

annual report 2023

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Page	CONTENTS
2	Company Profile
	Governance
3	Company Information
4	Management Committees
7	Vision and Mission Statement
8	Code of Conduct
	Stakeholders' Information
10	Ten Years' Review
11	Six Years' Performance at a Glance
12	Notice of Annual General Meeting
14	Chairperson Review Report (English/Urdu)
16	Directors' Report to the Shareholders (English/Urdu)
27	Shareholders' Information
28	Pattern of Shareholding
30	Independent Auditors' Report to the Members
31	Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2019
34	Auditors' Report to the Members
39	Un Consolidated Financial Statements
85	Consolidated Financial Statements
	Proxy Form

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
Mr. Iskander M. Khan	Director
Ms. Najda Sarfaraz	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. Najda Sarfaraz (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. Najda (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. Najda Sarfaraz (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
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	6.40	1,980.00			
2023	102,302.250	10.35	10,536.40			

PRODUCTION OF INDUSTRIAL ALCOHOL

YEARS	MOLASSES TONS	RECOVERY GLNS PER MND	PRODUCTION IN GALLONS
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	2.05	1,641,103.61
2023	18,515.81	1.99	920,400.00

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

PARTICULARS	2023	2022	2021	2020	2019	2018
	(RUPEES IN THOUSAND)					
Turnover	3,045,962	679,216	548,875	938,404	1,072,460	1,262,508
Profit/ (loss) from Operations	165,045	(64,164)	(179,672)	47,148	150,059	(80,988)
Profit/ (loss) before tax	14,741	(121,405)	(207,843)	(48,470)	30,870	(166,513)
Profit/(loss) after tax	72,984	(98,412)	(202,250)	(48,749)	184	(195,735)
Share capital	37,500	37,500	37,500	37,500	37,500	37,500
Shareholders' equity	2,039,757	1,017,496	1,120,574	1,324,441	993,464	992,816
Non-current assets	2,601,412	1,352,295	1,470,500	1,600,476	1,265,092	1,399,585
Total assets	3,249,961	2,625,754	1,975,697	2,030,464	1,924,249	2,190,236
Non current liabilities	420,731	112,444	152,825	192,939	31,774	17,144
Current assets	648,549	1,273,459	500,555	429,988	659,157	790,651
Current liabilities	249,508	955,849	432,298	513,084	899,011	1,180,276
Dividend						
Cash dividend	-	-	-	-	-	-
Ratios:						
Profitability (%)						
Operating (loss) / profit	5.42	(9.45)	(32.73)	5.02	13.99	(6.41)
Loss before tax	0.48	(17.87)	(37.87)	(5.17)	2.88	(13.19)
Loss after tax	2.40	(14.49)	(36.85)	(5.19)	0.02	(15.50)
Return to Shareholders						
ROE - Before tax	0.72	(11.93)	(18.55)	(3.66)	3.11	(16.77)
ROE - After tax	3.58	(9.67)	(18.05)	(3.68)	0.02	(19.72)
Return on Capital Employed	2.97	(8.71)	(15.88)	(3.21)	0.02	(19.38)
E. P. S. - After tax	19.46	(26.24)	(53.93)	(13.00)	0.05	(52.20)
Activity						
Total assets turnover	1.04	0.30	0.27	0.47	0.52	#REF!
Non-current assets turnover	1.54	0.48	0.36	0.65	0.80	#REF!
Liquidity/Leverage						
Current ratio	2.60	1.33	1.16	0.84	0.73	0.67
Break up value per share	543.9	271.3	298.8	353.2	264.9	264.8
Total Liabilities to equity (Times)	(0.26)	(0.69)	(0.42)	(0.53)	(0.94)	(1.21)

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT 78th Annual General Meeting of the shareholders of **The Premier Sugar Mills & Distillery Company Limited** will be held on February 26, 2024 at 11:30 AM at the Registered Office of the Company at Nowshera Road, Mardan, for transacting the following business:-

Ordinary Business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on July 05, 2023.
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, 2023.
3. To appoint the Auditors of the Company and to fix their remuneration for the financial year ending September 30, 2024. 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 Rs. 2.00 million in the remuneration of an executive director w.e.f October 01, 2023 be and is hereby approved."

The share transfer books of the Company will remain closed from February 16, 2024 to February 26, 2024 (both days inclusive)..

BY ORDER OF THE BOARD



(Mujahid Bashir)

Mardan:

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.

4. 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.
5. 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.premiersugarmills.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.
6. The Financial Statements of the Company for the year ended September 30, 2023 along with reports have been placed at website of the Company www.premiersugarmills.com
7. 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."
8. The SECP vide circular no 4 of 2021 and circular 6 of 2021 has advised to provide participation of the members through electronic means. Members interested to participate in the AGM are requested to email their Name, Folio Numbers, Number of Shares held in their name, Cell Number, CNIC Number (along with valid copy of both sides of CNIC) with subject "Registration for Participation in AGM" at mujahid@premiergroup.pk. Video link and login credentials shall be shared with only those members whose emails, containing all the required particulars, are received by the close of business hours (till 5:00 pm) on February 24, 2024.
9. Section 72 (2) of the Companies Act, 2017, provides that every existing 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 SECP, within a period not exceeding four (4) years of the date of the promulgation of the Act. Further, SECP vide its letter dated 26 March 2022 has directed listed companies to pursue their shareholders holding securities in physical form to convert the same in the book-entry form. To ensure compliance with the aforementioned provision and to benefit by holding securities in book-entry form, including safe custody, all shareholders holding physical shareholdings are again encouraged to open CDC sub-account or Investor account and convert their shares into book-entry form, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

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

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

Material Facts:

The Board of Directors has been recommended to increase the remuneration of the one executive director w.e.f October 01, 2023 considering the experience and knowledge of the executive director, and the increase in operational volumes of the Company. Therefore, in order to compensate the executive director, equitably in accordance with his efforts, the Board of Directors in the meeting held on October 04, 2023, recommended the aforementioned increase and passed the following special resolution;

"RESOLVED THAT an increase of Rs.2.00 million in the remuneration of an executive director' w.e.f. October 01, 2023 be and is hereby approved"

The Board of 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 78th 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, 2023, on behalf of the Board of Directors, on the performance of your Company, as required by Section 192 of the Companies Act, 2017.

Throughout the fiscal year, the Board of Directors consistently provided strategic guidance and vigilant oversight to the management team. Cultivating a culture of transparency and constructive dialogue, the Board ensures a thorough consideration of diverse perspectives and facilitates effective communication between the Board and senior management. A formalized and structured mechanism has been implemented for regular assessments of the company's objectives, strategies, and businesses, along with financial performance.

The 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 the criteria set for its purpose. The Board has performed their duty diligently and honestly in the best interest of the Company particularly in relation to the strategic objectives of the company, and the Board remained focused on business growth, risk Management and future options especially relating to the procurement/monitoring of sugarcane price, extent of borrowing utilization and expansion/improvement in operational facilities.

The Board had full understanding of the vision and mission statements and frequently revisit them to up-to-date 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 the effectiveness of risks identification, risk management and internal controls to safeguard the assets and interests of the Company and Shareholders.

As the Chairperson of the Board, I maintained a commitment to ensuring regular provision of comprehensive reports to Board members on financial matters, budgets, production updates, and other crucial aspects. This practice empowered the Board with essential information, enabling informed and effective decision-making processes.

The information about the financial results explained in detail in the attached Directors' Report and Financial Statements which give a comprehensive overview of the performance of Company during the year ended September 30, 2023.

On 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 to the valuable shareholders for their patronage and confidence in the Company.



(Begum Laila Sarfaraz)

Chairperson

Mardan: February 02, 2024

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

میں آپ کو کمپنی کے 78 ویں سالانہ رپورٹ میں آپ کو خوش آمدید کہتی ہوں، بورڈ کی جانب سے 30 ستمبر 2023 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۔

پورے مالی سال کے دوران بورڈ آف ڈائریکٹرز نے مینجمنٹ ٹیم کو مسلسل اسٹریٹجک رہنمائی اور مستعد نگرانی فراہم کی۔ شفافیت اور تعمیری مکالمے کے کلچر کو پروان چڑھاتے ہوئے، بورڈ متنوع نقطہ نظر پر مکمل غور و فکر کو یقینی بناتا ہے اور بورڈ اور سینئر مینجمنٹ کے درمیان موثر رابطے کی سہولت فراہم کرتا ہے۔ مالیاتی کارکردگی کے ساتھ ساتھ کمپنی کے مقاصد، حکمت عملیوں اور کاروبار کے باقاعدہ جائزوں کے لئے ایک باقاعدہ اور منظم طریقہ کار نافذ کیا گیا ہے۔

کوڈ آف کارپورٹ 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 تاہم کا جائزہ لیا گیا ہے۔ مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بورڈ کی مجموعی کارکردگی اس کے مقصد کیلئے مقرر کردہ معیار کی بنیاد پر تسلی بخش رہی ہے۔ بورڈ نے کمپنی کے بہترین مفاد میں خاص طور پر کمپنی کے اسٹریٹجک مقاصد کے سلسلے میں اپنی ذمہ داری پوری تمدنی اور ایمانداری سے ادا کی ہے، اور بورڈ نے کاروبار کی ترقی، رسک مینجمنٹ اور مستقبل کے آپشنز خاص طور پر گئے کی خریداری / مانیٹرنگ، قیمت، قرضے کے استعمال کی حد اور آپریشنل سہولیات میں بہتری سے متعلق اپنی توجہ مرکوز رکھتی ہے۔

بورڈ کے پاس ویشن اور مشن کے متعلق مکمل آگاہی تھی اور مارکیٹ کے بدلتے ہوئے حالات کے ساتھ ان کو اپ ڈیٹ کرنے کے لئے اکثر انکا 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 شئرز ہولڈرز کے اثاثوں اور مفادات کے تحفظ کے لئے خطرات کے تحفظ نشانہ بنی، رسک منیجمنٹ اور اندرونی کنٹرول کی تاہم 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 2023 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، 02 فروری، 2024

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

DIRECTORS' REPORT

The Directors of The Premier Sugar Mills & Distillery Company Limited, are pleased to present Directors' Report of the Company together with the audited financial statements for the year ended September 30, 2023.

1. SUMMARISED FINANCIAL RESULTS

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

	2023	2022
	Rupees in thousand	
Profit / (loss) before taxation	<u>114,741</u>	<u>(121,405)</u>
Taxation		
- Current	35,040	17,833
- Deferred	(93,283)	(40,826)
	<u>(58,243)</u>	<u>(22,993)</u>
Profit / (loss) after taxation	72,984	(98,412)
	----- Rupees -----	
Earnings / (loss) per Share	<u>(19.46)</u>	<u>(26.24)</u>

2. REVIEW OF OPERATIONS

2.1 CRUSHING SEASON 2022-23

The Sugar Cane crushing season 2022-23 commenced on November 01, 2022. The mills have crushed 102,302 tons of sugarcane and have produced 10,536 tons of sugar till 10 March, 2023.

2.2 CRUSHING SEASON 2023-24

The Sugar Cane crushing season 2023-24 commenced on October 25, 2023. The mills have crushed 130,269 tons of sugarcane and have produced 12,477 M. Tons of sugar till December 15 2023. Due to tax free illegal gur manufacturing the sugarcane prices in the area increased to Rs 550 per 40 kg and it's not feasible to run the plant at this price. The Board of Directors have decided to announce closure for the crushing season 2023-24

3. SUGAR PRICE

3.1-SUGAR - SEASON 2022-23

The carry forward sugar stock of 1.0 million coupled with sugar production of 6.70 million accumulated to 7.70 million tons. Pakistan Sugar Mill Association had requested Government of Pakistan to export 1.0 million tons of sugar and earn valuable foreign exchange. However, as usual the Government of Pakistan exported only 250,000 tons and lost the chance and smuggler benefitted due to depressed local prices.

3.2-SUGAR - SEASON 2023-24

For ongoing crushing season 2023-24, notified support prices of sugarcane have again been increased to Rs. 400 from Rs. 300 per 40 kgs by the Provincial Government of Khyber Pakhtunkhwa (KPK) and Punjab (net increase of 33%). This increased the cost of production manifolds and due to excessive availability of sugar and regular influence by the provincial government in the open market. The cost of production is higher than the sugar prices.

4. DISTILLERY

The Ethanol Fuel Plant produced 3,347 metric ton of ethanol during the year ended September 30,2023.

The Board of Directors in its meeting held on July 25,2023 has accorded approval for BMR of the Ethanol Plant to 65,000 Liters per day because the existing plant has been in commercial production since 1960. The capacity will be enhanced to 65,000 Liters per day of Extra Neutral Alcohol (ENA). This upgradation will increase the efficiency of the existing plant as well as increase in sales and profitability.

5. STAFF

The Management and Labor relations remained cordial during the year. However, due to application of fund in expansion of Distillery Plant, no bonus was paid to the employees during the year.

6. PATTERN OF SHAREHOLDING

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

7. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- 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, 2023, except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on audited accounts, was Rs. 54.5 million as at September 30, 2023.
- Majority of the Directors of the Company are exempted from the requirement of Directors Training Program. .

8. 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.

9. 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.

10. CORPORATE AND 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.

11. 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 210,962 ordinary shares during the year.

12. **RELATED PARTY TRANSACTIONS**

The Related Parties transactions mentioned in 37 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.

13. **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.

14. **BOARD MEETINGS**

During the year, ten (10) meetings were held and attendance by each director is a following;

Name of Directors	Board Meetings	Board Audit Committee Meetings	Human Resource and Remuneration Committee
	Attended	Attended	Attended
Non- Executive Directors			
Begum Laila Sarfaraz	5	-	-
Ms. Zarmine Sarfaraz	3	4	-
Ms. Mahnaz Saigol	2	4	1
Najda Sarfaraz	1	-	
Executive Directors			
Mr. Abbas Sarfaraz Khan	5	-	-
Mr. Iskander M. Khan	5	-	1
Independent Director			
Mr. Shahbaz Haider Agha	4	4	1
Mr. Salman Ahmed	4	-	-

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

15. **DIVIDEND**

The Directors do not recommend any dividend due to application of funds in expansion of Distillery Plant.

16. **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, 2024

17. 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, 2023 have been duly complied with. A statement to this effect is annexed with the report.

18. 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:
February 02, 2024

دی پرنسپل شوگر ملز اینڈ ڈسٹری بیوٹن کمپنی لمیٹڈ

ڈائریکٹرز کی رپورٹ

دی پرنسپل شوگر ملز اینڈ ڈسٹری بیوٹن کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور 30 ستمبر 2023 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۔

2۔ آپریشن کا جائزہ

2022	2023	
(ہزار روپے)		
(121,405)	14,741	ٹیکس سے پہلے منافع / نقصان ٹیکس
17,833	35,040	موجودہ سال کا ٹیکس
(40,826)	(93,283)	ڈیفریڈ ٹیکس
(22,993)	(58,243)	
(98,412)	72,984	بعد از ٹیکس منافع / نقصان
(26.24)	19.46	منافع / نقصان فی شیئر روپے

2.1۔ کرشنگ سیزن 2022-23

گنے کا کرشنگ سیزن 2022-23، 01 نومبر 2022 کو شروع ہوا اور 10 مارچ 2023 تک جاری رہا۔ ملز نے 102,302 ٹن گنا کرش کیا اور چینی کی پیداوار 10,536 ٹن رہی۔

2.2- کرشنگ سیزن 2023-24

گنے کا کرشنگ سیزن 2023-24 کا آغاز 25 اکتوبر 2023 کو شروع ہوا۔ 15 دسمبر 2023 تک ملز نے 130,269 ٹن گنے کو کرش کرتے ہوئے 12,477 ٹن چینی کی پیداوار کی۔ ٹیکس فری غیر قانونی گڑ کی تیاری کی وجہ سے علاقے میں گنے کی قیمت 550 روپے فی 40 کلو گرام تک بڑھ گئی ہے اور اس قیمت پر پلانٹ چلانا ممکن نہیں رہا۔ بورڈ آف ڈائریکٹرز نے کرشنگ سیزن 2023-24 کی بندش کا اعلان کیا ہے۔

3- چینی کی قیمت

3.1- چینی کا سیزن 2022-23

تقریباً 1 ملین کیکیری فارورڈ شو گرٹس اور 6.70 ملین چینی کی پیداوار 7.70 ملین ٹن تک جمع ہو گئی۔ پاکستان شو گر ملز ایسوسی ایشن نے حکومت پاکستان سے 1 ملین ٹن چینی برآمد کرنے اور قیمتی زر مبادلہ کمانے کی درخواست کی تھی، تاہم ہمیشہ کی طرح حکومت پاکستان نے صرف 2 لاکھ 50 ہزار ٹن برآمد کیا اور موقع ضائع کیا اور مقامی قیمتوں میں کمی کی وجہ سے سمگلروں کو فائدہ ہوا۔

3.2- چینی کا سیزن 2023-24

جاری کرشنگ سیزن 2023-24 کے لئے گنے کی نوٹیفائیڈ سپورٹ قیمتیں 300 سے دوبارہ بڑھا کر 400 روپے کر دی گئی خیر پختون خواہ (کے پی کے) اور پنجاب کی صوبائی حکومت کی طرف سے (33 فیصد خالص اضافہ) تھا۔ اس سے پیداواری لاگت میں کئی گنا اضافہ ہوا اور چینی کی ضرورت سے زیادہ دستیابی اور اوپن مارکیٹ میں صوبائی حکومت کے مسلسل اثر و رسوخ کی وجہ سے پیداواری لاگت چینی کی قیمتوں سے زیادہ ہے۔

4- ڈسٹری

ایتھنول فیول پلانٹ نے 30 ستمبر 2023 کو اختتام ہونے والے مالی سال کے دوران، MT 3,347 ایتھنول کی پیداوار کی۔ بورڈ آف ڈائریکٹرز نے 25 جولائی 2023 کو ہونے والے اپنے اجلاس میں ایتھنول پلانٹ کو 65 ہزار لیٹر یومیہ کرنے کے بی ایم آر کی منظوری دی کیونکہ موجودہ پلانٹ 1960 سے تجارتی پیداوار میں ہے۔ ایکسٹرانیوٹرل الکو حل (ENA کی صلاحیت کو 65 ہزار لیٹر ہر روز تک بڑھایا جائے گا۔ اس اپ گریڈیشن سے موجودہ پلانٹ کی کارکردگی میں اضافہ ہونے کے ساتھ ساتھ فروخت اور منافع میں بھی اضافہ ہوگا۔

5- سٹاف

سال بھر کے دوران انتظامیہ اور مزدوروں کے تعلقات خوشگوار رہے۔ تاہم ڈسٹری پلانٹ کی توسیع میں فنڈ کے استعمال کی وجہ سے، موجودہ سال کے دوران ملازمین کو کوئی بونس نہیں دیا گیا۔

6۔ شیئر ہولڈنگ کی ترتیب

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

7۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

- دی پریسمیر شوگر ملز اینڈ ڈسٹری 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 پیش کرتے ہیں۔

- کمپنی کے حساب داری کے باقاعدہ کھاتے مرتب کیے جاتے ہیں۔

- مناسب حساب داری 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 نگران 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 متعلق اعداد و شمار منسلک ہیں۔

- 30 ستمبر 2023 تک کسی بھی قسم کی کوئی ٹیکس، فرانسز، لیویز، چارجز، بقایا جات نہیں ہیں، سوائے ان کے جو مالیاتی بیانات میں بتائی گئیں ہیں۔

- 30 ستمبر 2023 کو آڈٹ شدہ اکاؤنٹس پر مبنی، اسٹاف پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 54.50 ملین تھی۔

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

8- 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۔

9- مناسب اندرونی اور مالیاتی ضابطے

بورڈ نے ایک مونٹرانڈرونی 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 آڈٹنگ 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۔

10- 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 ملز یا مہینے 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 ملز یا مہینے مفت ڈسپنری بھی چلائی جاتی ہے جو غریب مریضوں کو مفت ادویات فراہم کرتی ہے۔

11- شیئرز کی تجارت

30 ستمبر 2023 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 210,962 شیئرز خریدے تھے۔

12- متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں سے لین دین کے معاملے نوٹ 37 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 فنانس 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۔

13- 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 کے لیے 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 کرتا ہے۔

14- بورڈ اجلاس

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

ڈائریکٹرز کے نام نان۔ ایگزیکٹو ڈائریکٹرز	بورڈ آف ڈائریکٹرز کے اجلاس حاضر	آڈٹ کمیٹی کے اجلاس حاضر	ہیومن ریسورس اور معاوضہ کی کمیٹی حاضر
بیگم لیلی سرفراز	5	5	--
محترمہ زرین سرفراز	5	4	--
محترمہ مہناز سہیل	1	--	--
محترمہ مجدہ سرفراز	2	4	1
ایگزیکٹو ڈائریکٹرز			
جناب عباس سرفراز خان	5	--	--
جناب اسکندر محمد خان	5	--	1
آزاد ڈائریکٹرز			
جناب شہباز حیدر آغا	4	4	1
جناب سلمان احمد	4	--	1

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

15۔ ڈیویڈنڈ کی ادائیگی

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

16۔ آڈیٹرز

موجودہ آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ، 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 ڈائریکٹرز نے آڈیٹرز کو 30 ستمبر 2024 مالی سال کے اختتام تک مقرر کرنے کی گزارش کی ہے۔

17۔ 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 2023 کو ختم ہونے والے سال سے متعلقہ ہیں پر پوری طرح عمل پیرا ہے اس سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

18۔ اعتراف

ڈائریکٹرز نے کمپنی اور ایگزیکٹوز کی محنت اور لگن اور بکلوں 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

مردان



عباس سرفراز خان

بتاریخ: 02 فروری 2024

چیف ایگزیکٹو



اسکندر محمد خان

ڈائریکٹر

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 function.

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 2023-24 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 16.02.2024 to 26.02.2024.

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 **9/30/2023**

2.2 No.of Shareholders	SHAREHOLDINGS		TOTAL SHARES HELD
	FROM	TO	
451	1	100	15,650
280	101	500	67,159
91	501	1000	66,413
95	1001	5000	205,447
17	5001	10000	115,229
4	10001	20000	50,714
6	20001	50000	170,704
1	50001	150000	50,450
1	150001	400000	400,000
0	400001	1000000	-
1	1000001	3000000	2,608,234
947			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	2,729,494	72.79
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%	3,047,384	81.26
2.3.8	General Public		
	Local	569,071	15.18
	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		2,671,481	
Begum Laila Sarfaraz		170		0.00
Mr. Abbas Sarfaraz Khan		2,647,384		70.60
Ms. Zarmine Sarfaraz		22,925		0.61
Mr. Iskander M. Khan		500		0.01
Mahnaz Saigol		500		0.01
Mr. Shahbaz Haider Agha		1		0.00
Mr. Salman Ahmad		1		0.00
<u>Shares held by Relatives</u>	3		58,013	
Babar Ali Khan		1,534		0.04
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>	16		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
Madrasa 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 Limited		100		0.00
Mohammad Ahmed Nadeem Securities (SMC-Pvt) Limited		520		0.01
AKIK CAPITAL (PRIVATE) LIMITED		32,650		0.87
<u>Shares held by General Public</u>	913		569,071	15.18
Held by General Public				
	947		3,750,000	100.86
<u>Shareholders holding 10% or more voting Interest in the Company</u>				
Mr. Abbas Sarfaraz Khan		2,647,384		70.60
M/s. Arpak International Investments Limited		400,000		10.67
		3,047,384		81.26
<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	210,962	-	

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, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

LAHORE; FEBRUARY 02, 2024
UDIN: CR202310195u9IPRVy0j

Shinewing 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. Najda Sarfaraz
Executive Directors	Mr. Abbas Sarfaraz Khan Mr. Iskanader Muhammad Khan
Female Director	Begum Laila Sarfaraz Ms. Zarmine Sarfaraz Ms. Najda Sarfaraz

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. Najda Sarfaraz | Member |

Human Resource and Remuneration Committee

- | | |
|----------------------------|-----------------|
| a) Mr. Shahbaz Haider Agha | Chairman |
| b) Mr. Iskander M. Khan | Member |
| c) Ms. Najda Sarfaraz | 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.

Mardan:
February 02, 2024



(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, 2023, 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, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Revenue</p> <p>As described in note 4.18 and note 26, the Company generates revenue from the sale of goods to domestic as well as export customers. During the year ended September 30, 2023, the Company generated net revenue of Rs.3,046 million as compared to Rs.679 million during the previous year, which represents an increase of approximately 348% as compared to preceding year.</p>	<p>Our audit procedures to assess recognition of revenue, amongst others, included the following:</p> <p>- obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof;</p>

S.No.	Key audit matters	How the matter was addressed in our audit
	<p>Considering the significance of amounts involved and that the revenue is a key indicator of performance measurement of the Company, we have considered revenue recognition as a key audit matter.</p> <p>2. 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 25 to the financial statements.</p>	<ul style="list-style-type: none"> - evaluated the appropriateness of the Company's revenue recognition policies, in accordance with the relevant IFRS; - reviewed, on a sample basis, sales transactions near the reporting date to assess whether transactions were recorded in relevant accounting year; - performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sales and market patterns; - correlated the revenue transactions with movement in receivables and monetary balances and compared with the results from our balance confirmation procedures; - reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and - reviewed and assessed the adequacy of related disclosures made in the financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017. <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

S.No.	Key audit matters	How the matter was addressed in our audit
3.	<p>Revaluation of property, plant and equipment (note 5.3)</p> <p>Under IAS 16 (Property, plant and equipment), the management carries its buildings on freehold land & buildings and roads on leasehold land, plant, machinery & equipment under revaluation model.</p> <p>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 revaluation less any subsequent accumulated depreciation.</p> <p>As at September 30, 2023 the carrying value of buildings on freehold land & buildings and roads on leasehold land, plant, machinery & equipment aggregated Rs.2,355.709 million. The fair value of the Company's buildings on freehold land & buildings and roads on leasehold land, plant, machinery & equipment were assessed by management based on independent valuation performed by an external property valuation Expert as at September 30, 2023.</p> <p>The carrying values of these assets have been assessed based on present market value of buildings and civil works and assessed depreciated market value of plant, machinery and equipment.</p> <p>We identified valuation of property, plant and equipment as a key audit matter due to the significant carrying values and the significant management judgment and estimation involved in determining their values due to factors described above.</p>	<p>In response to this matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> - evaluated the competence, capabilities and objectivity of the independent external property valuation Expert engaged by the management as management Expert for valuation; - obtained understanding of the valuation process and techniques adopted by the valuation Expert to assess the reasonableness of the report; - obtained the valuation report of external valuation Expert and tested mathematical accuracy of the report; and - assessed the adequacy of the related disclosures in the annexed financial statements.

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Shinewing Hameed Chaudhri & Co.

LAHORE; FEBRUARY 02, 2024
UDIN: -AR202310195-HDp2RwKk

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

ASSETS	Note	2023 Rupees in thousand	2022
Non-current Assets			
Property, plant and equipment	5	2,409,696	1,160,797
Investment property	6	19,901	20,183
Long term investments	7	170,006	170,006
Security deposits		1,809	1,309
		<u>2,601,412</u>	<u>1,352,295</u>
Current Assets			
Stores and spares	8	114,587	106,710
Stock-in-trade	9	134,622	760,503
Trade debts - unsecured, considered good		37,319	45,071
Advances	10	198,534	250,244
Trade deposits and short term prepayments	11	5,085	4,017
Other receivables	12	10,125	9,910
Sales tax refundable		0	417
Income tax refundable, advance tax and tax deducted at source	13	23,540	20,280
Bank balances	14	120,095	71,665
		<u>643,907</u>	<u>1,268,817</u>
Non-current assets classified as held-for-sale	15	4,642	4,642
		<u>648,549</u>	<u>1,273,459</u>
TOTAL ASSETS		<u>3,249,961</u>	<u>2,625,754</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
5,750,000 (2022: 5,750,000) ordinary shares of Rs.10 each		57,500	57,500
Issued, subscribed and paid-up capital	16	37,500	37,500
Capital reserves			
- share redemption		1	1
- revaluation surplus on property, plant and equipment	17	1,634,949	732,941
General revenue reserve		900,000	900,000
Accumulated loss		(532,693)	(652,946)
		<u>2,039,757</u>	<u>1,017,496</u>
Shareholders' Equity			
LIABILITIES			
Non-current Liabilities			
Lease liabilities	18	3,402	0
Staff retirement benefits - gratuity	19	39,132	28,697
Deferred taxation	20	378,197	83,747
		<u>420,731</u>	<u>112,444</u>
Current Liabilities			
Trade and other payables	21	177,429	214,758
Contract liabilities		15,780	5,558
Unclaimed dividends		7,470	7,470
Accrued mark-up		12,672	2,791
Short term borrowings	22	35	701,000
Current portion of non-current liabilities	23	1,082	6,439
Taxation	24	35,040	17,833
		<u>249,508</u>	<u>955,849</u>
Liabilities directly associated with non-current assets classified as held-for-sale	15	539,965	539,965
Total Liabilities		<u>1,210,204</u>	<u>1,608,258</u>
Contingencies and commitments	25		
TOTAL EQUITY AND LIABILITIES		<u>3,249,961</u>	<u>2,625,754</u>

The annexed notes from 1 to 45 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, 2023

	Note	2023 Rupees in thousand	2022
Sales - net	26	3,045,962	679,216
Cost of sales	27	2,688,096	699,161
Gross profit / (loss)		357,866	(19,945)
Distribution cost	28	67,826	59,429
Administrative expenses	29	94,180	63,573
Other expenses	30	50,772	9,889
		212,778	132,891
		145,088	(152,836)
Other income	31	19,957	88,672
Profit / (loss) from operations		165,045	(64,164)
Finance cost	32	150,304	57,241
Profit / (loss) before taxation		14,741	(121,405)
Taxation	33	(58,243)	(22,993)
Profit / (loss) after taxation		72,984	(98,412)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
- loss on remeasurement of staff retirement benefit obligation - gratuity	19	(8,844)	(6,572)
- impact of tax		2,565	1,906
		(6,279)	(4,666)
- surplus arisen upon revaluation of property, plant and equipment	5.3	1,345,854	0
- deferred taxation	17.2	(390,298)	0
		955,556	0
Total comprehensive income / (loss)		1,022,261	(103,078)
		----- Rupees -----	
Earnings / (loss) per share	34	19.46	(26.24)

The annexed notes from 1 to 45 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, 2023

		2023	2022
	Note	Rupees in thousand	
Cash flows from operating activities			
Profit/ (loss) for the year - before taxation		14,741	(121,405)
Adjustments for non-cash charges and other items:			
Depreciation	5.6	106,922	117,048
Depreciation on investment property	29	282	297
Staff retirement benefits-gratuity (net)		1,311	2,351
Unclaimed payable balances written-back	31	(160)	0
Gain on disposal of vehicles	31	(146)	(584)
Uncollectible receivable balances written-off	30	639	0
Dividends	31	0	(68,755)
Finance cost		149,161	56,502
Profit / (loss) before working capital changes		272,750	(14,546)
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(7,877)	2,989
Stock-in-trade		625,881	(626,898)
Trade debts		7,752	111,884
Advances		51,710	(244,583)
Trade deposits and short term prepayments		(1,068)	327
Other receivables		(215)	9,225
Sales tax refundable		417	363
(Decrease) / increase in trade and other payables and contract liabilities		(26,696)	91,895
		649,904	(654,798)
Cash generated from / (used in) operations		922,654	(669,344)
Income tax paid		(21,093)	(19,604)
Net cash generated from / (used in) operating activities		901,561	(688,948)
Cash flows from investing activities			
Additions to property, plant and equipment		(11,711)	(1,380)
Advances received against non-current assets classified as held-for-sale		0	269,965
Sale proceeds of vehicles	5.7	780	2,870
Dividends received		0	68,755
Mark-up / profit received on bank deposits		0	527
Net cash (used in) / generated from investing activities		(10,931)	340,737
Cash flows from financing activities			
Long term finances repaid		(6,228)	(24,826)
Lease finances - net		3,470	(1,871)
Finance cost paid		(138,477)	(59,588)
Short term borrowings - net		(700,965)	453,388
Net cash (used in) / generated from financing activities		(842,200)	367,103
Net increase in cash and cash equivalents		48,430	18,892
Cash and cash equivalents - at beginning of the year	5.7	71,665	52,773
Cash and cash equivalents - at end of the year		120,095	71,665

The annexed notes from 1 to 45 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, 2023

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, 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
Total comprehensive income for the year ended September 30, 2023						
- profit for the year	0	0	0	0	72,984	72,984
- other comprehensive income	0	0	955,556	0	(6,279)	949,277
	0	0	955,556	0	66,705	1,022,261
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(53,548)	0	53,548	0
Balance as at September 30, 2023	37,500	1	1,634,949	900,000	(532,693)	2,039,757

The annexed notes from 1 to 45 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, 2023

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.
- Staff retirement benefits - gratuity - notes 4.10 & 19.
- Estimation of provisions - note 4.12.
- Estimation of contingent liabilities - notes 4.13 & 25.
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.14, 20 & 24.

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

3. CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting periods which began on October 01, 2022. However, these do not have any significant impact on the Company's financial reporting.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after October 01, 2023. However, these will not 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, 2022.

4.1 Property, plant and equipment

(a) Owned

Measurement

Buildings on leasehold and freehold land and plant, machinery and equipment 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 taken to statement of profit or loss using the 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 property, plant and equipment is charged from the date the asset acquired or capitalised has become available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised.

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 23.92% to 24.77% (2022 : 9.20% to 13.08%) 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 taken to statement of profit or loss applying the reducing balance method at the rates stated in note 6. Depreciation on additions is charged from the date the asset acquired or capitalised has become available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised. 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, 2023 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

The Company sells its products in separately identifiable contracts. The contracts entered into with the customers generally include one performance obligation i.e. the provision of goods to the customer.

Revenue from local sale of goods is recognised when the Company satisfies a performance obligation under a contract by transferring promised goods to the customer. Goods are considered to be transferred at the point in time when the customer obtains control over the goods (i.e. on dispatch of goods from the mills to the customer). Revenue from export sale of goods is recognised at the point in time when the customer obtains control over the goods dependent on the relevant terms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port.

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

	Note	2023 Rupees in thousand	2022
Operating fixed assets	5.1	2,409,696	1,159,687
Advance against lease vehicle		0	1,110
		<u>2,409,696</u>	<u>1,160,797</u>

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

Particulars	Land		Buildings on freehold land	Buildings and roads on leasehold land	Plant, machinery and equipment	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, 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
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	2,033	12,065	187,490	176,291	746,206	32,614	2,270	1,158,969	718	1,159,687
Year ended September 30, 2023:										
Additions	0	0	0	0	0	3,213	1,926	5,139	6,572	11,711
Transfer from leased to owned										
- cost	0	0	0	0	0	0	1,559	1,559	(1,559)	0
- depreciation	0	0	0	0	0	0	(841)	(841)	841	0
Revaluation adjustments										
- cost / revaluation	0	0	47,620	47,052	925,339	0	0	1,020,011	0	1,020,011
- depreciation	0	0	36,046	35,616	254,181	0	0	325,843	0	325,843
Disposals										
- cost	0	0	0	0	0	0	(1,559)	(1,559)	0	(1,559)
- depreciation	0	0	0	0	0	0	925	925	0	925
Depreciation charge for the year	28	0	13,555	11,863	74,714	5,057	663	105,880	1,042	106,922
Book value as at September 30, 2023	2,004	12,065	257,602	247,096	1,851,011	30,771	3,617	2,404,166	5,530	2,409,696
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	2,033	12,065	187,490	176,291	746,206	32,614	2,270	1,158,969	718	1,159,687
As at September 30, 2023										
Cost / revaluation	2,725	12,065	272,612	258,865	1,851,012	93,854	21,613	2,512,746	6,572	2,519,318
Accumulated depreciation	720	0	15,011	11,769	0	63,084	17,996	108,580	1,042	109,622
Book value	2,004	12,065	257,602	247,096	1,851,011	30,771	3,617	2,404,166	5,530	2,409,696
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 Revaluation surplus on buildings, plant, machinery and equipment, excluding roads, farm building, guest house at Peshawar, having book value aggregating Rs.335.890 million and Rs.671.490 million respectively, as a result of latest revaluation as detailed in note 17 has been determined as follows:

Particulars	Buildings on freehold land	Buildings and roads on leasehold land	Plant, machinery and equipment	Total
----- Rupees in thousand -----				
Cost / revaluation as at September 30, 2023	213,068	210,526	939,321	1,362,915
Accumulated depreciation to September 30, 2023	44,115	43,589	267,831	355,535
Book value before revaluation adjustments September 30, 2023	168,953	166,937	671,490	1,007,380
Revalued amounts	252,619	249,605	1,851,010	2,353,234
Revaluation surplus	83,666	82,668	1,179,520	1,345,854

- 5.4 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:

	2023	2022
	Rupees in thousand	
- buildings on freehold land	12,244	13,256
- buildings on leasehold land	802	869
- plant, machinery and equipment	141,672	157,441
	154,718	171,566

- 5.5 Based on the revaluation report of K.G. Traders (Pvt.) Ltd. dated September 30, 2023, the forced sale values of the revalued fixed assets have been assessed as follows:

	2023	2022
	Rupees in thousand	
Buildings and civil works	401,778	
Plant, machinery and equipment	1,295,707	
	1,697,485	

- 5.6 Depreciation for the year has been allocated as follows:

Cost of sales	103,178	114,307
Administrative expenses	3,744	2,741
	106,922	117,048

- 5.7 Disposal of vehicle

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
----- Rupees in thousand -----							
2023							
Suzuki Cultus	1,559	925	634	780	146	Company policy	Muhammad Jamal-employee.
2022							
Vehicles	4,052	1,766	2,286	2,870	584	Company policy	

- 5.8 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 was completed during the financial year ended September 30, 2020.

- 5.9 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, September 30, 2020 and September 30, 2023 and revaluation surplus on these assets aggregating Rs.116.886 million, Rs.17.376 million, Rs.76.240 million, Rs.5.328 million, Rs.99.021 million and Rs.1,345.854 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, 2021:			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	53,130	53,130
Less: Book value of property classified as held-for-sale	0	4,642	4,642
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
Year ended September 30, 2023:			
Depreciation charge	0	282	282
Book value	14,544	5,357	19,901
Depreciation rate (%)	0	5-10	

- 6.1 Fair value of the investment property, based on the management's estimation, as at September 30, 2023 was Rs.320 million (2022: Rs.320 million).

7. **LONG TERM INVESTMENTS** - in Related Parties

SUBSIDIARY COMPANIES	2023	2022	2023	2022
	Share-holding %		Rupees in thousand	
QUOTED:				
Chashma Sugar Mills Ltd.				
13,751,000 (2022: 13,751,000) ordinary shares of Rs.10 each (note 7.1)	47.93	47.93	137,584	137,584
- Market value Rs.782.569 million (2022: Rs.893.127 million)				
- Value of investments based on net assets shown in the audited financial statements for the year ended September 30, 2023 Rs. 6,967.632 million (2022: Rs.5,324.459 million)				
			137,584	137,584
UN-QUOTED				
The Frontier Sugar Mills & Distillery Ltd.				
1,113,637 (2022: 1,113,637) ordinary shares of Rs.10 each	82.49	82.49	26,509	26,509
42,984 (2022: 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, 2023 Rs.958.752 million (2022: Rs.974.940 million)				
			27,106	27,106
ASSOCIATED COMPANIES				
QUOTED:				
Arpak International Investments Ltd. (AAIL)				
229,900 (2022: 229,900) ordinary shares of Rs.10 each	5.75	5.75	2,846	2,846
Market value Rs.14.829 million (2022: Rs.17.426 million)				
UN-QUOTED:				
National Computers (Pvt.) Ltd. (NCPL)				
14,450 (2022: 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

	2023	2022	2023	2022
	Share-holding %		Rupees in thousand	
Premier Board Mills Ltd.				
47,002 (2022: 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, 2023 Rs.6.477 million (2022: Rs.5.693 million)				
Azlak Enterprises (Pvt.) Ltd.				
200,000 (2022: 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, 2023 Rs.153.682 million (2022: Rs.145.430 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, 2023 and June 30, 2022 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	2023	2022
	Rupees in thousand	
Stores	46,254	37,675
Spares	68,333	69,035
	114,587	106,710

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

	Note	2023	2022
Rupees in thousand			
9. STOCK-IN-TRADE			
Sugar-in-process		10,544	10,482
Finished goods:			
- sugar		124,078	6,421
- molasses		0	269,385
- ethanol		0	474,215
		<u>124,078</u>	<u>750,021</u>
		<u>134,622</u>	<u>760,503</u>

- 9.1 Sugar inventory as at September 30, 2022 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.14.660 million approximately.

10. ADVANCES - Considered good

Due from Chashma Sugar Mills Ltd. (CSM - a Subsidiary Company)	10.1	150,161	0
Suppliers and contractors		42,939	246,238
Employees	10.2	5,434	4,006
		<u>198,534</u>	<u>250,244</u>

- 10.1 Maximum amount due from CSM at any month-end during the year aggregated Rs.221.096 million (2022:Rs.Nil).

- 10.2 No amount was due from key management personnel of the Company during the current and preceding years.

11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Excise duty deposit		136	136
Short term prepayments		2,087	1,019
Deposits against decretal amounts	11.1	2,862	2,862
		<u>5,085</u>	<u>4,017</u>

- 11.1 These have been deposited with the Commissioner for Workers' Compensation and Authority under the Payment of Wages Act, 2013 for Mardan.

12. OTHER RECEIVABLES	Note	2023	2022
		Rupees in thousand	
Sugar export subsidy		2,991	2,991
Gas infrastructure development cess paid under protest - refundable	25.3	3,018	3,018
Lease rentals receivable from Premier Board Mills Ltd. (PBM) - a related party	12.1	2,140	2,140
Others		1,976	1,761
		10,125	9,910
12.1	Maximum amount due from PBM at any month-end during the year aggregated Rs.2.140 million (2022: Rs.2.140 million).		
13. INCOME TAX REFUNDABLE, TAX DEDUCTED AT SOURCE AND ADVANCE TAX			
The movement in this account during the year was as follows:			
Opening balance		20,280	17,076
Add: taxes deducted at source during the year		21,092	19,604
Less: adjusted against completed assessments		(17,832)	(16,400)
Balance as at September 30,		23,540	20,280
14. BANK BALANCES			
Cash at banks on:			
- PLS accounts	14.1	20,887	41,068
- current accounts		89,474	20,863
- deposit accounts	14.3	8,734	8,734
- deposits with a non-banking finance company - unsecured	14.4	6,000	6,000
		125,095	76,665
Less: provision for doubtful bank balance	14.5	5,000	5,000
		120,095	71,665

- 14.1** These include Rs.402 thousand (2022: Rs.355 thousand) in security deposit account.
- 14.2** PLS and deposit accounts during the year carried profit / mark-up at the rates ranging from 17.76% to 24.41% (2022: 5.10% to 13.98%) per annum.
- 14.3** These include deposits amounting Rs.3.734 million (2022: Rs.3.734 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.
- 14.4** 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 Company, as per the LHC's orders upto November, 2020, has received three tranches aggregating Rs.33 million. 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.

- 14.5** 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.

15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

- 15.1** 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.

15.2 CSM has paid partial sale consideration of Rs.539.965 million (2022: Rs.539.965 million) as earnest money and the balance amount of Rs.50.885 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.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023	2022		2023	2022
(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

16.1 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All the shares rank equally with regard to the Company's residual assets.

16.2 The Company has one class of ordinary shares, which carries no right to fixed income.

16.3 The Company has no reserved shares for issuance under options and sale contracts.

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

16.5 Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at September 30, 2023 and September 30, 2022.

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

17.1 The Company, during the financial years ended September 30, 2000, September 30, 2009, September 30, 2011, September 30, 2014, September 30, 2017 and September 30, 2020 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, Rs.166.651 million and Rs.534.211 million respectively. These fixed assets were revalued by independent Valuers on the basis of depreciated market values.

17.2 The Company, as at September 30, 2023, has again revalued its buildings, plant, machinery and equipment installed at Premier Sugar Mills, Nowshera Mardan Road, Mardan and Chashma Sugar Mills Unit-II at Ramak, Dera Ismail Khan. The latest revaluation exercise has been carried-out by independent Valuers [K.G. Traders (Pvt.) Ltd. Suit No. 5, 3rd Floor, Galaxy Arcade, G-11 Markaz, Islamabad] to replace the carrying amounts of these assets with the assessed present market value of buildings and civil works and assessed depreciated market value of plant, machinery and equipment. The appraisal surplus arisen on latest revaluation aggregating Rs.1,345.854 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:

	Note	2023 Rupees in thousand	2022
Opening balance		1,032,311	1,115,500
Add: surplus arisen on revaluation carried-out during the year	5.3	1,345,854	0
Less: transferred to accumulated loss on account of incremental depreciation for the year		(75,420)	(83,189)
		2,302,745	1,032,311
Less: deferred tax on:			
- opening balance of surplus		299,370	323,495
- surplus arisen on revaluation carried-out during the year		390,298	0
- incremental depreciation for the year		(21,872)	(24,125)
		667,796	299,370
Closing balance		1,634,949	732,941

18. LEASE LIABILITIES

Particulars	2023			2022		
	Upto one year	From one to four years	Total	Upto one year	From one to four years	Total
	----- Rupees in thousand -----					
Minimum lease payments	2,058	5,032	7,090	219	0	219
Less: finance cost allocated to future periods	976	1,040	2,016	8	0	8
	1,082	3,992	5,074	211	0	211
Less: security deposits adjustable on expiry of lease terms	0	590	590	0	0	0
Present value of minimum lease payments	1,082	3,402	4,484	211	0	211

18.1 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 May, 2027. 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 23.92% to 24.77% (2022: 9.20% to 13.08%) per annum.

19. 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	2023	2022
- discount rate - per annum	16.75%	13.25%
- expected rate of growth per annum in future salaries	15.75%	12.25%
- mortality rates	SLIC 2001-2005	SLIC 2001-2005
		Setback 1 year
- withdrawal rates	Age-based	Age-based
- retirement assumption	60 years	60 years
- average expected remaining working life time of employees	06 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:	2023	2022
	Rupees in thousand	
Opening balance	28,697	20,096
Current service cost	2,063	1,478
Past service cost	1,413	439
Interest cost	3,449	2,010
Benefits payable to outgoing Members - grouped under current liabilities	0	(441)
Benefits paid	(5,334)	(1,457)
Remeasurements:		
-experience adjustments	8,037	6,226
-changes in financial assumptions	807	346
Closing balance	39,132	28,697
Expense recognised in statement of profit or loss		
Current service cost	2,063	1,478
Past service cost	1,413	439
Interest cost	3,449	2,010
Charge for the year	6,925	3,927

	2023	2022
	Rupees in thousand	
Remeasurement recognised in statement of other comprehensive income		
Experience adjustments	<u>8,844</u>	<u>6,572</u>

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

	2023	2022	2021	2020	2019
	----- Rupees in thousand -----				
Present value of defined benefit obligation	<u>39,132</u>	28,697	20,096	18,479	15,139
Experience adjustment on obligation	<u>8,844</u>	6,572	2,277	(614)	(654)

Year-end Sensitivity Analysis:

Impact on defined benefit obligation

		Change in assumption	Rupees in thousand Increase	Rupees in thousand Decrease
Discount rate	1%		<u>36,782</u>	<u>41,738</u>
Salary growth rate	1%		<u>41,932</u>	<u>36,560</u>

19.1 The expected contribution to defined benefit obligation for the year ending September 30, 2024 is Rs.8.972 million.

20. DEFERRED TAXATION

This is comprised of the following:

Taxable temporary differences arising in respect of:

- surplus on revaluation of property, plant and equipment	667,796	299,370
- accelerated tax depreciation allowances	0	3,658
- lease finances	0	145
	<u>667,796</u>	<u>303,173</u>

Deductible temporary differences arising in respect of:

- accelerated tax depreciation allowances	(297)	0
- available unused tax losses	(230,815)	(178,944)
- staff retirement benefits - gratuity	(11,348)	(6,416)
- provision for doubtful bank balance	(1,450)	(1,450)

	Note	2023 Rupees in thousand	2022
- lease finances		(452)	0
- minimum tax recoverable against normal tax charge in future years		(45,237)	(32,616)
		(289,599)	(219,426)
		378,197	83,747
21. TRADE AND OTHER PAYABLES			
Due to Chashma Sugar Mills Ltd. (Subsidiary Company)		0	162,538
Due to Syntronics Ltd. (Associated Company)		157	0
Due to Azlak Enterprises (Pvt.) Ltd. (Associated Company)		21,529	9,045
Creditors		36,652	13,970
Accrued expenses		54,547	17,346
Due to employees		5,151	3,600
Deposits from contractors and others	21.1	958	910
Income tax deducted at source		2,892	432
Sales tax payable		45,682	16
Workers' (profit) participation fund - allocation for the year		792	0
Workers' welfare fund		301	0
Gratuity payable to ex-employees		4,116	4,396
Employees' provident fund payable		4,228	2,300
Others		424	205
		177,429	214,758
21.1	These include Rs.402 thousand (2022: Rs.355 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.		
22. SHORT TERM BORROWINGS			
Short term finances - secured	22.1	0	701,000
Temporary bank overdraft - unsecured		35	0
		35	701,000

22.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.1,300 million (2022: Rs.1,200 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, cross corporate guarantee of Chashma Sugar Mills Ltd. (a Subsidiary Company) amounting Rs.800 million and lien over export documents. These facilities, during the year, carried mark-up at the rates ranging from 16.71% to 24.41% (2022: 8.78% to 18.09%) per annum and are expiring on various dates by March 31, 2024. These facilities remained un-utilised as at September 30, 2023.

22.2 These facilities available for opening letters of guarantee and credit from commercial banks aggregate Rs.680 million (2022: Rs.95 million). Out of the available facilities, facilities aggregating Rs.481.296 million (2022: Rs.57.660 million) remained un-utilised at the year-end. These facilities are secured against lien over import and shipping documents and the securities detailed in the preceding paragraph.

	Note	2023 Rupees in thousand	2022
23. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances	23.1	0	6,227
Lease liabilities	18	1,082	211
Government grant		0	1
		<u>1,082</u>	<u>6,439</u>

23.1 These finances were 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 carried profit at SBP rate + 3%; the effective mark-up rate during the year was 3% per annum. This finance facility was repayable in 8 equal quarterly instalments commenced from January, 2021 and was secured against first exclusive registered charge over the 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. The outstanding balance of this finance facility was fully repaid during the year.

24. TAXATION - Net

Opening balance	17,833	16,400
Provision made during the year	35,040	17,833
Payments / adjustments made against completed assessments	(17,833)	(16,400)
	<u>35,040</u>	<u>17,833</u>

24.1 The returns for the Tax Years 2010 to 2023 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.

24.2 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.

24.3 The Company has filed a civil petition for leave (CPLA) 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 Ordinance for tax years 2015, 2016, 2018 and 2019. The said CPLA is pending.

25. CONTINGENCIES AND COMMITMENTS

25.1 Commitment in respect of letter of credit amounted to Rs.198.704 million (2022: Rs. Nil).

25.2 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.

25.3 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 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 preceding 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.

25.4 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.

- 25.5** The sales tax appeal filed before the Appellate Tribunal Inland Revenue (ATIR), Peshawar against ex-parte order passed by the Commissioner Inland Revenue (Appeals) [CIR(A)] has been succeeded vide order dated March 29, 2018. The assessment order dated June 23, 2016 was passed by the Deputy Commissioner Inland Revenue (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.
- 25.6** 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.
- 25.7** 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.
- 25.8** The Company has filed a writ petition before the PHC challenging Federal Government Order F.No.2-8 / 2022 / SAB / A - IV dated April 20, 2023 issued under section 6 of the Price Control and Prevention of Profiteering and Hoarding Act, 1977 read with Price Control and Prevention of Profiteering and Hoarding Order, 2021 dated August 24, 2021 whereby the retail price of sugar at the rate of Rs.98.82 per kilo gram and maximum ex-mill price was fixed at the rate of Rs.95.57 per kilo gram. The PHC, vide its order dated June 06, 2023, has granted interim relief while the main writ petition is pending.
- 25.9** 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.
- 25.10** Guarantees given to Sui Northern Gas Pipelines Ltd. by commercial banks on behalf of the Company outstanding as at September 30, 2023 were for Rs.37.340 million (2022: Rs.37.340 million). These guarantees are valid upto June 19, 2024.

26. SALES - Net	Note	2023	2022
		Rupees in thousand	
Local		1,944,123	303,941
Export		1,280,392	410,036
		3,224,515	713,977
Less: sales tax		178,553	34,761
		3,045,962	679,216
27. COST OF SALES			
Raw materials consumed		1,619,410	973,366
Chemicals and stores consumed		29,756	25,233
Salaries, wages and benefits	27.1	188,519	138,481
Power and fuel		78,060	52,896
Insurance		5,121	2,895
Repair and maintenance		38,171	18,881
Depreciation	5.6	103,178	114,307
		2,062,215	1,326,059
Adjustment of sugar-in-process:			
Opening		10,482	8,688
Closing	9	(10,544)	(10,482)
		(62)	(1,794)
Cost of goods manufactured		2,062,153	1,324,265
Adjustment of finished goods:			
Opening stock		750,021	124,917
Closing stock	9	(124,078)	(750,021)
		625,943	(625,104)
		2,688,096	699,161

27.1 These include Rs.1.152 million (2022: Rs.0.788 million) and Rs.5.332 million (2022: Rs.3.024 million) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

28. DISTRIBUTION COST	Note	2023	2022
		Rupees in thousand	
Commission - local		623	132
Salaries, wages and amenities		1,044	1,266
Expenses on ethanol exports		66,120	57,447
Others		39	584
		67,826	59,429
29. ADMINISTRATIVE EXPENSES			
Salaries and amenities	29.1	35,958	28,764
Travelling, vehicles' running and maintenance		4,087	3,850
Utilities		986	772
Rent, rates and taxes	29.2	16,366	4,055
Insurance		942	950
Repair and maintenance		14,997	4,763
Printing and stationery		3,225	2,291
Communication		1,183	971
Legal and professional charges (other than Auditors)		6,992	8,772
Subscription		587	1,737
Auditors' remuneration	29.3	2,471	2,106
Depreciation on:			
- operating fixed assets	5.6	3,744	2,741
- investment property	6	282	297
General office expenses		2,360	1,504
		94,180	63,573

29.1 These include Rs.0.444 million (2022: Rs.0.334 million) and Rs.1.593 million (2022: Rs.0.903 million) in respect of provident fund contributions and staff retirement benefits- gratuity respectively.

29.2 These include outstanding arrear utility charges aggregating Rs.10.331 million implemented by Karachi Metropolitan Corporation from January, 2009.

		2023	2022
	Note	Rupees in thousand	
29.3 Auditors' remuneration			
- statutory audit fee		1,122	926
- short provision for the preceding year		154	0
- half yearly review fee		195	177
- consultancy and certification charges		960	963
- out-of-pocket expenses		40	40
		2,471	2,106
30. OTHER EXPENSES			
Prior year's sales tax on account of inadmissible input tax adjustment claimed		1,096	607
Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 and difference of tax payable on salaries		0	207
Workers' (profit) participation fund	21	792	0
Workers' welfare fund	21	301	0
Uncollectible receivable balances written-off		639	0
Exchange fluctuation loss - net		47,944	0
Others		0	9,075
		50,772	9,889
31. OTHER INCOME			
Income from financial assets:			
Mark-up / interest / profit on bank deposits / saving accounts and certificates		2,414	2,104
Dividends		0	68,755
Income from other than financial assets:			
Gain on disposal of vehicles	5.7	146	584
Rent		12	1,284
Exchange fluctuation gain		0	7,853
Unclaimed payable balances written-back		160	0
Sale of agricultural produce - net of costs and expenses aggregating Rs.9.797 million (2022: Rs.5.988 million)		3,896	2,694
Sale of chemicals - net of cost of chemicals aggregating Rs.1.753 million (2022:Rs.6.529 million)		405	3,012
Amortisation of government grant		0	1,066
Sale of store items - (2022: net of sales tax amounting Rs.62 thousand)		0	364

	Note	2023 Rupees in thousand	2022
Sale of press mud - net of sales tax amounting Rs.319 thousand (2022:Rs.162 thousand)		1,775	956
Sale of scrap - net of sales tax amounting Rs. 2.007 million		11,149	0
		<u>19,957</u>	<u>88,672</u>
32. FINANCE COST			
Mark-up on:			
- long term finances		43	1,538
- short term borrowings		148,315	54,964
Lease finance charges		803	60
Bank charges		1,143	679
		<u>150,304</u>	<u>57,241</u>
33. TAXATION			
Current - for the year	24	35,040	17,833
Deferred - for the year		(93,283)	(40,826)
		<u>(58,243)</u>	<u>(22,993)</u>
34. EARNINGS / (LOSS) PER SHARE			
There is no dilutive effect on earnings / (loss) per share of the Company, which is based on:			
Profit / (loss) after taxation attributable to ordinary shareholders		<u>72,984</u>	<u>(98,412)</u>
Weighted average number of shares outstanding during the year		<u>3,750,000</u>	<u>3,750,000</u>
		----- Rupees -----	
Earnings / (loss) per share		<u>19.46</u>	<u>(26.24)</u>

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial instruments by category

Financial assets	2023	2022
At amortised cost	Rupees in thousand	
Security deposits	1,809	1,309
Trade debts	37,319	45,071
Trade deposits	136	136
Other receivables	5,131	5,131
Bank balances	120,095	71,665
	164,490	123,312
Financial liabilities		
At amortised cost		
Long term finances	0	6,227
Lease liabilities	4,484	211
Trade and other payables	127,762	214,310
Unclaimed dividends	7,470	7,470
Accrued mark-up	12,672	2,791
Short term borrowings	35	701,000
	152,423	932,009

35.1 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.

35.2 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 mainly arises where receivables and payables exist due to transactions entered into in foreign currencies. The Company is not exposed to foreign exchange risk as it does not have any foreign currency receivables or payables at the reporting date.

(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:

	2023	2022	2023	2022
	----- 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	17.76% to 24.41%	5.10% to 13.98%	<u>8,734</u>	<u>8,734</u>
Long term finances	3%	3%	<u>0</u>	<u>6,227</u>
Variable rate instruments				
Cash at banks on PLS accounts	17.76% to 24.41%	5.10% to 13.98%	<u>20,887</u>	<u>41,068</u>
Lease liabilities	23.92% to 24.77%	9.20% to 13.08%	<u>4,484</u>	<u>211</u>
Short term borrowings	16.71% to 24.41%	8.78% to 18.09%	<u>0</u>	<u>701,000</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, 2023, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs.0.164 million mainly as a result of higher interest expense on variable rate financial liabilities; (2022: loss before taxation would have been higher / lower by Rs.6.601 million).

(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.

35.3 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, 2023 along with comparative is tabulated below:

	2023	2022
	Rupees in thousand	
Security deposits	1,809	1,309
Trade debts	37,319	45,071
Trade deposits	136	136
Other receivables	5,131	5,131
Deposits with a non-banking finance company	6,000	6,000
Bank balances	114,095	65,665
	<u>164,490</u>	<u>123,312</u>

- The management does not expect any losses from non-performance by these counter parties.
- Trade debts at September 30, 2023 represented domestic 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 -----				
2023				
Lease liabilities	4,484	6,500	2,058	4,442
Trade and other payables	127,762	127,762	127,762	0
Unclaimed dividends	7,470	7,470	7,470	0
Accrued mark-up	12,672	12,672	12,672	0
Short term borrowings	35	35	35	0
	152,423	154,439	149,997	4,442
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

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.

36. 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, 2023 and September 30, 2022 is as follows:

	2023	2022
	Rupees in thousand	
Total debt	4,519	707,438
Bank balances	(120,095)	(71,665)
Net (assets) / debt	(115,576)	635,773
Share capital	37,500	37,500
Share redemption reserve	1	1
Revaluation surplus on property, plant and equipment	1,634,949	732,941
General revenue reserve	900,000	900,000
Accumulated loss	(532,693)	(652,946)
Equity	2,039,757	1,017,496
Capital	1,924,181	1,653,269
Gearing ratio (Net debt / (Net debt + Equity))	N/A	38.46%

37. TRANSACTIONS WITH RELATED PARTIES

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 Companies and Associated Companies during the year were as follows:

i) Subsidiary Companies

Chashma Sugar Mills Ltd.

- purchase of store items, molasses and bagasse	29,212	43,921
- sale of store items	2,546	11,647
- sale of molasses	770,480	20,001
- dividend received	0	68,755
- expenses paid on behalf of the Company	78,242	104,937
- advance received against sale of property	0	269,965
- expenses paid by the Company	7,025	8,893
- rental expense	115	115

The Frontier Sugar Mills & Distillery Ltd.

Sale of store items	981	0
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ii) Associated Companies

- rental income	0	1,271
- purchase of store items	13,157	0
- expenses paid on account of storage service	12,484	9,045

iii) Key management personnel

- salaries and other benefits	7,989	6,658
- contribution towards provident fund	0	113

37.1 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 two sub-subsidiary Companies:

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

37.2 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.

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Director		Executive	
	2023	2022	2023	2022	2023	2022
	----- Rupees in thousand -----					
Managerial remuneration	1,613	1,320	3,668	3,300	2,708	2,038
Contribution to provident fund	0	0	0	113	0	0
Medical expenses reimbursed	0	0	0	26	0	0
	1,613	1,320	3,668	3,439	2,708	2,038
Number of persons	1	1	1	1	1	1

38.1 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.

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

39. CAPACITY AND PRODUCTION

2023 **2022**

SUGAR CANE PLANT

Rated crushing capacity per day	M.Tonnes	3,810	3,810
Cane crushed	M.Tonnes	102,302	32,104
Sugar produced	M.Tonnes	10,721	1,986
Days worked	Nos.	130	80
Sugar recovery	%	10.35	6.40

SUGAR BEET PLANT

Rated slicing capacity per day	M.Tonnes	2,500	2,500
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		2023	2022
DISTILLERY			
Rated capacity per day	Gallons	14,300	10,000
Ethanol produced	Gallons	920,400	1,641,104
Days worked	Nos.	127	223

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

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

40. 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, 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
Changes from financing activities						
Finances (repaid) / obtained - net	(6,228)	3,470	(700,965)	0	0	(703,723)
Government grant	1	0	0	0	0	1
Mark-up accrued	0	803	0	148,358	0	149,161
Mark-up paid	0	0	0	(138,477)	0	(138,477)
	(6,227)	4,273	(700,965)	9,881	0	(693,038)
Balance as at September 30, 2023	0	4,484	35	12,672	7,470	24,661

41. 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, 2023 and audited financial statements for the year ended September 30, 2022:

	2023	2022
	Rupees in thousand	
Size of the fund - total assets	<u>59,225</u>	<u>50,435</u>
Cost of investments made	<u>54,509</u>	<u>37,113</u>
Percentage of investments made	<u>92.04%</u>	<u>73.59%</u>
Fair value of investments made	<u>54,509</u>	<u>37,113</u>

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

	2023 ----- % -----	2022	2023 Rupees in thousand	2022
Term deposit receipts (TDRs)	98.46%	99.70%	53,668	37,000
Saving account in a scheduled bank	1.54%	0.30%	841	113
	100.00%	100.00%	54,509	37,113

41.2 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.

42. OPERATING SEGMENT

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

- Sugar
- Distillery

42.1 Segment operating results for the year ended September 30, 2023

	Sugar Division		Ethanol Division		Total	
	2023	2022	2023	2022	2023	2022
	----- Rupees in thousand -----					
Sales						
-External customers	1,222,050	216,128	2,000,175	498,117	3,222,225	714,245
Less : sales tax & commission	(162,066)	(22,223)	(14,197)	(12,806)	(176,263)	(35,029)
Sales - net	1,059,984	193,905	1,985,978	485,311	3,045,962	679,216
Segment expenses:						
Cost of sales	(1,075,120)	(504,999)	(1,612,976)	(194,162)	(2,688,096)	(699,161)
Gross (loss) / profit	(15,136)	(311,094)	373,002	291,149	357,866	(19,945)
Distribution cost	(3,768)	(1,981)	(64,058)	(57,448)	(67,826)	(59,429)
Administrative expenses	(94,180)	(63,573)	0	0	(94,180)	(63,573)
	(97,948)	(65,554)	(64,058)	(57,448)	(162,006)	(123,002)
(Loss) / profit from operations	(113,084)	(376,648)	308,944	233,701	195,860	(142,947)
Other income	19,957	80,819	0	7,853	19,957	88,672
Other expenses	(2,828)	(9,889)	(47,944)	0	(50,772)	(9,889)
	17,129	70,930	(47,944)	7,853	(30,815)	78,783
Segment results	(95,955)	(305,718)	261,000	241,554	165,045	(64,164)
Finance cost	(89,139)	(11,511)	(61,165)	(45,730)	(150,304)	(57,241)
(Loss) / profit before taxation	(185,094)	(317,229)	199,835	195,824	14,741	(121,405)
Taxation					(58,243)	(22,993)
Profit / (loss) after taxation					72,984	(98,412)

42.2 Segment assets and liabilities

	Assets		Liabilities	
	2023	2022	2023	2022
	----- Rupees in thousand -----			
Sugar	3,031,516	2,395,209	1,188,651	1,436,675
Ethanol	218,445	230,545	21,553	171,583
Total for reportable segment	3,249,961	2,625,754	1,210,204	1,608,258

42.3 Sales to domestic customers in Pakistan are 60.29% (2022 : 42.57%) and to customers outside Pakistan are 39.71% (2022 : 57.43%) of the revenues during the current financial year.

42.4 All non-current assets of the Company as at September 30, 2023 and September 30, 2022 are located in Pakistan.

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

43. NUMBER OF EMPLOYEES

	2023	2022
	----- Numbers -----	
Number of persons employed as at September 30,		
- permanent	158	153
- contractual	234	219
	392	372
Average number of employees during the year		
- permanent	165	163
- contractual	285	237
	450	400

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 02, 2024 by the board of directors of the Company.

45. 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**

2023

**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, 2023, 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, 2023 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, 2023 aggregated Rs.129.485 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.

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 (notes 5.1, 6 and 19)</p> <p>Under the International Accounting Standard 16 (Property, plant and equipment), the Group carries its freehold land, leasehold land, buildings & roads, plant & machinery and electric installations at 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, 2023, the carrying value of freehold land, leasehold land, buildings & roads, plant & machinery and electric installations was Rs.23,030 million. The fair value of Group's freehold land, leasehold land, buildings & roads, plant & machinery and electric installations were assessed by management based on independent valuation performed by external property valuation experts as at September 30, 2023. For valuation of freehold land, leasehold land, buildings & roads, plant & machinery and electric installations, the current market price or depreciated replacement cost method is used, whereby, current cost of purchase / construction of similar freehold land, leasehold 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>Procedures performed by us and 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 experts engaged by the Group as management expert for valuation; - obtained understanding of the valuation process and techniques adopted by the valuation experts to assess, if they are consistent with the industry norms; - obtained the valuation report of external valuation experts and tested mathematical accuracy of the reports; - engaged another independent valuation expert as the CSM's 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 consolidated financial statements.

S.No.	Key audit matters	How the matter was addressed in our audit
	<p>We, as well as the Auditors of Chashma Sugar Mills Limited (CSM), identified valuation of property, plant and equipment as a key audit matter due to the significant carrying values and the significant management judgment and estimation involved in determining their values due to factors described above.</p> <p>2. Contingencies</p> <p>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.</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 30 to the consolidated financial statements.</p> <p>3. Revenue</p> <p>As described in note 5.19 and note 31, the Group generates revenue from the sale of goods to domestic as well as export customers. During the year ended September 30, 2023, the Group generated net revenue of Rs.28,648 million as compared to Rs.17,710 million during the previous year, which represents an increase of approximately 62% as compared to preceding year.</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 Group 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 accuracy. <p>Our audit procedures to assess recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> - obtained an understanding of the Group's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof;

S.No.	Key audit matters	How the matter was addressed in our audit
	<p>Considering the significance of amounts involved and that the revenue is a key indicator of performance measurement of the Group, we have considered revenue recognition as a key audit matter.</p>	<ul style="list-style-type: none"> - evaluated the appropriateness of the Group's revenue recognition policies, in accordance with the relevant IFRS; - reviewed, on a sample basis, sales transactions near the reporting date to assess whether transactions were recorded in relevant accounting year; - performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sales and market patterns; - correlated the revenue transactions with movement in receivables and monetary balances and compared with the results from our balance confirmation procedures; - reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and - reviewed and assessed the adequacy of related disclosures made in the consolidated financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017.

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; FEBRUARY 02, 2024
UDIN: AR202310195MEiJAUgTV

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

Assets		2023	2022
Non-current Assets	Note	--- Rupees in thousand ---	
Property, plant and equipment	6	26,796,376	21,342,308
Right-of-use assets	7	328,202	284,233
Investment property	8	24,543	24,825
Long term investments	9	182,471	172,002
Security deposits		16,985	16,485
Deferred tax asset	24.3	10,100	0
		27,358,677	21,839,853
Current Assets		962,775	623,288
Stores and spares	10	962,775	623,288
Stock-in-trade	11	5,513,065	4,140,372
Trade debts	12	1,251,423	89,228
Loans and advances	13	1,071,224	1,460,655
Trade deposits, short term prepayments and other receivables	14	242,022	292,807
Tax refunds due from the Government	15	87,296	85,517
Short term investments	16	10,305	25,237
Bank balances	17	950,611	337,853
		10,088,721	7,054,957
TOTAL ASSETS		37,447,398	28,894,810
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
5,750,000 (2022: 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		5,804,999	4,563,539
General revenue reserve		1,010,537	1,010,537
Unappropriated profit		2,342,927	1,223,171
Equity Attributable to Equity			
Holders of the Holding Company		9,195,965	6,834,748
Non-controlling Interest		8,608,832	6,588,892
		17,804,797	13,423,640
Non-current Liabilities			
Long term finances	20	4,673,541	4,191,793
Loans from related parties	21	156,854	181,839
Lease liabilities	22	161,396	146,603
Government grant	23	76,281	418
Deferred liabilities	24	4,062,491	3,324,838
		9,130,563	7,845,491
Current Liabilities			
Current Liabilities			
Trade and other payables	25	1,595,505	1,026,389
Contract liabilities		1,973,332	231,479
Unclaimed dividends		7,470	7,470
Accrued mark-up	26	746,754	429,125
Short term borrowings	27	4,615,620	5,002,895
Current portion of non-current liabilities	28	1,429,079	894,900
Dividends payable to non-controlling interest		15,144	15,179
Taxation	29	129,134	18,242
		10,512,038	7,625,679
TOTAL LIABILITIES		19,642,601	15,471,170
Contingencies and Commitments	30		
TOTAL EQUITY AND LIABILITIES		37,447,398	28,894,810

The annexed notes 1 to 52 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, 2023

	Note	2023 Rupees in thousand	2022
Gross sales	31	31,822,243	19,924,334
Sales tax, other government levies and discounts	32	(3,174,453)	(2,214,227)
Sales - net		28,647,790	17,710,107
Cost of sales	33	22,088,434	14,867,008
Gross profit		6,559,356	2,843,099
Selling and distribution expenses	34	933,842	528,399
Administrative and general expenses	35	1,317,207	959,380
Other income	36	(242,943)	(91,492)
Other expenses	37	111,887	49,864
		2,119,993	1,446,151
Operating profit		4,439,363	1,396,948
Finance cost	38	2,981,277	1,205,731
		1,458,086	191,217
Share of profit from Associated Companies - net	9.3	11,897	9,356
Profit before taxation		1,469,983	200,573
Taxation			
- Group	39	(163,658)	434,185
- Associated Companies	9.3	7,626	6,205
		(156,032)	440,390
Profit / (loss) after taxation		1,626,015	(239,817)
Attributable to:			
- Equity holders of the Holding Company		812,433	(197,091)
- Non-controlling interest		813,582	(42,726)
		1,626,015	(239,817)
		----- Rupees-----	
Combined earnings / (loss) per share	40	216.65	(52.56)

The annexed notes 1 to 52 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, 2023

	Note	2023 Rupees in thousand	2022
Profit (loss) after taxation		1,626,015	(239,817)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income from Associated Companies	9.3	5,701	9,434
Loss on remeasurement of staff retirement benefits-gratuity		(11,500)	(7,546)
Impact of tax		3,601	2,227
		(7,899)	(5,319)
Surplus arisen upon revaluations of property, plant and equipment	19.7	4,039,317	3,609,507
Impact of tax	19.7	(1,267,515)	(1,323,324)
		2,771,802	2,286,183
		2,769,604	2,290,298
Total comprehensive income		4,395,619	2,050,481
Attributable to:			
- Equity holders of the Holding Company		2,637,162	904,033
- Non-controlling interest		1,758,457	1,146,448
		4,395,619	2,050,481

The annexed notes 1 to 52 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, 2023

	Note	2023 Rupees in thousand	2022
Cash flows from operating activities			
Profit for the year - before taxation		1,469,983	200,573
Adjustments for non-cash charges and other items:			
Depreciation on property, plant and equipment and right of use assets	6.10 & 7	1,576,775	1,215,877
Depreciation on investment property		282	297
Profit from Associated Companies - net		(11,897)	(9,356)
Return on bank deposits		(44,093)	(9,488)
Staff retirement benefits - gratuity (net)		6,050	7,789
Un-claimed payable balances written-back		(160)	0
(Gain) / loss on disposal of operating fixed assets		(8,592)	2,765
Gain on derecognition of right of use assets		0	(20,479)
Gain on redemption of short term investments		(3,223)	(2,921)
Gain on re-measurement of short term investments to fair value		(73)	(295)
Uncollectible receivable balances written-off		639	0
Finance cost		2,807,543	1,210,114
Loss allowance for doubtful advances		0	560
Loss allowance for doubtful debts		1,551	(664)
Impairment loss for export subsidy		65,413	34,249
Profit before working capital changes		<u>5,860,198</u>	<u>2,629,021</u>
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets			
Stores and spares	10	(339,487)	16,125
Stock-in-trade	11	(1,372,693)	(2,652,222)
Trade debts	12	(1,163,746)	601,853
Loans and advances	13	388,792	(684,448)
Trade deposits, short term prepayments and other receivables		50,785	9,021
Sales tax refundable - net		376	124
Increase in trade and other payables and contract liabilities		2,397,846	504,172
		<u>(38,127)</u>	<u>(2,205,375)</u>
Cash generated from operations		5,822,071	423,646
Income tax paid		(278,120)	(90,144)
Security deposits		(500)	(46)
Net cash generated from operating activities		<u>5,543,451</u>	<u>333,456</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(3,056,703)	(4,240,490)
Sale proceeds of operating fixed assets		29,800	7,326
Short term investments - made		(477)	(426)
- redeemed	16	17,751	12,250
Return on bank deposits received		44,093	10,015
Net cash used in investing activities		<u>(2,965,536)</u>	<u>(4,211,325)</u>
Cash flows from financing activities			
Long term finances - net	20	1,020,567	2,509,903
Loans from related parties	21	(31,235)	0
Government grant	23	75,863	(6,851)
Lease finances - net	22	(153,128)	(126,754)
Short term borrowings - net		(387,275)	2,324,953
Finance cost paid		(2,489,914)	(910,065)
Dividends paid		(35)	(76,954)
Net cash (used in) / generated from financing activities		<u>(1,965,157)</u>	<u>3,714,232</u>
Net increase / (decrease) in cash and cash equivalents		612,758	(163,637)
Cash and cash equivalents - at beginning of the year		<u>337,853</u>	<u>501,490</u>
Cash and cash equivalents - at end of the year	17	<u>950,611</u>	<u>337,853</u>

The annexed notes 1 to 52 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 LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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. The Holding Company has shifted its distillery from Mardan to Ramak, Dera Ismail Khan during the financial year ended September 30, 2020.

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 UWFPL started after year end from October 07, 2023. During the year, the percentage holding of CSM has increased from 51% to 72% of UWFPL.

The storage facilities of Business Units are located at Layyah and Bhakkar, Punjab.

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, 2023. 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, 2022.

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, 2023 and the un-audited financial statements of the Sub-subsidiaries for the year ended September 30, 2023.

(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, 2023 aggregated Rs.129.485 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.1.149 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 and 6.1

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 and 6.1

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 freehold land, 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) 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.

iii) Provision for stores and spares - note 5.5 and 10

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 and 11

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 and 12

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 and 24

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 and 39

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 5.15 and 30

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, 5.12, 7 and 22

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, 2023. The Holding Company's direct interest, as at September 30, 2023, in CSM was 47.93% (2022: 47.93%) and in FSM was 82.49% (2022: 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, 2023. 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 01, 2023 & January 01, 2024
IAS 7 Statement of cash flows	January 01, 2024
IFRS 7 Financial Instruments: Disclosures	January 01, 2024
IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2023
IAS 12 Income Taxes (Amendments)	January 01, 2023
IAS 21 Effect of changes in foreign exchange rates	January 01, 2025
IFRS 4 Insurance contracts (Amendments)	January 01, 2023
IFRS 16 Leases (Amendments)	January 01, 2024

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

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
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 and equipment 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 Holding Company and FSM and the cost of the item can be measured reliably. All other repairs and maintenance are taken to statement of profit or loss 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 taken to statement of profit or loss using the 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 property, plant and equipment is charged from the date the asset acquired or capitalised has become available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised.

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) CSM and its Subsidiaries

Owned assets

Operating fixed assets except freehold land, leasehold 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 leasehold land 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 and its Subsidiaries carry 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 measurable, 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 and its Subsidiaries. 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, leasehold 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

CSM and its Subsidiaries recognise 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 CSM and its Subsidiaries have 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 CSM and its Subsidiaries are 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 taken to statement of profit or loss applying the reducing balance method at the rates stated in note 8. Depreciation on additions is charged from the date the asset acquired or capitalised has become available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised. 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 date of 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.

The specific costs of bagasse, a by-product cannot be determined. Accordingly, it is stated at net realizable value (NRV).

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

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, 2023 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 and its Subsidiaries

CSM and its Subsidiaries operate provident funds and an un-funded gratuity schemes for their employees as detailed below:

Defined contribution plan

CSM and its Subsidiaries operate recognised contributory provident funds for their permanent employees. Equal monthly contributions are made by CSM and its Subsidiaries and the employees to the fund at the specified rate of basic salary and charged to the statement of profit or loss. Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

Defined benefit plan

CSM and its Subsidiaries operate unfunded gratuity schemes 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 valuations were conducted on September 30, 2023.

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, incremental borrowing rate of CSM and its subsidiaries. Generally, CSM and its Subsidiaries use 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 CSM and its Subsidiaries are reasonably certain to exercise, lease payments in an optional renewal period if CSM and its Subsidiaries are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless CSM and its Subsidiaries are 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 CSM and its Subsidiaries estimate of the amount expected to be payable under a residual value guarantee, or if CSM and its Subsidiaries 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.

CSM and its Subsidiaries recognise provision for income tax based on best current estimates. However, where the final tax outcome is different from the amounts that were initially recorded, such differences impact the income tax provision in the period in which such determination is made.

CSM and its Subsidiaries take into account the current income tax law and decisions taken by the taxation authorities. Instances where the views of CSM and its Subsidiaries differ from the income tax department at the assessment stage and where CSM and its Subsidiaries consider that their view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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 recognizes revenue at point of time when control of product is transferred to customer. Control is considered to be transferred in case of local sales when the 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.

No element of financing is deemed present as the sales are made either at advance or with a credit term of upto 30 days, which is consistent with the market price.

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	2023 Rupees in thousand	2022
Operating fixed assets - tangible	6.1	23,253,239	17,539,115
Capital work-in-progress	6.14	3,543,137	3,802,083
Advance against lease vehicle		0	1,110
		26,796,376	21,342,308

6.1 Operating fixed assets - tangible

Particulars	Owned											Total			
	Lease-hold land	Freehold land	Buildings on freehold land	Buildings and roads on leasehold land	Plant, machinery and equipment	Tools	Beet water line	Electric and gas equipment	Laboratory equipment	Furniture, fittings & office equipment	Farm equipment		Railway rolling stock and vehicles	Tube well	Arms
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
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
Year ended September 30, 2023:															
Additions	2,722,248	0	0	81,674	271,725	0	0	23,989	0	61,464	168	13,326	0	0	3,174,594
Revaluation adjustments															
- cost	477,752	7,300	47,620	55,044	1,884,426	0	0	0	0	0	0	0	0	0	2,472,142
- depreciation	41,246	0	36,046	184,557	1,268,061	0	0	37,265	0	0	0	0	0	0	1,567,175
Disposals:															
- cost	0	0	0	0	0	0	0	(373)	0	(134)	0	(51,469)	0	0	(51,976)
- depreciation	0	0	0	0	0	0	0	278	0	64	0	30,426	0	0	30,768
Transfers from leased to owned:															
- cost	0	0	0	0	0	0	0	0	0	0	0	52,645	0	0	52,645
- depreciation	0	0	0	0	0	0	0	0	0	0	0	(31,374)	0	0	(31,374)
Depreciation charge	41,274	0	14,860	276,322	1,090,612	0	0	47,988	0	19,309	161	9,324	0	0	1,499,850
Book value as at September 30, 2023	3,202,116	3,190,901	2,879,137	220,850	13,058,817	1	1	478,314	2	184,696	1,904	36,496	1	3	23,253,239
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
As at September 30, 2023															
Cost / revaluation	3,202,835	3,190,901	2,901,831	348,531	13,181,844	914	206	806,651	120	347,133	2,961	137,673	59	54	24,121,713
Accumulated depreciation	719	0	22,694	127,681	123,027	913	205	328,337	118	162,437	1,057	101,177	58	51	868,474
Book value	3,202,116	3,190,901	2,879,137	220,850	13,058,817	1	1	478,314	2	184,696	1,904	36,496	1	3	23,253,239
Depreciation rate (%)	1.01	0	5-10	5-10	10-12	15	15	10	10	10-15	10	10-20	10	10	10

6.2 During the year ended September 30, 2023, CSM and its Subsidiaries assessed the property, plant and equipment of WFL for impairment in respect of triggering events as specified by IAS 36 applicable to the non-current assets. Based on the below indicators, an impairment test has been carried out by the management to determine the recoverable amount of non-current assets of WFL:

- Lack of start of operations as per plan envisaged in the agreement between Punjab Foods Department, Government of Punjab and Whole Foods (Private) Limited;
- Notice of intent to terminate agreement between Punjab Foods Department, Government of Punjab to Whole Foods Limited (WFL) during the year, which has been contested by the management of WFL. The management is confident that aforesaid notice will be withdrawn.
- Management plans to consider other options for storage operations.

Considering the requirements of aforesaid agreement of WFL, the CSM and its Subsidiaries has assessed the recoverable amount of the property, plant and equipment based on higher of Value In Use (VIU) and fair value less costs to sell. An external valuation expert has determined the valuation of freehold land, buildings and plant & machinery. The VIU is determined on the projected cashflows based on a future business plan approved by the Board of Directors of WFL for a period of six years from 2024 to 2029. VIU has been assessed on discounted cash flow based valuation methodology, which assumes cash flows from Punjab Foods Department from 2024-2027 and market based cash flows from 2028 onwards and using weighted average cost of capital of 21.19%. In view of the foregoing and response from legal advisors, management has concluded that there is no need to record an impairment loss in the consolidated financial statements.

6.3 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

- 6.4 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
Plot # A-4, Sector, F-9/G-9, Islamabad	Land for Head Office Building	2.7	0

- 6.5 In case of the Holding Company, revaluation surplus on buildings, plant, machinery and equipment, excluding roads, farm building, guest house at Peshawar, having book value aggregating Rs.335.890 million and Rs.671.490 million respectively, as a result of latest revaluation as detailed in note 19 has been determined as follows:

Particulars	Buildings on freehold land	Buildings and roads on leasehold land	Plant, machinery and equipment	Total
----- Rupees in thousand -----				
Cost / revaluation as at September 30, 2023	213,068	210,526	939,321	1,362,915
Accumulated depreciation to September 30, 2023	44,115	43,589	267,831	355,535
Book value before revaluation adjustments September 30, 2023	168,953	166,937	671,490	1,007,380
Revalued amounts	252,619	249,605	1,851,010	2,353,234
Revaluation surplus	83,666	82,668	1,179,520	1,345,854

- 6.6 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:

	2023	2022
	Rupees in thousand	
Leasehold land	2,681,002	0
Freehold land	339,247	339,247
Buildings & roads	992,098	1,014,330
Buildings on leasehold land	802	869
Plant, machinery and equipment	3,586,738	3,701,034
Electric installations	439,161	462,960
	8,039,048	5,518,440

- 6.7 The forced sale values of revalued fixed assets of the Group, based on valuations conducted during 2023 and prior years, are as follows.

	2023
	Rupees in thousand
Leasehold land	3,100,000
Freehold land	5,740,288
Buildings & roads	2,493,678
Plant, machinery and equipment	9,733,641
Electric installations	348,750
	<u>21,416,357</u>

- 6.8 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 was completed during the financial year ended September 30, 2020.

- 6.9 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, September 30, 2020 and September 30, 2023 and revaluation surplus on these assets aggregating Rs.116.886 million, Rs.17.376 million, Rs.76.240 million, Rs.5.328 million, Rs.99.021 million and Rs.1,345.854 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 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'.

6.10 Depreciation for the year has been allocated as follows:	2023	2022
	Rupees in thousand	
Cost of sales	1,406,281	1,068,066
Administrative expenses	93,569	86,217
	1,499,850	1,154,283

6.11 Disposal of vehicle of the Holding Company

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
-----Rupees in thousand-----							
2023							
Suzuki Cultus	<u>1,559</u>	<u>925</u>	<u>634</u>	<u>780</u>	<u>146</u>	Company policy	Muhammad Jamal - employee.
2022							
Vehicles	<u>4,052</u>	<u>1,766</u>	<u>2,286</u>	<u>2,870</u>	<u>584</u>		

6.12 Disposal of operating fixed assets of CSM and its subsidiaries

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							
Vehicles							
Toyota Corolla	3,261	1,694	1,567	2,378	811	Company policy	Mr. Zaffar Mehmood (employee)
Toyota Corolla	3,821	2,089	1,732	2,308	576	- do -	Mr. Hameed Ur Rehman (employee)
Toyota Corolla	2,771	1,565	1,206	1,386	180	- do -	Mr. Atif Aman (employee)
Toyota Corolla	3,409	2,049	1,360	1,918	558	- do -	Mr. Mujahid Bashir (employee)
Toyota Corolla	2,973	1,460	1,513	2,517	1,004	- do -	Mr. Sarfaraz Rauf (employee)
Toyota Fortuner	7,891	4,558	3,333	4,691	1,358	- do -	Mr. Rizwan Ullah Khan (employee)
Toyota Vitz	1,872	1,081	791	1,165	374	- do -	Muhammad Imran Hafeez (employee)
Honda Civic	3,221	1,936	1,285	1,611	326	- do -	Mr. Nusrat Ali Khan (employee)
Honda Civic	2,965	1,782	1,183	1,482	299	- do -	Mr. Zaheer Mir (employee)
Honda City	2,107	1,267	840	1,054	214	- do -	Mr. Malik Shahid Nazir (employee)
Honda City	1,896	1,255	641	948	307	- do -	Mr. Malik Sher Ahmad (employee)
Honda City	1,778	1,155	623	889	266	- do -	Muhammad Asif (employee)
Honda City	1,601	1,100	501	857	356	- do -	Muhammad Yaquub (employee)
Suzuki Cultus	1,568	906	662	803	141	- do -	Mr. Sajid Ali Awan (employee)
Suzuki Cultus	1,486	858	628	1,093	465	- do -	Mr. Mumtaz Ali Talpur (employee)
Suzuki Cultus	1,415	911	504	708	204	- do -	Mr. Saleem Ur Rehman (employee)
Suzuki Cultus	1,413	909	504	706	202	- do -	Mr. Aorange Zeb (employee)
Suzuki Cultus	1,415	911	504	707	203	- do -	Muhammad Imran (employee)
Suzuki Cultus	1,412	961	451	706	255	- do -	Mr. Arsalan Ahmad (employee)
Suzuki Cultus	1,412	978	434	715	281	- do -	Mrs. Beenish Hameed (employee)
	<u>49,687</u>	<u>29,425</u>	<u>20,262</u>	<u>28,642</u>	<u>8,380</u>		
Various assets having book value upto Rs.500,000 each							
	<u>730</u>	<u>418</u>	<u>312</u>	<u>378</u>	<u>66</u>		
2023	<u>50,417</u>	<u>29,843</u>	<u>20,574</u>	<u>29,020</u>	<u>8,446</u>		
2022	<u>52,559</u>	<u>6,354</u>	<u>46,205</u>	<u>43,880</u>	<u>(2,325)</u>		

6.13 In case of CSM and its Subsidiaries, property plant and equipment with aggregate carrying value of Rs.10,113,667 thousand (2022: Rs. 9,980,000 thousand) are subject to first joint pari passu charge as defined in note 20. CSM and its Subsidiaries are not allowed to pledge these assets as security for other borrowings or sell them to another entity.

6.14 Capital work-in-progress of CSM

	Land and buildings	Plant, machinery and equipment	Electric installations	Owned vehicles	Vehicles - leased	Capital stores	Advance payments to contractors	Advance payments against land - freehold land and buildings	Total
-----Rupees in thousand-----									
As at October 01, 2021	158,980	236,015	104,891	0	19,199	0	6,133	4,000	529,218
Additions during the year	3,148,960	607,316	43,901	15,948	78,480	73,826	321,867	2,000	4,292,298
Capitalised during the year	(253,128)	(541,592)	(139,039)	(8,209)	(63,362)	0	0	0	(1,005,330)
Other adjustments	258	0	(258)	0	0	(14,103)	0	0	(14,103)
Balance as at September 30, 2022	<u>3,055,070</u>	<u>301,739</u>	<u>9,495</u>	<u>7,739</u>	<u>34,317</u>	<u>59,723</u>	<u>328,000</u>	<u>6,000</u>	<u>3,802,083</u>
As at October 01, 2022	3,055,070	301,739	9,495	7,739	34,317	59,723	328,000	6,000	3,802,083
Additions during the year	940,176	1,814,720	291,166	1,597	108,609	262,244	812,424	2,000	4,232,936
Capitalised during the year	(2,801,370)	(270,026)	(23,989)	(9,336)	(113,552)	(262,263)	(1,025,238)	0	(4,505,774)
Other adjustments	31,843	(31,843)	0	0	0	0	13,892	0	13,892
Balance as at September 30, 2023	<u>1,225,719</u>	<u>1,814,590</u>	<u>276,672</u>	<u>0</u>	<u>29,374</u>	<u>59,704</u>	<u>129,078</u>	<u>8,000</u>	<u>3,543,137</u>

6.15 Additions in land and building of CSM and its Subsidiaries include Rs. Nil (2022: Rs. 207,662 thousand) capitalised in respect of borrowing cost on long term loans obtained for the purpose of construction of building and civil works.

	Vehicles	Plant, machinery and equipment	Building and tanks	Total
-----Rupees in thousand-----				
As at October 01, 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	181,332	46,207	56,694	284,233
Additions	128,312	0	23,217	151,529
Remeasurement during the year	0	0	(9,365)	(9,365)
Transferred to owned assets				
Cost	(52,644)	0	0	(52,644)
Accumulated depreciation	31,374	0	0	31,374
Book value	(21,270)	0	0	(21,270)
Depreciation charge	(49,045)	(4,621)	(23,259)	(76,925)
Closing book value	<u>239,329</u>	<u>41,586</u>	<u>47,287</u>	<u>328,202</u>
Annual rate of depreciation (%)	20	10	20-50	
As at September 30, 2023				
Cost or revalued amount	360,811	60,580	155,574	576,965
Accumulated depreciation	(121,482)	(18,994)	(108,287)	(248,763)
Book value	<u>239,329</u>	<u>41,586</u>	<u>47,287</u>	<u>328,202</u>
Depreciation for the year has been allocated as follows:			2023	2022
			(Rupees in thousand)	
Cost of sales			4,621	5,134
Selling and distribution expenses			19,446	21,116
Administrative and general expenses			52,858	35,344
			<u>76,925</u>	<u>61,594</u>

7. RIGHT OF USE ASSETS

	Vehicles	Plant, machinery and equipment	Building and tanks	Total
-----Rupees in thousand-----				
As at October 01, 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	181,332	46,207	56,694	284,233
Additions	128,312	0	23,217	151,529
Remeasurement during the year	0	0	(9,365)	(9,365)
Transferred to owned assets				
Cost	(52,644)	0	0	(52,644)
Accumulated depreciation	31,374	0	0	31,374
Book value	(21,270)	0	0	(21,270)
Depreciation charge	(49,045)	(4,621)	(23,259)	(76,925)
Closing book value	<u>239,329</u>	<u>41,586</u>	<u>47,287</u>	<u>328,202</u>
Annual rate of depreciation (%)	20	10	20-50	
As at September 30, 2023				
Cost or revalued amount	360,811	60,580	155,574	576,965
Accumulated depreciation	(121,482)	(18,994)	(108,287)	(248,763)
Book value	<u>239,329</u>	<u>41,586</u>	<u>47,287</u>	<u>328,202</u>

Depreciation for the year has been allocated as follows:

	2023	2022
(Rupees in thousand)		
Cost of sales	4,621	5,134
Selling and distribution expenses	19,446	21,116
Administrative and general expenses	52,858	35,344
	<u>76,925</u>	<u>61,594</u>

8. INVESTMENT PROPERTY

Particulars	Freehold land	Buildings on freehold land	Total
----- Rupees in thousand -----			
As at September 30, 2021:			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	53,130	53,130
Book value	14,544	10,578	25,122
Year ended September 30, 2022:			
Depreciation charge	0	297	297
Book value	14,544	10,281	24,825
Year ended September 30, 2023:			
Depreciation charge	0	282	282
Book value as at September 30, 2023	<u>14,544</u>	<u>9,999</u>	<u>24,543</u>
Depreciation rate (%)	<u>0</u>	<u>5-10</u>	

8.1 Fair value of the investment property, based on the management's estimation, as at September 30, 2023 was Rs.320 million (2022: Rs.320 million).

9. LONG TERM INVESTMENTS	2023	2022	2023	2022
	Share-holding (%)		Rupees in thousand	
ASSOCIATED COMPANIES				
QUOTED:				
Arpak International Investments Ltd. (AAIL)				
229,900 (2022: 229,900) ordinary shares of Rs.10 each	5.75	5.75	22,335	20,899
Market value Rs.14.829 million (2022: Rs.17.426 million)				
UN-QUOTED:				
National Computers (Pvt.) Ltd. (NCPL)				
14,450 (2022: 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 (2022: 47,002) ordinary shares of Rs.10 each	0.83	0.83	6,454	5,673
- Value of investments based on net assets shown in the audited financial statements for the year ended June 30, 2023 Rs.6.477 million (2022: Rs.5.693 million)				
Azlak Enterprises (Pvt.) Ltd. (AEPL)				
200,000 (2022: 200,000) ordinary shares of Rs.10 each	40.00	40.00	153,682	145,430
- Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2023 Rs.153.682 million (2022: Rs.145.430 million)				
			182,471	172,002

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, 2023 and June 30, 2022 and has also ceased 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

	2023	2022
	Rupees in thousand	
Opening balance - cost	5,638	5,638
Add: post acquisition profit brought forward	166,364	154,746
	172,002	160,384
Add: share for the year:		
- profit - net	11,897	9,356
- other comprehensive income	5,701	9,434
- items directly credited in equity	497	(967)
Less: taxation - net	(7,626)	(6,205)
	10,469	11,618
Balance as at 30 September,	182,471	172,002

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, 2023 is as follows:

Summarised statement of financial position

Non-current assets	348,510	330,119
Current assets	51,879	38,377
	400,389	368,496
Non-current liabilities	217	144
Current liabilities	11,729	4,886
	11,946	5,030
Net assets	388,443	363,466

	2023	2022
	Rupees in thousand	
Reconciliation to carrying amount		
Opening net assets	363,466	299,519
Loss for the year	(76,304)	(79,020)
Effects of items directly credited in equity by Associated Companies	8,645	(16,814)
Other comprehensive income for the year	92,636	159,781
Closing net assets	<u>388,443</u>	<u>363,466</u>
The Holding Company's share percentage 5.75% (2022: 5.75%)		
The Holding Company's share	<u>22,335</u>	20,899

	2023	2022
	Rupees in thousand	
Summarised statement of profit or loss		
Income	<u>15,781</u>	<u>14,491</u>
Loss before taxation	<u>(74,829)</u>	<u>(77,115)</u>
Loss after taxation	<u>(76,304)</u>	<u>(79,020)</u>

- 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, 2023 is as follows:

Summarised statement of financial position

Non-current assets	723,042	651,259
Current assets	61,222	37,486
	<u>784,264</u>	<u>688,745</u>
Current liabilities	6,670	5,266
Net assets	<u>777,594</u>	<u>683,479</u>

Reconciliation to carrying amount

Opening net assets	683,479	669,698
Profit for the year	65,283	436
Other comprehensive income for the year	28,832	13,345
Closing net assets	<u>777,594</u>	<u>683,479</u>

The Holding Company's share percentage 0.83% (2022: 0.83%)	2023	2022
	Rupees in thousand	
The Holding Company's share	6,454	5,673

Summarised statement of profit or loss

Income	16,952	10,130
Profit before taxation	66,646	933
Profit after taxation	65,283	436

- 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, 2023 is as follows:

Summarised statement of financial position

Non-current assets	257,377	272,132
Current assets	198,174	194,642
	455,551	466,774
Non-current liabilities	16,277	17,913
Current liabilities	55,069	85,287
	71,346	103,200
Net assets	384,205	363,574

Reconciliation to carrying amount

Opening net assets	363,574	344,009
Profit for the year	20,293	19,224
Other comprehensive income for the year	338	341
Closing net assets	384,205	363,574

The Holding Company's share percentage
40% (2022: 40%)

The Holding Company's share	153,682	145,430
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Summarised statement of profit or loss

Storage and handling income	108,550	97,975
Profit before taxation	39,117	34,464
Profit after taxation	20,293	19,224

10. STORES AND SPARES	Note	2023	2022
		Rupees in thousand	
Stores and spares		1,041,933	709,159
Less:			
- provision for obsolete items - CSM		53,980	60,693
- impairment loss - FSM		25,178	25,178
		(79,158)	(85,871)
		962,775	623,288

10.1 FSM has not carried-out manufacturing operations during the current and prior years. The management, during the financial year ended September 30, 2021, 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.

10.3 In case of CSM, a balance amounting Rs.6.713 million has been written off against provision for obsolete items during the current year.

11. STOCK-IN-TRADE

Finished goods			
- sugar		3,376,656	1,854,923
- molasses		1,129,284	1,352,158
- ethanol		742,952	910,663
- bagasse		36,569	0
		5,285,461	4,117,744
Work-in-process		26,837	22,628
Raw material - wheat (UWFPL)		200,767	0
	11.2	5,513,065	4,140,372

11.1 In case of the Holding Company, sugar inventory as at September 30, 2022 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.14.660 million

11.2 In case of CSM and its Subsidiaries, certain short term and long term borrowings are secured by way of collateral charge on stock-in-trade.

11.3 In case of CSM, the closing stock of sugar, net of 10% to 15% margin, having carrying value of Rs 3,439,411 thousand (2022 : Rs 2,601,895 thousand) has been pledged against cash finance obtained from commercial and islamic banks (for details, refer to note 27).

12. TRADE DEBTS	Note	2023	2022
		Rupees in thousand	
Considered good			
Due from related parties		450	0
Others		1,250,973	89,228
Considered doubtful		<u>3,333</u>	<u>1,782</u>
		1,254,756	91,010
Less: loss allowance	12.3	<u>3,333</u>	<u>1,782</u>
		<u>1,251,423</u>	<u>89,228</u>
12.1	In case of CSM, maximum aggregate amount receivable from related parties at the end of any month during the year was Rs.450 thousand (2022: Rs. Nil).		
12.2	The ageing analysis of trade debts due from related parties in CSM are as follows:		
Upto 6 months		450	0
More than 6 months		0	0
Write off against provision during the year		<u>450</u>	<u>0</u>
12.3	Movement in loss allowance		
Opening balance		1,782	2,446
Provision / (reversal) for the year		1,551	(664)
Closing balance		<u>3,333</u>	<u>1,782</u>
13. LOANS AND ADVANCES			
Advances to (unsecured and considered good):			
- employees	13.1	20,730	14,640
- suppliers and contractors		1,069,081	1,284,961
Letters of credit		11,156	189,022
Due from relative of directors		0	1,775
		<u>1,100,967</u>	<u>1,490,398</u>
Less:			
- provision for doubtful advances		28,838	28,838
- loss allowance	13.2	905	905
		<u>29,743</u>	<u>29,743</u>
		<u>1,071,224</u>	<u>1,460,655</u>

13.1 In case of CSM, these include balances of Rs.15,007 thousand (2022: Rs.10,211 thousand) secured against retirement benefits of respective employees.

13.2 Movement in loss allowance	Note	2023	2022
		Rupees in thousand	
Opening balance		905	345
ECL for the year		0	560
Closing balance		<u>905</u>	<u>905</u>
14. TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES			
Sugar export subsidy receivable		308,510	308,510
Prepayments		15,433	6,623
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	2,140
Guarantees issued		15,000	19,000
Trade deposits		8,876	8,212
Deposits against decretal amounts	14.2	2,862	2,862
Accrued mark-up on term deposit receipts		1,520	0
Insurance claim receivable		33,746	0
Other receivables		6,563	32,675
		<u>397,804</u>	<u>383,176</u>
Less: loss allowance		<u>(155,782)</u>	<u>(90,369)</u>
		<u>242,022</u>	<u>292,807</u>
14.1 Maximum amount due from PBM at any month-end during the year aggregated Rs.2.140 million (2022: Rs.2.140 million).			
14.2 These have been deposited with the Commissioner for Workers' Compensation and Authority under the Payment of Wages Act, 2013 for Mardan.			
14.3 Movement in loss allowance of export subsidy is as follows:			
Opening balance		90,369	56,120
Loss allowance for the year		65,413	34,249
Closing balance		<u>155,782</u>	<u>90,369</u>

15. TAX REFUNDS DUE FROM THE GOVERNMENT	Note	2023 Rupees in thousand	2022
Income tax refundable, advance tax and tax deducted at source net of tax provisions		86,447	84,292
Sales tax refundable		849	1,225
		87,296	85,517
16. SHORT TERM INVESTMENTS - At fair value through profit or loss			
Al Habib Cash Fund (formerly First Habib Cash Fund)			
Opening balance - 247,315 Units (2022: 344,001 Units)		25,237	34,697
Gain on redemption / re-measurement to fair value		2,819	2,790
Bonus received during the year - 26,752 Units (2022: 24,243 Units)		0	0
Units redeemed during the year - 173,665 Units (2022: 120,929 Units)		(17,751)	(12,250)
Closing balance - 100,402 Units (2022: 247,315 Units)		10,305	25,237
17. BANK BALANCES			
Cash at banks on:			
- PLS accounts	17.1	20,887	41,068
- saving accounts	17.2	33,190	38,310
- deposit accounts	17.3	458,734	12,113
- current accounts	17.4	430,800	239,362
- deposits with a non-banking finance company - unsecured	17.5	12,000	12,000
		955,611	342,853
Less: provision for doubtful bank balance	17.6	5,000	5,000
		950,611	337,853

17.1 These include Rs.402 thousand (2022: Rs.355 thousand) in security deposit account.

17.2 PLS and deposit accounts during the year carried profit / mark-up at the rates ranging from 13.50% to 24.41% (2022: 5.10% to 13.98%) per annum.

17.3

(a) These include deposits amounting Rs.3.734 million (2022: Rs.3.734 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.

(b) In case of CSM, these include term deposits carrying profit at the rates ranging from 20.00% to 20.55% (2022: 12.00% to 12.25%) per annum and having maturity of 30 days.

17.4 In case of CSM, these include dividend account balance of Rs.460 thousand (2022: Rs.476 thousand). These balances are maintained in separate non interest bearing current bank accounts.

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 Holding Company and FSM, as per the LHC's orders upto November, 2020, have received three tranches aggregating Rs.66 million. The management, for the release of balance amounts, anticipates that JOLs will intimate in due course of time; no provisions, therefore, for the remaining deposits aggregating Rs.12 million have been made in the books of account of the Holding Company and FSM.

The Holding Company and FSM 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.454,000 thousand (2022: Rs.4,000 thousand) in respect of the various guarantees extended by the banks.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023 (No. of shares)	2022		2023 Rupees in thousand	2022
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
<u>3,750,000</u>	<u>3,750,000</u>		<u>37,500</u>	<u>37,500</u>

18.1 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All the shares rank equally with regard to the Holding Company's residual assets.

18.2 The Holding Company has one class of ordinary shares, which carries no right to fixed

18.3 The Holding Company has no reserved shares for issuance under options and sale

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

18.5 Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at September 30, 2023 and September 30, 2022.

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, September 30, 2017 and September 30, 2020 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, Rs.166.651 million and Rs.534.211 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, 2023, has again revalued its buildings, plant, machinery and equipment installed at Premier Sugar Mills, Nowshera Mardan Road, Mardan and Chashma Sugar Mills Unit-II at Ramak, Dera Ismail Khan. The latest revaluation exercise has been carried-out by independent Valuers [K.G. Traders (Pvt.) Ltd. Suit No. 5, 3rd Floor, Galaxy Arcade, G-11 Markaz, Islamabad] to replace the carrying amounts of these assets with the assessed present market value of buildings and civil works and assessed depreciated market value of plant, machinery and equipment. The appraisal surplus arisen on latest revaluation aggregating Rs.1,345.854 million has been credited to statement of other comprehensive income to comply with the requirements of Law.

- 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 law.
- 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, leasehold land, buildings & roads, plant & machinery and electric installations. The fair value of CSM's freehold land, leasehold 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, 2023 and for WFL as at June 30, 2023. For valuation of freehold land, leasehold land, buildings & roads, plant & machinery and electric installations, the current market price or depreciated replacement cost method is used, whereby, current cost of construction / purchase cost of similar freehold land, leasehold 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.

	2023	2022
	Rupees in thousand	
19.7 The year-end balance has been arrived at as follows:		
Opening balance	11,921,909	8,915,561
Add: surplus arisen on revaluations carried-out during the year	4,039,317	3,609,507
Less: transferred to unappropriated profit on account of incremental depreciation for the year	(884,230)	(603,159)
	15,076,996	11,921,909
Less: deferred tax on:		
- opening balance of surplus	2,946,114	1,818,118
- surplus arisen on revaluations carried-out during the year	1,267,515	1,323,324
- disposal of revalued assets	0	(713)
- incremental depreciation for the year	(298,764)	(194,615)
	3,914,865	2,946,114
Closing balance	11,162,131	8,975,795

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

20. LONG TERM FINANCES - Secured

Lending Institutions	Interest rate (per annum)	September 30, 2023				September 30, 2022	Collateral
		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	0	0	6,227	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.

Lending Institutions	Interest rate (per annum)	September 30, 2023			September 30, 2022		Collateral												
		Total available facility	Long-term portion	Current portion	Total outstanding amount	Total outstanding amount													
----- Rupees in thousand -----																			
Soneri Bank Ltd.	- 3 month KIBOR + 1.75 %; - 6 month KIBOR + 1.5; and - 6%	1,140,000	673,652	260,051	933,703	693,753	Secured against first joint pari passu charge on present and future fixed assets of CSM and its Subsidiaries for Rs1,867,000 thousand. Secured by way of first charge of Rs1,001,000 thousand over all the present and future fixed assets of the Sub-subsidiary and first hypothecation charge over plant and machinery. Further, the facility is also secured by way of equitable mortgage of Rs.8,000 thousand on 16 kanal agricultural land in Bhakkar and of Rs.5,600 thousand on 16 kanal agricultural land in Layyah.												
Dubai Islamic Bank Pakistan Ltd.	- 6 month KIBOR + 2.10%	1,500,000	50,000	200,000	250,000	547,493	Secured against first joint pari passu charge on present and future fixed assets of CSM and its Subsidiaries inclusive of 25% margin for Rs 667,000 thousand. 1st exclusive charge of Rs.590,000 thousand over head office building of CSM and its Subsidiaries.												
MCB Bank Ltd.	3 month KIBOR + 1.10 %	436,000	604,260	94,523	698,783	264,528	Secured against first joint pari passu charge on present and future fixed assets of CSM and its Subsidiaries for Rs438,000 thousand. Secured against first joint pari passu charge over present and future fixed assets of CSM and its Subsidiaries (including land, building and machinery).												
Al Baraka Bank Ltd.	6 month KIBOR + 1.50 %	450,000	334,430	111,063	445,493	446,715	Secured against first joint pari passu charge on present and future fixed assets of CSM and its Subsidiaries for Rs 600,000 thousand. Specific charge of Rs 450,000 thousand on specific plant and machinery items.												
The Bank of Khyber	SBP refinance rate + 1.50 % and 3 month KIBOR + 1.50%	400,000	326,573	56,119	382,692	395,726	Secured against first joint pari passu charge over present and future fixed assets of CSM and its Subsidiaries (including land, building and machinery) inclusive of 25% margin up to Rs 533,334 thousand.												
United Bank Limited	3 month KIBOR + 1.75%	450,000	365,625	84,375	450,000	0	Secured against first joint pari passu charge on TDR of CSM and its Subsidiaries for Rs.450,000 thousand with 25% margin.												
Total			4,673,541	1,305,829	5,979,370	4,958,803													
Less: amount payable within next 12 months																			
The Holding Company																			
- Principal																			
CSM and its Subsidiaries																			
- Principal (note 28)																			
<table border="1" style="float: right;"> <tr> <td style="width: 100px;"></td> <td style="text-align: right;">0</td> <td style="text-align: right;">6,227</td> </tr> <tr> <td style="text-align: right;">1,305,829</td> <td style="text-align: right;">760,783</td> <td></td> </tr> <tr> <td style="text-align: right;">1,305,829</td> <td style="text-align: right;">767,010</td> <td></td> </tr> <tr> <td style="text-align: right;">4,673,541</td> <td style="text-align: right;">4,191,793</td> <td></td> </tr> </table>									0	6,227	1,305,829	760,783		1,305,829	767,010		4,673,541	4,191,793	
	0	6,227																	
1,305,829	760,783																		
1,305,829	767,010																		
4,673,541	4,191,793																		
Amount due after September 30, 2024																			

21. LOANS FROM RELATED PARTIES - Secured	Note	2023	2022
		Rupees in thousand	
Associated Companies:			
Premier Board Mills Limited	21.1	71,840	90,575
Arpak International Investments Limited	21.2	31,250	43,750
Azlak Enterprises (Private) Limited	21.3	85,000	85,000
		188,090	219,325
Less: amount payable within next twelve months		31,236	37,486
		156,854	181,839

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 commenced 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 commenced 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 commenced 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		237,007	330,371
Additions during the year		131,968	72,337
Unwinding of interest on lease liabilities		46,928	28,020
Payments made during the year		(153,128)	(126,754)
Early termination gain		0	(64,966)
Remeasurement gain		(9,365)	(2,001)
Balance at end of the year		253,410	237,007
Less: current portion of long term lease liabilities		(92,014)	(90,404)
		161,396	146,603

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 May, 2027. 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 23.92% to 24.77% (2022: 9.20% to 13.08%) 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 to five years and carries finance charge ranging from 16.83% to 24.72% (2022: 7.81% to 17.50%) per annum.

23. DEFERED GOVERNMENT GRANT

	Note	2023 Rupees in thousand	2022
Opening balance		418	6,205
Grant recognised during the year		99,809	0
Amortization during the year		(23,946)	(5,787)
Closing balance		<u>76,281</u>	<u>418</u>

23.1 CSM has recognised deferred government grant in respect of term finance facility obtained under SBP temporary economic refinance facility (TERF). During the year ended September 30, 2022, CSM had entered into an arrangement with Bank Al Habib Limited for obtaining term finance facility under State Bank of Pakistan (SBP) TERF scheme to facilitate retirement of import/shipping documents received against LCs (foreign and local / inland), upto a maximum of Rs 505 million. The repayment of loan (principal amount) will be made in 10 equal semi annual instalments commencing from September 30, 2023. mark-up rate is 5% on this facility and shall also be paid on semi annual basis. The availed facility at September 30, 2023 was Rs.456,000 thousand. The facility will expire on September 30, 2027. There are no unfulfilled conditions or other contingencies attaching to this grant.

24. DEFERRED LIABILITIES

Deferred taxation

- The Holding Company	24.1	378,197	83,747
- FSM		4,429	4,429
- CSM	24.4	<u>3,620,702</u>	3,193,056
		<u>4,003,328</u>	3,281,232

Staff retirement benefits - gratuity

- The Holding Company	24.5	39,132	28,697
- FSM		66	66
- CSM	24.6	<u>19,965</u>	14,843
		<u>59,163</u>	43,606
		<u>4,062,491</u>	<u>3,324,838</u>

	2023	2022
	Rupees in thousand	
24.1 This is comprised of the following:		
Taxable temporary differences arising in respect of:		
- surplus on revaluation of property, plant and equipment	667,796	299,370
- accelerated tax depreciation allowances	0	3,658
- lease finances	0	145
	667,796	303,173
Deductible temporary differences arising in respect of:		
- accelerated tax depreciation allowances	(297)	0
- available unused tax losses	(230,815)	(178,944)
- staff retirement benefits - gratuity	(11,348)	(6,416)
- provision for doubtful bank balance	(1,450)	(1,450)
- lease finances	(452)	0
- minimum tax recoverable against normal tax charge in future years	(45,237)	(32,616)
	(289,599)	(219,426)
	378,197	83,747
24.2 Based on the estimate by CSM and its Subsidiaries of future export sales, adjustment of Rs.462,910 thousand has been made in the taxable temporary differences at year end.		
24.3 Deferred tax asset comprises of lease liability and taxable losses amounting Rs.10,100 thousand (2022: Rs. Nil).		
24.4 Deferred tax comprises of the following:		
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	613,510	569,674
- surplus on revaluation of property, plant and equipment	3,244,235	2,643,286
- lease finances	24,468	15,417
	3,882,213	3,228,377
Deductible temporary differences arising in respect of:		
- provision for doubtful advances	(10,318)	(9,630)
- provision for obsolete items	(18,726)	(20,029)
- expected credit loss on trade debts	(1,156)	(571)
- provision for gratuity	(6,926)	(5,091)
- minimum tax recoverable against normal tax charge in future years	(224,385)	0
	(261,511)	(35,321)
	3,620,702	3,193,056

24.5 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	2023	2022
- discount rate - per annum	16.75%	13.25%
- expected rate of growth per annum in future salaries	15.75%	12.25%
- mortality rates	SLIC	SLIC
	2001-2005	2001-2005
	Setback 1 year	
- withdrawal rates	Age-based	Age-based
- retirement assumption	Years 60	Years 60
- average expected remaining working life time of employees	06 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:	2023	2022
	Rupees in thousand	
Opening balance	28,697	20,096
Current service cost	2,063	1,478
Past service cost	1,413	439
Interest cost	3,449	2,010
Benefits payable to outgoing Members - grouped under current liabilities	0	(441)
Benefits paid	(5,334)	(1,457)
Remeasurements:		
- experience adjustments	8,037	6,226
- changes in financial assumptions	807	346
Closing balance	39,132	28,697
Expense recognised in statement of profit or loss of the Holding Company		
Current service cost	2,063	1,478
Past service cost	1,413	439

	2023	2022
	Rupees in thousand	
Interest cost	3,449	2,010
Charge for the year	<u>6,925</u>	<u>3,927</u>

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

Experience adjustments	<u>8,844</u>	<u>6,572</u>
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Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2023	2022	2021	2020	2019
	----- Rupees in thousand -----				
Present value of defined benefit obligation	<u>39,132</u>	28,697	20,096	18,479	15,139
Experience adjustment on obligation	<u>8,844</u>	6,572	2,277	(614)	(654)

Year-end Sensitivity Analysis:

	<u>Impact on defined benefit obligation</u>		
	Change in assumption	Increase Rupees in thousand	Decrease Rupees in thousand
Discount rate	1%	<u>36,782</u>	<u>41,738</u>
Salary growth rate	1%	<u>41,932</u>	<u>36,560</u>

In case of the Holding Company, the expected contribution to defined benefit obligation for the year ending September 30, 2024 is Rs.8.972 million.

- 24.6** In case of CSM, the latest actuarial valuation of the employees' defined benefit plan was conducted at September 30, 2023 using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

Present value of defined benefit obligation	19,965	14,843
Fair value of planned assets	0	0
Net liability	<u>19,965</u>	<u>14,843</u>

Movement in net liability recognised

Opening net liability	14,843	11,467
Expense for the year recognised in statement of profit or loss	5,639	3,862

	2023	2022
	Rupees in thousand	
Remeasurement loss recognised in statement of other comprehensive income (OCI)	2,656	974
Benefits paid	(1,180)	(875)
Benefits payable to outgoing employees transferred to trade and other payables	(1,993)	(585)
	19,965	14,843

Expense for the year

Current service cost	3,882	2,735
Net interest expense	1,757	1,127
	5,639	3,862

Changes in the present value of defined benefit obligation

Opening defined benefit obligation	14,843	11,467
Current service cost	3,882	2,735
Interest cost	1,757	1,127
Benefits paid	(1,180)	(875)
Benefits payable to outgoing employees transferred to trade and other payables	(1,993)	(585)
Remeasurement loss on defined benefit obligation	2,656	974
Closing defined benefit obligation	19,965	14,843

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:

	2023	2022
Discount rate used for interest cost	13.25%	10.50%
Discount rate used for year end obligation	16.75%	13.25%
Salary increase rate - long term	16.75%	12.25%
Salary increase rate - short term	16.75%	12.25%

Demographic assumptions

Mortality rates	SLIC 2001-05	SLIC 2001-05
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During the year 2024, CSM expects to contribute Rs.8,278 thousand (2023: Rs.5,571 thousand) to its gratuity scheme.

Remeasurement recognised in OCI during the year:	2023 Rupees in thousand	2022
Actuarial loss / (gain) from changes in financial assumptions	1,540	(25)
Experience adjustments	1,116	999
	2,656	974

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

Plan duration	Years
September 30, 2023	9
September 30, 2022	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.

	Effect of 1% Increase	Effect of 1% Decrease
	Rupees in thousand	
<u>2023</u>		
Discount rate	(18,387)	21,797
Future salary growth	21,756	(18,396)
<u>2022</u>		
Discount rate	(13,628)	16,264
Future salary growth	16,242	(13,628)

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	2023	2022
		Rupees in thousand	
Creditors		559,733	342,752
Due to Associated Companies	25.1	166,809	148,649
Accrued expenses		200,778	139,857
Retention money		39,839	24,496
Security deposits - interest free repayable on demand	25.2	2,278	1,915
Income tax deducted at source		105,758	64,062
Sales tax payable		292,392	110,651
Gratuity payable to ex-employees		5,919	6,199
Advance received against sale of scrap		2,024	2,024
Payable for workers' welfare obligation	25.3 (a) & (b)	113,424	53,965
Workers' (profit) participation fund - allocation for the year (the Holding company)		792	0
Payable to provident fund		12,687	6,000
Payable to employees		63,382	77,446
Others		29,690	48,373
		1,595,505	1,026,389

	2023	2022
	Rupees in thousand	
25.1 This represents due to the following related parties and are interest free and payable on demand.		
- Azlak Enterprises (Pvt.) Ltd.	46,672	48,649
- Syntronics Ltd.	157	0
- Phipson & Company Pakistan (Pvt.) Ltd.	55	0
- Directors	119,925	100,000
	<u>166,809</u>	<u>148,649</u>
25.2 (a) These include Rs.402 thousand (2022: Rs.355 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.1,299 thousand (2022: 984 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.		
25.3 Payable for workers' welfare obligation		
(a) Payable for workers' welfare fund (CSM and its Subsidiaries)		
Balance at the beginning of the year	24,008	16,336
Charge for the year	83,166	24,008
Prior year adjustment	1,264	4,786
	<u>108,438</u>	<u>45,130</u>
Interest on funds utilized in the business	1,438	535
Payments made during the year	(26,710)	(21,657)
Balance at the end of the year	<u>83,166</u>	<u>24,008</u>
(b) Payable for workers' welfare fund (CSM and its Subsidiaries)		
Balance at the beginning of the year	29,957	43,037
Charge for the year	28,097	15,317
Prior year adjustment	(5,209)	(7,391)
	<u>52,845</u>	<u>50,963</u>
Payments made during the year	(22,587)	(21,006)
Balance at the end of the year	<u>30,258</u>	<u>29,957</u>

26. ACCRUED MARK-UP		2023	2022
	Note	Rupees in thousand	
Mark-up accrued on:			
- long term finances		302,368	227,386
- loans from related parties		52,446	11,335
- short term borrowings		391,940	190,404
		746,754	429,125
27. SHORT TERM BORROWINGS			
The Holding Company			
Secured	27.1	0	701,000
Temporary bank overdraft - unsecured		35	0
CSM			
Cash / running finances and export re-finances - secured	27.3	4,615,585	4,301,895
		4,615,620	5,002,895
27.1	Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.1,300 million (2022: Rs.1,200 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, cross corporate guarantee of Chashma Sugar Mills Ltd. (a Subsidiary Company) amounting Rs.800 million and lien over export documents. These facilities, during the year, carried mark-up at the rates ranging from 16.71% to 24.41% (2022: 8.78% to 18.09%) per annum and are expiring on various dates by March 31, 2024. These facilities remained un-utilised as at September 30, 2023.		
27.2	In case of the Holding Company, facilities available for opening letters of guarantee and credit from commercial banks aggregate Rs.680 million (2022: Rs.95 million). Out of the available facilities, facilities aggregating Rs.481.296 million (2022: Rs.57.660 million) remained un-utilised at the year-end. These facilities are secured against lien over import and 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.15.275 billion (2022: Rs.8.350 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			
Long term finances	20	1,305,829	767,010
Loans from related parties	21	31,236	37,486
Lease liabilities	22	92,014	90,404
		1,429,079	894,900

	2023	2022
	Rupees in thousand	
29. TAXATION - Net		
Opening balance	18,242	16,732
Add: provision made during the year		
- current	344,883	302,505
- prior year	41,974	37,072
	386,857	339,577
	405,099	356,309
Less: adjustments made against completed assessments	275,965	338,067
Closing balance	129,134	18,242

The Holding Company

- 29.1** The returns for the Tax Years 2010 to 2023 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 (CPLA) 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. The said CPLA is pending.

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 2023 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 Commitments in respect of letters of credit amounted to Rs.198.704 million (2022: Rs. Nil).

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 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 preceding 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 Commissioner Inland Revenue (Appeals) [CIR(A)] has been succeeded vide order dated March 29, 2018. The assessment order dated June 23, 2016 was passed by the Deputy Commissioner Inland Revenue (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.
- 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** The Holding Company has filed a writ petition before the PHC challenging Federal Government Order F.No.2-8 / 2022 / SAB / A - IV dated April 20, 2023 issued under section 6 of the Price Control and Prevention of Profiteering and Hoarding Act, 1977 read with Price Control and Prevention of Profiteering and Hoarding Order, 2021 dated August 24, 2021 whereby the retail price of sugar at the rate of Rs.98.82 per kilo gram and maximum ex-mill price was fixed at the rate of Rs.95.57 per kilo gram. The PHC, vide its order dated June 06, 2023, has granted interim relief while the main writ petition is pending.
- 30.9** Various cases have been filed against the Holding Company by some former employees. Based on the legal advice, no provision has been made in the books of account of the Holding Company.
- 30.10** Guarantees given to Sui Northern Gas Pipelines Ltd. by commercial banks on behalf of the Holding Company outstanding as at September 30, 2023 were for Rs.37.340 million (2022: Rs.37.340 million). These guarantees are valid upto June 19, 2024.

FSM

- 30.11** 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.
- 30.12** 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.
- 30.13** No commitments were outstanding as at September 30, 2023 and September 30, 2022.

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. In prior year the tax department filed a reference in this respect before the Honourable Peshawar High Court. During the year the matter has been decided by the said court in favour of CSM vide order dated September 19, 2023.
- 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** In respect of super tax demand under section 4C of Income Tax Ordinance, 2001 for the tax year 2021 @ 10% of taxable income, CSM had filed writ petition before Peshawar High Court, and an interim relief was granted, directing CSM to pay 50% of the tax demanded. However, during the year, The Federal Board of Revenue (FBR) sent a notice to CSM directing it to pay super tax @ 4%, based on Supreme Court's order in respect of other companies wherein the Supreme Court of Pakistan granted an interim relief against demand of super tax at the rate of 10% and directed FBR to recover the tax @ 4%. Management of CSM has recorded a current tax charge of Rs 41.900 million during the year in respect of super tax @ 4% out of which Rs. 24.900 million is paid during the year. CSM and its legal counsel are confident that based on Supreme Court's order maximum exposure of CSM in respect of super tax for tax year 2021 is 4% and no further provision needs to be recognized in financial statements of CSM.

- 30.17** The Federal government during the year through a notification fixed the Ex-Mill and Retail prices of Sugar u/s 6 of the Price Control and Prevention of Profiteering and Hoarding Act, 1997 at Rs.95.57/kg and Rs.98.82/kg. CSM filed a writ petition in Peshawar High Court against a decision of Federal Government on April 20, 2023, Peshawar High Court granted stay on the case vide order dated June 06, 2023 and the case is currently pending adjudication as at year end.
- 30.18** The Competition Commission of Pakistan (CCP) issued a show cause notice dated November 04, 2020 to sugar mills with respect to artificial price hike and alleged cartelization. CSM submitted its reply dated December 25, 2020. However, CCP passed an order dated August 13, 2021 and on the basis of revenues of financial year 2019 imposed a penalty of Rs.650,000 thousand on CSM. Against the said order of CCP, CSM has filed an appeal before the CCP Appellate Tribunal. The CCP Appellate Tribunal has granted stay order against the CCP's order dated August 13, 2021. The case is pending adjudication.
- 30.19** As detailed in note 6.2 to these consolidated financial statements, during the year Whole Foods Limited (WFL) has received notice of intent to terminate agreement between Punjab Foods Department, Government of Punjab and WFL, which has been contested by the management. The management is confident that aforesaid notice will be withdrawn.
- 30.20** CSM and its Subsidiaries have letter of guarantee facilities aggregating Rs.50 million (2022: Rs.50 million) available from Bank Al Habib Ltd. The amount availed on these facilities as at September 30, 2023 is Rs 4 million (2022: Rs 4 million). These facilities are secured by master counter guarantee and 100% cash margin.
- 30.21** CSM and its Subsidiaries have obtained letter of credit facilities aggregating Rs.365 million (2022: Rs.431 million) from Bank Al Habib Ltd. and Al Barka Bank Ltd. The amount availed on these facilities as at September 30, 2023 is Rs.221 million (2022: Rs.173 million). These facilities are secured by lien on shipping documents.
- 30.22** CSM and its Subsidiaries have cash finance facilities available from various banks aggregating to Rs.10,825 million (2022: Rs.5,950 million), out of which Rs.2,968 million (2022: Rs.2,600 million) have been availed by CSM and its Subsidiaries as at September 30, 2023. These facilities are secured against pledge charge over crystalline sugar inclusive of margin of 10 - 15%.
- 30.23** CSM and its Subsidiaries have Export Re Finance/Finance Against Packing Credit (ERF / FAPC) facilities from various commercial banks for Rs.3,950 million (2022: Rs.2,400 million), out of which Rs.1,524 million (2022: Rs.1,700 million) have been availed by CSM and its Subsidiaries as at September 30, 2023. These facilities are secured by the joint pari passu hypothecation charge over current assets of CSM and its Subsidiaries and lien over export documents.

30.24 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.

30.25 During the year, CSM has issued further corporate guarantee amounting to Rs.667 million in favour of UWFL in connection with financing arrangements with a financial institution. The financing facility is expected to be settled by December 31, 2027 and accordingly, the guarantee issued by CSM will be released by December 31, 2027.

	Note	2023 Rupees in thousand	2022
30.25 In case of CSM and its Subsidiaries, commitments in respect of :			
- foreign letters of credit for purchase of plant & machinery		<u>0</u>	<u>739,238</u>
- local letters of credit for purchase of plant & machinery		<u>143,681</u>	<u>207,519</u>
- capital expenditure other than for letters of credit		<u>14,386</u>	<u>104,683</u>
31. GROSS SALES			
- local		22,044,291	15,032,361
- export	31.1	9,777,952	4,891,973
		<u>31,822,243</u>	<u>19,924,334</u>
31.1 Export sales of the Group comprise of the sugar and ethanol sales made in the following regions:			
Spain		5,262,047	3,117,219
Indonesia		0	162,727
Singapore		555,291	405,949
Hong Kong		97,765	137,795
Switzerland		3,269,109	0
China		540,773	0
United Kingdom		0	999,289
Afghanistan		52,967	0
Others		0	68,994
		<u>9,777,952</u>	<u>4,891,973</u>

	Note	2023 Rupees in thousand	2022
32. SALES TAX, OTHER GOVERNMENT LEVIES AND DISCOUNTS			
Indirect taxes		3,162,895	2,204,392
Discounts		11,558	9,835
		3,174,453	2,214,227
33. COST OF SALES			
Raw materials consumed		19,244,388	14,686,430
Chemicals and stores consumed		578,118	429,799
Salaries, wages and benefits	33.1	1,077,285	812,703
Power and fuel		246,774	162,810
Insurance		38,118	19,768
Repair and maintenance		664,775	334,520
Depreciation			
- property, plant and equipment	6.1	1,406,281	1,068,066
- right of use assets	7	4,621	5,134
		23,260,360	17,519,230
Adjustment of work-in-process:			
Opening		22,628	22,137
Closing	11	(26,837)	(22,628)
		(4,209)	(491)
Cost of goods manufactured		23,256,151	17,518,739
Adjustment of finished goods:			
Opening stock		4,117,744	1,466,013
Closing stock	11	(5,285,461)	(4,117,744)
		(1,167,717)	(2,651,731)
		22,088,434	14,867,008

33.1 Salaries, wages and benefits include Rs.27.274 million (2022:Rs.20.182 million) in respect of retirement benefits.

	Note	2023 Rupees in thousand	2022
34. SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	34.1	21,035	16,742
Loading and stacking		33,691	19,915
Export development surcharge		18,466	12,199
Freight, commission and other expenses on exports		840,542	457,711
Depreciation - right of use assets	7	19,446	21,116
Commission - local		623	132
Others		39	584
		933,842	528,399
34.1	Salaries and benefits include Rs.532 thousand (2022: Rs.354 thousand) in respect of retirement benefits.		
35. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	35.1	680,211	521,265
Travelling		81,434	59,690
Utilities		5,135	772
Vehicles' running and maintenance		48,885	29,158
Rent, rates and taxes	35.2	26,756	12,466
Insurance		11,039	6,273
Repair and maintenance		66,898	55,261
Printing and stationery		17,784	12,217
Communication		18,559	16,203
Fees and subscription		5,381	9,673
Auditors' remuneration	35.3	8,790	6,861
Legal and professional charges (other than Auditors)		22,572	21,691
Depreciation on:			
- operating fixed assets	6.10	93,569	86,217
- right of use assets	7	52,858	35,344
- investment property	8	282	297
Expected credit loss for doubtful debts	12.3	1,551	(664)
Impairment loss for export subsidy	14.3	65,413	34,249
Loss allowance for doubtful advances	13.2	0	560
General		110,090	51,847
		1,317,207	959,380

35.1 Salaries and benefits include Rs.19.157 million (2022: Rs.12.577 million) in respect of retirement benefits.

35.2 In case of the Holding Company, these include outstanding arrear utility charges aggregating Rs.10.331 million implemented by Karachi Metropolitan Corporation from

35.3 Auditors' remuneration	2023	2022
	Rupees in thousand	
ShineWing Hameed Chaudhri & Co.		
- statutory audits	1,297	1,101
- half-yearly reviews	195	177
- consultancy and certification charges	960	963
- short provision for the preceding year	172	9
- out-of-pocket expenses	73	70
	2,697	2,320

A.F.Ferguson & Co.
(statutory auditors of CSM and its Subsidiaries)

- statutory audits	4,224	3,448
- half year review	693	554
- consolidation	308	246
- certifications and group reporting	668	123
- out-of-pocket expenses	200	170
	6,093	4,541
	8,790	6,861

36. OTHER INCOME	2023	2022
Income from financial assets:		
Return on bank deposits	12,780	9,488
Mark-up earned on term depository receipts	31,313	0
Gain on redemption of short term investments	3,223	2,921
Exchange fluctuation gain	0	7,853
Fair value gain on re-measurement of short term investments	73	295
Income from other than financial assets:		
Gain on disposal of operating fixed assets	8,592	0
Rent	12	1,284
Sale of scrap - net of expenses	51,995	13,740
Sale of press mud - net of sales tax	7,654	6,612

	Note	2023 Rupees in thousand	2022
Unclaimed payable balances written-back		160	0
Gain on derecognition of right of use assets		0	20,479
Sale of agricultural produce - net of costs and expenses		3,896	2,694
Sale of fusel oil - net of sales tax		3,378	4,233
Sale of chemicals - net of costs		405	3,012
Income against insurance claim		119,462	0
Others		0	18,881
		242,943	91,492
37. OTHER EXPENSES			
Donations (without directors' interest)	37.1	2,042	490
Uncollectible receivable balances written-off		639	0
Workers' profit participation fund and workers' welfare obligations	25.3	108,110	39,325
Prior year's sales tax on account of inadmissible input tax adjustment claimed		1,096	607
Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 and difference of tax payable on salaries		0	207
Loss on sale of operating fixed assets - net		0	2,765
Others		0	6,470
		111,887	49,864
37.1	Expense for the year represents donation paid to AI - Siraj Welfare Foundation.		
38. FINANCE COST			
Mark-up on:			
- long term finances		922,799	325,468
- loans from Associated Companies		41,598	27,789
- short term borrowings		1,793,977	814,989
Interest on workers' (profit) participation fund	25.3	1,438	535
Unwinding of interest on lease liabilities		47,731	28,080

	2023	2022
	Rupees in thousand	
Bank charges	12,333	13,253
Amortisation of deferred Government grant	(23,946)	(6,853)
Exchange fluctuation loss - net	185,347	2,470
	<u>2,981,277</u>	<u>1,205,731</u>
39. TAXATION		
Current		
- for the year	344,883	302,505
- prior year	41,974	37,072
	<u>386,857</u>	<u>339,577</u>
Deferred:		
- on account of temporary differences	(550,515)	94,608
	<u>(163,658)</u>	<u>434,185</u>
40. COMBINED EARNINGS (LOSS) PER SHARE		
There is no dilutive effect on earnings per share of the Holding Company, which is based on:		
Earnings / (loss) attributable to equity holders of the Holding Company	<u>812,433</u>	<u>(197,091)</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 earnings / (loss) per share	<u>216.65</u>	<u>(52.56)</u>
41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES		
Financial instruments by category		
Financial assets		
At fair value through profit or loss		
Short term investments	<u>10,305</u>	<u>25,237</u>

	2023	2022
	Rupees in thousand	
At amortised cost		
Maturity upto one year		
Trade debts	1,251,423	89,228
Trade deposits and other receivables	223,571	283,166
Bank balances	950,611	337,853
Maturity after one year		
Long term security deposits	16,985	16,485
	2,442,590	726,732
Financial liabilities		
Other financial liabilities		
Maturity upto one year		
Trade and other payables	1,083,139	797,711
Unclaimed dividends	7,470	7,470
Accrued mark-up	746,754	429,125
Short term borrowings	4,615,620	5,002,895
Current maturity of non-current liabilities	1,429,079	894,900
Maturity after one year		
Long term finances	4,673,541	4,191,793
Loans from related parties	156,854	181,839
Lease liabilities	161,396	146,603
	12,873,853	11,652,336

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 mainly arises where receivables and payables exist due to transactions entered into in foreign currencies. The Holding Company is not exposed to foreign exchange risk as it does not have any foreign currency receivables or payables at the reporting date.

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. 0.972 million (2022: Financial liabilities included Rs. 9.310 million) which were subject to currency risk.

Rupees per U.S.\$	2023	2022
Average rate	259.03	199.95
Reporting date rate	288.60	229.45

Sensitivity analysis

As at September 30, 2023, 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.97,220 thousand (2022: Rs.620 thousand) 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:

	2023	2022	2023	2022
	Effective rate		Carrying amount	
			Rupees in thousand	
Fixed rate instruments				
Financial assets				
Deposits with a non-banking finance Company			<u>12,000</u>	12,000
Bank balances	13.50% to 24.41%	5.10% to 13.98%	<u>512,811</u>	91,491
Variable rate instruments				
Financial liabilities				
Long term finances	3 to 6 month KIBOR + spread rate		<u>5,979,370</u>	4,958,803
Loans from Associated Companies	1 month KIBOR + 1.25%		<u>188,090</u>	219,325
Lease liabilities	23.92% to 24.77%	9.20% to 13.08%	<u>253,410</u>	237,007
Short term borrowings	16.71% to 24.41%	8.78% to 18.09%	<u>4,615,585</u>	5,002,895

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, 2023, if interest rate on variable rate financial instruments had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs.105.236 million mainly as a result of higher interest expense on variable rate financial liabilities (2022: loss before taxation would have been higher / lower by Rs.103.265 million)

(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, 2023, 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, 2023, a 10% increase / decrease in redemption value of Units of the Mutual Fund would have increased / decreased profit after taxation for the current year by Rs.1,031 thousand (2022: loss before taxation would have been lower / higher by Rs.2,524 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, 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 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 to the Holding Company.

CSM and its Subsidiaries

The management of CSM and its Subsidiaries 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, 2023				
Gross carrying value	1,215,486	223	1,729	1,217,438
Loss allowance	1,381	223	1,729	3,333
September 30, 2022				
Gross carrying value	44,210	0	1,729	45,939
Loss allowance	53	0	1,729	1,782

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:

	2023	2022
(Rupees in thousand)		
September 30,		
Gross carrying value	26,163	333,875
Loss allowance	905	905

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, 2023 along with comparative is tabulated below:

	2023	2022
	Rupees in thousand	
Security deposits	16,985	16,485
Trade debts	1,251,423	89,228
Loans and advances	1,050,494	1,446,015
Trade deposits and other receivables	223,571	283,166
Short term investments	10,305	25,237
Deposits with a non-banking finance company	12,000	12,000
Bank balances	938,611	325,853
	3,503,389	2,197,984

- The management does not expect any losses from non-performance by these counter parties.
- Trade debts at September 30, 2023 represented domestic and foreign 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 VIS Credit Rating Company Limited 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	1,214,104	44,157
Loans and advances	15,007	144,853
Trade deposits and other receivables	369,248	363,645
	1,598,359	552,655

Counter-parties with external credit rating

Bank balances	Rating		
	A 1+	235,287	235,287
A 1	20,853	20,853	
	256,140	256,140	
Loans and advances	A-1+	11,156	185,061
	A-1	0	3,959
	A-1+	0	2
		11,156	189,022

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
2023	----- Rupees in thousand -----			
Long term finances	5,979,370	5,979,370	1,305,829	4,673,541
Loans from related parties	188,090	188,090	31,236	156,854
Lease liabilities	253,410	253,410	92,014	161,396
Trade and other payables	1,083,139	1,083,139	1,083,139	0
Unclaimed dividends	7,470	7,470	7,470	0
Accrued mark-up	746,754	746,754	746,754	0
Short term borrowings	4,615,620	4,615,620	4,615,620	0
	12,873,853	12,873,853	7,882,062	4,991,791

2022				
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	797,711	797,711	797,711	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
	<u>11,652,336</u>	<u>11,652,336</u>	<u>7,132,101</u>	<u>4,520,235</u>

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

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, 2023, the carrying values of all financial assets and liabilities reflected in the consequently 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).

As at September 30, 2023, 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 and its Subsidiaries)

Certain property, plant and equipment of CSM and its Subsidiaries were valued by independent valuer to determine the fair value of property, plant and equipment as at September 30, 2023. 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:

	2023	2022
	Rupees in thousand	
Long term finances	5,979,370	4,958,803
Loans from related parties	188,090	219,325
Lease liabilities	253,410	237,007
Short term borrowings	4,615,620	5,002,895
Total debt	11,036,490	10,418,030
Less: bank balances	(950,611)	(337,853)
Net debt	10,085,879	10,080,177
Share capital	37,500	37,500
Share redemption reserve	1	1
Revaluation surplus on property, plant and equipment	5,804,999	4,563,539
General revenue reserve	1,010,537	1,010,537
Unappropriated profit	2,342,927	1,223,171
Equity	9,195,965	6,834,748
Capital	19,281,844	16,914,925
Gearing ratio (Net debt / (Net debt + Equity))	52.31%	59.59%

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:

	2023	2022
The Holding Company	Rupees in thousand	
Associated Companies		
- rental income	0	1,271
- purchase of store items	13,157	0
- expenses paid on account of storage service	12,484	9,045
Key management personnel		
- salaries and other benefits	7,989	6,658
- contribution towards provident fund	0	113

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 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:

	2023	2022
	Rupees in thousand	
Arpak International Investments Ltd.		
Mark-up charged	7,529	5,668
Syntronics Ltd.		
Purchase of store items	163,068	83,614
Dividend paid	0	17,952
Syntron Ltd.		
Purchase of store items	94,760	83,230
Azlak Enterprises (Pvt.) Ltd.		
Services rendered	38,018	32,110
Mark-up charged	17,605	11,012
Expenses paid	1,931	5,996
Dividend paid	0	7,387
Phipson & Company Pakistan (Pvt.) Ltd.		
Expenses paid	413	37
Dividend paid	0	1,538
Premier Board Mills Ltd.		
Mark-up charged	16,463	11,110
Provident fund		
Contribution to provident fund	32,810	24,203
Directors		
Dividends paid	0	19,103
Vehicles leased	0	16,189
Advance against sale of floor area - building	0	100,000

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

45.1 Aggregate amounts of remuneration, including certain benefits, to Chief Executive, Directors and Executives of the Holding Company , are as follows:

Particulars	Chief Executive		Director		Executive	
	2023	2022	2023	2022	2023	2022
	----- Rupees in thousand -----					
Managerial remuneration	1,613	1,320	3,668	3,300	2,708	2,038
Contribution to provident fund	0	0	0	113	0	0
Medical expenses reimbursed	0	0	0	26	0	0
	1,613	1,320	3,668	3,439	2,708	2,038
Number of persons	1	1	1	1	1	1

45.2 The aggregate amount charged in the financial statements for remuneration, including all benefits, to Executive Directors and Chief Executives of CSM and its Subsidiaries, is as follows:

Particulars	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in thousand) -----					
Managerial remuneration	32,258	13,500	38,258	27,000	69,648	44,119
Bonus	7,590	0	7,590	0	44,882	7,774
Housing and utilities	4,044	3,330	1,851	895	46,432	29,413
CSM and its Subsidiaries contribution to provident fund	0	0	0	0	4,214	3,348
Medical	4,346	11,322	136	15,228	827	805
Other expenses	13,628	5,979	20,042	21,336	0	0
	61,866	34,131	67,877	64,459	166,003	85,459
Number of persons	1	1	2	3	29	19

45.3 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

45.4 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.

45.5 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. During the year, the remuneration of Directors were increased vide Extraordinary General Meeting (EOGM) dated August 25, 2023. Further, remuneration was approved for Mr. Iskander M. Khan, Director through aforesaid EOGM.

45.6 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.

45.7 Remuneration of the Directors does not include amounts paid or provided for, if any, by the Associated Companies.

46. CAPACITY AND PRODUCTION		2023	2022
46.1 The Holding Company			
Sugar Cane Plant			
Rated crushing capacity per day	M.Tonnes	3,810	3,810
Cane crushed	M.Tonnes	102,302	32,104
Sugar produced	M.Tonnes	10,721	1,986
Days worked	Nos.	130	80
Sugar recovery	%	10.35	6.40
Sugar Beet Plant			
Rated slicing capacity per day	M.Tonnes	2,500	2,500
Distillery			
Rated capacity per day	Gallons	14,300	10,000
Ethanol produced	Gallons	920,400	1,641,104
Days worked	Nos.	127	223
- 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 105 days (2022:128 days)		1,890,000	2,304,000
Actual cane crushed (Metric Tonnes)		1,963,169	1,885,437
Sugar produced (Metric Tonnes)		211,871	195,219
Ethanol Fuel Plant			
Rated production capacity (Litres / day)		125,000	125,000
On the basis of average number of 343 days (2022:330 days) (Litres)		42,875,000	41,250,000
Actual production (Litres)		42,374,200	40,933,660
Storage facility			
Storage capacity (metric tonnes)		20,000	20,000
Days worked:			
Sugar Unit - I		106	122
Sugar Unit - II		103	121
Ethanol Fuel Plant		343	335

Sugar Division performed at more than installed capacity to the extent of availability of sugar cane. Capacity of Ethanol Units were also over-utilized on certain days.

46.3 FSM
2023
2022
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, 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
	<u>2,509,903</u>	<u>(93,364)</u>	<u>0</u>	<u>2,324,953</u>	<u>300,049</u>	<u>2,254</u>	<u>5,043,795</u>
Balance as at September 30, 2022	4,958,803	237,007	219,325	5,002,895	429,125	22,649	10,869,804
Changes from financing activities							
Finances - net	1,020,567	0	0	(387,275)	0	0	633,292
Finances - obtained	0	178,896	0	0	0	0	178,896
- repaid	0	(162,493)	(31,235)	0	0	0	(193,728)
Mark-up accrued	0	0	0	0	2,807,543	0	2,807,543
Mark-up paid	0	0	0	0	(2,489,914)	0	(2,489,914)
Dividend paid	0	0	0	0	0	(35)	(35)
	<u>1,020,567</u>	<u>16,403</u>	<u>(31,235)</u>	<u>(387,275)</u>	<u>317,629</u>	<u>(35)</u>	<u>936,054</u>
Balance as at September 30, 2023	<u>5,979,370</u>	<u>253,410</u>	<u>188,090</u>	<u>4,615,620</u>	<u>746,754</u>	<u>22,614</u>	<u>11,805,858</u>

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 financial statements of provident funds of the Holding Company and FSM for the year ended September 30, 2023 and financial statements for the year ended September 30, 2022:

	2023	2022
	Rupees in thousand	
Size of the funds - total assets	63,951	55,161
Cost of investments made	59,235	41,839
Fair value of investments made	59,235	41,839
	----- % -----	
Percentage of investments made	92.63	75.85

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

	2023	2022	2023	2022
	---- % ----		Rupees in thousand	
Term deposit receipts	90.60	88.43	53,668	37,000
Saving and deposit accounts in scheduled banks	9.40	11.57	5,567	4,839
	100	100	59,235	41,839

48.2 Investments made by the Group, out of the provident funds, have been made in accordance with the provisions 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, 2023

	Sugar Division		Ethanol Division		Total	
	2023	2022	2023	2022	2023	2022
----- Rupees in thousand -----						
Sales						
External customers	1,222,050	216,128	2,000,175	498,117	3,222,225	714,245
Less : sales tax & commission	(162,066)	(22,223)	(14,197)	(12,806)	(176,263)	(35,029)
Sales - net	1,059,984	193,905	1,985,978	485,311	3,045,962	679,216
Segment expenses:						
Cost of sales	(1,075,120)	(504,999)	(1,612,976)	(194,162)	(2,688,096)	(699,161)
Gross (loss) / profit	(15,136)	(311,094)	373,002	291,149	357,866	(19,945)
Distribution cost	(3,768)	(1,981)	(64,058)	(57,448)	(67,826)	(59,429)
Administrative expenses	(94,180)	(63,573)	0	0	(94,180)	(63,573)
	(97,948)	(65,554)	(64,058)	(57,448)	(162,006)	(123,002)
(Loss) / profit from operations	(113,084)	(376,648)	308,944	233,701	195,860	(142,947)
Other income	19,957	80,819	0	7,853	19,957	88,672
Other expenses	(2,828)	(9,889)	(47,944)	0	(50,772)	(9,889)
	17,129	70,930	(47,944)	7,853	(30,815)	78,783
Segment results	(95,955)	(305,718)	261,000	241,554	165,045	(64,164)
Finance cost	(89,139)	(11,511)	(61,165)	(45,730)	(150,304)	(57,241)
(Loss) / profit before taxation	(185,094)	(317,229)	199,835	195,824	14,741	(121,405)
Taxation					(58,243)	(22,993)
Profit / (loss) after taxation					72,984	(98,412)

Segment assets and liabilities

	Assets		Liabilities	
	2023	2022	2023	2022
----- Rupees in thousand -----				
Sugar	3,031,516	2,395,209	1,188,651	1,436,675
Ethanol	218,445	230,545	21,553	171,583
Total for reportable segment	3,249,961	2,625,754	1,210,204	1,608,258

49.2 Sales to domestic customers in Pakistan are 60.29% (2022 : 42.57%) and to customers outside Pakistan are 39.71% (2022 : 57.43%) of the revenues during the current financial year.

49.3 All non-current assets of the Holding Company as at September 30, 2023 and September 30, 2022 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, 2023

	Sugar Division		Ethanol Division		Total	
	2023	2022	2023	2022	2023	2022
----- Rupees in thousand -----						
Sales						
-External customers	21,256,732	14,264,248	8,114,885	5,010,031	29,371,617	19,274,279
-Inter segment	1,534,829	953,528	0	0	1,534,829	953,528
	<u>22,791,561</u>	<u>15,217,776</u>	<u>8,114,885</u>	<u>5,010,031</u>	<u>30,906,446</u>	<u>20,227,807</u>
Less : sales tax & others	(2,910,329)	(2,098,904)	(85,571)	(80,562)	(2,995,900)	(2,179,466)
Sales - net	19,881,232	13,118,872	8,029,314	4,929,469	27,910,546	18,048,341
Segment expenses:						
Cost of sales	(16,897,260)	(11,387,946)	(3,291,193)	(2,840,171)	(20,188,453)	(14,228,117)
less: Inter segment cost	0	0	(1,534,829)	(953,528)	(1,534,829)	(953,528)
	<u>(16,897,260)</u>	<u>(11,387,946)</u>	<u>(4,826,022)</u>	<u>(3,793,699)</u>	<u>(21,723,282)</u>	<u>(15,181,645)</u>
Gross profit	2,983,972	1,730,926	3,203,292	1,135,770	6,187,264	2,866,696
Selling and distribution expenses	(146,522)	(48,382)	(719,494)	(420,588)	(866,016)	(468,970)
Administrative and general expenses	(738,250)	(587,988)	(271,106)	(187,183)	(1,009,356)	(775,171)
Net impairment losses on financial assets	(66,964)	(34,145)	0	0	(66,964)	(34,145)
Others	0	0	0	0	-131,610	(89,004)
	<u>(951,736)</u>	<u>(670,515)</u>	<u>(990,600)</u>	<u>(607,771)</u>	<u>(2,073,946)</u>	<u>(1,367,290)</u>
Profit from operations	2,032,236	1,060,411	2,212,692	527,999	4,113,318	1,499,406
Other income	207,236	66,251	34,966	(262)	242,202	65,989
Others	0	0	0	0	0	362
Other expenses	(90,445)	(37,210)	(18,915)	0	(109,360)	(37,210)
	<u>116,791</u>	<u>29,041</u>	<u>16,051</u>	<u>(262)</u>	<u>132,842</u>	<u>29,141</u>
Segment results	2,149,027	1,089,452	2,228,743	527,737	4,246,160	1,528,547
Finance cost					(2,783,013)	(1,149,546)
Profit before tax					1,463,147	379,001
Taxation					105,934	(456,726)
Profit / (loss) for the year					1,569,081	(77,725)
Segment assets and liabilities						

Segment assets and liabilities

	2023		2022	
	----- (Rupees in thousand) -----			
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Sugar	24,583,109	15,877,806	17,389,270	11,281,220
Ethanol	7,367,338	1,942,447	6,635,732	2,083,503
Total for reportable segment	31,950,447	17,820,253	24,025,002	13,364,723
Others	1,747,203	1,271,924	1,747,203	1,185,717
Total assets / liabilities	33,697,650	19,092,177	25,772,205	14,550,440

50. NUMBER OF EMPLOYEES

	2023	2022
	----- Number -----	
Number of persons employed as at September 30,		
- permanent	1,229	1,147
- contractual	1,281	1,278
	<u>2,510</u>	<u>2,425</u>
Average number of employees during the year		
- permanent	1,317	1,160
- contractual	1,803	1,653
	<u>3,120</u>	<u>2,813</u>

51. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, except for disclosing contract liabilities separately, which were previously grouped under trade and other payables, no material re-arrangements and re-classifications have been made in these consolidated financial statements.

52. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorised for issue on February 02, 2024 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
78th 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 February 26, 2024 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 2024.

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)

78 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 اسی ڈی سی اکاؤنٹ نمبر _____، حال _____ عام حصص، کمپنی کے ایک دوسرے رکن

کا / کی _____ فولیو نمبر اسی ڈی سی اکاؤنٹ نمبر _____

شناختی کارڈ نمبر _____ یا پاسپورٹ نمبر _____ یا بصورت دیگر کمپنی کے اور رکن

کا / کی _____ فولیو نمبر اسی ڈی سی اکاؤنٹ نمبر _____

شناختی کارڈ نمبر _____ یا پاسپورٹ نمبر _____، کو میری / ہماری غیر حاضری میں کمپنی کے سالانہ اجلاس عام

میں، جو بتاریخ 26 فروری، 2024، 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 _____ 2024

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۔