ANNUAL REPORT

2022

CHASHMA SUGAR MILLS LIMITED

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CHASHMA SUGAR MILLS LIMITED

Company Profile

Chashma Sugar Mills Limited (the Company) was incorporated on May 05,1988 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 ethanol including the following:

a) The exclusive object for which the Company established is to set up and operate an industrial undertaking at, Dera Ismail Khan in the Khyber Pakhtoon Khawa province to manufacture, produce, process, compound, prepare and sell sugar and other allied compounds, intermediates and by products thereto.

b) To appoint agents, sub-agents, attorneys, consultants, brokers, and contractors and connection with the exclusive object but not to act as managing agents.

c) To receive money on loan and borrow or raise money in such manner as the Company shall think fit in pursuance of the exclusive object, and in particular by the issue of debentures, or debenture stock (perpetual or otherwise) and to secure the repayment of any money borrowed raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future), and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the Company or any other person or company as the case may be, but not to act as a finance or banking company.

d) To purchase and import equipment, machinery, spare parts, or other articles and chemicals of use required by the Company for the purpose of carrying on the exclusive object and to export the products of the Company.

e) To employ and remunerate managers and other officers, employees and servants of the Company or any person or firm or company rendering services to the Company upon such terms as the Company may determine.

f) To accept or give security, including but not limited to promissory notes, indemnity bonds, guarantees, assignments, receipts, bailments pledges, hypothecations, liens, mortgages and charges, against the credit extended or moneys borrowed in connection with the exclusive object of the Company.

g) To open, close and operate banking accounts of the Company with any bank or banks, financial institutions or co-operative societies and to draw, make, accept, endorse, discount, execute and issue promissory notes bills of exchange, bill of lading, warrants, debentures and other negotiable or transferable instruments, but not to act as a finance or banking Company.

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

CHASHMA SUGAR MILLS LIMITED

COMPANY INFORMATION

Board of Directors

Begum Laila Sarfaraz	Chief Executive
Mr. Abbas Sarfaraz Khan	Chairman
Ms. Zarmine Sarfaraz	Director
Mr. Iskander M. Khan	Director
Mr. Abdul Qadar Khattak	Director
Ms. Mariam Ali Khan	Independent Director
Mr. Feisal Kemal Khan	Independent Director

Company Secretary
Mr. Mujahid Bashir

Chief Financial Officer
Mr. Rizwan Ullah Khan

Head of Internal Audit
Mr. Zaheer Mir

Auditors
M/s. A.F Ferguson & Co.
Chartered Accountants

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

Legal Advisor
Mr. Tariq Mehmood Khokhar
Barrister-at-Law, 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	Habib Bank Limited
The Bank of Khyber	National Bank of Pakistan
MCB Bank Limited	Soneri Bank Limited
The Bank of Punjab	Askari Bank Limited
Bank Al-Falah Limited	United Bank Limited
Dubai Islamic Bank (Pakistan) Limited	Meezan Bank Limited
Al-Baraka Bank (Pakistan) Limited	Habib Metropolitan Bank Limited
Allied Bank Limited	Samba Bank Limited

CHASHMA SUGAR MILLS LIMITED

Management Committees

Executive Committee

Mr. Abbas Sarfaraz Khan (Executive Director)	Chairman
Mr. Iskander M. Khan (Non-Executive Director)	Member
Mr. Feisal Kemal Khan (Independent 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 196 of the Companies Ordinance, 1984. Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions, investments and funding requirements.

Audit Committee

Ms. Mariam Ali Khan (Independent Director)	Chairperson
Mr. Iskander M. Khan (Non-Executive Director)	Member
Mr. Abdul Qadir Khattak (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

Ms. Mariam Ali Khan (Independent Director)	Chairperson
Mr. Abdul Qadir Khattak (Non-Executive Director)	Member
Mr. Iskander M. Khan (Non-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.

CHASHMA SUGAR MILLS 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.

CHASHMA SUGAR MILLS LIMITED

Code of Conduct

Chashma Sugar Mills 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.
- The Code of Conduct aims at guiding the “CSM team” with respect to standards of conduct expected in areas where improper activities could result in adverse consequences to the Company, harm its reputation or diminish its competitive advantage.
- 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 Chashma Sugar Mills 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.

CHASHMA SUGAR MILLS LIMITED

TEN YEARS PERFORMANCE AT A GLANCE

PARTICULARS	2022	2021	2020	2019	2018	2017	2016	2015
				(RUPEES IN THOUSAND)				
Sales - net	17,094,813	16,037,086	15,929,690	12,420,711	10,383,833	11,332,390	11,206,209	7,559,896
Cost of sales	14,228,117	13,912,324	13,019,259	10,183,656	9,004,826	10,224,316	10,100,778	7,102,310
Operating profit/(Loss)	1,618,212	993,685	1,646,572	1,386,048	737,524	625,256	716,714	586,046
Profit/(Loss) before tax	505,434	337,348	742,671	636,500	253,164	132,299	215,151	125,969
Profit/(Loss) After tax	43,548	310,381	746,115	578,648	193,623	92,152	297,450	174,097
Share capital	286,920	286,920	286,920	286,920	286,920	286,920	286,920	286,920
Shareholders' equity	11,115,953	9,011,835	7,690,524	6,321,459	5,805,480	4,065,179	4,075,359	2,621,405
Fixed assets - net	18,016,724	11,833,225	9,892,348	9,223,953	9,531,791	7,789,577	8,169,406	6,764,869
Current assets	5,918,070	4,136,107	4,387,455	4,187,304	4,170,076	2,770,411	1,898,319	3,495,029
Total assets	24,903,577	16,973,448	14,889,960	13,526,341	13,815,725	10,573,906	10,072,321	10,265,039
Long term liabilities	7,004,996	3,670,881	3,177,044	2,672,716	2,825,549	2,792,674	3,370,510	2,890,982
Dividend								
Cash dividend	0%	50%	50%	50%	15%	15%	45%	25%
Ratios:								
Profitability (%)								
Operating profit	9.47	6.20	10.34	11.16	7.10	5.52	6.40	7.75
Profit/ (Loss) before tax	2.96	2.10	4.66	5.12	2.44	1.17	1.92	1.67
Profit/(Loss) after tax	0.25	1.94	4.68	4.66	1.86	0.81	2.65	2.30
Return to Shareholders								
ROE - Before tax	4.55	3.74	9.66	10.07	4.36	3.25	5.28	4.81
ROE - After tax	0.39	3.44	9.70	9.15	3.34	2.27	7.30	6.64
Return on Capital Employed	0.24	2.45	6.87	6.43	2.24	1.34	3.99	3.16
E. P. S. - After tax	1.52	10.82	26.00	20.17	6.75	3.21	10.37	6.07
Activity								
Income to total assets	0.69	0.94	1.07	0.92	0.75	1.07	1.11	0.74
Income to fixed assets	0.95	1.36	1.61	1.35	1.09	1.45	1.37	1.12
Liquidity/Leverage								
Current ratio	0.87	0.96	1.09	0.92	0.80	0.75	0.72	0.74
Break up value per share	387.42	314.09	268.04	220.32	202.34	141.68	142.04	91.36
Total Liabilities to equity (Times)	1.24	0.88	0.94	1.14	1.38	1.60	1.47	2.92

CHASHMA SUGAR MILLS LIMITED

TEN YEARS REVIEW

PRODUCTION OF SUGAR

YEAR	CANE CRUSHED TONS	RECOVERY %	SUGAR PRODUCED TONS
2013	1,326,905	9.18	121,771
2014	1,294,435	8.33	107,775
2015	1,588,226	9.16	145,502
2016	1,689,633	9.2	155,443
2017	2,224,494	9.16	203,687
2018	2,040,734	9.47	193,323
2019	1,562,413	10.64	166,252
2020	1,432,075	10.55	151,013
2021	1,468,505	9.94	145,987
2022	1,885,437	10.35	195,219

PRODUCTION OF ETHANOL

YEAR	MOLASSES CONSUMED TONS	RECOVERY %	PRODUCTION (LITRES)
2014	19,590	18.56	4,540,945
2015	36,277	18.24	8,272,982
2016	111,385	18.58	25,870,308
2017	129,384	18.32	29,623,876
2018	184,282	19.37	44,617,163
2019	191,494	18.07	43,260,426
2020	189,471	18.35	43,462,330
2020	189,471	18.35	43,462,330
2021	189,086	18.66	44,099,770
2022	169,076	19.37	40,933,660

CHASHMA SUGAR MILLS LIMITED

Notice of Annual General Meeting

Notice is hereby given that 35th Annual General Meeting of the shareholders of Chashma Sugar Mills Limited will be held on January 27, 2023 at 11:00 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 October 07, 2022.

2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the year ended September 30, 2022.

3. To appoint the Auditors of the Company and to fix their remuneration for the financial year ending September 30, 2023. The present auditors' M/s. A.F.Ferguson & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.

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

Special Business:

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

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

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

BY ORDER OF THE BOARD

(Mujahid Bashir)
Company Secretary

Mardan:
January 03, 2023

N.B:

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

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

3. CDC shareholders are requested to bring their original computerized national identity card, account, sub account number and participant's number in the Central Depository System for identification purpose for attending the Meeting. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

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

5. The Financial Statements of the Company for the year ended September 30, 2022 along with reports have been placed at website of the Company www.chashmasugarmills.com

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

   "The Company Secretary, Chashma Sugar Mills Limited, Kings Arcade 20-A,
   Markaz F-7, Islamabad."

7. Pursuant to section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedure prescribed under the Companies Act, 2017. Shareholders are hereby informed that a list of all unclaimed dividend has been added on the Company's website http://www.chashmasugarmills.com. Any member effected by this notice is advised to write to or call at the office of the Company's Share Registrar M/s Hameed Majeed Associates (Pvt.) Ltd., H.M-House, 7-Bank Square Road, Lahore during normal working hours.

8. As per Section 72 of the Companies Act. 2017 every existing Listed Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the commission, with a period not exceeding 4 years from the commencement of this Act, i.e May 30, 2017.

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

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

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

Material Facts:

It has been recommended to increase the remuneration of the working directors from 15% to 25% w.e.f October 01, 2022 subject to approval of the shareholders of the Company considering the experience and knowledge of the working directors and increase in operational volumes of the Company. Therefore, in order to compensate the working directors, equitably in accordance with their efforts, the Board of Directors in the meeting held on January 03, 2023, recommended the aforementioned increase and passed the following special resolution;

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

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

CHASHMA SUGAR MILLS LIMITED
CHAIRMAN'S REVIEW REPORT

I am pleased to welcome you to the 35th Annual Report of your Company, it gives me great pleasure to present the Review Report along with the Audited Financial Statements for the year ended September 30, 2022, on behalf of the Board of Directors, on the performance of your Company, as required by Section 192 of the Companies Act, 2017.

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

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

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

The Board had full understating of the vision and mission statements and frequently revisit them to up-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 and overall review of business risks ensuring effectiveness of risks identification, risk management and internal controls to safeguard assets and interest of the Company and Shareholders.

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

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

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

(Abbas Sarfaraz Khan)
Chairman
Mardan: January 03, 2023

چشمہ شوگر ملز لمیٹڈ

چیئرمین کی جائزہ رپورٹ

میں آپ کو کمپنی کے 35 ویں سالانہ رپورٹ میں آپ کو خوش آمدید کہتا ہوں، بورڈ کی جانب سے 30 ستمبر 2022 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ جائزہ رپورٹ پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے جو کے کمپنیز ایکٹ 2017 کے سیکشن 192 کے مطابق ہے۔

بوڈر کا چیئرمین ہونے کے ناطے میں 04 اکتوبر 2022 کو خان عزیز سرفراز خان۔ خان آف مردان کی اچانک وفات پر اپنے گہرے دکھ کا اظہار کرتا ہوں۔ اللہ تعالیٰ ان کی روح کو سکون عطا فرمائے آمین۔ میں کمپنی کو دی گئی اُن کی خدمات بطور ڈائریکٹر/چیف ایگزیکٹیو آفیسر سراہتا ہوں اور ریکارڈ پہ لاتا ہوں۔

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

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

بورڈ کے پاس ویژن اور مشن کے متعلق مکمل آگاہی تھی اور مارکیٹ کے بدلتے ہوئے حالات کے ساتھ ان کو اپ ڈیٹ کرنے کے لیے 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 شئرز 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 چیئرمین 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 ہوں جس سے انہیں موثر فیصلے کرنے میں مدد ملی۔

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

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

عباس سرفراز خان

چیئرمین

مردان، 03 جنوری، 2023

CHASHMA SUGAR MILLS LIMITED

DIRECTORS' REPORT

The Directors of Chashma Sugar Mills Limited are pleased to present Directors' Report of the Company together with the audited financial statements for the year ended September 30, 2022.

1. SUMMARISED FINANCIAL RESULTS

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

	2022	2021
	(Rupees in thousands)	
Profit before taxation	**505,434**	337,348
Taxation		
- Current	**(284,270)**	43,835
- Prior	**(37,021)**	0
- Deferred	**(140,595)**	(16,868)
	(461,886)	26,967
Profit after taxation	**43,548**	310,381
	---------- (Rupees) ----------	
Earnings per Share	**1.52**	10.82

2. REVIEW OF OPERATIONS

2.1 CRUSHING SEASON 2021-22

The sugarcane crushing season 2021-22 commenced on November 15, 2021 continued till March 24, 2022. The mills have crushed 1,885,437 tons (2021: 1,468,505 tones) of sugarcane and have produced 195,219 tons (2021: 145,987 tons) of sugar having an average recovery of 10.35% (2021: 9.94%).

2.2 CRUSHING SEASON 2022-23

The sugarcane crushing season 2022-23 commenced on November 28, 2022. The mills have crushed 687,445 tons of sugarcane and have produced 68,747 tons of sugar till January 02, 2023. The Provincial Government of Punjab and Khyber Pakhtunkhwa (KPK) fixed sugar cane price @ Rs. 300/- per maund.

3. SUGAR PRICE

3.1- SUGAR- SEASON 2021-22

The country produced approximately 8.0 million tons of sugar, more than the local consumption, despite several requests, The Government of Pakistan refused to allow export of sugar, hence, the current domestic sugar prices remained low in financial year 2021-22.

3.2- SUGAR-SEASON 2022-23

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

4. DEATH OF KHAN AZIZ SARFARAZ KHAN

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

5. ETHANOL FUEL PLANT AT UNIT-II

The Ethanol Fuel Plant produced 32,747 MT of Ethanol during the year and contributed towards the profitability of the Company.

6. SILOS PROJECT

Commercial Operations Date (COD) as per concession agreements of both sites i.e. Notak Centre, District Bhakkar and Head Varery Centre, District Layyah has been completed. However, commercial operations of the Company have not started yet.

7. FLOUR MILLS PROJECT

The new subsidiary Company in the name of "Ultimate Whole Foods (Private) Limited" has been established. The subsidiary Company will set up a Flour Mills having capacity of 285 TPD at Ramak, Dera Ismail Khan. The Company is in construction phase and the commercial production is expected mid of next year.

8. STAFF

The Management and Labor relations remained cordial during the year. Bonus to employees was paid at the rate of 02 month's salary during the year.

9. PATTERN OF SHAREHOLDING

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

10. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of Chashma Sugar Mills 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 corporate governance as detailed in the Listed Companies (CCG) Regulations, 2019.
- Key operating and financial data for the last decade in summarized form is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at September 30, 2022, except for those disclosed in the financial statements.

- The value of investments of staff provident fund, based on audited accounts, was Rs. 243.954 million as at September 30, 2022.

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 Mr. Abbas Sarfaraz Khan Director of the Company who purchased 162,390 ordinary shares during the year.

12. RELATED PARTY TRANSACTIONS

The Related Parties Transactions mentioned in Note 42 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. BOARD MEETINGS

During the year, a total of eleven (11) meetings were held and the attendance of each director is shown as follows:

Name of Directors	Board Meetings	Board Audit Committee Meetings	Human Resource and Remuneration Committee
	Attended	Attended	Attended
Non- Executive Directors			
Ms. Zarmine Sarfaraz	3	-	-
Mr. Abdul Qadar Khattak	3	4	1
Mr. Iskander M. Khan	5	4	1
Executive Directors			
Mr. Aziz Sarfaraz Khan	5	-	-
Mr. Abbas Sarfaraz Khan	4	-	-
Independent Directors			
Ms. Mariam Ali Khan	2	2	1
Mr. Feisal Kemal Khan	5	-	-

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

14. ROLE OF SHAREHOLDERS

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

15. DIVIDEND

The Directors do not recommend any Dividend for the year ended September 30, 2022.

16. EXTERNAL AUDITORS

The present Auditors, M/s A. F. Fergusons & Co., Chartered Accountants, Islamabad, retire at the conclusion of forthcoming Annual General Meeting and being eligible, have offered themselves for reappointment. As suggested by the Audit Committee in terms of the Code of Corporate Governance, the Board of Directors has recommended their appointment as Auditors of the Company for the year ending September 30, 2023.

17. STATUS OF THE COMPANY

In the light of the directions of the Securities and Exchange Commission of Pakistan, the Company has been treated a subsidiary of The Premier Sugar Mills & Distillery Company Limited with effect from the financial year 2010.

18. COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

19. ACKNOWLEDGEMENT

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

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

FOR AND ON BEHALF OF THE BOARD

(ISKANDER M. KHAN)
DIRECTOR

(BEGUM LAILA SARFARAZ)
CHIEF EXECUTIVE

Mardan: January 03, 2023

چشمہ شوگر ملز لمیٹڈ
ڈائریکٹرز کی رپوٹ

چشمہ شوگر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور 30 ستمبر 2022 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۔

	2022	2021
	(ہزار روپے)	
ٹیکس سے پہلے منافع	**505,434**	337,348
ٹیکسیشن		
موجودہ سال کا ٹیکس	**(284,270)**	43,835
گزشتہ سال کا ٹیکس	**(37,021)**	**0**
ڈیفرڈ ٹیکس	**(140,595)**	(16,868)
	(461,868)	26,967
بعد از ٹیکس منافع	**43,548**	310,381
	----------- روپے -----------	
منافع فی شیئر	**1.52**	10.82

2۔ آپریشن کا جائزہ

2.1۔ کرشنگ سیزن 22-2021

گنے کا کرشنگ سیزن 22-2021، 15 نومبر 2021 کو شروع ہوا اور 24 مارچ 2022 تک جاری رہا۔ ملز نے 1,885,437 ٹن گنا کرش کیا (2021: 1,468,505 ٹن) اور چینی کی پیداوار 195,219 ٹن رہی۔ شوگر کی اوسط وصولی 10.35 فیصد ہے (2021: 9.94%) رہی۔

2.2۔ کرشنگ سیزن2022-23

گنے کا کرشنگ سیزن 2022-23 کا آغاز 28 نومبر 2022 کو شروع ہوا۔ ملز نے 687,445 ٹن گنے کو کرش کرتے ہوئے 68,747 ٹن چینی کی پیداوار 02 جنوری 2023 کی۔ پنجاب اور خیبر پختونخوا کی صوبائی حکومت نے گنے کی قیمت -/300 فی من مقرر کی ہے۔

3۔ چینی کی قیمت

3.1۔ چینی کا سیزن2021-22

ملک میں تقریباً 8.0 ملین ٹن چینی پیدا ہوتی ہے متعدد درخواستوں کے باوجود حکومت پاکستان کے چینی کی برآمد کی اجازت دینے سے انکار کر دیا۔ اس وجہ سے مالی سال 2021-22 میں چینی کی موجودہ ملکی قیمتیں کم رہیں۔

3.2۔ چینی کا سیزن2022-23

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

4۔ جناب عزیز سرفراز خان کی وفات

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

5۔ ایتھینول فیول پلانٹ یونٹ نمبر II

ایتھنول فیول پلانٹ نے مالی سال کے دوران، MT32,747 ایتھنول کی پیداوار کی۔

6۔ سائلوز پروجیکٹ

دونوں سائٹس کے رعایتی معاہدوں کے مطابق کمرشل آپریشنز کی تاریخ مکمل ہو چکی ہے۔ یعنی نوٹک سنٹر، ڈسٹرکٹ بھکر اور ہیڈواری سنٹر ضلع لیہ۔ تاہم کمپنی کا تجارتی آپریشن ابھی تک شروع نہیں ہوا ہے۔

7۔ فلور ملز پروجیکٹ

الشیمیٹ ہول فوڈز (پرائیویٹ) لمیٹڈ کے نام سے نئی ذیلی کمپنی قائم کی گئی ہے۔ ذیلی کمپنی رامک، ڈیرہ اسماعیل خان میں 285 ٹی پی ڈی کی گنجائش والی فلور ملز قائم کرے گی کمپنی تعمیراتی مرحلے میں ہے اور تجارتی پیداوار اگلے سال کے وسط میں متوقع ہے۔

8۔ سٹاف

سال بھر کے دوران انتظامیہ اور مزدوروں کے تعلقات خوشگوار رہے۔ ملازمین کو بونس سال کے دوران 02 ماہ کی تنخواہ کی شرح سے ادا کیا گیا۔

9۔ شئیر ہولڈنگ کی ترتیب

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

10۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

۔ دی چشمہ شوگر ملز لمیٹڈ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، رقم کی آمد ورفت، کاروباری سرمایہ میں ہونے والی تبدیلیاں اور تمام معاملات کو واضح پیش کرتے ہیں۔

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

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

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

۔ اندرونی کنٹرول کا نظام موئثر طریقے سے نافذ اور نگراں کیا گیا ہے۔

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

۔ کمپنی باقاعدگی سے کارپوریٹ گورننس کے قواعد وضوابط، جو کہ لسٹنگ کے قواعد میں واضح کئے گئے ہیں کی پاسداری کررہی ہے۔

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

۔ 30 ستمبر 2022 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 2022 کو آڈٹ شدہ اکاؤنٹس پر مبنی، اسٹاف پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 243.954 ملین تھی۔

11۔ شیئرز کی خرید و فروحت

30 ستمبر 2022 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سیکرٹری، ان کے ازواج اور چھوٹے بچوں کی جانب سے کمپنی کے حصص میں کوئی لین دین نہیں ہوئی سوائے ڈایکٹر جناب عباس سرفراز کے جنہوں نے سال کے دوران 162,390 شیئرز خریدے تھے۔

12۔ متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں سے لین دین کے معاملے نوٹ 42 میں بیان کئے گئے ہیں ان کو بورڈ آف آڈٹ کمیٹی کے سامنے منظوری کے لئے پیش کیا گیا اور بورڈ سے باقاعدہ منظوری لی گئی تھی۔ لین دین کے یہ معاملات انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈرز (آئی ایف آر ایس) اور کمپنیز ایکٹ 2017 کے قواعد کے عین مطابق ہیں۔ کمپنی کی جانب سے اس قسم کے تمام معاملات / لین دین کا ریکارڈ رکھا جاتا ہے۔ متعلقہ پارٹیوں سے متعلق تمام لین دین کے معاملات کی شیئر ہولڈرز سے سالانہ اجلاس عام میں منظوری لی جائے گی.

13۔ بورڈ اجلاس

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

ڈائریکٹرز کے نام نان۔ ایگزیکٹو ڈائریکٹرز	بورڈ آف ڈائریکٹرز کے اجلاس حاضری	آڈٹ کمیٹی کے اجلاس حاضری	ہیومن ریسورس اور معاوضہ کی کمیٹی حاضری
محترمہ زرمین سرفراز	3	--	--
جناب عبدالقادر خٹک	3	4	1
جناب اسکندر محمد خان	5	4	1
ایگزیکٹو ڈائریکٹرز			
جناب عزیز سرفراز خان	5	--	--
جناب عباس سرفراز خان	4	--	--
آزاد ڈائریکٹرز			
محترمہ مریم علی خان	2	2	1
جناب فیصل کمال خان	5	--	--

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

14۔ حصص داران کا کردار

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

15۔ڈیویڈنڈکی ادائیگی

ڈائریکٹرز نے 30 ستمبر 2022 میں ڈیویڈنڈ نہ دینے کی سفارش کی ہے۔

16۔آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسنز اینڈ کمپنی، چارٹرڈ اکاونٹنٹ، اسلام آباد، 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 آڈیٹرز کو 30 ستمبر 2023 مالی سال کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹر کے طور پر ان کی تقرری کی سفارش کی ہے۔

17۔ کمپنی کی حیثیت

سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں کمپنی کو مالی سال 2010 سے دی پریمیر شوگر ملز اینڈ ڈسٹلری کمپنی کا زیلی ادارہ سمجھا جاتا ہے۔

18۔ضابطہ برائے کاروباری نظم و نسق

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

19۔اعتراف

ڈائریکٹرز اسٹاف اور تنظیم کے ایگزیکٹوز کی محنت اور لگن اور ہمارے بینکرز کے قابل قدر تعاون کے لیے اظہار تشکر کرناچاہیں گے۔

آخر میں، 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
ڈائریکٹر

بیگم لیلیٰ سرفراز
چیف ایگزیکٹو

مردان
بتاریخ: 03 جنوری 2023

CHASHMA SUGAR MILLS LIMITED

Shareholders' Information

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

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

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

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

Listing on Stock Exchange
Chashma Sugar Mills Limited equity shares are listed on Pakistan Stock Exchange.

Listing Fees
The annual listing fee for the financial year 2022-23 has been paid to the stock exchanges within the prescribed time limit.

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 regulations of Securities and Exchange Commission of Pakistan (SECP) and the PSX rule book.

Stock Code
The stock code for dealing in equity shares of Chashma Sugar Mills Limited at PSX is **CHAS**.

Book Closure Dates
The Register of Members and Share Transfer Books of the Company will remain closed from Janruary 17, 2023 to Janruary 27, 2023.

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

CHASHMA SUGAR MILLS LIMITED

FORM - 34

PATTERN OF SHAREHOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT 30 SEPTEMBER, 2022

SHARE HOLDERS	SHAREHOLDING					TOTAL SHARESHELD
164	From	1	to	100	Shares	11,034
484	From	101	to	500	Shares	217,428
126	From	501	to	1,000	Shares	116,315
117	From	1,001	to	5,000	Shares	313,369
27	From	5,001	to	10,000	Shares	201,000
31	From	10,001	to	20,000	Shares	473,406
5	From	20,001	to	25,000	Shares	113,000
2	From	25,001	to	30,000	Shares	52,000
1	From	30,001	to	35,000	Shares	35,000
6	From	35,001	to	40,000	Shares	219,500
8	From	40,001	to	60,000	Shares	388,000
2	From	60,001	to	70,000	Shares	134,000
1	From	70,001	to	80,000	Shares	73,500
3	From	80,001	to	125,000	Shares	307,642
7	From	125,001	to	310,000	Shares	1,414,000
2	From	310,001	to	450,000	Shares	675,150
5	From	450,001	to	2,000,000	Shares	6,606,181
2	From	2,000,001	to	above	Shares	17,341,475
993						**28,692,000**

Categories of Shareholders	Numbers	Shares Held	Percentage
Associated Compaines, undertakings and related parties	4	19,126,334	66.66
Directors & Relatives	13	5,716,345	19.92
Public Sector Companies, Corporation Banks, and Development Finance Institutions.	9	191,286	0.67
Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutal Funds.	7	746,121	2.60
Charitable Trusts	4	224,500	0.78
Individuals	956	2,687,414	9.37
	993	**28,692,000**	**100.00**

Categories of Shareholders	Numbers		Shares Held		Percentage of Paid-up Capital
Associated Companies, Undertakings and Related Parties	**4**		**19,126,334**		**66.66**
The Premier Sugar Mills & Distillery Co., Ltd.		13,751,000		47.93	
Syntronics Limited		3,590,475		12.51	
Azlak Enterprises (Pvt) Limited		1,477,359		5.15	
Phipson & Co. (Pak) (Pvt.) Limited		307,500		1.07	
Directors & Relatives	**13**		**5,716,345**		**19.92**
Public Sector Companies and Corporations	**9**		**191,286**		**0.67**
Asif Mushtaq & Company		1,500		0.01	
Neelum Taxtlile Mills (pvt) Limited.		12,400		0.04	
Shakil Express (pvt) Limited.		17,700		0.06	
Muhammad Ahmed Nadeem Seurities (pvt) Limited.		300		0.00	
S.H Bukhari Securities (pvt) Limited.		400		0.00	
Akik Capital (Pvt) Limited		150,000		0.52	
Creative Capital (pvt) Limited.		6,000		0.02	
Fikree's (SMS)(pvt) Limited.		986		0.00	
MRS Securities (Pvt) Limited - MF		2,000		0.52	
Banks, Development Finance Instituions, Non Banking Financial Instituitions, Insurance Companies, Modarabas and Mutual Funds	**7**		**746,121**		**2.60**
National Bank of Pakistan, (Pension Fund).		86,142		0.30	
National Bank of Pakistan, (Emp. Benevolent Fund).		3,023		0.01	
National Bank of Pakistan,		529		0.00	
Trustee National Investment (unit) Trust		630,227		2.20	
Fancy Petroleum Services (pvt) Limited.		3,000		0.01	
IDBL (ICP Units)		3,200		0.01	
EFU Hermes Oman LLC		20,000		0.74	
Charitable Trusts	**4**		**224,500**		**0.78**
Trustees of Friends Eductional and Medical Trust		197,000		0.69	
Al Abbas Eductional and Welfare Society		15,500		0.05	
Trustees Moosa Lawari Foundation		5,000		0.02	
Trustee AKD Opportunty Fund		7,000		0.26	
Individuals	**956**		**2,687,414**		**9.37**
	993		**28,692,000**		**100.00**

Shareholders holding 10% or more voting Intesrest in the Company

The Premier Sugar Mills & Distillery Co., Limited	13,751,000	47.93
Syntronics Limited	3,590,475	12.51

CHASHMA SUGAR MILLS LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Chashma Sugar Mills Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Chashma Sugar Mills Limited for the year ended September 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

A.F.Ferguson & Co.

Chartered Accountants
Place: Islamabad
Date: January 05, 2023
UDIN: CR2022100831L7IGq8YB

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: Chashma Sugar Mills Limited.

Year ended: September 30, 2022

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

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

- **a)** Male 5
- **b)** Female 2

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

Category	Names
Independent Director	Ms. Mariam Ali Khan Mr. Feisal Kemal Khan.
Non-executive Director	Mr. Iskander M. Khan Mr. Abdul Qadar
Executive Directors	Mr. Aziz Sarfaraz Khan Mr. Abbas Sarfaraz Khan
Female Director	Ms. Zarmine Sarfaraz**(Non-executive Director)** Ms. Mariam Ali Khan**(Independent director)**

*Best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The Current Board of Directors of the Company adequately meets this requirement. Further, existing independent directors play an effective part within the Board and make valuable contribution. Therefore, fraction(2.33) has not been rounded up.

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 meet exemption requirement of the 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:

Audit Committee	**HR and Remuneration Committee**
Ms. Mariam Ali Khan (Chairperson)	Ms. Mariam Ali Khan (Chairperson)
Mr. Iskander M. Khan	Mr. Abdul Qadir Khattak
Mr. Abdul Qadir Khattak	Mr. Iskander M. Khan

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 (quarterly / half yearly / yearly) of the Committees were as per following:

   a) Audit Committee - Quarterly - 4 meetings held during the year
   b) HR and Remuneration Committee - On required basis - 1 meeting held during the year.

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 the 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.

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

Non-mandatory Requirement	Reg. No.	Explanation
Responsibilities of the Board and its members: A formal and effective mechanism is put in place for annual evaluation of the Boards' own performance, members of the Board and of its committee. The Board is responsible for the governance of risk and for determining the company's level of risk tolerance by establishing risk management policies and for this purpose the Board is encouraged to undertake at least annually, an overall of business risks.	**10 (2)**	Risk Management policy is in place. Non-Mandatory requirements of the regulations are partially complied. The Company is deliberating on full compliance with all the provisions of non- mandatory Regulations.
Significant Issues: The Chief executive officer of the company shall place significant issues for the information, consideration and decision, as the case may be of the Board or its committees.	**14**	Non- Mandatory provisions of the Regulations are partially complied.
Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	**29**	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee. The Board will consider to constitute nomination committee.
Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	**30**	Currently, the board has not constituted a risk Management committee and senior officers of the Company performs the requisite functions and apprises the Board accordingly. The Board will constitute risk Management committee when required
Disclosure of significant policies on website: The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors remuneration policy	**35**	Although these are circulated among the relevant employees and directors, the Board will consider posting such policies and synopsis on its website in near future.

(ABBAS SARFARAZ KHAN)
CHAIRMAN

Mardan: January 03, 2023

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHASHMA SUGAR MILLS LIMITED
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of Chashma Sugar Mills Limited (the Company), which comprise the unconsolidated statement of financial position as at September 30, 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, unconsolidated statement of profit or loss and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2022 and of the profit, the 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 Auditor's Responsibilities for the Audit of the unconsolidated 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 Matter

Key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the unconsolidated financial statements of the current period. This matter was addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
i)	**Revaluation of property, plant and equipment** *(Refer note 18, 5 and 6.1 to the financial statements)* Under the International Accounting Standard 16 “Property, Plant and Equipment”, the Company carries its freehold land, building & 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. As at September 30, 2022, the carrying value of free hold land, buildings & roads and plant & machinery was Rs 14,341 million. The fair value of the Company’s free hold land, buildings & roads, plant & machinery and electric installations were assessed by management based on independent valuation performed by an external property valuation expert as at September 30, 2022. For valuation of free hold land, buildings & roads, plant & machinery and electric installations, the current market price or depreciated replacement cost method is used, whereby, current cost of construction of similar free hold 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. We identified valuation of property plant and equipment as a key audit matter due to the significant carrying value and the significant management judgement and estimation involved in determining their value due to factors described above.	Our audit procedures to assess the valuation of free hold land, buildings & roads and plant & machinery included the following: - Evaluated the qualification, experience and competence of the independent external property valuation expert engaged by the Company as management expert for valuation; - Obtained understanding of the valuation process and techniques adopted by the valuation expert to assess, if they are consistent with the industry norms; - Obtained the valuation report of external valuation expert and tested mathematical accuracy of the reports; - Engaged another independent valuation expert as an auditor expert to assess the appropriateness and the reasonableness of the related management's assumptions and methodologies used by the management expert; and - Assessed the adequacy of the related disclosures in the annexed financial statements.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's 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 unconsolidated and consolidated financial statements and our auditor's reports thereon.

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

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 unconsolidated 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 unconsolidated 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 auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 pwc A·F·FERGUSON&Co.

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 unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mr. JehanZeb Amin

A.F.Ferguson & Co.

Chartered Accountants
Place: Islamabad
Date: January 05, 2023
UDIN: AR202210083KflrLqe56

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
NON CURRENT ASSETS			
Property, plant and equipment	6	18,016,724	11,833,225
Right-of-use assets	7	283,515	339,575
Long term investment	8	423,964	423,964
Long term loans and deposits	9	261,304	240,577
		18,985,507	12,837,341
CURRENT ASSETS			
Stores and spares	10	509,428	522,564
Stock-in-trade	11	3,379,869	1,354,545
Trade debts	12	44,157	533,462
Loans and advances	13	1,474,655	885,455
Trade deposits and other receivables	14	255,651	257,638
Income tax refundable	15	41,457	300,980
Cash and bank balances	16	212,853	281,463
		5,918,070	4,136,107
TOTAL ASSETS		24,903,577	16,973,448
SHARE CAPITAL AND RESERVES			
Authorized capital	17	500,000	500,000
Issued, subscribed and paid-up capital	17	286,920	286,920
Capital reserve			
General reserve	17	327,000	327,000
Revenue reserve			
Unappropriated profits		3,567,555	3,332,184
Surplus on revaluation of property, plant and equipment	18	6,934,478	5,065,731
Shareholders' equity		11,115,953	9,011,835
NON-CURRENT LIABILITIES			
Long term finances - secured	19	3,577,818	1,583,318
Loans from related parties - secured	20	163,089	173,075
Lease liabilities	21	146,604	226,887
Deferred liabilities			
-Deferred taxation		3,102,225	1,669,930
-Provision for gratuity		14,843	11,467
-Deferred government grant		417	6,204
	22	3,117,485	1,687,601
		7,004,996	3,670,881
CURRENT LIABILITIES			
Trade and other payables	23	1,225,998	950,266
Unclaimed dividend		14,607	12,353
Short term running finance - secured	24	4,489,508	2,466,100
Current maturity of non-current liabilities	25	1,052,515	862,013
		6,782,628	4,290,732
TOTAL LIABILITIES		13,787,624	7,961,613
Contingencies and commitments	26		
TOTAL EQUITY AND LIABILITIES		24,903,577	16,973,448

The annexed notes 1 to 46 form an integral part of these financial statements.

(RIZWAN ULLAH KHAN)	**(BEGUM LAILA SARFARAZ)**	**(ISKANDER M KHAN)**
CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE**	**DIRECTOR**

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
Gross sales	27	19,274,279	18,058,031
Sales tax, other government levies and discounts	28	(2,179,466)	(2,020,945)
Sales - net		17,094,813	16,037,086
Cost of sales	29	(14,228,117)	(13,912,324)
Gross profit		2,866,696	2,124,762
Selling and distribution expenses	30	(468,970)	(483,464)
Administrative and general expenses	31	(775,172)	(600,855)
Net impairment losses on financial assets	39.1.1	(34,145)	(80,987)
Other income	32	67,013	64,436
Other expenses	33	(37,210)	(30,207)
Operating profit		1,618,212	993,685
Finance cost	34	(1,112,778)	(656,337)
Profit before taxation		505,434	337,348
Taxation	35	(461,886)	(26,967)
Profit for the year		43,548	310,381
Earnings per share - basic and diluted (Rs)	36	1.52	10.82

The annexed notes 1 to 46 form an integral part of these financial statements.

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CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE**	**DIRECTOR**

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
Profit for the year		43,548	310,381
Other comprehensive income			
Items that will not be classified to profit or loss:			
Remeasurement (loss) / gain on staff retirement benefit plans	22.2.5	(974)	(348)
Less: Deferred tax on remeasurement gain / (loss) on staff retirement benefit plans		321	101
		(653)	(247)
Surplus on revaluation of property, plant and equipment		3,496,704	1,524,300
Less: Deferred tax on surplus on revaluation of property, plant and equipment		(1,292,021)	(369,663)
		2,204,683	1,154,637
Total comprehensive income for the year		2,247,578	1,464,771

The annexed notes 1 to 46 form an integral part of these financial statements.

(RIZWAN ULLAH KHAN)	(BEGUM LAILA SARFARAZ)	(ISKANDER M KHAN)
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
Cash flow from operating activities			
Profit for the year - before taxation		505,434	337,348
Adjustments for non-cash items:			
Depreciation	29,30&31	1,030,026	935,836
Gain on sale of operating fixed assets	32	2,325	(1,731)
Gain on derecognition of right of use assets	32	(20,479)	-
Profit on deposit accounts	32	(7,226)	(4,474)
Finance cost		1,112,778	656,337
Impairment loss for doubtful trade debts	39.1.1	(664)	28,277
Provision for doubtful advances	39.1.1	560	(3,410)
Impairment loss for export subsidy	39.1.1	34,249	56,120
Provision / (reversal) for obsolete items	10.1	27,938	(3,193)
Provision for gratuity	22.2.2	3,862	3,392
		2,688,803	2,004,502
Changes in working capital			
Decrease / (Increase) in			
stores and spares		(14,802)	(17,096)
stock-in-trade		(2,025,324)	(112,546)
trade debts		489,969	(418,690)
loans and advances		(589,760)	737,448
trade deposits and other receivables		(32,262)	(2,660)
Increase / (decrease) in trade and other payables		275,732	7,410
		(1,896,447)	193,866
		792,356	2,198,368
Income tax paid		(61,768)	(57,125)
Gratuity paid	22.2.1	(1,460)	(1,904)
Net cash generated from operating activities		729,128	2,139,339
Cash flow from investing activities			
Purchase of property, plant and equipment		(3,699,224)	(1,302,935)
Sale proceeds of operating fixed assets		43,880	70,984
Increase in long term investment		-	(284,810)
Increase in long term deposits and other receivables		-	(154,217)
Profits on bank deposits received	32	7,226	4,474
Net cash used in investing activities		(3,648,118)	(1,666,504)
Cash flow from financing activities			
Long term finances received / (repaid)		2,046,562	415,767
Short term loan (repaid) / received		(500,000)	238,000
Loan (repaid) / received to related party		-	(24,238)
Lease obligation repaid	21	(124,883)	(150,138)
Dividends paid		(141,206)	(141,646)
Finance cost paid		(801,658)	(622,893)
Net cash generated / (used) in financing activities		478,815	(285,148)
Net (decrease) / increase in cash and cash equivalents		(2,440,175)	187,687
Cash and cash equivalents - at beginning of the year		51,133	(136,554)
Cash and cash equivalents - at end of the year		(2,389,042)	51,133
Cash and cash equivalents comprised of:			
Cash and bank balances	16	212,853	281,463
Short term running finance - secured	24	(2,601,895)	(230,330)
		(2,389,042)	51,133

The annexed notes 1 to 46 form an integral part of these financial statements.

(RIZWAN ULLAH KHAN)	(BEGUM LAILA SARFARAZ)	(ISKANDER M KHAN)
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Share capital	General reserve	Unappropriated profits	Surplus on revaluation of property, plant and equipment	Total
	---------- Rupees in thousand ----------				
Balance as at October 1, 2020	286,920	327,000	2,853,561	4,223,043	7,690,524
Total comprehensive income for the year ended September 30, 2021					
Income for the year	-	-	310,381	-	310,381
Other comprehensive income for the year	-	-	(247)	1,154,637	1,154,390
	-	-	310,134	1,154,637	1,464,771
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation)	-	-	311,949	(311,949)	-
Cash dividend at rate of Rs 5.00 per ordinary share for the year ended September 30, 2020	-	-	(143,460)	-	(143,460)
Balance as at September 30, 2021	286,920	327,000	3,332,184	5,065,731	9,011,835
Balance as at October 1, 2021	286,920	327,000	3,332,184	5,065,731	9,011,835
Total comprehensive income for the year ended September 30, 2022					
Income for the year	-	-	43,548	-	43,548
Other comprehensive income for the year	-	-	(653)	2,204,683	2,204,030
	-	-	42,895	2,204,683	2,247,578
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation)	-	-	335,936	(335,936)	-
Cash dividend at rate of Rs 5.00 per ordinary share for the year ended September 30, 2021	-	-	(143,460)	-	(143,460)
Balance as at September 30, 2022	**286,920**	**327,000**	**3,567,555**	**6,934,478**	**11,115,953**

The annexed notes 1 to 46 form an integral part of these financial statements.

(RIZWAN ULLAH KHAN)	**(BEGUM LAILA SARFARAZ)**	**(ISKANDER M KHAN)**
CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE**	**DIRECTOR**

CHASHMA SUGAR MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. Legal status and operations

Chashma Sugar Mills Limited (the Company) 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. The Company has its shares quoted on the Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing, production, processing, compounding, preparation and sale of sugar, other allied compound, intermediates and allied products. The Company is a subsidiary of The Premier Sugar Mills and Distillery Company Limited. The head office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located at Dera Ismail Khan, Khyber Pakhtunkhwa.

2. 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 (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.

3. Changes in accounting standards, interpretations and pronouncements

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

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 1, 2023
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IFRS 4	Insurance contracts (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 9	Financial Instruments (Amendments)	January 1, 2022
IFRS 16	Leases (Amendments)	January 1, 2022

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

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

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

3.3 The following interpretations issued by the IASB have been waived off by SECP:

IFRIC 12 Service Concession Arrangements

4. Summary of significant accounting policies

4.1 Basis of preparation

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

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.

These financial statements are the separate financial statements of the Company. In addition to these separate financial statements, the Company also prepares consolidated financial statements.

4.2 Property, plant and equipment

4.2.1 Owned assets

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

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

Increase in the carrying amount arising on revaluation of freehold land, building and roads, plant & machinery and electric installations are recognized in other comprehensive income and accumulated in shareholders' equity under the heading surplus on revaluation of property, plant and equipment. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized 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 proceed and carrying amount of the asset, is recognized as other income in statement of profit or loss account for the year.

4.2.2 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 fixes assets, capital stores and intangibles assets in the course of their acquisition, construction and installation.

4.3 Right-of-use assets

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

The cost comprising 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 any initial direct costs, and
- restoration costs.

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

4.4 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 account.

4.5 Long term investments

4.5.1 Investment in subsidiaries

Investment in subsidiaries is initially recognised at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognised as expense in the statement of profit or loss account. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount, limited to the extent of initial cost of investment. Reversal of impairment losses are recognised in the statement of profit or loss account.

The profits or losses of subsidiaries are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gains and losses on disposal of investment are included in other income. When the disposal on investment in subsidiary results in loss of control such that it becomes an associate, the retained investment is carried at cost.

4.5.2 Investment in associates

Investments in associates and jointly controlled entities are initially recognised at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense in the statement of profit or loss account. Where impairment losses are subsequently reversed, the carrying amounts of these investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the statement of profit or loss. The profits and losses of associates and jointly controlled entities are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the associates and jointly controlled entities. Gains and losses on disposal of investments are included in the statement of profit or loss account.

4.6 Stores and spares

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.

4.7 Stock-in-trade

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

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

4.8 Trade debts

Trade debts are recognised and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. As explained in note 4.23 to these financial statements, for measurement of loss allowance for trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses.

4.9 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.

4.10 Borrowings and borrowing cost

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 account over the period of the borrowings using the effective interest method.

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

4.11 Employee retirement benefits

The Company operates a provident fund and an unfunded gratuity scheme for its employees as per details below:

4.11.1 Defined contribution plan

The Company operates a recognized contributory provident fund for its permanent employees. Equal monthly contributions are made, both by the Company and the employees to the fund at the specified rate of basic salary and charged to statement of profit or loss account. Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

4.11.2 Defined benefit plan

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

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

4.12 Lease liabilities

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

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

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

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

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

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

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

4.13 Trade and other payables

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

4.14 Provisions

Provisions are recognised when the Company 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.

4.15 Taxation

Income tax comprises of current and deferred tax.

(i) 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.

The Company recognises 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.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

(ii) 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.

4.16 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.

4.17 Foreign currency transactions and translation

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

4.18 Revenue recognition

The Company recognises 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 Company 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 a 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.

4.19 Development expenditure

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

4.20 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 Company has two reportable segments i.e. sugar and ethanol.

4.21 Earnings per share

The Company 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 Company 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.

4.22 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 Company 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 shall be 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 Company is recognised in profit or loss of the period in which the entity qualifies to receive it.

4.23 Financial instruments

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized 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 account.

a) **Financial assets**

Classification

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

i) amortized cost where the effective interest rate method will apply;
ii) fair value through profit or loss;
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 will either be recorded in statement of profit or loss or other comprehensive income. For investment in equity instruments that are not held for trading, this will depend on whether the Company 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 Company 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 Company commit 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.

Debt instruments

Subsequent measurement of debt instruments depends on the Company’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company can classifies 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 account 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 account.

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

Debt securities, where the contractual cashflows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cashflows 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 account. 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 account 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 account.

iii) Fair value through profit and 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 Company subsequently measures all equity investments at fair value. Where the Company'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 account following the derecognition of the investment. Dividends from such investments continue to be recognised in statement of profit or loss account as other income when the Company's right to receive payments is established.

Impairment of financial assets

The Company 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 investment and 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
- Cash and bank balances

i) General approach for loans and advances, trade deposits and other receivables and cash 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 month 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 month to lifetime expectations.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company 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 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).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a the debt is more than 365 days past due, unless the Company 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.

ii) 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; 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 Company'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 Company recognizes 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 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 will result in impairment gains.

b) Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

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

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized 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 amortized cost, using the effective interest rate method and are measured at present value. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized 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 they expire.

Offsetting financial assets and financial liabilities

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

4.24 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

The principal or the most advantageous market is accessible by the Company. 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 Company 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.

4.25 Other Income

The Company 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. 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 Company'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 4.2

The Company 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 and equipment, with a corresponding effect on the depreciation and impairment.

ii) Surplus on revaluation of property, plant and equipment - note 4.2

The Company carries out revaluations, considering the change in circumstances and assumptions from latest revaluation. The fair value of the Company's free hold 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 free hold land, buildings & roads and plant & machinery, the current market price or depreciated replacement cost method is used, whereby, current cost of construction of similar free hold 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) Provision for stores and spares - note 4.6

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 Company 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 realizable value - note 4.7

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.

Work in process of sugar is valued at 80% of production cost.

v) Estimation of impairment loss allowance - note 4.8

The Company 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 4.11

Defined benefit plans are provided for all employees of the Company. 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 4.15

In making the estimate for tax payable, the Company 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 Company.

Deferred tax assets are recognized 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 utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

viii) Provisions and contingencies - notes 4.14

The management exercises judgement in measuring and recognizing provisions and exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgement 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 4.3 and 4.12

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

A significant portion of the lease contracts included within Company's lease portfolio includes lease contracts which are extendable through mutual agreement between the Company and the lessor or lease contracts which are cancelable by the Company on immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that these cancelable 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 Company which incorporates economic, potential demand of customers and technological changes.

	Note	2022	2021
		(Rupees in thousand)	
6. Property, plant and equipment			
Operating fixed assets	6.1	14,475,625	11,035,865
Capital work-in-progress	6.7	3,541,099	797,360
		18,016,724	11,833,225

6.1 Operating fixed assets

	Freehold land	Buildings and roads	Plant and machinery	Electric installations	Office equipment	Farm equipment	Furniture and fixtures	Vehicles	Total
	----------	----------	----------	----------	Rupees in thousand	----------	----------	----------	----------
As at October 1, 2020									
Cost / revalued amount	1,411,825	1,775,616	7,325,793	519,621	88,686	1,619	48,246	57,132	11,228,538
Accumulated depreciation	-	(151,001)	(1,140,949)	(239,461)	(40,481)	(627)	(22,907)	(39,842)	(1,635,268)
Net book value	1,411,825	1,624,615	6,184,844	280,160	48,205	992	25,339	17,290	9,593,270
Year ended September 30, 2021									
Opening net book value	1,411,825	1,624,615	6,184,844	280,160	48,205	992	25,339	17,290	9,593,270
Additions	158,292	52,452	450,502	104,716	26,882	776	7,242	3,791	804,653
Disposals									
Cost	(32,250)	(15,257)	-	-	-	(73)	-	(57,038)	(104,618)
Accumulated depreciation	-	-	-	-	-	3	-	35,362	35,365
	(32,250)	(15,257)	-	-	-	(70)	-	(21,676)	(69,253)
Transfers from right of use assets to owned									
Cost	-	-	-	-	-	-	-	91,372	91,372
Depreciation	-	-	-	-	-	-	-	(58,707)	(58,707)
	-	-	-	-	-	-	-	32,665	32,665
Depreciation charge	-	(162,654)	(640,630)	(33,583)	(5,540)	(102)	(2,797)	(4,464)	(849,770)
Revaluation adjustments:									
Cost or valuation	249,598	-	-	-	-	-	-	-	249,598
Depreciation	-	296,707	977,995	-	-	-	-	-	1,274,702
	249,598	296,707	977,995	-	-	-	-	-	1,524,300
Closing net book value	1,787,465	1,795,863	6,972,711	351,293	69,547	1,596	29,784	27,606	11,035,865
As at October 1, 2021									
Cost or revalued amount	1,787,465	1,812,811	7,776,295	624,337	115,568	2,322	55,488	95,257	12,269,543
Accumulated depreciation	-	(16,948)	(803,584)	(273,044)	(46,021)	(726)	(25,704)	(67,651)	(1,233,678)
Net book value	1,787,465	1,795,863	6,972,711	351,293	69,547	1,596	29,784	27,606	11,035,865
Year ended September 30, 2022									
Opening net book value	1,787,465	1,795,863	6,972,711	351,293	69,547	1,596	29,784	27,606	11,035,865
Additions	-	251,054	541,592	139,039	6,306	168	8,624	8,702	955,485
Disposals / Adjustments									
Cost	(38,400)	(5,273)	-	-	(63)	-	-	(8,823)	(52,559)
Depreciation	-	532	-	-	24	-	-	5,798	6,354
	(38,400)	(4,741)	-	-	(39)	-	-	(3,025)	(46,205)
Transfers from right of use assets to owned									
Cost	-	-	-	-	-	-	-	7,528	7,528
Depreciation	-	-	-	-	-	-	-	(5,140)	(5,140)
	-	-	-	-	-	-	-	2,388	2,388
Depreciation charge	-	(186,119)	(722,853)	(43,013)	(7,329)	(170)	(3,305)	(5,823)	(968,612)
Revaluation adjustments:									
Cost or valuation	188,730	343,229	1,232,831	-	-	-	-	-	1,764,790
Depreciation	-	202,535	1,526,437	2,942	-	-	-	-	1,731,914
	188,730	545,764	2,759,268	2,942	-	-	-	-	3,496,704
Closing net book value	1,937,795	2,401,821	9,550,718	450,261	68,485	1,594	35,103	29,848	14,475,625
As at September 30, 2022									
Cost or revalued amount	1,937,795	2,401,821	9,550,718	763,376	121,811	2,490	64,112	102,664	14,944,787
Accumulated depreciation	-	-	-	(313,115)	(53,326)	(896)	(29,009)	(72,816)	(469,162)
Net book value	1,937,795	2,401,821	9,550,718	450,261	68,485	1,594	35,103	29,848	14,475,625
Annual rate of depreciation (%)	-	10	10	10	10	10	10	20	

6.2 Disposal of operating fixed assets

Particulars of assets	Cost / Revalued amount	Accumu-lated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
	- - - - - - - - - - - - - - - - - Rupees in thousand- - - - - - - - - - - - - - - - -						
Assets having net book value exceeding Rs.500,000 each							
Freehold land							
64 Kanals	38,400	-	38,400	39,424	1,024	Through agreement	M/s. Ultimate Whole Foods (Pvt.) Ltd (Subsidiary)
Buildings and roads							
Boundary wall	5,273	532	4,741	-	(4,741)	Write off	
Vehicles							
Honda Civic	3,110	2,243	867	2,050	1,183	Negotiation	Mr. Sheikh Muhammad Shahid
Toyota Corolla	2,381	1,704	677	795	118	Negotiation	Mr. Akbar Qadir Khattak
Toyota Corolla	2,037	1,193	844	1,121	277	Company policy	Mr. Ammar Khurshid Khan (employee)
	7,528	5,140	2,388	3,966	1,578		
Various assets having net book value upto Rs.500,000 each	1,358	682	676	490	(186)		
September 30, 2022	52,559	6,354	46,205	43,880	(2,325)		
September 30, 2021	104,618	35,365	69,253	70,984	1,731		

6.3 During the year, the Company has decided to carry electric installations at revaluation model. 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:

	2022	2021
	(Rupees in thousand)	
Freehold land	239,234	278,653
Buildings & roads	850,184	676,066
Plant & machinery	3,290,496	3,082,761
Electric installations	447,318	-
	4,827,232	4,037,480

6.4 Forced sales value of the fixed assets based on valuation conducted during the year are as follows:

	2022	2021
Freehold land	1,647,126	1,519,346
Buildings & roads	1,954,907	1,465,198
Plant & machinery	7,163,037	5,229,532
Electric installations	315,182	-
	11,080,252	8,214,076

6.5 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immovable property	Total Area	Covered Area
		(Kanals)	
CSM-1, D.I.Khan	Factory Building	1,111.25	98.86
CSM-2, Ramak	Factory Building	1,618.65	174.66

6.6 Depreciation for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in thousand)	
Cost of sales	29	952,155	836,969
Administrative and general expenses	31	16,457	12,801
		968,612	849,770

6.7 Capital work-in-progress:

	Land and building	Plant and machinery	Electric installations	Office equipments	Owned vehicles	Vehicles - leased	Advance payments to Contractors	Advance payments against land - freehold and buildings	Total
	Rupees in thousand								
As at October 1, 2020	36,111	188,640	29,666	17,714	1,114	19,700	6,133	-	299,078
Additions during the year	171,884	497,878	179,939	-	1,060	67,228	-	432,292	1,350,281
Capitalized during the year	(50,873)	(450,502)	(104,715)	(17,714)	(2,174)	(67,729)	-	(158,292)	(851,999)
Balance as at September 30, 2021	157,122	236,016	104,890	-	-	19,199	6,133	274,000	797,360
As at October 1, 2021	157,122	236,016	104,890	-	-	19,199	6,133	274,000	797,360
Additions during the year	2,882,581	461,509	43,901	-	8,559	78,480	-	271,965	3,746,995
Capitalized during the year	(251,054)	(541,592)	(139,039)	-	(8,209)	(63,362)	-	-	(1,003,256)
Other adjustments	258	-	(258)	-	-	-	-	-	-
Balance as at September 30, 2022	2,788,907	155,933	9,494	-	350	34,317	6,133	545,965	3,541,099

6.8 Additions in land and building includes Rs. 207,662 thousand (September 30, 2021: Nil) capitalised in respect of borrowing cost on long term loans obtained for the purpose of construction of buiding and civil works.

7. Right of Use Assets	2022 Rupees in thousand				2021 Rupees in thousand			
	Vehicles	Plant and Machinery	Buildings and tanks	Total	Vehicles	Plant and Machinery	Buildings and tanks	Total
Net book value at beginning of the year	154,861	51,341	133,373	339,575	155,775	57,046	182,278	395,099
Additions	63,362	-	-	63,362	67,729	-	-	67,729
Remeasurement during the year	(57)	-	(2,001)	(2,058)	-	-	(4,522)	(4,522)
Deletion during the year								
Cost	-	-	(84,169)	(84,169)	-	-	(29,568)	(29,568)
Accumulated depreciation	-	-	30,607	30,607	-	-	22,471	22,471
Net book value	-	-	(53,562)	(53,562)	-	-	(7,097)	(7,097)
Transferred to owned assets								
Cost	(7,528)	-	-	(7,528)	(91,372)	-	-	(91,372)
Accumulated depreciation	5,140	-	-	5,140	58,707	-	-	58,707
Net book value	(2,388)	-	-	(2,388)	(32,665)	-	-	(32,665)
Depreciation charge	(35,164)	(5,134)	(21,116)	(61,414)	(35,978)	(5,705)	(44,383)	(86,066)
Net book value at end of the year	180,614	46,207	56,694	283,515	154,861	51,341	133,373	339,575
Annual rate of depreciation (%)	20	10	20-50		20	10	20-50	
As at September 30								
Cost or revalued amount	283,584	60,580	141,722	485,886	227,807	60,580	227,892	516,279
Accumulated depreciation	(102,970)	(14,373)	(85,028)	(202,371)	(72,946)	(9,239)	(94,519)	(176,704)
Net book value	180,614	46,207	56,694	283,515	154,861	51,341	133,373	339,575

7.1 Depreciation for the year has been allocated as follows:	Note	2022 (Rupees in thousand)	2021
Cost of sales	29	5,134	5,705
Selling and distribution expenses	30	21,116	20,800
Administrative and general expenses	31	35,164	59,561
		61,414	86,066

8. Long term investment	Note	2022 (Rupees in thousand)	2021
Investment in shares of Whole Foods (Private) Limited (WFL) - at cost		100,000	100,000
Investment in shares of Ultimate Whole Foods (Private) Limited (UWFL) - at cost		204,000	204,000
Difference in fair value and present value on initial recognition of interest free loan		119,964	119,964
		423,964	423,964

	% age holding		
8.1 Whole Foods (Private) Limited (WFL) - Un-quoted	100%	219,964	219,964
Ultimate Whole Foods (Private) Limited (UWFL) - Un-quoted	51%	204,000	204,000
		423,964	423,964

8.2 WFL was incorporated in Pakistan on October 26, 2017. The principal activity of WFL is to setup, manage, supervise and control the storage facilities for agricultural produce. WFL is yet to commence its operations.

8.3 UWFL was incorporated in Pakistan on May 17, 2021. The objective of UWFPL is to set up mills for milling wheat, gram, other grains and other allied products and by-products from flours. The operations of the UWFPL have not yet started.

8.4 The summarised financial information for WFL & UWFL is given below. The information disclosed reflects the amounts presented in the unaudited financial statements for the period ended September 30, 2022. The latest available audited financial statements have been prepared for the year ended June 30, 2022.

	Ultimate Whole Foods (Private) Limited	Whole Foods (Private) Limited	2022 Total	2021 Total
			(Rupees in thousand)	
Summarised statement of financial position				
Current assets	109,860	75,269	185,129	429,965
Non- current assets	881,637	680,436	1,562,073	674,136
Current liabilities	(90,095)	(150,478)	(240,573)	(72,512)
Non-current liabilities	(512,411)	(458,382)	(970,793)	(455,593)
Net assets	388,991	146,845	535,836	575,996
Reconciliation to carrying amounts:				
Opening net assets	397,511	178,485	575,996	79,557
Shareholder / Sponsor Contribution	-	-	-	519,962
Surplus on revaluation of property, plant and equipment - net of defferred taxation	-	68,957	68,957	94,613
Loss for the year / period	(8,520)	(100,597)	(109,117)	(118,136)
Closing net assets	388,991	146,845	535,836	575,996
Company's percentage shareholding in the associate	51%	100%		
Company's share in net assets at cost	198,385	146,845	345,230	381,216
Summarised statements of comprehensive income				
Net revenue	-	-	-	-
Loss for the year / period	(8,520)	(100,597)	(109,117)	(118,136)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss	(8,520)	(100,597)	(109,117)	(118,136)

8.5 During the year ended September 30, 2022, management assessed the investment in 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;
- Management plans to consider other options for storage operations

For the purpose of determining the recoverable amount, the Company engaged a revaluation expert for determining fair value of freehold land and plant and machinery of WFL as at June 30, 2022. The fair value of free hold land and plant and machinery is determined to be Rs 673.9 million, which is higher than the carrying amount. Based on the above, management has concluded that there is no need to recognise an impairment loss in the financial statements.

	Note	2022	2021
9. Long term loans and deposits - considered good		(Rupees in thousand)	
Long term security deposits		15,084	15,084
Loan to subsidiary company - WFL - at amortized cost	9.1	246,220	225,493
		261,304	240,577

9.1 This represents an amount of Rs 335 million paid by the Company intermittently on behalf of the WFL. Further, tripartite subordination agreements dated June 29, 2020 and June 30, 2021 have been entered into between the Company, WFL and Soneri Bank Limited (the lender) whereby the related amount is subordinated to the principle, markup and any and all other amounts that may be payable to the lender under the financing agreements. Further, no payment of the aforesaid amount can be made by WFL, except with prior written consent of the lender. Accordingly, all payments due to Company shall be postponed till repayment of loan to the lender. The Company expects that repayment will be made in full after repayment of the amount due to lender. Owing to the substance of transactions at non-market interest rate (nil in this case), the difference between the present value and proceeds is recognised as a long term investment made in WFL by the Company using the effective interest method. In respect of loan to WFL referred in note 8.3 subordinated to all secured finance facilities availed by the Company, the entire amount of loan has been classified as non-current asset.

	Note	2022	2021
		(Rupees in thousand)	
At the beginning of the year		225,493	60,846
Additions during the year	8.4	-	154,190
Unwinding of interest on loan to subsidiary company		20,727	10,457
Balance as at end of the year		246,220	225,493

10. Stores and spares

Stores and spares		570,121	555,319
Less: Provision for obsolete items	10.1	(60,693)	(32,755)
		509,428	522,564

10.1 Provision for obsolete items

Opening balance		32,755	35,948
Provision for the year	10.2	27,938	-
Reversal of provision for obsolete items		-	(3,193)
Closing balance		60,693	32,755

10.2 During the year, the Company recorded provision for damaged/lost stores and spares as a result of flood at factory premises. The Company has filed insurance claim and recorded a receivable and is confident of full recovery of the amount.

11. Stock-in-trade

Finished goods			
- Sugar		1,848,502	169,689
- Molasses		1,082,773	748,145
- Ethanol		436,448	423,262
		3,367,723	1,341,096
Work-in-process		12,146	13,449
	11.1	3,379,869	1,354,545

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

12. Trade debts - unsecured

Considered good	12.1	44,157	533,462
Considered doubtful		1,782	2,446
		45,939	535,908
Less: loss allowance	12.2	(1,782)	(2,446)
		44,157	533,462

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

		Note	2022	2021
			(Rupees in thousand)	
12.2	Movement in loss allowance			
	Opening balance		2,446	1,945
	(Reversal) / provision for the year		(664)	28,277
	Write off against provision during the year		-	(27,776)
	Closing Balance		1,782	2,446

13. Loans and advances

	Note	2022	2021
Advances to:			
Employees - secured	13.1	10,211	7,867
Suppliers and contractors - unsecured		1,038,141	582,083
		1,048,352	589,950
Due from related parties	13.2	267,024	117,413
Letters of credit - secured		189,022	207,275
		1,504,398	914,638
Less:			
- Provision for doubtful advances		(28,838)	(28,838)
- Loss allowance	13.3	(905)	(345)
		1,474,655	885,455

13.1 These include balances of Rs 10,211 thousand (2021: Rs 7,867 thousand) secured against retirement benefits of respective employees.

13.2 This represents amounts due from the associated companies:

	2022	2021
Due from holding company:		
The Premier Sugar Mills and Distillery Company Limited	162,538	89,995
Due from subsidiary company / associated company:		
Whole Foods (Private) Limited	100,045	27,418
Ultimate Whole Foods (Private) Limited	2,666	-
Relative of a director	1,775	
	267,024	117,413

Maximum aggregate amount outstanding in respect of related parties at any month-end during the year was Rs 265.249 million (2021: Rs 400.970 million).

	2022	2021
0 to 6 months	267,024	117,413

13.3 Movement in loss allowance

	2022	2021
Opening balance	345	3,755
ECL for the year	560	(3,410)
Closing balance	905	345

14. Trade deposits and other receivables

	Note	2022	2021
Deposits		5,845	1,942
Prepayments		5,152	5,197
Export subsidy receivable		305,519	305,519
Others		29,504	1,100
		346,020	313,758
Less: loss allowance	14.1	(90,369)	(56,120)
		255,651	257,638

		Note	2022	2021
14.1	Movement in impairment loss of export subsidy is as follows:		(Rupees in thousand)	
	Opening balance		56,120	-
	Impairment loss for the year		34,249	56,120
	Closing balance		90,369	56,120

15. Income tax refundable

Income tax refundable is net of provision for taxation.

16. Cash and bank balances

	Note	2022	2021
At banks in			
Current accounts	16.1	174,501	261,602
Savings accounts	16.2	34,973	19,378
Deposit accounts	16.2	3,379	483
		212,853	281,463

16.1 These include dividend account balance of Rs 0.460 million (2021: Rs 1.472 million). These balances are maintained in separate non interest bearing current bank accounts.

16.2 These carry profit at the rates ranging from 5.50% to 12.25% (2021: 5.50% to 5.76%) per annum.

16.3 Lien is marked on bank balances for an amount of Rs 4 million (2021: Rs 4 million) in respect of the various guarantees extended by the banks.

17. Share capital

17.1 **Authorised share capital**

As at year end, the issued, subscribed and paid-up capital of the Company includes following share capital holdings by the related parties;

2022	2021		2022	2021
(Number of shares)			(Rupees in thousand)	
50,000,000	50,000,000	Ordinary shares of Rs 10 each	500,000	500,000

17.2 **Issued, subscribed and paid up capital**

2022	2021		2022	2021
(Number of shares)		Ordinary shares of Rs 10 each	(Rupees in thousand)	
28,692,000	28,692,000	Fully paid in cash	286,920	286,920

17.3 The holding company, The Premier Sugar Mills and Distillery Company Limited held 13,751,000 (2021: 13,751,000) ordinary shares and the associated companies held 5,375,334 (2021: 5,360,834) ordinary shares at the year end.

17.4 Ordinary shares have a par value of Rs 10 each. They entitle the holder to participate in dividends, as declared from time to time, and to share in the proceedings of the winding up of the Company in the proportion to the number of and amounts paid on the shares held. Further, the holder is entitled to one vote per share at the general meetings of the Company.

17.5 **General reserve**

These represent amounts appropriated by the Board of Directors of the Company from 1993 to 2005 to a separate reserve available for distribution.

18. Surplus on revaluation of property, plant and equipment

18.1 The Company follows revaluation model for freehold land, buildings & roads, plant & machinery and electric installations. The fair value of the Company's free hold land, buildings & roads, plant & machinery and electric installations were assessed by management based on independent valuation performed by an external property valuation expert as at September 30, 2022. For valuation of free hold land, buildings & roads, plant & machinery and electric installations, the current market price or depreciated replacement cost method is used, whereby, current cost of construction of similar free hold 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. Movement during the year is as follows:

	2022	2021
	(Rupees in thousand)	
Balance at the beginning of the year	6,518,555	5,428,149
Add: surplus on revaluation carried-out during the year	3,496,704	1,524,300
Less: transferred to unappropriated profits	(501,899)	(433,894)
	9,513,360	6,518,555
Less: deferred tax on:		
- opening balance of surplus	1,452,824	1,205,106
- surplus during the year	1,292,021	369,663
- incremental depreciation for the year	(165,250)	(120,351)
- disposal of revalued asset	(713)	(1,594)
	2,578,882	1,452,824
Balance at the end of the year	6,934,478	5,065,731

18.2. 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.

19. Long term finances - secured

Lending Institutions	Interest rate (per annum)	September 30, 2022 Total available facility	Long-term portion	Current portion	Total outstanding	September 30, 2021 Total outstanding amount	Collateral
		(Rupees in thousand)					
Loans from banking companies							
Bank Al Habib Limited	- 6 month KIBOR + 1% to 1.5 %; and - SBP rate 3% and 5% p.a	3,116,000	2,471,727	132,634	2,604,361	617,766	Secured against first joint pari passu charge on present and future fixed assets of the Company for Rs 1,867 million. Ranking charge of Rs. 2,834 million on present & future fixed assets of the company.
Soneri Bank Limited	- 3 month KIBOR + 1.75 %; and - 6 month KIBOR + 1.5%	890,000	332,139	221,426	553,565	785,489	Secured against first joint pari passu charge on present and future fixed assets of the Company for Rs 1,867 million.
Dubai Islamic Bank Pakistan Limited	- 6 month KIBOR + 2% and - 6 month KIBOR + 2.10%	1,500,000	250,000	297,493	547,493	292,480	Secured against pari passu hypothecation charge over all fixed assets of the Company for Rs. 1,334 million. Secured against first exclusive charge over head office building of the Company for Rs. 590 million.
MCB Bank Limited	3 month KIBOR + 1.10%	306,000	77,237	57,291	134,528	191,821	Secured against first joint pari passu charge on present and future fixed assets of the Company for Rs 438 million.
Al Baraka Bank Limited	6 month KIBOR + 1.50%	450,000	446,715	-	446,715	352,544	Ranking charge of Rs. 600 million on present & future fixed assets of the company. Specific charge of Rs 450 million on specific plant and machinery items
Total			3,577,818	708,844	4,286,662	2,240,100	
Accrued mark-up					211,925	50,282	
					4,498,587	2,290,382	
Less: amount payable within next 12 months							
Principal					708,844	656,782	
Accrued mark-up					211,925	50,282	
Amount due after September 30, 2023					3,577,818	1,583,318	

		Note	2022	2021
			(Rupees in thousand)	
20.	**Loans from related parties - secured**			
	Associated Companies			
	Premier Board Mills Limited	20.1	65,575	65,575
	Arpak International Investments Limited	20.2	43,750	43,750
	Azlak Enterprises (Private) Limited	20.3	85,000	85,000
	Accrued mark-up		10,317	32,296
			204,642	226,621
	Less: amount payable within next 12 months			
	Principal		31,236	21,250
	Accrued mark-up		10,317	32,296
			163,089	173,075

20.1 The long term finance facility had been renewed on November 4, 2019. The principal is repayable in 7 semi annual installments commencing from November 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

20.2 The long term finance facility had been renewed on November 4, 2019. The principal is repayable in 7 semi annual installments commencing from November 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

20.3 The long term finance facility has been renewed on January 3, 2022. The principal is repayable in 8 semi annual installments 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 the Company.

		2022	2021
21.	**Lease liabilities**		
	Balance at beginning of the year	328,290	372,737
	Additions during the year	72,337	67,729
	Unwinding of interest on lease liabilities	28,020	42,484
	Payments made during the year	(124,883)	(150,138)
	Remeasurement (gain) / loss	(2,001)	(4,522)
	Early termination (gain) / loss	(64,966)	-
	Balance at end of the year	236,797	328,290
	Less: current portion of long term lease liabilities	(90,193)	(101,403)
		146,604	226,887

21.1 The Company has acquired vehicles under finance lease from commercial banks. The financing is repayable in equal monthly installments over a period of four years and carries finance charge ranging from 7.81% to 17.50% (2021: 7.01% to 10.14%) per annum.

	Note	2022	2021
		(Rupees in thousand)	
22. Deferred liabilities			
Deferred taxation	22.1	3,102,225	1,669,930
Provision for gratuity	22.2	14,843	11,467
Deferred government grant	22.3	417	6,204
		3,117,485	1,687,601

22.1 Deferred tax comprises of the following:

	2022	2021
Taxable temporary differences arising in respect of:		
Accelerated tax depreciation allowances	543,247	417,903
Surplus on revaluation of property, plant and equipment	2,578,882	1,452,826
Lease finances	15,417	3,551
	3,137,546	1,874,280
Deductible temporary differences arising in respect of:		
Provision for doubtful advances	(9,630)	(8,463)
Provision for obsolete items	(20,029)	(9,499)
Expected credit loss on trade debts	(571)	(709)
Provision for gratuity	(5,091)	(3,326)
Impairment loss on export subsidy	-	(16,275)
Minimum tax recoverable against normal tax charge in future years	-	(166,078)
	(35,321)	(204,350)
	3,102,225	1,669,930

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

	2022	2021
Present value of defined benefit obligation	14,843	11,467
Fair value of plan assets	-	-
Net liability	14,843	11,467

22.2.1 Movement in net liability recognised

	Note	2022	2021
Opening net liability		11,467	9,631
Expense for the year recognised in statement of profit or loss account	22.2.2	3,862	3,392
Remeasurement (gain) / loss recognised in Statement of Other Comprehensive Income (OCI)	22.2.5	974	348
Benefits Paid		(1,460)	(1,904)
		14,843	11,467

	2022	2021
	(Rupees in thousand)	

22.2.2 Expense for the year

	2022	2021
Current service cost	2,735	2,546
Net interest expense	1,127	846
	3,862	3,392

22.2.3 Changes in the present value of defined benefit obligation:

	2022	2021
Opening defined benefit obligation	11,467	9,631
Current service cost	2,735	2,546
Interest cost	1,127	846
Benefits paid	(1,460)	(1,904)
Remeasurement loss on defined benefit obligation	974	348
Closing defined benefit obligation	14,843	11,467

22.2.4 Principal actuarial assumptions used in the actuarial valuation:

The "Projected Unit Credit Method" using the following significant assumptions was used for the valuation of the scheme:

	2022	**2021**
	%	%
Discount rate used for interest cost	10.50	9.75
Discount rate used for year end obligation	13.25	10.50
Salary increase rate - long term	12.25	9.50
Salary increase rate - short term	12.25	9.50
Demographic assumptions		
Mortality rates	SLIC 2001-05	SLIC 2001-05

During the year 2023, the Company expects to contribute Rs 5,571 thousand (2021: Rs 3,889 thousand) to its gratuity scheme.

22.2.5 Remeasurement recognised in OCI during the year:

	2022	2021
	(Rupees in thousand)	
Actuarial (gains)/losses from changes in demographic assumptions	-	-
Actuarial (gains)/losses from changes in financial assumptions	(25)	(6)
Experience adjustments	999	354
Remeasurement loss / (gain) on defined benefit obligation	974	348

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

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

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

	Effect of 1 percent increase	Effect of 1 percent decrease
	(Rupees in thousand)	
2022		
Discount rate	(13,628)	16,264
Future salary growth	16,242	(13,628)
2021		
Discount rate	(10,528)	12,567
Future salary growth	12,545	(10,532)

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

The defined benefit obligation exposes the Company 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.

	Note	2022	2021
		(Rupees in thousand)	
22.3 Deferred government grant			
Opening balance		6,204	14,693
Grant recognised during the year		-	2,976
Amortization during the year		(5,787)	(11,465)
Closing Balance	22.3.1	417	6,204

22.3.1 This represent deferred government grant in respect of term finance facility obtained under SBP Salary Refinance Scheme. During the year 2020, the Company had entered into an arrangement with Habib Bank Limited for obtaining term finance facility under State Bank of Pakistan (SBP) Salary Refinance Scheme to pay three month salaries & wages to permanent, contractual and temporary employees upto a maximum of Rs 262 million. The repayment of loan (principal amount) will be made in 8 equal quarterly installments commencing from April 1, 2021. Mark up rate is SBP rate + 1% on this facility and shall also be paid on quarterly basis. The availed facility at September 30, 2022 was Rs 262 million (2021: Rs 262 million). The facility will expire on January 1, 2023. There are no unfulfilled conditions or other contingencies attaching to this grant.

		Note	2022	2021
			(Rupees in thousand)	
23.	**Trade and other payables**			
	Creditors		314,961	358,491
	Due to related parties	23.1	156,526	245,823
	Accrued expenses		114,494	105,433
	Retention money		20,940	18,390
	Security deposits	23.2	984	774
	Advance payments from customers	23.3	225,921	17,241
	Sales tax payable		210,252	46,554
	Income tax deducted at source		59,400	48,603
	Payable for workers welfare obligations	23.4	53,965	59,373
	Payable to employees		57,657	42,047
	Payable to provident fund		3,700	34
	Others		7,198	7,503
			1,225,998	950,266

23.1 This represents amounts due to the following related parties and are interest free and payable on demand:

	2022	2021
Subsidiary Company		
Ultimate Whole Foods (Private) Limited	-	204,000
Associated Companies		
The Frontier Sugar Mills and Distillery Limited	733	-
Syntronics Limited	-	4,603
Azlak Enterprises (Private) Limited	39,604	37,220
Directors	116,189	-
	156,526	245,823

23.2 These are repayable on demand and cannot be utilised for the purpose of business in accordance with the terms of written agreements with these parties. No amount in this respect has been kept in separate bank account.

		2022	2021
23.3	Revenue recognised from advance from customers during the year	17,241	39,548
23.4	Payable for workers welfare obligations		
	Balance at the beginning of the year	59,373	107,275
	Charge for the year	39,325	28,017
	Prior year adjustment	(2,605)	-
		96,093	135,292
	Interest on funds utilized in the Company's business	535	8,117
	Payments made during the year	(42,663)	(84,036)
	Balance at the end of the year	53,965	59,373

24. Short term running finance - secured

	Note	2022	2021
		(Rupees in thousand)	
Secured			
Cash / running finance		2,601,895	230,330
Export re finance		1,700,000	2,200,000
		4,301,895	2,430,330
Accrued mark-up		187,613	35,770
	24.1	4,489,508	2,466,100

24.1 Short term running finance - secured

Lending Institution	Interest rate (per annum)	September 30, 2022 Total available facility	September 30, 2022 Facility availed	September 30, 2022 Total outstanding amount	September 30, 2021 Total outstanding amount	Collateral
		(Rupees in thousand)				
Secured						
Bank Al-Habib Limited	3 month KIBOR +1% to 6 month KIBOR + 3%	1,250,000	1,218,000	1,122,000	634,000	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 823.530 million First joint pari passu charge on present and future current assets of the Company for Rs 1,867 million.
The Bank of Punjab	3 month KIBOR +1.1 %	1,200,000	1,200,000	-	300,000	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 825 million First joint pari passu charge on present and future current assets of the Company for Rs 667 million.
MCB Bank Limited	3 month KIBOR +1.1%	1,100,000	997,997	897,997	496,330	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 888.890 million First joint pari passu charge on present and future current assets of the Company for Rs 534 million.
Bank Alfalah Limited	3 month KIBOR +1.25%	550,000	550,000	547,895	-	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 647.059 million
Dubai Islamic Bank Pakistan Limited	9 month KIBOR +1.5% to 1.8%; and 6 month KIBOR + 1.25%	1,100,000	900,000	-	200,000	Pledge on Sugar Stocks with 10% margin Pledge charge of Rs. 909 million First joint pari passu charge on present and future current assets of the Company for Rs 267 million.
Soneri Bank Limited	3 month KIBOR +1.5% 6 month KIBOR + 1.25%	1,000,000	1,000,000	689,000	500,000	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 588.235 million First joint pari passu charge on present and future current assets of the Company for Rs 666.67 million.
The Bank of Khyber	3 month KIBOR +1%	500,000	499,500	225,700	-	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 589 million
Samba Bank Limited	1 month KIBOR +1%	600,000	599,303	519,303	-	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 707 million
Habib Metropolitan Bank	3 month KIBOR + 0.90 %	1,050,000	1,050,000	300,000	300,000	Pledge on Sugar Stocks with 10% margin Pledge charge of Rs. 834 million First joint pari passu charge on present and future current assets of the Company for Rs 400 million.
Total				4,301,895	2,430,330	
Accrued mark-up				187,613	35,770	
				4,489,508	2,466,100	

25. Current maturity of non-current liabilities

	Note	2022	2021
		(Rupees in thousand)	
Long term finances	19	920,769	707,064
Loans from related parties	20	41,553	53,546
Lease liabilities	21	90,193	101,403
		1,052,515	862,013

26. Contingencies and commitments

Contingencies

26.1 The Assistant Commissioner Inland Revenue (ACIR) vide show cause notice dated May 12, 2014 alleged that Company has claimed inadmissible input tax adjustment on building material including cements & bricks during the tax periods in year 2013-14. Further the ACIR ordered the Company to pay alleged demand of Rs 36.84 million representing principal amount and default surcharge for the aforesaid tax period. The Company filed appeal before Commissioner Inland Revenue Appeals [CIR(A)] wherein amount was reduced to Rs. 28.06 million vide order-in-appeal dated March 24, 2015. The Company preferred an appeal against the aforesaid order before the Appellate

Tribunal Inland Revenue (ATIR), whereby ATIR vide its order dated January 25, 2016 upheld the Company's contention. The tax department filed a reference in this respect before the Honorable Peshawar High Court which is yet to be decided.

26.2 The Commissioner Inland Revenue (CIR), Peshawar vide order dated May 26, 2015 alleged that the Company has not undertaken appropriate stock taking and raised a demand of Rs 10 million in respect of FED on the alleged differential stock. The Company 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 Honorable Peshawar High Court which is yet to be decided.

26.3 Certain companies have filed a constitutional petition with the High Court of Sindh challenging the varies of section 4C of the Income tax Ordinance, 2001. The Sindh High court has provided an interim relief to respective companies through order dated October 3, 2022 allowing them to submit income tax returns of the tax year 2022 with the tax authorities without payment of super tax under section 4C of Income tax Ordinance, 2001. The management based on consultation with its tax consultants and legal counsel is confident that the Company also has arguable stance and accordingly has not recorded the related provision for taxation. The Company is yet to file its petition with High court.

No provision on account of contingencies disclosed in note 26.1 - 26.3 above has been made in these financial statements as the management and its tax and legal advisors are of the view, that these matters will eventually be settled in favor of the Company.

26.4 The Company has letter of guarantee facilities aggregating Rs 50 million (2021: Rs 50 million) available from Bank Al Habib. The amount availed on these facilities as at September 30, 2022 is Rs 4 million (2021: Rs 4 million). These facilities are secured by master counter guarantee and 100% cash margin.

26.5 The Company has obtained letter of credit facilities aggregating Rs 431 million (2021: Rs 538 million) from Bank Al Habib and Habib Metro Bank. The amount availed on these facilities as at September 30, 2022 is Rs 173 million (2021: Rs 115 million). These facilities are secured by lien on shipping documents.

26.6 The Company has cash finance facility available from various banks aggregating to Rs 5,950 million (2021: Rs 5,150 million), out of which Rs 2,600 million (2021: Rs 230.3 million) has been availed by the Company as at September 30, 2022. These facilities are secured against pledge charge over crystalline sugar inclusive of margin of 10 - 15%.

26.7 The Company has Export Re Finance/Finance Against Pecking Credit (ERF / FAPC) facility from various commercial banks for Rs 2,400 million (2021: Rs 2,250 million), out of which Rs 1,700 million (2021: Rs 2,200 million) has been availed by the Company as at September 30, 2022. These facilities are secured by the joint parri passu hypothecation charge over current assets of the Company and lien over export documents.

26.8 The Company is defending its stance before the courts of law against various parties including individuals, corporate entities, federal and provincial revenue / regulatory authorities etc. The management of the Company is of the view that the ultimate outcome of these cases are expected to be favorable 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 in this regard.

		Note	2022	2021
			(Rupees in thousand)	
	Commitments			
26.9	The Company has following commitments in respect of:			
	Foreign letter of credit for purchase of plant and machinery		211,841	178,967
	Local letter of credit for purchase of plant and machinery		207,519	257,546
	Capital expenditure other than for letter of credit		104,683	144,647

		Note	2022	2021
27.	**Gross sales**		(Rupees in thousand)	
	Local		14,792,342	13,674,572
	Export	27.1	4,481,937	4,383,459
			19,274,279	18,058,031

27.1 Export sales comprise of the ethanol sales made in the following regions:

United Arab Emirates	-	5,615
Indonesia	162,727	1,350,362
Singapore	-	8,917
Spain	3,117,219	1,160,151
Hong Kong	137,795	35,690
Switzerland	-	1,026,709
United Kingdom	999,289	649,271
Others	64,907	146,744
	4,481,937	4,383,459

28. Sales tax, other government levies and discounts

Indirect taxes	2,169,631	2,011,263
Discounts	9,835	9,682
	2,179,466	2,020,945

29. Cost of sales

	Note		
Raw material consumed		13,776,986	11,709,642
Chemicals and stores consumed		404,930	269,393
Salaries, wages and benefits	29.1	674,222	538,347
Power and fuel		107,534	89,010
Repair maintenance and others		315,639	559,888
Insurance		16,841	19,109
Depreciation - property, plant and equipment	6.6	952,155	836,969
Depreciation - right of use asset	7.1	5,134	5,705
Reversal of provision for obsolete items		-	(3,193)
		16,253,441	14,024,870
Adjustment of work-in-process:			
Opening		13,449	11,624
Closing		(12,146)	(13,449)
		1,303	(1,825)
Cost of goods manufactured		16,254,744	14,023,045
Adjustment of finished goods:			
Opening stock		1,341,096	1,230,375
Closing stock		(3,367,723)	(1,341,096)
		(2,026,627)	(110,721)
		14,228,117	13,912,324

29.1 Salaries, wages and benefits include Rs 16.37 million (2021: Rs 13.75 million) in respect of retirement benefits.

30. Selling and distribution expenses

	Note		
Salaries, wages and benefits	30.1	15,476	12,291
Loading and stacking		19,915	10,184
Export development surcharge		12,199	10,262
Freight and other expenses		400,264	429,927
Depreciation - right of use asset	7.1	21,116	20,800
		468,970	483,464

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

		Note	2022	2021
31.	**Administrative and general expenses**		(Rupees in thousand)	
	Salaries, wages and benefits	31.1	469,061	370,398
	Travelling and conveyance		55,577	25,016
	Vehicles running and maintenance		28,707	18,143
	Rent, rates and taxes		7,613	3,590
	Communication		15,023	10,273
	Printing and stationery		9,839	7,237
	Insurance		4,845	4,673
	Repair and maintenance		49,827	31,155
	Fees and subscription		5,900	4,210
	Depreciation - property, plant and equipment	6.6	16,457	12,801
	Depreciation - right of use asset	7.1	35,164	59,561
	Auditors' remuneration	31.2	3,350	3,046
	Legal and professional charges		11,348	9,896
	Others		62,461	40,856
			775,172	600,855

31.1 Salaries, wages and benefits include Rs 11.34 million (2021: Rs 8.27 million) in respect of retirement benefits.

31.2 Auditors' remuneration

	2022	2021
Statutory audit	2,343	2,130
Half year review	554	504
Consolidation	246	224
Group reporting	123	112
Out-of-pocket expenses	84	76
	3,350	3,046

		2022	2021
32.	**Other income**		
	Income from financial assets		
	Return on bank deposits	7,226	4,474
	Income from other than financial assets		
	Sale of press mud - net of sales tax	5,656	3,671
	Sale of fusel oil - net of sales tax	4,233	3,485
	Gain on disposal of operating fixed assets	(2,325)	1,731
	Gain on derecognition of right of use assets	20,479	-
	Scrap sales - net of expenses	13,110	50,960
	Rental income	115	115
	Others	18,519	-
		59,787	59,962
		67,013	64,436
33.	**Other expenses**		
	Donations - without directors' interest	490	2,190
	Workers' profit participation and workers welfare obligations	39,325	28,017
	Others	(2,605)	-
		37,210	30,207

		Note	2022	2021
			(Rupees in thousand)	
34.	**Finance cost**			
	Mark-up on:			
	Long term finances		310,563	179,979
	Loans from related parties		25,175	17,493
	Short term borrowings		760,025	441,925
			1,095,763	639,397
	Unwinding of interest on lease liabilities		28,020	42,484
	Amortization of deferred government grant	22.3	(5,787)	(11,465)
	Amortization of loan to subsidiary company	9.1	(20,727)	(10,456)
	Interest on workers' profit participation fund		535	8,117
	Bank charges		12,504	9,139
	Exchange loss / (gain) - net		2,470	(20,879)
			1,112,778	656,337
35.	**Taxation**			
	Current:			
	- for the year		284,270	43,835
	- prior year		37,021	-
			321,291	43,835
	Deferred:			
	On account of temporary differences		140,595	(16,868)
			461,886	26,967
35.1	Reconciliation of taxation with accounting profit			
	Profit before taxation		505,434	337,348
	Tax rate		29%	29%
	Tax on profit		146,576	97,831
	Tax effect of:			
	Lower rate income		(7,224)	(8,742)
	Prior year charge		37,021	-
	Deferred tax asset adjusted in respect of prior year temporary differences		166,078	(89,412)
	Super tax impact		72,381	-
	Others		47,054	27,290
			461,886	26,967
36.	**Earnings per share**			
	Profit after taxation attributable to ordinary shareholders		43,548	310,381
	Weighted average number of shares outstanding during the year (No. of shares '000')		28,692	28,692
	Earnings per share (Rs)		1.52	10.82

36.1 There is no dilutive effect on basic earnings per share.

37. Segment operating results for the year ended September 30, 2021

	Sugar Division		Ethanol Division		Total	
	2022	2021	2022	2021	2022	2021
	---- Rupees in thousand ----					
Sales						
-External Customers	14,264,248	13,141,517	5,010,031	4,916,514	19,274,279	18,058,031
-Inter segment	953,528	1,007,043	-	-	953,528	1,007,043
	15,217,776	14,148,560	5,010,031	4,916,514	20,227,807	19,065,074
Less : sales tax & others	(2,098,904)	(1,946,775)	(80,562)	(74,170)	(2,179,466)	(2,020,945)
Sales - net	13,118,872	12,201,785	4,929,469	4,842,344	18,048,341	17,044,129
Segment expenses:						
Cost of Sales	(11,387,946)	(10,879,109)	(2,840,171)	(3,033,215)	(14,228,117)	(13,912,324)
less: Inter segment cost	-	-	(953,528)	(1,007,043)	(953,528)	(1,007,043)
	(11,387,946)	(10,879,109)	(3,793,699)	(4,040,258)	(15,181,645)	(14,919,367)
Gross profit	1,730,926	1,322,676	1,135,770	802,086	2,866,696	2,124,762
Selling and distribution expenses	(48,382)	(19,820)	(420,588)	(463,644)	(468,970)	(483,464)
Administrative and general expenses	(587,989)	(459,864)	(187,183)	(140,991)	(775,172)	(600,855)
Net impairment losses on financial assets	(15,626)	(80,987)	-	-	(15,626)	(80,987)
	(651,997)	(560,671)	(607,771)	(604,635)	(1,259,768)	(1,165,306)
Profit from operations	1,078,929	762,005	527,999	197,451	1,606,928	959,456
Other income	48,756	62,037	(262)	2,399	48,494	64,436
Other expenses	(37,210)	(30,207)	-	-	(37,210)	(30,207)
	11,546	31,830	(262)	2,399	11,284	34,229
Segment results	1,090,475	793,835	527,737	199,850	1,618,212	993,685
Finance cost					(1,112,778)	(656,337)
Profit before tax					505,434	337,348
Taxation					(461,886)	(26,967)
Profit for the year					43,548	310,381

37.1 Segment assets and liabilities

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	----(Rupees in thousand)----			
Sugar	18,267,845	11,379,821	11,336,792	4,739,128
Ethanol	6,635,732	2,083,503	5,636,656	2,810,170
Total for reportable segment	24,903,577	13,463,324	16,973,448	7,549,298
Others	-	324,300	-	412,315
Total assets / liabilities	24,903,577	13,787,624	16,973,448	7,961,613

38 Financial instruments

38.1 Financial assets and liabilities

As at September 30, 2022

	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Total
Financial assets:	----Rupees in thousand----			
Maturity upto one year				
Trade debts	44,157	-	-	44,157
Loans and advances	436,514	-	-	436,514
Trade deposits and other receivables	250,499	-	-	250,499
Cash and bank balances	212,853	-	-	212,853
Maturity after one year				
Long term security deposits	261,304	-	-	261,304
	1,205,327	-	-	1,205,327

Financial liabilities:	Other financial liabilities	Fair value through profit and loss	Total
	---------------------------	Rupees in thousand	---------------------------
Other financial liabilities			
Maturity upto one year			
Trade and other payables	676,460	-	676,460
Unclaimed dividends	14,607	-	14,607
Current maturity of non current liabilities	962,322	-	962,322
Short term running finance	4,489,508	-	4,489,508
Lease liabilities	90,193	-	90,193
Maturity after one year			
Long term finances - secured	3,577,818	-	3,577,818
Loans from related parties - secured	163,089	-	163,089
Lease liabilities	146,604	-	146,604
	10,120,601	-	10,120,601

As at September 30, 2021

Financial assets:	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Total
		(Rupees in thousand)		
Maturity upto one year				
Trade debts	533,462	-	-	533,462
Loans and advances	96,097	-	-	96,097
Trade deposits and other receivables	252,441	-	-	252,441
Cash and bank balances	281,463	-	-	281,463
Maturity after one year				
Long term security deposits	240,577	-	-	240,577
	1,404,040	-	-	1,404,040

Financial liabilities:	Other financial liabilities	Fair value through profit and loss	Total
		(Rupees in thousand)	
Other financial liabilities			
Maturity upto one year			
Trade and other payables	778,495	-	778,495
Unclaimed dividends	12,353	-	12,353
Current portion of non current liabilities	760,610	-	760,610
Short term running finance	2,466,100	-	2,466,100
Lease liabilities	101,403	-	101,403
Maturity after one year			
Long term finances - secured	1,583,318	-	1,583,318
Loans from related parties - secured	173,075	-	173,075
Lease liabilities	226,887	-	226,887
	6,102,241	-	6,102,241

39 Financial risk management

39.1.1 Financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors (the Board) has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. 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, loans and advances, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set an allowed credit period 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.

The Company recognises ECL for trade debts using the simplified approach as explained in note 4.23. As per the aforementioned approach, the loss allowance was determined as follows:

	1-180 days	181-365 days	More than 365 days	Total
	--------------------------Rupees in thousand		---------------------------	
September 30, 2022				
Gross carrying value	44,210	-	1,729	45,939
Loss allowance	53	-	1,729	1,782
September 30, 2021				
Gross carrying value	534,179	-	1,729	535,908
Loss allowance	717	-	1,729	2,446

ECL on other receivables is calculated using general approach (as explained in note 4.23). As at the reporting date, Company envisages 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 the Company 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 as at September 30, 2022 and September 30, 2021 is determined as follows:

	2022	2021
	(Rupees in thousand)	
September 30, 2022		
Gross carrying value	436,514	96,097
Loss allowance	(905)	(345)

Based on past experience, the management believes that no further impairment allowance is necessary in respect of trade debts, loans and advances and other financial assets.

Net impairment losses on financial assets recognised in statement of profit or loss :

Impairment loss for doubtful trade debts	(664)	28,277
Impairment loss for export subsidy	34,249	56,120
Impairment losses on doubtful advances	560	-
Reversal of impairment losses	-	(3,410)
Net impairment losses on financial assets	34,145	80,987

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

	Rating	2022	2021
		(Rupees in thousand)	
Counterparties without external credit rating			
Trade debts		44,157	533,462
Loans and advances		247,492	96,097
Trade deposits and other receivables		250,499	252,441
		542,148	882,000
Counterparties with external credit rating			
Bank balances			
	A-1+	203,506	279,688
	A-1	9,347	1,775
		212,853	281,463
Loans and advances			
	A-1+	185,061	172,537
	A-1	3,959	34,738
	A-1+	2	
		189,022	207,275

b) 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 to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the contractual maturities of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 Year	Between 1 to 5 years	5 years and above
			(Rupees in thousand)		
As at September 30, 2022					
Long term finance - secured	4,498,587	4,498,587	920,769	3,577,818	-
Loans from related parties	204,642	204,642	41,553	163,089	-
Lease liabilities	236,797	236,797	90,193	146,604	-
Trade and other payables	676,460	676,460	676,460	-	-
Unclaimed dividend	14,607	14,607	14,607	-	-
Short term running finance	4,489,508	4,489,508	4,489,508	-	-
As at September 30, 2021					
Long term finance - secured	2,290,382	2,290,382	707,064	1,583,318	-
Loans from related parties	226,621	226,621	53,546	173,075	-
Lease liabilities	328,290	328,290	101,403	226,887	-
Trade and other payables	778,495	778,495	778,495	-	-
Unclaimed dividend	12,353	12,353	12,353	-	-
Short term running finance	2,466,100	2,466,100	2,466,100	-	-

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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

c) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial liabilities include Rs 9.31 million (2021: Financial assets include Rs 332.11 million) which were subject to currency risk.

	2022	2021
Rupees per USD		
Average rate	199.95	168.08
Reporting date rate	229.45	170.45

Sensitivity analysis

As at September 30, 2022, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 0.62 million (2021: Rs 23.61 million) lower/ higher.

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no long term interest bearing financial assets whose fair value or future cash flows will fluctuate because of changes in market interest rates. Financial assets and liabilities include balances of Rs 38.35 million (2021: Rs 19.83 million) and Rs 9,207 million (2021: Rs 5,185 million) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities have been indicated in respective notes.

Sensitivity analysis

As at September 30, 2022, if interest rates had been 1% higher/ lower with all other variables held constant, profit after tax for the year would have been Rs 61.43 million (2021: Rs 36.98 million) higher/ lower, mainly as a result of higher/ lower interest income/ expense from these financial assets and liabilities.

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

39.1.2 Capital risk management

The Company 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 Board monitors the return on capital and the level of dividend to ordinary shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares. There was no change to the Company's approach to the capital management during the year.

The Company 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 schedule applicable in respect of the aforesaid financing agreements.

The Company 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 Company less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The Company's gearing ratio is as follows:

	2022	2021
	(Rupees in thousand)	
Long term finances - secured	4,498,587	2,290,382
Loans from related parties - secured	204,642	226,621
Lease liabilities	236,797	328,290
Trade and other payables	1,225,998	950,266
Short term running finance - secured	4,489,508	2,466,100
Less: cash and cash equivalents	(212,853)	(281,463)
Net debt	10,442,679	5,980,196
Issued, subscribed and paid-up capital	286,920	286,920
Capital reserve	327,000	327,000
Revenue reserve	3,567,555	3,332,184
Total capital	4,181,475	3,946,104
Capital and net debt	14,624,154	9,926,300
Gearing ratio	71%	60%

40 Fair value of financial assets and liabilities

The carrying values of financial assets and liabilities approximate their fair value.

40.1 Fair value hierarchy

Certain property, plant and equipment of the Company was valued by independent valuer to determine the fair value of property, plant and equipment as at September 30, 2022. The revaluation surplus was credited to other comprehensive income and is shown as 'surplus on revaluation of property, plant and equipment'. The different levels have been defined as follows:

- Level 1

  Quoted prices (unadjusted) in active market for identical assets/ liabilities.

- Level 2

  Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3

  Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

41. Reconciliation of movement of liabilities to cash flow arising from financing activities

	Liabilities						Total
	Long term finance	Loans from related parties	Lease liabilities	Accrued Markup	Short term running finance	Unclaimed dividend	
	---Rupees in thousand---						
Balance at October 1, 2021	2,240,100	194,325	328,290	118,348	2,200,000	12,353	5,093,416
Cash flows	2,046,562	-	(124,883)	(801,658)	(500,000)	(141,206)	478,815
Other non-cash movements	-	-	33,390	1,093,165	-	143,460	1,270,015
Balance at September 30, 2022	4,286,662	194,325	236,797	409,855	1,700,000	14,607	6,842,246

42. Transactions and balances with related parties

42.1 The Premier Sugar Mills & Distillery Company Limited holds 47.93% (2021: 47.93%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of The Premier Sugar Mills & Distillery Co. Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, Directors and Executives is disclosed in note 43 to the statement of financial statements.

	2022	2021
	(Rupees in thousand)	
The Premier Sugar Mills and Distillery Company Limited		
Purchases	31,648	1,369
Sales	4,965	-
Issuance of store items	38,957	80,742
Advance paid against purchase of building	269,965	270,000
Mark-up charged	-	541
Expenses paid by the Company	104,937	25,473
Expenses paid on behalf of the Company	8,893	8,613
Dividend paid	68,755	68,755
Rent expense	-	21,780
Rent income	115	115
The Frontier Sugar Mills and Distillery Limited		
Purchase of store items	733	-
Syntronics Limited		
Purchase of store items	83,614	-
Dividend paid	17,952	17,952
Syntron Limited		
Purchase of store items	83,230	90,928
Azlak Enterprises (Private) Limited		
Services on behalf of the Company	32,110	30,549
Mark-up charged	11,012	7,415
Expenses paid on behalf of the Company	5,996	1,565
Dividend paid	7,387	7,314
Phipson & Company Pakistan (Private) Limited		
Expenses paid on behalf of the Company	37	-
Dividend paid	1,538	1,538
Arpak International Investments Limited		
Markup charged	5,668	3,817
Premier Board Mills Limited		
Markup charged	8,495	5,721
Whole Foods (Pvt.) Limited		
Expenses paid by the Company	22,645	98,190
Funds transferred	-	235,000
Ultimate Whole Foods (Private) Limited		
Expenses paid by the Company	6,748	-
Freehold Land	39,424	38,700
Provident fund		
Contribution to provident fund	24,203	18,729
Directors		
Dividends paid	19,103	17,346
Vehicle leased	-	21,685
Advance against sale of floor area - building	100,000	-

42.2 Following are the related parties with whom the Company had entered into transactions or have arrangement/agreement in place.

Sr No	**Company Name**	**Basis of Association**	**Aggregate % of Shareholding**
1	The Premier Sugar Mills and Distillery Company Limited	Holding Company	47.93%
2	Premier Board Mills Limited	Common directorship	-
3	Azlak Enterprises (Private) Limited	Common directorship	5.15%
4	Arpak International Investments Limited	Common directorship	-
5	Phipson & Company Pakistan (Private) Limited	Common Holding Company	1.07%
6	Syntronics Limited	Common directorship	12.51%
7	The Frontier Sugar Mills & Distillery Limited	Common directorship	-
8	Syntron Limited	Common directorship	-
9	Premier Construction and Housing Limited	Common directorship	-
10	Earth Securities (Private) Limited	Common directorship	-
11	Whole Foods (Private) Limited	Subsidiary Company	100.00%
12	Ultimate Whole Foods (Private) Limited	Subsidiary Company	51.00%

43. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)					
Managerial remuneration	13,500	12,000	27,000	24,000	44,119	38,712
Bonus	-	-	-	-	7,774	5,452
Housing and utilities	3,330	1,770	895	8,843	29,413	22,290
Company's contribution to provident fund	-	-	-	-	3,348	2,537
Medical	11,322	3,806	15,228	2,926	805	1,289
Other expenses	5,979	1,017	21,336	5,458	-	-
	34,131	18,593	64,459	41,227	85,459	70,280
Number of persons	1	1	3	3	19	16

43.1 In addition to above, the Chief Executive and Executives were provided with the Company maintained cars for official and personal use. All the Executives based at factory compounds are also provided with free housing with the Company's generated electricity, telephone and certain household items in the residential colony within the factory compound.

43.2 Mr. Abbas Sarfraz Khan, Director of the Company, 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 company policy, company maintained vehicle and reimbursement of all travelling and medical expenses. The Board of Directors are also entitled to reimbursement of all travelling, telephone and medical expenses, as approved vide 31st annual general meeting of members dated March 29, 2019.

44. General

44.1 Geographical location and addresses of business units

The business units of the Company include the following:

Business Units	Location
Sugar - unit I	University Road, Dera Ismail Khan, KPK
Sugar - unit II	Ramak, Dera Ismail Khan, KPK
Ethanol fuel plant	Ramak, Dera Ismail Khan, KPK

44.2 Capacity and production

	2022	2021
Sugar plants		
Rated crushing capacity (Metric Ton / day)	18,000	18,000
On the basis of average number of 128 days (2021: 104 days)	2,304,000	1,872,000
Actual cane crushed (Metric Ton)	1,885,437	1,468,505
Sugar produced (Metric Ton)	195,219	145,987
Ethanol fuel plant		
Rated production capacity (Litres / day)	125,000	125,000
On the basis of average number of 335 days (2021: 353 days) (Litres)	41,250,000	44,125,000
Actual production (Litres)	40,933,660	44,099,770
Days worked	Days	
Sugar - unit I	122	106
Sugar - unit II	121	101
Ethanol fuel plant	335	353

Reasons for Shortfall

Sugar division performed at less than installed capacity due to non availability of sugar cane and atmospheric effect. Capacity of ethanol units were over-utilized on certain days.

44.3 Number of employees

	2022	2021
Number of employees at September 30		
Permanent	957	914
Contractual	1,059	982
	2,016	1,896
Average number of employees for the year		
Permanent	959	922
Contractual	1,416	1,354
	2,375	2,276

44.4 Provident Fund

Details of the provident funds based on audited financial statements for the year ended September 30, 2022 are as follows:

Staff provident fund

	2022	2021
Size of the fund	236,575	200,240
Cost of investment made	233,760	193,452
Fair value of investment made	243,954	201,460
	%	%
Percentage of investment made	98.81	96.61

	2022		2021	
	Rupees '000'	%	Rupees '000'	%
Breakup of investment - at cost				
Term deposit	233,400	99.85	193,400	99.97
Bank deposits	360	0.15	52	0.03
	233,760	100.00	193,452	100.00

44.5 Rounding off

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

45. Impact of COVID-19 on the financial statements

The spread of Covid-19 as a pandemic and consequent imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. While this is still an evolving situation at the time of issuing these financial statements, the management believes that there is no discernible impact is on the amounts being reported in these financial statements, however the future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

46. Date of authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on January 03,2023.

(RIZWAN ULLAH KHAN)	**(BEGUM LAILA SARFARAZ)**	**(ISKANDER M KHAN)**
CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE**	**DIRECTOR**

ANNUAL REPORT

2022

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report To the members of Chashma Sugar Mills Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Chashma Sugar Mills Limited (the Company) and its subsidiaries Whole Foods (Private) Limited and Ultimate Whole Foods (Private) Limited (the Group), which comprise the consolidated statement of financial position as at September 30, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's 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.

Key Audit Matter

Key audit matters is that matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Following is the Key audit matter:

S.No.	Key audit matter	How the matter was addressed in our audit
i)	**Revaluation of property, plant and equipment** *(Refer note 16, 5 and 6.1 to the financial statements)*	
	Under the International Accounting Standard 16 “Property, Plant and Equipment”, the management carries its free hold land, buildings & roads, plant & machinery and electric installations under revaluation model. Under the said model, if fair value can be measured reliably, an entity may carry all items of property, plant and equipment of a class at a revalued amount, which is the fair value of the items at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses; if any. As at September 30, 2022, the carrying value of free hold lands, buildings & roads and plant & machinery was Rs 15,087 million. The fair value of the Group’s free hold land, buildings & roads, plant & machinery and electric installations were assessed by management based on independent valuation performed by an external property valuation expert as at September 30, 2022. For valuation of free hold land, buildings & roads, plant & machinery and electric installations, the current market price or depreciated replacement cost method is used, whereby, current cost of construction of similar free hold 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. We identified valuation of property, plant and equipment as a key audit matter due to the significant carrying value and the significant management judgement and estimation involved in determining their value due to factors described above.	Our audit procedures to assess the valuation of free hold land, buildings & roads and plant & machinery included the following: - Evaluated the qualification, experience and competence of the independent external property valuation expert engaged by the Company as management expert for valuation; - Obtained understanding of the valuation process and techniques adopted by the valuation expert to assess, if they are consistent with the industry norms; - Obtained the valuation report of external valuation expert and tested mathematical accuracy of the reports; - Engaged another independent valuation expert as an auditor expert to assess the appropriateness and the reasonableness of the related management's assumptions and methodologies used by the management expert; and - Assessed the adequacy of the related disclosures in the annexed financial statements

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprise the information included in the annual report, but does not include the unconsolidated and consolidated financial statements of the Group and our auditor's 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 Companies Act, 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.

Auditor's 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 auditor's 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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.

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- 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 period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report is Mr. JehanZeb Amin.

Chartered Accountants
Place: Islamabad
Date: January 05, 2023
UDIN: AR202210083FnqgaG1Vj

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
NON CURRENT ASSETS			
Property, plant and equipment	6	19,571,325	12,500,913
Right-of-use assets	7	283,515	339,575
Long term deposits		15,084	15,084
		19,869,924	12,855,572
CURRENT ASSETS			
Stores and spares	8	509,428	522,564
Stock-in-trade	9	3,379,869	1,354,545
Trade debts	10	44,157	533,462
Loans and advances	11	1,372,598	859,840
Trade deposits and other receivables	12	278,877	278,346
Income tax refundable	13	61,212	312,498
Cash and bank balances	14	256,140	441,753
		5,902,281	4,303,008
TOTAL ASSETS		25,772,205	17,158,580
SHARE CAPITAL AND RESERVES			
Authorized capital	15	500,000	500,000
Issued, subscribed and paid-up capital	15	286,920	286,920
Capital reserve			
General reserve		327,000	327,000
Revenue reserve			
Unappropriated profits		3,320,146	3,190,740
Surplus on revaluation of property, plant and equipment	16	7,097,094	5,157,980
Equity attributable to owners of the parent		11,031,160	8,962,640
Non-controlling interest	34	190,605	194,780
		11,221,765	9,157,420
NON-CURRENT LIABILITIES			
Long term finances - secured	17	4,191,793	1,702,294
Loans from related parties - secured	18	181,839	198,075
Lease liabilities	19	146,604	226,887
Deferred liabilities			
-Deferred taxation		3,193,056	1,733,208
-Provision for gratuity		14,843	11,467
-Deferred government grant		417	6,204
-Deferred benefit of below market rate of interest on refinance facility		-	21,211
	20	3,208,316	1,772,090
		7,728,552	3,899,346
CURRENT LIABILITIES			
Trade and other payables	21	1,190,590	717,872
Unclaimed dividend		14,607	12,353
Short term running finance - secured	22	4,489,508	2,466,100
Current maturity of non-current liabilities	23	1,127,183	905,489
		6,821,888	4,101,814
TOTAL LIABILITIES		14,550,440	8,001,160
Contingencies and commitments	24		
TOTAL EQUITY AND LIABILITIES		25,772,205	17,158,580

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

(RIZWAN ULLAH KHAN)
CHIEF FINANCIAL OFFICER

(BEGUM LAILA SARFARAZ)
CHIEF EXECUTIVE

(ISKANDER M KHAN)
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
Gross sales	25	19,274,279	18,058,031
Sales tax, other government levies and discounts	26	(2,179,466)	(2,020,945)
Sales - net		17,094,813	16,037,086
Cost of sales	27	(14,228,117)	(13,912,324)
Gross profit		2,866,696	2,124,762
Selling and distribution expenses	28	(468,970)	(483,464)
Administrative and general expenses	29	(864,175)	(670,291)
Net impairment losses on financial assets	38.1.1	(34,145)	(80,987)
Other income	30	66,351	60,457
Other expenses	31	(37,210)	(30,207)
Operating profit		1,528,547	920,270
Finance cost	32	(1,149,546)	(682,843)
Profit before taxation		379,001	237,427
Taxation	33	(456,726)	(51,632)
(Loss) / profit for the year		(77,725)	185,795
Attributable to:			
Owners of the parent company		(73,550)	187,015
Non-controlling interest		(4,175)	(1,220)
		(77,725)	185,795
(Loss) / earnings per share attributable to owners of parent company - basic and diluted (Rs)	35	(2.56)	6.52

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

(RIZWAN ULLAH KHAN)	(BEGUM LAILA SARFARAZ)	(ISKANDER M KHAN)
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
(Loss) / profit for the year		(77,725)	185,795
Other comprehensive income / (loss)			
Items that will not be classified to profit or loss:			
Remeasurement (loss) / gain on staff retirement benefit plans	20.2.5	(974)	(348)
Less: Deferred tax on remeasurement gain / (loss) on staff retirement benefit plans		321	101
		(653)	(247)
Surplus on revaluation of property, plant and equipment		3,609,507	1,657,526
Less: Deferred tax on surplus on revaluation of property, plant and equipment		(1,323,324)	(408,276)
		2,286,183	1,249,250
Total comprehensive income for the year		2,207,805	1,434,798
Attributable to:			
Owners of the Parent Company		2,211,980	1,436,018
Non-controlling interest		(4,175)	(1,220)
		2,207,805	1,434,798

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

(RIZWAN ULLAH KHAN)
CHIEF FINANCIAL OFFICER

(BEGUM LAILA SARFARAZ)
CHIEF EXECUTIVE

(ISKANDER M KHAN)
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Share capital	General reserve	Unappropriated profits	Surplus on revaluation of property, plant and equipment	Total	Non-controlling interest	Total
	------ Rupees in thousand ------						
Balance as at October 1, 2020	286,920	327,000	2,833,119	4,223,043	7,670,082	-	7,670,082
Share capital subscribed by non controlling interest	-	-	-	-	-	196,000	196,000
Total comprehensive income for the year ended September 30, 2021							
Income for the year	-	-	187,015	-	187,015	(1,220)	185,795
Other comprehensive income for the year	-	-	(247)	1,249,250	1,249,003	-	1,249,003
	-	-	186,768	1,249,250	1,436,018	(1,220)	1,434,798
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation)	-	-	314,313	(314,313)	-	-	-
Final cash dividend at rate of Rs 5.00 per ordinary share for the year ended September 30, 2020	-	-	(143,460)	-	(143,460)	-	(143,460)
Balance as at September 30, 2021	286,920	327,000	3,190,740	5,157,980	8,962,640	194,780	9,157,420
Balance as at October 1, 2021	286,920	327,000	3,190,740	5,157,980	8,962,640	194,780	9,157,420
Total comprehensive income for the year ended September 30, 2022							
Loss for the year	-	-	(73,550)	-	(73,550)	(4,175)	(77,725)
Other comprehensive income for the year	-	-	(653)	2,286,183	2,285,530	-	2,285,530
	-	-	(74,203)	2,286,183	2,211,980	(4,175)	2,207,805
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation)	-	-	347,069	(347,069)	-	-	-
Cash dividend at rate of Rs 5.00 per ordinary share for the year ended September 30, 2021	-	-	(143,460)	-	(143,460)	-	(143,460)
Balance as at September 30, 2022	286,920	327,000	3,320,146	7,097,094	11,031,160	190,605	11,221,765

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

(RIZWAN ULLAH KHAN)
CHIEF FINANCIAL OFFICER

(BEGUM LAILA SARFARAZ)
CHIEF EXECUTIVE

(ISKANDER M KHAN)
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
Cash flow from operating activities			
Profit for the year - before taxation		379,001	237,427
Adjustments for non-cash items:			
Depreciation - Property, plant and equipment	6.6	1,035,010	901,291
Depreciation - Right of use asset	7.1	61,414	86,066
Loss on sale of operating fixed assets	30	3,349	4,719
Gain on derecognition of right of use assets	30	(20,479)	
Profit on deposit accounts	30	(7,226)	(4,474)
Finance cost		1,149,546	682,843
Provision for doubtful debts	38.1.1	(664)	28,277
Provision for doubtful advances	38.1.1	560	(3,410)
Provision for gratuity	20.2.2	3,862	3,392
Impairment loss for export subsidy	38.1.1	34,249	56,120
Provision / (Reversal) for obsolete items	8.1	27,938	(3,193)
		2,666,560	1,989,058
Changes in working capital			
Decrease / (increase) in			
stores and spares		(14,802)	(17,096)
stock-in-trade		(2,025,324)	(112,546)
trade debts		489,969	(418,690)
loans and advances		(513,318)	599,179
trade deposits and other receivables		(34,780)	5,500
Increase / (decrease) in trade and other payables		472,718	(240,849)
		(1,625,537)	(184,502)
		1,041,023	1,804,556
Income tax paid		(68,595)	(57,561)
Gratuity paid	20.2.1	(1,460)	(1,904)
Net cash generated from operating activities		970,968	1,745,091
Cash flow from investing activities			
Purchase of property, plant and equipment		(4,501,332)	(1,299,036)
Sale proceeds from disposal of fixed assets		4,456	32,284
Increase in long term deposits and other receivables		-	(26)
Profits on bank deposits received	30	7,226	4,474
Net cash used in investing activities		(4,489,650)	(1,262,304)
Cash flow from financing activities			
Long term finances received / (repaid)		2,533,664	377,142
Share capital subscribed by non controlling interest		-	196,000
Short term loan (repaid) / received		(500,000)	238,000
Loan (repaid) / received to related party		-	(24,238)
Lease obligation repaid	19	(124,883)	(150,138)
Dividends paid		(141,206)	(141,646)
Finance cost paid		(806,071)	(640,226)
Net cash generated / (used) in financing activities		961,504	(145,106)
Net (decrease) / increase in cash and cash equivalents		(2,557,178)	337,681
Cash and cash equivalents - at beginning of the year		211,423	(126,258)
Cash and cash equivalents - at end of the year		(2,345,755)	211,423
Cash and cash equivalents comprised of:			
Cash and bank balances	14	256,140	441,753
Short term running finance - secured	22	(2,601,895)	(230,330)
		(2,345,755)	211,423

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

(RIZWAN ULLAH KHAN)	(BEGUM LAILA SARFARAZ)	(ISKANDER M KHAN)
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. THE GROUP AND ITS OPERATIONS

1.1 Chashma Sugar Mills Limited (the Holding Company)

Chashma Sugar Mills Limited (the Company) 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. The Company has its shares quoted on the Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing, production, processing, compounding, preparation and sale of sugar, other allied compound, intermediates and allied products. The Company is a subsidiary of The Premier Sugar Mills and Distillery Company Limited. The head office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located at Dera Ismail Khan, Khyber Pakhtunkhwa.

1.2 Subsidiary Companies

(a) Whole Foods (Private) Limited

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

(b) Ultimate Whole Foods (Private) Limited

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

These consolidated financial statements include financial statements of Chashma Sugar Mills Limited and its subsidiaries.

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

For the purpose of these consolidated financial statements, Chashma Sugar Mills Limited and its subsidiaries are referred to as the Group.

2. 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.

3. Changes in accounting standards, interpretations and pronouncements

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

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 1, 2023
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IFRS 4	Insurance contracts (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2023
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 9	Financial Instruments (Amendments)	January 1, 2022
IFRS 16	Leases (Amendments)	January 1, 2022

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.

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

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

3.4 The following interpretations issued by the IASB have been waived off by SECP:

IFRIC 12 Service Concession Arrangements

4. Summary of significant accounting policies

4.1 Basis of preparation

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

Subsidiary is an entity over which the 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 Company controls another entity. The 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 Company's voting rights relative to the size and dispersion of holdings of other shareholders give the 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 recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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.

4.2 Property, plant and equipment

4.2.1 Owned assets

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

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

Increase in the carrying amount arising on revaluation of freehold land, building and roads, plant & machinery and electric installations are recognized in other comprehensive income and accumulated in shareholders' equity under the heading surplus on revaluation of property, plant and equipment. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized 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 proceed and carrying amount of the asset, is recognized as other income in statement of profit or loss account for the year.

4.2.2 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 fixes assets, capital stores and intangibles assets in the course of their acquisition, construction and installation.

4.3 Right-of-use assets

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

The cost comprising 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 any initial direct costs; and
- restoration costs.

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

4.4 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortization or depreciation and are tested annually for impairment. Assets that are subject to depreciation/ amortization 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 recognized 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 amortization, if no impairment loss has been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss account.

4.5 Stores and spares

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.

4.6 Stock-in-trade

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

Net realizable 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.

4.7 Trade debts

Trade debts are recognized and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. As explained in note 4.22 to these financial statements, for measurement of loss allowance for trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses.

4.8 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.

4.9 Borrowings and borrowing cost

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

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

4.10 Employee retirement benefits

The Group operates a provident fund and an unfunded gratuity scheme for its employees as per details below:

4.10.1 Defined contribution plan

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

4.10.2 Defined benefit plan

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

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

4.11 Lease liabilities

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

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

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

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

4.12 Trade and other payables

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

4.13 Provisions

Provisions are recognized 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.

4.14 Taxation

Income tax comprises of current and deferred tax.

(i) 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 recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

The Company recognises 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.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

(ii) Deferred

Deferred income tax is recognized 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 recognized for all taxable temporary differences. Deferred tax asset is recognized 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 utilized.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realized 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.

4.15 Dividend and revenue reserve appropriation

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

4.16 Foreign currency transactions and translation

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

4.17 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 Company 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.

4.18 Development expenditure

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

4.19 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.

4.20 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.

4.21 Deferred government grant

Grants from the government are recognized 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 recognized and measured in accordance with IFRS 9 “Financial Instruments”. The benefit of the below-market rate of interest shall be 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 recognized in profit or loss of the period in which the entity qualifies to receive it.

4.22 Financial instruments

Financial instruments are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Group losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized 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 account.

a) Financial assets

Classification

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

i) amortized cost where the effective interest rate method will apply;
ii) fair value through profit or loss;
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 will either be recorded in statement of profit or loss or other comprehensive income. 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 recognized on trade-date, the date on which the Group commit to purchase or sell the asset. Further financial assets are derecognized 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 measure 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 classifies its debt instruments:

i) Amortized 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 amortized 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 recognized directly in statement of profit or loss account 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 account.

ii) Fair value through other comprehensive income (FVTOCI)

Debt securities, where the contractual cashflows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cashflows 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 recognized in statement of profit or loss account. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit or loss account and recognized 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 account.

iii) Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized 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 account following the derecognition of the investment. Dividends from such investments continue to be recognized in statement of profit or loss account 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 investment and deposits and other receivables carried at amortized 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
- Cash and bank balances

i) General approach for loans and advances, trade deposits and other receivables and cash 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 month 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 recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month 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 ongoing 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 the 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 reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

ii) Simplified approach for trade debts

The Group recognizes 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 recognizes 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 recognized 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 will result in impairment gains.

b) Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

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

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized 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 amortized cost, using the effective interest rate method and are measured at present value. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when and only when the Group's obligations are discharged, cancelled or they expire.

Offsetting financial assets and financial liabilities

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

4.23 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

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized 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 categorization (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.

4.24 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. 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 4.2

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 and equipment, with a corresponding effect on the depreciation and impairment.

ii) Surplus on revaluation of property, plant and equipment - note 4.2

The Group carries out revaluations, considering the change in circumstances and assumptions from latest revaluation. The fair value of the Group’s free hold 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 free hold land, buildings & roads and plant & machinery, the current market price or depreciated replacement cost method is used, whereby, current cost of construction of similar free hold 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) Provision for stores and spares - note 4.5

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

iv) Write down of stock in trade to net realizable value - note 4.6

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

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

Work in process of sugar valued at 80% of production cost.

v) Estimation of impairment loss allowance - note 4.7

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 4.10

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 4.14

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 recognized 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 utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

viii) Provisions and contingencies - note 4.13

The management exercises judgement in measuring and recognizing provisions and exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgement 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 4.3 and 4.11

IFRS 16 requires the Group to assess the lease term as the non-cancelable 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 cancelable 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 cancelable 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.

	Note	2022	2021
		(Rupees in thousand)	
6. Property, plant and equipment			
Operating fixed assets	6.1	15,229,277	11,701,695
Capital work-in-progress	6.7	4,342,048	799,218
		19,571,325	12,500,913

6.1 Operating fixed assets

	Freehold land	Buildings and roads	Plant and machinery	Electric installations	Office equipment	Farm equipment	Furniture and fixtures	Vehicles	Total
	----------	----------	----------	----------	Rupees in thousand	----------	----------	----------	----------
As at October 1, 2020									
Cost / revalued amount	1,438,789	1,775,616	7,325,793	520,449	96,989	1,619	48,481	57,178	11,264,914
Accumulated depreciation	-	(151,001)	(1,140,949)	(239,599)	(40,704)	(627)	(22,937)	(39,855)	(1,635,672)
Net book value	1,438,789	1,624,615	6,184,844	280,850	56,285	992	25,544	17,323	9,629,242
Year ended September 30, 2021									
Opening net book value	1,438,789	1,624,615	6,184,844	280,850	56,285	992	25,544	17,323	9,629,242
Additions	158,292	237,814	762,213	123,340	27,088	776	7,242	3,791	1,320,556
Disposals									
Cost	-	(15,257)	-	-	-	(73)	-	(57,038)	(72,368)
Accumulated depreciation	-	-	-	-	-	3	-	35,362	35,365
	-	(15,257)	-	-	-	(70)	-	(21,676)	(37,003)
Transfers from right of use assets to owned									
Cost	-	-	-	-	-	-	-	91,372	91,372
Depreciation	-	-	-	-	-	-	-	(58,707)	(58,707)
	-	-	-	-	-	-	-	32,665	32,665
Depreciation charge	-	(180,843)	(671,182)	(35,514)	(6,362)	(102)	(2,817)	(4,471)	(901,291)
Revaluation adjustments:									
Cost or valuation	249,674	12,759	83,111	-	-	-	-	-	345,544
Depreciation	-	310,609	1,001,373	-	-	-	-	-	1,311,982
	249,674	323,368	1,084,484	-	-	-	-	-	1,657,526
Closing net book value	1,846,755	1,989,697	7,360,359	368,676	77,011	1,596	29,969	27,632	11,701,695
As at October 1, 2021									
Cost or revalued amount	1,846,755	2,010,932	8,171,117	643,789	124,077	2,322	55,723	95,303	12,950,018
Accumulated depreciation	-	(21,235)	(810,758)	(275,113)	(47,066)	(726)	(25,754)	(67,671)	(1,248,323)
Net book value	1,846,755	1,989,697	7,360,359	368,676	77,011	1,596	29,969	27,632	11,701,695
Year ended September 30, 2022									
Opening net book value	1,846,755	1,989,697	7,360,359	368,676	77,011	1,596	29,969	27,632	11,701,695
Additions	2,074	251,475	541,592	139,039	6,692	168	8,624	8,838	958,502
Disposals									
Cost	-	(5,273)	-	-	(63)	-	-	(8,823)	(14,159)
Depreciation	-	532	-	-	24	-	-	5,798	6,354
	-	(4,741)	-	-	(39)	-	-	(3,025)	(7,805)
Transfers from right of use assets to owned									
Cost	-	-	-	-	-	-	-	7,528	7,528
Depreciation	-	-	-	-	-	-	-	(5,140)	(5,140)
	-	-	-	-	-	-	-	2,388	2,388
Depreciation charge	-	(206,973)	(765,855)	(44,754)	(8,089)	(170)	(3,323)	(5,846)	(1,035,010)
Revaluation adjustments:									
Cost or valuation	193,590	357,585	1,267,117	-	-	-	-	-	1,818,292
Depreciation	-	222,354	1,565,919	2,942	-	-	-	-	1,791,215
	193,590	579,939	2,833,036	2,942	-	-	-	-	3,609,507
Closing net book value	2,042,419	2,609,397	9,969,132	465,903	75,575	1,594	35,270	29,987	15,229,277
As at September 30, 2022									
Cost or revalued amount	2,042,419	2,614,719	9,979,826	782,828	130,706	2,490	64,347	102,846	15,720,181
Accumulated depreciation	-	(5,322)	(10,694)	(316,925)	(55,131)	(896)	(29,077)	(72,859)	(490,904)
Net book value	2,042,419	2,609,397	9,969,132	465,903	75,575	1,594	35,270	29,987	15,229,277
Annual rate of depreciation (%)	-	10	10	10	10	10	10	20	

6.2 Disposal of operating fixed assets

Particulars of assets	Cost / Revaluation	Accumu-lated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to:
	- - - - - - - - -	- - - - - -	Rupees in thousand	- - - - - -	- - - - - - - - -		
Assets having net book value exceeding Rs.500,000 each							
Buildings and roads							
Boundary wall	5,273	532	4,741	-	(4,741)	Write off	
Vehicles							
Honda Civic	3,110	2,243	867	2,050	1,183	Negotiation	Mr. Sheikh Muhammad Shahid
Toyota Corolla	2,381	1,704	677	795	118	Negotiation	Mr. Akbar Qadir Khattak
Toyota Corolla	2,037	1,193	844	1,121	277	Company policy	Mr. Ammar Khurshid Khan (employee)
	7,528	5,140	2,388	3,966	1,578		
Various assets having net book value upto Rs.500,000 each	1,358	682	676	490	(186)		
September 30, 2022	14,159	6,354	7,805	4,456	(3,349)		
September 30, 2021	72,368	35,365	37,003	32,284	(4,719)		

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

	2022	2021
	(Rupees in thousand)	
Freehold land	338,922	337,867
Buildings & roads	1,001,044	843,906
Plant & machinery	3,543,542	3,366,583
Electric installations	462,960	368,676
	5,346,468	4,917,032

6.4 Forced sales value of the fixed assets based on valuation conducted during are as follows:

Freehold land	1,674,241	1,542,330
Buildings & roads	2,135,870	1,643,507
Plant & machinery	7,464,735	5,545,390
Electric installations	356,771	-
	11,631,617	8,731,227

6.5 Particulars of immovable property (i.e. land and building) in the name of Group are as follows:

Location	Usage of immovable property	Total Area	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	32.00	2.21

6.6 Depreciation for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in thousand)	
Cost of sales	27	952,155	836,969
Administrative and general expenses	29	82,855	64,322
		1,035,010	901,291

6.7 Capital work-in-progress:

	Land and building	Plant and machinery	Electric installations	Office equipments	Owned vehicles	Vehicles - leased	Capital stores	Advance payments to Contractors	payments against land - freehold and	Total
			---- Rupees in thousand ----							
As at October 1, 2020	224,566	515,180	29,667	17,714	1,114	19,700	-	12,796	-	820,738
Additions during the year	173,740	501,672	179,939	-	1,060	67,228	-	240	432,292	1,356,171
Capitalized during the year	(236,235)	(762,213)	(123,339)	(17,714)	(2,174)	(67,729)	-	-	(158,292)	(1,367,696)
Other adjustments	(3,092)	(18,624)	18,624	-	-	-	-	(6,903)	-	(9,995)
Balance as at September 30, 2021	158,979	236,015	104,891	-	-	19,199	-	6,133	274,000	799,218
As at October 1, 2021	158,979	236,015	104,891	-	-	19,199	-	6,133	274,000	799,218
Additions during the year	3,148,960	607,316	43,901	-	15,948	78,480	73,826	321,867	271,965	4,562,263
Capitalized during the year	(253,128)	(541,592)	(139,039)	-	(8,209)	(63,362)	-	-	-	(1,005,330)
Other adjustments	258	-	(258)	-	-	-	(14,103)	-	-	(14,103)
Balance as at September 30, 2022	3,055,069	301,739	9,495	-	7,739	34,317	59,723	328,000	545,965	4,342,048

6.8 Additions in plant and machinery includes Rs.885 thousand (2021: Rs 311,712 thousand) capitalised in respect of borrowing cost on long term loans obtained for the purpose of importing and setting up of plant and machinery and Rs.220,612 thousand (2021: Rs. 185,362 thousand) capitalised in respect of borrowing cost on long term loans obtained for the purpose of buiding and civil works.

7. Right of Use Assets	2022 Rupees in thousand				2021 Rupees in thousand			
	Vehicles	Plant and Machinery	Building and tanks	Total	Vehicles	Plant and Machinery	Building and tanks	Total
Net book value at beginning of the year	154,861	51,341	133,373	339,575	155,775	57,046	182,278	395,099
Additions	63,362	-	-	63,362	67,729	-	-	67,729
Remeasurement during the year	(57)	-	(2,001)	(2,058)	-	-	(4,522)	(4,522)
Deletion during the year								
Cost	-	-	(84,169)	(84,169)	-	-	(29,568)	(29,568)
Accumulated depreciation	-	-	30,607	30,607	-	-	22,471	22,471
Net book value	-	-	(53,562)	(53,562)	-	-	(7,097)	(7,097)
Transferred to owned assets								
Cost	(7,528)	-	-	(7,528)	(91,372)	-	-	(91,372)
Accumulated depreciation	5,140	-	-	5,140	58,707	-	-	58,707
Net book value	(2,388)	-	-	(2,388)	(32,665)	-	-	(32,665)
Depreciation charge	(35,164)	(5,134)	(21,116)	(61,414)	(35,978)	(5,705)	(44,383)	(86,066)
Closing net book value	180,614	46,207	56,694	283,515	154,861	51,341	133,373	339,575
Annual rate of depreciation (%)	20	10	20-50		20	10	20-50	
As at September 30								
Cost or revalued amount	283,584	60,580	141,722	485,886	227,807	60,580	227,892	516,279
Accumulated depreciation	(102,970)	(14,373)	(85,028)	(202,371)	(72,946)	(9,239)	(94,519)	(176,704)
Net book value	180,614	46,207	56,694	283,515	154,861	51,341	133,373	339,575

	Note	2022	2021
		(Rupees in thousand)	
7.1 Depreciation for the year has been allocated as follows:			
Cost of sales	27	5,134	5,705
Selling and distribution expenses	28	21,116	20,800
Administrative and general expenses	29	35,164	59,561
		61,414	86,066

	Note	2022	2021
		(Rupees in thousand)	
8. Stores and spares			
Stores and spares		570,121	555,319
Less: Provision for obsolete items	8.1	(60,693)	(32,755)
		509,428	522,564

8.1 Provision for obsolete items

	2022	2021
Opening balance	32,755	35,948
Provision for the year	27,938	-
Reversal of provision for obsolete items	-	(3,193)
Closing balance	60,693	32,755

8.2 During the year, the Group recorded provision for damaged/lost stores and spares as a result of flood at factory premises. The Group has filed insurance claim and recorded a receivable and is confident of full recovery of the amount.

		Note	2022	2021
9.	**Stock-in-trade**		(Rupees in thousand)	
	Finished goods			
	- Sugar		1,848,502	169,689
	- Molasses		1,082,773	748,145
	- Ethanol		436,448	423,262
			3,367,723	1,341,096
	Work-in-process		12,146	13,449
		9.1	3,379,869	1,354,545

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

		Note	2022	2021
10.	**Trade debts - unsecured**			
	Considered good	10.1	44,157	533,462
	Considered doubtful		1,782	2,446
			45,939	535,908
	Less: loss allowance	10.2	(1,782)	(2,446)
			44,157	533,462

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

10.2 Movement in loss allowance

	2022	2021
Opening balance	2,446	1,945
(Reversal) / provision for the year	(664)	28,277
Write off against provision during the year	-	(27,776)
Closing balance	1,782	2,446

		Note	2022	2021
11.	**Loans and advances**			
	Advances to:			
	Employees - secured	11.1	10,211	7,867
	Suppliers and contractors - unsecured		1,038,723	582,832
			1,048,934	590,699
	Due from related parties	11.2	164,385	89,995
	Letters of credit		189,022	208,329
			1,402,341	889,023
	Less:			
	- Provision for doubtful advances		(28,838)	(28,838)
	- Loss allowance	11.3	(905)	(345)
			1,372,598	859,840

11.1 These include balances of Rs 10,211 thousand secured against retirement benefits of respective employees.

		Note	2022	2021
			(Rupees in thousand)	
11.2	This represents amounts due from the associated companies:			
	Due from related parties:			
	The Premier Sugar Mills and Distillery Company Limited		162,610	89,995
	Relative of directors		1,775	-
			164,385	89,995

Maximum aggregate amount outstanding in respect of related parties at any month-end during the year was Rs 162.610 million (2021: Rs 400.970 million).

		2022	2021
	0 to 6 months	162,610	89,995
11.3	Movement in loss allowance		
	Opening balance	345	3,755
	ECL for the year	560	(3,410)
	Closing balance	905	345

12. Trade deposits and other receivables

	2022	2021
Deposits	8,212	3,561
Prepayments	5,601	5,286
Export subsidy receivable	305,519	305,519
Guarantees issued	19,000	19,000
Others	30,914	1,100
	369,246	334,466
Less: loss allowance	(90,369)	(56,120)
	278,877	278,346

12.1 Movement in impairment loss of export subsidy is as follows:

	2022	2021
Opening balance	56,120	-
Impairment loss for the year	34,249	56,120
Closing balance	90,369	56,120

13. Income tax refundable

Income tax refundable is net of provision for taxation.

14. Cash and bank balances

	Note	2022	2021
At banks in			
Current accounts	14.1	217,788	421,891
Savings accounts	14.2	34,973	19,379
Deposit accounts	14.3	3,379	483
		256,140	441,753

14.1 These include dividend account balance of Rs 0.460 million (2021: Rs 1.472 million). These balances are maintained in separate non interest bearing current bank accounts.

14.2 These carry profit at the rates ranging from 5.50% to 12.25% (2021: 5.50% to 5.76%) per annum.

14.3 Lien is marked on bank balances for an amount of Rs 4 million (2021: Rs 4 million) in respect of the various guarantees extended by the banks.

15. Share capital

15.1 Authorised share capital

2022	2021		2022	2021
(Number of shares)			(Rupees in thousand)	
50,000,000	50,000,000	Ordinary shares of Rs 10 each	500,000	500,000

15.2 Issued, subscribed and paid up capital

2022	2021		2022	2021
(Number of shares)		Ordinary shares of Rs 10 each	(Rupees in thousand)	
28,692,000	28,692,000	Fully paid in cash	286,920	286,920

The holding company, The Premier Sugar Mills and Distillery Company Limited held 13,751,000 (2021: 13,751,000) ordinary shares and the associated companies held 5,375,334 (2021: 5,360,834) ordinary shares at the year end.

15.3 The holding company, The Premier Sugar Mills and Distillery Company Limited held 13,751,000 (2021: 13,751,000) ordinary shares and the associated companies held 5,375,334 (2021: 5,360,834) ordinary shares at the year end.

15.4 Ordinary shares have a par value of Rs 10 each. They entitle the holder to participate in dividends, as declared from time to time, and to share in the proceedings of the winding up of the Company in the proportion to the number of and amounts paid on the shares held. Further, the holder is entitled to one vote per share at the general meetings of the Company.

15.5 General reserve

These represent amounts appropriated by the Board of Directors of the Company from 1993 to 2005 to a separate reserve available for distribution.

16. Surplus on revaluation of property, plant and equipment

16.1 The Group follows revaluation model for freehold land, buildings & roads, plant & machinery and electric installations. The fair value of the Company's free hold land, buildings & roads, plant & machinery and electric installations were assessed by management based on independent valuation performed by an external property valuation expert for the Company as at September 30, 2022 and for WFL as at June 30, 2022. For valuation of free hold land, buildings & roads, plant & machinery and electric installations, the current market price or depreciated replacement cost method is used, whereby, current cost of construction of similar free hold 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. Movement during the year is as follows:

	2022	2021
	(Rupees in thousand)	
Balance at the beginning of the year	6,648,452	5,428,149
Add: surplus on revaluation carried-out during the year	3,609,507	1,657,526
Less: transferred to unappropriated profits	(517,579)	(437,223)
	9,740,380	6,648,452
Less: deferred tax on:		
- opening balance of surplus	1,490,472	1,205,106
- surplus during the year	1,323,324	408,276
- incremental depreciation for the year	(169,797)	(121,316)
- disposal of revalued asset	(713)	(1,594)
	2,643,286	1,490,472
Balance at the end of the year	7,097,094	5,157,980

16.2 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.

17. Long term finances - secured

Lending Institutions	Interest rate (per annum)	September 30, 2022 Total available facility	Long-term portion	Current portion	Total outstanding amount	September 30, 2021 Total outstanding amount	Collateral
		------	------	(Rupees in thousand)	------	------	
Loans from banking companies							
Bank Al Habib Limited	- 6 month KIBOR + 1% to 1.5 %; and - SBP rate 3% and 5% p.a	3,116,000	2,471,727	132,634	2,604,361	617,766	Secured against first joint pari passu charge on present and future fixed assets of the Group for Rs 1,867 million. Ranking charge of Rs 2,834 million on present & future fixed assets of the Group.
Soneri Bank Limited	- 3 month KIBOR + 1.75 %; - 6 month KIBOR + 1.5; and - 6%	1,140,000	433,702	260,051	693,753	964,301	Secured against first joint pari passu charge on present and future fixed assets of the Group for Rs 1,867 million. Secured by way of first charge of Rs 334 million over all the present and future fixed assets of the Subsidiary and first hypothecation charge over plant and machinery. Further, the facility is also secured by way of equitable mortgage of Rs.8 million on 16 kanal agricultural land in Bhakkar and of Rs.5.6 million on 16 kanal agricultural land in Layyah.
Dubai Islamic Bank Pakistan Limited	- 6 month KIBOR + 2% and - 6 month KIBOR + 2.10%	1,500,000	250,000	297,493	547,493	292,480	Secured against pari passu hypothecation charge over all fixed assets of the Company for Rs. 1,334 million. Secured against first exclusive charge over head office building of the Company for Rs. 590 million.
MCB Bank Limited	3 month KIBOR + 1.10 %	436,000	207,237	57,291	264,528	191,821	Secured against first joint pari passu charge on present and future fixed assets of the Group for Rs 438 million.
Al Baraka Bank Limited	6 month KIBOR + 1.50 %	450,000	446,715	-	446,715	352,544	Ranking charge of Rs. 600 million on present & future fixed assets of the Group. Specific charge of Rs 450 million on specific plant and machinery items
The Bank of Khyber	SBP refinance rate + 1.50 % and 3 Month KIBOR + 1.50%	400,000	382,412	13,314	395,726	-	secured against first Joint Parri Passu charge over present and future fixed assets of the company (inlcuding land, building and machinery) inclusive of 25% margin up to Rs 533.334 million.
Total			4,191,793	760,783	4,952,576	2,418,912	
Accrued mark-up					227,386	53,498	
					5,179,962	2,472,410	
Less: amount payable within next 12 months							
Principal					760,783	695,407	
Accrued mark-up					227,386	53,498	
Deffered benefit of below market rate of interest on refinance facility					-	21,211	
Amount due after September 30, 2023					4,191,793	1,702,294	

18. Loans from related parties - secured

	Note	2022	2021
		(Rupees in thousand)	
Associated Companies			
Premier Board Mills Limited	18.1	90,575	90,575
Arpak International Investments Limited	18.2	43,750	43,750
Azlak Enterprises (Private) Limited	18.3	85,000	85,000
Accrued mark-up		11,335	33,931
		230,660	253,256
Less: amount payable within next 12 months			
Principal		37,486	21,250
Accrued mark-up		11,335	33,931
		181,839	198,075

18.1 This include long term finance facilities obtained by the Company and the Subsidiary.

The long term finance facility obtained by the Company had been renewed on November 4, 2019. The principal is repayable in 7 semi annual installments commencing from November 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

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

18.2 The long term finance facility had been renewed on November 4, 2019. The principal is repayable in 7 semi annual installments commencing from November 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Group.

18.3 The long term finance facility has been renewed on January 3, 2022. The principal is repayable in 8 semi annual installments 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 the Group.

	Note	2022	2021
		(Rupees in thousand)	
19. Lease liabilities			
Balance at beginning of the year		328,290	372,737
Additions during the year		72,337	67,729
Unwinding of interest on lease liabilities		28,020	42,484
Payments made during the year		(124,883)	(150,138)
Remeasurement (gain) / loss		(2,001)	(4,522)
Early termination (gain) / loss		(64,966)	-
Balance at end of the year		236,797	328,290
Less: current portion of long term lease liabilities		(90,193)	(101,403)
		146,604	226,887

19.1 The Group has acquired vehicles under finance lease from commercial banks. The financing is repayable in equal monthly installments over a period of four years and carries finance charge ranging from 7.81% to 17.50% (2021: 7.01% to 10.14%) per annum.

20. Deferred liabilities			
Deferred taxation	20.1	3,193,056	1,733,208
Provision for gratuity	20.2	14,843	11,467
Deferred government grant	20.3	417	6,204
Deferred benefit of below market rate of interest on refinance facility		-	21,211
		3,208,316	1,772,090

		Note	2022	2021
20.1	Deferred tax comprises of the following:		(Rupees in thousand)	
	Taxable temporary differences arising in respect of:			
	Accelerated tax depreciation allowances		569,674	443,533
	Surplus on revaluation of property, plant and equipment		2,643,286	1,490,474
	Lease finances		15,417	3,551
			3,228,377	1,937,558
	Deductible temporary differences arising in respect of:			
	Provision for doubtful advances		(9,630)	(8,463)
	Provision for obsolete items		(20,029)	(9,499)
	Expected credit loss on trade debts		(571)	(709)
	Provision for gratuity		(5,091)	(3,326)
	Impairment loss for the year on export subsidy		-	(16,275)
	Minimum tax recoverable against normal tax charge in future years		-	(166,078)
			(35,321)	(204,350)
			3,193,056	1,733,208

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

	Note	2022	2021
Present value of defined benefit obligation	20.2.1	14,843	11,467
Fair value of plan assets		-	-
Net liability		14,843	11,467

20.2.1 Movement in net liability recognized

	Note	2022	2021
Opening net liability		11,467	9,631
Expense for the year recognized in statement of profit or loss account	20.2.2	3,862	3,392
Remeasurement (gain) / loss recognized in Statement of Other Comprehensive Income (OCI)	20.2.5	974	348
Benefits Paid		(1,460)	(1,904)
		14,843	11,467

20.2.2 Expense for the year

	2022	2021
Current service cost	2,735	2,546
Net interest expense	1,127	846
	3,862	3,392

20.2.3 Changes in the present value of defined benefit obligation:

	2022	2021
Opening defined benefit obligation	11,467	9,631
Current service cost	2,735	2,546
Interest cost	1,127	846
Benefits paid	(1,460)	(1,904)
Remeasurement loss on defined benefit obligation	974	348
Closing defined benefit obligation	14,843	11,467

20.2.4 Principal actuarial assumptions used in the actuarial valuation:

The "Projected Unit Credit Method" using the following significant assumptions was used for the valuation of the scheme:

	2022	**2021**
	%	%
Discount rate used for interest cost	10.50	9.75
Discount rate used for year end obligation	13.25	10.5
Salary increase rate - long term	12.25	9.5
Salary increase rate - short term	12.25	9.5
Demographic assumptions		
Mortality rates	SLIC 2001-05	SLIC 2001-05

During the year 2023, the Group expects to contribute Rs 5,571 thousand to its gratuity scheme.

20.2.5 Remeasurement recognised in OCI during the year:

	2022	2021
	(Rupees in thousand)	
Actuarial (gains)/losses from changes in demographic assumptions	-	-
Actuarial (gains)/losses from changes in financial assumptions	(25)	(6)
Experience adjustments	999	354
Remeasurement loss / (gain) on defined benefit obligation	974	348

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

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

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

	Effect of 1 percent increase	Effect of 1 percent decrease
	(Rupees in thousand)	
2022		
Discount rate	(13,628)	16,264
Future salary growth	16,242	(13,628)
2021		
Discount rate	(10,528)	12,567
Future salary growth	12,545	(10,532)

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

The defined benefit obligation exposes the Group 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.

		Note	2022	2021
			(Rupees in thousand)	
20.3	**Deferred government grant**			
	Opening balance		6,204	14,693
	Grant recognised during the year		-	2,976
	Amortization during the year		(5,787)	(11,465)
	Closing balance		417	6,204

20.3.1 This represent deferred government grant in respect of term finance facility obtained under SBP Salary Refinance Scheme. During the year 2020, the Company had entered into an arrangement with Habib Bank Limited for obtaining term finance facility under State Bank of Pakistan (SBP) Salary Refinance Scheme to pay three month salaries & wages to permanent, contractual and temporary employees upto a maximum of Rs 262 million. The repayment of loan (principal amount) will be made in 8 equal quarterly installments commencing from April 1, 2021. Mark up rate is SBP rate + 1% on this facility and shall also be paid on quarterly basis. The availed facility at September 30, 2022 was Rs 262 million (2021: Rs 262 million). The facility will expire on January 1, 2023. There are no unfulfilled conditions or other contingencies attaching to this grant.

		Note	2022	2021
21.	**Trade and other payables**			
	Creditors		328,782	359,105
	Due to related parties	21.1	156,526	41,823
	Accrued expenses		116,130	107,023
	Retention money		24,496	18,390
	Security deposits	21.2	984	774
	Advance payments from customers	21.3	225,921	17,241
	Sales tax payable		110,635	14,908
	Income tax deducted at source		63,630	49,651
	Payable for workers welfare obligations	21.4	53,965	59,373
	Payable to employees		57,657	42,047
	Payable to provident fund		3,700	34
	Others		48,164	7,503
			1,190,590	717,872

21.1 This represents amounts due to the following related parties and are interest free and payable on demand:

	Note	2022	2021
		(Rupees in thousand)	
Associated Companies			
The Frontier Sugar Mills & Distillery Limited		733	-
Syntronics Limited		-	4,603
Azlak Enterprises (Private) Limited		39,604	37,220
Directors		116,189	-
		156,526	41,823

21.2 These are repayable on demand 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.

21.3 Revenue recognised from advance from customers during the year		17,241	39,548

21.4 Payable for workers welfare fund

Balance at the beginning of the year	59,373	107,275
Charge for the year	39,325	28,017
Prior year adjustment	(2,605)	-
	96,093	135,292
Interest on funds utilized in the Group's business	535	8,117
Payments made during the year	(42,663)	(84,036)
Balance at the end of the year	53,965	59,373

22. Short term running finance - secured

	Note	2022	2021
Secured			
Cash / running finance		2,601,895	230,330
Export re finance		1,700,000	2,200,000
		4,301,895	2,430,330
Accrued mark-up		187,613	35,770
	22.1	4,489,508	2,466,100

22.1 Short term running finance - secured

Lending Institution	September 30, 2022				September 30, 2021	Collateral
	Interest rate (per annum)	Total available facility	Facility availed	Total outstanding amount	Total outstanding amount	
	--------(Rupees in thousand)--------					
Secured						
Bank Al-Habib Limited	3 month KIBOR +1% to 6 month KIBOR + 3%	1,250,000	1,218,000	1,122,000	634,000	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 823.530 million First joint pari passu charge on present and future current assets of the Company for Rs. 1,867 million.
The Bank of Punjab	3 month KIBOR +1.1 %	1,200,000	1,200,000	-	300,000	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 825 Million First joint pari passu charge on present and future current assets of the Company for Rs 667 million.
MCB Bank Limited	3 month KIBOR +1.1 %	1,100,000	997,997	897,997	496,330	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 888.890 Million First joint pari passu charge on present and future current assets of the Company for Rs 534 million.
Bank Alfalah Limited	3 month KIBOR +1.25%	550,000	550,000	547,895	-	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 647.095 million
Dubai Islamic Bank Pakistan Limited	9 month KIBOR +1.5% to 1.8%; and 6 month KIBOR + 1.25%	1,100,000	900,000	-	200,000	Pledge on Sugar Stocks with 10% margin Pledge charge of Rs. 909 million First joint pari passu charge on present and future current assets of the Company for Rs 267 million.
Soneri Bank Limited	3 month KIBOR +1.5 % 6 month KIBOR + 1.25%	1,000,000	1,000,000	689,000	500,000	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 588.235 million First joint pari passu charge on present and future current assets of the Company for Rs 666.67 million.
The Bank of Khyber	3 month KIBOR +1%	500,000	499,500	225,700	-	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 589 million
Samba Bank Limited	1 month KIBOR +1%	600,000	599,303	519,303	-	Pledge on Sugar Stocks with 15% margin Pledge charge of Rs. 707 million
Habib Metropolitan Bank	3 month KIBOR + 0.90 %	1,050,000	1,050,000	300,000	300,000	Pledge on Sugar Stocks with 10% margin Pledge charge of Rs. 834 Million First joint pari passu charge on present and future current assets of the Company for Rs 400 million.
Total				4,301,895	2,430,330	
Accrued mark-up				187,613	35,770	
				4,489,508	2,466,100	

	Note	2022	2021
		(Rupees in thousand)	
23. Current maturity of non-current liabilities			
Long term finances	17	988,169	748,905
Loans from related parties	18	48,821	55,181
Lease liabilities	19	90,193	101,403
		1,127,183	905,489

24. Contingencies and commitments

Contingencies

24.1 The Assistant Commissioner Inland Revenue (ACIR) vide show cause notice dated May 12, 2014 alleged that Company has claimed inadmissible input tax adjustment on building material including cements & bricks during the tax periods in year 2013-14. Further the ACIR ordered the Company to pay alleged demand of Rs 36.84 million representing principal amount and default surcharge for the aforesaid tax period. The Company filed appeal before Commissioner Inland Revenue Appeals [CIR(A)] wherein amount was reduced to Rs. 28.06 million vide order-in-appeal dated March 24, 2015. The Company preferred an appeal against the aforesaid order before the Appellate Tribunal Inland Revenue (ATIR), whereby ATIR vide its order dated January 25, 2016 upheld the Company's contention. The tax department filed a reference in this respect before the Honorable Peshawar High Court which is yet to be decided.

24.2 The Commissioner Inland Revenue (CIR), Peshawar vide order dated May 26, 2015 alleged that the Company has not undertaken appropriate stock taking and raised a demand of Rs 10 million in respect of FED on the alleged differential stock. The Company 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 Honorable Peshawar High Court which is yet to be decided.

24.3 Certain companies have filed a constitutional petition with the High Court of Sindh challenging the varies of section 4C of the Income tax Ordinance, 2001. The Sindh High court has provided an interim relief to respective companies through order dated October 3, 2022 allowing them to submit income tax returns of the tax year 2022 with the tax authorities without payment of super tax under section 4C of Income tax Ordinance, 2001. The management based on consultation with its tax consultants and legal counsel is confident that the Company also has arguable stance and accordingly has not recorded the related provision for taxation. The Company is evaluating the option to file own petition as well with the High court.

No provision on account of contingencies disclosed in note 24.1, 24.2 & 24.3 above has been made in these financial statements as the management and its tax and legal advisors are of the view, that these matters will eventually be settled in favor of the Company.

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

24.5 The Group has obtained letter of credit facilities aggregating Rs 431 million (2021: Rs 538 million) from Bank Al Habib and Al Barka Bank. The amount availed on these facilities as at September 30, 2022 is Rs 173 million (2021: Rs 115 million). These facilities are secured by lien on shipping documents.

24.6 The Group has cash finance facility available from various banks aggregating to Rs 5.95 billion (2021: Rs 5.15 billion), out of which Rs 2,600 million (2021: Rs 230.3 million) has been availed by the Company as at September 30, 2022. These facilities are secured against pledge charge over crystalline sugar inclusive of margin of 10 - 15%.

24.7 The Group has Export Re Finance/Finance Against Packing Credit (ERF / FAPC) facility from various commercial banks for Rs 2,400 million (2021: Rs 2,250 million), out of which Rs 1,700 million (2021: Rs 2,200 million) has been availed by the Company as at September 30, 2022. These facilities are secured by the joint parri passu hypothecation charge over current assets of the Company and lien over export documents.

24.8 The Group is defending its stance before the courts of law against various parties including individuals, corporate entities, federal and provincial revenue / regulatory authorities etc. The management of the Group is of the view that the ultimate outcome of these cases are expected to be favorable 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 in this regard.

		Note	2022	2021
			(Rupees in thousand)	
	Commitments			
24.9	The Group has following commitments in respect of:			
	Foreign letter of credit for purchase of plant and machinery		739,238	264,820
	Local letter of credit for purchase of plant and machinery		207,519	257,546
	Capital expenditure other than for letters of credit		104,683	144,647
25.	**Gross sales**			
	Local		14,792,342	13,674,572
	Export	25.1	4,481,937	4,383,459
			19,274,279	18,058,031
25.1	Export sales comprise of the ethanol sales made in the following regions:			
	United Arab Emirates		-	5,615
	Indonesia		162,727	1,350,362
	Singapore		-	8,917
	Spain		3,117,219	1,160,151
	Hong Kong		137,795	35,690
	Switzerland		-	1,026,709
	United Kingdom		999,289	649,271
	Others		64,907	146,744
			4,481,937	4,383,459

		Note	2022	2021
			(Rupees in thousand)	
26.	**Sales tax, other government levies and discounts**			
	Indirect taxes		2,169,631	2,011,263
	Discounts		9,835	9,682
			2,179,466	2,020,945
27.	**Cost of sales**			
	Raw material consumed		13,776,986	11,709,642
	Chemicals and stores consumed		404,930	269,393
	Salaries, wages and benefits	27.1	674,222	538,347
	Power and fuel		107,534	89,010
	Repair and maintenance		315,639	559,888
	Insurance		16,841	19,109
	Depreciation - property, plant and equipment	6.6	952,155	836,969
	Depreciation - right of use assets	7.1	5,134	5,705
	Reversal of provision for obsolete items		-	(3,193)
			16,253,441	14,024,870
	Adjustment of work-in-process:			
	Opening		13,449	11,624
	Closing		(12,146)	(13,449)
			1,303	(1,825)
	Cost of goods manufactured		16,254,744	14,023,045
	Adjustment of finished goods:			
	Opening stock		1,341,096	1,230,375
	Closing stock		(3,367,723)	(1,341,096)
			(2,026,627)	(110,721)
			14,228,117	13,912,324

27.1 Salaries, wages and benefits include Rs 16.37 million (2021: Rs 13.75 million) in respect of retirement benefits.

		Note	2022	2021
28.	**Selling and distribution expenses**			
	Salaries, wages and benefits	28.1	15,476	12,291
	Loading and stacking		19,915	10,184
	Export development surcharge		12,199	10,262
	Freight and other expenses on export		400,264	429,927
	Depreciation - right of use assets	7.1	21,116	20,800
			468,970	483,464

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

		Note	2022	2021
29.	**Administrative and general expenses**			
	Salaries, wages and benefits	29.1	482,394	379,905
	Travelling and conveyance		55,822	25,525
	Vehicles running and maintenance		29,158	18,622
	Rent, rates and taxes		8,526	4,797
	Communication		15,195	10,443
	Printing and stationery		9,856	7,263
	Insurance		5,184	5,057
	Repair and maintenance		50,305	31,351
	Fees and subscription		7,936	5,938
	Depreciation - property, plant and equipment	6.6	82,855	64,322
	Depreciation - right of use asset	7.1	35,164	59,561
	Auditors' remuneration	29.2	4,541	4,011
	Legal and professional charges		12,686	10,815
	Others		64,553	42,681
			864,175	670,291

29.1 Salaries, wages and benefits include Rs 11.34 million (2021: Rs 8.27 million) in respect of retirement benefits.

	2022	2021
29.2 Auditors' remuneration	(Rupees in thousand)	
Statutory audit	3,448	3,080
Half year review	554	504
Consolidation	246	224
Group reporting	123	112
Out-of-pocket expenses	170	91
	4,541	4,011

30. Other income

Income from financial assets		
Return on bank deposits	7,226	4,474
Income from other than financial assets		
Sale of press mud - net of sales tax	5,656	3,671
Sale of fusel oil - net of sales tax	4,233	3,485
Gain / (loss) on disposal of operating fixed assets	(3,349)	(4,719)
Gain on derecognition of right of use assets	20,479	-
Scrap sales - net of expenses	13,110	50,960
Rental income	115	115
Others	18,881	2,471
	59,125	55,983
	66,351	60,457

31. Other expenses

Donations - without directors' interest	490	2,190
Workers' profit participation and workers welfare obligations	39,325	28,017
Others	(2,605)	-
	37,210	30,207

32. Finance cost

Mark-up on:		
Long term finances	323,930	193,068
Loans from related parties	27,789	20,283
Short term borrowings	760,025	441,925
	1,111,744	655,276
Unwinding of interest on lease liabilities	28,020	42,484
Amortization of deferred government grant	(5,787)	(11,465)
Interest on workers' profit participation fund	535	8,117
Bank charges	12,564	9,310
Exchange loss / (gain) - net	2,470	(20,879)
	1,149,546	682,843

33. Taxation

Current:		
- for the year	284,270	43,835
- prior year	37,021	-
	321,291	43,835
Deferred:		
On account of temporary differences	135,435	7,797
	456,726	51,632

		2022	2021
		(Rupees in thousand)	
33.1	Reconciliation of taxation with accounting profit		
	Profit before taxation	379,001	237,427
	Tax rate	29%	29%
	Tax on profit	109,910	68,854
	Tax effect of:		
	Lower rate income	(7,224)	(8,742)
	Prior year charge	37,021	-
	Deferred tax asset recoginized in respect of prior year temporary differences	166,078	(62,526)
	Super tax	72,381	-
	Others	78,560	54,046
		456,726	51,632

34. Non-controlling interest

	2022	2021
NCI percentage	49%	49%
Non-current assets	861,637	40,556
Current assets	109,860	357,955
Non-current liabilities	(512,411)	-
Current liabilities	(90,096)	(1,000)
Net assets	368,990	397,511
Net assets attributable to NCI	180,805	194,780
Loss for the year	(8,520)	(2,489)
Other comprehensive income (OCI)	-	-
Total comprehensive loss	(8,520)	(2,489)
Loss allocated to NCI	(4,175)	(1,220)
OCI allocated to NCI	-	-

35. Earnings per share

	2022	2021
(Loss) / profit after taxation attributable to owners of the Parent Company	(73,550)	187,015
Weighted average number of shares outstanding during the year (No. of shares '000')	28,692	28,692
(Loss) / earnings per share (Rs)	(2.56)	6.52

35.1 There is no dilutive effect on basic earnings per share.

36. Segment operating results

	Sugar Division		Ethanol Division		Total	
	2022	2021	2022	2021	2022	2021
	---------- Rupees in thousand ----------					
Sales						
-External Customers	14,264,248	13,141,517	5,010,031	4,916,514	19,274,279	18,058,031
-Inter segment	953,528	1,007,043	-	-	953,528	1,007,043
	15,217,776	14,148,560	5,010,031	4,916,514	20,227,807	19,065,074
Less : sales tax & others	(2,098,904)	(1,946,775)	(80,562)	(74,170)	(2,179,466)	(2,020,945)
Sales - net	13,118,872	12,201,785	4,929,469	4,842,344	18,048,341	17,044,129
Segment expenses:						
Cost of Sales	(11,387,946)	(10,879,109)	(2,840,171)	(3,033,215)	(14,228,117)	(13,912,324)
less: Inter segment cost	-	-	(953,528)	(1,007,043)	(953,528)	(1,007,043)
	(11,387,946)	(10,879,109)	(3,793,699)	(4,040,258)	(15,181,645)	(14,919,367)
Gross profit	1,730,926	1,322,676	1,135,770	802,086	2,866,696	2,124,762
Selling and distribution expenses	(48,382)	(19,820)	(420,588)	(463,644)	(468,970)	(483,464)
Administrative and general expenses	(587,988)	(459,864)	(187,183)	(140,991)	(775,171)	(600,855)
Net impairment losses on financial assets	(34,145)	(80,987)	-	-	(34,145)	(80,987)
Others	-	-	-	-	(89,004)	(69,436)
	(670,515)	(560,671)	(607,771)	(604,635)	(1,367,290)	(1,234,742)
Profit from operations	1,060,411	762,005	527,999	197,451	1,499,406	890,020
Other income	66,251	55,587	(262)	2,399	65,989	57,986
Others	-	-	-	-	362	2,471
Other expenses	(37,210)	(30,207)	-	-	(37,210)	(30,207)
	29,041	25,380	(262)	2,399	29,141	30,250
Segment results	1,089,452	787,385	527,737	199,850	1,528,547	920,270
Finance cost					(1,149,546)	(682,843)
Profit before tax					379,001	237,427
Taxation					(456,726)	(51,632)
Profit for the year					(77,725)	185,795

36.1 Segment assets and liabilities

	2022		2021	
	(Rupees in thousand)			
	Assets	Liabilities	Assets	Liabilities
Sugar	17,389,270	11,281,220	10,621,822	4,619,616
Ethanol	6,635,732	2,083,503	5,636,656	2,810,170
Total for reportable segment	24,025,002	13,364,723	16,258,478	7,429,786
Others	1,747,203	1,185,717	900,102	571,374
Total assets / liabilities	25,772,205	14,550,440	17,158,580	8,001,160

37 Financial instruments

37.1 Financial assets and liabilities

As at September 30, 2022

Financial assets:	Amortized Cost	Fair value through profit and loss	Fair value through other comprehensive income	Total
	--------------------------Rupees in thousand---------------------------			
Maturity upto one year				
Trade debts	44,157	-	-	44,157
Loans and advances	333,875	-	-	333,875
Trade deposits and other receivables	363,645	-	-	363,645
Cash and bank balances	256,140	-	-	256,140
Maturity after one year				
Long term security deposits	15,084	-	-	15,084
	1,012,901	-	-	1,012,901

Financial liabilities:	Other financial liabilities	Fair value through profit and loss	Total
	--------------------------Rupees in thousand---------------------------		
Other financial liabilities			
Maturity upto one year			
Trade and other payables	736,439	-	736,439
Unclaimed dividends	14,607	-	14,607
Current maturity of non current liabilities	1,036,990	-	1,036,990
Short term running finance	4,489,508	-	4,489,508
Lease liabilities	90,193	-	90,193
Maturity after one year			
Long term finances - secured	4,191,793	-	4,191,793
Loans from related parties - secured	181,839	-	181,839
Lease liabilities	146,604	-	146,604
	10,887,973	-	10,887,973

As at September 30, 2021

Financial assets:	Amortized Cost	Fair value through profit and loss	Fair value through other comprehensive income	Total
		(Rupees in thousand)		
Maturity upto one year				
Loans and receivables				
Trade debts	533,462	-	-	533,462
Loans and advances	68,679	-	-	68,679
Trade deposits and other receivables	329,180	-	-	329,180
Cash and bank balances	441,753	-	-	441,753
Maturity after one year				
Long term security deposits	15,084	-	-	15,084
	1,388,158	-	-	1,388,158

Financial liabilities:	Other financial liabilities	Fair value through profit and loss	Total
		(Rupees in thousand)	
Other financial liabilities			
Maturity upto one year			
Trade and other payables	576,699	-	576,699
Unclaimed dividends	12,353	-	12,353
Current maturity of non-current liabilities	804,086	-	804,086
Short term running finance	2,466,100	-	2,466,100
Lease liabilities	101,403	-	101,403
Maturity after one year			
Long term finances - secured	1,702,294	-	1,702,294
Loans from related parties - secured	198,075	-	198,075
Lease liabilities	226,887	-	226,887
	6,087,897	-	6,087,897

38 Financial risk management

38.1.1 Financial risk factors

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors (the Board) has the overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

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

Credit risk primarily arises from trade debts, loans and advances, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set an allowed credit period 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 Group's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Group.

The Group recognizes ECL for trade debts using the simplified approach as explained in note 4.22. As per the aforementioned approach, the loss allowance was determined as follows:

	1-180 days	**181-365 days**	**More than 365 days**	**Total**
	--------------------------Rupees in thousand----------------------------			
September 30, 2022				
Gross carrying value	44,210	-	1,729	45,939
Loss allowance	53	-	1,729	1,782
September 30, 2021				
Gross carrying value	534,179	-	1,729	535,908
Loss allowance	717	-	1,729	2,446

ECL on other receivables is calculated using general approach (as explained in note 4.22). As at the reporting date, Group envisages 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 the Group using a range of probable recovery pattern of related other receivables and assigning a time value of money to same. As per the aforementioned approach, the loss allowance for other receivables is determined as follows:

	2022	2021
	(Rupees in thousand)	
September 30,		
Gross carrying value	333,875	68,679
Loss allowance	905	345

Based on past experience, the management believes that no further impairment allowance is necessary in respect of trade debts, loans and advances and other financial assets.

Net impairment losses on financial assets recognised in statement of profit or loss account:

	2022	2021
	(Rupees in thousand)	
Impairment loss for doubtful trade debts	(664)	28,277
Impairment loss for export subsidy	34,249	56,120
Impairment losses on doubtful advances	560	-
Reversal of previous impairment losses	-	(3,410)
Net impairment losses on financial assets	34,145	80,987

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

	Rating	2022	2021
		(Rupees in thousand)	
Counterparties without external credit rating			
Trade debts		44,157	533,462
Loans and advances		144,853	68,679
Trade deposits and other receivables		363,645	329,180
		552,655	931,321
Counterparties with external credit rating			
Bank balances			
	A-1+	235,287	439,083
	A-1	20,853	2,670
		256,140	441,753
Loans and advances			
	A-1+	185,061	172,537
	A-1	3,959	34,738
	A-1+	2	-
		189,022	207,275

b) 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 to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the contractual maturities of the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 Year	Between 1 to 5 years	5 years and above
			(Rupees in thousand)		
As at September 30, 2022					
Long term finance - secured	5,179,962	5,179,962	988,169	4,191,793	-
Loans from related parties	230,660	230,660	48,821	181,839	-
Lease liabilities	236,797	236,797	90,193	146,604	-
Trade and other payables	736,439	736,439	736,439	-	-
Unclaimed dividend	14,607	14,607	14,607	-	-
Short term running finance	4,489,508	4,489,508	4,489,508	-	-
As at September 30, 2021					
Long term finance - secured	2,451,199	2,451,199	748,905	1,702,294	-
Loans from related parties	253,256	253,256	55,181	198,075	-
Lease liabilities	328,290	328,290	101,403	226,887	-
Trade and other payables	576,699	576,699	576,699	-	-
Unclaimed dividend	12,353	12,353	12,353	-	-
Short term running finance	2,466,100	2,466,100	2,466,100	-	-

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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

c) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Group is exposed to interest rate risk, currency risk and market price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial liabilities include Rs 9.31 million (2021: Financial assets include Rs 332.11 million) which were subject to currency risk.

	2022	2021
Rupees per USD		
Average rate	199.95	168.08
Reporting date rate	229.45	170.45

Sensitivity analysis

As at September 30, 2022, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 0.62 million (2021: Rs 23.61 million) lower/ higher.

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has no long term interest bearing financial assets whose fair value or future cash flows will fluctuate because of changes in market interest rates. Financial assets and liabilities include balances of Rs 38.35 million (2021: Rs 19.83 million) and Rs 9,711 million (2021: Rs 5,376 million) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities have been indicated in respective notes.

Sensitivity analysis

As at September 30, 2022, if interest rates had been 1% higher/ lower with all other variables held constant, profit after tax for the year would have been Rs 64.8 million (2021: Rs 38.03 million) higher/ lower, mainly as a result of higher/ lower interest income/ expense from these financial assets and liabilities.

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Group is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

38.1.2 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 Board monitors 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 schedule 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 cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The Group's gearing ratio is as follows:

	2022	2021
	(Rupees in thousand)	
Long term finances - secured	5,179,962	2,451,199
Loans from related parties - secured	230,660	253,256
Lease liabilities	236,797	328,290
Trade and other payables	1,190,590	717,872
Short term running finance - secured	4,489,508	2,466,100
Less: cash and cash equivalents	(256,140)	(441,753)
Net debt	11,071,377	5,774,964

	2022	2021
	(Rupees in thousand)	
Issued, subscribed and paid-up capital	286,920	286,920
Capital reserve	327,000	327,000
Revenue reserve	3,320,146	3,190,740
Total capital	3,934,066	3,804,660
Capital and net debt	15,005,443	9,579,624
Gearing ratio	74%	60%

39 Fair value of financial assets and liabilities

The carrying values of financial assets and liabilities approximate their fair value.

39.1 Fair value hierarchy

Certain property, plant and equipment of the Group was valued by independent valuer to determine the fair value of property, plant and equipment as at September 30, 2022. The revaluation surplus was credited to other comprehensive income and is shown as 'surplus on revaluation of property, plant and equipment'. The different levels have been defined as follows:

- Level 1

Quoted prices (unadjusted) in active market for identical assets/ liabilities.

- Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

40. Reconciliation of movement of liabilities to cash flow arising from financing activities

	Liabilities						Total
	Long term finance	Loans from related parties	Lease liabilities	Accrued Markup	Short term running finance	Unclaimed dividend	
	-----------Rupees in thousand-----------						
Balance at October 1, 2021	2,418,912	219,325	328,290	123,199	2,200,000	12,353	5,302,079
Cash flows	2,533,664	-	(124,883)	(806,071)	(500,000)	(141,206)	961,504
Acquisition - finance lease	-	-	-	-	-	-	-
Other non-cash movements	-	-	33,390	1,109,206	-	143,460	1,286,056
Balance at September 30, 2022	4,952,576	219,325	236,797	426,334	1,700,000	14,607	7,549,639

41. Transactions and balances with related parties

41.1 The Premier Sugar Mills & Distillery Company Limited holds 47.93% (2021: 47.93%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of The Premier Sugar Mills & Distillery Co. Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, Directors and Executives is disclosed in note 42 to the statement of financial statements.

	2022	2021
	(Rupees in thousand)	
The Premier Sugar Mills and Distillery Company Limited		
Purchases	31,648	1,369
Sales	4,965	-
Issuance of store items	38,957	80,742
Earnest money for purchase of building	269,965	270,000
Mark-up charged	-	541
Expenses paid by the Company	104,937	25,473
Expenses paid on behalf of the Company	8,893	8,613
Dividend paid	68,755	68,755
Rent expense	-	21,780
Rent income	115	115
The Frontier Sugar Mills and Distillery Limited		
Purchase of store items	733	-
Syntronics Limited		
Purchase of store items	83,614	-
Dividend paid	17,952	17,952
Syntron Limited		
Purchase of store items	83,230	90,928
Azlak Enterprises (Private) Limited		
Services on behalf of the Company	32,110	30,549
Mark-up charged	11,012	7,415
Expenses paid on behalf of the Company	5,996	1,565
Dividend paid	7,387	7,314

	2022	2021
	(Rupees in thousand)	
Phipson & Company Pakistan (Private) Limited		
Expenses paid by the Company	37	-
Dividend paid	1,538	1,538
Arpak International Investments Limited		
Markup charged	5,668	3,817
Premier Board Mills Limited		
Markup charged	11,110	8,512
Provident fund		
Contribution to provident fund	24,203	18,729
Directors		
Dividends paid	19,103	17,346
Vehicle leased	16,189	21,685
Advance against sale of floor area - building	100,000	-

41.2 Following are the related parties with whom the Group had entered into transactions or have arrangement/agreement in place.

Sr No	Company Name	Basis of Association	Aggregate % of Shareholding
1	The Premier Sugar Mills and Distillery Company Limited	Holding Company	47.93%
2	Premier Board Mills Limited	Common directorship	-
3	Azlak Enterprises (Private) Limited	Common directorship	5.15%
4	Arpak International Investments Limited	Common directorship	-
5	Phipson & Company Pakistan (Private) Limited	Common Holding Company	1.07%
6	Syntronics Limited	Common directorship	12.51%
7	Premier Construction and Housing Limited	Common directorship	-
8	Earth Securities (Private) Limited	Common directorship	-
9	The Frontier Sugar Mills & Distillery Limited	Common directorship	-
10	Syntron Limited	Common directorship	-

42. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	---------------------------------(Rupees in thousand)---					
Managerial remuneration	13,500	12,000	27,000	24,000	44,119	38,712
Bonus	-	-	-	-	7,774	5,452
Housing and utilities	3,330	1,770	895	8,843	29,413	22,290
Group's contribution to provident fund	-	-	-	-	3,348	2,537
Medical	11,322	3,806	15,228	2,926	805	1,289
Other expenses	5,979	1,017	21,336	5,458	-	-
	34,131	18,593	64,459	41,227	85,459	70,280
Number of persons	1	1	3	3	19	16

42.1 In addition to above, the Chief Executive and Executives were provided with the Group maintained cars for official and personal use. All the Executives based at factory compounds are also provided with free housing with the Group's generated electricity, telephone and certain household items in the residential colony within the factory compound.

42.2 Mr. Abbas Sarfraz Khan, Director of the Group, 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 Group policy, Group maintained vehicle and reimbursement of all travelling and medical expenses. The Board of Directors are also entitled to reimbursement of all travelling, telephone and medical expenses, as approved vide 31st annual general meeting of members dated March 29, 2019.

43. General

43.1 Geographical location and addresses of business units

The business units of the Group include the following:

Business Units	Location
Sugar - unit I	University Road, Dera Ismail Khan, KPK
Sugar - unit II	Ramak, Dera Ismail Khan, KPK
Ethanol fuel plant	Ramak, Dera Ismail Khan, KPK
Storage facility	Layyah and Bhakkar, Punjab

43.2 Capacity and production

	2022	2021
Sugar plants		
Rated crushing capacity (Metric Ton / day)	18,000	18,000
On the basis of average number of 128 days (2021: 104 days)	2,304,000	1,872,000
Actual cane crushed (Metric Ton)	1,885,437	1,468,505
Sugar produced (Metric Ton)	195,219	145,987
Ethanol fuel plant		
Rated production capacity (Litres / day)	125,000	125,000
On the basis of average number of 335 days (2021: 353 days) (Litres)	41,250,000	44,125,000
Actual production (Litres)	40,933,660	44,099,770
Storage facility		
Storage capacity (metric tones)	20,000	20,000
Days worked	Days	
Sugar - unit I	122	106
Sugar - unit II	121	101
Ethanol fuel plant	335	353

Reasons for Shortfall

Sugar division performed at less than installed capacity to the extent of availability of sugar cane and the atmospheric effect. Capacity of ethanol units were over-utilized on certain days. Storage facilities of subsidiary companies were yet to be operational.

43.3 Number of employees

	2022	2021
Number of employees at September 30		
Permanent	989	935
Contractual	1,059	982
	2,048	1,917
Average number of employees for the year		
Permanent	992	948
Contractual	1,416	1,354
	2,408	2,302

43.4 Provident Fund

Details of the provident funds based on audited financial statements for the year ended September 30, 2022 are as follows:

Staff provident fund

	2022	2021
Size of the fund	236,575	200,240
Cost of investment made	233,760	193,452
Fair value of investment made	243,954	201,460
	%	%
Percentage of investment made	98.81	96.61

	2022		2021	
	Rupees '000'	%	Rupees '000'	%
Breakup of investment - at cost				
Term deposit	233,400	99.85	193,400	99.97
Bank deposits	360	0.15	52	0.03
	233,760	100.00	193,452	100.00

43.4.1 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

43.5 Rounding off

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

44. Impact of COVID-19 on the financial statements

The spread of Covid-19 as a pandemic and consequent imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. While this is still an evolving situation at the time of issuing these financial statements, the management believes that there is no discernible impact is on the amounts being reported in these financial statements, however the future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

45. Date of authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on January 03, 2023.

(RIZWAN ULLAH KHAN)
CHIEF FINANCIAL OFFICER

(BEGUM LAILA SARFARAZ)
CHIEF EXECUTIVE

(ISKANDER M KHAN)
DIRECTOR

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CHASHMA SUGAR MILLS LIMITED
Nowshera Road, Mardan.

PROXY FORM

35th Annual General Meeting

I/We... of ....being a member of **Chashma Sugar Mills 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 January 27, 2023 and at any adjournment thereof.

Revenue Stamp Signature(Rs. 5.00)

____
Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

Dated this .... day of .... 2023.

Signature of Proxy __________________

1. **Witness:**
Name: ____________________
Signature: ____________________
Address: ____________________
CNIC No: ____________________

2. **Witness:**
Name: ____________________
Signature: ____________________
Address: ____________________
CNIC No: ____________________

Note: Proxies, in order to be effective, must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

CDC Shareholders and their Proxies are each requested to attached an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.

چشمہ شوگر ملز لمیٹڈ

نوشہرہ روڈ مردان

نمائندگی کا فارم (پراکسی فارم)

35 واں سالانہ اجلاس عام

میں/ہم ____________ کا/ کی ____________ بحیثیت رکن چشمہ شوگر ملز لمیٹڈ 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 اکاؤنٹ نمبر ____________

شناختی کارڈ نمبر ____________ یا پاسپورٹ نمبر ____________، کو میری/ہماری غیر حاضری میں کمپنی کے سالانہ اجلاس عام میں ، جو بتاریخ 27 جنوری 2023، 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 ________ 2023

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 چاہیے ،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۔