

ANNUAL REPORT 2022

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Company Profile

The Premier Sugar Mills & Distillery Company Limited (the Company) was incorporated on 24 July, 1944 as a Public Company and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacturing and sale of white sugar and spirit including the following:

- a) To purchase, manufacture, produce, refine, prepare, import, export, sell and generally to deal in sugar, sugarcane, sugar beets, gur, jaggery, molasses, syrups and melada and alcohol and all products or by-products thereof and food products generally and in connection therewith to acquire, erect, construct, establish, operate and maintain sugar or other refineries, buildings, mills, factories, distilleries and other works;
- b) To manufacture any other article or articles of food made from cereals, fruits, vegetables, seeds or oils, etc.;
- c) To manufacture chemicals of all description, to prepare drugs and medicines;
- d) To manufacture starch and yeast floor from maize, wheat or any other material;
- e) To manufacture straw-boards and paper;
- f) To plant, cultivate, produce and raise sugarcane, maize, sugar beets and/or any other agricultural crops;
- g) To acquire by purchase, mortgage, lease, exchange, or otherwise, any moveable or immovable property, patents, inventions licenses, secret formula or processes, rights or privileges which the Company may think necessary or convenient for the purpose of its business and to construct, erect, manage, improve, alter, extend, demolish or reconstruct any buildings, machineries or works necessary or convenient of the purposes of the Company;
- h) To sell and purchase from time to time and deal in all such stock in trade, goods, chattels and effects as may be necessary or convenient for any business, for the time being, carried on by the Company an especially sugar, sugarcane, raw sugar, gur, molasses cereals, fruits and vegetables, seeds, oil, mill stores, stocks, spare machinery and all other materials or things necessary for the same;
- i) To purchase or otherwise acquire, by cultivation or any other manner, seeds and agricultural product of any description which may be necessary or be required for the production of sugar and its by-products, or the manufacture of any material, or article which the Company is authorized under;
- j) To establish, in Pakistan or elsewhere, agencies or branches for the purchase and sale of goods of all description;
- k) To appoint agents to assist the working of the Company with such powers and on such terms as the Company may generally or in any special case determine;
- l) Any other business as mentioned in the Memorandum of Association.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Company Information

Board of Directors

Begum Laila Sarfaraz	Chairperson
Mr. Abbas Sarfaraz Khan	Chief Executive
Ms. Zarmine Sarfaraz	Director
Ms. Mahnaz Saigol	Director
Mr. Iskander M. Khan	Director
Mr. Shahbaz Haider Agha	Independent Director
Mr. Salman Ahmad	Independent Director

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Mr. Zaheer Mir

Auditors

M/s. ShineWing Hameed Chaudhri & Co.,
Chartered Accountants

Tax Consultants

M/s. ShineWing Hameed Chaudhri & Co.,
Chartered Accountants

Legal Advisor

Mr. Isaac Ali Qazi
Advocate

Shares Registrar

M/s. Hameed Majeed Associates (Pvt.) Limited,
H.M. House, 7-Bank Square, Lahore.
Phone No. : 042-37235081 Fax No. : 042-37235083

Bankers

Bank Al-Habib Limited	The Bank of Khyber
MCB Bank Limited	United Bank Limited
Allied Bank Limited	The Bank of Punjab
Bank Al-Falah Limited	Faysal Bank Limited
Habib Bank Limited	National Bank of Pakistan

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Management Committees

Executive Committee

Mr. Abbas Sarfaraz Khan (Executive Director)	Chairman
Ms. Mahnaz Saigol (Non-Executive Director)	Member
Mr. Iskander M. Khan (Executive Director)	Member

Executive Committee is involved in day to day operations of the Company and is authorized to conduct every business except the businesses to be carried out by Board of Directors as required by section 183 of the Companies Act, 2017. Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions, investments and funding requirements.

Audit Committee

Mr. Shahbaz Haider Agha (Independent Director)	Chairman
Ms. Mahnaz Saigol (Non-Executive Director)	Member
Ms. Zarmine Sarfaraz (Non-Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The terms of reference of the Audit Committee have been derived from the Code of Corporate Governance applicable to listed companies. Thereby Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee also include the following:

- a) determination of appropriate measures to safeguard the Company's assets;
- b) review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
 - significant adjustments resulting from the audit;
 - going-concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards;
 - compliance with these regulations and other statutory and regulatory requirements; and
 - all related party transactions.
- c) review of preliminary announcements of results prior to external communication and publication;
 - d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
 - e) review of management letter issued by external auditors and management's response thereto;
 - f) ensuring coordination between the internal and external auditors of the Company;
 - g) review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
 - h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
 - i) ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
 - j) review of the Company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
 - k) instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
 - l) determination of compliance with relevant statutory requirements;
 - m) monitoring compliance with these regulations and identification of significant violations thereof;
 - n) review of arrangement for staff and management to report to audit committee in confidence, concerns, if any about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

- o) recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource and Remuneration Committee

Mr. Shahbaz Haider Agha (Independent Director)	Chairman
Ms. Mahnaz Saigol (Non-Executive Director)	Member
Mr. Iskander M. Khan (Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The Committee is responsible for:

- i) recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;
- ii) undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualification and major terms of appointment;
- iii) recommending human resource management policies to the board;
- iv) recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- v) consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- vi) where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

VISION STATEMENT

- Efficient organization with professional competence of top order is engaged to remain a market leader in the sugar industry in manufacturing and marketing of white sugar.
- To ensure attractive returns to business associates and optimizing the shareholders' value as per their expectations.

MISSION STATEMENT

- Quality objectives are designed with a view to enhance customer satisfaction and operational efficiencies.
- To be a good corporate citizen to fulfil the social responsibilities.
- Commitment to building, Safe, Healthy and Environment friendly atmosphere.
- We with professional and dedicated team, ensure continual improvement in quality and productivity through effective implementation of Quality Management System. Be a responsible employer and reward employees according to their ability and performance.
- The quality policy encompasses our long term Strategic Goals and Core Values, which are integral part of our business.

STRATEGIC GOALS

- Providing customer satisfaction by serving with superior quality production of white sugar and industrial alcohol at lowest cost.
- Ensuring security and accountability by creating an environment of security and accountability for employees, production facilities and products.
- Expanding customer base by exploring new national and international markets and undertaking product research and development in sugar industry.
- Ensuring Efficient Resource Management by managing human, financial, technical and infrastructural resources so as to support all strategic goals and to ensure highest possible value addition to stakeholders.

CORE VALUES

- Striving for continuous improvement and innovation with commitment and responsibility;
- Treating stakeholders with respect, courtesy and competence;
- Practicing highest personal and professional integrity;
- Maintaining teamwork, trust and support with open and candid communication; and
- Ensuring cost consciousness in all decision and operations.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Code of Conduct

The Premier Sugar Mills & Distillery Company Limited has built a reputation for conducting its business with integrity in accordance with high standards of ethical behavior and in compliance with the laws and regulations that govern our business. This reputation is among our most valuable assets and ultimately depends upon the individual actions of each of our employees all over the country.

The Company Code of Conduct has been prepared to assist each of us in our efforts to not only maintain but enhance this reputation. It provides guidance for business conduct in a number of areas and references to more detailed corporate policies for further direction. The adherence of all employees to high standards of integrity and ethical behavior is mandatory and benefits all stakeholders including our customers, our communities, our shareholders and ourselves.

The Company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measures if and as required.

The Code of Conduct applies to all affiliates, employees and others who act for us countrywide, within all sectors, regions, areas and functions.

The Code of Conduct of the Company includes the policies in respect of followings:

- . Standard of Conduct;
- . Obeying the law;
- . Human Capital;
- . Consumers;
- . Shareholders;
- . Business Partners;
- . Community involvement;
- . Public activities;
- . The environment;
- . Innovation;
- . Competition;
- . Business integrity;
- . Conflicts of interests; and
- . Compliance, monitoring and reporting.

General Principles

- .- Compliance with the law, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all the employees and characterizes the Conduct of the organization.
- .- The Company's business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgment and safeguarding of the dignity, freedom and equality of human beings.

- All employees, without any distinction or exception whatsoever, respect the principles and contents of the Code in their actions and behaviors while performing their functions according to their responsibilities, because compliance with the Code is fundamental for the quality of their working and professional performance. Relationships among employees, at all levels, must be characterized by honesty, fairness, cooperation, loyalty and mutual respect.
- The belief that one is acting in favor or to the advantage of the Company can never, in any way, justify-not even in part – any behavior that conflict with the principles and content of the Code.
- Every employee is expected to adhere to, and firmly inculcate in his/her everyday conduct; this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

Statement of Ethical Practices

- It is the basic principle of The Premier Sugar Mills & Distillery Company Limited to obey the law of the land and comply with its legal system. Accordingly, every director and employee of the Company shall obey the law. Any director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his / her duties.
- Employees must avoid conflicts of interest between their private financial activities and conduct of Company business.
- All business transactions on behalf of the Company must be reflected accordingly in the accounts of the Company. The image and reputation of the Company is determined by the way each and every of us acts and conducts him / her at all times.
- We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.
- Every manager and supervisor shall be responsible to see that there is no violation of laws within his / her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he / she delegates particular tasks.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
TEN YEARS' REVIEW

YEAR	CANE			BEET		
	CANE CRUSHED	RECOVERY	SUGAR PRODUCED	BEET SLICED	RECOVERY	SUGAR PRODUCED
	M. Tons	%	M. Tons	M. Tons	%	M. Tons
2013	222,121.000	9.14	20,507.00	43,124.74	10.65	4,539.00
2014	117,589.000	8.90	10,402.00	47,379.00	9.71	4,567.00
2015	95,526.000	9.11	9,019.00	NOT OPERATED		
2016	178,273.000	9.94	17,677.00			
2017	268,864.455	9.32	25,003.00			
2018	204,775.000	11.12	22,708.00			
2019	154,414.000	10.90	16,768.00			
2020	36,528.000	8.77	3,149.00			
2021	22,590.385	8.32	1,817.50			
2022	32,104.000	6.4	1,986.00			

PRODUCTION OF INDUSTRIAL ALCOHOL

YEARS	MOLASSES TONS	RECOVERY GLNS PER MND	PRODUCTION IN GALLONS
2013	8,589.29	1.876	402,790.00
2014	6,477.00	2.104	340,694.00
2015	NOT OPERATED		
2016			
2017			
2018			
2019			
2020	15,034.99	2.00	751,755.00
2021	16,144.42	1.92	776,585.00
2022	32,075.63	2.047	1,164,103.61

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
SIX YEARS' PERFORMANCE AT A GLANCE

PARTICULARS	2022	2021	2020	2019	2018	2017
(RUPEES IN THOUSAND)						
Turnover	679,216	548,875	938,404	1,072,460	1,262,508	892,219
(Loss) / Profit from Operations	(64,164)	(179,672)	47,148	150,059	(80,988)	(93,672)
(Loss) / Profit before tax	(121,405)	(207,843)	(48,470)	30,870	(166,513)	(171,931)
(Loss) / Profit after tax	(98,412)	(202,250)	(48,749)	184	(195,735)	(147,178)
Share capital	37,500	37,500	37,500	37,500	37,500	37,500
Shareholders' equity	1,017,496	1,120,574	1,324,441	993,464	992,816	1,181,014
Non-current assets	1,352,295	1,470,500	1,600,476	1,265,092	1,399,585	1,493,750
Total assets	2,625,754	1,975,697	2,030,464	1,924,249	2,190,236	2,445,206
Non current liabilities	112,444	152,825	192,939	31,774	17,144	83,160
Current assets	1,273,459	500,555	429,988	659,157	790,651	951,456
Current liabilities	955,849	432,298	513,084	899,011	1,180,276	1,181,032
Dividend						
Cash dividend	-	-	-	-	-	-
Ratios:						
Profitability (%)						
Operating (loss) / profit	(9.45)	(32.73)	5.02	13.99	(6.41)	(10.50)
Loss before tax	(17.87)	(37.87)	(5.17)	2.88	(13.19)	(19.27)
Loss after tax	(14.49)	(36.85)	(5.19)	0.02	(15.50)	(16.50)
Return to Shareholders						
ROE - Before tax	(11.93)	(18.55)	(3.66)	3.11	(16.77)	(14.56)
ROE - After tax	(9.67)	(18.05)	(3.68)	0.02	(19.72)	(12.46)
Return on Capital Employed	(8.71)	(15.88)	(3.21)	0.02	(19.38)	(11.64)
E. P. S. - After tax	(26.24)	(53.93)	(13.00)	0.05	(52.20)	(39.25)
Activity						
Total assets turnover	0.30	0.27	0.47	0.52	0.54	0.43
Non-current assets turnover	0.48	0.36	0.65	0.80	0.87	0.67
Liquidity/Leverage						
Current ratio	1.33	1.16	0.84	0.73	0.67	0.81
Break up value per share	271.3	298.8	353.2	264.9	264.8	314.9
Total Liabilities to equity (Times)	(0.69)	(0.42)	(0.53)	(0.94)	(1.21)	(1.07)

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 77th Annual General Meeting of the shareholders of **The Premier Sugar Mills & Distillery Company Limited** will be held on January 27, 2023 at 11:30 AM at the Registered Office of the Company at Nowshera Road, Mardan, for transacting the following business:-

1. To confirm the minutes of the Annual General Meeting held on February 25, 2022.
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the year ended September 30, 2022.
3. To appoint the Auditors of the Company and to fix their remuneration for the financial year ending September 30, 2023. The present auditors' M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants retire and being eligible offer themselves for re-appointment.
4. To transact any other business of the Company as may be permitted by the Chair.

Special Business:

5. To consider and if thought fit to pass the following resolution, with or without amendment as Special Resolution.

"RESOLVED THAT an increase of 15% to 25% in the remuneration of the working directors w.e.f October 01, 2022 be and is hereby approved."

The share transfer books of the Company will remain closed from January 17, 2023 to January 27, 2023 (both days inclusive).

BY ORDER OF THE BOARD



(Mujahid Bashir)
Company Secretary

Mardan:
January 03, 2023

N.B:

1. A member, eligible to attend and vote at this meeting, may appoint another member as his/her proxy to attend, speak and vote instead of himself/herself. Proxies in order to be effective must be valid and received by the Company not less than 48 hours before the time for holding of the Meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.

3. CDC shareholders are requested to bring their original computerized national identity card, account, sub account number and participant's number in the Central Depository System for identification purpose for attending the Meeting. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
4. The SECP vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of Annual General Meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of Annual General Meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website www.chashmasugarmills.com to the Company's Share Registrar. The Company shall, however additionally provide hard copies of the annual report to such members, on request, free of cost.
5. The Financial Statements of the Company for the year ended September 30, 2022 along with reports have been placed at website of the Company www.premiersugarmills.com
6. In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

"The Company Secretary, The Premier Sugar Mills & Distillery Company Limited, Kings Arcade 20-A, Markaz F-7, Islamabad."
7. As per Section 72 of the Companies Act, 2017 every existing Listed Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the commission, with a period not exceeding 4 years from the commencement of this Act, i.e May 30, 2017.

The Shareholders having physical shareholding are encouraging to open CDC Sub-account with any of the brokers or investor Account directly with CDC to place their physical shares into scrip less form. This will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares will not be permitted as per regulations of the Pakistan Stock Exchange.

Statement of Material Facts under Section 134(3) of the Companies Act, 2017

This statements sets out the material facts pertaining to special business.

Material Facts:

It has been recommended to increase the remuneration of the working directors and salaries of staff @15% to 25% w.e.f October 01, 2022 considering the experience and knowledge of the working directors and increase in operational volumes of the Company. Therefore, in order to compensate the working directors, equitably in accordance with their efforts, the Board of Directors in the meeting held on October 04, 2022, recommended the aforementioned increase and passed the following special resolution;

"RESOLVED THAT an increase of 15% to 25% in the remuneration of the working directors' w.e.f. October 01, 2022 be and is hereby approved"

The Directors have no other interest to the extent of aforesaid resolution passed, except for as mentioned above.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

CHAIRPERSON'S REVIEW REPORT

I am pleased to welcome you to the 77th Annual Report of your Company, it gives me great pleasure to present the Review Report along with the Audited Financial Statements for the year ended September 30, 2022, on behalf of the Board of Directors, on the performance of your Company, as required by Section 192 of the Companies Act, 2017.

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

Annual evaluation of the Board of Directors as required under the Code of Corporate Governance has been carried out to measure the performance and effectiveness of the Board against the objectives of the Company set at the beginning of the year. I am pleased to report that the overall performance of the Board has remained satisfactory on the basis of criteria set for purpose.

The Board had full understating of the vision and mission statements and frequently revisit them to update with the changing market conditions. The Board members attended Board meetings during the year and participated in important company's matters. The Board undertook an overall review of business risks ensuring effectiveness of risks identification, risk management and internal controls to safeguard assets and interest of the Company and Shareholders.

Being the Chairperson of the Board, I ensured that the Board members regularly received reports on finance / budgets, production and other important matters which helped them take effective decisions.

The information about the financial results are explained in detail in the attached Directors' Report and Financial Statements which gives a comprehensive overview of the performance of Company during the year ended September 30, 2022.

On the behalf of the Board of your Company, I take this opportunity to acknowledge the devoted and sincere services of employees of the Company. I am also thankful for the valuable shareholders for their patronage and confidence reposed in the Company.



(Begum Laila Sarfaraz)

Chairperson

Mardan: January 03, 2023

دی پریسیس شوگر ملز اینڈ ڈسٹری کمپنی لمیٹڈ چیئر پرسن کی جائزہ رپورٹ

میں آپ کو کمپنی کے 77 ویں سالانہ رپورٹ میں آپ کو خوش آمدید کہتی ہوں، بورڈ کی جانب سے 30 ستمبر 2022 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ جائزہ رپورٹ پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے جو کے کمپنیز ایکٹ 2017 کے سیکشن 192 کے مطابق ہے۔

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

کوڈ آف کارپوریٹ گورننس کے تحت مطلوبہ بورڈ آف ڈائریکٹرز کا سالانہ جائزہ، سال کے آغاز میں مقرر کردہ کمپنی کے اہداف کے خلاف بورڈ کی کارکردگی اور تاثیر کا جائزہ لیا گیا ہے۔ مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بورڈ کی مجموعی کارکردگی مقصد کے لئے مقرر کردہ معیار کی بنیاد پر تسلی بخش رہی ہے۔

بورڈ کے پاس ویٹن اور مشن کے متعلق مکمل آگاہی تھی اور مارکیٹ کے بدلتے ہوئے حالات کے ساتھ ان کو اپ ڈیٹ کرنے کے لئے اکثر ان کا دوبارہ جائزہ لیا جاتا تھا۔ بورڈ ممبران نے سال کے دوران بورڈ کے اجلاسوں میں شرکت کی اور کمپنی کے اہم معاملات میں حصہ لیا اور کمپنی اور شریز ہولڈرز کے اثاثوں اور مفادات کے تحفظ کے لئے خطرات کے تحفظ نشاندہی، رسک منیجمنٹ اور اندرونی کنٹرول کی تاثیر کو یقینی بنایا۔

بورڈ کے چیئر پرسن ہونے کے ناطے، میں نے اس بات کو یقینی بنایا کہ بورڈ کے اراکین کو باقاعدگی سے فنانس، بجٹ، پیداوار اور دیگر اہم معاملات سے متعلق رپورٹس موصول ہوئی جس سے انہیں موثر فیصلے کرنے میں مدد ملی۔

مالیاتی نتائج کے بارے میں معلومات کو منسلق ڈائریکٹرز کی رپورٹ اور مالیاتی بیانات میں تفصیل سے بیان کیا گیا ہے جو 30 ستمبر 2022 کو ختم ہونے والے سال کے دوران کمپنی کی کارکردگی کا ایک جامع جائزہ پیش کرتا ہے۔

آپ کی کمپنی کے بورڈ کی جانب سے، میں اس موقع پر کمپنی کے ملازمین کی مخلصانہ خدمات کا اعتراف کرتی ہوں۔ مزید برآں میں معزز شیئرز ہولڈرز کی بھی شکر گزار ہوں کہ انہوں نے کمپنی پر اعتماد کا اظہار کیا۔

نیگم لیلہ سرفراز

چیئر پرسن

مردان، 03 جنوری، 2023

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

DIRECTORS' REPORT

The Board of Directors of the Premier Sugar Mills & Distillery Company Limited, is pleased to present Directors' Report of the Company together with the audited financial statements for the year ended September 30, 2022.

1. SUMMARISED FINANCIAL RESULTS

The financial results of the Company for the year under review are as under:-

	2022	2021
	Rupees in thousand	
Loss before taxation	(121,405)	(207,843)
Less: Taxation		
Current		
- for the year	17,833	16,400
- for the prior year	0	(378)
	17,833	16,022
Deferred - for the year	(40,826)	(21,615)
-Tax refund of prior year	-	-
	(22,993)	(5,593)
Loss after taxation	(98,412)	(202,250)
	----- Rupees -----	
Loss per Share	(26.24)	(53.93)

2. REVIEW OF OPERATIONS

2.1- CRUSHING SEASON 2021-22

The Sugar Cane crushing season 2021-22 commenced on November 12, 2021. The mills have crushed 32,104 tons of sugarcane and have produced 1986 tons of sugar till January 31, 2022. The tax free commercial Gur Prices were high and all the sugarcane in the Peshawar valley was diverted from the mills for the commercial Gur production.

2.2- CRUSHING SEASON 2022-23

The Sugar Cane crushing season 2022-23 commenced on November 01, 2022. The mills have crushed 86,814 tons of sugarcane and have produced 9,211 M. tons of sugar till December 09, 2022. The mills have closed due to the diversion of sugarcane towards tax free Gur production.

3. SUGAR PRICE

3.1- SUGAR - SEASON 2021-22

The sugar prices remained low and the Company suffered losses due to the non-availability of sugarcane, the mills could achieve only 4% production of its production capacity.

3.2- SUGAR - SEASON 2022-23

Government of Pakistan acceded to the request of Sugar Mills, and allowed only 100,000 tons of sugar to export, due to the sugar production over and above the consumption, the sugar prices are lower than the current cost of production.

4. DISTILLERY

The Ethanol Fuel Plant produced 5,968 MT of Ethanol during the year ended September 30, 2022.

5. DEATH OF MR. AZIZ SARFARAZ KHAN

The Directors express their deep sorrow on the sudden death of Khan Aziz Sarfaraz Khan, Khan of Mardan on October 04, 2022. May ALLAH ALMIGHTY rest his soul in peace. Ameen. The Directors place on record their appreciation for the devotion and valuable contribution put in by him as Director / Chairman of the Company.

6. STAFF

The Management and Labor relations remained cordial during the year. However, due to losses suffered by the Company, no bonus was paid to the employees during the year.

7. PATTERN OF SHAREHOLDING

The Pattern of Shareholding, as required under section 227(2)(f) of the Companies Act, 2017 is annexed.

8. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of The Premier Sugar Mills & Distillery Company Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- All appropriate accounting policies have been consistently applied while preparing financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon Company's ability to continue as a 'going concern'.
- The Company has followed code of corporate governance as detailed in the listing regulations.
- Key operating and financial data for the last six years available in summarized form is annexed.

- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at September 30, 2022, except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on audited accounts, was Rs. 37.11 million as at September 30, 2022.
- Majority of the Directors of the Company are exempted from the requirement of Directors Training Program.

9. IMPACT OF THE COMPANY'S BUSINESS ON ENVIRONMENT

The Company is cognizant of its responsibility towards environment. All efforts are being made to ensure sustainability of healthy environment. In this connection the Company has implemented various procedures for energy management, water preservation and resource efficiency. All these steps reflect the Company's strong commitment to achieve the ultimate goal to control and minimize the impact on environment on sustainable basis. Use of effluent treatment plant, waste water recycling / reuse demonstrates our continuous commitment for environment, safety and quality.

10. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control systems.

11. CORPORATE SOCIAL RESPONSIBILITY:

The Company is committed to accomplish its Corporate and Social Responsibility (CSR) goals and continued to take initiatives by supporting education, healthcare, environments and other social causes around the Mills area in order to bring improvement in the lives of lesser privileged communities of the area.

The Company undertook continuously numbers of welfare activities in its Mills Area i.e. provision of free secondary school to worker's children, provision of subsidized meals to workers, supply of free ration/medical assistance to needy persons. The Company also runs a free Dispensary in Mills area and provides free medicines to the poor patients.

12. TRADING IN SHARES

During the year, no trade in the shares of the Company were carried-out by the Directors, CFO, Company Secretary and their spouses and minor children except the CEO who purchased 128,235 ordinary shares during the year.

13. RELATED PARTY TRANSACTION

The Related Parties transactions mentioned in 41 to the financial statements were placed before the Board Audit Committee and were 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 complete record of all such transactions. All transactions entered into with the related parties will also be placed before shareholders in their AGM for approval purposes.

14. ROLE OF SHAREHOLDERS

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half yearly and annual reports. The Board of Directors encourages the shareholder's participation at the annual general meeting to ensure high level of accountability

15. **BOARD MEETINGS**

During the year, eleven (11) meetings were held and attendance by each director was as follows;

Name of Directors	Board Meetings	Board Audit Committee Meetings	Human Resource and Remuneration Committee
	Attended	Attended	Attended
Non- Executive Directors			
Mr. Aziz Sarfaraz Khan	5	5	1
Begum Laila Sarfaraz	5	-	-
Ms. Zarmine Sarfaraz	3	5	-
Executive Directors			
Mr. Abbas Sarfaraz Khan	4	-	-
Mr. Iskander M. Khan	5	-	1
Independent Director			
Mr. Shahbaz Haider Agha	4	5	1
Mr. Salman Ahmed	3	-	-

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

16. **DIVIDEND**

The Directors do not recommend any dividend due to low profitability of the Company..

17. **EXTERNAL AUDITORS**

The present Auditors, M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants, Lahore, 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, 2023.

18. **COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

The requirements of the Code of Corporate Governance set out in the Listed Companies (Code of Corporate Governance) Regulations, 2019 relevant for the year ended September 30, 2022 have been duly complied with. A statement to this effect is annexed with the report..

19. **ACKNOWLEDGEMENT**

The Directors would like to express their gratitude for the hard work and dedication displayed by Staff and the Executives of the Organization and the valuable support of our Bankers.

Finally, the Board wishes to thank the valued shareholders for their patronage and confidence reposed in the Company and consistent support in the present challenging scenario

FOR AND ON BEHALF OF THE BOARD



(ISKANDER M. KHAN)
DIRECTOR



(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

Mardan:
January 03, 2023

دی پرنسپل شوگر ملز اینڈ ڈسٹری کمپنی لمیٹڈ

ڈائریکٹرز کی رپورٹ

دی پرنسپل شوگر ملز اینڈ ڈسٹری کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور 30 ستمبر 2022 کو ختم ہونے والے سال کے آڈیٹ شدہ مالیاتی گوشوارے، پیش کرنے پر مسرت محسوس کرتے ہیں۔

1۔ خلاصہ مالیاتی نتائج

کمپنی کی مالیاتی کارکردگی کا ذیل میں خلاصہ پیش ہے۔

2021	2022	
(ہزار روپے)		
(207,843)	(121,405)	ٹیکس سے پہلے نقصان
-----	-----	ٹیکس
16,400	17,833	موجودہ سال کا ٹیکس
(378)	0	گزشتہ سال کا ٹیکس
-----	-----	
16,022	17,833	
(21,615)	(40,826)	ڈیفرڈ ٹیکس
-----	-----	
(5,593)	(22,993)	
-----	-----	
(202,250)	(98,412)	بعد از ٹیکس نقصان
-----	-----	
روپے		
(53.93)	(26.24)	نقصان فی شیئر
=====	=====	

2.1۔ کرشنگ سیزن 2021-22

گنے کا کرشنگ سیزن 2021-22، 12 نومبر 2021 کو شروع ہوا اور 31 جنوری 2022 تک جاری رہا۔ ملز نے 32,104 ٹن گنا کرش کیا اور چینی کی پیداوار 1986 ٹن رہی۔ ٹیکس فری تجارتی گڑ کی قیمتیں زیادہ تھیں جس کی وجہ سے وادی پشاور میں تمام گنے کو ملوں کی بجائے گڑ کی طرف موڑ دیا گیا تھا۔

2.2۔ کرشنگ سیزن 2022-23

گنے کا کرشنگ سیزن 2022-23 کا آغاز 01 نومبر 2022 کو شروع ہوا۔ 09 دسمبر 2022 تک ملز نے 86,814 ٹن گنے کو کرش کرتے ہوئے 9,211 ٹن چینی کی پیداوار کی۔ گنے کو ٹیکس فری گز کی پیداوار کی طرف موڑنے کی وجہ سے ملیں بند ہو گئی ہیں۔

3۔ چینی کی قیمت

3.1۔ چینی کا سیزن 2021-22

چینی کی قیمتیں کم رہیں اور گنے کی عدم دستیابی کی وجہ سے کمپنی کو نقصان اٹھانا پڑا، ملیں اپنی پیداواری صلاحیت کا صرف 4 فیصد پیداوار حاصل کر سکی۔

3.2۔ چینی کا سیزن 2022-23

حکومت پاکستان نے شوگر ملز کی درخواست کو مان لیا اور صرف 1 لاکھ ٹن چینی برآمد کرنے کی اجازت دی، چینی کی پیداوار کھپت سے زیادہ ہونے کی وجہ سے چینی کی قیمتیں موجودہ پیداواری لاگت سے کم ہیں۔

4۔ ڈسٹری

ایتھنول فیول پلانٹ نے 30 ستمبر 2022 کو اختتام ہونے والے مالی سال کے دوران، 5,968 MT ایتھنول کی پیداوار کی۔

5۔ جناب عزیز سرفراز خان کی وفات

ڈائریکٹر خان عزیز سرفراز خان، خان آف مردان کی 04 اکتوبر، 2022 کو اچانک وفات پر گہرے دکھ کا اظہار کرتے ہیں۔ اللہ تعالیٰ انکی روح کو سکون عطا فرمائے۔ آمین۔ ڈائریکٹر نے کمپنی کو دی گئی انکی خدمات بطور ڈائریکٹر / چیرمین سراہا اور ریکارڈ کا حصہ بنایا۔

6۔ سٹاف

سال کے دوران انتظامیہ اور مزدوروں کے تعلقات مثالی رہے۔ تاہم کمپنی کے نقصان میں ہونے کی وجہ سے ملازمین کو سال کے دوران کوئی بونس نہیں دیا گیا۔

7۔ شمیر ہولڈنگ کی ترتیب

کمپنی ایکٹ 2017 کے سیکشن 227 سب سیکشن (2f) کے مطابق، حصص داران کی ترتیب منسلک ہے۔

8۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

۔ دی پرنسپل شوگر ملز اینڈ ڈسٹری بیوٹرز کی کمپنی لمیٹڈ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، رقم کی آمد و رفت، کاروباری سرمایہ میں ہونے والی تبدیلیاں اور تمام معاملات کو واضح پیش کرتے ہیں۔

۔ کمپنی کے حسابداری کے باقاعدہ کھاتے مرتب کیے جاتے ہیں۔

۔ مناسب حسابداری کے اصول تسلسل سے مالیاتی حسابات بنانے میں استعمال ہوتے ہیں۔ یہ گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔

۔ انٹرنیشنل اکاؤنٹنگ فنانشل رپورٹنگ سٹینڈرڈز، جو پاکستان میں لاگو ہوتے ہیں ان پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کیے جاتے ہیں۔

۔ اندرونی کنٹرول کا نظام موثر طریقے سے نافذ اور نگرانی کیا گیا ہے۔

۔ کمپنی کے قائم نہ رہنے کے حوالے سے کسی قسم کا کوئی خدشہ نہیں پایا جاتا ہے۔

۔ کمپنی باقاعدگی سے کارپوریٹ گورننس کے قواعد و ضوابط، جو کہ لسٹنگ کے قواعد میں واضح کئے گئے ہیں کی پاسداری کر رہی ہے۔

۔ کمپنی کے گزشتہ چھ سال کے انتظامی اور مالی امور سے مطلق اعداد و شمار منسلک ہیں۔

۔ 30 ستمبر 2022 تک کسی بھی قسم کی کوئی ٹیکس، فرائض، لیویز، چارجز، بقایا جات نہیں ہیں، سوائے ان کے جو مالیاتی بیانات میں بتائی گئیں ہیں۔

۔ 30 ستمبر 2022 کو آڈٹ شدہ اکاؤنٹس پر مبنی، اسٹاف پروویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 37.11 ملین تھی۔

۔ کمپنی کے زیادہ تر ڈائریکٹرز، ڈائریکٹرز ٹریننگ پروگرام کی ضرورت سے مستثنیٰ ہیں۔

9۔ کمپنی کے کاروبار کے ماحول پر اثرات

کمپنی صحت مند ماحول کو برقرار رکھنے کی ذمہ داری سے مکمل طور پر آگاہ ہے صحت مند ماحول کے استحکام کو یقینی بنانے کے لئے تمام کوششیں بروئے کار لائی جاتی ہیں۔ کمپنی نے توانائی کے انتظام، پانی کے تحفظ، حیاتیاتی تنوع اور وسائل کی استعداد کے لئے ضابطے / طریقے کار لاگو کئے ہیں تاکہ ماحول پر مرتب ہونے والے منفی اثرات پر قابو پانے اور کم کرنے کے حتمی مقاصد کو حاصل کیا جاسکے، یہ تمام اقدامات ماحول کی آلودگی پر قابو پانے اور اثرات کم کرنے کے سلسلہ میں کمپنی کی پائیدار بنیادوں پر مضبوط عزم کا اعادہ کرتے ہیں۔ پانی کی صفائی کے پلانٹس کا استعمال اور گندے پانی کو دوبارہ قابل استعمال بنانا وغیرہ سے ماحول کے لئے ہمارے مسلسل عزم کا اظہار ہوتا ہے۔

10۔ مناسب اندرونی اور مالیاتی ضابطے

بورڈ نے ایک مونٹر اندرونی آڈٹ فنکشن ترتیب دیا ہے جو اس مقصد کیلئے موزوں اور تجربہ کار سمجھے جاتے ہیں اور کمپنی کی پالیسیوں اور طریقہ کار سے واقف ہیں۔ کمپنی کے اندرونی آڈیٹنگ کا دائرہ کار واضح طور پر بیان کیا گیا ہے جس میں اس کے "اندرونی کنٹرول سسٹمز" کا جائزہ لینا اور جانچنا وسیع پیمانے پر شامل ہے۔

11۔ تجارتی اور سماجی ذمہ داری

کمپنی اپنے کارپوریٹ اور سماجی ذمہ داری (CSR) (Corporate Social Responsibility) کے اہداف کو پورا کرنے پر عزم ہے اور ملز کے علاقے کے ارد گرد تعلیم، صحت کی دیکھ بھال، ماحولیات اور دیگر سماجی معاملات کی حمایت کرتے ہوئے پہل کرنا جاری رکھے ہوئے ہیں تاکہ علاقے کی کم مراعات یافتہ کمیونٹی کی زندگیوں میں بہتری لائی جاسکے۔ کمپنی نے اپنے ملازمین میں مسلسل کئی فلاحی سرگرمیاں کیں یعنی سیکنڈری لیول تک مفت تعلیم، کارکنوں کو سستا کھانا، ضرورت مند افراد کو مفت راشن / طبی امداد کی فراہمی، کمپنی ملازمین میں مفت ڈسپنری بھی چلائی جاتی ہے جو غریب مریضوں کو مفت ادویات فراہم کرتی ہے۔

12۔ شیئرز کی تجارت

30 ستمبر 2022 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سیکرٹری، ان کے ازواج اور چھوٹے بچوں کی جانب سے کمپنی کے حصص میں کوئی لین دین نہیں ہوئی سوائے چیف ایگزیکٹو آفیسر کے جنہوں نے سال کے دوران 128,235 شیئرز خریدے تھے۔

13۔ متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں سے لین دین کے معاملے نوٹ 41 میں بیان کئے گئے ہیں ان کو بورڈ آف آڈٹ کمیٹی کے سامنے منظوری کے لئے پیش کیا گیا اور بورڈ سے باقاعدہ منظوری لی گئی تھی۔ لین دین کے یہ معاملات انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (آئی ایف آر ایس) اور کمپنیز ایکٹ 2017 کے قواعد کے عین مطابق ہیں۔ کمپنی کی جانب سے اس قسم کے تمام معاملات / لین دین کا ریکارڈ رکھا جاتا ہے۔ متعلقہ پارٹیوں سے متعلق تمام لین دین کے معاملات کی شیئر ہولڈرز سے سالانہ اجلاس عام میں منظوری لی جائے گی۔

14۔ حصص داران کا کردار

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ کمپنی کے حصص داران کو کسی بھی ایسی اہم پیش رفت سے بروقت مطلع کیا جائے، جو کمپنی کے معاملات پر اثر انداز ہو۔ اس مقصد کو حاصل کرنے کیلئے حصص داران کو سہ ماہی، نصف اور سالانہ رپورٹ کی معلومات فراہم کی جاتی ہے۔ بورڈ آف ڈائریکٹرز اعلیٰ سطحی احتساب کو یقینی بنانے کے لیے حصص داروں کو سالانہ اجلاس میں شرکت کی حوصلہ افزائی کرنا ہے۔

15۔ بورڈ اجلاس

۔ سال کے دوران کل گیارہ بورڈ کے اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی شمولیت کی تفصیل مندرجہ ذیل ہے؛

ڈائریکٹر کے نام تان۔ ایگزیکٹو ڈائریکٹر	بورڈ آف ڈائریکٹر کے اجلاس حاضری	آڈٹ کمیٹی کے اجلاس حاضری	ہیومن ریسورس اور معاوضہ کی کمیٹی حاضری
جناب عزیز سرفراز خان	5	5	1
بیگم علی سرفراز (خاتون ڈائریکٹر)	5	--	--
محترمہ زرین سرفراز (خاتون ڈائریکٹر)	3	5	--
ایگزیکٹو ڈائریکٹر			
جناب عباس سرفراز خان	4	--	--
جناب اسکندر محمد خان	5	--	1
آزاد ڈائریکٹر			
جناب شہباز حیدر آغا	4	5	1
جناب سلمان احمد	3	--	1

جو ڈائریکٹر بورڈ میٹنگ اجلاس میں حاضر نہیں ہو سکے ان کو چھٹی کی منظوری دی گئی تھی۔

16۔ ڈیویڈنڈ کی ادائیگی

ڈائریکٹر نے اس سال کمپنی کے نقصان میں ہونے کی وجہ سے ڈیویڈنڈ نہ دینے کی سفارش کی ہے۔

17۔ آڈیٹرز

موجودہ آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور، سالانہ اجلاس عام تک ریٹائرڈ ہو جائیں گے اور انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے کوڈ آف کارپوریٹ گورننس کے ضابطہ کے مطابق، بورڈ آف ڈائریکٹر نے آڈیٹرز کو 30 ستمبر 2023 مالی سال کے اختتام تک مقرر کرنے کی گزارش کی ہے۔

18۔ ضابطہ برائے کاروباری نظم و نسق

کمپنی کوڈ آف کارپوریٹ گورننس کے ضابطے جو کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 میں دیئے گئے ہیں اور 30 ستمبر 2022 کو ختم ہونے والے سال سے متعلقہ ہیں پر پوری طرح عمل پیرا ہے اس سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

19۔ اعتراف

ڈائریکٹر نے کمپنی اور ایگزیکٹوز کی محنت اور لگن اور بنکوں کی قیمتی حمایت کو سراہا ہے۔

بورڈ قابل قدر حصص داروں کا شکر گزار ہے جنہوں نے مشکل وقت میں کمپنی کا ساتھ دیا اور کمپنی پہ اپنا بھروسہ رکھا، جس کی وجہ سے کمپنی موجودہ چیلنج میں سرخرو ہوئی۔

منجانب بورڈ



عباس سرفراز خان

چیف ایگزیکٹو



اسکندر محمد خان

ڈائریکٹر

مردان

بتاریخ: 03 جنوری، 2023

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Shareholders' Information

Registered Office

Nowshera Road Mardan,
Khyber Pakhtunkhwa.
Tel: 92 937 862051-52
Fax: 92 937 862989

Head Office

King's Arcade, 20-A, Markaz F-7, Islamabad.
Tel: 92 51 2650805-7
Fax: 92 51 2651285-6

Shares Registrar

Hameed Majeed Associates (Pvt.) Limited,
HM House, 7-Bank Square, Lahore.
Tel: 92 42 37235081-2
Fax: 92 42 37358817

M/s. Hameed Majeed Associates (Pvt.) Limited is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration functions.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, and issue of duplicate/replaced share certificates, change of address and other related matters.

Listing on Stock Exchange

The Premier Sugar Mills & Distillery Company's equity shares are listed on Pakistan Stock Exchange (PSX).

Listing Fees

The annual listing fee for the financial year 2022-23 has been paid to Pakistan Stock Exchange.

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act, 2017 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Stock Code

The stock code for dealing in equity shares of The Premier Sugar Mills & Distillery Company Limited at PSX is **PMRS**.

Book Closure Dates

The Register of Members and Share Transfer Books of the Company will remain closed from 17.01.2023 to 27.01.2023.

Web Presence

Updated information regarding the Company can be accessed at website www.premiersugarmills.com. The website contains the latest financial results of the Company together with Company's profile.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
THE COMPANIES ACT, 2017 FORM - 34
(Section 227 (2)(f))
PATTERN OF SHAREHOLDING

1.1. Name of the Company

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

9/30/2022

		SHAREHOLDINGS		
2.2	No. of Shareholders	FROM	TO	TOTAL SHARES HELD
	492	1	100	17,547
	335	101	500	80,128
	114	501	1000	81,751
	105	1001	5000	225,608
	16	5001	10000	108,729
	7	10001	20000	94,257
	4	20001	50000	98,904
	2	50001	150000	206,484
	1	150001	310000	307,370
	1	310001	400000	400,000
	0	400001	600000	-
	2	600001	1125000	2,129,222
	1079			3,750,000

2.3	Categories of Shareholders	Shares Held Percentage	
2.3.1	Directors, Chief Executive Officers and their Spouses and their minor children	2,657,532	70.87
2.3.2	Associated Companies undertakings and related parties	400,000	10.67
2.3.3	NIT and ICP	-	-
2.3.4	Banks, Development Financial Institutions, Non Banking Financial Institutions	7,146	0.19
2.3.5	Insurance Companies	-	-
2.3.6	Modarba and Mutual Funds	-	-
2.3.7	Shareholder holdings 10%	2,548,772	67.97
2.3.8	General Public		
	Local	641,033	17.09
	Foreign	-	-
2.3.9	Others (to be Specified)		
	(Public Sector Companies & Corporations)	44,282	1.18

Categories of shareholders	Numbers of Shareholders	No of shares held	Shares Held	Percentage of paid up capital
<u>Directors and their Spouse and Minor Children</u>	7		2,479,569	
Mr. Aziz Sarfaraz Khan		1,080,620		28.82
Begum Laila Sarfaraz		307,370		8.20
Mr. Abbas Sarfaraz Khan		1,068,152		28.48
Ms. Zarmine Sarfaraz		22,925		0.61
Mr. Iskander M. Khan		500		0.01
Mr. Shahbaz Haider Agha		1		0.00
Mr. Salman Ahmad		1		0.00
<u>Shares held by Relatives</u>	4		177,963	
Babar Ali Khan		121,484		3.24
Mahnaz Saigol		500		0.01
Mr. Abdul Qadar Khattak		33,705		0.90
Ms. Najda Sarfaraz		22,274		0.59
<u>Company Secretary</u>	1		7	
Mujahid Bashir		7		0.00
<u>Associated Companies</u>	1		400,000	
Arpak International Investments Ltd.		400,000		10.67
<u>Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</u>	6		16,146	
CDC Trustee National Bank of Pakistan Limited		6,952		0.19
CDC - TRUSTEE GOLDEN ARROW STOCK FUND		2,800		0.07
CDC - TRUSTEE AKD OPPORTUNITY FUND		6,200		0.17
National Bank of Pakistan		41		0.00
United Bank Limited		37		0.00
Investment Corporation of Pakistan		116		0.00
<u>Public Sector Companies and Corporation</u>	15		35,282	
The Society for the Rehabilitation of crippled children		174		0.00
Chief Administrator of Auqaf		3,798		0.10
The Ida Rieu Poor Welfare Association		349		0.01
BCGA (Punjab) Limited		5,268		0.14
Bibojee Services Limited		10,396		0.28
Robberts Cotton Association Limited		4,444		0.12
Madrassa Haqania Akora Khattak		52		0.00
Pyramid Investments (Pvt.) Limited		500		0.01
Secretary Municipal Committee Mardan.		226		0.01
Frontier Co-operative Bank Limited		8,452		0.23
Maple Leaf Capital Limited		1		0.00
Freedom Enterprises (Pvt.) Limited		1,000		0.03
Y.S Securities Limited		2		0.00
Sarfaraz Mehmood Private Limied		100		0.00
Mohammad Ahmed Nadeem Securities (SMC-Pvt) Limited		520		0.01
<u>Shares held by General Public</u>				
Held by General Public	1045		641,033	17.09
	1079		3,750,000	100.00
<u>Shareholders holding 10% or more voting Interest in the Company</u>				
Khan Aziz Sarfaraz Khan		1,080,620		28.82
Mr. Abbas Sarfaraz Khan		1,068,152		28.48
M/s. Arpak International Investments Limited		400,000		10.67
		2,548,772		67.97
<u>Trade in shares by Directors, CEO, CFO, Company Secretary, Executives and their Spouses and Minor Children</u>				
<u>Name</u>	<u>Designation</u>	<u>No of Shares Purchased</u>	<u>No of Shares Sold</u>	
Abbas Sarfaraz Khan	CEO	128,235	-	

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF
THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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

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

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

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

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

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

LAHORE; JANUARY 03, 2023
UDIN: CR202210195BAudKbRXs

Shinewling Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE
GOVERNANCE) REGULATIONS, 2019

The Company has complied with the requirements of the Regulations in the following manner:

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

- a) Male: 4
b) Female: 3

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

Category	Names
Independent Director	Mr. Shahbaz Haider Agha Mr. Salman Ahmed.
Non-executive Director	Mr. Shahbaz Haider Agha Mr. Salman Ahmed Begum Laila Sarfaraz Ms. Zarmine Sarfaraz Ms. Mahnaz Saigol
Executive Directors	Mr. Abbas Sarfaraz Khan Mr. Iskanader Muhammad Khan
Female Directors	Begum Laila Sarfaraz Ms. Zarmine Sarfaraz Ms. Mahnaz Saigol

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 Companies Act, 2017 (the Act) and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. All Directors of the Company are exempted from the requirement of Directors' Training Program.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed Committees comprising of members given below:

Board Audit Committee

- | | |
|----------------------------|-----------------|
| a) Mr. Shahbaz Haider Agha | Chairman |
| b) Ms. Zarmine Sarfaraz | Member |
| c) Ms. Mahnaz Saigol | Member |

Human Resource and Remuneration Committee

- | | |
|----------------------------|-----------------|
| a) Mr. Shahbaz Haider Agha | Chairman |
| b) Mr. Iskander M. Khan | Member |
| c) Ms. Mahnaz Saigol | 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) Board Audit Committee	Quarterly
b) Human Resource and Remuneration Committee	Annually
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 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 Directors 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 Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with. However, fraction (0.33) contained in one-third number for Independent directors has not been rounded up as one, as the existing independent directors have the requisite skills, knowledge and diversified work experience to take independent decision in the interest of the Company.
19. Explanations for non-compliance with requirements, other than regulations, 3,6,8,27,32,33 and 36 are below.

Non-mandatory Requirement	Reg. No.	Explanation
Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee; The Board shall consider to constitute nomination committee when required.
Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30	Currently, the board has not constituted a risk Management committee and senior officers of the Company performs the requisite functions and apprises the Board accordingly. The Board shall constitute risk Management committee when required.
Disclosure of significant policies on The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors re-muneration policy.	35	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.
Responsibilities of the Board and its members. The Board is responsible for adoption of corporate governance practices by the Company.	10(1)	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.

Mardan:
January 03, 2023


(BEGUM LAILA SARFARAZ)
CHAIRPERSON

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE PREMIER SUGAR MILLS & DISTILLERY
COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2022 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 29.3 to the financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.29.936 million demanded by Sui Northern Gas Pipelines Ltd. Our report is not modified in respect of this matter.

Key Audit Matters

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

S.No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Financing obligations and compliance with related covenant requirements</p> <p>At the reporting date, the Company has outstanding short term financing facilities aggregating Rs.701 million, which constitute 43% of total liabilities of the Company.</p> <p>The Company's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to the portfolio of financing. Further, new financing arrangements entail additional financial and non-financial covenants for the Company to comply with.</p> <p>The significance of financing along with the sensitivity of compliance with underlying financing covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.</p>	<ul style="list-style-type: none"> - Our audit procedures in relation to verification of short term financing mainly included the following: - reviewed terms and conditions of financing agreements entered into by the Company with various banks; - circularised direct balance confirmations to banks and verified receipts and payments from relevant statements; and - assessed the status of compliance with financing covenants and also inquired from the management with regard to their ability to ensure future compliance with the covenants.
2.	<p>Contingencies</p> <p>The Company is subject to material litigations involving different Courts pertaining to taxation and other matters, which require management to make assessments and judgements with respect to likelihood and impact of such litigations on the financial statements of the Company.</p> <p>The management has engaged independent legal counsels on these matters.</p> <p>The assessment of provisioning against such litigations is a complex exercise and requires significant judgements to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessments are disclosed in note 29 to the financial statements.</p>	<p>In response to this matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> - discussed legal cases with the internal legal department of the Company to understand the management's view point, obtained and reviewed the litigation documents to assess the facts and circumstances; - obtained opinions from legal counsels dealing with such cases in the form of confirmations; - evaluated the possible outcome of these legal cases in line with the requirements of IAS 37 (Provisions, contingent liabilities and contingent assets); and - disclosures of legal exposures and provisions were assessed for completeness and

Information Other than the Financial Statements and Auditors' 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 auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 auditors' report is Nafees ud din.

LAHORE; JANUARY 03, 2023
UDIN: AR202210195sMZE9Tt0R

Shinewing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

		2022	2021
	Note	Rupees in thousand	
ASSETS			
Non-current Assets			
Property, plant and equipment	5	1,160,797	1,278,751
Investment property	6	20,183	20,480
Long term investments	7	170,006	170,006
Security deposits		1,309	1,263
		<u>1,352,295</u>	<u>1,470,500</u>
Current Assets			
Stores and spares	8	106,710	109,699
Stock-in-trade	9	760,503	133,605
Trade debts	10	45,071	156,955
Advances	11	250,244	5,661
Trade deposits and short term prepayments	12	4,017	4,344
Accrued profit on bank deposits		0	527
Other receivables	13	9,910	19,135
Sales tax refundable		417	780
Income tax refundable, advance tax and tax deducted at source	14	20,280	17,076
Bank balances	15	71,665	52,773
		<u>1,268,817</u>	<u>500,555</u>
Non-current assets classified as held for sale	16	4,642	4,642
		<u>1,273,459</u>	<u>505,197</u>
TOTAL ASSETS		<u>2,625,754</u>	<u>1,975,697</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
5,750,000 (2021: 5,750,000) ordinary shares of Rs.10 each		57,500	57,500
Issued, subscribed and paid-up capital	17	37,500	37,500
Capital reserves			
- share redemption		1	1
- revaluation surplus on property, plant and equipment	18	732,941	792,005
General revenue reserve		900,000	900,000
Accumulated loss		(652,946)	(608,932)
Shareholders' Equity		<u>1,017,496</u>	<u>1,120,574</u>
LIABILITIES			
Non-current Liabilities			
Long term finances	19	0	5,077
Lease liabilities	20	0	1,095
Government grant	21	0	78
Staff retirement benefits - gratuity	22	28,697	20,096
Deferred taxation	23	83,747	126,479
		<u>112,444</u>	<u>152,825</u>
Current Liabilities			
Trade and other payables	24	220,316	128,053
Unclaimed dividends		7,470	7,470
Accrued mark-up	25	2,791	5,877
Short term borrowings	26	701,000	247,612
Current portion of non-current liabilities	27	6,439	26,886
Taxation	28	17,833	16,400
		<u>955,849</u>	<u>432,298</u>
Liabilities directly associated with non-current assets classified as held for sale	16	539,965	270,000
Total Liabilities		<u>1,608,258</u>	<u>855,123</u>
Contingencies and commitments	29		
TOTAL EQUITY AND LIABILITIES		<u>2,625,754</u>	<u>1,975,697</u>

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


(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE


(ISKANDER M. KHAN)
DIRECTOR


(RIZWAN ULLAH KHAN)
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Note	2022 Rupees in thousand	2021
Sales - net	30	679,216	548,875
Cost of sales	31	699,161	761,851
Gross loss		(19,945)	(212,976)
Distribution cost	32	59,429	12,764
Administrative expenses	33	63,573	58,173
Other expenses	34	9,889	10,427
		132,891	81,364
		(152,836)	(294,340)
Other income	35	88,672	114,668
Loss from operations		(64,164)	(179,672)
Finance cost	36	57,241	28,171
Loss before taxation		(121,405)	(207,843)
Taxation	37	(22,993)	(5,593)
Loss after taxation		(98,412)	(202,250)
Other comprehensive loss			
Item that will not be reclassified to profit or loss:			
Loss on remeasurement of staff retirement benefits obligation - gratuity	22	(6,572)	(2,277)
Impact of tax		1,906	660
		(4,666)	(1,617)
Total comprehensive loss		(103,078)	(203,867)
		----- Rupees -----	
Loss per share	38	(26.24)	(53.93)

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


(ABBAS SARFARAZ KHAN)
 CHIEF EXECUTIVE


(ISKANDER M. KHAN)
 DIRECTOR

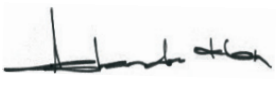

(RIZWAN ULLAH KHAN)
 CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	2022	2021
	Rupees in thousand	
Cash flows from operating activities		
Loss for the year - before taxation	(121,405)	(207,843)
Adjustments for non-cash charges and other items:		
Depreciation	117,048	130,210
Depreciation on investment property	297	644
Mark-up on loan to Subsidiary Company and profit on bank deposits	(2,104)	(2,228)
Staff retirement benefits-gratuity (net)	2,351	(146)
Unclaimed payable balances written-back	0	(145)
Gain on disposal of vehicles	(584)	(114)
Uncollectible receivable balances written-off	0	41
Dividends	(68,755)	(68,755)
Finance cost	56,502	26,872
Loss before working capital changes	(16,650)	(121,464)
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	2,989	(3,073)
Stock-in-trade	(626,898)	54,155
Trade debts	111,884	(140,072)
Advances	(244,583)	(1,239)
Trade deposits and short term prepayments	327	(3,166)
Other receivables	9,225	(7,823)
Sales tax refundable	363	(780)
Increase / (decrease) in trade and other payables	91,895	(39,079)
	(654,798)	(141,077)
Cash used in operations	(671,448)	(262,541)
Income tax paid	(19,604)	(16,754)
Net cash used in operating activities	(691,052)	(279,295)
Cash flows from investing activities		
Additions to property, plant and equipment	(1,380)	(6,428)
Advances received against non-current assets classified as held for sale	269,965	270,000
Sale proceeds of vehicles	2,870	1,022
Dividends received	68,755	68,755
Mark-up / profit received on loan to Subsidiary Company and bank deposits	2,631	2,997
Net cash generated from investing activities	342,841	336,346
Cash flows from financing activities		
Long term finances repaid	(24,826)	(9,495)
Lease finances - net	(1,871)	(1,950)
Long term loan to Subsidiary Company - received / adjusted	0	24,238
Finance cost paid	(59,588)	(27,232)
Dividend paid	0	(14)
Short term borrowings - net	453,388	(42,388)
Net cash generated from / (used in) financing activities	367,103	(56,841)
Net increase in cash and cash equivalents	18,892	210
Cash and cash equivalents - at beginning of the year	52,773	52,563
Cash and cash equivalents - at end of the year	71,665	52,773

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


(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE


(ISKANDER M. KHAN)
DIRECTOR


(RIZWAN ULLAH KHAN)
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Share capital	Reserves				Total
	Capital		Revenue		
	Share redemption	Revaluation surplus on property, plant and equipment	General	Accumulated loss	

----- Rupees in thousand -----

Balance as at September 30, 2020	37,500	1	857,176	900,000	(470,236)	1,324,441
Total comprehensive loss for the year ended September 30, 2021						
- loss for the year	0	0	0	0	(202,250)	(202,250)
- other comprehensive loss	0	0	0	0	(1,617)	(1,617)
	0	0	0	0	(203,867)	(203,867)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(65,171)	0	65,171	0
Balance as at September 30, 2021	37,500	1	792,005	900,000	(608,932)	1,120,574
Total comprehensive loss for the year ended September 30, 2022						
- loss for the year	0	0	0	0	(98,412)	(98,412)
- other comprehensive loss	0	0	0	0	(4,666)	(4,666)
	0	0	0	0	(103,078)	(103,078)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(59,064)	0	59,064	0
Balance as at September 30, 2022	37,500	1	732,941	900,000	(652,946)	1,017,496

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


(ABBAS SARFARAZ KHAN)
 CHIEF EXECUTIVE


(ISKANDER M. KHAN)
 DIRECTOR


(RIZWAN ULLAH KHAN)
 CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

The Premier Sugar Mills & Distillery Company Limited (the Company) was incorporated on July 24, 1944 as a Public Company and its shares are quoted on Pakistan Stock Exchange Ltd. The Company is principally engaged in manufacture and sale of white sugar and spirit. The Company's Mills and Registered Office are located at Mardan (Khyber Pakhtunkhwa) whereas the Head Office is situated at King's Arcade, 20-A, Markaz F-7, Islamabad. The Company has shifted its distillery from Mardan to Ramak, Dera Ismail Khan during the financial year ended September 30, 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except where otherwise specifically stated.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest thousand unless otherwise stated.

2.4 Critical accounting estimates, assumptions and judgments

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

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

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Useful lives, residual values and depreciation method of property, plant and equipment and investment property. - notes 4.1, 4.2, 5 & 6.
- Provision for impairment of inventories - notes 4.4, 4.5, 8 & 9.
- Impairment loss of non-financial assets other than inventories - note 4.8.
- Allowance for expected credit loss - notes 4.6 & 10.
- Staff retirement benefits - gratuity - notes 4.10 & 22.
- Estimation of provisions - note 4.12.
- Estimation of contingent liabilities - notes 4.13 & 29.
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.14, 23 & 28.

2.5 No critical judgment has been used in applying the accounting policies.

3. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 Standards, amendments to published standards and interpretations that are effective during the current year

There are certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on October 01, 2021 but do not have any significant impact on the Company's financial reporting and therefore, have not been disclosed in these financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are standards and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on October 01, 2021. The standards and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended September 30, 2021.

4.1 Property, plant and equipment

(a) Owned

Measurement

Buildings on leasehold and freehold land and plant & machinery are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent amortisation / depreciation. Any accumulated amortisation / depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The remaining property, plant and equipment, except freehold land and capital work-in-progress, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Freehold land and capital work-in-progress are stated at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Revaluation

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings.

Depreciation

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 5.1. Leasehold land is amortised over the lease term using the straight-line method.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Disposal

Gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in other income in the statement of profit or loss. In case of the sale or

retirement of a revalued property, plant and equipment, the attributable revaluation surplus remaining in the revaluation surplus on property, plant and equipment is transferred directly to unappropriated profit / accumulated loss.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any change in estimates is accounted for on a prospective basis.

(b) Right of use assets and related liabilities

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease liabilities have been discounted using the Company's incremental borrowing rate ranging from 9.20% to 13.08% (2021 : 8.98% to 9.55%) per annum. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any.

4.2 Investment property

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

Depreciation on investment property is charged to income applying reducing balance method at the rates stated in note 6. Depreciation on additions is charged from the month in which the asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off. Impairment loss or its reversal, if any, is taken to statement of profit or loss.

4.3 Investments

Investments in associates and subsidiaries are carried at cost less impairment loss, if any. Gain / loss on sale of investments is included in statement of profit or loss. Bonus shares are accounted for by increase in number of shares without any change in value.

The Company issues consolidated financial statements along with its separate financial statements in accordance with the requirements of IFRS 10 'Consolidated financial statements'. Investments in associates, in the consolidated financial statements, have been accounted for using the equity method.

At each reporting date, the Company reviews the carrying amounts of the investments in subsidiaries and associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future dividend stream and the net assets value of these investments. Impairment losses are recognised as expense in the statement of profit or loss.

Investments in subsidiaries and associates, that suffered an impairment, are reviewed for possible reversal of impairment at each reporting date. Impairment losses recognised in the statement of profit or loss on investments in subsidiaries and associates are reversed through the statement of profit or loss.

4.4 Stores and spares

Stores and spares are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the reporting date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for identified obsolete and slow moving items.

4.5 Stock-in-trade

- a) Stock of manufactured products is valued at the lower of cost and net realisable value. Molasses inventory is valued at net realisable value.
- b) Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which comprises of prime cost and appropriate production overheads.
- c) Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

Judgments and estimates

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

4.6 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of

consideration to be received in future and subsequently measured at cost less allowance for Expected Credit Loss (ECL). Carrying amounts of trade debts and other receivables are assessed at each reporting date and allowance is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash-in-hand and balances with banks.

4.8 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

4.9 Borrowings and borrowing costs

Borrowings are recognised initially at fair value.

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

4.10 Staff retirement benefits

(a) Defined contribution plan

The Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 9% of the basic salaries both by the employees and the Company.

(b) Defined benefit plan

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

Actuarial gains and losses are recognised in other comprehensive income in the period in which these occur and past-service costs are recognised immediately in the statement of profit or loss.

4.11 Trade and other payables

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

4.12 Provisions

Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

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

4.13 Contingent liabilities

A contingent liability is disclosed when the Company

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

4.14 Taxation

Taxation comprises of current tax and deferred tax.

Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any, in which case the tax amounts are recognised directly in other comprehensive income or equity.

(a) Current

Provision for current taxation is based on taxable income at the current rates of taxation after

taking into account tax credits and rebates available, if any. The charge for current year also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

(b) Deferred

Deferred tax is recognised 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 liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the profit or loss except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

4.15 Dividend and appropriation to reserves

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

4.16 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

a) Financial assets

Classification

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

- i) amortised cost where the effective interest rate method is applied;
- ii) fair value through profit or loss; and
- iii) fair value through other comprehensive income.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in statement of profit or loss or other comprehensive income (OCI).

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Further, financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Impairment of financial assets

The Company assesses on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its trade debts. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Bank balances

Simplified approach for trade debts

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Recognition of loss allowance

The Company recognises an impairment gain or loss in the statement of profit or loss for all

financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Write-off

The Company writes-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written-off result in impairment gains.

b) Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

- i) fair value through profit or loss; and
- ii) other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in profit or loss for the year, when the liabilities are derecognised as well as through effective interest rate amortisation process.

Derecognition of financial liabilities

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or expired.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

4.17 Foreign currency translation

Foreign currency transactions are recorded in Pakistan Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated in Pakistan Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses are taken to statement of profit or loss.

4.18 Revenue recognition

Revenue from contracts with customers is recognised at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs its performance obligations under the contract.

Others

Return on deposits is accounted for on 'accrual basis'.

Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

4.19 Development expenditure

Expenditure incurred on development of sugar cane and beet is expensed in the year of incurrence.

4.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

Segment assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant & equipment, stores, spares & loose tools and stock-in-trade. Segment liabilities comprise of long term finances, lease liabilities, short term borrowings and trade & other payables.

On the basis of its internal reporting structure, the Company has two reportable segments i.e. sugar and ethanol.

5. PROPERTY, PLANT AND EQUIPMENT

		2022	2021
	Note	Rupees in thousand	
Operating fixed assets	5.1	1,159,687	1,278,751
Advance against lease vehicle		1,110	0
		<u>1,160,797</u>	<u>1,278,751</u>

5.1 PROPERTY, PLANT AND EQUIPMENT (Operating fixed assets - tangible)

Particulars	Land		Buildings on freehold land	Buildings and roads on leasehold land	Plant and machinery	Furniture, fittings & office equipment	Railway rolling stock and vehicles	Sub-total	Leased vehicles (right of use assets)	Total
	Leasehold	Freehold								
	Rupees in thousand									
As at September 30, 2020										
Cost / revaluation	2,725	12,065	224,992	211,813	923,112	86,570	18,201	1,479,478	9,074	1,488,552
Accumulated depreciation	637	0	7,762	7,667	4,189	46,262	15,419	81,936	3,175	85,111
Book value	2,088	12,065	217,230	204,146	918,923	40,308	2,782	1,397,542	5,899	1,403,441
Year ended September 30, 2021:										
Additions	0	0	0	0	2,561	3,800	67	6,428	0	6,428
Transfer from leased to owned										
- cost	0	0	0	0	0	0	4,882	4,882	(4,882)	0
- depreciation	0	0	0	0	0	0	(2,387)	(2,387)	2,387	0
Disposals										
- cost	0	0	0	0	0	0	(2,044)	(2,044)	0	(2,044)
- depreciation	0	0	0	0	0	0	1,136	1,136	0	1,136
Depreciation charge for the year	27	0	15,087	14,907	92,248	6,214	1,047	129,530	680	130,210
Book value as at September 30, 2020	2,061	12,065	202,143	189,239	829,236	37,894	3,389	1,276,027	2,724	1,278,751
Year ended September 30, 2022:										
Additions	0	0	0	0	0	271	0	271	0	271
Transfer from leased to owned										
- cost	0	0	0	0	0	0	2,633	2,633	(2,633)	0
- depreciation	0	0	0	0	0	0	(807)	(807)	807	0
Disposals										
- cost	0	0	0	0	0	0	(4,052)	(4,052)	0	(4,052)
- depreciation	0	0	0	0	0	0	1,765	1,765	0	1,765
Depreciation charge for the year	28	0	14,653	12,948	83,030	5,551	658	116,868	180	117,048
Book value as at September 30, 2022	2,032	12,065	187,491	176,291	746,205	32,615	2,270	1,158,969	718	1,159,687
As at September 30, 2021										
Cost / revaluation	2,725	12,065	224,992	211,813	925,673	90,370	21,106	1,488,744	4,192	1,492,936
Accumulated depreciation	664	0	22,849	22,574	96,437	52,476	17,717	212,717	1,468	214,185
Book value	2,061	12,065	202,143	189,239	829,236	37,894	3,389	1,276,027	2,724	1,278,751
As at September 30, 2022										
Cost / revaluation	2,725	12,065	224,992	211,813	925,673	90,641	19,687	1,487,596	1,559	1,489,155
Accumulated depreciation	692	0	37,502	35,522	179,467	58,027	17,417	328,627	841	329,468
Book value	2,032	12,065	187,491	176,291	746,205	32,615	2,270	1,158,969	718	1,159,687
Depreciation rate (%)	1.01	0	5-10	5-10	10-12	10-15	10-20		20	

5.2 Particulars of immovable property

Location	Usage of immovable property	Total Area (square feet)	Covered Area (In square feet) approx.
Land - freehold			
Saro Shah, Takht Bahi	Agricultural	5,378,299	0
Nowshera Road, Mardan	Industrial	999,158	
Land - leasehold			
Nowshera Road, Mardan	Industrial	5,268,037	
		6,267,195	807,188
		11,645,494	807,188

5.3 Had the revalued fixed assets of the Company been recognised under the cost model, the carrying values of these assets would have been as follows:

- buildings on freehold land	13,256	14,363
- buildings on leasehold land	869	941
- plant & machinery	157,441	174,966
	171,566	190,270

5.4 Based on the revaluation report of K.G. Traders (Pvt.) Ltd. dated October 10, 2020, the forced sale values of the revalued fixed assets have been assessed as follows:

	Rupees in thousand
Buildings on freehold and leasehold land	334,792
Plant & machinery	642,212
	977,004

	2022	2021
	Rupees in thousand	
5.5 Depreciation for the year has been allocated as follows:		
Cost of sales	114,307	126,784
Administrative expenses	2,741	3,426
	117,048	130,210

5.6 Disposal of vehicle

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
-----Rupees in thousand-----							
2022							
Honda City	2,633	899	1,734	2,139	405	Company policy	Mr. Azhar Mehmood - ex - employee.
Suzuki Cultus	1,419	867	552	731	179	--- do ---	Mr. Naveed Jaffar - an employee.
	4,052	1,766	2,286	2,870	584		
2021							
Toyota Corolla	2,044	1,136	908	1,022	114		

5.7 The Board of Directors, during the financial year ended September 30, 2018, had decided to shift the Company's distillery operations from Mardan to Ramak, Dera Ismail Khan due to easy approach to power and raw materials. Dismantling, shifting and erection work of distillery has been completed during the financial year ended September 30, 2020.

5.8 The Company had availed its option of renewal of leasehold land agreement expired during the financial year ended September 30, 2008. Buildings on leasehold land, however, were revalued during the financial years ended September 30, 2009, September 30, 2011, September 30, 2014, September 30, 2017 and September 30, 2020 and revaluation surplus on these assets aggregating Rs.116.886 million, Rs.17.376 million, Rs.76.240 million, Rs.5.328 million and Rs.99.021 million respectively was incorporated in the books of account.

Clause 6 of the lease agreement dated July 09, 1947, which was for a period of 60 years, empowers the Company to renew the lease. On August 10, 2007, the Company, in terms of the aforesaid clause 6, had exercised the option of renewal of the lease and indicated its desire to extend the lease for a further period of 60 years (commencing from January 01, 2008) on such terms as may be agreed between the parties and invited the legal heirs of the lessor to negotiate the terms of the extended lease agreement. The legal heirs of the lessor had failed to agree on the terms of the extended lease; hence, the matter was referred to arbitration.

Two of the legal heirs of the lessor have filed civil suits impugning the validity of arbitration. These suits are frivolous, barred by law and liable to be dismissed in due course under relevant provisions of the Arbitration Act, 1940.

The arbitration proceedings were finalised during the financial year ended September 30, 2016 and the Arbitrator (a Senior Advocate of the Supreme Court of Pakistan) announced the

award by extending the lease term for a further period of 60 years. The same was filed before the Senior Civil Judge, Mardan to make it 'Rule of the Court'.

6. INVESTMENT PROPERTY

Particulars	Freehold land	Buildings on freehold land	Total
----- Rupees in thousand -----			
As at September 30, 2020:			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	52,486	52,486
Book value	14,544	11,222	25,766
Year ended September 30, 2021:			
Less: Book value of property classified as held for sale	0	4,642	4,642
Depreciation charge	0	644	644
Book value	14,544	5,936	20,480
Year ended September 30, 2022:			
Depreciation charge	0	297	297
Book value	14,544	5,639	20,183

Depreciation rate (%) 0 5-10

- 6.1 Fair value of the investment property, based on the management's estimation, as at September 30, 2022 was Rs.320 million (2021: Rs.320 million).

7. LONG TERM INVESTMENTS - in Related Parties

SUBSIDIARY COMPANIES	2022 Share-holding %	2021	2022 Rupees in thousand	2021
QUOTED:				
Chashma Sugar Mills Ltd.				
13,751,000 (2021: 13,751,000) ordinary shares of Rs.10 each (note 7.1)	47.93	47.93	137,584	137,584
- Market value Rs.893.127 million (2021: Rs.995.847 million)				
- Value of investments based on net assets shown in the audited financial statements for the year ended September 30, 2022				
Rs. 5324.459 million (2021: Rs.4,295.457 million)				
Balance c/f			137,584	137,584

	2022	2021	2022	2021
	Share-holding %		Rupees in thousand	
Balance b/f			137,584	137,584
UN-QUOTED				
The Frontier Sugar Mills & Distillery Ltd.				
1,113,637 (2021: 1,113,637) ordinary shares of Rs.10 each	82.49	82.49	26,509	26,509
42,984 (2021: 42,984) 7% irredeemable preference shares of Rs.10 each	85.97	85.97	597	597
- Value of investments based on net assets shown in the audited financial statements for the year ended September 30, 2022 Rs.974.940 million (2021: Rs.985.582 million)				
			27,106	27,106
ASSOCIATED COMPANIES				
QUOTED:				
Arpak International Investments Ltd. (AIIIL)				
229,900 (2021: 229,900) ordinary shares of Rs.10 each	5.75	5.75	2,846	2,846
Market value Rs.17.426 million (2021: Rs.18.392 million)				
UN-QUOTED:				
National Computers (Pvt.) Ltd. (NCPL)				
14,450 (2021: 14,450) ordinary shares of Rs.100 each	48.17	48.17	322	322
Less: impairment loss			322	322
- Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2013 - Rs. Nil (note 7.2)			0	0
Premier Board Mills Ltd.				
47,002 (2021: 47,002) ordinary shares of Rs.10 each	0.83	0.83	470	470
- Value of investments based on net assets shown in the audited financial statements for the year ended June 30, 2022 Rs.5.693 million (2021: Rs.5.578 million)				
Azlak Enterprises (Pvt.) Ltd.				
200,000 (2021: 200,000) ordinary shares of Rs.10 each	40.00	40.00	2,000	2,000
- Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2022 Rs.145.430 million (2021: Rs.137.603 million)				
			170,006	170,006

7.1 The Company directly and indirectly controls / beneficially owns more than fifty percent of Chashma Sugar Mills Ltd.'s (CSM) paid-up capital and also has the power to elect and appoint more than fifty percent of its directors; accordingly, CSM has been treated a Subsidiary of the Company with effect from the financial year ended September 30, 2010.

7.2 NCPL has no known assets and liabilities as at June 30, 2022 and June 30, 2021 and has also seized its operations. NCPL, on January 15, 2015, has filed an application with the Joint Registrar, Securities and Exchange Commission of Pakistan for striking-off its name from the Register of Companies under the Companies (Easy Exit) Regulations, 2014.

8. STORES AND SPARES	Note	2022	2021
		Rupees in thousand	
Stores		37,675	40,316
Spares		69,035	69,383
		106,710	109,699

8.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

9. STOCK-IN-TRADE

Sugar-in-process		10,482	8,688
Finished goods:			
- sugar	9.1	6,421	0
- molasses		269,385	21,525
- ethanol	9.2	474,215	103,392
		750,021	124,917
		760,503	133,605

9.1 Sugar inventory as at September 30, 2022 has been stated at net realisable value; the amount charged to statement of profit or loss in respect of inventory write-down to net realisable value worked-out to Rs.14.660 million approximately.

9.2 Ethanol (grade - B) inventory as at September 30, 2021 was stated at net realisable value; the amount charged to statement of profit or loss in respect of inventory write-down to net realisable value worked-out to Rs.4.763 million.

10. TRADE DEBTS

Local - unsecured and considered good	45,071	15,555
Export - secured	0	141,400
	45,071	156,955

	Note	2022 Rupees in thousand	2021
11. ADVANCES - Considered good			
Suppliers and contractors	11.1	246,238	2,027
Employees	11.2	4,006	3,634
		250,244	5,661
11.1	These include advance amounting Rs.240 million made to Husein Sugar Mills Ltd against purchase of molasses.		
11.2	No amount was due from key management personnel of the Company during the current and preceding years.		
12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Excise duty deposit		136	136
Short term prepayments		1,019	1,346
Deposits against decretal amounts	12.1	2,862	2,862
		4,017	4,344
12.1	These have been deposited with the Commissioner for Workers' Compensation and Authority under the Payment of Wages Act, 2013 for Mardan.		
13. OTHER RECEIVABLES			
Sugar export subsidy		2,991	2,991
Gas infrastructure development cess paid under protest - refundable	29.3	3,018	3,018
Lease rentals receivable from Premier Board Mills Ltd. (PBM) - a related party	13.1	2,140	870
Overdue mark-up charged by bank - refundable		0	5,802
Insurance claim receivable against loss of rectified spirit due to road accident		0	5,438
Others		1,761	1,016
		9,910	19,135
13.1	Maximum amount due from PBM at any month-end during the year aggregated Rs.2.140 million (2021: Rs.5.148 million).		

14. INCOME TAX REFUNDABLE, TAX DEDUCTED AT SOURCE AND ADVANCE TAX	Note	2022 Rupees in thousand	2021
The movement in this account during the year was as follows:			
Opening balance		17,076	23,668
Add: taxes deducted at source during the year		19,604	16,754
Less: adjusted against completed assessments		(16,400)	(23,346)
Balance as at September 30,		20,280	17,076

15. BANK BALANCES

Cash at banks on:

- PLS accounts	15.1	41,068	16,789
- current accounts		20,863	11,984
- deposit accounts	15.3	8,734	23,000
- deposits with a non-banking finance company - unsecured	15.4	6,000	6,000
		76,665	57,773
Less: provision for doubtful bank balance	15.5	5,000	5,000
		71,665	52,773

15.1 These include Rs.355 thousand (2021: Rs.340 thousand) in security deposit account.

15.2 PLS and deposit accounts during the year carried profit / mark-up at the rates ranging from 5.10% to 13.98% (2021: 5.10% to 11.55%) per annum.

15.3 These include deposits amounting Rs.3.734 million (2021: Rs.15 million), which are under lien of a bank against guarantees issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Company.

15.4 The Securities and Exchange Commission of Pakistan (SECP) winding-up petition filed against Innovative Investment Bank Limited was decided by the Lahore High Court, Lahore (LHC) and LHC appointed Joint Official Liquidators (JOLs). The LHC, vide its order dated April 14, 2018 had approved release of payment upto Rs.10 million in respect of principal amount only subject to verification as per the laws. The amount of Rs.10 million, as per the LHC order, was received by the Company during August, 2018. The Company, during July, 2020, had received second tranche of Rs.11 million vide the LHC's order dated March 12, 2020. The Company, during October, 2020, has received notice of dividend regarding payment of

third tranche of Rs. 12 million from JOLs as per the LHC's order dated October 01, 2020. The amount of Rs. 12 million, as per the LHC order, has been received by the Company during November, 2020. The management, for the release of balance amount, anticipates that JOLs will intimate in due course of time; no provision, therefore, for the remaining deposits balance amounting Rs.6 million has been made in the books of account.

The Company has not accrued profit on these deposits during the current and preceding financial years.

- 15.5** The Company had deposited Rs.5 million in Term Deposit with Mehran Bank Limited at Peshawar for a period of six months @ 12.5% per annum on September 25, 1993 vide TDR No.007902, which was to mature on March 25, 1994. The aforesaid TDR could not be encashed because of the crisis of Mehran Bank's affairs which were being administered by the State Bank of Pakistan (SBP). Mehran Bank Limited was eventually merged into National Bank of Pakistan (NBP).

The Company, through its lawyers, had issued legal notices to SBP, NBP and the defunct Mehran Bank Limited. In response, the Company had received a letter from NBP dated November 05, 1995 stating that the investment by the Company was shown in Fund Management Scheme, which was an unrecorded liability of Mehran Bank Limited. The Company had filed a suit with the Civil Court for recovery of the said amount along with profit @ 12.5% per annum with effect from September 25, 1993 till the date of payment. The Civil Judge, Peshawar, vide his judgment dated May 13, 2004, had decreed against SBP. SBP, against the said judgment, filed an appeal before the Peshawar High Court. The said appeal was remanded-back to Additional District Judge, Peshawar. The appeal has been disposed-off vide judgment dated November 29, 2019. The judgment states that the Company is entitled to recover Rs.5 million with profit at the rate of 12.5% per annum from NBP from the year 1999. The said execution petition is pending adjudication. Full provision for the said amount exists in these financial statements.

16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

- 16.1** The Company's Board of Directors, vide resolution dated May 27, 2021, had authorised and approved to sell the Company's House No. 11, Fort Road, situated at Peshawar Cantt. along with fittings, fixtures and installations thereon and commercial property (2nd and 3rd floors) situated at 20-A King's Arcade, F-7 Markaz, Islamabad with total area of 11,700 square feet along with fittings, fixtures and installations thereon having book value of Rs.4.642 million to Chashma Sugar Mills Ltd.(CSM - a Subsidiary Company) at the present market value of Rs.590.850 million.
- 16.2** CSM has paid partial sale consideration of Rs.520 million (2021: Rs.270 million) as earnest money and the balance amount of Rs.70.850 million will be paid at the time of transfer. As per the latest available revaluation report conducted by M/s K.G.Traders, 3rd Floor, Galaxy Arcade, Markaz, Islamabad dated February 26, 2021, the said property had market value of Rs.590.850 million.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022 (No. of shares)	2021		2022 Rupees in thousand	2021
1,476,340	1,476,340	ordinary shares of Rs.10 each fully paid in cash	14,763	14,763
2,273,660	2,273,660	ordinary shares of Rs.10 each issued as fully paid bonus shares	22,737	22,737
3,750,000	3,750,000		37,500	37,500

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

17.2 Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at September 30, 2022 and September 30, 2021.

18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

18.1 The Company, during the financial years ended September 30, 2000, September 30, 2009, September 30, 2011, September 30, 2014 and September 30, 2017 had revalued its buildings on freehold & leasehold land and plant & machinery, which resulted in revaluation surplus aggregating Rs.229.409 million, Rs.544.516 million, Rs.110.992 million, Rs.438.066 million and Rs.166.651 million respectively. These fixed assets were revalued by independent Valuers on the basis of depreciated market values.

18.2 The Company, as at September 30, 2020, has again revalued its aforementioned operating fixed assets. The latest revaluation exercise has been carried-out by independent Valuers [K.G. Traders (Pvt.) Ltd. Room No. 5, 3rd Floor, Galaxy Arcade, G-11 Markaz, Islamabad] to replace the carrying amounts of these assets with their depreciated market values. The appraisal surplus arisen on latest revaluation aggregating Rs.534.211 million has been credited to statement of other comprehensive income to comply with the requirements of IAS 16 (Property, plant and equipment). The year-end balance has been arrived at as follows:

	2022	2021
	Rupees in thousand	
Opening balance	1,115,500	1,207,290
Less: transferred to accumulated loss on account of incremental depreciation for the year	(83,189)	(91,790)
	1,032,311	1,115,500
Less: deferred tax on:		
- opening balance of surplus	323,495	350,114
- incremental depreciation for the year	(24,125)	(26,619)
	299,370	323,495
Closing balance	732,941	792,005

	2022	2021
	Rupees in thousand	
19. LONG TERM FINANCES - Secured		
Balance as at September 30,	6,227	29,988
Less: current portion grouped under current liabilities	6,227	24,911
	<u>0</u>	<u>5,077</u>

- 19.1** These finances have been obtained during the financial year ended September 30, 2020 from Bank Al-Habib Ltd. under Refinance Scheme against a facility amount of Rs.50 million for payment of salaries and wages to workers and employees of the Company to dampen the effect of COVID-19. The finance facility carries profit at SBP rate + 3%; the effective mark-up rate during the year was 3% per annum. This finance facility is repayable in 8 equal quarterly instalments commenced from January, 2021 and is secured against first exclusive registered charge over Company's head office second and third floors (without land) located at King's Arcade, Markaz F-7, Islamabad through token registered mortgage of Rs.0.500 million and remaining through equitable mortgage of Rs.580 million.

20. LEASE LIABILITIES

Particulars	2022			2021		
	Upto one year	From one to five years	Total	Upto one year	From one to five years	Total
	----- Rupees in thousand -----					
Minimum lease payments	219	0	219	1,417	1,569	2,986
Less: finance cost allocated to future periods	8	0	8	152	65	217
	211	0	211	1,265	1,504	2,769
Less: security deposits adjustable on expiry of lease terms	0	0	0	278	409	687
Present value of minimum lease payments	211	0	211	987	1,095	2,082

- 20.1** The Company has entered into lease agreements with Bank Al-Habib Ltd. for lease of vehicles. The liabilities under the lease agreements are payable in monthly instalments by March, 2023. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. These facilities are secured against title of the leased vehicles in the name of lessor and during the year carried finance cost at the rates ranging from 9.20% to 13.08% (2021: 8.98% to 9.55%) per annum.

21. GOVERNMENT GRANT

In response to COVID-19, the State Bank of Pakistan (SBP) through Circular No. 6 of 2020, has introduced a temporary Refinance Scheme for payment of wages and salaries to the workers and employees of business concerns. The Refinance Scheme has been managed through Participating Financial Institutions (PFIs) and funded by SBP. Borrowers have

obtained loans from PFIs to ease their cash flow constraints and thereby avoid layoffs. The benefit of a government loan at a below-market rate of interest has been treated as a government grant. The loan has been measured in accordance with IFRS 9 (Financial Instruments). The benefit of the below market rate of interest has been measured as the difference between the initial carrying value of loan determined in accordance with IFRS 9 and the proceeds received. The benefit has been accounted for and presented as deferred grant in accordance with IAS 20. The deferred grant has been amortised at average borrowing cost rate of the Company, i.e. 9.59% (2021: 9.59%) per annum; an amount of Rs.1.066 million (2021:Rs.2.508 million) has been recognised in current year's statement of profit or loss in this regard.

22. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

Significant actuarial assumptions	2022	2021
- discount rate - per annum	13.25%	10.50%
- expected rate of growth per annum in future salaries	12.25%	9.50%
- mortality rates	SLIC 2001-2005	SLIC 2001-2005
	Setback 1 year	
- withdrawal rates	Age-based	Age-based
- retirement assumption	Age 60	Age 60
- average expected remaining working life time of employees	07 years	07 years

Amount recognised in the statement of financial position is the present value of defined benefit obligation at the reporting date:

The movement in the present value of defined benefit obligation is as follows:	2022	2021
	Rupees in thousand	
Opening balance	20,096	18,479
Current service cost	1,478	1,223
Past service cost	439	1,514
Interest cost	2,010	1,560
Benefits payable to outgoing Members - grouped under current liabilities	(441)	(514)
Benefits paid	(1,457)	(4,443)
Remeasurements:		
-experience adjustments	6,226	2,180

	2022	2021
	Rupees in thousand	
-changes in financial assumptions	346	97
Closing balance	28,697	20,096
Expense recognised in statement of profit or loss		
Current service cost	1,478	1,223
Past service cost	439	1,514
Interest cost	2,010	1,560
Charge for the year	3,927	4,297
Remeasurement recognised in statement of other comprehensive income		
Experience adjustments	6,572	2,277

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

	2022	2021	2020	2019	2018
	----- Rupees in thousand -----				
Present value of defined benefit obligation	28,697	20,096	18,479	15,139	14,135
Experience adjustment on obligation	6,572	2,277	(614)	(654)	1,613

Year-end Sensitivity Analysis:

Impact on defined benefit obligation

	Change in assumption	Rupees in thousand	
		Increase	Decrease
Discount rate	1%	26,857	30,749
Salary growth rate	1%	30,851	26,731

22.1 The expected contribution to defined benefit obligation for the year ending September 30, 2023 is Rs.5.460 million.

	Note	2022	2021
		Rupees in thousand	
23. DEFERRED TAXATION			
This is comprised of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		3,658	9,616
- surplus on revaluation of property, plant and equipment		299,370	323,495
- lease finances		145	0
		303,173	333,111
Deductible temporary differences arising in respect of:			
- available unused tax losses		(178,944)	(156,070)
- staff retirement benefits - gratuity		(6,416)	(5,828)
- provision for doubtful bank balance		(1,450)	(1,450)
- lease finances		0	(13)
- minimum tax recoverable against normal tax charge in future years		(32,616)	(43,271)
		(219,426)	(206,632)
		83,747	126,479
24. TRADE AND OTHER PAYABLES			
Due to Chashma Sugar Mills Ltd. (Subsidiary Company)		162,538	89,995
Due to Azlak Enterprises (Pvt.) Ltd. (Associated Company)		9,045	0
Creditors		13,970	10,176
Accrued expenses		17,346	12,203
Due to employees		3,600	5,783
Deposits from contractors and others	24.1	910	796
Advances from customers		5,558	623
Income tax deducted at source		432	149
Sales tax payable		16	0
Gratuity payable to ex-employees		4,396	4,074
Employees' provident fund payable		2,300	4,113
Others		205	141
		220,316	128,053

24.1 These include Rs.355 thousand (2021: Rs.340 thousand) representing mark-up bearing deposits. The Company will pay mark-up at the same rate at which it will receive from the bank as these deposits have been kept in a PLS bank account.

25. ACCRUED MARK-UP	Note	2022	2021
		Rupees in thousand	
Mark-up accrued on:			
- long term finances		0	246
- short term borrowings		2,791	5,631
		<u>2,791</u>	<u>5,877</u>
26. SHORT TERM BORROWINGS - Secured			
Short term finances - secured	26.1	701,000	239,000
Temporary bank overdraft - unsecured		0	8,612
		<u>701,000</u>	<u>247,612</u>

26.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.1,200 million (2021: Rs.1,350 million). These facilities are secured against charge over fixed assets, charge over present and future current assets of the Company, registered first exclusive charge over the Company's head office second and third floors (without land), pledge of sugar stocks and lien over export documents. These facilities, during the year, carried mark-up at the rates ranging from 8.78% to 18.09% (2021: 8.25% to 9.49%) per annum and are expiring on various dates by March 31, 2023.

26.2 Facilities available for opening letters of guarantee and credit from commercial banks aggregate Rs.95 million (2021: Rs.95 million). Out of the available facilities, facilities aggregating Rs.57.660 million (2021: Rs.73 million) remained unutilised at the year-end. These facilities are secured against lien over term deposit receipts, shipping documents and the securities detailed in the preceding paragraph.

27. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term finances	19	6,227	24,911
Lease liabilities	20	211	987
Government grant	21	1	988
		<u>6,439</u>	<u>26,886</u>
28. TAXATION - Net			
Opening balance		16,400	23,724
Add: provision made / (written-back) during the year:			
- current		17,833	16,400
- prior year		0	(378)
		<u>17,833</u>	<u>16,022</u>
		34,233	39,746
Less: payments / adjustments made against completed assessments		16,400	23,346
		<u>17,833</u>	<u>16,400</u>

- 28.1** The returns for the Tax Years 2010 to 2022 have been filed after complying with all the provisions of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing of deficiency by the Commissioner.
- 28.2** No numeric tax rate reconciliation is presented in these financial statements as the Company during the current and preceding years is mainly liable to pay tax due under sections 5 (Tax on dividends) , 113 (Minimum tax on the income of certain persons) and 154 (Tax on exports) of the Ordinance.
- 28.3** The Company has filed a civil petition for leave to appeal before the Supreme Court of Pakistan against judgment dated November 10, 2021 passed by the Peshawar High Court. The said writ petition was filed by the Company challenging the impugned notices of income tax audit under section 177 of the Income Tax Ordinance, 2001 for tax years 2015, 2016, 2018 and 2019.

29. CONTINGENCIES AND COMMITMENTS

- 29.1** No commitments were outstanding as at September 30, 2022 and September 30, 2021.
- 29.2** The Company's appeal filed before the Peshawar High Court (PHC) against order of the Customs, Sales Tax & Central Excise Appellate Tribunal is still pending adjudication. The Department, during the financial year ended September 30, 2001, had raised sales tax demand aggregating Rs.4.336 million along with additional tax. The Company, however, during the financial year ended September 30, 2005, had paid sales tax amounting Rs.2.123 million along with additional tax amounting Rs.0.658 million as per the requirements of S.R.O. 247(I) / 2004 dated May 05, 2004.
- 29.3** Petitions filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) have been dismissed vide judgment dated August 13, 2020 in 2-1 ratio. The SCP's judgment states that the cess under GIDC Act, 2015 was levied on those consumers of natural gas which on account of their industrial or commercial dealings had passed on GIDC burden to their customers. The SCP's judgment states that no late payment surcharge shall be collected while the GIDC amount that have become due upto July 31, 2020 will be recovered in 24 equal monthly instalments. Based on this judgment, the Company has filed a writ petition before the PHC challenging the demand of GIDC arrears amounting Rs. 29.936 million on the ground that the Company has not passed on GIDC burden to its customers. The PHC, vide its order dated September 19, 2021, has granted interim relief.

PHC, vide its judgment dated June 15, 2022, has dismissed the petition filed by the Petitioners, observing that while exercising jurisdiction vested under article 199 of the Constitution, the Court can neither enter into factual controversies nor decide disputed questions of facts. The PHC, however, has allowed the Petitioners to approach a competent Court of law / forum having jurisdiction in the matter, if they so advised.

The Company, during the year, has filed a civil suit before the Civil Judge, Peshawar challenging the demand of GIDC arrears through the impugned additional bills without determination of alleged passing on the burden to the end consumers. The said civil suit is pending adjudication.

- 29.4** The Company's petition filed before the PHC, against the Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers has been fixed at Rs.12,000 per month with effect from July 01, 2014 has been dismissed by the PHC vide its judgment dated April 02, 2019. The Company has filed a review petition before the PHC against the said judgment, which was also dismissed. The additional wage liabilities aggregate Rs.2.359 million approximately. The Company has filed a civil petition for leave to appeal before the Supreme Court of Pakistan, which is pending adjudication.
- 29.5** The sales tax appeal filed before the Appellate Tribunal Inland Revenue (ATIR), Peshawar against ex-parte order passed by the CIR(A) has been succeeded vide order dated March 29, 2018. The assessment order dated June 23, 2016 was passed by the DCIR, Peshawar in violation of SRO 488(I)/2004 dated June 12, 2014; the Company claimed input tax to the tune of Rs.41.672 million against the supplies to unregistered persons. A withdrawal application has been filed before the ATIR, Peshawar in pursuance of the aforesaid rectification order.
- 29.6** The DCIR for the tax year 2013 initially has held the Company as taxpayer-in-default for non-deduction of tax on certain supplies / services and tax demand was raised at Rs.77.750 million under section 161 (Failure to pay tax collected or deducted) along with default surcharge of Rs.4.730 million under section 205 (Default surcharge) of the Income Tax Ordinance, 2001 (the Ordinance). The Company filed rectification application under section 221 of the Ordinance and the demand was reduced to Rs.237,360. Against the said demand, the Company has filed an appeal before the CIR(A), who dismissed the Company's appeal. Presently, the Company's appeal against the CIR(A)'s order is pending before the ATIR, Peshawar.
- 29.7** The Company has filed a writ petition before the PHC challenging Federal Government Order No.1(1) 2020 ROP dated July 16, 2021 and Provincial Government Order No.13/12-Sugar /IND / Vol-V / 7862 dated July 16, 2021 issued under section 6 of the Price Control and Prevention of Profiteering and Hoarding Act, 1977 whereby the retail price of sugar at the rate of Rs.88.24 per kilo gram was fixed. The PHC, vide its order dated July 30, 2021, has allowed interim relief and ordered that in the meanwhile status quo be maintained.
- 29.8** Various cases have been filed against the Company by some former employees. Based on the legal advice, no provision has been made in the books of account.
- 29.9** Guarantees given to Sui Northern Gas Pipelines Ltd. by commercial banks on behalf of the Company outstanding as at September 30, 2022 were for Rs.37.340 million (2021: Rs.22 million). These guarantees are valid upto July 16, 2023.

30. SALES - Net	Note	2022	2021
		Rupees in thousand	
Local		303,941	272,872
Export		410,036	315,651
		713,977	588,523
Less: sales tax		34,761	39,648
		679,216	548,875

	Note	2022 Rupees in thousand	2021
31. COST OF SALES			
Raw materials consumed		973,366	425,768
Chemicals and stores consumed		25,233	11,271
Salaries, wages and benefits	31.1	138,481	92,028
Power and fuel		52,896	38,757
Insurance		2,895	2,180
Repair and maintenance		18,881	10,908
Depreciation	5.5	114,307	126,784
		1,326,059	707,696
Adjustment of sugar-in-process:			
Opening		8,688	7,832
Closing	9	(10,482)	(8,688)
		(1,794)	(856)
Cost of goods manufactured		1,324,265	706,840
Adjustment of finished goods:			
Opening stock		124,917	179,928
Closing stock	9	(750,021)	(124,917)
		(625,104)	55,011
		699,161	761,851
31.1	These include Rs.0.788 million (2021: Rs.1.060 million) and Rs.3.024 million (2021: Rs.3.309 million) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.		
32. DISTRIBUTION COST			
Commission		132	175
Salaries, wages and amenities		1,266	1,406
Expenses on ethanol exports		57,447	11,183
Others		584	0
		59,429	12,764

	Note	2022 Rupees in thousand	2021
33. ADMINISTRATIVE EXPENSES			
Salaries and amenities	33.1	28,764	25,240
Travelling, vehicles' running and maintenance		3,850	1,915
Utilities		772	1,054
Directors' travelling		0	6
Rent, rates and taxes		4,055	9,871
Insurance		950	853
Repair and maintenance		4,763	2,094
Printing and stationery		2,291	1,697
Communication		971	1,090
Legal and professional charges (other than Auditors)		8,772	6,334
Subscription		1,737	704
Auditors' remuneration	33.2	2,106	1,931
Depreciation on:			
- operating fixed assets	5.5	2,741	3,426
- investment property	6	297	644
General office expenses		1,504	1,314
		63,573	58,173
33.1 These include Rs.0.334 million (2021: Rs.0.464 million) and Rs.0.903 million (2021: Rs.0.988 million) in respect of provident fund contributions and staff retirement benefits- gratuity respectively.			
33.2 Auditors' remuneration			
- statutory audit fee		926	842
- half yearly review fee		177	146
- consultancy and certification charges		963	903
- out-of-pocket expenses		40	40
		2,106	1,931
34. OTHER EXPENSES			
Prior year's sales tax on account of inadmissible input tax adjustment claimed		607	175
Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 and difference of tax payable on salaries		207	0
Uncollectible receivable balances written-off		0	41
Further tax and penalty	34.1	0	10,211
Others		9,075	0
		9,889	10,427

- 34.1** These represented further tax on unreconciled sales, default surcharge and penalty pertaining to period from January, 2018 to May, 2019 due to violation of various sections of the Sales Tax Act, 1990.

35. OTHER INCOME	Note	2022 Rupees in thousand	2021
Income from financial assets:			
Mark-up / interest / profit on bank deposits / saving accounts and certificates		2,104	1,687
Mark-up on loan to Subsidiary Company		0	541
Dividends		68,755	68,755
Income from other than financial assets:			
Gain on disposal of vehicles	5.6	584	114
Rent	35.1	1,284	27,633
Exchange fluctuation gain		7,853	6,094
Unclaimed payable balances written-back		0	145
Sale of agricultural produce - net of costs and expenses aggregating Rs.5.988 million (2021: Rs.8.012 million)		2,694	6,021
Sale of chemicals - net of cost of chemicals aggregating Rs.6.529 million		3,012	0
Amortisation of government grant	21	1,066	2,508
Sale of store items - net of sales tax amounting Rs.62 thousand (2021: Rs.199 thousand)		364	1,170
Sale of press mud - net of sales tax amounting Rs.162 thousand		956	0
		88,672	114,668

- 35.1 (a)** As per the agreement entered into between the Company and Premier Board Mills Ltd. (PBM - a related party) on June 23, 2015, the Company has leased-out a portion of its second floor situated at Head Office to PBM. As per the second addendum lease agreement, the renewed lease has commenced from July 01, 2020 and will end on June 30, 2025. PBM is paying to the Company the sum of Rs.2.541 million per annum as rent.
- (b)** The Company, during the financial year ended September 30, 2015, has also leased-out its agricultural land located at Saro Shah, Tehsil Takht-i-Bhai to PBM. As per the addendum lease agreement entered into between the Company and PBM on July 01, 2016, the lease commenced from July 01, 2016 and ended on June 30, 2021. PBM has paid to the Company the sum of Rs.4.400 million per annum as rent.

36. FINANCE COST		2022	2021
	Note	Rupees in thousand	
Mark-up on:			
- long term finances		1,538	3,744
- short term borrowings		54,964	23,128
Lease finance charges		60	361
Bank charges		679	938
		57,241	28,171
37. TAXATION			
Current			
- for the year	28	17,833	16,400
- for prior years	28	0	(378)
		17,833	16,022
Deferred - for the year	23	(40,826)	(21,615)
		(22,993)	(5,593)
38. LOSS PER SHARE			
There is no dilutive effect on loss per share of the Company, which is based on:			
Loss after taxation attributable to ordinary shareholders		(98,412)	(202,250)
Weighted average number of shares outstanding during the year		3,750,000	3,750,000
		Rupees	
Loss per share		(26.24)	(53.93)

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial instruments by category	2022	2021
Financial assets	Rupees in thousand	
At amortised cost		
Security deposits	1,309	1,263
Trade debts	45,071	156,955
Trade deposits	136	136
Accrued profit on bank deposits	0	527
Other receivables	5,131	15,101
Bank balances	71,665	52,773
	123,312	226,755
Financial liabilities		
At amortised cost		
Long term finances	6,227	29,988
Lease liabilities	211	2,082
Trade and other payables	214,310	127,281
Unclaimed dividends	7,470	7,470
Accrued mark-up	2,791	5,877
Short term borrowings	701,000	247,612
	932,009	420,310

39.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

39.2 Market risk

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

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company's exposure to currency risk in respect of export trade debts as at September 30, 2022 is as follows:

2022	Rupees in thousand	U.S.\$
Trade debts	<u>0</u>	<u>0</u>
2021		
Trade debts	<u>141,400</u>	<u>828,558</u>
Exchange rate as at September 30, 2021		

U.S.\$ to Rupee : 170.66

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company's exposure to currency risk in respect of export trade debts as at September 30, 2021 is as follows:

Sensitivity analysis

Not applicable as at September 30, 2022 as no foreign currency trade debts were outstanding on the aforementioned date; (2021: if Rupee had strengthened by 10% against U.S.\$ with all other variables held constant, loss before taxation for the preceding year would have been lower by Rs.14.140 million mainly as a result of foreign exchange gain on translation of foreign currency trade debts.)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2022	2021	2022	2021
	----- Effective rates -----		Carrying amount Rupees in thousand	
Fixed rate instruments				
Deposits with a non-banking finance company	-	-	<u>6,000</u>	<u>6,000</u>
Cash at banks on deposit accounts	5.10% to 13.98%	5.10% to 11.55%	<u>8,734</u>	<u>23,000</u>
Long term finances	3%	3%	<u>6,227</u>	<u>29,988</u>
Variable rate instruments				
Cash at banks on PLS accounts	5.10% to 13.98%	5.10% to 11.55%	<u>41,068</u>	<u>16,789</u>
Lease liabilities	9.20% to 13.08%	8.98% to 9.55%	<u>211</u>	<u>2,082</u>
Short term borrowings	8.78% to 18.09%	8.25% to 9.49%	<u>701,000</u>	<u>239,000</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At September 30, 2022, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss before taxation for the year would have been higher / lower by Rs.6.601 million (2021: Rs.2.243 million) mainly as a result of higher interest expense on variable rate financial liabilities.

(c) Price risk

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

39.3 Credit risk exposure and concentration of credit risk

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

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

Credit risk primarily arises from trade debts, deposits with a non-banking finance company and balances with banks. To manage exposure to credit risk in respect of trade debts,

management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

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

Exposure to credit risk

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

	2022	2021
	Rupees in thousand	
Security deposits	1,309	1,263
Trade debts	45,071	156,955
Trade deposits	136	136
Accrued profit on bank deposits	0	527
Other receivables	5,131	15,101
Deposits with a non-banking finance company	6,000	6,000
Bank balances	65,665	46,773
	123,312	226,755

- The management does not expect any losses from non-performance by these counter parties.
- Trade debts at September 30, 2022 represented domestic and foreign parties.
- Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as approximately all the debts have been realised subsequent to the year-end.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

Particulars	Carrying amount	Contractual cash flows	Less than one year	Between one to three years
----- Rupees in thousand -----				
2022				
Long term finances	6,227	6,228	6,228	0
Lease liabilities	211	219	219	0
Trade and other payables	214,310	214,310	214,310	0
Unclaimed dividends	7,470	7,470	7,470	0
Accrued mark-up	2,791	2,791	2,791	0
Short term borrowings	701,000	826,129	826,129	0
	932,009	1,057,147	1,057,147	0
2021				
Long term finances	29,988	31,658	25,383	6,275
Lease liabilities	2,082	2,299	1,139	1,160
Trade and other payables	127,281	127,281	127,281	0
Unclaimed dividends	7,470	7,470	7,470	0
Accrued mark-up	5,877	5,877	5,877	0
Short term borrowings	247,612	261,681	261,681	0
	420,310	436,266	428,831	7,435

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

40. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt comprising of mark-up bearing long term & short term finances and lease liabilities less bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at September 30, 2022 and September 30, 2021 is as follows:

	2022	2021
	Rupees in thousand	
Total debt	707,438	279,682
Bank balances	(71,665)	(52,773)
Net debt	635,773	226,909
Share capital	37,500	37,500
Share redemption reserve	1	1
Revaluation surplus on property, plant and equipment	732,941	792,005
General revenue reserve	900,000	900,000
Accumulated loss	(652,946)	(608,932)
Equity	1,017,496	1,120,574
Capital	1,653,269	1,347,483
Gearing ratio (Net debt / (Net debt + Equity))	38.46%	16.84%

41. TRANSACTIONS WITH RELATED PARTIES

41.1 The Company has related party relationship with its Subsidiary and Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with Subsidiary Company and Associated Companies during the year were as follows:

i) Subsidiary Company - Chashma Sugar Mills Ltd.

- purchase of store items, molasses and bagasse	43,921	80,742
- sale of store items	11,647	1,369
- sale of molasses	20,001	0
- dividend received	68,755	68,755
- mark-up earned on long term loan	0	541
- expenses paid on behalf of the Company	104,937	25,473
- advance received against sale of property	250,000	270,000
- expenses paid by the Company	8,893	8,613
- receivable balance of long term loan received / adjusted	0	24,238
- rental income	0	21,780
- rental expense	115	115

ii) Associated Companies

- rental income	1,271	5,841
- expenses paid on behalf of the Company	0	4
- expenses paid on account of storage service	9,045	0

iii) **Key management personnel**

2022 2021
Rupees in thousand

- salaries and other benefits	6,658	9,542
- contribution towards provident fund	113	281

41.2 The Company's shareholdings in Subsidiary and Associated Companies have been detailed in note 7. In addition to the names of the Associated Companies detailed in note 7, the following are other Associated Companies and a sub-subsidiary Company:

- | | |
|--|--|
| - Whole Foods (Pvt.) Ltd.(Sub-subsidiary) | - Premier Construction & Housing Ltd. |
| - Syntron Ltd. | - Phipson & Co. Pakistan (Pvt.) Ltd. |
| - Syntronics Ltd. | - Aurora (Pvt.) Ltd. |
| - Premier Ceramics Ltd. | - Ultimate Whole Foods (Pvt.) Ltd.
(Sub-subsidiary) |

41.3 Key management personnel

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

42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	----- Rupees in thousand -----					
Managerial remuneration	1,320	1,200	3,300	4,309	2,038	4,033
Contribution to provident fund	0	0	113	113	0	168
Medical expenses reimbursed	0	0	26	26	0	0
	1,320	1,200	3,439	4,448	2,038	4,201
Number of persons	1	1	1	2	1	2

42.1 The Chief Executive, one director and the executives residing in the factory are provided free housing (with the Company's generated electricity in the residential colony within the factory compound). The Chief Executive, one director and executives are also provided with the Company maintained cars.

42.2 Remuneration of directors does not include amounts paid or provided for, if any, by the Subsidiary and Associated Companies.

43. CAPACITY AND PRODUCTION

2022 2021

SUGAR CANE PLANT

Rated crushing capacity per day	M.Tonnes	3,810	3,810
Cane crushed	M.Tonnes	32,104	22,590
Sugar produced	M.Tonnes	1,986	1,818
Days worked	Nos.	80	34
Sugar recovery	%	6.40	8.32

SUGAR BEET PLANT

Rated slicing capacity per day	M.Tonnes	2,500	2,500
--------------------------------	----------	--------------	-------

DISTILLERY

Rated capacity per day	Gallons	10,000	10,000
Ethanol produced	Gallons	1,641,104	776,585
Days worked	Nos.	223	100

- The normal season days are 150 days for Sugar Cane crushing.

- Production was restricted to the availability of raw materials to the Company.

**44. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS
ARISING FROM FINANCING ACTIVITIES**

	Liabilities					Total
	Long term finances	Lease liabilities	Short term borrowings	Accrued mark-up	Dividend	
	----- Rupees in thousand -----					
Balance as at September 30, 2020	37,612	4,032	290,000	6,237	7,484	345,365
Changes from financing activities						
Finances repaid - net	(9,495)	(1,950)	(42,388)	0	0	(53,833)
Government grant	1,871	0	0	0	0	1,871
Mark-up accrued	0	0	0	26,872	0	26,872
Mark-up paid	0	0	0	(27,232)	0	(27,232)
Dividend paid	0	0	0	0	(14)	(14)
	(7,624)	(1,950)	(42,388)	(360)	(14)	(52,336)
Balance as at September 30, 2021	29,988	2,082	247,612	5,877	7,470	293,029
Changes from financing activities						
Finances (repaid) / obtained - net	(24,826)	(1,871)	453,388	0	0	426,691
Government grant	1,065	0	0	0	0	1,065
Mark-up accrued	0	0	0	56,502	0	56,502
Mark-up paid	0	0	0	(59,588)	0	(59,588)
	(23,761)	(1,871)	453,388	(3,086)	0	424,670
Balance as at September 30, 2022	6,227	211	701,000	2,791	7,470	717,699

45. PROVIDENT FUND RELATING DISCLOSURES

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements for the year ended September 30, 2022 and audited financial statements for the year ended September 30, 2021:

	2022	2021
	Rupees in thousand	
Size of the fund - total assets	50,435	47,359
Cost of investments made	37,113	37,285
Percentage of investments made	73.59%	78.73%
Fair value of investments made	37,113	37,285

45.1 The break-up of fair value of investments is as follows:

	2022 ----- % -----	2021 ----- % -----	2022 Rupees in thousand	2021 Rupees in thousand
Term deposit receipts (TDRs)	99.70%	99.24%	37,000	37,000
Saving account in a scheduled bank	0.30%	0.76%	113	285
	100.00%	100.00%	37,113	37,285

45.2 Investments out of the provident fund have been made in accordance with the requirements of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

46. OPERATING SEGMENT

On the basis of its internal reporting structure, the Company's reportable segments are as follows:

- Sugar
- Distillery

46.1 Segment operating results for the year ended September 30, 2022

	Sugar Division		Ethanol Division		Total	
	2022	2021	2022	2021	2022	2021
	----- Rupees in thousand -----					
Sales						
-External customers	216,128	250,671	498,117	337,852	714,245	588,523
Less : sales tax & commission	(22,223)	(36,422)	(12,806)	(3,226)	(35,029)	(39,648)
Sales - net	193,905	214,249	485,311	334,626	679,216	548,875
Segment expenses:						
Cost of sales	(504,999)	(463,629)	(194,162)	(298,222)	(699,161)	(761,851)
Gross (loss) / profit	(311,094)	(249,380)	291,149	36,404	(19,945)	(212,976)
Distribution cost	(1,981)	(1,581)	(57,448)	(11,183)	(59,429)	(12,764)
Administrative expenses	(63,573)	(58,173)	0	0	(63,573)	(58,173)
	(65,554)	(59,754)	(57,448)	(11,183)	(123,002)	(70,937)
(Loss) / profit from operations	(376,648)	(309,134)	233,701	25,221	(142,947)	(283,913)
Other income	80,819	114,668	7,853	0	88,672	114,668
Other expenses	(9,889)	(10,427)	0	0	(9,889)	(10,427)
	70,930	104,241	7,853	0	78,783	104,241
Segment results	(305,718)	(204,893)	241,554	25,221	(64,164)	(179,672)
Finance cost	(11,511)	(5,043)	(45,730)	(23,128)	(57,241)	(28,171)
(Loss) / profit before taxation	(317,229)	(209,936)	195,824	2,093	(121,405)	(207,843)
Taxation					(22,993)	(5,593)
Profit / (loss) after taxation					(98,412)	(202,250)

	Assets		Liabilities	
	2022	2021	2022	2021
	----- Rupees in thousand -----			
Sugar	2,395,209	1,718,038	1,436,675	495,128
Ethanol	230,545	257,659	171,583	359,995
Total for reportable segment	2,625,754	1,975,697	1,608,258	855,123

46.2 Segment assets and liabilities

	Assets		Liabilities	
	2022	2021	2022	2021
	----- Rupees in thousand -----			
Sugar	2,395,209	1,718,038	1,436,675	495,128
Ethanol	230,545	257,659	171,583	359,995
Total for reportable segment	2,625,754	1,975,697	1,608,258	855,123

46.3 Sales to domestic customers in Pakistan are 42.57% (2021 : 46.37%) and to customers outside Pakistan are 57.43% (2021 : 53.63%) of the revenues during the current financial year.

46.4 All non-current assets of the Company as at September 30, 2022 and September 30, 2021 are located in Pakistan.

46.5 The Company does not have transactions with any customer which amount to 10% or more of its sales.

47. NUMBER OF EMPLOYEES

	2022	2021
	----- Numbers -----	
Number of persons employed as at September 30,		
- permanent	153	176
- contractual	219	232
	372	408
Average number of employees during the year		
- permanent	163	185
- contractual	237	257
	400	442

48. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on January 03, 2023 by the board of directors of the Company.

49. FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements and re-classifications have been made in these financial statements.


(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE


(ISKANDER M. KHAN)
DIRECTOR


(RIZWAN ULLAH KHAN)
CHIEF FINANCIAL OFFICER

ANNUAL REPORT

2022

**THE PREMIER SUGAR MILLS &
DISTILLERY CO. LIMITED
CONSOLIDATED FINANCIAL STATEMENTS**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30, 2022, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at September 30, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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.

Material Uncertainty Relating to Going Concern of a Subsidiary Company

We draw attention to note 1.2(b) in the consolidated financial statements, which indicates that The Frontier Sugar Mills & Distillery Limited (FSM) production facilities are closed since the year 2008 due to diversion of entire sugarcane crop to Gur making, the small size of the plant is not economical to run and FSM has been suffering losses over the years; accumulated loss as at September 30, 2022 aggregated Rs.111.371 million. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on FSM's ability to continue as a going concern. The financial statements of FSM, however, have been prepared on the going concern basis based on the facts as detailed in the aforementioned note. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to note 30.3 to the consolidated financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.29.936 million demanded by Sui Northern Gas Pipelines Ltd. Our report is not modified in respect of this matter.

Key Audit Matters

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

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Revaluation of property, plant and equipment of Chashma Sugar Mills Limited - CSM</p> <p>Under the International Accounting Standard 16 (Property, plant and equipment), the management carries its freehold land, buildings & roads, plant & machinery and electric installations under revaluation model. Under the said model, if fair value can be measured reliably, an entity may carry all items of property, plant and equipment of a class at a revalued amount, which is the fair value of the items at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses; if any.</p> <p>As at September 30, 2022, the carrying value of freehold land, buildings & roads and plant & machinery was Rs.15,087 million. The fair value of CSM and its Subsidiaries freehold land, buildings & roads, plant & machinery and electric installations were assessed by management based on independent valuation performed by an external property valuation expert as at September 30, 2022. For valuation of freehold land, buildings & roads, plant & machinery and electric installations the current market price or depreciated replacement cost method is used, whereby, current cost of construction of similar freehold land, buildings & roads, plant & machinery and electric installations in similar locations has been adjusted using suitable depreciation rates to arrive at present market value. This technique requires significant judgment as to estimating the revalued amount in terms of their quality, structure, layout and locations.</p> <p>The Auditors of CSM identified valuation of property, plant and equipment as a key audit matter due to the significant carrying value and the significant management judgement and estimation involved in determining their value due to factors described above.</p>	<p>Procedures performed by the Auditors of CSM amongst others, included the following:</p> <ul style="list-style-type: none"> - evaluated the qualification, experience and competence of the independent external property valuation expert engaged by CSM and its Subsidiaries as management expert for valuation; - obtained understanding of the valuation process and techniques adopted by the valuation expert to assess, if they are consistent with the industry norms; - obtained the valuation report of external valuation expert and tested mathematical accuracy of the reports; - engaged another independent valuation expert as their expert to assess the appropriateness and the reasonableness of the related management's assumptions and methodologies used by the management expert; and - assessed the adequacy of the related disclosures in the financial statements.

S.No.	Key audit matters	How the matter was addressed in our audit
2.	Contingencies The Group is subject to material litigations involving different Courts pertaining to taxation and other matters, which require management to make assessments and judgements with respect to likelihood and impact of such litigations on the financial statements of the Group.	In response to this matter, we performed the following audit procedures: - discussed legal cases with the internal legal department of the Group to understand the management's view point, obtained and reviewed the litigation documents to assess the facts and circumstances;
	The management has engaged independent legal counsels on these matters. The assessment of provisioning against such litigations is a complex exercise and requires significant judgements to determine the level of certainty on these matters. The details of contingencies along with management's assessments are disclosed in note 30 to the consolidated financial	- obtained opinions from legal counsels dealing with such cases in the form of confirmations; - evaluated the possible outcome of these legal cases in line with the requirements of IAS 37 (Provisions, contingent liabilities and contingent assets); and - disclosures of legal exposures and provisions were assessed for completeness and accuracy.

Information Other than the Consolidated Financial Statements and Auditors' 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 consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditors' report is Nafees ud din.

ShineWing Hameed Chaudhri & Co.

LAHORE; JANUARY 03, 2023
UDIN: AR202210195HwqsdLKuD

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

Assets		2022	2021
Non-current Assets	Note	--- Rupees in thousand ---	
Property, plant and equipment	6	21,342,308	14,660,214
Right-of-use assets	7	284,233	342,299
Investment property	8	24,825	25,122
Long term investments	9	172,002	160,384
Security deposits		16,485	16,439
		21,839,853	15,204,458
Current Assets			
Stores and spares	10	623,288	639,413
Stock-in-trade	11	4,140,372	1,488,150
Trade debts	12	89,228	690,417
Loans and advances	13	1,460,655	775,647
Trade deposits, short term prepayments and other receivables	14	292,807	301,828
Accrued profit on bank deposits		0	527
Tax refunds due from the Government	15	85,517	333,564
Short term investments	16	25,237	34,697
Bank balances	17	337,853	501,490
		7,054,957	4,765,733
TOTAL ASSETS		28,894,810	19,970,191
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
5,750,000 (2020: 5,750,000) ordinary shares of Rs.10 each		57,500	57,500
Issued, subscribed and paid-up capital	18	37,500	37,500
Capital reserves			
- share redemption		1	1
- revaluation surplus on property, plant and equipment		4,563,539	3,874,361
General revenue reserve		1,010,537	1,010,537
Unappropriated profit		1,223,171	1,190,299
Equity Attributable to Equity			
Holders of the Holding Company		6,834,748	6,112,698
Non-controlling Interest		6,588,892	5,340,303
		13,423,640	11,453,001
Non-current Liabilities			
Long term finances	20	4,191,793	1,707,371
Loans from related parties	21	181,839	198,075
Lease liabilities	22	146,603	227,981
Government grant	23	418	6,282
Deferred liabilities	24	3,324,838	1,916,956
		7,845,491	4,056,665
Current Liabilities			
Trade and other payables	25	1,257,867	771,434
Unclaimed dividends		7,470	7,470
Accrued mark-up	26	429,125	129,076
Short term borrowings	27	5,002,895	2,677,942
Current portion of non-current liabilities	28	894,901	844,946
Dividends payable to non-controlling interest		15,179	12,925
Taxation	29	18,242	16,732
		7,625,679	4,460,525
TOTAL LIABILITIES		15,471,170	8,517,190
Contingencies and Commitments	30		
TOTAL EQUITY AND LIABILITIES		28,894,810	19,970,191

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


(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE


(ISKANDER M. KHAN)
DIRECTOR

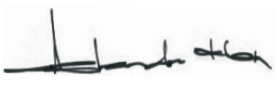

(RIZWAN ULLAH KHAN)
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Note	2022 Rupees in thousand	2021
Gross sales	31	19,924,334	18,565,812
Sales tax, other government levies and discounts	32	(2,214,227)	(2,060,593)
Sales - net		17,710,107	16,505,219
Cost of sales	33	14,867,008	14,594,848
Gross profit		2,843,099	1,910,371
Selling and distribution expenses	34	528,399	496,228
Administrative and general expenses	35	959,380	797,176
Other income	36	(91,492)	(87,454)
Other expenses	37	49,864	45,239
Impairment loss on stores and spares	10	0	25,178
		1,446,151	1,276,367
Operating profit		1,396,948	634,004
Finance cost	38	1,205,731	707,970
		191,217	(73,966)
Share of profit / (loss) from Associated Companies - net	9.3	9,356	(538)
Profit / (loss) before taxation		200,573	(74,504)
Taxation			
- Group	39	434,185	45,918
- Associated Companies	9.3	6,205	5,650
		440,390	51,568
Loss after taxation		(239,817)	(126,072)
Attributable to:			
- Equity holders of the Holding Company		(197,091)	(217,380)
- Non-controlling interest		(42,726)	91,308
		(239,817)	(126,072)
		----- Rupees-----	
Combined loss per share	40	(52.56)	(57.97)

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


(ABBAS SARFARAZ KHAN)
 CHIEF EXECUTIVE


(ISKANDER M. KHAN)
 DIRECTOR


(RIZWAN ULLAH KHAN)
 CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	2022	2021
	Rupees in thousand	
Loss after taxation	(239,817)	(126,072)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income from Associated Companies	9,434	3,936
Loss on remeasurement of staff retirement benefits-gratuity	(7,546)	(2,625)
Impact of tax	2,227	761
	(5,319)	(1,864)
Surplus arisen upon revaluations of property, plant and equipment	3,609,507	2,723,605
Impact of tax	(1,323,324)	(412,705)
	2,286,183	2,310,900
	2,290,298	2,312,972
Total Comprehensive Income	2,050,481	2,186,900
Attributable to:		
- Equity holders of the Holding Company	904,033	1,259,213
- Non-controlling interest	1,146,448	927,687
	2,050,481	2,186,900

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


(ABBAS SARFARAZ KHAN)
 CHIEF EXECUTIVE


(ISKANDER M. KHAN)
 DIRECTOR


(RIZWAN ULLAH KHAN)
 CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	2022	2021
	Rupees in thousand	
Cash flows from operating activities		
Profit / (loss) for the year - before taxation	200,573	(74,504)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment and right of use assets	1,215,877	1,118,546
Depreciation on investment property	297	644
(Profit) / loss from Associated Companies - net	(9,356)	538
Return on bank deposits	(9,488)	(6,234)
Staff retirement benefits - gratuity (net)	7,789	7,689
Un-claimed payable balances written-back	0	(145)
Loss on disposal of operating fixed assets	2,765	4,605
Gain on derecognition of right of use assets	(20,479)	0
Gain on redemption of short term investments	(2,921)	(2,508)
Gain on re-measurement of short term investments to fair value	(295)	(12)
Uncollectible receivable balances written-off	0	41
Finance cost	1,210,114	742,822
Loss allowance for doubtful advances	560	(3,410)
Loss allowance for doubtful debts	(664)	28,277
Impairment loss for export subsidy	34,249	56,120
Impairment loss on stores and spares	0	25,178
Profit before working capital changes	2,629,021	1,897,647
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	16,125	1,816
Stock-in-trade	(2,652,222)	(58,391)
Trade debts	601,853	(527,075)
Loans and advances	(684,448)	590,261
Trade deposits, short term prepayments and other receivables	9,021	43,004
Sales tax refundable - net	124	6,860
Increase / (Decrease) trade and other payables	504,172	(291,768)
	(2,205,375)	(235,293)
Cash generated from operations	423,646	1,662,354
Income tax paid	(90,144)	(74,731)
Security deposits	(46)	(26)
Net cash generated from operating activities	333,456	1,587,597
Cash flows from investing activities		
Additions to property, plant and equipment	(4,240,490)	(1,098,672)
Sale proceeds of operating fixed assets	7,326	33,306
Short term investments - made	(426)	(10,630)
- redeemed	12,250	9,550
Return on bank deposits received	10,015	7,003
Net cash used in investing activities	(4,211,325)	(1,059,443)
Cash flows from financing activities		
Share capital subscribed by non controlling interest	0	196,000
Long term finances - net	2,509,903	369,518
Government grant	(6,851)	(10,533)
Lease finances - net	(126,754)	(152,088)
Short term borrowings - net	2,324,953	7,532
Finance cost paid	(910,065)	(734,560)
Dividends paid	(76,954)	(67,240)
Net cash generated from / (used in) financing activities	3,714,232	(391,371)
Net (decrease) / increase in cash and cash equivalents	(163,637)	136,783
Cash and cash equivalents - at beginning of the year	501,490	364,707
Cash and cash equivalents - at end of the year	337,853	501,490

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


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THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2022

-----Attributable to equity holders of the Holding Company-----						Non-controlling interest	Total equity
Share capital	Reserves				Total		
	Share redemption	Revaluation surplus on property, plant and equipment	General revenue	Unappropriated profit			

Rupees in thousand

Balance as at September 30, 2020	37,500	1	2,780,006	1,010,537	1,190,162	5,018,206	4,128,754	9,146,960
Transaction with owners:								
Cash dividend at the rate of Rs.5.00 per ordinary share	0	0	0	0	0	0	(74,700)	(74,700)
Total comprehensive income for the year ended September 30, 2021:								
- Loss after taxation	0	0	0	0	(217,380)	(217,380)	91,308	(126,072)
- Other comprehensive income	0	0	1,474,521	0	2,072	1,476,593	836,379	2,312,972
	0	0	1,474,521	0	(215,308)	1,259,213	927,687	2,186,900
Effect of items directly credited in equity by Associated Companies	0	0	0	0	(939)	(939)	0	(939)
Non-controlling interest of CSM	0	0	0	0	0	0	194,780	194,780
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(380,166)	0	216,384	(163,782)	163,782	0
Balance as at September 30, 2021	37,500	1	3,874,361	1,010,537	1,190,299	6,112,698	5,340,303	11,453,001
Transaction with owners:								
Cash dividend at the rate of Rs.5.00 per ordinary share	0	0	0	0	0	0	(74,700)	(74,700)
Total comprehensive income for the year ended September 30, 2022:								
- Loss after taxation	0	0	0	0	(197,091)	(197,091)	(42,726)	(239,817)
- Other comprehensive income	0	0	1,097,009	0	4,115	1,101,124	1,189,174	2,290,298
	0	0	1,097,009	0	(192,976)	904,033	1,146,448	2,050,481
Effect of items directly credited in equity by Associated Companies	0	0	0	0	(967)	(967)	0	(967)
Non-controlling interest of CSM	0	0	0	0	0	0	(4,175)	(4,175)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(407,831)	0	226,815	(181,016)	181,016	0
Balance as at September 30, 2022	37,500	1	4,563,539	1,010,537	1,223,171	6,834,748	6,588,892	13,423,640

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


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THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. THE GROUP AND ITS OPERATIONS

1.1 The Premier Sugar Mills & Distillery Company Ltd. (the Holding Company)

The Holding Company was incorporated on July 24, 1944 as a Public Company and its shares are quoted on Pakistan Stock Exchange Ltd. The Holding Company is principally engaged in manufacture and sale of white sugar and spirit. The Holding Company's Mills and Registered Office are located at Mardan (Khyber Pakhtunkhwa) whereas the Head Office is situated at King's Arcade, 20-A, Markaz F-7, Islamabad.

1.2 Subsidiary Companies

(a) Chashma Sugar Mills Ltd. (CSM)

CSM was incorporated in Pakistan on May 05, 1988 as a public limited company, under the Companies Ordinance, 1984 (repealed upon enactment of the Companies Act, 2017 on May 30, 2017) and commenced its commercial production from October 01, 1992. CSM has its shares quoted on the Pakistan Stock Exchange Ltd. CSM is principally engaged in manufacturing, production, processing, compounding, preparation and sale of sugar, other allied compound, intermediates and allied products. CSM is a Subsidiary of The Premier Sugar Mills and Distillery Company Ltd. The head office of CSM is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located at Dera Ismail Khan, Khyber Pakhtunkhwa.

Sub-subsidiary Companies

Whole Foods (Private) Ltd. (WFPL)

WFPL (100% owned Subsidiary of CSM) was incorporated in Pakistan as a Private Limited Company under the Companies Act, 2017 on October 26, 2017. The principal activity of WFPL is to set-up, manage, supervise and control the storage facilities for agricultural produce. WFPL is yet to commence its operations.

Ultimate Whole Foods (Private) Ltd. (UWFPL)

UWFPL (Subsidiary Company of CSM) was incorporated in Pakistan as a Private Limited Company under the Companies Act, 2017 on May 17, 2021. The objective of UWFPL is to set up mills for milling wheat, gram, other grains and other allied products and by-products from flours. The operations of the UWFPL have not yet been started. CSM holds 51% of the total shareholding of UWFPL.

The Holding Company directly and indirectly controls / beneficially owns more than fifty percent of CSM's paid-up capital and also has the power to elect and appoint more than fifty percent of its directors; accordingly, CSM has been treated a Subsidiary with effect from the financial year ended September 30, 2010.

These consolidated financial statements include the financial statements of the Holding Company and its Subsidiaries The Frontier Sugar Mills and Distillery Ltd., Chashma Sugar

Mills Ltd., Sub-subsidiaries Whole Foods (Pvt.) Ltd. and Ultimate Whole Foods (Pvt.) Ltd. (the Group) for the year ended September 30, 2022. The corresponding figures presented in these consolidated financial statements are the same as presented in the preceding consolidated financial statements for the year ended September 30, 2021.

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company, CSM and FSM for the year ended September 30, 2022 and the unaudited financial statements of the Sub-subsidiaries for the year ended September 30, 2022.

(b) The Frontier Sugar Mills and Distillery Ltd. (FSM)

FSM was incorporated on March 31, 1938 as a Public Company and its shares were quoted on all the Stock Exchanges of Pakistan; FSM was delisted from the Stock Exchanges as detailed in paragraph (c) below. The principal activity of FSM was manufacturing and sale of white sugar and its Mills and Registered Office are located at Takht-i-Bhai, Mardan (Khyber Pakhtunkhwa). FSM is a Subsidiary of The Premier Sugar Mills & Distillery Company Ltd. (the Holding Company).

Going concern basis

The financial statements of FSM have been prepared on going concern basis despite the uncertainties detailed below that may cast doubt about FSM's ability to continue as a going concern:

- FSM's production facilities are closed since the year 2008 due to diversion of entire sugarcane crop to Gur making;
- the small size of the plant is not economical to run; and
- FSM has been suffering losses over the years; accumulated loss as at September 30, 2022 aggregated Rs.111.371 million.

The financial statements of FSM have been prepared on going concern basis as the management is exploring different avenues / options for future purposes, which include but are not limited to flour mills and other industrial / commercial projects. The management is of the view that with the start of these projects, FSM will be able to cover losses and continue as a going concern. FSM is in possession of property, plant and equipment having carrying values of Rs.1.151 billion at the reporting date, which may be utilised for proposed future projects. Further, being part of Premier Group of Companies, FSM also enjoys financial backing from the Group.

(c) Delisting of FSM

The Holding Company, the majority shareholder of FSM, had decided to purchase all the ordinary and preference shares of FSM held by Others. The shareholders of FSM had passed a special resolution for de-listing of FSM from the Stock Exchanges at the annual general meeting held on January 30, 2010. The shareholders also passed a special resolution for purchase of 263,134 ordinary shares at a price of Rs.190.20 per share and 26,970 preference shares at a price of Rs.18.60 per share by the Holding Company in the extra ordinary general meeting held on June 10, 2010.

The purchase agent of the Holding Company (Invest Capital Investment Bank Ltd.) had completed the buying of 36,209 ordinary shares and 150 preference shares within the initial period of 60 days and after the submission of an undertaking to the Stock Exchanges to

purchase the remaining shares upto August 26, 2011, FSM was de-listed from all the Stock Exchanges with effect from October 25, 2010. The purchase agent, during the financial year ended September 30, 2011, had further purchased 19,884 ordinary shares and 20,014 preference shares.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupee, which is the Group's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest thousand unless otherwise stated.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting and reporting standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

i) Estimated useful life of operating assets - note 5.1

The Group annually reviews appropriateness of the method of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment on an annual basis. Any change in these estimates in the future, might affect the carrying amount of the respective item of property, plant and equipment, with a corresponding effect on the depreciation and impairment.

ii) Surplus on revaluation of property, plant and equipment - note 5.1

The Group carries out revaluations, considering the change in circumstances and assumptions from latest revaluation. The fair value of the Group's freehold land, buildings & roads and plant & machinery is assessed by management based on independent valuation performed by an external property valuation expert as at year end. For valuation of freehold land, buildings & roads and plant & machinery, the current market price or depreciated replacement cost method is used, whereby, current cost of construction of similar buildings & roads and plant & machinery in similar locations has been adjusted using suitable depreciation rates to arrive at present market value. This technique requires significant judgment as to estimating the revalued amount in terms of their quality, structure, layout and locations.

iii) Provision for stores and spares - note 5.5

For items which are slow-moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realisable value on a regular basis. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

iv) Write down of stock in trade to net realisable value - note 5.6

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the unconsolidated financial statements for obsolete and slow moving stock-in-trade based on management estimate.

v) Estimation of impairment loss allowance - note 5.18

The Group reviews the Expected Credit Loss (ECL) model, which is based on the historical credit loss experience over the life of the trade receivables and adjusted if required. The ECL model is reviewed on a quarterly basis.

vi) Provision for employees' defined benefit plans - note 5.11

Defined benefit plans are provided for all employees of the Group. These calculations require assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used vary for the different plans as they are determined by independent actuaries annually.

Cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employees service during the year and the interest on the net liability/(asset) in respect of employee's service in previous years. Calculations are sensitive to changes in the underlying assumptions.

vii) Provision for current and deferred tax - note 5.16

In making the estimate for tax payable, the Group takes into account applicable tax laws, the decisions taken by the appellate authorities on certain issues in the past and professional advice of tax consultant of the Group.

Deferred tax assets are recognised for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

viii) Provisions and contingencies - notes 5.14 and 5.15

The management exercises judgment in measuring and recognising provisions and exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement.

ix) Estimation of lease term and incremental borrowing rate for lease liabilities and right of use assets - notes 5.2, 5.10 and 5.12

IFRS 16 requires the Group to assess the lease term as the non-cancellable lease term in line with the lease contract together with the period for which the Group has extension options which the Group is reasonably certain to exercise and the periods for which the Group has termination options for which the Group is not reasonably certain to exercise those termination options.

A significant portion of the lease contracts included within Group's lease portfolio includes lease contracts which are extendable through mutual agreement between the Group and the lessor or lease contracts which are cancellable by the Group on immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Group concluded that these cancellable future lease periods should be included within the lease term in determining the lease liability upon initial recognition. The reasonably certain period used to determine the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts and after consideration of business plan of the Group which incorporates economic, potential demand of customers and technological changes.

3. PRINCIPLES OF CONSOLIDATION

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in respective accounting policies notes.

These consolidated financial statements include the financial statements of the Holding Company, consolidated financial statements of CSM and the financial statements of FSM as at and for the year ended September 30, 2022. The Holding Company's direct interest, as at September 30, 2022, in CSM was 47.93% (2021: 47.93%) and in FSM was 82.49% (2021: 82.49%).

Investments in Associated Companies, as defined in the Companies Act, 2017, are accounted for by the equity method.

Non-controlling interest is calculated on the basis of their proportionate share in the net assets of the Subsidiary Companies.

Subsidiary is an entity over which the Holding Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Holding Company controls another entity. The Holding Company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Holding Company's voting rights relative to the size and dispersion of holdings of other shareholders give the Holding Company the power to govern the financial and operating policies, etc.

Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

All significant inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The reporting period end of Sub-subsidiaries is June 30, 2022. The Sub-subsidiaries financial statements used for preparation of consolidated financial statements corresponds with period of the Group.

4. CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

4.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

		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
IFRS 4	Insurance contracts (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2023

The management anticipates that, except as stated below, adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

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

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

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

IFRIC 12 Service Concession Arrangements

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

(a) The Holding Company and FSM

Measurement

Buildings on leasehold and freehold land and plant & machinery are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent amortisation / depreciation.

Any accumulated amortisation / depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The remaining property, plant and equipment, except freehold land and capital work-in-progress, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Freehold land and capital work-in-progress are stated at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Revaluation

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings.

Depreciation

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 6.1. Leasehold land is amortised over the lease term using the straight-line method.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Disposal

Gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in other income in the statement of profit or loss. In case of the sale or retirement of a revalued property, plant and equipment, the attributable revaluation surplus remaining in the revaluation surplus on property, plant and equipment is transferred directly to unappropriated profit.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any change in estimates is accounted for on a prospective basis.

(b) CSM

Owned assets

Operating fixed assets except freehold land, buildings and roads, plant & machinery and electric installations are stated at cost less accumulated depreciation and impairment losses. Freehold land is stated at revalued amount, whereas buildings & roads, plant & machinery and electric installations are stated at revalued amount less accumulated depreciation and impairment losses. Revaluation is carried out by independent expert. CSM carries out revaluations periodically, considering the change in circumstances and assumptions from latest revaluation. Capital work-in-progress and major spare parts and standby equipment are stated at cost. Cost in relation to certain plant and machinery items include borrowing cost related to the financing of major projects during construction phase.

Subsequent cost, if reliably measureable, are included in the asset's carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to CSM. The carrying amount of any replaced parts as well as other repair and maintenance costs are charged to statement of profit or loss during the period in which these are incurred.

Increase in the carrying amount arising on revaluation of freehold land, buildings & roads, plant & machinery and electric installations are recognised in other comprehensive income and accumulated in shareholders' equity under the heading revaluation surplus on property, plant and equipment. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss.

Depreciation on operating assets is calculated using the reducing balance method to allocate their cost over their estimated useful life at the rates specified in note 6.1. Depreciation for factory assets is charged to cost of sales while depreciation for other property, plant and equipment is charged to administrative and general expenses and selling and distribution expenses on actual usage basis.

Depreciation on additions to property, plant and equipment is charged from the date asset is available for intended use till date of disposal.

The gain or loss on disposal of an asset, calculated as difference between the sale proceeds and carrying amount of the asset, is recognised as other income in statement of profit or loss for the year.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets, capital stores and intangible assets in the course of their acquisition, construction and installation.

5.2 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease i.e. the date the underlying assets are available for use. Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities except plant and machinery for which the Group has elected to use the revaluation model.

The cost comprises the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying assets' useful life.

5.3 Investment property

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

Depreciation on investment property is charged to income applying reducing balance method at the rates stated in note 8. Depreciation on additions is charged from the month in which the asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off. Impairment loss or its reversal, if any, is taken to statement of profit or loss.

5.4 Investments

Investments in equity instruments of Associated Companies are stated at the Group's share of their underlying net assets using the equity method.

Investments available-for-sale represent investments, which are not held for trading. All investments are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value of investments available-for-sale is recognised in other comprehensive income / (loss) as unrealised, unless sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time cumulative gain or loss previously recognised in the equity is included in the statement of profit or loss for the year.

5.5 Stores and spares

(a) The Holding Company and FSM

Stores and spares are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the reporting date. Carrying amounts of stores and spares are reviewed on a regular basis and provision is made for identified obsolete and slow moving items.

(b) CSM

Stores and spares are stated at cost less allowance for obsolete and slow moving items. Cost is determined using weighted average method. Items in transit are valued at cost comprising invoice value and other related charges incurred up to the statement of financial position date.

5.6 Stock-in-trade

(a) The Holding Company

- i) Stock of manufactured products is valued at the lower of cost and net realisable value. Molasses inventory is valued at net realisable value.
- ii) Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which comprises of prime cost and appropriate production overheads.
- iii) Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

Judgments and estimates

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

(b) CSM

Sugar and ethanol are stated at the lower of cost and net realisable value. Cost is determined using the average manufacturing cost method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads.

Purchased molasses is stated at lower of cost and net realisable value whereas cost of own produced molasses, a by product, is determined on the basis of average cost of molasses purchased from third parties.

Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and costs necessary to be incurred to make the sale.

5.7 Trade debts and other receivables

(a) The Holding Company

Trade debts are initially recognised at original invoice amount, which is the fair value of

consideration to be received in future and subsequently measured at cost less allowance for Expected Credit Loss (ECL). Carrying amounts of trade debts and other receivables are assessed at each reporting date and allowance is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

(b) CSM

Trade debts are recognised and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. For measurement of loss allowance for trade debts, CSM applies IFRS 9 simplified approach to measure the expected credit losses.

5.8 Short term investments (at fair value through profit or loss)

Investments at fair value through profit or loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognised in income.

5.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise balances with banks in current, deposit and saving accounts, bank overdrafts and cash / running finance. Bank overdrafts are shown in current liabilities on the statement of financial position.

5.10 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

Borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of that asset. All other borrowing costs are charged to statement of profit or loss.

5.11 Staff retirement benefits

(a) The Holding Company

Defined contribution plan

The Holding Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 9% of the basic salaries both by the employees and the Holding Company.

Defined benefit plan

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

Actuarial gains and losses are recognised in other comprehensive income in the period in which these occur and past-service costs are recognised immediately in the statement of profit or loss.

(b) CSM

CSM operates a provident fund and an un-funded gratuity scheme for its employees as detailed below:

Defined contribution plan

CSM operates a recognised contributory provident fund for its permanent employees. Equal monthly contributions are made by CSM and the employees to the fund at the specified rate of basic salary and charged to the statement of profit or loss.

Defined benefit plan

CSM operates an unfunded gratuity scheme covering eligible employees under their employment contract. The liability for gratuity is recognised on the basis of actuarial valuation using Projected Unit Credit Method. The latest actuarial valuation was conducted on September 30, 2022.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the year in which they arise. Past service costs are recognised immediately in profit or loss.

5.12 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

- a) fixed payments, including in-substance fixed payments;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable under a residual value guarantee; and
- d) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

5.13 Trade and other payables

Liabilities for trade and other payables including payable to related parties are carried at cost, which is the fair value of consideration to be paid in the future for goods and/or services received, whether or not billed to the Group.

5.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

5.15 Contingent liabilities

A contingent liability is disclosed when the Group

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

5.16 Taxation

Taxation comprises of current tax and deferred tax.

Current

Provision for current taxation is based on taxable income for the year determined in accordance with prevailing law for taxation on income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Deferred

Deferred income tax is recognised 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 recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that deductible temporary differences will reverse in the future and taxable income will be available against which the deductible temporary differences, unused tax losses and tax credit can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

5.17 Dividend and revenue reserve appropriation

Dividend and movement in revenue reserves are recognised in the financial statements in the period in which these are approved.

5.18 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to depreciation/ amortisation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of profit or loss.

5.19 Revenue recognition

The Group recognises revenue at point of time when control of product is transferred to the customer. Control is considered to be transferred in case of local sales when finished goods are directly uplifted by customer from the warehouse or when it is delivered by the Group at customer premises. In case of export sales, control is considered to be transferred when the finished goods are shipped to the customer.

Revenue is measured based on the consideration agreed with the customer and excludes sales tax / government levies and amounts collected on behalf of third parties. Revenue is presented net of discounts, rebates and returns.

Contract assets

Contract assets arise when the Group performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

Contract liability is the obligation of the Group to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs its performance obligations under the contract.

Other income

The Group recognises following in other income:

- (i) Income on deposit / saving accounts using the effective yield method.
- (ii) Dividend income when the right to receive dividend is established.
- (iii) Income from other non-recurring goods and services is recognised when the control is transferred and performance obligations are fulfilled.

5.20 Development expenditure

Expenditure incurred on development of sugar cane and beet is expensed in the year of incurrence.

5.21 Deferred government grant

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

Government grant includes any benefit earned on account of a government loan obtained at below-market rate of interest. The loan is recognised and measured in accordance with IFRS 9 "Financial Instruments". The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

Government grant that has been awarded for the purpose of giving immediate financial support to the Group is recognised in profit or loss of the period in which the entity qualifies to receive it.

5.22 Foreign currency transactions and translation

Foreign currency transactions are translated in Pakistan Rupees using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated in functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the statement of profit or loss.

5.23 Financial instruments

Financial instruments are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Group loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss .

a) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- i) amortised cost where the effective interest rate method is applied;
- ii) fair value through profit or loss; and
- iii) fair value through other comprehensive income.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in statement of profit or loss or other comprehensive income (OCI). For investment in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Further, financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group can classify its debt instruments:

i) Amortised cost

Assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

ii) Fair value through other comprehensive income (FVTOCI)

Debt securities, where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the statement of profit or loss.

iii) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented in finance income/cost in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statement of profit or

loss following the derecognition of the investment. Dividends from such investments continue to be recognised in statement of profit or loss as other income when the Group's right to receive payments is established.

Impairment of financial assets

The Group assess on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its debt instruments, trade debts, short term investments, deposits and other receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Loans and advances
- Trade deposits and other receivables
- Bank balances

General approach for loans and advances, trade deposits, other receivables and bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 months expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 months to lifetime expectations.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, in case of trade debts, the Group considers that default has occurred when a debt is more than 365 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit - impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Simplified approach for trade debts

The Group recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; and
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other trade debts are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments;
- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Recognition of loss allowance

The Group recognises an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Write-off

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off result in impairment gains.

b) Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

- i) fair value through profit or loss; and
- ii) other financial liabilities.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Group has not designated any financial liability upon recognition as being at fair value through profit or loss.

ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortised cost, using the effective interest rate method and are measured at present value. Gains and losses are recognised in profit or loss for the year, when the liabilities are derecognised as well as through effective interest rate amortisation process.

Derecognition of financial liabilities

The Group derecognises financial liabilities when and only when the Group's obligations are discharged, cancelled or expired.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Board determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Group determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

5.24 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Group has two reportable segments, i.e. sugar and ethanol.

5.25 Earnings per share

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

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2022 Rupees in thousand	2021
Operating fixed assets - tangible	6.1	17,539,115	14,130,996
Capital work-in-progress	6.11	3,802,083	529,218
Advance against lease vehicle		1,110	0
		<u>21,342,308</u>	<u>14,660,214</u>

6.1 Operating fixed assets - tangible

Particulars	Lease- hold land	Owned														Total
		Freehold land	Buildings on freehold land	Buildings and roads on lease- hold land	Plant and machinery	Tools	Beet water line	Electric and gas equipment	Labora- tory equip- ment	Furniture, fittings & office equipment	Farm equip- ment	Railway rolling stock and vehicles	Tube well	Arms		
		Rupees in thousand														
As at September 30, 2020																
Cost / revaluation	2,835	1,529,164	2,014,913	211,813	8,369,099	914	206	520,656	120	232,149	1,922	76,017	59	54	12,959,921	
Accumulated depreciation	636	0	170,430	8,061	1,256,550	913	205	240,564	116	110,856	627	55,897	58	50	1,844,963	
Book value	2,199	1,529,164	1,844,483	203,752	7,112,549	1	1	280,092	4	121,293	1,295	20,120	1	4	11,114,958	
Year ended September 30, 2021:																
Additions	0	158,292	237,814	0	764,774	0	0	123,340	0	38,130	776	3,858	0	0	1,326,984	
Revaluation adjustments																
- cost	0	1,300,481	12,954	0	83,111	0	0	0	0	0	0	0	0	0	1,396,546	
- depreciation	0	0	322,894	0	1,004,165	0	0	0	0	0	0	0	0	0	1,327,059	
Disposals:																
- cost	0	0	(15,257)	0	0	0	0	0	0	0	(73)	(59,082)	0	0	(74,412)	
- depreciation	0	0	0	0	0	0	0	0	0	0	3	36,498	0	0	36,501	
Transfers from leased to owned:																
- cost	0	0	0	0	0	0	0	0	0	0	0	96,254	0	0	96,254	
- depreciation	0	0	0	0	0	0	0	0	0	0	0	(61,094)	0	0	(61,094)	
Depreciation charge	27	0	196,154	14,907	764,175	0	0	35,515	2	15,395	102	5,522	0	1	1,031,800	
Book value as at September 30, 2021	2,172	2,987,937	2,206,734	188,845	8,200,424	1	1	367,917	2	144,028	1,899	31,032	1	3	14,130,996	
Year ended September 30, 2022:																
Additions	0	2,074	251,475	0	541,592	0	0	139,039	0	15,587	168	8,838	0	0	958,773	
Revaluation adjustments																
- cost	0	193,590	357,585	0	1,267,117	0	0	0	0	0	0	0	0	0	1,818,292	
- depreciation	0	0	222,354	0	1,565,919	0	0	2,942	0	0	0	0	0	0	1,791,215	
Disposals:																
- cost	0	0	(5,273)	0	0	0	0	0	0	(63)	0	(12,875)	0	0	(18,211)	
- depreciation	0	0	532	0	0	0	0	0	0	24	0	7,563	0	0	8,119	
Transfers from leased to owned:																
- cost	0	0	0	0	0	0	0	0	0	0	0	10,161	0	0	10,161	
- depreciation	0	0	0	0	0	0	0	0	0	0	0	(5,947)	0	0	(5,947)	
Depreciation charge	28	0	223,076	12,948	849,835	0	0	44,755	0	16,965	170	6,506	0	0	1,154,283	
Book value as at September 30, 2022	2,144	3,183,601	2,810,331	175,897	10,725,217	1	1	465,143	2	142,611	1,897	32,266	1	3	17,539,115	
As at September 30, 2021																
Cost / revaluation	2,835	2,987,937	2,250,424	211,813	9,216,984	914	206	643,996	120	270,279	2,625	117,047	59	54	15,705,293	
Accumulated depreciation	663	0	43,690	22,968	1,016,560	913	205	276,079	118	126,251	726	86,015	58	51	1,574,297	
Book value	2,172	2,987,937	2,206,734	188,845	8,200,424	1	1	367,917	2	144,028	1,899	31,032	1	3	14,130,996	
As at September 30, 2022																
Cost / revaluation	2,835	3,183,601	2,854,211	211,813	11,025,693	914	206	783,035	120	285,803	2,793	123,171	59	54	18,474,308	
Accumulated depreciation	691	0	43,880	35,916	300,476	913	205	317,892	118	143,192	896	90,905	58	51	935,193	
Book value	2,144	3,183,601	2,810,331	175,897	10,725,217	1	1	465,143	2	142,611	1,897	32,266	1	3	17,539,115	
Depreciation rate (%)	1.01	0	5-10	5-10	10-12	15	15	10	10	10-15	10	10-20	10	10		

6.2 Particulars of immovable property of the Holding Company

Location	Usage of immovable property	Total Area (square feet)	Covered Area (In square feet) approx.
Land - freehold			
Saro Shah, Takht Bahi	Agricultural	5,378,299	0
Nowshera Road, Mardan	Industrial	999,158	
Land - leasehold			
Nowshera Road, Mardan	Industrial	5,268,037	
		6,267,195	807,188
		11,645,494	807,188

- 6.3** Particulars of immovable property (i.e. land and buildings) in the name of CSM and its Subsidiaries are as follows:

Location	Usage of immovable property	Total Area (Kanals)	Covered Area (Kanals)
CSM-1, D.I.Khan	Factory building	1,111.25	98.86
CSM-2, Ramak	Factory building	1,747.15	174.66
Layyah and Bhakkar	Storage facility	32	2.21

- 6.4** Had the revalued fixed assets of the Group been recognised under the cost model, the carrying values of these assets would have been as follows:

	2022 Rupees in thousand	2021
Freehold land	339,247	338,192
Buildings & roads	1,014,330	858,302
Buildings on leasehold land	869	941
Plant & machinery	3,701,034	3,541,606
Electric installations	462,960	0
	5,518,440	4,739,041

- 6.5** The forced sale values of revalued fixed assets of the Group, based on valuations conducted during 2022 and prior years, are as follows.

	Rupees in thousand
Freehold land	2,606,968
Buildings & roads	2,265,674
Plant & machinery	7,333,888
Electric installations	315,182
	12,521,712

- 6.6** The Board of Directors of the Holding Company, during the financial year ended September 30, 2018, had decided to shift the Holding Company's distillery operations from Mardan to Ramak, Dera Ismail Khan due to easy approach to power and raw materials. Dismantling, shifting and erection work of distillery has been completed during the financial year ended September 30, 2020.

- 6.7** The Holding Company had availed its option of renewal of leasehold land agreement expired during the financial year ended September 30, 2008. Buildings on leasehold land, however, were revalued during the financial years ended September 30, 2009, September 30, 2011,

September 30, 2014, September 30, 2017 and September 30, 2020 and revaluation surplus on these assets aggregating Rs.116.886 million, Rs.17.376 million, Rs.76.240 million, Rs.5.328 million and Rs.99.021 million respectively was incorporated in the books of account of the Holding Company.

Clause 6 of the lease agreement dated July 09, 1947, which was for a period of 60 years, empowers the Holding Company to renew the lease. On August 10, 2007, the Holding Company, in terms of the aforesaid clause 6, had exercised the option of renewal of the lease and indicated its desire to extend the lease for a further period of 60 years (commencing from January 01, 2008) on such terms as may be agreed between the parties and invited the legal heirs of the lessor to negotiate the terms of the extended lease agreement. The legal heirs of the lessor had failed to agree on the terms of the extended lease; hence, the matter was referred to arbitration.

Two of the legal heirs of the lessor have filed civil suits impugning the validity of arbitration. These suits are frivolous, barred by law and liable to be dismissed in due course under relevant provisions of the Arbitration Act, 1940.

The arbitration proceedings were finalised during the financial year ended September 30, 2016 and the Arbitrator (a Senior Advocate of the Supreme Court of Pakistan) announced the award by extending the lease term for a further period of 60 years. The same was filed before the Senior Civil Judge, Mardan to make it 'Rule of the Court'.

6.8 Depreciation for the year has been allocated as follows:	2022	2021
	Rupees in thousand	
Cost of sales	1,068,066	964,653
Administrative expenses	86,217	67,147
	1,154,283	1,031,800

6.9 Disposals of vehicles of the Holding Company

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
-----Rupees in thousand-----							
2022							
Honda City	2,633	899	1,734	2,139	405	Company policy	Mr. Azhar Mehmood - ex - employee.
Suzuki Cultus	1,419	867	552	731	179	--- do ---	Mr. Naveed Jaffar - an employee.
	4,052	1,766	2,286	2,870	584		
2021							
Toyota Corolla	2,044	1,136	908	1,022	114		

6.10 Disposal of operating fixed assets of CSM

Particulars of assets	Cost / Revaluation	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
-----Rupees in thousand-----							
Assets having book value exceeding Rs.500,000 each							
Buildings and roads							
Lagoons	15,257	0	15,257	0	(15,257)	Written off	
Vehicles							
Toyota Corolla	1,705	1,052	653	852	199	CSM policy	Mr. Zia Ullah (employee)
Toyota Corolla	1,705	1,053	652	853	201	- do -	Muhammad Yasin Quraishi (employee)
Toyota Corolla	1,855	1,145	710	927	217	- do -	Mr. Shuja Ud Din (employee)
Toyota Corolla	2,066	1,212	854	1,033	179	- do -	Muhammad Zaheer Ur Din (employee)
Toyota Corolla	1,703	999	704	852	148	- do -	Muhammad Asif Hanif (employee)
Toyota Corolla	1,852	1,100	752	926	174	- do -	Mr. Jamil Khanzada (employee)
Toyota Corolla	1,852	1,100	752	1,000	248	- do -	Mr. Saeed Akbar Sumbal (employee)
Toyota Corolla	2,062	1,224	838	590	(248)	- do -	Mr. Malik Bashir Ahmed (employee)
Honda Civic	2,577	1,788	789	1,289	500	- do -	Mr. Mujahid Bashir (employee)
Honda Civic	2,649	1,591	1,058	1,324	266	- do -	Mr. Mirza Nadeem (employee)
Honda City	1,691	1,110	581	845	264	- do -	Mr. Amir Ur Rehman (employee)
Honda City	1,708	1,078	630	854	224	- do -	Mr. Amjad Ali Khan (employee)
Honda City	1,729	818	911	1,140	229	- do -	Ms. Shazia Malik (employee)
Honda City	1,863	1,133	730	931	201	- do -	Muhammad Asif (employee)
Honda Vezel	3,423	2,450	973	1,719	746	- do -	Mr. Hameed Ur Rehman (employee)
Honda Vezel	3,230	2,059	1,171	2,432	1,261	- do -	Mr. Shahid Suleman (employee)
Suzuki Swift	1,413	863	550	707	157	- do -	Mr. Hafeez Rajpoot (employee)
Suzuki Cultus	1,574	439	1,135	1,227	92	- do -	Mr. Salar Janjua (employee)
Suzuki Cultus	1,550	805	745	1,345	600	- do -	Mr. Arbab Shoukat (employee)
Suzuki Cultus	1,415	700	715	840	125	- do -	Mr. Abdul Rehman (employee)
	39,622	23,719	15,903	21,686	5,783		
Various assets having book value upto Rs.500,000 each	17,489	11,646	5,843	10,598	4,755		
September 30, 2021	72,368	35,365	37,003	32,284	(4,719)		

6.11 Capital work-in-progress

	Vehicles	Plant and machinery	Building and tanks	Total
	-----Rupees in thousand -----			
As at October 01, 2021				
Cost	231,999	60,580	227,892	520,471
Accumulated depreciation	(74,414)	(9,239)	(94,519)	(178,172)
Book value	157,585	51,341	133,373	342,299
Additions	63,362	0	0	63,362
Remeasurement during the year	(57)	0	(2,001)	(2,058)
Transferred to owned assets				
Cost	(10,161)	0	0	(10,161)
Accumulated depreciation	5,947	0	0	5,947
Book value	(4,214)	0	0	(4,214)
Deletion during the year				
Cost	0	0	(84,169)	(84,169)
Accumulated depreciation	0	0	30,607	30,607
Book value	0	0	(53,562)	(53,562)
Depreciation charge	(35,344)	(5,134)	(21,116)	(61,594)
Closing book value	<u>181,332</u>	<u>46,207</u>	<u>56,694</u>	<u>284,233</u>
Annual rate of depreciation (%)	20	10	20-50	
As at September 30, 2022				
Cost or revalued amount	285,143	60,580	141,722	487,445
Accumulated depreciation	(103,811)	(14,373)	(85,028)	(203,212)
Book value	<u>181,332</u>	<u>46,207</u>	<u>56,694</u>	<u>284,233</u>
Depreciation for the year has been allocated as follows:			2022 (Rupees in thousand)	2021 (Rupees in thousand)
Cost of sales			5,134	5,705
Selling and distribution expenses			21,116	20,800
Administrative and general expenses			35,344	60,241
			<u>61,594</u>	<u>86,746</u>

7. RIGHT OF USE ASSETS

	Vehicles	Plant and machinery	Building and tanks	Total
	-----Rupees in thousand -----			
As at October 01, 2021				
Cost	231,999	60,580	227,892	520,471
Accumulated depreciation	(74,414)	(9,239)	(94,519)	(178,172)
Book value	157,585	51,341	133,373	342,299
Additions	63,362	0	0	63,362
Remeasurement during the year	(57)	0	(2,001)	(2,058)
Transferred to owned assets				
Cost	(10,161)	0	0	(10,161)
Accumulated depreciation	5,947	0	0	5,947
Book value	(4,214)	0	0	(4,214)
Deletion during the year				
Cost	0	0	(84,169)	(84,169)
Accumulated depreciation	0	0	30,607	30,607
Book value	0	0	(53,562)	(53,562)
Depreciation charge	(35,344)	(5,134)	(21,116)	(61,594)
Closing book value	<u>181,332</u>	<u>46,207</u>	<u>56,694</u>	<u>284,233</u>
Annual rate of depreciation (%)	20	10	20-50	
As at September 30, 2022				
Cost or revalued amount	285,143	60,580	141,722	487,445
Accumulated depreciation	(103,811)	(14,373)	(85,028)	(203,212)
Book value	<u>181,332</u>	<u>46,207</u>	<u>56,694</u>	<u>284,233</u>

2022 2021
(Rupees in thousand) (Rupees in thousand)

Depreciation for the year has been allocated as follows:

Cost of sales	5,134	5,705
Selling and distribution expenses	21,116	20,800
Administrative and general expenses	35,344	60,241
	<u>61,594</u>	<u>86,746</u>

8. INVESTMENT PROPERTY

Particulars	Freehold land	Buildings on freehold land	Total
----- Rupees in thousand -----			
As at September 30, 2020:			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	52,486	52,486
Book value	14,544	11,222	25,766
Year ended September 30, 2021:			
Depreciation charge	0	644	644
Book value	14,544	10,578	25,122
Year ended September 30, 2022:			
Depreciation charge	0	297	297
Book value as at September 30, 2022	14,544	10,281	24,825
Depreciation rate (%)	0	5-10	

- 8.1 Fair value of the investment property, based on the management's estimation, as at September 30, 2022 was Rs.320 million (2021: Rs.320 million).

9. LONG TERM INVESTMENTS	2022	2021	2022	2021
	Equity held (%)		Rupees in thousand	
ASSOCIATED COMPANIES				
QUOTED:				
Arpak International Investments Ltd. (AAIL)				
229,900 (2021: 229,900) ordinary shares of Rs.10 each	5.75	5.75	20,899	17,222
Market value Rs.17.426 million (2021: Rs.18.392 million)				
UN-QUOTED:				
National Computers (Pvt.) Ltd. (NCPL)				
14,450 (2021: 14,450) ordinary shares of Rs.100 each	48.17	48.17	0	0
- Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2013 - Rs. Nil (note 9.2)				
Premier Board Mills Ltd. (PBML)				
47,002 (2021: 47,002) ordinary shares of Rs.10 each	0.83	0.83	5,673	5,558
- Value of investments based on net assets shown in the audited financial statements for the year ended June 30, 2022 Rs.5.693 million (2021: Rs.5.578 million)				

Aztlak Enterprises (Pvt.) Ltd. (AEPL)

200,000 (2021: 200,000) ordinary
shares of Rs.10 each

40.00 40.00 **145,430** 137,604

- Value of investments based on net assets
shown in the un-audited financial statements for
the year ended June 30, 2022 Rs.145.430 million
(2021: Rs.137.603 million)

172,002 160,384

9.1 The Holding Company directly and indirectly controls / beneficially owns more than fifty percent of CSM's paid-up capital and also has the power to elect and appoint more than fifty percent of its directors; accordingly, CSM has been treated a Subsidiary with effect from the financial year ended September 30, 2010.

9.2 NCPL has no known assets and liabilities as at June 30, 2022 and June 30, 2021 and has also seized its operations. NCPL, on January 15, 2015, has filed an application with the Joint Registrar, Securities and Exchange Commission of Pakistan for striking-off its name from the Register of Companies under the Companies (Easy Exit) Regulations, 2014.

9.3 Investments in equity instruments of Associated Companies

2022 2021
Rupees in thousand

Opening balance - cost **5,638** 5,638

Add: post acquisition profit brought forward **154,746** 157,937

160,384 163,575

Add: share for the year:

- profit / (loss) - net **9,356** (538)

- other comprehensive income **9,434** 3,936

- items directly credited in equity **(967)** (939)

Less: taxation - net **(6,205)** (5,650)

11,618 (3,191)

Balance as at 30 September, **172,002** 160,384

9.4 AILL was incorporated in Pakistan on July 26, 1977 as a Public Company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in investment business of various forms.

The summary of financial information of AILL based on its audited financial statements for the year ended June 30, 2022 is as follows:

Summarised statement of financial position

Non-current assets **330,119** 276,045

Current assets **38,377** 28,015

368,496 304,060

Non-current liabilities **144** 147

Current liabilities **4,886** 4,394

5,030 4,541

Net assets **363,466** 299,519

	2022	2021
	Rupees in thousand	
Reconciliation to carrying amount		
Opening net assets	299,519	371,382
Loss for the year	(79,020)	(123,991)
Effects of items directly credited in equity by Associated Companies	(16,814)	(16,326)
Other comprehensive income for the year	159,781	68,454
Closing net assets	363,466	299,519
The Holding Company's share percentage 5.75% (2021: 5.75%)		
The Holding Company's share	20,899	17,222
Summarised statement of profit or loss		
Income	14,491	13,061
Loss before taxation	(77,115)	(122,135)
Loss after taxation	(79,020)	(123,991)

- 9.5 PBML was incorporated in Pakistan on May 12, 1980 as a Public Company and it is evaluating certain proposals for setting-up some Industrial Unit.

The summary of financial information of PBML based on its audited financial statements for the year ended June 30, 2022 is as follows:

Summarised statement of financial position

Non-current assets	651,259	661,770
Current assets	37,486	10,670
	688,745	672,440
Current liabilities	5,266	2,742
Net assets	683,479	669,698
Reconciliation to carrying amount		
Opening net assets	669,698	608,346
Profit for the year	436	52,083
Other comprehensive income for the year	13,345	9,269
Closing net assets	683,479	669,698
The Holding Company's share percentage 0.83% (2021: 0.83%)		
The Holding Company's share	5,673	5,558
Summarised statement of profit or loss		
Income	10,130	7,951
Profit before taxation	933	52,846
Profit after taxation	436	52,082

- 9.6** AEPL was incorporated in Pakistan on May 16, 1968 as a Private Limited Company and it is engaged in providing bulk storage facilities for industrial alcohol and other liquid chemical products.

The summary of financial information of AEPL based on its audited financial statements for the year ended June 30, 2022 is as follows:

	2022	2021
	Rupees in thousand	
Summarised statement of financial position		
Non-current assets	272,132	250,990
Current assets	194,642	183,212
	466,774	434,202
Non-current liabilities	17,913	14,472
Current liabilities	85,287	75,721
	103,200	90,193
Net assets	363,574	344,009
Reconciliation to carrying amount		
Opening net assets	344,009	342,931
Profit for the year	19,224	1,271
Other comprehensive (loss) / income for the year	341	(193)
Closing net assets	363,574	344,009
The Holding Company's share percentage 40% (2021: 40%)		
The Holding Company's share	145,430	137,604
Summarised statement of profit or loss		
Storage and handling income	97,975	89,800
Profit before taxation	34,464	15,115
Profit after taxation	19,224	1,271
10. STORES AND SPARES		
Stores and spares	709,159	697,346
Less: impairment loss recognised by FSM during the preceding year	25,178	25,178
	683,981	672,168
Less: provision for obsolete items	60,693	32,755
	623,288	639,413

- 10.1** FSM has not carried-out manufacturing operations during the current and prior years. The management, during the preceding financial year, had carried out a detailed exercise to identify obsolete / damaged stores and spares inventory. Carrying values of the year-end stores and spares inventory were adjusted accordingly.

- 10.2** Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

11. STOCK-IN-TRADE	Note	2022 Rupees in thousand	2021
Finished goods			
- sugar		1,854,923	169,689
- molasses		1,352,158	769,670
- ethanol		910,663	526,654
	11.3	4,117,744	1,466,013
Work-in-process		22,628	22,137
		4,140,372	1,488,150

- 11.1** In case of the Holding Company, sugar inventory as at September 30, 2022 has been stated at net realisable value; the amount charged to statement of profit or loss in respect of inventory write-down to net realisable value worked-out to Rs.14.660 million approximately.

- 11.2** In case of the Holding Company, ethanol (grade - B) inventory as at September 30, 2021 was stated at net realisable value; the amount charged to statement of profit or loss in respect of inventory write-down to net realisable value worked-out to Rs.4.763 million.

- 11.3** Certain short term and long term borrowings of the Group are secured by way of collateral charge on stock-in-trade.

12. TRADE DEBTS

Considered good		89,228	690,417
Considered doubtful		1,782	2,446
		91,010	692,863
Less: loss allowance	12.2	1,782	2,446
		89,228	690,417

- 12.1** Trade debts includes Rs. nil relating to export sales (2021: Spain and Karachi Export Processing Zone amounting to Rs 319.083 million and Rs 13.024 million respectively).

12.2 Movement in loss allowance

Opening balance		2,446	1,945
Expected credit loss for the year		(664)	28,277
Write off against provision during the year		0	(27,776)
Closing balance		1,782	2,446

13. LOANS AND ADVANCES	Note	2022 Rupees in thousand	2021
Advances to (unsecured and considered good):			
- employees	13.1	14,640	11,642
- suppliers and contractors		1,284,961	584,859
Letters of credit		189,022	208,329
Due from relative of directors		1,775	0
		1,490,398	804,830
Less:			
- provision for doubtful advances		28,838	28,838
- loss allowance	13.2	905	345
		29,743	29,183
		1,460,655	775,647
13.1 These include balances of Rs 10,211 thousand secured against retirement benefits of respective employees.			
13.2 Movement in loss allowance			
Opening balance		345	3,755
ECL for the year		560	(3,410)
Closing balance		905	345
14. TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES			
Sugar export subsidy receivable		308,510	308,510
Prepayments		6,623	6,635
Excise duty deposits		136	136
Gas infrastructure development cess paid under protest - refundable		3,018	3,018
Lease rentals receivable from an Associated Company (Premier Board Mills Ltd. - PBM)	14.1	2,140	870
Guarantees issued		19,000	19,000
Trade deposits		8,212	3,561
Deposits against decretal amounts	14.2	2,862	2,862

	Note	2022 Rupees in thousand	2021
Overdue mark-up charged by bank - refundable		0	5,802
Insurance claim receivable against loss of rectified spirit due to road accident		0	5,438
Other receivables		<u>32,675</u>	<u>2,116</u>
		383,176	357,948
Less: loss allowance		<u>(90,369)</u>	<u>(56,120)</u>
		292,807	301,828
14.1	Maximum amount due from PBM at any month-end during the year aggregated Rs.2.140 million (2021: Rs.5.148 million).		
14.2	These have been deposited with the Commissioner for Workers' Compensation and Authority under the Payment of Wages Act, 2013 for Mardan.		
15. TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax refundable, advance tax and tax deducted at source net of tax provision		84,292	332,215
Sales tax refundable		<u>1,225</u>	<u>1,349</u>
		85,517	333,564
16. SHORT TERM INVESTMENTS - At fair value through profit or loss			
First Habib Cash Fund			
Opening balance - 344,001 Units (2021: 308,045 Units)		34,697	31,097
Investments made during the year - Nil Units (2021: 109,362 Units)		0	11,000
Gain on redemption / re-measurement to fair value		2,790	2,150
Bonus received during the year - 24,243 Units (2021: 21,329 Units)		0	0
Units redeemed during the year - 120,929 Units (2021: 94,735 Units)		<u>(12,250)</u>	<u>(9,550)</u>
Closing balance - 247,317 Units (2021: 344,001 Units)		25,237	34,697

17. BANK BALANCES		2022	2021
	Note	Rupees in thousand	
Cash at banks on:			
- PLS accounts	17.1 & 17.2	41,068	16,789
- saving accounts	17.2	38,310	20,220
- deposit accounts	17.1 & 17.2	12,113	23,483
- current accounts	17.4	239,362	433,998
- deposits with a non-banking finance company - unsecured	17.5	12,000	12,000
		342,853	506,490
Less: provision for doubtful bank balance	17.6	5,000	5,000
		337,853	501,490

17.1 These include Rs.355 thousand (2021: Rs.340 thousand) in security deposit account.

17.2 PLS and deposit accounts during the year carried profit / mark-up at the rates ranging from 5.10% to 13.98% (2021: 5.10% to 11.55%) per annum.

17.3 These include deposits amounting Rs.3.734 million (2021: Rs.15 million), which are under lien of a bank against guarantees issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Holding Company.

17.4 In case of CSM, these include dividend account balance of Rs 0.460 million (2021: Rs 1.472 million). These balances are maintained in separate non interest bearing current bank

17.5 The Securities and Exchange Commission of Pakistan (SECP) winding-up petition filed against Innovative Investment Bank Limited was decided by the Lahore High Court, Lahore (LHC) and LHC appointed Joint Official Liquidators (JOLs). The LHC, vide its order dated April 14, 2018 had approved release of payment upto Rs.20 million in respect of principal amount only subject to verification as per the laws. The amount of Rs.20 million, as per the LHC order, was received by the Group during August, 2018. The Group, during July, 2020, had received second tranche of Rs.22 million vide the LHC's order dated March 12, 2020. The Group, during October, 2020, has received notice of dividend regarding payment of third tranche of Rs. 24 million from JOLs as per the LHC's order dated October 01, 2020. The amount of Rs.24 million, as per the LHC order, has been received by the Group, during November, 2020. The management, for the release of balance amount, anticipates that JOLs will intimate in due course of time; no provision, therefore, for the remaining deposits has been made in the books of account of the Holding Company and FSM.

The Group has not accrued profit on these deposits during the current and preceding financial years.

- 17.6** The Holding Company had deposited Rs.5 million in Term Deposit with Mehran Bank Limited at Peshawar for a period of six months @ 12.5% per annum on September 25, 1993 vide TDR No.007902, which was to mature on March 25, 1994. The aforesaid TDR could not be encashed because of the crisis of Mehran Bank's affairs which were being administered by the State Bank of Pakistan (SBP). Mehran Bank Limited was eventually merged into National Bank of Pakistan (NBP).

The Holding Company, through its lawyers, had issued legal notices to SBP, NBP and the defunct Mehran Bank Limited. In response, the Holding Company had received a letter from NBP dated November 05, 1995 stating that the investment by the Holding Company was shown in Fund Management Scheme, which was an unrecorded liability of Mehran Bank Limited. The Holding Company had filed a suit with the Civil Court for recovery of the said amount along with profit @ 12.5% per annum with effect from September 25, 1993 till the date of payment. The Civil Judge, Peshawar, vide his judgment dated May 13, 2004, had decreed against SBP. SBP, against the said judgment, filed an appeal before the Peshawar High Court. The said appeal was remanded-back to Additional District Judge, Peshawar. The appeal has been disposed-off vide judgment dated November 29, 2019. The judgment states that the Holding Company is entitled to recover Rs.5 million with profit at the rate of 12.5% per annum from NBP from the year 1999. The said execution petition is pending adjudication. Full provision for the said amount exists in the books of account of the Holding Company.

- 17.7** In case of CSM, lien is marked on bank balances for an amount of Rs 4 million (2021: Rs 4 million) in respect of the various guarantees extended by the banks.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		2022	2021
(No. of shares)			Rupees in thousand	
1,476,340	1,476,340	ordinary shares of Rs.10 each fully paid in cash	14,763	14,763
2,273,660	2,273,660	ordinary shares of Rs.10 each issued as fully paid bonus shares	22,737	22,737
3,750,000	3,750,000		37,500	37,500

- 18.1** Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of the shareholders.
- 18.2** Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at September 30, 2022 and September 30, 2021.

19. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - Net

- 19.1** The Holding Company, during the financial years ended September 30, 2000, September 30, 2009, September 30, 2011, September 30, 2014 and September 30, 2017 had revalued its buildings on freehold & leasehold land and plant & machinery, which resulted in revaluation surplus aggregating Rs.229.409 million, Rs.544.516 million, Rs.110.992 million, Rs.438.066 million and Rs.166.651 million respectively. These fixed assets were revalued by independent Valuers on the basis of depreciated market values.

- 19.2** The Holding Company, as at September 30, 2020, has again revalued its aforementioned operating fixed assets. The latest revaluation exercise has been carried-out by independent Valuers [K.G. Traders (Pvt.) Ltd. Room No. 5, 3rd Floor, Galaxy Arcade, G-11 Markaz, Islamabad] to replace the carrying amounts of these assets with their depreciated market values. The appraisal surplus arisen on latest revaluation aggregating Rs.534.211 million has been credited to statement of other comprehensive income to comply with the requirements of IAS 16 (Property, plant and equipment).
- 19.3** FSM, during the financial year ended September 30, 2000, had revalued buildings on freehold land and plant & machinery. The revaluation exercise was carried-out on the basis of depreciated market values and it produced appraisal surplus aggregating Rs.55.414 million, which was credited to this account.
- 19.4** FSM, during the financial year ended September 30, 2009, had revalued its aforementioned fixed assets and freehold land. This revaluation exercise was carried-out by independent Valuers [Hamid Mukhtar & Co. (Pvt.) Ltd.], to replace the carrying amounts of these assets with their fair present market values. The appraisal surplus arisen on this revaluation aggregating Rs.87.718 million was credited to this account to comply with the requirements of IAS 16 (Property, plant and equipment).
- 19.5** FSM, as at September 30, 2021, has again revalued its freehold land, buildings on freehold land and plant & machinery to replace the carrying amounts of these assets with their present market values. The revaluation exercise has been carried-out by independent Valuers [K.G. Traders (Pvt.) Ltd.]. Freehold land has been valued on the basis of present market value, buildings on freehold land have been valued on lump sum basis whereas plant & machinery has been valued on depreciated replacement value. The appraisal surplus arisen on latest revaluation aggregating Rs.1,066.079 million has been credited to this account.
- 19.6** CSM and its Subsidiaries follow revaluation model for freehold land, buildings & roads, plant & machinery and electric installations. The fair value of the CSM's freehold land, buildings & roads, plant & machinery and electric installations were assessed by management based on independent valuation performed by an external property valuation expert for CSM as at September 30, 2022 and for its Subsidiary Company {Whole Foods (Pvt.) Ltd.} as at June 30, 2022. For valuation of freehold land, buildings & roads, plant & machinery and electric installations the current market price or depreciated replacement cost method is used, whereby, current cost of construction of similar freehold land, buildings & roads, plant & machinery and electric installations in similar locations has been adjusted using suitable depreciation rates to arrive at present market value. This technique requires significant judgment as to estimating the revalued amount in terms of their quality, structure, layout and locations.

19.7 The year-end balance has been arrived at as follows:	2022	2021
	Rupees in thousand	
Opening balance	8,915,561	6,721,929
Add: surplus arisen on revaluations carried-out during the year	3,609,507	2,723,605
Less: transferred to unappropriated profit on account of incremental depreciation for the year	(603,159)	(529,973)
	11,921,909	8,915,561
Less: deferred tax on:		
- opening balance of surplus	1,818,118	1,555,220
- surplus arisen on revaluations carried-out during the year	1,323,324	412,705
- disposal of revalued assets	(713)	(1,594)
- incremental depreciation for the year	(194,615)	(148,213)
	2,946,114	1,818,118
Closing balance	8,975,795	7,097,443

20. LONG TERM FINANCES - Secured

Lending Institutions	September 30, 2022					September 30, 2021	Collateral
	Interest rate (per annum)	Total available facility	Long-term portion	Current portion	Total outstanding amount	Total outstanding amount	
----- Rupees in thousand -----							
<u>Loans from banking companies</u>							
The Holding Company							
Bank Al Habib Ltd.	SBP rate + 3%	50,000	0	6,227	6,227	29,988	Secured against first exclusive registered charge over the Holding Company's head office second and third floors (without land) located at King's Arcade, Markaz F-7, Islamabad through token registered mortgage of Rs.0.500 million and remaining through equitable mortgage of Rs.580 million.
CSM and its Subsidiaries							
Bank Al Habib Ltd.	- 6 month KIBOR + 1% to 1.5 %; and - SBP rate 3% and 5% p.a	3,116,000	2,471,727	132,634	2,604,361	617,766	-Secured against first joint pari passu charge on present and future fixed assets of CSM and its Subsidiaries for Rs 1,867 million. -Ranking charge of Rs 2,834 million on present & future fixed assets of CSM and its Subsidiaries
Soneri Bank Ltd.	- 3 month KIBOR + 1.75 %; - 6 month KIBOR + 1.5; and - 6%	1,140,000	433,702	260,051	693,753	964,301	-Secured against first joint pari passu charge on present and future fixed assets of CSM and its Subsidiaries for Rs.1,867 million. -Secured by way of first charge of Rs.334 million over all the present and future fixed assets of the Subsidiary of CSM and first hypothecation charge over plant and machinery. Further, the facility is also secured by way of equitable mortgage of Rs.8 million on 16 kanal agricultural land in Bhakkar and of Rs.5.600 million on 16 kanal agricultural land in Layyah.
Dubai Islamic Bank Pakistan Ltd.	- 6 month KIBOR + 2% and - 6 month KIBOR + 2.10%	1,500,000	250,000	297,493	547,493	292,480	-Secured against pari passu hypothecation charge over all fixed assets of CSM for Rs. 1,334 million. Secured against first exclusive charge over head office building of CSM for Rs. 590 million.
MCB Bank Ltd.	3 month KIBOR +1.10 %	436,000	207,237	57,291	264,528	191,821	-Secured against first joint pari passu charge on present and future fixed assets of CSM and its Subsidiaries for Rs.438 million.
Al Baraka Bank Ltd.	6 month KIBOR +1.50 %	450,000	446,715	0	446,715	352,544	Ranking charge of Rs.600 million on present & future fixed assets of CSM and its Subsidiaries. Specific charge of Rs.450 million on specific plant and machinery items.
The Bank of Khyber	SBP refinance rate + 1.50 % and 3 month KIBOR + 1.50%	400,000	382,412	13,314	395,726	0	Secured by way of first charge of Rs. 334 million over all the present and future fixed assets of CSM's Subsidiary and first hypothecation charge over plant and machinery. Further, the facility is also secured by way of equitable mortgage of Rs.8 million on 16 kanal agricultural land in Bhakkar and of Rs.5.6 million on 16 kanal agricultural land in Layyah.
Total			4,191,793	767,010	4,958,803	2,448,900	
Less: amount payable within next 12 months							
The Holding Company							
- Principal					6,227	24,911	
CSM and its Subsidiaries							
- Principal (note 28)					760,783	695,407	
- deferred benefit of below market rate of interest on refinance facility (note 24)					0	21,211	
					767,010	741,529	
Amount due after September 30, 2023							
					4,191,793	1,707,371	

21. LOANS FROM RELATED PARTIES - Secured		2022	2021
	Note	Rupees in thousand	
Associated Companies:			
Premier Board Mills Limited	21.1	90,575	90,575
Arpak International Investments Limited	21.2	43,750	43,750
Azlak Enterprises (Private) Limited	21.3	85,000	85,000
		219,325	219,325
Less: amount payable within next twelve months		37,486	21,250
		181,839	198,075

21.1 These include long term finance facilities obtained by CSM and its Subsidiary.

The long term finance facility obtained by CSM had been renewed on November 04, 2019. The principal is repayable in 7 semi annual instalments commencing from November, 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from CSM.

WFPL obtained long term finance facility amounting to Rs 25 million. The principal is repayable in 8 semi annual instalments commencing from December, 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from WFPL.

21.2 The long term finance facility had been renewed on November 04, 2019. The principal is repayable in 7 semi annual instalments commencing from November 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from CSM and its Subsidiaries.

21.3 The long term finance facility has been renewed on January 03, 2022. The principal is repayable in 8 semi annual instalments commencing from December, 2024. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from CSM and its Subsidiaries.

22. LEASE LIABILITIES - Secured

Balance at beginning of the year	330,371	376,768
Additions during the year	72,337	67,729
Unwinding of interest on lease liabilities	28,020	42,484
Payments made during the year	(126,754)	(152,088)
Early termination / remeasurement of lease liabilities	(66,967)	(4,522)
Balance at end of the year	237,007	330,371
Less: current portion of long term lease liabilities	(90,404)	(102,390)
	146,603	227,981

22.1 The Holding Company has entered into lease agreements with Bank Al-Habib Ltd. for lease of vehicles. The liabilities under the lease agreements are payable in monthly instalments by March, 2023. The Holding Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. These facilities are secured against title of the leased vehicles in the name of lessor and during the year carried finance cost at the rates ranging from 9.20% to 13.08% (2021: 8.98% to 9.55%) per annum.

22.2 CSM and its Subsidiaries have acquired vehicles under finance lease from commercial banks. The financing is repayable in equal monthly instalments over a period of four years and carries finance charge ranging from 7.81% to 17.50% (2021: 7.01% to 10.14%) per annum.

23. GOVERNMENT GRANT

23.1 The Holding Company

In response to COVID-19, the State Bank of Pakistan (SBP) through Circular No. 6 of 2020, has introduced a temporary Refinance Scheme for payment of wages and salaries to the workers and employees of business concerns. The Refinance Scheme has been managed through Participating Financial Institutions (PFIs) and funded by SBP. Borrowers have obtained loans from PFIs to ease their cash flow constraints and thereby avoid layoffs. The benefit of a government loan at a below-market rate of interest has been treated as a government grant. The loan has been measured in accordance with IFRS 9 (Financial Instruments). The benefit of the below market rate of interest has been measured as the difference between the initial carrying value of loan determined in accordance with IFRS 9 and the proceeds received. The benefit has been accounted for and presented as deferred grant in accordance with IAS 20. The deferred grant has been amortised at average borrowing cost rate of the Holding Company, i.e. 9.59% (2021: 9.59%) per annum; an amount of Rs.1.066 million (2021:Rs.2.508 million) has been recognised in current year's statement of profit or loss in this regard.

23.2 CSM

CSM has recognised deferred government grant in respect of term finance facility obtained under SBP Salary Refinance Scheme. During the year 2020, CSM had entered into an arrangement with Habib Bank Limited for obtaining term finance facility under SBP Salary Refinance Scheme to pay three months salaries & wages to permanent, contractual and temporary employees upto a maximum of Rs. 262 million. The repayment of loan (principal amount) will be made in 8 equal quarterly instalments commenced from April 01, 2021. Mark-up rate is SBP rate + 1% on this facility and is payable on quarterly basis. The availed facility at September 30, 2022 was Rs. 262 million (2021: Rs 262 million). The facility will expire on January 01, 2023. There are no unfulfilled conditions or other contingencies attaching to this grant. An amount of Rs.5.787 million (2021: Rs.11.465 million) has been recognised during the year.

24. DEFERRED LIABILITIES	Note	2022 Rupees in thousand	2021
Deferred taxation			
- The Holding Company	24.1	83,747	126,479
- FSM		4,429	4,429
- CSM	24.2	3,193,056	1,733,208
		3,281,232	1,864,116
Staff retirement benefits - gratuity			
- The Holding Company	24.3	28,697	20,096
- FSM	24.4	66	66
- CSM	24.5	14,843	11,467
		43,606	31,629
Deferred benefit of below market rate of interest on refinance facility	20	0	21,211
		3,324,838	1,916,956
24.1 This is comprised of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		3,658	9,616
- surplus on revaluation of property, plant and equipment		299,370	323,495
- lease finances		145	0
		303,173	333,111
Deductible temporary differences arising in respect of:			
- available unused tax losses		(178,944)	(156,070)
- staff retirement benefits - gratuity		(6,416)	(5,828)
- provision for doubtful bank balance		(1,450)	(1,450)
- lease finances		0	(13)
- minimum tax recoverable against normal tax charge in future years		(32,616)	(43,271)
		(219,426)	(206,632)
		83,747	126,479

	Note	2022 Rupees in thousand	2021
24.2	Deferred tax comprises of the following:		
	Taxable temporary differences arising in respect of:		
	- accelerated tax depreciation allowances	569,674	443,533
	- surplus on revaluation of property, plant and equipment	2,643,286	1,490,474
	- lease finances	15,417	3,551
		3,228,377	1,937,558
	Deductible temporary differences arising in respect of:		
	- provision for doubtful advances	(9,630)	(8,463)
	- provision for obsolete items	(20,029)	(9,499)
	- expected credit loss on trade debts	(571)	(709)
	- provision for gratuity	(5,091)	(3,326)
	- impairment loss for the year on export subsidy	0	(16,275)
	- minimum tax recoverable against normal tax charge in future years	0	(166,078)
		(35,321)	(204,350)
		3,193,056	1,733,208
24.3	In case of the Holding Company, the future contribution rates of the scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:		
	Significant actuarial assumptions	2022	2021
	- discount rate - per annum	13.25%	10.50%
	- expected rate of growth per annum in future salaries	12.25%	9.50%
	- mortality rates	SLIC	SLIC
		2001-2005	2001-2005
		Setback 1 year	
	- withdrawal rates	Age-based	Age-based
	- retirement assumption	Age 60	Age 60
	- average expected remaining working life time of employees	07 years	07 years
	Amount recognised in the statement of financial position of the Holding Company is the present value of defined benefit obligation at the reporting date:		
	The movement in the present value of defined benefit obligation is as follows:	2022	2021
		Rupees in thousand	
	Opening balance	20,096	18,479
	Current service cost	1,478	1,223
	Past service cost	439	1,514
	Interest cost	2,010	1,560
	Benefits payable to outgoing Members - grouped under current liabilities	(441)	(514)
	Benefits paid	(1,457)	(4,443)

Remeasurements:	Note	2022 Rupees in thousand	2021
- experience adjustments		6,226	2,180
- changes in financial assumptions		346	97
Closing balance		<u>28,697</u>	<u>20,096</u>

Expense recognised in statement of profit or loss of the Holding Company

Current service cost	1,478	1,223
Past service cost	439	1,514
Interest cost	2,010	1,560
Charge for the year	<u>3,927</u>	<u>4,297</u>

Remeasurement recognised in statement of other comprehensive income of the Holding Company

Experience adjustments	<u>6,572</u>	<u>2,277</u>
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Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2022	2021	2020	2019	2018
	----- Rupees in thousand -----				
Present value of defined benefit obligation	<u>28,697</u>	20,096	18,479	15,139	14,135
Experience adjustment on obligation	<u>6,572</u>	2,277	(614)	(654)	1,613

Year-end Sensitivity Analysis:

	<u>Impact on defined benefit obligation</u>		
	Change in assumption	Increase	Decrease
		Rupees in thousand	
Discount rate	1%	26,857	30,749
Salary growth rate	1%	30,851	26,731

In case of the Holding Company, the expected contribution to defined benefit obligation for the year ending September 30, 2023 is Rs.5.460 million.

24.4 FSM

	2022 Rupees in thousand	2021
Balance as at September 30	<u>66</u>	<u>66</u>

24.5 In case of CSM, the latest actuarial valuation of the employees' defined benefit plan was conducted at September 30, 2022 using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

	Note	2022 Rupees in thousand	2021
Net liability		<u>14,843</u>	<u>11,467</u>
Movement in net liability recognised			
Opening net liability		11,467	9,631
Expense for the year recognised in statement of profit or loss		3,862	3,392
Remeasurement loss recognised in statement of other comprehensive income (OCI)		974	348
Benefits paid		<u>(1,460)</u>	<u>(1,904)</u>
		<u>14,843</u>	<u>11,467</u>
Expense for the year			
Current service cost		2,735	2,546
Net interest expense		1,127	846
		<u>3,862</u>	<u>3,392</u>
Changes in the present value of defined benefit obligation			
Opening defined benefit obligation		11,467	9,631
Current service cost		2,735	2,546
Interest cost		1,127	846
Benefits paid		<u>(1,460)</u>	<u>(1,904)</u>
Remeasurement loss on defined benefit obligation		974	348
Closing defined benefit obligation		<u>14,843</u>	<u>11,467</u>
Principal actuarial assumptions used in the actuarial valuation			
The Projected Unit Credit Method using the following significant assumptions was used for the valuation of the scheme:			
		2022	2021
Discount rate used for interest cost		10.50%	9.75%
Discount rate used for year end obligation		13.25%	10.50%
Salary increase rate - long term		12.25%	9.50%
Salary increase rate - short term		12.25%	9.50%
Demographic assumptions			
Mortality rates		SLIC 2001-05	SLIC 2001-05
During the year 2023, CSM expects to contribute Rs.5,571 thousand to its gratuity scheme.			

	2022	2021
Remeasurement recognised in OCI during the year:	Rupees in thousand	
Remeasurement loss on defined benefit obligation	974	348

The weighted average number of years of defined benefit obligation is given below:

Plan duration	Years
September 30, 2022	9
September 30, 2021	9

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in respective assumptions by one percent.

	Change in assumption	Increase Rupees in thousand	Decrease
<u>2022</u>			
Discount rate	1%	(13,628)	16,264
Future salary growth	1%	16,242	(13,628)
<u>2021</u>			
Discount rate	1%	(10,528)	12,567
Future salary growth	1%	12,545	(10,532)

The above sensitivity analyses are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the statement of financial position.

The defined benefit obligation exposes CSM and its Subsidiaries to the following risks:

Final salary risks:

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Withdrawal risks:

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Mortality risks:

The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

25.	TRADE AND OTHER PAYABLES	Note	2022	2021
			Rupees in thousand	
	Creditors		342,752	369,281
	Due to Associated Companies	25.1	148,649	41,823
	Accrued expenses		139,857	120,231
	Retention money		24,496	18,390
	Security deposits - interest free repayable on demand	25.2	1,915	1,591
	Advance payments from customers		231,479	17,864
	Income tax deducted at source		64,062	49,816
	Sales tax payable		110,651	14,908
	Gratuity payable to ex-employees		6,199	5,877
	Advance received against sale of scrap		2,024	2,024
	Payable for workers' welfare obligations	25.3	53,965	59,373
	Payable to provident fund		6,000	4,147
	Payable to employees		77,446	47,830
	Others		48,372	18,279
			1,257,867	771,434
25.1	This represents due to the following related parties:			
	- Azlak Enterprises (Pvt.) Ltd.		48,649	37,220
	- Syntronics Ltd.		0	4,603
	- Directors		100,000	0
			148,649	41,823
25.2	(a)	These include Rs.355 thousand (2021: Rs.340 thousand) representing mark-up bearing deposits. The Holding Company will pay mark-up at the same rate at which it will receive from the bank as these deposits have been kept in a PLS bank account.		
	(b)	These also include Rs.984 thousand (2021: 774 thousand), which are repayable on demand by CSM and cannot be utilised for the purpose of business in accordance with the terms of written agreements with these parties. No amount in this respect has been kept in separate bank account.		

		2022 Rupees in thousand	2021
25.3 Payable for workers' welfare obligations (CSM)	Note		
Balance at the beginning of the year		59,373	109,126
Charge for the year		39,325	28,017
Prior year adjustment		(2,605)	0
		96,093	137,143
Interest on funds utilised in CSM's business		535	8,117
Less: payments made by CSM during the year		(42,663)	(85,887)
Balance at the end of the year		53,965	59,373
26. ACCRUED MARK-UP			
Mark-up accrued on:			
- long term finances		227,386	53,744
- loans from related parties		11,335	33,931
- short term borrowings		190,404	41,401
		429,125	129,076
27. SHORT TERM BORROWINGS			
The Holding Company			
Secured	27.1	701,000	239,000
Temporary bank overdraft - unsecured		0	8,612
CSM			
Cash / running finances and export re-finances - secured	27.3	4,301,895	2,430,330
		5,002,895	2,677,942

27.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.1,200 million (2021: Rs.1,350 million). These facilities are secured against charge over fixed assets, charge over present and future current assets of the Holding Company, registered first exclusive charge over the Holding Company's head office second and third floors (without land), pledge of sugar stocks and lien over export documents. These facilities, during the year, carried mark-up at the rates ranging from 8.78% to 18.09% (2021: 8.25% to 9.49%) per annum and are expiring on various dates by March 31, 2023.

27.2 In case of the Holding Company, facilities available for opening letters of guarantee and credit from commercial banks aggregate Rs.95 million (2021: Rs.95 million). Out of the available facilities, facilities aggregating Rs.57.660 million (2021: Rs.73 million) remained unutilised at the year-end. These facilities are secured against lien over term deposit receipts, shipping documents and the securities detailed in the preceding paragraph.

- 27.3** Finance facilities available to CSM from various commercial banks under mark-up arrangements aggregate Rs.8.350 billion (2021: Rs.7.400 billion) and are secured against pledge of sugar stocks and charge on present and future current assets of CSM.

28. CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2022	2021
		Rupees in thousand	
Long term finances	20	767,010	720,318
Loans from related parties	21	37,486	21,250
Lease liabilities	22	90,404	102,390
Government grant	23	1	988
		894,901	844,946

29. TAXATION - Net

Opening balance	16,732	24,177
Add: provision made during the year		
- current	302,505	16,725
- prior year	37,072	(824)
	339,577	15,901
	356,309	40,078
Less: adjustments made against completed assessments	338,067	23,346
Closing balance	18,242	16,732

The Holding Company

- 29.1** The returns for the Tax Years 2010 to 2022 have been filed after complying with all the provisions of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing of deficiency by the Commissioner.
- 29.2** The Holding Company during the current and preceding years is mainly liable to pay tax due under sections 5 (Tax on dividends) , 113 (Minimum tax on the income of certain persons) and 154 (Tax on exports) of the Ordinance.
- 29.3** The Holding Company has filed a civil petition for leave to appeal before the Supreme Court of Pakistan against judgment dated November 10, 2021 passed by the Peshawar High Court (PHC). The said writ petition was filed by the Holding Company challenging the impugned notices of income tax audit under section 177 of the Ordinance, for tax years 2015, 2016, 2018 and 2019.

FSM

- 29.4** The Tax Department against the judgment of the PHC dated October 22, 2008 has filed an appeal before the Supreme Court of Pakistan. The PHC, vide its aforementioned judgment had rejected the departmental application and upheld the order of the Income Tax Appellate Tribunal (ITAT) dated April 28, 2007. Earlier, the ITAT had upheld the Commissioner of Income Tax - Appeals' action of annulment of amendment of assessment orders passed by the Additional Commissioner (Audit) under section 122(5A) of the Ordinance.
- 29.5** The returns upto tax year 2022 have been filed after complying with all the provisions of the Ordinance. Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing-out of deficiency by the Commissioner.

- 29.6** FSM during the current and preceding years was mainly liable to pay tax due under section 37A (Capital gains on sale of securities) of the Ordinance.

30. CONTINGENCIES AND COMMITMENTS

The Holding Company

- 30.1** No commitments were outstanding as at September 30, 2022 and September 30, 2021.
- 30.2** The Holding Company's appeal filed before the Peshawar High Court (PHC) against order of the Customs, Sales Tax & Central Excise Appellate Tribunal is still pending adjudication. The Department, during the financial year ended September 30, 2001, had raised sales tax demand aggregating Rs.4.336 million along with additional tax. The Holding Company, however, during the financial year ended September 30, 2005, had paid sales tax amounting Rs.2.123 million along with additional tax amounting Rs.0.658 million as per the requirements of S.R.O. 247(I) / 2004 dated May 05, 2004.
- 30.3** Petitions filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) have been dismissed vide judgment dated August 13, 2020 in 2-1 ratio. The SCP's judgment states that the cess under GIDC Act, 2015 was levied on those consumers of natural gas which on account of their industrial or commercial dealings had passed on GIDC burden to their customers. The SCP's judgment states that no late payment surcharge shall be collected while the GIDC amount that have become due upto July 31, 2020 will be recovered in 24 equal monthly instalments. Based on this judgment, the Holding Company has filed a writ petition before the PHC challenging the demand of GIDC arrears amounting Rs.29.936 million on the ground that the Holding Company has not passed on GIDC burden to its customers. The PHC, vide its order dated September 19, 2021, has granted interim relief.
- PHC, vide its judgment dated June 15, 2022, has dismissed the petition filed by the Petitioners, observing that while exercising jurisdiction vested under article 199 of the Constitution, the Court can neither enter into factual controversies nor decide disputed questions of facts. The PHC, however, has allowed the Petitioners to approach a competent Court of law / forum having jurisdiction in the matter, if they so advised.
- 'The Holding Company, during the year, has filed a civil suit before the Civil Judge, Peshawar challenging the demand of GIDC arrears through the impugned additional bills without determination of alleged passing on the burden to the end consumers. The said civil suit is pending adjudication.
- 30.4** The Holding Company's petition filed before the PHC, against the Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers has been fixed at Rs.12,000 per month with effect from July 01, 2014 has been dismissed by the PHC vide its judgment dated April 02, 2019. The Holding Company has filed a review petition before the PHC against the said judgment, which was also dismissed. The additional wage liabilities aggregate Rs.2.359 million approximately. The Holding Company has filed a civil petition for leave to appeal before the Supreme Court of Pakistan, which is pending adjudication.
- 30.5** The sales tax appeal filed before the Appellate Tribunal Inland Revenue (ATIR), Peshawar against ex-parte order passed by the CIR(A) has been succeeded vide order dated March 29, 2018. The assessment order dated June 23, 2016 was passed by the DCIR, Peshawar in violation of SRO 488(I)/2004 dated June 12, 2014; the Holding Company claimed input tax to the tune of Rs.41.672 million against the supplies to unregistered persons. A withdrawal application has been filed before the ATIR, Peshawar in pursuance of the aforesaid rectification order.

- 30.6** The DCIR for the tax year 2013 initially has held the Holding Company as taxpayer-in-default for non-deduction of tax on certain supplies / services and tax demand was raised at Rs.77.750 million under section 161 (Failure to pay tax collected or deducted) along with default surcharge of Rs.4.730 million under section 205 (Default surcharge) of the Income Tax Ordinance, 2001 (the Ordinance). The Holding Company filed rectification application under section 221 of the Ordinance and the demand was reduced to Rs.237,360. Against the said demand, the Holding Company has filed an appeal before the CIR(A), who dismissed the Holding Company's appeal. Presently, the Holding Company's appeal against the CIR(A)'s order is pending before the ATIR, Peshawar in pursuance of the aforesaid rectification order.
- 30.7** The Holding Company has filed a writ petition before the PHC challenging Federal Government Order No.1(1) 2020 ROP dated July 16, 2021 and Provincial Government Order No.13/12-Sugar /IND / Vol-V / 7862 dated July 16, 2021 issued under section 6 of the Price Control and Prevention of Profiteering and Hoarding Act ,1977 whereby the retail price of sugar at the rate of Rs.88.24 per kilo gram was fixed. The PHC, vide its order dated July 30, 2021, has allowed interim relief and ordered that in the meanwhile status quo be maintained.
- 30.8** Various cases have been filed against the Holding Company by some former employees. Based on legal advice ,no provision has been made in the books of account of the Holding Company.
- 30.9** Guarantees given to Sui Northern Gas Pipelines Ltd. by commercial banks on behalf of the Holding Company outstanding as at September 30, 2022 were for Rs.37.340 million (2021: Rs.22 million).These guarantees are valid upto July 16, 2023.

FSM

- 30.10** The Additional Collector of Sales Tax, Peshawar, had served a show cause notice raising sales tax demands aggregating Rs.1.528 million along with additional tax on the grounds that FSM under-valued the price of spirit during the financial years 1994-95 & 1995-96 and paid lesser sales tax. FSM paid Rs.0.248 million against the said demands and filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Peshawar Bench, which is pending adjudication.
- 30.11** The Appellate Tribunal Inland Revenue, Peshawar, vide its order dated October 09, 2012, had allowed FSM's appeal; FSM prayed that the order passed by the Department during July, 2007 be set-aside and refund claims pertaining to the period April to December, 2006 aggregating Rs. 421 thousand be sanctioned.
- 30.12** FSM's petition filed before the PHC, against the Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers has been fixed at Rs.12,000 per month with effect from July 01, 2014 has been dismissed by the PHC vide its judgment dated April 02, 2019. FSM has filed a review petition before the PHC against the said judgment. However, the additional wage liabilities aggregate Rs.1.148 million approximately.
- 30.13** No commitments were outstanding as at September 30, 2022 and September 30, 2021.

CSM and its Subsidiaries

- 30.14** The Assistant Commissioner Inland Revenue (ACIR) vide show cause notice dated May 12, 2014 alleged that CSM has claimed inadmissible input tax adjustment on building material including cements & bricks during the tax periods in year 2013-14. Further, the ACIR ordered CSM to pay alleged demand of Rs.36.840 million representing principal amount and default surcharge for the aforesaid tax period. CSM filed appeal before Commissioner Inland Revenue Appeals [CIR(A)] wherein amount was reduced to Rs.28.060 million vide order-in-appeal dated March 24, 2015. CSM preferred an appeal against the aforesaid order before the Appellate Tribunal Inland Revenue (ATIR), whereby ATIR vide its order dated January 25, 2016 upheld CSM's contention. The Tax Department filed a reference in this respect before the Honourable Peshawar High Court, which is yet to be decided.
- 30.15** The Commissioner Inland Revenue (CIR), Peshawar vide order dated May 26, 2015 alleged that CSM has not undertaken appropriate stock taking and raised a demand of Rs.10 million in respect of FED on the alleged differential stock. CSM preferred an appeal before Appellate Tribunal Inland Revenue (ATIR), which was accepted vide order dated January 25, 2016. In this respect, the Tax Department filed reference before the Honourable Peshawar High Court, which is yet to be decided.
- 30.16** Certain companies have filed a constitutional petition with the High Court of Sindh challenging the vires of section 4C of the Income tax Ordinance, 2001. The Sindh High Court has provided an interim relief to respective companies through order dated October 03, 2022 allowing them to submit income tax returns of the tax year 2022 with the tax authorities without payment of super tax under section 4C of Income tax Ordinance, 2001. The management based on consultation with its tax consultants and legal counsel is confident that CSM also has arguable stance and accordingly has not recorded the related provision for taxation. CSM is yet to file its petition with the High Court.
- No provision on account of contingencies disclosed in notes 30.14 - 30.16 above has been made in the financial statements of CSM as the management and its tax and legal advisors are of the view that these matters will eventually be settled in favour of CSM.
- 30.17** CSM and its Subsidiaries have letter of guarantee facilities aggregating Rs.50 million (2021: Rs.50 million) available from Bank Al Habib Ltd. The amount availed on these facilities as at September 30, 2022 is Rs 4 million (2021: Rs 4 million). These facilities are secured by master counter guarantee and 100% cash margin.
- 30.18** CSM and its Subsidiaries have obtained letter of credit facilities aggregating Rs.431 million (2021: Rs.538 million) from Bank Al Habib Ltd. and Al Barka Bank Ltd. The amount availed on these facilities as at September 30, 2022 is Rs.173 million (2021: Rs.115 million). These facilities are secured by lien on shipping documents.
- 30.19** CSM and its Subsidiaries have cash finance facilities available from various banks aggregating to Rs.5.950 billion (2021: Rs.5.150 billion), out of which Rs.2,600 million (2021: Rs.230.300 million) have been availed by CSM and its Subsidiaries as at September 30, 2022. These facilities are secured against pledge charge over crystalline sugar inclusive of margin of 10 - 15%.
- 30.20** CSM and its Subsidiaries have Export Re Finance/Finance Against Packing Credit (ERF / FAPC) facilities from various commercial banks for Rs.2,400 million (2021: Rs.2,250 million), out of which Rs.1,700 million (2021: Rs.2,200 million) have been availed by CSM and its Subsidiaries as at September 30, 2022. These facilities are secured by the joint pari passu hypothecation charge over current assets of CSM and its Subsidiaries and lien over export documents.

30.21 CSM and its Subsidiaries are defending their stance before the Courts of law against various parties including individuals, corporate entities, federal and provincial revenue / regulatory authorities, etc. The management is of the view that the ultimate outcome of these cases are expected to be favourable and a liability, if any, arising on the settlement of these cases is not likely to be material. Accordingly, no provision has been made in the financial statements of CSM and its Subsidiaries in this regard.

		2022	2021
	Note	Rupees in thousand	
30.22	In case of CSM, commitments in respect of :		
	- foreign letters of credit for purchase of plant and machinery	739,238	264,820
	- local letters of credit for purchase of plant and machinery	207,519	257,546
	- capital expenditure other than for letters of credit	104,683	144,647
31.	GROSS SALES		
	- local	15,032,361	13,866,702
	- export	4,891,973	4,699,110
		19,924,334	18,565,812
31.1	Export sales of the Group comprise of ethanol sales made in the following regions:		
	Indonesia	162,727	1,350,362
	Singapore	405,949	324,568
	Spain	3,117,219	1,160,151
	Hong Kong	137,795	35,690
	Switzerland	0	1,026,709
	United Arab Emirates	0	5,615
	United Kingdom	999,289	649,271
	Others	68,994	146,744
		4,891,973	4,699,110
32.	SALES TAX, OTHER GOVERNMENT LEVIES AND DISCOUNTS		
	Indirect taxes	2,204,392	2,050,911
	Discounts	9,835	9,682
		2,214,227	2,060,593

33. COST OF SALES	Note	2022	2021
		Rupees in thousand	
Raw materials consumed		14,686,430	12,253,331
Chemicals and stores consumed		429,799	279,494
Salaries, wages and benefits	33.1	812,703	630,375
Power and fuel		162,810	129,420
Insurance		19,768	21,321
Repair and maintenance		334,520	372,133
Reversal of provision for obsolete items		0	(3,193)
Depreciation			
- property, plant and equipment	6.8	1,068,066	964,653
- right of use assets	7	5,134	5,705
		17,519,230	14,653,239
Adjustment of work-in-process:			
Opening		22,137	19,456
Closing	11	(22,628)	(22,137)
		(491)	(2,681)
Cost of goods manufactured		17,518,739	14,650,558
Adjustment of finished goods:			
Opening stock		1,466,013	1,410,303
Closing stock	11	(4,117,744)	(1,466,013)
		(2,651,731)	(55,710)
		14,867,008	14,594,848
33.1 Salaries, wages and benefits include Rs.20.182 million (2021:Rs.18.119 million) in respect of retirement benefits.			
34. SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	34.1	16,742	13,697
Loading and stacking		19,915	10,184
Export development surcharge		12,199	10,262
Freight and other expenses on exports		457,711	441,110
Depreciation - right of use assets	7	21,116	20,800
Commission		132	175
Others		584	0
		528,399	496,228

34.1 Salaries and benefits include Rs.354 thousand (2021: Rs.198 thousand) in respect of retirement benefits.

35. ADMINISTRATIVE AND GENERAL EXPENSES		2022	2021
	Note	Rupees in thousand	
Salaries and benefits	35.1	521,265	413,766
Travelling:		59,690	27,452
Utilities		772	1,054
Vehicles' running and maintenance		29,158	18,622
Rent, rates and taxes		12,466	14,961
Insurance		6,273	6,038
Repair and maintenance		55,261	33,467
Printing and stationery		12,217	8,983
Communication		16,203	11,570
Fees and subscription		9,673	6,642
Auditors' remuneration	35.2	6,861	6,122
Legal and professional charges (other than Auditors)		21,691	17,156
Depreciation on:			
- operating fixed assets	6.8	86,217	67,147
- right of use assets	7	35,344	60,241
- investment property	8	297	644
Expected credit loss for doubtful debts	12.2	(664)	28,277
Impairment loss for export subsidy		34,249	56,120
Loss allowance for doubtful advances	13.2	560	(3,410)
General		51,847	22,324
		959,380	797,176

35.1 Salaries and benefits include Rs.12.577 million (2021: Rs.9.722 million) in respect of retirement benefits.

		2022	2021
		Rupees in thousand	
35.2 Auditors' remuneration	Note		
ShineWing Hameed Chaudhri & Co.			
- statutory audits		1,101	992
- half-yearly reviews		177	146
- consultancy and certification charges		963	903
- short provision for the preceding year		9	0
- out-of-pocket expenses		70	70
		2,320	2,111
A.F.Ferguson & Co.			
(statutory auditors of CSM and its Subsidiaries)			
- statutory audits		3,448	3,080
- half year review		554	504
- consolidation		246	224
- Group reporting		123	112
- out-of-pocket expenses		170	91
		4,541	4,011
		6,861	6,122
36. OTHER INCOME			
Income from financial assets:			
Return on bank deposits		9,488	6,234
Gain on redemption of short term investments		2,921	2,508
Exchange fluctuation gain		7,853	6,094
Fair value gain on re-measurement of short term investments		295	12
Income from other than financial assets:			
Rent	36.1	1,284	5,853
Sale of scrap - net of expenses		13,740	50,960
Sale of press mud - net of sales tax		6,612	3,671
Unclaimed payable balances written-back		0	145
Gain on derecognition of right of use assets		20,479	0
Sale of agricultural produce - net of costs and expenses		2,694	6,021
Sale of fusel oil - net of sales tax		4,233	3,485
Sale of chemicals - net of costs		3,012	0
Miscellaneous - net of sales tax		18,881	2,471
		91,492	87,454

- 36.1 (a)** As per the agreement entered into between the Holding Company and Premier Board Mills Ltd. (PBM - a related party) on June 23, 2015, the Holding Company has leased-out a portion of its second floor situated at Head Office to PBM. As per the second addendum lease agreement, the renewed lease has commenced from July 01, 2020 and will end on June 30, 2025. PBM is paying to the Holding Company the sum of Rs.2.541 million per annum as rent.

(b) The Holding Company, during the financial year ended September 30, 2015, has also leased-out its agricultural land located at Saro Shah, Tehsil Takht-i-Bhai to PBM. As per the addendum lease agreement entered into between the Holding Company and PBM on July 01, 2016, the lease has commenced from July 01, 2016 and ended on June 30, 2021. PBM has paid to the Holding Company the sum of Rs.4.400 million per annum as rent.

37. OTHER EXPENSES	Note	2022 Rupees in thousand	2021
Donations (without directors' interest)		490	2,190
Uncollectible receivable balances written-off		0	41
Workers' profit participation and workers' welfare obligations	25.3	39,325	28,017
Prior year's sales tax on account of inadmissible input tax adjustment claimed		607	175
Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 and difference of tax payable on salaries		207	0
Further tax and penalty	37.1	0	10,211
Loss on sale of operating fixed assets - net		2,765	4,605
Others		6,470	0
		49,864	45,239

37.1 These represented further tax paid by the Holding Company on unreconciled sales, default surcharge and penalty pertaining to period from January, 2018 to May, 2019 due to violation of various sections of the Sales Tax Act, 1990.

38. FINANCE COST

Mark-up on:

- long term finances		325,468	196,271
- loans from Associated Companies		27,789	20,283
- short term borrowings		814,989	465,053
Interest on workers' (profit) participation fund	25.3	535	8,117
Unwinding of interest on lease liabilities		28,080	42,845
Bank charges		13,253	10,253
Amortisation of deferred Government grant		(6,853)	(13,973)
Exchange fluctuation loss / (gain) - net		2,470	(20,879)
		1,205,731	707,970

39.	TAXATION	Note	2022	2021
			Rupees in thousand	
	Current			
	- for the year		302,505	60,560
	- prior year		37,072	(824)
			<u>339,577</u>	<u>59,736</u>
	Deferred:			
	- on account of temporary differences		94,608	(13,818)
			<u>434,185</u>	<u>45,918</u>
40.	COMBINED LOSS PER SHARE			
	There is no dilutive effect on loss per share of the Holding Company, which is based on:			
	Loss attributable to equity holders of the Holding Company		<u>(197,091)</u>	<u>(217,380)</u>
			No. of shares	
	Weighted average number of shares outstanding during the year		<u>3,750,000</u>	<u>3,750,000</u>
			----- Rupees -----	
40.1	Combined loss per share		<u>(52.56)</u>	<u>(57.97)</u>
41.	FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES		Rupees in thousand	
	Financial instruments by category			
	Financial assets			
	At fair value through profit or loss			
	Short term investments		<u>25,237</u>	<u>34,697</u>
	At amortised cost			
	Maturity upto one year			
	Trade debts		89,228	690,417
	Accrued profit on bank deposits		0	527
	Trade deposits and other receivables		283,166	292,175
	Bank balances		337,853	501,490
	Maturity after one year			
	Long term security deposits		16,485	16,439
			<u>726,732</u>	<u>1,501,048</u>

	Note	2022 Rupees in thousand	2021
Financial liabilities			
Other financial liabilities			
Maturity upto one year			
Trade and other payables		797,710	629,473
Unclaimed dividends		7,470	7,470
Accrued mark-up		429,125	129,076
Short term borrowings		5,002,895	2,677,942
Current maturity of non-current liabilities		894,901	844,946
Maturity after one year			
Long term finances		4,191,793	1,707,371
Loans from related parties		181,839	198,075
Lease liabilities		146,603	227,981
		11,652,336	6,422,334

41.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried-out by the Group's finance departments under policies approved by the board of directors. The Group's finance departments evaluate financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the boards of directors.

41.2 Market risk

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

(a) Currency risk

The Holding Company

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Holding Company's exposure to currency risk in respect of export trade debts as at September 30, 2022 is as follows:

2022	Rupees in thousand	U.S.\$
Trade debts	0	0

2021

Trade debts		
Exchange rate as at September 30, 2021	<u>141,400</u>	<u>828,558</u>

U.S.\$ to Rupee : 170.66

Sensitivity analysis

Not applicable as at September 30, 2022 as no foreign currency trade debts were outstanding on the aforementioned date; (2021: if Rupee had strengthened by 10% against U.S.\$ with all other variables held constant, loss before taxation for the preceding year would have been lower by Rs.14.140 million mainly as a result of foreign exchange gain on translation of foreign currency trade debts.)

CSM

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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial liabilities include Rs. 9.310 million (2021: Financial assets included Rs. 332.110 million) which were subject to currency risk.

Rupees per U.S.\$	2022	2021
Average rate	199.95	168.08
Reporting date rate	229.45	170.45

Sensitivity analysis

As at September 30, 2022, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year of CSM would have been Rs.0.640 million (2021: Rs. 23.610 million) lower/ higher.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Group's interest bearing financial instruments is as follows:

	2022	2021	2022	2021
	Effective rate		Carrying amount	
Fixed rate instruments			Rupees in thousand	
Financial assets				
Deposits with a non-banking finance Company			12,000	12,000
Bank balances	5.10% to 13.98%	5.10% to 11.55%	91,491	60,492
Variable rate instruments				
Financial liabilities				
Long term finances	3 to 6 month KIBOR + spread rate		4,958,803	2,448,900
Loans from Associated Companies	1 month KIBOR + 1.25%		219,325	219,325
Lease liabilities	7.81% to 17.50%	7.01% to 10.14%	237,007	330,371
Short term borrowings	8.78% to 18.09%	8.25% to 9.49%	5,002,895	2,669,330

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At September 30, 2022, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss after taxation for the year would have been higher / lower by Rs.103.265 million (2021: Rs.56.679 million) mainly as a result of higher interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. As at September 30, 2022, price risk arose from the Group's investments in Units of a Mutual Fund classified as short term investments at fair value through profit or loss. To manage its price risk, the Group diversifies its portfolio and continuously monitors developments in the market. In addition, the Group's management actively monitors the key factors that affect price movement.

As at September 30, 2022, a 10% increase / decrease in redemption value of Units of the Mutual Fund would have decreased / increased loss after taxation for the current year by Rs.2,524 thousand (2021:Rs.3,470 thousand).

The sensitivity analysis prepared is not necessarily indicative of the effects on statement of profit or loss and investments of the Group.

41.3 Credit risk exposure and concentration of credit risk

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

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

Credit risk primarily arises from trade debts, loans and advances, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management of the Holding Company has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings. In respect of other counter parties, due to the Holding Company long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations.

CSM

The management of CSM has set an allowed credit period to reduce the credit risk.

CSM and its Subsidiaries recognise ECL for trade debts using the simplified approach. As per the aforementioned approach, the loss allowance was determined as follows:

	1 - 180 days	181-365 days	More than 365 days	Total
	----- Rupees in thousand -----			
September 30, 2022				
Gross carrying value	44,210	0	1,729	45,939
Loss allowance	53	0	1,729	1,782
September 30, 2021				
Gross carrying value	534,179	0	1,729	535,908
Loss allowance	717	0	1,729	2,446

ECL on other receivables is calculated using general approach. At the reporting date, CSM and its Subsidiaries envisage that default risk on account of non-realisation of other receivables is minimal and thus based on historical trends adjusted to reflect current and forward looking information loss allowance has been estimated by CSM and its Subsidiaries using a range of probable recovery pattern of related other receivables and assigning a time value of money to same. As per the aforementioned approach, the loss allowance for other receivables is determined as follows:

	2022 (Rupees in thousand)	2021
September 30,		
Gross carrying value	333,875	68,679
Loss allowance	905	345

Based on past experience, the management believes that no further impairment allowance is necessary in respect of trade debts, loans and advances and other financial assets.

Exposure to credit risk

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

Security deposits	16,485	16,439
Trade debts	89,228	690,417
Loans and advances	1,446,015	764,005
Trade deposits and other receivables	283,166	292,175
Accrued profit on bank deposits	0	527
Short term investments	25,237	34,697
Deposits with a non-banking finance company	12,000	12,000
Bank balances	325,853	489,490
	2,197,984	2,299,750

- The management does not expect any losses from non-performance by these counter parties.
- Based on past experience, the Group's management believes that no impairment loss allowance is necessary in respect of trade debts as material amounts have been realised subsequent to the year-end.

Credit quality of financial assets of CSM and its Subsidiaries:

The credit quality of CSM and its Subsidiaries financial assets have been assessed below by reference to external credit ratings of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

Counterparties without external credit rating

Trade debts	44,157	533,462
Loans and advances	144,853	68,679
Trade deposits and other receivables	363,645	329,180
	552,655	931,321

Counter-parties with external credit rating

Bank balances	Rating		
	A 1+	235,287	439,083
	A 1	20,853	2,670
		256,140	441,753

41.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Group's treasury departments aim at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
2022	----- Rupees in thousand -----			
Long term finances	4,958,803	4,958,803	767,010	4,191,793
Loans from related parties	219,325	219,325	37,486	181,839
Lease liabilities	237,007	237,007	90,404	146,603
Trade and other payables	797,710	797,710	797,710	0
Unclaimed dividends	7,470	7,470	7,470	0
Accrued mark-up	429,125	429,125	429,125	0
Short term borrowings	5,002,895	5,002,895	5,002,895	0
	11,652,335	11,652,335	7,132,100	4,520,235
2021				
Long term finances	2,448,900	2,482,857	774,288	1,708,569
Loans from related parties	219,325	219,325	21,250	198,075
Lease liabilities	330,371	330,371	102,390	227,981
Trade and other payables	629,473	629,473	629,473	0
Unclaimed dividends	7,470	7,470	7,470	0
Accrued mark-up	129,076	129,076	129,076	0
Short term borrowings	2,677,942	2,677,942	2,677,942	0
	6,442,557	6,476,514	4,341,889	2,134,625

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

42. FAIR VALUES OF FINANCIAL INSTRUMENTS AND HIERARCHY

42.1 Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

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

The following table shows the fair value measurements of the financial instruments carried at fair value by level of the following fair value measurement hierarchy:

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

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

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

The Group's investments in equity instruments of a listed Company were measured at fair value using year-end quoted prices. Fair value of these investments fell within level 1 of fair value hierarchy as mentioned above.

As at September 30, 2022, the Group's investments in a Mutual Fund were measured at fair value using year-end Net Assets Value as computed by the Assets Management Company. Fair value of these investments fell within level 2 of fair value hierarchy as mentioned above.

42.2 Fair value hierarchy (CSM)

Certain property, plant and equipment of the CSM and its subsidiaries was valued by independent valuer to determine the fair value of property, plant and equipment as at September 30, 2022. The revaluation surplus was credited to other comprehensive income and is shown as 'surplus on revaluation of property, plant and equipment'. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets/ liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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

43. CAPITAL RISK MANAGEMENT

The Group is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Boards monitor the return on capital and the level of dividend to ordinary shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders and / or issue new shares. There was no change to the Group's approach to the capital management during the year.

The Group is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements. Accordingly, the liabilities

under these financing agreements have been classified as per the repayment schedules applicable in respect of the aforesaid financing agreements.

The Group monitors capital using a gearing ratio, which is calculated as net debt divided by total capital plus net debt. Net debt is calculated as amounts payable by the Group less bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The Group's gearing ratio is as follows:

	2022	2021
	Rupees in thousand	
Long term finances	4,958,803	2,448,900
Loans from related parties	219,325	219,325
Lease liabilities	237,007	330,371
Short term borrowings	5,002,895	2,677,942
Total debt	10,418,030	5,676,538
Less: bank balances	(337,853)	(501,490)
Net debt	10,080,177	5,175,048
Share capital	37,500	37,500
Share redemption reserve	1	1
Revaluation surplus on property, plant and equipment	4,563,539	3,874,361
General revenue reserve	1,010,537	1,010,537
Unappropriated profit	1,223,171	1,190,299
Equity	6,834,748	6,112,698
Capital	16,914,925	11,287,746
Gearing ratio (Net debt / (Net debt + Equity))	59.59%	45.85%

44. TRANSACTIONS WITH RELATED PARTIES

- 44.1 The Holding Company has related party relationship with its Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with related parties during the year were as follows:

The Holding Company

Associated Companies

- rental income	1,271	5,841
- expenses paid on behalf of the Holding Company	0	4
- expenses paid on account of storage service	9,045	0

Key management personnel

- salaries and other benefits	6,658	9,542
- contribution towards provident fund	113	281

The Holding Company's shareholdings in Associated Companies have been detailed in note 9. In addition to the names of the Associated Companies detailed in note 9, the following are other Associated Companies:

- Syntron Ltd.
- Syntronics Ltd.
- Premier Ceramics Ltd.
- Premier Construction & Housing Ltd.
- Phipson & Co. Pakistan (Pvt.) Ltd.
- Aurora (Pvt.) Ltd.

44.2 Key management personnel

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

44.3 FSM

FSM has related party relationship with its Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. FSM has carried-out no transaction with key management personnel during the current and preceding financial years.

44.4 CSM

The related parties comprise of Associated Companies, directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amounts due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, Directors and Executives is disclosed in remuneration note.

Significant transactions with related parties during the year were as follows:

	2022	2021
	Rupees in thousand	
Arpak International Investments Ltd.		
Mark-up charged	5,668	3,817
Syntronics Ltd.		
Purchase of store items	83,614	0
Dividend paid	17,952	17,952
Syntron Ltd.		
Purchase of store items	83,230	90,928
Aztlak Enterprises (Pvt.) Ltd.		
Services rendered	32,110	30,549
Mark-up charged	11,012	7,415
Expenses paid	5,996	1,565

	Note	2022 Rupees in thousand	2021
Dividend paid		7,387	7,314
Phipson & Company Pakistan (Pvt.) Ltd.			
Expenses paid		37	0
Dividend paid		1,538	1,538
Premier Board Mills Ltd.			
Mark-up charged		11,110	8,512
Provident fund			
Contribution to provident fund		24,203	18,729
Directors			
Dividends paid		19,103	17,346
Vehicles leased		16,189	21,685
Advance against sale of floor area - building		100,000	0

44.5 Following are the related parties with whom CSM and its Subsidiaries had entered into transactions or have arrangement / agreement in place:

Company Name	Basis of Association	Share- holding %
Premier Board Mills Ltd.	Common directorship	0.00%
Azlak Enterprises (Pvt.) Ltd.	----- do -----	5.15%
Arpak International Investments Ltd.	----- do -----	0.00%
Phipson & Company Pakistan (Pvt.) Ltd.	----- do -----	1.07%
Syntronics Ltd.	----- do -----	12.51%
Syntron Ltd.	----- do -----	0.00%
Premier Construction and Housing Ltd.	----- do -----	0.00%
Earth Securities (Private) Ltd.	----- do -----	0.00%

45. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts of remuneration, including certain benefits, to chief executive, directors and executives of the Group, are as follows:

Particulars	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
----- Rupees in thousand-----						
Managerial remuneration including bonus	1,320	1,200	43,800	40,309	53,931	48,197
Housing and utilities	0	0	4,225	10,613	29,413	22,290
Contribution to provident fund	0	0	113	113	3,348	2,705
Medical expenses reimbursed	0	0	26,576	6,758	805	1,289
Other expenses	0	0	27,315	6,475	0	0
	1,320	1,200	102,029	64,268	87,497	74,481
Number of persons	1	1	5	6	20	18

- 45.1** In case of the Holding Company, the chief executive, one director and the executives residing in the factory are provided free housing (with the Holding Company's generated electricity in the residential colony within the factory compound). The chief executive, one director and executives are also provided with the Holding Company maintained cars.
- 45.2** The chief executive and executives were provided with the CSM and its Subsidiaries maintained cars for official and personal use. All the executives based at factory compounds are also provided with free housing with CSM's generated electricity, telephone and certain household items in the residential colony within the factory compound.
- 45.3** Mr Abbas Sarfraz Khan, director of CSM and its Subsidiaries, holds office of profit for performing extra services, for which approval was obtained vide extraordinary general meeting dated June 21, 2019 under section 171 of the Companies Act, 2017. His remuneration includes monthly salary, bonus as per CSM and its Subsidiaries policy, CSM maintained vehicle and reimbursement of all travelling and medical expenses. The Board of Directors of CSM are also entitled to reimbursement of all travelling, telephone and medical expenses, as approved vide 31st annual general meeting of CSM's members dated March 29, 2019.
- 45.4** In case of FSM, no managerial remuneration was paid to chief executive and directors during the current and preceding years; however, they are provided with free use of FSM's maintained cars.

45.5 Remuneration of the directors does not include amounts paid or provided for, if any, by the Associated Companies.

46. CAPACITY AND PRODUCTION		2022	2021
46.1 The Holding Company			
Sugar Cane Plant			
Rated crushing capacity per day	M.Tonnes	3,810	3,810
Cane crushed	M.Tonnes	32,104	22,590
Sugar produced	M.Tonnes	1,986	1,818
Days worked	Nos.	80	34
Sugar recovery	%	6.40	8.32
Sugar Beet Plant			
Rated slicing capacity per day	M.Tonnes	2,500	2,500
Distillery			
Rated capacity per day	Gallons	10,000	10,000
Ethanol produced	Gallons	1,641,104	776,585
Days worked	Nos.	223	100
- The normal season days are 150 days for Sugar Cane crushing.			
- Production was restricted to the availability of raw materials to the Holding Company.			
46.2 CSM			
Sugar Cane Plants			
Rated crushing capacity (Metric Tonnes / day)		18,000	18,000
On the basis of average number of 128 days (2021:104 days)		2,304,000	1,872,000
Actual cane crushed (Metric Tonnes)		1,885,437	1,468,505
Sugar produced (Metric Tonnes)		195,219	145,987
Ethanol Fuel Plant			
Rated production capacity (Litres / day)		125,000	125,000
On the basis of average number of 335 days (2021:353 days) (Litres)		41,250,000	44,125,000
Actual production (Litres)		40,933,660	44,099,770
Storage facility			
Storage capacity (metric tonnes)		20,000	20,000
Days worked:			
Sugar Unit - I		122	106
Sugar Unit - II		121	101
Ethanol Fuel Plant		335	353

Reasons for Shortfall

Sugar division performed at less than installed capacity due to non availability of sugar cane and atmospheric effect. Capacity of ethanol units were over-utilized on certain days.

46.3 FSM

Sugar Cane Plant

Rated crushing capacity per day M.Tonnes **880** 880

Sugar Beet Plant

Rated slicing capacity per day M.Tonnes **1,000** 1,000

Due to non-availability of raw materials, sugar cane and beet plants of FSM had remained closed during the current and preceding years.

47. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities						Total
	Long term finances	Lease finances	Loans from related parties	Short term borrowings	Accrued mark-up	Dividend	
----- Rupees in thousand -----							
Balance as at September 30, 2020	2,079,382	376,768	219,325	2,670,410	120,814	27,855	5,494,554
Changes from financing activities							
Finances - net	0	0	0	7,532	0	0	7,532
Finances - obtained	369,518	105,691	0	0	0	0	475,209
- repaid	0	(152,088)	0	0	0	0	(152,088)
Mark-up accrued	0	0	0	0	742,822	0	742,822
Mark-up paid	0	0	0	0	(734,560)	0	(734,560)
Dividend declared	0	0	0	0	0	(74,700)	(74,700)
Dividend paid	0	0	0	0	0	67,240	67,240
	369,518	(46,397)	0	7,532	8,262	(7,460)	331,455
Balance as at September 30, 2021	2,448,900	330,371	219,325	2,677,942	129,076	20,395	5,826,009
Changes from financing activities							
Finances - net	2,509,903	0	0	2,324,953	0	0	4,834,856
Finances - obtained	0	33,390	0	0	0	0	33,390
- repaid	0	(126,754)	0	0	0	0	(126,754)
Mark-up accrued	0	0	0	0	1,210,114	0	1,210,114
Mark-up paid	0	0	0	0	(910,065)	0	(910,065)
Dividend declared	0	0	0	0	0	(74,700)	(74,700)
Dividend paid	0	0	0	0	0	76,954	76,954
	2,509,903	(93,364)	0	2,324,953	300,049	2,254	5,043,795
Balance as at September 30, 2022	4,958,803	237,007	219,325	5,002,895	429,125	22,649	10,869,804

48. PROVIDENT FUNDS RELATING DISCLOSURES

The Group operates funded contributory provident fund schemes for all its permanent and eligible employees. The following information is based on the un-audited and audited financial statements for the year ended September 30, 2022 and September 30, 2021:

	2022	2021		2022	2021
	Rupees in thousand			Rupees in thousand	
Size of the funds - total assets	291,736	252,051			
Cost of investments made	275,599	235,189			
Fair value of investments made	285,793	243,197			
	----- % -----				
Percentage of investments made	94.47	93.31			
48.1	The break-up of fair value of investments is as follows:				
	2022	2021		2022	2021
	----- % -----			Rupees in thousand	
Term deposit receipts	98.11	99.85		270,400	230,400
Saving and deposit accounts in scheduled banks	1.89	0.15		5,199	337
	<u>100.00</u>	<u>100.00</u>		<u>275,599</u>	<u>230,737</u>
48.2	Investments out of the provident funds have been made in accordance with the requirements of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.				
49.	OPERATING SEGMENT				
49.1	The Holding Company				
	The Holding Company's reportable segments are as follows:				
	- Sugar				
	- Distillery				

Segment operating results of the Holding Company for the year ended September 30, 2022

	Sugar Division		Ethanol Division		Total	
	2022	2021	2022	2021	2022	2021
----- Rupees in thousand -----						
Sales						
External customers	216,128	250,671	498,117	337,852	714,245	588,523
Less : sales tax & commission	(22,223)	(36,422)	(12,806)	(3,226)	(35,029)	(39,648)
Sales - net	193,905	214,249	485,311	334,626	679,216	548,875
Segment expenses:						
Cost of sales	(504,999)	(463,629)	(194,162)	(298,222)	(699,161)	(761,851)
Gross (loss) / profit	(311,094)	(249,380)	291,149	36,404	(19,945)	(212,976)
Distribution cost	(1,981)	(1,581)	(57,448)	(11,183)	(59,429)	(12,764)
Administrative expenses	(63,573)	(58,173)	0	0	(63,573)	(58,173)
	(65,554)	(59,754)	(57,448)	(11,183)	(123,002)	(70,937)
(Loss) / profit from operations	(376,648)	(309,134)	233,701	25,221	(142,947)	(283,913)
Other income	80,819	114,668	7,853	0	88,672	114,668
Other expenses	(9,889)	(10,427)	0	0	(9,889)	(10,427)
	70,930	104,241	7,853	0	78,783	104,241
Segment results	(305,718)	(204,893)	241,554	25,221	(64,164)	(179,672)
Finance cost	(11,511)	(5,043)	(45,730)	(23,128)	(57,241)	(28,171)
(Loss) / profit before taxation	(317,229)	(209,936)	195,824	2,093	(121,405)	(207,843)
Taxation					(22,993)	(5,593)
Loss after taxation					(98,412)	(202,250)

Segment assets and liabilities

	Assets		Liabilities	
	2022	2021	2022	2021
----- Rupees in thousand -----				
Sugar	2,395,209	1,718,038	1,436,675	495,128
Ethanol	230,545	257,659	171,583	359,995
Total for reportable segment	2,625,754	1,975,697	1,608,258	855,123

49.2 Sales to domestic customers in Pakistan are 42.57% (2021 : 46.37%) and to customers outside Pakistan are 57.43% (2021 : 53.63%) of the revenues during the current financial year.

49.3 All non-current assets of the Holding Company as at September 30, 2022 and September 30, 2021 are located in Pakistan.

49.4 The Holding Company does not have transactions with any customer which amount to 10% or more of its sales.

49.5 Segment operating results of CSM for the year ended September 30, 2022

	Sugar Division		Ethanol Division		Total	
	2022	2021	2022	2021	2022	2021
	Rupees in thousand					
Sales						
-External customers	14,264,248	13,141,517	5,010,031	4,916,514	19,274,279	18,058,031
-Inter segment	953,528	1,007,043	0	0	953,528	1,007,043
	15,217,776	14,148,560	5,010,031	4,916,514	20,227,807	19,065,074
Less : sales tax & others	(2,098,904)	(1,946,775)	(80,562)	(74,170)	(2,179,466)	(2,020,945)
Sales - net	13,118,872	12,201,785	4,929,469	4,842,344	18,048,341	17,044,129
Segment expenses:						
Cost of sales	(11,387,946)	(10,879,109)	(2,840,171)	(3,033,215)	(14,228,117)	(13,912,324)
less: Inter segment cost	0	0	(953,528)	(1,007,043)	(953,528)	(1,007,043)
	(11,387,946)	(10,879,109)	(3,793,699)	(4,040,258)	(15,181,645)	(14,919,367)
Gross profit	1,730,926	1,322,676	1,135,770	802,086	2,866,696	2,124,762
Selling and distribution expenses	(48,382)	(19,820)	(420,588)	(463,644)	(468,970)	(483,464)
Administrative and general expenses	(587,988)	(459,864)	(187,183)	(140,991)	(775,171)	(600,855)
Net impairment losses on financial assets	(34,145)	(80,987)	0	0	(34,145)	(80,987)
Others	0	0	0	0	(89,004)	(69,436)
	(670,515)	(560,671)	(607,771)	(604,635)	(1,367,290)	(1,234,742)
Profit from operations	1,060,411	762,005	527,999	197,451	1,499,406	890,020
Other income	66,251	55,587	(262)	2,399	65,989	57,986
Others	0	0	0	0	362	2,471
Other expenses	(37,210)	(30,207)	0	0	(37,210)	(30,207)
	29,041	25,380	(262)	2,399	29,141	30,250
Segment results	1,089,452	787,385	527,737	199,850	1,528,547	920,270
Finance cost					(1,149,546)	(682,843)
Profit before tax					379,001	237,427
Taxation					(456,726)	(51,632)
(Loss) / profit for the year					(77,725)	185,795

Segment assets and liabilities

	2022		2021	
	----- (Rupees in thousand) -----			
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Sugar	17,389,270	11,281,220	10,621,822	4,619,616
Ethanol	6,635,732	2,083,503	5,636,656	2,810,170
Total for reportable segment	24,025,002	13,364,723	16,258,478	7,429,786
Others	1,747,203	1,185,717	900,102	571,374
Total assets / liabilities	25,772,205	14,550,440	17,158,580	8,001,160

50. NUMBER OF EMPLOYEES**2022 2021****----- Number -----**

Number of persons employed as at September 30,

- permanent	1,147	1,116
- contractual	1,278	1,214
	2,425	2,330

Average number of employees during the year

- permanent	1,160	1,138
- contractual	1,653	1,611
	2,813	2,749

51. IMPACT OF COVID-19 ON THE CONSOLIDATED FINANCIAL STATEMENTS

The spread of Covid-19 as a pandemic and consequent imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. While this is still an evolving situation at the time of issuing these consolidated financial statements, the management believes that there is no discernible impact is on the amounts being reported in these consolidated financial statements, however the future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

52. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements and re-classifications have been made in these consolidated financial statements.

53. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorised for issue on January 03, 2023 by the board of directors of the Holding Company.



(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE



(ISKANDER M. KHAN)
DIRECTOR



(RIZWAN ULLAH KHAN)
CHIEF FINANCIAL OFFICER

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THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
Nowshera Road, Mardan.

PROXY FORM
77th Annual General Meeting

I/We..... ofbeing a member of **The Premier Sugar Mills & Distillery Company Limited** and holdingordinary shares as per share register Folio/CDC Account No..... hereby appoint Mr./Mrsof another member of the Company having Folio / CDC Account No CNIC No or Passport No..... or failing him / her Mr. / Mrs of Folio / CDC Accounts No CNIC No..... Or Passport No Who is also a member of the Company, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on January 27, 2023 and at any adjournment thereof.

Revenue Stamp
Signature(Rs. 5.00)

Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

Dated this day of 2023.

Signature of Proxy _____

1. Witness:

Name: _____

Signature: _____

Address: _____

CNIC No: _____

2. Witness:

Name: _____

Signature: _____

Address: _____

CNIC No: _____

Note: Proxies, in order to be effective, must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

CDC Shareholders and their Proxies are each requested to attached an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.

دی پریمیئر شوگر ملز اینڈ ڈسٹری کمپنی لمیٹڈ

نوشہرہ روڈ مردان

نمائندگی کا فارم (پراکسی فارم)

77 واں سالانہ اجلاس عام

میں / ہم _____ کا / کی _____ بحیثیت رکن دی پریمیئر شوگر ملز اینڈ ڈسٹری کمپنی لمیٹڈ اور بذریعہ حصص رجسٹرڈ کے

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر _____ حامل _____ عام حصص، کمپنی کے ایک دوسرے رکن

کا / کی _____ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر _____

شناختی کارڈ نمبر _____ یا پاسپورٹ نمبر _____ یا بصورت دیگر کمپنی کے اور رکن

کا / کی _____ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر _____

شناختی کارڈ نمبر _____ یا پاسپورٹ نمبر _____، کو میری / ہماری غیر حاضری میں کمپنی کے سالانہ اجلاس عام

میں، جو بتاریخ 27 جنوری، 2023، کو منعقد ہو رہا ہے، یا کسی بھی ملتوی شدہ اجلاس میں حاضری اور حق رائے دہی کے استعمال

کیلئے اپنا نمائندہ (پراکسی) مقرر کرتا / کرتے ہیں۔

حصص دار کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونے مطابقت رکھتے ہوئے چاہے)

پانچ روپے کی ریونیو شامپ

نمائندہ کے دستخط: _____

بتاریخ _____ مہینہ _____ 2023

2. گواہ

1. گواہ

دستخط:

دستخط:

نام:

نام:

پتہ:

پتہ:

شناختی کارڈ نمبر:

شناختی کارڈ نمبر:

نوٹ:

نمائندگی فارم (پراکسی فارم) کمپنی کے پاس کمپنی کے رجسٹرڈ پتہ نوشہرہ روڈ مردان پر اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہو جانا چاہئے، بصورت دیگر یہ فارم موثر تصور نہیں کیا جائے گا۔

سی ڈی سی حصص یافتگان اور ان کے نمائندوں (پراکسی) سے درخواست ہے کہ (پراکسی فارم) کمپنی کو جمع کروانے سے پہلے اس کے ساتھ اپنے

شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی لف کریں۔