# annual report

# 2023

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## Company Profile

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

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

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

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

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

e) To manufacture straw-boards and paper;

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

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

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

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

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

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

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

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## Company Information

**Board of Directors**

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

**Company Secretary**
Mr. Mujahid Bashir

**Chief Financial Officer**
Mr. Rizwan Ullah Khan

**Head of Internal Audit**
Mr. Zaheer Mir

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

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

**Legal Advisor**
Mr. Isaac Ali Qazi
Advocate

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

**Bankers**

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

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## Management Committees

**Executive Committee**

| | |
|---|---|
| Mr. Abbas Sarfaraz Khan<br>(Executive Director) | Chairman |
| Ms. Najda Sarfaraz<br>(Non-Executive Director) | Member |
| Mr. Iskander M. Khan<br>(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<br>(Independent Director) | Chairman |
| Ms. Najda<br>(Non-Executive Director) | Member |
| Ms. Zarmine Sarfaraz<br>(Non-Executive Director) | Member |
| Mr. Mujahid Bashir | Secretary |

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

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

a) determination of appropriate measures to safeguard the Company's assets;

b) review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- going-concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with these regulations and other statutory and regulatory requirements; and
- all related party transactions.

c) review of preliminary announcements of results prior to external communication and publication;

d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) review of management letter issued by external auditors and management's response thereto;

f) ensuring coordination between the internal and external auditors of the Company;

g) review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i) ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j) review of the Company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;

k) instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;

l) determination of compliance with relevant statutory requirements;

m) monitoring compliance with these regulations and identification of significant violations thereof;

n) review of arrangement for staff and management to report to audit committee in confidence, concerns, if any about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

o) recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.

p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

**Human Resource and Remuneration Committee**

| | |
|---|---|
| Mr. Shahbaz Haider Agha<br>(Independent Director) | Chairman |
| Ms. Najda Sarfaraz<br>(Non-Executive Director) | Member |
| Mr. Iskander M. Khan<br>(Executive Director) | Member |
| Mr. Mujahid Bashir | Secretary |

**The Committee is responsible for:**

i) recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;

ii) undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualification and major terms of appointment;

iii) recommending human resource management policies to the board;

iv) recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;

v) consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and

vi) where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## VISION STATEMENT

- Efficient organization with professional competence of top order is engaged to remain a market leader in the sugar industry in manufacturing and marketing of white sugar.

- To ensure attractive returns to business associates and optimizing the shareholders' value as per their expectations.

## MISSION STATEMENT

- Quality objectives are designed with a view to enhance customer satisfaction and operational efficiencies.

- To be a good corporate citizen to fulfil the social responsibilities.

- Commitment to building, Safe, Healthy and Environment friendly atmosphere.

- We with professional and dedicated team, ensure continual improvement in quality and productivity through effective implementation of Quality Management System. Be a responsible employer and reward employees according to their ability and performance.

- The quality policy encompasses our long term Strategic Goals and Core Values, which are integral part of our business.

### STRATEGIC GOALS

- Providing customer satisfaction by serving with superior quality production of white sugar and industrial alcohol at lowest cost.

- Ensuring security and accountability by creating an environment of security and accountability for employees, production facilities and products.

- Expanding customer base by exploring new national and international markets and undertaking product research and development in sugar industry.

- Ensuring Efficient Resource Management by managing human, financial, technical and infrastructural resources so as to support all strategic goals and to ensure highest possible value addition to stakeholders.

### CORE VALUES

- Striving for continuous improvement and innovation with commitment and responsibility;

- Treating stakeholders with respect, courtesy and competence;

- Practicing highest personal and professional integrity;

- Maintaining teamwork, trust and support with open and candid communication; and

- Ensuring cost consciousness in all decision and operations.

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## Code of Conduct

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

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

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

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

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

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

**General Principles**

.- Compliance with the law, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all the employees and characterizes the Conduct of the organization.

.- The Company's business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgment and safeguarding of the dignity, freedom and equality of human beings.

- All employees, without any distinction or exception whatsoever, respect the principles and contents of the Code in their actions and behaviors while performing their functions according to their responsibilities, because compliance with the Code is fundamental for the quality of their working and professional performance. Relationships among employees, at all levels, must be characterized by honesty, fairness, cooperation, loyalty and mutual respect.

- The belief that one is acting in favor or to the advantage of the Company can never, in any way, justify-not even in part – any behavior that conflict with the principles and content of the Code.

- Every employee is expected to adhere to, and firmly inculcate in his/her everyday conduct; this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

## Statement of Ethical Practices

- It is the basic principle of The Premier Sugar Mills & Distillery Company Limited to obey the law of the land and comply with its legal system. Accordingly, every director and employee of the Company shall obey the law. Any director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his / her duties.

- Employees must avoid conflicts of interest between their private financial activities and conduct of Company business.

- All business transactions on behalf of the Company must be reflected accordingly in the accounts of the Company. The image and reputation of the Company is determined by the way each and every of us acts and conducts him / her at all times.

- We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

- Every manager and supervisor shall be responsible to see that there is no violation of laws within his / her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he / she delegates particular tasks.

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## TEN YEARS' REVIEW

| YEAR | CANE | | | BEET | | |
|---|---|---|---|---|---|---|
| | CANE CRUSHED | RECOVERY | SUGAR PRODUCED | BEET SLICED | RECOVERY | SUGAR PRODUCED |
| | M. Tons | % | M. Tons | M. Tons | % | M. Tons |
| 2014 | 117,589.000 | 8.90 | 10,402.00 | 47,379.00 | 9.71 | 4,567.00 |
| 2015 | 95,526.000 | 9.11 | 9,019.00 | NOT OPERATED | | |
| 2016 | 178,273.000 | 9.94 | 17,677.00 | | | |
| 2017 | 268,864.455 | 9.32 | 25,003.00 | | | |
| 2018 | 204,775.000 | 11.12 | 22,708.00 | | | |
| 2019 | 154,414.000 | 10.90 | 16,768.00 | | | |
| 2020 | 36,528.000 | 8.77 | 3,149.00 | | | |
| 2021 | 22,590.385 | 8.32 | 1,817.50 | | | |
| 2022 | 32,104.000 | 6.40 | 1,980.00 | | | |
| 2023 | 102,302.250 | 10.35 | 10,536.40 | | | |

## PRODUCTION OF INDUSTRIAL ALCOHOL

| YEARS | MOLASSES TONS | RECOVERY GLNS PER MND | PRODUCTION IN GALLONS |
|---|---|---|---|
| 2014 | 6,477.00 | 2.104 | 340,694.00 |
| 2015 | NOT OPERATED | | |
| 2016 | | | |
| 2017 | | | |
| 2018 | | | |
| 2019 | | | |
| 2020 | 15,034.99 | 2.00 | 751,755.00 |
| 2021 | 16,144.42 | 1.92 | 776,585.00 |
| 2022 | 32,075.63 | 2.05 | 1,641,103.61 |
| 2023 | 18,515.81 | 1.99 | 920,400.00 |

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

| PARTICULARS | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| | | | ( R U P E E S | I N T H O U S A N D ) | | |
| Turnover | 3,045,962 | 679,216 | 548,875 | 938,404 | 1,072,460 | 1,262,508 |
| Profit/ (loss) from Operations | 165,045 | (64,164) | (179,672) | 47,148 | 150,059 | (80,988) |
| Profit/ (loss) before tax | 14,741 | (121,405) | (207,843) | (48,470) | 30,870 | (166,513) |
| Profit/(loss) after tax | 72,984 | (98,412) | (202,250) | (48,749) | 184 | (195,735) |
| Share capital | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 |
| Shareholders' equity | 2,039,757 | 1,017,496 | 1,120,574 | 1,324,441 | 993,464 | 992,816 |
| Non-current assets | 2,601,412 | 1,352,295 | 1,470,500 | 1,600,476 | 1,265,092 | 1,399,585 |
| Total assets | 3,249,961 | 2,625,754 | 1,975,697 | 2,030,464 | 1,924,249 | 2,190,236 |
| Non current liabilities | 420,731 | 112,444 | 152,825 | 192,939 | 31,774 | 17,144 |
| Current assets | 648,549 | 1,273,459 | 500,555 | 429,988 | 659,157 | 790,651 |
| Current liabilities | 249,508 | 955,849 | 432,298 | 513,084 | 899,011 | 1,180,276 |
| **Dividend** | | | | | | |
| Cash dividend | - | - | - | - | - | - |
| **Ratios:** | | | | | | |
| **Profitability (%)** | | | | | | |
| Operating (loss) / profit | 5.42 | (9.45) | (32.73) | 5.02 | 13.99 | (6.41) |
| Loss before tax | 0.48 | (17.87) | (37.87) | (5.17) | 2.88 | (13.19) |
| Loss after tax | 2.40 | (14.49) | (36.85) | (5.19) | 0.02 | (15.50) |
| **Return to Shareholders** | | | | | | |
| ROE - Before tax | 0.72 | (11.93) | (18.55) | (3.66) | 3.11 | (16.77) |
| ROE - After tax | 3.58 | (9.67) | (18.05) | (3.68) | 0.02 | (19.72) |
| Return on Capital Employed | 2.97 | (8.71) | (15.88) | (3.21) | 0.02 | (19.38) |
| E. P. S. - After tax | 19.46 | (26.24) | (53.93) | (13.00) | 0.05 | (52.20) |
| **Activity** | | | | | | |
| Total assets turnover | 1.04 | 0.30 | 0.27 | 0.47 | 0.52 | #REF! |
| Non-current assets turnover | 1.54 | 0.48 | 0.36 | 0.65 | 0.80 | #REF! |
| **Liquidity/Leverage** | | | | | | |
| Current ratio | 2.60 | 1.33 | 1.16 | 0.84 | 0.73 | 0.67 |
| Break up value per share | 543.9 | 271.3 | 298.8 | 353.2 | 264.9 | 264.8 |
| Total Liabilities to equity (Times) | (0.26) | (0.69) | (0.42) | (0.53) | (0.94) | (1.21) |

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

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

**Ordinary Business:**

1. To confirm the minutes of the Extra Ordinary General Meeting held on July 05, 2023.

2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the year ended September 30, 2023.

3. To appoint the Auditors of the Company and to fix their remuneration for the financial year ending September 30, 2024. The present auditors' M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants retire and being eligible offer themselves for re-appointment.

4. To transact any other business of the Company as may be permitted by the Chair.

**Special Business:**

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

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

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

**BY ORDER OF THE BOARD**

**Mardan:** **(Mujahid Bashir)**

**N.B:**

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

2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.

3. CDC shareholders are requested to bring their original computerized national identity card, account, sub account number and participant's number in the Central Depository System for identification purpose for attending the Meeting.

4. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

5. The SECP vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of Annual General Meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of Annual General Meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website www.premiersugarmills.com to the Company's Share Registrar. The Company shall, however additionally provide hard copies of the annual report to such members, on request, free of cost.

6. The Financial Statements of the Company for the year ended September 30, 2023 along with reports have been placed at website of the Company www.premiersugarmills.com

7. In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

   “The Company Secretary, The Premier Sugar Mills & Distillery Company Limited, Kings Arcade 20-A, Markaz F-7, Islamabad.”

8. The SECP vide circular no 4 of 2021 and circular 6 of 2021 has advised to provide participation of the members through electronic means. Members interested to participate in the AGM are requested to email their Name, Folio Numbers, Number of Shares held in their name. Cell Number, CNIC Number (along with valid copy of both sides of CNIC) with subject “Registration for Participation in AGM” at mujahid@premiergrouppk.com. Video link and login credentials shall be shared with only those members whose emails, containing all the required particulars, are receive by the close of business hours (till 5:00 pm) on February 24, 2024.

9. Section 72 (2) of the Companies Act, 2017, provides that every existing company shall be required to replace its physical shares with book-entry form, in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four (4) years of the date of the promulgation of the Act. Further, SECP vide its letter dated 26 March 2022 has directed listed companies to pursue their shareholders holding securities in physical form to convert the same in the book-entry form. To ensure compliance with the aforementioned provision and to benefit by holding securities in book-entry form, including safe custody, all shareholders holding physical shareholdings are again encouraged to open CDC sub-account or Investor account and convert their shares into book-entry form, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

**Statement of Material Facts under Section 134(3) of the Companies Act, 2017**
This statement sets out the material facts pertaining to special business.

**Material Facts:**

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

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

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

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## CHAIRPERSON'S REVIEW REPORT

I am pleased to welcome you to the 78th Annual Report of your Company, it gives me great pleasure to present the Review Report along with the Audited Financial Statements for the year ended September 30, 2023, on behalf of the Board of Directors, on the performance of your Company, as required by Section 192 of the Companies Act, 2017.

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

The annual evaluation of the Board of Directors as required under the Code of Corporate Governance has been carried out to measure the performance and effectiveness of the Board against the objectives of the Company set at the beginning of the year. I am pleased to report that the overall performance of the Board has remained satisfactory on the basis of the criteria set for its purpose. The Board has performed their duty diligently and honestly in the best interest of the Company particularly in relation to the strategic objectives of the company, and the Board remained focused on business growth, risk Management and future options especially relating to the procurement/monitoring of sugarcane price, extent of borrowing utilization and expansion/improvement in operational facilities.

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

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

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

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

**(Begum Laila Sarfaraz)**
Chairperson
Mardan: February 02, 2024

# دی پریمیئر شوگر ملز اینڈ ڈسٹلری کمپنی لمیٹڈ

## چیئرپرسن کی جائزہ رپورٹ

میں آپ کو کمپنی کے 78ویں سالانہ رپورٹ میں آپ کو خوش آمدید کہتی ہوں، بورڈ کی جانب سے 30 ستمبر 2023 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ جائزہ رپورٹ پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے جو کے کمپنیز ایکٹ 2017 کے سیکشن 192 کے مطابق ہے۔

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

کوڈ آف کارپوریٹ گورننس کے تحت مطلوبہ بورڈ آف ڈائریکٹرز کا سالانہ جائزہ، سال کے آغاز میں مقرر کردہ کمپنی کے اہداف کے خلاف بورڈ کی کارکردگی اور تاثیر کا جائزہ لیا گیا ہے۔ مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بورڈ کی مجموعی کارکردگی اس کے مقصد کیلئے مقرر کردہ معیار کی بنیاد پر تسلی بخش رہی ہے۔ بورڈ نے کمپنی کے بہترین مفاد میں خاص طور پر کمپنی کے اسٹریٹجک مقاصد کے سلسلے میں اپنی ذمہداری پوری تندہی اور ایمانداری سے ادا کی ہے، اور بورڈ نے کاروبار کی ترقی، رسک مینجمنٹ اور مستقبل کے آپشنز خاص طور پر گنے کی خریداری/مانیٹرنگ، قیمت، قرضے کے استعمال کی حد اور آپریشنل سہولیات میں بہتری سے متعلق اپنی توجہ مرکوز رکھنی ہے۔

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

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

مالیاتی نتائج کے بارے میں معلومات کو منسلق ڈائریکٹرز کی رپورٹ اور مالیاتی بیانات میں تفصیل سے بیان کیا گیا ہے جو 30 ستمبر 2023 کو ختم ہونے والے سال کے دوران کمپنی کی کارکردگی کا ایک جامع جائزہ پیش کرتا ہے۔

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

**بیگم لیلہ سرفراز**

چیئرپرسن

مردان، 02 فروری، 2024

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## DIRECTORS' REPORT

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

### 1. SUMMARISED FINANCIAL RESULTS

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

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

### 2. REVIEW OF OPERATIONS

#### 2.1 CRUSHING SEASON 2022-23

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

#### 2.2 CRUSHING SEASON 2023-24

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

## 3. SUGAR PRICE

### 3.1- SUGAR - SEASON 2022-23

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

### 3.2- SUGAR - SEASON 2023-24

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

## 4. DISTILLERY

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

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

## 5. STAFF

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

## 6. PATTERN OF SHAREHOLDING

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

## 7. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- financial statements, prepared by the management of The Premier Sugar Mills & Distillery Company Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- All appropriate accounting policies have been consistently applied while preparing financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored

- There are no significant doubts upon Company's ability to continue as a 'going concern'.

- The Company has followed code of corporate governance as detailed in the listing regulations.

- Key operating and financial data for the last six years available in summarized form is annexed.

- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at September 30, 2023, except for those disclosed in the financial statements.

- The value of investments of staff provident fund, based on audited accounts, was Rs. 54.5 million as at September 30, 2023.

- Majority of the Directors of the Company are exempted from the requirement of Directors Training Program. .

**8. IMPACT OF THE COMPANY'S BUSINESSON ENVIRONMENT**

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

**9. ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its' internal control systems.

**10. CORPORATE AND SOCIAL RESPONSIBILITY**

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

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

**11. TRADING IN SHARES**

During the year, no trade in the shares of the Company were carried-out by the Directors, CFO, Company Secretary and their spouses and minor children except the CEO who purchased 210,962 ordinary shares during the year.

12. **RELATED PARTY TRANSACTIONS**

The Related Parties transactions mentioned in 37 to the financial statements were placed before the Board Audit Committee and were approved by the Board. These transactions were in-line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 2017. The Company maintains a complete record of all such transactions. All transactions entered into with the related parties will also be placed before shareholders in their AGM for approval purposes.

13. **ROLE OF SHAREHOLDERS**

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

14. **BOARD MEETINGS**

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

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

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

15. **DIVIDEND**

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

16. **EXTERNAL AUDITORS**

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

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

The requirements of the Code of Corporate Governance set out in the Listed Companies (Code of Corporate Governance) Regulations, 2019 relevant for the year ended September 30, 2023 have been duly complied with. A statement to this effect is annexed with the report.

**18. ACKNOWLEDGEMENT**

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

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

**FOR AND ON BEHALF OF THE BOARD**

| | |
|---|---|
| **(ISKANDER M. KHAN)** | **(ABBAS SARFARAZ KHAN)** |
| DIRECTOR | CHIEF EXECUTIVE |

Mardan:
February 02, 2024

# دی پریمیئر شوگر ملز اینڈ ڈسٹلری کمپنی لمیٹڈ

## ڈائریکٹرز کی رپوٹ

دی پریمیر شوگر ملز اینڈ ڈسٹلری کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور 30 ستمبر 2023 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**

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

**2.1۔ کرشنگ سیزن 23-2022**

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

### 2.2۔ کرشنگ سیزن 2023-24

گنے کا کرشنگ سیزن 2023-24 کا آغاز 25 اکتوبر 2023 کو شروع ہوا۔ 15 دسمبر 2023 تک ملز نے 130,269 ٹن گنے کو کرش کرتے ہوئے 12,477 ٹن چینی کی پیداوار کی۔ ٹیکس فری غیر قانونی گڑ کی تیاری کی وجہ سے علاقے میں گنے کی قیمت 550 روپے فی 40 کلو گرام تک بڑھ گئی ہے اور اس قیمت پر پلانٹ چلانا ممکن نہیں رہا۔ بورڈ آف ڈائریکٹرز نے کرشنگ سیزن 2023-42 کی بندش کا اعلان کیا ہے۔

## 3۔ چینی کی قیمت

### 3.1۔ چینی کا سیزن 2022-23

تقریبا 1 ملین کا کیری فارورڈ شوگر سٹاک اور 6.70 ملین چینی کی پیداوار 7.70 ملین ٹن تک جمع ہو گئی۔ پاکستان شوگر ملز ایسوسی ایشن نے حکومت پاکستان سے 1 ملین ٹن چینی برآمد کرنے اور قیمتی زرمبادلہ کمانے کی درخواست کی تھی، تاہم ہمیشہ کی طرح حکومت پاکستان نے صرف 2 لاکھ 50 ہزار ٹن برآمد کیا اور موقع ضائع کیا اور مقامی قیمتوں میں کمی کی وجہ سے سمگلروں کو فائدہ ہوا۔

### 3.2۔ چینی کا سیزن 2023-24

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

## 4۔ ڈسٹلری

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

## 5۔ سٹاف

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

## 6۔ شئیر ہولڈنگ کی ترتیب

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

## 7۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

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

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

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

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

۔ اندرونی کنٹرول کا نظام 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 و ضوابط، جو کہ 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 2023 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 2023 کو آڈٹ شدہ اکاؤنٹس پر مبنی، اسٹاف پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 54.50 ملین تھی۔

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

## 8۔ کمپنی کے کاروبار کے ماحول پر اثرات

کمپنی صحت مند ماحول کو برقرار رکھنے کی ذمہ داری سے مکمل طور پر آگاہ ہے صحت مند ماحول کے استحکام کو یقینی بنانے کے لئے تمام کوششیں بروئے کار لائی جاتی ہیں۔ کمپنی نے توانائی کے انتظام، پانی کے تحفظ، حیاتیاتی تنوع اور وسائل کی استعداد کے لئے ضابطے / طریقے کار لاگو کئے ہیں 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 معاملاتکی حمایت کرتے ہوئے پہل کرنا جاری رکھے ہوئے ہیں تاکہ علاقے کی کم مراعات یافتہ کمیونٹیز کی زندگیوں میں بہتری لائی جاسکے۔

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 2023 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سیکرٹری، ان کے ازواج اور چھوٹے بچوں کی جانب سے کمپنی کے حصص میں کوئی لین دین نہیں ہوئی سوائے چیف ایگزیکٹو آفیسر کے جنہوں نے سال کے دوران 210,962 شیئرز خریدے تھے۔

## 12۔ متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں سے لین دین کے معاملے نوٹ 37 میں بیان کئے گئے ہیں ان کو بورڈ آف آڈٹ کمیٹی کے سامنے منظوری کے لئے پیش کیا گیا اور بورڈ سے باقاعدہ منظوری لی گئی تھی۔ لین دین کے یہ معاملات انٹر نیشنل 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 اعلی 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 دس بورڈ کے اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی شمولیت کی تفصیل مندرجہ ذیل ہے؛

| ڈائریکٹرز کے نام<br>نان۔ایگزیکٹو ڈائریکٹرز | بورڈ آف ڈائریکٹرز کے اجلاس<br>حاضری | آڈٹ کمیٹی کے اجلاس<br>حاضری | ہیومن ریسورس اور معاوضہ کی کمیٹی<br>حاضری |
|---|---|---|---|
| بیگم لیلیٰ سرفراز | 5 | 5 | -- |
| محترمہ زرین سرفراز | 5 | 4 | -- |
| محترمہ مہناز سہگل | 1 | -- | -- |
| محترمہ مجدہ سرفراز | 2 | 4 | 1 |
| **ایگزیکٹو ڈائریکٹرز** | | | |
| جناب عباس سرفراز خان | 5 | -- | -- |
| جناب اسکندر محمد خان | 5 | -- | 1 |
| **آزاد ڈائریکٹرز** | | | |
| جناب شہباز حیدر آغا | 4 | 4 | 1 |
| جناب سلمان احمد | 4 | -- | 1 |

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

## 15۔ڈیویڈنڈ کی ادائیگی

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

## 16۔آڈیٹرز

موجودہ آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاونٹنٹ، لاہور، سالانہ اجلاس عام تک ریٹائرڈ ہو جاہیں گے اور انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے کوڈ آف کارپوریٹ گورننس کے ضابطہ کے مطابق، بورڈ آف ڈائریکٹرز نے آدیٹرز کو 30 ستمبر 2024 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 2023 کو ختم ہونے والے سال سے متعلقہ ہیں پر پوری طرح عمل پیرا ہے اس سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

## 18۔اعتراف

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: 02 فروری 2024 |

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### Shareholders' Information

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

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

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

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

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

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

**Listing Fees**
The annual listing fee for the financial year 2023-24 has been paid to Pakistan Stock Exchange.

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

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

**Book Closure Dates**
The Register of Members and Share Transfer books of the Company will remain closed from 16.02.2024 to 26.02.2024.

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

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## THE COMPANIES ACT, 2017 FORM - 34

## (Section 227 (2)(f)

## PATTERN OF SHAREHOLDING

1.1. Name of the Company **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **9/30/2023**

| 2.2 No.of Shareholders | SHAREHOLDINGS FROM | TO | TOTAL SHARES HELD |
|---|---|---|---|
| 451 | 1 | 100 | 15,650 |
| 280 | 101 | 500 | 67,159 |
| 91 | 501 | 1000 | 66,413 |
| 95 | 1001 | 5000 | 205,447 |
| 17 | 5001 | 10000 | 115,229 |
| 4 | 10001 | 20000 | 50,714 |
| 6 | 20001 | 50000 | 170,704 |
| 1 | 50001 | 150000 | 50,450 |
| 1 | 150001 | 400000 | 400,000 |
| 0 | 400001 | 1000000 | - |
| 1 | 1000001 | 3000000 | 2,608,234 |
| **947** | | | **3,750,000** |

| **2.3** | **Categories of Shareholders** | **Shares Held** | **Percentage** |
|---|---|---|---|
| 2.3.1 | Directors, Chief Executive Officers and their Spouses and their minor children | 2,729,494 | 72.79 |
| 2.3.2 | Associated Companies undertakings and related parties | 400,000 | 10.67 |
| 2.3.3 | NIT and ICP | - | - |
| 2.3.4 | Banks, Development Financial Instituations, Non Banking Financial Institutions | 7,146 | 0.19 |
| 2.3.5 | Insurance Companies | - | - |
| 2.3.6 | Modarba and Mutual Funds | - | - |
| 2.3.7 | Shareholder holdings 10% | 3,047,384 | 81.26 |
| 2.3.8 | General Public | | |
| | Local | 569,071 | 15.18 |
| | Foreign | - | - |
| 2.3.9 | Others (to be Specified) | | |
| | (Public Sector Companies & Corporations) | 44,282 | 1.18 |

| Categories of shareholders | Numbers of Shareholders | No of shares held | Shares Held | Percentage of paid up capital |
|---|---|---|---|---|
| **Directors and their Spouse and Minor Children** | **7** | | **2,671,481** | |
| Begum Laila Sarfaraz | | 170 | | 0.00 |
| Mr. Abbas Sarfaraz Khan | | 2,647,384 | | 70.60 |
| Ms. Zarmine Sarfaraz | | 22,925 | | 0.61 |
| Mr. Iskander M. Khan | | 500 | | 0.01 |
| Mahnaz Saigol | | 500 | | 0.01 |
| Mr. Shahbaz Haider Agha | | 1 | | 0.00 |
| Mr. Salman Ahmad | | 1 | | 0.00 |
| **Shares held by Relatives** | **3** | | **58,013** | |
| Babar Ali Khan | | 1,534 | | 0.04 |
| Mr. Abdul Qadar Khattak | | 33,705 | | 0.90 |
| Ms. Najda Sarfaraz | | 22,274 | | 0.59 |
| **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** | | **35,282** | |
| The Society for the Rehabilitation of crippled children | | 174 | | 0.00 |
| Chief Administrator of Auqaf | | 3,798 | | 0.10 |
| The Ida Rieu Poor Welfare Association | | 349 | | 0.01 |
| BCGA (Punjab) Limited | | 5,268 | | 0.14 |
| Bibojee Services Limited | | 10,396 | | 0.28 |
| Robberts Cotton Association Limited | | 4,444 | | 0.12 |
| Madrassa Haqania Akora Khattak | | 52 | | 0.00 |
| Pyramid Investments (Pvt.) Limited | | 500 | | 0.01 |
| Secretary Municipal Committee Mardan. | | 226 | | 0.01 |
| Frontier Co-operative Bank Limited | | 8,452 | | 0.23 |
| Maple Leaf Capital Limited | | 1 | | 0.00 |
| Freedom Enterprises (Pvt.) Limited | | 1,000 | | 0.03 |
| Y.S Securities Limited | | 2 | | 0.00 |
| Sarfaraz Mehmood Private Limied | | 100 | | 0.00 |
| Mohammad Ahmed Nadeem Securities (SMC-Pvt) Limited | | 520 | | 0.01 |
| AKIK CAPITAL (PRIVATE) LIMITED | | 32,650 | | 0.87 |
| **Shares held by General Public** | | | | |
| Held by General Public | **913** | | **569,071** | 15.18 |
| | **947** | | **3,750,000** | **100.86** |

**Shareholders holding 10% or more voting Interest in the Company**

| | | |
|---|---|---|
| Mr. Abbas Sarfaraz Khan | 2,647,384 | 70.60 |
| M/s. Arpak International Investments Limited | 400,000 | 10.67 |
| | **3,047,384** | **81.26** |

**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 | 210,962 | - |

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **The Premier Sugar Mills & Distillery Company Limited** (the Company) for the year ended September 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

ShineWing Hameed Chaudhri & Co.

**LAHORE; FEBRUARY 02, 2024**
**UDIN: CR202310195u9IPRVy0j**

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

## THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

### STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

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

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

- **a)** Male: 4
- **b)** Female: 3

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

| Category | Names |
|---|---|
| **Independent Director** | Mr. Shahbaz Haider Agha<br>Mr. Salman Ahmed. |
| **Non-executive Director** | MrShahbaz Haider Agha<br>Mr. Salman Ahmed<br>Begum Laila Sarfaraz<br>Ms. Zarmine Sarfaraz<br>Ms. Najda Sarfaraz |
| **Executive Directors** | Mr. Abbas Sarfaraz Khan<br>Mr. Iskanader Muhammad Khan |
| **Female Director** | Begum Laila Sarfaraz<br>Ms. Zarmine Sarfaraz<br>Ms. Najda Sarfaraz |

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

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

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

**6.** All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.

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

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

9. All Directors of the Company are exempted from the requirement of Directors' Training Program.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

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

12. The Board has formed Committees comprising of members given below:

**Board Audit Committee**

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

**Human Resource and Remuneration Committee**

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

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.

14. The frequency of meetings of the Committees were as per following:

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

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

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

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

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

**Mardan:**
February 02, 2024

**(BEGUM LAILA SARFARAZ)**
CHAIRPERSON

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

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** (the Company), which comprise the statement of financial position as at September 30, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

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

Following are the key audit matters:

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

| S.No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| | Considering the significance of amounts involved and that the revenue is a key indicator of performance measurement of the Company, we have considered revenue recognition as a key audit matter. | - evaluated the appropriateness of the Company's revenue recognition policies, in accordance with the relevant IFRS;<br>- reviewed, on a sample basis, sales transactions near the reporting date to assess whether transactions were recorded in relevant accounting year;<br>- performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sales and market patterns;<br>- correlated the revenue transactions with movement in receivables and monetary balances and compared with the results from our balance confirmation procedures;<br>- reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and<br>- reviewed and assessed the adequacy of related disclosures made in the financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017. |
| 2. | **Contingencies**<br>The Company is subject to material litigations involving different Courts pertaining to taxation and other matters, which require management to make assessments and judgements with respect to likelihood and impact of such litigations on the financial statements of the Company.<br>The management has engaged independent legal counsels on these matters.<br>The assessment of provisioning against such litigations is a complex exercise and requires significant judgements to determine the level of certainty on these matters.<br>The details of contingencies along with management's assessments are disclosed in note 25 to the financial statements. | In response to this matter, we performed the following audit procedures:<br>- 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;<br>- obtained opinions from legal counsels dealing with such cases in the form of confirmations;<br>- evaluated the possible outcome of these legal cases in line with the requirements of IAS 37 (Provisions, contingent liabilities and contingent assets); and<br>- disclosures of legal exposures and provisions were assessed for completeness and |

| S.No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 3. | **Revaluation of property, plant and equipment (note 5.3)**<br><br>Under IAS 16 (Property, plant and equipment), the management carries its buildings on freehold land & buildings and roads on leasehold land, plant, machinery & equipment under revaluation model.<br><br>Under the said model, if fair value can be measured reliably, an entity may carry all items of property, plant and equipment of a class at a revalued amount, which is the fair value of the items at the date of revaluation less any subsequent accumulated depreciation.<br><br>As at September 30, 2023 the carrying value of buildings on freehold land & buildings and roads on leasehold land, plant, machinery & equipment aggregated Rs.2,355.709 million. The fair value of the Company's buildings on freehold land & buildings and roads on leasehold land, plant, machinery & equipment were assessed by management based on independent valuation performed by an external property valuation Expert as at September 30, 2023.<br><br>The carrying values of these assets have been assessed based on present market value of buildings and civil works and assessed depreciated market value of plant, machinery and equipment.<br><br>We identified valuation of property, plant and equipment as a key audit matter due to the significant carrying values and the significant management judgment and estimation involved in determining their values due to factors described above. | In response to this matter, we performed the following audit procedures:<br><br>- evaluated the competence, capabilities and objectivity of the independent external property valuation Expert engaged by the management as management Expert for valuation;<br><br>- obtained understanding of the valuation process and techniques adopted by the valuation Expert to assess the reasonableness of the report;<br><br>- obtained the valuation report of external valuation Expert and tested mathematical accuracy of the report; and<br><br>- assessed the adequacy of the related disclosures in the annexed financial statements. |

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

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

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

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

**Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained 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.

**LAHORE; FEBRUARY 02, 2024**
**UDIN: ~~-AR202310195yHD~~p2RwKk**

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

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

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

The annexed notes from 1 to 45 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

The annexed notes from 1 to 45 form an integral part of these financial statements.

| | | |
|---|---|---|
| **ABBAS SARFARAZ KHAN** | **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, 2023

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

The annexed notes from 1 to 45 form an integral part of these financial statements.

| ABBAS SARFARAZ KHAN | 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, 2023

| | Share capital | Reserves | | | | Total |
|---|---|---|---|---|---|---|
| | | Capital | | Revenue | | |
| | | Share redemption | Revaluation surplus on property, plant and equipment | General | Accumulated loss | |
| | ---------------------- Rupees in thousand ---------------------- | | | | | |
| Balance as at September 30, 2021 | 37,500 | 1 | 792,005 | 900,000 | (608,932) | 1,120,574 |
| Total comprehensive loss for the year ended September 30, 2022 | | | | | | |
| - loss for the year | 0 | 0 | 0 | 0 | (98,412) | (98,412) |
| - other comprehensive loss | 0 | 0 | 0 | 0 | (4,666) | (4,666) |
| | 0 | 0 | 0 | 0 | (103,078) | (103,078) |
| Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation) | 0 | 0 | (59,064) | 0 | 59,064 | 0 |
| Balance as at September 30, 2022 | 37,500 | 1 | 732,941 | 900,000 | (652,946) | 1,017,496 |
| Total comprehensive income for the year ended September 30, 2023 | | | | | | |
| - profit for the year | 0 | 0 | 0 | 0 | 72,984 | 72,984 |
| - other comprehensive income | 0 | 0 | 955,556 | 0 | (6,279) | 949,277 |
| | 0 | 0 | 955,556 | 0 | 66,705 | 1,022,261 |
| Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation) | 0 | 0 | (53,548) | 0 | 53,548 | 0 |
| **Balance as at September 30, 2023** | **37,500** | **1** | **1,634,949** | **900,000** | **(532,693)** | **2,039,757** |

The annexed notes from 1 to 45 form an integral part of these financial statements.

| ABBAS SARFARAZ KHAN | 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, 2023

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

#### 2.2 Accounting convention

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

#### 2.3 Functional and presentation currency

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

#### 2.4 Critical accounting estimates, assumptions and judgments

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

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

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

- Useful lives, residual values and depreciation method of property, plant and equipment and investment property. - notes 4.1, 4.2, 5 & 6.
- Provision for impairment of inventories - notes 4.4, 4.5, 8 & 9.
- Impairment loss of non-financial assets other than inventories - note 4.8.
- Allowance for expected credit loss - notes 4.6.
- Staff retirement benefits - gratuity - notes 4.10 & 19.
- Estimation of provisions - note 4.12.
- Estimation of contingent liabilities - notes 4.13 & 25.
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.14, 20 & 24.

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

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

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

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

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after October 01, 2023. However, these will not have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended September 30, 2022.

### 4.1 Property, plant and equipment

**(a) Owned**

**Measurement**

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

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

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

**Revaluation**

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

**Depreciation**

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

Depreciation on additions to property, plant and equipment is charged from the date the asset acquired or capitalised has become available for use. Depriciation of an asset ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised.

**Disposal**

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

**Judgment and estimates**

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

**(b) Right of use assets and related liabilities**

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

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

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease liabilities have been discounted using the Company's incremental borrowing rate ranging from 23.92% to 24.77% (2022 : 9.20% to 13.08%) per annum. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

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

**4.2 Investment property**

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

Depreciation on investment property is taken to statement of profit or loss applying the reducing balance method at the rates stated in note 6. Depreciation on additions is charged from the date the asset acquired or capitalised has become available for use. Depriciation of an asset ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised. Impairment loss or its reversal, if any, is taken to statement of profit or loss.

**4.3 Investments**

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

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

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

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

### 4.4 Stores and spares

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

### 4.5 Stock-in-trade

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

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

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

**Judgments and estimates**

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

### 4.6 Trade debts and other receivables

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

### 4.7 Cash and cash equivalents

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

### 4.8 Impairment of non-financial assets other than inventories

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

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

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

### 4.9 Borrowings and borrowing costs

Borrowings are recognised initially at fair value.

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

### 4.10 Staff retirement benefits

#### (a) Defined contribution plan

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

#### (b) Defined benefit plan

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2023 on the basis of projected unit credit method by an independent Actuary.

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

### 4.11 Trade and other payables

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

### 4.12 Provisions

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

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

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

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

### 4.13 Contingent liabilities

A contingent liability is disclosed when the Company

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

### 4.14 Taxation

Taxation comprises of current tax and deferred tax.

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

### (a) Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for current year also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

**(b) Deferred**

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

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

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

**4.15 Dividend and appropriation to reserves**

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

**4.16 Financial instruments**

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

**a) Financial assets**

**Classification**

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

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

ii) fair value through profit or loss; and

iii) fair value through other comprehensive income.

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

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

**Recognition and derecognition**

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

**Measurement**

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

**Definition of default**

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

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

**Impairment of financial assets**

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

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

- Trade debts

- Bank balances

**Simplified approach for trade debts**

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

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

**Recognition of loss allowance**

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

**Write-off**

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

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

**b) Financial Liabilities**

**Classification, initial recognition and subsequent measurement**

Financial liabilities are classified in the following categories:

i) fair value through profit or loss; and

ii) other financial liabilities.

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

**i) Fair value through profit or loss**

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

**ii) Other financial liabilities**

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

**Derecognition of financial liabilities**

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

### Offsetting of financial assets and financial liabilities

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

## 4.17 Foreign currency translation

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

## 4.18 Revenue recognition

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

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

### Contract assets

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

### Contract liabilities

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

### Others

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

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

## 4.19 Development expenditure

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

### 4.20 Segment reporting

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

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

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

## 5. PROPERTY, PLANT AND EQUIPMENT

| | Note | **2023** | 2022 |
|---|---|---|---|
| | | **Rupees in thousand** | |
| Operating fixed assets | **5.1** | **2,409,696** | 1,159,687 |
| Advance against lease vehicle | | **0** | 1,110 |
| | | **2,409,696** | 1,160,797 |

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

| Particulars | Land | | Buildings on freehold land | Buildings and roads on leasehold land | Plant, machinery and equipment | Furniture, fittings & office equipment | Railway rolling stock and vehicles | Sub-total | Leased vehicles (right of use assets) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Leasehold | Freehold | | | | | | | | |
| | ---------- Rupees in thousand ---------- | | | | | | | | | |
| **As at September 30, 2021** | | | | | | | | | | |
| Cost / revaluation | 2,725 | 12,065 | 224,992 | 211,813 | 925,673 | 90,370 | 21,106 | 1,488,744 | 4,192 | 1,492,936 |
| Accumulated depreciation | 664 | 0 | 22,849 | 22,574 | 96,437 | 52,476 | 17,717 | 212,717 | 1,468 | 214,185 |
| Book value | 2,061 | 12,065 | 202,143 | 189,239 | 829,236 | 37,894 | 3,389 | 1,276,027 | 2,724 | 1,278,751 |
| Year ended September 30, 2022: | | | | | | | | | | |
| Additions | 0 | 0 | 0 | 0 | 0 | 271 | 0 | 271 | 0 | 271 |
| Transfer from leased to owned | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 0 | 0 | 2,633 | 2,633 | (2,633) | 0 |
| - depreciation | 0 | 0 | 0 | 0 | 0 | 0 | (807) | (807) | 807 | 0 |
| Disposals | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 0 | 0 | (4,052) | (4,052) | 0 | (4,052) |
| - depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 1,765 | 1,765 | 0 | 1,765 |
| Depreciation charge for the year | 28 | 0 | 14,653 | 12,948 | 83,030 | 5,551 | 658 | 116,868 | 180 | 117,048 |
| Book value as at September 30, 2022 | 2,033 | 12,065 | 187,490 | 176,291 | 746,206 | 32,614 | 2,270 | 1,158,969 | 718 | 1,159,687 |
| Year ended September 30, 2023: | | | | | | | | | | |
| Additions | 0 | 0 | 0 | 0 | 0 | 3,213 | 1,926 | 5,139 | 6,572 | 11,711 |
| Transfer from leased to owned | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 0 | 0 | 1,559 | 1,559 | (1,559) | 0 |
| - depreciation | 0 | 0 | 0 | 0 | 0 | 0 | (841) | (841) | 841 | 0 |
| Revaluation adjustments | | | | | | | | | | |
| - cost / revaluation | 0 | 0 | 47,620 | 47,052 | 925,339 | 0 | 0 | 1,020,011 | 0 | 1,020,011 |
| - depreciation | 0 | 0 | 36,046 | 35,616 | 254,181 | 0 | 0 | 325,843 | 0 | 325,843 |
| Disposals | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 0 | 0 | (1,559) | (1,559) | 0 | (1,559) |
| - depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 925 | 925 | 0 | 925 |
| Depreciation charge for the year | 28 | 0 | 13,555 | 11,863 | 74,714 | 5,057 | 663 | 105,880 | 1,042 | 106,922 |
| Book value as at September 30, 2023 | 2,004 | 12,065 | 257,602 | 247,096 | 1,851,011 | 30,771 | 3,617 | 2,404,166 | 5,530 | 2,409,696 |
| **As at September 30, 2022** | | | | | | | | | | |
| Cost / revaluation | 2,725 | 12,065 | 224,992 | 211,813 | 925,673 | 90,641 | 19,687 | 1,487,596 | 1,559 | 1,489,155 |
| Accumulated depreciation | 692 | 0 | 37,502 | 35,522 | 179,467 | 58,027 | 17,417 | 328,627 | 841 | 329,468 |
| Book value | 2,033 | 12,065 | 187,490 | 176,291 | 746,206 | 32,614 | 2,270 | 1,158,969 | 718 | 1,159,687 |
| **As at September 30, 2023** | | | | | | | | | | |
| Cost / revaluation | 2,725 | 12,065 | 272,612 | 258,865 | 1,851,012 | 93,854 | 21,613 | 2,512,746 | 6,572 | 2,519,318 |
| Accumulated depreciation | 720 | 0 | 15,011 | 11,769 | 0 | 63,084 | 17,996 | 108,580 | 1,042 | 109,622 |
| Book value | 2,004 | 12,065 | 257,602 | 247,096 | 1,851,011 | 30,771 | 3,617 | 2,404,166 | 5,530 | 2,409,696 |
| Depreciation rate (%) | 1.01 | 0 | 5-10 | 5-10 | 10-12 | 10-15 | 10-20 | | 20 | |

**5.2 Particulars of immovable property**

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

**5.3** Revaluation surplus on buildings, plant, machinery and equipment, excluding roads, farm building, guest house at Peshawar, having book value aggregating Rs.335.890 million and Rs.671.490 million respectively, as a result of latest revaluation as detailed in note 17 has been determined as follows:

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

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

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

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

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

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

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

**5.7 Disposal of vehicle**

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

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

**5.9** The Company had availed its option of renewal of leasehold land agreement expired during the financial year ended September 30, 2008. Buildings on leasehold land, however, were revalued during the financial years ended September 30, 2009, September 30, 2011, September 30, 2014, September 30, 2017, September 30, 2020 and September 30, 2023 and revaluation surplus on these assets aggregating Rs.116.886 million, Rs.17.376 million, Rs.76.240 million, Rs.5.328 million, Rs.99.021 million and Rs.1,345.854 million respectively was incorporated in the books of account.

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

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

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

## 6. INVESTMENT PROPERTY

| Particulars | Freehold land | Buildings on freehold land | Total |
|---|---|---|---|
| | ------------- Rupees in thousand ------------- | | |
| As at September 30, 2021: | | | |
| Cost | 14,544 | 63,708 | 78,252 |
| Accumulated depreciation | 0 | 53,130 | 53,130 |
| Less: Book value of property classified as held-for-sale | 0 | 4,642 | 4,642 |
| Book value | 14,544 | 5,936 | 20,480 |
| Year ended September 30, 2022: | | | |
| Depreciation charge | 0 | 297 | 297 |
| Book value | 14,544 | 5,639 | 20,183 |
| **Year ended September 30, 2023:** | | | |
| Depreciation charge | **0** | **282** | **282** |
| **Book value** | **14,544** | **5,357** | **19,901** |
| Depreciation rate (%) | 0 | 5-10 | |

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

## 7. LONG TERM INVESTMENTS - in Related Parties

| SUBSIDIARY COMPANIES | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| | Share-holding % | | Rupees in thousand | |
| **QUOTED:** | | | | |
| **Chashma Sugar Mills Ltd.** | | | | |
| 13,751,000 (2022: 13,751,000) ordinary shares of Rs.10 each **(note 7.1)** | **47.93** | 47.93 | **137,584** | 137,584 |
| - Market value Rs.782.569 million (2022: Rs.893.127 million) | | | | |
| - Value of investments based on net assets shown in the audited financial statements for the year ended September 30, 2023 Rs. 6,967.632 million (2022: Rs.5,324.459 million) | | | | |
| | | | **137,584** | 137,584 |
| **UN-QUOTED** | | | | |
| **The Frontier Sugar Mills & Distillery Ltd.** | | | | |
| 1,113,637 (2022: 1,113,637) ordinary shares of Rs.10 each | **82.49** | 82.49 | **26,509** | 26,509 |
| 42,984 (2022: 42,984) 7% irredeemable preference shares of Rs.10 each | **85.97** | 85.97 | **597** | 597 |
| - Value of investments based on net assets shown in the audited financial statements for the year ended September 30, 2023 Rs.958.752 million (2022: Rs.974.940 million) | | | | |
| | | | **27,106** | 27,106 |
| **ASSOCIATED COMPANIES** | | | | |
| **QUOTED:** | | | | |
| **Arpak International Investments Ltd.** (AIIL) | | | | |
| 229,900 (2022: 229,900) ordinary shares of Rs.10 each | **5.75** | 5.75 | **2,846** | 2,846 |
| Market value Rs.14.829 million (2022: Rs.17.426 million) | | | | |
| **UN-QUOTED:** | | | | |
| **National Computers (Pvt.) Ltd.** (NCPL) | | | | |
| 14,450 (2022: 14,450) ordinary shares of Rs.100 each | **48.17** | 48.17 | **322** | 322 |
| Less: impairment loss | | | **322** | 322 |
| - Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2013 - Rs. Nil **(note 7.2)** | | | **0** | 0 |

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| | **Share-holding %** | | **Rupees in thousand** | |
| **Premier Board Mills Ltd.** | | | | |
| 47,002 (2022: 47,002) ordinary shares of Rs.10 each | **0.83** | 0.83 | **470** | 470 |
| - Value of investments based on net assets shown in the audited financial statements for the year ended June 30, 2023 Rs.6.477 million (2022: Rs.5.693 million) | | | | |
| **Azlak Enterprises (Pvt.) Ltd.** | | | | |
| 200,000 (2022: 200,000) ordinary shares of Rs.10 each | **40.00** | 40.00 | **2,000** | 2,000 |
| - Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2023 Rs.153.682 million (2022: Rs.145.430 million) | | | | |
| | | | **170,006** | 170,006 |

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

**7.2** NCPL has no known assets and liabilities as at June 30, 2023 and June 30, 2022 and has also seized its operations. NCPL, on January 15, 2015, has filed an application with the Joint Registrar, Securities and Exchange Commission of Pakistan for striking-off its name from the Register of Companies under the Companies (Easy Exit) Regulations, 2014.

## 8. STORES AND SPARES

| | 2023 | 2022 |
|---|---|---|
| | **Rupees in thousand** | |
| Stores | **46,254** | 37,675 |
| Spares | **68,333** | 69,035 |
| | **114,587** | 106,710 |

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

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

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

| | | | | |
|---|---|---|---|---|
| **10.** | **ADVANCES** - Considered good | | | |
| | Due from Chashma Sugar Mills Ltd. (CSM - a Subsidiary Company) | **10.1** | **150,161** | 0 |
| | Suppliers and contractors | | **42,939** | 246,238 |
| | Employees | **10.2** | **5,434** | 4,006 |
| | | | **198,534** | 250,244 |

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

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

| | | | | |
|---|---|---|---|---|
| **11.** | **TRADE DEPOSITS AND SHORT TERM PREPAYMENTS** | | | |
| | Excise duty deposit | | **136** | 136 |
| | Short term prepayments | | **2,087** | 1,019 |
| | Deposits against decretal amounts | **11.1** | **2,862** | 2,862 |
| | | | **5,085** | 4,017 |

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

## 12. OTHER RECEIVABLES

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **Rupees in thousand** | |
| Sugar export subsidy | | **2,991** | 2,991 |
| Gas infrastructure development cess paid under protest - refundable | **25.3** | **3,018** | 3,018 |
| Lease rentals receivable from Premier Board Mills Ltd. (PBM) - a related party | **12.1** | **2,140** | 2,140 |
| Others | | **1,976** | 1,761 |
| | | **10,125** | 9,910 |

**12.1** Maximum amount due from PBM at any month-end during the year aggregated Rs.2.140 million (2022: Rs.2.140 million).

## 13. INCOME TAX REFUNDABLE, TAX DEDUCTED AT SOURCE AND ADVANCE TAX

The movement in this account during the year was as follows:

| | | |
|---|---|---|
| Opening balance | **20,280** | 17,076 |
| Add: taxes deducted at source during the year | **21,092** | 19,604 |
| Less: adjusted against completed assessments | **(17,832)** | (16,400) |
| Balance as at September 30, | **23,540** | 20,280 |

## 14. BANK BALANCES

Cash at banks on:

| | | | |
|---|---|---|---|
| - PLS accounts | **14.1** | **20,887** | 41,068 |
| - current accounts | | **89,474** | 20,863 |
| - deposit accounts | **14.3** | **8,734** | 8,734 |
| - deposits with a non-banking finance company - unsecured | **14.4** | **6,000** | 6,000 |
| | | **125,095** | 76,665 |
| Less: provision for doubtful bank balance | **14.5** | **5,000** | 5,000 |
| | | **120,095** | 71,665 |

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

**14.2** PLS and deposit accounts during the year carried profit / mark-up at the rates ranging from 17.76% to 24.41% (2022: 5.10% to 13.98%) per annum.

**14.3** These include deposits amounting Rs.3.734 million (2022: Rs.3.734 million), which are under lien of a bank against guarantees issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Company.

**14.4** The Securities and Exchange Commission of Pakistan (SECP) winding-up petition filed against Innovative Investment Bank Limited was decided by the Lahore High Court, Lahore (LHC) and LHC appointed Joint Official Liquidators (JOLs). The Company, as per the LHC's orders upto November, 2020, has received three tranches aggregating Rs.33 million. The management, for the release of balance amount, anticipates that JOLs will intimate in due course of time; no provision, therefore, for the remaining deposits balance amounting Rs.6 million has been made in the books of account.

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

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

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

## 15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

**15.1** The Company's Board of Directors, vide resolution dated May 27, 2021, had authorised and approved to sell the Company's House No. 11, Fort Road, situated at Peshawar Cantt. along with fittings, fixtures and installations thereon and commercial property ( 2nd and 3rd floors) situated at 20-A King's Arcade, F-7 Markaz, Islamabad with total area of 11,700 square feet along with fittings, fixtures and installations thereon having book value of Rs.4.642 million to Chashma Sugar Mills Ltd.(CSM - a Subsidiary Company) at the present market value of Rs.590.850 million.

**15.2** CSM has paid partial sale consideration of Rs.539.965 million (2022: Rs.539.965 million) as earnest money and the balance amount of Rs.50.885 million will be paid at the time of transfer. As per the latest available revaluation report conducted by M/s K.G.Traders, 3rd Floor, Galaxy Arcade, Markaz, Islamabad dated February 26, 2021, the said property had market value of Rs.590.850 million.

## 16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2023 | 2022 | | 2023 | 2022 |
|---|---|---|---|---|
| (No. of shares) | | | Rupees in thousand | |
| **1,476,340** | 1,476,340 | ordinary shares of Rs.10 each fully paid in cash | **14,763** | 14,763 |
| **2,273,660** | 2,273,660 | ordinary shares of Rs.10 each issued as fully paid bonus shares | **22,737** | 22,737 |
| **3,750,000** | 3,750,000 | | **37,500** | 37,500 |

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

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

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

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

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

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

**17.1** The Company, during the financial years ended September 30, 2000, September 30, 2009, September 30, 2011, September 30, 2014, September 30, 2017 and September 30, 2020 had revalued its buildings on freehold & leasehold land and plant & machinery, which resulted in revaluation surplus aggregating Rs.229.409 million, Rs.544.516 million, Rs.110.992 million, Rs.438.066 million, Rs.166.651 million and Rs.534.211 million respectively. These fixed assets were revalued by independent Valuers on the basis of depreciated market values.

**17.2** The Company, as at September 30, 2023, has again revalued its buildings, plant, machinery and equipment installed at Premier Sugar Mills, Nowshera Mardan Road, Mardan and Chashma Sugar Mills Unit-II at Ramak, Dera Ismail Khan. The latest revaluation exercise has been carried-out by independent Valuers [K.G. Traders (Pvt.) Ltd. Suit No. 5, 3rd Floor, Galaxy Arcade, G-11 Markaz, Islamabad] to replace the carrying amounts of these assets with the assessed present market value of buildings and civil works and assessed depreciated market value of plant, machinery and equipment. The appraisal surplus arisen on latest revaluation aggregating Rs.1,345.854 million has been credited to statement of other comprehensive income to comply with the requirements of IAS 16 (Property, plant and equipment). The year-end balance has been arrived at as follows:

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

## 18. LEASE LIABILITIES

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

**18.1** The Company has entered into lease agreements with Bank Al-Habib Ltd. for lease of vehicles. The liabilities under the lease agreements are payable in monthly instalments by May, 2027. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. These facilities are secured against title of the leased vehicles in the name of lessor and during the year carried finance cost at the rates ranging from 23.92% to 24.77% (2022: 9.20% to 13.08%) per annum.

## 19. STAFF RETIREMENT BENEFITS - Gratuity

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

| **Significant actuarial assumptions** | **2023** | 2022 |
|---|---|---|
| - discount rate - per annum | **16.75%** | 13.25% |
| - expected rate of growth per annum in future salaries | **15.75%** | 12.25% |
| - mortality rates | **SLIC 2001-2005** | SLIC 2001-2005 |
| | Setback 1 year | |
| - withdrawal rates | **Age-based** | Age-based |
| - retirement assumption | **60 years** | 60 years |
| - average expected remaining working life time of employees | **06 years** | 07 years |

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

| **The movement in the present value of defined benefit obligation is as follows:** | **2023** | 2022 |
|---|---|---|
| | **Rupees in thousand** | |
| Opening balance | **28,697** | 20,096 |
| Current service cost | **2,063** | 1,478 |
| Past service cost | **1,413** | 439 |
| Interest cost | **3,449** | 2,010 |
| Benefits payable to outgoing Members - grouped under current liabilities | **0** | (441) |
| Benefits paid | **(5,334)** | (1,457) |
| Remeasurements: | | |
| -experience adjustments | **8,037** | 6,226 |
| -changes in financial assumptions | **807** | 346 |
| Closing balance | **39,132** | 28,697 |

**Expense recognised in statement of profit or loss**

| | | |
|---|---|---|
| Current service cost | **2,063** | 1,478 |
| Past service cost | **1,413** | 439 |
| Interest cost | **3,449** | 2,010 |
| Charge for the year | **6,925** | 3,927 |

| **Remeasurement recognised in statement of other comprehensive income** | **2023** | 2022 |
|---|---|---|
| | **Rupees in thousand** | |
| Experience adjustments | **8,844** | 6,572 |

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

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

| **Year-end Sensitivity Analysis:** | **Impact on defined benefit obligation** | | |
|---|---|---|---|
| | **Change in assumption** | **Rupees in thousand Increase** | **Decrease** |
| Discount rate | **1%** | **36,782** | **41,738** |
| Salary growth rate | **1%** | **41,932** | **36,560** |

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

## 20. DEFERRED TAXATION

This is comprised of the following:

| | **2023** | 2022 |
|---|---|---|
| | **Rupees in thousand** | |
| Taxable temporary differences arising in respect of: | | |
| - surplus on revaluation of property, plant and equipment | **667,796** | 299,370 |
| - accelerated tax depreciation allowances | **0** | 3,658 |
| - lease finances | **0** | 145 |
| | **667,796** | 303,173 |
| Deductible temporary differences arising in respect of: | | |
| - accelerated tax depreciation allowances | **(297)** | 0 |
| - available unused tax losses | **(230,815)** | (178,944) |
| - staff retirement benefits - gratuity | **(11,348)** | (6,416) |
| - provision for doubtful bank balance | **(1,450)** | (1,450) |

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees in thousand | |
| - lease finances | | **(452)** | 0 |
| - minimum tax recoverable against normal tax charge in future years | | **(45,237)** | (32,616) |
| | | **(289,599)** | (219,426) |
| | | **378,197** | 83,747 |

## 21. TRADE AND OTHER PAYABLES

| | Note | 2023 | 2022 |
|---|---|---|---|
| Due to Chashma Sugar Mills Ltd. ( Subsidiary Company) | | **0** | 162,538 |
| Due to Syntronics Ltd. ( Associated Company) | | **157** | 0 |
| Due to Azlak Enterprises (Pvt.) Ltd. ( Associated Company) | | **21,529** | 9,045 |
| Creditors | | **36,652** | 13,970 |
| Accrued expenses | | **54,547** | 17,346 |
| Due to employees | | **5,151** | 3,600 |
| Deposits from contractors and others | **21.1** | **958** | 910 |
| Income tax deducted at source | | **2,892** | 432 |
| Sales tax payable | | **45,682** | 16 |
| Workers' (profit) participation fund - allocation for the year | | **792** | 0 |
| Workers' welfare fund | | **301** | 0 |
| Gratuity payable to ex-employees | | **4,116** | 4,396 |
| Employees' provident fund payable | | **4,228** | 2,300 |
| Others | | **424** | 205 |
| | | **177,429** | 214,758 |

**21.1** These include Rs.402 thousand (2022: Rs.355 thousand) representing mark-up bearing deposits. The Company will pay mark-up at the same rate at which it will receive from the bank as these deposits have been kept in a PLS bank account.

## 22. SHORT TERM BORROWINGS

| | Note | 2023 | 2022 |
|---|---|---|---|
| Short term finances - secured | **22.1** | **0** | 701,000 |
| Temporary bank overdraft - unsecured | | **35** | 0 |
| | | **35** | 701,000 |

**22.1** Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.1,300 million (2022: Rs.1,200 million). These facilities are secured against charge over fixed assets, charge over present and future current assets of the Company, registered first exclusive charge over the Company's head office second and third floors (without land), pledge of sugar stocks, cross corporate guarantee of Chashma Sugar Mills Ltd. (a Subsidiary Company) amounting Rs.800 million and lien over export documents. These facilities, during the year, carried mark-up at the rates ranging from 16.71% to 24.41% (2022: 8.78% to 18.09%) per annum and are expiring on various dates by March 31, 2024. These facilities remained un-utilised as at September 30, 2023.

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

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

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

| | 2023 | 2022 |
|---|---|---|
| **24. TAXATION** - Net | | |
| Opening balance | 17,833 | 16,400 |
| Provision made during the year | 35,040 | 17,833 |
| Payments / adjustments made against completed assessments | (17,833) | (16,400) |
| | 35,040 | 17,833 |

**24.1** The returns for the Tax Years 2010 to 2023 have been filed after complying with all the provisions of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing of deficiency by the Commissioner.

**24.2** No numeric tax rate reconciliation is presented in these financial statements as the Company during the current and preceding years is mainly liable to pay tax due under sections 5 (Tax on dividends) , 113 (Minimum tax on the income of certain persons) and 154 (Tax on exports) of the Ordinance.

**24.3** The Company has filed a civil petition for leave (CPLA) to appeal before the Supreme Court of Pakistan against judgment dated November 10, 2021 passed by the Peshawar High Court. The said writ petition was filed by the Company challenging the impugned notices of income tax audit under section 177 of the Ordinance for tax years 2015, 2016, 2018 and 2019. The said CPLA is pending.

## 25. CONTINGENCIES AND COMMITMENTS

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

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

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

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

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

**25.4** The Company's petition filed before the PHC, against the Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers has been fixed at Rs.12,000 per month with effect from July 01, 2014 has been dismissed by the PHC vide its judgment dated April 02, 2019.The Company has filed a review petition before the PHC against the said judgment, which was also dismissed. The additional wage liabilities aggregate Rs.2.359 million approximately. The Company has filed a civil petition for leave to appeal before the Supreme Court of Pakistan, which is pending adjudication.

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

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

**25.7** The Company has filed a writ petition before the PHC challenging Federal Government Order No.1(1) 2020 ROP dated July 16, 2021 and Provincial Government Order No.13/12-Sugar /IND / Vol-V / 7862 dated July 16, 2021 issued under section 6 of the Price Control and Prevention of Profiteering and Hoarding Act, 1977 whereby the retail price of sugar at the rate of Rs.88.24 per kilo gram was fixed. The PHC, vide its order dated July 30, 2021, has allowed interim relief and ordered that in the meanwhile status que be maintained.

**25.8** The Company has filed a writ petition before the PHC challenging Federal Government Order F.No.2-8 / 2022 / SAB / A - IV dated April 20, 2023 issued under section 6 of the Price Control and Prevention of Profiteering and Hoarding Act, 1977 read with Price Control and Prevention of Profiteering and Hoarding Order, 2021 dated August 24, 2021 whereby the retail price of sugar at the rate of Rs.98.82 per kilo gram and maximum ex-mill price was fixed at the rate of Rs.95.57 per kilo gram. The PHC, vide its order dated June 06, 2023, has granted interim relief while the main writ petition is pending.

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

**25.10** Guarantees given to Sui Northern Gas Pipelines Ltd. by commercial banks on behalf of the Company outstanding as at September 30, 2023 were for Rs.37.340 million (2022: Rs.37.340 million).These guarantees are valid upto June 19, 2024.

## 26. SALES - Net

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **Rupees in thousand** | |
| Local | | **1,944,123** | 303,941 |
| Export | | **1,280,392** | 410,036 |
| | | **3,224,515** | 713,977 |
| Less: sales tax | | **178,553** | 34,761 |
| | | **3,045,962** | 679,216 |

## 27. COST OF SALES

| | Note | 2023 | 2022 |
|---|---|---|---|
| Raw materials consumed | | **1,619,410** | 973,366 |
| Chemicals and stores consumed | | **29,756** | 25,233 |
| Salaries, wages and benefits | **27.1** | **188,519** | 138,481 |
| Power and fuel | | **78,060** | 52,896 |
| Insurance | | **5,121** | 2,895 |
| Repair and maintenance | | **38,171** | 18,881 |
| Depreciation | **5.6** | **103,178** | 114,307 |
| | | **2,062,215** | 1,326,059 |
| Adjustment of sugar-in-process: | | | |
| Opening | | **10,482** | 8,688 |
| Closing | **9** | **(10,544)** | (10,482) |
| | | **(62)** | (1,794) |
| Cost of goods manufactured | | **2,062,153** | 1,324,265 |
| Adjustment of finished goods: | | | |
| Opening stock | | **750,021** | 124,917 |
| Closing stock | **9** | **(124,078)** | (750,021) |
| | | **625,943** | (625,104) |
| | | **2,688,096** | 699,161 |

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

## 28. DISTRIBUTION COST

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees in thousand | |
| Commission - local | | **623** | 132 |
| Salaries, wages and amenities | | **1,044** | 1,266 |
| Expenses on ethanol exports | | **66,120** | 57,447 |
| Others | | **39** | 584 |
| | | **67,826** | 59,429 |

## 29. ADMINISTRATIVE EXPENSES

| | Note | 2023 | 2022 |
|---|---|---|---|
| Salaries and amenities | **29.1** | **35,958** | 28,764 |
| Travelling, vehicles' running and maintenance | | **4,087** | 3,850 |
| Utilities | | **986** | 772 |
| Rent, rates and taxes | **29.2** | **16,366** | 4,055 |
| Insurance | | **942** | 950 |
| Repair and maintenance | | **14,997** | 4,763 |
| Printing and stationery | | **3,225** | 2,291 |
| Communication | | **1,183** | 971 |
| Legal and professional charges (other than Auditors) | | **6,992** | 8,772 |
| Subscription | | **587** | 1,737 |
| Auditors' remuneration | **29.3** | **2,471** | 2,106 |
| Depreciation on: | | | |
| - operating fixed assets | **5.6** | **3,744** | 2,741 |
| - investment property | **6** | **282** | 297 |
| General office expenses | | **2,360** | 1,504 |
| | | **94,180** | 63,573 |

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

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

| | | Note | 2023 | 2022 |
|---|---|---|---|---|
| **29.3** | **Auditors' remuneration** | **Note** | **Rupees in thousand** | |
| | - statutory audit fee | | **1,122** | 926 |
| | - short provision for the preceding year | | **154** | 0 |
| | - half yearly review fee | | **195** | 177 |
| | - consultancy and certification charges | | **960** | 963 |
| | - out-of-pocket expenses | | **40** | 40 |
| | | | **2,471** | 2,106 |

| | | Note | 2023 | 2022 |
|---|---|---|---|---|
| **30.** | **OTHER EXPENSES** | | | |
| | Prior year's sales tax on account of inadmissible input tax adjustment claimed | | **1,096** | 607 |
| | Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 and difference of tax payable on salaries | | **0** | 207 |
| | Workers' (profit) participation fund | **21** | **792** | 0 |
| | Workers' welfare fund | **21** | **301** | 0 |
| | Uncollectible receivable balances written-off | | **639** | 0 |
| | Exchange fluctuation loss - net | | **47,944** | 0 |
| | Others | | **0** | 9,075 |
| | | | **50,772** | 9,889 |

| | | Note | 2023 | 2022 |
|---|---|---|---|---|
| **31.** | **OTHER INCOME** | | | |
| | **Income from financial assets:** | | | |
| | Mark-up / interest / profit on bank deposits / saving accounts and certificates | | **2,414** | 2,104 |
| | Dividends | | **0** | 68,755 |
| | **Income from other than financial assets:** | | | |
| | Gain on disposal of vehicles | **5.7** | **146** | 584 |
| | Rent | | **12** | 1,284 |
| | Exchange fluctuation gain | | **0** | 7,853 |
| | Unclaimed payable balances written-back | | **160** | 0 |
| | Sale of agricultural produce - net of costs and expenses aggregating Rs.9.797 million (2022: Rs.5.988 million) | | **3,896** | 2,694 |
| | Sale of chemicals - net of cost of chemicals aggregating Rs.1.753 million (2022:Rs.6.529 million) | | **405** | 3,012 |
| | Amortisation of government grant | | **0** | 1,066 |
| | Sale of store items - (2022: net of sales tax amounting Rs.62 thousand) | | **0** | 364 |

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **Rupees in thousand** | |
| Sale of press mud - net of sales tax amounting Rs.319 thousand (2022:Rs.162 thousand) | | **1,775** | 956 |
| Sale of scrap - net of sales tax amounting Rs. 2.007 million | | **11,149** | 0 |
| | | **19,957** | 88,672 |

## 32. FINANCE COST

| | | 2023 | 2022 |
|---|---|---|---|
| Mark-up on: | | | |
| - long term finances | | **43** | 1,538 |
| - short term borrowings | | **148,315** | 54,964 |
| Lease finance charges | | **803** | 60 |
| Bank charges | | **1,143** | 679 |
| | | **150,304** | 57,241 |

## 33. TAXATION

| | Note | 2023 | 2022 |
|---|---|---|---|
| Current - for the year | **24** | **35,040** | 17,833 |
| Deferred - for the year | | **(93,283)** | (40,826) |
| | | **(58,243)** | (22,993) |

## 34. EARNINGS / (LOSS) PER SHARE

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

| | 2023 | 2022 |
|---|---|---|
| Profit / (loss) after taxation attributable to ordinary shareholders | **72,984** | (98,412) |
| | **------------Number----------** | |
| Weighted average number of shares outstanding during the year | **3,750,000** | 3,750,000 |
| | **--------- Rupees ---------** | |
| Earnings / (loss) per share | **19.46** | (26.24) |

## 35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

**Financial instruments by category**

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

### 35.1 Financial Risk Factors

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

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

### 35.2 Market risk

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

**(a) Currency risk**

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

**(b) Interest rate risk**

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

| | **2023** | 2022 | **2023** | 2022 |
|---|---|---|---|---|
| | - - - - - **Effective rates** - - - - - | | **Carrying amount** | |
| **Fixed rate instruments** | | | **Rupees in thousand** | |
| Deposits with a non-banking finance company | **-** | - | **6,000** | 6,000 |
| Cash at banks on deposit accounts | **17.76% to 24.41%** | 5.10% to 13.98% | **8,734** | 8,734 |
| Long term finances | **3%** | 3% | **0** | 6,227 |
| **Variable rate instruments** | | | | |
| Cash at banks on PLS accounts | **17.76% to 24.41%** | 5.10% to 13.98% | **20,887** | 41,068 |
| Lease liabilities | **23.92% to 24.77%** | 9.20% to 13.08% | **4,484** | 211 |
| Short term borrowings | **16.71% to 24.41%** | 8.78% to 18.09% | **0** | 701,000 |

**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, 2023, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs.0.164 million mainly as a result of higher interest expense on variable rate financial liabilities; (2022: loss before taxation would have been higher / lower by Rs.6.601 million).

**(c) Price risk**

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

**35.3 Credit risk exposure and concentration of credit risk**

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

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

Credit risk primarily arises from trade debts, deposits with a non-banking finance company and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

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

**Exposure to credit risk**

The maximum exposure to credit risk as at September 30, 2023 along with comparative is tabulated below:

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

- The management does not expect any losses from non-performance by these counter parties.
- Trade debts at September 30, 2023 represented domestic parties.
- Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as approximately all the debts have been realised subsequent to the year-end.

**Liquidity risk**

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

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

| Particulars | Carrying amount | Contractual cash flows | Less than one year | Between one to three years |
|---|---|---|---|---|
| | ------------- Rupees in thousand ------------- | | | |
| **2023** | | | | |
| **Lease liabilities** | **4,484** | **6,500** | **2,058** | **4,442** |
| **Trade and other payables** | **127,762** | **127,762** | **127,762** | **0** |
| **Unclaimed dividends** | **7,470** | **7,470** | **7,470** | **0** |
| **Accrued mark-up** | **12,672** | **12,672** | **12,672** | **0** |
| **Short term borrowings** | **35** | **35** | **35** | **0** |
| | **152,423** | **154,439** | **149,997** | **4,442** |
| 2022 | | | | |
| Long term finances | 6,227 | 6,228 | 6,228 | 0 |
| Lease liabilities | 211 | 219 | 219 | 0 |
| Trade and other payables | 214,310 | 214,310 | 214,310 | 0 |
| Unclaimed dividends | 7,470 | 7,470 | 7,470 | 0 |
| Accrued mark-up | 2,791 | 2,791 | 2,791 | 0 |
| Short term borrowings | 701,000 | 826,129 | 826,129 | 0 |
| | 932,009 | 1,057,147 | 1,057,147 | 0 |

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

## 36. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt comprising of mark-up bearing long term & short term finances and lease liabilities less bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at September 30, 2023 and September 30, 2022 is as follows:

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

## 37. TRANSACTIONS WITH RELATED PARTIES

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

| | 2023 | 2022 |
|---|---|---|
| **i) Subsidiary Companies** | | |
| **Chashma Sugar Mills Ltd.** | | |
| - purchase of store items, molasses and bagasse | **29,212** | 43,921 |
| - sale of store items | **2,546** | 11,647 |
| - sale of molasses | **770,480** | 20,001 |
| - dividend received | **0** | 68,755 |
| - expenses paid on behalf of the Company | **78,242** | 104,937 |
| - advance received against sale of property | **0** | 269,965 |
| - expenses paid by the Company | **7,025** | 8,893 |
| - rental expense | **115** | 115 |
| **The Frontier Sugar Mills & Distillery Ltd.** | | |
| Sale of store items | **981** | 0 |
| **ii) Associated Companies** | | |
| - rental income | **0** | 1,271 |
| - purchase of store items | **13,157** | 0 |
| - expenses paid on account of storage service | **12,484** | 9,045 |
| **iii) Key management personnel** | | |
| - salaries and other benefits | **7,989** | 6,658 |
| - contribution towards provident fund | **0** | 113 |

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

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

**37.2 Key management personnel**

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

**38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

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

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

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

**39. CAPACITY AND PRODUCTION**

| | | **2023** | 2022 |
|---|---|---|---|
| **SUGAR CANE PLANT** | | | |
| Rated crushing capacity per day | M.Tonnes | **3,810** | 3,810 |
| Cane crushed | M.Tonnes | **102,302** | 32,104 |
| Sugar produced | M.Tonnes | **10,721** | 1,986 |
| Days worked | Nos. | **130** | 80 |
| Sugar recovery | % | **10.35** | 6.40 |
| **SUGAR BEET PLANT** | | | |
| Rated slicing capacity per day | M.Tonnes | **2,500** | 2,500 |

| DISTILLERY | | 2023 | 2022 |
|---|---|---|---|
| Rated capacity per day | Gallons | **14,300** | 10,000 |
| Ethanol produced | Gallons | **920,400** | 1,641,104 |
| Days worked | Nos. | **127** | 223 |

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

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

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

| | Liabilities | | | | | |
|---|---|---|---|---|---|---|
| | **Long term finances** | **Lease liabilities** | **Short term borrowings** | **Accrued mark-up** | **Dividend** | **Total** |
| | ---------------------------- Rupees in thousand ------------------------------- | | | | | |
| Balance as at September 30, 2021 | 29,988 | 2,082 | 247,612 | 5,877 | 7,470 | 293,029 |
| **Changes from financing activities** | | | | | | |
| Finances (repaid) / obtained - net | (24,826) | (1,871) | 453,388 | 0 | 0 | 426,691 |
| Government grant | 1,065 | 0 | 0 | 0 | 0 | 1,065 |
| Mark-up accrued | 0 | 0 | 0 | 56,502 | 0 | 56,502 |
| Mark-up paid | 0 | 0 | 0 | (59,588) | 0 | (59,588) |
| | (23,761) | (1,871) | 453,388 | (3,086) | 0 | 424,670 |
| Balance as at September 30, 2022 | 6,227 | 211 | 701,000 | 2,791 | 7,470 | 717,699 |
| **Changes from financing activities** | | | | | | |
| Finances (repaid) / obtained - net | (6,228) | 3,470 | (700,965) | 0 | 0 | (703,723) |
| Government grant | 1 | 0 | 0 | 0 | 0 | 1 |
| Mark-up accrued | 0 | 803 | 0 | 148,358 | 0 | 149,161 |
| Mark-up paid | 0 | 0 | 0 | (138,477) | 0 | (138,477) |
| | (6,227) | 4,273 | (700,965) | 9,881 | 0 | (693,038) |
| **Balance as at September 30, 2023** | **0** | **4,484** | **35** | **12,672** | **7,470** | **24,661** |

## 41. PROVIDENT FUND RELATING DISCLOSURES

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements for the year ended September 30, 2023 and audited financial statements for the year ended September 30, 2022:

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

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

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

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

## 42. OPERATING SEGMENT

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

- Sugar
- Distillery

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

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

## 42.2 Segment assets and liabilities

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

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

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

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

## 43. NUMBER OF EMPLOYEES

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

## 44. DATE OF AUTHORISATION FOR ISSUE

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

## 45. FIGURES

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

**ABBAS SARFARAZ KHAN**
**CHIEF EXECUTIVE**

**ISKANDER M. KHAN**
**DIRECTOR**

**RIZWAN ULLAH KHAN**
**CHIEF FINANCIAL OFFICER**

# annual report

# 2023

## THE PREMIER SUGAR MILLS & DISTILLERY CO. LIMITED
## CONSOLADITED FINANCIAL STATEMENTS

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

### Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the annexed consolidated financial statements of THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30, 2023, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at September 30, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Material Uncertainty Relating to Going Concern of a Subsidiary Company

We draw attention to note 1.2(b) in the consolidated financial statements, which indicates that The Frontier Sugar Mills & Distillery Limited (FSM) production facilities are closed since the year 2008 due to diversion of entire sugarcane crop to Gur making, the small size of the plant is not economical to run and FSM has been suffering losses over the years; accumulated loss as at September 30, 2023 aggregated Rs.129.485 million. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on FSM's ability to continue as a going concern. The financial statements of FSM, however, have been prepared on the going concern basis based on the facts as detailed in the aforementioned note. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

Following are the key audit matters:

| S.No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 1. | **Revaluation of property, plant and equipment ( notes 5.1, 6 and 19 )**<br>Under the International Accounting Standard 16 ( Property, plant and equipment), the Group carries its freehold land, leasehold land, buildings & roads, plant & machinery and electric installations at revaluation model. Under the said model, if fair value can be measured reliably, an entity may carry all items of property, plant and equipment of a class at a revalued amount, which is the fair value of the items at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses; if any.<br><br>As at September 30, 2023, the carrying value of freehold land, leasehold land, buildings & roads, plant & machinery and electric installations was Rs.23,030 million. The fair value of Group's freehold land, leasehold land, buildings & roads, plant & machinery and electric installations were assessed by management based on independent valuation performed by external property valuation experts as at September 30, 2023. For valuation of freehold land, leasehold land, buildings & roads, plant & machinery and electric installations, the current market price or depreciated replacement cost method is used, whereby, current cost of purchase / construction of similar freehold land, leasehold land, buildings & roads, plant & machinery and electric installations in similar locations has been adjusted using suitable depreciation rates to arrive at present market value. This technique requires significant judgment as to estimating the revalued amount in terms of their quality, structure, layout and locations. | Procedures performed by us and the Auditors of CSM amongst others, included the following:<br><br>- evaluated the qualification, experience and competence of the independent external property valuation experts engaged by the Group as management expert for valuation;<br><br>- obtained understanding of the valuation process and techniques adopted by the valuation experts to assess, if they are consistent with the industry norms;<br><br>- obtained the valuation report of external valuation experts and tested mathematical accuracy of the reports;<br><br>- engaged another independent valuation expert as the CSM's expert to assess the appropriateness and the reasonableness of the related management's assumptions and methodologies used by the management expert; and<br><br>- assessed the adequacy of the related disclosures in the consolidated financial statements. |

| S.No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| | We, as well as the Auditors of Chashma Sugar Mills Limited (CSM), identified valuation of property, plant and equipment as a key audit matter due to the significant carrying values and the significant management judgment and estimation involved in determining their values due to factors described above. | |
| 2. | **Contingencies** | |
| | The Group is subject to material litigations involving different Courts pertaining to taxation and other matters, which require management to make assessments and judgements with respect to likelihood and impact of such litigations on the financial statements of the Group. | In response to this matter, we performed the following audit procedures:<br><br>- 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 judgements 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 statements. | - disclosures of legal exposures and provisions were assessed for completeness and accuracy. |
| 3. | **Revenue**<br><br>As described in note 5.19 and note 31, the Group generates revenue from the sale of goods to domestic as well as export customers. During the year ended September 30, 2023, the Group generated net revenue of Rs.28,648 million as compared to Rs.17,710 million during the previous year, which represents an increase of approximately 62% as compared to preceding year. | Our audit procedures to assess recognition of revenue, amongst others, included the following:<br><br>- obtained an understanding of the Group's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof; |

| S.No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| | Considering the significance of amounts involved and that the revenue is a key indicator of performance measurement of the Group, we have considered revenue recognition as a key audit matter. | - evaluated the appropriateness of the Group's revenue recognition policies, in accordance with the relevant IFRS;<br>- reviewed, on a sample basis, sales transactions near the reporting date to assess whether transactions were recorded in relevant accounting year;<br>- performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sales and market patterns;<br>- correlated the revenue transactions with movement in receivables and monetary balances and compared with the results from our balance confirmation procedures;<br>- reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and<br>- reviewed and assessed the adequacy of related disclosures made in the consolidated financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017. |

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

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

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

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

**Responsibilities of Management and Board of Directors for the Consolidated Financial Statements**

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

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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

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

ShineWing Hameed Chaudhri & Co.

**LAHORE; FEBRUARY 02, 2024**
**UDIN: AR202310195MEiJAUgTV**

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

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT SEPTEMBER 30, 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current Assets** | | --- Rupees in thousand --- | |
| Property, plant and equipment | 6 | 26,796,376 | 21,342,308 |
| Right-of-use assets | 7 | 328,202 | 284,233 |
| Investment property | 8 | 24,543 | 24,825 |
| Long term investments | 9 | 182,471 | 172,002 |
| Security deposits | | 16,985 | 16,485 |
| Deferred tax asset | 24.3 | 10,100 | 0 |
| | | 27,358,677 | 21,839,853 |
| **Current Assets** | | | |
| Stores and spares | 10 | 962,775 | 623,288 |
| Stock-in-trade | 11 | 5,513,065 | 4,140,372 |
| Trade debts | 12 | 1,251,423 | 89,228 |
| Loans and advances | 13 | 1,071,224 | 1,460,655 |
| Trade deposits, short term prepayments and other receivables | 14 | 242,022 | 292,807 |
| Tax refunds due from the Government | 15 | 87,296 | 85,517 |
| Short term investments | 16 | 10,305 | 25,237 |
| Bank balances | 17 | 950,611 | 337,853 |
| | | 10,088,721 | 7,054,957 |
| **TOTAL ASSETS** | | 37,447,398 | 28,894,810 |
| **Equity and Liabilities** | | | |
| **Share Capital and Reserves** | | | |
| Authorised capital | | | |
| 5,750,000 (2022: 5,750,000) ordinary shares of Rs.10 each | | 57,500 | 57,500 |
| Issued, subscribed and paid-up capital | 18 | 37,500 | 37,500 |
| Capital reserves | | | |
| - share redemption | | 1 | 1 |
| - revaluation surplus on property, plant and equipment | | 5,804,999 | 4,563,539 |
| General revenue reserve | | 1,010,537 | 1,010,537 |
| Unappropriated profit | | 2,342,927 | 1,223,171 |
| **Equity Attributable to Equity** | | | |
| **Holders of the Holding Company** | | 9,195,965 | 6,834,748 |
| **Non-controlling Interest** | | 8,608,832 | 6,588,892 |
| | | 17,804,797 | 13,423,640 |
| **Non-current Liabilities** | | | |
| Long term finances | 20 | 4,673,541 | 4,191,793 |
| Loans from related parties | 21 | 156,854 | 181,839 |
| Lease liabilities | 22 | 161,396 | 146,603 |
| Government grant | 23 | 76,281 | 418 |
| Deferred liabilities | 24 | 4,062,491 | 3,324,838 |
| **Current Liabilities** | | 9,130,563 | 7,845,491 |
| **Current Liabilities** | | | |
| Trade and other payables | 25 | 1,595,505 | 1,026,389 |
| Contract liabilities | | 1,973,332 | 231,479 |
| Unclaimed dividends | | 7,470 | 7,470 |
| Accrued mark-up | 26 | 746,754 | 429,125 |
| Short term borrowings | 27 | 4,615,620 | 5,002,895 |
| Current portion of non-current liabilities | 28 | 1,429,079 | 894,900 |
| Dividends payable to non-controlling interest | | 15,144 | 15,179 |
| Taxation | 29 | 129,134 | 18,242 |
| | | 10,512,038 | 7,625,679 |
| **TOTAL LIABILITIES** | | 19,642,601 | 15,471,170 |
| **Contingencies and Commitments** | 30 | | |
| **TOTAL EQUITY AND LIABILITIES** | | 37,447,398 | 28,894,810 |

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

| | | |
|---|---|---|
| **ABBAS SARFARAZ KHAN** | **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, 2023

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

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

| ABBAS SARFARAZ KHAN | 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, 2023

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

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

| ABBAS SARFARAZ KHAN | ISKANDER M. KHAN | RIZWAN ULLAH KHAN |
|---|---|---|
| CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER |

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

The annexed notes 1 to 52 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, 2023

| | ------------------- Attributable to equity holders of the Holding Company-------- | | | | | | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | | |
| | | Capital | | | | | | |
| | Share capital | Share redem-ption | Revaluation surplus on property, plant and equipment | General revenue | Unappro-priated profit | Total | | |
| | ------------------------------------------------------------------ Rupees in thousand | | | | | | | ------------------------------------------------------------------ |
| Balance as at September 30, 2021 | 37,500 | 1 | 3,874,361 | 1,010,537 | 1,190,299 | 6,112,698 | 5,340,303 | 11,453,001 |
| Transaction with owners: | | | | | | | | |
| Cash dividend at the rate of Rs.5.00 per ordinary share | 0 | 0 | 0 | 0 | 0 | 0 | (74,700) | (74,700) |
| Total comprehensive income for the year ended September 30, 2022: | | | | | | | | |
| - Loss after taxation | 0 | 0 | 0 | 0 | (197,091) | (197,091) | (42,726) | (239,817) |
| - Other comprehensive income | 0 | 0 | 1,097,009 | 0 | 4,115 | 1,101,124 | 1,189,174 | 2,290,298 |
| | 0 | 0 | 1,097,009 | 0 | (192,976) | 904,033 | 1,146,448 | 2,050,481 |
| Effect of items directly credited in equity by Associated Companies | 0 | 0 | 0 | 0 | (967) | (967) | 0 | (967) |
| Non-controlling interest of CSM | 0 | 0 | 0 | 0 | 0 | 0 | (4,175) | (4,175) |
| Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation) | 0 | 0 | (407,831) | 0 | 226,815 | (181,016) | 181,016 | 0 |
| Balance as at September 30, 2022 | 37,500 | 1 | 4,563,539 | 1,010,537 | 1,223,171 | 6,834,748 | 6,588,892 | 13,423,640 |
| Total comprehensive income for the year ended September 30, 2023: | | | | | | | | |
| - Profit after taxation | 0 | 0 | 0 | 0 | 812,433 | 812,433 | 813,582 | 1,626,015 |
| - Other comprehensive income | 0 | 0 | 1,826,926 | 0 | (2,198) | 1,824,728 | 944,876 | 2,769,604 |
| | 0 | 0 | 1,826,926 | 0 | 810,235 | 2,637,162 | 1,758,457 | 4,395,619 |
| Effect of items directly credited in equity by Associated Companies | 0 | 0 | 0 | 0 | 497 | 497 | 0 | 497 |
| Non-controlling interest of CSM | 0 | 0 | 0 | 0 | 0 | 0 | (14,959) | (14,959) |
| Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation) | 0 | 0 | (585,466) | 0 | 309,024 | (276,442) | 276,442 | 0 |
| Balance as at September 30, 2023 | 37,500 | 1 | 5,804,999 | 1,010,537 | 2,342,927 | 9,195,965 | 8,608,832 | 17,804,797 |

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

**ABBAS SARFARAZ KHAN**
**CHIEF EXECUTIVE**

**ISKANDER M. KHAN**
**DIRECTOR**

**RIZWAN ULLAH KHAN**
**CHIEF FINANCIAL OFFICER**

# THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LTD
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED SEPTEMBER 30, 2023

**1. THE GROUP AND ITS OPERATIONS**

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

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

**1.2 Subsidiary Companies**

**(a) Chashma Sugar Mills Ltd.** (CSM)

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

**Sub-subsidiary Companies**

**Whole Foods (Private) Ltd. (WFPL)**

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

**Ultimate Whole Foods (Private) Ltd. (UWFPL)**

UWFPL (Subsidiary Company of CSM) was incorporated in Pakistan as a Private Limited Company under the Companies Act, 2017 on May 17, 2021. The objective of UWFPL is to set up mills for milling wheat, gram, other grains and other allied products and by-products from flours. The operations of UWFPL started after year end from October 07, 2023. During the year, the percentage holding of CSM has increased from 51% to 72% of UWFPL.

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

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

These consolidated financial statements include the financial statements of the Holding Company and its Subsidiaries The Frontier Sugar Mills and Distillery Ltd., Chashma Sugar Mills Ltd., Sub-subsidiaries Whole Foods (Pvt.) Ltd. and Ultimate Whole Foods (Pvt.) Ltd. (the Group) for the year ended September 30, 2023. The corresponding figures presented in these consolidated financial statements are the same as presented in the preceding consolidated financial statements for the year ended September 30, 2022.

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company, CSM and FSM for the year ended September 30, 2023 and the un-audited financial statements of the Sub-subsidiaries for the year ended September 30, 2023.

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

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

**Going concern basis**

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

- FSM's production facilities are closed since the year 2008 due to diversion of entire sugarcane crop to Gur making;

- the small size of the plant is not economical to run; and

- FSM has been suffering losses over the years; accumulated loss as at September 30, 2023 aggregated Rs.129.485 million.

The financial statements of FSM have been prepared on going concern basis as the management is exploring different avenues / options for future purposes, which include but are not limited to flour mills and other industrial / commercial projects. The management is of the view that with the start of these projects, FSM will be able to cover losses and continue as a going concern. FSM is in possession of property, plant and equipment having carrying values of Rs.1.149 billion at the reporting date, which may be utilised for proposed future projects. Further, being part of Premier Group of Companies, FSM also enjoys financial backing from the Group.

**(c) Delisting of FSM**

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

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

## 2.4 Critical accounting estimates and judgments

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

**i) Estimated useful life of operating assets - note 5.1 and 6.1**

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

**ii) Surplus on revaluation of property, plant and equipment - note 5.1 and 6.1**

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

**iii) Impairment of non-financial assets**

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

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

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

iv) **Write down of stock in trade to net realisable value - note 5.6 and 11**

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

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

v) **Estimation of impairment loss allowance - note 5.18 and 12**

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

vi) **Provision for employees' defined benefit plans - note 5.11 and 24**

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

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

vii) **Provision for current and deferred tax - note 5.16 and 39**

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

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

viii) **Provisions and contingencies - notes 5.15 and 30**

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

ix) **Estimation of lease term and incremental borrowing rate for lease liabilities and right of use assets - notes 5.2, 5.12, 7 and 22**

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

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

## 3. PRINCIPLES OF CONSOLIDATION

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

These consolidated financial statements include the financial statements of the Holding Company, consolidated financial statements of CSM and the financial statements of FSM as at and for the year ended September 30, 2023. The Holding Company's direct interest, as at September 30, 2023, in CSM was 47.93% (2022: 47.93%) and in FSM was 82.49% (2022: 82.49%).

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

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

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

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

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

The reporting period end of Sub-subsidiaries is June 30, 2023. The Sub-subsidiaries financial statements used for preparation of consolidated financial statements corresponds with period of the Group.

## 4. CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

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

| | | Effective date (annual reporting periods beginning on or after) |
|---|---|---|
| IAS 1 | Presentation of financial statements (Amendments) | January 01, 2023 & January 01, 2024 |
| IAS 7 | Statement of cash flows | January 01, 2024 |
| IFRS 7 | Financial Instruments: Disclosures | January 01, 2024 |
| IAS 8 | Accounting policies, changes in accounting estimates and errors (Amendments) | January 01, 2023 |
| IAS 12 | Income Taxes (Amendments) | January 01, 2023 |
| IAS 21 | Effect of changes in foreign exchange rates | January 01, 2025 |
| IFRS 4 | Insurance contracts (Amendments) | January 01, 2023 |
| IFRS 16 | Leases (Amendments) | January 01, 2024 |

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

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

| | |
|---|---|
| IFRS 1 | First-time Adoption of International Financial Reporting Standards |
| IFRS 17 | Insurance Contracts |
| IFRIC 12 | Service Concession Arrangements |

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**5.1 Property, plant and equipment**

**(a) The Holding Company and FSM**

**Measurement**

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

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

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

**Revaluation**

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

**Depreciation**

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

Depreciation on additions to property, plant and equipment is charged from the date the asset acquired or capitalised has become available for use. Depriciation of an asset ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised.

**Disposal**

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

**Judgment and estimates**

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

**(b) CSM and its Subsidiaries**

**Owned assets**

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

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

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

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

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

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

**Capital work-in-progress**

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

**5.2 Right-of-use assets**

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

The cost comprises the following:

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

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

**5.3 Investment property**

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

Depreciation on investment property is taken to statement of profit or loss applying the reducing balance method at the rates stated in note 8. Depreciation on additions is charged from the date the asset acquired or capitalised has become available for use. Depriciation of an asset ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised. Impairment loss or its reversal, if any, is taken to statement of profit or loss.

**5.4 Investments**

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

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

**5.5 Stores and spares**

**(a) The Holding Company and FSM**

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

**(b) CSM**

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

**5.6 Stock-in-trade**

**(a) The Holding Company**

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

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

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

**Judgments and estimates**

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

**(b) CSM**

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

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

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

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

**5.7 Trade debts and other receivables**

**(a) The Holding Company**

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

**(b) CSM**

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

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

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

**5.9 Cash and cash equivalents**

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

**5.10 Borrowings and borrowing costs**

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

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

5.11 **Staff retirement benefits**

(a) **The Holding Company**

**Defined contribution plan**

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

**Defined benefit plan**

The Holding Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2023 on the basis of projected unit credit method by an independent Actuary.

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

(b) **CSM and its Subsidiaries**

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

**Defined contribution plan**

CSM and its Subsidiaries operate recognised contributory provident funds for their permanent employees. Equal monthly contributions are made by CSM and its Subsidiaries and the employees to the fund at the specified rate of basic salary and charged to the statement of profit or loss. Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 20217 and applicable rules.

**Defined benefit plan**

CSM and its Subsidiaries operate unfunded gratuity schemes covering eligible employees under their employment contract. The liability for gratuity is recognised on the basis of actuarial valuation using Projected Unit Credit Method. The latest actuarial valuations were conducted on September 30, 2023.

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

5.12 **Lease liabilities**

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

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

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

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

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

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

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

### 5.13 Trade and other payables

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

### 5.14 Provisions

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

### 5.15 Contingent liabilities

A contingent liability is disclosed when the Group

- has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or

- has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

### 5.16 Taxation

Taxation comprises of current tax and deferred tax.

**Current**

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

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

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

**Deferred**

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

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

**5.17 Dividend and revenue reserve appropriation**

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

**5.18 Impairment of non-financial assets**

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

### 5.19 Revenue recognition

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

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

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

**Contract assets**

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

**Contract liabilities**

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

**Other income**

The Group recognises following in other income:

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

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

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

### 5.20 Development expenditure

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

### 5.21 Deferred government grant

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

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

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

**5.22 Foreign currency transactions and translation**

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

**5.23 Financial instruments**

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

**a) Financial assets**

**Classification**

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

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

**ii)** fair value through profit or loss; and

**iii)** fair value through other comprehensive income.

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

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

**Recognition and derecognition**

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

**Measurement**

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

**Debt instruments**

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

**i) Amortised cost**

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

**ii) Fair value through other comprehensive income (FVTOCI)**

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

**iii) Fair value through profit or loss (FVTPL)**

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

**Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in statement of profit or loss as other income when the Group's right to receive payments is established.

**Impairment of financial assets**

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

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

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

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

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

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

**Significant increase in credit risk**

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

The following indicators are considered while assessing credit risk

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

**Definition of default**

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

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

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

**Credit - impaired financial assets**

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for that financial asset because of financial difficulties.

**Simplified approach for trade debts**

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

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

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

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

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

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

**Recognition of loss allowance**

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

**Write-off**

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

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

**b) Financial Liabilities**

**Classification, initial recognition and subsequent measurement**

Financial liabilities are classified in the following categories:

i) fair value through profit or loss; and

ii) other financial liabilities.

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

**i) Fair value through profit or loss**

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

**ii) Other financial liabilities**

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

**Derecognition of financial liabilities**

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

**Offsetting of financial assets and financial liabilities**

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

**Fair value measurement**

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

- in the principal market for the asset or liability; or

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

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

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

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

### 5.24 Operating segments

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

### 5.25 Earnings per share

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

## 6. PROPERTY, PLANT AND EQUIPMENT

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

### 6.1 Operating fixed assets - tangible

| Particulars | Lease-hold land | Owned | | | | | | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Freehold land | Buildings on freehold land | Buildings and roads on lease-hold land | Plant, machinery and equipment | 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 | |
| | ---------- Rupees in thousand ---------- | | | | | | | | | | | | | | |
| As at September 30, 2021 | | | | | | | | | | | | | | | |
| Cost / revaluation | 2,835 | 2,987,937 | 2,250,424 | 211,813 | 9,216,984 | 914 | 206 | 643,996 | 120 | 270,279 | 2,625 | 117,047 | 59 | 54 | 15,705,293 |
| Accumulated depreciation | 663 | 0 | 43,690 | 22,968 | 1,016,560 | 913 | 205 | 276,079 | 118 | 126,251 | 726 | 86,015 | 58 | 51 | 1,574,297 |
| Book value | 2,172 | 2,987,937 | 2,206,734 | 188,845 | 8,200,424 | 1 | 1 | 367,917 | 2 | 144,028 | 1,899 | 31,032 | 1 | 3 | 14,130,996 |
| Year ended September 30, 2022: | | | | | | | | | | | | | | | |
| Additions | 0 | 2,074 | 251,475 | 0 | 541,592 | 0 | 0 | 139,039 | 0 | 15,587 | 168 | 8,838 | 0 | 0 | 958,773 |
| Revaluation adjustments | | | | | | | | | | | | | | | |
| - cost | 0 | 193,590 | 357,585 | 0 | 1,267,117 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,818,292 |
| - depreciation | 0 | 0 | 222,354 | 0 | 1,565,919 | 0 | 0 | 2,942 | 0 | 0 | 0 | 0 | 0 | 0 | 1,791,215 |
| Disposals: | | | | | | | | | | | | | | | |
| - cost | 0 | 0 | (5,273) | 0 | 0 | 0 | 0 | 0 | 0 | (63) | 0 | (12,875) | 0 | 0 | (18,211) |
| - depreciation | 0 | 0 | 532 | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 0 | 7,563 | 0 | 0 | 8,119 |
| Transfers from leased to owned: | | | | | | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,161 | 0 | 0 | 10,161 |
| - depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (5,947) | 0 | 0 | (5,947) |
| Depreciation charge | 28 | 0 | 223,076 | 12,948 | 849,835 | 0 | 0 | 44,755 | 0 | 16,965 | 170 | 6,506 | 0 | 0 | 1,154,283 |
| Book value as at September 30, 2022 | 2,144 | 3,183,601 | 2,810,331 | 175,897 | 10,725,217 | 1 | 1 | 465,143 | 2 | 142,611 | 1,897 | 32,266 | 1 | 3 | 17,539,115 |
| Year ended September 30, 2023: | | | | | | | | | | | | | | | |
| Additions | 2,722,248 | 0 | 0 | 81,674 | 271,725 | 0 | 0 | 23,989 | 0 | 61,464 | 168 | 13,326 | 0 | 0 | 3,174,594 |
| Revaluation adjustments | | | | | | | | | | | | | | | |
| - cost | 477,752 | 7,300 | 47,620 | 55,044 | 1,884,426 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,472,142 |
| - depreciation | 41,246 | 0 | 36,046 | 184,557 | 1,268,061 | 0 | 0 | 37,265 | 0 | 0 | 0 | 0 | 0 | 0 | 1,567,175 |
| Disposals: | | | | | | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (373) | 0 | (134) | 0 | (51,469) | 0 | 0 | (51,976) |
| - depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 278 | 0 | 64 | 0 | 30,426 | 0 | 0 | 30,768 |
| Transfers from leased to owned: | | | | | | | | | | | | | | | |
| - cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 52,645 | 0 | 0 | 52,645 |
| - depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (31,374) | 0 | 0 | (31,374) |
| Depreciation charge | 41,274 | 0 | 14,860 | 276,322 | 1,090,612 | 0 | 0 | 47,988 | 0 | 19,309 | 161 | 9,324 | 0 | 0 | 1,499,850 |
| Book value as at September 30, 2023 | 3,202,116 | 3,190,901 | 2,879,137 | 220,850 | 13,058,817 | 1 | 1 | 478,314 | 2 | 184,696 | 1,904 | 36,496 | 1 | 3 | 23,253,239 |
| As at September 30, 2022 | | | | | | | | | | | | | | | |
| Cost / revaluation | 2,835 | 3,183,601 | 2,854,211 | 211,813 | 11,025,693 | 914 | 206 | 783,035 | 120 | 285,803 | 2,793 | 123,171 | 59 | 54 | 18,474,308 |
| Accumulated depreciation | 691 | 0 | 43,880 | 35,916 | 300,476 | 913 | 205 | 317,892 | 118 | 143,192 | 896 | 90,905 | 58 | 51 | 935,193 |
| Book value | 2,144 | 3,183,601 | 2,810,331 | 175,897 | 10,725,217 | 1 | 1 | 465,143 | 2 | 142,611 | 1,897 | 32,266 | 1 | 3 | 17,539,115 |
| As at September 30, 2023 | | | | | | | | | | | | | | | |
| Cost / revaluation | 3,202,835 | 3,190,901 | 2,901,831 | 348,531 | 13,181,844 | 914 | 206 | 806,651 | 120 | 347,133 | 2,961 | 137,673 | 59 | 54 | 24,121,713 |
| Accumulated depreciation | 719 | 0 | 22,694 | 127,681 | 123,027 | 913 | 205 | 328,337 | 118 | 162,437 | 1,057 | 101,177 | 58 | 51 | 868,474 |
| Book value | 3,202,116 | 3,190,901 | 2,879,137 | 220,850 | 13,058,817 | 1 | 1 | 478,314 | 2 | 184,696 | 1,904 | 36,496 | 1 | 3 | 23,253,239 |
| Depreciation rate (%) | 1.01 | 0 | 5-10 | 5-10 | 10-12 | 15 | 15 | 10 | 10 | 10-15 | 10 | 10-20 | 10 | 10 | |

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

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

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

**6.3 Particulars of immovable property of the Holding Company**

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

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

| Location | Usage of immovable property | Total Area (Kanals) | Covered Area (Kanals) |
|---|---|---|---|
| CSM-1, D.I.Khan | Factory building | 1,111.25 | 98.86 |
| CSM-2, Ramak | Factory building | 1,747.15 | 174.66 |
| Layyah and Bhakkar | Storage facility | 32 | 2.21 |
| Plot # A-4, Sector, F-9/G-9,Islamabad | Land for Head Office Building | 2.7 | 0 |

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

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

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

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

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

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

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

**6.9** The Holding Company had availed its option of renewal of leasehold land agreement expired during the financial year ended September 30, 2008. Buildings on leasehold land, however, were revalued during the financial years ended September 30, 2009, September 30, 2011, September 30, 2014, September 30, 2017, September 30, 2020 and September 30, 2023 and revaluation surplus on these assets aggregating Rs.116.886 million, Rs.17.376 million, Rs.76.240 million, Rs.5.328 million, Rs.99.021 million and Rs.1,345.854 million respectively was incorporated in the books of account.

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

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

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

## 6.10 Depreciation for the year has been allocated as follows:

| | 2023 | 2022 |
|---|---|---|
| | Rupees in thousand | |
| Cost of sales | **1,406,281** | 1,068,066 |
| Administrative expenses | **93,569** | 86,217 |
| | **1,499,850** | 1,154,283 |

## 6.11 Disposal of vehicle of the Holding Company

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

## 6.12 Disposal of operating fixed assets of CSM and its subsidiaries

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

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

## 6.14 Capital work-in-progress of CSM

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

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

| | Vehicles | Plant, machinery and equipment | Building and tanks | Total |
|---|---|---|---|---|
| | Rupees in thousand | | | |
| **As at October 01, 2022** | | | | |
| **Cost or revalued amount** | 285,143 | 60,580 | 141,722 | 487,445 |
| **Accumulated depreciation** | (103,811) | (14,373) | (85,028) | (203,212) |
| **Book value** | 181,332 | 46,207 | 56,694 | 284,233 |
| **Additions** | 128,312 | 0 | 23,217 | 151,529 |
| **Remeasurement during the year** | 0 | 0 | (9,365) | (9,365) |
| **Transferred to owned assets** | | | | |
| **Cost** | (52,644) | 0 | 0 | (52,644) |
| **Accumulated depreciation** | 31,374 | 0 | 0 | 31,374 |
| **Book value** | (21,270) | 0 | 0 | (21,270) |
| **Depreciation charge** | (49,045) | (4,621) | (23,259) | (76,925) |
| **Closing book value** | 239,329 | 41,586 | 47,287 | 328,202 |
| **Annual rate of depreciation (%)** | 20 | 10 | 20-50 | |
| **As at September 30, 2023** | | | | |
| **Cost or revalued amount** | 360,811 | 60,580 | 155,574 | 576,965 |
| **Accumulated depreciation** | (121,482) | (18,994) | (108,287) | (248,763) |
| **Book value** | 239,329 | 41,586 | 47,287 | 328,202 |

| | 2023 | 2022 |
|---|---|---|
| **Depreciation for the year has been allocated as follows:** | (Rupees in thousand) | |
| **Cost of sales** | **4,621** | 5,134 |
| **Selling and distribution expenses** | **19,446** | 21,116 |
| **Administrative and general expenses** | **52,858** | 35,344 |
| | **76,925** | 61,594 |

## 7. RIGHT OF USE ASSETS

| | Vehicles | Plant, machinery and equipment | Building and tanks | Total |
|---|---|---|---|---|
| | ----------Rupees in thousand---------- | | | |
| **As at October 01, 2022** | | | | |
| Cost or revalued amount | 285,143 | 60,580 | 141,722 | 487,445 |
| Accumulated depreciation | (103,811) | (14,373) | (85,028) | (203,212) |
| Book value | 181,332 | 46,207 | 56,694 | 284,233 |
| Additions | 128,312 | 0 | 23,217 | 151,529 |
| Remeasurement during the year | 0 | 0 | (9,365) | (9,365) |
| **Transferred to owned assets** | | | | |
| Cost | (52,644) | 0 | 0 | (52,644) |
| Accumulated depreciation | 31,374 | 0 | 0 | 31,374 |
| Book value | (21,270) | 0 | 0 | (21,270) |
| Depreciation charge | (49,045) | (4,621) | (23,259) | (76,925) |
| **Closing book value** | 239,329 | 41,586 | 47,287 | 328,202 |
| Annual rate of depreciation (%) | 20 | 10 | 20-50 | |
| **As at September 30, 2023** | | | | |
| Cost or revalued amount | 360,811 | 60,580 | 155,574 | 576,965 |
| Accumulated depreciation | (121,482) | (18,994) | (108,287) | (248,763) |
| **Book value** | 239,329 | 41,586 | 47,287 | 328,202 |

Depreciation for the year has been allocated as follows:

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

## 8. INVESTMENT PROPERTY

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

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

## 9. LONG TERM INVESTMENTS

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| | Share-holding (%) | | Rupees in thousand | |
| **ASSOCIATED COMPANIES** | | | | |
| **QUOTED:** | | | | |
| **Arpak International Investments Ltd.** (AIIL) | | | | |
| 229,900 (2022: 229,900) ordinary shares of Rs.10 each | **5.75** | 5.75 | **22,335** | 20,899 |
| Market value Rs.14.829 million (2022: Rs.17.426 million) | | | | |
| **UN-QUOTED:** | | | | |
| **National Computers (Pvt.) Ltd.** (NCPL) | | | | |
| 14,450 (2022: 14,450) ordinary shares of Rs.100 each | **48.17** | 48.17 | **0** | 0 |
| - Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2013 - Rs. Nil **(note 9.2)** | | | | |
| **Premier Board Mills Ltd.** (PBML) | | | | |
| 47,002 (2022: 47,002) ordinary shares of Rs.10 each | **0.83** | 0.83 | **6,454** | 5,673 |
| - Value of investments based on net assets shown in the audited financial statements for the year ended June 30, 2023 Rs.6.477 million (2022: Rs.5.693 million) | | | | |
| **Azlak Enterprises (Pvt.) Ltd.** (AEPL) | | | | |
| 200,000 (2022: 200,000) ordinary shares of Rs.10 each | **40.00** | 40.00 | **153,682** | 145,430 |
| - Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2023 Rs.153.682 million (2022: Rs.145.430 million ) | | | | |
| | | | **182,471** | 172,002 |

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

**9.2** NCPL has no known assets and liabilities as at June 30, 2023 and June 30, 2022 and has also 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**

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

**9.4** 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, 2023 is as follows:

**Summarised statement of financial position**

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

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

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

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

The summary of financial information of PBML based on its audited financial statements for the year ended June 30, 2023 is as follows:

| Summarised statement of financial position | | |
|---|---|---|
| Non-current assets | **723,042** | 651,259 |
| Current assets | **61,222** | 37,486 |
| | **784,264** | 688,745 |
| Current liabilities | **6,670** | 5,266 |
| **Net assets** | **777,594** | 683,479 |
| **Reconciliation to carrying amount** | | |
| Opening net assets | **683,479** | 669,698 |
| Profit for the year | **65,283** | 436 |
| Other comprehensive income for the year | **28,832** | 13,345 |
| Closing net assets | **777,594** | 683,479 |

| | 2023 | 2022 |
|---|---|---|
| The Holding Company's share percentage 0.83% (2022: 0.83%) | **Rupees in thousand** | |
| The Holding Company's share | **6,454** | 5,673 |
| **Summarised statement of profit or loss** | | |
| Income | **16,952** | 10,130 |
| Profit before taxation | **66,646** | 933 |
| Profit after taxation | **65,283** | 436 |

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

The summary of financial information of AEPL based on its audited financial statements for the year ended June 30, 2023 is as follows:

| | | |
|---|---|---|
| **Summarised statement of financial position** | | |
| Non-current assets | **257,377** | 272,132 |
| Current assets | **198,174** | 194,642 |
| | **455,551** | 466,774 |
| Non-current liabilities | **16,277** | 17,913 |
| Current liabilities | **55,069** | 85,287 |
| | **71,346** | 103,200 |
| **Net assets** | **384,205** | 363,574 |
| **Reconciliation to carrying amount** | | |
| Opening net assets | **363,574** | 344,009 |
| Profit for the year | **20,293** | 19,224 |
| Other comprehensive income for the year | **338** | 341 |
| Closing net assets | **384,205** | 363,574 |
| The Holding Company's share percentage 40% (2022: 40%) | | |
| The Holding Company's share | **153,682** | 145,430 |
| **Summarised statement of profit or loss** | | |
| Storage and handling income | **108,550** | 97,975 |
| Profit before taxation | **39,117** | 34,464 |
| Profit after taxation | **20,293** | 19,224 |

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees in thousand | |

## 10. STORES AND SPARES

| | Note | 2023 | 2022 |
|---|---|---|---|
| Stores and spares | | **1,041,933** | 709,159 |
| Less: | | | |
| - provision for obsolete items - CSM | | **53,980** | 60,693 |
| - impairment loss - FSM | | **25,178** | 25,178 |
| | | **(79,158)** | (85,871) |
| | | **962,775** | 623,288 |

**10.1** FSM has not carried-out manufacturing operations during the current and prior years. The management, during the financial year ended September 30, 2021, had carried out a detailed exercise to identify obsolete / damaged stores and spares inventory. Carrying values of the year-end stores and spares inventory were adjusted accordingly.

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

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

## 11. STOCK-IN-TRADE

| | Note | 2023 | 2022 |
|---|---|---|---|
| Finished goods | | | |
| - sugar | | **3,376,656** | 1,854,923 |
| - molasses | | **1,129,284** | 1,352,158 |
| - ethanol | | **742,952** | 910,663 |
| - bagasse | | **36,569** | 0 |
| | | **5,285,461** | 4,117,744 |
| Work-in-process | | **26,837** | 22,628 |
| Raw material - wheat (UWFPL) | | **200,767** | 0 |
| | 11.2 | **5,513,065** | 4,140,372 |

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

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

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

## 12. TRADE DEBTS

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **Rupees in thousand** | |
| Considered good | | | |
| Due from related parties | | **450** | 0 |
| Others | | **1,250,973** | 89,228 |
| Considered doubtful | | **3,333** | 1,782 |
| | | **1,254,756** | 91,010 |
| Less: loss allowance | **12.3** | **3,333** | 1,782 |
| | | **1,251,423** | 89,228 |

**12.1** In case of CSM, maximumaggregate amount receivable from related parties at the end of any month during the year was Rs.450 thousand (2022: Rs. Nil).

**12.2** The ageing analysis of trade debts due from related parties in CSM are as follows:

| | 2023 | 2022 |
|---|---|---|
| Upto 6 months | **450** | 0 |
| More than 6 months | **0** | 0 |
| Write off against provision during the year | **450** | 0 |

**12.3 Movement in loss allowance**

| | 2023 | 2022 |
|---|---|---|
| Opening balance | **1,782** | 2,446 |
| Provision / (reversal) for the year | **1,551** | (664) |
| Closing balance | **3,333** | 1,782 |

## 13. LOANS AND ADVANCES

| | Note | 2023 | 2022 |
|---|---|---|---|
| Advances to (unsecured and considered good): | | | |
| - employees | **13.1** | **20,730** | 14,640 |
| - suppliers and contractors | | **1,069,081** | 1,284,961 |
| Letters of credit | | **11,156** | 189,022 |
| Due from relative of directors | | **0** | 1,775 |
| | | **1,100,967** | 1,490,398 |
| Less: | | | |
| - provision for doubtful advances | | **28,838** | 28,838 |
| - loss allowance | **13.2** | **905** | 905 |
| | | **29,743** | 29,743 |
| | | **1,071,224** | 1,460,655 |

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

### 13.2 Movement in loss allowance

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees in thousand | |
| Opening balance | | **905** | 345 |
| ECL for the year | | **0** | 560 |
| Closing balance | | **905** | 905 |

## 14. TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES

| | Note | 2023 | 2022 |
|---|---|---|---|
| Sugar export subsidy receivable | | **308,510** | 308,510 |
| Prepayments | | **15,433** | 6,623 |
| Excise duty deposits | | **136** | 136 |
| Gas infrastructure development cess paid under protest - refundable | | **3,018** | 3,018 |
| Lease rentals receivable from an Associated Company (Premier Board Mills Ltd. - PBM ) | **14.1** | **2,140** | 2,140 |
| Guarantees issued | | **15,000** | 19,000 |
| Trade deposits | | **8,876** | 8,212 |
| Deposits against decretal amounts | **14.2** | **2,862** | 2,862 |
| Accrued mark-up on term deposit receipts | | **1,520** | 0 |
| Insurance claim receivable | | **33,746** | 0 |
| Other receivables | | **6,563** | 32,675 |
| | | **397,804** | 383,176 |
| Less: loss allowance | | **(155,782)** | (90,369) |
| | | **242,022** | 292,807 |

**14.1** Maximum amount due from PBM at any month-end during the year aggregated Rs.2.140 million (2022: Rs.2.140 million).

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

**14.3** Movement in loss allowance of export subsidy is as follows:

| | 2023 | 2022 |
|---|---|---|
| Opening balance | **90,369** | 56,120 |
| Loss allowance for the year | **65,413** | 34,249 |
| Closing balance | **155,782** | 90,369 |

## 15. TAX REFUNDS DUE FROM THE GOVERNMENT

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **Rupees in thousand** | |
| Income tax refundable, advance tax and tax deducted at source net of tax provisions | | **86,447** | 84,292 |
| Sales tax refundable | | **849** | 1,225 |
| | | **87,296** | 85,517 |

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

| | | 2023 | 2022 |
|---|---|---|---|
| Al Habib Cash Fund (formerly First Habib Cash Fund) | | | |
| Opening balance - 247,315 Units (2022: 344,001 Units) | | **25,237** | 34,697 |
| Gain on redemption / re-measurement to fair value | | **2,819** | 2,790 |
| Bonus received during the year - 26,752 Units (2022: 24,243 Units) | | **0** | 0 |
| Units redeemed during the year - 173,665 Units (2022: 120,929 Units) | | **(17,751)** | (12,250) |
| Closing balance - 100,402 Units (2022: 247,315 Units) | | **10,305** | 25,237 |

## 17. BANK BALANCES

| | Note | 2023 | 2022 |
|---|---|---|---|
| Cash at banks on: | | | |
| - PLS accounts | **17.1** | **20,887** | 41,068 |
| - saving accounts | **17.2** | **33,190** | 38,310 |
| - deposit accounts | **17.3** | **458,734** | 12,113 |
| - current accounts | **17.4** | **430,800** | 239,362 |
| - deposits with a non-banking finance company - unsecured | **17.5** | **12,000** | 12,000 |
| | | **955,611** | 342,853 |
| Less: provision for doubtful bank balance | **17.6** | **5,000** | 5,000 |
| | | **950,611** | 337,853 |

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

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

**17.3**

**(a)** These include deposits amounting Rs.3.734 million (2022: Rs.3.734 million), which are under lien of a bank against guarantees issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Holding Company.

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

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

**17.5** The Securities and Exchange Commission of Pakistan (SECP) winding-up petition filed against Innovative Investment Bank Limited was decided by the Lahore High Court, Lahore (LHC) and LHC appointed Joint Official Liquidators (JOLs). The Holding Company and FSM, as per the LHC's orders upto November, 2020, have received three tranches aggregating Rs.66 million. The management, for the release of balance amounts, anticipates that JOLs will intimate in due course of time; no provisions, therefore, for the remaining deposits aggregating Rs.12 million have been made in the books of account of the Holding Company and FSM.

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

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

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

**17.7** In case of CSM, lien is marked on bank balances for an amount of Rs.454,000 thousand (2022: Rs.4,000 thousand) in respect of the various guarantees extended by the banks.

## 18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| **2023** | 2022 | | **2023** | 2022 |
|---|---|---|---|---|
| **(No. of shares)** | | | **Rupees in thousand** | |
| **1,476,340** | 1,476,340 | ordinary shares of Rs.10 each fully paid in cash | **14,763** | 14,763 |
| **2,273,660** | 2,273,660 | ordinary shares of Rs.10 each issued as fully paid bonus shares | **22,737** | 22,737 |
| **3,750,000** | 3,750,000 | | **37,500** | 37,500 |

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

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

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

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

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

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

**19.1** The Holding Company, during the financial years ended September 30, 2000, September 30, 2009, September 30, 2011, September 30, 2014, September 30, 2017 and September 30, 2020 had revalued its buildings on freehold & leasehold land and plant & machinery, which resulted in revaluation surplus aggregating Rs.229.409 million, Rs.544.516 million, Rs.110.992 million, Rs.438.066 million, Rs.166.651 million and Rs.534.211 million respectively. These fixed assets were revalued by independent Valuers on the basis of depreciated market values.

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

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

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

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

**19.6** CSM and its Subsidiaries follow revaluation model for freehold land, leasehold land, buildings & roads, plant & machinery and electric installations. The fair value of CSM's freehold land, leasehold land, buildings & roads, plant & machinery and electric installations were assessed by management based on independent valuation performed by an external property valuation expert for CSM as at September 30, 2023 and for WFL as at June 30, 2023. For valuation of freehold land, leasehold land, buildings & roads, plant & machinery and electric installations, the current market price or depreciated replacement cost method is used, whereby, current cost of construction / purchase cost of similar freehold land, leasehold land, buildings & roads, plant & machinery and electric installations in similar locations has been adjusted using suitable depreciation rates to arrive at present market value. This technique requires significant judgment as to estimating the revalued amount in terms of their quality, structure, layout and locations.

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

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

## 20. LONG TERM FINANCES - Secured

| Lending Institutions | Interest rate (per annum) | September 30, 2023 Total available facility | Long-term portion | Current portion | Total outstanding amount | September 30, 2022 Total outstanding amount | Collateral |
|---|---|---|---|---|---|---|---|
| | | ---------- Rupees in thousand ---------- | | | | | |
| **Loans from banking companies** | | | | | | | |
| **The Holding Company** | | | | | | | |
| Bank Al Habib Ltd. | SBP rate + 3% | 50,000 | 0 | 0 | 0 | 6,227 | Secured against first exclusive registered charge over the Holding Company's head office second and third floors ( without land ) located at King's Arcade, Markaz F-7, Islamabad through token registered mortgage of Rs.0.500 million and remaining through equitable mortgage of Rs.580 million. |

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

| | | |
|---|---|---|
| Less: amount payable within next 12 months | | |
| The Holding Company | | |
| - Principal | 0 | 6,227 |
| CSM and its Subsidiaries | | |
| - Principal (note 28) | 1,305,829 | 760,783 |
| | 1,305,829 | 767,010 |
| Amount due after September 30, 2024 | 4,673,541 | 4,191,793 |

## 21. LOANS FROM RELATED PARTIES - Secured

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

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

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

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

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

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

## 22. LEASE LIABILITIES - Secured

| | 2023 | 2022 |
|---|---|---|
| Balance at beginning of the year | **237,007** | 330,371 |
| Additions during the year | **131,968** | 72,337 |
| Unwinding of interest on lease liabilities | **46,928** | 28,020 |
| Payments made during the year | **(153,128)** | (126,754) |
| Early termination gain | **0** | (64,966) |
| Remeasurement gain | **(9,365)** | (2,001) |
| Balance at end of the year | **253,410** | 237,007 |
| Less: current portion of long term lease liabilities | **(92,014)** | (90,404) |
| | **161,396** | 146,603 |

**22.1** The Holding Company has entered into lease agreements with Bank Al-Habib Ltd. for lease of vehicles. The liabilities under the lease agreements are payable in monthly instalments by May, 2027. The Holding Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. These facilities are secured against title of the leased vehicles in the name of lessor and during the year carried finance cost at the rates ranging from 23.92% to 24.77% (2022: 9.20% to 13.08%) per annum.

**22.2** CSM and its Subsidiaries have acquired vehicles under finance lease from commercial banks. The financing is repayable in equal monthly instalments over a period of four to five years and carries finance charge ranging from 16.83% to 24.72% (2022: 7.81% to 17.50%) per annum.

## 23. DEFERED GOVERNMENT GRANT

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

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

## 24. DEFERRED LIABILITIES

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Deferred taxation** | | | |
| - The Holding Company | **24.1** | **378,197** | 83,747 |
| - FSM | | **4,429** | 4,429 |
| - CSM | **24.4** | **3,620,702** | 3,193,056 |
| | | **4,003,328** | 3,281,232 |
| **Staff retirement benefits - gratuity** | | | |
| - The Holding Company | **24.5** | **39,132** | 28,697 |
| - FSM | | **66** | 66 |
| - CSM | **24.6** | **19,965** | 14,843 |
| | | **59,163** | 43,606 |
| | | **4,062,491** | 3,324,838 |

**24.1** This is comprised of the following:

| | **2023** | 2022 |
|---|---|---|
| | **Rupees in thousand** | |
| Taxable temporary differences arising in respect of: | | |
| - surplus on revaluation of property, plant and equipment | **667,796** | 299,370 |
| - accelerated tax depreciation allowances | **0** | 3,658 |
| - lease finances | **0** | 145 |
| | **667,796** | 303,173 |
| Deductible temporary differences arising in respect of: | | |
| - accelerated tax depreciation allowances | **(297)** | 0 |
| - available unused tax losses | **(230,815)** | (178,944) |
| - staff retirement benefits - gratuity | **(11,348)** | (6,416) |
| - provision for doubtful bank balance | **(1,450)** | (1,450) |
| - lease finances | **(452)** | 0 |
| - minimum tax recoverable against normal tax charge in future years | **(45,237)** | (32,616) |
| | **(289,599)** | (219,426) |
| | **378,197** | 83,747 |

**24.2** Based on the estimate by CSM and its Subsidiaries of future export sales, adjustment of Rs.462,910 thousand has been made in the taxable temporary differences at year end.

**24.3** Deferred tax asset comprises of lease liability and taxable losses amounting Rs.10,100 thousand (2022: Rs. Nil).

**24.4** Deferred tax comprises of the following:

| | **2023** | 2022 |
|---|---|---|
| Taxable temporary differences arising in respect of: | | |
| - accelerated tax depreciation allowances | **613,510** | 569,674 |
| - surplus on revaluation of property, plant and equipment | **3,244,235** | 2,643,286 |
| - lease finances | **24,468** | 15,417 |
| | **3,882,213** | 3,228,377 |
| Deductible temporary differences arising in respect of: | | |
| - provision for doubtful advances | **(10,318)** | (9,630) |
| - provision for obsolete items | **(18,726)** | (20,029) |
| - expected credit loss on trade debts | **(1,156)** | (571) |
| - provision for gratuity | **(6,926)** | (5,091) |
| - minimum tax recoverable against normal tax charge in future years | **(224,385)** | 0 |
| | **(261,511)** | (35,321) |
| | **3,620,702** | 3,193,056 |

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

| **Significant actuarial assumptions** | **2023** | 2022 |
|---|---|---|
| - discount rate - per annum | **16.75%** | 13.25% |
| - expected rate of growth per annum in future salaries | **15.75%** | 12.25% |
| - mortality rates | **SLIC 2001-2005 Setback 1 year** | SLIC 2001-2005 |
| - withdrawal rates | **Age-based** | Age-based |
| - retirement assumption | **Years 60** | Years 60 |
| - average expected remaining working life time of employees | **06 years** | 07 years |

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

| **The movement in the present value of defined benefit obligation is as follows:** | **2023** | 2022 |
|---|---|---|
| | **Rupees in thousand** | |
| Opening balance | **28,697** | 20,096 |
| Current service cost | **2,063** | 1,478 |
| Past service cost | **1,413** | 439 |
| Interest cost | **3,449** | 2,010 |
| Benefits payable to outgoing Members - grouped under current liabilities | **0** | (441) |
| Benefits paid | **(5,334)** | (1,457) |
| Remeasurements: | | |
| - experience adjustments | **8,037** | 6,226 |
| - changes in financial assumptions | **807** | 346 |
| Closing balance | **39,132** | 28,697 |

| **Expense recognised in statement of profit or loss of the Holding Company** | | |
|---|---|---|
| Current service cost | **2,063** | 1,478 |
| Past service cost | **1,413** | 439 |

| | 2023 | 2022 |
|---|---|---|
| | **Rupees in thousand** | |
| Interest cost | **3,449** | 2,010 |
| Charge for the year | **6,925** | 3,927 |
| **Remeasurement recognised in statement of other comprehensive income of the Holding Company** | | |
| Experience adjustments | **8,844** | 6,572 |

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

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

**Year-end Sensitivity Analysis:**

| | Change in assumption | Impact on defined benefit obligation Increase | Decrease |
|---|---|---|---|
| | | **Rupees in thousand** | |
| Discount rate | **1%** | **36,782** | **41,738** |
| Salary growth rate | **1%** | **41,932** | **36,560** |

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

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

| | 2023 | 2022 |
|---|---|---|
| Present value of defined benefit obligation | **19,965** | 14,843 |
| Fair value of planned assets | **0** | 0 |
| Net liability | **19,965** | **14,843** |
| **Movement in net liability recognised** | | |
| Opening net liability | **14,843** | 11,467 |
| Expense for the year recognised in statement of profit or loss | **5,639** | 3,862 |

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

**Expense for the year**

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

**Changes in the present value of defined benefit obligation**

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

**Principal actuarial assumptions used in the actuarial valuation**

The Projected Unit Credit Method using the following significant assumptions was used for the valuation of the scheme:

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

**Demographic assumptions**

| | **SLIC** | SLIC |
|---|---|---|
| Mortality rates | **2001-05** | 2001-05 |

During the year 2024, CSM expects to contribute Rs.8,278 thousand (2023: Rs.5,571 thousand) to its gratuity scheme.

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

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

| **Plan duration** | **Years** |
|---|---|
| September 30, 2023 | **9** |
| September 30, 2022 | 9 |

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

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

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

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

**Final salary risks:**

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

**Withdrawal risks:**

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

**Mortality risks:**

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

**Discount rate fluctuation**

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

## 25. TRADE AND OTHER PAYABLES

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

| | | 2023 | 2022 |
|---|---|---|---|
| | | **Rupees in thousand** | |

**25.1** This represents due to the following related parties and are interest free and payable on demand.

| | | |
|---|---|---|
| - Azlak Enterprises (Pvt.) Ltd. | **46,672** | 48,649 |
| - Syntronics Ltd. | **157** | 0 |
| - Phipson & Company Pakistan (Pvt.) Ltd. | **55** | 0 |
| - Directors | **119,925** | 100,000 |
| | **166,809** | 148,649 |

**25.2 (a)** These include Rs.402 thousand (2022: Rs.355 thousand) representing mark-up bearing deposits. The Holding Company will pay mark-up at the same rate at which it will receive from the bank as these deposits have been kept in a PLS bank account.

**(b)** These also include Rs.1,299 thousand (2022: 984 thousand), which are repayable on demand by CSM and cannot be utilised for the purpose of business in accordance with the terms of written agreements with these parties. No amount in this respect has been kept in separate bank account.

**25.3 Payable for workers' welfare obligation**

**(a) Payable for workers' welfare fund (CSM and its Subsidiaries)**

| | | |
|---|---|---|
| Balance at the beginning of the year | **24,008** | 16,336 |
| Charge for the year | **83,166** | 24,008 |
| Prior year adjustment | **1,264** | 4,786 |
| | **108,438** | 45,130 |
| Interest on funds utilized in the business | **1,438** | 535 |
| Payments made during the year | **(26,710)** | (21,657) |
| Balance at the end of the year | **83,166** | 24,008 |

**(b) Payable for workers' welfare fund (CSM and its Subsidiaries)**

| | | |
|---|---|---|
| Balance at the beginning of the year | **29,957** | 43,037 |
| Charge for the year | **28,097** | 15,317 |
| Prior year adjustment | **(5,209)** | (7,391) |
| | **52,845** | 50,963 |
| Payments made during the year | **(22,587)** | (21,006) |
| Balance at the end of the year | **30,258** | 29,957 |

## 26. ACCRUED MARK-UP

| Mark-up accrued on: | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees in thousand | |
| - long term finances | | **302,368** | 227,386 |
| - loans from related parties | | **52,446** | 11,335 |
| - short term borrowings | | **391,940** | 190,404 |
| | | **746,754** | 429,125 |

## 27. SHORT TERM BORROWINGS

| | Note | 2023 | 2022 |
|---|---|---|---|
| **The Holding Company** | | | |
| Secured | **27.1** | **0** | 701,000 |
| Temporary bank overdraft - unsecured | | **35** | 0 |
| **CSM** | | | |
| Cash / running finances and export re-finances - secured | **27.3** | **4,615,585** | 4,301,895 |
| | | **4,615,620** | 5,002,895 |

**27.1** Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.1,300 million (2022: Rs.1,200 million). These facilities are secured against charge over fixed assets, charge over present and future current assets of the Holding Company, registered first exclusive charge over the Holding Company's head office second and third floors (without land), pledge of sugar stocks, cross corporate guarantee of Chashma Sugar Mills Ltd. (a Subsidiary Company) amounting Rs.800 million and lien over export documents. These facilities, during the year, carried mark-up at the rates ranging from 16.71% to 24.41% (2022: 8.78% to 18.09%) per annum and are expiring on various dates by March 31, 2024. These facilities remained un-utilised as at September 30, 2023.

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

**27.3** Finance facilities available to CSM from various commercial banks under mark-up arrangements aggregate Rs.15.275 billion (2022: Rs.8.350 billion) and are secured against pledge of sugar stocks and charge on present and future current assets of CSM.

## 28. CURRENT PORTION OF NON-CURRENT LIABILITIES

| | Note | 2023 | 2022 |
|---|---|---|---|
| Long term finances | **20** | **1,305,829** | 767,010 |
| Loans from related parties | **21** | **31,236** | 37,486 |
| Lease liabilities | **22** | **92,014** | 90,404 |
| | | **1,429,079** | 894,900 |

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

**The Holding Company**

**29.1** The returns for the Tax Years 2010 to 2023 have been filed after complying with all the provisions of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing of deficiency by the Commissioner.

**29.2** The Holding Company during the current and preceding years is mainly liable to pay tax due under sections 5 (Tax on dividends) , 113 (Minimum tax on the income of certain persons) and 154 (Tax on exports) of the Ordinance.

**29.3** The Holding Company has filed a civil petition for leave to appeal (CPLA) before the Supreme Court of Pakistan against judgment dated November 10, 2021 passed by the Peshawar High Court (PHC). The said writ petition was filed by the Holding Company challenging the impugned notices of income tax audit under section 177 of the Ordinance for tax years 2015, 2016, 2018 and 2019. The said CPLA is pending.

**FSM**

**29.4** The Tax Department against the judgment of the PHC dated October 22, 2008 has filed an appeal before the Supreme Court of Pakistan. The PHC, vide its aforementioned judgment had rejected the departmental application and upheld the order of the Income Tax Appellate Tribunal (ITAT) dated April 28, 2007. Earlier, the ITAT had upheld the Commissioner of Income Tax - Appeals' action of annulment of amendment of assessment orders passed by the Additional Commissioner (Audit) under section 122(5A) of the Ordinance.

**29.5** The returns upto tax year 2023 have been filed after complying with all the provisions of the Ordinance. Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing-out of deficiency by the Commissioner.

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

**30. CONTINGENCIES AND COMMITMENTS**

**The Holding Company**

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

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

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

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

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

**30.4** The Holding Company's petition filed before the PHC, against the Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers has been fixed at Rs.12,000 per month with effect from July 01, 2014 has been dismissed by the PHC vide its judgment dated April 02, 2019. The Holding Company has filed a review petition before the PHC against the said judgment, which was also dismissed. The additional wage liabilities aggregate Rs.2.359 million approximately. The Holding Company has filed a civil petition for leave to appeal before the Supreme Court of Pakistan, which is pending adjudication.

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

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

**30.7** The Holding Company has filed a writ petition before the PHC challenging Federal Government Order No.1(1) 2020 ROP dated July 16, 2021 and Provincial Government Order No.13/12-Sugar /IND / Vol-V / 7862 dated July 16, 2021 issued under section 6 of the Price Control and Prevention of Profiteering and Hoarding Act ,1977 whereby the retail price of sugar at the rate of Rs.88.24 per kilo gram was fixed. The PHC, vide its order dated July 30, 2021, has allowed interim relief and ordered that in the meanwhile status que be maintained.

**30.8** The Holding Company has filed a writ petition before the PHC challenging Federal Government Order F.No.2-8 / 2022 / SAB / A - IV dated April 20, 2023 issued under section 6 of the Price Control and Prevention of Profiteering and Hoarding Act, 1977 read with Price Control and Prevention of Profiteering and Hoarding Order, 2021 dated August 24, 2021 whereby the retail price of sugar at the rate of Rs.98.82 per kilo gram and maximum ex-mill price was fixed at the rate of Rs.95.57 per kilo gram. The PHC, vide its order dated June 06, 2023, has granted interim relief while the main writ petition is pending.

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

**30.10** Guarantees given to Sui Northern Gas Pipelines Ltd. by commercial banks on behalf of the Holding Company outstanding as at September 30, 2023 were for Rs.37.340 million (2022: Rs.37.340 million).These guarantees are valid upto June 19, 2024.

**FSM**

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

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

30.13 No commitments were outstanding as at September 30, 2023 and September 30, 2022.

**CSM and its Subsidiaries**

30.14 The Assistant Commissioner Inland Revenue (ACIR) vide show cause notice dated May 12, 2014 alleged that CSM has claimed inadmissible input tax adjustment on building material including cements & bricks during the tax periods in year 2013-14. Further, the ACIR ordered CSM to pay alleged demand of Rs.36.840 million representing principal amount and default surcharge for the aforesaid tax period. CSM filed appeal before Commissioner Inland Revenue Appeals [CIR(A)] wherein amount was reduced to Rs.28.060 million vide order-in-appeal dated March 24, 2015. CSM preferred an appeal against the aforesaid order before the Appellate Tribunal Inland Revenue (ATIR), whereby ATIR vide its order dated January 25, 2016 upheld CSM's contention. In prior year the tax department filed a reference in this respect before the Honourable Peshawar High Court. During the year the matter has been decided by the said court in favour of CSM vide order dated September 19, 2023.

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

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

**30.17** The Federal government during the year through a notification fixed the Ex-Mill and Retail prices of Sugar u/s 6 of the Price Control and Prevention of Profiteering and Hoarding Act, 1997 at Rs.95.57/kg and Rs.98.82/kg. CSM filed a writ petition in Peshawar High Court against a decision of Federal Government on April 20, 2023, Peshawar High Court granted stay on the case vide order dated June 06, 2023 and the case is currently pending adjudication as at year end.

**30.18** The Competition Commission of Pakistan (CCP) issued a show cause notice dated November 04, 2020 to sugar mills with respect to artificial price hike and alleged cartelization. CSM submitted its reply dated December 25, 2020. However, CCP passed an order dated August 13, 2021 and on the basis of revenues of financial year 2019 imposed a penalty of Rs.650,000 thousand on CSM. Against the said order of CCP, CSM has filed an appeal before the CCP Appellate Tribunal. The CCP Appellate Tribunal has granted stay order against the CCP's order dated August 13, 2021. The case is pending adjudication.

**30.19** As detailed in note 6.2 to these consolidated financial statements, during the year Whole Foods Limited (WFL) has received notice of intent to terminate agreement between Punjab Foods Department, Government of Punjab and WFL, which has been contested by the management. The management is confident that aforesaid notice will be withdrawn.

**30.20** CSM and its Subsidiaries have letter of guarantee facilities aggregating Rs.50 million (2022: Rs.50 million) available from Bank Al Habib Ltd. The amount availed on these facilities as at September 30, 2023 is Rs 4 million (2022: Rs 4 million). These facilities are secured by master counter guarantee and 100% cash margin.

**30.21** CSM and its Subsidiaries have obtained letter of credit facilities aggregating Rs.365 million (2022: Rs.431 million) from Bank Al Habib Ltd. and Al Barka Bank Ltd. The amount availed on these facilities as at September 30, 2023 is Rs.221 million (2022: Rs.173 million). These facilities are secured by lien on shipping documents.

**30.22** CSM and its Subsidiaries have cash finance facilities available from various banks aggregating to Rs.10,825 million (2022: Rs.5,950 million), out of which Rs.2,968 million (2022: Rs.2,600 million) have been availed by CSM and its Subsidiaries as at September 30, 2023. These facilities are secured against pledge charge over crystalline sugar inclusive of margin of 10 - 15%.

**30.23** CSM and its Subsidiaries have Export Re Finance/Finance Against Packing Credit (ERF / FAPC) facilities from various commercial banks for Rs.3,950 million (2022: Rs.2,400 million), out of which Rs.1,524 million (2022: Rs.1,700 million) have been availed by CSM and its Subsidiaries as at September 30, 2023. These facilities are secured by the joint pari passu hypothecation charge over current assets of CSM and its Subsidiaries and lien over export documents.

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

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

| | | Note | 2023 | 2022 |
|---|---|---|---|---|
| | | | **Rupees in thousand** | |
| **30.25** | In case of CSM and its Subsidiaries, commitments in respect of : | | | |
| | - foreign letters of credit for purchase of plant & machinery | | **0** | 739,238 |
| | - local letters of credit for purchase of plant & machinery | | **143,681** | 207,519 |
| | - capital expenditure other than for letters of credit | | **14,386** | 104,683 |
| **31.** | **GROSS SALES** | | | |
| | - local | | **22,044,291** | 15,032,361 |
| | - export | **31.1** | **9,777,952** | 4,891,973 |
| | ` | | **31,822,243** | 19,924,334 |

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

| | 2023 | 2022 |
|---|---|---|
| Spain | **5,262,047** | 3,117,219 |
| Indonesia | **0** | 162,727 |
| Singapore | **555,291** | 405,949 |
| Hong Kong | **97,765** | 137,795 |
| Switzerland | **3,269,109** | 0 |
| China | **540,773** | 0 |
| United Kingdom | **0** | 999,289 |
| Afghanistan | **52,967** | 0 |
| Others | **0** | 68,994 |
| | **9,777,952** | 4,891,973 |

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **Rupees in thousand** | |

**32. SALES TAX, OTHER GOVERNMENT LEVIES AND DISCOUNTS**

| | | | |
|---|---|---|---|
| Indirect taxes | | **3,162,895** | 2,204,392 |
| Discounts | | **11,558** | 9,835 |
| | | **3,174,453** | 2,214,227 |

**33. COST OF SALES**

| | | | |
|---|---|---|---|
| Raw materials consumed | | **19,244,388** | 14,686,430 |
| Chemicals and stores consumed | | **578,118** | 429,799 |
| Salaries, wages and benefits | **33.1** | **1,077,285** | 812,703 |
| Power and fuel | | **246,774** | 162,810 |
| Insurance | | **38,118** | 19,768 |
| Repair and maintenance | | **664,775** | 334,520 |
| Depreciation | | | |
| - property, plant and equipment | **6.1** | **1,406,281** | 1,068,066 |
| - right of use assets | **7** | **4,621** | 5,134 |
| | | **23,260,360** | 17,519,230 |
| Adjustment of work-in-process: | | | |
| Opening | | **22,628** | 22,137 |
| Closing | **11** | **(26,837)** | (22,628) |
| | | **(4,209)** | (491) |
| Cost of goods manufactured | | **23,256,151** | 17,518,739 |
| Adjustment of finished goods: | | | |
| Opening stock | | **4,117,744** | 1,466,013 |
| Closing stock | **11** | **(5,285,461)** | (4,117,744) |
| | | **(1,167,717)** | (2,651,731) |
| | | **22,088,434** | 14,867,008 |

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

| | | Note | 2023 | 2022 |
|---|---|---|---|---|
| | | | Rupees in thousand | |
| **34.** | **SELLING AND DISTRIBUTION EXPENSES** | | | |
| | Salaries and benefits | **34.1** | **21,035** | 16,742 |
| | Loading and stacking | | **33,691** | 19,915 |
| | Export development surcharge | | **18,466** | 12,199 |
| | Freight, commission and other expenses on exports | | **840,542** | 457,711 |
| | Depreciation - right of use assets | **7** | **19,446** | 21,116 |
| | Commission - local | | **623** | 132 |
| | Others | | **39** | 584 |
| | | | **933,842** | 528,399 |

**34.1** Salaries and benefits include Rs.532 thousand (2022: Rs.354 thousand) in respect of retirement benefits.

| | | | | |
|---|---|---|---|---|
| **35.** | **ADMINISTRATIVE AND GENERAL EXPENSES** | | | |
| | Salaries and benefits | **35.1** | **680,211** | 521,265 |
| | Travelling | | **81,434** | 59,690 |
| | Utilities | | **5,135** | 772 |
| | Vehicles' running and maintenance | | **48,885** | 29,158 |
| | Rent, rates and taxes | **35.2** | **26,756** | 12,466 |
| | Insurance | | **11,039** | 6,273 |
| | Repair and maintenance | | **66,898** | 55,261 |
| | Printing and stationery | | **17,784** | 12,217 |
| | Communication | | **18,559** | 16,203 |
| | Fees and subscription | | **5,381** | 9,673 |
| | Auditors' remuneration | **35.3** | **8,790** | 6,861 |
| | Legal and professional charges (other than Auditors) | | **22,572** | 21,691 |
| | Depreciation on: | | | |
| | - operating fixed assets | **6.10** | **93,569** | 86,217 |
| | - right of use assets | **7** | **52,858** | 35,344 |
| | - investment property | **8** | **282** | 297 |
| | Expected credit loss for doubtful debts | **12.3** | **1,551** | (664) |
| | Impairment loss for export subsidy | **14.3** | **65,413** | 34,249 |
| | Loss allowance for doubtful advances | **13.2** | **0** | 560 |
| | General | | **110,090** | 51,847 |
| | | | **1,317,207** | 959,380 |

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

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

**35.3 Auditors' remuneration**

| | 2023 | 2022 |
|---|---|---|
| | Rupees in thousand | |
| ShineWing Hameed Chaudhri & Co. | | |
| - statutory audits | **1,297** | 1,101 |
| - half-yearly reviews | **195** | 177 |
| - consultancy and certification charges | **960** | 963 |
| - short provision for the preceding year | **172** | 9 |
| - out-of-pocket expenses | **73** | 70 |
| | **2,697** | 2,320 |
| A.F.Ferguson & Co. (statutory auditors of CSM and its Subsidiaries) | | |
| - statutory audits | **4,224** | 3,448 |
| - half year review | **693** | 554 |
| - consolidation | **308** | 246 |
| - certifications and group reporting | **668** | 123 |
| - out-of-pocket expenses | **200** | 170 |
| | **6,093** | 4,541 |
| | **8,790** | 6,861 |

**36. OTHER INCOME**

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

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **Rupees in thousand** | |
| Unclaimed payable balances written-back | | **160** | 0 |
| Gain on derecognition of right of use assets | | **0** | 20,479 |
| Sale of agricultural produce - net of costs and expenses | | **3,896** | 2,694 |
| Sale of fusel oil - net of sales tax | | **3,378** | 4,233 |
| Sale of chemicals - net of costs | | **405** | 3,012 |
| Income against insurance claim | | **119,462** | 0 |
| Others | | **0** | 18,881 |
| | | **242,943** | 91,492 |

## 37. OTHER EXPENSES

| | Note | 2023 | 2022 |
|---|---|---|---|
| Donations (without directors' interest) | **37.1** | **2,042** | 490 |
| Uncollectible receivable balances written-off | | **639** | 0 |
| Workers' profit participation fund and workers' welfare obligations | **25.3** | **108,110** | 39,325 |
| Prior year's sales tax on account of inadmissible input tax adjustment claimed | | **1,096** | 607 |
| Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 and difference of tax payable on salaries | | **0** | 207 |
| Loss on sale of operating fixed assets - net | | **0** | 2,765 |
| Others | | **0** | 6,470 |
| | | **111,887** | 49,864 |

**37.1** Expense for the year represents donation paid to Al - Siraj Welfare Foundation.

## 38. FINANCE COST

| | Note | 2023 | 2022 |
|---|---|---|---|
| Mark-up on: | | | |
| - long term finances | | **922,799** | 325,468 |
| - loans from Associated Companies | | **41,598** | 27,789 |
| - short term borrowings | | **1,793,977** | 814,989 |
| Interest on workers' (profit) participation fund | **25.3** | **1,438** | 535 |
| Unwinding of interest on lease liabilities | | **47,731** | 28,080 |

| | | 2023 | 2022 |
|---|---|---|---|
| | | **Rupees in thousand** | |
| | Bank charges | **12,333** | 13,253 |
| | Amortisation of deferred Government grant | **(23,946)** | (6,853) |
| | Exchange fluctuation loss - net | **185,347** | 2,470 |
| | | **2,981,277** | 1,205,731 |

**39. TAXATION**

| | | 2023 | 2022 |
|---|---|---|---|
| | **Current** | | |
| | - for the year | **344,883** | 302,505 |
| | - prior year | **41,974** | 37,072 |
| | | **386,857** | 339,577 |
| | **Deferred:** | | |
| | - on account of temporary differences | **(550,515)** | 94,608 |
| | | **(163,658)** | 434,185 |

**40. COMBINED EARNINGS (LOSS) PER SHARE**

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

| | | 2023 | 2022 |
|---|---|---|---|
| | Earnings / (loss) attributable to equity holders of the Holding Company | **812,433** | (197,091) |
| | | **No. of shares** | |
| | Weighted average number of shares outstanding during the year | **3,750,000** | 3,750,000 |
| | | **---------- Rupees ----------** | |
| **40.1** | Combined earnings / (loss) per share | **216.65** | (52.56) |

**41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**Financial instruments by category**

**Financial assets**

**At fair value through profit or loss**

| | 2023 | 2022 |
|---|---|---|
| Short term investments | **10,305** | 25,237 |

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

**41.1 Financial Risk Factors**

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

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

## 41.2 Market risk

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

### (a) Currency risk

**The Holding Company**

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

**CSM**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial liabilities include Rs. 0.972 million (2022: Financial liabilities included Rs. 9.310 million) which were subject to currency risk.

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

**Sensitivity analysis**

As at September 30, 2023, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year of CSM would have been Rs.97,220 thousand (2022: Rs.620 thousand) lower/ higher.

### (b) Interest rate risk

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

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

**Fair value sensitivity analysis for fixed rate instruments**

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

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

At September 30, 2023, if interest rate on variable rate financial instruments had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs.105.236 million mainly as a result of higher interest expense on variable rate financial liabilities (2022: loss before taxation would have been higher / lower by Rs.103.265 million)

**(c) Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. As at September 30, 2023, price risk arose from the Group's investments in Units of a Mutual Fund classified as short term investments at fair value through profit or loss. To manage its price risk, the Group diversifies its portfolio and continuously monitors developments in the market. In addition, the Group's management actively monitors the key factors that affect price movement.

As at September 30, 2023, a 10% increase / decrease in redemption value of Units of the Mutual Fund would have increased / decreased profit after taxation for the current year by Rs.1,031 thousand (2022: loss before taxation would have been lower / higher by Rs.2,524 thousand).

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

**41.3 Credit risk exposure and concentration of credit risk**

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

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

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

**CSM and its Subsidiaries**

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

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

| | 1 - 180 days | 181-365 days | More than 365 days | Total |
|---|---|---|---|---|
| | Rupees in thousand | | | |
| September 30, 2023 | | | | |
| Gross carrying value | **1,215,486** | **223** | **1,729** | **1,217,438** |
| Loss allowance | **1,381** | **223** | **1,729** | **3,333** |
| September 30, 2022 | | | | |
| Gross carrying value | 44,210 | 0 | 1,729 | 45,939 |
| Loss allowance | 53 | 0 | 1,729 | 1,782 |

ECL on other receivables is calculated using general approach. At the reporting date, CSM and its Subsidiaries envisage that default risk on account of non-realisation of other receivables is minimal and thus based on historical trends adjusted to reflect current and forward looking information loss allowance has been estimated by CSM and its Subsidiaries using a range of probable recovery pattern of related other receivables and assigning a time value of money to same. As per the aforementioned approach, the loss allowance for other receivables is determined as follows:

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

Based on past experience, the management believes that no further impairment allowance is necessary in respect of trade debts, loans and advances and other financial assets.

**Exposure to credit risk**

The maximum exposure to credit risk as at September 30, 2023 along with comparative is tabulated below:

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

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

- Trade debts at September 30, 2023 represented domestic and foreign parties.

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

**Credit quality of financial assets of CSM and its Subsidiaries:**

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

**Counterparties without external credit rating**

| | | |
|---|---|---|
| Trade debts | **1,214,104** | 44,157 |
| Loans and advances | **15,007** | 144,853 |
| Trade deposits and other receivables | **369,248** | 363,645 |
| | **1,598,359** | 552,655 |

**Counter-parties with external credit rating**

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

### 41.4 Liquidity risk

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

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

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

| | | | | |
|---|---|---|---|---|
| 2022 | | | | |
| Long term finances | 4,958,803 | 4,958,803 | 767,010 | 4,191,793 |
| Loans from related parties | 219,325 | 219,325 | 37,486 | 181,839 |
| Lease liabilities | 237,007 | 237,007 | 90,404 | 146,603 |
| Trade and other payables | 797,711 | 797,711 | 797,711 | 0 |
| Unclaimed dividends | 7,470 | 7,470 | 7,470 | 0 |
| Accrued mark-up | 429,125 | 429,125 | 429,125 | 0 |
| Short term borrowings | 5,002,895 | 5,002,895 | 5,002,895 | 0 |
| | 11,652,336 | 11,652,336 | 7,132,101 | 4,520,235 |

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

## 42. FAIR VALUES OF FINANCIAL INSTRUMENTS AND HIERARCHY

**42.1** Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At September 30, 2023, the carrying values of all financial assets and liabilities reflected in the consequently financial statements approximate to their fair values.

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

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

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

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

As at September 30, 2023, the Group's investments in a Mutual Fund were measured at fair value using year-end Net Assets Value as computed by the Assets Management Company. Fair value of these investments fell within level 2 of fair value hierarchy as mentioned above.

**42.2 Fair value hierarchy (CSM and its Subsidiaries)**

Certain property, plant and equipment of CSM and its Subsidiaries were valued by independent valuer to determine the fair value of property, plant and equipment as at September 30, 2023. The revaluation surplus was credited to other comprehensive income and is shown as 'surplus on revaluation of property, plant and equipment'. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets/ liabilities.

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

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

## 43. CAPITAL RISK MANAGEMENT

The Group is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Boards monitor the return on capital and the level of dividend to ordinary shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders and / or issue new shares. There was no change to the Group's approach to the capital management during the year.

The Group is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements. Accordingly, the liabilities under these financing agreements have been classified as per the repayment schedules applicable in respect of the aforesaid financing agreements.

The Group monitors capital using a gearing ratio, which is calculated as net debt divided by total capital plus net debt. Net debt is calculated as amounts payable by the Group less bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The Group's gearing ratio is as follows:

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

## 44. TRANSACTIONS WITH RELATED PARTIES

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

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

The Holding Company's shareholdings in Associated Companies have been detailed in note 9. In addition to the names of the Associated Companies detailed in note 9, the following are other Associated Companies:

- Syntron Ltd.
- Syntronics Ltd.
- Premier Construction & Housing Ltd.
- Phipson & Co. Pakistan (Pvt.) Ltd.
- Aurora (Pvt.) Ltd.

**44.2 Key management personnel**

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

**44.3 FSM**

FSM has related party relationship with its Associated Companies, employee benefit plans, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. FSM has carried-out no transaction with key management personnel during the current and preceding financial years.

### 44.4 CSM

The related parties comprise of Associated Companies, directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amounts due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, Directors and Executives is disclosed in remuneration note.

Significant transactions with related parties during the year were as follows:

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

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

| Company Name | Basis of Association | Share-holding % |
|---|---|---|
| Premier Board Mills Ltd. | Common directorship | 0.00% |
| Azlak Enterprises (Pvt.) Ltd. | ------ do ------ | 5.15% |
| Arpak International Investments Ltd. | ------ do ------ | 0.00% |
| Phipson & Company Pakistan (Pvt.) Ltd. | ------ do ------ | 1.07% |
| Syntronics Ltd. | ------ do ------ | 12.51% |
| Syntron Ltd. | ------ do ------ | 0.00% |
| Premier Construction and Housing Ltd. | ------ do ------ | 0.00% |
| Earth Securities (Private) Ltd. | ------ do ------ | 0.00% |

## 45. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

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

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

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

**45.3** In case of the Holding Company, the Chief Executive, one Director and the Executives residing in the factory are provided free housing (with the Holding Company's generated electricity in the residential colony within the factory compound). The Chief Executive, one Director and Executives are also provided with the Holding Company maintained

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

**45.5** Mr Abbas Sarfraz Khan, director of CSM and its Subsidiaries, holds office of profit for performing extra services, for which approval was obtained vide extraordinary general meeting dated June 21, 2019 under section 171 of the Companies Act, 2017. His remuneration includes monthly salary, bonus as per CSM and its Subsidiaries policy, CSM maintained vehicle and reimbursement of all travelling and medical expenses. The Board of Directors of CSM are also entitled to reimbursement of all travelling, telephone and medical expenses, as approved vide 31st annual general meeting of CSM's members dated March 29, 2019. During the year, the remuneration of Directors were increased vide Extraordinary General Meeting (EOGM) dated August 25, 2023. Further, remuneration was approved for Mr. Iskander M. Khan, Director through aforesaid EOGM.

**45.6** In case of FSM, no managerial remuneration was paid to Chief Executive and Directors during the current and preceding years; however, they are provided with free use of FSM's maintained cars.

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

## 46. CAPACITY AND PRODUCTION

### 46.1 The Holding Company

| | | 2023 | 2022 |
|---|---|---|---|
| **Sugar Cane Plant** | | | |
| Rated crushing capacity per day | M.Tonnes | **3,810** | 3,810 |
| Cane crushed | M.Tonnes | **102,302** | 32,104 |
| Sugar produced | M.Tonnes | **10,721** | 1,986 |
| Days worked | Nos. | **130** | 80 |
| Sugar recovery | % | **10.35** | 6.40 |
| **Sugar Beet Plant** | | | |
| Rated slicing capacity per day | M.Tonnes | **2,500** | 2,500 |
| **Distillery** | | | |
| Rated capacity per day | Gallons | **14,300** | 10,000 |
| Ethanol produced | Gallons | **920,400** | 1,641,104 |
| Days worked | Nos. | **127** | 223 |

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

### 46.2 CSM

| | 2023 | 2022 |
|---|---|---|
| **Sugar Cane Plants** | | |
| Rated crushing capacity (Metric Tonnes / day) | **18,000** | 18,000 |
| On the basis of average number of 105 days (2022:128 days) | **1,890,000** | 2,304,000 |
| Actual cane crushed (Metric Tonnes) | **1,963,169** | 1,885,437 |
| Sugar produced (Metric Tonnes) | **211,871** | 195,219 |
| **Ethanol Fuel Plant** | | |
| Rated production capacity (Litres / day) | **125,000** | 125,000 |
| On the basis of average number of 343 days (2022:330 days) (Litres) | **42,875,000** | 41,250,000 |
| Actual production (Litres) | **42,374,200** | 40,933,660 |
| **Storage facility** | | |
| Storage capacity (metric tonnes) | **20,000** | 20,000 |
| **Days worked:** | | |
| Sugar Unit - I | **106** | 122 |
| Sugar Unit - II | **103** | 121 |
| Ethanol Fuel Plant | **343** | 335 |

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

## 46.3 FSM

| | | **2023** | 2022 |
|---|---|---|---|
| **Sugar Cane Plant** | | | |
| Rated crushing capacity per day | M.Tonnes | **880** | 880 |
| **Sugar Beet Plant** | | | |
| Rated slicing capacity per day | M.Tonnes | **1,000** | 1,000 |

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

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

| | Liabilities | | | | | | |
|---|---|---|---|---|---|---|---|
| | 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, 2021** | 2,448,900 | 330,371 | 219,325 | 2,677,942 | 129,076 | 20,395 | 5,826,009 |
| **Changes from financing activities** | | | | | | | |
| **Finances - net** | 2,509,903 | 0 | 0 | 2,324,953 | 0 | 0 | 4,834,856 |
| **Finances - obtained** | 0 | 33,390 | 0 | 0 | 0 | 0 | 33,390 |
| **- repaid** | 0 | (126,754) | 0 | 0 | 0 | 0 | (126,754) |
| **Mark-up accrued** | 0 | 0 | 0 | 0 | 1,210,114 | 0 | 1,210,114 |
| **Mark-up paid** | 0 | 0 | 0 | 0 | (910,065) | 0 | (910,065) |
| **Dividend declared** | 0 | 0 | 0 | 0 | 0 | (74,700) | (74,700) |
| **Dividend paid** | 0 | 0 | 0 | 0 | 0 | 76,954 | 76,954 |
| | 2,509,903 | (93,364) | 0 | 2,324,953 | 300,049 | 2,254 | 5,043,795 |
| **Balance as at September 30, 2022** | 4,958,803 | 237,007 | 219,325 | 5,002,895 | 429,125 | 22,649 | 10,869,804 |
| **Changes from financing activities** | | | | | | | |
| **Finances - net** | 1,020,567 | 0 | 0 | (387,275) | 0 | 0 | 633,292 |
| **Finances - obtained** | 0 | 178,896 | 0 | 0 | 0 | 0 | 178,896 |
| **- repaid** | 0 | (162,493) | (31,235) | 0 | 0 | 0 | (193,728) |
| **Mark-up accrued** | 0 | 0 | 0 | 0 | 2,807,543 | 0 | 2,807,543 |
| **Mark-up paid** | 0 | 0 | 0 | 0 | (2,489,914) | 0 | (2,489,914) |
| **Dividend paid** | 0 | 0 | 0 | 0 | 0 | (35) | (35) |
| | 1,020,567 | 16,403 | (31,235) | (387,275) | 317,629 | (35) | 936,054 |
| **Balance as at September 30, 2023** | 5,979,370 | 253,410 | 188,090 | 4,615,620 | 746,754 | 22,614 | 11,805,858 |

## 48. PROVIDENT FUNDS RELATING DISCLOSURES

The Group operates funded contributory provident fund schemes for all its permanent and eligible employees. The following information is based on the financial statements of provident funds of the Holding Company and FSM for the year ended September 30, 2023 and financial statements for the year ended September 30, 2022:

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

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

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

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

## 49. OPERATING SEGMENT

### 49.1 The Holding Company

The Holding Company's reportable segments are as follows:

- Sugar
- Distillery

## Segment operating results of the Holding Company for the year ended September 30, 2023

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

## Segment assets and liabilities

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

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

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

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

## 49.5 Segment operating results of CSM for the year ended September 30, 2023

| | Sugar Division | | Ethanol Division | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | ---------- Rupees in thousand ---------- | | | | | |
| **Sales** | | | | | | |
| -External customers | **21,256,732** | 14,264,248 | **8,114,885** | 5,010,031 | **29,371,617** | 19,274,279 |
| -Inter segment | **1,534,829** | 953,528 | **0** | 0 | **1,534,829** | 953,528 |
| | **22,791,561** | 15,217,776 | **8,114,885** | 5,010,031 | **30,906,446** | 20,227,807 |
| Less : sales tax & others | **(2,910,329)** | (2,098,904) | **(85,571)** | (80,562) | **(2,995,900)** | (2,179,466) |
| **Sales - net** | **19,881,232** | 13,118,872 | **8,029,314** | 4,929,469 | **27,910,546** | 18,048,341 |
| **Segment expenses:** | | | | | | |
| Cost of sales | **(16,897,260)** | (11,387,946) | **(3,291,193)** | (2,840,171) | **(20,188,453)** | (14,228,117) |
| less: Inter segment cost | **0** | 0 | **(1,534,829)** | (953,528) | **(1,534,829)** | (953,528) |
| | **(16,897,260)** | (11,387,946) | **(4,826,022)** | (3,793,699) | **(21,723,282)** | (15,181,645) |
| **Gross profit** | **2,983,972** | 1,730,926 | **3,203,292** | 1,135,770 | **6,187,264** | 2,866,696 |
| Selling and distribution expenses | **(146,522)** | (48,382) | **(719,494)** | (420,588) | **(866,016)** | (468,970) |
| Administrative and general expenses | **(738,250)** | (587,988) | **(271,106)** | (187,183) | **(1,009,356)** | (775,171) |
| Net impairment losses on financial assets | **(66,964)** | (34,145) | **0** | 0 | **(66,964)** | (34,145) |
| Others | **0** | 0 | **0** | 0 | **-131610** | (89,004) |
| | **(951,736)** | (670,515) | **(990,600)** | (607,771) | **(2,073,946)** | (1,367,290) |
| **Profit from operations** | **2,032,236** | 1,060,411 | **2,212,692** | 527,999 | **4,113,318** | 1,499,406 |
| Other income | **207,236** | 66,251 | **34,966** | (262) | **242,202** | 65,989 |
| Others | 0 | 0 | **0** | 0 | **0** | 362 |
| Other expenses | **(90,445)** | (37,210) | **(18,915)** | 0 | **(109,360)** | (37,210) |
| | **116,791** | 29,041 | **16,051** | (262) | **132,842** | 29,141 |
| **Segment results** | **2,149,027** | 1,089,452 | **2,228,743** | 527,737 | **4,246,160** | 1,528,547 |
| Finance cost | | | | | **(2,783,013)** | (1,149,546) |
| Profit before tax | | | | | **1,463,147** | 379,001 |
| Taxation | | | | | **105,934** | (456,726) |
| Profit / (loss) for the year | | | | | **1,569,081** | (77,725) |
| **Segment assets and liabilities** | | | | | | |

### Segment assets and liabilities

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

## 50. NUMBER OF EMPLOYEES

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

## 51. CORRESPONDING FIGURES

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

## 52. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorised for issue on February 02, 2024 by the board of directors of the Holding Company.

| ABBAS SARFARAZ KHAN | ISKANDER M. KHAN | RIZWAN ULLAH KHAN |
|---|---|---|
| CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER |

# Information message on (Jama Punji)

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

# PROXY FORM

78th 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 26, 2024 and at any adjournment thereof.

| Revenue Stamp Signature(Rs. 5.00) |

________________________________________

Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

Dated this ......... day of ........... 2024.

Signature of Proxy ____________________

1. **Witness:**

Name: __________________________

Signature: __________________________

Address: __________________________

CNIC No: __________________________

2. **Witness:**

Name: __________________________

Signature: __________________________

Address: __________________________

CNIC No: __________________________

**Note:** Proxies, in order to be effective, must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

CDC Shareholders and their Proxies are each requested to attached an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.

# دی پریمیئر شوگر ملز اینڈ ڈسٹلری کمپنی لیمیٹڈ

## نوشہرہ روڈ مردان

**نمائندگی کا فارم (پراکسی فارم)**

78 واں سالانہ اجلاس عام

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

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

شناختی کارڈ نمبر ____________ یا پاسپورٹ نمبر ____________، کو میری/ ہماری غیر حاضری میں کمپنی کے سالانہ اجلاس عام میں، جو بتاریخ 26 فروری، 2024، منعقد ہو رہا ہے، یا کسی بھی ملتوی شدہ اجلاس میں حاضری اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پراکسی) مقرر کرتا/ کرتے ہیں۔

| |
|---|
| پانچ روپے کی ریونیو سٹامپ |

____________

حصص دار کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونے مطابقت رکھتے ہونے چاہیے)

بتاریخ ____________ مہینہ ____________ 2024

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۔