2022 | Annual Report
for the year ended 30 September 2022

Continued Excellence

Corporate Social Responsibility

Bond with Growers

Innovative Farming

Community Empowerment

JDW

JDW Sugar Mills Limited

OUR VISION IS
to Create Opportunities for the Future.

Before bringing life to a vision we have to see it first and for that we need people who specialize in seeing the impossible. Here at JDW, we are proud of the visionary people we have who take up the responsibility of creating opportunities for the future, not only for our Company but for the whole community we operate in.

We believe life is about the betterment of the human condition; it's about social awareness, and random acts of kindness that weave the soul of humanity. Together, we all participate in weaving the social fabric; we should all therefore be patching the fabric when it develops holes. The change has begun, here at JDW, as we have started to unpack the challenges that encounter us, realizing that we each have a role that requires us to change and become more responsible for shaping our community and creating magic under JDW's vision. A vision in which everyone is benefited, be it our shareholders, the farmers or you.

CONTENTS

01 Company Review

02 Financial Performance

03 Directors' Review

04

Unconsolidated
Financial Statements

05

Consolidated
Financial Statements

06

Shareholders' Information

01

COMPANY REVIEW

CORPORATE INFORMATION

Board of Directors

Mr. Jahangir Khan Tareen
Director

Makhdoom Syed Ahmad Mahmud
Director / Chairman

Mr. Raheal Masud
Chief Executive

Mrs. Samira Mahmud

Syed Mustafa Mehmud

Mr. Ijaz Ahmed

Mr. Asim Nisar Bajwa

Mr. Zafar Iqbal

Chief Operating Officer

Rana Nasim Ahmed

Group Director (Finance) & CFO

Mr. Muhammad Rafique

Company Secretary & Legal Head

Mr. Maqsood Ahmad Malhi

Audit Committee

Mr. Zafar Iqbal
Chairman / Member

Mrs. Samira Mahmud
Member

Mr. Ijaz Ahmed
Member

HR & R Committee

Mr. Asim Nisar Bajwa
Chairman / Member

Mrs. Samira Mahmud
Member

Mr. Ijaz Ahmed
Member

NominationCommittee

Mr. Jahangir Khan Tareen
Chairman / Member

Mr. Asim Nisar Bajwa
Member

Risk Management Committee

Mr. Jahangir Khan Tareen
Chairman / Member

Mr. Asim Nisar Bajwa
Member

Registrar

Corplink (Pvt.) Limited

Bankers

Conventional

MCB Bank Limited

The Bank of Punjab

Habib Bank Limited

Pak Kuwait Investment Company Limited

Askari Bank Limited

Standard Chartered Bank (Pakistan) Limited

National Bank of Pakistan

Allied Bank Limited

Soneri Bank Limited

United Bank Limited

Islamic

Dubai Islamic Bank Pakistan Limited

MCB Islamic Bank Limited

Bank Alfalah Limited

BankIslami (Pakistan) Limited

Askari Bank Limited

National Bank of Pakistan

Auditors

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants

Registered Office

17-Abid Majeed Road, Lahore
Cantonment, Lahore, Pakistan

Legal Advisor

Cornelius, Lane & Mufti

Web Presence

www.jdw-group.com

Mills

Unit-I: Mauza Shirin, Jamal Din Wali, District Rahim Yar Khan.

Unit-II: Machi Goth, Sadiqabad. District Rahim Yar Khan.

Unit-III: Mauza Laluwali, Near Village Islamabad, District Ghotki.

MISSION

- To be the market leader and a world-class organization by meeting and proactively anticipating customer needs.
- To maximize the wealth of stakeholders by optimizing the long term returns and growth of the business.
- To be amongst the most efficient and lowest cost producers in the industry.
- To ensure a safe, harmonious and challenging working environment for the employees.

STRATEGY

- To grow our base business in sugar and build those related activities where there is opportunity to smooth the impact of sugar price cycles.
- To produce sugar which is of highest international standards.
- To make investment in sugarcane crop to ensure regular supply of cane and profitability of growers.
- To offer equal and fair growth opportunities to all employees.
- To undertake and support community development and welfare projects in order to fulfil social commitments.

VALUES


Innovating & Improving
Protecting our People & Growers
Acting with Integrity
Working Together
Community Empowerment

HIGH PRESSURE CO-GENERATION POWER PLANTS

2022, was another satisfactory year for the pioneering Co-Generation Power projects which effectively achieved its generation capacity levels, maintaining it throughout the year. The plants ran smoothly contributing its share to the National Grid.

The first 26.6 MW power plant at JDW Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab achieved Commercial Operations Date (COD) on June 12, 2014 after completing all independent testing and certification requirements, while the second 26.8 MW plant at JDW Unit-III, District Ghotki, Sindh achieved COD on October 3, 2014.

Both power plants are fully operational and supplying affordable and renewable electricity under Energy Purchase Agreements. The plants efficiently utilize indigenous bagasse as fuel, which besides being environment friendly, also has the major benefit of saving precious foreign exchange for the country compared to imported fuels such as furnace oil or imported coal.

The Company's power plants are the first to materialize under NEPRA's upfront bagasse tariff. As various other sugar mills are now following suit, it is hoped that the Company's initiatives will serve as a catalyst for the realization of the sugar industry's 2,500 MW power potential.

The Company in the larger national interest and sustainability of the power sector, voluntarily agreed to alter its existing contractual arrangements with the CPPA-G for the sale of electricity. In this respect, the Company entered into a "Master Agreement" and an "EPA Amendment Agreement" (hereinafter referred to as the 'Agreements') on February 12, 2021.

Gross Revenue from Co-Generation

4,018

Rs. in million **2021-22**

Energy Units Delivered

326,245

MWh **2021-22**

CORPORATE FARMING

Human resource is undoubtedly the backbone of our industry business. With sound farming knowledge, distinctive agronomic strategies and modern machinery, our people help us building highly efficient and eco-friendly farms with higher yields. Our innovative farming techniques have also led us to build the capacity of existing farmers resulting in improved and reliable cane supply to JDW.

JDW believes in investing in our future by undertaking large scale research and development activities such as:

- Varietal screening and selection.
- Soil and water testing laboratory.
- Bio-laboratory facility.
- Hot water treatment facility.
- Disease free Seed Screening Program.
- Transfer of technology.
- Application of GIS (Geographic Information System)
- Application of precision agriculture methodologies

Automation and Mechanization

Large scale farming operations cannot be managed effectively without mechanization. We have managed to acquire latest tractors and other farming equipment's from local as well as foreign sources. In addition to that, we have rationalized farm layouts and combined the traditional farming techniques with newly acquired technologies to achieve maximum yield in the region. Few of our mechanized operations are given below:

- Using semi-mechanized planting techniques.
- Fertilizing (2 and 3 row coulter applicators),
- Magnum 340 HP tractors with GPS Scrappers for levelling.
- Magnum 340 HP tractors with GPS enable cultivation.
- Puma 140 HP tractors with hydraulic tilting blade to make drains.
- CNH 140 HP tractors for Zonal Ripper.
- Gypsum spreaders.

- Inter row herbicide sprayers.
- High clearance tractor spraying.
- Granular pesticide applicator.
- Harvesting.
- Designing and manufacturing of stubble cultivator or bed de-generator to replace rotary hoe.
- Well-equipped workshop for high tech maintenance.

Precision Agriculture

Precision Agriculture (PA) is the act of managing different land variables using latest technology such as Global Positioning Systems (GPS), geographic Information Systems (GIS), Remote Sensing (RS) and Yield Mapping. Adoption of PA practices can improve the efficiency and profitability of farming operations to a great extent. Under the supervision of foreign consultants, our engineering team is making full use of these techniques to achieve higher yield at lower costs.

Sustaining Field Operations by Replacing Rotary HOE with Stumble Cultivator

Designing and fabrication of bed de-generator at site workshop is now ready to work in the fields. This will create revolution in term of time and energy saving in offset and seed bed operations. Replacement of rotary hoe will stop deterioration of soil structure which leads to improve soil by maintaining soil porosity, water holding capacity, soil drainage and reduction of surface sealing.

Crop Varieties

Promising Sugarcane varieties play an important role in crop improvement and sustainable farming. We are progressing with some promising sugarcane varietal lines at JDW Research Farm. These lines have been selected in 2021-22 from J12, J15 and J16 nurseries which were produced from JDW sugarcane breeding station located at Thatha. At this stage, these varieties are under multiplication process at JDW corporate farms for further testing on a larger area. These have been planted on different soil types for adoptive trials in 2022. More qualitative and quantitative data will be taken to see their adoptability on larger fields. Further sugarcane seedlings have been produced every year through breeding of selected parents. We are utilizing both local and foreign germplasm in breeding having good traits.

Production of disease free seed for corporate farms and local growers and Production of certified seed (Disease free seed playing vital role in sugar industry).

Recent tests revealed ratoon stunting RSD and White leaf disease WLD is found common in commercial cultivars of the area. In this scenario seed certification is important to keep sustain cane production through these locally adopted cultivars. Hot water treatment of the seed is the only solution to minimize the impact of above mentioned diseases. JDW have constructed large heat treatment facilities at each mill and seed treatment has been done successfully. Disease free seed nurseries have established at JDW corporate farms. This is a continuous process. We are doing hot water treatment every year and keep building the healthy seed nurseries at our farms. This practice is very important to keep the disease pressure under economic threshold level.

Weed Management

Creeping weeds like morning glory and twine vine is going serious problem among farms. These weeds are introduced around flood areas around Indus river bank in 2010. A serious efforts of herbicide trials are underway to control and check the further spread of these weeds. JDW is making long and short term strategies which are now at final stage.

Hot Water Treatment (HWT) Facility

Hot water treatment is primarily required to ensure disease free seed for farms. Small portable HWT plant was setup in 2014 under crop improvement (R&D), new portable setup was imported last year and HWT started in 2016-17. Fixed hot water treatment plants of bigger capacity is now constructed at unit I and DSM. These plants are now in operation.

Irrigation

JDW has always emphasized on improving irrigation efficiency in the region. Over the years, irrigation using poor quality tube well water has led to serious soiled gradation that resulted in loss of yield. At JDW, all ground water sources are constantly tested in the laboratory to ensure that suitable water is supplied to crops. The farms are designed using latest laser levelling technology to ensure improved irrigation, at reduced costs and increasing yield potential. In recent times, addition of flow-meters on irrigation sources started to quantify the efficiency of irrigation. In addition, early hill up technique is developed to conserve moisture which leads to improve water use efficiency.

Harvesting Operations

JDW has adopted the use of mechanical harvesters and prime mover cane transport systems for harvesting and transporting cane from farm to mill on timely basis. This saves a lot of harvesting and transportation costs and crucial cane nutrition. JDW currently operates 16 harvesters and has the capacity to mechanically harvest over 450,000 tons of cane over 13,000 acres per season. The mechanical harvest and transport system continues to evolve into a world class operation as efficiencies improve with new innovations, improved infrastructure and improved farm designs.

Cane production is affected by both harvesting and field issues which can impact on sugar quality and quantity. Both harvesting efficiency and crop presentation affect cane yield, cane quality and ratooning. Foreign consultants are working with JDW and have developed Harvesting Best Practice (HBP) guidelines to reduce cane loss, improve cane quality, and reduce stool damage. The HBP guidelines also focus on the impact that crop presentation has on harvesting efficiency. Information available covers topics such as farming for efficient harvesting; the effect of extractor fan speed on cane loss, crop yield, Commercial Cane Sugar (CCS), reduction in base cutter/chopper losses; and improvement in billet quality for planting.

CORPORATE SOCIAL RESPONSIBILITY

Sugarcane Crop Improvement Program

Variety Development

Sugarcane variety is a basis for successful business of production of white refined sugar because every variety has different sugar accumulation potential. The Major threat to sugarcane varieties is outback of disease particularly disease of mature stalk like “Red Rot”. In recent past our main variety i.e. SPF-234 was hitted by this disease and now another variety i.e. CPF-246 is damaging due to Red Rot disease. Due to this reason replacement of varieties becomes most important task for any sugar mills of this area. In recent past we have introduced two disease resistant varieties i.e. CP.77-400 and CPF-253 in our area.

Disease Management

Most important diseases which have destructive impact on sugarcane varieties are “Red Rot”, “White Leaf” and “Smut” disease. Crushing zone of JDW Group Mills are facing problem of all these diseases. To save our crop from these diseases we are fighting on following frontiers:

(i) Introduction of disease resistant varieties.

(ii) Managing insect vectors responsible for spreading WLD. (White Leaf Disease)

(iii) Spray of fungicides for control of disease outbreaks.

Insect Pest Management

As far as insect pests are concerned; Pyrilla and Black bug are major sucking pests in our crushing zone and stem and top borers are among the major chewing type insect pests.

We are investing huge budget for provision of pesticides to growers for the management of these pests. Field teams consisting of development and cane departments have rigorously followed the crop of every grower to control these pests. Alhamdolillah with coordinated efforts of field staff and with patronage of JDW Group’s management we have ideally managed the populations of above mentioned all insect pests. For managing these pests we are using best chemistries of pesticides and organize the group meetings with Growers regarding pest management.

Livestock Support Project

Services to our growers, JDW Sugar Mills Ltd. owns a dedicated Livestock (Dairy and fattening animals) has a major share in economy of rural community residing in our crushing zone. But due to lack of awareness, skill and resources growers are not harnessing full potential of animals either in form of milk or meat. For providing efficient and economical and skilled team of Veterinary Assistants and A. I. Technicians for providing following facilities to our growers at their door step.

1. Artificial Insemination by using high quality semen for breed improvement.
2. Deworming of animals for control of endo and ecto parasites.
3. Vaccination for control of diseases like FMD, HS and ETV etc.
4. All kind of emergency treatment on phone call.
5. Special care of model animals for increasing meat and milk production by use of balanced nutrition.

All medicines are provided to the growers without any profit at purchase price and operational cost is borne by the JDW Sugar Mills Ltd.

Sugarcane Productivity Enhancement Project (SPEP)

SPEP was initiated with combined efforts of JDW Sugar Mills and NRSP in 2000 with the objective of enabling 10,000 farmers with small landholdings to double their per acre yield of sugarcane, and thereby raise their incomes and standard of living, over three years. The project was launched in District Rahim Yar Khan in areas adjacent to the JDW Mill. We have intervened in one hundred eleven (111) union councils and 846 revenue villages within these union councils, 193,026 acres of land and 109,311 households in four (04) tehsils namely 'Rahim Yar Khan', 'Khan Pur', 'Liaqat Pur' and 'Sadiqabad'. It is a comprehensive and intended intervention for agriculture production expansion and the living standards of poor people. Its need was felt when the statistics of the region showed the declining trends in the acreage of sugarcane. The declining trend was attributed to poor seed quality, low yields, nonscientific agronomic practices, lack of access to credit and delayed payment to small growers by the Mills which discouraged the small farmers and growers. Therefore, another objective of SPEP was to double the production of sugarcane of 10,000 small farmers living in designated Union Council around the JDW Mills in RYK. SPEP has been designed to enhance small farm (<20 acres) profitability through agriculture & livestock extension services and provision of credit without collateral. The community organizations (COs) receive SPEP support from a professional team consisting of a social organizer, an agricultural extension officer, and a veterinary officer. The SPEP program had a significant positive impact on total household income, farm income, sugarcane income, and household expenditures.

The following activities have been carried out in the SPEP area

- Community Mobilization carried out by NRSP
- Organization of small farmers into Community Organization (CO)
- Providing them planning and management training
- Development of marketing channels

Extension services carried out by JDW Mills

- Arrangement of quality inputs
- Giving technical advice
- Better agronomic practices

Financial Services carried out both by NRSP and JDW Mills i.e., SPEP

- CO savings
- Credit for fertilizer
- Credit for agriculture machinery and implements

With continued support from JDW Sugar Mills, NRSP expanded its operation in 111 union councils. The number of active COs grew in 2021-22 up to 11,905 with a membership of 121,181 farmers. The main features of the SPEP include:

- Increase income of poor rural people by the increase in per acre yield of sugarcane, through:
    - Improvement in production technology
    - Resource use efficiency
    - Need-based support (credit, agri-machinery, inputs, seed etc.)
    - Assurance of timely payments by sugar mills.
- Ensure enough quality sugarcane in the catchment area of sugar mills.
- Social mobilization and organization of the rural poor into Community Organizations (COs)
- Provision of agricultural extension services; agricultural graduates employed by JDW Sugar Mills provide services through direct advice in CO meetings, published literature and farm visits.
- Credit facility from JDW Sugar Mills and NRSP for the purchase of seed and other agricultural inputs on the guarantee of the COs.
- Small farmers have access to new Seeds, Pesticides/ farm machinery provided by JDW Sugar Mills on credit at subsidized rates.

NRSP has distributed loans of Rs. 1,103 million in the year 2021-22 to raise the productivity & income of the farming communities, which is really helping to increase the social and economic life of the rural communities.

SPEP program has a significant impact on the income of participating households in treatment villages especially for those rural households that participate in CO over longer periods.

Flood Relief Activities

JDW has a strong commitment towards our social responsibility and keep trying to contribute whenever such a situation arises, JDW considers this as a duty to help our fellow brethren during these hard times. In the year 2022, the natural calamity played havoc in most parts of the country. In view of the higher scale of devastation caused by the floods, JDW contributed in PM's & KPK CM's flood relief funds and also provided relief activities in the flood effected areas of the country by providing Rashans, Water proof tents & Mosquito nets. JDW on Group basis contributed approx. Rs. 98 million for the relief activities in the flood effected areas of the Country.

02

FINANCIAL PERFORMANCE

WE DELIVERED

Gross Revenue

67

Rs. in billion

Earnings per Share

66.09

Rs. per share

Profit after Tax

3,951

Rs. in million

Cash Dividend

275%

% age per share

Share Price

260

Rs. per share
30 Sep 2022

AS COMMITTED

2021-2022

Shareholders' Equity
16.9
Rs. in billion

Growers' Payment on Group Basis
56
Rs. in billion

Total Assets
46.5
Rs. in billion

Current Ratio
1.11
Times

Contribution to National Exchequer
8,892
Rs. in million

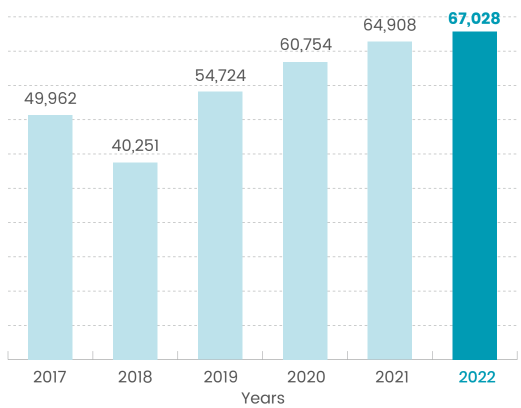
OPERATING HIGHLIGHTS

(Rupees in thousand)

		2022	2021	2020	2019	2018	2017
Gross revenue		**67,027,986**	64,908,275	60,754,018	54,724,042	40,251,476	49,962,325
Revenue from contracts with customers		**58,887,908**	56,800,292	52,457,860	49,119,853	37,264,506	45,431,957
Cost of revenue		**49,737,504**	46,664,716	44,867,941	43,903,668	34,517,475	40,807,425
Administrative and selling expenses		**2,207,964**	1,954,335	1,706,550	1,303,568	1,088,427	1,184,061
Finance cost		**3,404,137**	2,251,743	3,550,397	3,511,601	2,269,761	1,665,294
Other expenses		**393,288**	3,692,881	584,371	754,316	5,238	166,528
Other income		**(1,967,634)**	(2,210,705)	(672,739)	(593,359)	(475,637)	(571,049)
Profit from operations		**8,516,787**	6,699,065	5,971,737	3,751,660	2,129,003	3,844,992
Profit / (loss) before taxation		**5,112,649**	4,447,322	2,421,340	240,060	(140,758)	2,179,698
Profit / (loss) after taxation		**3,950,558**	4,878,296	1,398,517	553,296	(203,441)	1,588,396
Basic earnings / (loss) per share	Rs.	**66.09**	81.61	23.40	9.26	(3.40)	26.57
Interim Dividend - cash	%	**150**	–	–	–	–	100
Final Dividend - cash	%	**125**	100	–	100	–	30
Total Dividend - cash	**%**	**275**	**100**	**–**	**100**	**–**	**130**

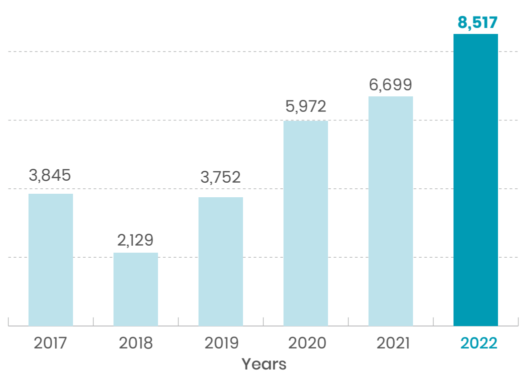
Gross Revenue

Rupees in Million



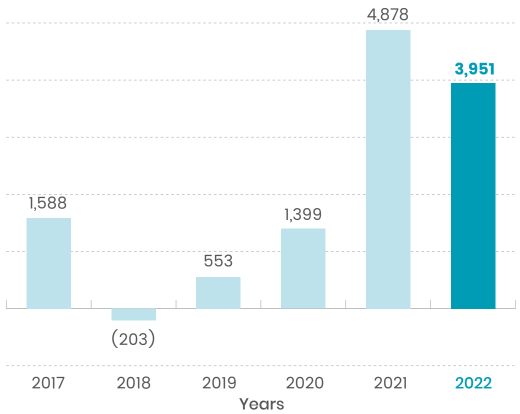
Operations Profit

Rupees in Million



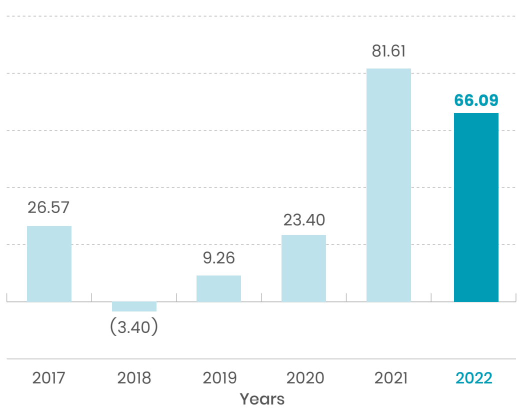
Profit / (loss) for the Year

Rupees in Million



Earnings / (Loss) Per Share

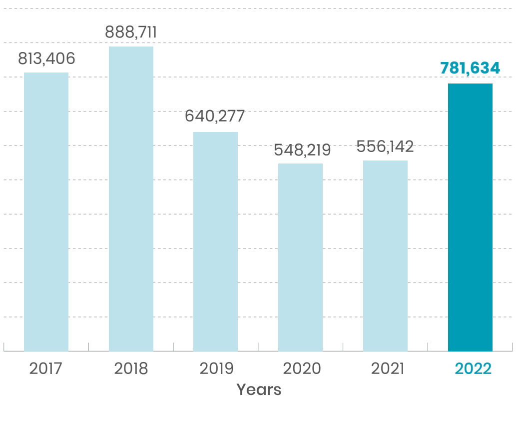
(Rupees)



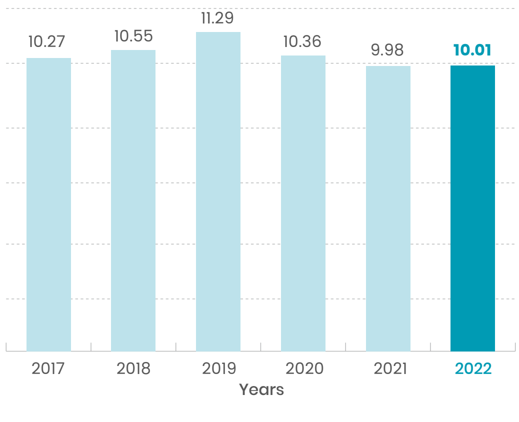
PRODUCTION DATA

		2022	2021	2020	2019	2018	2017
Unit - I							
Sugar production	M.Tons	**336,630**	255,396	260,845	287,394	409,507	357,733
Sugar recovery	% age	**10.16**	10.06	10.58	11.61	10.91	10.14
Molasses production	M.Tons	**156,887**	112,167	102,835	96,101	175,655	154,437
Molasses recovery	% age	**4.74**	4.42	4.17	3.88	4.68	4.38
Unit - II							
Sugar production	M.Tons	**235,506**	159,800	153,173	190,304	255,879	247,926
Sugar recovery	% age	**9.78**	9.85	10.23	11.40	10.54	10.45
Molasses production	M.Tons	**124,116**	78,991	68,003	72,354	133,267	110,324
Molasses recovery	% age	**5.15**	4.87	4.54	4.33	5.49	4.65
Unit - III							
Sugar production	M.Tons	**209,498**	140,946	134,202	162,580	223,325	207,747
Sugar recovery	% age	**10.02**	9.99	10.09	10.65	9.97	10.30
Molasses production	M.Tons	**102,488**	65,104	58,749	62,882	113,728	83,072
Molasses recovery	% age	**4.90**	4.61	4.42	4.12	5.08	4.12
JDW Sugar Mills Limited							
Sugar production	M.Tons	**781,634**	556,142	548,219	640,277	888,711	813,406
Sugar recovery	% age	**10.01**	9.98	10.36	11.29	10.55	10.27
Molasses production	M.Tons	**383,491**	256,262	229,587	231,337	422,650	347,833
Molasses recovery	% age	**4.91**	4.60	4.34	4.08	5.02	4.39

Sugar Production
(M.Tons)



Sucrose Recovery
(%age)



03

DIRECTORS' REVIEW

CHAIRMAN'S REVIEW

On Board's overall Performance u/s 192 of the Companies Act, 2017

JDW Sugar Mills Limited complies with all the requirements set out in the Companies Act, 2017 (''the Act'') and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (''Regulations'') with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under Regulations, an annual evaluation of the Board of the Directors (''the Board") of JDW Sugar Mills Limited (''the Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas, where improvements are required, are duly considered and action plans are framed and implemented.

For the purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended September 30, 2022 and I report that:

The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

The overall assessment, as satisfactory, is based on an evaluation of the following integral components, which have a direct bearing on the Board's role in achievement of Company's objectives:

The Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time. The Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, society at large) whom the Company serves. The Board has a strategic vision of how the organization should evolve over the next three to five years. Further, the Board sets annual goals and targets for the management in all major performance areas.

The Board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, budget plans, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to Board and committee meetings. The Board met frequently enough to adequately discharge its responsibilities. The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.

The Board members effectively bring diversity to the Board and constitute a mix of Independent and Non-Executive Directors. The Non-Executive and Independent Directors were equally involved in important Board decisions. The Board has effectively set the tone at the top, by putting in place a transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of Regulations and by promoting ethical and fair behaviour across the Company.

05 January 2023
Lahore

Chairman

چیئرمین کا جائزہ

JDW شوگر ملز لمیٹڈ اپنی تشکیل، طریقہ ءکار، بورڈ آف ڈائریکٹرز کی میٹنگز اور اس کی متعلقہ کمیٹیوں کی میٹنگز کے حوالے سے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 پر مکمل طور پر کاربند ہے۔ جیسا کہ کارپوریٹ گورننس کے تحت ضروری ہے کہ JDW شوگر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ لیا جائے۔ اس جائزے کا مقصد یہ ہے کہ بورڈ کی کارکردگی کو کمپنی کی توقعات اور مقاصد کی روشنی میں جانچا اور متعین کیا جا سکے۔

بورڈ کی کارکردگی کو جانچنے کیلئے ایک جامع معیار طے کیا گیا ہے۔ بورڈ نے 30 ستمبر 2022 کو اختتام پذیر ہونے والے سال کیلئے اپنی سالانہ کارکردگی کی جانچ مکمل کی ہے اور میں بلاشبہ یہ کہہ سکتا ہوں کہ:

- طے شدہ معیار کی روشنی میں بورڈ کی مجموعی کارکردگی تسلی بخش تھی۔
- بورڈ کی کارکردگی کو مندرجہ ذیل انتہائی اہم امور کی روشنی میں تسلی بخش قرار دیا گیا۔ کمپنی کے مقاصد کے حصول کیلئے ان امور کا بورڈ ممبران سے براہِ راست تعلق ہے۔

بورڈ کے تمام اراکین موجودہ اولین مقاصد، مشن اور اقدار سے پوری طرح آگاہ ہیں اور ان کی مکمل حمایت کرتے ہیں۔ بورڈ کے اراکین وقتاً فوقتاً مشن اور ویژن کا جائزہ لیتے رہتے ہیں۔

بورڈ کو اپنے سٹیک ہولڈرز (حصص مالکان، گاہکوں، ملازمین، سپلائرز اور معاشرے) سے مکمل آگاہی ہے۔ بورڈ کو اس بات کا مکمل ادراک ہے کہ اگلے تین سے پانچ سال میں کمپنی کس مقام پر ہوگی۔ مزید برآں بورڈ، منتظمین کیلئے کارکردگی کے حوالے سے تمام اہم امور کے سالانہ اہداف مقرر کرتا ہے۔

بورڈ کے ارکین نے اپنے فرائض تندہی سے ادا کئے۔ انہوں نے گفت وشنید اور محتاط جائزوں کے بعد کاروباری حکمتِ عملی، کاروباری مقاصد، بجٹ، مالیاتی اور دیگر رپورٹوں کی منظوری دی۔ بورڈ اور کمیٹی کی میٹنگز سے پہلے مکمل ایجنڈا اور تحریری مواد بروقت موجود ہوتا تھا۔ بورڈ نے اپنے فرائض کو احسن طریقے سے پورا کیا ہے۔

بورڈ کمپنی کے مقاصد، اہداف، حکمتِ عملی اور مالیاتی کارکردگی کے حوالے سے مکمل باخبر رہا۔ بورڈ کو یہ معلومات منتظمین، اندرونی و بیرونی آڈیٹرز اور خودمختار مشاورت کاروں کی بدولت حاصل ہوتی رہیں۔ بورڈ نے ان تمام امور سے متعلق بروقت اور مناسب رہنمائی کی۔

خودمختار اور نان ایگزیکٹو بورڈ ممبران کی بدولت بورڈ میں ایک موثر قسم کا تنوع پایا جاتا ہے۔ خودمختار اور نان ایگزیکٹو بورڈ ممبران اہم نوعیت کی فیصلہ سازی میں برابر کا حصہ رکھتے ہیں۔

بورڈ نے نہایت موثر طریقے سے ایک شفاف اور مضبوط انتظامی نظام قائم کیا۔ کمپنی میں موثر کنٹرول سسٹم، کمپنی بھر میں منصفانہ اور اخلاقی رویئے اچھے انتظام اانصرام اور کنٹرول کی بہترین جہتوں کو ظاہر کرتے ہیں۔

۵ جنوری ۲۰۲۳
لاہور

چیئرمین

DIRECTORS' REPORT

We, on behalf of the Board of Directors of JDW Sugar Mills Limited, are pleased to present the Company's 33rd Annual Report together with the Audited Financial Statements for the year ended 30 September 2022.

Overview

JDW Sugar Mills Limited ("the Company") was incorporated in Pakistan on 31 May 1990 as a private limited Company and was subsequently converted into a public limited Company on 24 August 1991. Shares of the Company are listed on the Pakistan Stock Exchange Limited. The Registered Office of the Company is situated at 17 - Abid Majeed Road, Lahore Cantonment, Lahore. The principal activities of the Company are production and sale of crystalline Sugar, Electricity and managing Corporate Farms.

Operating Results

Operating results of the Company for the year under review are summarized below:

Description		2021-22				2020-21			
		JDW-I	JDW-II	JDW-III	COMBINED	JDW-I	JDW-II	JDW-III	COMBINED
Sugarcane Crushed	M. Tons	3,311,789	2,408,562	2,091,205	**7,811,556**	2,537,605	1,621,775	1,411,576	**5,570,956**
Sugar Production	M. Tons	336,630	235,506	209,498	**781,634**	255,396	159,800	140,946	**556,142**
Sucrose Recovery	%age	10.16	9.78	10.02	**10.01**	10.06	9.85	9.99	**9.98**
Molasses Production	M. Tons	156,887	124,116	102,488	**383,491**	112,167	78,991	65,104	**256,262**
Molasses Recovery	%age	4.74	5.15	4.90	**4.91**	4.42	4.87	4.61	**4.60**

The comments on above operating results are as under:

Sugarcane crushed in the current crushing season was higher by 40% whereas sugar produced was 41% higher with just 3 bps increase in the sucrose recovery, however molasses recovery was up by 31 bps compared to last year. Crop size this time was approx. 36% more and the country has produced 41% additional sugar taking it from 5.619 million tons to 7.911 million tons.

Deharki Sugar Mills (Pvt.) Limited ("DSML") being wholly owned subsidiary of the Company has achieved the following operating results in its 11th year of operations:

Operating Results – Subsidiary Company

		2021-22	2020-21
Sugarcane Crushed	M. Tons	**1,953,090**	1,270,152
Sugar Production	M. Tons	**196,560**	125,757
Sucrose Recovery	%age	**10.06**	9.90
Molasses Production	M. Tons	**96,603**	60,000
Molasses Recovery	%age	**4.95**	4.72

For DSML, sugarcane crushed was 54% higher whereas increase in sugar production was 56% with 16 bps increase in the sucrose recovery as compared to last crushing season. Molasses recovery this time is also 23 bps more than last year.

DIRECTORS' REPORT

Overview of Financial Results:

An analysis of the key operating results of the Company is given below:

(Rs. in Million)

	30 Sep 2022	30 Sep 2021
Gross Revenue	**67,028**	64,908
Revenue from Contracts with Customers	**58,888**	56,800
Profit from Operations	**8,517**	6,699
Finance Cost	**3,404**	2,252
Profit before Tax	**5,113**	4,447
Profit after Tax	**3,951**	4,878
Earnings per Share	**66.09**	81.61

- There has been increase of 3% in the gross turnover of the Company which is primarily due to more sale of molasses and some additional sugar stock both at better average prices. However, there is a drop in the gross profit ratio from 18% to 16% mainly attributable to increase in the average sugarcane procurement cost caused by cane procurement competition started in the beginning of the crushing season despite better sugarcane crop and highest ever sugar production in the country.
- Profit from operations has registered increase of 27% over last year which has increased from Rs. 6.7 billion to Rs. 8.5 billion because of no major provision this time as against provision of Rs. 3.3 billion accounted for last year on account of receivables from CPPA-G.
- In spite of good increase in profit from operations as stated above there has been 19 % reduction in profit after tax of the Company which has reduced from Rs. 4,878 million to Rs. 3,951 million resultantly earnings per share of the Company have also dropped from Rs. 81.61 to Rs. 66.09 which is mainly attributable to the following two reasons:
  i) Substantial increase in the financial cost of the company i.e., Rs. 1,153 million caused by periodically rising discount rates by the SBP from time to time during the period of last 12 months. Discount rate was 7.25% per annum in the month of Nov-21 which at the balance sheet date was 15% per annum i.e., higher by more than 100%. Subsequent to the balance sheet date there has also been another 1% increase in the discount rate by the SBP.

  ii) Increase in the provision of deferred tax by Rs. 1.9 billion due to reduction in available carry forward tax credits, depreciation losses and imposition of 4% super tax on taxable profits of the company through Finance Act 2022.

We are pleased to inform our shareholders that all the three business segments of the company i.e., sugar, co-gen power projects and corporate sugarcane farms were in profit this year and Corporate Farms and Co-Gen power projects have also contributed reasonably in achieving profitability after tax of Rs. 4.0 billion. Consolidated Profit After Tax (PAT) on Group basis is Rs. 4.3 billion as compared to Rs. 4.6 billion last year. In Corporate Farms we have an area of approximately 25,000 acres of leased and owned agricultural land contributing up to approx. 8% of the total sugarcane procurement of the Group.

- There has been 13% increase in the administrative expenses of the company over last year which was mainly due to annual increase in the salaries, wages and other benefits, donations for flood relief activities and depreciation expense. Selling expenses have also increased from Rs. 38 million to Rs. 50 million owing to annual increments and rising inflation factor.
- Other income has decreased from Rs. 2,211 million to Rs. 1,968 million mainly because of decrease in mark up on delayed payments by CPPA-G in the current year.
- There has been substantial decrease in Other Expenses due to write off of Rs. 3.3 billion accounted for last year on account of energy receivables from CPPA-G against electricity supplied to the national grid.
- In view of the consistent better performance of the Company, all financial covenants are improving every year. This year too, the Company is fully compliant with all financial covenants agreed upon with the financial institutions from time to time and fulfilling it's all financial obligations on time and enjoys good relationship with all the financial institutions it's dealing with.
- At year end our energy receivables stand at Rs. 2.3 billion from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) which have considerably come down from the level of Rs. 7.3 billion in the year 2018-19. These

receivables are equivalent to our six months' sales. As compared to previous years there has been considerable improvement in sales collections from CPPA-G and Company is regularly receiving good amounts of money every month. We are thankful to CPPA-G for their co-operation.

- Further to the above, the bagasse pricing issue of Bagasse Based Co-Gen Power Projects (Total 8 in numbers and aggregate plant capacity is 259.10 MW) is still pending since October 2018 with National Electric Power Regulatory Authority (NEPRA). The company was in litigation with NEPRA for its Order passed relating to bagasse pricing based on its Suo moto action in the year 2019. The case was pending with honourable Islamabad High Court since last more than three years. The Court has recently referred this case to the newly constituted Appellate Tribunal of NEPRA which has remanded this case back to NEPRA for its review. We are expecting hearing notice from NEPRA soon and are very hopeful that this long outstanding issue would be resolved mutually between NEPRA and Bagasse based IPPs in 2022-23.
- The balance sheet size has increased to Rs. 46 billion from Rs. 36 billion last year and accumulated reserves are now 27 times of the paid-up capital of the Company.

Other points of your interest are summarized below:

- JDW Group's contribution in the overall country's sugar production was 17% in year 2017-18 which now has dropped to 12% because of various measure taken by Federal Board of Revenue ("FBR") since last three years to curb sales tax evasion in the sugar industry that is why country has recorded highest ever sugar production in 2021-22. Credit goes to FBR.
- For crushing season 2021-22, notified support prices of sugarcane were revised to Rs. 225 from Rs. 200 per 40 kgs by the Provincial Govt. in Punjab whereas it was increased to Rs. 250 from Rs. 202 per 40 kgs in the Province of Sindh whereas despite bumper sugarcane crop in the country there was a price war for sugarcane procurement among all sugar mills started in the beginning of the crushing season for reasons still unknown to us. The actual average sugarcane cost was around Rs. 250 per 40 kgs which has resulted in increasing the sugar production cost. This cost component alone constitutes approx. 82% of the total production cost of the sugar so any variation in this cost has major impact on cost of production. On Group basis approximately Rs. 3.4 billion was extra paid to growers over and above the enhanced sugarcane support prices as stated earlier. Growers were happy for getting better sugarcane prices and timely payments (100%) through their bank accounts only. Growers now have started enjoying payments through their bank accounts because of various comforts available in this system.
- As usual growers' payment has remained our top priority being one of the main keys of our success. This was the 4th consecutive crushing season in which all the growers of the Company were successfully fully paid through bank accounts throughout the season which was very well appreciated by the growers. Further Company also regularly provides financial assistance and technical support to its growers. Due to these policies and preferential treatment with growers, the Company enjoys excellent relationship with all of them.
- Through Finance Act, 2022 super tax has been levied under section 4C of the Income Tax Ordinance, 2001 which is applicable on high earning persons at the rate of 4% for Tax Year 2022 and onwards. However, entities operating in various sectors, including sugar sector, are liable to pay super tax at the rate of 10% of taxable income for the financial period ended 30 September 2021 (i.e., Tax Year 2022).

  The Company has filed Writ Petition before the Honourable Lahore High Court challenging the ultra vires of section 4C of the Income Tax Ordinance, 2001. The Honourable Lahore High Court has granted interim-relief in the afore-mentioned petition till the final decision of the Court. The financial impact of super tax for the year ended 30 September 2021 (Tax Year 2022) amounting to Rs. 132.6 million has not been recognized in these financial statements.

  However, financial impact of super tax under section 4C of the Income Tax Ordinance, 2001 has been accounted for in provision for current and deferred taxes in the financial statements for the year ended 30 September 2022.
- Alhamdulillah, VIS Credit Rating Company Limited (VIS) has upgraded the entity ratings of JDW Sugar Mills Limited (JDWS) from 'A/A-2' (Single A/A-Two) to 'A+/A-1' (Single A Plus/A-One) on 15 April 2022. The medium to long-term rating of 'A+' denotes good credit quality coupled with adequate protection factors. Moreover, risk factors may vary with possible changes in the economy. The short-term rating of 'A-1' denotes high certainty of timely payment, excellent liquidity factors and supported by good fundamental protection factors. Outlook on the assigned ratings is 'Stable'.

DIRECTORS' REPORT

- Faruki Pulp Mills Limited ("the subsidiary company") has been, for the considerable number of years, unable to commence its commercial operations and considering this fact management of the Company has principally decided not to inject further funds in the subsidiary company as significant capital expenditures are required. Moreover, keeping in view commercial viability of the plant as well as the substantial accumulated losses the management of the Subsidiary Company has determined that the company might not be able to realize its assets and discharge its liabilities in the normal course of business. During the last year, the FPML through a special resolution passed in its Extraordinary General Meeting "EOGM" held on 25 March 2020 resolved to dispose of its property, plant and equipment either in parts or in their entirety to prospective buyers after due process, but due to COVID-19 situation in the country this was not completed during the current year and the said arrangement was re-approved by the FPML shareholders in its EOGM held on 13 December 2021. However, subsequent to year end, the management of FPML has initiated the tendering process for disposal of assets. We are expecting to complete this process in the year 2022-23.
- Federal Board of Revenue "FBR" has issued Sales Tax General Order No. 05 of 2021-22 on 11 November 2021, with subject of Implementation of Track & Trace System. As per order, no sugar bags shall be allowed to be removed from production site or factory without affixation of Tax Stamps / Unique Identification Marking (UIMs) with effect from 11 November 2021, which are to be obtained / procured from FBR Licensed vendor only. However, Automatic Applicators provided by Authentix the vendor, neither work successfully last year nor this year and all sugar mills are affixing tax stamps manually. FBR should continue its efforts for the ongoing crushing season 2022-23 and also try to come over the shortcomings it faced during the last crushing season. Apparently, implementation of TTS this year is not as effective as it was last year. FBR needs to work on it with same letter and spirit to increase its revenue and provide level playing field to fully compliant sugar mills. Now FBR should also find out practical ways out to document the sugar trade which is also another uphill task.
- During the year, the Company has filed an application to Securities & Exchange Commission of Pakistan ('SECP') for Group Taxation under regulation 8 of the Group Companies Registration Regulation 2008. The above-mentioned application has been considered by the SECP and issued the designation letter to the Company for Group Taxation for the Group which comprises of the Company and its wholly owned subsidiary, Deharki Sugar Mills (Pvt.) Limited. Consequently, the Group will be taxed as one fiscal unit and a combined Income tax return of JDW Sugar Mills Limited and Deharki Sugar Mills (Pvt.) Limited would be filed for the accounting year 2021-22 under Group Taxation.

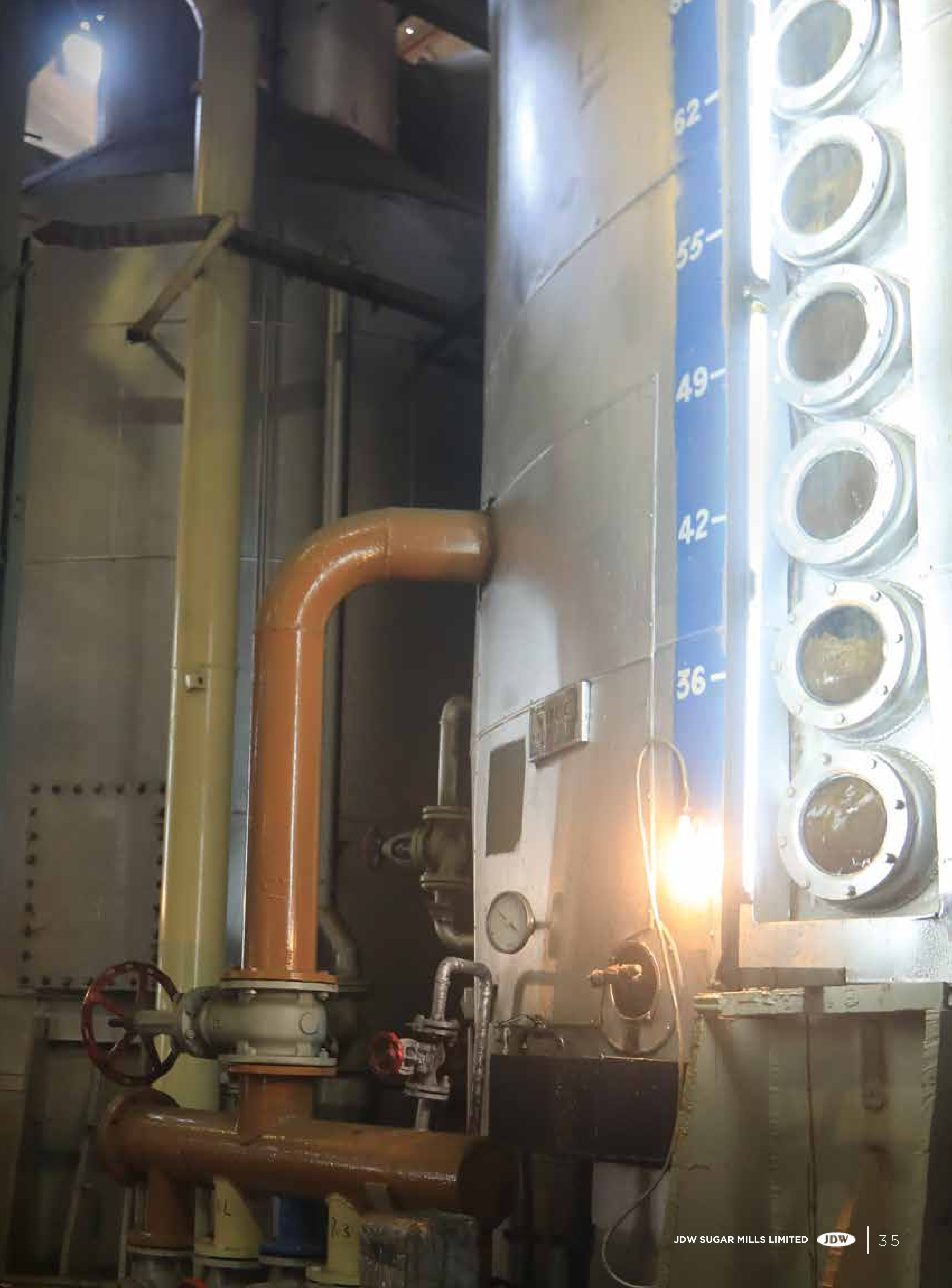
Relationship with Growers

The Company enjoys cordial relationship with the farmers' community as it considers the growers to be its backbone. To maintain and further strengthen the relationship, the Company as a matter of principle gives priority and endeavours to;

- Consistently follow the policy of timely payments of sugarcane to growers through their bank accounts.
- Fulfill farmers' financial requirements by providing them financial assistance from own sources & by arranging loans for them from banks. During period under review, huge amount of Agri loans were advanced to growers in the form of cash, seed, agricultural implements, turbines & tube wells, fertilizers and pesticides.
- Procure and provide latest agricultural equipment on subsidized rates to growers on easy installment basis.
- Enhance technical skills through various extension and advisory programs.
- Provide better quality and better yield varieties of sugarcane resulting in increased productivity in sugarcane yield per acre.

Future Outlook

- Crushing season 2022-23 was started on 25 November 2022 in our units in Punjab and in Sindh DSML was started on 27 November 2022 and Unit III was started on 28 November 2022 and on Group basis up to 4th January, 2023 sugar produced was 308,629 tons with average sucrose recovery of 9.91%. (Comparatively in 2021-22 as reported in the last balance sheet: crushing season was started in Punjab Units on 15th November, 2021 and in Sindh Units on 21 November 2021 on group basis up to 4th January, 2022 sugar produced by the Company was 308,539 tons with average sucrose recovery of 9.08%).
- In November 2022, State Bank of Pakistan (SBP) has further increased base rate from 15% to 16% which will result in increasing the financial cost of the Company and may adversely affect the profitability of the Company in future.


62
55
49
42
36

DIRECTORS' REPORT

- The crop size for crushing season 2022-23 is lessor than last year due to floods 2022, The Pakistan's Sindh Province accounts for 20% to 25% losses of the sugarcane production due to 2022 Pakistan floods. Also, growers are experiencing low yield per acre ranging from 10% to 20% from area to area. Better sucrose recoveries being achieved in crushing season 2022-23 and increase in area under cultivation last year are the positive factors which can mitigate to a large extent the negative impact of floods and low yields per acre. It is expected that even this year country will produce sugar in excess of its annual requirement and expected range of sugar production for crushing season 2022-23 is 7.0 million tons to 7.5 million tons.
- For ongoing crushing season 2022-23, notified support prices of sugarcane have again been increased to Rs. 300 from Rs. 225 per 40 kgs in Punjab and to Rs. 302 from Rs. 250 per 40 kgs in the Province of Sindh. This increase in support price of sugarcane will ultimately result in increasing the production cost of the sugar. Prices of sugarcane which is a major cost component are determined by the Provincial Governments every year whereas prices of sugar are left on the market forces causing big issue for the sugar industry. Gap between prices of imported sugar and local sugar is now more than 100%. If we today import sugar in the country it will cost around Rs. 175 per kg as against local sugar which is being sold at ex-mill price of Rs. 85 per kg because of surplus sugar in the country. There is a need to stabilize sugar prices by taking measures to reduce the gap between imported and local sugar prices so that growers can get better prices of their produce according to the international prices of the commodity and sugar industry can make reasonable profits to further improve its profitability.
- Further, there has been no improvement in the case of amount due from TDAP on account of Inland Freight Subsidy of Rs. 306 million for JDWSML and DSML which is still awaited. Company has completed all its formalities relating to documentation and in certain cases instructions to banks were also issued by TDAP to release payments but as of today not a single penny has been received. On overall industry basis an amount of Rs. 2.6 billion is stuck up since last more than nine (09) years. The company has decided to file a writ petition in Lahore High Court for recovery of this amount.
- On Group basis an amount of Rs. 405 million is also due from the Government of Sindh on account of subsidy for sugar exports made in the year 2017-18. Sugar Mills in Sindh province has filed a petition in Sindh High Court for recovery of this amount from the Sindh Government. Approx. Rs. 3 billion of all sugar mills in Sindh is stuck up causing liquidity issues for the mills. Federal Government and Government of Punjab have already released their share of export subsidies almost four (04) years ago. Sugar mills in Sindh have filed a writ petition in the Sindh High Court for recovery of this amount.
- Financial year 2022-2023 seems to be more challenging due to prevailing economic conditions of the country, increase in discount rate by SBP may cause drastic increase in finance cost of the Company and increase in sugarcane support prices by the provinces which increases the production cost of sugar with no adequate corresponding increase in the sugar prices. On 21 December 2022, Government initially allowed sugar export quantity of 100,000 tons only out of surplus of 1.0 million tons with fortnightly review to increase the quota after reviewing the domestic sugar prices and stock levels at each fortnight. During first week of January, 2023, Federal Government has allowed another lot of 150,000 tons making total permission to 250,000 tons. On 25 November 2022 just before start of crushing season 2022-23 surplus sugar of 1.0 million tons was available in the country but Federal Government has not taken timely and good decisions to export this surplus. Consequently, international prices now have dropped from US $ 700 per ton to US $ 547 per ton causing loss to the sugar industry as well as to the country for foreign exchange. Allowing export of just 250,000 tons as against carryover surplus of 1.0 million tons of sugar stock plus more surplus is in the pipeline for ongoing crushing season is a highly disappointing decision for the sugar industry. Poor decision making at Government level is not letting this industry to grow at its real potential.
- We are maintaining continued good performance and want to focus more on reduction of debt to further reduce the financial cost of the company and sugarcane development in the vicinity of all our mills by introducing new varieties & working more on pest controls.

Corporate and Financial Reporting Framework

The Directors are pleased to state that the Company is compliant with the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG) as required by Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework;

- The financial statements present fairly the state of affairs of the Company, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no doubts about the Company's ability to continue as going concern;
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;
- A statement regarding key financial data for the last six years is annexed to this report;
- Information about taxes and levies is given in the notes to the financial statements;
- There is no likelihood of any delayed payments or default in respect of all loans availed by the Company; and
- During the year, 9 Board meetings were held. The minutes of the meetings were appropriately recorded and circulated. Attendance was as under:

Sr. No.	Name of Directors	Designation	Meetings Attended
1	Mr. Jahangir Khan Tareen	Executive Director	6
2	Makhdoom Syed Ahmad Mahmud	Chairman / Non-Executive Director	7
3	Mr. Raheal Masud*	Chief Executive Officer (Ex-Director)	9
4	Mrs. Sameera Mahmud	Female / Non-Executive Director	7
5	Mr. Ijaz Ahmed	Non-Executive Director	9
6	Mr. Asim Nisar Bajwa	Independent Director	9
7	Mr. Zafar Iqbal	Independent Director	9

*Subsequent to financial year end 30 September 2022, Mr. Raheal Masud resigned as Director of the Company on 8 October 2022 and same was accepted by the Board on 10 October 2022, however Mr. Raheal Masud will continue to act as Chief Executive of the Company. Syed Mustafa Mehmud was appointed in his place as Director of the Company on 19 October 2022.

Audit Committee

The Board has constituted an Audit Committee consisting of three Non-Executive Directors and including an Independent Director as its Chairman of the Committee. The Committee regularly meets as per requirement of the CCG. The Committee assists the Board in reviewing internal audit manual and internal audit system.

Human Resource & Remuneration Committee

The Board has constituted a Human Resource & Remuneration in compliance with the CCG.

Nomination Committee

The Board has constituted a Nomination Committee in compliance with the CCG.

DIRECTORS' REPORT

Risk Management Committee

The Board has constituted a Risk Management Committee in compliance with CCG.

For composition of all Committees, please refer to Statement of Compliance.

Directors' Remuneration

The Company has formal policy and transparent procedure for determining the remuneration of Executive Directors, Non-Executive and Independent Directors. Executive & Non-Executive Directors are paid remuneration with view of attracting and retaining Directors needed to govern the Company successfully while Independent Directors are entitled for the fee for attending the meetings. For information on remuneration of Directors and CEO, please refer relevant note to the financial statements. Further, Remuneration packages of Directors and Chief Executive are given below:

(Rs. in million)

Name of Directors	Designations	Remuneration Package	
		2021-22	2020-21
Mr. Jahangir Khan Tareen	Director	**425**	400
Makhdoom Syed Ahmad Mahmud	Director / Chairman	**255**	229
Mr. Ijaz Ahmed	Director	**11**	10
Mr. Raheal Masud	Chief Executive	**8**	6

Directors' Training Program

All Directors are either exempted or have attended the training in prior years.

Composition of Board

The total number of directors are 7 as per the following:

a) Male: 06
b) Female: 01

The composition of the Board is as under:

Sr. No.	Category	Names
(i)	Independent Directors	Mr. Asim Nisar Bajwa Mr. Zafar Iqbal
(ii)	Executive Directors	Mr. Jahangir Khan Tareen Mr. Raheal Masud (CEO)
(iii)	Non-Executive Directors	Makhdoom Syed Ahmad Mahmud Mr. Ijaz Ahmed
(iv)	Female Director (Non-Executive)	Mrs. Samira Mahmud

Subsequent Events / Material Changes

Subsequent to year ended 30 September 2022, the Company, with the approval of the Company's shareholders in Extra-Ordinary General Meeting held on 03 November 2022 and in compliance of Section 88 of the Companies Act, 2017 read in conjunction with the Listed Companies (Buy-Back of Shares) Regulations, 2019, accorded to buy-back up to a maximum of Company's 2,000,000 paid-up ordinary shares for cancellation purpose through the Pakistan Stock Exchange Limited at the spot/current price prevailing during purchase period i.e. 11 November 2022 to 02 May 2023 (both days inclusive) or till such date that the purchase is complete, whichever is earlier. The Company duly completed buy back of 2,000,000 shares at average price of Rs. 446.10 per share of the Company on 02 January 2023. This will result in increasing earnings per share and break-up value per share of the Company.

Adequacy of Internal Financial Controls

The Directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and Auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

Dividend

The Board of Directors of the Company has recommended a final cash dividend @ Rs. 12.50 (125%) per share for the year ended 30 September 2022. This is in addition to the already declared and paid interim cash dividend @ Rs. 15 (150%) per share, thus making a total cash dividend to Rs. 27.50 (275%) per share for the year ended 30 September 2022 subject to approval of the shareholders in the Annual General Meeting. If you look at the track record of dividend payouts of the Company, you will find that except for three years, the Company has been making regular payments of dividends since year 2000-01.

Pattern of Shareholding

There were 1,173 shareholders of the Company as of 30 September 2022 (2020-21: 1,172) A statement of pattern of shareholding is enclosed in this report.

Statement of transaction in shares of the Company by the Directors, CEO, CFO and Company Secretary and their spouses and minor children during the year is enclosed in this report.

Environmental Policy

The Company has a comprehensive policy that is in strict compliance with relevant environmental protocols.

Principal Risks

Following are the potential risks which the Company may face;

- Higher sugarcane prices & other input costs
- Foreign currency fluctuations
- Delay in payments of subsidies & Government dues
- Increase in mark-up rates
- Coercive measures by the Provincial Governments
- Surplus sugar in the country may keep sugar prices depressed

Value of Provident Fund & Gratuity Fund Investments

The Company operates a Recognized Provident Fund Scheme covering its eligible permanent employees. Equal monthly contributions to the fund are made both by the Company and its employees in accordance with Fund's Rules. As per audited accounts of the Employees Provident Fund, the value of its investments as on 30 June 2022 is aggregating to Rs. 893 million (2021: Rs. 760 million).

The Company also operates an Approved Funded Gratuity Fund Scheme covering all its eligible permanent employees in accordance with Gratuity Fund Rules. The value of its investments as on 30 June 2022 is aggregating to Rs. 253 million (2021: Rs. 192 million).

National Exchequer

The Company has contributed a sum of Rs. 8,892 million approximately to the national exchequer in the form of taxes & duties during the year under review.

Corporate Social Responsibility Activities

The Company undertook the Corporate Social Responsibility Activities which are discussed in detail on pages from 16 to 19 during the year under review.

Auditors

The present auditors M/s. Riaz Ahmad, Saqib, Gohar & Co., Chartered Accountants retire and being eligible, offer themselves for appointment for the Audit of the year ending 30 September 2023.

Acknowledgement

The Directors would like to express their appreciation for the dedication, hard work of the workers, staff and members of the management team for achieving better financial results in the current year. Growers are the key element of our industry and we thank them for their continued support and co-operation. The Directors of the Company are also thankful to the financial institutions for their financial assistance and co-operation they have always extended in providing finances especially when it was going through difficult times of various inquiries conducted by numbers of Government Departments.

Chief Executive **Director**

05 January 2023
Lahore

پراویڈنٹ فنڈ اور گریجویٹی فنڈ کی سرمایہ کاری کی اہمیت

کمپنی اپنے اہل اور مستقل ملازمین کے لیے ایک تسلیم شدہ پراویڈنٹ فنڈ سکیم چلا رہی ہے۔ پراویڈنٹ فنڈ کے تحت آجر اور اجیر برابری کی بنیاد پر ماہانہ سرمایہ کاری کرتے ہیں۔ پراویڈنٹ فنڈ کے قواعد اور آڈٹ رپورٹ کے مطابق سرمایہ کاری کی قدر 30 جون 2022 میں 893 ملین روپے ہے۔ جبکہ سال 2021 میں یہ رقم 760 ملین تھی۔

اس کے علاوہ کمپنی ایک گریجوٹی فنڈ سکیم چلا رہی ہے جس میں اس کے اہل اور مستقل ملازمین شامل ہیں۔ اسکی سرمایہ کاری کا حجم رواں سال 30 جون 2022 تک 253 ملین روپے تھا، جبکہ 2021 میں یہ حجم 192 ملین روپے تھا۔

نیشنل ایکس چیکر

کمپنی نے رواں سال میں ٹیکسز اور ڈیوٹی کی مد میں 8,892 ملین روپے جمع کروائے۔

اداراتی سماجی ذمہ داری

کمپنی نے اپنی رواں سال کی سماجی ذمہ داریوں کا تذکرہ صفحہ نمبر 16 تا 19 صفحات نمبر میں کیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ریاض احمد، ثاقب، گوہر اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ ریٹائر ہو رہے ہیں اور انہوں نے اہل ہونے کے ناطے مورخہ 30 ستمبر 2023ء کے اختتام کیلئے اپنی خدمات کی دوبارہ پیشکش کی ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کمپنی کیلئے موجودہ سال میں بہتر مالی نتائج یقینی بنانے پر اپنے تمام ورکر اور انتظامی سٹاف کی لگن اور انتھک محنت کا اعتراف کرتے ہیں اور شکریہ ادا کرتے ہیں۔ کاشتکار ہماری انڈسٹری کا اہم عنصر ہیں اُن کے لگاتار تعاون پر شکرگزار ہیں اس کے علاوہ کمپنی کے بورڈ آف ڈائریکٹرز حکومتی محکموں کی جانب سے مختلف انکوائریوں کی وجہ سے درپیش آنے والی مشکلات کے دوران مالی تعاون اور سپورٹ پر تمام مالیاتی اداروں، بنک، لیزنگ کمپنیوں کے تہہ دل سے شکرگزار ہیں۔

۵ جنوری ۲۰۲۳ | چیف ایگزیکٹو | ڈائریکٹر

لاہور

کیلئے فیس دی جاتی ہے۔ چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کے معاوضہ جات کی معلومات کیلئے مالیاتی گوشواروں کے متعلقہ حصہ جات سے استفادہ کیا جاسکتا ہے۔مزید براں ڈائریکٹرز اور چیف ایگزیکٹو کے معاوضے درج ذیل ہیں:

(ملین روپے)

نام	عہدہ	2021-22	2020-21
جناب جہانگیر خان ترین	ڈائریکٹر	425	400
جناب مخدوم سید احمد محمود	چیئرمین/ڈائریکٹر	255	229
جناب اعجاز احمد	ڈائریکٹر	11	10
جناب راحیل مسعود	چیف ایگزیکٹو	8	6

ڈائریکٹرز کے تربیتی پروگرام

تمام ڈائریکٹرز یا تو ٹریننگ پروگرام سے مستثنیٰ ہیں یا وہ گزشتہ سالوں کے دوران ان پروگراموں میں شرکت کر چکے ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل

ڈائریکٹران کی کل تعداد 7 ہے جن کی تفصیل مندرجہ ذیل ہے:

ا) مرد 6

ب) خاتون 1

بورڈ کی تشکیل مندرجہ ذیل ہے:

کیٹگری	نام
خودمختار ڈائریکٹرز	جناب عاصم نثار باجوہ جناب ظفر اقبال
ایگزیکٹو ڈائریکٹرز	جناب جہانگیر خان ترین جناب راحیل مسعود (سی ای او)
نان ایگزیکٹو ڈائریکٹرز	جناب مخدوم سید احمد محمود جناب اعجاز احمد
خاتون۔ نان ایگزیکٹو ڈائریکٹر	محترمہ سمیرا محمود

دیگر واقعات/نمایاں تبدیلی

30 ستمبر 2022 کو اختتام پذیر ہونے والے سال کیلئے کمپنی نے 03 نومبر 2022 کو منعقدہ ہونے والے غیر معمولی سالانہ اجلاس عام میں کمپنی کے شیئر ہولڈرز کی منظوری اور کمپنیز ایکٹ 2017 کے سیکشن 88 جسے لسٹڈ کمپنیز (Buy-Back آف شیئرز) ریگولیشنز 2019 کے ساتھ ضم کرکے پڑھا جائے، کے تحت کمپنی کے تقریباً 2,000,000 پیڈاپ عمومی شیئرز کی منسوخی کیلئے انہیں پاکستان سٹاک ایکسچینج لمیٹڈ کے ذریعے موقع/موجودہ قیمت پر Buy-Back کرنے کا فیصلہ کیا ہے (جو کہ 11 نومبر 2022 تا 02 مئی 2023 بشمول دونوں ایام یا کوئی بھی تاریخ جب یہ خرید مکمل ہوجائے دونوں میں جو بھی پہلے ہو)۔ کمپنی نے 02 جنوری 2023 کو 2,000,000 شیئرز کی اوسط قیمت 446.10 روپے فی شیئر کے حساب سے Buy-Back مکمل کرلیا ہے۔اس کی بدولت فی شیئر آمدن اور فی شیئر بریک اپ ویلیو میں اضافہ ہوگا۔

داخلی مالیاتی کنٹرول

کمپنی کے داخلی مالیاتی کنٹرول کے حوالے سے ڈائریکٹران اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔ وہ مینجمنٹ اور آڈیٹرز (اندرونی اور بیرونی) کے ساتھ باہمی بات چیت سے اس بات کو یقینی بناتے ہیں کہ کمپنی کی جانب سے مناسب کنٹرول لاگو کئے گئے ہیں۔

منافع کی ادائیگی

کمپنی کے بورڈ آف ڈائریکٹرز نے سال مختتمہ 30 ستمبر 2022 کیلئے منافع میں 12.50 روپے روپے فی شیئر (125%) کے حساب سے حتمی کیش ڈیویڈنڈ کی سفارش کی ہے۔ یہ پہلے سے اعلان اور ادا کردہ انٹیرم کیش ڈیویڈنڈ بحساب 15 روپے (150 فیصد) فی شیئر سے الگ ہے، اس طرح سال مختتمہ 30 ستمبر 2022 کیلئے فی شیئر آمدن 27.50 روپے (275 فیصد) بنتی ہے اور یہ سالانہ اجلاس عام میں منظوری سے مشروط ہے۔ اگر آپ کمپنی کے ڈیویڈنڈ ادائیگی کے ریکارڈ پر نظر دوڑائیں تو آپ کو انداز ہوگا کہ کمپنی 2000-01 سے ماسوائے تین سالوں کے باقاعدگی سے ڈیویڈنڈ کی ادائیگیاں یقینی بنا رہی ہے۔

پیٹرن آف شیئر ہولڈنگ

30 ستمبر 2022 میں 1,173 (2020-21:1,172) حصہ داران موجود تھے۔ جن کی علیحدہ سے تفصیل اس رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹرز، CEO، CFO اور کمپنی سیکرٹری اور اُن کی بیویاں، نابالغ بچوں کے حصص کی تفصیل رپورٹ کے ساتھ منسلک ہے۔

ماحولیاتی پالیسی

ماحولیات کے حوالے سے کمپنی کی ایک جامع پالیسی ہے جو اس بات کو یقینی بناتی ہے کہ صنعت سے متعلقہ ماحولیاتی اصول وضوابط پر مکمل کاربند رہا جائے۔

بنیادی خدشات

کمپنی کو درج ذیل بنیادی خدشات کا سامنا ہے:

- گنے کی بڑھتی قیمتیں اور دیگر لاگتی اخراجات
- غیر ملکی کرنسی کا اتار چڑھاؤ
- مراعات اور سرکاری واجبات کی ادائیگی میں تاخیر
- شرح سود میں اضافہ
- صوبائی حکومتوں کی جانب سے سخت اقدامات
- ملک میں چینی کے وافر سٹاک کی موجودگی کے چینی کی قیمتوں پر منفی اثرات

- سال 18-2017 کے دوران چینی کی برآمد کی مد میں حکومت سندھ کی طرف 405 ملین روپے کی سبسڈی تاحال واجب الادا ہے۔صوبہ سندھ میں موجود شوگر ملوں نے اس رقم کی وصولی کیلئے سندھ ہائیکورٹ میں ایک پٹیشن دائر کی ہے۔تمام شوگر ملوں کے تقریباً 3 بلین روپے واجب الادا ہیں جس کی وجہ سے ملوں کو لیکیوڈیٹی مسائل کا سامنا ہے۔وفاقی حکومت اور حکومت پنجاب برآمدی سبسڈی میں اپنا حصہ چار سال پہلے ہی جاری کر چکی ہے۔سندھ کی شوگر ملز نے اپنی اس واجب الادا رقم کی وصولی کیلئے سندھ ہائیکورٹ میں رٹ پٹیشن کی ہے۔
- مالی سال 23-2022 ملک کے سنگین معاشی حالات کی وجہ سے مزید چیلنجنگ محسوس ہو رہا ہے، ایس بی پی کی جانب سے ڈسکاؤنٹ ریٹ میں اضافہ کمپنی کی مالی لاگت اور صوبوں کی جانب سے گنے کی سپورٹ قیمتوں میں اضافے کا باعث بنے گا جو کہ چینی کی پیداوار میں خاطر خواہ اضافے کے بغیر پیداواری لاگت میں اضافے کا پیش خیمہ ثابت ہوگا۔21 دسمبر 2022 کو حکومت نے 1 ملین ٹن اضافی چینی میں سے ابتدائی طور پر 100,000 ٹن چینی برآمد کرنے کی اجازت دی۔جنوری 2023 کے پہلے ہفتہ میں وفاقی حکومت نے 150,000 ٹن کی ایک اور لاٹ کی برآمد کی اجازت دی جو کہ مجموعی طور پر 250,000 ٹن چینی برآمد کرنے کی اجازت دی گئی۔25 نومبر 2022 کو کرشنگ سیزن کے آغاز سے قبل ملک میں 1 ملین ٹن چینی کی اضافی پیداوار موجود تھی لیکن وفاقی حکومت کی جانب سے بروقت اور مناسب اقدامات نہ اٹھانے کی بدولت یہ اضافی مقدار برآمد نہ کی جا سکی۔نتیجتاً عالمی قیمتیں 700 یو ایس ڈالر فی ٹن سے گر کر 525 یو ایس ڈالر فی ٹن ہو چکی ہیں اور اس کی وجہ سے شوگر انڈسٹری کے ساتھ ساتھ ملکی زرمبادلہ کو بھی نقصان اٹھانا پڑا۔حکومت کی جانب سے ناقص فیصلہ سازی اس انڈسٹری کو اس کی صلاحیت کے مطابق نمو سے روک رہی ہے۔
- ہم اپنی بہتر کارکردگی کو برقرار رکھے ہوئے ہیں مالیاتی اخراجات کو کم کرنے کیلئے قرضوں میں کمی لانے پر توجہ مرکوز کئے ہوئے ہیں۔اس کے ساتھ ساتھ ہم نئی اقسام متعارف کروا کر اور کیڑوں پر قابو پا کر اپنی تمام ملز کے گردونواح میں گنے کی پیداوار میں اضافہ یقینی بنانے کی کوشش کر رہے ہیں۔

اداراتی اور مالیاتی جائزے کا نظام

کمپنی کا کارپوریٹ اور مالیاتی جائزے کا نظام مطلوبہ معیار کے مطابق ہے جیسا کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ گورننس کے کوڈ میں درج ہے اور ہم اس کی تصدیق کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، شفاف طریقے سے معاملات میں اس کی حیثیت، اس کے طریقہ کار کے نتائج، پیسے کا بہاؤ اور حصص کی مالیت میں تبدیلی کو ظاہر کرتے ہیں۔
- کمپنی کی جانب سے اکاؤنٹس کی باقاعدہ بکس تیار کی جاتی ہیں۔
- موزوں اکاؤنٹنگ پالیسیوں کو مالیاتی گوشواروں کی تیاری میں مستقل بنیادوں پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط فیصلوں پر مبنی ہیں۔
- بین الاقوامی مالیاتی جائزوں کے معیار جیسا کہ پاکستان میں قابل اطلاق ہیں کو مالیاتی گوشواروں کی تیاری کے لیے لاگو کیا گیا ہے اور ان سے کسی قسم کے انحراف کو مناسب طور پر افشا اور اس کی وضاحت کی گئی ہے۔کمپنی ایکٹ 2017 کی تمام شرائط وضوابط کو مدِ نظر رکھا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے قابل بھروسہ ہے اور مؤثر طور پر نافذ العمل اور زیر نگرانی ہے۔
- کمپنی کے آگے بڑھتے رہنے کی اہلیت میں کوئی خاطر خواہ شک وشبہ نہیں ہے۔
- کارپوریٹ گورننس کے طے کردہ ریگولیشنز سے کوئی انحراف نہیں کیا گیا۔
- گزشتہ چھ (06) سالوں کے لیے بنیادی آپریٹنگ اور مالیاتی تفصیل لف ہیں۔
- ٹیکس اور لیویوں کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
- کمپنی کی طرف سے حاصل کردہ تمام قرضوں کے بارے میں کسی بھی تاخیر کی ادائیگی یا ادائیگی سے گریز کا کوئی امکان نہیں ہے۔
- سال رواں کے دوران 09 بورڈ میٹنگز ہوئیں۔جن کی تفصیلات اور حاضری کو مناسب طریقے میں مشتہر کیا جن کی حاضری کی تفصیل درج ذیل ہے۔

نمبر شمار	نام	عہدہ	تعداد میٹنگز
1	جناب جہانگیر خان ترین	ایگزیکٹو ڈائریکٹر	6
2	جناب مخدوم سید احمد محمود	چیئرمین/نان ایگزیکٹو ڈائریکٹر	7
3	جناب راحیل مسعود*	چیف ایگزیکٹو آفیسر (ایکس ڈائریکٹر)	9
4	محترمہ سمیرا محمود	خاتون/ نان ایگزیکٹو ڈائریکٹر	7
5	جناب اعجاز احمد	نان ایگزیکٹو ڈائریکٹر	9
6	جناب عاصم نثار باجوہ	خودمختار ڈائریکٹر	9
7	جناب ظفر اقبال	خودمختار ڈائریکٹر	9

*مالی سال مختتمہ 30 ستمبر 2022 میں جناب راحیل مسعود نے 08 اکتوبر 2022 کو کمپنی کی ڈائریکٹر شپ سے استعفیٰ دے دیا اور اسے 10 اکتوبر 2022 کو بورڈ کی جانب سے منظور کر لیا گیا تاہم جناب راحیل مسعود چیف ایگزیکٹو آفیسر کے طور پر اپنی ذمہ داریاں جاری رکھیں گے۔جبکہ ان کی جگہ پر 19 اکتوبر 2022 کو جناب سید مصطفیٰ محمود کو کمپنی کا ڈائریکٹر نامزد کیا گیا۔

آڈٹ کمیٹی

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کمیٹی چیئرمین سمیت تین ممبران پر مشتمل ہے۔کمیٹی کوڈ کے تقاضوں کے مطابق باقاعدگی سے ملاقات کرتی ہے۔آڈٹ کمیٹی انٹرنل آڈٹ مینوئل اور انٹرنل آڈٹ سسٹم کا جائزہ لینے میں بورڈ کی معاونت کرتی ہے۔

انسانی وسائل اور معاوضہ کمیٹی

بورڈ نے کارپوریٹ گورننس کے ضمن میں انسانی وسائل اور معاوضہ کمیٹی تشکیل دی ہے۔

نامزدگی کمیٹی

بورڈ نے کارپوریٹ گورننس کے ضمن میں نامزدگی کمیٹی تشکیل دی ہے۔

رسک مینجمنٹ کمیٹی

بورڈ نے کارپوریٹ گورننس کے ضمن میں رسک مینجمنٹ کمیٹی تشکیل دی ہے۔

تمام کمیٹیوں کی ساخت کیلئے براہ کرم سٹیٹمنٹ آف کمپلائنس کا جائزہ لیں۔

ڈائریکٹرز کے معاوضہ جات

کمپنی ایگزیکٹو ڈائریکٹرز، نان ایگزیکٹو ڈائریکٹرز اور خودمختار ڈائریکٹرز کے معاوضہ کے تعین کیلئے ایک جامع پالیسی اور شفاف طریقہ کار کی حامل ہے۔ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو معاوضہ اس لئے دیا جاتا ہے کہ وہ کمپنی کو کامیابی سے چلانے والے ڈائریکٹرز کو کمپنی میں تادیر رکھ سکیں اور خودمختار ڈائریکٹرز کو اجلاس میں شرکت

- فاروقی پلپ ملزلمیٹڈ(ذیلی کمپنی) کئی سالوں سے اپنی کاروباری سرگرمیوں کا آغاز کرنے سے قاصر رہی۔اس حقیقت کو دیکھتے ہوئے ذیلی کمپنی کی انتظامیہ نے فیصلہ کیا ہے کہ کمپنی کیلئے مزید فنڈز جاری نہ کیے جائیں کیونکہ اخراجات کیلئے بھاری سرمایہ درکار ہے۔علاوہ ازیں ذیلی کمپنی کے پلانٹ کی کمرشل نمو پذیری اور خطیر مجموعی نقصانات کو دیکھتے ہوئے انتظامیہ نے یہ نتیجہ اخذ کیا ہے کہ کمپنی اپنے اثاثہ جات کا تخمینہ لگانے کے قابل نہیں اور عام دورانیہ میں اپنے کاروبار کو کامیاب بنانے میں ناکام رہے گی۔گزشتہ سال ایف پی ایم ایل نے اپنے غیر معمولی اجلاس منعقدہ 25مارچ 2020 کو اپنے اثاثے، پلانٹ اور سامان یکمشت یا حصوں میں فروخت کرنے کی قرارداد منظور کی۔مگر ملک میں کرونا وباء کی وجہ سے پیدا ہونے والے حالات کی بدولت یہ رواں سال ممکن نہ ہوسکا اور شیئر ہولڈرز کی جانب سے 13دسمبر 2021 کو منعقد ہونے والے سالانہ اجلاس عام میں اس کی دوبارہ منظوری دی گئی۔تاہم اُس سال کے اختتام پر ایف پی ایم ایل نے اثاثوں کی فروخت کیلئے ٹینڈرنگ کا عمل شروع کر دیا ہے۔ہم سال 2022-23 میں اس کی تکمیل کی توقع رکھتے ہیں۔

- 11 نومبر 2021 کو ایف بی آر نے ٹریک اینڈ ٹریس سسٹم کے نفاذ کیلئے سیلز ٹیکس جنرل آرڈر نمبر 05 برائے 2021-22 بنام ٹریک اینڈ ٹریس سسٹم کا نفاذ جاری کیا۔جس کے مطابق 11 نومبر 2021 سے کوئی بھی چینی کی بوری پروڈکشن سائٹ یا فیکٹری سے اس وقت تک باہر نہیں جائے گی جب تک اس پر ٹیکس سٹیمپ/ یونیک آئیڈنٹی فکیشن مارکنگ (UIMs) موجود نہیں ہوگی جو کہ صرف ایف بی آر کے لائسنس یافتہ وینڈر سے حاصل کیا جا سکتا ہے۔تاہم مستند وینڈرز کی جانب سے آٹومیٹک اپیلی کیٹرز کی فراہمی نہ ہی گزشتہ سال کامیابی سے کام کر سکی اور نہ اس سال،جس کی وجہ سے شوگر ملز کو خود کار انداز میں ٹیکس سٹیمپس لگانا پڑیں۔ایف بی آر کو کرشنگ سیزن 2022-23 کیلئے اپنی کاوشیں جاری رکھنا ہوں گی اور گزشتہ سیزن میں درپیش آنے والی کمی کو پورا کرنا ہوگا۔ظاہری طور پر ٹی ٹی ایس کا اس سال نفاذ اتنا موءثر دکھائی نہیں دے رہا جتنا گزشتہ سال تھا۔ایف بی آر کو اس پر اُنہی خطوط اور جذبے کے ساتھ کام کرنا ہوگا اور اسی کی بدولت آمدن میں اضافہ ممکن ہونے کے ساتھ ساتھ شوگر ملز کو مساوی مقابلہ کی فضا میسر آئے گی۔اب ایف بی آر کو چینی کی دستاویزی تجارت کیلئے عملی طریقہ کار تلاش کرنا ہوں گے۔

- سال کے دوران کمپنی نے گروپ ٹیکسیشن زیر ریگولیشن 8 آف گروپ کمپنیز رجسٹریشن ریگولیشن 2008 کیلئے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کو ایک درخواست جمع کروائی ہے۔ایس ای سی پی کی جانب سے مذکورہ درخواست زیر غور لائی گئی ہے اور گروپ کیلئے گروپ ٹیکسیشن کیلئے Designation لیٹر جاری کیا گیا ہے جو کہ کمپنی اور اس کے مکمل ملکیتی ذیلی ادارہ ڈھرکی شوگر ملز (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔نتیجتاً گروپ کو سال 2021-22 کیلئے ایک مالی یونٹ تصور کیا جائے گا اور جے ڈی ڈبلیو شوگر ملز اور ڈھرکی شوگر ملز (پرائیویٹ) لمیٹڈ کو ایک مشترکہ انکم ٹیکس ریٹرن جمع کروانا ہوگی۔

کاشتکاروں کے ساتھ تعلقات

- کمپنی کاشتکاروں کے ساتھ خوشگوار تعلقات قائم رکھتی ہے اور کسانوں کو اپنی ریڑھ کی ہڈی تصور کرتی ہے۔ان تعلقات کو مزید مضبوط کرنے کے لیئے مندرجہ ذیل ترجیحات اختیار کی گئیں:

- متواتر طور پر گنے کی خرید کی بروقت ادائیگی کی پالیسی پر قائم رہنا۔

- ذاتی ذخائر سے کسانوں کی مالی ضروریات پوری کرنے کیلئے ان کی مالی معاونت اور ان کیلئے بینکوں سے قرضہ جات کا انتظام۔زیر جائزہ مدت کے دوران، زرعی قرضوں کی بھاری رقم کاشتکاروں کو نقد، بیج، زرعی آلات، ٹربائنز اور ٹیوب ویلوں، کھادوں اور کیڑے مار ادویات کی شکل میں پیش کی گئیں۔

- آسان اقساط اور رعایتی قیمت پر کسانوں کو جدید زرعی آلات و مشینری کی فراہمی

- تکنیکی مہارت میں بڑھوتری کے لیئے مختلف مشاورتی پروگرام ہیں

- بہتر کوالٹی اور پیداواری صلاحیت کی حامل اقسام کی فراہمی سے فی ایکڑ پیداوار میں اضافہ شامل ہے۔

مستقبل کا منظر نامہ

- پنجاب میں ہمارے یونٹس پر کرشنگ سیزن 2022-23 کا آغاز 25 نومبر 2022 اور سندھ DSML میں 27 نومبر 2022 اور یونٹ III میں 28 نومبر 2022 کو کیا گیا اور گروپ کی بنیاد پر 04 جنوری 2023 تک کمپنی کی تیار کردہ چینی 308,629 ٹن تھی جس کی اوسط سکروز ریکوری 9.91 فیصد تھی (2021-22 میں پنجاب یونٹس میں کرشنگ سیزن کا آغاز 15 نومبر 2021 کو ہوا تھا اور سندھ یونٹس میں 21 نومبر 2021 کو ہوا تھا اور 04 جنوری 2021 تک گروپ کی بنیاد پر کمپنی نے 308,539 ٹن چینی تیار کی جبکہ سکروز ریکوری 9.08 فیصد تھی)۔

- نومبر 2022 کے دوران ایس بی پی نے بیس ریٹ میں 15 فیصد سے بڑھا کر 16 فیصد کر دیا ہے جس کی وجہ سے کمپنی کی مالی لاگت میں بھی اضافہ ہوگا جو کہ کمپنی کے منافع کو بھی متاثر کرے گی۔

- موجودہ کرشنگ سیزن کے دوران فصلات کا حجم گزشتہ سال 2022 کے سیلاب کی وجہ سے کم ہے۔پاکستان میں 2022 کے سیلاب کے بعد صوبہ سندھ میں گنے کی پیداوار میں 20 سے 25 فیصد کمی ہوگی۔اس کے ساتھ ساتھ کاشتکاروں کو فی ایکڑ پیداوار میں بھی کمی کا سامنا ہے جو کہ علاقہ سے علاقہ 10 سے 20 فیصد تک کم دکھائی دے رہی ہے۔کرشنگ سیزن 2022-23 میں بہتر سکروز ریکوری کی توقع ہے اور زیر کاشت رقبہ میں اضافہ وہ مثبت پہلو ہے جو کہ سیلاب کے برے اثرات اور فی ایکڑ پیداوار میں کمی کو کافی حد تک زائل کر دے گا۔تاہم اس کے باوجود یہ متوقع ہے کہ اس سال ملک کی سالانہ ضروریات سے زائد چینی کی پیداوار ممکن ہوسکے گی اور مجموعی طور پر کرشنگ سیزن 2022-23 کیلئے 7 ملین ٹن سے 7.5 ملین ٹن تک چینی کی پیداوار کی توقع کی جا رہی ہے۔

- کرشنگ سیزن 2022-23 کے لئے، گنے کی مطلع شدہ قیمت پنجاب میں 225 روپے فی 40 کلوگرام سے بڑھ کر 300 روپے فی 40 کلوگرام اور صوبہ سندھ میں 250 روپے فی 40 کلوگرام سے بڑھ کر 302 روپے فی کلوگرام تک پہنچ گئی۔گنے کی سپورٹ پرائس میں یہ اضافہ نتیجتاً چینی کی پیداواری لاگت میں بھی اضافہ کرے گا۔گنا جو کہ چینی کی پیداوار کا سب سے اہم جزو ہے اس کی قیمت ہر سال صوبائی حکومتوں کی جانب سے تعین کی جاتی ہے جبکہ چینی کی قیمت کا تعین مارکیٹ میں عمل کار فرما قوتوں پر چھوڑ دیا جاتا ہے جو کہ شوگر انڈسٹری کیلئے بڑے مسائل کا پیش خیمہ ثابت ہوتا ہے۔درآمدی اور مقامی چینی کی قیمتوں میں فرق اس وقت 100 فیصد سے بھی زائد ہے۔اگر آج ہم چینی درآمد کریں تو اس کی فی کلوگرام قیمت 175 روپے پڑے گی جبکہ مقامی سطح پر وافر مقدار میں دستیاب ہونے کی وجہ سے مقامی چینی 85 روپے فی کلوگرام ایکس مل کے حساب سے فروخت کی جا رہی ہے۔

- مزید براں Inland Freight Subsidy کی مد میں TDAP, کے JDW شوگر ملز اور ڈھرکی شوگر ملز کو واجب الادا 306 ملین روپے کی سبسڈی میں تاحال کوئی پیش رفت نہیں ہوئی۔کمپنی نے اس ضمن میں تمام کاغذی کارروائی مکمل کر رکھی ہے، کچھ مواقع پر TDAP نے بینکوں کو رقم کی ادائیگی کے احکامات بھی دیئے لیکن تاحال کوئی بھی ادائیگی وصول نہیں ہوئی۔صنعتی سطح پر مجموعی طور پر 2.6 ارب روپے کی رقم گزشتہ نو سال سے واجب الادا ہے۔کمپنی نے اپنی اس رقم کی وصولی کیلئے لاہور ہائیکورٹ میں رٹ پٹیشن کا فیصلہ کیا ہے۔

i- کمپنی کی مالی لاگت میں 1,153 ملین روپے نمایاں اضافہ ہوا،جسکی وجہ ایس بی پی کی جانب سے گزشتہ 12 ماہ میں وقتاً فوقتاً ڈسکاؤنٹ ریٹس میں کا متواتر اضافہ ہے۔نومبر 2021 کے دوران ڈسکاؤنٹ ریٹ 7.25 فیصد سالانہ تھا جو کہ بیلنس شیٹ پر اس سال سالانہ 15 فیصد تھا، یوں اس میں 100 فیصد اضافہ ہوا۔بیلنس شیٹ تاریخ کے بعد ایس بی پی کی جانب سے پھر ڈسکاؤنٹ ریٹ میں 1 فیصد اضافہ کیا گیا۔

ii- کیری فارورڈ ٹیکس کریڈٹس اور depreciation losses کی بدولت ڈیفرڈ ٹیکس میں 1.9 بلین روپے کے اضافے اور فنانس ایکٹ 2022 کے تحت 4 فیصد اضافی سپر ٹیکس کے نفاذ کی وجہ سے ٹیکسیشن میں اضافہ ہوا۔

- ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ کمپنی کے تمام تینوں شعبہ جات (شوگر، کوجین اور کارپوریٹ فارمز) اس سال منافع میں رہے اور کارپوریٹ فارمز اور کوجین پاور پراجیکٹس نے بھی 4.0 بلین روپے منافع تک رسائی میں کلیدی کردار ادا کیا۔ JDW گروپ کا مجموعی منافع بعد از ٹیکس (PAT) 4.3 بلین روپے رہا جو کہ گزشتہ سال 4.6 بلین روپے تھا۔شوگر کین کارپوریٹ فارمز میں ہم تقریباً 25,000 ایکڑ زلیز شدہ اور ذاتی ملکیتی زرعی رقبہ رکھتے ہیں جو کہ گروپ کی مجموعی گنے کے حصول میں 8 فیصد کا شراکت دار ہے۔

- کمپنی کے انتظامی اخراجات میں گزشتہ سال کی نسبت 13 فیصد اضافہ ہوا ہے جسکی بنیادی وجہ تنخواہوں اور دیگر مراعات میں سالانہ اضافہ، سیلاب زدگان کیلئے امداد اور فرسودگی اخراجات میں اضافہ ہے۔فروخت کے اخراجات میں 38 ملین روپے سے بڑھ کر 50 ملین روپے ہو گئے۔

- متفرق آمدنی اس سال 2,211 ملین روپے سے کم ہو کر 1,968 ملین روپے ہو گئی جس کی بنیادی وجہ موجودہ سال میں CPPA-G کی جانب سے تاخیر ادائیگیوں کے مارک اپ میں کمی ہے۔

- متفرق خرچوں میں خاطر خواہ کمی کی بنیادی وجہ بجلی کی مد میں گزشتہ سال کے 3.3 بلین روپے کی نیشنل گرڈ میں بجلی کی سپلائی کی بدولت CPPA-G سے وصولیوں کا خاتمہ ہے

- کمپنی کی بہتر کارکردگی کے تناظر میں تمام مالیاتی اعداد وشمار ہر سال اچھے ہو رہے ہیں۔گزشتہ سال کی طرح اس سال بھی کمپنی مالی اداروں سے متفق کردہ تمام مالی معاہدوں پر عمل پیرا ہے اور اپنی تمام مالی ذمہ داریاں بطریق احسن سرانجام (کچھ واقعات میں قبل از وقت ادائیگی) دے رہی ہے اسکے ساتھ ساتھ تمام مالیاتی اداروں سے بہترین تعلقات استوار ہیں۔

- سال کے اختتام پر کمپنی کی سنٹرل پاور پرچیزنگ ایجنسی سے (گارنٹی) لمیٹڈ (CPPA-G) سے توانائی کی مد میں وصولیاں 2.3 بلین روپے رہیں جو کہ سال 19-2018 میں 7.3 بلین روپے تھیں یوں ان میں خاطر خواہ کمی ممکن ہوئی۔یہ وصولیاں ہماری چھ ماہ کی سیلز کے مساوی ہیں۔گزشتہ سالوں کی نسبت CPPA-G سے سیلز کی وصولیوں میں نمایاں بہتری دیکھنے میں آئی اور کمپنی کو باقاعدگی سے اچھی رقوم وصول ہو رہی ہیں اور ہم اس امر میں CPPA-G کے مشکور ہیں۔

- مذکورہ بالا کے علاوہ نیشنل الیکٹرک پاور ریگولیشن اتھارٹی (نیپرا) کے ساتھ بیگاس بیسڈ Co-Generation پاور پراجیکٹس (کل 8 پروجیکٹس 259.10 MW پلانٹ کپیسٹیز) کے بیگاس پرائسنگ کا معاملہ اکتوبر 2018 سے تاحال زیر التوا ہے۔کمپنی سال 2019 میں ایک سوموٹو ایکشن کے تحت بیگاس پرائسنگ کے معاملہ پر پاس کردہ آرڈر پر نیپرا کے ساتھ ایک قانونی چارہ جوئی میں ملوث ہے۔یہ کیس معزز اسلام آباد ہائیکورٹ کے ساتھ گزشتہ تین سال سے زائد عرصہ سے زیر التوا ہے۔عدالت نے حالیہ دنوں میں یہ کیس نئی قائم کردہ اپیلٹ ٹریبونل کورٹ آف نیپرا کو بھیج دیا ہے جس نے یہ کیس واپس نیپرا کو ریمانڈ کر دیا ہے۔ہمیں نیپرا سے بہت جلد شنوائی کے نوٹس کی توقع ہے اور اس بات کی اُمید ہے کہ سال 23-2022 میں نیپرا اور بیگاس بیسڈ IPPs کی باہمی ہم آہنگی سے لمبے عرصہ سے زیر التوا یہ مسئلہ حل ہو جائے گا۔

- بیلنس شیٹ کا حجم گزشتہ سال کے 36 بلین روپے سے بڑھ کر 46 بلین روپے ہو چکا ہے اور کمپنی کے مجموعی ذخائر اس کے پیڈ اپ کیپٹل کے 27 گنا ہیں۔

آپکی دلچسپی کے دیگر نکات حسب ذیل ہیں:

- 18-2017 میں ہمارا حصہ چینی کی کل پیداوار میں 17% تھا جو اب کم ہو کر 12% ہو گیا اور یہ سب FBR کی انتھک کوشش کی وجہ سے ہوا ہے جس نے آخری تین سالوں کے دوران انڈسٹری میں چینی پر سیلز ٹیکس کی چوری کی روک تھام کیلئے مختلف اقدامات کیے۔

- کرشنگ سیزن 22-2021 کیلئے صوبہ پنجاب میں صوبائی حکومت کی جانب سے فی 40 کلوگرام گنے کی مقرر کردہ کم از کم قیمت 200 روپے سے بڑھا کر 225 روپے کر دی گئی جبکہ صوبہ سندھ میں گنے کی قیمت 202 روپے سے بڑھا کر 250 روپے فی من مقرر کی گئی جبکہ گنے کی ریکارڈ فصل ہونے کے باوجود کرشنگ سیزن کے آغاز میں ملک میں قیمت کے حوالے سے سخت مقابلہ دیکھنے میں آیا جس کی وجوہات تاحال نامعلوم ہیں۔گنے کی خریداری کی اصل اوسط قیمت امسال 250 روپے فی من رہی اور یوں پیداواری لاگت میں اضافہ ہوا۔لاگت کے یہ اعداد وشمار چینی کی کل پیداواری لاگت کا 82 فیصد ہیں اس لئے اس میں معمولی بدلاؤ بھی پیداواری لاگت پر بڑے اثرات مرتب کرے گا۔گروپ کی جانب سے تقریباً 3.4 بلین روپے کاشتکاروں کو اضافی ادا کیے گئے جبکہ یہ رقم پہلے بتائی گئی قیمتوں سے الگ ہے۔کاشتکار گنے کی زیادہ قیمت اور بینک کے ذریعے وقت پر 100 فیصد ادائیگی پر خوش تھے۔کاشتکار اب سسٹم میں مختلف سہولیات کی بدولت اپنے بینک اکاؤنٹس میں رقوم کی وصولی سے لطف اندوز ہو رہے ہیں۔

- ہمیشہ کی طرح کسانوں کو گنے کی قیمت کی بروقت ادائیگی ہماری اولین ترجیح رہی۔ یہ مسلسل چوتھا سیزن تھا کہ جس کے دوران کمپنی کے تمام کاشتکاروں کو بنک کے ذریعے مکمل ادائیگی کی گئی جسے کسانوں کی طرف سے بہت سراہا گیا۔کمپنی باقاعدگی سے اپنے کاشتکاروں کو مالی امداد اور تکنیکی معاونت فراہم کرتی ہے۔ان پالیسیوں اور ترجیحی رویے کی بدولت کمپنی اور کاشتکاروں کے مابین خوشگوار تعلقات کی فضا قائم رہتی ہے۔

- فنانس ایکٹ 2022 کے ذریعے سیکشن 4C آف انکم ٹیکس آرڈیننس، 2001 کے تحت سپر ٹیکس نافذ کیا گیا جو کہ زیادہ آمدن والے افراد پر سال 2022 اور اس سے آگے 4 فیصد کے حساب سے لاگو ہو گا۔تاہم مختلف شعبوں میں خدمات سرانجام دینے والے اداروں بشمول شوگر سیکٹر کو مالی مدت مختتمہ 30 ستمبر 2021 (ٹیکس سال 2022) کیلئے سپر ٹیکس رقم کا 10 فیصد سپر ٹیکس ادا کرنا ہو گا۔

کمپنی نے انکم ٹیکس آرڈیننس، 2001 کے سیکشن 4C کو چیلنج کرنے کیلئے لاہور ہائیکورٹ میں رٹ پٹیشن فائل کی ہے۔معزز ہائیکورٹ نے مذکورہ پٹیشن پر عدالت کے حتمی فیصلہ تک انٹیرم ریلیف دیا ہے۔سال مختتمہ 30 ستمبر 2021 (ٹیکس سال 2022) کیلئے 132.6 ملین روپے کے سپر ٹیکس کے مالی اثرات مالی گوشواروں میں نہیں ہیں۔تاہم انکم ٹیکس آرڈیننس 2001 کے سیکشن 4C کے تحت سپر ٹیکس کا مالی اثر سال مختتمہ 30 ستمبر 2022 کیلئے مالی گوشواروں میں کرنٹ اور ڈیفرڈ ٹیکسز میں فراہمی کیلئے شامل کیا گیا ہے۔

- الحمدللہ، 15 اپریل 2022 کو VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے سالانہ تفصیلی جائزے کے بعد کمپنی کی درجہ بندی "A/A-2" سنگل اے اور سنگل اے ٹو سے بڑھا کر "A+/A-1" سنگل اے پلس/اے-ون کر دی ہے۔درمیانی سے طویل مدت تک "A+" ریٹنگ اچھی کریڈٹ کوالٹی بشمول مناسب حفاظتی اقدامات کو ظاہر کرتی ہے۔تاہم اگر معیشت میں تبدیلیاں آتی ہیں تو رِسک کے عوامل کو متغیر سمجھا جاتا ہے۔A-1 کی قلیل مدتی درجہ بندی میں بروقت ادائیگیوں کی عکاسی کی گئی ہے۔لیکویڈیٹی کے عوامل اور کمپنی کی موجودہ حالت مالیاتی اداروں تک موزوں رسائی کی بدولت مستحکم ہے۔تفویض کردہ ریٹنگز "مستحکم" ہے۔

ڈائریکٹرز رپورٹ

ہم JDW شوگر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز ہونے کے ناطے انتہائی مسرت کے ساتھ کمپنی کی 33 ویں سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال 30 ستمبر 2022 پیش کرتے ہیں۔

جائزہ

JDW شوگر ملز 31 مئی 1990 میں بطور پرائیوٹ لمیٹڈ کمپنی پاکستان میں قائم کی گئی۔ جسکو 24 اگست 1991 میں پبلک لمیٹڈ کمپنی میں تبدیل کر دیا گیا۔ کمپنی کے حصص پاکستان سٹاک ایکسچینج لمیٹڈ کی لسٹ میں شامل ہیں۔ کمپنی کا رجسٹرڈ شدہ دفتر 17 عابد مجید روڈ، لاہور کینٹ میں واقع ہے۔ کمپنی کا بنیادی کام چینی اور بجلی کی پیداوار وفروخت اور کارپوریٹ فارمنگ ہے۔

آپریٹنگ نتائج

سال رواں کے کمپنی کے آپریٹنگ نتائج مختصراً نیچے موجود ہیں:

		2021-22				2020-21			
		یونٹ-I	یونٹ-II	یونٹ-III	جے ڈی ڈبلیو	یونٹ-I	یونٹ-II	یونٹ-III	جے ڈی ڈبلیو
گنے کی کرشنگ (پسائی)	میٹرک ٹن	3,311,789	2,408,562	2,091,205	**7,811,556**	2,537,605	1,621,775	1,411,576	**5,570,956**
چینی کی پیداوار	میٹرک ٹن	336,630	235,506	209,498	**781,634**	255,396	159,800	140,946	**556,142**
چینی کا پیداواری تناسب	فیصد%	10.16	9.78	10.02	**10.01**	10.06	9.85	9.99	**9.98**
راب کی پیداوار	میٹرک ٹن	156,887	124,116	102,488	**383,491**	112,167	78,991	65,104	**256,262**
راب کا پیداواری تناسب	فیصد%	4.74	5.15	4.90	**4.91**	4.42	4.87	4.61	**4.60**

مذکورہ آپریٹنگ نتائج کا جائزہ حسب ذیل ہے:

موجودہ کرشنگ سیزن میں گنے کی کرشنگ (پسائی) 40 فیصد زیادہ رہی جبکہ چینی کی پیداوار میں 41 فیصد (پیداواری تناسب میں 3bps اضافہ کے ساتھ) اضافہ ہوا، تاہم راب کا پیداواری تناسب میں اضافہ گزشتہ سال کے مقابلہ میں 31bps رہا۔ فصل کا پیداواری حجم امسال 36 فیصد زیادہ رہا اور ملکی پیداوار 41 فیصد اضافہ کے ساتھ 5.619 ملین ٹن سے بڑھ کر 7.911 ملین ٹن رہا۔

کمپنی کے مکمل ذیلی ادارہ ڈہرکی شوگر ملز (پرائیویٹ) لمیٹڈ (DSML) نے اپنے گیارہویں سال میں درج ذیل آپریٹنگ نتائج حاصل کیے:

ذیلی کمپنی کے آپریٹنگ نتائج

		2021-22	2020-21
گنے کی پسائی	میٹرک ٹن	**1,953,090**	1,270,152
چینی کی پیداوار	میٹرک ٹن	**196,560**	125,757
چینی کا پیداواری تناسب	%فیصد	**10.06**	9.90
راب کی پیداوار	میٹرک ٹن	**96,603**	60,000
راب کا پیداواری تناسب	%فیصد	**4.95**	4.72

DSML کی گزشتہ سال کے مقابلہ میں گنے کی پسائی 54 فیصد جبکہ چینی کی پیداوار 56 فیصد (سکروز ریکوری کے 16bps کے ساتھ) زیادہ رہی۔ جبکہ راب ریکوری اس دفعہ 23bps زیادہ رہی۔

مالیاتی نتائج کا جائزہ

کمپنی کے آپریٹنگ نتائج کے بنیادی مندرجات کا جائزہ درج ذیل ہے:

(ملین روپے)

	30 ستمبر 2022	30 ستمبر 2021
مجموعی آمدن	**67,028**	64,908
خالص آمدن	**58,888**	56,800
آپریشنز سے منافع	**8,517**	6,699
مالی لاگت	**3,404**	2,252
قبل از ٹیکس منافع	**5,113**	4,447
بعد از ٹیکس منافع	**3,951**	4,878
آمدن فی شیئر	**66.09**	81.61

- راب اور چینی کی زیادہ فروخت کی وجہ سے کمپنی کی مجموعی فروخت میں 3% اضافہ ہوا تاہم مجموعی منافع میں گنے کی قیمت خرید میں اضافے کی وجہ سے 18 فیصد سے 16 فیصد تک کمی ہوئی۔
- آپریشنز سے منافع گزشتہ سال کی نسبت 27 فیصد زیادہ رہا جو کہ رواں سال 6.7 بلین روپے سے بڑھ کر 8.5 بلین روپے تک جا پہنچا۔ اس کی بنیادی وجہ یہ تھی کہ رواں سال CPPA-G سے گزشتہ سال کی طرح 3.3 بلین روپے خرچے کا اندراج نہیں تھا۔
- جیسا کہ اُوپر بیان کیا گیا ہے آپریشنز سے اچھے منافع کے باوجود کمپنی کے بعد از ٹیکس منافع میں 19 فیصد کمی ہوئی اور یہ بعد از ٹیکس منافع 4,878 ملین روپے سے کم ہو کر 3,951 ملین روپے ہو گیا۔ نتیجتاً کمپنی کی فی شیئر آمدن بھی گزشتہ سال کے 81.61 روپے سے کم ہو کر 66.09 روپے ہو گئی اور اس کی دو مرکزی وجوہات درج ذیل تھیں:

04

UNCONSOLIDATED FINANCIAL STATEMENTS

RASG
Result Assured Services for Growth

INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of JDW Sugar Mills Limited

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

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

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

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

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

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

Riaz Ahmad / Saqib Gohar & Co.

05 January 2023
Lahore
UDIN: CR202210098gCdl0c1MY

Riaz Ahmad, Saqib, Gohar & Company
Chartered Accountants

RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

Building No.35 - D / E, Ali Block, New Garden Town, Lahore.
Tel: (92-42) 35940246-7, Fax: (92-42) 35940248
Email: rasglhr@rasgco.com, Website: www.rasgco.com
Corporate Office at Karachi & Regional Office at Islamabad.

A member of agn INTERNATIONAL

STATEMENT OF COMPLIANCE

With Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **JDW Sugar Mills Limited**

Year Ended: **30 SEPTEMBER 2022**

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the **"Regulations"**) in the following manner:

1) The total number of Directors are 07 as per the following:

   a) Male: 06
   b) Female: 01

2) The composition of the Board is as follows:

Sr. #	Category	Names
(i)	Independent Directors*	Mr. Asim Nisar Bajwa Mr. Zafar Iqbal
(ii)	Executive Directors	Mr. Jahangir Khan Tareen Mr. Raheal Masud**
(iii)	Non-Executive Directors	Makhdoom Syed Ahmad Mahmud Mr. Ijaz Ahmed
(iv)	Female Director (Non-Executive)	Mrs. Samira Mahmud

*Fraction (0.33) related to the requirement for number of independent directors is less than 0.5 and therefore, has not rounded up as one (01).

** Subsequent to financial year end 30 September 2022, Mr. Raheal Masud resigned as Director of the Company on 8th October, 2022 and same was accepted by the Board on 10 October 2022, however Mr. Raheal Masud will continue to act as Chief Executive of the Company. Syed Mustafa Mehmud was appointed in his place as Director of the Company on 19 October 2022.

3) The Directors have confirmed that none of them is serving as a Director in 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 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 Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act") and the 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 meeting of the Board.

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

9) All Directors are either exempted or have attended the training in prior years.

10) All appointments (including remuneration, terms and conditions of employment) of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit have been duly approved by the Board as per the requirements of applicable provisions of the Act and 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 following:

Sr. #	Name of Committee	Composition	
		Name	Designation
(i)	Audit Committee	Mr. Zafar Iqbal	Chairman/Member
		Mrs. Samira Mahmud	Member
		Mr. Ijaz Ahmed	Member
(ii)	Human Resource & Remuneration Committee	Mr. Asim Nisar Bajwa	Chairman/Member
		Mrs. Samira Mahmud	Member
		Mr. Ijaz Ahmed	Member
(iii)	Nomination Committee	Mr. Jahangir Khan Tareen	Chairman/Member
		Mr. Asim Nisar Bajwa	Member
(vi)	Risk Management Committee	Mr. Jahangir Khan Tareen	Chairman/Member
		Mr. Asim Nisar Bajwa	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:

Sr. #	Name of Committee	Frequency of Meeting(s)
(i)	Audit Committee	4
(ii)	Human Resource & Remuneration Committee	8

15) The Board has set up an effective internal audit function controlled by internal audit department, which is comprised of qualified and experienced professionals 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 (the "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 relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or any Director 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, the 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 other requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

05 January, 2023
Lahore

(Makhdoom Syed Ahmad Mahmud)
Chairman

INDEPENDENT AUDITORS' REPORT

To the members of JDW Sugar Mills Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **JDW Sugar Mills Limited** ("the Company"), which comprise the unconsolidated statement of financial position as at 30 September 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matters

We draw attention to note 19.1.19 to these unconsolidated financial statements, which describes the Commission of Inquiry has highlighted discrepancies with respect to crushing capacity of the Company and standard business practice of Pakistan sugar industry. Our opinion is not modified in respect of above matters.

Key Audit Matters

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

RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

Building No.35 - D / E, Ali Block, New Garden Town, Lahore.
Tel: (92-42) 35940246-7, Fax: (92-42) 35940248
Email: rasglhr@rasgco.com, Website: www.rasgco.com
Corporate Office at Karachi & Regional Office at Islamabad.

A member of agn INTERNATIONAL

Following are the Key Audit Matters:

<table>
<tr><th>Sr. No.</th><th>Key Audit Matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td>1</td><td>Revenue recognition</td><td></td></tr>
<tr><td></td><td>Refer to notes 4.12 and 33 to these unconsolidated financial statements.

The Company principally generates revenue from sale of crystalline sugar, agriculture produce and electricity.

We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.</td><td>Our audit procedures, amongst others, included the following:
• obtained an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of revenue;
• assessed the appropriateness of the Company's accounting policy for recording of revenue and compliance of the policy with International Financial Reporting Standard 15 (IFRS 15) Revenue from contract with customers;
• reviewed the management procedures carried out for evaluation of contractual arrangements with customers (oral and written) with respect to identification of each party's rights regarding the goods to be transferred and revenue has been recognized after meeting the conditions of IFRS 15;
• reviewed a sample of contractual arrangement entered into by the Company with its customers and checking the Company's obligation to transfer goods to a customer; for which the Company has received consideration, has been satisfied before recognition of revenue;
• compared a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery orders and other relevant underlying documents;
• compared a sample of sale transactions recorded before and after reporting period and near the year end with relevant underlying documentation to assess whether revenue has been recorded in the appropriate accounting period;
• compared a sample of energy sales transactions with energy invoices duly verified by Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") and assess whether the revenue has been recorded in the appropriate accounting period;
• for a sample of invoices, recalculated the invoice amount based on fixed and variable component provided by National Electric Power Regulatory Authority (NEPRA);
• scanned for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation; and
• assessed the adequacy of disclosures in the unconsolidated financial statements to be in accordance with the applicable accounting and reporting standards.</td></tr>
</table>

<table>
<tr><th>Sr. No.</th><th>Key Audit Matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td>2</td><td>Valuation of biological assets (standing sugarcane)</td><td></td></tr>
<tr><td></td><td>Refer to notes 4.6 & 27 to these unconsolidated financial statements.

Significant judgement and estimates are used in determining the fair value of biological assets. At 30 September 2022, the fair value of the standing sugarcane is Rs. 2,853 million which constitutes a significant balance on the unconsolidated statement of financial position.

The value of standing sugarcane is based on the current estimated cane price for the following season and sucrose content less the estimated cost of harvesting, transport and other related cost.

Significant judgement is required in estimating the expected cane yield, the maturity of the cane and the estimated sucrose content for the various operating locations and is also considered subjective since it is based on executive management, its experience, expectations and relevant current external factors.

Given the value of the biological assets, together with the significant judgement and estimates that are required in determining the fair value, the valuation of biological assets is considered a key audit matter.</td><td>Our procedures performed in considering the appropriateness of the valuation of standing sugarcane included the following:
• management's representation with regards to the valuation techniques and fair presentation of the biological assets were obtained and evaluated;
• critically evaluated the fair value methodology against criteria in IAS 41 'Agriculture' and IFRS 13 'Fair Value Measurement', measurements and key assumptions applied by management in determining the fair value of the standing sugarcane;
• examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field;
• performed sensitivities to assess the impact of changes in the significant inputs;
• reviewed the principles used in the valuation of standing sugarcane and analysed the key assumptions used in the valuation model;
• detailed testing on the key inputs into the standing sugarcane valuation model including estimated yields, estimated sucrose content and forecast price to confirm the validity, accuracy and completeness of the data by comparing the data to market and other external data where applicable;
• compared the prior year's estimated yields, estimated sucrose content and forecast price to the current year actuals attained to assess the reasonableness and accuracy of management' estimates;
• reviewed the formulae as per the model and recalculating for mathematical accuracy; and
• evaluated the adequacy of the unconsolidated financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities to ensure that they are in compliance with the IAS 41 and IFRS 13.</td></tr>
<tr><td>3</td><td>Recognition of deferred tax assets relating to Minimum Turnover Tax and Alternative Corporate Tax (tax credits)</td><td></td></tr>
<tr><td></td><td>Refer to notes 4.9.2 & 10 to these unconsolidated financial statements.

Under International Accounting Standard 12 "Income Taxes", the Company is required to review recoverability of the deferred tax assets recognized in the unconsolidated statement of financial position at each reporting period.</td><td>Our audit procedures amongst others included the following:
• obtained understanding of management process of preparation of taxable income and liability forecast and deferred tax calculation;
• tested management's computation of un-used tax credits for which deferred tax assets has been recognized;
• analyzed the requirements of Income Tax Ordinance, 2001, in relation to above and considered the ageing analysis, expiry periods of relevant deferred tax assets and tax rates enacted in consultation with our internal tax professionals;</td></tr>
</table>

Sr. No.	Key Audit Matters	How the matters were addressed in our audit
	Recognition of deferred tax assets is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward un-used tax credits can be utilized. The future taxable profits are based on approved projections. This estimation involves a degree of uncertainty and requires judgement in relation to the future cash flows and also involves assessment of timing of reversal of un-used tax credits. As at 30 September 2022, the Company has recognized deferred tax assets amounting to Rs. 1,811 million mainly on account of un-used tax credits. We considered this as a key audit matter due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of deductible temporary differences and management judgement regarding assumptions used in this area.	• assessed the reasonableness of assumptions such as growth rate, future revenue and costs and other relevant information for assessing the quality of Company's forecasting process in determining the future taxable profits; • tested mathematical accuracy of future projections and the use of appropriate tax rate applicable on temporary differences; and • assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures in accordance with the applicable accounting and reporting standards.
4	**Valuation of stock-in-trade**	
	Refer to note 29 to these unconsolidated financial statements. Stock-in-trade at the reporting date mainly included bagasse and finished goods (sugar bags). The value of stock-in-trade at the reporting date aggregated to Rs. 12,146 million representing 51% of the Company's total current assets. The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. Judgment has also been exercised by the management in determining the net realisable value of finished goods and estimating the stock of bagasse. We identified this matter as key in our audit due to the judgment and assumptions applied by the Company in determining the cost and net realisable value of stock-in-trade at the reporting date.	We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps: • assessed whether the Company's accounting policy for inventory valuation is in line with the International Accounting Standards 2 "Inventories"; • attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data; • assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis; • re-calculated the value of stock in trade by allocating the fixed and variable overheads and reviewed the adequacy of costing methodology; • performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices; and • assessed the adequacy of disclosures in these unconsolidated financial statements to be in accordance with the applicable accounting and reporting standards.
5	**Financing obligations and compliance with related covenant requirements**	
	Refer notes 8 & 13 to these unconsolidated financial statements. At the reporting date, the Company has outstanding financing facilities (both long and short term) aggregating Rs. 20,321 million which constitutes 69% of total liabilities of the Company.	Our audit procedures in relation to verification of long and short term financing mainly included the following: • reviewed terms and conditions of financing agreements entered into by the Company with various banks and financial institutions; • obtained direct balance confirmations from banks and financial institutions and verified outstanding obligations and certain other information from such confirmations; • reviewed maturity analysis of financing to ascertain the classification of financing as per their remaining maturities;

Sr. No.	Key Audit Matters	How the matters were addressed in our audit
	The Company's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to the portfolio of financing. Further, new financing arrangements entail additional financial and non-financial covenants for the Company to comply with. The significance level of financing facilities obtained along with the sensitivity of compliance with underlying financing covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.	• assessed the status of compliance with financing covenants and also inquired from the management with regard to their ability to ensure future compliance with the covenants; • assessed the adequacy of disclosures made in respect of the long and short term financing / borrowings in these unconsolidated financial statements; and • checked on test basis the calculations of finance cost recognised in the unconsolidated statement of profit or loss.
6	Contingencies	
	Refer to note 19.1 to these unconsolidated financial statements. The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the unconsolidated financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses. For such reasons, we have considered the contingencies as a key audit matter.	Our audit procedures in this area included, amongst others, the following: • obtained an understanding of the Company's processes and controls over litigations through meeting with the management, review of the minutes of the Board of Directors; • reviewing the correspondence of the Company with the relevant authorities and legal advisors including judgments or orders passed by the competent authorities; • obtained and reviewed direct confirmations from the Company's external advisors for their views on the legal position of the Company in relation to the contingent matters; • involved our internal tax professionals to assess management's conclusions on contingent tax matters; and • evaluated the adequacy of disclosures made in respect of these contingencies in accordance with the applicable accounting and reporting standards.

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2022, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Ali Rafique.

Riaz Ahmad, Saqib, Gohar & Company
Chartered Accountants

05 January 2023
Lahore
UDIN: AR202210098vgdj1rly6

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	6	597,766,610	597,766,610
Share premium reserve	7	678,316,928	678,316,928
Accumulated profit		15,628,973,589	13,171,462,931
		16,905,057,127	14,447,546,469
NON-CURRENT LIABILITIES			
Long term finances - secured	8	6,256,153,949	8,995,865,407
Lease liabilities	9	1,829,057,614	1,313,728,626
Deferred taxation	10	246,261,269	–
Retirement benefits	11	23,650,196	55,987,252
Deferred income - Government grant	12	–	685,215
		8,355,123,028	10,366,266,500
CURRENT LIABILITIES			
Short term borrowings	13	11,034,338,292	3,015,112,876
Current portion of non-current liabilities	14	3,801,685,517	4,167,790,367
Trade and other payables	15	3,027,697,166	2,199,533,008
Advances from customers	16	2,518,090,144	1,064,373,067
Unclaimed dividend	17	40,640,932	33,748,830
Accrued profit / interest / mark-up	18	812,967,857	251,304,750
		21,235,419,908	10,731,862,898
CONTINGENCIES AND COMMITMENTS	19		
		46,495,600,063	35,545,675,867

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

Chief Financial Officer

As at 30 September 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	20	19,335,452,013	19,670,791,623
Right-of-use assets	21	1,598,855,840	1,836,163,006
Investment property	22	185,854,012	185,854,012
Intangibles	23	610,690,376	612,730,104
Long term investments	24	1,084,012,500	1,084,012,500
Long term deposits	25	94,827,518	95,186,741
Deferred taxation	10	–	368,027,550
		22,909,692,259	23,852,765,536
CURRENT ASSETS			
Right-of-use assets	21	730,292,317	43,462,361
Short term investments	24	651,994,491	651,994,491
Lease receivables	26	–	69,633,908
Biological assets	27	2,855,032,666	2,335,200,206
Stores, spare parts and loose tools	28	1,916,458,645	1,381,816,893
Stock-in-trade	29	12,145,780,400	1,880,461,902
Trade receivables	30	3,551,542,437	4,195,841,481
Advances, deposits, prepayments and other receivables	31	1,098,333,227	596,888,246
Advance income tax - net		346,779,028	290,291,164
Cash and bank balances	32	289,694,593	247,319,679
		23,585,907,804	11,692,910,331
		46,495,600,063	35,545,675,867

Chief Executive

Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2022

	Note	2022 Rupees	2021 Rupees
Gross revenue		67,027,986,040	64,908,274,727
Sales tax and commission		(8,140,078,189)	(8,107,983,165)
Revenue from contracts with customers	33	58,887,907,851	56,800,291,562
Cost of revenue	34	(49,737,503,926)	(46,664,715,787)
Gross profit		9,150,403,925	10,135,575,775
Administrative expenses	35	(2,157,610,208)	(1,916,766,471)
Selling expenses	36	(50,353,633)	(37,568,754)
Other income	37	1,967,634,189	2,210,705,238
Other expenses	38	(393,287,756)	(3,692,880,845)
		(633,617,408)	(3,436,510,832)
Profit from operations		8,516,786,517	6,699,064,943
Finance cost	39	(3,404,137,027)	(2,251,743,127)
Profit before taxation		5,112,649,490	4,447,321,816
Taxation	40	(1,162,091,911)	430,974,402
Profit for the year		3,950,557,579	4,878,296,218
Earnings per share - basic and diluted	41	66.09	81.61

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

Chief Financial Officer | Chief Executive | Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2022

	Note	2022 Rupees	2021 Rupees
Profit for the year		3,950,557,579	4,878,296,218
Other comprehensive income / (loss) - net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of retirement benefits	11.4	2,044,186	(4,775,791)
Related deferred tax charge for the year	10.2	(674,581)	1,384,979
		1,369,605	(3,390,812)
Total comprehensive income for the year		3,951,927,184	4,874,905,406

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

Chief Financial Officer | Chief Executive | Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	1,217,527,324	13,230,049,202
Taxes paid		(749,474,963)	(1,023,828,532)
Staff retirement benefits paid		(270,651,214)	(211,411,154)
Interest income received		650,151,154	196,566,019
Long term deposits		359,223	(34,275,044)
Workers' Profit Participation Fund paid	15.3	(306,335,622)	(135,840,655)
Workers' Welfare Fund paid	15.4	(13,130,011)	–
		(689,081,433)	(1,208,789,366)
Net cash generated from operating activities		528,445,891	12,021,259,836
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,203,800,191)	(677,373,652)
Right-of-use assets		657,859,065	1,507,655
Investment made in subsidiaries companies		–	(760,000)
Proceeds from insurance claim against loss of bagasse & crane by fire		24,541,000	–
Proceeds from disposal of operating fixed assets		138,266,990	94,195,042
Net cash used in investing activities		(383,133,136)	(582,430,955)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		(3,094,113,393)	(1,992,827,391)
Short term borrowings - net		6,883,802,991	(4,384,760,140)
Financial charges paid as:			
- finance cost		(2,575,657,251)	(2,144,894,240)
- interest on lease liability		(260,253,949)	(178,103,402)
Principal portion of lease liability paid		(697,301,249)	(711,193,545)
Dividend paid		(1,494,837,415)	(194,188)
Net cash used in financing activities	48	(1,238,360,266)	(9,411,972,906)
Net (decrease) / increase in cash and cash equivalents		(1,093,047,511)	2,026,855,975
Cash and cash equivalents at beginning of the year		(1,198,314,704)	(3,225,170,679)
Cash and cash equivalents at end of the year		(2,291,362,215)	(1,198,314,704)
Cash and cash equivalents comprise of the following:			
- Cash and bank balances	32	289,694,593	247,319,679
- Running / Morabaha / Karobar / Musharakah finances	13.2 & 13.5	(2,581,056,808)	(1,445,634,383)
		(2,291,362,215)	(1,198,314,704)

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

Chief Financial Officer | Chief Executive | Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2022

	Share capital	Reserves			Total equity
		Capital	Revenue	Total reserves	
		Share premium	Accumulated profit		
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 October 2020	597,766,610	678,316,928	8,296,557,525	8,974,874,453	9,572,641,063
Total comprehensive income for the year					
Profit for the year	–	–	4,878,296,218	4,878,296,218	4,878,296,218
Other comprehensive loss for the year	–	–	(3,390,812)	(3,390,812)	(3,390,812)
	–	–	4,874,905,406	4,874,905,406	4,874,905,406
Balance as at 30 September 2021	597,766,610	678,316,928	13,171,462,931	13,849,779,859	14,447,546,469
Total comprehensive income for the year					
Profit for the year	–	–	3,950,557,579	3,950,557,579	3,950,557,579
Other comprehensive income for the year	–	–	1,369,605	1,369,605	1,369,605
	–	–	3,951,927,184	3,951,927,184	3,951,927,184
Transactions with owners of the Company recorded directly in equity					
Final cash dividend @ Rs. 10 per share for the year ended 30 September 2021	–	–	(597,766,610)	(597,766,610)	(597,766,610)
Interim cash dividend @ Rs. 7.50 per share for the half year ended 31 March 2022	–	–	(448,324,958)	(448,324,958)	(448,324,958)
Interim cash dividend @ Rs. 7.50 per share for the nine months ended 30 June 2022	–	–	(448,324,958)	(448,324,958)	(448,324,958)
	–	–	(1,494,416,526)	(1,494,416,526)	(1,494,416,526)
Balance as at 30 September 2022	597,766,610	678,316,928	15,628,973,589	16,307,290,517	16,905,057,127

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

Chief Financial Officer　　Chief Executive　　Director

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

JDW Sugar Mills Limited ("the Company") was incorporated in Pakistan on 31 May 1990 as a private limited company and was subsequently converted into a public limited company on 24 August 1991. The shares of the Company are listed on the Pakistan Stock Exchange Limited. The principal activities of the Company are production and sale of crystalline sugar including its by-products i.e. molasses, bagasse and mud, generation of electricity and managing corporate farms.

The geographical locations and addresses of the Company's business units, including production facilities are as under:

- Head office and registered office: 17 - Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan
- Unit-I: Mauza Shirin, Jamal Din Wali, District Rahim Yar Khan, Punjab
- Unit-II: Machi Goth, Sadiqabad, District Rahim Yar Khan, Punjab
- Unit-III: Village Laluwali, District Ghotki, Sindh
- Corporate farms - Punjab Zone
- Corporate farms - Sindh Zone

The Company has executed Energy Purchase Agreements ("EPA") on 20 March 2014 for thirty years with National Transmission & Despatch Company Limited ("NTDC") through the Central Power Purchasing Agency (Guarantee) Limited ("('CPPA-G' and also referred to as "the Purchaser')") for its Bagasse Based Co-Generation Power Plants ("Co-Generation Power") at Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab and Unit-III, District Ghotki, Sindh.

On February 12, 2021, the Company entered into a Novation Agreement to the EPA with NTDC and CPPA-G', whereby, NTDC irrevocably transferred all of its rights, obligations and liabilities under the Energy Purchase Agreement ('EPA') to CPPA-G and thereafter, NTDC ceased to be a party to the EPA, and CPPA-G became a party to the EPA in place of NTDC. Further, on the same day, the Company entered into the EPA Amendment Agreement, as referred to note 1.2.

The 26.60 MW power plant at Unit-II achieved Commercial Operations Date ("COD") on 12 June 2014 while the 26.83 MW power plant at Unit-III achieved COD on 03 October 2014 after completing all independent testing and certification requirements and commenced supplying renewable electricity to the national grid. Further, the Company's Co-Generation Power Plants are the first to materialize under National Electric Power Regulatory Authority's ("NEPRA") upfront bagasse tariff.

1.2 Amendment to the Energy Purchase Agreement (EPA)

The Company in the larger national interest and sustainability of the power sector, voluntarily agreed to alter its existing contractual arrangements with the CPPA-G for the sale of electricity. In this respect, the Company entered into a "Master Agreement" and an "EPA Amendment Agreement" (hereinafter referred to as the 'Agreements') on February 12, 2021.

Pursuant to the significant terms of these Agreements, the Company will receive its outstanding receivables amounting to Rs. 2,041.979 million due from CPPA-G as on November 30, 2020 in two installments. Accordingly, the Company received Rs. 816.833 million as the 1st installment (40%) on June 04, 2021 and second instalment of 60% of the aforementioned outstanding amount was received on November 29, 2021. These instalments comprised of 1/3rd cash, 1/3rd in the form of tradeable Ijarah Sukuk, and 1/3rd in the form of tradeable Pakistan Investment Bonds (PIBs). Further, the Company has provided discounts on insurance, Operations & Maintenance and return on equity in tariff.

Moreover, if the Company operates above the annual 45% plant factor (the "Average PF") in a year, the CPPA-G shall pay 100% variable energy payments and 30% of fixed energy payment for energy dispatched above the Average PF. If below the Average PF, the CPPA-G shall pay monthly energy payment in accordance with clause 3.1.2 of the EPA Amendment Agreement. Both above arrangement shall remain effective for every five year period starting from COD, after which a fresh reset shall be done to restart the new five year period.

In addition to above, delayed payment rate' as referred in note 30.2 of these unconsolidated financial statements has been amended to for all future invoices (a) for the first sixty (60) days, 3MK plus two percent per annum; (b) for any period thereafter sixty (60) days, 3MK plus four-point five percent per annum and each calculated for the actual number of days for which the relevant amount remains unpaid. Further, for all invoices, CPPA-G shall ensure that payments follow the EPA mandated FIFO payment principle.

Upon the EPA Amendment becoming effective, CPPA-G and the Company shall jointly proceed to file application for disposal of pending litigation before the Courts in relation to the matter in respect of the EPA. For details, refer to note 30.2.1.

2. BASIS OF PREPARATION

2.1 Separate financial statements

These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries and associates have been accounted for at cost less accumulated impairment losses, if any. Consolidated financial statements of the Company are prepared separately.

The Company has investments in following companies (for details, refer to note 24):

Name of company	Country of incorporation	Shareholding
Subsidiaries		
- Deharki Sugar Mills (Private) Limited ("DSML")	Pakistan	100%
- Ghotki Power (Private) Limited ("GPL")	Pakistan	100%
- Sadiqabad Power (Private) Limited ("SPL")	Pakistan	100%
- Faruki Pulp Mills Limited ("FPML")	Pakistan	57.67%
Associates		
- JDW Power (Private) Limited ("JDWPL")	Pakistan	47.37%
- Kathai-II Hydro (Private) Limited ("KHL")	Pakistan	20%

2.2 Statement of compliance

These unconsolidated 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;
- Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.3 Basis of measurement

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

2.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees (Rs. / Rupees) which is the Company's functional currency. All amounts have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

3. KEY JUDGMENTS AND ESTIMATES

The preparation of these unconsolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to exercise judgments, make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

The areas involving a high degree of judgments or complexity, or areas where assumptions and estimates are significant to these unconsolidated financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of operating fixed assets - note 4.1
- Useful lives, residual values and amortization method of intangible assets - note 4.4
- Fair value of biological assets - note 4.6 & 27
- Provision for impairment of inventories - note 4.8
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses and tax credits) - note 4.9
- Obligation of defined benefit obligation - note 4.10 & 11
- Estimation of provisions - note 4.16
- Estimation of contingent liabilities - note 4.17
- Expected credit losses of certain financial assets under IFRS 9 note - 4.19
- Impairment loss of non-financial assets other than inventories and deferred tax assets - note 4.20

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Items of property, plant and equipment other than freehold land and capital work in progress are measured at cost less accumulated depreciation and impairment loss (if any).

Freehold land and capital work in progress are stated at cost less any impairment loss (if any). Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain items in operating fixed assets and capital work-in-progress, signifies historical cost, borrowing cost (as referred to note 4.13) and exchange differences on borrowings (if any).

Major stores, spare parts and loose tools held for capital expenditure qualify as property, plant and equipment when the Company expects to use them for more than one year. Transfers are made to operating fixed assets category as and when such items are available for use.

Subsequent costs are included in the asset's carrying amount or recognized 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. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to the unconsolidated statement of profit or loss during the year in which they are incurred.

Depreciation is charged to the unconsolidated statement of profit or loss so as to write off the cost or carrying amount of assets over their estimated useful lives, using reducing balance method at rates specified in note 20.1 except that straight-line method is used for assets related to corporate farms segment. However, sometimes, the future economic benefits embodied in an asset are absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount.

During the year, the management, has revised the estimate in respect of useful life of assets related to corporate segment keeping in consideration the class of assets and assessed useful life of these assets. The management believed that the said change in estimate reflect more accurately to the expected pattern of consumption of the future economic benefits embodied in these assets. The revision was accounted for prospectively as a change in accounting estimate. Such change in estimate has not significant impact the financial statements for the year.

Sugarcane roots (bearer plants) are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Costs capitalized to sugarcane roots include preparing the land, maintaining a source of seed cane, planting the seed cane and costs related to establishing new area under cane. Depreciation of bearer plants commences when they are ready for their intended use. Costs incurred for infilling including block infilling are generally recognized in the unconsolidated statement of profit or loss unless there is a significant increase in the yield of the sections, in which case such costs are capitalized and depreciated over the remaining useful life of the respective fields. Depreciation on bearer plants is recognized so as to write off its cost less residual values over useful lives, using the straight-line method at rates as specified in note 20.1

Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged when an asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as referred in note 4.20

Gains or losses arising on derecognition of an item of operating fixed assets is determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the unconsolidated statement of profit or loss within other income or other expenses. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. The Company's estimate of the residual value of its operating fixed assets as at 30 September 2022 has not required any adjustment as its impact is considered insignificant.

4.2 Lease liability and right-of-use asset

4.2.1 The Company is the lessee

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain different terms and conditions. The Company has lease contracts for agricultural land (for cultivation of sugarcane), vehicles (for its employees and other business operations) and office buildings (for office operations).

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities related to land and building. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as specified in note 21.

Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to the unconsolidated statement of profit or loss as incurred.

Lease liabilities

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

4.2.2 The Company is the lessor

As a lessor, the Company classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. However, all leases of the Company are treated as operating leases and payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The Company also earns rental income from operating leases of its investment properties (see note 4.3). Rental income is recognised on a straight-line basis over the term of the lease.

4.2.3 The Company is the intermediate lessor

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption as described in note 4.2.1, then it classifies the sub-lease as an operating lease.

The Company perform assessment regarding operating lease or finance lease at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sublease at that date.

The Company has sub-leased a land that has been presented as part of a right-of-use asset and recognised a gain or loss on derecognition of the right-of-use asset pertaining to the land and presented the gain as part of other income. The Company recognised interest income on lease receivables in the unconsolidated statement of profit or loss.

4.3 Investment property

Investment property is property held either to earn rental income and / or for capital appreciation, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purposes.

The Company's investment property comprises of land which is carried at cost, including transaction cost, less identified impairment loss, if any. The Company assesses at each unconsolidated statement of financial position date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the unconsolidated statement of profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the cost at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss on derecognition being difference between the net disposal proceeds and the carrying amount of the asset is recognized in the unconsolidated statement of profit or loss as an income or expense in the period of derecognition.

4.4 Intangibles

4.4.1 Goodwill

Goodwill is initially measured as at the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree; and (b) the net of the acquisition date amount of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Company's interest in the identifiable net assets exceeds the fair value of consideration, the Company recognises the resulting gain in the unconsolidated statement of profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any. (for impairment testing, refer to note 4.20).

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.4.2 Computer software

Intangible assets acquired separately are initially recognized at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis. In addition, they are subject to impairment testing as described in note 4.20.

Intangible assets with finite useful life are amortized using straight-line method over its useful life as specified in note 23 to these unconsolidated financial statements. Amortization on additions to intangible assets is charged from the date when an asset is put to use till the asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the unconsolidated statement of profit or loss within other income or other expenses.

4.5 Investments

4.5.1 Investment in equity instruments of subsidiary companies

Investment in subsidiary company is measured at cost in the Company's separate financial statements, as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated statement of profit or loss.

4.5.2 Investments in equity instruments of associated companies

Associates are all entities over which the Company has significant influence but has no control. Investments in associates are measured at cost less any identified impairment loss if any in the Company's separate financial statements. However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense.

4.6 Biological assets

The Company recognises a biological asset or agricultural produce when, and only when the Company controls the asset as a result of past events; and it is probable that future economic benefits associated with the asset will flow to the Company, and the fair value or cost of the asset can be measured reliably.

Consumable biological assets, comprising of standing sugarcane and other crops are measured at their fair value determined by discounting future cash flows from operations over the estimated useful life of the biological assets using the risk adjusted discount rate. Significant assumptions used are stated in note 27.1 to these unconsolidated financial statements. Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation in price is not expected to be material.

The sugarcane roots are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the standing sugarcane and other crops are accounted for as biological assets until the point of harvest. Sugarcane and other crops are transferred to inventory at fair value less costs to sell when harvested. A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset are included in the unconsolidated statement of profit or loss for the period in which it arises.

Initial and subsequent expenditure incurred for the establishment and conservation of biological assets are capitalised as costs directly attributable to the biological transformation required to obtain the fair value at which biological assets are valued.

Management of the Company regularly reviews significant unobservable inputs and valuation adjustments used to arrive at fair value of biological assets. Any change in those inputs and valuation adjustments might affect valuation of biological assets and accordingly charge to the unconsolidated statement of profit or loss.

The Company managed, cultivate, consumed and sold sugarcane crops, while in case of other crops, the Company engaged in cultivation and sale of wheat, mustard and rice etc.

4.7 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, that have been incurred in bringing the inventories to their present location and condition.

Estimates and judgements are continually evaluated and adjusted based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of respective items of stores, spare parts and loose tools with a corresponding effect on provision.

4.8 Stock-in-trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the unconsolidated statement of financial position date.

Cost is determined as follows:

Raw materials	Average cost
Work-In-Process & Finished goods	Average manufacturing cost
Molasses, Bagasse and Mud - by products	Net realizable value

The cost of harvested crops transferred from biological assets to stock-in-trade is its fair value less costs to sell at the point of harvest.

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

4.9 Taxation

Taxation for the year is the tax payable on the current year's taxable income based on the applicable income tax rate. Income tax expense comprises current and deferred tax.

4.9.1 Current tax

Income tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation. The charge for current tax is calculated using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

However, profits and gains of the Company derived from bagasse based cogeneration power project are exempt from tax in terms of clause 132C of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein. Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001.

Agriculture tax

According to Section 41 of the Income Tax Ordinance, 2001, agriculture income of the Company is exempt from tax under Federal Board of Revenue. Provision for current tax is based on the taxable agriculture income for the year determined in accordance with the Punjab Agriculture Income Tax Act, 1997. The charge for current tax is calculated using prevailing tax rates.

4.9.2 Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the unconsolidated financial statements. However, deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. In this regard, the effect on deferred taxation of the portion of income subject to provisions of Section 113 is also considered in accordance with the requirement of Technical Release - 27 of Institute of Chartered Accountants of Pakistan.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax has been fully provided in these unconsolidated financial statements except profits and gains of the Company derived from bagasse based cogeneration power which are exempt from tax subject to the conditions and limitations provided for in terms of clause (132C) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 because the Company's management believes that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in unconsolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

4.9.3 Group taxation

The Company has filed an application dated 08 December 2021 to Securities Exchange Commission of Pakistan ('SECP') for Group Taxation under regulation 8 of the Group Companies Registration Regulation 2008. The above mentioned application has been considered by the SECP dated 27 December 2021 and issued the designation letter to the Company for Group Taxation for the Group which comprises of the Company and its wholly owned subsidiary, Deharki Sugar Mills (Pvt.) Limited. Consequently, the Group will be taxed as one fiscal unit from the tax year 2023 and onwards. Further, as per clause 103A of Part I and clause 11C of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, any income derived from inter-corporate dividend and applicability of provision of section 151 of Income Tax Ordinance ('the Ordinance') on inter-corporate profit on debt within the group companies entitled to group taxation under section 59AA of the Ordinance, is exempt from tax subject to the condition that return of the Group has been filed for the tax year.

Current and deferred income taxes are recognised by each entity within the group, regardless of who has the legal rights for the recovery of tax. However, current tax liability / receivable is shown by the Company as it has legal obligation / right of recovery of tax upon submission of group annual income tax return. Balances among the group entities as a result of Group taxation is shown as tax recoverable / payable to the respective group entity. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to unconsolidated statement of profit or loss in the year in which they arise.

4.10 Employee benefits

4.10.1 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan is recognized as an employee benefit expense in the unconsolidated statement of profit or loss when they are due.

The Company operates approved contributory provident fund for its eligible employees. Equal monthly contribution is made both by the Company and employee to the fund at the rate of 10% of basic salary.

4.10.2 Defined benefit plan

A defined benefit plan provides an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the unconsolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets.

The Company operates approved funded gratuity fund covering eligible full time permanent employees who have completed the minimum qualifying period of service as defined under the fund. The gratuity fund is managed by the trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values.

The calculation of defined benefit obligation is performed by qualified actuary by using the projected unit credit method and charge for the year other than on account of experience adjustment is included in the unconsolidated statement of profit or loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then - net defined benefit liability / (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the unconsolidated statement of profit or loss.

4.11 Deferred Government grant

Grant from the government is recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grant relating to costs is deferred and recognised in the unconsolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Amortization of deferred grant is presented as reduction of related interest expense.

4.12 Revenue from contracts with customers

4.12.1 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue comprises income arising in the course of the Company's ordinary activities. The Company is engaged in the sale of crystalline sugar, its by-products, agri inputs, sale of electricity and agricultural produce.

a) Sale of goods

Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are dispatched or delivered to the customer. The normal credit terms for customers is as per sale order.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.

b) Sale of energy

Revenue from sale of energy is recognized over time as energy is delivered and based on the rates determined under the mechanism laid down in the EPA. The delivered energy units represent a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer as measured using an output method. The amount that the Company has a right to bill the customer corresponds directly with the value of the completed performance to the customer. As a result, the Company applies the "right to invoice" practical expedient under IFRS 15 to measure and recognize revenue.

Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

Payments to customers are recorded as a reduction in revenue when the payments relate to the Company's performance obligations under the contract (e.g. liquidated damages or penalties).

c) Other income

The Company also generates revenue from following other sources which are enumerated below:

- income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return;
- foreign currency gains and losses are reported on a net basis;
- rental income arising from investment property and sub-lease (operating lease) is recognized in accordance with the terms of lease contracts over the lease term on straight-line basis;
- interest income is recognized as and when accrued on effective interest method.
- Upon the EPA Amendment becoming effective, delayed payment mark-up on amounts due under the EPA is accrued on a time proportion basis. However, before effectiveness of EPA Amendment, delayed mark-up on due payments by the CPPA-G is recognized only when the Company has fully received the amount of relevant invoice due;
- Income from sale of scrap is recorded when risks and rewards are transferred to the customers which coincides with the time of dispatch of items; and
- Other incomes, if any, are accounted when performance obligations are met.

4.12.2 Contract balances

a) Contract liabilities (advances from customers)

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers in the unconsolidated statement of financial position (refer to note 16).

b) Trade receivables / contract assets

If the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a trade receivable in its unconsolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due (refer to note 30).

Trade receivables are amounts due from customers for goods or services that are delivered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 4.19.6 for a description of the Company's impairment policies.

c) Contract cost

The contract cost is the incremental cost that the Company incurs to obtain a contract with customers that it would not have incurred if the contract had not been obtained. The Company recognized contract cost as an expense in the unconsolidated statement of profit or loss on a systematic pattern of revenue.

4.13 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in the unconsolidated statement of profit or loss as incurred.

4.14 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand. For the purpose of the unconsolidated statement of cash flows, cash and cash equivalents consist of cash and bank deposits, as defined above, net of outstanding bank running finances /Morabaha/Karobar/ Musharakah finances as they are considered an integral part of the Company's cash management.

4.15 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors/consultants for the estimated financial outcome, an appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the unconsolidated statement of financial position date.

4.17 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 the Company 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 the obligation cannot be measured with sufficient reliability.

4.18 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and 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. Contingent assets are not recognised until their realisation become virtually certain.

4.19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.19.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component or for which the Company has applied the practical expedient) or financial liability is initially measured at fair value plus/less, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

4.19.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVTOCI), Fair value through Profit or loss (FVTPL) and in case of an equity instrument it is classified as FVTOCI or FVTPL. Currently, the Company does not have any financial assets categorised as FVTPL and FVTOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

All revenue and expenses relating to financial assets that are recognised in unconsolidated statement of profit or loss are presented within finance costs, other income or other financial items, except for impairment of trade receivables which is presented within other expenses.

4.19.3 Subsequent measurement of financial assets

i) Financial assets at amortized cost (debt instruments)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

ii) Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the unconsolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the unconsolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss. This includes derivative instruments and listed equity investments, if any which the Company had not irrevocably elected to classify at fair value through OCI. Assets in this category are measured at fair value with gains or losses recognised in the unconsolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

The Company has not designated any financial liability upon recognition as being at fair value through profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognised in unconsolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

4.19.4 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its unconsolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in the unconsolidated statement of profit or loss.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the unconsolidated statement of profit or loss.

4.19.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

4.19.6 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost (debt instruments); and
- trade receivables (including due from Government of Pakistan) and lease receivables

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances, due from related parties and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs:

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Company has elected to measure loss allowances for trade receivables including due from ‘Government of Pakistan’ (see note 4.19.7) and lease receivables using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and lease receivable and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

The Company reviews the recoverability of its trade receivables, lease receivables, deposits, advances and other receivables to assess the impairment allowances required on an annual basis. Refer to note 30.3 & 44.1.1 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

4.19.7 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade receivables due from CPPA-G under the EPA that also includes accrued amounts of markup. SECP vide S.R.O. 1177 (I)/2021 dated 13 September 2021 notified a partial exemption, that in respect of companies holding financial assets due from the Government of Pakistan in respect of circular debt, the requirements contained in “IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses method” shall be not be applicable till June 30, 2022, provided that such companies shall follow relevant requirements of IAS 39- Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. However, subsequent to year end, the Company has applied to the SECP to further extend the application of Expected Credit Loss model under IFRS-9 for IPPs for 01 July 2022 to 30 September 2027 but no any further exemption has been granted by the SECP.

Accordingly, the Company has adopted a particular requirement (expected credit losses impairment model) of IFRS 9 ‘Financial Instruments’ from 01 July 2022 in respect of its trade debts due from Government of Pakistan in respect of circular debt after expiration of exemption period e.g. from initial application of IFRS 9 till 30 June 2022, as granted by SECP vide S.R.O. 1177 (I)/2021 dated 13 September 2021 (for details, refer to note 4.19.6). For trade receivables due from Government of Pakistan, the Company has opted to apply simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life), rather than apply the general model. However, adaptation of such new accounting policy has not significant impact on the amounts reported in the unconsolidated financial statements (for details, refer to note 44.1.1).

Provision against trade debt due from CPPA-G reported under exemption period

The Company has applied the following policy during exemption period.

A provision for impairment is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. The Company assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired.

The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the unconsolidated statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision.

Subsequent recoveries of amounts previously written off are credited to the unconsolidated statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognised in the unconsolidated statement of profit or loss.

4.20 Non - Financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

The management of the Company reviews carrying amounts of its assets including goodwill, long term investments, receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication. In case of goodwill, formal estimates of recoverable amount is made on an annual basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in the unconsolidated statement of profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

4.21 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill (for details, refer to note 4.4.1). If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is charged directly in the unconsolidated statement of profit or loss.

4.22 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated again at the reporting date.

Foreign currency differences arising on retranslation are generally recognized in the unconsolidated statement of profit or loss.

4.23 Dividend

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in the unconsolidated statement of changes in equity and as a liability in the Company's unconsolidated statement of financial position in the year in which it is declared by the Board of Directors.

4.24 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5. NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

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:

5.1 Standards, interpretations and amendments to published approved accounting standards that are effective during the current year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on October 01, 2021 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.

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

The following Standards and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to them:

		Effective for the period beginning on or after
IAS-8	Accounting Policies, changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates)	January 01, 2023
IAS-1	Presentation of Financial Statements & Accounting Policies – Amendments regarding the classification of liabilities	January 01, 2023
IAS-12	Income Taxes (The amendments to narrow the scope of the initial recognition exemption)	January 01, 2023

		Effective for the period beginning on or after
IAS-16	Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS-37	Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IFRS-10	Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture).	Not yet finalised
IFRS-3	Business Combinations – Amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS-4	Insurance Contracts – Amendments regarding the expiry date of the deferral approach	January 01, 2023
IAS-41	Agriculture – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)	January 01, 2022
IFRS-1	First-time Adoption of International Financial Reporting Standards – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	January 01, 2022
IFRS-9	Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for de-recognition of financial liabilities)	January 01, 2022
IFRS-16	Leases – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (Lease incentives)	January 01, 2022

The above amendments and improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

5.3 New Standards issued by IASB but not yet been notified / adopted by SECP

Following new standards issued by IASB but not yet been notified / adopted by SECP:

		Effective for the period beginning on or after
IFRS – 1	First Time Adoption of IFRS	July 01, 2009
IFRS – 17	Insurance Contracts	January 01, 2023

Further, the above new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

5.4 Waiver from application of IFRS 16 "Leases"

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 24 (I) / 2012 dated January 16, 2012, as modified by S.R.O. 986 (I) / 2019 dated September 02, 2019, granted exemption from the application of IFRS 16 'Leases' to all companies, which have entered into power purchase agreements before January 01, 2019. However, SECP made it mandatory to disclose the impact of the application of IFRS 16 on the Company's financial statements. The Company's arrangement with CPPA-G covered under respective EPAs and consequently are exempt under the aforesaid S.R.O. Under IFRS-16 Leases, the consideration required to be made by lessees CPPA-(G) for the right to use the asset would have been accounted for as finance lease. The Company's power plant's control due to purchase of total output by CPPA-G appears to fall under the scope of finance lease under IFRS 16. Further, comparative information has been restated of below disclosure due to error in applying IFRS 16. Consequently, if the Company were to follow IFRS 16 with respect to its EPA, the effect on the unconsolidated financial statements would be as given below:

	2022 Rupees	2021 Rupees
De-recognition of property, plant and equipment	(3,919,193,645)	(4,132,209,168)
Recognition of lease receivables	17,187,586,969	17,802,340,090
Increase in un-appropriated profit at beginning of the year	13,670,130,922	9,902,089,301
(Decrease)/increase in profit for the year	(401,737,598)	3,768,041,621
Increase in un-appropriated profit at end of the year	13,268,393,324	13,670,130,922

	2022 Rupees	2021 Rupees
6. SHARE CAPITAL		
6.1 Authorized share capital		
75,000,000 (2021: 75,000,000) voting ordinary shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (2021: 25,000,000) preference shares of Rs. 10 each	250,000,000	250,000,000
	1,000,000,000	1,000,000,000
6.2 Issued, subscribed and paid up share capital		
32,145,725 (2021: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
27,630,936 (2021: 27,630,936) voting bonus shares of Rs. 10 each fully paid	276,309,360	276,309,360
	597,766,610	597,766,610

6.2.1 Mr. Jahangir Khan Tareen, an Executive Director (2021: Executive Director) holds 9,269,012 (2021: 9,552,293) and Makhdoom Syed Ahmad Mahmud, a Non-Executive Director (2021: Non-Executive Director) holds 17,547,213 (2021: 16,493,932) ordinary shares of Rs. 10 each representing 15.51% (2021: 15.98%) and 29.35% (2021: 27.59%) of the paid up capital of the Company respectively.

6.2.2 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction. The Company does not pay dividend until certain financial requirements of lenders are satisfied.

7. SHARE PREMIUM RESERVE

This reserve can be utilized by the Company only for the purposes specified in section 81(2) and 81(3) of the Companies Act, 2017.

8. LONG TERM FINANCES - SECURED

	Note	2022 Rupees	2021 Rupees
Mark-up bearing finances from conventional			
banks / financial institutions	8.1.1	8,794,166,670	11,552,789,191
Islamic mode of financing	8.1.2	520,435,905	832,538,469
	8.1 & 8.3	9,314,602,575	12,385,327,660
Less: Transaction cost			
As at 01 October		(34,755,446)	(41,318,166)
Amortization of transaction cost	39 & 42	6,562,720	6,562,720
As at 30 September		(28,192,726)	(34,755,446)
		9,286,409,849	12,350,572,214
Current maturity presented under current liabilities:			
Mark-up bearing finances from conventional			
banks / financial institutions		(2,780,653,333)	(3,042,604,239)
Islamic mode of financing		(249,602,567)	(312,102,568)
	14	(3,030,255,900)	(3,354,706,807)
		6,256,153,949	8,995,865,407

8.1 Long term finances - secured

		Mark-up / Interest basis	Limit	Loan duration	Grace period	Year of loan maturity	Principal outstanding 2022	Principal outstanding 2021
			Rupees	Years	Years		Rupees	Rupees
8.1.1	**Mark-up bearing finances from conventional banks/ financial institutions**							
	The Bank of Punjab – Led Syndicate							
	The Bank of Punjab	*3mk + 1.10	2,036,641,666	06 Years	–	2027	1,832,977,501	1,991,428,221
	National Bank of Pakistan	3mk + 1.10	1,225,000,000	06 Years	–	2027	1,102,500,000	1,197,805,000
	Askari Bank Limited	3mk + 1.10	975,000,000	06 Years	–	2027	877,500,000	953,355,000
	MCB Bank Limited	3mk + 1.10	816,666,667	06 Years	–	2027	735,000,001	798,536,667
	Dubai Islamic Bank Limited	3mk + 1.10	816,666,667	06 Years	–	2027	735,000,001	798,536,667
	Pak Kuwait Investment Company (Pvt.) Limited	3mk + 1.10	612,500,000	06 Years	–	2027	551,250,000	598,902,500
	MCB Islamic Bank Limited	3mk + 1.10	612,525,000	06 Years	–	2027	551,272,498	598,926,944
	Askari Bank Limited (Islamic)	3mk + 1.10	255,000,000	06 Years	–	2027	229,500,000	249,339,000
			7,350,000,000				6,615,000,001	7,186,829,999
	Conventional banks/ financial institutions							
	Allied Bank Limited (II)	3mk + 0.50	1,000,000,000	1.5 Years	01 Year	2023	1,000,000,000	–
	Pak Libya Holding Company Limited (II)	3mk + 1.00	450,000,000	05 Years	0.5 Year	2026	350,000,000	450,000,000
	Pak Brunei Investment Company Limited	3mk + 1.00	500,000,000	06 Years	01 Year	2025	300,000,000	400,000,000
	Askari Bank Limited (IV)	3mk + 1.25	500,000,000	04 Years	0.25 Year	2024	266,666,669	400,000,001
	Soneri Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2023	125,000,000	250,000,000
	Pak Oman Investment Company Limited (II)	3mk + 1.00	500,000,000	06 Years	01 Year	2023	75,000,000	175,000,000
	Habib Bank Limited	6mk + 1.00	500,000,000	05 Years	01 Year	2022	62,500,000	187,500,000
	Soneri Bank Limited (I)	3mk + 1.00	195,000,000	05 Years	–	2022	–	60,000,000
	Habib Bank Limited – SBP Refinance Scheme (note 8.2)	**SBP Rate + 1.50	1,000,000,000	2.5 Years	0.5 year	2022	–	560,129,192
	MCB Bank Limited (II)	3mk + 1.00	2,000,000,000	03 Years	0.5 year	2023	–	1,400,000,000
	Allied Bank Limited (I)	3mk + 0.50	1,000,000,000	1.5 Years	–	2021	–	333,329,999
	Standard Chartered Bank (Pakistan) Limited	3mk + 1.00	1,000,000,000	05 Years	–	2022	–	150,000,000
			9,145,000,000				2,179,166,669	4,365,959,192
			16,495,000,000				8,794,166,670	11,552,789,191
8.1.2	Islamic mode of financing							
	Bank Islami Pakistan Limited	3mk + 1.25	250,000,000	05 Years	01 Year	2026	218,750,000	250,000,000
	National Bank of Pakistan (II)	3mk + 1.00	250,000,000	05 Years	01 Year	2024	177,083,338	239,583,334
	Bank Alfalah Limited	3mk + 0.90	500,000,000	05 Years	01 Year	2023	124,602,567	249,205,135
	Dubai Islamic Bank (Pakistan) Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	–	93,750,000
			1,500,000,000				520,435,905	832,538,469
			17,995,000,000				9,314,602,575	12,385,327,660

* 3 mk i.e. 3 months KIBOR

** SBP rate i.e. 0%

8.2 The Company had obtained borrowing under Refinance Scheme for payment of Wages & Salaries by the State Bank of Pakistan (SBP) at subsidized rate in different tranches on various dates starting from June 2020, earmarked from running and cash finance limit, which was repayable in 8 quarterly installments to commercial banks under the SBP Refinance Scheme. This loan was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment had been measured as difference between subsidized rate i.e. 0% KIBOR plus 150 bps per annum and prevailing market rate i.e. three months KIBOR plus 150 bps per annum which had been recognised as Government grant in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" (see note 12 to these unconsolidated financial statements) and had been amortised to interest income in line with the recognition of interest expense the grant was compensating. The grant was conditional subject to fulfillment of certain conditions as defined in the SBP Refinance Scheme. This loan has been fully repaid during the year.

8.3 Long term finances are secured against ranking / joint parri passu charge over all present and future fixed assets including land, building and plant and machinery of the Company amounting to Rs. 20,268 million (2021: Rs. 20,374 million) and personal guarantees of sponsor Directors of the Company.

		Note	2022 Rupees	2021 Rupees
9.	**LEASE LIABILITIES**			
	Balance as at 01 October		2,104,109,093	1,460,474,747
	Additions / modifications of lease		1,314,109,525	1,405,892,658
	Impact of early termination		(172,416,416)	(41,641,412)
	Impact of remeasurment of lease liabilities		51,986,278	(9,423,355)
	Finance cost regarding lease arrangement	39	260,253,949	178,103,402
	Lease payments		(957,555,198)	(889,296,947)
		9.1 & 9.2	2,600,487,231	2,104,109,093
	Less: Current maturity presented under current liabilities	14	(771,429,617)	(790,380,467)
	Balance as at 30 September		1,829,057,614	1,313,728,626

9.1 This includes lease obligation against lease of land for Rs. 7.876 million (2021: Rs. 15.102 million) towards Deharki Sugar Mills (Private) Limited, a wholly owned subsidiary of the Company.

9.2 This includes Rs. 398.707 million and Rs. 13.531 million (2021: Rs. 398.526 million and Rs. 26.991 million) outstanding under Diminishing Musharakah financing arrangement and conventional banks respectively.

9.3 Implicit borrowing rate against lease liabilities towards financial institutions / conventional banks is six month KIBOR plus 100 to 110 bps per annum (2021: six month KIBOR plus 100 to 110 bps per annum). These are secured against charge on the leased assets and security deposits (for details, refer to note 21 & 25). Further, the Company has provided Demand Promissory Note in favour of the Diminishing Musharakah financing arrangement as security of outstanding due.

9.4 The maturity analysis of lease liabilities is presented in note 44.1.2 to these unconsolidated financial statements.

9.5 The incremental borrowing rate applied to lease liabilities related to land and building ranging from 9.70% to 15.87% (2021: 8.65% to 14.9%). There are no variable lease payments in lease contracts. There were no lease with residual value guarantee.

9.6 At 30 September 2022, the Company had committed to leases for vehicles which had not yet commenced. The total expected future cash outflows for such leases are Rs. 16 million (2021: Rs. 27.4 million).

	Note	2022 Rupees	2021 Rupees
10. DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences			
arising in respect of:			
- accelerated tax depreciation on operating fixed assets		3,251,158,496	2,871,733,322
- right-of-use assets		664,176,775	468,519,362
		3,915,335,271	3,340,252,684
Deferred tax asset on deductible temporary differences			
arising in respect of:			
- lease liabilities against right-of-use assets		(744,764,480)	(527,507,973)
- provisions for doubtful debts and obsolescence		(31,101,719)	(63,777,818)
- provision for Workers' Profit Participation Fund		(80,474,103)	(61,680,978)
- provision for Workers' Welfare Fund		(16,269,609)	(16,280,581)
- tax losses		–	(186,624,114)
- staff retirement benefits		(14,299,857)	(19,969,633)
- tax credits		(1,811,398,038)	(2,139,697,529)
		(2,698,307,806)	(3,015,538,626)
- Unrecognized deferred tax liability related to			
operating fixed assets of bagasse based Co-Generation	4.9.2	(970,766,196)	(692,741,608)
	10.2	246,261,269	(368,027,550)

10.1 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. Further, during the year, an amendment made to Income Tax Ordinance, 2001 through Finance Act, 2022. In accordance with the such amendment, super tax at the rate of 4% for tax year 2023 and onwards has been levied on high earning persons in addition to the corporate tax rate of 29%. Accordingly, deferred tax assets and liabilities have been recognised using the expected applicable rate of 33% (2021: 29%).

	Note	2022 Rupees	2021 Rupees
10.2 Movement in deferred tax balances is as follows:			
As at 01 October		(368,027,550)	994,001,202
Recognized in statement of profit or loss:			
- accelerated tax depreciation on operating fixed assets		101,400,586	(750,282,743)
- right-of-use assets		195,657,413	162,883,086
- lease liabilities against right-of-use assets		(217,256,507)	(145,023,781)
- provisions for doubtful debts and obsolescence		32,676,099	1,894,128
- provision for Workers' Profit Participation Fund		(18,793,125)	(26,494,999)
- provision for Workers' Welfare Fund		10,972	(2,909,909)
- staff retirement benefits		4,995,195	14,188,756
- tax losses		186,624,114	94,583,221
- origination and reversal of tax credits		328,299,491	(709,481,532)
	40	613,614,238	(1,360,643,773)
Recognized in other comprehensive income:			
- staff retirement benefits		674,581	(1,384,979)
	10	246,261,269	(368,027,550)

11. RETIREMENT BENEFITS

The latest actuarial valuation of the Company's defined benefit plan was conducted on 30 September 2022 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

		Note	2022 Rupees	2021 Rupees
11.1	**Unconsolidated statement of financial position**			
	Present value of defined benefit obligation	11.2	282,100,806	240,194,734
	Fair value of plan assets	11.3	(258,450,610)	(184,207,482)
	Net liability at end of the year		23,650,196	55,987,252
11.2	**Movement in liability for funded defined benefit obligation**			
	Present value of defined benefit obligation at beginning of the year		240,194,734	189,817,372
	Current service cost for the year		25,956,103	20,868,916
	Interest cost for the year		24,386,767	17,481,891
	Benefits paid during the year		(10,921,818)	(17,956,826)
	Past service cost		–	25,454,105
	Remeasurement on obligation		2,485,020	4,529,276
	Present value of defined benefit obligation at end of the year	11.1	282,100,806	240,194,734
11.3	**Movement in fair value of plan assets**			
	Balance at beginning of the year		184,207,482	85,201,349
	Return on plan assets excluding interest income		21,854,410	12,534,635
	Contributions made during the year		58,781,330	104,674,839
	Remeasurement on plan assets		4,529,206	(246,515)
	Benefits paid during the year		(10,921,818)	(17,956,826)
	Fair value of plan assets at end of the year	11.1	258,450,610	184,207,482
11.4	**Charge for the year**			
	Unconsolidated statement of profit or loss:			
	Current service cost		25,956,103	20,868,916
	Interest cost for the year		24,386,767	17,481,891
	Return on plan assets excluding interest income		(21,854,410)	(12,534,635)
	Past service cost		–	25,454,105
			28,488,460	51,270,277
	Other comprehensive income:			
	Remeasurement on obligation		2,485,020	4,529,276
	Remeasurement on plan assets		(4,529,206)	246,515
			(2,044,186)	4,775,791
			26,444,274	56,046,068
11.5	**Movement in experience losses**			
	Opening experience losses		–	–
	Experience losses		2,044,186	(4,775,791)
	Charge to other comprehensive income		(2,044,186)	4,775,791
	Closing experience losses		–	–

Break up of plan assets	2022 Rupees	2022 %	2021 Rupees	2021 %
Mutual funds	57,077,277	22%	50,672,665	28%
Term Deposit Receipts	110,472,397	43%	110,520,765	60%
Term Finance Certificates	31,440,296	12%	–	0%
Cash at bank	59,460,640	23%	23,014,052	12%
	258,450,610	100%	184,207,482	100%

11.6 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

Final salary risk - The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Longevity Risks - The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Investment risk - The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

11.7 Expected future contribution

Expected future contribution for the year ending 30 September 2023 is Rs. 30.711 million (2022: Rs. 26.246 million).

11.8 Actuarial assumptions sensitivity analysis

The below sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in these unconsolidated statement of financial position. If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 September 2022 and 2021 would have been as follows:

		Impact on defined benefit obligation			
		2022		2021	
	Change	Increase	Decrease	Increase	Decrease
		Rupees			
Discount rate	100 BPS	(23,355,229)	26,921,458	(19,484,759)	22,824,367
Salary growth rate	100 BPS	26,083,843	(23,055,602)	22,016,306	(19,152,247)

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

		2022	2021
11.9	**Principal actuarial assumptions used**		
	Valuation discount rate	13.25%	10.50%
	Salary increase rate	13.25%	10.50%
	Expected return on plan assets	13.25%	10.50%
	Retirement assumption	60 years	60 years
	Weighted average duration of obligation	9 year	8.8 year
	Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005
	Withdrawal rate	Moderate	Moderate

		2022 Rupees	2021 Rupees
11.10	**Maturity profile**		
	1 - 5 years	178,617,636	97,416,889
	6 - 10 years	143,312,839	119,242,326
	11 - above years	1,276,937,097	701,367,483

12. DEFERRED INCOME - GOVERNMENT GRANT

	Note	2022 Rupees	2021 Rupees
Balance as at 01 October		23,388,308	63,389,822
Recognized during the year	8.2	–	7,765,698
Amortized during the year	39	(23,388,308)	(47,767,213)
		–	23,388,308
Less: Current maturity presented			
under current liabilities	14	–	(22,703,093)
Balance as at 30 September		–	685,215

13. SHORT TERM BORROWINGS

	Note	2022 Rupees	2021 Rupees
Mark-up based borrowings from conventional banks - secured			
- Cash finances	13.1	5,965,974,626	499,908,687
- Running finances	13.2	2,581,056,808	1,220,634,383
- Finance against trust receipts	13.3	229,447,425	69,569,806
		8,776,478,859	1,790,112,876
Islamic mode of financing - secured			
- Salam / Istisna / Musawamah / Tijarah finances	13.4	2,257,859,433	–
- Morabaha / Karobar/ Musharakah finances	13.5	–	225,000,000
		2,257,859,433	225,000,000
Borrowings from related party - unsecured			
- Deharki Sugar Mills (Private) Limited	13.6	–	1,000,000,000
		11,034,338,292	3,015,112,876

13.1 The Company has availed cash finance facilities from various banks aggregated to Rs. 10,950 million (2021: Rs. 9,200 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 50 to 100 bps per annum (2021: one to three months KIBOR plus 50 to 125 bps per annum) on utilized limits. These facilities are secured against pledge charge over white refined sugar bags at 15% to 25% margin and personal guarantees of all directors of the Company.

13.2 The Company has obtained running finance facilities aggregating to Rs. 2,771 million (2021: Rs. 1,771 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 75 to 100 bps per annum (2021: one to three months KIBOR plus 75 to 100 bps per annum). These are secured against ranking charge / joint pari passu charge over all present and future current assets, excluding pledge stock, of the Company and personal guarantees of the all Directors of the Company.

13.3 The limit of finance against trust receipt facility is Rs. 380 million (2021: Rs. 380 million). It carries mark-up ranging from one to six months KIBOR plus 100 bps per annum (2021: one to six months KIBOR plus 100 bps per annum). These are secured against ranking charge / joint pari passu charge over present and future current assets, excluding pledge stock, of the Company and personal guarantees of the sponsor Directors of the Company.

13.4 The Company has obtained Salam / Istisna / Musawamah / Tijarah financing facilities from various banks aggregating to Rs. 8,384 million (2021: Rs. 6,510 million). The mark-up rates applicable during the year ranging from three to six months KIBOR plus 50 to 100 bps per annum (2021: three to six months KIBOR plus 50 to 100 bps per annum). These facilities are secured against pledge charge over white refined sugar bags at 10% to 25% margin and personal guarantees of sponsor Directors of the Company.

13.5 The Company has availed Morabaha / Karobar / Musharakah finance facilities aggregated to Rs. Nil (2021: Rs. 225 million). The mark-up rates applicable during the year ranges from three to six month KIBOR plus 100 bps per annum (2021: three to one year KIBOR plus 75 to 100 bps per annum). These are secured against ranking charge / joint pari passu charge over present and future current assets, excluding pledge stock, of the Company and personal guarantees of the sponsor Directors of the Company.

13.6 During the year, the Company has entered into agreements with the Deharki Sugar Mills (Private) Limited, a wholly owned subsidiary, to obtain and provide the short term advance/loan up to aggregate amount to Rs. 2.5 billion and Rs. 3 billion (2021: Rs. 3 billion and Rs. Nil), for period of one year respectively. Mark up is payable and receivable on quarterly basis at the average borrowing rate of the respective lender ranging from 8.78 % to 11.48 % per annum (2021: 8.26 % to 8.57 %) and 11.46 % to 15.95 % (2021: Nil) per annum respectively.

13.7 The available facilities for opening letters of credit and guarantee as on the reporting date aggregate to Rs. 1,650 million (2021: Rs. 1,550 million) which includes Rs. 380 million (2021: Rs. 250 million) sub-limit of FATR facility. Further, facilities of amounting Rs. 100 million (2021: Rs. 300 million) remain unutilized as on reporting date. These are secured against ranking charge / joint pari passu charge over present and future current assets, excluding pledge stock, of the Company and by lien over import documents, and personal guarantees of the sponsor Directors of the Company.

13.8 Credit facilities as mentioned in note 13.2, 13.3, 13.5 and 13.7 are secured by an aggregate amount of Rs. 4,113 million (2021: Rs. 6,773 million) as at reporting date.

	Note	2022 Rupees	2021 Rupees
14. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances - secured	8	3,030,255,900	3,354,706,807
Lease liabilities	9	771,429,617	790,380,467
Deferred income - Government grant	12	–	22,703,093
		3,801,685,517	4,167,790,367

		Note	2022 Rupees	2021 Rupees
15.	**TRADE AND OTHER PAYABLES**			
	Trade and other creditors	15.1	1,366,768,539	1,032,234,146
	Sales tax payable		723,449,810	337,672,323
	Accrued expenses	15.2	137,560,464	97,732,546
	Payable to Workers' Profit Participation Fund	15.3	270,956,575	234,729,641
	Payable to Workers' Welfare Fund	15.4	54,779,827	61,956,458
	Due to related party	15.5	207,329,562	222,234,228
	Tax deducted at source		107,162,592	37,399,165
	Payable to Employees' Provident Fund		24,497,471	20,008,055
	Retention money		6,520,212	6,433,802
	Agriculture Income Tax payable		2,144,987	1,267,574
	Other payables	15.6	126,527,127	147,865,070
			3,027,697,166	2,199,533,008

15.1 Payable to growers against purchase of sugarcane was Rs. Nil as at 30 September 2022 (2021: Rs. Nil).

15.2 This includes Rs. 97.63 million (2021: Rs. 60.78 million) in respect of market committee fee (for details, refer to note 19.1.23).

		Note	2022 Rupees	2021 Rupees
15.3	**Payable to Workers' Profit Participation Fund**			
	Balance as at 01 October		234,729,641	130,039,744
	- allocation for the year	38 & 42	270,956,575	234,729,641
	- interest on funds utilized	39	71,605,981	5,800,911
			577,292,197	370,570,296
	Paid during the year		(306,335,622)	(135,840,655)
	Balance as at 30 September	15.3.1	270,956,575	234,729,641

15.3.1 The interest on funds utilized by the Company is charged higher of interest at the rate of 2.5% above the bank interest rate or 75 % of the rate at which dividend is declared by the Company as prescribed under the Companies Profit (Workers Participation) Act, 1968 till the date of distribution of funds to the workers.

		Note	2022 Rupees	2021 Rupees
15.4	**Payable to Workers' Welfare Fund**			
	Balance as at 01 October		61,956,458	49,415,103
	Allocation for the year	38 & 42	35,525,427	12,541,355
	Reversal of prior year provision	37	(29,572,047)	–
			67,909,838	61,956,458
	Paid during the year		(13,130,011)	–
	Balance as at 30 September		54,779,827	61,956,458

15.4.1 Under section 9.2(a) of the EPA, payments for Workers' Welfare Fund and Workers' Profit Participation Fund are recoverable from CPPA-G as a pass through item in relation to Co-Generation Power Plants only.

15.5 This represents payable to Deharki Sugar Mills (Private) Limited, a wholly own subsidiary, in respect of purchase of bagasse.

15.6 These mainly represents deduction from employees against vehicles as per the Company's finance car scheme. This includes deposits for Rs. 1.168 million (2021: Rs. 0.844 million) taken from the key management personnel of the Company.

16. ADVANCES FROM CUSTOMERS

The advances from customers primarily relate to the advance consideration received from customers for sale of sugar and molasses, for which revenue is recognised at point in time when goods are transferred. Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

17. UNCLAIMED DIVIDEND

As at the reporting date, the Company is in the process of complying with the provisions of Section 244 of the Companies Act, 2017.

	2022 Rupees	2021 Rupees
18. ACCRUED PROFIT / INTEREST / MARK-UP		
Mark-up on financing / borrowings from conventional		
banks / financial institutions:		
- Long term finances - secured	299,176,709	193,356,781
- Short term borrowings - secured	290,977,837	45,996,038
	590,154,546	239,352,819
Profit on Islamic mode of financing:		
- Long term finances - secured	14,347,889	10,089,773
- Short term borrowings - secured	208,465,422	1,862,158
	222,813,311	11,951,931
	812,967,857	251,304,750

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 The tax department issued a show cause notice to the Company on 09 April 2013 on the grounds that the Company has charged Federal Excise duty at the rate of 0.5% instead of 8% on local supplies made and raised a demand of Rs. 50.68 million. Consequently, the Company filed a writ petition against this notice in the Honorable Lahore High Court ("Court") on the basis that the rate of 0.5% has been charged as allowed by the FBR vide SRO 77(I)/2013 dated 07 February 2013. The Honorable Lahore High Court decided the matter in favour of the Company by declaring the afore-mentioned SRO illegal vide order dated 22 November 2013. The Federal Board of Revenue has filed an intra-court appeal against the order dated 22 November 2013 before Lahore High Court which is still pending for adjudication. Management of the Company expects a favorable outcome in this case.

19.1.2 The Company was selected for audit u/s 177 of Income Tax Ordinance, 2001 ("I.T.O") for Tax year 2008. Assistant Commissioner of Inland Revenue ("ACIR") passed an order u/s 122(5) / 122(1) of I.T.O by making additions on different issues i.e. interest expense, salaries, sale, gain on sale of assets etc., amounting to Rs. 516 million by reducing brought forward losses. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) ("CIR(A)"), who vide order dated 06 April 2010 decided appeal in favor of the Company on most of the issues. The department filed an appeal before Appellate Tribunal Inland Revenue ("ATIR"). Respectable ATIR passed an order in favor of the Company except for two issues with an aggregate amount of Rs. 72.57 million. The Company has filed an appeal before Honorable Lahore High Court (LHC), against the order of the ATIR. The management of the Company is confident that this case will be decided in its favor.

19.1.3 The Company (Previously United Sugar Mills Limited) was selected for audit u/s 177 of I.T.O for Tax year 2008. The Company has filed Writ Petition (WP) before LHC against selection of audit which was rejected by the LHC. Income tax department initiated audit proceeding and Deputy Commissioner Inland Revenue ("DCIR") passed an order u/s 122(4)/(5) of I.T.O by making additions on different issues and created a demand of Rs. 76.56 million vide order dated 22-12-2017. The Company filed an appeal before CIR(A), who passed ex-parte order against the Company. The Company has filed second appeal before ("ATIR"). Appeal was heard and matter has been remanded back for denovo consideration. The management of the Company is confident that this case will be decided in its favor.

19.1.4 Additional Commissioner Inland Revenue ("ACIR") issued show cause notice u/s 122(5A) of I.T.O for tax year 2011 confronting several matters. The said notice was duly complied and plea of the Company was largely accepted by the tax department. ACIR passed order u/s 122(5A) of I.T.O by making additions on different issues and created a demand of Rs. 18.75 million vide order dated 30-06-2017. The Company filed an appeal before CIR(A). The CIR(A) has decided the case majorly in the favour of the Company vide order no. 45-A/V dated 22-02-2021. The Federal Board of Revenue (FBR) has filed appeal before ("ATIR") against the CIR(A) order which is still pending for adjudication. The management of the Company is confident that this case will be decided in its favor.

19.1.5 The Company was selected for audit u/s 177 of I.T.O for tax year 2014. DCIR passed an order u/s 122(1) of I.T.O by making additions on different expenses, amounting to Rs. 163.16 million. The Company has filed an appeal before CIR(A) who vide order dated 07-03-2018 accepted the tax payer contention and has granted relief on major issues amounting Rs. 127.03 million and upheld the remaining issues amounting to Rs. 36.15 million. The Company has filed second appeal before ATIR against the issues. The hearing of the same is pending. The management of the Company is confident that this case will be decided in its favor.

19.1.6 The Company was selected for audit u/s 72B of Sale Tax Act, 1990 (the Act) for the period from June 2013 to July 2014 by the Federal Board of Revenue ('the FBR'). A sales tax demand was raised by the tax department on various grounds of Rs. 70.94 million. The Company has filed an appeal before CIR(A) who vide its order dated 08-02-2018 has granted relief amounting Rs. 57.37 million and the remaining issues with an aggregate amount of Rs. 12.62 million were upheld. The Company has filed second appeal before ATIR. The hearing of the same is pending. The management of the Company is confident that this case will be decided in its favor.

19.1.7 The Company was selected for audit u/s 214C of I.T.O for tax year 2016. ACIR passed an order u/s 122(4) / 122(5) of I.T.O by making additions on different issues amounting to Rs. 506 million by reducing brought forward losses. The Company has filed an appeal before CIR(A) who granted relief for an amount of Rs. 30.88 million vide order no. 12/A-V dated 08 April 2021. The Company has filed second appeal before appellate tribunal ("ATIR") against the above mentioned order which is pending for adjudication. The management of the Company is confident that this case will be decided in its favor.

19.1.8 The Company has filed W.P 67473/2020 & 65212/2019 before LHC challenging the amendment inserted vide Finance Act, 2019 whereby tax credit under section 65B of I.T.O has been reduced from 10% to 5% for the tax year 2019 and period for availing this credit has also been restricted till 30 June 2019. The Company has claimed tax credit at the rate of 10% for the year ended 30 September 2018 and 30 September 2019 amounting to Rs. 254.9 million and Rs. 94.34 million respectively. Now the matter is pending before the LHC. The management of the Company expects a favorable outcome in this case.

19.1.9 A show-cause notice u/s 122(5) of I.T.O was served by DCIR for tax year 2015 confronting bank credits to the Company. The said notice duly complied and the plea of the Company was accepted to some extent in the order dated 15-06-2021. As a result, demand amounting to Rs. 1,555 million was created on account of unexplained bank credits. The Company has filed an appeal before CIR (A). The CIR (A) remanded back the case to learned DCIR for reassessment and affording proper time to the Company.

The Company has filed second appeal before ATIR against above mentioned order of CIR (A). The ATIR adjudicated the appeal vide ITA. No. 799/LB/2022 dated 19-05-2022 by remanding back the case to assessing officer for denovo consideration. The Company has filed reference before LHC against ATIR order. The reference has been admitted and operation of impugned order dated 19-05-2022 has been suspended. Now the matter is pending before the LHC. The management of the Company expects a favorable outcome.

19.1.10 A show-cause notice u/s 122(5A)/122(9) of I.T.O was served by Additional CIR for tax year 2015 to the Company confronting several matters. The notice was duly complied and the plea of the Company was largely accepted in the order dated 02-07-2021. As a result, demand for Rs. 258.8 million was created on account of proration of expenses and advances from customers. The Company has filed an appeal before CIR (A). The CIR (A) has granted relief on allocation of expenses amounting to Rs. 6.9 million only and upheld the advances from customers amounting to Rs. 687.4 million. The Company has filed second appeal before ATIR on advances from customers against CIR (A) order, which is still pending. The management of the Company expects a favorable outcome.

19.1.11 A show cause notice under Sale Tax Act, 1990 was served to the Company confronting matter of inadmissible input sale tax. The said notice was duly complied and plea of the Company was rejected and a demand of Rs. 19.7 million was created through order dated 09-09-2020. The Company, being aggrieved, has filed an appeal before CIR (A) who in its order having no. 16/A-V dated 30-04-2021 upheld the decision of DCIR. The Company, being aggrieved, filed second appeal before ATIR who vide order STA No. 853/LB/2021 dated 25-05-2022 decided the case in favour of the Company. The Federal Board of Revenue, has filed a sales tax reference before Honorable Lahore High Court challenging the afore-mentioned order of ATIR. The hearing of the same is pending.

19.1.12 A show cause notice u/s 11(2) of Sale Tax Act, 1990 (the Act) was served to the Company confronting matter of inadmissible input sale tax for period October 2016 to December 2016. The said notice was duly complied and plea of the Company was accepted to some extent and a demand of Rs. 13.3 million was created through order dated August 31, 2021. The Company has filed an appeal before CIR (A). The CIR (A) adjudicated the matter by deleting tax demand of Rs. 9.47 million and remanded back the input disallowance of Rs. 1.9 million and confirmed the disallowance amounting to Rs. 1.88 million. The Company has filed second appeal before ATIR against CIR (A) order which is still pending. The management of the Company expects a favorable outcome.

19.1.13 A show cause notice u/s 11(2) of Sale Tax Act, 1990 (the Act) was served to the Company confronting matter of inadmissible input sale tax for period Jan 2017 to March 2017. The said notice was duly complied and plea of the Company was accepted to some extent and a demand of Rs. 21.86 million was created through order dated August 31, 2021. The Company has filed an appeal before CIR (A). The CIR (A) adjudicated the matter by allowing relief of Rs. 1.1 million and remanded back the input disallowance upto Rs. 17.12 million and confirmed the disallowance amounting Rs. 3.63 million. The Company has filed second appeal against order of CIR (A) before ATIR which is still pending. The management of the Company expects a favorable outcome.

19.1.14 A show cause notice u/s 11(3) of Sale Tax Act, 1990 was served to the Company confronting matter of suppression of sales. The said notice was duly complied and plea of the Company was rejected and a demand of Rs. 845.52 million was created vide order dated July 10, 2020. The Company, being aggrieved, has filed appeal before CIR (A), who vide order No. 02/A-V, dated December 15, 2020 remanded back the case. Thus, tax payable has become nil. The Company and the tax department both has challenged the decision of CIR (A) in ATIR. The hearing of the appeal is still pending. However, the management of the Company expects a favorable outcome.

19.1.15 A show-cause notice u/s 8 of Sale Tax Act, 1990 (the Act) dated 16-02-2022 was served by ACIR to the Company on account of claim of input tax of Rs. 83.85 million for the period July-2021 to November-2021. The ACIR has finalized the proceeding vide its order no. 19473 dated May 12, 2022 by disallowing input tax of Rs. 19.52 million & imposing penalty of Rs. 0.975 million. The Company has filed an appeal before CIR (A) against the order of ACIR. The CIR (A) adjudicated the appeal by confirming the disallowance and penalty imposed by ACIR. The Company has filed second appeal against order of CIR (A) before ATIR which is pending. The management of the Company expects a favorable outcome.

19.1.16 A show-cause notice u/s 73(4) Sale Tax Act, 1990 (the Act) dated 14-02-2022 was issued by ACIR to the Company on account of claim of inadmissible input tax amounting to Rs. 11.614 million for the period July-2020 to November-2021. The ACIR finalized the proceeding vide his order no. 18484 dated April 25, 2022 by confirming the said disallowance. The Company has filed an appeal before CIR (A) against the order of ACIR. The CIR (A) adjudicated the appeal by deleting the disallowance upto Rs. 0.950 million and confirmed the disallowance amount of Rs. 10.66 million. The Company has filed second appeal against order of CIR (A) before ATIR challenging the vires of section 73(4) which is pending. It may be noted that constitutionality of the section 73(4) of the Act has already been challenged in the LHC who also granted interim relief in cases where order has not been passed. The management of the Company expects a favorable outcome.

19.1.17 The DCIR has passed an order dated 28-06-2019 by making additions amounting to Rs. 41.1 million for Tax Year 2016. The Company has filed an appeal before CIR(A) against the said order. The CIR(A) has confirmed the additions made by DCIR vide order dated 24-10-2022. The Company has filed second appeal before appellate tribunal (“”ATIR””) against the above mentioned order which is pending for adjudication. The management of the Company expects a favorable outcome.

19.1.18 The Company has filed Writ Petition before the Honorable Lahore High Court challenging the ultra vires of section 4C of the Income Tax Ordinance, 2001. The Honorable Lahore High Court has granted interim relief in the afore-mentioned petition till the final decision of Court. The financial impact of Super Tax u/s 4C of the Income Tax Ordinance, 2001 amounting to Rs. 132.6 million for Tax Year 2022 has not been recognized in these unconsolidated financial statements.

19.1.19 The Ministry of Interior (GoP) had constituted the Inquiry Commission under the Pakistan Commission of Inquiry Act, 2017 dated 16 March 2020 to probe into the increase in sugar prices in the country. The Commission of Inquiry selected 10 units of sugar mills including 3 units of the Company, accordingly report of the Inquiry Commission has been issued dated 21 May 2020. The Commission of Inquiry in its report has highlighted discrepancies with respect to Benami Transactions (Prohibition) Act, 2017 with respect to the standard business practice of Pakistan sugar industry. The Commission of inquiry has revealed that names of the brokers may be masked, by the sugar mills, and there is risk of sales in benami / fictitious names. The Commission of Inquiry in its report has also highlighted discrepancies in crushing capacity of the Company (refer to note 47) and claimed that such enhancement and enlargement was made in the period of ban on capacity enhancement/enlargement (Show cause notices have already been issued by the Directorate of Industries, Punjab for both Units I and II of the Company way back in 2014 and matter is still pending). In addition to above, Pakistan Sugar Mills Association (PSMA) along with its member sugar mills, including the Company, filed writ petition 1544/2020 before the Honorable Islamabad High Court (IHC) challenging the initiation of inquiry, Constitution of the Commission Inquiry and all action taken pursuant thereto. Vide short order dated 20 June 2020, this above petition was disposed off and the commission’s report upheld. PSMA along with its member sugar mills, including the Company, challenged the order before the Division Bench of IHC in Intra Court Appeal (ICA) No. 156 of 2020. This ICA was dismissed on 18 August 2020. Thereafter, on 26 October 2020, PSMA and the Company filed Civil Petition for to Leave to Appeal (CPLA) No. 2697 of 2020 against the judgment dated 18 August 2020 before the Honorable Supreme Court of Pakistan. The Company has a good prima facie case.

19.1.20 A petitioner has filed Constitution Petition (CP) No. 3823 of 2018 in the Honorable High Court of Sindh against the Company (Unit III at Ghotki) along with other sugar mills dated 15 May 2018 for withdrawal/ cancellation/refunding of the cash freight subsidy on sugar export approved by the Cabinet Economic Coordination Committee and additional cash freight subsidy approved by the Sindh Cabinet. The matter is pending adjudication.

19.1.21 The matter of fixation of minimum price of sugarcane fixed under relevant notifications for crushing season 2014 - 2015 and 2017-2018 issued by the Government of Sindh was challenged by sugar mills including Unit III of the Company before the Honorable High Court of Sindh (the Honorable Court). During the proceedings, an interim arrangement was reached out between the parties whereby price of Rs. 172 was fixed out of which Rs. 160 were to be paid by the Mills and Rs. 12 were to be paid by the Government. The said arrangement was subject to the final outcome in the decision of the Honorable Supreme Court of Pakistan in Appeals. The management of the Company believes that the matter will ultimately be decided in favor of the Company. Furthermore, the Company along with other sugar mills have also filed petition in the Honorable Supreme Court challenging the minimum price fixation mechanism, which is also pending before the Honorable Supreme Court.

19.1.22 A petitioner has filed civil suit no. 1296 of 2005 in the Honorable Sindh High Court against the Company who has claimed a sum of Rs. 446 million and entitlement to retain the possession of and run the Unit II unless the dues of the plaintiff have been fully paid. The matter is pending adjudication.

19.1.23 The Secretary and Administrator of the Market Committee (MC) issued notices to Units I and II of the Company demanding arrears on account of market fee for crushing season 2016-2017 to 2018-2019 amounting to Rs. 16.45 million. The Company has filed an appeal before the Director Agriculture (E&M) against such notices which is pending adjudication.

Further, the Company was in a Constitutional Writ Petition challenging notification No. DIR (FB) XV-II8I-VIII dated 02 August 2017 issued by the Govt of the Punjab whereby market committee fee was enhanced for purchase of sugarcane from 50 paisa to 1 rupee per 100 kg and for Sugar & molasses from 1 rupee to 2 rupees per 100 kg vide order dated 18.12.2020, the said writ petition was referred to the Secretary Agriculture for deciding the grievance in the light of new legal framework. However, the Secretary Agriculture, Govt. of Pakistan via order dated 07 July 2021 concluded that said notification is valid from its issuance and demanded Rs. 76.8 million. The Company has filed an W.P. 55108/2021 against above order and notification. The High Court of Lahore has restrained the authorities from taking any coercive measures. The case is currently pending adjudication. (for details, refer to note 15.2).

19.1.24 Federal Investigation Agency (FIA) has registered various cases revolving around issues like Money Laundering and collusion against accused from within the Company for misappropriation of public holder money. The allegations, however, were so weak that till to date, FIA officials after complete and thorough investigation failed to incriminate the accused due to deficient evidence and also have not submitted report. As per legal counsel of the Company, it would be a disservicing to the Company to make an assessment of financial loss that could be incurred, in any.

19.1.25 The Company has filed a WP 59553/2021 against Federation of Pakistan in the Honorable Lahore High Court and challenging the lifting of sugar from the mill at ex-mill price as determined Rs. 84.75/ kg through SRO. 1259(I)2021 dated 21 September 2021. However, such Writ Petition has disposed off vide order dated 29 September 2021 and concluded that benefit shall be extended to consumers for any excess amount charged as per above mentioned SRO and appellate Committee Order dated 07 October 2021. However, the Company has filed intra court appeal 61698/2021 and WP 63011 & 61692/2021 in the Honorable Lahore High Court against such order and notification. The Company has also file C.P.L.A 2050/2021 in the Honorable Supreme Court of Pakistan against above mentioned order and notices. The matter is pending adjudication.

19.1.26 Employee Old Age Benefits Institution (EOBI) issued show cause notices to the Company demanding an amount of Rs. 7,084,800 and Rs. 5,313,600 in respect of employees of Unit-I & Unit-II respectively for the period October, 2015 to September, 2016. Further, the Adjudicating Authority passed an order dated 08 December 2020 against the Company and directed to recover the demanded amount immediately. The Company has filed appeal against such order. The matter is pending adjudication. Further, during the year, Adjudicating Authority, Lahore issued assessment order and demand notice to the Company demanding an amount of Rs. 12,038,176 in respect of employees of Unit III for the period July, 2018 to June, 2020. The Company has filed complaint before Adjudicating Authority, Lahore for setting aside of impugned assessment order and impugned demand notices. The matter is pending adjudication.

19.1.27 The Honorable Sindh High Court passed an order in C.P. no. D-1313/2013 dated 12 February 2018, according to which, in the case of trans-provincial companies, the companies are required to pay Workers' Profit Participation Fund (WPPF) under the Sindh Companies Profits (Workers' Participation Act), 2015. Sindh Revenue Board (SRB) vide the impugned judgment issued notice to the Company for the non payment of WPPF as per the impugned judgment. The Company has filed an C.P.L.A 954/2018 against this order in the Honorable Supreme Court and impugned judgment of the Honorable Sindh High Court has been suspended. However, allocation for the year has been recognized in accordance with provision of the Companies Profit (Workers' Participation) Act, 1968 (for details, refer to note 15.3).

19.1.28 The Company received various show cause notices from the Sindh Revenue Board (SRB) demanding payment of Sindh Workers' Welfare Fund for the period 2015 to 2017 for Rs. 116 million. The Company has challenged the said notice through C.P. 7956/2019 in High Court of Sindh on the ground that after the 18th Amendment, SRB and Federation of Pakistan, both can only collect Workers' Welfare Fund (WWF) from the Company after a law is enacted catering to WWF collection from trans-provincial organizations. Further, Supreme Court of Pakistan, in CA. No. 1583 of 2014 has held that exclusive jurisdiction rested with the Parliament and Federation of Pakistan in respect of labour matters of trans-provincial organizations. The Federation of Pakistan and the Province of Sindh along with SRB have been made parties in the said matter. The Company's legal counsel is of the view that the Company, being a trans-provincial organization, has a good chance of success. However, provision for the year has been recognized in accordance with the Workers Welfare Fund Ordinance, 1971 (for details, refer to note 15.4).

19.1.29 The Company has filed an appeal No. 55, 56 & 57 of 2022 before the Competition Appellate Tribunal against the order dated 13 August 2021 of the Competition Commission of Pakistan (''CCP'') in which a penalty of Rs. 8,237.78 million was imposed on the Company. However, Appellate Tribunal has restrained the CCP from adopting any coercive measures against the Company for recovery of the fine in its order dated 02 June 2022. The appeal is pending adjudication.

The Company also challenged the order dated 13 August 2021 before the Lahore High Court in Writ Petition No. 64858 of 2021 titled the Company vs Federation of Pakistan etc. The operation of said order has been suspended and CCP has been restrained from recovering the penalty imposed in terms of an order of the Lahore High Court dated 18 October 2021. The matter is pending adjudication before the Lahore High Court.

19.1.30 As at 30 September 2022, several cases were filed against the Company before various court of laws relating to claims and settlements of dues, etc., the amount of which cannot be determined. The management, based on the opinion of the legal counsel expects that the outcome of all these cases will be in favour of the Company, as they have a reasonable defense in the cases filed. Accordingly, no provision has been made in these unconsolidated financial statements.

Based on the opinion of the Company's legal advisors, management is expecting a favorable outcome of the above cases from 19.1.18 to 19.1.26 and 19.1.29. Therefore, no provision has been recognized in these unconsolidated financial statements.

19.1.31 Guarantees issued by the banks on behalf of the Company in favour of various parties as at the reporting date aggregate amounts to Rs. 799 million (2021: Rs. 758 million).

19.1.32 The Company has availed growers financing facilities from various banks aggregated to Rs. 2,021 million (2021: Rs. 1,315 million). The mark-up rates applicable during the year ranges from one year KIBOR plus 240 to 250 bps per annum (2021: one year KIBOR plus 240 to 250 bps per annum). The Company has provided counter guarantees to various banks against growers financing facilities as at the reporting date amounts to Rs. 3,145 million (2021: Rs. 2,520 million) and personal guarantees of sponsor directors of the Company (for details, refer to note 30.1).

19.1.33 Guarantees issued by the banks on behalf of the Company in favor of Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited, wholly owned subsidiary companies, as at the reporting date aggregate amounts to Rs. Nil (2021: Rs. 38 million).

19.1.34 The Company has issued cross corporate guarantees of Rs. 944 million (2021: Rs. 751.3 million) on behalf of Deharki Sugar Mills (Private) Limited - wholly owned subsidiary, to secure the obligations of subsidiary company towards their lenders.

		Note	2022 Rupees	2021 Rupees
19.2	**Commitments**			
19.2.1	Letters of credit for import of machinery and its related components	19.2.1.1	404,899,443	201,323,470

19.2.1.1 It includes shipping guarantee amounting to Rs. nil (2021: Rs. 8.812 million).

19.2.2 Commitments in respect of operation and maintenance cost of Co - Generation Power Plants contracted for but not incurred as at 30 September 2022 amounts to Rs. Nil (2021: Rs. 115.33 million).

	Note	2022 Rupees	2021 Rupees
20. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	20.1	19,068,801,186	19,522,518,881
Capital work in progress	20.2	196,702,905	60,266,380
Stores, spare parts and loose tools held for capital expenditure	20.3	69,947,922	88,006,362
		19,335,452,013	19,670,791,623

20.1 Operating fixed assets

20.1.1 Reconciliation of ending balances by classes of assets is as follows:

	Cost					Depreciation				
	As at 01 October 2021	Additions / (deletions) during the year	Transfers / reclassification during the year	As at 30 September 2022	Rate / Life	As at 01 October 2021	For the year	Transfers / reclassification / (deletions) during the year	As at 30 September 2022	Carrying amount as at 30 September 2022
	Rupees	Rupees	Rupees	Rupees	% / Year	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	1,729,658,247	-	-	1,729,658,247	-	-	-	-	-	1,729,658,247
		-								
Factory building on freehold land	2,292,797,850	-	(1,060,000)	2,291,737,850	10%	1,281,155,562	101,114,543	(563,145)	1,381,706,960	910,030,890
Non-factory building on freehold land	833,290,595	13,907,082	(44,619,735)	802,577,942	5% - 5/20 years	364,195,595	22,736,730	(10,139,808)	376,792,517	425,785,425
Plant and machinery	22,525,456,883	117,929,854	(56,086,750)	22,584,554,696	5% - 5/10 years	7,676,195,911	766,980,440	(39,190,785)	8,402,143,055	14,182,411,641
		(2,745,291)						(1,842,511)		
Sugarcane roots	776,236,276	651,405,712	-	1,061,299,933	3 years	274,848,701	302,772,325	-	330,681,596	730,618,337
		(366,342,055)	-					(246,939,430)		
Motor vehicles	1,896,038,972	187,330,771	102,115,913	2,018,791,744	20% - 5 years	1,663,649,036	90,670,951	60,376,380	1,683,730,577	335,061,167
		(166,693,912)	-					(130,965,790)		
Electrical installation	174,808,018	4,397,826	11,200,736	189,287,469	10% - 10 years	93,284,487	9,539,109	5,625,003	107,648,274	81,639,195
		(1,119,111)						(800,325)		
Office equipment	73,189,228	3,515,653	(11,938,844)	64,212,205	20% - 5 years	56,080,012	3,286,503	(9,103,596)	49,792,829	14,419,376
		(553,832)						(470,090)		
Tools and equipment	78,480,510	2,926,242	(722,426)	80,684,326	10%	38,699,346	4,109,399	(320,371)	42,488,374	38,195,952
Furniture and fixture	28,693,025	738,732	(12,669,557)	16,523,371	10% - 10 years	16,221,243	1,191,937	(6,529,918)	10,670,520	5,852,851
		(238,829)						(212,742)		
Weighbridge	40,223,357	-	1,226,011	41,449,368	10% - 10 years	25,529,080	1,592,029	960,377	28,081,486	13,367,882
		-	-					-		

	Cost					Depreciation				
	As at 01 October 2021	Additions / (deletions) during the year	Transfers / reclassification during the year	As at 30 September 2022	Rate / Life	As at 01 October 2021	For the year	Transfers / reclassification / (deletions) during the year	As at 30 September 2022	Carrying amount as at 30 September 2022
	Rupees	Rupees	Rupees	Rupees	% / Year	Rupees	Rupees	Rupees	Rupees	Rupees
Roads and boundary wall	95,300,302	-	44,390,410	139,690,712	10% - 5 years	62,698,401	8,782,112	10,109,085	81,589,598	58,101,114
		-	-				-	-		
Arms and ammunitions	8,237,117	-	72,348	8,309,465	10% - 10 years	5,886,898	235,022	72,348	6,194,268	2,115,197
		-	-				-	-		
Fire fighting equipment	82,815,232	-	2,535,355	85,350,587	20%	65,779,405	3,758,518	778,591	70,316,514	15,034,073
		-	-					-		
Aircrafts	902,022,925	59,754,736	-	961,777,661	10%	412,811,389	53,245,340	-	466,056,729	495,720,932
		-	-					-		
Tube well	8,607,613	-	50,441,119	59,048,732	10% - 5 years	5,459,526	3,249,254	38,706,035	47,414,815	11,633,917
		-	-					-		
Computers	79,393,189	4,676,535	13,967,820	91,990,574	33% - 3 years	60,235,866	8,892,188	9,233,248	72,835,584	19,154,990
		(6,046,970)						(5,525,718)		
	31,625,249,339	1,046,583,143	98,852,400	32,226,944,882		12,102,730,458	1,382,156,400	60,013,444	13,158,143,696	19,068,801,186
		(543,740,000)						(386,756,606)		

20.1.2 Additions in operating fixed assets included transfer from capital work in progress and stores, spare parts and loose tools held for capital expenditure amounting to Rs. 739.038 million (2021: Rs. 517.34 million) and Rs. 28.9 million (2021: Rs. 60.92 million) respectively.

20.1.3 Transfers to motor vehicles represents transfer of vehicles from right-of-use assets at carrying value amounting to Rs. 38.8 million (2021: Rs. 14.11 million).

20.1.4 Property, plant and equipment of the Company are kept secured with the banks under ranking and joint pari passu charge, for obtaining long term financing. This charge will exist till 31 January 2027. For details, refer to note 8.

20.1.5 Operating fixed assets having carrying amount Rs. 78 (2021: Rs. 78) as at 30 September 2022 have been retired from active use and not classified as held for sale in accordance with IFRS 5.

20.1.6 Reconciliation of beginning balances by classes of assets is as follows:

	Cost					Depreciation					
	As at 01 October 2020	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2021	Rate / Life	As at 01 October 2020	For the year	Transfers / (deletions) during the year	Impairment	As at 30 September 2021	Carrying amount as at 30 September 2021
	Rupees	Rupees	Rupees	Rupees	% / Year	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Owned											
Freehold land	1,686,376,559	43,281,688	-	1,729,658,247	-	-	-	-	-	-	1,729,658,247
		-						-			
Factory building on freehold land	2,308,492,739	-	-	2,292,797,850	10%	1,181,256,549	112,723,619	-	-	1,281,155,562	1,011,642,288
		(15,694,889)						(12,824,606)			
Non-factory building on	819,023,860	14,551,040	-	833,290,595	5% - 5/20 years	337,721,530	26,474,065	-	-	364,195,595	469,095,000
freehold land		(284,305)	-								
Plant and machinery	23,056,864,049	42,697,086	-	22,525,456,883	5% - 5/10 years	7,352,679,660	809,538,021	-	10,887,791	7,676,195,911	14,849,260,972
		(574,104,252)						(496,909,561)			
Sugarcane roots	744,430,754	498,972,201	-	776,236,276	3 years	211,930,205	216,431,818	-	-	274,848,701	501,387,575
		(467,166,679)						(153,513,322)			
Motor vehicles	1,888,143,288	38,832,509	56,371,350	1,896,038,972	20% - 5 years	1,581,771,827	103,460,156	42,254,670	-	1,663,649,036	232,389,936
		(87,308,175)						(63,837,617)			
Electrical installation	176,505,071	5,546,060	-	174,808,018	10%	88,140,247	9,089,582	-	1,290,867	93,284,487	81,523,531
		(7,243,113)						(5,236,209)			
Office equipment	71,762,252	1,515,276	-	73,189,228	20% - 5 years	51,285,216	4,876,930	-	4,691	56,080,012	17,109,216
		(88,300)						(86,825)			
Tools and equipment	80,966,565	1,718,099	-	78,480,510	10%	37,520,402	4,460,822	-	176,886	38,699,346	39,781,164
		(4,204,154)	-					(3,458,764)			
Furniture and fixture	27,114,622	2,068,773	-	28,693,025	10% - 10 years	14,269,683	2,386,771	-	33,849	16,221,243	12,471,782
		(490,370)						(469,060)			
Weighbridge	40,823,357	-	-	40,223,357	10%	24,447,291	1,637,607	-	-	25,529,080	14,694,277
		(600,000)						(555,818)			

	Cost					Depreciation					
	As at 01 October 2020	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2021	Rate / Life	As at 01 October 2020	For the year	Transfers / (deletions) during the year	Impairment	As at 30 September 2021	Carrying amount as at 30 September 2021
	Rupees	Rupees	Rupees	Rupees	% / Year	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Roads and boundary wall	95,300,302	-	-	95,300,302	10%	59,075,968	3,622,433	-	-	62,698,401	32,601,901
		-						-			
Arms and ammunitions	8,224,057	237,500	-	8,237,117	10%	5,817,662	258,534	-	-	5,886,898	2,350,219
		(224,440)						(189,298)			
Fire fighting equipment	82,815,232	-	-	82,815,232	20%	61,520,448	4,258,957	-	-	65,779,405	17,035,827
		-						-			
Aircrafts	873,689,731	28,333,194	-	902,022,925	10%	360,964,930	51,846,459	-	-	412,811,389	489,211,536
		-						-			
Tube well	8,607,613	-	-	8,607,613	10%	5,101,964	350,565	-	6,997	5,459,526	3,148,087
		-	-					-			
Computers	76,628,411	4,522,255	-	79,393,189	33%	53,017,030	8,651,392	-	52,029	60,235,866	19,157,323
		(1,757,477)						(1,484,585)			
	32,045,768,462	682,275,681	56,371,350	31,625,249,339		11,426,520,612	1,360,067,731	42,254,670	12,453,110	12,102,730,458	19,522,518,881
		(1,159,166,154)						(738,565,665)			

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

Location	Usage of immovable property	Total area (Acres)
Mauza Shirin, Jamal Din Wali, District Rahim Yar Khan	Manufacturing facility	318.60
Machi Goth, Sadiqabad, District Rahim Yar Khan	Manufacturing facility & Co-Gen Power Plant	187.15
Village Laluwali, District Ghotki	Manufacturing facility & Co-Gen Power Plant	157.03
59-A, Gulberg, Lahore	Record room / space for corporate office	0.65
29-B, Gulberg, Lahore	Rest house	0.30
Agricultural Land - Punjab (various locations)*	Agriculture land	1,014.32
Agricultural Land - Sindh (various locations)*	Agriculture land	1,078.98

The buildings on freehold land and other immovable fixed assets of the Company are constructed / located at above mentioned freehold land.

* Due to large number of area, it is impracticable to disclose the name of each location of these immovable fixed assets, as required under Paragraph 1(b) of the 4th Schedule to the Companies Act, 2017.

20.1.8 Land measuring 158.5 Kanals/19.81 acres situated at Sadiqabad is under litigation by virtue of an appeal filed by the Company, whereby the Additional Commissioner Revenue, Bahawalpur has granted stay order in the favour of the Company dated 08 November 2021 against order dated 26 October 2021 passed by the Additional Deputy Commissioner Revenue, Bahawalpur. The matter is pending adjudication.

		Note	2022 Rupees	2021 Rupees
20.1.9	**Depreciation charge for the year has been allocated as follows:**			
	Cost of goods manufactured	34.1	847,564,715	953,399,160
	Further cost charged on biological assets	34.1.1.1	168,730,769	52,294,203
	Administrative expenses	35	146,122,778	93,544,390
	Cost incurred on standing crops	37.1.1	219,738,138	260,829,978
			1,382,156,400	1,360,067,731

20.1.10 Impairment charge for the year ended 30 September 2021 had been allocated to cost of goods manufactured.

20.1.11 Detail of disposals of operating fixed assets

The details of operating fixed assets disposed off / written off during the year are as follows:

Description	Particulars of purchaser	Cost	Accumulated depreciation	Net book value	Sales value	Gain / (loss)	Mode of disposal	Relationship with the Company
		Rupees	Rupees	Rupees	Rupees	Rupees		
Motor vehicles								
Toyota Corolla Altis	Mr. Umair Khalid	2,395,500	1,854,233	541,267	2,025,000	1,483,733	Negotiation	Ex. Employee
Toyota Corolla Altis	Mr. Bashir Ahmed	2,399,000	1,141,956	1,257,044	1,303,271	46,227	Negotiation	Ex. Employee
Toyota Corolla Altis	Mr. M. Attique Khan	1,985,000	1,425,654	559,346	610,500	51,154	Company Policy	Ex. Employee
Toyota Corolla GLI	Mr. Kamal-Ur-Rehman	1,800,000	1,297,775	502,225	540,000	37,775	Company Policy	Employee
Toyota Corolla Altis	Mr. M Zaman Khan	2,015,500	1,372,025	643,475	604,650	(38,825)	Company Policy	Employee
Toyota Corolla Altis	Mr. Raza Zaidi	2,015,500	1,372,025	643,475	604,650	(38,825)	Company Policy	Employee
Toyota Corolla Altis	Dr. Faqir Gulzar	2,010,000	1,446,404	563,596	603,000	39,404	Company Policy	Employee
Toyota Corolla XLI	Mr. Bilal Yaqoob	1,655,000	1,017,267	637,733	662,000	24,267	Company Policy	Employee
Toyota Corolla GLI	Mr. M. Ramzan	1,800,000	1,225,792	574,208	540,000	(34,208)	Company Policy	Employee
Toyota Corolla Altis	Mr. Jawad Rashid	3,396,000	951,533	2,444,467	3,700,000	1,255,533	Company Policy	Employee
Toyota Corolla XLI	Mr. Naweed Rashid	2,041,500	1,237,365	804,135	598,840	(205,295)	Company Policy	Employee
Suzuki Swift	M. Ramzan Adeel	1,585,000	768,296	816,704	348,711	(467,993)	Company Policy	Employee
		25,098,000	15,110,325	9,987,675	12,140,622	2,152,947		
Assets - written off								
Sugarcane roots		366,342,055	246,939,430	119,402,625	-	-	Company policy	
Others		14,580,709	12,638,051	1,942,658	-	-	Company policy	
		380,922,764	259,577,481	121,345,283	-	-		
Assets having net book value								
less than Rs. 500,000		137,719,236	112,068,800	25,650,436	126,126,368	100,475,925		
2022		543,740,000	386,756,606	156,983,394	138,266,990	102,628,872		
2021		1,159,166,154	738,565,665	420,600,489	94,195,042	36,093,706		

		Note	2022 Rupees	2021 Rupees
20.2	**Capital work in progress**			
	Balance as at 01 October		60,266,380	14,599,420
	Additions during the year		875,475,342	563,007,941
	Transfers made during the year		(739,038,817)	(517,340,981)
	Balance as at 30 September	20.2.1	196,702,905	60,266,380

20.2.1 Reconciliation of carrying amounts by classes of assets is as follows:

	Note	2022 Opening balance	Addition for the year	Transferred to operating fixed assets	Closing balance
		Rupees	Rupees	Rupees	Rupees
Advances for vehicles	31.1	30,670,978	42,649,386	(30,670,978)	42,649,386
Building		11,579,326	16,556,952	(14,039,562)	14,096,716
Plant and machinery		16,419,823	166,459,545	(42,922,565)	139,956,803
Sugarcane roots	20.2.2	1,596,253	649,809,459	(651,405,712)	–
		60,266,380	875,475,342	(739,038,817)	196,702,905

	Note	2021			
		Opening balance	Addition for the year	Transferred to operating fixed assets	Closing balance
		Rupees	Rupees	Rupees	Rupees
Advances for vehicles	31.1	–	30,670,978	–	30,670,978
Building		14,516,860	11,613,506	(14,551,040)	11,579,326
Plant and machinery		–	20,237,562	(3,817,739)	16,419,823
Sugarcane roots	20.2.2	82,560	500,485,895	(498,972,202)	1,596,253
		14,599,420	563,007,941	(517,340,981)	60,266,380

20.2.2 Additions in sugarcane roots included transfer from biological assets amounting to Rs. 369 million (2021: Rs. 288.156 million).

	Note	2022 Rupees	2021 Rupees
20.3 Stores, spare parts and loose tools held for capital expenditure			
Balance as at 01 October		88,006,362	138,575,350
Additions during the year		8,526,540	10,353,310
		96,532,902	148,928,660
Transferred to operating fixed assets	20.1.2	(26,584,980)	(60,922,298)
Balance as at 30 September		69,947,922	88,006,362

21. RIGHT-OF-USE ASSETS

	2022			
	Building	Land	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 01 October	45,446,352	1,362,720,555	471,458,460	1,879,625,367
Additions during the year	–	1,188,730,806	132,638,090	1,321,368,896
Deletions during the year	–	(95,685,274)	(540,632)	(96,225,906)
Transfer to operating fixed assets - net book value	–	–	(38,838,956)	(38,838,956)
Impact of remeasurement	51,986,278	–	–	51,986,278
Depreciation charged for the year	(41,635,983)	(642,582,851)	(104,548,688)	(788,767,522)
Balance as at 30 September	55,796,647	1,813,183,236	460,168,274	2,329,148,157
Less: Current maturity presented under current assets	(27,741,791)	(664,235,994)	(38,314,532)	(730,292,317)
	28,054,856	1,148,947,242	421,853,742	1,598,855,840
Useful life (rate) / lease term	2 to 3 years	2 to 5 years	20%	

	2021			
	Building	Land	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees
As at 01 October	83,561,321	839,299,150	253,601,056	1,176,461,527
Additions during the year	2,882,272	1,101,304,101	300,198,629	1,404,385,002
Deletions during the year	–	(32,325,447)	–	(32,325,447)
Derecognition due to sublease	–	(68,940,024)	–	(68,940,024)
Transfer to operating fixed assets - net book value	–	–	(14,116,680)	(14,116,680)
Impact of remeasurement	(1,487,689)	(7,935,666)	–	(9,423,355)
Depreciation charged for the year	(39,509,552)	(468,681,559)	(68,224,545)	(576,415,656)
As at 30 September	45,446,352	1,362,720,555	471,458,460	1,879,625,367
Less: Current maturity presented				
under current assets	–	–	(43,462,361)	(43,462,361)
	45,446,352	1,362,720,555	427,996,099	1,836,163,006
Useful life (rate) / lease term	3 to 5 years	3 to 5 years	20%	

21.1 The Company's obligations under leases of vehicle are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed in note 4.2. Leases for vehicles may contain an option to purchase the underlying leased asset outright at the end of the lease and the Company has the intention to exercise such option.

21.2 Right-of-use assets for land includes Rs. 12.06 million (2021: Rs. 19.68 million) towards Deharki Sugar Mills (Private) Limited, a wholly owned subsidiary of the Company.

21.3 The depreciation charge on right-of-use assets for the year has been allocated as follows:

	Note	2022 Rupees	2021 Rupees
Cost of goods manufactured	34.1	103,361,699	64,910,671
Further cost charged on biological assets	34.1.1.1	4,020,416	2,959,135
Administrative expenses	35	41,635,983	39,509,552
Cost incurred on standing crops	37.1.1	639,749,424	469,036,298
		788,767,522	576,415,656

22. INVESTMENT PROPERTY

Investment property represents agricultural land measuring 401.04 acres (2021: 401.04 acres) situated at various locations of Tehsil Sadiqabad, District Rahim Yar Khan given on operating lease having the fair value of Rs. 577 million as at 30 June 2022. The value of investment property was determined by approved external, independent property valuer i.e. Hamid Mukhtar and Co. (Pvt.) Limited by using the market comparable method and categorize as level 2 fair value (i.e. significant observable inputs). The most significant input in this valuation approach is price / rate per acre in particular locality.

22.1 Forced sale value of the investment property as per the latest valuation report is Rs. 462 million (2021: Rs. 276 million).

22.2 The Company as a lessor has entered into operating leases contract having lease terms upto 2 years. Maturity analysis of future operating lease rentals are as follows:

	2022 Rupees	2021 Rupees
Less than one year	14,618,381	11,853,433
More than one year	–	8,184,825
	14,618,381	20,038,258

	Note	2022 Rupees	2021 Rupees
23. INTANGIBLES			
Goodwill	23.1	608,310,693	608,310,693
Oracle computer software	23.2	2,379,683	4,419,411
		610,690,376	612,730,104

23.1 Goodwill includes Rs. 568,545,391 and Rs. 39,765,302 arisen at the time of mergers of United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited into the Company. For impairment testing, the recoverable amount of both cash generating units are determined based on value in use calculation which uses cash flow projections approved by the Board of Directors covering a five-year period using the average discount rate of 13.94% per annum (2021: 15.46% per annum). The calculation of value in use is sensitive to discount rate and key commercial assumptions. The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the Capital Asset Pricing Model. The discount rate reflects the Weighted Average Cost of Capital of the Company. Management's key assumptions include stable profit margins, based on past experience in this market. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry. Management believes that after considering the various scenarios no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount. Based on this calculation, no impairment is required to be accounted for against the carrying amount of goodwill.

	Note	2022 Rupees	2021 Rupees
23.2 Oracle computer software			
Cost		20,397,279	20,397,279
Accumulated amortization			
As at 01 October		15,977,868	13,938,140
Amortization for the year	35 & 42	2,039,728	2,039,728
		18,017,596	15,977,868
As at 30 September		2,379,683	4,419,411
Rate of amortization		10%	10%

	Note	2022 Rupees	2021 Rupees
24. LONG TERM INVESTMENTS			
Investment in subsidiary companies - unquoted	24.1	1,736,004,491	1,736,004,491
Investment in associated companies - unquoted	24.2	2,500	2,500
		1,736,006,991	1,736,006,991
Less: Classified under current assets as short term investments			
Faruki Pulp Mills Limited ("FPML")		(651,994,491)	(651,994,491)
JDW Power (Private) Limited ("JDWPL")	24.2	–	–
		(651,994,491)	(651,994,491)
Classified under non - current assets		1,084,012,500	1,084,012,500

	Note	2022 Rupees	2021 Rupees
24.1 Investment in subsidiary companies - unquoted			
Deharki Sugar Mills (Private) Limited ("DSML")			
104,975,000 (2021: 104,975,000) fully paid shares of Rs. 10 each			
Equity held 100% (2021: 100%)		1,049,750,000	1,049,750,000
Faruki Pulp Mills Limited ("FPML")			
310,892,638 (2021: 310,892,638) fully paid shares of Rs. 10 each			
Equity held 57.67% (2021: 57.67%)		3,154,426,383	3,154,426,383
Less: Accumulated impairment allowance/reversal	24.1.1	(2,502,431,892)	(2,502,431,892)
		651,994,491	651,994,491
Sadiqabad Power (Private) Limited ("SPL")			
1,694,500 (2021: 1,694,500) fully paid shares of Rs. 10 each			
Equity held 100% (2021: 100%)		16,945,000	10,001,000
Investment made during the year		–	6,944,000
		16,945,000	16,945,000
Ghotki Power (Private) Limited ("GPL")			
1,731,500 (2021: 1,731,500) fully paid shares of Rs. 10 each			
Equity held 100% (2021: 100%)		17,315,000	10,001,000
Investment made during the year		–	7,314,000
		17,315,000	17,315,000
		1,736,004,491	1,736,004,491
24.1.1 Accumulated impairment allowance			
Opening balance		2,502,431,892	2,584,372,978
Reversal of prior periods impairment loss	24.1.1.1 & 37	–	(81,941,086)
Closing balance		2,502,431,892	2,502,431,892

24.1.1.1 Keeping in view the commercial viability of the plant and substantial accumulated losses, the management of FPML believes that FPML may not be able to realize its assets and discharge its liabilities in the normal course of business and prepared its financial statements for the year ended 30 September 2022 and 2021 on liquidation basis of accounting. Accordingly, management of the Company has estimated the recoverable amount of investment in FPML Rs. 744.44 million (2021: Rs. 652 million) as determined by the independent valuer and decided not to reversed further impairment loss of Rs. 92.45 million till the disposal of FPML (for details, refer to note 24.1.1). The recoverable amount was estimated based on valuation technique used as mention below and categorise as level 3 fair value.

Further, FPML through an extraordinary general meeting held on 25 March 2020, has resolved to dispose of its property, plant and equipment either in parts or in their entirety to the prospective buyers after due process. However, due to COVID-19 situation in the country this was not completed during the financial year 2020 and the said arrangement was re-approved by the FPML shareholders in its EOGM held on 13 December 2021. However, subsequent to year end, the management of FPML has initiated the tendering process for disposal of assets of FPML under guideline set by the Board.

Valuation techniques used to derive fair values of the underlying assets

	Carrying Value	Recoverable amount	Reversal of Impairment loss	Valuation technique used
	Rupees	Rupees	Rupees	
Net current assets	7,305,791	7,305,791	–	The carrying amount is assumed to approximate the fair value as these are reported at amounts not less than those at which these are expected to be recovered.
Property, plant and equipment	644,688,700	737,136,578	(92,447,878)	Sales comparison approach for the freehold land and depreciated replacement cost for plant & machinery and ancillary equipment.
2022	651,994,491	744,442,369	(92,447,878)	
2021	570,053,405	651,994,491	(81,941,086)	

FPML engaged an independent valuer, to assess the recoverable amount of the property, plant and equipment based on fair value less costs of disposal calculation. The fair value of freehold land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the land. The most significant input in this valuation approach is price per acre which has significant change from prior year.

The fair value of plant, machinery and ancillary equipment is based on depreciated replacement cost approach taking into account the prevailing market value of identified items and net realizable value assets grouped according to machinery class, adjusted against depreciation, price indices and exchange differences on imported assets. The fair value of building and civil work is based on depreciated replacement cost approach taking into account the construction features and measurements of built area involved.

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in fair value measurements.

Description	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Buildings and civil works	Cost of construction of a similar building and structure.	The prevailing market rate of construction has been determined by taking into account the finishes required in wood pulp manufacturing industry.
	Straight line depreciation applied for usage from date of construction. Forced sale value used since FPML is liquidating its assets.	The versatility and general conditions of the building have been used to estimate the straight line basis of depreciation of the building.
Plant and machinery and ancillary equipment	Cost of acquisition of similar machinery with similar level of technology.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level or technology and applying a suitable depreciation factor based on remaining useful lives of plant and equipment.
	Suitable depreciation rate to arrive at depreciated replacement value. Forced sale value used since FPML is liquidating its assets.	The higher the cost of acquisition of similar machinery, the higher the fair value of plant and equipment. Furthermore, higher the depreciation rate, the lower the fair value of items.

		Note	2022 Rupees	2021 Rupees
24.2	**Investment in associated companies - unquoted**			
	JDW Power (Private) Limited ("JDWPL")			
	9,000,000 (2021: 9,000,000) fully paid shares of Rs. 10 each			
	Equity held 47.37% (2021: 47.37%)		90,000,000	90,000,000
	Less: Accumulated impairment allowance		(90,000,000)	(90,000,000)
		24.2.1	–	–
	Kathai-II Hydro (Private) Limited ("KHL")			
	250 (2021: 250)			
	fully paid shares of Rs. 10 each			
	Equity held 20% (2021: 20%)	24.2.2	2,500	2,500

24.2.1 On 11 July 2019, the shareholders of JDWPL through an extra ordinary general meeting passed a resolution for the winding up of JDWPL, subsequently management of the JDWPL has applied to the Securities and Exchange Commission of Pakistan (SECP) for the approval of winding up.

24.2.2 The KHL is a private limited company incorporated in Pakistan on 27 August 2012 under the repealed Companies Ordinance, 1984. The principal activity of the associate is to generate, distribute and sell electricity.

25. LONG TERM DEPOSITS

These includes security deposits with conventional banks and Islamic financial institution/banks in respect of leasing facilities availed against right-of-use assets amounting to Rs. 4.46 million and Rs. 88.41 million (2021: Rs. 7.97 million and Rs. 86.89 million) respectively. Current maturity of long term deposits for Rs. 13.04 million (2021: Rs. 13.37 million) are presented under current assets (refer to note 31). The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of long term security deposits other than right-of-use assets for Rs. 15 million (2021: Rs. 12.15 million) is not considered material and hence not recognized. This also includes an advance amounting to Rs. 1.85 million (2021: Rs. 1.25 million) due from JDW Aviation (Pvt.) Limited, an associated company. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 4.56 million (2021: Rs. 4.25 million). These deposits do not carry any interest or markup.

26. LEASE RECEIVABLES

	Note	2022 Rupees	2021 Rupees
Balance as at 01 October		69,633,908	–
Recognised during the year		–	112,922,359
Impact of early termination		(13,718,278)	–
Impact of remeasurment		3,589,965	–
Interest income from subleasing of right-of-use assets	37	2,705,119	5,523,671
Receipt during the year / other adjustment		(62,210,714)	(48,812,122)
Balance as at 30 September	26.2	–	69,633,908

26.1 It presents sub-lease of agriculture land for lease term 1 to 1.5 years. The incremental borrowing rate applied to lease receivable is 9.71% (2021: 8.70 %).

26.2 The following undiscounted /discounted lease payments to be received after the reporting date are as:

	2022 Rupees	2021 Rupees
Total undiscounted lease receivable	–	72,261,312
Unearned finance income	–	(2,627,404)
Discounted lease receivables	–	69,633,908

26.3 The risks associated with rights the Company retains in underlying assets are not considered to be significant, the Company employs strategies to further minimise these risks as ensuring all contracts include clauses requiring the lessee to submit security cheque during the lease term which will be refundable at the end of lease term.

27. BIOLOGICAL ASSETS

	Note	2022 Standing sugarcane crop	Wheat	Rhodes grass	Mustard	Rice	Total
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
At the beginning of the year at fair value		2,333,366,150	1,317,463	52,436	464,157	–	2,335,200,206
Further cost charged during the year	34.1.1.1	1,118,077,306	33,010,047	–	4,728,157	–	1,155,815,510
Fair value gain on initial recognition of agricultural produce	34.1.1	816,440,302	40,338,568	126,064	16,268,878	–	873,173,812
Decrease due to harvest		(4,267,883,756)	(74,666,078)	(178,500)	(21,461,194)	–	(4,364,189,528)
Cost incurred on standing crops	37.1.1	2,397,069,755	836,163	–	737,668	–	2,398,643,586
Net fair value gain on biological assets	37.1	456,389,080	–	–	–	–	456,389,080
At the end of the year at fair value		2,853,458,837	836,163	–	737,666	–	2,855,032,666

	Note	2021 Standing sugarcane crop	Wheat	Rhodes grass	Mustard	Rice	Total
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
At the beginning of the year at fair value		1,816,363,807	955,781	–	1,408,532	1,387,860	1,820,115,980
Further cost charged during the year	34.1.1.1	767,924,711	23,398,351	13,749,388	4,546,700	194,116	809,813,266
Fair value gain on initial recognition of agricultural produce	34.1.1	838,458,688	52,309,317	(3,277,778)	14,170,131	153,620	901,813,978
Decrease due to harvest		(3,422,747,205)	(76,663,449)	(10,471,610)	(20,125,363)	(1,735,597)	(3,531,743,224)
Cost incurred on standing crops	37.1.1	1,964,493,216	1,317,463	52,436	464,158	–	1,966,327,273
Net fair value gain on biological assets	37.1	368,872,933	–	–	–	–	368,872,933
At the end of the year at fair value		2,333,366,150	1,317,463	52,436	464,157	–	2,335,200,206

27.1 Measurement of fair values

27.1.1 Fair value hierarchy

In absence of active market for standing sugarcane crop, the fair value measurement for the standing sugarcane crop has been categorised as Level 3 fair value based on the inputs to the valuation techniques used. Fair value has been determined by independent professional valuer, Osam Consultants Engineers as at 30 September 2022 on the basis of a discounted cash flow model. The valuation model considers the present value of the net cash flows expected to be generated by the standing sugarcane crop at maturity, in its most relevant market, and includes the potential biological transformation and related risks associated with the asset. The cash flows projections include specific estimates for next year which mainly include crop's expected yield and expected production costs and costs to sell. The expected cash flows are discounted using an average risk adjusted discount rate.

27.1.2 Valuation techniques and significant unobservable inputs

The key variables, assumptions and the impact of changes in those is given below:

	Unit	2022	2021
Valued plantations (Actual)			
- Punjab Zone	Acres	8,736	9,615
- Sindh Zone	Acres	11,102	11,174
Estimated further production costs and costs to sell per acre			
- Punjab Zone	Rupees	117,558	87,842
- Sindh Zone	Rupees	112,582	73,013
Estimated yield per acre			
- Punjab Zone	Maunds	942	892
- Sindh Zone	Maunds	857	790
Harvest age	Months	12 - 14	12 - 14
Estimated future sugarcane support price per maunds			
- Punjab Zone	Rupees	300	225
- Sindh Zone	Rupees	302	250
Risk - adjusted discount rate	% per month	0.81%	0.98%

Cost of biological assets other than standing sugarcane crop of Rs. 1.57 million (2021: Rs. 1.83 million) is considered to approximate their respective fair value less costs to sell as these assets are still at a very early stage of plantation and it is considered that insignificant biological transformation has taken place or the impact of fair value measurement is not significant.

27.2 Sensitivity analysis

Impact of changes in key subjective assumptions on fair value of biological assets is given below:

	Increase / (Decrease) 2022 Rupees	Increase / (Decrease) 2021 Rupees
Decrease of 10% in estimated average yield per acre	(498,013,252)	(288,169,555)
Increase of 10% in estimated further production cost	(212,667,368)	(151,464,625)
Increase of 10% in estimated average selling price per maund	498,013,252	384,801,240
Increase of 10% in discount rate	(11,452,384)	(11,239,328)

27.3 Risk management strategy related to agricultural activities

The Company is exposed to the following risks relating to its sugarcane cultivation.

Regulatory and environmental risks

The Company is subject to various laws and regulations in Pakistan. The Company has established environmental policies and procedures aimed at ensuring compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Climate and other risks

Due to inherent nature of the agricultural assets, it contains elements of significant risks and uncertainties which may adversely affect business and resultant profitability, including but not limited to the following:

i) adverse weather conditions such as floods etc. affecting the quality and quantity of production; and

ii) potential insect, fungal and weed infestations resulting in crop failure and reduced yields.

The Company is principally dependent upon the Government's measures for flood control. The Company follows an effective preventive pesticide / insecticide / fungicide program, regularly monitors the crops for any infestations and takes immediate curative measures. As per assessment of crop losses in Sindh Province using satellite data by International Centre for Integrated Mountain Development and Pakistan Agricultural Research Council, the Pakistan's Sindh Province is projecting 61% loss of the expected production of sugarcane due to 2022 Pakistan floods. The floods struck before the harvesting stage of key crops of the Company e.g. sugarcane. The Company's sugarcane crop is predominantly grown in the northeastern districts, where flood inundation remained relatively lower. Management of the Company expect lesser production of sugarcane due to 2022 Pakistan floods.

Supply and demand risk

The price of sugarcane is driven by consumer demand of sugar as well as Government's intervention in setting of minimum / support price for the grower. Surplus production or bumper crop may result in a lower selling price hence affecting profitability of the Company adversely. The Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volume and analysis.

	Note	2022 Rupees	2021 Rupees
28. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores:			
- Sugar		975,688,011	716,958,741
- Co-Generation Power		165,263,929	164,542,144
- Corporate Farms		537,236,178	396,847,011
		1,678,188,118	1,278,347,896
Spare parts:			
- Sugar		455,672,713	450,533,261
- Co-Generation Power		97,241,947	82,558,869
		552,914,660	533,092,130
Loose tools:			
- Sugar		37,169,670	32,956,920
- Co-Generation Power		11,298,934	9,212,073
		48,468,604	42,168,993
		2,279,571,382	1,853,609,019
Less: Provision for obsolescence	28.1	(363,112,737)	(471,792,126)
	28.3	1,916,458,645	1,381,816,893

28.1 This includes reversals of Rs. 151.96 million (2021: Rs. 19.86 million) which is included in cost of goods manufactured.

28.2 Stores, spare parts and loose tools was mortgaged as security against short term borrowings (refer to note 13).

28.3 It includes 2,891 items of store, spare parts and loose tools which had been discarded in prior periods and measured at nil value.

	Note	2022 Rupees	2021 Rupees
29. STOCK-IN-TRADE			
Sugar	29.1	11,509,245,669	1,636,244,037
Bagasse		574,591,236	232,354,110
Mud		61,943,495	11,863,755
	34	12,145,780,400	1,880,461,902

29.1 The closing stock of sugar, net of 10% to 25% margin, having carrying value of Rs. 8,224 million (2021: Rs. 500 million) has been pledged against cash finance obtained from commercial and Islamic banks (for details, refer to note 13).

	Note	2022 Rupees	2021 Rupees
30. TRADE RECEIVABLES			
Considered good	30.1 & 30.2	3,551,542,437	4,195,841,481
Considered doubtful - local		100,391,459	51,672,219
		3,651,933,896	4,247,513,700
Less: Impairment allowance	30.3	(100,391,459)	(51,672,219)
		3,551,542,437	4,195,841,481

30.1 It includes net carrying amount of Rs. 1,019 million (2021: Rs. 699.35 million) receivables from growers against sale of agri inputs. The gross carrying amount of such receivables amounting to Rs. 3,040 million (2021: Rs. 2,014 million) is off set by Rs. 2,021 million (2021: Rs. 1,315 million) in line with accounting policies of the Company as stated in note 4.19.5 to the financial statements (for details, refer to note 19.1.32).

30.2 These also includes Rs. 2,279 million (2021: Rs. 3,185 million) receivable from CPPA-G on account of sale of electricity under Energy Purchase Agreements. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreements (IAs), however, a delayed payment mark-up is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts was 3MK+2% to 3MK+4.5% (2021: 3MK+2% to 3MK+4.5%) per annum.

30.2.1 The Company had filed a Writ Petition No. 1298 against CPPA-G's decision of unilaterally making an unauthorized set-off of Rs. 4,062.01 million from the energy invoices (fixed energy) of the Company based on its interpretation of the Upfront Tariff for New Bagasse Based Co-Generation Power Projects dated 29 May 2013 (2013 Upfront Tariff) determined by the NEPRA as opted by and applied to the Company. The petition is currently pending adjudication before the Honorable Islamabad High Court.

However, Pursuant to the provisions of the Master Agreement and EPA Amendment Agreement as mentioned in note 1.2, CPPA-G and the Company shall jointly proceed to file application for disposal of pending litigation before the Court which are in under process and at present, no any unlawfully deducted/disputed amount is recoverable as CPPA-G has made full payment to the Company for such unlawfully deducted/disputed amount as agreed. Accordingly, the Company has assessed that amounts aggregating Rs. Nil (2021: Rs 3,326 million) are no longer recoverable as referred to in note 38.

		Note	2022 Rupees	2021 Rupees
30.3	**Movement for impairment allowance**			
	Balance as at 01 October		51,672,219	57,584,275
	Impairment against delayed payment markup - CPPA-G	38 & 42	48,719,240	–
	Recovered during the year		–	(5,912,056)
	Balance as at 30 September		100,391,459	51,672,219

31. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2022 Rupees	2021 Rupees
Advances to suppliers and contractors	31.1	338,724,230	167,993,264
Advances to growers	31.2	453,503,219	323,253,371
Prepaid expenses		43,040,442	34,792,678
Current portion of long term security deposits	25	13,036,630	13,371,450
Other short term security deposits	31.3	64,350,690	36,800,000
Receivable from the DSML - subsidiary company	31.4	145,386,839	–
Advances to staff	31.5	13,904,526	15,189,181
Sugar export subsidy	31.6	–	–
Other receivables	31.7	26,386,651	5,488,302
		1,098,333,227	596,888,246

		Note	2022 Rupees	2021 Rupees
31.1	**Advances to suppliers and contractors**			
	- Considered good	31.1.1	381,373,616	198,664,242
	- Considered doubtful		55,977,156	55,977,156
			437,350,772	254,641,398
	Less: Advances for vehicles	20.2.1	(42,649,386)	(30,670,978)
	Less: Provision for doubtful advances	31.1.2	(55,977,156)	(55,977,156)
			338,724,230	167,993,264

31.1.1 This includes Rs. 74,148 (2021: Rs. 693,043) due to / from Lahore Flying Club (Guarantee) Limited, an associated company as Makhdoom Syed Ahmad Mahmud, a Non-Executive Director, is also president of Lahore Flying Club (Guarantee) Limited. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 0.53 million (2021: Rs. 1.01 million). These are neither past due nor impaired.

		Note	2022 Rupees	2021 Rupees
31.1.2	**Provision for doubtful advances**			
	Balance at beginning of the year		55,977,156	62,700,835
	Reversal of provision for the year		–	(6,723,679)
	Balance at end of the year		55,977,156	55,977,156
31.2	**Advances to growers**			
	- Considered good		453,503,219	323,253,371
	- Considered doubtful		4,937,966	4,937,966
			458,441,185	328,191,337
	Less: Provision for doubtful advances		(4,937,966)	(4,937,966)
		31.2.1	453,503,219	323,253,371

31.2.1 This represents advances provided to various sugarcane growers in the form of cash, seeds and agri-implements. These carry interest rates ranging from 10% to 17% (2021: 12% to 17%) per annum and will be adjusted against sugarcane payment in forthcoming crushing season.

31.3 This represents security deposit paid to Utility Stores Corporation of Pakistan against the tender of sale of sugar.

31.4 The Company and Deharki Sugar Mills (Pvt.) Limited - a wholly owned subsidiary, have opted for group taxation as one fiscal unit under section 59AA of the Income Tax Ordinance, 2001 as explained in note 4.9.3. As on reporting date, the Company's share under group taxation after netting of advance tax has been recognized as receivable from the Subsidiary company - DSML.

		Note	2022 Rupees	2021 Rupees
31.5	**Advances to staff**			
	- against salaries		11,077,078	12,829,884
	- against expenses		2,827,448	2,359,297
		31.5.1	13,904,526	15,189,181

31.5.1 These represent advances given to staff as in accordance with the Company's policy.

		Note	2022 Rupees	2021 Rupees
31.6	**Sugar export subsidy**			
	Considered good		–	–
	Considered doubtful		399,296,190	399,296,190
		19.1.20	399,296,190	399,296,190
	Less: Impairment allowance		(399,296,190)	(399,296,190)
			–	–
31.7	**Other receivables**			
	Considered good	31.7.1	26,386,651	5,488,302
	Considered doubtful		3,596,334	3,596,334
		31.7.2	29,982,985	9,084,636
	Less: Impairment allowance		(3,596,334)	(3,596,334)
			26,386,651	5,488,302

31.7.1 It includes Rs. nil (2021: Rs. 3.41 million) due from key management personnel of the Company. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. nil (2021: Rs. 3.41 million). These were neither past due nor impaired.

31.7.2 It includes Rs. 21.35 million (2021: Rs. Nil) receivable in respect of sub-lease of land and are classified as operating lease in line with accounting policies of the Company as stated in note 4.2.3 to these unconsolidated financial statements.

32. CASH AND BANK BALANCES

	Note	2022 Rupees	2021 Rupees
At banks:			
Current accounts			
- Balance with conventional banks		247,262,956	227,418,794
- Balance with Islamic banks		36,393,785	14,200,107
		283,656,741	241,618,901
Saving accounts			
- Deposits with conventional banks	32.1	1,780,395	1,868,139
		285,437,136	243,487,040
Cash in hand		4,257,457	3,832,639
		289,694,593	247,319,679

32.1 The balances in savings accounts are placed under mark-up arrangements and bear mark-up ranging from 5.50 % to 13.50 % (2021: 5.50%) per annum.

		Note	2022 Rupees	2021 Rupees
33.	**REVENUE FROM CONTRACTS WITH CUSTOMERS**			
	Disaggregation of revenue based on:			
33.1	**Segments**			
	Sugar			
	Sugar - Local		42,167,063,393	44,373,005,086
	Molasses - by product	33.1.1	7,912,725,812	5,307,547,291
	Agri Inputs		3,010,758,777	1,994,493,012
	Mud - by product		323,985,987	254,290,536
	Bagasse - by product		313,855,799	63,948,810
			53,728,389,768	51,993,284,735
	Co-Generation Power	33.1.2	3,641,150,936	3,631,419,740
	Corporate Farms	33.1.3	1,518,367,147	1,175,587,087
			58,887,907,851	56,800,291,562
33.1.1	**Molasses - by product**			
	- Sale under DTRE (Duty & Tax Remission for Exporters)		7,303,995,880	4,991,538,128
	- Others		608,729,932	316,009,163
			7,912,725,812	5,307,547,291
33.1.2	**Co-Generation Power**			
	Variable energy price		2,219,199,529	2,214,816,346
	Fixed energy price		1,421,951,407	1,416,603,394
			3,641,150,936	3,631,419,740
33.1.3	**Corporate Farms**			
	Sugarcane to Deharki Sugar Mills (Private) Limited		1,418,901,000	1,048,539,359
	Sugarcane seed and other crops		99,466,147	127,047,728
			1,518,367,147	1,175,587,087
33.1.4	**Timing of revenue recognition**			
	Products transferred at a point in time		55,246,756,915	53,168,871,822
	Products transferred over time		3,641,150,936	3,631,419,740
			58,887,907,851	56,800,291,562

33.2 Revenue recognised during the year included Rs. 1,064 million (2021: Rs. 2,678 million) that was included in contract liabilities / advances from customers at the beginning of the year.

	Note	2022 Rupees	2021 Rupees
34. COST OF REVENUE			
Opening stock-in-trade		1,880,461,902	3,985,441,491
Add: Cost of goods manufactured	34.1	59,973,992,551	44,529,552,455
Add: Freight and other costs related to contracts		28,829,873	30,183,743
		61,883,284,326	48,545,177,689
Less: closing stock-in-trade			
- Sugar		(11,509,245,669)	(1,636,244,037)
- Bagasse		(574,591,236)	(232,354,110)
- Mud		(61,943,495)	(11,863,755)
	29	(12,145,780,400)	(1,880,461,902)
	34.1.3	49,737,503,926	46,664,715,787

	Note	2022 Rupees	2021 Rupees
34.1 Cost of goods manufactured			
Cost of crops consumed			
(including procurement and other costs)	34.1.1	50,490,284,695	36,768,605,714
Salaries, wages and other benefits	34.1.2	2,726,155,268	2,246,132,602
Cost of agri inputs		2,694,163,138	1,731,620,584
Depreciation of operating fixed assets	20.1.9	847,564,715	953,399,160
Packing materials consumed		575,654,978	292,156,305
Chemicals consumed		556,002,759	232,954,879
Cost of bagasse consumed		547,011,098	641,736,492
Stores and spare parts consumed	28.1	426,561,907	398,402,069
Operation and maintenance	34.1.4	221,032,622	212,629,695
Vehicle running expenses		168,860,222	107,077,450
Electricity and power		123,795,065	86,082,542
Sugarcane roots written off	20.1.11	119,402,625	313,653,357
Depreciation of right-of-use assets	21.3	103,361,699	64,910,671
Insurance		83,768,566	82,049,158
Oil, lubricants and fuel consumed		78,323,859	65,767,420
Mud and bagasse shifting expenses		45,922,614	23,846,915
Provision for obsolescence		43,283,317	167,952,997
Repairs and maintenance		29,441,398	16,960,141
Handling and storage		26,455,010	21,955,504
Printing and stationery		14,417,537	7,709,859
Freight and octroi		10,054,628	6,338,769
Telephone and fax		9,212,307	6,021,866
Initial land preparation		4,901,749	3,838,072
Travelling and conveyance		2,943,141	1,941,716
Assets written off		1,354,042	48,845,795
Impairment of operating fixed assets		–	12,453,110
Other expenses		24,063,592	14,509,613
		59,973,992,551	44,529,552,455

		Note	2022 Rupees	2021 Rupees
34.1.1	**Cost of crops consumed**			
	Sugarcane purchased		45,917,649,983	33,141,761,459
	Cost of harvested crops			
	Fair value of standing crops transferred to profit or loss	37.1	2,335,200,206	1,820,115,980
	Fair value gain on initial recognition of agricultural produce	27 & 37	873,173,812	901,813,978
	Further cost charged	34.1.1.1	1,733,380,064	1,193,070,739
			4,941,754,082	3,915,000,697
	Less: transferred to capital work in progress		(369,119,370)	(288,156,442)
			50,490,284,695	36,768,605,714
34.1.1.1	**Further cost charged**			
	Salaries, wages and other benefits	34.1.1.1.1	341,344,599	237,182,249
	Fuel expenses		207,009,907	111,970,191
	Depreciation of operating fixed assets	20.1.9	168,730,769	52,294,203
	Repairs and maintenance		141,679,186	157,841,223
	Harvesting expense		129,443,354	122,225,319
	Irrigation expenses		79,904,981	49,722,830
	Vehicle running expenses		26,484,462	19,406,409
	Bio-laboratory expenses		21,260,981	15,736,599
	Fertilizer expenses		13,627,117	13,979,775
	Seed expenses		4,234,493	3,798,038
	Depreciation of right-of-use assets	21.3	4,020,416	2,959,135
	Insurance		2,829,745	3,806,408
	Pesticide and herbicide expenses		2,395,936	5,231,731
	Others		12,849,564	13,659,156
	Cost charged to biological assets	27	1,155,815,510	809,813,266
	Transportation expenses		567,301,490	375,073,455
	Road cess		10,263,064	8,184,018
			577,564,554	383,257,473
		34.1.1	1,733,380,064	1,193,070,739

34.1.1.1.1 Salaries, wages and other benefits include Rs. 7.03 million (2021: Rs. 5.87 million) in respect of contribution towards provident fund.

34.1.2 Salaries, wages and other benefits includes contribution to provident fund of Rs. 64.94 million (2021: Rs. 58.79 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 19.94 million (2021: Rs. 35.89 million).

34.1.3 It includes estimated loss of bagasse by fire amounting to Rs. 29.6 million (2021: Nil).

		2022 Rupees	2021 Rupees
34.1.4	**Operation and maintenance**		
	Reimbursable expenses	188,632,622	180,229,695
	Operating fee	32,400,000	32,400,000
		221,032,622	212,629,695

		Note	2022 Rupees	2021 Rupees
35.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	35.1	1,542,983,042	1,420,286,896
	Depreciation of operating fixed assets	20.1.9	146,122,778	93,544,390
	Charity and donations	35.2	102,545,660	39,350,000
	Legal and professional services		71,442,994	115,123,498
	Vehicle running and maintenance		58,278,191	41,736,805
	Depreciation of right-of-use assets	21.3	41,635,983	39,509,552
	Travelling and conveyance		30,934,161	21,349,576
	Insurance		30,812,960	22,335,965
	Fee and taxes		22,231,583	10,306,393
	Repairs and maintenance		22,147,351	32,527,010
	Printing and stationery		16,056,613	13,304,763
	Electricity and power		14,185,551	10,234,737
	Telephone, fax and postage		11,263,079	11,027,292
	Subscription and renewals		8,393,984	14,218,759
	Auditors' remuneration	35.3	6,280,375	5,567,250
	Office renovation		5,769,725	2,776,609
	Entertainment		5,520,140	8,532,285
	Amortization of intangible asset	23.2	2,039,728	2,039,728
	Advertisement		1,512,580	242,350
	Assets written off	20.1.11	588,616	–
	Newspapers, books and periodicals		311,890	324,690
	Other expenses		16,553,224	12,427,923
			2,157,610,208	1,916,766,471

35.1 Salaries, wages and other benefits includes contribution to provident fund of Rs. 32.58 million (2021: Rs. 28.42 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 8.55 million (2021: Rs. 15.38 million).

		Note	2022 Rupees	2021 Rupees
35.2	**Donations for the year have been given to:**			
	- Tareen Education Foundation		65,000,000	29,250,000
	- Water proof tent & Mosquito nets for flood affectees		17,385,660	–
	- Prime Minister's Flood Relief Fund		10,000,000	–
	- KPK CM's Flood Relief Fund		5,000,000	–
	- Professional Education Foundation		1,500,000	1,000,000
	- National Society for M.E.H Children		1,000,000	1,000,000
	- Mr. Syed Inam for flood relief efforts		1,000,000	–
	- Medi Bank trust		–	3,200,000
	- Lahore Race Club		–	2,000,000
	- Special Education and Training Centre		–	1,000,000
	- Others	35.2.1	1,660,000	1,900,000
		35.2.2	102,545,660	39,350,000

35.2.1 Others' include donations paid to various institutions or individual. The aggregate amount paid to a single institution / individual is less than Rs. 1 million.

35.2.2 None of the Directors of the Company or their spouses have any interest as Director in any of the recipients of donations made by the Company during the year.

		Note	2022 Rupees	2021 Rupees
35.3	**Auditors' remuneration**			
	Services as auditors:			
	Statutory audit		4,400,000	4,000,000
	Half yearly review		660,000	630,000
	Out of pocket expenses		55,000	50,000
	Others	35.3.1	446,250	212,500
			5,561,250	4,892,500
	Other services:			
	Certifications for regulatory purposes		331,000	109,500
	Tax advisory services		388,125	565,250
			719,125	674,750
			6,280,375	5,567,250

35.3.1 It represents audit fee charged for Employees' Provident Fund, Workers' Profit Participation Fund's and staff gratuity fund audit.

		Note	2022 Rupees	2021 Rupees
36.	**SELLING EXPENSES**			
	Salaries, wages and other benefits	36.1	50,197,101	37,267,948
	Other selling expenses		156,532	300,806
			50,353,633	37,568,754

36.1 Salaries, wages and other benefits include Rs. 0.72 million (2021: Rs. 0.56 million) in respect of contribution towards provident fund.

	Note	2022 Rupees	2021 Rupees
37. OTHER INCOME			
Income from financial assets			
Delayed payment markup - CPPA-G	30.2	194,535,051	593,538,079
Mark up on advances / loan given to DSML	13.6	72,142,061	–
Income from sub-lease	31.7.2	50,770,691	–
Interest income from subleasing of right-of-use assets	26	2,705,119	5,523,671
Gain on acknowledged receipts		–	4,214,996
Interest income on bank deposits	32.1	1,038,737	537,748
		321,191,659	603,814,494
Income from non-financial assets			
Fair value gain on initial recognition of agricultural produce	34.1.1	873,173,812	901,813,978
Net fair value gain on biological assets	37.1	456,389,080	368,872,933
Gain on disposal of operating fixed assets	20.1.11	102,628,872	36,093,706
Gain on derecognition of the right of-use assets		76,438,844	53,298,299
Reversal of Workers' Welfare Fund	15.4	29,572,047	–
Insurance claim against loss of bagasse & crane from fire		24,541,000	–
Mark-up on advances to growers	31.2.1	24,385,001	8,896,997
Sale of stores, spare parts and loose tools		19,929,962	12,044,499
Rental income from investment property		12,280,212	11,250,495
Penalty for not honoring of contract		8,731,791	20,475,000
Sale of scrap		7,570,007	61,781,151
Liabilities no longer payable written back		4,682,992	43,297,402
Reversal of impairment loss in FPML	24.1.1	–	81,941,086
Others		6,118,910	7,125,198
		1,646,442,530	1,606,890,744
		1,967,634,189	2,210,705,238

	Note	2022 Rupees	2021 Rupees
37.1 Net fair value gain on biological assets			
Fair value of standing crops	27	2,855,032,666	2,335,200,206
Cost incurred on standing crops	27 & 37.1.1	(2,398,643,586)	(1,966,327,273)
		456,389,080	368,872,933
37.1.1 Cost incurred on standing crops			
Depreciation of right-of-use assets	21.3	639,749,424	469,036,298
Irrigation expenses		443,695,966	336,681,946
Fertilizer expenses		329,270,090	280,665,246
Depreciation of operating fixed assets	20.1.9	219,738,138	260,829,978
Salaries, wages and other benefits	37.1.1.1	276,969,921	228,207,229
Pesticide and herbicide expenses		172,875,510	167,674,678
Repairs and maintenance		143,905,952	101,930,467
Fuel expenses		89,689,674	73,768,845
Vehicle running expenses		33,499,534	19,811,521
Bio-laboratory expenses		23,027,836	16,612,544
Insurance		3,279,720	3,217,403
Others		22,941,821	7,891,118
	27	2,398,643,586	1,966,327,273

37.1.1.1 Salaries, wages and other benefits include Rs. 7.58 million (2021: Rs. 6.48 million) in respect of contribution towards provident fund.

	Note	2022 Rupees	2021 Rupees
38. OTHER EXPENSES			
Workers' Profit Participation Fund	15.3	270,956,575	234,729,641
Impairment against delayed payment markup - CPPA-G	30.3	48,719,240	–
Workers' Welfare Fund	15.4	35,525,427	12,541,355
Advances and other receivables written off		10,457,542	10,005,070
Loss on acknowledged receipts		13,159,419	–
Loss on termination of sub-lease of land		13,718,278	–
Fixed energy receivables written off	30.2.1	–	3,325,977,231
Charge for delayed payment of sugarcane	38.1	–	105,032,575
Trade receivables written off		–	1,969,757
Others		751,275	2,625,216
		393,287,756	3,692,880,845

38.1 It represents late payment charges made to sugarcane growers for financial year 2019 to 2021 in accordance with the Punjab Sugar Factories Control Rules, 1950.

	Note	2022 Rupees	2021 Rupees
39. FINANCE COST			
Mark-up based loans from conventional banks / financial institutions			
- Long term finances - secured		1,243,584,510	1,099,230,973
- Short term borrowings - secured		1,113,534,718	441,747,152
- Interest expense for leasing arrangements	9	260,253,949	178,103,402
		2,617,373,177	1,719,081,527
Islamic mode of financing			
- Long term finances - secured		81,627,965	68,581,925
- Short term borrowings - secured		603,011,686	310,091,175
		684,639,651	378,673,100
Borrowings from related party - unsecured			
- Deharki Sugar Mills (Private) Limited - net		–	145,740,768
Amortization of transaction cost	8	6,562,720	6,562,720
Workers' Profit Participation Fund	15.3	71,605,981	5,800,911
Markup on short term advance from provident fund		3,425,096	1,505,818
Bank charges and commission		43,918,710	42,145,496
		125,512,507	56,014,945
Less: Amortization of deferred Government grant	12	(23,388,308)	(47,767,213)
		3,404,137,027	2,251,743,127

	Note	2022 Rupees	2021 Rupees
40. TAXATION			
Income tax		653,688,632	850,070,061
Super tax	10.1	104,354,081	–
Change in estimate related to prior year		(211,710,027)	–
Other adjustments	40.1	–	77,653,331
		546,332,686	927,723,392
Deferred tax	10.2	613,614,238	(1,360,643,773)
Agriculture tax		2,144,987	1,945,979
		1,162,091,911	(430,974,402)

40.1 It includes adjustments related to tax credit u/s 65B of the Income Tax Ordinance, 2001 for an amount of Rs. Nil (2021: Rs. 34.12 million and Rs. 35.1 million for tax year 2015 and 2016) which was disallowed by the Additional Commissioner Inland Revenue and CIR (A) respectively. The Company has filed an appeal which is pending before ATIR.

40.2 Relationship between tax expense and accounting profit before tax

The provision for taxation related to current and preceding financial year mainly represents the Minimum Tax and final tax liabilities under section 113 and 169 of the Income Tax Ordinance, 2001 respectively. Accordingly, tax charge reconciliation for current and preceding financial year has not been prepared and presented.

40.3 For tax contingencies, refer to note 19.1.1 to 19.1.18

		2022	2021
41. EARNINGS PER SHARE - BASIC AND DILUTED			
Basic earnings per share			
Profit for the year	**Rupees**	3,950,557,579	4,878,296,218
Weighted average number of ordinary shares	**Numbers**	59,776,661	59,776,661
Basic earnings per share	**Rupees**	66.09	81.61

41.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 30 September 2022 and 2021 which would have any effect on the loss per share if the option to convert is exercised.

	Note	2022 Rupees	2021 Rupees
42. CASH GENERATED FROM OPERATIONS			
Profit before taxation		5,112,649,490	4,447,321,816
Adjustments for non-cash income and expenses:			
Finance cost		3,397,574,307	2,245,180,407
Depreciation and impairment of operating fixed assets		1,892,284,541	1,696,020,395
Workers' Profit Participation Fund	15.3	270,956,575	234,729,641
Staff retirement benefits		266,674,755	151,811,708
Depreciation of right-of-use assets		149,018,098	107,379,358
Assets written off	20.1.11	121,345,283	362,499,152
Impairment against delayed payment markup - CPPA-G	30.3	48,719,240	–
Provision for obsolescence	34.1	43,283,317	167,952,997
Workers' Welfare Fund	15.4	35,525,427	12,541,355
Loss on termination of sub-lease of land		13,718,278	–
Loss on acknowledged receipts		13,159,419	–
Advances and other receivables written off	38	10,457,542	11,974,827
Amortization of transaction cost	8	6,562,720	6,562,720
Amortization of intangibles	23.2	2,039,728	2,039,728
Fixed energy receivables written off		–	3,325,977,231
Net fair value gain on biological assets	37.1	(456,389,080)	(368,872,933)
Interest income		(294,805,969)	(612,711,491)
Reversal of provision for obsolescence		(151,962,706)	(19,862,700)
Gain on disposal of operating fixed assets	20.1.11	(102,628,872)	(36,093,706)
Gain on derecognition of the right-of-use assets	37	(76,438,844)	(53,298,299)
Reversal of Workers' Welfare Fund	15.4	(29,572,047)	–
Liabilities no longer payable written back		(4,682,992)	(43,297,402)
Reversal of impairment loss in FPML	24.1.1	–	(81,941,086)
		5,154,838,720	7,108,591,902
		10,267,488,210	11,555,913,718
Working capital changes:			
Trade receivables		202,534,200	1,346,117,459
Stores, spare parts and loose tools		(425,962,363)	10,595,049
Biological assets		(573,571,521)	(674,549)
Advances, deposits, prepayments and other receivables		(366,515,684)	(98,783,783)
Stock-in-trade		(10,265,318,498)	2,104,979,589
Lease receivables		69,633,908	43,288,451
Trade and other payables		850,839,003	(117,576,628)
Advances from customers		1,458,400,069	(1,613,810,104)
		(9,049,960,886)	1,674,135,484
Cash generated from operations		1,217,527,324	13,230,049,202

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors Executive		Directors Non - Executive		Executives	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Managerial remuneration	5,000,000	28,500,000	200,000,000	175,200,000	125,600,000	117,333,333	499,088,533	433,401,948
House allowance	2,000,000	11,400,000	80,000,000	70,080,000	50,240,000	46,933,333	199,635,413	173,360,779
Medical and other allowances	500,000	2,850,000	20,000,000	17,520,000	12,560,000	11,733,333	49,908,853	43,340,195
Bonus	–	–	125,000,002	100,000,002	78,000,000	62,399,998	563,159,535	440,006,725
Company's contribution towards provident fund	–	–	–	–	–	–	45,804,178	40,162,515
Staff retirement benefit - gratuity	–	–	–	–	–	–	5,572,040	4,250,304
	7,500,000	42,750,000	425,000,002	362,800,002	266,400,000	238,399,997	1,363,168,552	1,134,522,466
Number of persons	1	1	1	1	2	2	109	103

43.1 In addition to the above, Chief Executive, one Director (2021: two directors) and some of the Executives are provided with free use of Company maintained cars and certain other benefits.

43.2 No meeting fee was paid to any Director of the Company during the current and preceding year.

43.3 Mr. Jahangir Khan Tareen, an Executive Director, and its family owned business concerns are permitted to use the Company maintained aircraft for private trips, subject to availability, for which the proportionate share of operating expenses is reimbursed to the Company. During the year, Rs. 44.527 million (2021: Rs. 61.715 million) was charged for the use of aircraft.

44. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and other price risk)

44.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets for any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

44.1.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. To manage credit risk, the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes, the financial viability of all counterparties are regularly monitored and assessed.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at unconsolidated statement of financial position date is:

	2022 Rupees	2021 Rupees
Financial assets at amortized cost		
Long term deposits	15,001,428	13,832,958
Lease receivable	–	69,633,908
Trade receivables	2,532,554,007	3,496,495,038
Advances, deposits and other receivables	101,814,419	68,293,864
Bank balances	285,437,136	243,487,040
	2,934,806,990	3,891,742,808

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. However, the Company identifies concentration of credit risk by reference to type of counterparty. Maximum exposure to credit risk by type of counterparty is as follows:

	2022 Rupees	2021 Rupees
Customers:		
- Sugar segment	253,303,072	311,288,858
- Co-Generation Power segment	2,279,250,935	3,185,206,180
Banking companies	285,437,136	243,487,040
Others	116,815,847	151,760,730
	2,934,806,990	3,891,742,808

Credit quality and impairment

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

Trade receivables - considered good

Majority of the Company's revenue are on advance basis and trade receivables mainly represents receivable from Central Power Purchasing Agency (Guarantee) Limited, a Government owned entity and are secured by guarantee from GoP under the Implementation Agreements. Hence, the management believes that no further impairment allowance is necessary in respect of these receivables (for details, refer to note 30.2.1).

The Company recognized ECL for trade receivables using the simplified approach as explained in note 4.19.7. As per aforementioned approach, the loss allowance was determined as:

	2022		2021	
	Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	Rupees	Rupees	Rupees	Rupees
Not past due	1,156,874,546	–	976,065,163	–
Past due:				
1 - 90 days	1,118,556,132	–	1,655,854,335	–
91 - 365 days	257,123,329	–	864,575,540	–
366 - above days	100,391,459	100,391,459	51,672,219	51,672,219
	2,632,945,466	100,391,459	3,548,167,257	51,672,219

Customer credit risk is managed subject to the Company's established policy, procedures and controls relating to customer credit risk management. Based on past experience, the management believes that no further impairment allowance is necessary in respect of trade receivables as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. Management believes that the unimpaired balances that are past due are still collectible in full, based on historical payment behavior and review of financial strength of respective customers. 61 % of unimpaired balances that are past due has been recovered from CPPA-G subsequent to year end. Therefore, the Company has no material expected credit loss under IFRS 9 'Financial Instruments' at the year end.

The above gross carrying amount includes Rs. 2,328 million (2021: Rs. 3,185 million) amount receivable from Central Power Purchasing Agency (Guarantee) Limited against sale of energy.

Bank balances

Impairment on bank balances has been measured on a 12 months expected credit loss basis and reflects the short maturities of the exposures. The Company considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. The credit quality of the Company's bank balances can be assessed with reference to external credit rating agencies as follows:

	Rating		Rating	2022	2021
	Long term	Short term	Agency	Rupees	Rupees
Banks					
Conventional					
The Bank of Punjab	AA+	A1+	PACRA	125,916,432	143,142,246
MCB Bank Limited	AAA	A1+	PACRA	92,750,165	50,187,860
Habib Bank Limited	AAA	A1+	JCR-VIS	19,809,845	4,667,761
National Bank of Pakistan	AAA	A1+	PACRA	6,632,642	30,098,417
Faysal Bank Limited	AA	A1+	PACRA	3,286,519	152,110
United Bank Limited	AAA	A1+	JCR-VIS	200,438	158,897
Sindh Bank Limited	A+	A1	JCR-VIS	85,419	559,788
Allied Bank Limited	AAA	A1+	PACRA	77,050	66,424
Bank Alfalah Limited	AA+	A1+	PACRA	75,394	61,781
Askari Bank Limited	AA+	A1+	PACRA	23,137	11,724
The Bank of Khyber	A	A1	PACRA	16,047	115,031
The First Microfinance Bank Limited	A+	A1	JCR-VIS	47,892	10,000
Summit Bank Limited	BBB-	A-3	JCR-VIS	43,290	17,774
Soneri Bank Limited	AA-	A1+	PACRA	22,788	10,000
Bank Al Habib Limited	AAA	A1+	PACRA	30,354	9,842
JS Bank Limited	AA-	A1+	PACRA	20,553	11,892
Silk Bank Limited	A-	A2	JCR-VIS	5,386	5,386
				249,043,351	229,286,933
Islamic					
National Bank of Pakistan	AAA	A1+	PACRA	14,687,889	183,054
Meezan Bank Limited	AAA	A1+	JCR-VIS	9,978,715	11,520,302
Bank Alfalah Limited	AA+	A1+	PACRA	9,292,162	682,220
Dubai Islamic Bank (Pakistan) Limited	AA	A1+	JCR-VIS	1,227,687	7,801
Albaraka Bank (Pakistan) Limited	A	A1	PACRA	857,154	63,725
MCB Islamic Bank Limited	A	A1	PACRA	194,197	658,783
Bank Islamic (Pakistan) Limited	A+	A1	PACRA	125,949	1,046,218
Al Baraka Bank (Pakistan) Limited					
(Formally Burj Bank Limited)	A+	A1	PACRA	20,016	20,016
Faysal Bank Limited	AA	A1+	PACRA	6,324	6,324
Askari Bank Limited	AA+	A1+	PACRA	3,692	11,664
				36,393,785	14,200,107
				285,437,136	243,487,040

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

Advances, deposits and other receivables

Advances, deposits and other receivables mainly comprise of advances to employees against salaries, receivables from related parties and deposits with government entities and financial institution. The Company has assessed, based on historical experience, available securities against advances to employees and amounts are paid to counterparty as per agreement, that the expected credit loss associated with these financial assets is trivial and therefore no impairment allowance is necessary.

44.1.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose, the Company has sufficient running finance facilities available from various commercial and Islamic banks to meet its liquidity requirements. Further, liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board of Directors. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2022				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Long term finances - secured	9,286,409,849	12,235,499,849	4,311,495,900	7,924,003,949	–
Short term borrowings	11,034,338,292	12,305,330,011	12,305,330,011	–	–
Lease liabilities	2,600,487,231	2,650,734,992	799,389,081	1,851,345,911	–
Accrued profit / interest / mark-up	812,967,857	812,967,857	812,967,857	–	–
Trade and other payables	1,710,872,045	1,710,872,045	1,710,872,045	–	–
Unclaimed dividend	40,640,932	40,640,932	40,640,932	–	–
	25,485,716,206	29,756,045,686	19,980,695,826	9,775,349,860	–

	2021				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Long term finances - secured	12,350,572,214	14,771,940,000	4,263,530,000	9,726,850,000	781,560,000
Short term borrowings	3,015,112,876	4,300,013,976	5,766,413,842	–	–
Lease liabilities	2,104,109,093	2,188,782,772	819,124,947	1,369,657,825	–
Accrued profit / interest / mark-up	251,304,750	251,304,750	251,304,750	–	–
Trade and other payables	1,370,867,750	1,370,867,750	1,370,867,750	–	–
Unclaimed dividend	33,748,830	33,748,830	33,748,830	–	–
	19,125,715,513	22,916,658,078	12,504,990,119	11,096,507,825	781,560,000

44.1.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Company's exposure resulting from outstanding import payments, foreign commercial transactions and related interest payments if any.

Financial liabilities of the Company include Rs. 16.21 million (2021: Rs. 8.82 million) in foreign currencies which are subject to currency risk exposure. The Company believes that the foreign exchange risk exposure on financial assets and liabilities is immaterial.

Foreign currency risk management

The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

ii) 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 changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term financing arrangements at floating interest rates to meet its business operations and working capital requirements. The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to these unconsolidated financial statements. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

		2022		2021	
		Financial asset	Financial liability	Financial asset	Financial liability
Non-derivative financial instruments	Note	Rupees	Rupees	Rupees	Rupees
Fixed rate instruments:					
Long term financing -					
SBP Refinance Scheme	8.1.1	–	–	–	560,129,192
Lease liabilities		–	2,188,247,918		1,678,591,100
		–	2,188,247,918	–	2,238,720,292
Variable rate instruments:					
Long term finances - secured	8	–	9,286,409,849	–	11,790,443,022
Lease liabilities		–	412,239,313	-	425,517,993
Lease receivables	26	–	–	69,633,908	-
Short term borrowings	13	–	11,034,338,292	-	3,015,112,876
Cash at bank	32.1	1,780,395	–	1,868,139	-
		1,780,395	20,732,987,454	71,502,047	15,231,073,891
		1,780,395	22,921,235,372	71,502,047	17,469,794,183

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 rates at the reporting date would not affect this unconsolidated statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2021.

	Profit or loss (100 bps)			
	2022		2021	
	Increase	Decrease	Increase	Decrease
	Rupees			
	(207,312,071)	207,312,071	(151,595,718)	151,595,718

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long and short term financing / borrowing and obligation under finance lease has variable rate pricing that is mostly dependent on Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

iii) Other price risk

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

44.2 Fair value measurements of financial instruments

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying amounts of all the financial instruments reflected in these unconsolidated financial statements approximate their fair value. Investments in subsidiary companies and associates are carried at cost less accumulated impairment loss.

Fair value measurement

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

– In the principal market for the asset or liability; or
– In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measure using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants at in their economic best interest.

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

Fair value hierarchy

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
– Unobservable inputs for the asset or liability (level 3).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfers occur. However, there were no transfers amongst levels during the year.

For details of the valuation techniques and significant unobservable inputs related to determining the fair value of biological assets, which are classified in level 3 of the fair value hierarchy, refer to note 27.

45. CAPITAL MANAGEMENT

The Board of Directors' policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as profit before operation divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company's strategy is to ensure compliance with the Prudential Regulations issued by the State Bank of Pakistan and is in accordance with agreements executed with financial institutions so that the total borrowings to equity ratio does not exceed the lender covenants. The total borrowings to equity ratio as at 30 September 2022 and 2021 are as follows:

	2022 Rupees	2021 Rupees
Total debt	21,545,955,312	16,068,106,077
Less: cash and bank balances	(289,694,593)	(247,319,679)
Net debt	21,256,260,719	15,820,786,398
Total equity	16,905,057,127	14,447,546,469
Total capital employed	38,161,317,846	30,268,332,867
Gearing ratio	56%	52%

Total debt comprises of long term financing from banking companies / financial institutions, lease obligation towards banks only, short term borrowings and accrued mark-up.

Total equity includes issued, subscribed and paid-up share capital, share premium reserve and accumulated profits.

46. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary companies, associated companies, other related companies, entities under common directorship, key management personnel and post employment benefit plans. Amounts due from and due to related parties are shown under respective notes to these unconsolidated financial statements. Other significant transactions with related parties except those disclosed elsewhere are as follows:

Name of company	Relationship	Nature of transactions	2022 Rupees	2021 Rupees
Deharki Sugar Mills (Pvt.) Limited	**Subsidiary Company** (Equity held 100%)	Short term advances paid	4,865,610,000	1,620,000,000
		Short term advances received	5,865,610,000	–
		Mark-up paid on short term advances	72,142,061	145,740,768
		Sale of sugarcane	1,418,901,000	1,048,539,359
		Purchase of bagasse	399,284,631	544,368,556
		Payment made against purchase of bagasse	414,189,295	322,134,328
		Reimbursement on use of Company's aircraft	10,836,985	16,022,887
		Rent on land acquired on lease	8,585,300	8,585,300
		Purchase of agri-inputs	2,382,703	99,541,406
		Sale of stores, spare parts and loose tools	22,439,609	14,092,065
		Sale of operating fixed assets	1,750,000	29,369,367
		Purchase of operating fixed assets	15,857,080	16,553,472
		Purchase of stores, spare parts and loose tools	–	2,086,265
		Others	1,676,057	2,941,333
Sadiqabad Power (Pvt.) Limited	**Subsidiary Company** (Equity held 100%)	Advances for issuance of shares	–	395,000
		Shares issued during the year	–	6,944,000
Ghotki Power (Pvt.) Limited	**Subsidiary Company** (Equity held 100%)	Advances for issuance of shares	–	365,000
		Shares issued during the year	–	7,314,000
JDW Aviation (Pvt.) Limited	**Associated Company** (Common directorship)	Reimbursement of expenses	4,557,417	4,323,538
		Refund of long term security deposit	–	2,990,360
Lahore Flying Club (Guarantee) Limited	**Associated Company** (Related party)	Services rendered against aircraft hangar	767,191	1,764,087
Post employment benefit plans	**Other related party**	Provident fund contribution	259,729,396	223,024,212
		Payment to recognised gratuity fund	58,781,330	104,674,839
		Short term advances received	250,000,000	185,000,000
		Short term advances paid	250,000,000	185,000,000
		Mark-up paid on short term advances	3,425,096	1,505,818
Key management personnel	**Key management**	Dividend paid	136,734,650	–
		Reimbursement of expenses	5,415,829	5,342,790
		Consultancy services	–	10,670,281

46.1 Detail of compensation to Chief Executive, Executive Directors, Non-Executive Directors and Executives is disclosed in note 43.

46.2 There is no outstanding balance as at 30 September 2022 (2021: Nil) in respect of above transactions except as disclosed in respective notes to these unconsolidated financial statements.

46.3 All transactions with related parties are entered into at agreed terms/contractual arrangement duly approved by the Board of Directors of the Company.

	2022 Tons	2021 Tons
47. CAPACITY AND PRODUCTION		
Sugar		
Unit I		
- Sugarcane crushed	3,311,789	2,537,605
- Sugar production	336,630	255,396
Unit II		
- Sugarcane crushed	2,408,562	1,621,775
- Sugar production	235,506	159,800
Unit III		
- Sugarcane crushed	2,091,205	1,411,576
- Sugar production	209,498	140,946

47.1 For details of crushing capacity, refer to note 19.1.19.

	2022 MWh	2021 MWh
Co - Generation Power		
Unit II		
Installed capacity (based on 8,760 hours)	233,016	233,016
Energy generated	195,649	218,299
Energy delivered	166,201	188,399
Unit III		
Installed capacity (based on 8,760 hours)	235,031	235,031
Energy generated	186,096	170,813
Energy delivered	160,044	141,530

47.2 Energy delivered to CPPA-G is dependent on the plant availability.

	2022		2021	
Corporate Farms	**Zones**	**Acres/Maunds**	**Zones**	**Acres/Maunds**
Land (Acres)	Punjab & Sindh	24,970	Punjab & Sindh	25,835
Land under cultivation (Acres)	Punjab & Sindh	19,712	Punjab & Sindh	20,539
Crop harvested (Maunds)	Punjab & Sindh	19,045,523	Punjab & Sindh	17,079,808

47.3 The Company also have harvested 33,939 Maunds of wheat (2021: 39,733), 446 Maunds of Rhode grass (2021: 31,354 Maunds) and 3,828 Maunds of Mustered (2021: 4,775 Maunds) and no any Maunds of Rice (2021: 826) during the year.

48. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022					
	Equity	Liabilities				
	Accumulated profit	Unclaimed dividend	Long term finances - secured	Lease liabilities	Short term borrowings	Accrued profit / interest / mark-up
	Rupees					
Balance as at 01 October 2021	13,171,462,931	33,748,830	12,350,572,214	2,104,109,093	3,015,112,876	251,304,750
Changes from financing cash flows:						
Loans received during the year	–	–	1,000,000,000	–	134,041,325,237	–
Payments for lease liabilities	–	–	–	(957,555,198)	–	–
Dividend paid	(1,494,416,526)	(420,889)	–	–	–	–
Interest paid during the year	–	–	–	–	–	(2,575,657,251)
Loan repaid during the year	–	–	(4,094,113,393)	–	(127,157,522,246)	–
	(1,494,416,526)	(420,889)	(3,094,113,393)	(957,555,198)	6,883,802,991	(2,575,657,251)
Other changes - liability related:						
Interest expense for the year	–	–	–	260,253,949	–	3,143,883,078
Addition in lease liabilities	–	–	–	1,314,109,525	–	–
Profit for the year	3,951,927,184	–	–	–	–	–
Increase in short term finances	–	–	–	–	1,135,422,425	–
Impact of IAS 20	–	–	23,388,308	–	–	–
Amortization of transaction cost	–	–	6,562,720	–	–	(6,562,720)
Others	–	7,312,991	–	(120,430,138)	–	–
Total liability-related other changes	3,951,927,184	7,312,991	29,951,028	1,453,933,336	1,135,422,425	3,137,320,358
Balance as at 30 September 2022	15,628,973,589	40,640,932	9,286,409,849	2,600,487,231	11,034,338,292	812,967,857

	2021					
	Equity	Liabilities				
	Accumulated profit	Unclaimed dividend	Long term finances - secured	Lease liabilities	Short term borrowings	Accrued profit / interest / mark-up
	Rupees					
Balance as at 01 October 2020	8,296,557,525	33,943,018	14,303,398,091	1,460,474,747	9,307,988,486	322,559,265
Changes from financing cash flows						
Loans received during the year	–	–	866,666,669	–	123,861,908,679	–
Payments for lease liabilities	–	–	–	(889,296,947)	–	–
Dividend paid	–	(194,188)	–	–	–	–
Interest paid during the year	–	–	–	–	–	(2,144,894,240)
Loan repaid during the year	–	–	(2,859,494,060)	–	(128,246,668,819)	–
	–	(194,188)	(1,992,827,391)	(889,296,947)	(4,384,760,140)	(2,144,894,240)
Other changes - liability related						
Interest expense for the year	–	–	–	178,103,402	–	2,073,639,725
Addition in lease liabilities	–	–	–	1,405,892,658	–	–
Profit for the year	4,874,905,406	–	–	–	–	–
Decrease in short term finances	–	–	–	–	(1,908,115,470)	–
Impact of IAS 20	–	–	40,001,514	–	–	–
Others	–	–	–	(51,064,767)	–	–
Total liability-related other changes	4,874,905,406	–	40,001,514	1,532,931,293	(1,908,115,470)	2,073,639,725
Balance as at 30 September 2021	13,171,462,931	33,748,830	12,350,572,214	2,104,109,093	3,015,112,876	251,304,750

49. NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

	2022 Number	2021 Number
Average number of employees during the year	7,862	7,753
Total number of employees as at 30 September	5,761	5,646

50. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 05 January 2023 by the Board of Directors of the Company.

51. SUBSEQUENT EVENTS

51.1 Subsequent to year ended 30 September 2022, the Company, with the approval of the Company's shareholders in extraordinary general meeting held on November 03, 2022 and in compliance of Section 88 of the Companies Act, 2017 read in conjunction with the Listing Companies (Buy Back of Shares) Regulations, 2019, accorded to buy back upto to a maximum of its 2,000,000 issued, subscribed and paid-up ordinary shares through the Pakistan Stock Exchange Limited at the spot/current price prevailing during purchase period i.e., 11 November 2022 to 02 May 2023 or till such date that the Buy-back of shares is completed, whichever is earlier. However, the Buy-back of shares has been completed date 02 January 2023.

51.2 The Board of Directors in their meeting held on 05 January 2023 has proposed final cash dividend for the year ended 30 September 2022 of Rs. 12.50 (2021: Rs. 10) per share amounting to Rs. 722.208 million (2021: Rs. 597.766 million) subject to the approval of the Company in the forthcoming annual general meeting. These financial statements do not include the effect of the above which will be accounted for in the year in which it is approved.

52. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever considered necessary, for the purposes of comparison and better presentation to comply with the requirements of the accounting and reporting standards as applicable in Pakistan, however, no significant re-arrangements and reclassification have been made during the year.

Chief Financial Officer | Chief Executive | Director

05

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT
on Consolidated Financial Statements

The Directors are pleased to present the Consolidated Financial Statements of JDW Sugar Mills Limited ("the Holding Company"), its Subsidiary Companies; Deharki Sugar Mills (Private) Limited, Faruki Pulp Mills Limited, Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited ("the Group") and its Associated Companies; JDW Power (Private) Limited and Kathai-II Hydro (Private) Limited for the year ended 30 September 2022.

Deharki Sugar Mills (Private) Limited ("DSML") was incorporated as a Private Limited Company. The Principal activity of Subsidiary Company is production and sale of crystalline sugar. The Holding Company holds 100% shares of the Subsidiary Company.

Faruki Pulp Mills Limited ("FPML") was incorporated as a Public Limited Company, with the primary objective to manufacture and sale of paper pulp. The Holding Company holds 57.67% shares of the Subsidiary Company. Further FPML has been, for the considerable number of years, unable to commence its commercial operations and considering this fact management of subsidiary company has principally decided not to inject further funds in the company as significant capital expenditure are required. Moreover, keeping in view commercial viability of the plant as well as the substantial accumulated losses the management of the Subsidiary Company has determined that the company might not be able to realize its assets and discharge its liabilities in the normal course of business. During the last year, the FPML through a special resolution passed in its Extraordinary General Meeting held on March 25, 2020 resolved to dispose of its property, plant and equipment either in parts or in their entirety to prospective buyers after due process, but due to COVID-19 Situation in the country this was not completed during the current year and the said arrangement was re-approved by the FPML shareholders in its EOGM held on 13 December 2021. However, subsequent to year end, the management of FPML has initiated the tendering process for disposal of assets. We are expecting to complete this process in the year 2022-23.

Ghotki Power (Private) Limited ("GPL") was incorporated on 15 December 2016. The Subsidiary Company will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based Co-Generation Power Plants. The Holding Company holds 100% shares of the Subsidiary Company.

Sadiqabad Power (Private) Limited ("SPL") was incorporated on 16 December 2016. The Subsidiary Company will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based Co-Generation Power Plants. The Holding Company holds 100% shares of the Subsidiary Company.

JDW Power (Private) Limited ("JDWPL") is a private limited company incorporated in Pakistan on 08 August 2009 under the repealed Companies Ordinance, 1984. The principal activity of it is to build, own, operate, and maintain a Co-Generation Power Plant. The Holding Company holds 47.37% shares of the Associated Company.

The Holding Company acquired the 20% shareholding in Kathai-II Hydro (Private) Limited ("the Associate") on 12 November 2019. The Associate is a private limited company incorporated in Pakistan on 27 August 2012 under the repealed Companies Ordinance, 1984. The principal activity of the associate is to generate, distribute and sell electricity.

It is being confirmed that to the best of our knowledge, these consolidated financial statements for the year ended 30 September 2022 give a true and fair view of the assets, liabilities, financial position and financial results of the Group and are in conformity with approved accounting standards as applicable in Pakistan.

FINANCIAL OVERVIEW

The consolidated financial results are as follows:

(Rs. in Million)

	2021-22	2020-21
Gross Revenue	78,923	74,796
Revenue from Contracts with Customers	69,089	65,256
Profit from Operations	9,524	7,283
Profit before Tax	5,285	4,761
Profit after Tax	4,319	4,608

Directors have given their detailed report of affairs of the Holding Company, Subsidiary Companies as well as Associated Companies in Directors' report to the shareholders of the Holding Company.

05 January 2023 Chief Executive Director
Lahore

ڈائریکٹرز رپورٹ

ڈائریکٹرز خوشی کے ساتھ جے ڈی ڈبلیو شوگر ملز اور اسکے زیریں ادارے ڈہرکی شوگر ملز پرائیویٹ لمیٹڈ، فاروقی پلپ ملز لمیٹڈ، صادق آباد پاور پرائیویٹ لمیٹڈ، گھوٹکی پاور پرائیویٹ لمیٹڈ اور منسلک ادارے جے ڈی ڈبلیو پاور پرائیوٹ لمیٹڈ، کتھائی ہائیڈرو-II پرائیویٹ لمیٹڈ کی سالانہ آڈیٹڈ مالیاتی رپورٹ برائے سال 30 ستمبر 2022 پیش کر رہے ہیں۔

ڈہرکی شوگر ملز پرائیویٹ لمیٹڈ کمپنی ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ذیلی ادارے کا بنیادی کام گنے سے چینی بنانا اور بیچنا ہے۔ اس ذیلی کمپنی کے 100 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

فاروقی پلپ ملز لمیٹڈ کو پبلک لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام پیپر پلپ بنانا اور بیچنا ہے۔ کمپنی اب تک کاروباری سرگرمی شروع نہیں کرسکی ہے۔ اس ذیلی کمپنی کے 57.67 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔ رواں مالی سال میں کمپنی کی ناقص کاروباری حالت کو مدنظر رکھتے ہوئے فاروقی پلپ کمپنی کی مینجمنٹ نے خاص قرارداد اپنی ایکسٹرا آرڈینری جنرل میٹنگ منعقدہ 25 مارچ 2020 کو منظور کی۔ جس میں کمپنی کے اثاثے فروخت کرنے کی منظوری دی گئی۔ اثاثوں کی فروخت کا طریقہ کار تمام ضروری اقدامات مکمل کرنے کے بعد یکمشت یا حصوں میں ہونا تھا جو کہ کرونا وائرس کی وجہ سے پایا تکمیل نہ پا سکا بعد ازاں 13 دسمبر 2021 کو حصص داروں نے دوبارہ منظوری دے دی۔ رواں سال کے اختتام کے بعد فاروقی پلپ لمیٹڈ نے اثاثوں کی فروخت کیلئے ٹینڈر کا اجراء کر دیا ہے۔

گھوٹکی پاور پرائیویٹ لمیٹڈ کمپنی کو ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام بجلی پیدا کرنا اور بیچنا ہوگا۔ اس ذیلی کمپنی کے 100 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

صادق آباد پاور پرائیویٹ لمیٹڈ کمپنی کو ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام بجلی پیدا کرنا اور بیچنا ہوگا۔ اس ذیلی کمپنی کے 100 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

جے ڈی ڈبلیو پاور پرائیوٹ لمیٹڈ کمپنی کو ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام بجلی پیدا کرنا اور بیچنا ہوگا۔ اس کمپنی کے 47.37 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

کتھائی ہائیڈرو-II پرائیویٹ لمیٹڈ کمپنی کو ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام بجلی پیدا کرنا اور بیچنا ہے۔ اس کمپنی کے 20 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں جو کمپنی نے 12 نومبر 2019 کو حاصل کیے تھے۔

ہم اس بات کی تصدیق کرتے ہیں کہ ہماری بہترین معلومات کے مطابق یہ سالانہ آڈیٹڈ مالیاتی رپورٹ برائے 30 ستمبر 2022 پاکستان میں منظور شدہ اکاؤنٹنگ سٹینڈرڈ کے مطابق ہے اور اپنے تمام اثاثوں، واجبات اور مالیاتی پوزیشن کی سچی اور منصفانہ تصویر پیش کر رہی ہے۔

سالانہ مالیاتی نتائج مندرجہ ذیل ہیں:

(ملین روپے)

	2021-22	2020-21
مجموعی فروخت	78,923	74,796
خالص فروخت	69,089	65,256
کارکردگی منافع	9,524	7,283
قبل از ٹیکس منافع	5,285	4,761
بعد از ٹیکس منافع	4,319	4,608

ڈائریکٹرز نے اس رپورٹ میں اپنے تمام شیئر ہولڈرز کو ہولڈنگ ادارے اور اسکی تمام ذیلی اور منسلک اداروں کی تفصیلی امور سے آگاہ کیا ہے۔

۵ جنوری ۲۰۲۳

لاہور

چیف ایگزیکیٹو

ڈائریکٹر

RASG
Result Assured Services for Growth

INDEPENDENT AUDITORS' REPORT

To the members of JDW Sugar Mills Limited

Opinion

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

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

Referring to note 8.1.1 and 49 to the consolidated financial statements, the management of the Deharki Sugar Mills (Private) Limited, a wholly own subsidiary of the Holding Company, ('DSML') has obtained long term financing from Bank of Punjab – Syndicate under Common Term Agreement ("the agreement") dated January 10 2020. In accordance with the terms of the agreement, the DSML is required to comply with certain financial covenants. The DSML was in compliance with all financial covenant except debt service coverage ratio as define in the agreement. Pursuant to non-compliance of above mentioned covenant contained in the agreement, the DSML has not classified non-current maturity of such loan as current liability under the requirement of International Accounting Standards 1 'Presentation of Financial Statements' which constitutes a departure from IFRSs. The DSML's accounting record indicate that, had management of DSML classified its long term liabilities as current liabilities pursuant to such breach of covenant, total current liabilities has been increased by Rs. 1,282 million as at reporting date.

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

Emphasis of Matters

We draw attention to following matters:

- Refer to note 1.4 to these consolidated financial statements, which describes that intention of Faruki Pulp Mills Limited – Subsidiary Company to liquidate its property, plant and equipment and other assets and is no longer a going concern, therefore, the financial statements of Faruki Pulp Mills Limited have been prepared using liquidation basis of accounting.

- Refer to note 19.1.22 to these consolidated financial statements, which describes the Commission of Inquiry has highlighted discrepancies with respect to crushing capacity of the Holding Company and standard business practice of Pakistan sugar industry.

RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

Building No.35 - D / E, Ali Block, New Garden Town, Lahore.
Tel: (92-42) 35940246-7, Fax: (92-42) 35940248
Email: rasglhr@rasgco.com, Website: www.rasgco.com
Corporate Office at Karachi & Regional Office at Islamabad.

A member of agn INTERNATIONAL

Our opinion is not modified in respect of above matters.

Key Audit Matters

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

Following are the Key Audit Matters:

Sr. No.	Key Audit Matters	How the matters were addressed in our audit
1	**Revenue recognition**	
	Refer to notes 4.13 and 35 to these consolidated financial statements. The Group principally generates revenue from sale of crystalline sugar, agriculture produce and electricity. We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Group and gives rise to an inherent risk of misstatement to meet expectations or targets.	Our audit procedures, amongst others, included the following: • obtained an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of revenue; • assessed the appropriateness of the Group's accounting policy for recording of revenue and compliance of the policy with International Financial Reporting Standard 15 (IFRS 15) Revenue from contract with customers; • reviewed the management procedures carried out for evaluation of contractual arrangements with customers (oral and written) with respect to identification of each party's rights regarding the goods to be transferred and revenue has been recognized after meeting the conditions of IFRS 15; • reviewed a sample of contractual arrangement entered into by the Group with its customers and checking the Group's obligation to transfer goods to a customer; for which the Group has received consideration, has been satisfied before recognition of revenue; • compared a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery orders and other relevant underlying documents; • compared a sample of sale transactions recorded before and after reporting period and near the year end with relevant underlying documentation to assess whether revenue has been recorded in the appropriate accounting period; • compared a sample of electricity sales transactions with energy invoices duly verified by Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") and assess whether the revenue has been recorded in the appropriate accounting period; • for a sample of invoices, recalculated the invoice amount based on fixed and variable component provided by National Electric Power Regulatory Authority (NEPRA);

Sr. No.	Key Audit Matters	How the matters were addressed in our audit
		• scanned for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation; and • assessed the adequacy of disclosures in these consolidated financial statements to be in accordance with the applicable accounting and reporting standards.
2	**Valuation of biological assets (standing sugarcane)**	
	Refer to notes 4.7 & 27 to these consolidated financial statements. Significant judgement and estimates are used in determining the fair value of biological assets. At 30 September 2022, the fair value of the standing sugarcane is Rs. 2,853 million which constitutes a significant balance on the consolidated statement of financial position. The value of standing sugarcane is based on the current estimated cane price for the following season and sucrose content less the estimated cost of harvesting, transport and other related cost. Significant judgement is required in estimating the expected cane yield, the maturity of the cane and the estimated sucrose content for the various operating locations and is also considered subjective since it is based on executive management, its experience, expectations and relevant current external factors. Given the value of the biological assets, together with the significant judgement and estimates that are required in determining the fair value, the valuation of biological assets is considered a key audit matter.	Our procedures performed in considering the appropriateness of the valuation of standing sugarcane included the following: • management's representation with regards to the valuation techniques and fair presentation of the biological assets were obtained and evaluated; • critically evaluated the fair value methodology against criteria in IAS 41 'Agriculture' and IFRS 13 'Fair Value Measurement', measurements and key assumptions applied by management in determining the fair value of the standing sugarcane; • examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; • performed sensitivities to assess the impact of changes in the significant inputs; • reviewed the principles used in the valuation of standing sugarcane and analysed the key assumptions used in the valuation model; • detailed testing on the key inputs into the standing sugarcane valuation model including estimated yields, estimated sucrose content and forecast price to confirm the validity, accuracy and completeness of the data by comparing the data to market and other external data where applicable; • compared the prior year's estimated yields, estimated sucrose content and forecast price to the current year actuals attained to assess the reasonableness and accuracy of management' estimates; • reviewed the formulae as per the model and recalculating for mathematical accuracy; and • evaluated the adequacy of the consolidated financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities to ensure that they are in compliance with the IAS 41 and IFRS 13.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td>3</td><td>Recognition of deferred tax assets relating to Minimum Turnover Tax and Alternative Corporate Tax (tax credits)</td><td></td></tr>
<tr><td></td><td>Refer to notes 4.10.2 & 10 to these consolidated financial statements.

Under International Accounting Standard 12 “Income Taxes”, the Group is required to review recoverability of the deferred tax assets recognized in the consolidated statement of financial position at each reporting period.

Recognition of deferred tax assets is dependent on management’s estimate of availability of sufficient future taxable profits against which carried forward un-used tax credits can be utilized. The future taxable profits are based on approved projections.

This estimation involves a degree of uncertainty and requires judgement in relation to the future cash flows and also involves assessment of timing of reversal of un-used tax credits.

As at 30 September 2022, the Group has recognized deferred tax assets amounting to Rs. 2,189 million mainly on account of un-used tax credits.

We considered this as a key audit matter due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of deductible temporary differences and management judgement regarding assumptions used in this area.</td><td>Our audit procedures amongst others included the following:
• obtained understanding of management process of preparation of taxable income and liability forecast and deferred tax calculation;
• tested management’s computation of un-used tax credits for which deferred tax assets has been recognized;
• analyzed the requirements of Income Tax Ordinance, 2001, in relation to above and considered the ageing analysis, expiry periods of relevant deferred tax assets and tax rates enacted in consultation with our internal tax professionals;
• assessed the reasonableness of assumptions such as growth rate, future revenue and costs and other relevant information for assessing the quality of Group’s forecasting process in determining the future taxable profits;
• tested mathematical accuracy of future projections and the use of appropriate tax rate applicable on temporary differences; and
• assessed the appropriateness of management’s accounting for deferred taxes and the accuracy of related disclosures in accordance with the applicable accounting and reporting standards.</td></tr>
<tr><td>4</td><td>Valuation of stock-in-trade</td><td></td></tr>
<tr><td></td><td>Refer to note 29 to the consolidated financial statements.

Stock-in-trade at the reporting date mainly included bagasse and finished goods (sugar bags).

The value of stock-in-trade at the reporting date aggregated to Rs. 17,918 million representing 58% of the Group’s total current assets.

The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions.

Judgment has also been exercised by the management in determining the net realisable value of finished goods and estimating the stock of bagasse.

We identified this matter as key in our audit due to the judgment and assumptions applied by the Group in determining the cost and net realisable value of stock-in-trade at the reporting date.</td><td>We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps:
• assessed whether the Group’s accounting policy for inventory valuation is in line with the International Accounting Standards 2 “Inventories”;
• attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data;
• assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis;
• re-calculated the value of stock in trade by allocating the fixed and variable overheads and reviewed the adequacy of costing methodology;
• performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices; and
• assessed the adequacy of disclosures in these consolidated financial statements to be in accordance with the applicable accounting and reporting standards.</td></tr>
</table>

Sr. No.	Key Audit Matters	How the matters were addressed in our audit
5	**Financing obligations and compliance with related covenant requirements**	
	Refer notes 8 & 13 to these consolidated financial statements. At the reporting date, the Group has outstanding financing facilities (both long and short term) aggregating Rs. 26,125 million which constitutes 71% of total liabilities of the Group. The Group's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to the portfolio of financing. Further, new financing arrangements entail additional financial and non-financial covenants for the Group to comply with. The significance level of financing facilities obtained along with the sensitivity of compliance with underlying financing covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.	Our audit procedures in relation to verification of long and short term financing mainly included the following: • reviewed terms and conditions of financing agreements entered into by the Group with various banks and financial institutions; • obtained direct balance confirmations from banks and financial institutions and verified outstanding obligations and certain other information from such confirmations; • reviewed maturity analysis of financing to ascertain the classification of financing as per their remaining maturities; • assessed the status of compliance with financing covenants and also inquired from the management with regard to their ability to ensure future compliance with the covenants; • assessed the adequacy of disclosures made in respect of the long and short term financing / borrowings in these consolidated financial statements; and • checked on test basis the calculations of finance cost recognised in the consolidated statement of profit or loss.
6	**Contingencies**	
	Refer to note 19.1 to these consolidated financial statements. The Group is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the consolidated financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses. For such reasons, we have considered the contingencies as a key audit matter.	Our audit procedures in this area included, amongst others, the following: • obtained an understanding of the Group's processes and controls over litigations through meeting with the management, review of the minutes of the Board of Directors; • reviewing the correspondence of the Group with the relevant authorities and legal advisors including judgments or orders passed by the competent authorities; • obtained and reviewed direct confirmations from the Group's external advisors for their views on the legal position of the Group in relation to the contingent matters; • involved our internal tax professionals to assess management's conclusions on contingent tax matters; and • evaluated the adequacy of disclosures made in respect of these contingencies in in accordance with the applicable accounting and reporting standards.

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2022, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Ali Rafique.

Riaz Ahmad, Saqib, Gohar & Company
Chartered Accountants

05 January 2023
Lahore
UDIN: AR202210098T9GA5kSBt

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	6	597,766,610	597,766,610
Share premium reserve	7	678,316,928	678,316,928
Accumulated profit		17,521,680,614	14,693,902,094
Equity attributable to owners of the Holding Company		18,797,764,152	15,969,985,632
Non - controlling interest	34	374,672,247	376,074,277
		19,172,436,399	16,346,059,909
NON-CURRENT LIABILITIES			
Long term finances - secured	8	7,686,703,300	11,024,207,181
Lease liabilities	9	1,846,353,605	1,313,728,626
Deferred taxation	10	380,933,944	114,896,886
Retirement benefits	11	23,650,196	55,987,252
Deferred income - Government grant	12	–	865,645
		9,937,641,045	12,509,685,590
CURRENT LIABILITIES			
Short term borrowings	13	14,830,264,117	3,433,591,564
Current portion of non-current liabilities	14	4,385,280,678	4,633,829,429
Trade and other payables	15	3,427,848,539	2,364,582,644
Advances from customers	16	3,291,833,080	1,408,574,415
Unclaimed dividend	17	40,640,932	33,748,830
Accrued profit / interest / mark-up	18	1,043,339,635	308,968,644
		27,019,206,981	12,183,295,526
Liabilities classified as held for sale	33	36,593,732	37,417,291
		27,055,800,713	12,220,712,817
CONTINGENCIES AND COMMITMENTS	19		
		56,165,878,157	41,076,458,316

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Financial Officer

As at 30 September 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	20	22,913,520,193	23,377,311,554
Right-of-use assets	21	1,623,707,863	1,836,163,006
Investment property	22	185,854,012	185,854,012
Intangibles	23	610,702,115	612,747,625
Long term investments	24	–	–
Long term deposits	25	97,494,818	95,250,741
		25,431,279,001	26,107,326,938
CURRENT ASSETS			
Right-of-use assets	21	730,292,317	43,462,361
Short term investments	24.2	–	–
Lease receivables	26	–	69,633,908
Biological assets	27	2,855,032,666	2,335,200,206
Stores, spare parts and loose tools	28	2,217,524,718	1,649,257,253
Stock-in-trade	29	17,918,960,986	3,495,317,580
Trade receivables	30	3,920,509,349	4,496,926,781
Advances, deposits, prepayments and other receivables	31	1,106,464,947	1,256,355,084
Advance income tax - net		596,663,748	386,597,266
Cash and bank balances	32	440,945,386	283,941,075
		29,786,394,117	14,016,691,514
Assets classified as held for sale	33	948,205,039	952,439,864
		30,734,599,156	14,969,131,378
		56,165,878,157	41,076,458,316

Chief Executive

Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2022

	Note	2022 Rupees	2021 Rupees
Continuing operations:			
Gross revenue		78,922,981,038	74,795,659,428
Sales tax and commission		(9,833,936,218)	(9,539,903,645)
Revenue from contracts with customers	35	69,089,044,820	65,255,755,783
Cost of revenue	36	(58,156,652,078)	(53,729,963,559)
Gross profit		10,932,392,742	11,525,792,224
Administrative expenses	37	(2,875,576,418)	(2,589,772,225)
Selling expenses	38	(63,394,544)	(145,038,749)
Other income	39	1,940,773,445	2,218,137,777
Other expenses	40	(410,247,961)	(3,726,228,216)
		(1,408,445,478)	(4,242,901,413)
Profit from operations		9,523,947,264	7,282,890,811
Share of loss of associate	24.1	–	–
Finance cost	41	(4,238,507,133)	(2,522,145,814)
Profit before taxation		5,285,440,131	4,760,744,997
Taxation	42	(962,605,454)	(141,924,964)
Profit from continuing operations		4,322,834,677	4,618,820,033
Discontinued operations:			
Loss from discontinued operations – net of tax	43.1	(3,411,266)	(10,487,041)
Profit for the year		4,319,423,411	4,608,332,992
Attributable to:			
Owners of the Holding Company		4,320,825,441	4,612,643,166
Non - controlling interest	43.2	(1,402,030)	(4,310,174)
		4,319,423,411	4,608,332,992
Earnings per share - basic and diluted			
Continuing operations		72.32	77.27
Discontinued operations		(0.03)	(0.10)
Attributable to owners of the Holding Company	44	72.29	77.17

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Financial Officer Chief Executive Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2022

	Note	2022 Rupees	2021 Rupees
Profit for the year		4,319,423,411	4,608,332,992
Other comprehensive income / (loss) - net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of retirement benefits	11.4	2,044,186	(4,775,791)
Related deferred tax charge for the year	10.3	(674,581)	1,384,979
		1,369,605	(3,390,812)
Total comprehensive income for the year		4,320,793,016	4,604,942,180
Attributable to:			
Owners of the Holding Company		4,322,195,046	4,609,252,354
Non - controlling interest	43.2	(1,402,030)	(4,310,174)
		4,320,793,016	4,604,942,180

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive

Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	45	(580,992,985)	11,470,250,706
Taxes paid		(906,432,043)	(1,192,605,185)
Staff retirement benefits paid		(326,796,468)	(237,187,490)
Interest income received		630,526,856	390,600,832
Long term deposits		(2,244,078)	(34,275,044)
Workers' Profit Participation Fund paid	15.3	(328,660,801)	(160,656,876)
Workers' Welfare Fund paid	15.4	(21,994,389)	(55,128,962)
		(955,600,923)	(1,289,252,725)
Net cash (used in) / generated from operating activities		(1,536,593,908)	10,180,997,981
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,250,581,735)	(669,598,828)
Right-of-use assets		655,711,065	1,507,655
Proceeds from insurance claim against loss of bagasse, crane & buildings		24,541,000	–
Proceeds from disposal of operating fixed assets	20.1.3	138,454,557	65,846,167
Net cash used in investing activities		(431,875,113)	(602,245,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		(3,581,326,137)	(1,931,586,596)
Short term borrowings - net		10,444,813,652	(2,082,957,755)
Financial charges paid as:			
- finance cost		(3,234,379,113)	(2,545,087,957)
- interest on lease liability		(261,513,480)	(178,103,402)
Principal portion of lease liability paid		(699,143,076)	(711,193,545)
Dividend paid		(1,494,837,415)	(194,188)
Net cash generated from/(used in) financing activities	52	1,173,614,431	(7,449,123,443)
Net (decrease) / increase in cash and cash equivalents		(794,854,590)	2,129,629,532
Cash and cash equivalents at beginning of the year		(1,406,116,249)	(3,535,745,781)
Cash and cash equivalents at end of the year		(2,200,970,839)	(1,406,116,249)
Cash and cash equivalents comprise of the following:			
- Cash and bank balances	32	440,945,386	283,941,075
- Running / Morabaha / Karobar / Musharakah finances	13.2 & 13.5	(2,641,916,225)	(1,690,057,324)
		(2,200,970,839)	(1,406,116,249)

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Financial Officer　　Chief Executive　　Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2022

	Share capital	Reserves: Capital – Share premium	Reserves: Revenue – Accumulated profit	Total reserves	Equity attributable to owners of the Holding Company	Non-controlling interest	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 October 2020	597,766,610	678,316,928	10,084,649,740	10,762,966,668	11,360,733,278	380,384,451	11,741,117,729
Total comprehensive income for the year							
Profit for the year	–	–	4,612,643,166	4,612,643,166	4,612,643,166	(4,310,174)	4,608,332,992
Other comprehensive loss for the year	–	–	(3,390,812)	(3,390,812)	(3,390,812)	–	(3,390,812)
	–	–	4,609,252,354	4,609,252,354	4,609,252,354	(4,310,174)	4,604,942,180
Balance as at 30 September 2021	597,766,610	678,316,928	14,693,902,094	15,372,219,022	15,969,985,632	376,074,277	16,346,059,909
Total comprehensive income for the year							
Profit for the year	–	–	4,320,825,441	4,320,825,441	4,320,825,441	(1,402,030)	4,319,423,411
Other comprehensive income for the year	–	–	1,369,605	1,369,605	1,369,605	–	1,369,605
	–	–	4,322,195,046	4,322,195,046	4,322,195,046	(1,402,030)	4,320,793,016
Transactions with owners of Holding Company recorded directly in equity							
Final cash dividend @ Rs. 10 per share for the year ended 30 September 2021	–	–	(597,766,610)	(597,766,610)	(597,766,610)	–	(597,766,610)
Interim cash dividend @ Rs. 7.50 per share for the half year ended 31 March 2022	–	–	(448,324,958)	(448,324,958)	(448,324,958)	–	(448,324,958)
Interim cash dividend @ Rs. 7.50 per share for the nine month ended 30 June 2022	–	–	(448,324,958)	(448,324,958)	(448,324,958)	–	(448,324,958)
	–	–	(1,494,416,526)	(1,494,416,526)	(1,494,416,526)	–	(1,494,416,526)
Balance as at 30 September 2022	597,766,610	678,316,928	17,521,680,614	18,199,997,542	18,797,764,152	374,672,247	19,172,436,399

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Financial Officer | Chief Executive | Director

1. CORPORATE AND GENERAL INFORMATION

1.1 The Group consists of the Holding Company and its Subsidiary Companies.

	2022	2021
	Holding percentage	
Holding Company		
JDW Sugar Mills Limited		
Subsidiaries:		
- Deharki Sugar Mills (Private) Limited ("DSML")	100%	100%
- Ghotki Power (Private) Limited ("GPL")	100%	100%
- Sadiqabad Power (Private) Limited ("SPL")	100%	100%
- Faruki Pulp Mills Limited ("FPML")	57.67%	57.67%
Associates:		
- JDW Power (Private) Limited ("JDWPL")	47.37%	47.37%
- Kathai-II Hydro (Private) Limited ("KHL")	20%	20%

JDW Sugar Mills Limited ("the Holding Company") was incorporated in Pakistan on 31 May 1990 as a private limited company and was subsequently converted into a public limited company on 24 August 1991. The shares of the Holding Company are listed on the Pakistan Stock Exchange Limited. The principal activities of the Holding Company are production and sale of crystalline sugar including its by-products i.e. molasses, bagasse and mud, generation of electricity and managing corporate farms.

The geographical locations and addresses of the Holding Company's business units, including production facilities are as under:

- Head office and registered office: 17 - Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan
- Unit-I: Mauza Shirin, Jamal Din Wali, District Rahim Yar Khan, Punjab
- Unit-II: Machi Goth, Sadiqabad, District Rahim Yar Khan, Punjab
- Unit-III: Village Laluwali, District Ghotki, Sindh
- Corporate farms - Punjab Zone
- Corporate farms - Sindh Zone

The Holding Company has executed Energy Purchase Agreements ("EPA") on 20 March 2014 for thirty years with National Transmission & Despatch Company Limited ("NTDC") through the Central Power Purchasing Agency (Guarantee) Limited ("('CPPA-G' and also referred to as "the Purchaser')") for its Bagasse Based Co-Generation Power Plants ("Co-Generation Power") at Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab and Unit-III, District Ghotki, Sindh.

On February 12, 2021, the Holding Company entered into a Novation Agreement to the EPA with NTDC and CPPA-G, whereby, NTDC irrevocably transferred all of its rights, obligations and liabilities under the Energy Purchase Agreement ('EPA') to CPPA-G and thereafter, NTDC ceased to be a party to the EPA, and CPPA-G became a party to the EPA in place of NTDC. Further, on the same day, the Holding Company entered into the EPA Amendment Agreement, as referred to note 1.2.

The 26.60 MW power plant at Unit-II achieved Commercial Operations Date ("COD") on 12 June 2014 while the 26.83 MW power plant at Unit-III achieved COD on 03 October 2014 after completing all independent testing and certification requirements and commenced supplying renewable electricity to the national grid. Further, the Holding Company's Co-Generation Power Plants are the first to materialize under National Electric Power Regulatory Authority's ("NEPRA") upfront bagasse tariff.

1.2 Amendment to the Energy Purchase Agreement (EPA)

The Holding Company in the larger national interest and sustainability of the power sector, voluntarily agreed to alter its existing contractual arrangements with the CPPA-G for the sale of electricity. In this respect, the Holding Company entered into a "Master Agreement" and an "EPA Amendment Agreement" (hereinafter referred to as the 'Agreements') on February 12, 2021.

Pursuant to the significant terms of these Agreements, the Holding Company will receive its outstanding receivables amounting to Rs 2,041.979 million due from CPPA-G as on November 30, 2020 in two installments. Accordingly, the Holding Company received Rs. 816.833 million as the 1st installment (40%) on June 04, 2021 and second instalment of 60% of the aforementioned outstanding amount was received on November 29, 2021. These instalments comprised of 1/3rd cash, 1/3rd in the form of tradeable Ijarah Sukuk, and 1/3rd in the form of tradeable Pakistan Investment Bonds (PIBs). Further, the Holding Company has provided discounts on insurance, Operations & Maintenance and return on equity in tariff.

Moreover, if the Holding Company operates above the annual 45% plant factor (the "Average PF") in a year, the CPPA-G shall pay 100% variable energy payments and 30% of fixed energy payment for energy dispatched above the Average PF. If below the Average PF, the CPPA-G shall pay monthly energy payment in accordance with clause 3.1.2 of the EPA Amendment Agreement. Both above arrangement shall remain effective for every five year period starting from COD, after which a fresh reset shall be done to restart the new five year period.

In addition to above, delayed payment rate' as referred in note 30.2 of these consolidated financial statements has been amended to for all future invoices (a) for the first sixty (60) days, 3MK plus two percent per annum; (b) for any period thereafter sixty (60) days, 3MK plus four-point five percent per annum and each calculated for the actual number of days for which the relevant amount remains unpaid. Further, for all invoices, CPPA-G shall ensure that payments follow the EPA mandated FIFO payment principle.

Upon the EPA Amendment becoming effective, CPPA-G and the Holding Company shall jointly proceed to file application for disposal of pending litigation before the Courts in relation to the matter in respect of the EPA. For details, refer to note 30.2.1

1.3 Deharki Sugar Mills (Private) Limited – "DSML" ("the Subsidiary Company") having financial year ended 30 September 2022 was incorporated in Pakistan on 14 July 2010 as a Private Limited Company. The principal activity of DSML is manufacturing and sale of crystalline sugar. Geographical location and addresses of all business units are as follows:

- Head office / registered office: 17-Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan;
- Manufacturing unit: KLP Road, Mauza Kamoo Shaheed, Taluka Ubauro, Mirpur Mathelo, Ghotki, Sindh. and
- Karachi Office: Office No.4, 12th Floor Bahria Town Tower, Karachi.

1.4 Faruki Pulp Mills Limited – "FPML" ("the Subsidiary Company") having financial year ended 30 September 2022 was incorporated in Pakistan on 20 October 1991 as a Public Limited Company. FPML will be engaged in the manufacture and sale of paper pulp. Geographical location and addresses of all business units are as follows:

- Head office / registered office: 14/4- Abid Majeed Road Lahore Cantt, Pakistan.; and
- Production facility is situated at 20 km from Gujrat, Sargodha Road, Mangowal, Punjab.

FPML has been unable to commence its commercial operations till date. The trial runs conducted over the years, identified significant additional capital expenditure requirements to make the plant commercially viable.

Keeping in view the commercial viability of the plant and substantial accumulated losses, the management of FPML believes that it may not be able to realize its assets and discharge its liabilities in the normal course of business, and there does not exist any realistic basis to prepare these financial statements on a going concern basis (for details refer to note 23.1.2). Accordingly, separate financial statements of FPML have been prepared on non-going concern basis. As at 30 September 2022, the Holding Company's share in the net assets of FPML is Rs. 498.59 million (2021: Rs. 497.19 million). The financial statements of the Group have been prepared on a going concern basis.

Moreover, FPML through an extraordinary general meeting held on 25 March 2020, resolved to dispose of its property, plant and equipment either in parts or in their entirety to the prospective buyers after due process. As a result, the Group's operations have been divided into Continuing and Discontinued operations in accordance with the requirements of International Financial Reporting Standard (IFRS) 5, "Non-current Assets Held for Sale and Discontinued Operations". Paper Pulp business have been classified as Discontinued operations (for details, refer to note 33). Continuing operations include Sugar, Co-Generation Power and Corporate Farms business.

1.5 Sadiqabad Power (Private) Limited - "SPL" ("the Subsidiary Company") having financial year ended 30 September 2022 was incorporated in Pakistan on 16 December 2016. SPL will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based Co-Generation Power Plants. Geographical location and addresses of all business units are as follows:

- Head office / registered office: 17-Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan and
- Generation Facility is situated at Machi Goth, Sadiqabad, District Rahim Yar Khan.

1.6 Ghotki Power (Private) Limited - "GPL" ("the Subsidiary Company") having financial year ended 30 September 2022 was incorporated in Pakistan on 15 December 2016. GPL will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based Co-Generation Power Plants. Geographical location and addresses of all business units are as follows:

- Head office / registered office: 17-Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan; and
- Generation Facility is situated at Village Laluwali, District Ghotki.

1.7 JDW Power (Private) Limited ("the associate") having financial year ended 30 June 2022 is a private limited company incorporated in Pakistan on August 08, 2009 under the repealed Companies Ordinance, 1984. The principal activity of it is to build, own, operate, and maintain a co-generation power plant. The registered office of the associate is situated at 17-Abid Majeed Road, Lahore Cantt. (for details, refer to note 24.2)

1.8 Kathai-II Hydro (Private) Limited – "KHL" ("the associate") having financial year ended 30 June 2022 is a private limited company incorporated in Pakistan on August 27, 2012 under the repealed Companies Ordinance, 1984. The Principal activity of KHL is to generate, distribute and sell electricity. Geographical location and addresses of all business units are as follows:

- Head office / registered office of KHL is situated at 300 Main Boulevard, Phase 6, DHA, Lahore; and
- Production unit is located on the Kathai Nullah in Azad Jammu & Kashmir ("AJK") about 50 km east of Muzaffarabad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

– Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees (Rs. / Rupees) which is the Group's functional currency. All amounts have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

3. KEY JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to exercise judgments, make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

The areas involving a high degree of judgments or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of operating fixed assets - note 4.3
- Useful lives, residual values and amortization method of intangible assets - note 4.6
- Fair value of biological assets - note 4.7 & 27
- Provision for impairment of inventories - note 4.8
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses and tax credits) - note 4.10
- Obligation of defined benefit obligation - note 4.11 & 11
- Estimation of provisions - note 4.17
- Estimation of contingent liabilities - note 4.18
- Expected credit losses of certain financial assets under IFRS 9 note - 4.20
- Impairment loss of non-financial assets other than inventories and deferred tax assets - note 4.21

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis of consolidation and equity accounting

The consolidated financial statements include the financial statements of the Holding Company and its subsidiaries. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group companies.

4.1.1 Subsidiaries

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in these consolidated financial statements from the date control commences.

The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

Non-controlling interests are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Changes in the Holding Company's interest in the subsidiaries that do not result in a loss of control are accounted for as equity transactions. Non-controlling interests are presented as separate item in these consolidated financial statements. Non-controlling interest is measured at proportionate share of identifiable net assets at the time of acquisition.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

4.1.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated statement of profit or loss, and the Group's share of movements in other comprehensive income of the investee in consolidated statement of comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Group does not recognise additional losses unless the entity has incurred legal or constructive obligations or made payments on behalf of the associate.

If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Associates, which the Group intends to dispose off within twelve months of the reporting date are not accounted for under the equity method and are shown under non-current assets held for sale at the lower of carrying amount and fair value less cost to sell.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 4.21.

4.2 Disposal group held for sale and discontinued operations

Disposal group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Disposal group classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Additional disclosures are provided in note 33. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

4.3 Property, plant and equipment

Items of property, plant and equipment other than freehold land and capital work in progress are measured at cost less accumulated depreciation and impairment loss (if any).

Freehold land and capital work in progress are stated at cost less any impairment loss (if any). Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain items in operating fixed assets and capital work-in-progress, signifies historical cost, borrowing cost (as referred to note 4.14) and exchange differences on borrowings (if any).

Major stores, spare parts and loose tools held for capital expenditure qualify as property, plant and equipment when the Group expects to use them for more than one year. Transfers are made to operating fixed assets category as and when such items are available for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to the consolidated statement of profit or loss during the year in which they are incurred.

Depreciation is charged to the consolidated statement of profit or loss so as to write off the cost or carrying amount of assets over their estimated useful lives, using reducing balance method at rates specified in note 20.1 except that straight-line method is used for assets related to corporate farms segment. However, sometimes, the future economic benefits embodied in an asset are absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount.

During the year, the management, has revised the estimate in respect of useful life of assets related to corporate farms segment keeping in consideration the class of assets and assessed useful life of these assets. The management believed that the said change in estimate reflect more accurately to the expected pattern of consumption of the future economic benefits embodied in these assets. The revision was accounted for prospectively as a change in accounting estimate. Such change in estimate has not significant impact the consolidated financial statements for the year.

Sugarcane roots (bearer plants) are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Costs capitalized to sugarcane roots include preparing the land, maintaining a source of seed cane, planting the seed cane and costs related to establishing new area under cane. Depreciation of bearer plants commences when they are ready for their intended use. Costs incurred for infilling including block infilling are generally recognized in the consolidated statement of profit or loss unless there is a significant increase in the yield of the sections, in which case such costs are capitalized and depreciated over the remaining useful life of the respective fields. Depreciation on bearer plants is recognized so as to write off its cost less residual values over useful lives, using the straight-line method at rate as specified in note 20.1

Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged when an asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as referred in note 4.21.

Gains or losses arising on derecognition of an item of operating fixed assets is determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the consolidated statement of profit or loss within other income or other expenses. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. The Group's estimate of the residual value of its operating fixed assets as at 30 September 2022 has not required any adjustment as its impact is considered insignificant.

4.4 Lease liability and right-of-use asset

4.4.1 The Group is the lessee

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain different terms and conditions. The Group has lease contracts for agricultural land (for cultivation of sugarcane), vehicles (for its employees and other business operations) and office buildings (for office operations).

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities related to land and building. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as specified in note 21.

Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to the consolidated statement of profit or loss as incurred.

Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

4.4.2 The Group is the lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. However, all leases of the Group are treated as operating leases and payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The Group also earns rental income from operating leases of its investment properties (see note 4.5). Rental income is recognised on a straight-line basis over the term of the lease.

4.4.3 The Group is the intermediate lessor

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption as described in note 4.4.1, then it classifies the sub-lease as an operating lease.

The Group perform assessment regarding operating lease or finance lease at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sublease at that date.

The Group has sub-leased a land that has been presented as part of a right-of-use asset and recognised a gain or loss on derecognition of the right-of-use asset pertaining to the land and presented the gain as part of other income. The Group recognised interest income on lease receivables in the consolidated statement of profit or loss.

4.5 Investment property

Investment property is property held either to earn rental income and / or for capital appreciation, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purposes.

The Group's investment property comprises of land which is carried at cost, including transaction cost, less identified impairment loss, if any. The Group assesses at each consolidated statement of financial position date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the consolidated statement of profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the cost at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property is derecognized either when it has been disposed off or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss on derecognition being difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss as an income or expense in the period of derecognition.

4.6 Intangibles

4.6.1 Goodwill

Goodwill is initially measured as at the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree; and (b) the net of the acquisition date amount of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognises the resulting gain in the consolidated statement of profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any. (for impairment testing, refer to note 4.21).

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.6.2 Computer software

Intangible assets acquired separately are initially recognized at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis. In addition, they are subject to impairment testing as described in note 4.21.

Intangible assets with finite useful life are amortized using straight-line method over its useful life as specified in note 23 to these consolidated financial statements. Amortization on additions to intangible assets is charged from the date when an asset is put to use till the asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the consolidated statement of profit or loss within other income or other expenses.

4.7 Biological assets

The Group recognises a biological asset or agricultural produce when, and only when the Group controls the asset as a result of past events; and it is probable that future economic benefits associated with the asset will flow to the Group, and the fair value or cost of the asset can be measured reliably.

Consumable biological assets, comprising of standing sugarcane and other crops are measured at their fair value determined by discounting future cash flows from operations over the estimated useful life of the biological assets using the Holding Company risk adjusted discount rate. Significant assumptions used are stated in note 27.1 to these consolidated financial statements. Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation in price is not expected to be material.

The sugarcane roots are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the standing sugarcane and other crops are accounted for as biological assets until the point of harvest. Sugarcane and other crops are transferred to inventory at fair value less costs to sell when harvested. A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset are included in the consolidated statement of profit or loss for the period in which it arises.

Initial and subsequent expenditure incurred for the establishment and conservation of biological assets are capitalised as costs directly attributable to the biological transformation required to obtain the fair value at which biological assets are valued.

Management of the Group regularly reviews significant unobservable inputs and valuation adjustments used to arrive at fair value of biological assets. Any change in those inputs and valuation adjustments might affect valuation of biological assets and accordingly charge to the consolidated statement of profit or loss.

The Group managed, cultivate, consumed and sold sugarcane crops, while in case of other crops, the Group engaged in cultivation and sale of wheat, mustard and rice etc.

4.8 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, that have been incurred in bringing the inventories to their present location and condition.

Estimates and judgements are continually evaluated and adjusted based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of respective items of stores, spare parts and loose tools with a corresponding effect on provision.

4.9 Stock-in-trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the consolidated statement of financial position date.

Cost is determined as follows:

Raw materials	Average cost
Work-In-Process & Finished goods	Average manufacturing cost
Molasses, Bagasse and Mud - by products	Net realizable value

The cost of harvested crops transferred from biological assets to stock-in-trade is its fair value less costs to sell at the point of harvest.

The Group reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

4.10 Taxation

Taxation for the year is the tax payable on the current year's taxable income based on the applicable income tax rate. Income tax expense comprises current and deferred tax.

4.10.1 Current tax

Income tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation. The charge for current tax is calculated using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. However, profits and gains of the Group derived from bagasse based cogeneration power project are exempt from tax in terms of clause 132C of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein. Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Group is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001.

Agriculture tax

According to Section 41 of the Income Tax Ordinance, 2001, agriculture income of the Group is exempt from tax under Federal Board of Revenue. Provision for current tax is based on the taxable agriculture income for the year determined in accordance with the Punjab Agriculture Income Tax Act, 1997. The charge for current tax is calculated using prevailing tax rates.

4.10.2 Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. In this regard, the effect on deferred taxation of the portion of income subject to under provisions of Section 113 is also considered in accordance with the requirement of Technical Release - 27 of Institute of Chartered Accountants of Pakistan.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax has been fully provided in these consolidated financial statements except profits and gains of the Group derived from bagasse based cogeneration power which are exempt from tax subject to the conditions and limitations provided for in terms of clause (132C) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 because the Group's management believes that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

4.10.3 Group taxation

The Holding Company has filed an application dated 08 December 2021 to Securities Exchange Commission of Pakistan ('SECP') for Group Taxation under regulation 8 of the Group Companies Registration Regulation 2008. The above mentioned application has been considered by the SECP dated 27 December 2021 and issued the designation letter to the Holding Company for Group Taxation which comprises of the Holding Company and its wholly owned subsidiary, Deharki Sugar Mills (Pvt.) Limited (group companies). Consequently, the group companies will be taxed as one fiscal unit from the tax year 2023 and onwards. Further, as per clause 103A of Part I and clause 11C of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 ('the Ordinance'), any income derived from inter-corporate dividend and applicability of provision of section 151 of the Ordinance on inter-corporate profit on debt within the group companies entitled to group taxation under section 59AA of the Income Tax Ordinance, 2001 is exempt from tax subject to the condition that return of the Group has been filed for the tax year.

Current and deferred income taxes are recognised by each entity within the group companies, regardless of who has the legal rights for the recovery of tax. However, current tax liability / receivable is shown by the respective companies of group as it has legal obligation / right of recovery of tax upon submission of group annual income tax return. Balances among the group entities as a result of Group taxation is shown as tax recoverable / payable to the respective group entity. Any adjustments in the current and deferred taxes of the respective companies on account of group taxation are credited or charged to respective statement of profit or loss in the year in which they arise.

4.11 Employee benefits

4.11.1 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan is recognized as an employee benefit expense in the consolidated statement of profit or loss when they are due.

The Group operates approved contributory provident fund for its eligible employees. Equal monthly contribution is made both by the Group and employee to the fund at the rate of 10% of basic salary.

4.11.2 Defined benefit plan

A defined benefit plan provides an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the consolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets.

The Holding Company operates approved funded gratuity fund covering eligible full time permanent employees who have completed the minimum qualifying period of service as defined under the fund. The gratuity fund is managed by the trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values.

The calculation of defined benefit obligation is performed by qualified actuary by using the projected unit credit method and charge for the year other than on account of experience adjustment is included in the consolidated statement of profit or loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

The Holding Company determines the net interest expense (income) on the net defined liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then - net defined benefit liability / (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the consolidated statement of profit or loss.

4.12 Deferred Government grant

Grant from the government is recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grant relating to costs is deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Amortization of deferred grant is presented as reduction of related interest expense.

4.13 Revenue from contracts with customers

4.13.1 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue comprises income arising in the course of the Group's ordinary activities. The Group is engaged in the sale of crystalline sugar, its by-products, agri inputs, sale of electricity and agricultural produce.

a) Sale of goods

Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled, can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are dispatched or delivered to the customer. The normal credit terms for customers is as per sale order.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.

b) Sale of energy

Revenue from sale of energy is recognized over time as energy is delivered and based on the rates determined under the mechanism laid down in the EPA. The delivered energy units represent a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer as measured using an output method. The amount that the Group has a right to bill the customer corresponds directly with the value of the completed performance to the customer. As a result, the Group applies the "right to invoice" practical expedient under IFRS 15 to measure and recognize revenue.

Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

Payments to customers are recorded as a reduction in revenue when the payments relate to the Group's performance obligations under the contract (e.g. liquidated damages or penalties).

c) Other income

The Group also generates revenue from following other sources which are enumerated below:

- income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return;
- foreign currency gains and losses are reported on a net basis;
- rental income arising from investment property and sub-lease (operating lease) is recognized in accordance with the terms of lease contracts over the lease term on straight-line basis;
- interest income is recognized as and when accrued on effective interest method.
- Upon the EPA Amendment becoming effective, delayed payment mark-up on amounts due under the EPA is accrued on a time proportion basis. However, before effectiveness of EPA Amendment, delayed mark-up on due payments by the CPPA-G is recognized only when the Group has fully received the amount of relevant invoice due;
- Income from sale of scrap is recorded when risks and rewards are transferred to the customers which coincides with the time of dispatch of items; and
- Other incomes, if any, are accounted when performance obligations are met.

4.13.2 Contract balances

a) Contract liabilities (advances from customers)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers in the consolidated statement of financial position (refer to note 16).

b) Trade receivables / contract assets

If the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a trade receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due (refer to note 30).

Trade receivables are amounts due from customers for goods or services that are delivered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 4.20.6 for a description of the Group's impairment policies.

c) Contract cost

The contract cost is the incremental cost that the Group incurs to obtain a contract with customers that it would not have incurred if the contract had not been obtained. The Group recognized contract cost as an expense in the consolidated statement of profit or loss on a systematic pattern of revenue.

4.14 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in the consolidated statement of profit or loss as incurred.

4.15 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank deposits, as defined above, net of outstanding bank running finances / Morabaha / Karobar / Musharakah finances as they are considered an integral part of the Group's cash management.

4.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.17 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The Group reviews the status of all pending litigations and claims against the Group. Based on its judgment and the advice of the legal advisors/consultants for the estimated financial outcome, an appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the consolidated statement of financial position date.

4.18 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group 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 the obligation cannot be measured with sufficient reliability.

4.19 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised until their realisation become virtually certain.

4.20 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.20.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component or for which the Group has applied the practical expedient) or financial liability is initially measured at fair value plus/less, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

4.20.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVTOCI), Fair value through Profit or loss (FVTPL) and in case of an equity instrument it is classified as FVTOCI or FVTPL. Currently, the Group does not have any financial assets categorised as FVTPL and FVTOCI.

The classification is determined by both:

– the entity's business model for managing the financial asset, and
– the contractual cash flow characteristics of the financial asset.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

– contingent events that would change the amount or timing of cash flows;
– terms that may adjust the contractual coupon rate, including variable-rate features;
– prepayment and extension features; and
– terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

All revenue and expenses relating to financial assets that are recognised in consolidated statement of profit or loss are presented within finance costs, other income or other financial items, except for impairment of trade receivables which is presented within other expenses.

4.20.3 Subsequent measurement of financial assets

i) Financial assets at amortized cost (debt instruments)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

ii) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

– The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
– The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

iii) **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

iv) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. This includes derivative instruments and listed equity investments, if any which the Group had not irrevocably elected to classify at fair value through OCI. Assets in this category are measured at fair value with gains or losses recognised in the consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

The Group has not designated any financial liability upon recognition as being at fair value through profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

4.20.4 Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group might enter into transactions whereby it transfers assets recognized in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in the consolidated statement of profit or loss.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

4.20.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only when the Group has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

4.20.6 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group recognizes loss allowances for ECLs on:

– financial assets measured at amortized cost (debt instruments); and

– trade receivables (including due from Government of Pakistan) and lease receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances, due from related parties and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs:

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group has elected to measure loss allowances for trade receivables including due from 'Government of Pakistan' (see note 4.20.7) and lease receivables using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and lease receivable and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The Group reviews the recoverability of its trade receivables, lease receivables, deposits, advances and other receivables to assess the impairment allowances required on an annual basis. Refer to note 48.1.1 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

4.20.7 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade receivables due from CPPA-G under the EPA that also includes accrued amounts of markup. SECP vide S.R.O. 1177 (I)/2021 dated 13 September 2021 notified a partial exemption, that in respect of companies holding financial assets due from the Government of Pakistan in respect of circular debt, the requirements contained in "IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses method" shall not be applicable till June 30, 2022, provided that such companies shall follow relevant requirements of IAS 39-Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. However, subsequent to year end, the Holding Company has applied to the SECP to further extend the application of Expected Credit Loss model under IFRS-9 for IPPs for period 01 July 2022 to 30 September 2027 but no any further exemption has been granted by the SECP.

Accordingly, the Group has adopted a particular requirement (expected credit losses impairment model) of IFRS 9 'Financial Instruments' from 01 July 2022, in respect of its trade debts due from Government of Pakistan in respect of circular debt after expiration of exemption period i-e; from initial application of IFRS 9 till 30 June 2022, as granted by SECP vide S.R.O. 1177 (I)/2021 dated 13 September 2021 (for details, refer to note 4.20.6). For trade receivables due from Government of Pakistan, the Group has opted to apply simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life), rather than apply the general model. However, adaptation of such new accounting policy has not significant impact on the amounts reported in the consolidated financial statements (for details, refer to note 48.1.1).

Provision against trade debt due from CPPA-G reported under exemption period

The Group has applied the following policy during exemption period.

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable. The Group assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired.

The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision.

Subsequent recoveries of amounts previously written off are credited to the consolidated statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognised in the consolidated statement of profit or loss.

4.21 Non - Financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

The management of the Group reviews carrying amounts of its assets including goodwill, long term investments, receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication. In case of goodwill, formal estimates of recoverable amount is made on an annual basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in the consolidated statement of profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

4.22 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill (for details, refer to note 4.6.1). If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is charged directly in the consolidated statement of profit or loss.

4.23 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated again at the reporting date.

Foreign currency differences arising on retranslation are generally recognized in the consolidated statement of profit or loss.

4.24 Dividend

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in the consolidated statement of changes in equity and as a liability in the Group's consolidated statement of financial position in the year in which it is declared by the Board of Directors.

4.25 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Holding Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.26 Operating segment

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated (for details, refer to note 46.2).

5. NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

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

5.1 Standards, interpretations and amendments to published approved accounting standards that are effective during the current year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on October 01, 2021 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements.

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

The following Standards and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to them:

		Effective for the period beginning on or after
IAS-8	Accounting Policies, changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates)	January 01, 2023
IAS-1	Presentation of Financial Statements & Accounting Policies – Amendments regarding the classification of liabilities	January 01, 2023
IAS-12	Income Taxes (The amendments to narrow the scope of the initial recognition exemption)	January 01, 2023
IAS-16	Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS-37	Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IFRS-10	Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture).	Not yet finalised
IFRS-3	Business Combinations – Amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS-4	Insurance Contracts – Amendments regarding the expiry date of the deferral approach	January 01, 2023

		Effective for the period beginning on or after
IAS-41	Agriculture – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)	January 01, 2022
IFRS-1	First-time Adoption of International Financial Reporting Standards – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	January 01, 2022
IFRS-9	Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for de-recognition of financial liabilities)	January 01, 2022
IFRS-16	Leases – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (Lease incentives)	January 01, 2022

The above amendments and improvements are not expected to have any material impact on the consolidated financial statements in the period of initial application.

5.3 New Standards issued by IASB but not yet been notified / adopted by SECP

Following new standards issued by IASB but not yet been notified / adopted by SECP:

		Effective for the period beginning on or after
IFRS – 1	First Time Adoption of IFRS	July 01, 2009
IFRS – 17	Insurance Contracts	January 01, 2023

Further, the above new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the consolidated financial statements in the period of initial application.

5.4 Waiver from application of IFRS 16 "Leases"

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 24 (I) / 2012 dated January 16, 2012, as modified by S.R.O. 986 (I) / 2019 dated September 02, 2019, granted exemption from the application of IFRS 16 'Leases' to all companies, which have entered into power purchase agreements before January 01, 2019. However, SECP made it mandatory to disclose the impact of the application of IFRS 16 on the company's financial statements. The Group's arrangement with CPPA-G covered under respective EPAs and consequently are exempt under the aforesaid S.R.O. Under IFRS-16 Leases, the consideration required to be made by lessees CPPA-(G) for the right to use the asset would have been accounted for as finance lease. The Group's power plant's control due to purchase of total output by CPPA-G appears to fall under the scope of finance lease under IFRS 16. Further, comparative information has been restated of below disclosure due to error in applying IFRS 16. Consequently, if the Group were to follow IFRS 16 with respect to its EPA, the effect on the consolidated financial statements would be as given below:

	2022 Rupees	2021 Rupees
De-recognition of property, plant and equipment	(3,919,193,645)	(4,132,209,168)
Recognition of lease receivables	17,187,586,969	17,802,340,090
Increase in un-appropriated profit at beginning of the year	13,670,130,922	9,902,089,301
(Decrease)/increase in profit for the year	(401,737,598)	3,768,041,621
Increase in un-appropriated profit at end of the year	13,268,393,324	13,670,130,922

	2022 Rupees	2021 Rupees
6. SHARE CAPITAL		
6.1 Authorized share capital		
75,000,000 (2021: 75,000,000) voting ordinary		
shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (2021: 25,000,000) preference		
shares of Rs. 10 each	250,000,000	250,000,000
	1,000,000,000	1,000,000,000
6.2 Issued, subscribed and paid up share capital		
32,145,725 (2021: 32,145,725) voting ordinary shares		
of Rs. 10 each fully paid in cash	321,457,250	321,457,250
27,630,936 (2021: 27,630,936) voting bonus shares		
of Rs. 10 each fully paid	276,309,360	276,309,360
	597,766,610	597,766,610

6.2.1 Mr. Jahangir Khan Tareen, an Executive Director (2021: Executive Director) holds 9,269,012 (2021: 9,552,293) and Makhdoom Syed Ahmad Mahmud, a Non-Executive Director (2021: Non-Executive Director) holds 17,547,213 (2021: 16,493,932) ordinary shares of Rs. 10 each representing 15.51% (2021: 15.98%) and 29.35% (2021: 27.59%) of the paid up capital of the Holding Company respectively.

6.2.2 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Holding Company. All shares carry one vote per share without restriction. The Group does not pay dividend until certain financial requirements of lenders are satisfied.

7. SHARE PREMIUM RESERVE

This reserve can be utilized by the Group only for the purposes specified in section 81(2) and 81(3) of the Companies Act, 2017.

	Note	2022 Rupees	2021 Rupees
8. LONG TERM FINANCES - SECURED			
Mark-up bearing finances from conventional			
banks / financial institutions	8.1.1	10,279,166,666	13,241,278,239
Islamic mode of financing	8.1.2	1,051,685,905	1,645,038,469
	8.1 & 8.3	11,330,852,571	14,886,316,708
Less: Transaction cost			
As at 01 October		(43,656,920)	(51,900,469)
Amortization of transaction cost	41 & 45	8,243,549	8,243,549
As at 30 September		(35,413,371)	(43,656,920)
		11,295,439,200	14,842,659,788
Current maturity presented under current liabilities:			
Mark-up bearing finances from conventional			
banks / financial institutions		(3,046,633,333)	(3,225,100,039)
Islamic mode of financing		(562,102,567)	(593,352,568)
	14	(3,608,735,900)	(3,818,452,607)
		7,686,703,300	11,024,207,181

8.1 Long term finances - secured

	Mark-up / Interest basis	Limit	Loan duration	Grace period	Year of loan maturity	Principal outstanding 2022	Principal outstanding 2021
		Rupees	Years	Years		Rupees	Rupees
8.1.1 Mark-up bearing finances from conventional banks/ financial institutions							
The Bank of Punjab - Led Syndicate							
The Bank of Punjab	*3mk + 1.10	2,500,000,000	06 Years	-	2027	2,250,000,000	2,444,499,999
National Bank of Pakistan	3mk + 1.10	1,500,000,000	06 Years	-	2027	1,350,000,000	1,466,700,000
Askari Bank Limited	3mk + 1.10	975,000,000	06 Years	-	2027	877,500,000	953,355,000
MCB Bank Limited	3mk + 1.10	1,000,000,000	06 Years	-	2027	900,000,000	977,800,000
Dubai Islamic Bank Limited	3mk + 1.10	1,000,000,000	06 Years	-	2027	900,000,000	977,800,000
Pak Kuwait Investment Company (Pvt.) Limited	3mk + 1.10	750,000,000	06 Years	-	2027	675,000,000	733,350,000
MCB Islamic Bank Limited	3mk + 1.10	750,000,000	06 Years	-	2027	674,999,997	733,349,998
Askari Bank Limited (Islamic)	3mk + 1.10	525,000,000	06 Years	-	2027	472,500,000	513,345,000
		9,000,000,000				8,099,999,997	8,800,199,997
Conventional banks/ financial institutions							
Allied Bank Limited (II)	3mk + 0.50	1,000,000,000	1.5 Years	01 Year	2023	1,000,000,000	-
Pak Libya Holding Company Limited (II)	3mk + 1.00	450,000,000	05 Years	0.5 Year	2026	350,000,000	450,000,000
Pak Brunei Investment Company Limited	3mk + 1.00	500,000,000	06 Years	01 Year	2025	300,000,000	400,000,000
Askari Bank Limited (IV)	3mk + 1.25	500,000,000	04 Years	0.25 Year	2024	266,666,669	400,000,001
Soneri Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2023	125,000,000	250,000,000
Pak Oman Investment Company Limited (II)	3mk + 1.00	500,000,000	06 Years	01 Year	2023	75,000,000	175,000,000
Habib Bank Limited	6mk + 1.00	500,000,000	05 Years	01 Year	2022	62,500,000	187,500,000
Soneri Bank Limited (I)	3mk + 1.00	195,000,000	05 Years	-	2022	-	60,000,000
Habib Bank Limited - SBP Refinance							
Scheme (note - 8.2)	**SBP Rate + 1.50	1,000,000,000	2.5 Years	0.5 year	2022	-	560,129,192
United Bank Limited - SBP Refinance							
Scheme (note - 8.2)	SBP Rate + 3.00	232,398,668	2.25 Years	0.5 Year	2022	-	75,119,050
MCB Bank Limited (II)	3mk + 1.00	2,000,000,000	03 Years	0.5 year	2023	-	1,400,000,000
Allied Bank Limited (I)	3mk + 0.50	1,000,000,000	1.5 Years	-	2021	-	333,329,999
Standard Chartered Bank (Pakistan) Limited	3mk + 1.00	1,000,000,000	05 Years	-	2022	-	150,000,000
		9,377,398,668				2,179,166,669	4,441,078,242
		18,377,398,668				10,279,166,666	13,241,278,239
8.1.2 Islamic mode of financing							
Al Baraka Bank Limited	3mk + 1.00	1,000,000,000	05 Years	01 Year	2023	312,500,000	562,500,000
Bank Islami Pakistan Limited	3mk + 1.25	500,000,000	05 Years	01 Year	2026	437,500,000	500,000,000
National Bank of Pakistan (II)	3mk + 1.00	250,000,000	05 Years	01 Year	2024	177,083,338	239,583,334
Bank Alfalah Limited	3mk + 0.90	500,000,000	05 Years	01 Year	2023	124,602,567	249,205,135
Dubai Islamic Bank (Pakistan) Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	-	93,750,000
		2,750,000,000				1,051,685,905	1,645,038,469
		21,127,398,668				11,330,852,571	14,886,316,708

* 3 mk i.e. 3 months KIBOR

** SBP rate i.e. 0%

8.2 The Group had obtained borrowing under Refinance Scheme for payment of Wages & Salaries by the State Bank of Pakistan (SBP) at subsidized rate in different tranches on various dates starting from June 2020, earmarked from running and cash finance limit, which was repayable in 8 quarterly installments to commercial banks under the SBP Refinance Scheme. This loan was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment had been measured as difference between subsidized rate i.e. 0% KIBOR plus 150 to 350 bps per annum and prevailing market rate i.e.

three months KIBOR plus 100 to 150 bps per annum which had been recognised as Government grant in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" (see note 12 to these consolidated financial statements) and had been amortised to interest income in line with the recognition of interest expense the grant was compensating. The grant was conditional subject to fulfillment of certain conditions as defined in the SBP Refinance Scheme. This loan has been fully repaid during the year.

8.3 Long term finances are secured against ranking / joint parri passu charge over all present and future fixed assets including land, building and plant and machinery of the Group amounting to Rs. 23,869 million (2021: Rs. 23,975 million) and personal guarantees of sponsor Directors of the Group.

	Note	2022 Rupees	2021 Rupees
9. LEASE LIABILITIES			
Balance as at 01 October		2,104,109,093	1,460,474,747
Additions / modification of lease		1,338,362,504	1,405,892,658
Impact of early termination		(172,416,416)	(41,641,412)
Impact of remeasurment of lease liabilities		51,986,278	(9,423,355)
Finance cost regarding lease arrangement	41	261,513,480	178,103,402
Lease payments		(960,656,556)	(889,296,947)
	9.1	2,622,898,383	2,104,109,093
Less: Current maturity presented under current liabilities	14	(776,544,778)	(790,380,467)
Balance as at 30 September		1,846,353,605	1,313,728,626

9.1 This includes Rs. 416.268 million and Rs. 13.531 million (2021: Rs. 398.526 million and Rs. 26.991 million) outstanding under Diminishing Musharakah financing arrangement and conventional banks respectively.

9.2 Implicit borrowing rate against lease liabilities towards financial institutions / conventional banks is six month KIBOR plus 100 to 120 bps per annum (2021: six month KIBOR plus 100 to 110 bps per annum). These are secured against charge on the leased assets and security deposits (for details, refer to note 21 & 25). Further, the Group has provided Demand Promissory Note in favour of the Diminishing Musharakah financing arrangement as security of outstanding due.

9.3 The maturity analysis of lease liabilities is presented in note 48.1.2 to these consolidated financial statements.

9.4 The incremental borrowing rate applied to lease liabilities related to land and building ranging from 9.70% to 15.87% (2021: 8.65% to 14.9%). There are no variable lease payments in lease contracts. There were no lease with residual value guarantee.

9.5 At 30 September 2022, the Group had committed to leases for vehicles which had not yet commenced. The total expected future cash outflows for such leases are Rs. 21 million (2021: Rs. 27.4 million).

	Note	2022 Rupees	2021 Rupees
10. DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences arising in respect of:			
- accelerated tax depreciation on operating fixed assets		3,805,706,346	3,394,497,981
- right-of-use assets		670,561,407	468,519,362
		4,476,267,753	3,863,017,343
Deferred tax asset on deductible temporary differences arising in respect of:			
- lease liabilities against right-of-use assets		(749,005,356)	(527,507,973)
- provisions for doubtful debts and obsolescence		(66,396,127)	(91,755,635)
- provision for Workers' Profit Participation Fund		(83,232,210)	(67,315,386)
- provision for Workers' Welfare Fund		(20,198,922)	(21,259,365)
- tax losses		–	(186,624,114)
- staff retirement benefits		(15,934,856)	(21,218,847)
- tax credits	10.1	(2,189,800,142)	(2,139,697,529)
		(3,124,567,613)	(3,055,378,849)
- Unrecognized deferred tax liability related to operating fixed assets of bagasse based Co-Generation	4.10.2	(970,766,196)	(692,741,608)
	10.3	380,933,944	114,896,886

10.1 The Group has not recognised deferred tax asset in respect of tax credits available for carry forward under section 113 and 113C of the Income tax Ordinance, 2001, amounting to Rs. Nil (2021: Rs. 282.98 million having expiry upto 2026), in line with accounting policies of the Group as stated in note 4.10.2 to these consolidated financial statements.

10.2 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. Further, during the year, an amendment made to Income Tax Ordinance, 2001 through Finance Act, 2022. In accordance with the such amendment, super tax at the rate of 4% for tax year 2023 and onwards has been levied on high earning persons in addition to the corporate tax rate of 29%. Accordingly, deferred tax assets and liabilities have been recognised using the expected applicable rate ranging from 32% to 33% (2021: 29%).

	Note	2022 Rupees	2021 Rupees
10.3 Movement in deferred tax balances is as follows:			
As at 01 October		114,896,886	1,050,724,523
Recognized in statement of profit or loss:			
- accelerated tax depreciation on operating fixed assets		133,183,777	(770,714,022)
- right-of-use assets		202,042,045	162,883,086
- lease liabilities against right-of-use assets		(221,497,383)	(145,023,781)
- provisions for doubtful debts and obsolescence		25,359,508	(4,671,711)
- provision for Workers' Profit Participation Fund		(15,916,824)	(25,921,056)
- provision for Workers' Welfare Fund		1,060,443	8,908,286
- staff retirement benefits		4,609,410	12,939,542
- tax losses		186,624,114	94,583,221
- origination and reversal of tax credits		(50,102,613)	(267,426,223)
	42	265,362,477	(934,442,658)
Recognized in other comprehensive income:			
- staff retirement benefits		674,581	(1,384,979)
	10	380,933,944	114,896,886

11. RETIREMENT BENEFITS

The latest actuarial valuation of the Holding Company's defined benefit plan was conducted on 30 September 2022 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

		Note	2022 Rupees	2021 Rupees
11.1	**Consolidated statement of financial position**			
	Present value of defined benefit obligation	11.2	282,100,806	240,194,734
	Fair value of plan assets	11.3	(258,450,610)	(184,207,482)
	Net liability at end of the year		23,650,196	55,987,252
11.2	**Movement in liability for funded defined benefit obligation**			
	Present value of defined benefit obligation at beginning of the year		240,194,734	189,817,372
	Current service cost for the year		25,956,103	20,868,916
	Interest cost for the year		24,386,767	17,481,891
	Benefits paid during the year		(10,921,818)	(17,956,826)
	Past service cost		–	25,454,105
	Remeasurement on obligation		2,485,020	4,529,276
	Present value of defined benefit obligation at end of the year	11.1	282,100,806	240,194,734
11.3	**Movement in fair value of plan assets**			
	Balance at beginning of the year		184,207,482	85,201,349
	Return on plan assets excluding interest income		21,854,410	12,534,635
	Contributions made during the year		58,781,330	104,674,839
	Remeasurement on plan assets		4,529,206	(246,515)
	Benefits paid during the year		(10,921,818)	(17,956,826)
	Fair value of plan assets at end of the year	11.1	258,450,610	184,207,482
11.4	**Charge for the year**			
	Consolidated statement of profit or loss:			
	Current service cost		25,956,103	20,868,916
	Interest cost for the year		24,386,767	17,481,891
	Return on plan assets excluding interest income		(21,854,410)	(12,534,635)
	Past service cost		–	25,454,105
			28,488,460	51,270,277
	Other comprehensive income			
	Remeasurement on obligation		2,485,020	4,529,276
	Remeasurement on plan assets		(4,529,206)	246,515
			(2,044,186)	4,775,791
			26,444,274	56,046,068
11.5	**Movement in experience losses**			
	Opening experience losses		–	–
	Experience losses		2,044,186	(4,775,791)
	Charge to other comprehensive income		(2,044,186)	4,775,791
	Closing experience losses		–	–

Break up of plan assets	2022 Rupees	2022 %	2021 Rupees	2021 %
Mutual funds	57,077,277	22%	50,672,665	28%
Term Deposit Receipts	110,472,397	43%	110,520,765	60%
Term Finance Certificates	31,440,296	12%	–	0%
Cash at bank	59,460,640	23%	23,014,052	12%
	258,450,610	100%	184,207,482	100%

11.6 Risks on account of defined benefit plan

The Holding Company faces the following risks on account of defined benefit plan:

Final salary risk - The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Longevity Risks - The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Investment risk - The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

11.7 Expected future contribution

Expected future contribution for the year ending 30 September 2023 is Rs. 30.711 million (2022: Rs. 26.246 million).

11.8 Actuarial assumptions sensitivity analysis

The below sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in these consolidated statement of financial position. If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 September 2022 and 2021 would have been as follows:

		Impact on defined benefit obligation			
		2022		2021	
	Change	Increase	Decrease	Increase	Decrease
		Rupees			
Discount rate	100 BPS	(23,355,229)	26,921,458	(19,484,759)	22,824,367
Salary growth rate	100 BPS	26,083,843	(23,055,602)	22,016,306	(19,152,247)

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

		2022	2021
11.9	**Principal actuarial assumptions used**		
	Valuation discount rate	13.25%	10.50%
	Salary increase rate	13.25%	10.50%
	Expected return on plan assets	13.25%	10.50%
	Retirement assumption	60 years	60 years
	Weighted average duration of obligation	9 year	8.8 year
	Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005
	Withdrawal rate	Moderate	Moderate

		2022 Rupees	2021 Rupees
11.10	**Maturity profile**		
	1 - 5 years	178,617,636	97,416,889
	6 - 10 years	143,312,839	119,242,326
	11 - above years	1,276,937,097	701,367,483

12. DEFERRED INCOME - GOVERNMENT GRANT

	Note	2022 Rupees	2021 Rupees
Balance as at 01 October		25,862,000	67,748,177
Recognized during the year	8.2	–	10,377,270
Amortized during the year	41	(25,862,000)	(52,263,447)
		–	25,862,000
Less: Current maturity presented			
under current liabilities	14	–	(24,996,355)
Balance as at 30 September		–	865,645

13. SHORT TERM BORROWINGS

	Note	2022 Rupees	2021 Rupees
Mark-up based borrowings from conventional			
banks - secured			
- Cash finances	13.1	9,235,755,370	1,118,382,821
- Running finances	13.2	2,641,916,225	1,340,057,324
- Finance against trust receipts	13.3	270,733,089	83,026,419
		12,148,404,684	2,541,466,564
Islamic mode of financing - secured			
- Salam / Istisna / Musawamah / Tijarah finances	13.4	2,681,859,433	542,125,000
- Morabaha / Karobar/ Musharakah finances	13.5	–	350,000,000
		2,681,859,433	892,125,000
		14,830,264,117	3,433,591,564

13.1 The Group has availed cash finance facilities from various banks aggregated to Rs. 15,000 million (2021: Rs. 12,250 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 20 to 100 bps per annum (2021: one to three months KIBOR plus 20 to 125 bps per annum) on utilized limits. These facilities are secured against pledge charge over white refined sugar bags at 10% to 25% margin, corporate guarantee of the Holding Company and personal guarantees of all Directors of the Holding Company.

13.2 The Group has obtained running finance facilities aggregating to Rs. 2,921 million (2021: Rs. 1,921 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 75 to 100 bps per annum (2021: one to three months KIBOR plus 75 to 100 bps per annum). These are secured against ranking charge / joint pari passu charge over all present and future current assets, excluding pledge stock, of the Group, corporate guarantee of the Holding Company and personal guarantees of the all Directors of the Holding Company.

13.3 The limit of finance against trust receipt facility is Rs. 480 million (2021: Rs. 480 million). It carries mark-up ranging from one to six months KIBOR plus 100 bps per annum (2021: one to six months KIBOR plus 100 bps per annum). These are secured against ranking charge / joint pari passu charge over present and future current assets, excluding pledge stock, of the Group, trust receipt, corporate guarantee of the Holding Company and personal guarantees of the sponsor Directors of the Holding Company.

13.4 The Group has obtained Salam / Istisna / Musawamah / Tijarah financing facilities from various banks aggregating to Rs. 10,584 million (2021: Rs. 8,085 million). The mark-up rates applicable during the year ranging from one to six months KIBOR plus 50 to 100 bps per annum (2021: three to six months KIBOR plus 50 to 100 bps per annum). These facilities are secured against pledge charge over white refined sugar bags at 10% to 25% margin and personal guarantees of sponsor Directors of the Holding Company.

13.5 The Group has availed Morabaha / Karobar / Musharakah finance facilities aggregated to Rs. Nil (2021: Rs. 350 million). The mark-up rates applicable during the year ranges from three to six month KIBOR plus 100 bps per annum (2021: three to one year KIBOR plus 75 to 100 bps per annum). These are secured against ranking charge / joint pari passu charge over present and future current assets, excluding pledge stock, of the Group, ownership of Karobar finance and personal guarantees of the sponsor Directors of the Holding Company.

13.6 The available facilities for opening letters of credit and guarantee as on the reporting date aggregate to Rs. 2,050 million (2021: Rs. 1,950 million) which includes Rs. 580 million (2021: Rs. 450 million) sub-limit of FATR facility. Further, facilities of amounting Rs. 100 million (2021: Rs. 300 million) remain unutilized as on reporting date. These are secured against ranking charge / joint pari passu charge over present and future current assets, excluding pledge stock, of the Group and by lien over local, import & inland shipping documents, corporate guarantee of the Holding Company and personal guarantees of the sponsor Directors of the Group.

13.7 Credit facilities as mentioned in note 13.2, 13.3, 13.5 and 13.6 are secured by an aggregate amount of Rs. 4,714 million (2021: Rs. 8,374 million) as at reporting date.

	Note	2022 Rupees	2021 Rupees
14. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances - secured	8	3,608,735,900	3,818,452,607
Lease liabilities	9	776,544,778	790,380,467
Deferred income - Government grant	12	–	24,996,355
		4,385,280,678	4,633,829,429

	Note	2022 Rupees	2021 Rupees
15. TRADE AND OTHER PAYABLES			
Trade and other creditors	15.1	1,623,535,085	1,301,978,979
Sales tax payable		996,981,883	375,811,979
Accrued expenses	15.2	147,473,501	101,054,714
Payable to Workers' Profit Participation Fund	15.3	280,677,992	256,254,006
Tax deducted at source		123,860,021	44,155,441
Payable to Workers' Welfare Fund	15.4	68,629,362	80,976,232
Payable to Employees' Provident Fund		30,260,305	24,780,257
Retention money		12,212,985	11,123,912
Agriculture Income Tax payable		3,012,782	3,003,164
Other payables	15.5	141,204,623	165,443,960
		3,427,848,539	2,364,582,644

15.1 Payable to growers against purchase of sugarcane was Rs. Nil as at 30 September 2022 (2021: Rs. Nil).

15.2 This includes Rs. 97.63 million (2021: Rs. 60.78 million) in respect of market committee fee (for details, refer to note 19.1.26).

	Note	2022 Rupees	2021 Rupees
15.3 Payable to Workers' Profit Participation Fund			
Balance as at 01 October		256,254,006	153,367,056
- allocation for the year	40 & 45	280,677,992	256,254,006
- interest on funds utilized	41	72,406,795	7,289,820
		609,338,793	416,910,882
Paid during the year		(328,660,801)	(160,656,876)
Balance as at 30 September	15.3.1	280,677,992	256,254,006

15.3.1 The interest on funds utilized by the Group is charged higher of interest at the rate of 2.5% above the bank interest rate or 75 % of the rate at which dividend is declared by the Group as prescribed under the Companies Profit (Workers Participation) Act, 1968 and Sindh Companies Profit (Workers Participation) Act, 2021 till the date of distribution of funds to the workers.

	Note	2022 Rupees	2021 Rupees
15.4 Payable to Workers' Welfare Fund			
Balance as at 01 October		80,976,232	112,528,220
Allocation for the year	40 & 45	39,219,566	22,696,751
(Reversal) / Charge of prior year provision	39	(29,572,047)	880,223
		90,623,751	136,105,194
Paid during the year		(21,994,389)	(55,128,962)
Balance as at 30 September		68,629,362	80,976,232

15.4.1 Under section 9.2(a) of the EPA, payments for Workers' Welfare Fund and Workers' Profit Participation Fund are recoverable from CPPA-G as a pass through item in relation to Co-Generation Power Plants segment of the Holding Company only.

Allocation for the year has been made in accordance with provision of the Sindh Workers Welfare Fund (Amendment) Act, 2021 and Workers Welfare Fund Act, 1971 for Deharki Sugar Mills (Pvt.) Limited - Subsidiary Company and the Holding Company respectively.

15.5 These mainly represents deduction from employees against vehicles as per the Group's finance car scheme. This includes deposits for Rs. 1.168 million (2021: Rs. 0.844 million) taken from the key management personnel of the Group.

16. ADVANCES FROM CUSTOMERS

The advances from customers primarily relate to the advance consideration received from customers for sale of sugar and molasses, for which revenue is recognised at point in time when goods are transferred. Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

17. UNCLAIMED DIVIDEND

As at the reporting date, the Holding Company is in the process of complying with the provisions of Section 244 of the Companies Act, 2017.

18. ACCRUED PROFIT / INTEREST / MARK-UP

	2022 Rupees	2021 Rupees
Mark-up on financing / borrowings from conventional banks / financial institutions:		
- Long term finances - secured	350,678,949	222,818,134
- Short term borrowings - secured	439,459,410	57,126,773
	790,138,359	279,944,907
Profit on Islamic mode of financing:		
- Long term finances - secured	24,894,178	16,851,657
- Short term borrowings - secured	228,307,098	12,172,080
	253,201,276	29,023,737
	1,043,339,635	308,968,644

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 The tax department issued a show cause notice to the Holding Company on 09 April 2013 on the grounds that the Holding Company has charged Federal Excise duty at the rate of 0.5% instead of 8% on local supplies made and raised a demand of Rs. 50.68 million. Consequently, the Holding Company filed a writ petition against this notice in the Honorable Lahore High Court ("Court") on the basis that the rate of 0.5% has been charged as allowed by the FBR vide SRO 77(I)/2013 dated 07 February 2013. The Honorable Lahore High Court decided the matter in favour of the Holding Company by declaring the afore-mentioned SRO illegal vide order dated 22 November 2013. The Federal Board of Revenue has filed an intra-court appeal against the order dated 22 November 2013 before Lahore High Court which is still pending for adjudication. Management of the Holding Company expects a favorable outcome in this case.

19.1.2 The Holding Company was selected for audit u/s 177 of Income Tax Ordinance, 2001 ("I.T.O") for Tax year 2008. Assistant Commissioner of Inland Revenue ("ACIR") passed an order u/s 122(5) / 122(1) of I.T.O by making additions on different issues i.e. interest expense, salaries, sale, gain on sale of assets etc., amounting to Rs. 516 million by reducing brought forward losses. The Holding Company has filed an appeal before Commissioner Inland Revenue (Appeals) ("CIR(A)"), who vide order dated 06 April 2010 decided appeal in favor of the Holding Company on most of the issues. The department filed an appeal before Appellate Tribunal Inland Revenue ("ATIR"). Respectable ATIR passed an order in favor of the Holding Company except for two issues with an aggregate amount of Rs. 72.57 million. The Holding Company has filed an appeal before Honorable Lahore High Court (LHC), against the order of the ATIR. The management of the Holding Company is confident that this case will be decided in its favor.

19.1.3 The Holding Company (Previously United Sugar Mills Limited) was selected for audit u/s 177 of I.T.O for Tax year 2008. The Holding Company has filed Writ Petition (WP) before LHC against selection of audit which was rejected by the LHC. Income tax department initiated audit proceeding and Deputy Commissioner Inland Revenue ("DCIR") passed an order u/s 122(4)/(5) of I.T.O by making additions on different issues and created a demand of Rs. 76.56 million vide order dated 22-12-2017. The Holding Company filed an appeal before CIR(A), who passed ex-parte order against the Holding Company. The Holding Company has filed second appeal before ("ATIR"). Appeal was heard and matter has been remanded back for denovo consideration. The management of the Holding Company is confident that this case will be decided in its favor.

19.1.4 Additional Commissioner Inland Revenue ("ACIR") issued show cause notice u/s 122(5A) of I.T.O for tax year 2011 confronting several matters. The said notice was duly complied and plea of the Holding Company was largely accepted by the tax department. ACIR passed order u/s 122(5A) of I.T.O by making additions on different issues and created a demand of Rs. 18.75 million vide order dated 30-06-2017. The Holding Company filed an appeal before CIR(A). The CIR(A) has decided the case majorly in the favour of the Holding Company vide order no. 45-A/V dated 22-02-2021. The Federal Board of Revenue (FBR) has filed appeal before ("ATIR") against the CIR(A) order which is still pending for adjudication. The management of the Holding Company is confident that this case will be decided in its favor.

19.1.5 The Holding Company was selected for audit u/s 177 of I.T.O for tax year 2014. DCIR passed an order u/s 122(1) of I.T.O by making additions on different expenses, amounting to Rs. 163.16 million. The Holding Company has filed an appeal before CIR(A) who vide order dated 07-03-2018 accepted the tax payer contention and has granted relief on major issues amounting Rs. 127.03 million and upheld the remaining issues amounting to Rs. 36.15 million. The Holding Company has filed second appeal before ATIR against the issues. The hearing of the same is pending. The management of the Holding Company is confident that this case will be decided in its favor.

19.1.6 The Holding Company was selected for audit u/s 72B of Sale Tax Act, 1990 (the Act) for the period from June 2013 to July 2014 by the Federal Board of Revenue ('the FBR'). A sales tax demand was raised by the tax department on various grounds of Rs. 70.94 million. The Holding Company has filed an appeal before CIR(A) who vide dated 08-02-2018 has granted relief amounting Rs. 57.37 million and the remaining issues with an aggregate amount of Rs. 12.62 million were upheld. The Holding Company has filed second appeal before ATIR. The hearing of the same is pending. The management of the Holding Company is confident that this case will be decided in its favor.

19.1.7 The Holding Company was selected for audit u/s 214C of I.T.O for tax year 2016. ACIR passed an order u/s 122(4) / 122(5) of I.T.O by making additions on different issues amounting to Rs. 506 million by reducing brought forward losses. The Holding Company has filed an appeal before CIR(A) who granted relief for an amount of Rs. 30.88 million vide its order no. 12/A-V dated 08 April 2021. The Holding Company has filed second appeal before appellate tribunal ("ATIR") against the above mentioned order which is pending for adjudication. The management of the Holding Company is confident that this case will be decided in its favor.

19.1.8 The Holding Company has filed W.P 67473/2020 & 65212/2019 before LHC challenging the amendment inserted vide Finance Act, 2019 whereby tax credit under section 65B of I.T.O has been reduced from 10% to 5% for the tax year 2019 and period for availing this credit has also been restricted till 30 June 2019. The Holding Company has claimed tax credit at the rate of 10% for the year ended 30 September 2018 and 30 September 2019 amounting to Rs. 254.9 million and Rs. 94.34 million respectively. Now the matter is pending before the LHC. The management of the Holding Company expects a favorable outcome in this case.

19.1.9 A show-cause notice u/s 122(5) of I.T.O was served by DCIR for tax year 2015 confronting bank credits to the Holding Company. The said notice duly complied and the plea of the Holding Company was accepted to some extent in the order dated 15-06-2021. As a result, demand amounting to Rs. 1,555 million was created on account of unexplained bank credits. The Holding Company has filed an appeal before CIR (A). The CIR (A) remanded back the case to learned DCIR for reassessment and affording proper time to the Holding Company. The Holding Company has filed second appeal before ATIR against above mentioned order of CIR (A). The ATIR adjudicated the appeal vide ITA. No. 799/LB/2022 dated 19-05-2022 by remanding back the case to assessing officer for denovo consideration. The Holding Company has filed reference before LHC against ATIR order. The reference has been admitted and operation of impugned order dated 19-05-2022 has been suspended. Now the matter is pending before the LHC. The management of the Holding Company expects a favorable outcome.

19.1.10 A show-cause notice u/s 122(5A)/122(9) of I.T.O was served by Additional CIR for tax year 2015 to the Holding Company confronting several matters. The notice was duly complied and the plea of the Holding Company was largely accepted in the order dated 02-07-2021. As a result, demand for Rs. 258.8 million was created on account of proration of expenses and advances from customers. The Holding Company has filed an appeal before CIR (A). The CIR (A) has granted relief on allocation of expenses amounting to Rs. 6.9 million only and upheld the advances from customers amounting to Rs. 687.4 million. The Holding Company has filed second appeal before ATIR on advances from customers against CIR (A) order, which is still pending. The management of the Holding Company expects a favorable outcome.

19.1.11 A show cause notice under Sale Tax Act, 1990 was served to the Holding Company confronting matter of inadmissible input sale tax. The said notice was duly complied and plea of the Company was rejected and a demand of Rs. 19.7 million was created through order dated 09-09-2020. The Company, being aggrieved, has filed an appeal before CIR (A) who in its order having no. 16/A-V dated 30-04-2021 upheld the decision of DCIR. The Company, being aggrieved, filed second appeal before ATIR who vide order STA No. 853/LB/2021 dated 25-05-2022 decided the case in favour of the Company. The Federal Board of Revenue, has filed a sales tax reference before Honorable Lahore High Court challenging the afore-mentioned order of ATIR. The hearing of the same is pending.

19.1.12 A show cause notice u/s 11(2) of Sale Tax Act, 1990 (the Act) was served to the Holding Company confronting matter of inadmissible input sale tax for period October 2016 to December 2016. The said notice was duly complied and plea of the Holding Company was accepted to some extent and a demand of Rs. 13.3 million was created through order dated August 31, 2021. The Holding Company has filed an appeal before CIR (A). The CIR (A) adjudicated the matter by deleting tax demand of Rs. 9.47 million and remanded back the input disallowance of Rs. 1.9 million and confirmed the disallowance amounting to Rs. 1.88 million. The Holding Company has filed second appeal before ATIR against CIR (A) order which is still pending. The management of the Holding Company expects a favorable outcome.

19.1.13 A show cause notice u/s 11(2) of Sale Tax Act, 1990 (the Act) was served to the Holding Company confronting matter of inadmissible input sale tax for period Jan 2017 to March 2017. The said notice was duly complied and plea of the Holding Company was accepted to some extent and a demand of Rs. 21.86 million was created through order dated August 31, 2021. The Holding Company has filed an appeal before CIR (A). The CIR (A) adjudicated the matter by allowing relief of Rs. 1.1 million and remanded back the input disallowance upto Rs. 17.12 million and confirmed the disallowance amounting Rs. 3.63 million. The Holding Company has filed second appeal against order of CIR (A) before ATIR which is still pending. The management of the Holding Company expects a favorable outcome.

19.1.14 A show cause notice u/s 11(3) of Sale Tax Act, 1990 was served to the Holding Company confronting matter of suppression of sales. The said notice was duly complied and plea of the Holding Company was rejected and a demand of Rs. 845.52 million was created vide order dated July 10, 2020. The

Holding Company, being aggrieved, has filed appeal before CIR (A), who vide order No. 02/A-V, dated December 15, 2020 remanded back the case. Thus, tax payable has become nil. The Holding Company and the tax department both has challenged the decision of CIR (A) in ATIR. The hearing of the appeal is still pending. However, the management of the Holding Company expects a favorable outcome.

19.1.15 A show-cause notice u/s 8 of Sale Tax Act, 1990 (the Act) dated 16-02-2022 was served by ACIR to the Holding Company on account of claim of input tax of Rs. 83.85 million for the period July-2021 to November-2021. The ACIR has finalized the proceeding vide its order no. 19473 dated May 12, 2022 disallowing input tax of Rs. 19.52 million & imposing penalty of Rs. 0.975 million. The Holding Company has filed an appeal before CIR (A) against the order of ACIR. The CIR (A) adjudicated the appeal by confirming the disallowance and penalty imposed by ACIR. The Holding Company has filed second appeal against order of CIR (A) before ATIR which is pending. The management of the Holding Company expects a favorable outcome.

19.1.16 A show-cause notice u/s 73(4) Sale Tax Act, 1990 (the Act) dated 14-02-2022 was issued by ACIR to the Holding Company on account of claim of inadmissible input tax amounting to Rs. 11.614 million for the period July-2020 to November-2021. The ACIR finalized the proceeding vide his order no. 18484 dated April 25, 2022 by confirming the said disallowance. The Holding Company has filed an appeal before CIR (A) against the order of ACIR. The CIR (A) adjudicated the appeal by deleting the disallowance upto Rs. 0.950 million and confirmed the disallowance amount of Rs. 10.66 million. The Holding Company has filed second appeal against order of CIR (A) before ATIR challenging the vires of section 73(4) which is pending. It may be noted that constitutionality of the section 73(4) of the Act has already been challenged in the LHC who also granted interim relief in cases where order has not been passed. The management of the Holding Company expects a favorable outcome.

19.1.17 The DCIR has passed an order dated 28-06-2019 by making additions amounting to Rs. 41.1 million for Tax Year 2016. The Holding Company has filed an appeal before CIR(A) against the said order. The CIR(A) has confirmed the additions made by DCIR vide order dated 24-10-2022. The Holding Company has filed second appeal before appellate tribunal ("ATIR") against the above mentioned order which is pending for adjudication. The management of the Holding Company expects a favorable outcome.

19.1.18 The Holding Company has filed Writ Petition before the Honorable Lahore High Court challenging the ultra vires of section 4C of the Income Tax Ordinance, 2001. The Honorable Lahore High Court has granted interim relief in the afore-mentioned petition till the final decision of Court. The financial impact of Super Tax u/s 4C of the Income Tax Ordinance, 2001 amounting to Rs. 132.6 million for Tax Year 2022 has not been recognized in these consolidated financial statements.

19.1.19 The tax department issued a show cause notice to the Subsidiary Company - DSML on May 23, 2013 on the grounds that the DSML has charged Federal Excise duty at the rate of 0.5% instead of 8% on local supplies made and raised a demand of Rs. 15.8 million. Consequently, DSML filed a writ petition against this notice in the Honorable Sindh High Court ("Court") on the basis that the rate of 0.5% has been charged as allowed by the FBR vide SRO 77(I)/2013 dated 07 February 2013. The Court suspended the proceedings of the notice and the final outcome of the case is pending. Management of the DSML expects a favorable outcome in this case. Hence no provision has been made in these consolidated financial statements.

19.1.20 The Subsidiary Company - DSML filed writ petition before Honorable Lahore High Court ("Court") challenging the amendment inserted vide Finance Act, 2019 whereby tax credit under section 65B of Income Tax Ordinance, 2001 has been reduced from 10% to 5% for tax year 2019 and period for availing this credit has also been restricted till June 30, 2019. The DSML prayed for the grant of relief regarding filing of tax returns for tax year 2019 with tax credit @ 10% i.e. Rs. 26.5 million. Management of the DSML expects a favorable outcome in this case.

19.1.21 The Subsidiary Company - DSML has filed appeals before the Commissioner Inland Revenue - Appeals (CIRA) against the penalty orders issued under section 182 of the Income Tax Ordinance, 2001 for Tax Year 2015 and 2019 amounting to Rs. 2,143 million and Rs. 2,788 million respectively. The matter is still pending with the office of the CIR(A), Karachi. The DSML has also obtained stay from the Honorable Sindh High Court against the above-mentioned demands till the decision of appeals by CIR(A). Management of the DSML expects a favorable outcome in this case.

19.1.22 The Ministry of Interior (GoP) had constituted the Inquiry Commission under the Pakistan Commission of Inquiry Act, 2017 dated 16 March 2020 to probe into the increase in sugar prices in the country. The Commission of Inquiry selected 10 units of sugar mills including 3 units of the Holding Company, accordingly report of the Inquiry Commission has been issued dated 21 May 2020. The Commission of Inquiry in its report has highlighted discrepancies with respect to Benami Transactions (Prohibition) Act, 2017 with respect to the standard business practice of Pakistan sugar industry. The Commission of inquiry has revealed that names of the brokers may be masked, by the sugar mills, and there is risk of sales in benami / fictitious names. The Commission of Inquiry in its report has also highlighted discrepancies in crushing capacity of the Holding Company (refer to note 51) and claimed that such enhancement and enlargement was made in the period of ban on capacity enhancement/enlargement. (Show cause notices have already been issued by the Directorate of Industries, Punjab for both Units I and II of the Holding Company way back in 2014 and matter is still pending). In addition to above, Pakistan Sugar Mills Association (PSMA) along with its member sugar mills, including the Holding Company and its Subsidiary Company - DSML, filed writ petition 1544/2020 before the Honorable Islamabad High Court (IHC) challenging the initiation of inquiry, Constitution of the Commission Inquiry and all action taken pursuant thereto. Vide short order dated 20 June 2020, this above petition was disposed off and the commission's report upheld. PSMA along with its member sugar mills, including the Holding Company and DSML, challenged the order before the Division Bench of IHC in Intra Court Appeal (ICA) No. 156 of 2020. This ICA was dismissed on 18 August 2020. Thereafter, on 26 October 2020, PSMA and the Holding Company and DSML filed Civil Petition for to Leave to Appeal (CPLA) No. 2697 of 2020 against the judgment dated 18 August 2020 before the Honorable Supreme Court of Pakistan. The Holding Company and DSML has a good prima facie case.

19.1.23 A petitioner has filed Constitution Petition (CP) No. 3823 of 2018 in the Honorable High Court of Sindh against the Holding Company (Unit III at Ghotki) and DSML along with other sugar mills dated 15 May 2018 for withdrawal/cancellation/refunding of the cash freight subsidy on sugar export approved by the Cabinet Economic Coordination Committee and additional cash freight subsidy approved by the Sindh Cabinet. The matter is pending adjudication.

19.1.24 The matter of fixation of minimum price of sugarcane fixed under relevant notifications for crushing season 2014 - 2015 and 2017-2018 issued by the Government of Sindh was challenged by sugar mills including Unit III of the Holding Company and DSML before the Honorable High Court of Sindh (the Honorable Court). During the proceedings, an interim arrangement was reached out between the parties whereby price of Rs. 172 was fixed out of which Rs. 160 were to be paid by the Mills and Rs. 12 were to be paid by the Government. The said arrangement was subject to the final outcome in the decision of the Honorable Supreme Court of Pakistan in Appeals. The management of the Holding Company and DSML believes that the matter will ultimately be decided in favor of the Holding Company and DSML. Furthermore, the Holding Company and DSML along with other sugar mills have also filed petition in the Honorable Supreme Court challenging the minimum price fixation mechanism, which is also pending before the Honorable Supreme Court.

19.1.25 A petitioner has filed civil suit no. 1296 of 2005 in the Honorable Sindh High Court against the Holding Company who has claimed a sum of Rs. 446 million and entitlement to retain the possession of and run the Unit II of the Holding Company unless the dues of the plaintiff have been fully paid. The matter is pending adjudication.

19.1.26 The Secretary and Administrator of the Market Committee (MC) issued notices to Units I and II of the Holding Company demanding arrears on account of market fee for crushing season 2016-2017 to 2018-2019 amounting to Rs. 16.45 million. The Holding Company has filed an appeal before the Director Agriculture (E&M) against such notices which is pending adjudication.

Further, the Holding Company was in a Constitutional Writ Petition challenging notification No. DIR (FB) XV-II8I-VIII dated 02 August 2017 issued by the Govt of the Punjab whereby market committee fee was enhanced for purchase of sugarcane from 50 paisa to 1 rupee per 100 kg and for Sugar & molasses from 1 rupee to 2 rupees per 100 kg vide order dated 18.12.2020, the said writ petition was referred to the Secretary Agriculture for deciding the grievance in the light of new legal framework. However, the Secretary Agriculture, Govt. of Pakistan via order dated 07 July 2021 concluded that said notification is valid from its issuance and demanded Rs. 76.8 million. The Holding Company has filed an W.P. 55108/2021 against above order and notification. The High Court of Lahore has restrained the authorities from taking any coercive measures. The case is currently pending adjudication. (for details, refer to note 15.2).

19.1.27 Federal Investigation Agency (FIA) has registered various cases revolving around issues like Money Laundering and collusion against accused from within the Holding Company for misappropriation of public holder money. The allegations, however, were so weak that till to date, FIA officials after complete and thorough investigation failed to incriminate the accused due to deficient evidence and also have not submitted report. As per legal counsel of the Holding Company, it would be a disservicing to the Holding Company to make an assessment of financial loss that could be incurred, in any.

19.1.28 The Holding Company has filed a WP 59553/2021 against Federation of Pakistan in the Honorable Lahore High Court and challenging the lifting of sugar from the mill at ex-mill price as determined Rs. 84.75/kg through SRO. 1259(I)2021 dated 21 September 2021. However, such Writ Petition has disposed off vid order dated 29 September 2021 and concluded that benefit shall be extended to consumers for any excess amount charged as per above mentioned SRO and appellate Committee Order dated 07 October 2021. However, the Holding Company has filed intara court appeal 61698/2021 and WP 63011 & 61692/2021 in the Honorable Lahore High Court against such order and notification. The Holding Company has also file C.P.L.A 2050/2021 in the Honorable Supreme Court of Pakistan against above mentioned order and notices. The matter is pending adjudication.

19.1.29 Employee Old Age Benefits Institution (EOBI) issued show cause notices to the Holding Company demanding an amount of Rs. 7,084,800 and Rs. 5,313,600 in respect of employees of Unit-I & Unit-II respectively for the period October, 2015 to September, 2016. Further, the Adjudicating Authority passed an order dated 08 December 2020 against the Holding Company and directed to recover the demanded amount immediately. The Holding Company has filed appeal against such order. The matter is pending adjudication. Further, during the year, Adjudicating Authority, Lahore issued assessment order and demand notice to the Holding Company and DSML demanding an amount of Rs. 12,038,176 and Rs. 11,502,410 in respect of employees of Unit III of the Holding Company and DSML for the period July, 2018 to June, 2020 respectively. The Holding Company and DSML has filed complaint before Adjudicating Authority, Lahore for setting aside of impugned assessment order and impugned demand notices. The matter is pending adjudication.

19.1.30 The Honorable Sindh High Court passed an order in C.P. no. D-1313/2013 dated 12 February 2018, according to which, in the case of trans-provincial companies, the companies are required to pay Workers' Profit Participation Fund (WPPF) under the Sindh Companies Profits (Workers' Participation Act), 2015. Sindh Revenue Board (SRB) vide the impugned judgment issued notice to the Holding Company for the non payment of WPPF as per the impugned judgment. The Holding Company has filed an C.P.L.A 954/2018 against this order in the Honorable Supreme Court and impugned judgment of the Honorable Sindh High Court has been suspended. However, allocation for the year has been recognized in accordance with provision of the Companies Profit (Workers' Participation) Act, 1968 (for details, refer to note 15.3).

19.1.31 The Holding Company received various show cause notices from the Sindh Revenue Board (SRB) demanding payment of Sindh Workers' Welfare Fund for the period 2015 to 2017 for Rs. 116 million. The Holding Company has challenged the said notice through C.P. 7956/2019 in High Court of Sindh on the ground that after the 18th Amendment, SRB and Federation of Pakistan, both can only collect Workers' Welfare Fund (WWF) from the Holding Company after a law is enacted catering to WWF collection from trans-provincial organizations. Further, august Supreme Court of Pakistan, in CA. No. 1583 of 2014 has held that exclusive jurisdiction rested with the Parliament and Federation of Pakistan in respect of labour matters of trans-provincial organizations. The Federation of Pakistan and the Province of Sindh along with SRB have been made parties in the said matter. The Holding Company's legal counsel is of the view that the Holding Company, being a trans-provincial organization, has a good chance of success. However, provision for the year has been recognized in accordance with the Workers Welfare Fund Ordinance, 1971 (for details, refer to note 15.4).

19.1.32 The Holding Company and DSML has filed an appeal No. 55, 56 & 57 of 2022 and No. 6 of 2021 & No. 15 of 2022 before the Competition Appellate Tribunal against the order dated 13 August 2021 of the Competition Commission of Pakistan (''CCP'') in which a penalty of Rs. 8,237.78 million and Rs. 747.37 million was imposed on the Holding Company and DSML respectively. However, Appellate Tribunal has restrained the CCP from adopting any coercive measures against the Holding Company and DSML for recovery of the fine in its order dated 02 June 2022. The appeal is pending adjudication.

The Holding Company and DSML also challenged the order dated 13 August 2021 before the Lahore High Court in Writ Petition No. 64858 of 2021 & 64850 of 2021 respectively. The operation of said order has been suspended and CCP has been restrained from recovering the penalty imposed in terms of an order of the Lahore High Court dated 18 October 2021. The matter is pending adjudication before the Lahore High Court.

19.1.33 As at 30 September 2022, several cases were filed against the Holding Company and DSML before various court of laws relating to claims and settlements of dues, etc., the amount of which cannot be determined. The management of the Holding Company and DSML, based on the opinion of the legal counsel expects that the outcome of all these cases will be in favour of the Holding Company and DSML, as they have a reasonable defense in the cases filed. Accordingly, no provision has been made in these consolidated financial statements.

19.1.34 In year 2016, the subsidiary companies (SPL & GPL) was formed for establishment of Bagasse Base Power Plant with generation capacity of 45-MW and accordingly, both SPL & GPL has adopted Upfront Tariff 2013 and Framework for Power Cogeneration 2013 (Bagasse and Biomass) vide order of National Electric Power Regulatory Authority ('NEPRA') dated 11.9.2017. Hence later on, sudden shift in Government power policy and renewable energy projects pushed at back-burner including the SPL & GPL project. Accordingly, the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) refused to issue Energy Purchase Consent on "Take or Pay bases". The both SPL & GPL have filed review petition against NEPRA Tariff Ruling, which was rejected by NEPRA, then CPPA-G approached Islamabad High Court through Writ Petition No. 1571/2018, the same is pending adjudication. Witnessing the Government policy shift from renewable energy and ancillary issues, the operations of the both companies project were put on hold for the time being.

19.1.35 Civil suit titled Ghotki Power (Private) Limited and Sadiqabad Power (Private) Limited (subsidiary companies) Vs. Alternate Energy Development Board (AEDB) & 3 others, instituted before the Court of Senior Civil Judge, (West) Islamabad, impugning the decision of Alternate Energy Development Board dated 5-8-2020 to the extent of encashment of a Bank Guarantee No. 1398LBG170654 and No. 1398LBG170655 respectively submitted by the both subsidiary companies in the process of setting up a Bagasse Based Generation Power Project. The suit is pending adjudication before the Court of Senior Civil Judge, (West) Islamabad for evidence of AEDB.

Based on the opinion of legal advisors of the Holding Company, DSML, SPL & GPL, management is expecting a favorable outcome of the above cases from 19.1.23 to 19.1.29, 19.1.32 and 19.1.34 to 19.1.35. Therefore, no provision has been recognized in these consolidated financial statements.

19.1.36 Guarantees issued by the banks on behalf of the Group in favour of various parties as at the reporting date aggregate amounts to Rs. 899 million (2021: Rs. 965 million).

19.1.37 The Group has availed growers financing facilities from various banks aggregated to Rs. 2,271 million (2021: Rs. 1,315 million). The mark-up rates applicable during the year ranges from one year KIBOR plus 240 to 300 bps per annum (2021: one year KIBOR plus 240 to 250 bps per annum). The Group has provided counter guarantees to various banks against growers financing facilities as at the reporting date amounts to Rs. 3,395 million (2021: Rs. 2,520 million) and personal guarantees of sponsor directors of the Group (for details, refer to note 30.1).

19.1.38 Guarantees issued by the banks on behalf of the Holding Company in favor of Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited, wholly owned subsidiary companies, as at the reporting date aggregate amounts to Rs. Nil (2021: Rs. 38 million).

19.1.39 The Holding Company has issued cross corporate guarantees of Rs. 944 million (2021: Rs. 751.3 million) on behalf of Deharki Sugar Mills (Private) Limited - wholly owned subsidiary, to secure the obligations of subsidiary company towards their lenders.

		Note	2022 Rupees	2021 Rupees
19.2	**Commitments**			
19.2.1	Letters of credit for import of machinery and its related components			
	Holding Company - JDWSML	19.2.1.1	404,899,443	201,323,470
	Subsidiary Company - DSML		94,096,363	19,553,572
			498,995,806	220,877,042

19.2.1.1 It includes shipping guarantee amounting to Rs. nil (2021: Rs. 8.812 million).

19.2.2 Commitments in respect of operation and maintenance cost of Co - Generation Power Plants contracted for but not incurred as at 30 September 2022 amounts to Rs. Nil (2021: Rs. 115.33 million).

20. PROPERTY, PLANT AND EQUIPMENT

	Note	2022 Rupees	2021 Rupees
Operating fixed assets	20.1	22,595,408,838	23,211,878,042
Capital work in progress	20.2	224,145,180	60,266,380
Stores, spare parts and loose tools held for capital expenditure	20.3	93,966,175	105,167,132
		22,913,520,193	23,377,311,554

20.1 Operating fixed assets

20.1.1 Reconciliation of ending balances by classes of assets is as follows:

	Cost					Depreciation				
	As at 01 October 2021	Additions / (deletions) during the year	Transfers / reclassification during the year	As at 30 September 2022	Rate / Life	As at 01 October 2021	For the year	Transfers / reclassification / (deletions) during the year	As at 30 September 2022	Carrying amount as at 30 September 2022
	Rupees	Rupees	Rupees	Rupees	% / Year	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	2,392,979,913	-	-	2,392,979,913	-	-	-	-	-	2,392,979,913
		-								
Factory building on freehold land	2,943,163,304	-	(1,060,000)	2,942,103,304	10%	1,624,311,390	130,405,654	(563,145)	1,754,153,899	1,187,949,405
		-						-		
Non-factory building on freehold land	1,058,076,026	13,907,082	(44,619,735)	1,027,363,373	5% - 5/20 years	452,297,285	30,223,978	(10,139,808)	472,381,455	554,981,918
		-						-		
Plant and machinery	26,474,438,216	114,366,627	(56,086,750)	26,529,972,802	5% - 5/10 years	9,143,969,624	891,633,215	(39,190,785)	9,994,569,543	16,535,403,259
		(2,745,291)						(1,842,511)		
Sugarcane roots	776,236,276	651,405,712	-	1,061,299,933	3 years	274,848,701	302,772,325	-	330,681,596	730,618,337
		(366,342,055)	-					(246,939,430)		
Motor vehicles	2,024,877,480	201,781,971	101,709,512	2,162,629,547	20% - 5 years	1,742,965,022	98,584,084	60,376,380	1,771,678,445	390,951,102
		(165,739,416)						(130,247,041)		
Electrical installation	192,745,624	4,432,541	11,200,736	207,259,790	10% - 10 years	102,836,738	10,378,814	5,625,003	118,040,230	89,219,560
		(1,119,111)						(800,325)		
Office equipment	83,366,008	3,515,653	(10,704,741)	75,623,088	20% - 5 years	65,176,058	3,444,604	(9,103,596)	59,046,976	16,576,112
		(553,832)						(470,090)		
Tools and equipment	88,561,624	3,096,242	(722,426)	90,935,440	10%	44,117,011	4,590,182	(320,371)	48,386,822	42,548,618
		-						-		
Furniture and fixture	32,742,429	1,445,914	(12,669,557)	21,279,957	10% - 10 years	19,677,215	1,239,936	(6,529,918)	14,174,491	7,105,466
		(238,829)						(212,742)		
Weighbridge	46,824,436	-	1,226,011	48,050,447	10% - 10 years	28,426,371	1,962,408	960,377	31,349,156	16,701,291
		-						-		

	Cost					Depreciation				Carrying amount as at 30 September 2022
	As at 01 October 2021	Additions / (deletions) during the year	Transfers / reclassification during the year	As at 30 September 2022	Rate / Life	As at 01 October 2021	For the year	Transfers / reclassification / (deletions) during the year	As at 30 September 2022	
	Rupees	Rupees	Rupees	Rupees	% / Year	Rupees	Rupees	Rupees	Rupees	Rupees
Roads and boundary wall	170,564,168	-	44,390,410	214,954,578	10% - 5 years	107,834,764	11,794,863	10,109,085	129,738,712	85,215,866
		-						-		
Arms and ammunitions	8,272,259	-	72,348	8,344,607	10% - 10 years	5,886,908	238,535	72,348	6,197,791	2,146,816
		-						-		
Fire fighting equipment	82,815,232	-	2,535,355	85,350,587	20%	65,779,405	3,758,518	778,591	70,316,514	15,034,073
		-						-		
Aircrafts	902,022,925	59,754,736	-	961,777,661	10%	412,811,389	53,245,340	-	466,056,729	495,720,932
		-						-		
Tube well	9,556,913	-	50,441,119	59,998,032	10% - 5 years	5,940,827	3,296,054	38,706,035	47,942,916	12,055,116
		-						-		
Computers	88,059,208	5,358,449	12,733,717	100,004,404	33% - 3 years	66,545,291	9,648,143	9,233,248	79,803,350	20,201,054
		(6,146,970)						(5,623,332)		
	37,375,302,041	1,059,064,927	98,445,999	37,989,927,463		14,163,423,999	1,557,216,653	60,013,444	15,394,518,625	22,595,408,838
		(542,885,504)						(386,135,471)		

20.1.2 Additions in operating fixed assets included transfer from capital work in progress and stores, spare parts and loose tools held for capital expenditure amounting to Rs. 739.038 million (2021: Rs. 517.34 million) and Rs. 28.9 million (2021: Rs. 60.92 million) respectively.

20.1.3 Transfers to motor vehicles represents transfer of vehicles from right-of-use assets at carrying value amounting to Rs. 38.8 million (2021: Rs. 14.11 million).

20.1.4 Property, plant and equipment of the Group are kept secured with the banks under ranking and joint pari passu charge, for obtaining long term financing. This charge will exist till 31 January 2027. For details, refer to note 8.

20.1.5 Operating fixed assets having carrying amount Rs. 94 (2021: Rs. 94) as at 30 September 2022 have been retired from active use and not classified as held for sale in accordance with IFRS 5.

20.1.6 Reconciliation of beginning balances by classes of assets is as follows:

	Cost					Depreciation					
	As at 01 October 2020	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2021	Rate / Life	As at 01 October 2020	For the year	Transfers / (deletions) during the year	Impairment	As at 30 September 2021	Carrying amount as at 30 September 2021
	Rupees	Rupees	Rupees	Rupees	% / Year	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Owned											
Freehold land	2,349,698,225	43,281,688	-	2,392,979,913	-	-	-	-	-	-	2,392,979,913
		-						-			
Factory building on freehold land	2,958,858,193	-	-	2,943,163,304	10%	1,491,866,698	145,269,298	-	-	1,624,311,390	1,318,851,914
		(15,694,889)						(12,824,606)			
Non-factory building on	1,043,809,291	14,551,040	-	1,058,076,026	5% - 5/20 years	417,941,907	34,355,378	-	-	452,297,285	605,778,741
freehold land		(284,305)						-			
Plant and machinery	26,958,453,782	34,962,882	-	26,474,438,216	5% - 5/10 years	8,655,507,342	940,685,353	-	17,768,134	9,143,969,624	17,330,468,592
		(518,978,448)						(469,991,205)			
Sugarcane roots	744,430,754	498,972,201	-	776,236,276	3 years	211,930,205	216,431,818	-	-	274,848,701	501,387,575
		(467,166,679)						(153,513,322)			
Motor vehicles	2,016,156,996	41,618,809	56,371,350	2,024,877,480	20% - 5 years	1,654,561,271	111,285,249	42,254,670	-	1,742,965,022	281,912,458
		(89,269,675)						(65,136,168)			
Electrical installation	193,810,877	6,177,860	-	192,745,624	10%	96,759,740	10,011,527	-	1,301,680	102,836,738	89,908,886
		(7,243,113)						(5,236,209)			
Office equipment	81,939,032	1,515,276	-	83,366,008	20% - 5 years	60,221,754	4,985,488	-	55,641	65,176,058	18,189,950
		(88,300)						(86,825)			
Tools and equipment	90,881,036	1,884,742	-	88,561,624	10%	42,423,913	4,974,976	-	176,886	44,117,011	44,444,613
		(4,204,154)						(3,458,764)			
Furniture and fixture	31,164,026	2,068,773	-	32,742,429	10% - 10 years	17,698,802	2,413,624	-	33,849	19,677,215	13,065,214
		(490,370)						(469,060)			
Weighbridge	47,424,436	-	-	46,824,436	10%	26,933,050	2,049,139	-	-	28,426,371	18,398,065
		(600,000)						(555,818)			

	Cost					Depreciation					
	As at 01 October 2020	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2021	Rate / Life	As at 01 October 2020	For the year	Transfers / (deletions) during the year	Impairment	As at 30 September 2021	Carrying amount as at 30 September 2021
	Rupees	Rupees	Rupees	Rupees	% / Year	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Roads and boundary wall	170,868,140	-	-	170,564,168	10%	100,885,150	6,998,299	-	-	107,834,764	62,729,404
		(303,972)						(48,685)			
Arms and ammunitions	8,224,057	272,642	-	8,272,259	10%	5,817,662	258,544	-	-	5,886,908	2,385,351
		(224,440)						(189,298)			
Fire fighting equipment	82,815,232	-	-	82,815,232	20%	61,520,448	4,258,957	-	-	65,779,405	17,035,827
		-						-			
Aircrafts	873,689,731	28,333,194	-	902,022,925	10%	360,964,930	51,846,459	-	-	412,811,389	489,211,536
		-						-			
Tube well	10,173,641	-	-	9,556,913	10%	5,823,432	435,021	-	6,997	5,940,827	3,616,086
		(616,728)						(324,623)			
Computers	84,897,192	4,919,493	-	88,059,208	33%	58,247,912	9,717,410	-	64,554	66,545,291	21,513,917
		(1,757,477)						(1,484,585)			
	37,747,294,641	678,558,599	56,371,350	37,375,302,041		13,269,104,216	1,545,976,540	42,254,670	19,407,741	14,163,423,999	23,211,878,042
		(1,106,922,550)						(713,319,168)			

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

Location	Usage of immovable property	Total area (Acres)
Mauza Shirin, Jamal Din Wali, District Rahim Yar Khan	Manufacturing facility	318.60
Machi Goth, Sadiqabad, District Rahim Yar Khan	Manufacturing facility & Co-Gen Power Plant	187.15
Village Laluwali, District Ghotki	Manufacturing facility & Co-Gen Power Plant	157.03
Mauza Kamoo Shaheed, Taluka Ubauro, Mirpur Mathelo, Ghotki	Manufacturing facility	120.18
Mangowal, Gujrat	Manufacturing facility	28.38
59-A, Gulberg, Lahore	Record room / space for corporate office	0.65
29-B, Gulberg, Lahore	Rest house	0.30
Agricultural Land - Punjab (various locations)*	Agriculture land	1,014.32
Agricultural Land - Sindh (various locations)*	Agriculture land	1,078.98

The buildings on freehold land and other immovable fixed assets of the Group are constructed / located at above mentioned freehold land.

* Due to large number of area, it is impracticable to disclose the name of each location of these immovable fixed assets, as required under Paragraph 1(b) of the 4th Schedule to the Companies Act, 2017.

20.1.8 Land measuring 158.5 Kanals/19.81 acres situated at Sadiqabad is under litigation by virtue of an appeal filed by the Holding Company, whereby the Additional Commissioner Revenue, Bahawalpur has granted stay order in the favour of the Holding Company dated 08 November 2021 against order dated 26 October 2021 passed by the Additional Deputy Commissioner Revenue, Bahawalpur. The matter is pending adjudication.

		Note	2022 Rupees	2021 Rupees
20.1.9	**Depreciation charge for the year has been allocated as follows:**			
	Cost of goods manufactured	36.1	1,020,132,294	1,135,761,773
	Further cost charged on biological assets	36.1.1.1	168,730,769	52,294,203
	Administrative expenses	37	148,615,452	97,090,586
	Cost incurred on standing crops	39.1.1	219,738,138	260,829,978
			1,557,216,653	1,545,976,540

20.1.10 Impairment charge for the year ended 30 September 2021 had been allocated to cost of goods manufactured.

20.1.11 Detail of disposals of operating fixed assets

The details of operating fixed assets disposed off / written off during the year are as follows:

Description	Particulars of purchaser	Cost	Accumulated depreciation	Net book value	Sales value	Gain / (loss)	Mode of disposal	Relationship with the Group
		Rupees	Rupees	Rupees	Rupees	Rupees		
Motor vehicles								
Toyota Corolla Altis	Mr. Umair Khalid	2,395,500	1,854,233	541,267	2,025,000	1,483,733	Negotiation	Ex. Employee
Toyota Corolla Altis	Mr. Bashir Ahmed	2,399,000	1,141,956	1,257,044	1,303,271	46,227	Negotiation	Ex. Employee
Toyota Corolla Altis	Mr. M. Attique Khan	1,985,000	1,425,654	559,346	610,500	51,154	Company Policy	Ex. Employee
Toyota Corolla GLI	Mr. Kamal-Ur-Rehman	1,800,000	1,297,775	502,225	540,000	37,775	Company Policy	Employee
Toyota Corolla Altis	Mr. M Zaman Khan	2,015,500	1,372,025	643,475	604,650	(38,825)	Company Policy	Employee
Toyota Corolla Altis	Mr. Raza Zaidi	2,015,500	1,372,025	643,475	604,650	(38,825)	Company Policy	Employee
Toyota Corolla Altis	Dr. Faqir Gulzar	2,010,000	1,446,404	563,596	603,000	39,404	Company Policy	Employee
Toyota Corolla XLI	Mr. Bilal Yaqoob	1,655,000	1,017,267	637,733	662,000	24,267	Company Policy	Employee
Toyota Corolla GLI	Mr. M. Ramzan	1,800,000	1,225,792	574,208	540,000	(34,208)	Company Policy	Employee
Toyota Corolla Altis	Mr. Jawad Rashid	3,396,000	951,533	2,444,467	3,700,000	1,255,533	Company Policy	Employee
Toyota Corolla XLI	Mr. Naweed Rashid	2,041,500	1,237,365	804,135	598,840	(205,295)	Company Policy	Employee
Suzuki Swift	M. Ramzan Adeel	1,585,000	768,296	816,704	348,711	(467,993)	Company Policy	Employee
		25,098,000	15,110,325	9,987,675	12,140,622	2,152,947		
Assets - written off								
Sugarcane roots		366,342,055	246,939,430	119,402,625	-	-	Company policy	
Others		14,580,709	12,635,665	1,945,044	-	-	Company policy	
		380,922,764	259,575,095	121,347,669	-	-		
Assets having net book value								
less than Rs. 500,000		136,864,740	111,450,051	25,414,689	126,313,935	100,896,860		
2022		542,885,504	386,135,471	156,750,033	138,454,557	103,049,807		
2021		1,106,922,550	713,319,168	393,603,382	65,846,167	36,451,248		

		Note	2022 Rupees	2021 Rupees
20.2	**Capital work in progress**			
	Balance as at 01 October		60,266,380	14,599,420
	Additions during the year		902,917,617	563,007,941
	Transfers made during the year		(739,038,817)	(517,340,981)
	Balance as at 30 September	20.2.1	224,145,180	60,266,380

20.2.1 Reconciliation of carrying amounts by classes of assets is as follows:

	Note	2022 Opening balance	Addition for the year	Transferred to operating fixed assets	Closing balance
		Rupees	Rupees	Rupees	Rupees
Advances for vehicles	31.2	30,670,978	64,281,164	(30,670,978)	64,281,164
Building		11,579,326	18,855,950	(14,039,562)	16,395,714
Plant and machinery		16,419,823	169,971,044	(42,922,565)	143,468,302
Sugarcane roots	20.2.2	1,596,253	649,809,459	(651,405,712)	–
		60,266,380	902,917,617	(739,038,817)	224,145,180

	Note	2021 Opening balance	Addition for the year	Transferred to operating fixed assets	Closing balance
		Rupees	Rupees	Rupees	Rupees
Advances for vehicles	31.2	–	30,670,978	–	30,670,978
Building		14,516,860	11,613,506	(14,551,040)	11,579,326
Plant and machinery		–	20,237,562	(3,817,739)	16,419,823
Sugarcane roots	20.2.2	82,560	500,485,895	(498,972,202)	1,596,253
		14,599,420	563,007,941	(517,340,981)	60,266,380

20.2.2 Additions in sugarcane roots included transfer from biological assets amounting to Rs. 369 million (2021: Rs. 288.156 million).

		Note	2022 Rupees	2021 Rupees
20.3	**Stores, spare parts and loose tools held for capital expenditure**			
	Balance as at 01 October		105,167,132	158,697,680
	Additions during the year		17,904,766	12,411,487
			123,071,898	171,109,167
	Transferred to operating fixed assets	20.1.2	(28,941,390)	(60,922,298)
	Charged to consumption / adjustments		(164,333)	(5,019,737)
			(29,105,723)	(65,942,035)
	Balance as at 30 September		93,966,175	105,167,132

21. RIGHT-OF-USE ASSETS

	2022 Building	Land	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 01 October	45,446,352	1,362,720,555	471,458,460	1,879,625,367
Additions during the year	5,678,979	1,188,730,806	153,360,090	1,347,769,875
Deletions during the year	–	(95,685,274)	(540,632)	(96,225,906)
Transfer to operating fixed assets - net book value	–	–	(38,838,956)	(38,838,956)
Impact of remeasurement	51,986,278	–	–	51,986,278
Depreciation charged for the year	(42,080,693)	(642,582,851)	(105,652,934)	(790,316,478)
Balance as at 30 September	61,030,916	1,813,183,236	479,786,028	2,354,000,180
Less: Current maturity presented under current assets	(27,741,791)	(664,235,994)	(38,314,532)	(730,292,317)
	33,289,125	1,148,947,242	441,471,496	1,623,707,863
Useful life (rate) / lease term	2 to 3 years	2 to 5 years	20%	

	2021			
	Building	Land	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees
As at 01 October	83,561,321	839,299,150	253,601,056	1,176,461,527
Additions during the year	2,882,272	1,101,304,101	300,198,629	1,404,385,002
Deletions during the year	–	(32,325,447)	–	(32,325,447)
Derecognition due to sublease	–	(68,940,024)	–	(68,940,024)
Transfer to operating fixed assets - net book value	–	–	(14,116,680)	(14,116,680)
Impact of remeasurement	(1,487,689)	(7,935,666)	–	(9,423,355)
Depreciation charged for the year	(39,509,552)	(468,681,559)	(68,224,545)	(576,415,656)
As at 30 September	45,446,352	1,362,720,555	471,458,460	1,879,625,367
Less: Current maturity presented under current assets	–	–	(43,462,361)	(43,462,361)
	45,446,352	1,362,720,555	427,996,099	1,836,163,006
Useful life (rate) / lease term	3 to 5 years	3 to 5 years	20%	

21.1 The Group's obligations under leases of vehicle are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed in note 4.4. Leases for vehicles may contain an option to purchase the underlying leased asset outright at the end of the lease and the Group has the intention to exercise such option.

21.2 The depreciation charge on right-of-use assets for the year has been allocated as follows:

	Note	2022 Rupees	2021 Rupees
Cost of goods manufactured	36.1	103,361,699	64,910,671
Further cost charged on biological assets	36.1.1.1	4,020,416	2,959,135
Administrative expenses	37	43,184,939	39,509,552
Cost incurred on standing crops	39.1.1	639,749,424	469,036,298
		790,316,478	576,415,656

22. INVESTMENT PROPERTY

Investment property represents agricultural land measuring 401.04 acres (2021: 401.04 acres) situated at various locations of Tehsil Sadiqabad, District Rahim Yar Khan given on operating lease having the fair value of Rs. 577 million as at 30 June 2022. The value of investment property was determined by approved external, independent property valuer i.e. Hamid Mukhtar and Co. (Pvt.) Limited by using the market comparable method and categorize as level 2 fair value (i.e. significant observable inputs). The most significant input in this valuation approach is price / rate per acre in particular locality.

22.1 Forced sale value of the investment property as per the latest valuation report is Rs. 462 million (2021: Rs. 276 million).

22.2 The Group as a lessor has entered into operating leases contract having lease terms upto 2 years. Maturity analysis of future operating lease rentals are as follows:

	2022 Rupees	2021 Rupees
Less than one year	14,618,381	11,853,433
More than one year	–	8,184,825
	14,618,381	20,038,258

	Note	2022 Rupees	2021 Rupees
23. INTANGIBLES			
Goodwill	23.1	608,310,693	608,310,693
Oracle / computer software	23.2	2,391,422	4,436,932
		610,702,115	612,747,625

	Note	2022 Rupees	2021 Rupees
23.1 Goodwill			
As at 01 October		608,310,693	608,310,693
Less: Impairment charge / reversal for the year	23.1.1 & 23.1.2	–	–
As at 30 September		608,310,693	608,310,693

23.1.1 Goodwill on United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited

Goodwill includes Rs. 568,545,391 and Rs. 39,765,302 arisen at the time of mergers of United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited into the Holding Company. For impairment testing, the recoverable amount of both cash generating units are determined based on value in use calculation which uses cash flow projections approved by the Board of Directors covering a five-year period using the average discount rate of 13.94% per annum (2021: 15.46% per annum). The calculation of value in use is sensitive to discount rate and key commercial assumptions. The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the Capital Asset Pricing Model. The discount rate reflects the Weighted Average Cost of Capital of the Holding Company. Management's key assumptions include stable profit margins, based on past experience in this market. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry. Management believes that after considering the various scenarios no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount. Based on this calculation, no impairment is required to be accounted for against the carrying amount of goodwill.

23.1.2 Goodwill on Faruki Pulp Mills Limited - FPML

Keeping in view the commercial viability of the plant and substantial accumulated losses, the management of FPML believes that FPML may not be able to realize its assets and discharge its liabilities in the normal course of business and prepared its financial statements for the year ended 30 September 2022 and 2021 on liquidation basis of accounting. Accordingly, management of the Group has estimated the recoverable amount of investment in FPML Rs. 760.405 million (2021: Rs. 666 million) as determined by the independent valuer. The recoverable amount was estimated based on valuation technique used as mention below and categorise as level 3 fair value.

Further, FPML through an extraordinary general meeting held on 25 March 2020, has resolved to dispose of its property, plant and equipment either in parts or in their entirety to the prospective buyers after due process. However, due to COVID-19 situation in the country this was not completed during the financial year 2020 and the said arrangement was re-approved by the FPML shareholders in its EOGM held on 13 December 2021. However, subsequent to year end, the management of FPML has initiated the tendering process for disposal of assets of FPML under guideline set by the Board.

Valuation techniques used to derive fair values of the underlying assets

	Carrying Value Rupees	Recoverable amount Rupees	Valuation technique used
Net current assets	7,462,454	7,462,454	The carrying amount is assumed to approximate the fair value as these are reported at amounts not less than those at which these are expected to be recovered.
Property, plant and equipment	644,532,037	752,943,466	Sales comparison approach for the freehold land and depreciated replacement cost for plant & machinery and ancillary equipment.
2022	651,994,491	760,405,920	
2021	582,283,258	665,975,620	

FPML engaged an independent valuer, to assess the recoverable amount of the property, plant and equipment based on fair value less costs of disposal calculation. The fair value of freehold land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the land. The most significant input in this valuation approach is price per acre which has significant change from prior year.

The fair value of plant, machinery and ancillary equipment is based on depreciated replacement cost approach taking into account the prevailing market value of identified items and net realizable value assets grouped according to machinery class, adjusted against depreciation, price indices and exchange differences on imported assets. The fair value of building and civil work is based on depreciated replacement cost approach taking into account the construction features and measurements of built area involved.

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in fair value measurements.

Description	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Buildings and civil works	Cost of construction of a similar building and structure.	The prevailing market rate of construction has been determined by taking into account the finishes required in wood pulp manufacturing industry.
	Straight line depreciation applied for usage from date of construction. Forced sale value used since FPML is liquidating its assets.	The versatility and general conditions of the building have been used to estimate the straight line basis of depreciation of the building.
Plant and machinery and ancillary equipment	Cost of acquisition of similar machinery with similar level of technology.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level or technology and applying a suitable depreciation factor based on remaining useful lives of plant and equipment.
	Suitable depreciation rate to arrive at depreciated replacement value. Forced sale value used since FPML is liquidating its assets.	The higher the cost of acquisition of similar machinery, the higher the fair value of plant and equipment. Furthermore, higher the depreciation rate, the lower the fair value of items.

		Note	2022 Rupees	2021 Rupees
23.2	**Oracle / computer software**			
	Cost		22,747,279	22,747,279
	Accumulated amortization			
	As at 01 October		18,310,347	16,261,990
	Amortization for the year	23.2.1	2,045,510	2,048,357
			20,355,857	18,310,347
	As at 30 September		2,391,422	4,436,932
	Rate of amortization		10% - 33%	10% - 33%

23.2.1 Amortization for the year has been allocated to administrative expense.

	Note	2022 Rupees	2021 Rupees
24. LONG TERM INVESTMENTS			
Kathai-II Hydro (Private) Limited ("KHL")	24.1	–	–
JDW Power (Private) Limited ("JDWPL")	24.2	–	–
		–	–
Less: Classified under current assets as short term investments			
JDW Power (Private) Limited ("JDWPL")	24.2.1	–	–
Classified under non - current assets		–	–

	Note	2022 Rupees	2021 Rupees
24.1 Kathai-II Hydro (Private) Limited ("KHL")			
250 (2021: 250) fully paid shares of Rs. 10 each			
Equity held 20% (2021: 20%)		2,500	2,500
Share of post acquisition reserve:			
Brought forward post acquisition loss		(2,500)	(2,500)
Share of loss for the year	24.1.1	–	–
		(2,500)	(2,500)
Balance as at 30 September		–	–

24.1.1 Equity method has been applied on audited financial statements for the year ended June 30, 2022 (2021: June 30, 2021). Post acquisition reserves restricted to the cost of investment, therefore share of loss amounted to Rs. 204,831 (2021: Rs. 210,968) for the year has not taken under equity method. The summarized audited financial information of KHL is as follows:

	Note	2022 Rupees	2021 Rupees
Revenue		–	–
Loss for the year		(1,024,154)	(1,054,840)
Company's share of loss	24.1.1	(204,831)	(210,968)
Other comprehensive income for the year		–	–
Company's share of other comprehensive income		–	–

	Note	2022 Rupees	2021 Rupees
24.2 JDW Power (Private) Limited ("JDWPL")			
9,000,000 (2021: 9,000,000) fully paid shares of Rs. 10 each			
Equity held 47.37% (2021: 47.37%)		90,000,000	90,000,000
Less: Accumulated impairment allowance		(90,000,000)	(90,000,000)
Balance as at 30 September	24.2.1	–	–

24.2.1 On 11 July 2019, the shareholders of JDWPL through an extra ordinary general meeting passed a resolution for the winding up of JDWPL, subsequently management of the JDWPL has applied to the Securities and Exchange Commission of Pakistan (SECP) for the approval of winding up.

25. LONG TERM DEPOSITS

These includes security deposits with conventional banks and Islamic financial institution/banks in respect of leasing facilities availed against right-of-use assets amounting to Rs. 4.46 million and Rs. 90.75 million (2021: Rs. 7.97 million and Rs. 86.89 million) respectively. Current maturity of long term deposits for Rs. 13.04 million (2021: Rs. 13.37 million) are presented under current assets (refer to note 31). The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of long term security deposits other than right-of-use assets for Rs. 15.32 million (2021: Rs. 12.21 million) is not considered material and hence not recognized. This also includes an advance amounting to Rs. 1.85 million (2021: Rs. 1.55 million) due from JDW Aviation (Pvt.) Limited, an associated company. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 4.56 million (2021: Rs. 4.25 million). These deposits do not carry any interest or markup.

26. LEASE RECEIVABLES

	Note	2022 Rupees	2021 Rupees
Balance as at 01 October		69,633,908	–
Recognised during the year		–	112,922,359
Impact of early termination		(13,718,278)	–
Impact of remeasurment		3,589,965	–
Interest income from subleasing of right-of-use assets	39	2,705,119	5,523,671
Receipt during the year / other adjustment		(62,210,714)	(48,812,122)
Balance as at 30 September	26.2	–	69,633,908

26.1 It presents sub-lease of agriculture land for lease term 1 to 1.5 years. The incremental borrowing rate applied to lease receivable is 9.71% (2021: 8.70%).

26.2 The following undiscounted /discounted lease payments to be received after the reporting date are as:

	2022 Rupees	2021 Rupees
Total undiscounted lease receivable	–	72,261,312
Unearned finance income	–	(2,627,404)
Discounted lease receivables	–	69,633,908

26.3 The risks associated with rights the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks as ensuring all contracts include clauses requiring the lessee to submit security cheque during the lease term which will be refundable at the end of lease term.

27. BIOLOGICAL ASSETS

		2022					
		Standing sugarcane crop	Wheat	Rhodes grass	Mustard	Rice	Total
	Note	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
At the beginning of the year at fair value		2,333,366,150	1,317,463	52,436	464,157	–	2,335,200,206
Further cost charged during the year	36.1.1.1	1,118,077,306	33,010,047	–	4,728,157	–	1,155,815,510
Fair value gain on initial recognition							
of agricultural produce	36.1.1	816,440,302	40,338,568	126,064	16,268,878	–	873,173,812
Decrease due to harvest		(4,267,883,756)	(74,666,078)	(178,500)	(21,461,194)	–	(4,364,189,528)
Cost incurred on standing crops	39.1.1	2,397,069,755	836,163	–	737,668	–	2,398,643,586
Net fair value gain on biological assets	39.1	456,389,080	–	–	–	–	456,389,080
At the end of the year at fair value		2,853,458,837	836,163	–	737,666	–	2,855,032,666

		2021					
		Standing sugarcane crop	Wheat	Rhodes grass	Mustard	Rice	Total
	Note	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
At the beginning of the year at fair value		1,816,363,807	955,781	–	1,408,532	1,387,860	1,820,115,980
Further cost charged during the year	36.1.1.1	767,924,711	23,398,351	13,749,388	4,546,700	194,116	809,813,266
Fair value gain on initial recognition							
of agricultural produce	36.1.1	838,458,688	52,309,317	(3,277,778)	14,170,131	153,620	901,813,978
Decrease due to harvest		(3,422,747,205)	(76,663,449)	(10,471,610)	(20,125,363)	(1,735,597)	(3,531,743,224)
Cost incurred on standing crops	39.1.1	1,964,493,216	1,317,463	52,436	464,158	–	1,966,327,273
Net fair value gain on biological assets	39.1	368,872,933	–	–	–	–	368,872,933
At the end of the year at fair value		2,333,366,150	1,317,463	52,436	464,157	–	2,335,200,206

27.1 Measurement of fair values

27.1.1 Fair value hierarchy

In absence of active market for standing sugarcane crop, the fair value measurement for the standing sugarcane crop has been categorised as Level 3 fair value based on the inputs to the valuation techniques used. Fair value has been determined by independent professional valuer, Osam Consultants Engineers as at 30 September 2022 on the basis of a discounted cash flow model. The valuation model considers the present value of the net cash flows expected to be generated by the standing sugarcane crop at maturity, in its most relevant market, and includes the potential biological transformation and related risks associated with the asset. The cash flows projections include specific estimates for next year which mainly include crop's expected yield and expected production costs and costs to sell. The expected cash flows are discounted using an average risk adjusted discount rate.

27.1.2 Valuation techniques and significant unobservable inputs

The key variables, assumptions and the impact of changes in those is given below:

	Unit	2022	2021
Valued plantations (Actual)			
- Punjab Zone	Acres	8,736	9,615
- Sindh Zone	Acres	11,102	11,174
Estimated further production costs and costs to sell per acre			
- Punjab Zone	Rupees	117,558	87,842
- Sindh Zone	Rupees	112,582	73,013
Estimated yield per acre			
- Punjab Zone	Maunds	942	892
- Sindh Zone	Maunds	857	790
Harvest age	Months	12 - 14	12 - 14
Estimated future sugarcane support price per maunds			
- Punjab Zone	Rupees	300	225
- Sindh Zone	Rupees	302	250
Risk - adjusted discount rate	% per month	0.81%	0.98%

Cost of biological assets other than standing sugarcane crop of Rs. 1.57 million (2021: Rs. 1.83 million) is considered to approximate their respective fair value less costs to sell as these assets are still at a very early stage of plantation and it is considered that insignificant biological transformation has taken place or the impact of fair value measurement is not significant.

27.2 Sensitivity analysis

Impact of changes in key subjective assumptions on fair value of biological assets is given below:

	Increase / (Decrease) 2022 Rupees	Increase / (Decrease) 2021 Rupees
Decrease of 10% in estimated average yield per acre	(498,013,252)	(288,169,555)
Increase of 10% in estimated further production cost	(212,667,368)	(151,464,625)
Increase of 10% in estimated average selling price per maund	498,013,252	384,801,240
Increase of 10% in discount rate	(11,452,384)	(11,239,328)

27.3 Risk management strategy related to agricultural activities

The Group is exposed to the following risks relating to its sugarcane cultivation.

Regulatory and environmental risks

The Group is subject to various laws and regulations in Pakistan. The Group has established environmental policies and procedures aimed at ensuring compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Climate and other risks

Due to inherent nature of the agricultural assets, it contains elements of significant risks and uncertainties which may adversely affect business and resultant profitability, including but not limited to the following:

i) adverse weather conditions such as floods etc. affecting the quality and quantity of production; and

ii) potential insect, fungal and weed infestations resulting in crop failure and reduced yields.

The Group is principally dependent upon the Government's measures for flood control. The Group follows an effective preventive pesticide / insecticide / fungicide program, regularly monitors the crops for any infestations and takes immediate curative measures. As per assessment of crop losses in Sindh Province using satellite data by International Centre for Integrated Mountain Development and Pakistan Agricultural Research Council, the Pakistan's Sindh Province is projecting 61% loss of the expected production of sugarcane due to 2022 Pakistan floods. The floods struck before the harvesting stage of key crops of the Group e.g. sugarcane. The Group's sugarcane crop is predominantly grown in the northeastern districts, where flood inundation remained relatively lower. Management of the Group expect lesser production of sugarcane due to 2022 Pakistan floods.

Supply and demand risk

The price of sugarcane is driven by consumer demand of sugar as well as Government's intervention in setting of minimum / support price for the grower. Surplus production or bumper crop may result in a lower selling price hence affecting profitability of the Group adversely. The Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volume and analysis.

	Note	2022 Rupees	2021 Rupees
28. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores:			
- Sugar		1,235,765,208	926,083,919
- Co-Generation Power		165,263,929	164,542,144
- Corporate Farms		537,236,178	396,847,011
		1,938,265,315	1,487,473,074
Spare parts:			
- Sugar		608,984,969	602,693,106
- Co-Generation Power		97,241,947	82,558,869
		706,226,916	685,251,975
Loose tools:			
- Sugar		44,633,468	41,378,145
- Co-Generation Power		11,298,934	9,212,073
		55,932,402	50,590,218
		2,700,424,633	2,223,315,267
Less: Provision for obsolescence	28.1	(482,899,915)	(574,058,014)
	28.3	2,217,524,718	1,649,257,253

28.1 This includes reversals of Rs. 159.05 million (2021: Rs. 23.39 million) which is included in cost of goods manufactured.

28.2 Stores, spare parts and loose tools was mortagaged as security against short term borrowings (refer to note 13).

28.3 It includes 2,891 items of store, spare parts and loose tools which had been discarded in prior periods and measured at nil value.

	Note	2022 Rupees	2021 Rupees
29. STOCK-IN-TRADE			
Sugar	29.1	16,905,020,652	3,230,570,741
Bagasse		935,260,218	251,138,904
Mud		78,680,116	13,607,935
	36	17,918,960,986	3,495,317,580

29.1 The closing stock of sugar, net of 10% to 25% margin, having carrying value of Rs. 11,917 million (2021: Rs. 1,660 million) has been pledged against cash finance obtained from commercial and Islamic banks (for details, refer to note 13).

	Note	2022 Rupees	2021 Rupees
30. TRADE RECEIVABLES			
Considered good	30.1 & 30.2	3,920,509,349	4,496,926,781
Considered doubtful - local		100,391,459	51,672,219
		4,020,900,808	4,548,599,000
Less: Impairment allowance	30.3	(100,391,459)	(51,672,219)
		3,920,509,349	4,496,926,781

30.1 It includes net carrying amount of Rs. 1,254 million (2021: Rs. 699 million) receivables from growers against sale of agri inputs. The gross carrying amount of such receivables amounting to Rs. 3,530 million (2021: Rs. 2,014 million) is off set by Rs. 2,275 million (2021: Rs. 1,315 million) in line with accounting policies of the Group as stated in note 4.20.5 to the financial statements (for details, refer to note 19.1.37).

30.2 These also includes Rs. 2,279 million (2021: Rs. 3,185 million) receivable from CPPA-G on account of sale of electricity under Energy Purchase Agreements. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreements (IAs), however, a delayed payment mark-up is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts was 3MK+2% to 3MK+4.5% (2021: 3MK+2% to 3MK+4.5%) per annum.

30.2.1 The Holding Company had filed a Writ Petition No. 1298 against CPPA-G's decision of unilaterally making an unauthorized set-off of Rs. 4,062.01 million from the energy invoices (fixed energy) of the Holding Company based on its interpretation of the Upfront Tariff for New Bagasse Based Co-Generation Power Projects dated 29 May 2013 (2013 Upfront Tariff) determined by the NEPRA as opted by and applied to the Holding Company. The petition is currently pending adjudication before the Honorable Islamabad High Court.

However, Pursuant to the provisions of the Master Agreement and EPA Amendment Agreement as mentioned in note 1.2, CPPA-G and the Holding Company shall jointly proceed to file application for disposal of pending litigation before the Court which are in under process and and at present, no any unlawfully deducted/disputed amount is recoverable as CPPA-G has made full payment to the Holding Company for such unlawfully deducted/disputed amount as agreed. Accordingly, the Holding Company has assessed that amounts aggregating Rs. Nil (2021: Rs 3,326 million) are no longer recoverable as referred in note 40.

		Note	2022 Rupees	2021 Rupees
30.3	**Movement for impairment allowance**			
	Balance as at 01 October		51,672,219	57,584,275
	Impairment against delayed payment markup - CPPA - G	40 & 45	48,719,240	–
	Recovered during the year		–	(5,912,056)
	Balance as at 30 September		100,391,459	51,672,219

31. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2022 Rupees	2021 Rupees
Short term advances	31.1	–	600,000,000
Advances to suppliers and contractors	31.2	384,562,678	185,077,548
Advances to growers	31.3	534,701,497	347,856,235
Prepaid expenses		45,606,445	37,461,329
Current portion of long term security deposits	25	13,036,630	13,371,450
Other short term security deposits	31.4	88,500,690	44,517,500
Advances to staff	31.5	14,722,110	19,634,472
Sugar export subsidy	31.6	–	–
Other receivables	31.7	25,334,897	8,436,550
		1,106,464,947	1,256,355,084

31.1 The Subsidiary Company " DSML" has entered into an agreement dated 08 January 2021 with JK Sugar Mills (Pvt.) Ltd. ('JKSML') to provide the short term secured advance up to aggregate amount to Rs. 1 billion (2021: Rs. 1 billion), for period of one year. This is receivable as and when funds were available with JKSML or upon demand of the DSML, provided that the entire outstanding principal amount reduced to zero by the end of term. Mark up is receivable quarterly at the average borrowing rate of the DSML ranging from 8.78 % to 11.48 % (2021: 8.26 % to 8.57 % per annum). Further, these advances / loan are secured by personal guarantee of one director of JKSML with an amount aggregating to Rs. 1.3 billion.

		Note	2022 Rupees	2021 Rupees
31.2	**Advances to suppliers and contractors**			
	- Considered good	31.2.1	448,843,842	215,748,526
	- Considered doubtful		60,591,136	60,591,136
			509,434,978	276,339,662
	Less: Advances for vehicles	20.2.1	(64,281,164)	(30,670,978)
	Less: Provision for doubtful advances	31.2.2	(60,591,136)	(60,591,136)
			384,562,678	185,077,548

31.2.1 This includes Rs. 74,148 (2021: Rs. 693,043) due to / from Lahore Flying Club (Guarantee) Limited, an associated company as Makhdoom Syed Ahmad Mahmud, a Non-Executive Director, is also president of Lahore Flying Club (Guarantee) Limited. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 0.53 million (2021: Rs. 1.01 million). These are neither past due nor impaired.

		Note	2022 Rupees	2021 Rupees
31.2.2	**Provision for doubtful advances**			
	Balance at beginning of the year		60,591,136	67,682,920
	Reversal of provision for the year		–	(7,091,784)
	Balance at end of the year		60,591,136	60,591,136
31.3	**Advances to growers**			
	- Considered good		534,701,497	347,856,235
	- Considered doubtful		4,937,966	4,937,966
			539,639,463	352,794,201
	Less: Provision for doubtful advances		(4,937,966)	(4,937,966)
		31.3.1	534,701,497	347,856,235

31.3.1 This represents advances provided to various sugarcane growers in the form of cash, seeds and agri-implements. These carry interest rates ranging from 10% to 17% (2021: 12% to 17%) per annum and will be adjusted against sugarcane payment in forthcoming crushing season.

31.4 This includes Rs. 88.5 million (2021: Rs. 36.8 million) in respect of security deposit paid to Utility Stores Corporation of Pakistan against the tender of sale of sugar.

These also includes Rs. Nil (2021: Rs. 7.72 million) deposited agaisnt bank guarantee given by MCB Bank Limited on behalf of the Subsidaries Companies - SPL & GPL in favor of the Alternative Energy Development Board ("AEDB") against Letter of Interest having validity up to January 09, 2021.

		Note	2022 Rupees	2021 Rupees
31.5	**Advances to staff**			
	- against salaries		11,077,078	17,275,175
	- against expenses		3,645,032	2,359,297
		31.5.1	14,722,110	19,634,472

31.5.1 These represent advances given to staff as in accordance with the Group's policy.

		Note	2022 Rupees	2021 Rupees
31.6	**Sugar export subsidy**			
	Considered good		–	–
	Considered doubtful		498,493,590	498,493,590
		19.1.23	498,493,590	498,493,590
	Less: Impairment allowance		(498,493,590)	(498,493,590)
			–	–
31.7	**Other receivables**			
	Considered good	31.7.1	25,334,897	8,436,550
	Considered doubtful		3,596,334	3,596,334
		31.7.2	28,931,231	12,032,884
	Less: Impairment allowance		(3,596,334)	(3,596,334)
			25,334,897	8,436,550

31.7.1 It includes Rs. nil (2021: Rs. 3.406 million) due from key management personnel of the Group. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. nil (2021: Rs. 3.41 million). These were neither past due nor impaired.

31.7.2 It includes Rs. 21.35 million (2021: Rs. Nil) receivable in respect of sub-lease of land and are classified as operating lease in line with accounting policies of the Group as stated in note 4.4.3 to these consolidated financial statements.

		Note	2022 Rupees	2021 Rupees
32.	**CASH AND BANK BALANCES**			
	At banks:			
	Current accounts			
	- Balance with conventional banks		332,347,315	261,386,412
	- Balance with Islamic banks		74,754,946	14,494,119
			407,102,261	275,880,531
	Saving accounts			
	- Deposits with conventional banks	32.1	28,996,915	1,952,027
			436,099,176	277,832,558
	Cash in hand		4,846,210	6,108,517
			440,945,386	283,941,075

32.1 The balances in savings accounts are placed under mark-up arrangements and bear mark-up ranging from 5.50% to 14.25% (2021: 5.50%) per annum.

33. ASSETS / (LIABILIITIES) CLASSIFIED AS HELD FOR SALE

As explianed in note 23.1.2 to the consolidated financial statements, the Board of Directors of the Subsidiary Company "FPML" through an extraordinary general meeting held on 25 March 2020, resolved to dispose of its property, plant and equipment either in parts or in their entirety to the prospective buyers after due process. However, due to COVID-19 situation in the country this was not completed during the financial year 2020 and the said arrangement was re-approved by the FPML shareholders in its EOGM held on 13 December 2021.However, subsequent to year end, the management of FPML has initiated the tendering process for disposal of assets of FPML under guideline set by the Board.

As at 30 September 2022, the disposal group is stated at lower of carrying value or fair value less cost to sell i.e. carrying value which comprised of the following assets and liabilities:

	Note	2022 Rupees	2021 Rupees
Disposal group			
Operating fixed assets		70,000,000	70,000,000
Capital work-in-progress - net		828,942,347	828,942,347
Advances, deposits, prepayments and other receivables		–	9,000
Cash and bank balances	43.3	49,262,692	53,488,517
Assets held for sale		948,205,039	952,439,864
Trade and other payables		33,633,018	33,358,049
Provision for tax		2,960,714	4,059,242
Liabilities held for sale		36,593,732	37,417,291
Net assets		911,611,307	915,022,573

34. NON - CONTROLLING INTEREST - "NCI"

	Note	2022 Rupees	2021 Rupees
NCI percentage		41.10%	41.10%
Net assets	33	911,611,307	915,022,573
Net assets attributable to NCI		374,672,247	376,074,277

		Note	2022 Rupees	2021 Rupees
35.	**REVENUE FROM CONTRACTS WITH CUSTOMERS**			
	Disaggregation of revenue based on:			
35.1	**Segments**			
	Sugar			
	Sugar - Local		51,211,264,019	52,602,345,341
	Molasses - by product	35.1.1	9,914,365,971	6,297,213,958
	Agri Inputs		3,495,975,809	2,226,158,961
	Mud - by product		404,349,826	307,621,245
	Bagasse - by product		322,472,112	63,948,810
			65,348,427,737	61,497,288,315
	Co-Generation Power	35.1.2	3,641,150,936	3,631,419,740
	Corporate Farms	35.1.3	99,466,147	127,047,728
			69,089,044,820	65,255,755,783
35.1.1	**Molasses - by product**			
	- Sale under DTRE (Duty & Tax Remission for Exporters)		8,984,640,650	5,971,538,128
	- Others		929,725,321	325,675,830
			9,914,365,971	6,297,213,958
35.1.2	**Co-Generation Power**			
	Variable energy price		2,219,199,529	2,214,816,346
	Fixed energy price		1,421,951,407	1,416,603,394
			3,641,150,936	3,631,419,740
35.1.3	**Corporate Farms**			
	Sugarcane seed and others crops		99,466,147	127,047,728
35.1.4	**Timing of revenue recognition**			
	Products transferred at a point in time		65,447,893,884	61,624,336,043
	Products transferred over time		3,641,150,936	3,631,419,740
			69,089,044,820	65,255,755,783

35.2 Revenue recognised during the year included Rs. 1,404 million (2021: Rs. 4,510 million) that was included in contract liabilities / advances from customers at the beginning of the year.

	Note	2022 Rupees	2021 Rupees
36. COST OF REVENUE			
Opening stock-in-trade		3,495,317,580	4,709,113,989
Add: Cost of goods manufactured	36.1	72,549,817,338	52,484,496,385
Add: Freight and other costs related to contracts		30,478,146	31,670,765
		76,075,613,064	57,225,281,139
Less: closing stock-in-trade			
- Sugar		(16,905,020,652)	(3,230,570,741)
- Bagasse		(935,260,218)	(251,138,904)
- Mud		(78,680,116)	(13,607,935)
	29	(17,918,960,986)	(3,495,317,580)
	36.1.3	58,156,652,078	53,729,963,559

	Note	2022 Rupees	2021 Rupees
36.1 Cost of goods manufactured			
Cost of crops consumed			
(including procurement and other costs)	36.1.1	61,558,707,512	43,914,952,080
Salaries, wages and other benefits	36.1.2	3,433,213,490	2,857,829,098
Cost of agri inputs		3,138,358,789	1,926,737,652
Depreciation of operating fixed assets	20.1.9	1,020,132,294	1,135,761,773
Packing materials consumed		720,569,528	357,809,681
Chemicals consumed		664,964,886	277,641,259
Stores and spare parts consumed	28.1	536,639,428	450,559,018
Operation and maintenance	36.1.4	221,032,622	212,629,695
Vehicle running expenses		206,509,119	131,514,972
Cost of bagasse consumed		205,742,182	176,464,222
Electricity and power		147,384,553	102,660,104
Sugarcane roots written off	20.1.11	119,402,625	313,653,357
Depreciation of right-of-use assets	21.2	103,361,699	64,910,671
Insurance		99,221,676	94,446,002
Oil, lubricants and fuel consumed		84,187,132	71,908,353
Mud and bagasse shifting expenses		75,912,925	34,787,327
Provision for obsolescence		67,896,799	194,747,416
Repairs and maintenance		33,546,810	18,327,067
Handling and storage		33,371,701	25,207,769
Printing and stationery		17,486,905	10,440,670
Freight and octroi		12,891,220	7,164,551
Telephone and fax		10,313,706	6,955,187
Initial land preparation		4,901,749	3,838,072
Travelling and conveyance		3,005,549	2,027,500
Assets written off		1,356,428	49,458,922
Bad debt written off		–	3,572,212
Impairment of operating fixed assets		–	19,407,740
Other expenses		29,706,011	19,084,015
		72,549,817,338	52,484,496,385

		Note	2022 Rupees	2021 Rupees
36.1.1	**Cost of crops consumed**			
	Sugarcane purchased		56,986,072,800	40,288,107,825
	Cost of harvested crops			
	Fair value of standing crops transferred			
	to profit or loss	39.1	2,335,200,206	1,820,115,980
	Fair value gain on initial recognition of agricultural produce	27 & 39	873,173,812	901,813,978
	Further cost charged	36.1.1.1	1,733,380,064	1,193,070,739
			4,941,754,082	3,915,000,697
	Less: transferred to capital work in progress		(369,119,370)	(288,156,442)
			61,558,707,512	43,914,952,080
36.1.1.1	**Further cost charged**			
	Salaries, wages and other benefits	36.1.1.1.1	341,344,599	237,182,249
	Fuel expenses		207,009,907	111,970,191
	Depreciation of operating fixed assets	20.1.9	168,730,769	52,294,203
	Repairs and maintenance		141,679,186	157,841,223
	Harvesting expense		129,443,354	122,225,319
	Irrigation expenses		79,904,981	49,722,830
	Vehicle running expenses		26,484,462	19,406,409
	Bio-laboratory expenses		21,260,981	15,736,599
	Fertilizer expenses		13,627,117	13,979,775
	Pesticide and herbicide expenses		2,395,936	5,231,731
	Seed expenses		4,234,493	3,798,038
	Insurance		2,829,745	3,806,408
	Depreciation of right-of-use assets	21.2	4,020,416	2,959,135
	Others		12,849,564	13,659,156
	Cost charged to biological assets	27	1,155,815,510	809,813,266
	Transportation expenses		567,301,490	375,073,455
	Road cess		10,263,064	8,184,018
			577,564,554	383,257,473
		36.1.1	1,733,380,064	1,193,070,739

36.1.1.1.1 Salaries, wages and other benefits include Rs. 7.03 million (2021: Rs. 5.87 million) in respect of contribution towards provident fund.

36.1.2 Salaries, wages and other benefits includes contribution to provident fund of Rs. 82.39 million (2021: Rs. 74.19 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 19.94 million (2021: Rs. 35.89 million).

36.1.3 It includes estimated loss of bagasse by fire amounting to Rs. 29.6 million (2021: Nil).

	2022 Rupees	2021 Rupees
36.1.4 Operation and maintenance		
Reimbursable expenses	188,632,622	180,229,695
Operating fee	32,400,000	32,400,000
	221,032,622	212,629,695

	Note	2022 Rupees	2021 Rupees
37. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	37.1	2,160,117,805	2,009,679,248
Charity and donations	37.2	176,045,660	81,850,000
Depreciation of operating fixed assets	20.1.9	148,615,452	97,090,586
Legal and professional services		77,595,244	126,521,891
Vehicle running and maintenance		59,990,523	47,701,853
Depreciation of right-of-use assets	21.2	43,184,939	39,509,552
Travelling and conveyance		34,142,166	22,119,772
Insurance		32,070,738	23,924,678
Fee and taxes		24,929,604	15,385,311
Repairs and maintenance		22,524,065	35,955,767
Printing and stationery		16,168,721	13,335,139
Electricity and power		14,291,131	10,355,024
Telephone, fax and postage		11,508,831	11,720,237
Subscription and renewals		10,119,699	17,543,606
Auditors' remuneration	37.3	9,057,750	7,122,250
Office renovation		6,259,598	4,072,281
Entertainment		5,708,948	8,698,752
Amortization of intangible asset	23.2.1	2,045,510	2,048,357
Advertisement		1,512,580	242,350
Assets written off		588,616	–
Expense relating to leases of less than 12 month		450,000	–
Newspapers, books and periodicals		311,890	324,690
Other expenses		18,336,948	14,570,881
		2,875,576,418	2,589,772,225

37.1 Salaries, wages and other benefits includes contribution to provident fund of Rs. 42.81 million (2021: Rs. 36.35 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 8.55 million (2021: Rs. 15.38 million).

		Note	2022 Rupees	2021 Rupees
37.2	**Donations for the year have been given to:**			
	- Tareen Education Foundation		71,000,000	61,250,000
	- Lodhran Pilot Project		38,000,000	10,500,000
	- Pak-Afghan Cooperation Forum	37.2.1	10,000,000	–
	- The Citizens Foundation		2,000,000	–
	- Water proof tent & Mosquito nets for flood affectees		17,385,660	–
	- Prime Minister's Flood Relief Fund		10,000,000	–
	- KPK CM's Flood Relief Fund		5,000,000	–
	- Professional Education Foundation		1,500,000	1,000,000
	- National Society for M.E.H Children		1,000,000	1,000,000
	- Donation for flood relief efforts to:			
	- Ameer Buksh Khan Bhutto		2,000,000	–
	- Ihsan Ullah Khan		5,000,000	–
	- Ihsan Alam		2,500,000	–
	- Muhammad Sohail		5,000,000	–
	- Muhammad Zahir Shah		2,500,000	–
	- Mr. Syed Inam		1,000,000	–
	- Syed Zafar Abbas Shah		500,000	–
	- Medi Bank trust		–	3,200,000
	- Lahore Race Club		–	2,000,000
	- Special Education and Training Centre		–	1,000,000
	- Others	37.2.2	1,660,000	1,900,000
		37.2.3	176,045,660	81,850,000

37.2.1 It represents a relief package consist of 100 MT sugar for Afghan earthquake affectees is delivered to Afghanistan with the efforts of Pak Afghan Cooperation Forum.

37.2.2 Others' include donations paid to various institutions or individual. The aggregate amount paid to a single institution / individual is less than Rs. 1 million.

37.2.3 None of the Directors of the Group or their spouses have any interest as Director in any of the recipients of donations made by the Group during the year.

		Note	2022 Rupees	2021 Rupees
37.3	**Auditors' remuneration**			
	Riaz Ahmad Saqib Gohar & Co.			
	Auditors's of JDWSML, DSML, SPL & GPL			
	Statutory audit		5,330,000	4,850,000
	Half yearly review		660,000	630,000
	Out of pocket expenses		144,600	95,000
	Certifications for regulatory purposes		452,000	169,500
	Tax advisory services		1,811,650	1,030,250
	Others	37.3.1	659,500	347,500
			9,057,750	7,122,250
	Rizwan & Co. Auditors's of FPML			
	Statutory audit		500,000	500,000
	Out of pocket expenses		15,000	15,000
			515,000	515,000
	Less: Classified under discontinued opeartions	43.1.1	(515,000)	(515,000)
			9,057,750	7,122,250

37.3.1 It represents audit fee charged for Employees' Provident Fund, Workers' Profit Participation Fund's and staff gratuity fund audit.

		Note	2022 Rupees	2021 Rupees
38.	**SELLING EXPENSES**			
	Salaries, wages and other benefits	38.1	61,207,561	44,733,597
	Other selling expenses		2,186,983	100,305,152
			63,394,544	145,038,749

38.1 Salaries, wages and other benefits include Rs. 0.96 million (2021: Rs. 0.77 million) in respect of contribution towards provident fund.

	Note	2022 Rupees	2021 Rupees
39. OTHER INCOME			
Income from financial assets			
Delayed payment markup - CPPA-G	30.2	194,535,051	593,538,079
Mark-up on advances to JK Sugar Mills (Pvt.) Ltd.	31.1	40,394,839	48,293,267
Income from sub-lease	31.7.2	50,770,691	–
Interest income from subleasing of right-of-use assets	26	2,705,119	5,523,671
Gain on acknowledged receipts		–	4,214,996
Interest income on bank deposits	32.1	9,366,762	538,526
		297,772,462	652,108,539
Income from non-financial assets			
Fair value gain on initial recognition of agricultural produce	36.1.1	873,173,812	901,813,978
Net fair value gain on biological assets	39.1	456,389,080	368,872,933
Sale of scrap		8,478,442	91,132,299
Gain on disposal of operating fixed assets		102,645,785	36,451,248
Insurance claim against loss of bagasse, crane and buildings		24,541,000	5,000,000
Gain on derecognition of the right of-use assets		76,438,844	53,298,299
Liabilities no longer payable written back		16,347,569	54,480,324
Reversal of Workers' Welfare Fund	15.4	29,572,047	–
Penalty for not honoring of contract		8,731,791	27,108,000
Mark-up on advances to growers	31.3.1	28,179,900	9,294,864
Rental income from investment property		12,280,212	11,250,495
Others		6,222,501	7,326,798
		1,643,000,983	1,566,029,238
		1,940,773,445	2,218,137,777

	Note	2022 Rupees	2021 Rupees
39.1 Net fair value gain on biological assets			
Fair value of standing crops	27	2,855,032,666	2,335,200,206
Cost incurred on standing crops	27 & 39.1.1	(2,398,643,586)	(1,966,327,273)
		456,389,080	368,872,933
39.1.1 Cost incurred on standing crops			
Depreciation of right-of-use assets	21.2	639,749,424	469,036,298
Irrigation expenses		443,695,966	336,681,946
Fertilizer expenses		329,270,090	280,665,246
Depreciation of operating fixed assets	20.1.9	219,738,138	260,829,978
Salaries, wages and other benefits	39.1.1.1	276,969,921	228,207,229
Pesticide and herbicide expenses		172,875,510	167,674,678
Repairs and maintenance		143,905,952	101,930,467
Fuel expenses		89,689,674	73,768,845
Vehicle running expenses		33,499,534	19,811,521
Bio-laboratory expenses		23,027,836	16,612,544
Insurance		3,279,720	3,217,403
Others		22,941,821	7,891,118
	27	2,398,643,586	1,966,327,273

39.1.1.1 Salaries, wages and other benefits include Rs. 7.58 million (2021: Rs. 6.48 million) in respect of contribution towards provident fund.

	Note	2022 Rupees	2021 Rupees
40. OTHER EXPENSES			
Workers' Profit Participation Fund	15.3	280,677,992	256,254,006
Impairment against delayed payment markup - CPPA-G	30.3	48,719,240	–
Workers' Welfare Fund	15.4	39,219,566	23,576,974
Advances and other receivables written off		14,002,191	10,792,457
Loss on acknowledged receipts		13,159,419	–
Loss on termination of sub-lease of land		13,718,278	–
Fixed energy receivables written off	30.2.1 & 45	–	3,325,977,231
Charge for delayed payment of sugarcane	40.1	–	105,032,575
Trade receivables written off		–	1,969,757
Others		751,275	2,625,216
		410,247,961	3,726,228,216

40.1 It represents late payment charges made to sugarcane growers for financial year 2019 to 2021 in accordance with the Punjab Sugar Factories Control Rules, 1950.

	Note	2022 Rupees	2021 Rupees
41. FINANCE COST			
Mark-up based loans from conventional banks / financial institutions			
- Long term finances - secured		1,438,779,324	550,267,008
- Short term borrowings - secured		1,483,700,848	1,197,322,622
- Interest expense for leasing arrangements	9	261,513,480	178,103,402
		3,183,993,652	1,925,693,032
Islamic mode of financing			
- Long term finances - secured		166,260,597	395,589,554
- Short term borrowings - secured		771,254,107	136,898,707
		937,514,704	532,488,261
Amortization of transaction cost	8	8,243,549	8,243,549
Workers' Profit Participation Fund	15.3	72,406,795	7,289,820
Markup on short term advance from provident fund		3,425,096	1,927,704
Markup based borrowing from financial institution		–	128,478
Bank charges and commission		58,785,337	98,638,417
		142,860,777	116,227,968
Less: Amortization of deferred Government grant	12	(25,862,000)	(52,263,447)
		4,238,507,133	2,522,145,814

	Note	2022 Rupees	2021 Rupees
42. TAXATION			
Income tax		799,075,471	995,998,133
Super tax	10.2	104,354,081	–
Change in estimate related to prior year		(209,199,357)	(97,616)
Other adjustments	42.1	–	77,653,331
		694,230,195	1,073,553,848
Deferred tax	10.3	265,362,477	(934,442,658)
Agriculture tax		3,012,782	2,813,774
		962,605,454	141,924,964

42.1 It includes adjustments related to tax credit u/s 65B of the Income Tax Ordinance, 2001 for an amount of Rs. Nil (2021: Rs. 34.12 million and Rs. 35.1 million for tax year 2015 and 2016) which was disallowed by the Additional Commissioner Inland Revenue and CIR (A) respectively. The Holding Company has filed an appeal which is pending before ATIR.

42.2 Relationship between tax expense and accounting profit before tax

The provision for taxation related to current and preceding financial year mainly represents the Minimum Tax and final tax liabilities under section 113 and 169 of the Income Tax Ordinance, 2001 respectively. Accordingly, tax charge reconciliation for current and preceding financial year has not been prepared and presented.

42.3 For tax contingencies, refer to note 19.1.1 to 19.1.21

	Note	2022 Rupees	2021 Rupees
43. LOSS FROM DISCONTINUED OPERATIONS – NET OF TAX			
43.1 Results of discontinued operations			
Revenue		4,812,933	3,490,699
Expense	43.1.1	(8,224,199)	(13,977,740)
Results from operating activities		(3,411,266)	(10,487,041)
Taxation	43.1.2	–	–
Results from operating activities, net of tax		(3,411,266)	(10,487,041)

43.1.1 It includes statuary audit fee including out of pocket expense of Rs. 0.515 million (2021: Rs. 0.515 million).

43.1.2 Due to accounting loss for the year and tax losses available for carry forward, no tax provision has been made for the purpose of current tax. Moreover, the FPML has not recognised deferred tax asset including deferred tax asset on minimum tax on prudence principle as the FPML does not expect to utilise this asset before it lapses.

		2022 Rupees	2021 Rupees
43.2	**Allocation of loss between owners of the Holding Company and NCI**		
	Loss from discontinued operations	(3,411,266)	(10,487,041)
	- Owners of the Holding Company	(2,009,236)	(6,176,867)
	- Non - controlling interest	(1,402,030)	(4,310,174)
		(3,411,266)	(10,487,041)
43.3	**Cash flows from discontinued operations**		
	Cash and cash equivalents at beginning of the year	53,488,517	56,283,806
	Net cash used in operating activates	(4,225,825)	(2,801,289)
	Net cash generated from investing activities	–	6,000
	Net cash flows for the year	(4,225,825)	(2,795,289)
	Cash and cash equivalents at end of the year	49,262,692	53,488,517

		2022 Tons	2021 Tons
43.4	**Capacity and production - Air dry metric tons**		
	Capacity	47,600	47,600
	Actual production	–	–

43.4.1 The FPML has not commenced its commercial operations yet.

44. EARNINGS PER SHARE - BASIC AND DILUTED

		2022	2021
Profit from continuing operations	**Rupees**	4,322,834,677	4,618,820,033
Weighted average number of ordinary shares	**Numbers**	59,776,661	59,776,661
Basic earnings per share	**Rupees**	72.32	77.27
Loss from discontinued operations	**Rupees**	(2,009,236)	(6,176,867)
Weighted average number of ordinary shares	**Numbers**	59,776,661	59,776,661
Basic loss per share	**Rupees**	(0.03)	(0.10)

44.1 A diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue as at 30 September 2022 and 2021 which would have any effect on the loss per share if the option to convert is exercised.

	Note	2022 Rupees	2021 Rupees
45. CASH GENERATED FROM OPERATIONS			
Profit before taxation		5,285,440,131	4,760,744,997
Adjustments for non-cash income and expenses:			
Finance cost		4,230,263,584	2,513,822,163
Depreciation and impairment of operating fixed assets		2,067,344,795	1,888,883,834
Staff retirement benefits		321,829,377	175,352,377
Workers' Profit Participation Fund	15.3	280,677,992	256,254,006
Depreciation of right-of-use assets		150,567,054	107,379,358
Assets written off	20.1.11	121,347,669	363,112,279
Provision for obsolescence	36.1	67,896,799	194,747,416
Impairment against delayed payment markup - CPPA-G	30.3	48,719,240	–
Workers' Welfare Fund	15.4	39,219,566	23,576,974
Advances and other receivables written off		14,002,191	16,334,426
Loss on termination of sub-lease of land		13,718,278	–
Loss on acknowledged receipts		13,159,419	–
Amortization of transaction cost	8	8,243,549	8,243,549
Amortization of intangibles	23.2	2,045,510	2,048,357
Fixed energy receivables written off	40	–	3,325,977,231
Net fair value gain on biological assets	39.1	(456,389,080)	(368,872,933)
Interest income		(275,181,671)	(661,005,536)
Reversal of provision for obsolescence		(159,054,896)	(23,391,593)
Gain on disposal of operating fixed assets		(102,645,785)	(36,451,248)
Gain on derecognition of the right-of-use assets	39	(76,438,844)	(53,298,299)
Reversal of Workers' Welfare Fund		(29,572,047)	–
Liabilities no longer payable written back		(16,347,569)	(43,297,402)
		6,263,405,131	7,689,414,959
		11,548,845,262	12,450,159,956
Working capital changes:			
Trade receivables		134,652,589	1,335,852,746
Stores, spare parts and loose tools		(477,109,368)	(41,629,503)
Biological assets		(573,571,521)	(674,549)
Advances, deposits, prepayments and other receivables		135,887,944	48,867,979
Stock-in-trade		(14,423,643,406)	1,213,796,408
Lease receivables		69,633,908	43,288,451
Trade and other payables		1,104,705,373	(473,043,261)
Advances from customers		1,899,606,234	(3,106,367,521)
		(12,129,838,247)	(979,909,250)
Cash (used in) / generated from operations		(580,992,985)	11,470,250,706

46. BUSINESS SEGMENT INFORMATION

46.1 The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. In addition to actual expenses incurred in operating segments, un-allocated expenses have been allocated to operating segments on net sales proportionate basis. The following summary describes the operations in each of the Group's reportable segments that is submitted to chief operating decision maker:

Reportable Segment	Operations
Sugar	Production and sale of crystalline sugar and other related joint and by-products.
Co-Generation Power	Generation and sale of energy to CPPA-G
Corporate Farms	Managing corporate farms for cultivation of sugarcane and the small quantity of other crops.
Others	Project under construction for manufacture / generation and sale of wood pulp and energy. However, operation of paper pulp classified as disposal group (for detail, refer to note 33).

46.2 Information regarding the Group's reportable segments from continuing operations are presented below:

		Sugar		Co-Generation segment		Corporate Farms segment		Others		Inter segment reconciliation		Total	
		2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
46.2.1	**Segment revenues & results**												
	Net external revenues	65,348,427,737	61,497,288,315	3,641,150,936	3,631,419,740	99,466,147	127,047,728	-	-	-	-	69,089,044,820	65,255,755,783
	Inter-segment revenues	2,247,170,747	2,336,818,247	1,309,741,314	1,203,566,631	4,473,168,564	3,499,796,528	-	-	(8,030,080,625)	(7,040,181,406)	-	-
	Reportable segment revenue	67,595,598,484	63,834,106,562	4,950,892,250	4,834,986,371	4,572,634,711	3,626,844,256	-	-	(8,030,080,625)	(7,040,181,406)	69,089,044,820	65,255,755,783
	Depreciation	1,085,706,158	1,113,734,362	227,688,663	241,004,034	1,034,138,310	641,524,796	-	-	-	-	2,347,533,131	1,996,263,192
	Interest income	77,941,501	48,831,793	194,535,051	597,753,075	2,705,119	5,523,671	-	-	-	-	275,181,671	652,108,539
	Finance cost	3,867,380,008	2,275,158,923	113,893,423	78,936,381	257,233,102	167,970,406	600	80,102	-	-	4,238,507,133	2,522,145,812
	Segment profit / (loss) before tax	2,610,055,365	5,257,433,160	1,624,111,260	(1,295,041,286)	1,059,495,656	799,164,894	(8,222,150)	(811,771)	-	-	5,285,440,131	4,760,744,997

46.2.2 Inter-segment sales and purchases

Inter-segment sales and purchases have been eliminated from total figures.

46.2.3 Basis of inter-segment pricing

Inter-segment pricing is determined on an arm's length basis.

46.2.4 Segment assets & liabilities of continuing operations

	Sugar		Co-Generation segment		Corporate Farms segment		Others				Total	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees			2022 Rupees	2021 Rupees
Total assets for reportable segment	41,421,865,239	26,651,090,129	6,451,554,109	7,529,223,633	7,343,242,158	5,934,479,447	1,011,612	9,225,243			55,217,673,118	40,124,018,452
Total liabilities for reportable segment	34,272,185,845	22,851,369,934	333,689,617	76,180,736	2,350,885,452	1,765,351,854	87,112	78,592			36,956,848,026	24,692,981,116
Capital expenditure	243,614,336	188,536,248	11,320,066	863,132	817,683,585	533,985,875	-	-			1,072,617,987	723,385,255

		2022 Rupees	2021 Rupees
46.3	**Reconciliation of reportable segment profit or loss**		
	Total profit before tax for reportable segments	5,285,440,131	4,760,744,997
	Un-allocated corporate expenses	(962,605,454)	(141,924,964)
	Consolidated profit after tax from continuing operations	4,322,834,677	4,618,820,033

46.4 Geographical information

The segments of the Group are managed on nationwide basis except export sale. Geographical information relating to segment is presented below:

		2022 Rupees	2021 Rupees
46.4.1	**Revenue**		
	Local revenue		
	Domestic (Pakistan)	69,089,044,820	65,255,755,783

46.4.2 Non-current assets

All non-current assets of the Group as at 30 September 2022 are located in Pakistan.

46.4.3 Un-allocated liabilities

Un-allocated liabilities include deferred liabilities and unclaimed dividend.

46.4.4 Un-allocated assets

Un-allocated assets include cash and bank balances.

46.5 Revenue from major customer

The Group's revenue is earned from a large mix of customers.

47. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors - Executive		Directors - Non - Executive		Executives	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Managerial remuneration	5,000,000	48,500,000	400,000,000	355,200,000	125,600,000	117,333,333	619,115,317	525,538,204
House allowance	2,000,000	19,400,000	160,000,000	142,080,000	50,240,000	46,933,333	247,646,127	210,215,282
Medical and other allowances	500,000	4,850,000	40,000,000	35,520,000	12,560,000	11,733,333	61,911,532	52,553,821
Bonus	-	-	250,000,004	200,000,004	78,000,000	62,399,998	673,195,454	643,972,061
Group's contribution towards provident fund	-	-	-	-	-	-	57,803,687	49,373,877
Staff retirement benefit - gratuity	-	-	-	-	-	-	5,572,040	4,250,304
	7,500,000	72,750,000	850,000,004	732,800,004	266,400,000	238,399,997	1,665,244,157	1,485,903,549
Number of persons	1	1	1	1	2	2	123	120

47.1 In addition to the above, Chief Executive, one Director (2021: two directors) and some of the Executives are provided with free use of Group maintained cars and certain other benefits.

47.2 No meeting fee was paid to any Director of the Group during the current and preceding year.

47.3 Mr. Jahangir Khan Tareen, an Executive Director, and its family owned business concerns are permitted to use the Holding Company maintained aircraft for private trips, subject to availability, for which the proportionate share of operating expenses is reimbursed to the Holding Company. During the year, Rs. 44.527 million (2021: Rs. 61.715 million) was charged for the use of aircraft.

48. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and other price risk)

48.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets for any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

48.1.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. To manage credit risk, the Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes, the financial viability of all counterparties are regularly monitored and assessed.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at consolidated statement of financial position date is:

	2022 Rupees	2021 Rupees
Financial assets at amortized cost		
Long term deposits	15,320,428	13,896,958
Lease receivable	–	69,633,908
Trade receivables	2,666,350,750	3,564,415,039
Advances, deposits and other receivables	124,912,665	683,600,675
Bank balances	436,099,176	277,832,558
	3,242,683,019	4,609,379,138

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. However, the Group identifies concentration of credit risk by reference to type of counterparty. Maximum exposure to credit risk by type of counterparty is as follows:

	2022 Rupees	2021 Rupees
Customers:		
- Sugar segment	387,099,815	379,208,859
- Co-Generation Power segment	2,279,250,935	3,185,206,180
Banking companies	436,099,176	277,832,558
Others	140,233,093	767,131,541
	3,242,683,019	4,609,379,138

Credit quality and impairment

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

Trade receivables - considered good

Majority of the Group's revenue are on advance basis and trade receivables mainly represents receivable from Central Power Purchasing Agency (Guarantee) Limited, a Government owned entity and are secured by guarantee from GoP under the Implementation Agreements. Hence, the management believes that no further impairment allowance is necessary in respect of these receivables (for details, refer to note 30.2.1).

The Group recognized ECL for trade receivables using the simplified approach as explained in note 4.20.6. As per aforementioned approach, the loss allowance was determined as:

	2022		2021	
	Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	Rupees	Rupees	Rupees	Rupees
Not past due	1,290,671,289	–	976,065,163	–
Past due:				
1 - 90 days	1,118,556,132	–	1,655,854,335	–
91 - 365 days	257,123,329	–	864,575,540	–
366 - above days	100,391,459	100,391,459	51,672,219	51,672,219
	2,766,742,209	100,391,459	3,548,167,257	51,672,219

Customer credit risk is managed subject to the Group's established policy, procedures and controls relating to customer credit risk management. Based on past experience, the management believes that no further impairment allowance is necessary in respect of trade receivables as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. Management believes that the unimpaired balances that are past due are still collectible in full, based on historical payment behavior and review of financial strength of respective customers. 61% of unimpaired balances that are past due has been recovered from CPPA-G subsequent to year end. Therefore, the Group has no material expected credit loss under IFRS 9 'Financial Instruments' at the year end.

The above gross carrying amount includes Rs. 2,328 million (2021: Rs. 3,185 million) amount receivable from Central Power Purchasing Agency (Guarantee) Limited against sale of energy.

Bank balances

Impairment on bank balances has been measured on a 12 months expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. The credit quality of the Group's bank balances can be assessed with reference to external credit rating agencies as follows:

Banks	Rating Long term	Rating Short term	Rating Agency	2022 Rupees	2021 Rupees
Conventional					
The Bank of Punjab	AA+	A1+	PACRA	126,238,655	143,415,219
MCB Bank Limited	AAA	A1+	PACRA	105,185,162	73,281,910
Habib Bank Limited	AAA	A1+	JCR-VIS	59,389,953	10,183,602
NRSP Microfinance Bank	A-1	A & A-	PACRA	27,125,054	–
Bank Alfalah Limited	AA+	A1+	PACRA	12,361,613	94,321
United Bank Limited	AAA	A1+	JCR-VIS	8,006,410	2,770,575
Allied Bank Limited	AAA	A1+	PACRA	6,654,249	71,678
National Bank of Pakistan	AAA	A1+	PACRA	6,632,642	30,374,390
Soneri Bank Limited	AA-	A1+	PACRA	3,993,000	796,276
Faysal Bank Limited	AA	A1+	PACRA	3,305,246	170,837
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	872,448	1,360,588
Askari Bank Limited	AA+	A1+	PACRA	563,393	11,724
The Bank of Khyber	A	A1	PACRA	16,047	115,031
Summit Bank Limited	BBB-	A-3	JCR-VIS	78,468	42,811
Sindh Bank Limited	A+	A1	JCR-VIS	85,419	559,788
The First Microfinance Bank Limited	A+	A1	JCR-VIS	47,892	10,000
Bank Al Habib Limited	AAA	A1+	PACRA	30,354	9,842
JS Bank Limited	AA-	A1+	PACRA	58,061	49,400
Silk Bank Limited	A-	A2	JCR-VIS	20,448	20,448
				360,664,514	263,338,439
Islamic					
Meezan Bank Limited	AAA	A1+	JCR-VIS	47,456,109	11,531,210
National Bank of Pakistan	AAA	A1+	PACRA	15,907,860	183,054
Bank Alfalah Limited	AA+	A1+	PACRA	9,292,162	682,220
Dubai Islamic Bank (Pakistan) Limited	AA	A1+	JCR-VIS	1,227,687	8,337
Albaraka Bank (Pakistan) Limited	A	A1	PACRA	928,669	159,588
Bank Islamic (Pakistan) Limited	A-1	A+	PACRA	164,145	1,091,812
MCB Islamic Bank Limited	A	A1	PACRA	425,889	716,275
Al Baraka Bank (Pakistan) Limited (Formally Burj Bank Limited)	A+	A1	PACRA	20,016	20,016
Faysal Bank Limited	AA	A1+	PACRA	8,433	8,433
Askari Bank Limited	AA+	A1+	PACRA	3,692	93,174
				75,434,662	14,494,119
				436,099,176	277,832,558

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counterparties on their obligations to the Group. Accordingly, the credit risk is minimal.

Advances, deposits and other receivables

Advances, deposits and other receivables mainly comprise of advances to employees against salaries, receivables from related parties and deposits with government entities and financial institution. The Group has assessed, based on historical experience, available securities against advances to employees and amounts are paid to counterparty as per agreement, that the expected credit loss associated with these financial assets is trivial and therefore no impairment allowance is necessary.

48.1.2 Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose, the Group has sufficient running finance facilities available from various commercial and Islamic banks to meet its liquidity requirements. Further, liquidity position of the Group is closely monitored through budgets, cash flow projections and comparison with actual results by the Board of Directors. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2022				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Long term finances - secured	11,295,439,200	14,644,161,771	5,060,834,110	9,583,327,661	–
Short term borrowings	14,830,264,117	18,120,108,942	18,120,108,942	–	–
Lease liabilities	2,622,898,383	2,678,387,282	807,323,241	1,871,064,041	–
Accrued profit / interest / mark-up	1,043,339,635	1,043,339,635	1,043,339,635	–	–
Trade and other payables	1,978,503,022	1,978,503,022	1,978,503,022	–	–
Unclaimed dividend	40,640,932	40,640,932	40,640,932	–	–
	31,811,085,289	38,505,141,584	27,050,749,882	11,454,391,702	–

	2021				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Long term finances - secured	14,842,659,788	17,834,744,985	5,306,796,040	11,746,388,945	781,560,000
Short term borrowings	3,433,591,564	4,965,152,286	4,965,152,286	–	–
Lease liabilities	2,104,109,093	2,188,782,772	819,124,947	1,369,657,825	–
Accrued profit / interest / mark-up	308,968,644	308,968,644	308,968,644	–	–
Trade and other payables	1,642,006,734	1,642,006,734	1,642,006,734	–	–
Unclaimed dividend	33,748,830	33,748,830	33,748,830	–	–
	22,365,084,653	26,973,404,251	13,075,797,481	13,116,046,770	781,560,000

48.1.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Group's exposure resulting from outstanding import payments, foreign commercial transactions and related interest payments if any.

Financial assets of the Group include Rs. nil (2021: 7.72 million) and financial liabilities of the Group include Rs. 16.21 million (2021: Rs. 8.82 million) in foreign currencies which are subject to currency risk exposure. The Group believes that the foreign exchange risk exposure on financial assets and liabilities is immaterial.

Foreign currency risk management

The Group manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

ii) 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 changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short-term financing arrangements at floating interest rates to meet its business operations and working capital requirements. The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to these consolidated financial statements. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

		2022		2021	
		Financial asset	Financial liability	Financial asset	Financial liability
Non-derivative financial instruments	Note	Rupees	Rupees	Rupees	Rupees
Fixed rate instruments:					
Long term financing -					
SBP Refinance Scheme	8.1.1	–	–	–	560,129,192
Lease liabilities		–	2,193,926,897	–	1,678,591,100
		–	2,193,926,897	–	2,238,720,292
Variable rate instruments:					
Long term finances - secured	8	–	11,295,439,200	–	14,282,530,596
Lease liabilities		–	428,971,486	–	425,517,993
Short term advances		–	–	600,000,000	–
Lease receivables	26	–	–	69,633,908	–
Short term borrowings	13	–	14,830,264,117	–	3,433,591,564
Cash at bank	32.1	28,996,915	–	1,952,027	–
		28,996,915	26,554,674,803	671,585,935	18,141,640,153
		28,996,915	28,748,601,700	671,585,935	20,380,360,445

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2021.

Profit or loss (100 bps)			
2022		2021	
Increase	Decrease	Increase	Decrease
Rupees			
(265,256,779)	265,256,779	(174,700,542)	174,700,542

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

Interest rate risk management

The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long and short term financing / borrowing and obligation under finance lease has variable rate pricing that is mostly dependent on Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

iii) Other price risk

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

48.2 Fair value measurements of financial instruments

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying amounts of all the financial instruments reflected in these consolidated financial statements approximate their fair value. Investments in associates are carried at under equity method of accounting.

Fair value measurement

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measure using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants at in their economic best interest.

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

Fair value hierarchy
IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfers occur. However, there were no transfers amongst levels during the year.

For details of the valuation techniques and significant unobservable inputs related to determining the fair value of biological assets, which are classified in level 3 of the fair value hierarchy, refer to note 27.

49. CAPITAL MANAGEMENT

The Board of Directors' policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as profit before operation divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Group's strategy is to ensure compliance with the Prudential Regulations issued by the State Bank of Pakistan and is in accordance with agreements executed with financial institutions so that the total borrowings to equity ratio does not exceed the lender covenants. The Group is required to comply with certain financial covenants in respect of capital requirements. However, the Subsidiary Company - DSML is in compliance with all financial covenants under term of financing from BOP Syndicate as refer to note 8.1.1 except debt service coverage ratio. Pursuant of such breach of covenant, the DSML has not classified its non-current liabilities of respective lender into current liabilities. The total borrowings to equity ratio as at 30 September 2022 and 2021 are as follows:

	2022 Rupees	2021 Rupees
Total debt	27,598,842,446	19,036,336,233
Less: Cash and bank balances	(440,945,386)	(283,941,075)
Net debt	27,157,897,060	18,752,395,158
Total equity	18,797,764,152	15,969,985,632
Total capital employed	45,955,661,212	34,722,380,790
Gearing ratio	59%	54%

Total debt comprises of long term financing from banking companies / financial institutions, lease obligation towards banks only, short term borrowings and accrued mark-up.

Total equity includes issued, subscribed and paid-up share capital, share premium reserve and accumulated profits.

50. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary companies, associated companies, other related companies, entities under common directorship, key management personnel and post employment benefit plans. Amounts due from and due to related parties are shown under respective notes to these consolidated financial statements. Other significant transactions with related parties except those disclosed elsewhere are as follows:

Name of company	Relationship	Nature of transactions	2022 Rupees	2021 Rupees
JDW Aviation	Associated Company	Reimbursement of expenses	4,557,417	4,323,538
(Pvt.) Limited	(Common directorship)	Refund of long term		
		security deposit	–	2,990,360
Lahore Flying Club	Associated Company	Services rendered against		
(Guarantee) Limited	(Related party)	aircraft hangar	767,191	1,764,087
Post employment	Other related party	Provident fund contribution	315,874,650	274,576,884
benefit plans		Payment to recognised		
		gratuity fund	58,781,330	104,674,839
		Short term advances received	250,000,000	250,000,000
		Short term advances paid	250,000,000	250,000,000
		Mark-up paid on short		
		term advances	3,425,096	1,505,818
Key management	Key management	Dividend paid	136,734,650	–
personnel		Reimbursement of expenses	5,415,829	5,342,790
		Consultancy services	–	10,670,281

50.1 Detail of compensation to Chief Executive, Executive Directors, Non-Executive Directors and Executives is disclosed in note 47.

50.2 There is no outstanding balance as at 30 September 2022 (2021: Nil) in respect of above transactions except as disclosed in respective notes to these consolidated financial statements.

50.3 All transactions with related parties are entered into at agreed terms/contractual arrangement duly approved by the Board of Directors of the Group.

	2022 Tons	2021 Tons
51. CAPACITY AND PRODUCTION		
Sugar		
Holding Company:		
Unit I		
- Sugarcane crushed	3,311,789	2,537,605
- Sugar production	336,630	255,396
Unit II		
- Sugarcane crushed	2,408,562	1,621,775
- Sugar production	235,506	159,800
Unit III		
- Sugarcane crushed	2,091,205	1,411,576
- Sugar production	209,498	140,946
Subsidiary Company - DSML:		
- Sugarcane crushed	1,953,090	1,270,152
- Sugar production	196,560	125,757

51.1 For details of crushing capacity, refer to note 19.1.22.

	2022 MWh	2021 MWh
Co - Generation Power:		
Unit II		
Installed capacity (based on 8,760 hours)	233,016	233,016
Energy generated	195,649	218,299
Energy delivered	166,201	188,399
Unit III		
Installed capacity (based on 8,760 hours)	235,031	235,031
Energy generated	186,096	170,813
Energy delivered	160,044	141,530

51.2 Energy delivered to CPPA-G is dependent on the plant availability.

	2022		2021	
Corporate Farms	**Zones**	**Acres/Maunds**	**Zones**	**Acres/Maunds**
Sugarcane crop				
Land (Acres)	Punjab & Sindh	24,970	Punjab & Sindh	25,835
Land under cultivation (Acres)	Punjab & Sindh	19,712	Punjab & Sindh	20,539
Crop harvested (Maunds)	Punjab & Sindh	19,045,523	Punjab & Sindh	17,079,808

51.3 The Holding Company also have harvested 33,939 Maunds of wheat (2021: 39,733), 446 Maunds of Rhode grass (2021: 31,354 Maunds) and 3,828 Maunds of Mustered (2021: 4,775 Maunds) and Nil Maunds of Rice (2021: 826) during the year.

52. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022					
	Equity	Liabilities				
	Accumulated profit	Unclaimed dividend	Long term finances - secured	Lease liabilities	Short term borrowings	Accrued profit / interest / mark-up
	Rupees					
Balance as at 01 October 2021	14,693,902,094	33,748,830	14,842,659,788	2,104,109,093	3,433,591,564	308,968,644
Changes from financing cash flows:						
Loans received during the year	–	–	1,000,000,000	–	146,871,115,717	–
Payments for lease liabilities	–	–	–	(960,656,556)	–	–
Dividend paid	(1,494,416,526)	(420,889)	–	–	–	–
Interest paid during the year	–	–	–	–	–	(3,234,379,113)
Loan repaid during the year	–	–	(4,581,326,137)	–	(136,426,302,065)	–
	(1,494,416,526)	(420,889)	(3,581,326,137)	(960,656,556)	10,444,813,652	(3,234,379,113)
Other changes - liability related:						
Interest expense for the year	–	–	–	261,513,480	–	3,976,993,653
Addition in lease liabilities	–	–	–	1,338,362,504	–	–
Profit for the year	4,322,195,046	–	–	–	–	–
Increase in short term finances	–	–	–	–	951,858,901	–
Impact of IAS 20	–	–	25,862,000	–	–	–
Amortization of transaction cost	–	–	8,243,549	–	–	(8,243,549)
Others	–	7,312,991	–	(120,430,138)	–	–
Total liability-related other changes	4,322,195,046	7,312,991	34,105,549	1,479,445,846	951,858,901	3,968,750,104
Balance as at 30 September 2022	17,521,680,614	40,640,932	11,295,439,200	2,622,898,383	14,830,264,117	1,043,339,635

	2021					
	Equity	Liabilities				
	Accumulated profit	Unclaimed dividend	Long term finances - secured	Lease liabilities	Short term borrowings	Accrued profit / interest / mark-up
	Rupees					
Balance as at 01 October 2020	10,084,649,740	33,943,018	16,732,360,207	1,460,474,747	7,680,241,848	364,353,524
Changes from financing cash flows						
Loans received during the year	–	–	1,154,472,763	–	129,757,549,640	–
Payments for lease liabilities	–	–	–	(889,296,947)	–	–
Dividend paid	–	(194,188)	–	–	–	–
Interest paid during the year	–	–	–	–	–	(2,723,191,360)
Loan repaid during the year	–	–	(3,086,059,359)	–	(131,840,507,395)	–
	–	(194,188)	(1,931,586,596)	(889,296,947)	(2,082,957,755)	(2,723,191,360)
Other changes - liability related						
Interest expense for the year	–	–	–	178,103,402	–	2,667,806,480
Addition in lease liabilities	–	–	–	1,405,892,658	–	–
Profit for the year	4,609,252,354	–	–	–	–	–
Decrease in short term finances	–	–	–	–	(2,163,692,529)	–
Impact of IAS 20	–	–	41,886,177	–	–	–
Amortization of transaction cost	–	–	–	–	–	–
Others	–	–	–	(51,064,767)	–	–
Total liability-related other changes	4,609,252,354	–	41,886,177	1,532,931,293	(2,163,692,529)	2,667,806,480
Balance as at 30 September 2021	14,693,902,094	33,748,830	14,842,659,788	2,104,109,093	3,433,591,564	308,968,644

53. NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

	2022 Number	2021 Number
Average number of employees during the year	9,301	9,209
Total number of employees as at 30 September	6,618	6,488

54. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 05 January 2023 by the Board of Directors of the Group.

55. SUBSEQUENT EVENTS

55.1 Subsequent to year ended 30 September 2022, the Holding Company, with the approval of the Holding Company's shareholders in extraordinary general meeting held on November 03, 2022 and in compliance of Section 88 of the Companies Act, 2017 read in conjunction with the Listing Companies (Buy Back of Shares) Regulations, 2019, accorded to buy back upto to a maximum of its 2,000,000 issued, subscribed and paid-up ordinary shares through the Pakistan Stock Exchange Limited at the spot/current price prevailing during purchase period i.e., 11 November 2022 to 02 May 2023 or till such date that the Buy-back of shares is completed, whichever is earlier. However, the Buy-back of shares has been completed date 02 January 2023.

55.2 The Board of Directors in their meeting held on 05 January 2023 has proposed final cash dividend for the year ended 30 September 2022 of Rs. 12.50 (2021: Rs. 10) per share amounting to Rs. 722.208 million (2021: Rs. 597.766 million) subject to the approval of the Holding Company in the forthcoming annual general meeting. These financial statements do not include the effect of the above which will be accounted for in the year in which it is approved.

56. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever considered necessary, for the purposes of comparison and better presentation to comply with the requirements of the accounting and reporting standards as applicable in Pakistan, however, no significant re-arrangements and reclassification have been made during the year.

Chief Financial Officer　　　　Chief Executive　　　　Director

06

SHAREHOLDERS' INFORMATION

NOTICE OF 33rd ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting (the "AGM") of JDW Sugar Mills Limited (the "Company") will be held at Summit Hall, Royal Palm Golf & Country Club, 52-Canal Bank Road, Lahore on Saturday, January 28, 2023 at 09:30 a.m., to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Extra-Ordinary General Meeting of the Company held on November 03, 2022.

2. To receive, consider and adopt the Audited Un-Consolidated and Consolidated Financial Statements of the Company for the financial year ended on September 30, 2022 together with Chairman's Review, Directors' and Auditors' Reports thereon.

3. To approve payment of Final Cash Dividend @ Rs. 12.50 (125%) per share, as recommended by the Board of Directors on January 05, 2023 in addition to interim cash dividends of Rs. 15.00 (150%) per share already disbursed, totaling to Rs. 27.50 (275%) per share for the financial year ended on September 30, 2022, i.e. Rs. 19.00 (190%) per share from Sugar Division and Rs. 8.50 (85%) per share from Power Division.

4. To appoint Statutory Auditors of the Company for the next financial year ending on September 30, 2023 and to fix their remuneration. The Board, based on the recommendation of the Audit Committee, has recommended the appointment of retiring Auditors M/s Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, who being eligible, have offered themselves for re-appointment as Statutory Auditors of the Company.

5. To transact any other business with permission of the Chair.

By Order of the Board

January 06, 2023
Lahore

(Maqsood Ahmad Malhi)
Company Secretary & Legal Head

Notes:

A. General

i) All members are entitled to attend and vote at AGM.

ii) The share transfer books of the Company will remain closed from Saturday, January 21, 2023 to Saturday, January 28, 2023 (both days inclusive). Transfers received in order at the Company's Registered Office or Corplink (Private) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore (the **"Shares' Registrar"**) by the close of business on January 20, 2023, will be treated in time and may be considered for dividend entitlement, exercising voting rights etc.

iii) Members are requested to promptly submit to the Shares' Registrar / Company / their Participant (if applicable):

a) any change in their contact details/address;

b) IBAN under Section 242 of the Companies Act, 2017 (the **"Act"**) through Mandate Form available at www.jdw-group.com;

c) Valid Tax Exemption Certificate; and

d) Form CZ-50 (Non-deduction of Zakat).

iv) Members, who by any reason, could not claim their dividends/shares, if any, are advised to contact Company's Shares Registrar to collect/inquire about their unclaimed dividends/shares.

v) In terms of Section 132(2)/134(1)(b) of the Act and GoP/SECP guidelines issued from time to time, the Company has put in place necessary arrangements for virtual participation of members in the AGM. Interested members may contact at maqsoodmalhi@jdw-group.com with their identification/comments atleast two (02) days before the AGM.

B. For Attending the AGM and Identification

i) **In case of individuals:** Original Computerized National Identity Card or Passport be shown for Identification.

ii) **In case of Corporate Entity:** The Board Resolution/ Power of Attorney with specimen signature of the representative be shown for identification.

C. For Appointing the Proxies

Members entitled to attend and vote at the AGM may appoint a proxy/nominee in writing to attend the AGM and vote on their behalf. Duly completed Proxy Form / Authorization must be deposited with the Company at its Registered office not later than 48 hours before the scheduled AGM time. Proxy Form / Authorization must be complete/valid and accompanied with following:

a) witnessed by two persons

b) attested copies of CNIC or passport of Member and proxy

D. Replacement of Physical Shares into CDC Account

Members, who hold physical shares, are advised to convert their shares into CDC in terms of Section 72 of the Act.

E. Proportionate shareholding of Joint Shareholders

Proportionate shareholding of joint shareholders shall be treated (50:50) unless they update their proportionate of shareholding otherwise.

F. Placement of Financial Statements on Website

The financial statements of the Company for the financial year ended on September 30, 2022 will also be available on Company's website.

D. CDC اکاؤنٹ میں فیزیکل حصص کی تبدیلی

فیزیکل حصص کے مالک اراکین کو اپنے حصص ایکٹ کے سیکشن 72 کے تحت CDC میں تبدیل کرنے کی تجویز دی جاتی ہے۔

E. شیئر ہولڈنگ تناسب کی تجدید

اپنی شیئر ہولڈنگ کی تناسب کی تجدید نہ کرانے والے مشترکہ شیئر ہولڈرز کی متناسب شیئر ہولڈنگ کو (50:50) کا تناسب شمار کیا جائے گا۔ اس لئے تمام مشترکہ شیئر ہولڈرز سے گذارش ہے کہ وہ اپنی شیئر ہولڈنگ کا تناسب مطلع کریں۔

F. ویب سائٹ پر آڈٹ شدہ مالیاتی گوشوارے کی اشاعت

30 ستمبر 2022ء کے لئے کمپنی کے آڈٹ شدہ گوشوارے بمعہ رپورٹس کمپنی کی ویب سائٹ پر بھی شائع کردی جائیں گی۔

نوٹس برائے 33واں سالانہ اجلاسِ عام

جے ڈی ڈبلیو شوگر ملز لمیٹڈ

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ جے ڈی ڈبلیو شوگر ملز لمیٹڈ (''کمپنی'') کا 33واں سالانہ اجلاسِ عام سمٹ ہال، رائل پام گالف اینڈ کنٹری کلب، 52- کینال بینک روڈ، لاہور میں بروز ہفتہ 28 جنوری 2023ء کو صبح 09:30 بجے درج ذیل اُمور کی انجام دہی کے لئے منعقد ہوگا۔

عمومی اُمور:

1. 03 نومبر 2022ء کو منعقدہ گذشتہ غیر معمولی اجلاسِ عام کی کارروائی کی توثیق کرنا۔
2. 30 ستمبر 2022ء کے مالی سال کے لئے کمپنی کے سالانہ آڈٹ شدہ انفرادی اور مشترکہ گوشوارے معہ ان پر چیئرمین، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور وخوض اور منظور کرنا۔
3. سال مختتمہ بابت 30 ستمبر 2022ء کے لئے بورڈ آف ڈائریکٹرز کی جانب سے 05 جنوری 2023ء کو سفارش کردہ حتمی نقد منافع منقسمہ بابت مبلغ 12.50 روپے (125%) فی حصص بمعہ عبوری نقد منافع منقسمہ مبلغ 15.00 روپے (150%) فی حصص جو پہلے ہی ادا کیا جاچکا ہے، جس سے کل منافع سال مختتمہ 30 ستمبر 2022ء کے لئے مبلغ 27.50 روپے (275%) فی حصص ہوگا، جس میں سے شوگر ڈویژن کا 19.00 روپے (190%) فی حصص اور پاور ڈویژن کا 8.50 روپے (85%) فی حصص منافع ہے، کی منظوری۔
4. اگلے مالی سال 2022-2023 کیلئے کمپنی کے آڈیٹرز کا تقرر اور ان کے معاوضے طے کرنا۔ سبکدوش ہونے والے آڈیٹرز میسرز ریاض احمد، ثاقب، گوہر اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے لئے خود کو پیش کیا ہے اور بورڈ آف ڈائریکٹر نے آڈٹ کمیٹی کی سفارشات کی بنیاد پر ان کی دوبارہ تقرری کی سفارش کی ہے۔
5. صاحبِ صدر کی جانب سے دیگر امر پر کارروائی کرنا۔

بمقام: لاہور
مورخہ: 06 جنوری 2023ء

بحکم بورڈ

(مقصود احمد ملہی)
(کمپنی سیکریٹری/لیگل ہیڈ)

مندرجات:

A- عمومی اُمور

i) تمام اراکین سالانہ اجلاس عام (''AGM'') میں شرکت اور رائے شماری کے اہل ہیں۔

ii) کمپنی کے شیئر ٹرانسفر کھاتہ جات بروز ہفتہ 21 جنوری 2023ء سے بروز ہفتہ 28 جنوری 2023ء (بشمول دونوں ایام) بند رہیں گی۔ بروز جمعہ 20 جنوری 2023ء کو کاروبار بند ہونے تک کمپنی کے رجسٹرڈ آفس یا کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل، ماڈل ٹاؤن لاہور (شیئرز رجسٹرار) کو موصول ٹرانسفرز کو بروقت وصولی شمار کیا جائے گا اور انہیں ڈیویڈنڈ وصول کرنے اور AGM میں رائے شماری کا حق حاصل ہوگا۔

iii) اراکین سے درخواست ہے کہ وہ شیئرز رجسٹرار/کمپنی/ متعلقہ بروکرز کو فوراً مندرجہ ذیل تفصیلات فراہم کریں:

a) اپنی رابطہ کی تفصیلات/ پتہ میں تبدیلی؛

a) IBAN زیر دفعہ 242 کمپنیز ایکٹ 2017ء (''ایکٹ'') بذریعہ مینڈیٹ فارم جو کہ کمپنی کی ویب سائٹ www.jdw-group.com پر دستیاب ہے؛

c) کارآمد ٹیکس استثنٰی سرٹیفیکیٹ؛ اور

iv) ایسے اراکین جو کسی وجہ سے اپنے گذشتہ منافع منقسمہ/حصص (اگر کوئی ہے) حاصل نہیں کرسکے تو اُن سے گذارش ہے کہ وہ کمپنی کے شیئرز رجسٹرار سے رابطہ کر کے ان کی وُصولی سے متعلق معلومات حاصل کریں۔

v) ایکٹ کے سیکشن 132(2)/134(1) اور حکومت پاکستان/SECP کی ہمہ وقت جاری کردہ ہدایات کے مطابق کمپنی نے AGM میں فاصلاتی (virtual) شرکت کے لئے ضروری انتظامات کئے ہیں۔ دلچسپی رکھنے والے اراکین AGM کے انعقاد سے دو (02) ایام قبل اپنی شناخت/رائے کے ساتھ maqsoodmalhi@jdw-group.com سے رابطہ کرسکتے ہیں۔

B. AGM میں شرکت اور شناخت کے لئے

i) **فردِ واحد کی صورت میں:** اصلی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ شناخت کے لئے پیش کیا جائے۔

ii) **ادارے کی صورت میں:** بورڈ آف ڈائریکٹرز کی قرارداد/مختارنامہ بمعہ نمائندے کے نمونہ دستخط شناخت کے لئے پیش کئے جائیں۔

C. پراکسیز کی تقرری کے لئے

AGM میں شرکت اور رائے شماری کے اہل اراکین اپنی جگہ AGM میں شرکت اور رائے شماری کے لئے تحریری طور پر پراکسی/نمائندہ مقرر کرسکتے ہیں۔ باقاعدہ مکمل پراکسی فارم AGM کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس کو لازماً جمع کرایا جائے۔ پراکسی فارم مکمل پُر شدہ/کارآمد ہونا چاہیئے اور مندرجہ ذیل ساتھ منسلک ہونے چاہئیں:

a) دو افراد سے گواہ شدہ

b) رکن اور پراکسی/نمائندے کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول

PATTERN OF SHAREHOLDING

The Companies Act, 2017 {Section 227(2)(f)}

1.1 Name of the Company — JDW Sugar Mills Limited

2.1 Pattern of holding of the shares held by the shareholders as at — 30-Sep-2022

2.2	No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
	363	1	100	10,241
	397	101	500	124,171
	87	501	1,000	67,555
	257	1,001	5,000	408,159
	15	5,001	10,000	98,279
	10	10,001	15,000	128,404
	4	15,001	20,000	76,006
	1	20,001	25,000	24,581
	5	25,001	30,000	142,228
	1	30,001	35,000	30,250
	2	35,001	40,000	75,014
	2	50,001	55,000	109,311
	2	60,001	65,000	126,927
	1	75,001	80,000	78,270
	2	105,001	110,000	212,473
	2	110,001	115,000	229,551
	2	115,001	120,000	236,757
	1	190,001	195,000	192,548
	1	195,001	200,000	200,000
	1	205,001	210,000	208,167
	1	275,001	280,000	278,270
	1	345,001	350,000	348,494
	1	365,001	370,000	367,327
	1	595,001	600,000	597,423
	1	650,001	655,000	651,864
	1	775,001	780,000	775,378
	1	1,030,001	1,035,000	1,032,000
	1	1,115,001	1,120,000	1,115,636
	1	1,425,001	1,430,000	1,430,000
	1	2,120,001	2,125,000	2,123,648
	1	2,140,001	2,145,000	2,143,648
	1	2,215,001	2,220,000	2,216,145
	1	2,955,001	2,960,000	2,957,342
	1	4,435,001	4,440,000	4,437,381
	1	9,265,001	9,270,000	9,269,012
	1	9,705,001	9,710,000	9,706,988
	1	17,545,001	17,550,000	17,547,213
	1,173			**59,776,661**

2.3 Categories of shareholders		Shares held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children	28,588,575	47.8256%
2.3.2	Associated Companies, undertakings and related parties.	–	0.0000%
2.3.3	NIT and ICP	18,150	0.0304%
2.3.4	Banks, Development Financial Institutions, Non Banking Financial Institutions	15,036	0.0252%
2.3.5	Insurance Companies	–	0.0000%
2.3.6	Modarabas and Mutual Funds	6,100	0.0102%
2.3.7	Shareholders holding 10% or more	37,953,213	63.4917%
2.3.8	General Public		
	a. Local	26,498,733	44.3296%
	b. Foreign	–	0.0000%
2.3.9	Others (to be specified)		
	- Joint Stock Companies	1,597,909	2.6731%
	- Investment Companies	2,085	0.0035%
	- Foreign Companies	2,995,145	5.0106%
	- Others	54,928	0.0919%

CATEGORIES OF SHAREHOLDING

As on September 30, 2022

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise):		–	–
Mutual Funds (Name Wise Detail)		–	–
Directors, CEO and their Spouse and Minor Children (Name Wise):			
1	Mr. Jahangir Khan Tareen	9,269,012	15.5061%
2	Makhdoom Syed Ahmad Mahmud	17,547,213	29.3546%
3	Mr. Ijaz Ahmed	2,429	0.0041%
4	Mr. Asim Nisar Bajwa	1,421	0.0024%
5	Mr. Raheal Masud	500	0.0008%
6	Mrs. Samira Mahmud	651,864	1.0905%
7	Mr. Zafar Iqbal	500	0.0008%
8	Mrs. Amina Tareen W/O Mr. Jahangir Khan Tareen	1,115,636	1.8663%
Executives:		5,469,386	9.1497%
Public Sector Companies & Corporations:		–	–
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies and Modarabas:		21,136	0.0354%
Shareholders holding five percent or more voting interest in the listed company (Name Wise)			
1	Mr. Jahangir Khan Tareen	9,269,012	15.5061%
2	Makhdoom Syed Ahmad Mahmud	17,547,213	29.3546%
3	Mr. Ali Khan Tareen	11,136,988	18.6310%
4	Rana Nasim Ahmed	4,437,381	7.4233%

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children:

Sr. No.	Name	Deletion through Gift	Addition through Gift	Purchase / (Sale)
1	Mr. Jahangir Khan Tareen	–	–	(283,281)
2	Makhdoom Syed Ahmad Mahmud	–	770,000	283,281
3	Mrs. Amina Tareen W/O Mr. Jahangir Khan Tareen	(770,000)	–	–
4	Mr. Muhammad Rafique	–	–	7,000

Proxy Form

JDW Sugar Mills Limited

33rd Annual General Meeting

Folio No./CDC A/c No. ____________________

I/We ____ of ____

in the district of ______________________________ being a member/members of JDW Sugar Mills Limited

holding ____________________ shares of Rs.10 each, hereby appoint Mr./Ms. ________________________

of ____ failing him / her, ____________________________

of ____________________________ as my/our proxy to vote for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Saturday, January 28, 2023 at 9:30 a.m. at Summit Hall, Royal Palm Golf & Country Club, 52-Canal Bank Road, Lahore and at any adjournment thereof or of any ballot to be taken in consequence thereof.

Signed this ________________ day of January, 2023.

____

(Member's Signature)

Affix Revenue stamp of Rs. 50/-

Witnesses:

Signature:	1.	____________________	2.	____________________
Name:		____________________		____________________
CNIC:		____________________		____________________
Address:		____________________		____________________
		____________________		____________________

Note:

All Proxy Form, in order to be effective must be received at the Company's registered office not later than forty eight (48) hours before the time fixed for holding the Annual General Meeting and must be duly stamped, signed and witnessed as required.

AFFIX
CORRECT
POSTAGE

The Company Secretary

JDW Sugar Mills Limited

Registered Office: 17– Abid Majeed Road,

Lahore Cantonment, Lahore Pakistan.

پراکسی فارم

جے ڈی ڈبلیو شوگر ملز لمیٹڈ کا 33واں (تینتسواں) سالانہ اجلاسِ عام

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر: ______________

میں / ہم ______________ ساکن ____

ضلع ______________ بحیثیت رُکن جے ڈی ڈبلیو شوگر ملز لمیٹڈ حامل ______________ عام حصص مبلغ 10 روپے ہر ایک شیئر ،

مسمی / مسماۃ ______________ ساکن ____

یا اُس کی عدم موجودگی میں ______________________ کو بطور مختار (پراکسی) مقرر کرتا / کرتے ہیں تاکہ وہ میری / ہماری طرف سے کمپنی کے 33 ویں سالانہ اجلاسِ عام جو کہ بتاریخ 28 جنوری ,2023، بروز ہفتہ بوقت صبح 9:30 بجے بمقام سمٹ ہال، رائل پام گالف اینڈ کنٹری کلب، 52-کینال بینک روڈ، لاہور میں منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں حق رائے دہی استعمال کرے۔

آج مورخہ ________ جنوری 2023، کو میرے دستخط سے جاری ہوا۔

پچاس روپے کی ریوینیو ٹکٹ چسپاں کریں

ممبر کے دستخط ______________________

گواہان:

	1-	2-
دستخط:	______________	______________
نام:	______________	______________
شناختی کارڈ نمبر:	______________	______________
پتہ:	______________	______________

نوٹ:

ہر لحاظ سے مکمل پراکسی فارم کمپنی کے رجسٹرڈ دفتر پر اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً جمع ہو جانا چاہیے۔

AFFIX
CORRECT
POSTAGE

The Company Secretary

JDW Sugar Mills Limited

Registered Office: 17– Abid Majeed Road,

Lahore Cantonment, Lahore Pakistan.

NOTES

NOTES


JDW
FARMERS' FIRST
CHOICE

www.jdw-group.com

JDW Sugar Mills Limited
Head Office: 17-Abid Majeed Road,
Lahore Cantonment, Lahore Pakistan.