

annual report 2019

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Page	CONTENTS
2	Company Profile
	Governance
3	Company Information
4	Management Committees
7	Vision and Mission Statement
8	Code of Conduct
	Stakeholders' Information
10	Ten Years' Review
11	Six Years' Performance at a Glance
12	Notice of Annual General Meeting
14	Chairman Review Report (English/Urdu)
16	Directors' Report to the Shareholders (English/Urdu)
26	Shareholders' Information
27	Pattern of Shareholding
29	Statement of Compliance with repealed Listed Companies (Code of Corporate Governance) Regulations 2017 and 2019
33	Independent Auditors' Report to the Members
39	Statement of Financial Position
40	Statement of Profit or Loss and Other Comprehensive Income
41	Statement of Cash Flows
42	Statement of Changes in Equity
43	Notice to the Financial Statements
	Proxy Form

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Company Profile

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

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Company Information

Board of Directors

Mr. Aziz Sarfaraz Khan	Chairman
Mr. Abbas Sarfaraz Khan	Chief Executive
Begum Laila Sarfaraz	Director
Ms. Zarmine Sarfaraz	Director
Ms. Najda Sarfaraz	Director
Ms. Samyra Rashid	Independent Director
Mr. Iskander M. Khan	Director
Mr. Abdul Qadar Khattak	Director

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Mr. Zaheer Mir

Auditors

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

Tax Consultants

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

Legal Advisor

Mr. Isaac Ali Qazi
Advocate

Bankers

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Management Committees

Executive Committee

Mr. Abbas Sarfaraz Khan (Executive Director)	Chairman
Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Member
Mr. Abdul Qadar Khattak (Executive Director)	Member

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

Audit Committee

Ms. Samyra Rashid (Independent Director)	Chairperson
Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Member
Ms. Najda Sarfaraz (Non-Executive Director)	Member
Mr. Mujahid Bashir	Secretary

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

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

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

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

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

Human Resource and Remuneration Committee

Ms. Samyra Rashid (Independent Director)	Chairperson
Mr. Aziz Sarfaraz Khan (Non-Executive Director)	Member
Mr. Iskander M. Khan (Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The Committee is responsible for:

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

VISION STATEMENT

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

MISSION STATEMENT

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

STRATEGIC GOALS

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

CORE VALUES

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Code of Conduct

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

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

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

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

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

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

General Principles

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

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

Statement of Ethical Practices

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

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

YEAR	CANE			BEET		
	CANE CRUSHED	RECOVERY	SUGAR PRODUCED	BEET SLICED	RECOVERY	SUGAR PRODUCED
	M. Tons	%	M. Tons	M. Tons	%	M. Tons
2010	3,863.968	7.01	50.00	33,026.44	7.60	2,510.00
2011	133,655.000	8.65	11,509.00	50,509.00	8.93	4,467.00
2012	249,062.000	9.76	24,290.00	43,124.74	10.65	4,539.00
2013	222,121.000	9.14	20,507.00	47,379.00	9.71	4,567.00
2014	117,589.000	8.90	10,402.00	NOT OPERATED		
2015	95,526.000	9.11	9,019.00			
2016	178,273.000	9.94	17,677.00			
2017	268,864.455	9.32	25,003.00			
2018	204,775.000	11.12	22,708.00			
2019	154,414.000	10.90	16,768.00			

PRODUCTION OF INDUSTRIAL ALCOHOL

YEARS	MOLASSES	RECOVERY	PRODUCTION
	TONS	GLNS PER MND	IN GALLONS
2010	35.46	2.402	2,129.00
2011	3,431.77	2.008	172,302.00
2012	13,348.13	1.978	660,010.00
2013	8,589.29	1.876	402,790.00
2014	6,477.00	2.104	340,694.00
2015	NOT OPERATED		
2016			
2017			
2018			
2019			

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

PARTICULARS	2019	2018	2017	2016	2015	2014
(RUPEES IN THOUSAND)						
Turnover	1,072,460	1,262,508	892,219	1,470,677	225,479	781,125
Operating Profit / Loss	66,449	(144,494)	(191,250)	(226,746)	(22,091)	(200,516)
Profit / (loss) before tax	30,870	(166,513)	(171,931)	(195,530)	6,563	(140,924)
Profit / (loss) after tax	184	(195,735)	(147,178)	(149,793)	16,769	(78,509)
Share capital	37,500	37,500	37,500	37,500	37,500	37,500
Shareholders' equity	993,464	992,816	1,181,014	1,203,899	1,352,350	1,327,479
Non-current assets	1,265,092	1,399,585	1,493,750	1,328,521	1,497,519	1,601,222
Total assets	1,924,249	2,190,236	2,445,206	1,881,265	2,364,963	2,105,089
Non current liabilities	31,774	17,144	83,160	150,724	275,128	290,161
Current assets	659,157	790,651	951,456	552,744	867,444	503,867
Current liabilities	899,011	1,180,276	1,181,032	526,642	737,485	487,449
Dividend						
Cash dividend	0	0	0	0	20%	0
Ratios:						
Profitability (%)						
Operating profit / (loss)	6.20	(11.44)	(21.44)	(15.42)	(9.80)	(25.67)
Profit/ (Loss) before tax	2.88	(13.19)	(19.27)	(13.30)	2.91	(18.04)
Profit/(Loss) after tax	0.02	(15.50)	(16.50)	(10.19)	7.44	(10.05)
Return to Shareholders						
ROE - Before tax	3.11	(16.77)	(14.56)	(16.24)	0.49	(10.62)
ROE - After tax	0.02	(19.72)	(12.46)	(12.44)	1.24	(5.91)
Return on Capital Employed	0.02	(19.38)	(11.64)	(11.06)	1.03	(4.85)
E. P. S. - After tax	0.05	(52.20)	(39.25)	(39.94)	4.47	(20.94)
Activity						
Total assets turnover	0.52	0.54	0.41	0.69	0.10	0.40
Non-current assets turnover	0.80	0.87	0.63	1.04	0.15	0.56
Liquidity/Leverage						
Current ratio	0.73	0.67	0.81	1.05	1.18	1.03
Break up value per share	264.90	264.80	314.94	321.00	360.60	354.00
Total Liabilities to equity (Times)	(0.94)	(1.21)	(1.07)	(0.56)	(0.75)	(0.59)

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 74th Annual General Meeting of the shareholders of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** will be held on January 27, 2020 at 11:30 AM at the Registered Office of the Company at Nowshera Road, Mardan, for transacting the following business:-

- (1) To confirm the minutes of the Annual General Meeting held on March 29, 2019.
- (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, 2019.
- (3) To appoint the Auditors of the Company and to fix their remuneration for the financial year ending September 30, 2020. The present auditors' M/s ShineWing Hameed Chaudhri & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.
- (4) To transact any other business of the Company as may be permitted by the Chair.

The share transfer books of the Company will remain closed from January 17, 2020 to January 27, 2020 (both days inclusive).

BY ORDER OF THE BOARD



(Mujahid Bashir)
Company Secretary

Mardan:
January 02, 2020

N.B:

1. A member, eligible to attend and vote at this meeting, may appoint another member as his/her proxy to attend, speak and vote instead of himself/herself. Proxies in order to be effective must be valid and received by the Company not less than 48 hours before the time for holding of the Meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.
3. CDC shareholders are requested to bring their original Computerized National Identity Card (CNIC) or Original Passport, account, sub account number and participant's number in the Central Depository System for identification purpose for attending the Meeting. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
4. The SECP vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of Annual General Meeting

electronically through email. Hence, members who are interested in receiving the annual reports and notice of Annual General Meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website www.premiersugarmills.com to the Company's Share Registrar.

5. The Financial Statements of the Company for the year ended September 30, 2019 along with reports have been placed at website of the Company www.premiersugarmills.com
6. In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

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

7. 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.premiersugarmills.com](http://www.premiersugarmills.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, within a period not exceeding 4 years from the commencement of this Act, i.e. May 30, 2017.

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

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

CHAIRMAN'S REVIEW REPORT

I am pleased to welcome you to the 74th Annual General Meeting of your Company and present on behalf of the Board of Directors, the Audited Financial Statements for the year ended September 30, 2019 along with my review on the performance of your Company.

As required under Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of the Company is carried out. The purpose of this exercise is to ensure that the Board's overall performance and effectiveness is measured and bench marked against expectations in the context of objectives set for the Company.

The year 2018-19 was a difficult year for Sugar Sector in general, due to slowing down of economic growth, increasing input costs, surging interest rates and massive devaluation of Pak Rupee, due to which the profitability ratio of Sugar Mills / Industry / Sector was badly affected.

The Board met the duties as required under the Companies Act, 2017 and Listed Companies (Code of Corporate Governance), Regulations 2019, which include approval of significant policies, establishing a sound system of internal controls, approval of budgets and financial results, along with approval of significant investments. During the year the Board met six times. The Board is compliant with all the regulatory requirements and acted in accordance with applicable laws & best practices.

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

On the behalf of the Board of Directors of your Company, I would like to take this opportunity to express my appreciation for the untiring efforts of our sincere services of employees of the Company.

I am also thankful for the valuable stakeholders including our valued customers, banks, suppliers and also shareholders for their patronage and confidence reposed in the Company.



(Aziz Sarfaraz Khan)
Chairman

Mardan: January 02, 2020

دی پریسیس شوگر ملز اینڈ ڈسٹری کمپنی لمیٹڈ

چیئرمین کی جائزہ رپورٹ

میں آپ کی کمپنی کے 74 ویں سالانہ جنرل میٹنگ میں آپ کو خوش آمدید کہتا ہوں اور میں اپنی اور بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی آڈیٹڈ فنانشل سٹیٹمنٹس برائے سال 30 ستمبر، 2019 اور مجموعی کارکردگی اپنے جائزہ کے ساتھ پیش کر رہا ہوں۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق اور کمپنی کے بورڈ کی سالانہ جائزہ لیا جا چکا ہے۔ اس جائزہ کا بنیادی مقصد یہ ہے کہ کمپنی کے طے شدہ مقاصد کے تناظر میں بورڈ کی مجموعی کارکردگی کا اورتا شہر کو ناپا جائے۔

سال 2018-19 عمومی طور پر کمپنی کی صنعت کے لیے ایک مشکل سال تھا، جس کی وجہ معیشت نمو کی سست روی، ان پٹ کاسٹ میں اضافہ، شرح سود کا بڑھنا اور روپے کی قدر میں بڑے پیمانے پر گراؤ، جس کی وجہ سے شوگر ملز، صنعت، سیکٹر کے منافع کا تناسب بری طرح متاثر ہوا۔

بورڈ کی جانب سے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی شرائط کے مطابق اپنے فرائض منصبی کی ادائیگی کی گئی جن میں اہمیت حامل پالیسیوں کی منظوری، موثر اندرائی کنٹرول کے نظام کے نظام کا قیام، بجٹ اور مالیاتی نتائج کی منظوری اور اہمیت کی حامل سرمایہ کاری کی منظوری جیسے امور شامل ہیں۔ زیر نظر مالی سال کے دوران بورڈ کی جانب سے چھ اجلاس منعقد کئے گئے۔ بورڈ تمام قانونی شرائط و ضوابط پر پورا اترتا ہے، مرد وچ قوانین اور بہترین روایات کی پاسداری کرتے ہوئے اپنے فرائض منصبی کی ادائیگی کرتا ہے۔

بورڈ کے چیئرمین ہونے کے ناطے اس بات کی یقین دہانی کرواتا ہوں کہ انتظامیہ فعال طور پر مختلف آپشنز کو مد نظر رکھتے ہوئے دستیاب فنڈز کے مناسب ریٹرنز کے ایجنڈہ پر سال کے دوران ہونے والی بورڈ میٹنگ میں کام کرتی رہی ہے۔ تمام کھسے گئے نوٹس، بشمول ایجنڈہ، متعلقہ دستاویزات اور دیگر ورکنگ پیپر میٹنگ کے دوران مہیا کیے گئے تھے۔ مزید برآں میں اس بات کی یقین دہانی کرواتا ہوں کہ بورڈ اپنی ذمہ داریوں کو پورا کرنے میں موثر کردار ادا کر رہا ہے۔ غیر ایگزیکٹو اور آزاد ڈائریکٹرز اہم فیصلوں میں یکساں شریک ہوتے ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، میں اس موقع سے قائدہ اٹھاتے ہوئے کمپنی کے ملازمین کی مخلص خدمات اور انتھک کاوشوں کو سراہتا ہوں۔ میں ان قابل قدر اسٹیک ہولڈرز کا بھی شکر گزار ہوں جن میں معزز کسٹمرز، بینکنس، سپلائرز اور حصص یافتگان شامل ہیں جنہوں نے کمپنی کی سرپرستی اور مکمل بھروسہ کیا۔



عزیز سر فراز خان

چیئرمین

مردان، 02 جنوری، 2020

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

DIRECTORS' REPORT

The Directors of the Premier Sugar Mills & Distillery Company Limited, are pleased to present Directors' Report of the Company together with the audited financial statements for the year ended September 30, 2019.

1. SUMMARISED FINANCIAL RESULTS

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

	2019	2018
	Rupees in thousand	
Profit/(Loss) before taxation	<u>30,870</u>	<u>(166,513)</u>
Taxation		
Current		
- for the year	(19,302)	(21,685)
- for the prior year	<u>2,778</u>	<u>1,613</u>
	(16,524)	(20,072)
- Deferred	<u>(14,162)</u>	<u>(9,150)</u>
	<u>30,686</u>	<u>29,222</u>
Profit/(Loss) after taxation	<u>184</u>	<u>(195,735)</u>
	----- Rupees -----	
Profit/(Loss) per Share	<u>0.05</u>	<u>(52.20)</u>

2. REVIEW OF OPERATIONS

2.1 CRUSHING SEASON 2018-19

The sugarcane crushing season 2018-19 commenced on November 30, 2018 and continued till March 31, 2019. The mills have crushed 154,414 tons (2018: 204,775 tons) of sugarcane and have produce 16,768 tons (2018: 22,778 tons) of sugar at an average recovery of 10.90% (2018: 11.12%). The crushing is reduced due to procurement of sugarcane for tax-free commercial Gur manufacturing at high prices.

2.2 CRUSHING SEASON 2019-20

sugarcane crushing season 2019-20 commenced on November 09, 2019. The mills have crushed 35,145 tons of sugarcane and have produced 2,891 tons of sugar till December 29, 2019. The entire crop of sugarcane is being diverted towards tax-free Commercial Gur making by traders. The Government is losing Rs. 5.00 billion of taxes and its inaction will force the sugar industry to close its operations in Peshawar Valley.

3. SUGAR PRICE

3.1- CRUSHING SEASON 2018-19

The sugar prices increased after closing of the crushing season due to low crushing throughout the country.

3.2- CRUSHING SEASON 2019-20

As per the Company is operating at 10% of its capacity, the sugar prices do not contribute to fixed costs.

4. DISTILLERY

During the current year, shifting and installation of the distillery plant has been completed. The Company produces industrial grade ethanol which is not feasible at the very high prices of molasses.

5. STAFF

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

6. PATTERN OF SHAREHOLDING

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

7. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of The Premier Sugar Mills & Distillery Company Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- All appropriate accounting policies have been consistently applied while preparing financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon Company's ability to continue as a 'going concern'.
- The Company has followed Code of Corporate Governance as detailed in the Listed Companies (Code of Corporate Governance) Regulations 2017 and 2019.
- Key operating and financial data for the last six years available in summarized form is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at September 30, 2019, except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on audited accounts, was Rs. 41.173 million as at September 30, 2019.

- Seven (7) Out of eight (8) Directors of the Company have the prescribed education and experience under section 20 of Listed Companies (Code of Corporate Governance) Regulations, 2017 and remaining one Director of the Company will conduct Director Training Program by June 30, 2021.

8. 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.

9. Related Party Transactions

The Related Parties transactions mentioned in 38 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.

10. Board Meetings

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

Name of Directors	Board Meetings	Board Audit Committee Meetings	Human Resource and Remuneration Committee
	Attended	Attended	Attended
Non- Executive Directors			
Mr. Aziz Sarfaraz Khan	6	4	1
Begum Laila Sarfaraz	4	-	-
Ms. Zarmine Sarfaraz	3	4	-
Ms. Najda Sarfaraz	5	4	-
Executive Directors			
Mr. Abbas Sarfaraz Khan	5	-	-
Mr. Iskander M. Khan	6	-	1
Mr. Abdul Qadar Khattak	3	-	-
Independent Director			
Ms. Samyra Rashid	6	4	1

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

11. 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.

12. DIVIDEND

The Directors do not recommend any dividend due to losses suffered by the Company.

13. EXTERNAL AUDITORS

The present Auditors, M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants, Lahore, retire at the conclusion of forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. As suggested by the Audit Committee in terms of the Code of Corporate Governance, the Board of Directors has recommended their appointment as Auditors of the Company for the year ending September 30, 2020.

14. REPLY TO AUDITORS' OBSERVATIONS

Note. 15.4 (a)

The Company is representing / monitoring through CM No. 454/2011 in winding-up of proceedings filed by SECP before Honorable Lahore High Court Lahore. The Court has appointed a liquidator by accepting the Winding up petition and Company has filed statement of claims before the court. During the prior year the Company received Rs. 10 million on account of principal amount.

Furthermore, the balance confirmation letter has been circulated to the bank for direct confirmation to the auditors and the reply will be received by the auditors directly.

15. COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out in the Listed Companies (Code of Corporate Governance) Regulations, 2017 and 2019 relevant for the year ended September 30, 2019 have been duly complied with. A statement to this effect is annexed with the report.

16. ACKNOWLEDGEMENT

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

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

FOR AND ON BEHALF OF THE BOARD



(ISKANDER M. KHAN)
DIRECTOR



(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

Mardan:
January 02, 2020

دی پرنسپل شوگر ملز اینڈ ڈسٹری کمپنی لمیٹڈ

ڈائریکٹرز کی رپورٹ

دی پرنسپل شوگر ملز اینڈ ڈسٹری کمپنی لمیٹڈ کے ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور 30 ستمبر 2019 کو ختم ہونے والے سال کے آڈیٹ شدہ مالیاتی گوشوارے، پیش کرنے پر مسرت محسوس کرتے ہیں۔

1۔ خلاصہ مالیاتی نتائج

کمپنی کی مالیاتی کارکردگی کا ذیل میں خلاصہ پیش ہے۔

2018	2019	
(ہزار روپے)		
(166,513)	(30,870)	ٹیکس سے پہلے نقصان
-----	-----	ٹیکسیشن
(21,685)	(19,302)	موجودہ سال کا ٹیکس
1,613	2,778	گزشتہ سال کا ٹیکس
(20,072)	(16,524)	
(9,150)	(14,162)	ڈیفرڈ ٹیکس
(29,222)	(30,686)	
(195,735)	184	نفع / نقصان بعد از ٹیکس
----- روپے -----	-----	
(52.20)	0.05	نفع / نقصان فی شیئر

2۔ آپریشن کا جائزہ

2.1۔ کرشنگ سیزن 2018-19

گنے کا کرشنگ سیزن 2018-19، 30 نومبر 2018 کو شروع ہوا اور 31 مارچ 2019 تک جاری رہا۔ ملز نے 154,414 ٹن (2018) میں 204,775 ٹن گنا کرش کیا اور 10.90 فیصد اوسط (2018 میں 11.12 فیصد) کے حساب سے چینی کی پیداوار 16,768 ٹن (2018 میں 22,778 ٹن) رہی۔ ٹیکس فری، کمرشل گڑ بنانے والوں کی طرف سے گنے کی زیادہ قیمت ادا کرنے کی وجہ سے کرشنگ کم ہوئی

ہے۔

2.2۔ کرشنگ سیزن 2019-20

گنے کا کرشنگ سیزن 2019-20 کا آغاز 09 نومبر 2019 کو شروع ہوا۔ 29 دسمبر 2019 تک ملز نے 35,145 ٹن گنے کو کرش کرتے ہوئے 2,891 ٹن چینی کی پیداوار کی۔ تاجروں کی جانب سے گنے کی مکمل فصل کو ٹیکس فری کرشل گز بنانے میں استعمال کیا جا رہا ہے۔ جس کی وجہ سے حکومت کو 5 بلین کے ٹیکسز کا نقصان ہو رہا ہے جبکہ حکومت کی اس بے عملی کی وجہ سے پشاور ویلی میں چینی کی صنعت کو اپنی کاروباریاں بند کرنے پر مجبور ہو جائے گی۔

3۔ چینی کی قیمت

3.1۔ چینی کا سیزن 2018-19

چینی کی قیمت میں اضافہ کرشنگ سیزن کے بند ہونے کے بعد ہوا جس کی وجہ پورے ملک میں کرشنگ کام ہونا ہے۔

3.2۔ چینی کا سیزن 2019-20

جیسا کہ اب تک کمپنی صرف اپنی 10 فیصد صلاحیت کے مطابق کام کرتی رہی ہے، اسی وجہ سے چینی کی قیمت کمپنی کی فکسڈ کاسٹ کو پورا نہیں کر پائے گی۔

4۔ ڈسٹری

دوران سال ڈسٹری پلانٹ کی شفٹنگ اور انسٹالیشن کا کام مکمل ہو چکا ہے۔ چونکہ کمپنی انڈسٹریل لیول کا ہتھنول بناتی ہے جو کہ مولیسسز کی موجودہ انتہائی بڑھی ہوئی قیمتوں کی وجہ سے فائدہ مند نہیں۔

5۔ سٹاف

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

6۔ شیر ہولڈنگ کی ترتیب

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

7۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

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

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

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

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

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

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

۔ کمپنی باقاعدگی سے کارپوریٹ گورننس کے قواعد و ضوابط جو کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 اور 2019 میں واضح کئے گئے ہیں کی مکمل پاسداری کرتی ہے۔

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

۔ 30 ستمبر 2019 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 2019 کو آڈٹ شدہ اکاؤنٹس پر مبنی، اسٹاف پروویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 41.173 ملین تھی۔

۔ کمپنی کے آٹھ میں سے سات ڈائریکٹرز کی تعلیمی قابلیت اور تجربہ پاکستان اسٹاک ایکسچینج کی ریگولیشن سب کلاس 5.19.17 کے مطابق ہے اور باقی ایک ڈائریکٹر کے لیے کمپنی 30 جون 2021 سے پہلے ڈائریکٹر ٹریننگ پروگرام میں شرکت یقینی بنائے گی۔

8۔ شیئرز کی تجارت

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 ہوا۔

9- متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں سے لین دین کے معاملے نوٹ 38 میں بیان کئے گئے ہیں ان کو بورڈ آف آڈٹ کمیٹی کے سامنے منظوری کے لئے پیش کیا گیا اور بورڈ سے باقاعدہ منظوری لی گئی تھی۔ لین دین کے یہ معاملات انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (آئی ایف آر ایس) اور کمپنیز ایکٹ 2017 کے قواعد کے عین مطابق ہیں۔ کمپنی کی جانب سے اس قسم کے تمام معاملات / لین دین کا ریکارڈ رکھا جاتا ہے۔ متعلقہ پارٹیوں سے متعلق تمام لین دین کے معاملات کی شیئر ہولڈرز سے سالانہ اجلاس عام میں منظوری لی جائے گی۔

10- بورڈ اجلاس

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

ڈائریکٹر کے نام نان۔ ایگزیکٹو ڈائریکٹرز	بورڈ آف ڈائریکٹرز کے اجلاس حاضر	آڈٹ کمیٹی کے اجلاس حاضر	ہیومن ریسورس اور معاوضہ کی کمیٹی حاضر
جناب عزیز سرفراز خان	6	4	1
بیگم لیلی سرفراز	4	--	--
محترمہ زرین سرفراز	3	4	--
محترمہ سجدہ سرفراز	5	4	--
ایگزیکٹو ڈائریکٹرز			
جناب عباس سرفراز خان	5	--	--
جناب اسکندر محمد خان	6	--	1
جناب عبدالقادر خٹک	3	--	--
آزاد ڈائریکٹرز			
محترمہ سیرہ راشد	6	4	1

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

11- حصص داران کا کردار

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

12- ڈویڈنڈ کی ادائیگی

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

13- آڈیٹرز

موجودہ آڈیٹرز میسرز سائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور، سالانہ اجلاس عام تک ریٹائرڈ ہو جائیں گے اور انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے کوڈ آف کارپوریٹ گورننس کے ضابطہ کے مطابق، بورڈ آف ڈائریکٹرز نے آڈیٹرز کو 30 ستمبر 2020 مالی سال کے اختتام تک مقرر کرنے کی گزارش کی ہے۔

14- آڈیٹرز کے مشاہدات کا جواب

نوٹ (a) 15.4

کمپنی باقاعدہ طور پر اپنے آپ کو پیش کرتی ہے SECP کی جانب سے معزز لاہور ہائر کورٹ اڑکیے گئے کیس نمبر 2011/454 میں، جو کہ کمپنی کے بند ہونے سے اور حصص داروں کو ان کا حق دینے سے متعلق ہے جن لوگوں نے اپنے حصے کے لیے دعویٰ دائر کیا کورٹ نے ان کی درخواست کو منظور کرتے ہوئے کاروبار بند کروانے والے کا تقرر کیا ہے۔ پچھلے سال کے دوران کمپنی کو 10 ملین کی خطیر رقم مقصود وصول ہوئی۔ بعد ازاں اس کے، رقم کی صحیح معلومات کے لیے ایک خط جاری کیا گیا ہے کہ بینک کی جانب سے آڈیٹر کو، اور آڈیٹران کو جواب دینے کا مجاز ہے۔

15- ضابطہ برائے کاروباری نظم و نسق

کمپنی کوڈ آف کارپوریٹ گورننس کے ضابطہ جو کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 اور 2019 میں دیئے گئے ہیں اور 30 ستمبر 2019 کو ختم ہونے والے سال سے متعلقہ ہیں پر پوری طرح عمل پیرا ہے اس سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

16- اعتراف

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

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

منجانب بورڈ



عباس سرفراز خان

چیف ایگزیکٹو



اسکندر محمد خان

ڈائریکٹر

مردان

بتاریخ: 02 جنوری، 2020

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Shareholders' Information

Registered Office

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

Head Office

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

Shares Registrar

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

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

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

Listing on Stock Exchange

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

Listing Fees

The annual listing fee for the financial year 2019-20 has been paid to Pakistan Stock Exchange.

Statutory Compliance

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

Stock Code

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

Book Closure Dates

The Register of Members and Share Transfer books of the Company will remain closed from 17.01.2020 to 27.01.2020.

Web Presence

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

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

1.1. Name of the Company

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

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

9/30/2019

2.2 No. of Shareholders	SHAREHOLDINGS		TOTAL SHARES HELD
	FROM	TO	
519	1	100	19,610
419	101	500	100,835
153	501	1000	109,746
172	1001	5000	348,564
23	5001	10000	162,417
8	10001	20000	111,257
9	20001	50000	247,030
1	50001	150000	97,000
1	150001	310000	307,370
1	310001	400000	400,000
0	400001	600000	-
2	600001	1125000	1,846,171
1308			3,750,000

2.3	Categories of Shareholders	Shares Held	Percentage
2.3.1	Directors, Chief Executive Officers and their Spouses and their minor children	2,271,037	60.56
2.3.2	Associated Companies undertakings and related parties	400,000	10.67
2.3.3	NIT and ICP	-	-
2.3.4	Banks, Development Financial Institutions, Non Banking Financial Institutions	7,030	0.19
2.3.5	Insurance Companies	-	-
2.3.6	Modarba and Mutual Funds	-	-
2.3.7	Shareholder holdings 10%	2,246,171	59.90
2.3.8	General Public		
	Local	1,036,635	27.64
	Foreign	-	-
2.3.9	Others (to be Specified)		
	(Public Sector Companies & Corporations)	35,298	0.94

Categories of shareholders	Numbers of Shareholders	No of shares held	Shares held	Percentage of paid up capital
<u>Directors and their Spouse and Minor Children</u>	8		2,232,946	
Mr. Aziz Sarfaraz Khan		1,080,620		28.82
Begum Laila Sarfaraz		307,370		8.20
Mr. Abbas Sarfaraz Khan		765,551		20.41
Ms. Zarmine Sarfaraz		22,925		0.61
Ms. Najda Sarfaraz		22,274		0.59
Mr. Iskander M. Khan		500		0.01
Mr. Abdul Qadar Khattak		33,705		0.90
Ms. Samyra Rashid		1		0.00
<u>Shares held by Relatives</u>	2	-	38,084	-
Baber Ali Khan		37,584		1.00
Mahnaz Saigol		500		0.01
<u>Company Secretary</u>	1		7	
Mujahid Bashir		7		0.00
<u>Associated Companies</u>	1		400,000	
Arpak International Investments Ltd.		400,000		10.67
<u>Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</u>	4		7,030	
Trustee National Bank of Pakistan		6,716		0.18
Trustee National Bank of Pakistan		236		0.01
National Bank of Pakistan		41		0.00
United Bank Limited		37		0.00
<u>Public Sector Companies and Corporation</u>	15		35,298	
The Society for the Rehabilitation of crippled children		174		0.00
Chief Administrator of Auqaf		3,798		0.10
The Ida Rieu Poor Welfare Association		349		0.01
BCGA (Punjab) Limited		5,268		0.14
Bibojee Services Limited		10,396		0.28
Robberts Cotton Association Limited		4,444		0.12
Madrassa Haqania Akora Khattak		52		0.00
Pyramid Investments (Pvt.) Limited		500		0.01
Secretary Municipal Committee Mardan.		226		0.01
Frontier Co-operative Bank Limited		8,452		0.23
Maple Leaf Capital Limited		1		0.00
Freedom Enterprises (Pvt.) Limited		1,000		0.03
Y.S Securities Limited		2		0.00
Mohammad Ahmed Nadeem Securities (SMC-Pvt) Limited		520		0.01
Investment Corporation of Pakistan		116		0.00
<u>Shares held by General Public</u>				
Held by General Public	1277		1,036,635	27.64
	1308		3,750,000	100.00

Shareholders holding 10% or more voting Interest in the Company

Khan Aziz Sarfaraz Khan		1,080,620		28.82
Mr. Abbas Sarfaraz Khan		765,551		20.41
M/s. Arpak International Investments Limited		400,000		10.67
		2,246,171		59.90

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

Name	Designation	No of Shares Purchased	No of Shares Sold
-	-	-	-

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF COMPLIANCE WITH REPEALED LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 AND LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: The Premier Sugar Mills & Distillery Company Limited (the Company)

Year ended: September 30, 2019

The Company has complied with the requirements of the repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred as 'Regulations') in the following manner:

1. The total numbers of Directors are eight as per the following:
 - a) Male: 4
 - b) Female: 4
2. The composition of the Board of Directors (the Board) is as follows:

Category	Names
Independent Director	Ms. Samyra Rashid
Non-executive Director	Mr. Aziz Sarfaraz Khan
Executive Directors	Mr. Abbas Sarfaraz Khan Mr. Iskander M. Khan Mr. Abdul Qadar Khattak
Female Directors	Begum Laila Sarfaraz (Non-executive Director) Ms. Samyra Rashid (Independent Director) Ms. Zarmine Sarfaraz (Non-executive Director) Ms. Najda Sarfaraz (Non-executive Director)

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.

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

Board Audit Committee

- | | |
|---------------------------|--------------------|
| a) Ms. Samyra Rashid | Chairperson |
| b) Mr. Aziz Sarfaraz Khan | Member |
| c) Ms. Zarmine Sarfaraz | Member |
| d) Ms. Najda Sarfaraz | Member |

Human Resource and Remuneration Committee

- | | |
|---------------------------|--------------------|
| a) Ms. Samyra Rashid | Chairperson |
| b) Mr. Aziz Sarfaraz Khan | Member |
| c) Mr. Iskander M. Khan | Member |

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
14. The frequency of meetings of the Committees were as per following:

a) Board Audit Committee	Quarterly
b) Human Resource and Remuneration Committee	Yearly
15. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they

and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company.

17. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with.
19. We confirm that all the requirements of repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 have been complied with.

Mardan:
January 02, 2020



(AZIZ SARFARAZ KHAN)
CHAIRMAN

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

Review Report on the Statement of Compliance contained in the repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred to as 'Regulations'), prepared by the Board of Directors of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** (the Company) for the year ended September 30, 2019 in accordance with the requirements of Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

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. We have not carried-out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were

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, 2019.

Shinewing Hameed Chaudhri & Co.

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

Engagement Partner: Nafees ud din

LAHORE;
January 03, 2020

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED** (the Company), which comprise the statement of financial position as at September 30, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

Provision against deposits with a non-banking finance company amounting Rs.29 million has not been made in these financial statements as fully detailed in note 15.4 to these financial statements.

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

Emphasis of Matter

We draw attention to note 26.3 to the financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.79.115 million. Our report is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance

in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our
1.	<p>First time adoption of IFRS 9 'Financial Instruments'</p> <p>As referred to in note 3.1(a) to the financial statements, the Company has adopted IFRS 9 with effect from October 01, 2018. It was applicable for the first time for the preparation of the Company's annual financial statements for the year ended September 30, 2019.</p> <p>As disclosed in note 36, the Company has significant amounts of financial assets and liabilities. These instruments are subject to different initial recognition, subsequent measurement and disclosure requirements based on their respective categorisation.</p> <p>Adoption of IFRS 9 required significant audit attention as this involved assessment of the appropriate classification of the financial instruments into their respective categories based on their underlying characteristics and business model of the Company as well as compliance of the transition and disclosure requirements.</p>	<ul style="list-style-type: none"> - Identified the Company's financial instruments from its financial statements and obtained management's assessment of their classification into relevant category of IFRS 9. - Assessed the purpose of acquiring the financial assets to ascertain their business model to ensure their appropriate classification. - Considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.
2.	<p>IFRS 15 'Revenue from Contracts with Customers'</p> <p>IFRS 15 is effective for the first time during the current year and it has changed the revenue recognition criteria. IFRS 15 introduces a single five steps model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers.</p> <p>Under IFRS 15 revenue from sale of goods is recognised when the Company satisfies its performance obligation by transferring the promised goods to customer under the contract with customer.</p>	<ul style="list-style-type: none"> - Discussed with the management changes made in the revenue recognition criteria to comply with the requirements of new IFRS. - Obtained relevant underlying supporting documents to ensure that the management has complied with the revenue recognition criteria as introduced by IFRS 15. - Reviewed a sample of contractual arrangements entered into by the Company with its customers.

	<p>We considered this as key audit matter due to the significant amounts involved and significant judgments made by management in respect of this matter.</p> <p>3. Property, plant and equipment</p> <p>The Company's property, plant and equipment represent 75% (2018: 66%) of its total non-current assets; further, these represent 49% (2018: 42%) of its total assets at the reporting date. Judgement is exercised in determining the following:</p> <ul style="list-style-type: none"> - useful lives and residual values; 	<ul style="list-style-type: none"> - Assessed the appropriateness of the related disclosures made by the management in the Company's financial statements. <p>The following was performed on the assessment of useful lives and residual values:</p> <ul style="list-style-type: none"> - obtained the useful lives and residual values assessment and confirmed that this was reviewed and considered in the year under review;
S.No.	Key audit matters	How the matter was addressed in our
	<ul style="list-style-type: none"> - assessing whether there are any indicator of impairment present; and - when performing impairment assessments where indicators have been identified. <p>Based on value of the balance at the reporting date as well as the judgement involved in determining useful lives and residual values, this has been identified as a key audit matter.</p>	<ul style="list-style-type: none"> - followed up on changes made to useful lives and corroborated by inspection of assets and discussion with operational personnel that the amendment was appropriate; and - confirmed by inspection of the fixed assets register and discussion with operational management that there were no material assets still in use with a nil value. - in considering whether impairment is required, the Company's consideration of impairment indicators such as reduced capacity, forecasts, market demand for products and the condition of the plants was reviewed. In addition, the following were performed: <ul style="list-style-type: none"> - mills were inspected to identify any damages or non-operating assets; - discussions were held with the management, engineers and other technicians to identify any potential - production analysis at the various mills were performed and compared to standard capacity to assist in identifying possible impairment indicators. <p>Based on the tests performed, we are of the view that property, plant and equipment appear to be valued appropriately.</p>

<p>4. Contingencies</p> <p>The Company is subject to litigations involving different Courts, which require management to make assessment and judgment with respect to likelihood and impact of such litigations.</p> <p>Management has engaged independent legal counsel on these matters.</p> <p>The accounting for and disclosure of contingencies is complex and is a matter of significance in our audit because of the judgments required to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessments are disclosed in note 26 to the financial statements.</p>	<ul style="list-style-type: none"> - In response to this matter, our audit procedures included: - Discussed legal cases with the legal department to understand the management's view point and obtained and reviewed the litigation documents in order to assess the facts and circumstances. - Obtained independent opinion of legal advisors dealing with such cases in the form of confirmations. - Evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. - The disclosures of legal exposures and provisions were assessed for completeness and accuracy.
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Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Shinewing Hameed Chaudhri & Co

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

LAHORE;

January 03, 2020

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

ASSETS	Note	2019	2018
		Rupees in thousand	
Non-current Assets			
Property, plant and equipment	5	942,937	921,214
Investment property	6	26,647	27,607
Long term investments	7	170,006	170,006
Long term loan to Subsidiary Company	8	124,239	279,500
Security deposits		1,263	1,258
		<u>1,265,092</u>	<u>1,399,585</u>
Current Assets			
Stores and spares	9	110,873	108,029
Stock-in-trade	10	420,358	371,602
Trade debts		0	178,054
Advances	11	6,842	14,423
Trade deposits and short term prepayments	12	1,347	7,058
Accrued profit on bank deposits		123	69
Other receivables	13	10,546	9,429
Advance sales tax		0	25,000
Sales tax refundable		0	11,187
Income tax refundable, advance tax and tax deducted at source	14	6,099	14,080
Current portion of long term loan to Subsidiary Company	8	49,695	0
Bank balances	15	53,274	51,720
		<u>659,157</u>	<u>790,651</u>
TOTAL ASSETS		<u>1,924,249</u>	<u>2,190,236</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
5,750,000 (2018: 5,750,000) ordinary shares of Rs.10 each		<u>57,500</u>	<u>57,500</u>
Issued, subscribed and paid-up capital	16	37,500	37,500
Capital reserves			
- share redemption		1	1
- revaluation surplus on property, plant and equipment	17	519,562	565,596
General revenue reserve		900,000	900,000
Accumulated loss		<u>(463,599)</u>	<u>(510,281)</u>
Shareholders' Equity		<u>993,464</u>	<u>992,816</u>
LIABILITIES			
Non-current Liabilities			
Liabilities against assets subject to finance lease	18	2,283	3,009
Staff retirement benefits - gratuity	19	15,139	14,135
Deferred taxation	20	14,352	0
		<u>31,774</u>	<u>17,144</u>
Current Liabilities			
Trade and other payables	21	185,447	114,237
Unclaimed dividends		7,636	7,674
Accrued mark-up	22	31,645	22,300
Short term borrowings	23	653,000	945,384
Current portion of:			
- long term finances	24	0	66,666
- liabilities against assets subject to finance lease	18	1,980	2,329
Taxation	25	19,303	21,686
		<u>899,011</u>	<u>1,180,276</u>
Total Liabilities		<u>930,785</u>	<u>1,197,420</u>
Contingencies and commitments	26		
TOTAL EQUITY AND LIABILITIES		<u>1,924,249</u>	<u>2,190,236</u>

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


ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE


ISKANDER M. KHAN
DIRECTOR


RIZWAN ULLAH KHAN
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Note	2019 Rupees in thousand	2018
Sales - Net	27	1,072,460	1,262,508
Cost of Sales	28	931,724	1,329,872
Gross Profit / (Loss)		140,736	(67,364)
Distribution Cost	29	7,928	12,548
Administrative Expenses	30	61,311	60,703
Other Expenses	31	5,048	3,879
		74,287	77,130
		66,449	(144,494)
Other Income	32	83,610	63,506
Profit / (Loss) from Operations		150,059	(80,988)
Finance Cost	33	119,189	85,525
Profit / (Loss) before Taxation		30,870	(166,513)
Taxation	34	30,686	29,222
Profit / (Loss) after Taxation		184	(195,735)
Other Comprehensive Income / (Loss)			
Item that will not be reclassified to profit or loss:			
Gain / (loss) on remeasurement of staff retirement benefit obligation - gratuity	19	654	(1,613)
Impact of tax		(190)	468
		464	(1,145)
Total Comprehensive Income / (Loss)		648	(196,880)
		----- Rupees -----	
Earnings / (Loss) per Share	35	0.05	(52.20)

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


ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE


ISKANDER M. KHAN
DIRECTOR

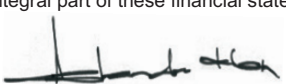

RIZWAN ULLAH KHAN
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2019	2018
	Rupees in thousand	
Cash flows from operating activities		
Profit / (loss) for the year - before taxation	30,870	(166,513)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	85,578	94,981
Depreciation on investment property	960	1,047
Mark-up on loan to Subsidiary Company and profit on bank deposits	(31,849)	(23,066)
Staff retirement benefits-gratuity (net)	1,709	(1,024)
Unclaimed payable balances written-back	(1,230)	(72)
Gain on disposal of vehicles	0	(478)
Uncollectible receivable balances written-off	188	526
Dividends	(20,627)	(20,627)
Finance cost	117,082	83,240
Profit / (loss) before working capital changes	182,681	(31,986)
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(2,844)	(3,018)
Stock-in-trade	(48,756)	272,603
Trade debts	178,054	(175,993)
Advances	7,393	40,095
Trade deposits and short term prepayments	5,711	(5,197)
Other receivables	(1,117)	2,427
Sales tax refundable	11,187	(10,569)
Advance sales tax	25,000	32,000
Increase / (decrease) in trade and other payables	72,389	(121,316)
	<u>247,017</u>	<u>31,032</u>
Cash generated from / (used in) operations	429,698	(954)
Income tax paid	(10,926)	(12,916)
Security deposits	(5)	0
Net cash generated from / (used in) operating activities	418,767	(13,870)
Cash flows from investing activities		
Additions to property, plant and equipment	(107,301)	(4,058)
Sale proceeds of vehicles	0	2,673
Dividends received	20,627	20,627
Mark-up / profit received on loan to Subsidiary Company and bank deposits	31,795	23,022
Net cash (used in) / generated from investing activities	(54,879)	42,264
Cash flows from financing activities		
Long term finances repaid	(66,666)	(66,667)
Lease finances - net	(1,075)	(1,801)
Portion of long term loan to Subsidiary Company	105,566	0
Finance cost paid	(107,737)	(80,854)
Dividend paid	(38)	(32)
Short term borrowings - net	(292,384)	119,078
Net cash used in financing activities	(362,334)	(30,276)
Net increase / (decrease) in cash and cash equivalents	1,554	(1,882)
Cash and cash equivalents - at beginning of the year	51,720	53,602
Cash and cash equivalents - at end of the year	53,274	51,720

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


ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE


ISKANDER M. KHAN
DIRECTOR


RIZWAN ULLAH KHAN
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

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

Balance as at September 30, 2017	37,500	1	607,776	900,000	(364,263)	1,181,014
Total comprehensive loss for the year ended September 30, 2018						
- loss for the year	0	0	0	0	(195,735)	(195,735)
- other comprehensive loss	0	0	0	0	(1,145)	(1,145)
	0	0	0	0	(196,880)	(196,880)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(50,862)	0	50,862	0
Resultant adjustment due to reduction in tax rate	0	0	8,682	0	0	8,682
Balance as at September 30, 2018	37,500	1	565,596	900,000	(510,281)	992,816
Total comprehensive income for the year ended September 30, 2019						
- profit for the year	0	0	0	0	184	184
- other comprehensive income	0	0	0	0	464	464
	0	0	0	0	648	648
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	0	0	(46,034)	0	46,034	0
Balance as at September 30, 2019	37,500	1	519,562	900,000	(463,599)	993,464

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


ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE


ISKANDER M. KHAN
DIRECTOR


RIZWAN ULLAH KHAN
CHIEF FINANCIAL OFFICER

THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

- Useful lives, residual values and depreciation method of property, plant and equipment and investment property. - notes 4.1, 4.2, 5.1 & 6.
- Provision for impairment of inventories - notes 4.4, 4.5, 9 & 10.
- Impairment loss of non-financial assets other than inventories - note 4.8.
- Allowance for expected credit loss - notes 4.6 & 13.
- Staff retirement benefits - gratuity - notes 4.10 & 19.
- Estimation of provisions - note 4.12.
- Estimation of contingent liabilities - notes 4.13 & 26.
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - notes 4.14, 4.20 & 25.

The revisions to accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

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

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on October 01, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

(a) IFRS 9 - Financial instruments

IFRS 9 is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after July 01, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The changes laid down by the new standard do not have any significant impact on these financial statements.

(b) IFRS 15 - Revenue from contracts with customers

IFRS 15 has been notified by SECP to be effective for annual periods beginning on or after July 01, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. This standard replaces IAS 18, "Revenue" and IAS 11, "Construction contracts" and related interpretations.

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit / accumulated loss in the period of initial application. Comparative prior periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of accumulated loss in the period of initial application is nil.

(c) IAS 40 - Investment property

Transfers of investment property; amendments to IAS 40 are effective for annual periods beginning on or after January 01, 2018. The amendments clarify that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The changes laid down by the new standard do not have any significant impact on these financial statements.

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

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after October 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- (a)** IFRS 16, 'Leases' is effective for accounting periods beginning on or after January 01, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the

combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company is yet to assess the full impact of this standard on its financial statements.

- (b) Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.
- (c) Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement', are effective for periods beginning on or after January 01, 2019. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in statement of profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company is yet to assess the full impact of this amendment on its financial statements.
- (d) IAS 23, 'Borrowing costs' is applicable to accounting periods beginning on or after January 01, 2019. The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments are not likely to have material impact on the Company's financial statements.
- (e) IFRIC 23, 'Uncertainty over income tax treatments' is applicable to accounting periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of this interpretation on its financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended September 30, 2018 except for the change in the policies for financial assets' recognition and measurement and revenue recognition due to adoption of IFRS 9 and IFRS 15 respectively. The implications of these standards have insignificant impact on these financial statements of the Company.

4.1 Property, plant and equipment

Measurement

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

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

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

Revaluation

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

Depreciation

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

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

Disposal

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

Judgment and estimates

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

4.2 Investment property

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

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

4.3 Investments

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

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

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

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

4.4 Stores and spares

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

4.5 Stock-in-trade

- a) Stock of manufactured products is valued at the lower of cost and net realisable value. Molasses inventory is valued at net realisable value.
- b) Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which comprises of prime cost and appropriate production overheads.

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

Judgments and estimates

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

4.6 Trade debts and other receivables

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

4.7 Cash and cash equivalents

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

4.8 Impairment of non-financial assets other than inventories

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

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

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

4.9 Borrowings and borrowing costs

Borrowings are recognised initially at fair value.

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

4.10 Staff retirement benefits

(a) Defined contribution plan

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

(b) Defined benefit plan

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2019 on the basis of projected unit credit method by an independent Actuary.

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

4.11 Trade and other payables

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

4.12 Provisions

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

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

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

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

4.13 Contingent liabilities

A contingent liability is disclosed when the Company

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

4.14 Taxation

Taxation comprises of current tax and deferred tax.

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

(a) Current

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

(b) Deferred

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

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

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

4.15 Dividend and appropriation to reserves

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

4.16 Financial instruments

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

a) Financial assets

Classification

Effective October 01, 2018, the Company classifies its financial assets in the following measurement categories:

- i) Amortised cost where the effective interest rate method will apply;
- ii) fair value through profit or loss; and

iii) fair value through other comprehensive income.

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

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

Recognition and derecognition

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

Measurement

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

Definition of default

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

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

Impairment of financial assets

Effective October 01, 2018, the Company assesses on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its trade debts. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

- Trade debts
- Cash and bank balances

Simplified approach for trade debts

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

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

Recognition of loss allowance

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

Write-off

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

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

b) Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

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

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

i) Fair value through profit or loss

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

ii) Other financial liabilities

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

Derecognition of financial liabilities

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

Offsetting of financial assets and financial liabilities

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

4.17 Foreign currency translation

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

4.18 Revenue recognition

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

Contract assets

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

Contract liabilities

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

Others

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

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

4.19 Development expenditure

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

4.20 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 43 to these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		Rupees in thousand	
Operating fixed assets	5.1	837,371	921,214
Capital work-in-progress			
- plant & machinery		78,010	0
- electric installation		21,571	0
- others		5,985	0
	(a)	105,566	0
		942,937	921,214

(a) These represent costs incurred for erection of distillery at Ramak, Dera Ismail Khan.

5.1 Operating fixed assets - tangible

Particulars	Land		Buildings on freehold land	Buildings and roads on leasehold land	Plant and machinery	Furniture, fittings & office equipment	Railway rolling stock and vehicles	Leased		Total
	Leasehold	Freehold						Vehicles	Generator	
As at September 30, 2017										
Cost / revaluation	2,725	12,065	188,032	175,295	725,877	60,677	16,778	11,473	5,700	1,198,622
Accumulated depreciation	556	0	36,070	35,638	60,020	34,114	13,521	2,719	1,856	184,494
Book value	2,169	12,065	151,962	139,657	665,857	26,563	3,257	8,754	3,844	1,014,128
Year ended September 30, 2018:										
Additions	0	0	0	0	15	1,360	843	2,044	0	4,262
Disposals:										
- cost	0	0	0	0	0	0	(4,615)	0	0	(4,615)
- depreciation	0	0	0	0	0	0	2,420	0	0	2,420
Transfer from leased to owned										
- cost	0	0	0	0	5,700	0	2,752	(2,752)	(5,700)	0
- depreciation	0	0	0	0	(2,048)	0	(1,263)	1,263	2,048	0
Depreciation charge for the year	27	0	10,717	10,589	66,882	3,923	810	1,841	192	94,981
Book value as at September 30, 2018	2,142	12,065	141,245	129,068	602,642	24,000	2,584	7,468	0	921,214
Year ended September 30, 2019:										
Additions	0	0	0	0	0	176	0	1,559	0	1,735
Transfer from leased to owned										
- cost	0	0	0	0	0	0	1,693	(1,693)	0	0
- depreciation	0	0	0	0	0	0	(790)	790	0	0
Depreciation charge for the year	27	0	9,843	9,725	60,364	3,453	697	1,469	0	85,578
Book value as at September 30, 2019	2,115	12,065	131,402	119,343	542,278	20,723	2,790	6,655	0	837,371
As at September 30, 2018										
Cost / revaluation	2,725	12,065	188,032	175,295	731,592	62,037	15,758	10,765	0	1,198,269
Accumulated depreciation	583	0	46,787	46,227	128,950	38,037	13,174	3,297	0	277,055
Book value	2,142	12,065	141,245	129,068	602,642	24,000	2,584	7,468	0	921,214

5.2 Particulars of immovable property

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

5.3 Depreciation for the year has been allocated as follows:

	2019	2018
	Rupees in thousand	
Cost of sales	80,595	89,324
Administrative expenses	4,983	5,657
	<u>85,578</u>	<u>94,981</u>

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

- buildings on freehold land	16,284	17,062
- buildings on leasehold land	1,722	2,491
- plant & machinery	121,529	135,078
	<u>139,535</u>	<u>154,631</u>

5.5 Based on the revaluation report of Hamid Mukhtar & Co. (Pvt.) Ltd. dated October 16, 2017, the forced sale values of revalued fixed assets have been assessed as follows.

	Rupees in thousand
Buildings	230,601
Plant & machinery	532,000
	<u>762,601</u>

5.6 The Board of Directors, during the preceding year, has decided to shift the Company's Distillery operations from Mardan to Ramak, Dera Ismail Khan due to easy approach to power and raw materials. Dismantling and shifting work of distillery has been completed and erection work is under process.

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

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

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

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

6. INVESTMENT PROPERTY

Particulars	Freehold land	Buildings on freehold land	Total
----- Rupees in thousand -----			
As at September 30, 2017:			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	49,598	49,598
Book value	14,544	14,110	28,654
Year ended September 30, 2018:			
Depreciation charge	0	1,047	1,047
Book value	14,544	13,063	27,607
Year ended September 30, 2019:			
Depreciation charge	0	960	960
Book value	14,544	12,103	26,647
As at September 30, 2018			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	50,645	50,645
Book value	14,544	13,063	27,607
As at September 30, 2019			
Cost	14,544	63,708	78,252
Accumulated depreciation	0	51,605	51,605
Book value	14,544	12,103	26,647
Depreciation rate (%)	0	5-10	

6.1 Fair value of the investment property, based on the management's estimation, as at September 30, 2019 was Rs.260 million (2018: Rs.260 million).

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

SUBSIDIARY COMPANIES	2019	2018	2019	2018
	Share-holding %		Rupees in thousand	
QUOTED:				
Chashma Sugar Mills Ltd.				
13,751,000 (2018: 13,751,000) ordinary shares of Rs.10 each (note 7.1)	47.93	47.93	137,584	137,584
- Market value Rs.550.040 million (2018: Rs.673.799 million)				
- Value of investments based on net assets shown in the un-audited financial statements for the year ended September 30, 2019 Rs.3,026.045 million (2018: Rs.2,782.568 million)				
UN-QUOTED:				
The Frontier Sugar Mills & Distillery Ltd.				
1,113,637 (2018: 1,113,637) ordinary shares of Rs.10 each	82.49	82.49	26,509	26,509
42,984 (2018: 42,984) 7% irredeemable preference shares of Rs.10 each	85.97	85.97	597	597
- Value of investments based on net assets shown in the audited financial statements for the year ended September 30, 2019 Rs.146.766million (2018: Rs.154.181 million)				
			27,106	27,106
ASSOCIATED COMPANIES				
QUOTED:				
Arpak International Investments Ltd. (AILL)				
229,900 (2018: 229,900) ordinary shares of Rs.10 each	5.75	5.75	2,846	2,846
Market value Rs.2.529 million (2018: Rs.4.136 million) (note 7.2)				

SUBSIDIARY COMPANIES	2019	2018	2019	2018
UN-QUOTED:	Share-holding %		Rupees in thousand	
National Computers (Pvt.) Ltd. (NCPL)				
14,450 (2018: 14,450) ordinary shares of Rs.100 each	48.17	48.17	322	322
Less: impairment loss			322	322
- Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2013 - Rs. Nil (note 7.3)			0	0
Premier Board Mills Ltd.				
47,002 (2018: 47,002) ordinary shares of Rs.10 each	0.83	0.83	470	470
- Value of investments based on net assets shown in the audited financial statements for the year ended June 30, 2019 Rs.4.989 million (2018: Rs.4.418 million)				
Azlak Enterprises (Pvt.) Ltd.				
200,000 (2018: 200,000) ordinary shares of Rs.10 each	40.00	40.00	2,000	2,000
- Value of investments based on net assets shown in the un-audited financial statements for the year ended June 30, 2019 Rs.88.132 million (2018: Rs.78.496 million)				
			170,006	170,006

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

7.2 The fall in the market value of investment is considered a temporary phenomenon as it has shown substantial increase subsequent to the reporting date.

7.3 NCPL has no known assets and liabilities as at June 30, 2019 and June 30, 2018 and has also seized its operations. NCPL, on January 15, 2015, has filed an application with the Joint Registrar, Securities and Exchange Commission of Pakistan for striking-off its name from the Register of Companies under the Companies (Easy Exit) Regulations, 2014.

8. LONG TERM LOAN TO SUBSIDIARY COMPANY - Secured

The Company and Chashma Sugar Mills Ltd. (CSM), on February 09, 2017, have entered into a loan agreement whereby the Company has revised the repayment schedule. As per the revised terms, the loan tenor is 3.5 years with grace period of 3 years; the principal balance of loan is receivable in 7 equal instalments commencing February, 2020. The loan carries mark-up at the rate of 1-month KIBOR+1.25% but not less than the borrowing cost rate of the Company; the effective mark-up rates during the year ranged from 10.06% to

15.05% (2018: 7.51% to 9.26%) per annum. The loan is secured against a promissory note of Rs.374 million. The year-end balance has been arrived at as follows:

	2019	2018
Note	Rupees in thousand	
Opening balance	279,500	279,500
Less: balance adjusted against costs incurred by CSM for erection of the Company's Distillery at Ramak	(105,566)	0
Balance as at September 30,	173,934	279,500
Less: current portion grouped under current assets	(49,695)	0
	<u>124,239</u>	<u>279,500</u>
9. STORES AND SPARES		
Stores	46,216	42,821
Spares	64,657	65,208
	<u>110,873</u>	<u>108,029</u>
9.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.		
10. STOCK-IN-TRADE		
Sugar-in-process	3,003	2,117
Finished goods:		
- sugar	304,685	369,004
- molasses	112,670	481
	<u>417,355</u>	<u>369,485</u>
	<u>420,358</u>	<u>371,602</u>
11. ADVANCES - Considered good		
Suppliers and contractors	5,003	9,980
Employees	1,839	4,443
	<u>6,842</u>	<u>14,423</u>
11.1 No amount was due from key management personnel of the Company during the current and preceding years.		
12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Excise duty deposit	136	136
Short term prepayments	1,211	6,922
	<u>1,347</u>	<u>7,058</u>

13. OTHER RECEIVABLES	Note	2019	2018
		Rupees in thousand	
Sugar export subsidy		2,991	2,991
Gas infrastructure development cess paid under protest - refundable	26.3	3,018	3,018
Due from related parties	13.1	3,127	1,984
Others		1,410	1,436
		10,546	9,429
13.1 It represents due from following related parties:			
Premier Board Mills Ltd. (lease rentals receivable)		3,127	1,972
The Frontier Sugar Mills & Distillery Ltd.		0	12
		3,127	1,984
13.2 Maximum amounts due from related parties at any month-end during the year aggregated Rs.3.127 million (2018: Rs.6.868 million).			
14. INCOME TAX REFUNDABLE, TAX DEDUCTED AT SOURCE AND ADVANCE TAX			
The movement in this account during the year was as follows:			
Opening balance		14,080	20,173
Add: taxes deducted at source during the year		10,926	12,916
Less: adjusted against completed assessments		(18,907)	(19,009)
Balance as at September 30,		6,099	14,080
15. BANK BALANCES			
Cash at banks on:			
- PLS accounts	15.1	3,747	4,366
- current accounts		15,511	13,095
- deposit accounts	15.3	10,016	10,014
- deposits with a non-banking finance company - unsecured	15.4	29,000	29,000
- dividend accounts		0	245
		58,274	56,720
Less: provision for doubtful bank balance	15.5	5,000	5,000
		53,274	51,720

- 15.1** These include Rs.299 thousand (2018: Rs.331 thousand) in security deposit account.
- 15.2** PLS and deposit accounts during the year carried profit / mark-up at the rates ranging from 3.75% to 15.05% (2018: 3.75% to 9.26%) per annum.
- 15.3** These include deposits amounting Rs.5 million (2018: Rs.5 million), which are under lien of a bank against guarantee issued by it in favour of Sui Northern Gas Pipelines Ltd. on behalf of the Company.
- 15.4 (a)** These represent deposits lying with Innovative Investment Bank Limited (IIBL), Islamabad carrying profit at the rate of 5% per annum. The maturity dates of these deposits were as follows:

Date of maturity	Amount of deposit
	Rupees in thousand
July 29, 2009	7,800
July 29, 2010	7,800
July 29, 2011	7,800
July 29, 2012	15,600
	39,000
Less: amount realised during the year ended September 30, 2018	(10,000)
	29,000

- (b)** The realisability of these deposits is doubtful of recovery as these could not be encashed on their respective maturity dates; further, year-end balance confirmation certificate from IIBL was also not received. The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers conferred under sections 282 E & F of the repealed Companies Ordinance, 1984, had superseded the entire Board of Directors of IIBL and appointed an Administrator with effect from January 28, 2010. SECP had also instituted winding-up proceedings against IIBL before the Lahore High Court, Lahore (LHC). SECP had sought liquidation on a number of counts including violation of the Scheme of Amalgamation approved by SECP under which IIBL took over all the rights / liabilities of Crescent Standard Investment Bank Ltd.
- (c)** The SECP winding-up petition has been decided by the LHC and LHC has appointed Joint Official Liquidator (JOL). The LHC, vide its order dated April 14, 2018 has approved release of payment upto Rs.10 million in respect of principal amount only subject to verification as per the laws. The amount of Rs.10 million, as per the LHC order, has been received by the Company during August, 2018. The management, for the release of further amount, anticipates that JOL will intimate in due course of time; no provision, therefore, for the remaining deposits aggregating Rs.29 million has been made in the books of account.
- (d)** The Company has not accrued profit on these deposits during the current and preceding financial years.

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

The Company, through its lawyers, had issued legal notices to SBP, NBP and the defunct Mehran Bank Limited. In response, the Company had received a letter from NBP dated November 05, 1995 stating that the investment by the Company was shown in Fund Management Scheme, which was an unrecorded liability of Mehran Bank Limited. The Company had filed a suit with the Civil Court for recovery of the said amount along with profit @ 12.5% per annum with effect from September 25, 1993 till the date of payment. The Civil Judge, Peshawar, vide his judgment dated May 13, 2004, had decreed against SBP. SBP, against the said judgment, has filed an appeal before the Peshawar High Court, which is pending adjudication. Full provision for the said doubtful amount exists in these financial statements.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019 (No. of shares)	2018		2019 Rupees in thousand	2018
1,476,340	1,476,340	ordinary shares of Rs.10 each fully paid in cash	14,763	14,763
2,273,660	2,273,660	ordinary shares of Rs.10 each issued as fully paid bonus shares	22,737	22,737
<u>3,750,000</u>	<u>3,750,000</u>		<u>37,500</u>	<u>37,500</u>

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

16.2 Arpak International Investments Ltd. (an Associated Company) held 400,000 ordinary shares as at September 30, 2019 and September 30, 2018.

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

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

17.2 The Company, during the financial year ended September 30, 2017, has again revalued its aforementioned operating fixed assets. The latest revaluation exercise has been carried-out by independent Valuers [Hamid Mukhtar & Co. (Pvt.) Ltd. - Consulting Engineers, Surveyors and Valuation Consultants - 14-Q, Gulberg-2, Lahore] to replace the carrying amounts of these assets with their depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.166.651 million has been credited to statement of other comprehensive income to comply with the requirements of IAS 16. The year-end balance has been arrived at as follows:

	2019	2018
	Rupees in thousand	
Opening balance	796,614	868,251
Less: transferred to accumulated loss on account of incremental depreciation for the year	<u>(64,837)</u>	<u>(71,637)</u>
	731,777	796,614
Less: deferred tax on:		
- opening balance of surplus	231,018	260,475
- incremental depreciation for the year	<u>(18,803)</u>	<u>(20,775)</u>
	212,215	239,700
- resultant adjustment due to reduction in tax rate	0	(8,682)
	<u>519,562</u>	<u>565,596</u>
Closing balance	<u>519,562</u>	<u>565,596</u>

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	2019			2018		
	Upto one year	From one to five years	Total	Upto one year	From one to five years	Total
	----- Rupees in thousand -----					
Minimum lease payments	2,635	3,454	6,089	3,061	4,041	7,102
Less: finance cost allocated to future periods	490	300	790	403	314	717
	<u>2,145</u>	<u>3,154</u>	<u>5,299</u>	2,658	3,727	6,385
Less: security deposits adjustable on expiry of lease terms	165	871	1,036	329	718	1,047
Present value of minimum lease payments	<u>1,980</u>	<u>2,283</u>	<u>4,263</u>	2,329	3,009	5,338

18.1 The Company has entered into lease agreements with Bank Al-Habib Ltd. for lease of vehicles. The liabilities under the lease agreements are payable in monthly instalments by September, 2021. The Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. These facilities are secured against title of the leased vehicles in the name of lessor and during the year carried finance cost at the rates ranging from 9.97% to 15.73% (2018: 7.97% to 10.06%) per annum.

19. STAFF RETIREMENT BENEFITS - Gratuity

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

Significant actuarial assumptions	2019	2018
- discount rate - per annum	12.50%	10.25%
- expected rate of growth per annum in future salaries	11.50%	9.25%
- mortality rates	SLIC	SLIC

	2001-2005	2001-2005
		Setback 1 year
- withdrawal rates	Age-based	Age-based
- retirement assumption	Age 60	Age 60
- average expected remaining working life time of employees	08 years	08 years

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

The movement in the present value of defined benefit obligation is as follows:

	2019	2018
	Rupees in thousand	
Opening balance	14,135	12,126
Current service cost	920	737
Past service cost	710	267
Interest cost	1,380	909
Benefits payable to outgoing Members - grouped under current liabilities	(50)	(144)
Benefits paid	(1,302)	(1,373)
Remeasurements:		
-experience adjustments	(706)	1,563
-changes in financial assumptions	52	50
Closing balance	15,139	14,135
Expense recognised in statement of profit or loss		
Current service cost	920	737
Past service cost	710	267
Interest cost	1,380	909
Charge for the year	3,010	1,913
Remeasurement recognised in statement of other comprehensive income		
Experience adjustments	(654)	1,613

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

	2019	2018	2017	2016	2015
	----- Rupees in thousand -----				
Present value of defined benefit obligation	15,139	14,135	12,126	14,148	13,764
Experience adjustment on obligation	(654)	1,613	(17)	(783)	291

Year-end Sensitivity Analysis:**Impact on defined benefit obligation**

	Change in assumption	Rupees in thousand	
		Increase	Decrease
Discount rate	1%	<u>14,042</u>	<u>16,367</u>
Salary growth rate	1%	<u>16,380</u>	<u>14,012</u>

19.1 The expected contribution to defined benefit obligation for the year ending September 30, 2020 is Rs.2.844 million.

20. DEFERRED TAXATION

	Note	2019	2018
		Rupees in thousand	
This is comprised of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		9,841	12,559
- surplus on revaluation of property, plant and equipment		212,215	231,018
- lease finances		394	314
		<u>222,450</u>	<u>243,891</u>
Deductible temporary differences arising in respect of:			
- available unused tax losses		(153,041)	(176,552)
- staff retirement benefits - gratuity		(4,390)	(4,099)
- provision for doubtful bank balance		(1,450)	(1,450)
- minimum tax recoverable against normal tax charge in future years		(49,217)	(61,790)
		<u>(208,098)</u>	<u>(243,891)</u>
		<u>14,352</u>	<u>0</u>

21. TRADE AND OTHER PAYABLES

Due to related parties	21.1	107,157	78,875
Creditors		20,547	14,747
Bills payable		3,171	2,782
Accrued expenses		6,138	7,996
Due to employees		5,467	5,018
Deposits from contractors and others	21.2	1,155	1,427
Advances from customers - contract liabilities		12,105	0
Income tax deducted at source		333	64
Sales tax payable		24,007	14
Workers' (profit) participation fund - allocation for the year		1,625	0

	Note	2019 Rupees in thousand	2018
Gratuity payable to ex-employees		3,304	3,253
Employees' provident fund payable		357	0
Others		81	61
		185,447	114,237
21.1 It represents due to the following related parties:			
Chashma Sugar Mills Ltd.		107,157	74,135
Syntronics Ltd.		0	4,740
		107,157	78,875
21.2 These include Rs.299 thousand (2018: Rs.331 thousand) representing mark-up bearing deposits. The Company will pay mark-up at the same rate at which it will receive from the bank as these deposits have been kept in a PLS bank account.			
22. ACCRUED MARK-UP			
Mark-up accrued on:			
- long term finances		0	1,931
- short term borrowings		31,645	20,369
		31,645	22,300
23. SHORT TERM BORROWINGS			
Secured	23.1	653,000	944,000
Un-secured - temporary bank overdraft		0	1,384
		653,000	945,384
23.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.1,500 million (2018: Rs.1,250 million). These facilities are secured against pledge of stock of refined sugar, charge over fixed assets, charge over present and future current assets of the Company and registered first exclusive charge over the Company's head office second and third floors. These facilities, during the year, carried mark-up at the rates ranging from 9.19% to 13.97% (2018: 7.15% to 7.93%) per annum and are expiring on various dates by March 31, 2020.			
23.2 Facilities available for opening letters of guarantee and credit from commercial banks aggregate Rs.125 million (2018: Rs.125 million). Out of the available facilities, facilities aggregating Rs.105 million (2018: Rs.105 million) remained unutilised at the year-end. These facilities are secured against lien over term deposit receipts, shipping documents and the securities detailed in the preceding paragraph.			
24. CURRENT PORTION OF LONG TERM FINANCES - Secured			
Soneri Bank Limited (SBL), during September, 2014, against a term finance facility disbursed Rs.200 million. The finance facility carried mark-up at the rate of 6 months KIBOR + 1%; effective mark-up rate charged by SBL during the year ranged from 8.04% to 14.13% (2018: 7.15% to 8.04%) per annum. The finance facility was secured against first pari passu charge of Rs.267 million over plant and machinery of the Company and was repayable in six equal half-yearly instalments of Rs.33.333 million commenced from March, 2017.			

25. TAXATION - Net	Note	2019 Rupees in thousand	2018
Opening balance		21,686	20,623
Add: provision made / (written-back) during the year:			
- current		19,302	21,685
- prior year		(2,778)	(1,613)
		16,524	20,072
		38,210	40,695
Less: payments / adjustments made against completed assessments		18,907	19,009
		19,303	21,686

25.1 The returns for the Tax Years 2010 to 2019 have been filed after complying with all the provisions of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, the declared returns are deemed to be assessment orders under the law subject to selection of audit or pointing of deficiency by the Commissioner.

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

25.3 The Company has filed a writ petition before the Peshawar High Court (PHC) against selection for audit under sections 177 and 214C of the Ordinance; the PHC has stayed the Income Tax Department from finalising the proceedings. The petition is pending adjudication.

26. CONTINGENCIES AND COMMITMENTS

26.1 No commitments were outstanding as at September 30, 2019 and September 30, 2018.

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

26.3 The Company's petition filed before the Supreme Court of Pakistan (SCP) against imposition of Gas Infrastructure Development Cess (GIDC) is still pending adjudication. Sui Northern Gas Pipelines Ltd., along with gas bill for the month of September, 2019, has raised GIDC demands aggregating Rs.79.115 million, which are payable in case of an adverse judgment by the SCP. No provision for these GIDC demands has been made in the books of account as the management expects a favourable judgment by the SCP due to meritorious legal grounds.

26.4 The Company's petition filed before the PHC, against the Government of Khyber Pakhtunkhwa's notification dated August 12, 2015 in which minimum wages for unskilled workers has been fixed at Rs.12,000 per month with effect from July 01, 2014 has been dismissed by the PHC vide its judgment dated April 02, 2019. The PHC has observed that

- 26.5** A sales tax appeal is pending before the Commissioner Inland Revenue (Appeals) [CIR(A)], Peshawar against assessment order dated June 28, 2016 passed by the Deputy Commissioner Inland Revenue [DCIR], Peshawar regarding the alleged stock taking to the tune of Rs.5.592 million recoverable under section 14 of the Federal Excise Act, 2005.
- 26.6** The sales tax appeal filed before the Appellate Tribunal Inland Revenue (ATIR), Peshawar against ex-parte order passed by the CIR(A) has been succeeded vide order dated March 29, 2018. The assessment order dated June 23, 2016 was passed by the DCIR, Peshawar in violation of SRO 488(I)/2004 dated June 12, 2014; the Company claimed input tax to the tune of Rs.41.672 million against the supplies to unregistered persons. A withdrawal application has been filed before the ATIR, Peshawar in pursuance of the aforesaid rectification order.
- 26.7** The CIR(A) vide his order dated March 03, 2019 has vacated the demand of Rs.31.798 million created vide impugned assessment order dated January 31, 2019 under section 11(2) of the Sales Tax Act, 1990.
- 26.8** The DCIR for the tax year 2013 initially has held the Company as taxpayer-in-default for non-deduction of tax on certain supplies / services and tax demand was raised at Rs.77.750 million under section 161 (Failure to pay tax collected or deducted) along with default surcharge of Rs.4.730 million under section 205 (Default surcharge) of the Income Tax Ordinance, 2001 (the Ordinance). The Company filed rectification application under section 221 of the Ordinance and the demand was reduced to Rs.237,360. Against the said demand, the Company has filed an appeal before the CIR(A), who dismissed the Company's appeal. Presently, the Company's appeal against the CIR(A)'s order is pending before the ATIR, Peshawar.
- 26.9** Guarantees given to Sui Northern Gas Pipelines Ltd. by a commercial bank on behalf of the Company outstanding as at September 30, 2019 were for Rs.20 million (2018: Rs.20 million). These guarantees are valid upto November 30, 2019.

27. SALES - Net	Note	2019	2018
		Rupees in thousand	
Local turnover		1,190,271	1,396,955
Less: sales tax		117,811	134,447
		1,072,460	1,262,508
28. COST OF SALES			
Raw materials consumed		661,088	734,366
Chemicals and stores consumed		15,701	20,110
Salaries, wages and benefits	28.1	144,857	152,626
Power and fuel		36,277	17,157
Insurance		3,178	3,408
Repair and maintenance		38,784	40,278
Depreciation	5.3	80,595	89,324
		980,480	1,057,269

		2019	2018
	Note	Rupees in thousand	
Adjustment of sugar-in-process:			
Opening		2,117	3,370
Closing	10	(3,003)	(2,117)
		(886)	1,253
Cost of goods manufactured		979,594	1,058,522
Adjustment of finished goods:			
Opening stock		369,485	640,835
Closing stock	10	(417,355)	(369,485)
		(47,870)	271,350
		931,724	1,329,872
28.1	These include Rs.1.625 million (2018: Rs.1.576 million) and Rs. 2.317 million (2018: Rs.1.473 million) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.		
29. DISTRIBUTION COST			
Commission		1,280	1,439
Salaries, wages and amenities		1,224	873
Stacking and loading		3,279	3,947
Freight and packing charges for delivering sugar in small packets to a customer		1,167	4,601
Others		978	1,688
		7,928	12,548
30. ADMINISTRATIVE EXPENSES			
Salaries and amenities	30.1	34,689	32,181
Travelling, vehicles' running and maintenance		2,461	2,650
Utilities		1,373	749
Directors' travelling		15	86
Rent, rates and taxes		2,504	2,666
Insurance		903	611
Repair and maintenance		2,833	5,391
Printing and stationery		1,695	2,124
Communication		1,541	1,359
Legal and professional charges (other than Auditors)		3,326	1,848
Subscription		669	1,229
Auditors' remuneration	30.2	1,576	1,433
Depreciation on:			
- operating fixed assets	5.3	4,983	5,657
- investment property	6	960	1,047
General office expenses		1,783	1,672
		61,311	60,703

30.1 These include Rs.0.795 million (2018: Rs.0.786 million) and Rs.0.693 million (2018: Rs.0.440 million) in respect of provident fund contributions and staff retirement benefits-gratuity respectively.

30.2 Auditors' remuneration	Note	2019	2018
		Rupees in thousand	
Statutory Auditors (ShineWing Hameed Chaudhri & Co):			
- statutory audit fee		721	668
- half yearly review fee		140	133
- consultancy and certification charges		655	572
- out-of-pocket expenses		60	60
		<u>1,576</u>	<u>1,433</u>
31. OTHER EXPENSES			
Uncollectible receivable balances written-off		188	526
Prior year's sales tax on account of inadmissible input tax adjustment claimed		0	906
Sales tax paid under section 48 of the Sales Tax Act, 1990		500	0
Workers' (profit) participation fund		1,625	0
Income tax paid of prior years under section 236G of the Income Tax Ordinance, 2001 (Advance tax on sales to distributors, dealers and wholesalers)		2,735	2,447
		<u>5,048</u>	<u>3,879</u>
32. OTHER INCOME			
Income from financial assets:			
Mark-up on loan to Subsidiary Company		30,140	22,363
Mark-up / interest / profit on bank deposits / saving accounts and certificates		1,709	703
Dividends		20,627	20,627
Income from other than financial assets:			
Gain on disposal of vehicles		0	478
Rent	32.1	26,521	16,621
Sale of scrap		12	57
Unclaimed payable balances written-back		1,230	72
Sale of agricultural produce - net of expenses aggregating Rs. 4.004 million (2018: Rs.3.481 million)		1,595	520
Miscellaneous - net of sales tax amounting Rs.355 thousand (2018: Rs.392 thousand)		1,776	2,065
		<u>83,610</u>	<u>63,506</u>

- 32.1 (a)** As per the agreement entered into between the Company and Premier Board Mills Ltd. (PBM - a related party) on June 23, 2015, the Company has leased-out a portion of its second floor situated at Head Office to PBM. As per the addendum lease agreement entered into between the Company and PBM on July 01, 2015, the lease has commenced from July 01, 2015 and will end on June 30, 2020. PBM is paying to the Company the sum of Rs.2.310 million per annum as rent.
- (b)** The Company, during the financial year ended September 30, 2015, has also leased-out its agricultural land located at Saro Shah, Tehsil Takht-i-Bhai to PBM. As per the addendum lease agreement entered into between the Company and PBM on July 01, 2016, the lease has commenced from July 01, 2016 and will end on June 30, 2021. PBM is paying to the Company the sum of Rs.4.400 million per annum as rent.
- (c)** The Company and Chashma Sugar Mills Ltd. (CSM - a Subsidiary Company) on April 01, 2018, have entered into an agreement whereby the Company has leased 5,850 square feet of Head Office third floor to CSM for a lease term of two years on a monthly rent of Rs.1.650 million.

33. FINANCE COST

	Note	2019	2018
		Rupees in thousand	
Mark-up on:			
- long term finances		5,139	8,422
- short term borrowings		111,943	74,818
Lease finance charges		513	528
Bank charges		1,594	1,757
		119,189	85,525

34. TAXATION

Current

- for the year	25	19,302	21,685
- for prior years	25	(2,778)	(1,613)
		16,524	20,072

Deferred:

- on account of temporary differences	20	14,162	468
- resultant adjustment due to reduction in tax rate	17	0	8,682
		14,162	9,150
		30,686	29,222

35. EARNINGS / (LOSS) PER SHARE	Note	2019	2018
		Rupees in thousand	
Profit / (loss) after taxation attributable to ordinary shareholders		<u>184</u>	<u>(195,735)</u>
Weighted average number of shares outstanding during the year		<u>3,750,000</u>	<u>3,750,000</u>
		----- Rupees -----	
Earnings / (loss) per share		<u>0.05</u>	<u>(52.20)</u>

35.1 Diluted earnings/ (loss) per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2019 and September 30, 2018, which would have any effect on the earnings / (loss) per share of the Company if the option to convert is exercised.

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial instruments by category

Financial assets

At amortised cost

Security deposits	1,263	1,258
Trade debts	0	178,054
Trade deposits	136	136
Accrued profit on bank deposits	123	69
Other receivables	10,546	9,429
Bank balances	53,274	51,720
	<u>65,342</u>	<u>240,666</u>

Financial liabilities

At amortised cost

Long term finances	0	66,666
Liabilities against assets subject to finance lease	4,263	5,338
Trade and other payables	147,377	114,159
Unclaimed dividends	7,636	7,674
Accrued mark-up	31,645	22,300
Short term borrowings	653,000	945,384
	<u>843,921</u>	<u>1,161,521</u>

36.1 Financial Risk Factors

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

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

36.2 Market risk

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

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of stores & spares mainly denominated in U.S. \$. The Company is not exposed to foreign currency risk as at September 30, 2019 and September 30, 2018 as it has no foreign currency financial instrument at the respective year-ends.

(b) Interest rate risk

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

	2019	2018	2019	2018
	----- Effective rates -----		Carrying amount	
			Rupees in thousand	
Fixed rate instruments				
Deposits with a non-banking finance company	5%	5%	<u>29,000</u>	29,000
Bank balances	3.75% to 15.05%	3.75% to 9.26%	<u>13,763</u>	14,380
Variable rate instruments				
Long term loan to Subsidiary Company	10.06% to 15.05%	7.51% to 9.26%	<u>173,934</u>	279,500
Long term finances	8.04% to 14.13%	7.15% to 8.04%	<u>0</u>	66,666
Liabilities against assets subject to finance lease	9.97% to 15.73%	7.97% to 10.06%	<u>4,263</u>	5,338
Short term borrowings	9.19% to 13.97%	7.15% to 7.93%	<u>653,000</u>	944,000

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At September 30, 2019, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been lower / higher by Rs.4.833 million mainly as a result of higher interest expense on variable rate financial liabilities; (2018: loss before taxation for the year would have been

higher by Rs.7.365 million mainly as a result of higher interest expense on variable rate financial liabilities).

(c) Price risk

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

36.3 Credit risk exposure and concentration of credit risk

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

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

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

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

Exposure to credit risk

The maximum exposure to credit risk as at September 30, 2019 along with comparative is tabulated below:

	2019	2018
	Rupees in thousand	
Security deposits	1,263	1,258
Trade debts	0	178,054
Trade deposits	136	136
Accrued profit on bank deposits	123	69
Other receivables	10,546	9,429
Deposits with a non-banking finance company	29,000	29,000
Bank balances	24,274	22,720
	65,342	240,666

- The management does not expect any losses from non-performance by these counter parties except for deposits lying with a non-banking finance company as detailed in note 15.4.
- All the trade debts at September 30, 2018 represented domestic parties.

The ageing of trade debts at September 30, 2018 was as follows:

	2019	2018
	Rupees in thousand	
Not past due	0	45,233
Past due 30 days	0	15,487
Past due 60 days	0	117,334
	0	178,054

Liquidity risk

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

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

Particulars	Carrying amount	Contractual cash flows	Less than one year	Between one to three years
-------------	-----------------	------------------------	--------------------	----------------------------

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

2019

Lease finances	4,263	5,053	2,470	2,583
Trade and other payables	147,377	147,377	147,377	0
Unclaimed dividends	7,636	7,636	7,636	0
Accrued mark-up	31,645	31,645	31,645	0
Short term borrowings	653,000	670,067	670,067	0
	843,921	861,778	859,195	2,583

2018

Long term finances	66,666	70,676	70,676	0
Lease finances	5,338	6,055	2,732	3,323
Trade and other payables	114,159	114,159	114,159	0
Unclaimed dividends	7,674	7,674	7,674	0
Accrued mark-up	22,300	22,300	22,300	0
Short term borrowings	945,384	961,137	961,137	0
	1,161,521	1,182,001	1,178,678	3,323

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.

37. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt comprising of mark-up bearing long term & short term finances and liabilities against assets subject to finance lease less bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at September 30, 2019 and September 30, 2018 is as follows:

	2019	2018
	Rupees in thousand	
Total debt	657,263	1,017,388
Bank balances	(53,274)	(51,720)
Net debt	603,989	965,668
Share capital	37,500	37,500
Share redemption reserve	1	1
Revaluation surplus on property, plant and equipment	519,562	565,596
General revenue reserve	900,000	900,000
Accumulated loss	(463,599)	(510,281)
Equity	993,464	992,816
Capital	1,597,453	1,958,484
Gearing ratio (Net debt / (Net debt + Equity))	37.81%	49.31%

38. TRANSACTIONS WITH RELATED PARTIES

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

i) Subsidiary Companies		2019	2018
Chashma Sugar Mills Ltd.	Note	Rupees in thousand	
- purchase of store items and bagasse		11,910	1,732
- sale of store items		4,390	55
- sale of molasses		22,617	114,784
- dividend received		20,627	20,627
- mark-up earned on long term loan		30,140	22,363
- salaries shared		14,709	14,803
- receivable balance of long term loan adjusted		105,566	0
- rental income		19,800	9,900
The Frontier Sugar Mills & Distillery Ltd.			
- sale of store items		0	12
ii) Associated Companies			
- purchase of goods		15,269	15,159
- rental income		6,710	6,710
iii) Key management personnel			
- salaries and other benefits		16,360	15,768
- contribution towards provident fund		970	938

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

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

38.3 Key management personnel

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

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
----- Rupees in thousand -----						
Managerial remuneration	1,200	1,200	8,507	9,235	6,653	5,288
Contribution to provident fund	0	0	451	451	518	487
Medical expenses reimbursed	0	0	34	45	0	0
	1,200	1,200	8,992	9,731	7,171	5,775
Number of persons	1	1	2	2	2	2

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

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

40. CAPACITY AND PRODUCTION 2019 2018

SUGAR CANE PLANT

Rated crushing capacity per day	M.Tonnes	3,810	3,810
Cane crushed	M.Tonnes	154,414	204,775
Sugar produced	M.Tonnes	16,768	22,708
Days worked	Nos.	137	126
Sugar recovery	%	10.90	11.12

SUGAR BEET PLANT

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

Rated capacity per day	Gallons	10,000	10,000
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- The normal season days are 150 days for Sugar Cane crushing.

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

- The operations of distillery were closed during the financial year ended September 30, 2015 due to low prices of ethanol.

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

	Liabilities					
	Long term finances	Lease finances	Short term borrowings	Accrued mark-up	Dividend	Total
	----- Rupees in thousand -----					
Balance as at October 01, 2017	133,333	7,139	826,306	19,914	7,706	994,398
Changes from financing activities						
Finances repaid	(66,667)	(3,591)	0	0	0	(70,258)
Lease finances obtained	0	1,790	0	0	0	1,790
Finances obtained - net	0	0	119,078	0	0	119,078
Mark-up accrued	0	0	0	83,240	0	83,240
Mark-up paid	0	0	0	(80,854)	0	(80,854)
Dividend paid	0	0	0	0	(32)	(32)
	(66,667)	(1,801)	119,078	2,386	(32)	52,964
Balance as at September 30, 2018	66,666	5,338	945,384	22,300	7,674	1,047,362
Changes from financing activities						
Finances repaid - net	(66,666)	(2,606)	(292,384)	0	0	(361,656)
Lease finances obtained	0	1,531	0	0	0	1,531
Mark-up accrued	0	0	0	117,082	0	117,082
Mark-up paid	0	0	0	(107,737)	0	(107,737)
Dividend paid	0	0	0	0	(38)	(38)
	(66,666)	(1,075)	(292,384)	9,345	(38)	(350,818)
Balance as at September 30, 2019	0	4,263	653,000	31,645	7,636	696,544

42. PROVIDENT FUND RELATING DISCLOSURES

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the audited financial statements for the year ended September 30, 2018 and un-audited financial statements of the provident fund for the year ended September 30, 2019:

	2019	2018
	Rupees in thousand	
Size of the fund - total assets	<u>41,766</u>	<u>42,986</u>
Cost of investments made	<u>41,173</u>	<u>42,661</u>
Percentage of investments made	<u>98.58%</u>	<u>99.24%</u>
Fair value of investments made	<u>41,173</u>	<u>42,661</u>

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

	2019	2018	2019	2018
	----- % -----		Rupees in thousand	
Term deposit receipts (TDRs)	89.86%	96.11%	37,000	41,000
Saving account in a scheduled bank	10.14%	3.89%	4,173	1,661
	<u>100.00%</u>	<u>100.00%</u>	<u>41,173</u>	<u>42,661</u>

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

43. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

43.1 Sugar sales represent 97% (2018: 92%) of the total gross sales of the Company.

43.2 All sales have been made to customers in Pakistan.

43.3 All non-current assets of the Company as at September 30, 2019 are located in Pakistan.

43.4 One customer (2018: Two customers) of the Company contributed towards 88.99% (2018: 98.42%) of the gross sugar sales during the year aggregating Rs.1,033 million (2018: Rs.1,262 million).

44. NUMBER OF EMPLOYEES

	2019	2018
	----- Numbers -----	
Number of persons employed as at September 30,		
- permanent	472	453
- contractual	123	120
	595	573
Average number of employees during the year		
- permanent	482	469
- contractual	198	195
	680	664

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on January 02, 2020 by the board of directors of the Company.

46. FIGURES

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



ABBAS SARFARAZ KHAN
CHIEF EXECUTIVE



ISKANDER M. KHAN
DIRECTOR



RIZWAN ULLAH KHAN
CHIEF FINANCIAL OFFICER

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
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THE PREMIER SUGAR MILLS & DISTILLERY COMPANY LIMITED

Nowshera Road, Mardan

PROXY FORM 74th Annual General Meeting

I/We.....of.....being a member of **The Premier Sugar Mills & Distillery Company Limited** and holding ordinary shares as per share register Folio/CDC Account No.....hereby appoint Mr./Mrs.....of..... another member of the Company having Folio/CDC Account No..... CNIC No..... or Passport No.....or failing him/her Mr./Mrs.....of..... Folio/CDC Accounts No..... CNIC No..... or Passport No..... who is also a member of the Company, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on January 27, 2020 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 2020.

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.

