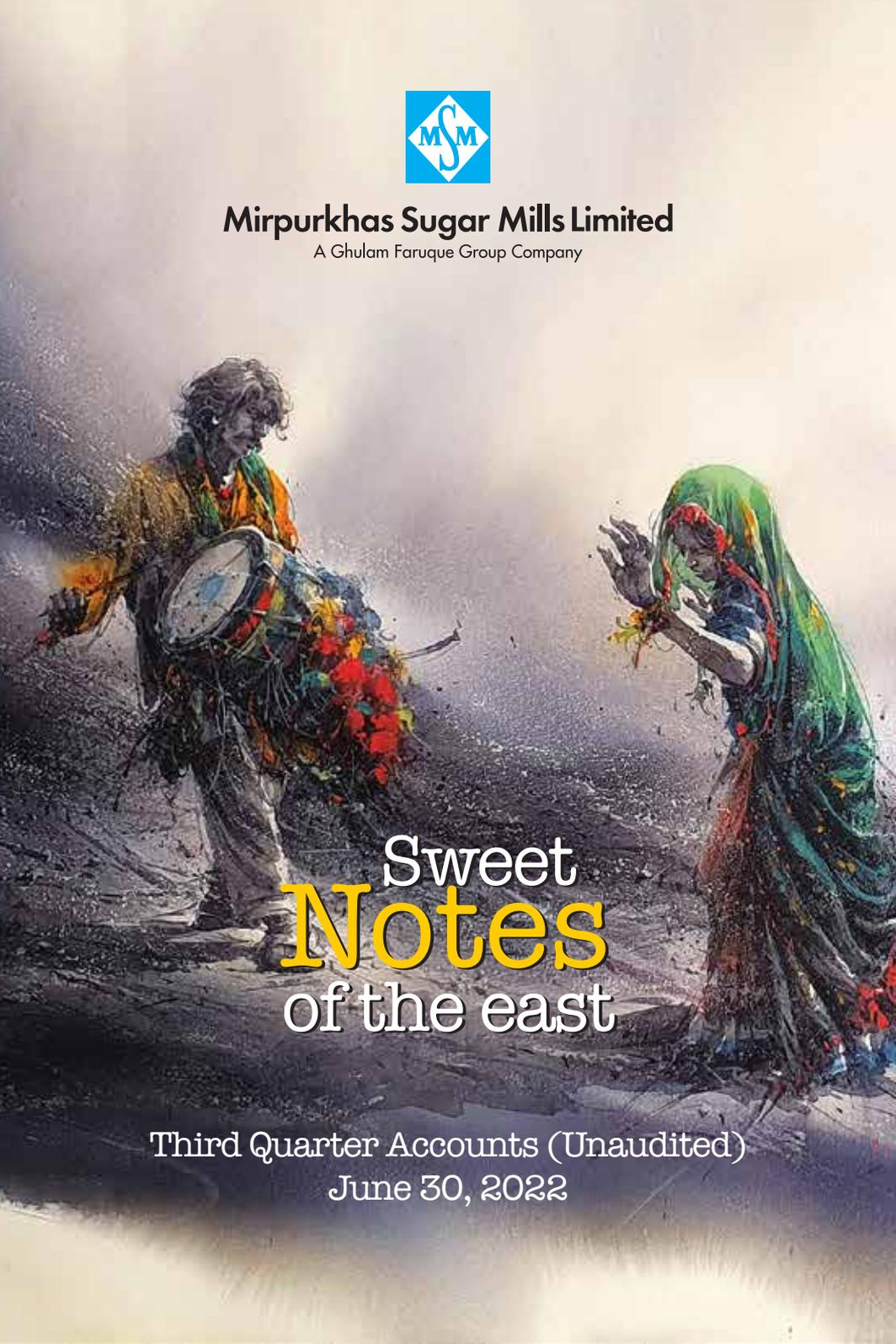




# Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company



## Sweet **Notes** of the east

Third Quarter Accounts (Unaudited)

June 30, 2022

## Contents

<b>02</b>	<b>Company Information</b>
<b>03</b>	<b>Directors' Review</b>
<b>06</b>	<b>Condensed Interim Statement of Financial Position</b>
<b>07</b>	<b>Condensed Interim Statement of Profit or Loss (Unaudited)</b>
<b>08</b>	<b>Condensed Interim Statement of Comprehensive Income (Unaudited)</b>
<b>09</b>	<b>Condensed Interim Statement of Cash Flows (Unaudited)</b>
<b>10</b>	<b>Condensed Interim Statement of Changes in Equity (Unaudited)</b>
<b>11</b>	<b>Notes to the Condensed Interim Financial Statements (Unaudited)</b>

# Company Information

## Board of Directors

Mr. Arif Faruque	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Amer Faruque	Director
Ms. Farzana Faruque	Director
Mr. Samir Mustapha Chinoy	Director
Mr. Muhammad Izqar Khan (NIT)	Director
Mr. Wasif Khalid	Director

## Audit Committee

Mr. Samir Mustapha Chinoy	Chairman
Mr. Arif Faruque	Member
Mr. Muhammad Izqar Khan (NIT)	Member

## Human Resource and Remuneration Committee

Mr. Muhammad Izqar Khan (NIT)	Chairman
Mr. Aslam Faruque	Member
Mr. Amer Faruque	Member

## Chief Operating Officer & Chief Financial Officer

Mr. Wasif Khalid

## Company Secretary

Ms. Hina Mir

## Head of Internal Audit

Mr. Aamir Saleem

## Share Registrar

CDC Share Registrar Services Limited  
CDC House, 99 - B, Block - B, S.M.C.H.S.  
Main Shahrah-e-Faisal Karachi – 74400  
Tel: 0800-23275 UAN: 111-111-500  
Email: info@cdcsrsl.com

## BANKERS (Islamic)

Askari Bank Ltd.  
Al Baraka Bank (Pakistan) Ltd.  
Bank Alfalah Ltd.  
Bank Islami Pakistan Ltd.  
Dubai Islamic Bank Pakistan Ltd.  
Faysal Bank Ltd.  
Meezan Bank Ltd.  
MCB Islamic Bank Ltd.

## BANKERS (Conventional)

Allied Bank Ltd.  
Bank Al Habib Ltd.  
Bank Alfalah Ltd.  
Habib Bank Ltd.  
Habib Metropolitan Bank Ltd.  
MCB Bank Ltd.  
National Bank of Pakistan  
Samba Bank Ltd.  
Soneri Bank Ltd.  
United Bank Ltd.

## Registered Office / Factory

Sub Post Office Sugar Mill  
Jamrao, Umerkot Road  
Mirpurkhas, Sindh

## Head Office

Modern Motors House  
Beaumont Road  
Karachi-75530 Pakistan  
UAN: +92 - 21-111- 354 -111  
Fax: + 92 - 21- 35688036  
Web: www.gfg.com.pk/msm/

## External Auditors

Kreston Hyder Bhimji & Co.  
Chartered Accountants

## Cost Auditors

UHY Hassan Naeem & Co.  
Chartered Accountants

## Legal Advisor

K.M.S. Law Associates

# Directors' Review

The Board of Directors presents the un-audited financial results of the Company for the nine months ended June 30, 2022.

## Production

During the crushing season 2021/22 that started on November 19, 2021, the plant operated for 124 days compared to 98 days the previous year. This resulted in the factory being able to crush 649,557 metric tons of sugarcane to produce 70,460 metric tons of sugar as compared to 488,464 metric tons of sugarcane to produce 51,909 metric tons of sugar during the corresponding period last year. The plant operated efficiently throughout the crushing season. The increase in sucrose recovery to 10.85% compared to 10.63% last season was due to better quality of sugarcane. The Company also produced 33,080 metric tons of molasses during the period compared to 24,296 metric tons produced during the corresponding period last year.

## Financial Performance

There has been a 44.49% increase in the turnover of the Company as, in addition to higher production volumes and higher sales quantity, it was also able to fetch a higher price due to a supply and demand gap created before the start of the crushing season that continued until December 2021. Thereafter, the prices started to drop due to excess supply in the market. The Company sold 44,972 metric tons of sugar compared to 32,294 metric tons during the corresponding period last year. Due to improved sugar prices coupled with better recovery, the Company was able to achieve an operational gross profit of Rs. 541.88 million compared to Rs. 165.69 million in the corresponding period last year. Sales tax on sugar remains payable on Rs. 72.22 / kg (minimum ex-mill price excluding sales tax), which resulted in an additional payment of Rs. 18.33 million over the actual sales value during the period.

For the crushing season 2021/22, the Sindh government had announced a minimum support price of Rs. 250 per maund in comparison to Rs. 225 per maund announced by the Punjab Government. This difference of Rs. 25 per maund, in addition to the quality premium, resulted in a higher cost of sugar produced in Sindh by approximately Rs. 9.50 per kg of refined sugar compared to other provinces, thus rendering the Sindh mills uncompetitive. The price of sugar continued to remain under pressure mainly due to the substantial increase in sugar production, which surged by 39% to 7.8 (2021: 5.6 ) million metric tons against a national demand of 6.5 to 6.8 million metric tons.

During the nine months, other income of the Company increased to Rs. 58.98 million mainly due to an increase in dividend income and gains on derivative financial instruments. Furthermore, finance costs increased by Rs. 110.26 million due to several increases of the lending rate by the State Bank of Pakistan during the period under review. The increase of lending rates is impacting the profitability due to the seasonal nature of the Company's business, as all payments related to sugarcane had already been made against the sugar sold over the year. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 388.23 million, and adjusted its investment in the associate by the same amount.

	June 30, 2022	June 30, 2021
	(Rupees in million)	
Net Sales	3,504.48	2,425.44
Cost of Sales	(2,962.60)	(2,259.74)
Gross Profit	541.88	165.70
Other Income	58.98	23.25
Share of Profit in Associate - net	388.23	148.05
Finance Cost	(298.93)	(188.67)
Other Expenses & Taxes	(329.67)	(185.20)
Net Profit / (Loss)	<u>360.49</u>	<u>(36.87)</u>

### Paper and Board Project

In order to further diversify its operations, the Company had decided to set up a 250 TPD paper and board project. The project will serve to enhance its business prospects by making the Company less reliant on sugar production while benefiting from the synergies with the same. Work on the paper project remains in full swing. Major civil works required for machine installation are near completion, and the phase-wise erection of the plant has started. Part shipments containing plant and machinery from China are reaching every month. Delays are being faced due to continuing lockdowns in China with the occurrence of the COVID-19 Omicron variant, and shipping ports there are functioning with low capacity. This situation continues to impact the completion timeline, and the project is currently expected to be commissioned in the next 6 to 9 months.

### Future Prospects

Total production of the industry for the year was around 7.8 million metric tons as of June 30, 2022, which is in excess of the 6.5 million to 6.8 million tons domestic demand. This excess production of sugar coupled with the production cost difference between the provinces will remain a challenge for the Company during the current financial year, as the aforementioned factors will continue to result in significant pressure on the profitability of sugar producers, especially those in Sindh. We therefore take this opportunity to continue to urge the government to finally take the necessary steps so that the price of sugar adequately reflects the cost of sugarcane, thus creating a more conducive business environment for the industry, and to develop policies to promote yield and sucrose recovery. Unicol continues to operate smoothly, and the Company also expects dividends this year that will contribute positively to the bottom line and cash flows. Despite these challenges, the Directors and Management remain committed to navigating the Company through these tough times. Lastly, we urge the federal government to notify that sales tax should be payable on the actual market price, given that this is significantly lower than the amount of Rs. 84,500 per metric ton (including sales tax) fixed by FBR for sales tax collection from the sugar mills.

The sugar mills have also requested the Federal Government to take the necessary steps for export of excess sugar. At present, ex-mill export prices range from USD 620 to 625 per ton. However, due to political uncertainty and the recent change in the Federal Government, such approval could not be obtained and there is now a complete ban on export of sugar from the country, despite a stock of around 3.5 million metric tons as at June 30, 2022.

To safeguard the interests of all stakeholders due to COVID-19, including emerging variants, the Company continues to take appropriate measures, including strict implementation of protocols on health and employee safety. These measures have so far permitted continuity of the operations of the Company. Finally, we would also like to take this opportunity to appreciate the various relief measures that were initiated by the Government and the State Bank of Pakistan to support the business community to mitigate the adverse impacts of COVID-19.

### **Acknowledgment**

The management of the Company would like to thank all its stakeholders, especially staff, financial institutions and shareholders, for their continued support and cooperation.



**Arif Faruque**  
Chairman

**On behalf of the Board of Directors**



**Aslam Faruque**  
Chief Executive

**Karachi: July 28, 2022**

# Condensed Interim Statement of Financial Position

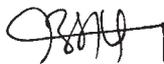
As at June 30, 2022

	Note	June 30, 2022 (Unaudited)	September 30, 2021 (Audited)
(Rupees '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	5,159,923	3,469,425
Intangible asset		-	1,018
Long-term investments		1,721,486	1,810,999
Long-term loans and deposits		23,286	26,422
		6,904,695	5,307,864
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		223,332	206,239
Stock-in-trade		2,635,501	984,208
Biological assets		2,751	8,306
Trade debts		217,604	61,059
Loans and advances		77,417	70,041
Trade deposits and short-term prepayments		6,293	4,381
Other receivables		482,823	420,650
Short-term investments		1,539	159,103
Tax refunds due from the Government		195,448	185,336
Cash and bank balances		27,560	35,344
		3,870,268	2,134,667
Non-Current Asset held for sale		301,264	301,264
<b>TOTAL ASSETS</b>		<b>11,076,227</b>	<b>7,743,795</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	134,950	134,950
Reserves		2,347,876	2,246,775
Surplus on revaluation of property, plant & equipment		844,259	844,259
		3,327,085	3,225,984
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		1,912,431	1,137,734
Long-term lease liabilities	8	5,892	9,060
Deferred liabilities		475,106	468,610
Deferred tax liability-net		11,441	11,441
Government grant		286,076	111,180
		2,690,946	1,738,025
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,216,407	553,672
Accrued mark-up		170,138	31,797
Short-term borrowings		3,253,858	1,797,631
Current maturity of long-term lease liabilities	8	5,674	5,340
Current portion of government grant		49,518	35,772
Current portion of long-term financing		354,623	347,593
Unclaimed dividend		7,978	7,981
		5,058,196	2,779,786
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,076,227</b>	<b>7,743,795</b>

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



**Aslam Faruque**  
Chief Executive



**Muhammad Izqar Khan**  
Director



**Wasif Khalid**  
Director & Chief Financial Officer

# Condensed Interim Statement of Profit or Loss (Unaudited)

For the Period Ended June 30, 2022

Note	Period ended		Quarter ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees '000)			
<b>Turnover - net</b>	3,504,483	2,425,439	1,593,739	968,012
Cost of sales	(2,962,600)	(2,259,744)	(1,523,226)	(917,284)
<b>Gross profit</b>	541,883	165,695	70,513	50,728
Distribution cost	(25,059)	(17,477)	(13,724)	(6,450)
Administrative expenses	(195,102)	(106,761)	(87,132)	(35,582)
Other operating expenses	(14,916)	(18,465)	8,168	9,685
	(235,077)	(142,703)	(92,688)	(32,347)
Other income	58,985	23,251	7,840	7,734
<b>Operating profit / (loss)</b>	365,791	46,243	(14,335)	26,115
Finance cost	(298,925)	(188,666)	(134,163)	(81,060)
	66,866	(142,423)	(148,498)	(54,945)
Share of profit / (loss) in associates - net	388,228	148,056	220,603	(330)
<b>Profit / (loss) before taxation</b>	455,094	5,633	72,105	(55,275)
Taxation	(94,600)	(42,498)	(43,561)	(7,155)
<b>Profit / (loss) after taxation</b>	360,494	(36,865)	28,544	(62,430)
Earnings per share - basic & diluted (Rupees)	11	26.71	(2.73)	2.12
		(4.63)		

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



**Aslam Faruque**  
Chief Executive



**Muhammad Izqar Khan**  
Director



**Wasif Khalid**  
Director & Chief Financial Officer

# Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Period Ended June 30, 2022

	Period ended		Quarter ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees '000)			
<b>Profit / (loss) after taxation for the period</b>	360,494	(36,865)	28,544	(62,430)
<b>Other Comprehensive income / (loss)</b>				
<b>Items that may not be reclassified subsequently to statement of profit or loss</b>				
Unrealised (loss) / gain on remeasurement of equity investment at fair value through other comprehensive income	(277,741)	363,142	(194,913)	62,552
Realised gain on disposal of equity instruments	18,348 (259,393)	- 363,142	- (194,913)	- 62,552
<b>Total comprehensive income / (loss)</b>	101,101	326,277	(166,369)	122

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



**Aslam Faruque**  
Chief Executive



**Muhammad Izqar Khan**  
Director



**Wasif Khalid**  
Director & Chief Financial Officer

# Condensed Interim Statement of Cash Flows (Unaudited)

For the Period Ended June 30, 2022

	June 30, 2022	June 30, 2021
(Rupees '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	455,094	5,633
<b>Adjustments for:</b>		
Depreciation	81,173	74,810
Depreciation right-of-use asset	3,041	3,041
Amortization	1,018	1,356
Provision for market committee fee	6,496	4,889
Provision for store obsolescence	5,438	-
Accrued profit term deposit	(39)	(11)
Fair value adjustment of biological assets	6,973	3,356
Dividend income from related parties	(15,362)	(8,068)
Share of profit in associates	(388,228)	(148,056)
Exchange gain on currency revaluation	(342)	-
Gain on disposal of property, plant and equipment	(39)	(278)
Finance cost	298,925	188,666
	(946)	119,705
	<u>454,148</u>	<u>125,338</u>
<b>Working capital changes (Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	(22,531)	6,926
Stock-in-trade	(1,651,293)	(1,492,488)
Biological assets	(1,418)	(646)
Trade debts	(156,545)	(7,632)
Loans and advances	(7,376)	(130,886)
Trade deposits and Short-term prepayments	(1,912)	(6,545)
Other receivables	(62,173)	5,192
	(1,903,248)	(1,626,079)
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	662,735	(48,087)
	<u>(786,365)</u>	<u>(1,548,828)</u>
<b>Cash (used in) operations</b>		
Long-term loans and deposits-net	3,136	9,479
Income tax paid	(104,712)	(84,087)
	(101,576)	(74,608)
	<u>(887,941)</u>	<u>(1,623,436)</u>
<b>Net cash (used in) operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(1,775,353)	(906,443)
Sale proceeds of property, plant and equipment	680	391
Profit realised on term deposits	85	53
Sale proceeds of short term investment - net	175,592	376,647
Dividend received from an associate	200,000	162,500
Dividend received from related parties	15,362	8,068
	(1,383,634)	(358,784)
<b>Net cash (used in) investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid-net	(158,814)	(162,477)
Short-term borrowings-net	1,456,227	1,599,914
Long-term financing-net	970,369	549,556
Payment of lease liability	(3,988)	(940)
Payment of dividend	(3)	(1)
	2,263,791	1,986,052
<b>Net cash generated from financing activities</b>		
<b>Net (decrease) / increase in cash and cash equivalents</b>	(7,784)	3,832
<b>Cash and cash equivalents at the beginning of the period</b>	35,344	35,168
<b>Cash and cash equivalents at the end of the period</b>	<u>27,560</u>	<u>39,000</u>

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



**Aslam Faruque**  
Chief Executive



**Muhammad Izqar Khan**  
Director



**Wasif Khalid**  
Director & Chief Financial Officer

# Condensed Interim Statement of Changes in Equity (Unaudited)

For the Period Ended June 30, 2022

Description	Issued, subscribed and paid up capital	Reserves					Total reserves	TOTAL
		General reserves	Unappropri- ated profit	Actuarial gain on defined benefit plan net-of tax	Unrealised Gain / (loss) on investment at fair value through other comp. income	Surplus on revaluation of property, plant and equipment		
(Rupees '000)								
<b>Balance as at October 01, 2020</b>	134,950	34,250	719,835	120,887	991,689	844,259	2,710,920	2,845,870
Loss after taxation	-	-	(36,865)	-	-	-	(36,865)	(36,865)
Other comprehensive income (disposal of shares)	-	-	354,350	-	(354,350)	-	-	-
Other comprehensive income	-	-	-	-	363,142	-	363,142	363,142
Total comprehensive income	-	-	317,485	-	8,792	-	326,277	326,277
<b>Balance as at June 30, 2021</b>	<u>134,950</u>	<u>34,250</u>	<u>1,037,320</u>	<u>120,887</u>	<u>1,000,481</u>	<u>844,259</u>	<u>3,037,197</u>	<u>3,172,147</u>
Balance as at October 01, 2021	134,950	34,250	1,214,505	170,560	827,460	844,259	3,091,034	3,225,984
Profit after taxation	-	-	360,494	-	-	-	360,494	360,494
Other comprehensive income (disposal of shares)	-	-	165,704	-	(165,704)	-	-	-
Other comprehensive loss	-	-	-	-	(259,393)	-	(259,393)	(259,393)
Total comprehensive income	-	-	526,198	-	(425,097)	-	101,101	101,101
<b>Balance as at June 30, 2022</b>	<u>134,950</u>	<u>34,250</u>	<u>1,740,703</u>	<u>170,560</u>	<u>402,363</u>	<u>844,259</u>	<u>3,192,135</u>	<u>3,327,085</u>

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



**Aslam Faruque**  
Chief Executive



**Muhammad Izqar Khan**  
Director



**Wasif Khalid**  
Director & Chief Financial Officer

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the Period Ended June 30, 2022

## 1. STATUS AND NATURE OF BUSINESS

- 1.1 The Company was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted at Pakistan Stock Exchange. Principal activity of the Company is manufacturing and selling of sugar.

The geographical location and addresses of the Company's business units / immovable assets are as under:

<b>Business Unit</b>	<b>Address</b>
Head Office	Modern Motors House, Beaumont Road, Karachi.
<b>Registered Office / Factory</b> (Immovable assets)	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh.(Land measuring 602.54 acres and covered area 562,609 sq.ft)
<b>Residential land</b> (Immovable assets)	Jiryana No.218, Deh 109, Taluqa Mirpurkhas, Hyderabad Road Mirpurkhas (Land measuring 3.51 acres and covered area 6,825 sq.ft) classified as asset held for sale.

## 1.2 Impact of COVID-19 on the condensed interim financial statements

COVID-19 is a global pandemic, which affected the whole world and Pakistan was not an exception. Various steps were taken by the Government of Pakistan and the State Bank of Pakistan during past two years to prevent the spread of the virus and to support the economy during COVID-19 which helped the industries sustain during critical times. Recently there has been a resurgence in COVID-19 cases in the country, as a result of which the Company decided to re-introduce certain measures, such as the mandatory wearing of face masks at all office locations. Staff are also regularly reminded of other applicable safety measures.

The Company's operations have not been affected by continuing wave of COVID-19 and there is no significant accounting impact of the effects of COVID-19 in these condensed interim financial statements. However, the Company continues to monitor the possible impact on the Company's operations and liquidity position, and remains prepared to respond as the situation develops.

### **1.3 Paper and board mill**

The Company's paper and board project of 250 TPD paper is under implementation. Major civil works required for machine installation are complete while plant & machinery being imported is under shipment. The estimated revised cost of the project is Rs. 3.7 billion. Phase-wise erection of the plant has already started. Part shipments containing plant and machinery from China are reaching every month. Delays are being faced due to continuing lockdowns in China with the occurrence of the COVID-19 Omicron variant, and shipping ports there are functioning with low capacity. This situation continues to impact the completion timeline, and the project is expected to be commissioned in the next 6 to 9 months.

## **2. STATEMENT OF COMPLIANCE**

These condensed interim financial statements of the Company for the period ended June 30, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting & reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## **3. BASIS OF PRESENTATION**

These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2021.

#### 4. ACCOUNTING POLICIES

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2021.

##### 4.1 Standards and amendments for financial reporting effective during the period

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current period:

###### Standard or interpretation:

IFRS 9 / IAS 39 / IFRS 7 /IFRS 4 & IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendments); and
IFRS 16	COVID-19 - Related Rent Concession Beyond 30 June 2021 (Amendments)

The adoption of above amendments to IFRSs did not have any material impact on the Company's condensed interim financial statements.

#### 5. SIGNIFICANT ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to annual financial statements as at and for the year ended September 30, 2021.

## 6. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2022	September 30, 2021 (Audited)
		(Rupees '000)	
Opening book value		2,270,333	2,478,428
Additions / transfers during the period / year	6.1	32,388	196,889
		2,302,721	2,675,317
Transferred to held for sale at carrying value		-	(301,264)
Disposals during the period / year at book value	6.1	(641)	(181)
Depreciation charged during the period / year		(81,173)	(103,539)
		2,220,907	2,270,333
Opening: Capital work in progress		1,186,928	123,842
Addition to capital work in progress during the period / year		1,765,819	1,199,956
Transferred to property plant & equipment during the period / year		(22,854)	(136,870)
Closing: Capital work in progress	6.2	2,929,893	1,186,928
Right-of-use asset - net	6.3	9,123	12,164
		5,159,923	3,469,425

### 6.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	June 30, 2022	September 30, 2021 (Audited)	June 30, 2022	September 30, 2021 (Audited)
	(Rupees '000)			
Building on free hold land - factory	-	96,414	-	-
Building on free hold land – Non factory	7,940	4,035	-	-
Plant and machinery	15,793	42,383	-	-
Vehicles	4,010	45,995	641	164
Furniture & fittings	83	-	-	-
Office and other equipment	2,459	4,379	-	-
Computers & accessories	2,103	3,683	-	17
	32,388	196,889	641	181

### 6.2 Capital work in progress:

	June 30, 2022	September 30, 2021 (Audited)
	(Rupees '000)	
Plant and machinery	2,320,696	860,902
Civil Works	589,047	325,680
Equipment	791	346
Advance against vehicles	19,359	-
	2,929,893	1,186,928

6.2.1 Balance as of period ended June 30, 2022 of plant and machinery includes mark-up on finance utilized amounting to Rs 64.79 million (Sep. 2021: Rs 22.41 million).

### 6.3 Right-of-use asset

The Company has recognized a right-of-use asset in respect of head office under rental agreement.

## 7. SHARE CAPITAL

### 7.1 Authorized capital

June 30, 2022	September 30, 2021 (Audited)		June 30, 2022	September 30, 2021 (Audited)
Number of shares			(Rupees '000)	
150,000,000	150,000,000	Ordinary shares of Rs.10/- each	1,500,000	1,500,000

### 7.2 Issued subscribed and paid-up capital

#### Fully paid ordinary shares of Rs. 10/- each

1,770,000	1,770,000	Issued for cash	17,700	17,700
11,725,040	11,725,040	Issued as fully paid bonus shares	117,250	117,250
13,495,040	13,495,040		134,950	134,950

## 8. LONG-TERM LEASE LIABILITIES (ROU ASSET)

June 30, 2022			September 30, 2021 (Audited)			
Current maturity of lease liabilities	Long-term lease liabilities	Total	Current maturity of lease liabilities	Long-term lease liabilities	Total	
(Rupees '000)						
Head office under rental agreement	5,674	5,892	11,566	5,340	9,060	14,400

## 9. CONTINGENCIES AND COMMITMENTS

	June 30, 2022	September 30, 2021 (Audited)
	(Rupees '000)	
Letter of credit for capital expenditure issued by commercial banks	347,256	874,585
Commitments for lease rentals under ijarah contracts	9,169	13,629

The status of other contingencies as at June 30, 2022 is the same as reported in the annual financial statements for the year ended September 30, 2021, except the following:

- 9.1 a) As explained in note 28.1.4 (a) of the annual financial statements, the company in 2010 received a show cause notice from the Competition Commission of Pakistan (CCP) for violation of the Competition Ordinance 2009. The Company along with other sugar mills filed a CP before the Sindh High Court challenging the Ordinance. The High Court

of Sindh, granted a stay against the proceedings of the CCP and restrained the CCP to pass the final order in respect of the show cause notice. The CCP filed an Appeal before Honorable Supreme Court of Pakistan, which was disposed of by Supreme Court dated March 25, 2010 on the ground that the matter was pending before the Honorable High Courts. After several hearings and arguments for last many years, on January 17, 2022, the petition was dismissed by the Honorable High Court. Against the dismissal order of Honorable Sindh High Court, Mirpurkhas Sugar Mills and other Sugar Mills have filed the Civil Petitions for Leave to Appeal before the Honorable Supreme Court. There are no financial implications related to this at the moment.

- b) As explained in note 28.1.4 (b) of the annual financial statements, the Competition Commission of Pakistan (CCP) in August 2021 passed an order dated 13 August 2021 and imposed penalty on PSMA and member sugar mills alleging them to be guilty of collusive activities and cartelization. The penalty imposed on the Company is Rs.236 million. The PSMA and our Company along with other sugar mills filed the Suit against the order of the Competition Commission of Pakistan (CCP) at Sindh High Court (SHC). The Honorable Court passed an interim order on October 7, 2021 that the operation of impugned orders dated 06.08.2021 and 13.08.2021 shall remain suspended till the hearing is underway. On June 13, 2022, the Single bench of the Honorable Court passed an order in which stay was granted on injunction application subject to securing 50% of the penalty amount recommended by the CCP through a bank guarantee with the Nazir SHC within two weeks. In order to ensure procedural compliance with the court order, the Company, subsequent to the period end has submitted a bank guarantee of Rs. 118 million with Nazir High Court of Sindh. Meanwhile, the Company has also filed an appeal against the said order with the division bench of the Honourable SHC.

- 9.2** In February 2022, the Deputy Commissioner Inland Revenue issued show cause notices under section 182 (2) of Income Tax Ordinance (ITO), 2001 alleging concealment of income / unexplained income / assets u/s 111 of ITO 2001 based on surmises and relating the same to biased conclusion made during tax audits carried out u/s 177 of ITO 2001 for Tax Year 2015 to Tax Year 2019 and proposed charging 100% penalty of approx. Rs.13 billion on the alleged concealed amount for the five tax years which are subjudice in legal course. These show cause notices are baseless and connected with the demand already raised in the order for audit which is being contested at various forums being frivolous. Management had accordingly replied to the notices in consultation with the tax advisor and had disclosed the same on prudence basis in the half yearly financial statements of March 2022. Subsequently, orders have been passed for the tax years 2015 and 2016 based on the above show cause notices. Currently, these orders are in

Commissioner Inland Revenue (Appeals) [CIRA]. Stay orders have been obtained from SHC for demand recovery till the cases are decided in CIRA. No provision has been made as the Company expects favourable outcome.

- 9.3** The Deputy Commissioner Inland Revenue passed an order in March 2022 disallowing input tax adjustment for the period from July 2021 to November 2021 amounting to Rs.86.6 million mainly on account of not charging further tax on sales to unregistered buyers. This contention of department is erroneous as sugar has been excluded from the purview of further tax as per SRO 648(I)/2013 as amended through SRO 692(1)/2019 dated 29 June, 2019. The company is contesting the same in appellate forums. Meanwhile, stay has been obtained from CIRA for demand recovery.
- 9.4** The Deputy Commissioner Inland Revenue passed order for Tax Year 2020 in April 2022 demanding Rs.42.55 million u/s 161(1) of Income Tax Ordinance 2001 by charging tax u/s 236H of the Income Tax Ordinance 2001 on sale to unregistered buyers and treated them as retailers instead of distributor/whole seller under 236G. However, keeping in view the definition given in the Sales Tax Act 1990 for distributor, whole seller and retailers, the company has collected the tax and deposited in government treasury accordingly. The case is under review in CIRA, meanwhile stay orders have been obtained from SHC for demand recovery till the matter is decided in CIRA. No provision has been made as the Company expects a favourable outcome.

## 10. SEASONAL PRODUCTION

Due to the seasonal availability of sugarcane, the production of sugar is carried out during the period of availability of sugarcane and costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the subsequent condensed interim financial statements.

## 11. EARNINGS PER SHARE- Basic & Diluted

	Period ended		Quarter ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Profit / (loss) after taxation (Rs.'000)	360,494	(36,865)	28,544	(62,430)
Weighted average no. of ordinary shares in issue	13,495,040	13,495,040	13,495,040	13,495,040
Earnings per share-basic (Rupees)	26.71	(2.73)	2.12	(4.63)

There is no dilutive effect on basic earnings per share of the Company.

## 12. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2021. There have been no changes in any risk management policies since the year end.

The carrying values of all financial and non-financial assets and liabilities measured at other than amortized cost in these condensed interim financial statements approximate their fair values.

## 13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary companies, related group companies, associated companies, key management personnel and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties.

Relationship	Nature of Transaction	Period ended		Quarter ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
(Rupees '000)					
Group companies / (Common directorship)	Goods purchased	62,932	4,742	3,124	340
	Services received	9,539	8,809	2,757	2,671
	Dividend received	15,362	8,068	-	-
Associated Company	Sales made	716,470	557,495	-	-
	Dividend received from associate	200,000	162,500	100,000	50,000
Other related parties	Charge for staff provident and gratuity funds	7,460	6,861	2,486	2,311
Key management personnel	Remuneration	76,540	57,600	29,552	28,851

In addition, certain actual administrative expenses are being shared amongst the group companies. Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length.

**Following are the related parties with whom the Company has entered into transaction or have arrangement / agreement in place.**

Name	Basis of association	Aggregate % of Shareholding
Faruque (Pvt) Ltd.	Common directorship	-
Cherat Cement Company Ltd.	Common directorship / Share holding	1.41
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship / Share holding	4.97
Greaves Engineering Services (Pvt) Ltd.	Common directorship	-
Greaves Airconditioning (Pvt) Ltd.	Common directorship	-
Madian Hydro Power Ltd.	Common directorship	-
Unicol Ltd.	Associated Company	33.33
UniEnergy Ltd.	Associated Company	7.69
Zensoft (Pvt) Ltd.	Group Company	-

**Outstanding balances, as at the reporting date, are disclosed as follows:**

	June 30, 2022	September 30, 2021 (Audited)
	(Rupees '000)	
<b>Associated Company</b>		
Trade and other payables	-	821
<b>Group Companies</b>		
Trade and other payables	222	-

#### 14. OPERATING SEGMENTS

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

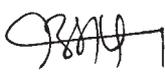
#### 15. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on July 28, 2022 by the Board of Directors of the Company.

#### 16. GENERAL

Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

  
Aslam Faruque  
Chief Executive

  
Muhammad Izqar Khan  
Director

  
Wasif Khalid  
Director & Chief Financial Officer



GHULAM FARUQUE  
GROUP

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