ANNUAL REPORT

2021

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Company Profile

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

a) To purchase, manufacture, produce, refine, prepare, import, export, sell and generally to deal in sugar, sugarcane, sugar beets, gur, jaggery, molasses, syrups and melada and alcohol and all products or by-products thereof and food products generally and in connection therewith to acquire, erect, construct, establish, operate and maintain sugar or other refineries, buildings, mills, factories, distilleries and other works;

b) To manufacture any other article or articles of food made from cereals, fruits, vegetables, seeds or oils, etc.;

c) To manufacture chemicals of all description, to prepare drugs and medicines;

d) To manufacture starch and yeast floor from maize, wheat or any other material;

e) To manufacture straw-boards and paper;

f) To plant, cultivate, produce and raise sugarcane, maize, sugar beets and/or any other agricultural crops;

g) To acquire by purchase, mortgage, lease, exchange, or otherwise, any moveable or immovable property, patents, inventions licenses, secret formula or processes, rights or privileges which the Company may think necessary or convenient for the purpose of its business and to construct, erect, manage, improve, alter, extend, demolish or reconstruct any buildings, machineries or works necessary or convenient of the purposes of the Company;

h) To sell and purchase from time to time and deal in all such stock in trade, goods, chattels and effects as may be necessary or convenient for any business, for the time being, carried on by the Company an especially sugar, sugarcane, raw sugar, gur, molasses cereals, fruits and vegetables, seeds, oil, mill stores, stocks, spare machinery and all other materials or things necessary for the same;

i) To purchase or otherwise acquire, by cultivation or any other manner, seeds and agricultural product of any description which may be necessary or be required for the production of sugar and its by-products, or the manufacture of any material, or article which the Company is authorized under;

j) To establish, in Pakistan or elsewhere, agencies or branches for the purchase and sale of goods of all description;

k) To appoint agents to assist the working of the Company with such powers and on such terms as the Company may generally or in any special case determine;

l) Any other business as mentioned in the Memorandum of Association.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Company Information

Board of Directors

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

Company Secretary
Mr. Mujahid Bashir

Chief Financial Officer
Mr. Rizwan Ullah Khan

Head of Internal Audit
Mr. Zaheer Mir

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

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

Legal Advisor
Mr. Isaac Ali Qazi
Advocate

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

Bankers

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

Management Committees

Executive Committee

Mr. Abbas Sarfaraz Khan (Executive Director)	Chairman
Mr. Aziz Sarfaraz Khan (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
Mr. Aziz Sarfaraz Khan (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.

<u>Human Resource and Remuneration Committee</u>

Mr. Shahbaz Haider Agha (Independent Director)	Chairman
Mr. Aziz Sarfaraz Khan (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
2012	249,062.000	9.76	24,290.00	43,124.74	10.65	4,539.00
2013	222,121.000	9.14	20,507.00	43,124.74	10.65	4,539.00
2014	117,589.000	8.90	10,402.00	47,379.00	9.71	4,567.00
2015	95,526.000	9.11	9,019.00	NOT OPERATED		
2016	178,273.000	9.94	17,677.00			
2017	268,864.455	9.32	25,003.00			
2018	204,775.000	11.12	22,708.00			
2019	154,414.000	10.90	16,768.00			
2020	36,528.000	8.77	3,149.00			
2021	22,590.385	8.32	1,817.50			

PRODUCTION OF INDUSTRIAL ALCOHOL

YEARS	MOLASSES TONS	RECOVERY GLNS PER MND	PRODUCTION IN GALLONS
2012	13,348.13	1.978	660,010.00
2013	8,589.29	1.876	402,790.00
2014	6,477.00	2.104	340,694.00
2015	NOT OPERATED		
2016			
2017			
2018			
2019			
2020	15,034.99	2.00	751,755.00
2021	16,144.42	1.92	776,585.00

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

SIX YEARS' PERFORMANCE AT A GLANCE

PARTICULARS	2021	2020	2019	2018	2017	2016
		(RUPEES IN THOUSAND)				
Turnover	548875	938,404	1,072,460	1,262,508	892,219	1,470,677
(Loss)/ Profit from Operations	(179,672)	47,148	150,059	(80,988)	(93,672)	(132,666)
Loss before tax	(207,843)	(48,470)	30,870	(166,513)	(171,931)	(195,530)
Loss after tax	(202,250)	(48,749)	184	(195,735)	(147,178)	(149,793)
Share capital	37,500	37,500	37,500	37,500	37,500	37,500
Shareholders' equity	1,120,574	1,324,441	993,464	992,816	1,181,014	1,203,899
Non-current assets	1,470,500	1,600,476	1,265,092	1,399,585	1,493,750	1,328,521
Total assets	1,975,697	2,030,464	1,924,249	2,190,236	2,445,206	1,881,265
Non current liabilities	152,825	192,939	31,774	17,144	83,160	150,724
Current assets	500,555	429,988	659,157	790,651	951,456	552,744
Current liabilities	432,298	513,084	899,011	1,180,276	1,181,032	526,642
Dividend						
Cash dividend	0	0	0	0	0	20%
Ratios:						
Profitability (%)						
Operating (loss) / profit	(32.73)	5.02	13.99	(6.41)	(10.50)	(9.02)
Loss before tax	(37.87)	(5.17)	2.88	(13.19)	(19.27)	(13.30)
Loss after tax	(36.85)	(5.19)	0.02	(15.50)	(16.50)	(10.19)
Return to Shareholders						
ROE - Before tax	(18.55)	(3.66)	3.11	(16.77)	(14.56)	(16.24)
ROE - After tax	(18.05)	(3.68)	0.02	(19.72)	(12.46)	(12.44)
Return on Capital Employed	(15.88)	(3.21)	0.02	(19.38)	(11.64)	(11.06)
E. P. S. - After tax	(53.93)	(13.00)	0.05	(52.20)	(39.25)	(39.94)
Activity						
Total assets turnover	0.27	0.47	0.52	0.54	0.41	0.83
Non-current assets turnover	0.36	0.65	0.80	0.87	0.63	1.18
Liquidity/Leverage						
Current ratio	1.16	0.84	0.73	0.67	0.81	1.05
Break up value per share	298.8	353.2	264.9	264.8	314.9	321.0
Total Liabilities to equity (Times)	(0.42)	(0.53)	(0.94)	(1.21)	(1.07)	(0.56)

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 76th Annual General Meeting of the shareholders of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** will be held on February 25, 2022 at 11:30 AM at the Registered Office of the Company at Nowshera Road, Mardan, for transacting the following business:-

(1) To confirm the minutes of the Annual General Meeting held on February 25, 2021.

(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, 2021.

(3) To appoint the Auditors of the Company and to fix their remuneration for the financial year ending September 30, 2022. The present auditors' M/s ShineWing Hameed Chaudhri & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.

(4) To consider and approve 10% increase in salaries of working directors.

(5) To transact any other business of the Company as may be permitted by the Chair.

The share transfer books of the Company will remain closed from February 15, 2022 to February 25, 2022 (both days inclusive).

BY ORDER OF THE BOARD

Mardan:
February 02, 2022

(Mujahid Bashir)
Company Secretary

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 (CNIC) or Original Passport, account, sub account number and participant's number in the Central Depository System for identification purpose for attending the Meeting. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

4. The Members who desires to receive annual financial statements and notice of meeting for the financial year ending September 30, 2022 or onward through email, instead of registered post/ courier, may submit their consent on the form available for the purpose on Company's website.

5. The Financial Statements of the Company for the year ended September 30, 2021 along with reports have been placed at website of the Company www.premiersugarmills.com

6. Shareholders, who by any reason, could not claim their dividend/shares, if any are advised to contact to our share Registrar M/s. Hameed Majeed Associates, H.M. House 7 Bank Square, Lahore to collect/enquire about their unclaimed dividend / shares, if any.

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

CHAIRMAN'S REVIEW REPORT

I welcome you to the 76th 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, 2021, on behalf of the Board of Directors (“the Board”) on the performance of your Company, as required by Section 192 of the Companies Act, 2017. I appreciate the performance of the Board and the members achieved success in carrying out the Company's objectives.

The Company has complied with the requirements of the Companies Act, 2017 ("the Act") and the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") with respect to the composition, procedures in the meetings of the Board and its committees. As required under the Regulations, an annual evaluation of the Board of the Company was carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against the expectations in the context of objectives set for the Company. The evaluation process is conducted internally by the Company Secretary who prepares an annual Evaluation Assessment Questionnaire which was circulated amongst the Board Members to provide clarification and further insights and perspective on the performance of the Board.

The Board met the duties as required under the Companies Act, 2017 and Listed Companies (Code of Corporate Governance), Regulations 2017, which includes approval of significant policies, establishing a sound system of internal controls, approval of budgets and financial results, along with the approval of significant investments. During the year, the Board met six times and complied with the regulatory requirements and acted in accordance with the applicable laws and best practices.

Being the Chairman of the Board, I ensured that the management is actively working on different options to ensure appropriate returns on the available funds in the Board meetings held during the year. All written notices, including the agenda, supporting documents and other working papers of meetings were circulated prior to the meetings to ensure that the Board plays an effective role in fulfilling its responsibilities.

The information about the financial results is 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, 2021.

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

(Aziz Sarfaraz Khan)
Chairman
Mardan: February 02, 2022

دی پریمیئر شوگر ملز اینڈ ڈسٹلری کمپنی لمیٹڈ

چیئرمین کی جائزہ رپورٹ

میں آپ کو کمپنی کے 76 ویں سالانہ رپورٹ میں آپ کو خوش آمدید کہتا ہوں , بورڈ کی جانب سے 30 ستمبر 2021 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ جائزہ رپورٹ پیش کرتے ہوئے بہت خوشی محسوس ہورہی ہے جو کے کمپنیز ایکٹ 2017 کے سیکشن 192 کے مطابق ہے۔ میں بورڈ کی کارکردگی کو سراہتا ہوں اور ممبران نے کمپنی کے مقاصد کو کامیابی سے پورا کیا۔

کمپنی نے کمپنیز ایکٹ 2017 (دی ایکٹ) اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ری ریگولیشنز) کے تقاضوں بورڈ آف ڈائریکٹرز اور اسکی کمیٹیوں کی تشکیل، طریقہ کار کے حوالے سے تعمیل کی ہے۔ کمپنی کے سالانہ بورڈ کی سالانہ جانچ کا کام ریگولیشنز کے مطابق کیا گیا۔ اس تجزیہ کا مقصد اس بات کو یقینی بناتا ہے کہ بورڈ کی مجموعی کارکردگی اور کمپنی کی کامیابی کو کمپنی کے مقرر کردہ مقاصد کے تناظر میں توقعات کے خلاف ماپا اور بنچ مارک کیا جائے۔ جانچ کا عمل اندرونی طور پر کمپنی سیکریٹری کے ذریعے انجام دیا جاتا ہے جو کہ ایک سالانہ ایویلیوشن اسسمنٹ سوالنامہ تیار کرتا ہے جسے بورڈ کے اراکین کے درمیان بورڈ کی کارکردگی کے بارے میں وضاحت اور مزید بصیرت اور نقطہ نظر فراہم کرنے کے لئے تقسیم کیا جاتا ہے۔

بورڈ نے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق اپنے فرائض منصبی کی ادائیگی کی جس میں اہم پالیسیوں کی منظوری. موثر اندرونی کنٹرول کے نظام کا قیام. بجٹ اور مالیاتی نتائج کی منظوری اور اہمیت کی حامل سرمایہ کاری کی منظوری جیسے امور شامل ہیں۔ زیر نظر مالی سال کے دوران بورڈ کی جانب سے چھ اجلاس منعقد کئے گئے جن میں ریگولیٹری تقاضوں کی تعمیل اور قابل اطلاق قوانین اور بہترین طریقوں کے مطابق کام ہوا۔

بورڈ کے چیئرمین ہونے کے ناطے میں نے اس بات کو یقینی بنایا کہ انتظامیہ سال کے دوران ہونے والی بورڈ میٹنگز میں دستیاب فنڈز کے مناسب ریٹرنز کے ایجنڈہ پر سرگرم عمل رہے۔ تمام لکھے گئے نوٹس، بشمول ایجنڈہ، متعلقہ دستاویزات اور دیگر ورکنگ پیپرز میٹنگز سے پہلے مہیا کیے گئے تاکہ اس بات کو یقینی بنایا جاسکے کہ بورڈ اپنی زمہ داریوں کو پورا کرنے میں موئثر کردار ادا کر رہا ہے۔

30 ستمبر 2021 کو اختتام ہونے والے مالی سال میں کمپنی کی کارکردگی کا ایک جامع جائزہ مالیاتی نتائج کے بارے میں معلومات جو کہ بورڈ آف ڈائریکٹرز کی رپورٹس کے ساتھ منسلک ہیں اس میں تفصیل سے بیان کیا گیا ہے۔

آپ کی کمپنی کے بورڈ کی جانب سے، میں اس موقع پر کمپنی کے ملازمین کی مخلصانہ خدمات کو سراہتا ہوں۔ میں قیمتی شیئر ہولڈرز کا بھی شکر گزار ہوں کہ انہوں نے کمپنی پر اعتماد کا اظہار کیا۔

عزیز سرفراز خان

چیئرمین

مردان، 02 فروری، 2022

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, 2021.

1. SUMMARISED FINANCIAL RESULTS

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

	2021	2020
	Rupees in thousand	
Loss before taxation	**(207,843)**	(48,470)
Less: Taxation		
Current		
- for the year	**16,400**	23,724
- for the prior year	**(378)**	-
	16,022	23,724
Deferred - for the year	**(21,615)**	(20,698)
-Tax refund of prior year	**-**	(2,747)
	(5,593)	279
Loss after taxation	**(202,250)**	(48,749)
	---------- Rupees ----------	
Loss per Share	**(53.93)**	(13.00)

2. REVIEW OF OPERATIONS

2.1 CRUSHING SEASON 2020-21

The sugarcane crushing season 2020-21 commenced on November 05, 2020 that continued till December 08, 2021. The mills crushed 22,590 tons (2020: 36,528 tons) of sugarcane to produce 1,817.50 tons (2020: 3,149 tons) of sugar having an average recovery of 8.32% (2020: 8.77%).

2.2 CRUSHING SEASON 2021-22

The sugarcane crushing season 2021-22 commenced on November 12, 2021. The mills have crushed 30,035 tons of sugarcane and have produced 1,822 tons of sugar till December 19, 2021, subsequently, because of its diversion of sugarcane towards the tax free commercial gur making, the mills announced temporary closure till the end of January, 2022. The Mills operated intermittently at 20% of its capacity causing inversion of sugar content and effecting sugar recovery. We have requested Cane Commissioner/Director Food, Food Directorate, KPK to play their role as defined in Gur Control Act, 1948 but of no avail, nor did FBR take measures to tax the Commercial Gur at the Mandi Level, as a result, Rs. 4.00 billion loss of revenue will be lost by the Government of Pakistan.

3. SUGAR PRICE

3.1- CRUSHING SEASON 2020-21

The Company operated intermittently for only 34 days and had to close its operations due to non-supply of sugarcane.

3.2- CRUSHING SEASON 2021-22

We expect that financial year 2021-2022 to be more challenging as the expected country-wide production of around 7.0 million tons will suppress the prices.

4. DISTILLERY

The Ethanol Fuel Plant produced 2,824 M.T of Ethanol during the year ended September 30, 2021.

5. STAFF

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

- The financial statements, prepared by the management of The Premier Sugar Mills & Distillery Company Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- All appropriate accounting policies have been consistently applied while preparing financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon Company's ability to continue as a 'going concern'.
- The Company has followed code of corporate governance as detailed in the listing regulations.
- Key operating and financial data for the last six years available in summarized form is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at September 30, 2021, except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on audited accounts, was Rs. 37.285 million as at September 30, 2021.
- 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 demonstrate 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 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 workers 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 was carried-out by the Directors, CFO, Company Secretary and their spouses and minor children except the CEO who purchased 83,736 ordinary shares during the year.

12. RELATED PARTY TRANSACTION

The Related Parties transactions mentioned in 40 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, eleven (11) meetings were held and attendance by each director was as follows;

Name of Directors	Board Meetings	Board Audit Committee Meetings	Human Resource and Remuneration Committee
	Attended	Attended	Attended
Non- Executive Directors			
Mr. Aziz Sarfaraz Khan	6	4	1
Begum Laila Sarfaraz	6	-	-
Ms. Zarmine Sarfaraz	3	4	-
Executive Directors			
Mr. Abbas Sarfaraz Khan	4	-	-
Mr. Iskander M. Khan	6	-	1
Independent Director			
Mr.Shahbaz Haider Agha	5	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 losses suffered by the Company.

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, 2022.

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, 2021 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, 2022

دی پریمیئر شوگر ملز اینڈ ڈسٹلری کمپنی لمیٹڈ

ڈائریکٹرز کی رپوٹ

دی پریمیر شوگر ملز اینڈ ڈسٹرلی کمپنی لمیٹڈ کے ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور 30 ستمبر 2021 کو ختم ہونے والے سال کے آڈیٹڈ 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

	2021	2020
	(ہزار روپے)	
ٹیکس سے پہلے نقصان	**(207,843)**	(48,470)
ٹیکیشن	----------	----------
موجودہ سال کا ٹیکس	**16,400**	23,724
گزشتہ سال کا ٹیکس	**(378)**	0
	16,022	23,724
ڈیفرڈ ٹیکس	**(21,615)**	(20,698)
گزشتہ سال کے ٹیکس کی واپسی	**(2,747)**	0
	(5,593)	279
نفع/نقصان بعد از ٹیکس	**(202,250)**	(48,749)
	روپے	
نفع/نقصان فی شیئر	**(53.93)**	(13.00)

2.1۔ کرشنگ سیزن 21-2020

گنے کا کرشنگ سیزن 21-2020، 05 نومبر 2020 کو شروع ہوا اور 8 دسمبر 2021 تک جاری رہا۔ ملز نے 22,590 ٹن (2020 میں 36,528 ٹن) گنا کرش کیا اور 8.32 فیصد اوسط (2020: 8.77 فیصد) کے حساب سے چینی کی پیداوار 1,817.50 ٹن (2020 میں 3,149 ٹن) رہی۔

2.2۔ کرشنگ سیزن 22-2021

گنے کا کرشنگ سیزن 22-2021 کا آغاز 12 نومبر 2021 کو شروع ہوا۔ 19 دسمبر 2021 تک ملز نے 30,035 ٹن گنے کو کرش کرتے ہوئے 1,822 ٹن چینی کی پیداوار کی۔ 19 دسمبر 2021، کے بعد، ٹیکس فری گڑ بنانے کی طرف گنے کا رخ موڑنے کی وجہ سے، ملز نے جنوری 2022 کے آخر تک عارضی طور پر بند کرنے کا اعلان کیا۔ ملز اپنی صلاحیت کے 20 فیصد پر وقفے وقفے سے کام کرتی رہی جس کی وجہ سے شوگر کونٹینٹ میں کمی آئی اور ریکوری اوسط پر اثر پڑا۔ ہم نے کین کمشنر/ڈائریکٹر فوڈ، فوڈ ڈائریکٹوریٹ، کے پی کے سے درخواست کی کہ وہ گڑ کنٹرول ایکٹ 1948 کے مطابق اپنا کردار ادا کریں لیکن کوئی فائدہ نہیں ہوا، اور نہ ہی ایف بی آر نے منڈی کی سطح پر کمرشل گڑ پر ٹیکس لگانے کے اقدامات کئے، جس کے نتیجے میں حکومت پاکستان کو 4 بلین ریوینو کا نقصان ہو گا۔

3۔ چینی کی قیمت

3.1۔ چینی کا سیزن 21-2020

کمپنی نے وقفے وقفے سے صرف 34 دن کام کیا اور گنے کی عدم فراہمی کی وجہ سے اسے اپنا کام بند کرنا پڑا۔

3.2۔ چینی کا سیزن 22-2021

ہم توقع کر رہے ہیں کہ مالی سال 22-2021 زیادہ چیلنجنگ ہو گا کیونکہ ملک بھر میں تقریبا 7 ملین ٹن کی متوقع پیداوار قیمتوں کو دبا دے گی۔

4۔ ڈسٹلری

ایتھنول فیول پلانٹ نے 30 ستمبر 2021 کو اختتام ہونے والے مالی سال کے دوران 2،824 MT ایتھنول کی پیداوار کی۔

5۔ سٹاف

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

6۔ شئیر ہولڈنگ کی ترتیب

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

7۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

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

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

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

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

۔ اندرونی کنڑول کا نظام موئثر طریقے سے نافذ اور نگراں 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 وضوابط، جوکہ لسٹنگ کے قواعد میں واضع کئے گئے ہیں کی پاسداری کر رہی ہے۔

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

۔30 ستمبر 2021 تک کسی بھی قسم کی کوئی ٹیکس، فرائض، لیویز، چارجز، بقایاجات نہیں ہیں، سوائے ان کے جو مالیاتی بیانات میں بتائی گئیں ہیں۔

۔30 ستمبر 2021 کو آڈٹ شدہ اکاؤنٹس پر مبنی، اسٹاف پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 37.285 ملین تھی۔

۔ کمپنی کے ذیادہ تر ڈائیریکٹرز، ڈائریکٹرز ٹریننگ پروگرام کی ضرورت سے مستثنی 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 تا کہ 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 موئثر اندرونی آڈٹ فنکشن ترتیب دیا ہے جو اس مقصد کیلئے موزوں اور تجربہ کار سمجھے جاتے ہیں اور کمپنی کی پالیسیوں اور طریقہ کار سے واقف ہیں۔ کمپنی کے اندرونی آڈیٹنگ کا دائرہ کار واضح طور پر بیان کیا گیا ہے جس میں اس کے "اندرونی کنٹرول سسٹمز" کا جائزہ لینا اور جانچنا وسیع پیمانے پر شامل ہے۔

10۔ تجارتی اور سماجی ذمہ داری

کمپنی اپنے کارپوریٹ اور سماجی ذمہ داری (Corporte Social Responsibility) (CSR) 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 تک حمایت کرتے ہوئے پہل کرنا جاری رکھے ہوئے ہیں تاکہ علاقے کی کم مراعات یافتہ کمیونٹیز کی زندگیوں میں بہتری لائی جا سکے۔ کمپنی نے اپنے ملز ایریا میں مسلسل کئی فلاحی سرگرمیاں کیں یعنی سیکنڈری لیول تک مفت تعلیم، کارکنوں کو سستا کھانہ، ضرورت مند افراد کو مفت راشن / طبی امداد کی فراہمی، کمپنی ملز ایریا میں مفت ڈسپنسری بھی چلائی جاتی ہے جو غریب مریضوں کو مفت ادویات فراہم کرتی ہے۔

11۔ شیئرز کی تجارت

30 ستمبر 2021 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 83,736 شیئرز خریدے تھے۔

12۔ متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں سے لین دین کے معاملے نوٹ 40 میں بیان کئے گئے ہیں ان کو بورڈ آف آڈٹ کمیٹی کے سامنے منظوری کے لئے پیش کیا گیا اور بورڈ سے باقاعدہ منظوری لی گئی تھی۔ لین دین کے یہ معاملات انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈرز (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 لیئے حصص داران کو سہ ماہی، نصف اور سالانہ رپورٹ کی معلومات فراہم کی جاتی ہے۔ بورڈ آف ڈائریکٹرس اعلیٰ سطحی احتساب کو یقینی بنانے کے لیئے حصص داروں کو سالانہ اجلاس میں شرکت کی حوصلہ افزائی کرنا ہے۔

14۔ بورڈ اجلاس

۔ سال کے دوران کل گیارہ 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 حاضری	آڈٹ کمیٹی کے اجلاس حاضری	ہیومن ریسورس اور معاوضہ کی کمیٹی حاضری
جناب عزیز سرفراز خان	6	4	1
بیگم لیلیٰ سرفراز (خاتون ڈائریکٹر)	5	--	--
محترمہ زرمین سرفراز (خاتون ڈائریکٹر)	4	4	--
ایگزیکٹو ڈائریکٹرز			
جناب عباس سرفراز خان	4	--	--
جناب اسکندر محمد خان	6	--	1
آزاد ڈائریکٹرز			
جناب شہباز حیدر آغا	5	4	1
جناب سلمان احمد	5	--	1

جو ڈائریکٹر بورڈ میٹنگ اجلاس میں حاضر نہیں ہوسکے 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 اکاونٹنٹ، لاہور، سالانہ اجلاس عام تک ریٹائرڈ ہو جاہیں گے اور انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیاہے۔ آڈٹ کمیٹی نے کوڈ آف کارپوریٹ گورننس کے ضابطہ کے مطابق، بورڈ آف ڈائریکٹرز نے آدیٹرز کو 30 ستمبر 2021 مالی سال کے اختتام تک مقرر کرنے کی گزارش کی ہے۔

17۔ ضابطہ برائے کاروباری نظم ونسق

کمپنی کوڈ آف کارپوریٹ گورننس کے ضابطے جو کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 میں دیئے گئے ہیں اور 30 ستمبر 2021 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

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

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

منجانب بورڈ

اسکندر محمد خان	عباس سرفراز خان	مردان
ڈائریکٹر	چیف ایگزیکٹو	بتاریخ:02فروری،2022

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 2021-22 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 15.02.2022 to 25.02.2022.

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: **9/30/2021**

2.2 No.of Shareholders	SHAREHOLDINGS FROM	TO	TOTAL SHARES HELD
519	1	100	19,562
412	101	500	99,524
154	501	1000	110,617
154	1001	5000	316,175
21	5001	10000	133,414
7	10001	20000	115,307
5	20001	50000	212,030
1	50001	150000	99,200
1	150001	310000	307,370
1	310001	400000	400,000
0	400001	600000	-
2	600001	1125000	1,936,801
1277			**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	2,409,397	64.25
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 Instituations, Non Banking Financial Institutions	16,146	0.43
2.3.5	Insurance Companies	-	-
2.3.6	Modarba and Mutual Funds	-	-
2.3.7	Shareholder holdings 10%	2,420,537	64.55
2.3.8	General Public		
	Local	888,368	23.69
	Foreign	-	-
2.3.9	Others (to be Specified)		
	(Public Sector Companies & Corporations)	36,082	0.96

Categories of shareholders	Numbers of Shareholders	No of shares held	Shares Held	Percentage of paid up capital
Directors and their Spouse and Minor Children	**7**		**2,351,334**	
Mr. Aziz Sarfaraz Khan		1,080,620		28.82
Begum Laila Sarfaraz		307,370		8.20
Mr. Abbas Sarfaraz Khan		939,917		25.06
Ms. Zarmine Sarfaraz		22,925		0.61
Mr. Iskander M. Khan		500		0.01
Mr. Shahbaz Haider Agha		1		0.00
Mr. Salman Ahmad		1		0.00
Shares held by Relatives	**4**		**58,063**	
Babar Ali Khan		1,584		0.04
Mahnaz Saigol		500		0.01
Mr. Abdul Qadar Khattak		33,705		0.90
Ms. Najda Sarfaraz		22,274		0.59
Company Secretary	**1**		**7**	
Mujahid Bashir		7		0.00
Associated Companies	**1**		**400,000**	
Arpak International Investments Ltd.		400,000		10.67
Banks, Development Finance Institutions, Non Banking Financial Instituations, Insurance Companies, Modarabas and Mutual Funds	**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
Public Sector Companies and Corporation	**16**		**36,082**	
The Society for the Rehabilitation of crippled children		174		0.00
Chief Administrator of Auqaf		3,798		0.10
The Ida Rieu Poor Welfare Association		349		0.01
BCGA (Punjab) Limited		5,268		0.14
Bibojee Services Limited		10,396		0.28
Robberts Cotton Association Limited		4,444		0.12
Madrassa Haqania Akora Khattak		52		0.00
Pyramid Investments (Pvt.) Limited		500		0.01
Secretary Municipal Committee Mardan.		226		0.01
Frontier Co-operative Bank Limited		8,452		0.23
Maple Leaf Capital Limited		1		0.00
Freedom Enterprises (Pvt.) Limited		1,000		0.03
Y.S Securities Limited		2		0.00
Sarfaraz Mehmood Private Limied		100		0.00
Mohammad Ahmed Nadeem Securities (SMC-Pvt) Limited		520		0.01
AKIK CAPITAL (PRIVATE) LIMITED		800		0.02
Shares held by General Public				
Held by General Public	**1242**		**888,368**	23.69
	1277		**3,750,000**	**100.00**

Shareholders holding 10% or more voting Interest in the Company

Khan Aziz Sarfaraz Khan	1,080,620	28.82
Mr. Abbas Sarfaraz Khan	939,917	25.06
M/s. Arpak International Investments Limited	400,000	10.67
	2,420,537	**64.55**

Trade in shares by Directors, CEO, CFO, Company Secretary, Executives and their Spouses and Minor Children

Name	Designation	No of Shares Purchased	No of Shares Sold
Abbas Sarfaraz Khan	CEO	83,736	-

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 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, 2021 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, 2021.

ShineWing Hameed Chaudhri & Co.

LAHORE;
February 03, 2022

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: 5
   - b) Female: 2
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 Mr. Aziz Sarfaraz Khan Begum Laila Sarfaraz Ms. Zarmine Sarfaraz
Executive Directors	Mr. Abbas Sarfaraz Khan Mr. Iskanader Muhammad Khan
Female Director	Begum Laila Sarfaraz Ms. Zarmine 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. Majority of the 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)	Mr. Aziz Sarfaraz Khan	**Member**
c)	Ms. Zarmine Sarfaraz	**Member**

    Human Resource and Remuneration Committee

a)	Mr. Shahbaz Haider Agha	**Chairman**
b)	Mr. Aziz Sarfaraz Khan	**Member**
c)	Mr. Iskander M. Khan	**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 Committee**s** were as per following**:**

a)	Board Audit Committee	**Quarterly**
b)	Human Resource and Remuneration Committee	**Annually**

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

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

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

18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with. However, fraction (0.33) contained in one-third number for Independent directors has not been rounded up as one, as the existing independent directors have the requisite skills, knowledge and diversified work experience to take independent decision in the interest of the Company.

19. Explanations for non-compliance with requirements, other than regulations, 3,6,8,27,32,33 and 36 are below.

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

Mardan:
February 02, 2022

(AZIZ SARFARAZ KHAN)
CHAIRMAN

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, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Emphasis of Matter

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

Key Audit Matters

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

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	**Financing obligations and compliance with related covenant requirements** At the reporting date, the Company has outstanding long and short term financing facilities aggregating Rs.268.988 million, which constitute 31% of total liabilities of the Company. The Company's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to the portfolio of financing. Further, new financing arrangements entail additional financial and non-financial covenants for the Company to comply with.	Our audit procedures in relation to verification of long and short term financing mainly included the following: - reviewed terms and conditions of financing agreements entered into by the Company with various banks; - circularised direct balance confirmations to banks and verified receipts and payments from relevant statements;
	The significance of financing along with the sensitivity of compliance with underlying financing covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.	- reviewed maturity analysis of financing to ascertain the classification of financing as per their remaining maturities; and - assessed the status of compliance with financing covenants and also inquired from the management with regard to their ability to ensure future compliance with the covenants.
2.	**Contingencies** The Company is subject to material litigations involving different Courts pertaining to taxation and other matters, which require management to make assessments and judgments with respect to likelihood and impact of such litigations on the financial statements of the Company. The management has engaged independent legal counsels on these matters. The assessment of provisioning against such litigations is a complex exercise and requires significant judgments to determine the level of certainty on these matters. The details of contingencies along with management's assessments are disclosed in note 30 to the financial statements.	In response to this matter, we performed the following audit procedures: - discussed legal cases with the internal legal department of the Company to understand the management's view point, obtained and reviewed the litigation documents to assess the facts and circumstances; - obtained opinions from legal counsels dealing with such cases in the form of confirmations; - evaluated the possible outcome of these legal cases in line with the requirements of IAS 37 (Provisions, contingent liabilities and contingent assets); and - disclosures of legal exposures and provisions were assessed for completeness and

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE;

February 03, 2022

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

		2021	2020
ASSETS	**Note**	**Rupees in thousand**	
Non-current Assets			
Property, plant and equipment	5	**1,278,751**	1,403,441
Investment property	6	**20,480**	25,766
Long term investments	7	**170,006**	170,006
Security deposits		**1,263**	1,263
		1,470,500	1,600,476
Current Assets			
Stores and spares	8	**109,699**	106,626
Stock-in-trade	9	**133,605**	187,760
Trade debts	10	**156,955**	16,883
Advances	11	**5,661**	4,451
Trade deposits and short term prepayments	12	**4,344**	1,178
Accrued profit on bank deposits		**527**	1,296
Other receivables	13	**19,135**	11,325
Sales tax refundable		**780**	0
Income tax refundable, advance tax and tax deducted at source	14	**17,076**	23,668
Current portion of long term loan to Subsidiary Company	15	**0**	24,238
Bank balances	16	**52,773**	52,563
		500,555	429,988
Non-current assets classified as held for sale	17	**4,642**	0
		505,197	429,988
TOTAL ASSETS		**1,975,697**	2,030,464
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
5,750,000 (2020: 5,750,000) ordinary shares of Rs.10 each		**57,500**	57,500
Issued, subscribed and paid-up capital	18	**37,500**	37,500
Capital reserves			
- share redemption		**1**	1
- revaluation surplus on property, plant and equipment	19	**792,005**	857,176
General revenue reserve		**900,000**	900,000
Accumulated loss		**(608,932)**	(470,236)
Shareholders' Equity		**1,120,574**	1,324,441
LIABILITIES			
Non-current Liabilities			
Long term finances	20	**5,077**	22,404
Lease liabilities	21	**1,095**	2,114
Government grant	22	**78**	1,189
Staff retirement benefits - gratuity	23	**20,096**	18,479
Deferred taxation	24	**126,479**	148,753
		152,825	192,939
Current Liabilities			
Trade and other payables	25	**128,053**	166,763
Unclaimed dividends		**7,470**	7,484
Accrued mark-up	26	**5,877**	6,237
Short term borrowings	27	**247,612**	290,000
Current portion of non-current liabilities	28	**26,886**	18,876
Taxation	29	**16,400**	23,724
		432,298	513,084
Liabilities directly associated with non-current assets classified as held for sale	17	**270,000**	0
Total Liabilities		**855,123**	706,023
Contingencies and commitments	30		
TOTAL EQUITY AND LIABILITIES		**1,975,697**	2,030,464

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

(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

(ISKANDER M. KHAN)
DIRECTOR

(RIZWAN ULLAH KHAN)
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Note	2021	2020
		Rupees in thousand	
Sales - net	31	**548,875**	938,404
Cost of sales	32	**761,851**	942,163
Gross loss		**(212,976)**	(3,759)
Distribution cost	33	**12,764**	13,910
Administrative expenses	34	**58,173**	57,009
Other expenses	35	**10,427**	1,386
		81,364	72,305
		(294,340)	(76,064)
Other income	36	**114,668**	123,212
(Loss) / profit from operations		**(179,672)**	47,148
Finance cost	37	**28,171**	95,618
Loss before taxation		**(207,843)**	(48,470)
Taxation	38	**(5,593)**	279
Loss after taxation		**(202,250)**	(48,749)
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss:			
(Loss) / gain on remeasurement of staff retirement benefit obligation - gratuity	23	**(2,277)**	614
Impact of tax		**660**	(178)
		(1,617)	436
Surplus arisen upon revaluation of property, plant and equipment	19.2	**0**	534,211
Deferred taxation	19.2	**0**	(154,921)
		0	379,290
		(1,617)	379,726
Total comprehensive (loss) / income		**(203,867)**	330,977
		--------- Rupees ---------	
Loss per share	39	**(53.93)**	(13.00)

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

(ABBAS SARFARAZ KHAN)	(ISKANDER M. KHAN)	(RIZWAN ULLAH KHAN)
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2021	2020
Cash flows from operating activities	**Rupees in thousand**	
Loss for the year - before taxation	**(207,843)**	(48,470)
Adjustments for non-cash charges and other items:		
Depreciation	**130,210**	83,831
Depreciation on investment property	**644**	881
Mark-up on loan to Subsidiary Company and profit on bank deposits	**(2,228)**	(23,805)
Staff retirement benefits-gratuity (net)	**(146)**	4,210
Unclaimed payable balances written-back	**(145)**	(754)
Gain on disposal of vehicles	**(114)**	(965)
Uncollectible receivable balances written-off	**41**	351
Dividends	**(68,755)**	(68,985)
Finance cost	**26,872**	93,481
(Loss) / profit before working capital changes	**(121,464)**	39,775
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	**(3,073)**	4,247
Stock-in-trade	**54,155**	232,598
Trade debts	**(140,072)**	(16,883)
Advances	**(1,239)**	2,331
Trade deposits and short term prepayments	**(3,166)**	169
Other receivables	**(7,823)**	(1,070)
Sales tax refundable	**(780)**	0
Decrease in trade and other payables	**(39,079)**	(18,186)
	(141,077)	203,206
Cash (used in) / generated from operations	**(262,541)**	242,981
Income tax paid	**(16,754)**	(34,125)
Net cash (used in) / generated from operating activities	**(279,295)**	208,856
Cash flows from investing activities		
Additions to property, plant and equipment	**(6,428)**	(11,426)
Advances received against non-current assets classified as held for sale	**270,000**	0
Sale proceeds of vehicles	**1,022**	2,267
Dividends received	**68,755**	68,985
Mark-up / profit received on loan to Subsidiary Company and bank deposits	**2,997**	22,632
Net cash generated from investing activities	**336,346**	82,458
Cash flows from financing activities		
Long term finances (repaid) / obtained	**(9,495)**	40,551
Lease finances - net	**(1,950)**	(231)
Long term loan to Subsidiary Company - received / adjusted	**24,238**	149,696
Finance cost paid	**(27,232)**	(118,889)
Dividend paid	**(14)**	(152)
Short term borrowings - net	**(42,388)**	(363,000)
Net cash used in financing activities	**(56,841)**	(292,025)
Net increase / (decrease) in cash and cash equivalents	**210**	(711)
Cash and cash equivalents - at beginning of the year	**52,563**	53,274
Cash and cash equivalents - at end of the year	**52,773**	52,563

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

(ABBAS SARFARAZ KHAN)	(ISKANDER M. KHAN)	(RIZWAN ULLAH KHAN)
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	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, 2019	37,500	1	519,562	900,000	(463,599)	993,464
Total comprehensive income for the year ended September 30, 2020						
- loss for the year	0	0	0	0	(48,749)	(48,749)
- other comprehensive income	0	0	379,290	0	436	379,726
	0	0	379,290	0	(48,313)	330,977
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(41,676)	0	41,676	0
Balance as at September 30, 2020	37,500	1	857,176	900,000	(470,236)	1,324,441
Total comprehensive loss for the year ended September 30, 2021						
- loss for the year	0	0	0	0	(202,250)	(202,250)
- other comprehensive loss	0	0	0	0	(1,617)	(1,617)
	0	0	0	0	(203,867)	(203,867)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(65,171)	0	65,171	0
Balance as at September 30, 2021	**37,500**	**1**	**792,005**	**900,000**	**(608,932)**	**1,120,574**

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

(ABBAS SARFARAZ KHAN)	**(ISKANDER M. KHAN)**	**(RIZWAN ULLAH KHAN)**
CHIEF EXECUTIVE	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates, assumptions and judgments

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

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

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

- Useful lives, residual values and depreciation method of property, plant and equipment and investment property. - notes 4.1, 4.2, 5 & 6.
- Provision for impairment of inventories - notes 4.4, 4.5, 8 & 9.
- Impairment loss of non-financial assets other than inventories - note 4.8.
- Allowance for expected credit loss - notes 4.6, 10 &13.
- Staff retirement benefits - gratuity - notes 4.10 & 23.
- Estimation of provisions - note 4.12.
- Estimation of contingent liabilities - notes 4.13 & 30.
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.14, 24 & 29.

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

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

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

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

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on October 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

(a) Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

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

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after October 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

(a) Classification of liabilities - Amendment to IAS 1 is effective for period beginning on April 01, 2021. The IASB issued a narrow-scope amendment to IAS 1, Presentation of financial statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendment clarifies that;

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;
- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;
- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and
- settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The Company has assessed that the impact of this amendment is not expected to be significant.

(b) Disclosure of accounting policies and definition of accounting estimates - Amendments to IAS 1 and IAS 8 are effective for period beginning on April 01, 2021. The IASB amended IAS 1, 'Presentation of financial statements', to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

The amendment to IAS 8, 'Accounting policies, changes in accounting estimates and errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The Company has assessed that the impact of these amendments is not expected to be significant.

(c) Amendments to IAS 16 'Property, plant and equipment' is effective from January 01, 2022; it prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sale proceeds and related cost in profit or loss. The amendment applies retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

(d) Amendments to IAS 37 Onerous contracts are effective from January 01, 2022. Under IAS 37 'Provisions, contingent liabilities and contingent assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations i.e. the lower of the costs of fulfilling the contract and the costs of terminating it outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs e.g. direct labour and materials; and an allocation of other direct costs e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

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, 2020.

4.1 Property, plant and equipment

(a) Owned

Measurement

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

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

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

Revaluation

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

Depreciation

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 5. Leasehold land is amortised over the lease term using the straight-line method.

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

Disposal

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

Judgment and estimates

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

(b) Right of use assets and related liabilities

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

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

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease liabilities have been discounted using the Company's incremental borrowing rate ranging from 8.98% to 9.55% (2020 : 8.98% to 15.01%) per annum. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

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

4.2 Investment property

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

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

4.3 Investments

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

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

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

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

4.4 Stores and spares

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

4.5 Stock-in-trade

a) Stock of manufactured products is valued at the lower of cost and net realisable value. Molasses inventory is valued at net realisable value.

b) Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which comprises of prime cost and appropriate production overheads.

c) Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

Judgments and estimates

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

4.6 Trade debts and other receivables

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

4.7 Cash and cash equivalents

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

4.8 Impairment of non-financial assets other than inventories

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

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

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

4.9 Borrowings and borrowing costs

Borrowings are recognised initially at fair value.

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

4.10 Staff retirement benefits

(a) Defined contribution plan

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

(b) Defined benefit plan

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2021 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 looses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

a) Financial assets

Classification

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

i) amortised cost where the effective interest rate method is applied;

ii) fair value through profit or loss; and

iii) fair value through other comprehensive income.

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

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

Recognition and derecognition

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

Measurement

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

Definition of default

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

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

Impairment of financial assets

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

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

- Trade debts

- Bank balances

Simplified approach for trade debts

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

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

Recognition of loss allowance

The Company recognises an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Write-off

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

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

b) Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

i) fair value through profit or loss; and

ii) other financial liabilities.

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

i) Fair value through profit or loss

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

ii) Other financial liabilities

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

Derecognition of financial liabilities

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

Offsetting of financial assets and financial liabilities

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

4.17 Foreign currency translation

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

4.18 Revenue recognition

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

Contract assets

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

Contract liabilities

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

Others

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

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

4.19 Development expenditure

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

4.20 Segment reporting

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

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

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

5. **PROPERTY, PLANT AND EQUIPMENT** (Operating fixed assets - tangible)

Particulars	Land - Leasehold	Land - Freehold	Buildings on freehold land	Buildings and roads on leasehold land	Plant and machinery	Furniture, fittings & office equipment	Railway rolling stock and vehicles	Sub-total	Leased vehicles (right of use assets)	Total
	---- Rupees in thousand ----									
As at September 30, 2019										
Cost / revaluation	2,725	12,065	188,032	175,295	731,592	62,213	17,451	1,189,373	10,631	1,200,004
Accumulated depreciation	610	0	56,630	55,952	189,314	41,490	14,661	358,657	3,976	362,633
Book value	2,115	12,065	131,402	119,343	542,278	20,723	2,790	830,716	6,655	837,371
Year ended September 30, 2020:										
Additions	0	0	0	0	90,002	24,357	0	114,359	2,633	116,992
Transfer from leased to owned										
- cost	0	0	0	0	0	0	4,190	4,190	(4,190)	0
- depreciation	0	0	0	0	0	0	(2,056)	(2,056)	2,056	0
Revaluation adjustments										
- cost	0	0	36,960	36,518	101,518	0	0	174,996	0	174,996
- depreciation	0	0	57,914	57,223	244,078	0	0	359,215	0	359,215
Disposals										
- cost	0	0	0	0	0	0	(3,440)	(3,440)	0	(3,440)
- depreciation	0	0	0	0	0	0	2,138	2,138	0	2,138
Depreciation charge for the year	27	0	9,046	8,938	58,953	4,772	840	82,576	1,255	83,831
Book value as at September 30, 2020	2,088	12,065	217,230	204,146	918,923	40,308	2,782	1,397,542	5,899	1,403,441
Year ended September 30, 2021:										
Additions	0	0	0	0	2,561	3,800	67	6,428	0	6,428
Transfer from leased to owned										
- cost	0	0	0	0	0	0	4,882	4,882	(4,882)	0
- depreciation	0	0	0	0	0	0	(2,387)	(2,387)	2,387	0
Disposals										
- cost	0	0	0	0	0	0	(2,044)	(2,044)	0	(2,044)
- depreciation	0	0	0	0	0	0	1,136	1,136	0	1,136
Depreciation charge for the year	27	0	15,087	14,907	92,248	6,214	1,047	129,530	680	130,210
Book value as at September 30, 2021	2,060	12,065	202,144	189,239	829,235	37,895	3,389	1,276,027	2,724	1,278,751
As at September 30, 2020										
Cost / revaluation	2,725	12,065	224,992	211,813	923,112	86,570	18,201	1,479,478	9,074	1,488,552
Accumulated depreciation	637	0	7,762	7,667	4,189	46,262	15,419	81,936	3,175	85,111
Book value	2,088	12,065	217,230	204,146	918,923	40,308	2,782	1,397,542	5,899	1,403,441
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	2,060	12,065	202,144	189,239	829,235	37,895	3,389	1,276,027	2,724	1,278,751
Depreciation rate (%)	1.01	0	5-10	5-10	10-12	10-15	10-20		20	

5.1 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**

5.2 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:

	2021	2020
	Rupees in thousand	
- buildings on freehold land	**14,363**	15,574
- buildings on leasehold land	**941**	1,021
- plant & machinery	**174,966**	194,704
	190,270	211,299

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

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

5.4 Depreciation for the year has been allocated as follows:

Cost of sales	**126,784**	80,398
Administrative expenses	**3,426**	3,433
	130,210	83,831

5.5 Disposal of vehicle

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
	-Rupees in thousand-						
2021							
Toyota Corolla	**2,044**	**1,136**	**908**	**1,022**	**114**	**Company policy**	**Mr. Tahir Mehmood - ex - employee.**
2020							
Vehicles	3,440	2,138	1,302	2,267	965		Employees.

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

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

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

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

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

6. INVESTMENT PROPERTY

Particulars	Freehold land	Buildings on freehold land	Total
	------------ Rupees in thousand ------------		
As at September 30, 2019:			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	51,605	51,605
Book value	14,544	12,103	26,647
Year ended September 30, 2020:			
Depreciation charge	0	881	881
Book value	14,544	11,222	25,766
Year ended September 30, 2021:			
Depreciation charge	0	644	644
Book value	**14,544**	**10,578**	**25,122**
As at September 30, 2020			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	52,486	52,486
Book value	14,544	11,222	25,766
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 on September 30, 2021	**14,544**	**5,936**	**20,480**
Depreciation rate (%)	0	5-10	

6.1 Fair value of the investment property, based on the management's estimation, as at September 30, 2021 was Rs.320 million (2020: Rs.400 million).

7. LONG TERM INVESTMENTS - in Related Parties

SUBSIDIARY COMPANIES	**2021**	2020	**2021**	2020
	Share-holding %		**Rupees in thousand**	
QUOTED:				
Chashma Sugar Mills Ltd.				
13,751,000 (2020: 13,751,000) ordinary shares of Rs.10 each **(note 7.1)**	**47.93**	47.93	**137,584**	137,584
- Market value Rs.995.847 million (2020: Rs.1,267.980 million)				
- Value of investments based on net assets shown in the audited financial statements for the year ended September 30, 2021 Rs.4,295.457 million (2020: Rs.3,675.982 million)				

UN - QUOTED:	**2021**	2020	**2021**	2020
The Frontier Sugar Mills & Distillery Ltd.	**Share-holding %**		**Rupees in thousand**	
1,113,637 (2020: 1,113,637) ordinary shares of Rs.10 each	**82.49**	82.49	**26,509**	26,509
42,984 (2020: 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, 2021 Rs.985.582 million (2020: Rs.138.413 million)				
			27,106	27,106
ASSOCIATED COMPANIES				
QUOTED:				
Arpak International Investments Ltd. (AIIL)				
229,900 (2020: 229,900) ordinary shares of Rs.10 each	**5.75**	5.75	**2,846**	2,846
Market value Rs.18.392 million (2020: Rs.27.993 million)				
UN-QUOTED:				
National Computers (Pvt.) Ltd. (NCPL)				
14,450 (2020: 14,450) ordinary shares of Rs.100 each	**48.17**	48.17	**322**	322
Less: impairment loss			**322**	322
- Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2013 - Rs. Nil **(note 7.2)**			**0**	0
Premier Board Mills Ltd.				
47,002 (2020: 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, 2021 Rs.5.578 million (2020: Rs.5.067 million)				
Balance c/f			**168,006**	168,006

	2021	2020	2021	2020
	Share-holding %		**Rupees in thousand**	
Balance b/f			**168,006**	168,006
Azlak Enterprises (Pvt.) Ltd.				
200,000 (2020: 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 audited financial statements for the year ended June 30, 2021 Rs.137.603 million (2020: Rs.137.172 million - restated)				
			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, 2021 and June 30, 2020 and has also seized its operations. NCPL, on January 15, 2015, has filed an application with the Joint Registrar, Securities and Exchange Commission of Pakistan for striking-off its name from the Register of Companies under the Companies (Easy Exit) Regulations, 2014.

8. STORES AND SPARES

	Note	2021	2020
		Rupees in thousand	
Stores		**40,316**	40,219
Spares		**69,383**	66,407
		109,699	106,626

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

9. STOCK-IN-TRADE

	Note	2021	2020
Sugar-in-process		**8,688**	7,832
Finished goods:			
- sugar	**9.1**	**0**	78,876
- molasses		**21,525**	0
- ethanol	**9.2**	**103,392**	101,052
		124,917	179,928
		133,605	187,760

9.1 Sugar inventory as at September 30, 2020 was stated at net realisable value; the amount charged to statement of profit or loss in respect of inventory write-drown to net realisable value worked-out to Rs.40.783 million.

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

		Note	2021	2020
			Rupees in thousand	

10. TRADE DEBTS

Export - secured		**141,400**	0
Local - unsecured and considered good		**15,555**	16,883
		156,955	16,883

11. ADVANCES - Considered good

Suppliers and contractors		**2,027**	2,376
Employees		**3,634**	2,075
		5,661	4,451

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

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note		
Excise duty deposit		**136**	136
Short term prepayments		**1,346**	1,042
Deposits against decretal amounts	**12.1**	**2,862**	0
		4,344	1,178

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

13. OTHER RECEIVABLES

	Note		
Sugar export subsidy		**2,991**	2,991
Gas infrastructure development cess paid under protest - refundable	**30.3**	**3,018**	3,018
Lease rentals receivable from Premier Board Mills Ltd. (PBM) - a related party	**13.1**	**870**	3,413
Overdue mark-up charged by bank - refundable		**5,802**	0
Insurance claim receivable against loss of rectified spirit due to road accident		**5,438**	0
Others		**1,016**	1,903
		19,135	11,325

13.1 Maximum amount due from PBM at any month-end during the year aggregated Rs.5.148 million (2020: Rs.4.805 million).

14. INCOME TAX REFUNDABLE, TAX DEDUCTED AT SOURCE AND ADVANCE TAX	Note	**2021**	2020
		Rupees in thousand	
The movement in this account during the year was as follows:			
Opening balance		**23,668**	6,099
Add: taxes deducted at source during the year		**16,754**	26,964
Less: adjusted against completed assessments		**(23,346)**	(9,395)
Balance as at September 30,		**17,076**	23,668

15. CURRENT PORTION OF LONG TERM LOAN TO SUBSIDIARY COMPANY

The Company and Chashma Sugar Mills Ltd. (CSM), on February 09, 2017, had entered into a loan agreement whereby the Company had revised the repayment schedule. As per the revised terms, the loan tenor was 3.5 years with grace period of 3 years; the principal balance of loan was receivable in 7 equal instalments commenced from February, 2020.The Company during the preceding year, however, had adjusted Rs.100 million against balance payable to CSM. The loan carried mark-up at the rate of 1-month KIBOR+1.25% but not less than the borrowing cost rate of the Company; the effective mark-up rate during the year was 9.25% (2020: mark-up rates ranged from 9.03% to 15.86%) per annum. The loan was secured against a promissory note of Rs.374 million. The opening balance was fully received during the year.

16. BANK BALANCES

	Note	2021	2020
Cash at banks on:			
- PLS accounts	**16.1**	**16,789**	6,147
- current accounts		**11,984**	8,399
- deposit accounts	**16.3**	**23,000**	25,017
- deposits with a non-banking finance company - unsecured	**16.4**	**6,000**	18,000
		57,773	57,563
Less: provision for doubtful bank balance	**16.5**	**5,000**	5,000
		52,773	52,563

16.1 These include Rs.340 thousand (2020: Rs.325 thousand) in security deposit account.

16.2 PLS and deposit accounts during the year carried profit / mark-up at the rates ranging from 5.10% to 11.55% (2020: 5.10% to 15.86%) per annum.

16.3 These include deposits amounting Rs.15 million (2020: Rs.20 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.

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

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

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

16.5 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. Full provision for the said amount exists in these financial statements.

17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Company's Board of Directors, vide resolution dated May 27, 2021, has 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.

17.1 CSM has paid partial sale consideration of Rs.270 million as earnest money and the balance amount of Rs.320.850 million will be paid at the time of transfer. As per the latest revaluation conducted by M/s K.G.Traders, 3rd Floor, Galaxy Arcade, Markaz, Islamabad dated February 26, 2021, the said property has market value of Rs.590.850 million.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		Note	2021	2020
(No. of shares)				Rupees in thousand	
1,476,340	1,476,340	ordinary shares of Rs.10 each fully paid in cash		**14,763**	14,763
2,273,660	2,273,660	ordinary shares of Rs.10 each issued as fully paid bonus shares		**22,737**	22,737
3,750,000	3,750,000			**37,500**	37,500

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

18.2 Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at September 30, 2021 and September 30, 2020.

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

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

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

	Note	2021	2020
Opening balance		**1,207,290**	731,777
Add: surplus arisen on revaluation carried-out during the preceding year	19.2	**0**	534,211
Less: transferred to accumulated loss on account of incremental depreciation for the year		**(91,790)**	(58,698)
		1,115,500	1,207,290
Less: deferred tax on:			
- opening balance of surplus		**350,114**	212,215
- surplus arisen on revaluation carried-out preceding year		**0**	154,921
- incremental depreciation for the year		**(26,619)**	(17,022)
		323,495	350,114
Closing balance		**792,005**	857,176

20. LONG TERM FINANCES - Secured

	2021	2020
	Rupees in thousand	
Balance as at September 30,	**29,988**	37,612
Less: current portion grouped under current liabilities	**24,911**	15,208
	5,077	22,404

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

21. LEASE LIABILITIES

Particulars	2021			2020		
	Upto one year	**From one to five years**	**Total**	Upto one year	From one to five years	Total
	---- Rupees in thousand ----					
Minimum lease payments	**1,417**	**1,569**	**2,986**	2,854	2,880	5,734
Less: finance cost allocated to future periods	**152**	**65**	**217**	459	357	816
	1,265	**1,504**	**2,769**	2,395	2,523	4,918
Less: security deposits adjustable on expiry of lease terms	**278**	**409**	**687**	477	409	886
Present value of minimum lease payments	**987**	**1,095**	**2,082**	1,918	2,114	4,032

21.1 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 January, 2024. 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 8.98% to 9.55% (2020: 8.98% to 15.01%) per annum.

22. GOVERNMENT GRANT

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

23. 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	**2021**	2020
- discount rate - per annum	**10.50%**	9.75%
- expected rate of growth per annum in future salaries	**9.50%**	8.75%
- mortality rates	**SLIC 2001-2005**	SLIC 2001-2005 Setback 1 year
- withdrawal rates	**Age-based**	Age-based
- retirement assumption	**Age 60**	Age 60
- average expected remaining working life time of employees	**07 years**	08 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:	**2021**	2020
	Rupees in thousand	
Opening balance	**18,479**	15,139
Current service cost	**1,223**	1,185
Past service cost	**1,514**	1,797
Interest cost	**1,560**	1,838
Benefits payable to outgoing Members - grouped under current liabilities	**(514)**	(284)
Benefits paid	**(4,443)**	(582)
Remeasurements:		
-experience adjustments	**2,180**	(536)
-changes in financial assumptions	**97**	(78)
Closing balance	**20,096**	18,479
Expense recognised in statement of profit or loss		
Current service cost	**1,223**	1,185
Past service cost	**1,514**	1,797
Interest cost	**1,560**	1,838
Charge for the year	**4,297**	4,820
Remeasurement recognised in statement of other comprehensive income		
Experience adjustments	**2,277**	(614)

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

	2021	2020	2019	2018	2017
	Rupees in thousand				
Present value of defined benefit obligation	**20,096**	18,479	15,139	14,135	12,126
Experience adjustment on obligation	**2,277**	(614)	(654)	1,613	(17)

Year-end Sensitivity Analysis:

	Impact on defined benefit obligation		
	Change in assumption	**Rupees in thousand Increase**	**Rupees in thousand Decrease**
Discount rate	**1%**	**18,704**	**21,655**
Salary growth rate	**1%**	**21,772**	**18,571**

23.1 The expected contribution to defined benefit obligation for the year ending September 30, 2022 is Rs.3.483 million.

24. DEFERRED TAXATION

	2021	2020
	Rupees in thousand	
This is comprised of the following:		
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	**9,616**	16,462
- surplus on revaluation of property, plant and equipment	**323,495**	350,114
- lease finances	**0**	285
	333,111	366,861
Deductible temporary differences arising in respect of:		
- available unused tax losses	**(156,070)**	(153,949)
- staff retirement benefits - gratuity	**(5,828)**	(5,359)
- provision for doubtful bank balance	**(1,450)**	(1,450)
- lease finances	**(13)**	0
- minimum tax recoverable against normal tax charge in future years	**(43,271)**	(57,350)
	(206,632)	(218,108)
	126,479	148,753

		Note	2021	2020
			Rupees in thousand	
25.	**TRADE AND OTHER PAYABLES**			
	Due to Chashma Sugar Mills Limited - a related party		**89,995**	65,947
	Creditors		**10,176**	12,960
	Accrued expenses		**12,203**	14,183
	Due to employees		**5,783**	6,802
	Deposits from contractors and others	**25.1**	**796**	681
	Advances from customers		**623**	43,319
	Income tax deducted at source		**149**	402
	Sales tax payable		**0**	16,423
	Workers' (profit) participation fund	**25.2**	**0**	1,851
	Gratuity payable to ex-employees		**4,074**	3,560
	Employees' provident fund payable		**4,113**	482
	Others		**141**	153
			128,053	166,763

25.1 These include Rs.340 thousand (2020: Rs.325 thousand) representing mark-up bearing deposits. The Company will pay mark-up at the same rate at which it will receive from the bank as these deposits have been kept in a PLS bank account.

25.2 Workers' (profit) participation fund

Opening balance	**1,851**	1,625
Add: interest on funds utilised in the Company's business	**0**	226
Less: payments made during the year	**1,851**	0
Closing balance	**0**	1,851

26. ACCRUED MARK-UP

Mark-up accrued on:		
- long term finances	**246**	23
- short term borrowings	**5,631**	6,214
	5,877	6,237

27. SHORT TERM BORROWINGS - Secured

	Note		
Short term finances - secured	**27.1**	**239,000**	290,000
Temporary bank overdraft - unsecured		**8,612**	0
		247,612	290,000

27.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.1,350 million (2020: Rs.1,500 million). These facilities are secured against charge over fixed assets, charge over present and future current assets of the Company and registered first exclusive charge over the Company's head office second and third floors (without land). These facilities, during the year, carried mark-up at the rates ranging from 8.25% to 9.49% (2020: 8.03% to 15.61%) per annum and are expiring on various dates by March 31, 2022.

27.2 Facilities available for opening letters of guarantee and credit from commercial banks aggregate Rs.95 million (2020: Rs.145 million). Out of the available facilities, facilities aggregating Rs.73 million (2020: Rs.125 million) remained unutilised at the year-end. These facilities are secured against lien over term deposit receipts, shipping documents and the securities detailed in the preceding paragraph.

		Note	2021	2020
28.	**CURRENT PORTION OF NON-CURRENT LIABILITIES**	**Note**	**Rupees in thousand**	
	Long term finances	**20**	**24,911**	15,208
	Lease liabilities	**21**	**987**	1,918
	Government grant	**22**	**988**	1,750
			26,886	18,876

		2021	2020
29.	**TAXATION** - Net		
	Opening balance	**23,724**	19,303
	Add: provision made / (written-back) during the year:		
	- current	**16,400**	23,724
	- prior year	**(378)**	0
		16,022	23,724
		39,746	43,027
	Less: payments / adjustments made against completed assessments	**23,346**	19,303
		16,400	23,724

29.1 The returns for the Tax Years 2010 to 2021 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 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) and 113 (Minimum tax on the income of certain persons) of the Ordinance.

29.3 The Company has filed writ petitions before the Peshawar High Court (PHC) against selection for audit under sections 177 and 214C of the Ordinance for the tax years 2011, 2015, 2016, 2018 and 2019. Interim relief has been granted by the PHC in this regard.

30. CONTINGENCIES AND COMMITMENTS

30.1 No commitments were outstanding as at September 30, 2021 and September 30, 2020.

30.2 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.

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 Company has filed the a writ petition before the PHC challenging the demand of GIDC arrears amounting Rs. 29.936 million on the ground that the Company has not passed on GIDC burden to its customers. The PHC, vide its order dated September 19, 2021, has granted interim relief.

30.4 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. However, The additional wage liabilities aggregate Rs.2.359 million approximately.

30.5 The sales tax appeal filed before the Appellate Tribunal Inland Revenue (ATIR), Peshawar against ex-parte order passed by the CIR(A) has been succeeded vide order dated March 29, 2018. The assessment order dated June 23, 2016 was passed by the DCIR, Peshawar in violation of SRO 488(I)/2004 dated June 12, 2014; the 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 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.

30.7 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 que be maintained.

30.8 Various cases have been filed against the company by some former employees. Based on legal advice ,no provision has been made in the books of account.

30.9 Guarantees given to Sui Northern Gas Pipelines Ltd. by commercial banks on behalf of the Company outstanding as at September 30, 2021 were for Rs.22 million (2020: Rs.20 million).These guarantees are valid upto November 30, 2021 and March 31, 2022.

31. SALES - Net

	Note	2021	2020
		Rupees in thousand	
Local		**272,872**	812,772
Export		**315,651**	228,430
		588,523	1,041,202
Less: sales tax		**39,648**	102,798
		548,875	938,404

32. COST OF SALES

	Note	2021	2020
Raw materials consumed		**425,768**	454,898
Chemicals and stores consumed		**11,271**	16,445
Salaries, wages and benefits	**32.1**	**92,028**	100,954
Power and fuel		**38,757**	36,318
Insurance		**2,180**	2,511
Repair and maintenance		**10,908**	18,041
Depreciation	**5.4**	**126,784**	80,398
		707,696	709,565
Adjustment of sugar-in-process:			
Opening		**7,832**	3,003
Closing	**9**	**(8,688)**	(7,832)
		(856)	(4,829)
Cost of goods manufactured		**706,840**	704,736
Adjustment of finished goods: Opening stock		**179,928**	417,355
Closing stock	**9**	**(124,917)**	(179,928)
		55,011	237,427
		761,851	942,163

32.1 These include Rs.1.060 million (2020: Rs.1.710 million) and Rs. 3.309 million (2020: Rs.3.712 million) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

		2021	2020
33. DISTRIBUTION COST	**Note**	**Rupees in thousand**	
Commission		**175**	560
Salaries, wages and amenities		**1,406**	2,363
Expenses on ethanol exports		**11,183**	10,768
Others		**0**	219
		12,764	13,910
34. ADMINISTRATIVE EXPENSES			
Salaries and amenities	**34.1**	**25,240**	32,193
Travelling, vehicles' running and maintenance		**1,915**	2,236
Utilities		**1,054**	1,096
Directors' travelling		**6**	7
Rent, rates and taxes		**9,871**	2,778
Insurance		**853**	1,012
Repair and maintenance		**2,094**	2,873
Printing and stationery		**1,697**	2,140
Communication		**1,090**	1,655
Legal and professional charges (other than Auditors)		**6,334**	2,106
Subscription		**704**	1,534
Auditors' remuneration	**34.2**	**1,931**	1,595
Depreciation on:			
- operating fixed assets	**5.4**	**3,426**	3,433
- investment property	**6**	**644**	881
General office expenses		**1,314**	1,470
		58,173	57,009

34.1 These include Rs.0.464 million (2020: Rs.0.940 million) and Rs.0.988 million (2020: Rs.1.109 million) in respect of provident fund contributions and staff retirement benefits- gratuity respectively.

34.2 Auditors' remuneration

Statutory Auditors (ShineWing Hameed Chaudhri & Co):

- statutory audit fee	**842**	765
- half yearly review fee	**146**	146
- consultancy and certification charges	**903**	644
- out-of-pocket expenses	**40**	40
	1,931	1,595

35. OTHER EXPENSES

	Note	2021	2020
		Rupees in thousand	
Uncollectible receivable balances written-off		**41**	351
Further tax and penalty	**35.1**	**10,211**	0
Prior year's sales tax on account of inadmissible input tax adjustment claimed		**175**	922
Exchange fluctuation loss		**0**	113
		10,427	1,386

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

36. OTHER INCOME

	Note	2021	2020
Income from financial assets:			
Mark-up on loan to Subsidiary Company		**541**	21,415
Mark-up / interest / profit on bank deposits / saving accounts and certificates		**1,687**	2,390
Dividends		**68,755**	68,985
Income from other than financial assets:			
Gain on disposal of vehicles	**5.5**	**114**	965
Rent	**36.1**	**27,633**	27,569
Exchange fluctuation gain		**6,094**	0
Unclaimed payable balances written-back		**145**	754
Sale of agricultural produce - net of costs and expenses aggregating Rs.8.012 million (2020: Rs.1.931 million)		**6,021**	319
Sale of chemicals (2020: net of cost of chemicals aggregating: Rs.1.250 million)		**0**	182
Amortisation of government grant	**22**	**2,508**	39
Sale of store items - net of sales tax amounting Rs.199 thousand		**1,170**	0
Miscellaneous - net of sales tax amounting Rs.119 thousand		**0**	594
		114,668	123,212

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

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

(c) The Company and Chashma Sugar Mills Ltd. (CSM - a Subsidiary Company) on April 01, 2018, have entered into an agreement whereby the Company has leased 5,850 square feet of Head Office third floor to CSM for a lease term of two years on a monthly rent of Rs.1.650 million. As per the addendum lease agreement entered into on April 2, 2020, the lease term has been extended for further three years on a monthly rent of Rs.1.815 million. The extended lease period has commenced from April 01, 2020 and will end on March 31, 2023.

37. FINANCE COST

	Note	2021	2020
		Rupees in thousand	
Mark-up on:			
- long term finances		**3,744**	59
- short term borrowings		**23,128**	93,422
Lease finance charges		**361**	650
Interest on workers' (profit) participation fund	**25.2**	**0**	226
Bank charges		**938**	1,261
		28,171	95,618

38. TAXATION

	Note	2021	2020
Current			
- for the year	**29**	**16,400**	23,724
- for prior years	**29**	**(378)**	0
		16,022	23,724
Deferred - for the year	**24**	**(21,615)**	(20,698)
Tax refunds of prior years		**0**	(2,747)
		(5,593)	279

39. LOSS PER SHARE

	2021	2020
There is no dilutive effect on loss per share of the Company, which is based on:		
Loss after taxation attributable to ordinary shareholders	**(202,250)**	(48,749)
	------------Number----------	
Weighted average number of shares outstanding during the year	**3,750,000**	3,750,000
	--------- Rupees ---------	
Loss per share	**(53.93)**	(13.00)

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial instruments by category

	2021	2020
	Rupees in thousand	
Financial assets		
At amortised cost		
Security deposits	**1,263**	1,263
Trade debts	**156,955**	16,883
Trade deposits	**136**	136
Accrued profit on bank deposits	**527**	1,296
Other receivables	**15,101**	11,325
Bank balances	**52,773**	52,563
	226,755	83,466
Financial liabilities		
At amortised cost		
Long term finances	**29,988**	37,612
Lease liabilities	**2,082**	4,032
Trade and other payables	**127,281**	104,768
Unclaimed dividends	**7,470**	7,484
Accrued mark-up	**5,877**	6,237
Short term borrowings	**247,612**	290,000
	420,310	450,133

40.1 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.

40.2 Market risk

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

(a) Currency risk

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

	Rupees in thousand	U.S.$
Trade debts	**141,400**	**828,558**

Exchange rate as at September 30, 2021

U.S.$ to Rupee : 170.66

Sensitivity analysis

At September 30, 2021, if Rupee had strengthened by 10% against U.S.$ with all other variables held constant, loss before taxation for the year would have been lower by Rs.14.140 million mainly as a result of foreign exchange gain on translation of foreign currency trade debts.

(b) Interest rate risk

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

	2021	2020	**2021**	2020
	- - - - - **Effective rates** - - - - -		**Carrying amount Rupees in thousand**	
Fixed rate instruments				
Deposits with a non-banking finance company	**-**	-	**6,000**	18,000
Cash at banks on deposit accounts	**5.10% to 11.55%**	5.10% to 15.86%	**23,000**	25,017
Long term finances	**3%**	**3%**	**29,988**	37,612
Variable rate instruments				
Long term loan to Subsidiary Company	**-**	9.03% to 15.86%	**0**	24,238
Cash at banks on PLS accounts	**5.10% to 11.55%**	5.10% to 15.86%	**16,789**	6,147
Lease liabilities	**8.98% to 9.55%**	8.98% to 15.01%	**2,082**	4,032
Short term borrowings	**8.25% to 9.49%**	8.03% to 15.61%	**239,000**	290,000

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, 2021, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss before taxation for the year would have been higher / lower by Rs.2.243 million (2020: Rs.2.636 million) mainly as a result of higher interest expense on variable rate financial liabilities.

(c) Price risk

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

40.3 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, 2021 along with comparative is tabulated below:

	2021	2020
	Rupees in thousand	
Security deposits	**1,263**	1,263
Trade debts	**156,955**	16,883
Trade deposits	**136**	136
Accrued profit on bank deposits	**527**	1,296
Other receivables	**15,101**	11,325
Deposits with a non-banking finance company	**6,000**	18,000
Bank balances	**46,773**	34,563
	226,755	83,466

- The management does not expect any losses from non-performance by these counter parties.
- Trade debts at September 30, 2021 represented domestic and foreign parties.
- Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as approximately all 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 ---------------			
2021				
Long term finances	**29,988**	**31,658**	**25,383**	**6,275**
Lease finances	**2,082**	**2,299**	**1,139**	**1,160**
Trade and other payables	**127,281**	**127,281**	**127,281**	**0**
Unclaimed dividends	**7,470**	**7,470**	**7,470**	**0**
Accrued mark-up	**5,877**	**5,877**	**5,877**	**0**
Short term borrowings	**247,612**	**261,681**	**261,681**	**0**
	420,310	**436,266**	**428,831**	**7,435**
2020				
Long term finances	37,612	42,001	16,083	25,918
Lease liabilities	4,032	4,848	2,377	2,471
Trade and other payables	104,768	104,768	104,768	0
Unclaimed dividends	7,484	7,484	7,484	0
Accrued mark-up	6,237	6,237	6,237	0
Short term borrowings	290,000	291,602	291,602	0
	450,133	456,940	428,551	28,389

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.

41. 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, 2021 and September 30, 2020 is as follows:

	2021	2020
	Rupees in thousand	
Total debt	**279,682**	331,644
Bank balances	**(52,773)**	(52,563)
Net debt	**226,909**	279,081
Share capital	**37,500**	37,500
Share redemption reserve	**1**	1
Revaluation surplus on property, plant and equipment	**792,005**	857,176
General revenue reserve	**900,000**	900,000
Accumulated loss	**(608,932)**	(470,236)
Equity	**1,120,574**	1,324,441
Capital	**1,347,483**	1,603,522
Gearing ratio (Net debt / (Net debt + Equity))	**16.84%**	17.40%

42. TRANSACTIONS WITH RELATED PARTIES

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

i) Subsidiary Company - Chashma Sugar Mills Ltd.		
- purchase of store items, molasses and bagasse	**80,742**	305,474
- sale of store items	**1,369**	1,675
- sale of molasses	**0**	105,920
- dividend received	**68,755**	68,755
- mark-up earned on long term loan	**541**	21,415
- expenses paid on behalf of the Company	**25,473**	34,393
- advance received against sale of property	**270,000**	0
- expenses paid by the Company	**8,613**	17,880
- receivable balance of long term loan received / adjusted	**24,238**	149,696
- rental income	**21,780**	20,790
- rental expense	**115**	115
ii) Associated Companies		
- rental income	**5,841**	6,768
- dividend received	**0**	229
- expenses paid on behalf of the Company	**4**	295

	2021	2020
	Rupees in thousand	
iii) Key management personnel		
- salaries and other benefits	**9,542**	17,869
- contribution towards provident fund	**281**	1,024

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

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

42.3 Key management personnel

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

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2021	2020	**2021**	2020	**2021**	2020
	---------------- Rupees in thousand ----------------					
Managerial remuneration	**1,200**	1,200	**4,309**	8,238	**4,033**	8,431
Contribution to provident fund	**0**	0	**113**	451	**168**	573
Medical expenses reimbursed	**0**	0	**26**	35	**0**	0
	1,200	1,200	**4,448**	8,724	**4,201**	9,004
Number of persons	**1**	1	**2**	2	**2**	2

43.1 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.

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

44. CAPACITY AND PRODUCTION

		2021	2020
SUGAR CANE PLANT			
Rated crushing capacity per day	M.Tonnes	**3,810**	3,810
Cane crushed	M.Tonnes	**22,590**	36,528
Sugar produced	M.Tonnes	**1,818**	3,149
Days worked	Nos.	**34**	94
Sugar recovery	%	**8.32**	8.77
SUGAR BEET PLANT			
Rated slicing capacity per day	M.Tonnes	**2,500**	2,500
DISTILLERY			
Rated capacity per day	Gallons	**10,000**	10,000
Ethanol produced	Gallons	**776,585**	751,755
Days worked	Nos.	**100**	98

- The normal season days are 150 days for Sugar Cane crushing.
- Production was restricted to the availability of raw materials to the Company.

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

	Liabilities					
	Long term finances	**Lease liabilities**	**Short term borrowings**	**Accrued mark-up**	**Dividend**	**Total**
	---------------------------- **Rupees in thousand** -------------------------------					
Balance as at September 30, 2019	0	4,263	653,000	31,645	7,636	696,544
Changes from financing activities						
Finances repaid - net	0	(2,793)	(363,000)	0	0	(365,793)
Finances obtained	40,551	2,562	0	0	0	43,113
Government grant	(2,939)	0	0	0	0	(2,939)
Mark-up accrued	0	0	0	93,481	0	93,481
Mark-up paid	0	0	0	(118,889)	0	(118,889)
Dividend paid	0	0	0	0	(152)	(152)
	37,612	(231)	(363,000)	(25,408)	(152)	(351,179)
Balance as at September 30, 2020	37,612	4,032	290,000	6,237	7,484	345,365
Changes from financing activities						
Finances repaid - net	(9,495)	(1,950)	(42,388)	0	0	(53,833)
Government grant	1,871	0	0	0	0	1,871
Mark-up accrued	0	0	0	26,872	0	26,872
Mark-up paid	0	0	0	(27,232)	0	(27,232)
Dividend paid	0	0	0	0	(14)	(14)
	(7,624)	(1,950)	(42,388)	(360)	(14)	(52,336)
Balance as at September 30, 2021	**29,988**	**2,082**	**247,612**	**5,877**	**7,470**	**293,029**

46. 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 audited financial statements for the year ended September 30, 2020 and September 30, 2021:

	2021	2020
	Rupees in thousand	
Size of the fund - total assets	**47,359**	45,253
Cost of investments made	**37,285**	44,697
Percentage of investments made	**78.73%**	98.77%
Fair value of investments made	**37,285**	44,697

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

	2021	2020	**2021**	2020
	-------- % --------		**Rupees in thousand**	
Term deposit receipts (TDRs)	**99.24%**	82.78%	**37,000**	37,000
Saving account in a scheduled bank	**0.76%**	17.22%	**285**	7,697
	100.00%	100.00%	**37,285**	44,697

46.2 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.

47. OPERATING SEGMENT

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

- Sugar
- Distillery

47.1 Segment operating results for the year ended September 30, 2021

	Sugar Division		Ethanol Division		Total	
	2021	2020	**2021**	2020	**2021**	2020
	------------------------------------- Rupees in thousand ------------------------------					
Sales						
-External customers	**250,671**	750,054	**337,852**	272,793	**588,523**	1,022,847
-Intersegment	**0**	18,355	**0**	0	**0**	18,355
	250,671	768,409	**337,852**	272,793	**588,523**	1,041,202
Less : sales tax & commission	**(36,422)**	(96,259)	**(3,226)**	(6,539)	**(39,648)**	(102,798)
Sales - net	**214,249**	672,150	**334,626**	266,254	**548,875**	938,404
Segment expenses:						
Cost of sales	**(463,629)**	(733,265)	**(298,222)**	(190,543)	**(761,851)**	(923,808)
Less: Intersegment cost	**0**	0	**0**	(18,355)	**0**	(18,355)
	(463,629)	(733,265)	**(298,222)**	(208,898)	**(761,851)**	(942,163)
Gross (loss) / profit	**(249,380)**	(61,115)	**36,404**	57,356	**(212,976)**	(3,759)
Distribution cost	**(1,581)**	(3,142)	**(11,183)**	(10,768)	**(12,764)**	(13,910)
Administrative expenses	**(58,173)**	(57,009)	**0**	0	**(58,173)**	(57,009)
	(59,754)	(60,151)	**(11,183)**	(10,768)	**(70,937)**	(70,919)
(Loss) / profit form operations	**(309,134)**	(121,266)	**25,221**	46,588	**(283,913)**	(74,678)
Other income	**114,668**	123,212	**0**	0	**114,668**	123,212
Other expenses	**(10,427)**	(1,386)	**0**	0	**(10,427)**	(1,386)
	104,241	121,826	**0**	0	**104,241**	121,826
Segment results	**(204,893)**	560	**25,221**	46,588	**(179,672)**	47,148
Finance cost	**(5,043)**	(95,618)	**(23,128)**	0	**(28,171)**	(95,618)
(Loss) / profit before taxation	**(209,936)**	(95,058)	**2,093**	46,588	**(207,843)**	(48,470)
Taxation					**(5,593)**	(279)
Loss after taxation					**(202,250)**	(48,749)

47.2 Segment assets and liabilities

	Assets		Liabilities	
	2021	2020	**2021**	2020
	-------------------- Rupees in thousand --------------------			
Sugar	**1,718,038**	1,746,495	**495,128**	540,076
Ethanol	**257,659**	283,969	**359,995**	165,947
Total for reportable segment	**1,975,697**	2,030,464	**855,123**	706,023

47.3 Sales to domestic customers in Pakistan are 46.37% (2020 : 78.06%) and to customers outside Pakistan are 53.63% (2020 : 21.94%) of the revenues during the current financial year.

47.4 All non-current assets of the Company as at September 30, 2021 and September 30, 2020 are located in Pakistan.

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

48. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The spread of Covid-19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. However, the businesses are now resuming as per relaxation given by the Authorities. Management continues to monitor the potential impact and is taking all steps possible to mitigate any effects.

49. NUMBER OF EMPLOYEES

	2021	2020
	------ Numbers ------	
Number of persons employed as at September 30,		
- permanent	**176**	197
- contractual	**232**	335
	408	532
Average number of employees during the year		
- permanent	**185**	199
- contractual	**257**	343
	442	542

50. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 02, 2022 by the board of directors of the Company.

51. 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)	(ISKANDER M. KHAN)	(RIZWAN ULLAH KHAN)
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

ANNUAL REPORT

2021

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, 2021, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, 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, 2021, 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 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, 2021 aggregated Rs.100.192 million. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on FSM's ability to continue as a going concern. The financial statements of FSM, however, have been prepared on the going concern basis based on the facts as detailed in the aforementioned note. Our opinion is not modified in respect of this matter.

Emphasis of Matter

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

Key Audit Matters

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

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	**Revaluation of property, plant and equipment of Chashma Sugar Mills Limited - CSM**	
	Under the International Accounting Standard 16 (Property, plant and equipment), the management carries its freehold land, buildings & roads and plant & machinery under revaluation model. Under the said model, if fair value can be measured reliably, an entity may carry all items of property, plant and equipment of a class at a revalued amount, which is the fair value of the items at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses; if any.	Procedures performed by the Auditors of CSM amongst others, included the following: - 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 reasonableness of the report;
	As at September 30, 2021, the carrying value of freehold land, buildings & roads and plant & machinery was Rs 11,197 million. The fair value of the Group's freehold land, buildings & roads and plant & machinery were assessed by management based on independent valuation performed by an external property valuation expert as at September 30, 2021. 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.	- obtained the valuation report of external valuation expert and tested mathematical accuracy of the report; - assessed the adequacy of the related disclosures in the financial statements; and - assessed the appropriateness and the reasonableness of the related assumptions and methodologies used by the management expert.

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

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Managementis 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 statementsdoes 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 statementsor our knowledgeobtained in the audit or otherwiseappears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatementof 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 upto 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

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 03, 2022

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

Assets		2021	2020
Non-current Assets	**Note**	**--- Rupees in thousand ---**	
Property, plant and equipment	6	**14,660,214**	11,935,696
Right-of-use assets	7	**342,299**	400,998
Investment property	8	**25,122**	25,766
Long term investments	9	**160,384**	163,575
Security deposits		**16,439**	16,413
		15,204,458	12,542,448
Current Assets			
Stores and spares	10	**639,413**	641,229
Stock-in-trade	11	**1,488,150**	1,429,759
Trade debts	12	**690,417**	159,932
Loans and advances	13	**775,647**	1,394,226
Trade deposits, short term prepayments and other receivables	14	**301,828**	344,832
Accrued profit on bank deposits		**527**	1,296
Tax refunds due from the Government	15	**333,564**	332,874
Short term investments	16	**34,697**	31,097
Bank balances	17	**501,490**	364,707
		4,765,733	4,699,952
TOTAL ASSETS		**19,970,191**	17,242,400
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
5,750,000 (2020: 5,750,000) ordinary shares of Rs.10 each		**57,500**	57,500
Issued, subscribed and paid-up capital	18	**37,500**	37,500
Capital reserves			
- share redemption		**1**	1
- revaluation surplus on property, plant and equipment		**3,874,361**	2,780,006
General revenue reserve		**1,010,537**	1,010,537
Unappropriated profit		**1,190,299**	1,190,162
Equity Attributable to Equity Holders of the Holding Company		**6,112,698**	5,018,206
Non-controlling Interest		**5,340,303**	4,128,754
		11,453,001	9,146,960
Non-current Liabilities			
Long term finances	20	**1,707,371**	1,537,579
Loans from related parties	21	**198,075**	219,325
Lease liabilities	22	**227,981**	280,959
Government grant	23	**6,282**	15,882
Deferred liabilities	24	**1,916,956**	1,520,115
Current Liabilities		**4,056,665**	3,573,860
Current Liabilities			
Trade and other payables	25	**771,434**	1,064,746
Unclaimed dividends		**7,470**	13,322
Accrued mark-up	26	**129,076**	120,814
Short term borrowings	27	**2,677,942**	2,670,410
Current portion of non-current liabilities	28	**844,946**	613,578
Dividends payable to non-controlling interest		**12,925**	14,533
Taxation	29	**16,732**	24,177
		4,460,525	4,521,580
TOTAL LIABILITIES		**8,517,190**	8,095,440
Contingencies and Commitments	30		
TOTAL EQUITY AND LIABILITIES		**19,970,191**	17,242,400

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

(ABBAS SARFARAZ KHAN)	**(ISKANDER M. KHAN)**	**(RIZWAN ULLAH KHAN)**
CHIEF EXECUTIVE	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Note	2021	2020
		Rupees in thousand	
Gross sales	31	**18,565,812**	18,684,103
Sales tax, other government levies and discounts	32	**(2,060,593)**	(2,229,078)
Sales - net		**16,505,219**	16,455,025
Cost of sales	33	**14,594,848**	13,575,528
Gross profit		**1,910,371**	2,879,497
Selling and distribution expenses	34	**496,228**	710,022
Administrative and general expenses	35	**797,176**	634,897
Other income	36	**(82,849)**	(102,510)
Other expenses	37	**40,634**	54,524
Impairment loss on stores and spares	10	**25,178**	0
		1,276,367	1,296,933
Operating profit		**634,004**	1,582,564
Finance cost	38	**707,970**	978,198
		(73,966)	604,366
Share of (loss) / profit from Associated Companies - net	9.3	**(538)**	74,454
(Loss) / profit before taxation		**(74,504)**	678,820
Taxation			
- Group	39	**45,918**	(2,711)
- Associated Companies	9.3	**5,650**	4,691
		51,568	1,980
(Loss) / profit after taxation		**(126,072)**	676,840
Attributable to:			
- Equity holders of the Holding Company		**(217,380)**	311,042
- Non-controlling interest		**91,308**	365,798
		(126,072)	676,840
		------ Rupees-----	
Combined (loss) / earnings per share	40	**(57.97)**	82.94

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

(ABBAS SARFARAZ KHAN)	**(ISKANDER M. KHAN)**	**(RIZWAN ULLAH KHAN)**
CHIEF EXECUTIVE	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2021	2020
	Rupees in thousand	
(Loss) / profit after taxation	**(126,072)**	676,840
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income from Associated Companies	**3,936**	122
(Loss) / gain on remeasurement of staff retirement benefit-gratuity	**(2,625)**	154
Impact of tax	**761**	(45)
	(1,864)	109
Surplus arisen upon revaluations of property, plant and equipment	**2,723,605**	1,560,766
Impact of tax	**(412,705)**	(414,739)
	2,310,900	1,146,027
	2,312,972	1,146,258
Total Comprehensive Income	**2,186,900**	1,823,098
Attributable to:		
- Equity holders of the Holding Company	**1,259,213**	943,715
- Non-controlling interest	**927,687**	879,383
	2,186,900	1,823,098

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

(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

(ISKANDER M. KHAN)
DIRECTOR

(RIZWAN ULLAH KHAN)
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2021	2020
Cash flows from operating activities	Rupees in thousand	
(Loss) / profit for the year - before taxation	(74,504)	678,820
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment and right of use assets	1,118,546	965,522
Depreciation on investment property	644	881
Loss / (profit) from Associated Companies - net	538	(74,454)
Return on bank deposits	(6,234)	(9,141)
Staff retirement benefits - gratuity (net)	7,689	(1,552)
Un-claimed payable balances written-back	(145)	(754)
Loss / (gain) on disposal of operating fixed assets	4,605	(2,424)
Gain on redemption of short term investments	(2,508)	(2,776)
Gain on re-measurement of short term investments to fair value	(12)	(3)
Uncollectible receivable balances written-off	41	351
Dividend income	0	(230)
Finance cost	742,822	953,165
Loss allowance for doubtful advances	(3,410)	2,256
Loss allowance for doubtful debts	28,277	193
Impairment loss for export subsidy	56,120	0
Impairment loss on stores and spares	25,178	0
Profit before working capital changes	1,897,647	2,509,854
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	1,816	(28,316)
Stock-in-trade	(58,391)	715,423
Trade debts	(527,075)	(102,728)
Loans and advances	590,261	(203,624)
Trade deposits, short term prepayments and other receivables	43,004	(1,459)
Sales tax refundable - net	6,860	37,642
(Decrease) / increase trade and other payables	(292,848)	272,627
	(236,373)	689,565
Cash generated from operations	1,661,274	3,199,419
Income tax paid	(74,731)	(332,450)
Security deposits	(26)	26
Net cash generated from operating activities	1,586,517	2,866,995
Cash flows from investing activities		
Additions to property, plant and equipment	(1,098,672)	(778,269)
Sale proceeds of operating fixed assets	33,306	8,646
Return on bank deposits received	7,003	7,968
Dividend received	0	230
Net cash used in investing activities	(1,058,363)	(761,425)
Cash flows from financing activities		
Share capital subscribed by non controlling interest	196,000	0
Long term finances - net	369,518	183,692
Government grant	(10,533)	0
Lease finances - net	(152,088)	(141,294)
Loans from related parties - net	0	25,000
Short term borrowings - net	7,532	(980,583)
Finance cost paid	(734,560)	(1,057,445)
Dividends paid	(67,240)	(82,732)
Net cash used in financing activities	(391,371)	(2,053,362)
Net increase in cash and cash equivalents	136,783	52,208
Cash and cash equivalents - at beginning of the year	364,707	312,499
Cash and cash equivalents - at end of the year	501,490	364,707

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

(ABBAS SARFARAZ KHAN)	(ISKANDER M. KHAN)	(RIZWAN ULLAH KHAN)
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Attributable to equity holders of the Holding Company							
		Reserves						
		Capital						
	Share capital	Share redemption	Revaluation surplus on property, plant and equipment	General revenue	Unappropriated profit	Total	Non-controlling interest	Total equity
	Rupees in thousand							
Balance as at September 30, 2019	37,500	1	2,447,144	1,010,537	720,912	4,216,094	3,192,360	7,408,454
Transaction with owners:								
Cash dividend at the rate of Rs.5.00 per ordinary share	0	0	0	0	0	0	(71,773)	(71,773)
Total comprehensive income for the year ended September 30, 2020:								
- Profit after taxation	0	0	0	0	311,042	311,042	365,798	676,840
- Other comprehensive income	0	0	632,443	0	231	632,674	513,585	1,146,259
Effect of items directly credited in equity by Associated Companies	0	0	0	0	(12,820)	(12,820)	0	(12,820)
Transfer from revaluation surplus on property, plant and equipment (net of deferred taxation)	0	0	(299,581)	0	170,797	(128,784)	128,784	0
Balance as at September 30, 2020	37,500	1	2,780,006	1,010,537	1,190,162	5,018,206	4,128,754	9,146,960
Transaction with owners:								
Cash dividend at the rate of Rs.5.00 per ordinary share	0	0	0	0	0	0	(74,700)	(74,700)
Total comprehensive income for the year ended September 30, 2021:								
- Loss after taxation	0	0	0	0	(217,380)	(217,380)	91,308	(126,072)
- Other comprehensive income	0	0	1,474,521	0	2,072	1,476,593	836,379	2,312,972
	0	0	1,474,521	0	(215,308)	1,259,213	927,687	2,186,900
Effect of items directly credited in equity by Associated Companies	0	0	0	0	(939)	(939)	0	(939)
Non-controlling interest of CSM	0	0	0	0	0	0	194,780	194,780
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(380,166)	0	216,384	(163,782)	163,782	0
Balance as at September 30, 2021	37,500	1	3,874,361	1,010,537	1,190,299	6,112,698	5,340,303	11,453,001

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

(ABBAS SARFARAZ KHAN)	(ISKANDER M. KHAN)	(RIZWAN ULLAH KHAN)
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

1. THE GROUP AND ITS OPERATIONS

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

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

1.2 Subsidiary Companies

(a) Chashma Sugar Mills Ltd. (CSM)

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

Sub-subsidiary Companies

Whole Foods (Private) Ltd.

Whole Foods (Pvt.) Ltd. (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 Whole Foods (Pvt.) Ltd. is to set-up, manage, supervise and control the storage facilities for agricultural produce. Whole Foods (Pvt.) Ltd. is yet to commence its operations.

Ultimate Whole Foods (Private) Ltd.

During the year, the Board of Directors of CSM passed resolution to incorporate Ultimate Whole Foods (Private) Ltd. (UWFPL), and the same has been incorporated on May 17, 2021 as UWFPL limited by shares. The objective of UWFPL will be to set up mills for milling wheat, gram, other grains and other allied products and by-products from flours.CSM owns 51% (i.e. 20,400,000 shares of Rs 10 each) of the total shareholding of UWFPL (i.e. 40,000,000 shares of Rs 10 each).The operations of UWFPL have yet to be started.

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 (Private) Ltd. (the Group) for the year ended September 30, 2021. 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, 2020.

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, 2021 and the unaudited financial statements of the Sub-subsidiaries for the period ended September 30, 2021.

(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 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, 2021 aggregated Rs.100.192 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.1.153 billion at the reporting date, which may be utilised for proposed future projects. Further, being part of Premier Group of Companies, FSM also enjoys financial backing from the Group.

(c) Delisting of FSM

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

The purchase agent of the Holding Company (Invest Capital Investment Bank Ltd.) had completed the buying of 36,209 ordinary shares and 150 preference shares within the initial period of 60 days and after the submission of an undertaking to the Stock Exchanges to purchase the remaining shares upto August 26, 2011, FSM was de-listed from all the Stock Exchanges with effect from October 25, 2010. The purchase agent, during the financial year ended September 30, 2011, had further purchased 19,884 ordinary shares and 20,014 preference shares.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

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

i) Estimated useful life of operating assets - note 5.1

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

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

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

iii) Provision for stores and spares - note 5.5

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

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

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

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

v) Estimation of impairment loss allowance - note 5.18

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

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

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

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

vii) Provision for current and deferred tax - note 5.16

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

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

viii) Provisions and contingencies - notes 5.14 and 5.15

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

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

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

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

3. PRINCIPLES OF CONSOLIDATION

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

These consolidated financial statements include the financial statements of the Holding Company, consolidated financial statements of CSM and the financial statements of FSM as at and for the year ended September 30, 2021. The Holding Company's direct interest, as at September 30, 2021, in CSM was 47.93% (2020: 47.93%) and in FSM was 82.49% (2020: 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

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 recognized 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, 2021. 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
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2023
IAS 12	Income Taxes (Amendments)	January 01, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 01, 2022
IFRS 3	Business Combinations (Amendments)	January 01, 2022
IFRS 7	Financial Instruments : Disclosures (Amendments)	January 01, 2021
IFRS 9	Financial Instruments (Amendments)	January 01, 2021
IFRS 16	Leases (Amendments)	January 01, 2021

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

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

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

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

IFRIC 12 Service Concession Arrangements

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

(a) The Holding Company and FSM

Measurement

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

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

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

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

Revaluation

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

Depreciation

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

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

Disposal

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

Judgment and estimates

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

(b) CSM

Owned assets

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

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

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

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

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

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

Capital work-in-progress

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

5.2 Right-of-use assets

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

The cost comprises the following:

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

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

5.3 Investment property

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

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

5.4 Investments

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

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

5.5 Stores and spares

(a) The Holding Company and FSM

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

(b) CSM

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

5.6 Stock-in-trade

(a) The Holding Company

i) Stock of manufactured products is valued at the lower of cost and net realisable value. Molasses inventory is valued at net realisable value.

ii) Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which comprises of prime cost and appropriate production overheads.

iii) Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

Judgments and estimates

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

(b) CSM

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

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

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

5.7 Trade debts and other receivables

(a) The Holding Company

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

(b) CSM

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

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

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

5.9 Cash and cash equivalents

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

5.10 Borrowings and borrowing costs

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

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

5.11 Staff retirement benefits

(a) The Holding Company

Defined contribution plan

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

Defined benefit plan

The Holding Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2021 on the basis of projected unit credit method by an independent Actuary.

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

(b) CSM

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

Defined contribution plan

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

Defined benefit plan

CSM operates an unfunded gratuity scheme covering eligible employees under their employment contract. The liability for gratuity is recognised on the basis of actuarial valuation using Projected Unit Credit Method. The latest actuarial valuation was conducted on September 30, 2021.

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

5.12 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

a) fixed payments, including in-substance fixed payments;

b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable under a residual value guarantee; and

d) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

5.13 Trade and other payables

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

5.14 Provisions

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

5.15 Contingent liabilities

A contingent liability is disclosed when the Group

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

5.16 Taxation

Taxation comprises of current tax and deferred tax.

Current

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

Deferred

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

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

5.17 Dividend and revenue reserve appropriation

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

5.18 Impairment of non-financial assets

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

5.19 Revenue recognition

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

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

Contract assets

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

Contract liabilities

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

Other income

The Group recognises following in other income:

(i) Income on deposit / saving accounts using the effective yield method.

(ii) Dividend income when the right to receive dividend is established.

(iii) Income from other non-recurring goods and services is recognised when the control is transferred and performance obligations are fulfilled.

5.20 Development expenditure

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

5.21 Deferred government grant

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

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

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

5.22 Foreign currency transactions and translation

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

5.23 Financial instruments

Financial instruments are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Group looses 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.

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.

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.

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	2021	2020
		Rupees in thousand	
Operating fixed assets - tangible	6.1	14,130,996	11,114,958
Capital work-in-progress	6.11	529,218	820,738
		14,660,214	11,935,696

6.1 Operating fixed assets - tangible

Particulars	Lease-hold land	Owned													Leased (right of use assets)	Total
		Freehold land	Buildings on freehold land	Buildings and roads on lease-hold land	Plant and machinery	Tools	Beet water line	Electric and gas equip-ment	Labora-tory equip-ment	Furniture, fittings & office equipment	Farm equip-ment	Railway rolling stock and vehicles	Tube well	Arms	Vehicles	
	Rupees in thousand															
As at September 30, 2019																
Cost / revaluation	2,835	1,399,129	1,926,432	175,295	7,870,537	914	206	483,640	120	187,302	1,250	67,585	59	54	226,901	12,342,259
Accumulated depreciation	609	0	228,269	56,346	1,576,423	913	205	211,162	116	98,342	582	49,584	58	49	73,655	2,296,313
Book value	2,226	1,399,129	1,698,163	118,949	6,294,114	1	1	272,478	4	88,960	668	18,001	1	5	153,246	10,045,946
Year ended September 30, 2020:																
Impact of adoption of IFRS - 16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(153,246)	(153,246)
Additions	0	0	51,521	0	397,044	0	0	37,016	0	44,847	672	5,414	0	0	0	536,514
Revaluation adjustments																
- cost	0	130,632	36,960	36,518	101,518	0	0	0	0	0	0	0	0	0	0	305,628
- depreciation	0	0	226,128	57,223	971,787	0	0	0	0	0	0	0	0	0	0	1,255,138
Disposals:																
- cost	0	(597)	0	0	0	0	0	0	0	0	0	(14,839)	0	0	0	(15,436)
- depreciation	0	0	0	0	0	0	0	0	0	0	0	9,214	0	0	0	9,214
Transfers from leased to owned:																
- cost	0	0	0	0	0	0	0	0	0	0	0	17,857	0	0	0	17,857
- depreciation	0	0	0	0	0	0	0	0	0	0	0	(10,874)	0	0	0	(10,874)
Depreciation charge	27	0	168,289	8,938	651,914	0	0	29,402	0	12,514	45	4,653	0	1	0	875,783
Book value as at September 30, 2020	2,199	1,529,164	1,844,483	203,752	7,112,549	1	1	280,092	4	121,293	1,295	20,120	1	4	0	11,114,958
Year ended September 30, 2021:																
Additions	0	158,292	237,814	0	764,774	0	0	123,340	0	38,130	776	3,858	0	0	0	1,326,984
Revaluation adjustments																
- cost	0	1,300,481	12,954	0	83,111	0	0	0	0	0	0	0	0	0	0	1,396,546
- depreciation	0	0	322,894	0	1,004,165	0	0	0	0	0	0	0	0	0	0	1,327,059
Disposals:																
- cost	0	0	(15,257)	0	0	0	0	0	0	0	(73)	(59,082)	0	0	0	(74,412)
- depreciation	0	0	0	0	0	0	0	0	0	0	3	36,498	0	0	0	36,501
Transfers from leased to owned:																
- cost	0	0	0	0	0	0	0	0	0	0	0	96,254	0	0	0	96,254
- depreciation	0	0	0	0	0	0	0	0	0	0	0	(61,094)	0	0	0	(61,094)
Depreciation charge	27	0	196,154	14,907	764,175	0	0	35,515	2	15,395	102	5,522	0	1		1,031,800
Book value as at September 30, 2021	2,172	2,987,937	2,206,734	188,845	8,200,424	1	1	367,917	2	144,028	1,899	31,032	1	3	0	14,130,996
As at September 30, 2020																
Cost / revaluation	2,835	1,529,164	2,014,913	211,813	8,369,099	914	206	520,656	120	232,149	1,922	76,017	59	54	0	12,959,921
Accumulated depreciation	636	0	170,430	8,061	1,256,550	913	205	240,564	116	110,856	627	55,897	58	50	0	1,844,963
Book value	2,199	1,529,164	1,844,483	203,752	7,112,549	1	1	280,092	4	121,293	1,295	20,120	1	4	0	11,114,958
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	0	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	0	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	0	14,130,996
Depreciation rate (%)	1.01	0	5-10	5-10	10-12	15	15	10	10	10-15	10	10-20	10	10	20	

6.2 Particulars of immovable property of the Holding Company

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

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

Location	Usage of immovable property	**Total Area** (Kanals)	**Covered Area** (Kanals)
CSM-1, D.I.Khan	Factory building	1,111.25	98.86
CSM-2, Ramak	Factory building	1,747.15	152.34
Layyah and Bhakkar	Storage facility	32	2.21

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

	2021	2020
	Rupees in thousand	
Freehold land	**338,192**	166,507
Buildings & roads	**858,302**	720,181
Buildings on leasehold land	**941**	1,021
Plant & machinery	**3,541,606**	3,144,105
	4,739,041	4,031,814

6.5 The forced sale values of revalued fixed assets of the Group, based on valuations conducted during 2021 and prior years, are as follows.

	Rupees in thousand
Freehold land	**2,502,172**
Buildings & roads	**1,987,724**
Plant & machinery	**6,193,777**
	10,683,673

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

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

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

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

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

6.8 **Depreciation for the year has been allocated as follows:**

	2021	2020
	Rupees in thousand	
Cost of sales	**964,653**	865,427
Administrative expenses	**67,147**	10,356
	1,031,800	875,783

6.9 Disposals of vehicles of the Holding Company

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
	- - - - - - - - - - - - - - -Rupees in thousand- - - - - - - - - - - - - - -						
2021							
Toyota Corolla	**2,044**	**1,136**	**908**	**1,022**	**114**	**Company policy**	**Mr. Tahir Mehmood - ex - employee.**
2020							
Vehicles	3,440	2,138	1,302	2,267	965		Employees.

6.10 Disposal of operating fixed assets of CSM

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

6.11 Capital work-in-progress

Capital work-in-progress

	Free hold land	Buildings on freehold land	Plant and machinery	Electric installat-ions	Office equip-ment	Owned vehicle s	Vehicles - leased	Plant and machi-nery - leased	Advance payments to contractors	Advance payments against land -freehold land and buildings	Total
	-------	-------	-------	-------	-------	------- Rupees in thousand -------	-------	-------	-------	-------	-------
As at October 01, 2019	0	102,297	290,089	33,472	6,557	0	12,716	35,416	35,927	5,985	522,459
Additions during the year	0	173,605	610,143	54,494	11,157	6,528	55,831	25,164	31,197	0	968,119
Capitalised during the year	0	(51,335)	(385,052)	(58,299)	0	(5,414)	(48,847)	(60,580)	0	(5,985)	(615,512)
Other adjustments	0	0	0	0	0	0	0	0	(54,328)	0	(54,328)
Balance as at September 30, 2020	0	224,567	515,180	29,667	17,714	1,114	19,700	0	12,796	0	820,738
As at October 01, 2020	0	224,567	515,180	29,667	17,714	1,114	19,700	0	12,796	0	820,738
Additions during the year	1,024	172,716	501,672	179,939	0	1,060	67,228	0	240	162,292	1,086,171
Capitalised during the year	0	(236,235)	(762,213)	(123,339)	(17,714)	(2,174)	(67,729)	0	0	(158,292)	(1,367,696)
Other adjustments	0	(3,092)	(18,624)	18,624	0	0	0	0	(6,903)	0	(9,995)
Balance as at September 30, 2021	1,024	157,956	236,015	104,891	0	0	19,199	0	6,133	4,000	529,218

7. RIGHT OF USE ASSETS

	Vehicles	Plant and machinery	Building and tanks	Total
	-----------------Rupees in thousand -----------------			
As at October 01, 2020				
Cost	260,524	60,580	232,414	553,518
Accumulated depreciation	(98,850)	(3,534)	(50,136)	(152,520)
Book value	161,674	57,046	182,278	400,998
Additions	67,729	0	0	67,729
Remeasurement / deletion during the year	0	0	(4,522)	(4,522)
Transferred to owned assets				
Cost	(96,254)	0	0	(96,254)
Accumulated depreciation	61,094	0	0	61,094
Book value	(35,160)	0	0	(35,160)
Depreciation charge	(36,658)	(5,705)	(44,383)	(86,746)
Closing book value	157,585	51,341	133,373	342,299
Annual rate of depreciation (%)	20	10	20-50	
As at September 30, 2021				
Cost or revalued amount	231,999	60,580	227,892	520,471
Accumulated depreciation	(74,414)	(9,239)	(94,519)	(178,172)
Book value	157,585	51,341	133,373	342,299

Depreciation for the year has been allocated as follows:	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Cost of sales	5,705	3,534
Selling and distribution expenses	20,800	20,640
Administrative and general expenses	60,241	65,565
	86,746	89,739

8. INVESTMENT PROPERTY

Particulars	Freehold land	Buildings on freehold land	Total
	------------- Rupees in thousand -------------		
As at September 30, 2019:			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	51,605	51,605
Book value	14,544	12,103	26,647
Year ended September 30, 2020:			
Depreciation charge	0	881	881
Book value	14,544	11,222	25,766
Year ended September 30, 2021:			
Depreciation charge	0	644	644
Book value	**14,544**	**10,578**	**25,122**
As at September 30, 2020			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	52,486	52,486
Book value	14,544	11,222	25,766
As at September 30, 2021			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	53,130	53,130
Book value as at September 30, 2021	**14,544**	**10,578**	**25,122**
Depreciation rate (%)	0	5-10	

8.1 Fair value of the investment property, based on the management's estimation, as at September 30, 2021 was Rs.320 million (2020: Rs.400 million).

9. LONG TERM INVESTMENTS

	2021	2020	**2021**	2020
	Equity held (%)		**Rupees in thousand**	
ASSOCIATED COMPANIES				
QUOTED:				
Arpak International Investments Ltd. (AIIL)				
229,900 (2020: 229,900) ordinary shares of Rs.10 each	**5.75**	5.75	**17,222**	21,354
Market value Rs.18.392 million (2020: Rs.27.933 million)				
UN-QUOTED:				
National Computers (Pvt.) Ltd. (NCPL)				
14,450 (2020: 14,450) ordinary shares of Rs.100 each	**48.17**	48.17	**0**	0

	2021	2020	2021	2020
	Equity held (%)		**Rupees in thousand**	
- 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 (2020: 47,002) ordinary shares of Rs.10 each	**0.83**	0.83	**5,558**	5,049
- Value of investments based on net assets shown in the audited financial statements for the year ended June 30, 2021 Rs.5.578 million (2020: Rs.5.067 million)				
Azlak Enterprises (Pvt.) Ltd. (AEPL)				
200,000 (2020: 200,000) ordinary shares of Rs.10 each	**40.00**	40.00	**137,604**	137,172
- Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2021 Rs.137.603 million (2020: Rs.137.172 million - restated)				
			160,384	163,575

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, 2021 and June 30, 2020 and has also seized its operations. NCPL, on January 15, 2015, has filed an application with the Joint Registrar, Securities and Exchange Commission of Pakistan for striking-off its name from the Register of Companies under the Companies (Easy Exit) Regulations, 2014.

9.3 Investments in equity instruments of Associated Companies

	2021	2020
	Rupees in thousand	
Opening balance - cost	**5,638**	5,638
Add: post acquisition profit brought forward	**157,937**	88,289
	163,575	93,927
Add: share for the year:		
- (loss) / profit - net	**(538)**	74,454
- other comprehensive income / (loss)	**3,936**	122
- items directly credited in equity	**(939)**	(99)
- dividend	**0**	(138)
Less: taxation - net	**(5,650)**	(4,691)
	(3,191)	69,648
Balance as at 30 September,	**160,384**	163,575

9.4 AIIL 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 AIIL based on its audited financial statements for the year ended June 30, 2021 is as follows:

	2021	2020
Summarised statement of financial position	**Rupees in thousand**	
Non-current assets	**276,045**	339,188
Current assets	**28,015**	36,474
	304,060	375,662
Non-current liabilities	**147**	180
Current liabilities	**4,394**	4,100
	4,541	4,280
Net assets	**299,519**	371,382
Reconciliation to carrying amount		
Opening net assets	**371,382**	184,468
(Loss) / profit for the year	**(123,991)**	190,403
Effects of items directly credited in equity by Associated Companies	**(16,326)**	(1,730)
Other comprehensive income for the year	**68,454**	641
Dividend	**0**	(2,400)
Closing net assets	**299,519**	371,382
The Holding Company's share percentage 5.75% (2020: 5.75%)		
The Holding Company's share	**17,222**	21,354

Summarised statement of profit or loss	**2021**	2020
Income	**13,061**	17,360
(Loss) / profit before taxation	**(122,135)**	192,629
(Loss) / profit after taxation	**(123,991)**	190,403

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, 2021 is as follows:

Summarised statement of financial position		
Non-current assets	**661,770**	597,577
Current assets	**10,670**	14,494
	672,440	612,071
Current liabilities	**2,742**	3,724
Net assets	**669,698**	608,347

	2021	2020
Reconciliation to carrying amount	**Rupees in thousand**	
Opening net assets	**608,346**	598,935
Profit for the year	**52,083**	8,199
Other comprehensive income for the year	**9,269**	1,212
Closing net assets	**669,698**	608,346
The Holding Company's share percentage 0.83% (2020: 0.83%)		
The Holding Company's share	**5,558**	5,049
Summarised statement of profit or loss		
Income	**7,951**	12,744
Profit before taxation	**52,846**	8,444
Profit after taxation	**52,082**	8,199

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, 2021 is as follows:

	2021	2020
Summarised statement of financial position		
Non-current assets	**250,990**	315,116
Current assets	**183,212**	109,781
	434,202	424,897
Non-current liabilities	**14,472**	10,933
Current liabilities	**75,721**	71,033
	90,193	81,966
Net assets	**344,009**	342,931
Reconciliation to carrying amount		
Opening net assets	**342,931**	206,511
Profit for the year	**1,271**	136,232
Other comprehensive (loss) / income for the year	**(193)**	188
Closing net assets	**344,009**	342,931
The Holding Company's share percentage 40% (2020: 40%)		
The Holding Company's share	**137,604**	137,172
Summarised statement of profit or loss		
Storage and handling income	**89,800**	94,868
Profit before taxation	**15,115**	147,635
Profit after taxation	**1,271**	136,232

10. STORES AND SPARES	Note	**2021**	2020
		Rupees in thousand	
Stores and spares		**697,346**	677,177
Less: impairment loss recognised by FSM during the year	10.1	**25,178**	0
		672,168	677,177
Less: provision for obsolete items		**32,755**	35,948
		639,413	641,229

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

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

11. STOCK-IN-TRADE

Finished goods			
- sugar		**169,689**	357,752
- molasses		**769,670**	701,352
- ethanol		**526,654**	351,199
	11.3	**1,466,013**	1,410,303
Work-in-process		**22,137**	19,456
		1,488,150	1,429,759

11.1 In case of the Holding Company, sugar inventory as at September 30, 2020 was stated at net realisable value; the amount charged to statement of profit or loss in respect of inventory write-drown to net realisable value worked-out to Rs.40.783 million.

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

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

12. TRADE DEBTS

Considered good		**690,417**	159,932
Considered doubtful		**2,446**	1,945
		692,863	161,877
Less: loss allowance	12.2	**2,446**	1,945
		690,417	159,932

12.1 Trade debts include amount relating to export sales to Spain and Karachi Export Processing Zone amounting to Rs 319.083 million and Rs 13.024 million respectively (2020: United Arab Emirates and Karachi Export Processing Zone amounting to Rs 23.028 million and Rs 11.876 million respectively).

12.2 Movement in loss allowance

	Note	2021	2020
		Rupees in thousand	
Opening balance		**1,945**	1,752
Expected credit loss for the year		**28,277**	193
Write off against provision during the year		**(27,776)**	0
Closing balance		**2,446**	1,945

13. LOANS AND ADVANCES

	Note	2021	2020
Advances to (unsecured and considered good):			
- employees	13.1	**11,642**	9,207
- suppliers and contractors		**584,859**	1,182,574
Letters of credit		**208,329**	235,038
		804,830	1,426,819
Less:			
- provision for doubtful advances		**28,838**	28,838
- loss allowance	13.2	**345**	3,755
		29,183	32,593
		775,647	1,394,226

13.1 These include balances of Rs 7,867 thousand secured against retirement benefits of respective employees.

13.2 Movement in loss allowance

	2021	2020
Opening balance	**3,755**	1499
ECL for the year	**(3,410)**	2,256
Closing balance	**345**	3,755

14. TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES

	Note	2021	2020
		Rupees in thousand	
Sugar export subsidy receivable		**308,510**	308,510
Prepayments		**6,635**	5,790
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**	**870**	3,413
Guarantees issued		**19,000**	19,000
Trade deposits		**3,561**	2,480
Deposits against decretal amounts	**14.2**	**2,862**	0
Overdue mark-up charged by bank - refundable		**5,802**	0
Insurance claim receivable against loss of rectified spirit due to road accident		**5,438**	0
Other receivables		**2,116**	2,485
		357,948	344,832
Less: loss allowance		**(56,120)**	0
		301,828	344,832

14.1 Maximum amount due from PBM at any month-end during the year aggregated Rs.5.148 million (2020: Rs.4.805 million).

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

15. TAX REFUNDS DUE FROM THE GOVERNMENT

	2021	2020
Income tax refundable, advance tax and tax deducted at source net of tax provision	**332,215**	324,665
Sales tax refundable	**1,349**	8,209
	333,564	332,874

16. SHORT TERM INVESTMENTS - At fair value through profit or loss

First Habib Cash Fund	Note	2021	2020
		Rupees in thousand	
Opening balance - 308,045 Units (2020: 284,785 Units)		**31,097**	28,837
Investments made during the year - 109,362 Units (2020: 108,457 Units)		**11,000**	10,900
Gain on redemption / re-measurement to fair value		**2,150**	2,360
Bonus received during the year - 21,329 Units (2020: 23,716 Units)		**0**	0
Units redeemed during the year - 94,735 Units (2020: 108,913 Units)		**(9,550)**	(11,000)
Closing balance - 344,001 Units (2020: 308,045 Units)		**34,697**	31,097

17. BANK BALANCES

Cash at banks on:

	Note	2021	2020
- PLS accounts	**17.1 & 17.2**	**16,789**	6,147
- saving accounts	**17.2**	**20,220**	10,385
- deposit accounts	**17.1 & 17.2**	**23,483**	25,520
- current accounts	**17.4**	**433,998**	291,655
- deposits with a non-banking finance company - unsecured	**17.5**	**12,000**	36,000
		506,490	369,707
Less: provision for doubtful bank balance	**17.6**	**5,000**	5,000
		501,490	364,707

17.1 These include Rs.340 thousand (2020: Rs.325 thousand) in security deposit account.

17.2 PLS and deposit accounts during the year carried profit / mark-up at the rates ranging from 5.10% to 11.55% (2020: 5.10% to 15.86%) per annum.

17.3 These include deposits amounting Rs.15 million (2020: Rs.20 million), which are under lien of a bank against guarantees issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Holding Company.

17.4 In case of CSM, these include dividend account balance of Rs 1.472 million (2020: Rs 1.177 million). 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 LHC, vide its order dated April 14, 2018 had approved release of payment upto Rs.20 million in respect of principal amount only subject to verification as per the laws. The amount of Rs.20 million, as per the LHC order, was received by the Group during August, 2018. The Group , during July, 2020, had received second tranche of Rs.22 million vide the LHC's order dated March 12, 2020. The Group, during October, 2020, has received notice of dividend regarding payment of third tranche of Rs. 24 million from JOLs as per the LHC's order dated October 01, 2020. The amount of Rs.24 million, as per the LHC order, has been received by the Group, during November, 2020. The management, for the release of balance amount, anticipates that JOLs will intimate in due course of time; no provision, therefore, for the remaining deposits has been made in the books of account of the Holding Company and FSM.

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

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

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

17.7 In case of CSM, lien is marked on bank balances for an amount of Rs 4 million (2020: Rs 4 million) in respect of the various guarantees extended by the banks.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		**2021**	2020
(No. of shares)			**Rupees in thousand**	
1,476,340	1,476,340	ordinary shares of Rs.10 each fully paid in cash	**14,763**	14,763
2,273,660	2,273,660	ordinary shares of Rs.10 each issued as fully paid bonus shares	**22,737**	22,737
3,750,000	3,750,000		**37,500**	37,500

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

18.2 Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at September 30, 2021 and September 30, 2020.

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

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

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

19.3 FSM, during the financial year ended September 30, 2000, had revalued buildings on freehold land and plant & machinery. The revaluation exercise was carried-out on the basis of depreciated market values and it produced appraisal surplus aggregating Rs.55.414 million, which was credited to this account.

19.4 FSM, during the financial year ended September 30, 2009, had revalued its aforementioned fixed assets and freehold land. This revaluation exercise was carried-out by independent Valuers [Hamid Mukhtar & Co. (Pvt.) Ltd.], to replace the carrying amounts of these assets with their fair present market values. The appraisal surplus arisen on this revaluation aggregating Rs.87.718 million was credited to this account to comply with the requirements of IAS 16 (Property, plant and equipment).

19.5 FSM, as at September 30, 2021, has again revalued its freehold land, buildings on freehold land and plant & machinery to replace the carrying amounts of these assets with their present market values. The revaluation exercise has been carried-out by independent Valuers [K.G. Traders (Pvt.) Ltd. 3rd Floor, Galaxy Arcade, G-11 Markaz, Islamabad]. Freehold land has been valued on the basis of present market value, buildings on freehold land have been valued on lump sum basis whereas plant & machinery has been valued on depreciated replacement value. The appraisal surplus arisen on latest revaluation aggregating Rs.1,066.079 million has been credited to this account.

19.6 CSM and its Subsidiaries follow revaluation model for freehold land, buildings & roads and plant & machinery. The fair value of the CSM's freehold land, buildings & roads and plant & machinery were assessed by management based on independent valuation performed by an external property valuation expert for CSM as at September 30, 2021 and for its Subsidiary Company {Whole Foods (Pvt.) Ltd.} as at June 30, 2021. 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.

19.7 The year-end balance has been arrived at as follows:	**2021**	2020
	Rupees in thousand	
Opening balance	**6,721,929**	5,582,798
Add: surplus arisen on revaluations carried-out during the year	**2,723,605**	1,560,766
Less: transferred to unappropriated profit on account of incremental depreciation for the year	**(529,973)**	(421,635)
	8,915,561	6,721,929
Less: deferred tax on:		
- opening balance of surplus	**1,555,220**	1,262,535
- surplus arisen on revaluations carried-out during the year	**412,705**	414,739
- disposal of revalued asset	**(1,594)**	0
- incremental depreciation for the year	**(148,213)**	(122,054)
	1,818,118	1,555,220
Closing balance	**7,097,443**	5,166,709

20. LONG TERM FINANCES - Secured

Lending Institutions	Interest rate (per annum)	Total available facility (September 30, 2021)	Long-term portion (September 30, 2021)	Current portion (September 30, 2021)	Total outstanding amount (September 30, 2021)	Total outstanding amount (September 30, 2020)	Collateral
		---------- Rupees in thousand ----------					
Loans from banking companies							
The Holding Company							
Bank Al Habib Ltd.	SBP rate + 3%	50,000	5,077	24,911	29,988	37,612	Secured against first exclusive registered charge over the Holding Company's head office second and third floors (without land) located at King's Arcade, Markaz F-7, Islamabad through token registered mortgage of Rs.0.500 million and remaining through equitable mortgage of Rs.580 million.
CSM and its Subsidiaries							
Bank Al Habib Ltd.	- 6 months KIBOR + 1% to 1.5 %; and - SBP rate + 1%	1,530,000	446,766	171,000	617,766	372,831	· Secured against first joint pari passu charge on present and future fixed assets of CSM and its Subsidiaries for Rs 933.330 million. · Ranking charge of Rs.675 million on present & future fixed assets of CSM and its Subsidiaries.
Soneri Bank Ltd.	- 3 months KIBOR + 1% to 1.75 %; - 6 months KIBOR + 1.5; and - 6%	1,199,200	693,753	270,548	964,301	918,260	· Secured against first joint pari passu charge on present and future fixed assets of CSM and its Subsidiaries for Rs.1,867 million. · Ranking charge of Rs. 1.667 billion on present & future fixed assets of CSM. · Secured by way of first charge of Rs.334 million over all the present and future fixed assets of the Subsidiary of CSM and first hypothecation charge over plant and machinery. Further, the facility is also secured by way of equitable mortgage of Rs.8 million on 16 kanal agricultural land in Bhakkar and of Rs.5.600 million on 16 kanal agricultural land in Layyah.
The Bank of Punjab	6 months KIBOR + 2 %	0	0	0	0	14,100	
Dubai Islamic Bank Pakistan Ltd.	6 months KIBOR + 2 %	1,000,000	97,492	194,988	292,480	487,466	· Secured against pari passu hypothecation charge over all fixed assets of CSM and its Subsidiaries for Rs.1.330 billion.
MCB Bank Ltd.	3 months KIBOR + 1.10 %	306,000	132,950	58,871	191,821	249,113	· Secured against joint pari passu charge on present and future fixed assets of CSM and its Subsidiaries for Rs.438 million.
Al Baraka Bank Ltd.	6 months KIBOR + 1.50 %	450,000	352,544	0	352,544	0	Ranking charge of Rs.600 million on present & future fixed assets of CSM and its Subsidiaries. Specific charge of Rs.450 million on specific plant and machinery items.
Total			1,728,582	720,318	2,448,900	2,079,382	
Less: amount payable within next 12 months							
The Holding Company							
- Principal					24,911	15,208	
CSM and its Subsidiaries							
- Principal (note 28)					695,407	500,640	
- deferred benefit of below market rate of interest on refinance facility (note 24)					21,211	25,955	
					741,529	541,803	
Amount due after September 30, 2022					1,707,371	1,537,579	

21. LOANS FROM RELATED PARTIES - Secured

	Note	2021	2020
		Rupees in thousand	
Associated Companies:			
Premier Board Mills Limited	21.1	**90,575**	90,575
Arpak International Investments Limited	21.2	**43,750**	43,750
Azlak Enterprises (Private) Limited	21.3	**85,000**	85,000
		219,325	219,325
Less: amount payable within next twelve months		**21,250**	0
		198,075	219,325

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

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

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

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

21.3 The long term finance facility was obtained on July 06, 2018. The principal is repayable in 8 semi annual instalments commencing from December, 2021. 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

	2021	2020
Balance at beginning of the year	**376,768**	140,735
Lease liabilities recognised as on October 01, 2019	**0**	231,214
Additions during the year	**67,729**	92,141
Unwinding of interest on lease liabilities	**42,484**	55,748
Payments made during the year	**(152,088)**	(141,294)
Early termination / remeasurement of lease liabilities	**(4,522)**	(1,776)
Balance at end of the year	**330,371**	376,768
Less: current portion of long term lease liabilities	**(102,390)**	(95,809)
	227,981	280,959

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 January, 2024. 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 8.98% to 9.55% (2020: 8.98% to 15.01%) per annum.

22.2 CSM and its Subsidiaries have acquired vehicles under finance lease from commercial banks. The financing is repayable in equal monthly instalments over a period of four years and carries finance charge ranging from 7.01% to 10.14% (2020: 6.64% to 15.58%) per annum.

23. GOVERNMENT GRANT

23.1 The Holding Company

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

23.2 CSM

CSM has recognised deferred government grant in respect of term finance facility obtained under SBP Salary Refinance Scheme. During the year 2020, CSM had entered into an arrangement with Habib Bank Limited for obtaining term finance facility under SBP Salary Refinance Scheme to pay three months salaries & wages to permanent, contractual and temporary employees upto a maximum of Rs. 262 million. The repayment of loan (principal amount) will be made in 8 equal quarterly instalments commenced from April 01, 2021. Mark-up rate is SBP rate + 1% on this facility is payable on quarterly basis. The availed facility at September 30, 2021 was Rs. 262 million (2020: Rs 217.480 million). The facility will expire on January 01, 2023. There are no unfulfilled conditions or other contingencies attaching to this grant. An amount of Rs.11.465 million has been recognised during the year.

24. DEFERRED LIABILITIES

	Note	2021	2020
		Rupees in thousand	
Deferred taxation			
- The Holding Company	**24.1**	**126,479**	148,753
- FSM		**4,429**	0
- CSM	**24.2**	**1,733,208**	1,317,231
		1,864,116	1,465,984
Staff retirement benefits - gratuity			
- The Holding Company	**24.3**	**20,096**	18,479
- FSM	**24.4**	**66**	66
- CSM	**24.5**	**11,467**	9,631
		31,629	28,176
Deferred benefit of below market rate of interest on refinance facility	**20**	**21,211**	25,955
		1,916,956	1,520,115

24.1 This is comprised of the following:

	2021	2020
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	**9,616**	16,462
- surplus on revaluation of property, plant and equipment	**323,495**	350,114
- lease finances	**0**	285
	333,111	366,861
Deductible temporary differences arising in respect of:		
- available unused tax losses	**(156,070)**	(153,949)
- staff retirement benefits - gratuity	**(5,828)**	(5,359)
- provision for doubtful bank balance	**(1,450)**	(1,450)
- lease finances	**(13)**	0
- minimum tax recoverable against normal tax charge in future years	**(43,271)**	(57,350)
	(206,632)	(218,108)
	126,479	148,753

	2021	2020
	Rupees in thousand	
24.2 Deferred tax comprises of the following:		
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	**443,533**	384,501
- surplus on revaluation of property, plant and equipment	**1,490,474**	1,205,108
- lease finances	**3,551**	6,345
	1,937,558	1,595,954
Deductible temporary differences arising in respect of:		
- provision for doubtful advances	**(8,463)**	(9,452)
- provision for obsolete items	**(9,499)**	(10,425)
- expected credit loss on trade debts	**(709)**	(564)
- provision for gratuity	**(3,326)**	(2,792)
- impairment loss for the year on export subsidy	**(16,275)**	0
- minimum tax recoverable against normal tax charge in future years	**(166,078)**	(255,490)
	(204,350)	(278,723)
	1,733,208	1,317,231

24.3 In case of the Holding Company, the future contribution rates of the scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

Significant actuarial assumptions	**2021**	2020
- discount rate - per annum	**10.50%**	9.75%
- expected rate of growth per annum in future salaries	**9.50%**	8.75%
- mortality rates	**SLIC**	SLIC
	2001-2005	2001-2005
	Setback 1 year	
- withdrawal rates	**Age-based**	Age-based
- retirement assumption	**Age 60**	Age 60
- average expected remaining working life time of employees	**07 years**	08 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:	**2021**	2020
	Rupees in thousand	
Opening balance	**18,479**	15,139
Current service cost	**1,223**	1,185
Past service cost	**1,514**	1,797
Interest cost	**1,560**	1,838
Benefits payable to outgoing Members - grouped under current liabilities	**(514)**	(284)
Benefits paid	**(4,443)**	(582)
Remeasurements:		
- experience adjustments	**2,180**	(536)
- changes in financial assumptions	**97**	(78)
Closing balance	**20,096**	18,479

Expense recognised in statement of profit or loss of the Holding Company		
Current service cost	**1,223**	1,185
Past service cost	**1,514**	1,797
Interest cost	**1,560**	1,838
Charge for the year	**4,297**	4,820

Remeasurement recognised in statement of other comprehensive income of the Holding Company		
Experience adjustments	**2,277**	(614)

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

	2021	2020	2019	2018	2017
	---------------------- Rupees in thousand --------------------				
Present value of defined benefit obligation	**20,096**	18,479	15,139	14,135	12,126
Experience adjustment on obligation	**2,277**	(614)	(654)	1,613	(17)

Year-end Sensitivity Analysis:

	Change in assumption	Impact on defined benefit obligation Increase	Decrease
		Rupees in thousand	
Discount rate	**1%**	**18,704**	**21,655**
Salary growth rate	**1%**	**21,772**	**18,571**

In case of the Holding Company, the expected contribution to defined benefit obligation for the year ending September 30, 2022 is Rs.3.483 million.

24.4 FSM

	2021	2020
	Rupees in thousand	
Opening balance	**66**	178
Add: benefits accrued during the preceding year	**0**	35
Less: balance transferred to gratuity payable	**0**	(147)
Balance as at September 30	**66**	66

24.5 In case of CSM, the latest actuarial valuation of the employees' defined benefit plan was conducted at September 30, 2021 using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

Present value of defined benefit obligation	**11,467**	9,631
Fair value of plan assets	**0**	0
Net liability	**11,467**	9,631
Movement in net liability recognised		
Opening net liability	**9,631**	6,582
Expense for the year recognised in statement of profit or loss	**3,392**	3,128
Remeasurement loss recognised in statement of other comprehensive income (OCI)	**348**	460
Benefits paid	**(1,904)**	(539)
	11,467	9,631
Expense for the year		
Current service cost	**2,546**	2,292
Net interest expense	**846**	836
	3,392	3,128
Changes in the present value of defined benefit obligation		
Opening defined benefit obligation	**9,631**	6,582
Current service cost	**2,546**	2,292
Interest cost	**846**	836
Benefits paid	**(1,904)**	(539)
Remeasurement loss on defined benefit obligation	**348**	460
Closing defined benefit obligation	**11,467**	9,631

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:

	2021	2020
Discount rate used for interest cost	**9.75%**	13.25%
Discount rate used for year end obligation	**10.50%**	9.75%
Salary increase rate - long term	**9.50%**	8.75%
Salary increase rate - short term	**9.50%**	8.75%
Demographic assumptions		
Mortality rates	**SLIC 2001-05**	SLIC 2001-05

During the year 2022, CSM expects to contribute Rs.3,889 thousand to its gratuity scheme.

	2021	2020
Remeasurement recognised in OCI during the year:	**Rupees in thousand**	
Remeasurement loss on defined benefit obligation	**348**	460

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

Plan duration	**Years**
September 30, 2021	**9**
September 30, 2020	9.8

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.

2021	**Change in assumption**	**Increase**	**Decrease**
		Rupees in thousand	
Discount rate	**1%**	**(10,528)**	**12,567**
Future salary growth	**1%**	**12,545**	**(10,532)**
2020			
Discount rate	1%	(8,766)	10,652
Future salary growth	1%	10,636	(8,766)

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	**2021**	2020
		Rupees in thousand	
Creditors		**369,281**	509,183
Due to Associated Companies	**25.1**	**41,823**	88,431
Accrued expenses		**120,231**	135,939
Retention money		**18,390**	15,334
Security deposits - interest free repayable on demand	**25.2**	**1,591**	2,666
Advance payments from customers		**17,864**	82,867
Income tax deducted at source		**49,816**	33,273
Sales tax payable		**14,908**	16,423
Gratuity payable to ex-employees		**5,877**	5,543
Advance received against sale of scrap		**2,024**	2,024
Payable for workers' welfare obligations	**25.3**	**59,373**	109,126
Payable to provident fund		**4,147**	4,154
Payable to employees		**47,830**	52,314
Others		**18,279**	7,469
		771,434	1,064,746

25.1 This represents due to the following related parties:

	2021	2020
- Azlak Enterprises (Pvt.) Ltd.	**37,220**	32,622
- Syntronics Ltd.	**4,603**	55,809
	41,823	88,431

25.2 **(a)** These include Rs.340 thousand (2020: Rs.325 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.774 thousand (2020: 1,964 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 obligations	**Note**	**2021**	2020
		Rupees in thousand	
Balance at the beginning of the year		**109,126**	46,537
Charge for the year			
- CSM		**28,017**	52,583
		137,143	99,120
Interest on funds utilised in the Group's business			
- Holding Company		**0**	226
- CSM		**8,117**	10,817
Less: payments made by the Group during the year		**(85,887)**	(1,037)
Balance at the end of the year		**59,373**	109,126

26. ACCRUED MARK-UP

Mark-up accrued on:			
- long term finances		**53,744**	46,222
- loans from related parties		**33,931**	29,051
- short term borrowings		**41,401**	45,541
		129,076	120,814

27. SHORT TERM BORROWINGS

The Holding Company			
Secured	**27.1**	**239,000**	290,000
Temporary bank overdraft - unsecured		**8,612**	0
CSM			
Cash / running finances and export re-finances - secured	**27.3**	**2,430,330**	2,380,410
		2,677,942	2,670,410

27.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.1,350 million (2020: Rs.1,500 million). These facilities are secured against charge over fixed assets, charge over present and future current assets of the Holding Company and registered first exclusive charge over the Holding Company's head office second and third floors (without land). These facilities, during the year, carried mark-up at the rates ranging from 8.25% to 9.49% (2020: 8.03% to 15.61%) per annum and are expiring on various dates by March 31, 2022.

27.2 In case of the Holding Company, facilities available for opening letters of guarantee and credit from commercial banks aggregate Rs.95 million (2020: Rs.145 million). Out of the available facilities, facilities aggregating Rs.73 million (2020: Rs.125 million) remained unutilised at the year-end. These facilities are secured against lien over term deposit receipts, shipping documents and the securities detailed in the preceding paragraph.

27.3 Finance facilities available to CSM from various commercial banks under mark-up arrangements aggregate Rs.7.400 billion (2020: Rs.5.200 billion) and are secured against pledge of sugar stocks and charge on present and future current assets of CSM.

28. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2021	2020
		Rupees in thousand	
Long term finances	**20**	**720,318**	515,848
Loans from related parties	**21**	**21,250**	0
Lease liabilities	**22**	**102,390**	95,809
Government grant	**23**	**988**	1,921
		844,946	613,578

29. TAXATION - Net

	2021	2020
Opening balance	**24,177**	29,146
Add: provision made during the year		
- current	**16,725**	24,177
- prior year	**(824)**	1
	15,901	24,178
	40,078	53,324
Less: adjustments made against completed assessments	**23,346**	29,147
Closing balance	**16,732**	24,177

The Holding Company

29.1 The returns for the Tax Years 2010 to 2021 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) and 113 (Minimum tax on the income of certain persons) of the Ordinance.

29.3 The Holding Company has filed writ petitions before the Peshawar High Court (PHC) against selection for audit under sections 177 and 214C of the Ordinance for the tax years 2011, 2015, 2016, 2018 and 2019. Interim relief has been granted by the PHC in this regard.

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 2021 have been filed after complying with all the provisions of the Ordinance. Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing-out of deficiency by the Commissioner.

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

30. CONTINGENCIES AND COMMITMENTS

The Holding Company

30.1 No commitments were outstanding as at September 30, 2021 and September 30, 2020.

30.2 The Holding Company's appeal filed before the Peshawar High Court (PHC) against order of the Customs, Sales Tax & Central Excise Appellate Tribunal is still pending adjudication. The Department, during the financial year ended September 30, 2001, had raised sales tax demand aggregating Rs.4.336 million along with additional tax. The Holding Company, however, during the financial year ended September 30, 2005, had paid sales tax amounting Rs.2.123 million along with additional tax amounting Rs.0.658 million as per the requirements of S.R.O. 247(I) / 2004 dated May 05, 2004.

30.3 Petitions filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) have been dismissed vide judgment dated August 13, 2020 in 2-1 ratio. The SCP's judgment states that the cess under GIDC Act, 2015 was levied on those consumers of natural gas which on account of their industrial or commercial dealings had passed on GIDC burden to their customers. The SCP's judgment states that no late payment surcharge shall be collected while the GIDC amount that have become due upto July 31, 2020 will be recovered in 24 equal monthly instalments. Based on this judgment, the Holding Company has filed a writ petition before the PHC challenging the demand of GIDC arrears amounting Rs. 29.936 million on the ground that the Holding Company has not passed on GIDC burden to its customers. The PHC, vide its order dated September 19, 2021, has granted interim relief.

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. However, The additional wage liabilities aggregate Rs.2.359 million approximately.

30.5 The sales tax appeal filed before the Appellate Tribunal Inland Revenue (ATIR), Peshawar against ex-parte order passed by the CIR(A) has been succeeded vide order dated March 29, 2018. The assessment order dated June 23, 2016 was passed by the DCIR, Peshawar in violation of SRO 488(I)/2004 dated June 12, 2014; the Holding Company claimed input tax to the tune of Rs.41.672 million against the supplies to unregistered persons. A withdrawal application has been filed before the ATIR, Peshawar in pursuance of the aforesaid rectification order.

30.6 The DCIR for the tax year 2013 initially has held the Holding Company as taxpayer-in-default for non-deduction of tax on certain supplies / services and tax demand was raised at Rs.77.750 million under section 161 (Failure to pay tax collected or deducted) along with default surcharge of Rs.4.730 million under section 205 (Default surcharge) of the Income Tax Ordinance, 2001 (the Ordinance). The Holding Company filed rectification application under section 221 of the Ordinance and the demand was reduced to Rs.237,360. Against the said demand, the Holding Company has filed an appeal before the CIR(A), who dismissed the Holding Company's appeal. Presently, the Holding Company's appeal against the CIR(A)'s order is pending before the ATIR, Peshawar.

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 que be maintained.

30.8 Various cases have been filed against the Holding Company by some former employees. Based on legal advice ,no provision has been made in the books of account of the Holding Company.

30.9 Guarantees given to Sui Northern Gas Pipelines Ltd. by commercial banks on behalf of the Holding Company outstanding as at September 30, 2021 were for Rs.22 million (2020: Rs.20 million).These guarantees are valid upto November 30, 2021 and March 31, 2022.

FSM

30.10 The Additional Collector of Sales Tax, Peshawar, had served a show cause notice raising sales tax demands aggregating Rs.1.528 million along with additional tax on the grounds that FSM under-valued the price of spirit during the financial years 1994-95 & 1995-96 and paid lesser sales tax. FSM paid Rs.0.248 million against the said demands and filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Peshawar Bench, which is pending adjudication.

30.11 The Appellate Tribunal Inland Revenue, Peshawar, vide its order dated October 09, 2012, had allowed FSM's appeal; FSM prayed that the order passed by the Department during July, 2007 be set-aside and refund claims pertaining to the period April to December, 2006 aggregating Rs. 421 thousand be sanctioned.

30.12 FSM's petition filed before the PHC, against the Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers has been fixed at Rs.12,000 per month with effect from July 01, 2014 has been dismissed by the PHC vide its judgment dated April 02, 2019. FSM has filed a review petition before the PHC against the said judgment. However, the additional wage liabilities aggregate Rs.1.148 million approximately.

30.13 No commitments were outstanding as at September 30, 2021 and September 30, 2020.

CSM and its Subsidiaries

30.14 The Assistant Commissioner Inland Revenue (ACIR) vide show cause notice dated May 12, 2014 alleged that CSM has claimed inadmissible input tax adjustment on building material including cements & bricks during the tax periods in year 2013-14. Further, the ACIR ordered CSM to pay alleged demand of Rs 36.840 million representing principal amount and default surcharge for the aforesaid tax period. CSM filed appeal before Commissioner Inland Revenue Appeals [CIR(A)] wherein amount was reduced to Rs.28.060 million vide order-in-appeal dated March 24, 2015. CSM preferred an appeal against the aforesaid order before the Appellate Tribunal Inland Revenue (ATIR), whereby ATIR vide its order dated January 25, 2016 upheld CSM's contention. The Tax Department filed a reference in this respect before the Honourable Peshawar High Court, which is yet to be decided.

30.15 The Commissioner Inland Revenue (CIR), Peshawar vide order dated May 26, 2015 alleged that CSM has not undertaken appropriate stock taking and raised a demand of Rs 10 million in respect of FED on the alleged differential stock. CSM preferred an appeal before Appellate Tribunal Inland Revenue (ATIR), which was accepted vide order dated January 25, 2016. In this respect, the Tax Department filed reference before the Honourable Peshawar High Court, which is yet to be decided.

No provision on account of contingencies disclosed in notes 30.14 - 30.15 above has been made in the financial statements of CSM as the management and its tax and legal advisors are of the view that these matters will eventually be settled in favour of CSM.

30.16 CSM and its Subsidiaries have letter of guarantee facilities aggregating Rs.50 million (2020: Rs 100 million) available from Bank Al Habib Ltd. The amount availed on these facilities as at September 30, 2021 is Rs 4 million (2020: Rs 4 million). These facilities are secured by master counter guarantee and 100% cash margin.

30.17 CSM and its Subsidiaries have obtained letter of credit facilities aggregating Rs.538 million (2020: Rs.427 million) from Bank Al Habib Ltd. and Al Barka Bank Ltd. The amount availed on these facilities as at September 30, 2021 is Rs.115 million (2020: Rs.235 million). These facilities are secured by lien on shipping documents.

30.18 CSM and its Subsidiaries have cash finance facilities available from various banks aggregating to Rs.5.150 billion (2020: Rs.2.070 billion), out of which Rs.230.300 million (2020: Rs.868.500 million) have been availed by CSM and its Subsidiaries as at September 30, 2021. These facilities are secured against pledge charge over crystalline sugar inclusive of margin of 10 - 15%.

30.19 CSM has Export Re Finance/Finance Against Packing Credit (ERF / FAPC) facilities from various commercial banks for Rs.2,250 million (2020: Rs.2,000 million), out of which Rs.2,200 million (2020: Rs.1,512 million) have been availed by CSM as at September 30, 2021. These facilities are secured by the joint pari passu hypothecation charge over current assets of CSM and lien over export documents.

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30.20 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.

		Note	2021	2020
			Rupees in thousand	
30.21	In case of CSM, commitments in respect of :			
	- foreign letters of credit for purchase of plant and machinery		**264,820**	5,527
	- local letters of credit for purchase of plant and machinery		**257,546**	229,510
	- capital expenditure other than for letters of credit		**144,647**	12,042
31.	**GROSS SALES**			
	- local		**13,866,702**	14,819,658
	- export	**31.1**	**4,699,110**	3,864,445
	`		**18,565,812**	18,684,103

31.1 Export sales of the Group comprise of ethanol sales made in the following regions:

Indonesia	**1,350,362**	500,656
Singapore	**324,568**	561,643
Spain	**1,160,151**	146,706
Hong Kong	**35,690**	126,968
Switzerland	**1,026,709**	994,135
United Arab Emirates	**5,615**	198,614
United Kingdom	**649,271**	1,072,121
Netherland	**0**	204,906
Others	**146,744**	58,696
	4,699,110	3,864,445

32. SALES TAX, OTHER GOVERNMENT LEVIES AND DISCOUNTS

Indirect taxes	**2,050,911**	2,220,953
Discounts	**9,682**	8,125
	2,060,593	2,229,078

33. COST OF SALES

	Note	2021	2020
		Rupees in thousand	
Raw materials consumed		**12,253,331**	10,482,145
Chemicals and stores consumed		**279,494**	349,914
Salaries, wages and benefits	**33.1**	**630,375**	664,962
Power and fuel		**129,420**	135,426
Insurance		**21,321**	16,565
Repair and maintenance		**372,133**	342,132
Reversal of provision for obsolete items		**(3,193)**	0
Depreciation			
- property, plant and equipment	**6.8**	**964,653**	865,427
- right of use assets	**7**	**5,705**	3,534
		14,653,239	12,860,105
Adjustment of work-in-process:			
Opening		**19,456**	12,143
Closing	**11**	**(22,137)**	(19,456)
		(2,681)	(7,313)
Cost of goods manufactured		**14,650,558**	12,852,792
Adjustment of finished goods:			
Opening stock		**1,410,303**	2,133,039
Closing stock	**11**	**(1,466,013)**	(1,410,303)
		(55,710)	722,736
		14,594,848	13,575,528

33.1 Salaries, wages and benefits include Rs.18.119 million (2020:Rs.18.162 million) in respect of retirement benefits.

34. SELLING AND DISTRIBUTION EXPENSES

	Note	2021	2020
Salaries and benefits	**34.1**	**13,697**	15,304
Loading and stacking		**10,184**	33,050
Export development surcharge		**10,262**	8,681
Freight and other expenses on exports		**441,110**	631,787
Depreciation - right of use assets	**7**	**20,800**	20,640
Commission		**175**	0
Others		**0**	560
		496,228	710,022

34.1 Salaries and benefits include Rs.198 thousand (2020: Rs.187 thousand) in respect of retirement benefits.

35. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2021	2020
		Rupees in thousand	
Salaries and benefits	**35.1**	**413,766**	396,089
Travelling:			
- directors		**6**	7
- others		**27,446**	29,298
Utilities		**1,054**	1,096
Vehicles' running and maintenance		**18,622**	19,702
Rent, rates and taxes		**14,961**	6,857
Insurance		**6,038**	6,520
Repair and maintenance		**33,467**	30,581
Printing and stationery		**8,983**	9,468
Communication		**11,570**	12,070
Fees and subscription		**6,642**	5,253
Auditors' remuneration	**35.2**	**6,122**	5,050
Legal and professional charges (other than Auditors)		**17,156**	10,446
Depreciation on:			
- operating fixed assets	**6.8**	**67,147**	10,356
- right of use assets	**7**	**60,241**	65,565
- investment property	**8**	**644**	881
Expected credit loss for doubtful debts	**12.2**	**28,277**	193
Impairment loss for export subsidy		**56,120**	0
Loss allowance for doubtful advances	**13.2**	**(3,410)**	2,256
General		**22,324**	23,209
		797,176	634,897

35.1 Salaries and benefits include Rs.9.722 million (2020: Rs.8.624 million) in respect of retirement benefits.

35.2	Auditors' remuneration		2021	2020
	ShineWing Hameed Chaudhri & Co.	Note	Rupees in thousand	
	- statutory audits		**992**	956
	- half-yearly reviews		**146**	146
	- consultancy and certification charges		**903**	644
	- out-of-pocket expenses		**70**	70
			2,111	1,816
	A.F.Ferguson & Co. (statutory auditors of CSM and its Subsidiaries)			
	- statutory audits		**3,080**	2,414
	- half year review		**504**	450
	- consolidation		**224**	200
	- Group reporting		**112**	100
	- out-of-pocket expenses		**91**	70
			4,011	3,234
			6,122	5,050

36.	OTHER INCOME			
	Income from financial assets:			
	Return on bank deposits		**6,234**	9,141
	Gain on redemption of short term investments		**2,508**	2,776
	Exchange fluctuation gain		**6,094**	0
	Fair value gain on re-measurement of short term investments		**12**	3
	Dividend		**0**	230
	Income from other than financial assets:			
	Rent	36.1	**5,853**	6,864
	Sale of scrap - net of expenses		**50,960**	45,003
	Sale of press mud - net of sales tax		**3,671**	10,741
	Unclaimed payable balances written-back		**145**	754
	(Loss) / gain on sale of operating fixed assets - net		**(4,605)**	2,424
	Sale of agricultural produce - net of costs and expenses		**6,021**	21,498
	Sale of fusel oil - net of sales tax		**3,485**	2,301
	Sale of chemicals - net of costs		**0**	182
	Miscellaneous - net of sales tax		**2,471**	593
			82,849	102,510

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

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

37. OTHER EXPENSES

	Note	2021	2020
		Rupees in thousand	
Donations (without directors' interest)		**2,190**	666
Uncollectible receivable balances written-off		**41**	351
Workers' profit participation and workers' welfare obligations	**25.3**	**28,017**	52,583
Prior year's sales tax on account of inadmissible input tax adjustment claimed		**175**	924
Further tax and penalty	**37.1**	**10,211**	0
		40,634	54,524

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

38. FINANCE COST

	Note	2021	2020
Mark-up on:			
- long term finances		**196,271**	215,796
- loans from Associated Companies		**20,283**	23,931
- short term borrowings		**465,053**	646,556
Interest on workers' (profit) participation fund	**25.3**	**8,117**	11,043
Unwinding of interest on lease liabilities		**42,845**	55,839
Bank charges		**10,253**	6,419
Amortisation of deferred Government grant		**(13,973)**	(210)
Exchange fluctuation (gain) / loss - net		**(20,879)**	18,824
		707,970	978,198

39. TAXATION

	2021	2020
	Rupees in thousand	
Current		
- for the year	**60,560**	60,537
- prior year	**(824)**	(47,033)
- tax refunds of prior years	**0**	(2,747)
	59,736	10,757
Deferred:		
- on account of temporary differences	**(13,818)**	(13,468)
	45,918	(2,711)

40. COMBINED (LOSS) / EARNINGS PER SHARE

There is no dilutive effect on (loss) / earnings per share of the Holding Company, which is based on:

	2021	2020
(Loss) / profit attributable to equity holders of the Holding Company	**(217,380)**	311,042
	No. of shares	
Weighted average number of shares outstanding during the year	**3,750,000**	3,750,000
	---------- Rupees ----------	
40.1 Combined (loss) / earnings per share	**(57.97)**	82.94

41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial instruments by category

Financial assets

	2021	2020
At fair value through profit or loss		
Short term investments	**34,697**	31,097
At amortised cost		
Maturity upto one year		
Trade debts	**690,417**	159,932
Accrued profit on bank deposits	**527**	1,296
Trade deposits and other receivables	**292,175**	336,024
Bank balances	**501,490**	364,707
Maturity after one year		
Long term security deposits	**16,439**	16,413
	1,501,048	878,372

Financial liabilities

	2021	2020
Other financial liabilities	**Rupees in thousand**	
Maturity upto one year		
Trade and other payables	**629,473**	823,057
Unclaimed dividends	**7,470**	13,322
Accrued mark-up	**129,076**	120,814
Short term borrowings	**2,677,942**	2,670,410
Current maturity of non-current liabilities	**844,946**	613,578
Maturity after one year		
Long term finances	**1,707,371**	1,537,579
Loans from related parties	**198,075**	219,325
Lease liabilities	**227,981**	280,959
	6,422,334	6,279,044

41.1 Financial Risk Factors

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

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

41.2 Market risk

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

(a) Currency risk

The Holding Company

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

	Rupees in thousand	U.S.$
Trade debts	**141,400**	**828,558**

Exchange rate as at September 30, 2021

U.S.$ to Rupee : 170.66

Sensitivity analysis

At September 30, 2021, if Rupee had strengthened by 10% against U.S.$ with all other variables held constant, loss before taxation for the year would have been lower by Rs.14.140 million mainly as a result of foreign exchange gain on translation of foreign currency trade debts.

CSM

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial assets include Rs.332.110 million (2020: Rs.43.780 million), which were subject to currency risk.

Rupees per U.S.$	**2021**	2020
Average rate	**168.08**	161.03
Reporting date rate	**170.45**	165.70

Sensitivity analysis

As at September 30, 2021, if the currency had weakened/strengthened by 10% against U.S.$ with all other variables held constant, profit after tax for the year would have been Rs.23.610 million (2020: Rs 3.110 million) lower/ higher.

(b) Interest rate risk

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

	2021	2020	**2021**	2020
	Effective rate		**Carrying amount**	
Fixed rate instruments			**Rupees in thousand**	
Financial assets				
Deposits with a non-banking finance Company			**12,000**	36,000
Bank balances	**5.10% to 11.55%**	**5.10% to 15.86%**	**60,492**	42,052
Variable rate instruments				
Financial liabilities				
Long term finances	**3 to 6 months KIBOR + spread rate**		**2,448,900**	2,079,382
Loans from Associated Companies	**1 month KIBOR + 1.25%**		**219,325**	219,325
Lease liabilities	**7.01% to 10.14%**	**6.64% to 15.58%**	**330,371**	376,768
Short term borrowings	**8.25% to 9.49%**	**8.03% to 15.61%**	**2,669,330**	2,670,410

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, 2021, 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 lower / higher by Rs.56.679 million (2020: Rs.53.459 million) mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. As at September 30, 2021, 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, 2021, a 10% increase / decrease in redemption value of Units of the Mutual Fund would have increased / decreased profit before taxation for the current year by Rs.3,470 thousand (2020: Rs.3,110 thousand).

The sensitivity analysis prepared is not necessarily indicative of the effects on statement of profit or loss and investments of the Group.

41.3 Credit risk exposure and concentration of credit risk

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

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

Credit risk primarily arises from trade debts, loans and advances, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management of the Holding Company has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings. In respect of other counter parties, due to the Holding Company long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations.

CSM

The management of CSM has set an allowed credit period to reduce the credit risk.

CSM and its Subsidiaries recognise ECL for trade debts using the simplified approach. As per the aforementioned approach, the loss allowance was determined as follows:

	1 - 180 days	181-365 days	More than 365 days	Total
	-------------- Rupees in thousand ---------------------			
September 30, 2021				
Gross carrying value	**534,179**	**0**	**1,729**	**535,908**
Loss allowance	**717**	**0**	**1,729**	**2,446**
September 30, 2020				
Gross carrying value	143,265	90	1,639	144,994
Loss allowance	216	90	1,639	1,945

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:

	2021	2020
	(Rupees in thousand)	
September 30,		
Gross carrying value	**68,679**	**40,373**
Loss allowance	**345**	**3,755**

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, 2021 along with comparative is tabulated below:

	2021	2020
	Rupees in thousand	
Security deposits	**16,439**	16,413
Trade debts	**690,417**	159,932
Loans and advances	**764,005**	1,385,019
Trade deposits and other receivables	**292,175**	336,024
Accrued profit on bank deposits	**527**	1,296
Short term investments	**34,697**	31,097
Deposits with a non-banking finance company	**12,000**	36,000
Bank balances	**489,490**	328,707
	2,299,750	2,294,488

- The management does not expect any losses from non-performance by these counter parties.

- Based on past experience, the Group's management believes that no impairment loss allowance is necessary in respect of trade debts as material amounts have been realised subsequent to the year-end.

Credit quality of financial assets of CSM and its Subsidiaries:

The credit quality of CSM and its Subsidiaries financial assets have been assessed below by reference to external credit ratings of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

Counterparties without external credit rating

Trade debts	**533,462**	143,049
Loans and advances	**68,679**	40,373
Trade deposits and other receivables	**329,180**	327,581
	931,321	511,003

Counter-parties with external credit rating

Bank balances	**Rating**		
	A 1+	**439,083**	291,575
	A 1	**2,670**	577
		441,753	292,152

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:

2021	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**
	----------- Rupees in thousand -----------			
Long term finances	**2,448,900**	**2,482,857**	**774,288**	**1,708,569**
Loans from related parties	**219,325**	**219,325**	**21,250**	**198,075**
Lease liabilities	**330,371**	**330,371**	**102,390**	**227,981**
Trade and other payables	**629,473**	**618,842**	**618,842**	**0**
Unclaimed dividends	**7,470**	**7,470**	**7,470**	**0**
Accrued mark-up	**129,076**	**129,076**	**129,076**	**0**
Short term borrowings	**2,677,942**	**2,677,942**	**2,677,942**	**0**
	6,442,557	**6,465,883**	**4,331,258**	**2,134,625**

2020	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
	---------------- Rupees in thousand ----------------			
Long term finances	2,079,382	2,079,382	541,803	1,537,579
Loans from related parties	219,325	219,325	0	219,325
Lease liabilities	376,768	376,768	95,809	280,959
Trade and other payables	823,059	823,059	823,059	0
Unclaimed dividends	13,322	13,322	13,322	0
Accrued mark-up	120,814	120,814	120,814	0
Short term borrowings	2,670,410	2,670,410	2,670,410	0
	6,303,080	6,303,080	4,265,217	2,037,863

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, 2021, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

The following table shows the fair value measurements of the financial instruments carried at fair value by level of the following fair value measurement hierarchy:

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

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

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

The Group's investments in equity instruments of a listed Company were measured at fair value using year-end quoted prices. Fair value of these investments fell within level 1 of fair value hierarchy as mentioned above.

As at September 30, 2021, 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

Level 2 fair value of revalued property, plant and equipment has been derived using the current market price or depreciated replacement cost method. Sale prices of comparable property, plant and equipment in identical circumstances or close proximity are adjusted for differences in key attributes such as property size, structure, location, capacity, etc. The most significant inputs into this valuation approach are price per marla, price per square feet, depreciated replacement cost, etc.

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:

	2021	2020
	Rupees in thousand	
Long term finances	**2,448,900**	2,079,382
Loans from related parties	**219,325**	219,325
Lease liabilities	**330,371**	376,768
Short term borrowings	**2,677,942**	2,670,410
Total debt	**5,676,538**	5,345,885
Less: bank balances	**(501,490)**	(364,707)
Net debt	**5,175,048**	4,981,178
Share capital	**37,500**	37,500
Share redemption reserve	**1**	1
Revaluation surplus on property, plant and equipment	**3,874,361**	2,780,006
General revenue reserve	**1,010,537**	1,010,537
Unappropriated profit	**1,190,299**	1,190,162
Equity	**6,112,698**	5,018,206
Capital	**11,287,746**	9,999,384
Gearing ratio (Net debt / (Net debt + Equity))	**45.85%**	49.81%

44. TRANSACTIONS WITH RELATED PARTIES

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

The Holding Company	**2021**	2020
	Rupees in thousand	
Associated Companies		
- rental income	**5,841**	6,768
- dividend received	**0**	229
- expenses paid	**4**	295
Key management personnel		
- salaries and other benefits	**9,542**	17,869
- contribution towards provident fund	**281**	1,024

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:

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

44.2 Key management personnel

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

44.3 FSM

FSM has related party relationship with its Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. FSM has carried-out no transaction with any related party 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. Amount 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:

	2021	2020
Arpak International Investments Ltd.	**Rupees in thousand**	
Mark-up charged	**3,817**	5,388
Syntronics Ltd.		
Purchase of store items	**0**	90,640
Sales	**0**	208
Dividend paid	**17,952**	17,952
Syntron Ltd.		
Purchase of store items	**90,928**	84,281
Azlak Enterprises (Pvt.) Ltd.		
Services rendered	**30,549**	29,670
Mark-up charged	**7,415**	10,468
Expenses paid	**1,565**	3,679
Dividend paid	**7,314**	7,314
Phipson & Company Pakistan (Pvt.) Ltd.		
Expenses paid	**0**	138
Dividend paid	**1,538**	1,538
Premier Board Mills Ltd.		
Mark-up charged	**8,512**	8,076
Provident fund		
Contribution to provident fund	**18,729**	16,476
Directors		
Dividends paid	**17,346**	17,346
Vehicles leased	**21,685**	0

44.5 Following are the related parties with whom CSM and its Subsidiaries had entered into transactions or have arrangement / agreement in place:

Company Name	Basis of Association	Share-holding %
Premier Board Mills Ltd.	Common directorship	0.00%
Azlak Enterprises (Pvt.) Ltd.	------ do ------	5.10%
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%

45. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts of remuneration, including certain benefits, to chief executive, directors and executives of the Group, are as follows:

Particulars	Chief Executive		Directors		Executives	
	2021	2020	**2021**	2020	**2021**	2020
	------------------------- Rupees in thousand----------------------------					
Managerial remuneration including bonus	**1,200**	1,200	**40,309**	44,988	**48,197**	44,915
Housing and utilities	**0**	0	**10,613**	9,762	**22,290**	18,529
Contribution to provident fund	**0**	0	**113**	451	**2,705**	2,848
Medical expenses reimbursed	**0**	0	**6,758**	1,050	**1,289**	534
Other expenses	**0**	0	**6,475**	10,919	**0**	0
	1,200	1,200	**64,268**	67,170	**74,481**	66,826
Number of persons	**1**	1	**6**	3	**18**	17

45.1 In case of the Holding Company, the chief executive, one director and the executives residing in the factory are provided free housing (with the Holding Company's generated electricity in the residential colony within the factory compound). The chief executive, one director and executives are also provided with the Holding Company maintained cars.

45.2 The chief executive and executives were provided with the CSM and its Subsidiaries maintained cars for official and personal use. All the executives based at factory compounds are also provided with free housing with CSM's generated electricity, telephone and certain household items in the residential colony within the factory compound.

45.3 Mr Abbas Sarfraz Khan, director of CSM and its Subsidiaries, holds office of profit for performing extra services, for which approval was obtained vide Extraordinary general meeting dated June 21, 2019 under section 171 of the Companies Act, 2017. His remuneration includes monthly salary, bonus as per CSM and its Subsidiaries policy, CSM maintained vehicle and reimbursement of all travelling and medical expenses. The Board of Directors of CSM are also entitled to reimbursement of all travelling, telephone and medical expenses, as approved vide 31st annual general meeting of CSM's members dated March 29, 2019.

45.4 In case of FSM, no managerial remuneration was paid to chief executive and directors during the current and preceding years; however, they are provided with free use of FSM's maintained cars.

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

46. CAPACITY AND PRODUCTION

46.1 The Holding Company

		2021	2020
Sugar Cane Plant			
Rated crushing capacity per day	M.Tonnes	**3,810**	3,810
Cane crushed	M.Tonnes	**22,590**	36,528
Sugar produced	M.Tonnes	**1,818**	3,149
Days worked	Nos.	**34**	94
Sugar recovery	**%**	**8.32**	8.77
Sugar Beet Plant			
Rated slicing capacity per day	M.Tonnes	**2,500**	2,500
Distillery			
Rated capacity per day	Gallons	**10,000**	10,000
Ethanol produced	Gallons	**776,585**	751,755
Days worked	Nos.	**100**	98

- 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

	2021	2020
Sugar Cane Plants		
Rated crushing capacity (Metric Tonnes / day)	**18,000**	18,000
On the basis of average number of 104 days (2020:107 days)	**1,872,000**	1,926,000
Actual cane crushed (Metric Tonnes)	**1,468,505**	1,432,075
Sugar produced (Metric Tonnes)	**145,987**	151,013
Ethanol Fuel Plant		
Rated production capacity (Litres / day)	**125,000**	125,000
On the basis of average number of 353 days (2020:354 days) (Litres)	**44,125,000**	44,250,000
Actual production (Litres)	**44,099,770**	43,462,330
Storage facility		
Storage capacity (metric tonnes)	**20,000**	20,000
Days worked:		
Sugar Unit - I	**106**	103
Sugar Unit - II	**101**	111
Ethanol Fuel Plant	**353**	354

Reasons for Shortfall

Sugar division performed at less than installed capacity due to non-availability of sugar cane and atmospheric effect. Capacity of ethanol unit was under utilised due to routine overhauling and cleaning shut downs.

46.3 FSM

Sugar Cane Plant

Rated crushing capacity per day	M.Tonnes	**880**	880

Sugar Beet Plant

Rated slicing capacity per day	M.Tonnes	**1,000**	1,000

Due to non-availability of raw materials, sugar cane and beet plants of FSM had remained closed during the current and preceding years.

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

	Liabilities						
	Long term finances	Lease finances	Loans from related parties	Short term borrowings	Accrued mark-up	Dividend	Total
	---------------- Rupees in thousand ----------------						
Balance as at September 30, 2019	1,913,493	140,735	194,325	3,650,993	225,094	16,896	6,141,536
Changes from financing activities							
Finances - net	0	0	0	(980,583)	0	0	(980,583)
Finances - obtained	165,889	377,327	25,000	0	0	0	568,216
- repaid	0	(141,294)	0	0	0	0	(141,294)
Mark-up accrued	0	0	0	0	953,165	0	953,165
Mark-up paid	0	0	0	0	(1,057,445)	0	(1,057,445)
Dividend declared	0	0	0	0	0	(71,773)	(71,773)
Dividend paid	0	0	0	0	0	82,732	82,732
	165,889	236,033	25,000	(980,583)	(104,280)	10,959	(646,982)
Balance as at September 30, 2020	2,079,382	376,768	219,325	2,670,410	120,814	27,855	5,494,554
Changes from financing activities							
Finances - net	0	0	0	7,532	0	0	7,532
Finances - obtained	369,518	105,691	0	0	0	0	475,209
- repaid	0	(152,088)	0	0	0	0	(152,088)
Mark-up accrued	0	0	0	0	742,822	0	742,822
Mark-up paid	0	0	0	0	(734,560)	0	(734,560)
Dividend declared	0	0	0	0	0	(74,700)	(74,700)
Dividend paid	0	0	0	0	0	67,240	67,240
	369,518	(46,397)	0	7,532	8,262	(7,460)	331,455
Balance as at September 30, 2021	2,448,900	330,371	219,325	2,677,942	129,076	20,395	5,826,009

48. PROVIDENT FUNDS RELATING DISCLOSURES

The Group operates funded contributory provident fund schemes for all its permanent and eligible employees. The following information is based on the un-audited and audited financial statements for the year ended September 30, 2021 and September 30, 2020:

	2021	2020
	Rupees in thousand	
Size of the funds - total assets	**252,051**	216,708
Cost of investments made	**235,189**	205,907
Fair value of investments made	**243,197**	212,693
	-------- % --------	
Percentage of investments made	**93.31**	95.02

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

	2021	2020	**2021**	2020
	----- % -----		**Rupees in thousand**	
Term deposit receipts	**99.85**	94.17	**230,400**	193,900
Saving and deposit accounts in scheduled banks	**0.15**	5.83	**337**	12,007
	100.00	100.00	**230,737**	205,907

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

49. OPERATING SEGMENT

49.1 The Holding Company

The Holding Company's reportable segments are as follows:

- Sugar
- Distillery

Segment operating results of the Holding Company for the year ended September 30, 2021

	Sugar Division		Ethanol Division		Total	
	2021	2020	2021	2020	2021	2020
	Rupees in thousand					
Sales						
-External customers	250,671	750,054	337,852	272,793	588,523	1,022,847
-Intersegment	0	18,355	0	0	0	18,355
	250,671	768,409	337,852	272,793	588,523	1,041,202
Less : sales tax & commission	(36,422)	(96,259)	(3,226)	(6,539)	(39,648)	(102,798)
Sales - net	214,249	672,150	334,626	266,254	548,875	938,404
Segment expenses:						
Cost of sales	(463,629)	(733,265)	(298,222)	(190,543)	(761,851)	(923,808)
Less: Intersegment cost	0	0	0	(18,355)	0	(18,355)
	(463,629)	(733,265)	(298,222)	(208,898)	(761,851)	(942,163)
Gross (loss) / profit	(249,380)	(61,115)	36,404	57,356	(212,976)	(3,759)
Distribution cost	(1,581)	(3,142)	(11,183)	(10,768)	(12,764)	(13,910)
Administrative expenses	(58,173)	(57,009)	0	0	(58,173)	(57,009)
	(59,754)	(60,151)	(11,183)	(10,768)	(70,937)	(70,919)
(Loss) / profit form operations	(309,134)	(121,266)	25,221	46,588	(283,913)	(74,678)
Other income	114,668	123,212	0	0	114,668	123,212
Other expenses	(10,427)	(1,386)	0	0	(10,427)	(1,386)
	104,241	121,826	0	0	104,241	121,826
Segment results	(204,893)	560	25,221	46,588	(179,672)	47,148
Finance cost	(5,043)	(95,618)	(23,128)	0	(28,171)	(95,618)
(Loss) / profit before taxation	(209,936)	(95,058)	2,093	46,588	(207,843)	(48,470)
Taxation					(5,593)	(279)
Loss after taxation					(202,250)	(48,749)

	Assets		Liabilities	
	2021	2020	2021	2020
	Rupees in thousand			
Sugar	1,718,038	1,746,495	495,128	540,076
Ethanol	257,659	283,969	359,995	165,947
Total for reportable segment	1,975,697	2,030,464	855,123	706,023

49.2 Sales to domestic customers in Pakistan are 46.37% (2020 : 78.06%) and to customers outside Pakistan are 53.63% (2020 : 21.94%) of the revenues during the current financial

49.3 All non-current assets of the Holding Company as at September 30, 2021 and September 30, 2020 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, 2021

	Sugar Division		Ethanol Division		Total	
	2021	2020	2021	2020	2021	2020
	Rupees in thousand					
Sales						
-External Customers	13,141,517	13,419,160	4,916,514	4,636,810	18,058,031	18,055,970
-Inter segment	1,007,043	1,004,832	-	-	1,007,043	1,004,832
	14,148,560	14,423,992	4,916,514	4,636,810	19,065,074	19,060,802
Less : sales tax & others	(1,946,775)	(1,977,012)	(74,170)	(149,268)	(2,020,945)	(2,126,280)
Sales - net	12,201,785	12,446,980	4,842,344	4,487,542	17,044,129	16,934,522
Segment expenses:						
Cost of Sales	(10,879,109)	(10,097,834)	(3,033,215)	(2,942,604)	(13,912,324)	(13,040,438)
less: Inter segment cost	-	-	(1,007,043)	(1,004,832)	(1,007,043)	(1,004,832)
	(10,879,109)	(10,097,834)	(4,040,258)	(3,947,436)	(14,919,367)	(14,045,270)
Gross profit	1,322,676	2,349,146	802,086	540,106	2,124,762	2,889,252
Selling and distribution expenses	(19,820)	(167,793)	(463,644)	(528,319)	(483,464)	(696,112)
Administrative and general expenses	(459,864)	(512,209)	(140,991)	(66,164)	(600,855)	(578,373)
Net impairment losses on financial assets	(80,987)	(2,449)	-	-	(80,987)	(2,449)
Others	-	-	-	-	(69,436)	(11,393)
	(560,671)	(682,451)	(604,635)	(594,483)	(1,234,742)	(1,288,327)
Profit from operations	762,005	1,666,695	197,451	(54,377)	890,020	1,600,925
Other income	55,587	84,995	2,399	2,508	57,986	87,503
Others	-	-	-	-	2,471	-
Other expenses	(30,207)	(53,249)	-	-	(30,207)	(53,249)
	25,380	31,746	2,399	2,508	30,250	34,254
Segment results	787,385	1,698,441	199,850	(51,869)	920,270	1,635,179
Finance cost					(682,843)	(903,920)
Profit before tax					237,427	731,259
Taxation					(51,632)	3,444
Profit for the year					185,795	734,703

36.1 Segment assets and liabilities

	2021		2020	
	(Rupees in thousand)			
	Assets	Liabilities	Assets	Liabilities
Sugar	10,621,822	4,619,616	9,318,606	2,395,920
Ethanol	5,636,656	2,810,170	5,571,354	3,088,321
Total for reportable segment	16,258,478	7,429,786	14,889,960	5,484,241
Others	900,102	571,374	243,994	1,979,631
Total assets / liabilities	17,158,580	8,001,160	15,133,954	7,463,872

50. NUMBER OF EMPLOYEES

	2021	2020
	------ Number ------	
Number of persons employed as at September 30,		
- permanent	**1,116**	1,129
- contractual	**1,214**	1,362
	2,330	2,491
Average number of employees during the year		
- permanent	**1,138**	1,129
- contractual	**1,611**	1,630
	2,749	2,759

51. IMPACT OF COVID-19 ON THE CONSOLIDATED FINANCIAL STATEMENTS

The spread of Covid-19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. It resulted in decrease of other projects revenue due to delayed implementation. Further, it also resulted in increased trade receivables as the receivables were not timely recovered. Accordingly, as of the date of these financial statements, management believes there do not exist any particular material adverse impact to the Group's financial conditions and results of its operations. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

52. CORRESPONDING FIGURES

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

53. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorised for issue on February 02, 2022 by the board of directors of the Holding Company.

(ABBAS SARFARAZ KHAN) **CHIEF EXECUTIVE**	**(ISKANDER M. KHAN)** **DIRECTOR**	**(RIZWAN ULLAH KHAN)** **CHIEF FINANCIAL OFFICER**

Information message on (Jama Punji)

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
Nowshera Road, Mardan.

PROXY FORM

76th Annual General Meeting

I/We.. of ....being a member of **The Premier Sugar Mills & Distillery Company Limited** and holding ....ordinary shares as per share register Folio/CDC Account No.. hereby appoint Mr./Mrs ....of .... 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 25, 2022 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 .... 2022.

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 ڈسٹلری کمپنی لیمیٹڈ

نوشہرہ روڈ مردان

نمائندگی کا فارم (پراکسی فارم)

76 واں سالانہ اجلاس عام

میں/ہم ____________ کا/کی ____________ بحثیت رکن دی پریمیئر شوگر ملز اینڈ ڈسٹلری کمپنی لیمیٹڈ اور بذریعہ حصص رجسٹر کے فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر ____________ حامل ____________ عام حصص، کمپنی کے ایک دوسرے رکن ____________ کا/کی ____________ فولیو نمبر/ سی ڈی سی اکاؤنٹ نمبر ____________

شناختی کارڈ نمبر ____________ یا پاسپورٹ نمبر ____________ یا بصورت دیگر کمپنی کے اور رکن ____________ کا/کی ____________ فولیو نمبر/سی ڈی اکاؤنٹ نمبر ____________

شناختی کارڈ نمبر ____________ یا پاسپورٹ نمبر ____________، کو میری/ہماری غیر حاضری میں کمپنی کے سالانہ اجلاس عام میں، جو بتاریخ 25 فروری، 2022، کو منعقد ہو رہا ہے، یا کسی بھی ملتوی شدہ اجلاس میں حاضری اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پراکسی) مقرر کرتا/ کرتے ہیں۔

پانچ روپے کی ریونیو سٹامپ

____

حصص دار کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونے مطابقت رکھتے ہونے چاہے)

بتاریخ ________ مہینہ ________ 2022

نمائندہ کے دستخط: ____________

1. گواہ

دستخط:

نام: ____________

پتہ: ____________

____

شناختی کارڈ نمبر: ____________

2. گواہ

دستخط:

نام: ____________

پتہ: ____________

____

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، بصورتِ دیگر یہ فارم موثر تصور نہیں کیا جائے گا۔

سی ڈی سی حصص یافتگان اور انکے 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۔