Bux Rajar (3) Mr. M. Abdul Jabbar (4) Mr. Ghulam Hyder (5) Mr. Muhammad Qasim (6) Mr. Mehmood Alam (7) Ms. Misbah.

The Board in this meeting held on November 08, 2023 elected Mr. Ghulam Dastagir Rajar as the Chairman of the Board. The Board also appointed Mr. Ghulam Hyder as the Chief Executive of the Company and appointed Haji Khuda Bux Rajar as Working Director for next term of three years effective from November 04, 2023 as authorized by the Articles of Association of the Company on the remuneration, terms and conditions, as approved by the Board. Accordingly, the re-constituted Board of Directors from November 04, 2023 has the following composition:

	Name of Directors	Status	Category
1)	Mr. Ghulam Dastagir Rajar	Chairman	Non-Executive Director
2)	Mr. Ghulam Hyder	Chief Executive	Executive Director
3)	Haji Khuda Bux Rajar	Executive Director	Executive Director
4)	Mr. M. Abdul Jabbar	Independent Director	Non-Executive Director
5)	Mr. Mehmood Alam	Independent Director	Non-Executive Director
6)	Mr. Muhammad Qasim	Director	Non-Executive Director
7)	Ms. Misbah	Director	Non-Executive Director - Female

Re-constituted Audit Committee

The Board after election of Directors has re-constituted the Audit Committee effective from November 04, 2023 for the tenure of three years in order to comply with the provisions of the Code of Corporate Governance. Accordingly, the Board appointed three members of the Audit Committee having the following composition:-

	Name of Members	Status	Category
1)	Mr. M. Abdul Jabbar	Chairman	Independent Director
2)	Mr. Muhammad Qasim	Member	Non-Executive Director
3)	Mr. Mehmood Alam	Member	Independent Director

Re-constituted Human Resource & Remuneration Committee

The Board after election of Directors has reconstituted the Human Resource & Remuneration Committee (H.R. & R.) effective from November 04, 2023 for the tenure of three years in order to comply with the provisions of the Code of Corporate Governance. Accordingly, the Board appointed three members of the H.R. & R. Committee having the following composition:-

	Name of Members	Status	Category
1)	Mr. M. Abdul Jabbar	Chairman	Independent Director
2)	Mr. Ghulam Hyder	Member	Executive Director
3)	Ms. Misbah	Member	Non-Executive Director

Re-constituted Information Technology & Steering Committee

The Board after election of Directors has re-constituted the Information Technology & Steering (IT & S) Committee effective from November 04, 2023 for the tenure of three years in order to comply with the provisions of the Code of Corporate Governance. Accordingly, the Board appointed three members of the IT & S Committee having the following composition:-

	Name of Members	Status	Category
1)	Mr. Ghulam Hyder	Chairman	Executive Director
2)	Syed Rehan Ahmad Hashmi	Member	Chief Financial Officer
3)	Mr. Sheraz Khan	Member	Manager Management Information System

Re-constituted Corporate Social Responsibility Committee

The Board after election of Directors has re-constituted the Corporate Social Responsibility (CSR) Committee effective from November 04, 2023 for the tenure of three years in order to comply with the provisions of the Code of Corporate Governance. Accordingly, the Board appointed four members of the CSR Committee having the following composition:-

	Name of Members	Status	Category
1)	Mr. Ghulam Dastagir	Chairman	Non-Executive Director
2)	Mr. Muhammad Qasim	Member	Non-Executive Director
3)	Ms. Misbah	Member	Non-Executive Director
4)	Syed Rehan Ahmad Hashmi	Member	Chief Financial Officer - Representing Management

Re-Constituted Risk Management Committee

The Board after election of Directors has re-constituted the Risk Management (RM) Committee effective from November 04, 2023 for the tenure of three years in order to comply with the provisions of the Code of Corporate Governance. Accordingly, the Board appointed three members of the RM Committee having the following composition:-

	Name of Members	Status	Category
1)	Mr. Mehmood Alam	Chairman	Non-Executive Director
2)	Haji Khuda Bux	Member	Executive Director
3)	Mr. M. Abdul Jabbar	Member	Independent Director

FUTURE PROSPECTS

The Company is paying prices of sugarcane to cane growers as per the minimum price announced by the Government of Sindh, which has been increased from Rs. 302 for the season 2022-23 to Rs. 425 for the season 2023-24 which represents 40.73% increased in minimum price of sugar cane, which results in an increase in the overall cost of production. Currently, the selling prices of sugar are not in line with the cost of production and also the selling price of sugar has not been increased in the same proportion of the minimum price of cane, which will affect the margin of profitability of the Company and the sugar industry as a whole. We expect that the selling price of sugar will remain in-line with the average cost of Production to save the industry from losses.

As reported previously, the matter related to the subsidy receivable from the Provincial Government, the Honorable High Court of Sindh passed the judgment/order in favor of the Company and the petitions stand disposed off with the directions to the Finance Department, Government of Sindh to re-allocate funds in the forthcoming budget and make payment to Sugar Mills within the first quarter of forthcoming financial year and this decision will give benefit of positive cash flows to the Company.

Strategies are in place and are regularly reviewed to ensure that the Company stays on the path of growth and progress. The focus is on stringent controls on the cost of production mainly through modernizing and replacement of old machines, lesser interruptions, abnormal wastages, process improvements, energy savings and high savings in Baggasse consumption through availing and implementing various options and installing machineries. Adhering to the guidelines and SOPs necessary to ensure the health and safety of human resources, we are optimistic that the Company's performance will sustain and further improve in terms of revenue, profits and liquidity positions.

AUDITORS

The present Auditors M/s. Kreston Hyder Bhimji & Co. Chartered Accountants, retire at the conclusion of forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. As suggested by the Audit Committee in terms of the Code of Corporate Governance, the Board of Directors has recommended their appointment as Auditors of the Company for the year ending September 30, 2024.

ACKNOWLEDGEMENT

Your Directors appreciate and wish to place on record their appreciation for devotion of duty, loyalty and hard work of the executives, officers, staff members and workers for smooth running of the Company's affair and hope that they will continue for enhancement of productivity with great zeal and spirit under the blessings of Almighty Allah.

The Directors would like to thank all the government functionaries, banking and non-banking financial institutions, suppliers and shareholders for their continued support and cooperation for the betterment and prosperity of the Company.

For & on Behalf of the Board

Ghulam Dastagir Rajar
Chairman

Ghulam Hyder
Chief Executive Officer

Karachi: December 18, 2023