# Potential of Sugar Industry

Annual Report 2022

mehransugar.com

# Potential of Sugar Industry

We are seeing an increasing trend in the sugarcane production. Which is a great sign, and with the surplus from last year, potential in export is great. If we act fast, we can actually gain foreign exchange and sugar industry can be a major contributor in taking our economy forward. Our theme this year is about the potential in sugarcane industry and it’s bi-products. Let us take you through it and discover great things we can achieve.

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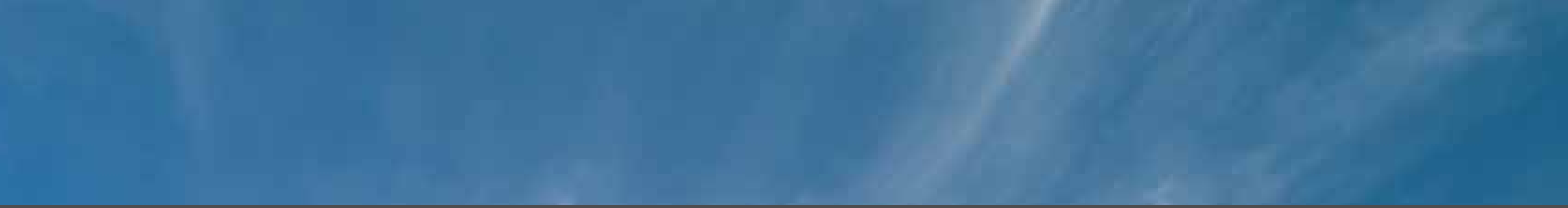
# KEY FIGURES

| | |
|---|---|
| 1 Turnover (Rs.) **7,982,754,657** | 4 Sugar Production (M.Tons) **95,642** |
| 2 Sucrose Recovery **11.16%** | 5 Molasses production (M. Tons) **39,811** |
| 3 Profit before tax (Rs.) **393,738,285** | 6 Bagasse Sold (M. Tons) **64,294** |

# VISION

We remain focused on being one of Pakistan's leading and largest sugar producers. A modern sugar mill must utilise its raw materials efficiently to produce sugar, ethanol and power at the most competitive pricing. Our vision remains to be the most economical and energy efficient producer of sugar and to ensure that we utilise all our by-products as effectively as possible.



# MISSION

Our Mission remains to ensure we can provide sustainable results and consistent growth to our shareholder. Our objective is to achieve this by utilising sugar and it's by products to add value and grow our business.

Basic Purpose: The basic purpose of our Enterprise is to perpetuate as a Public Limited Company engaged in manufacturing and marketing white refined cane sugar and brown sugar while utilising its sugar byproducts such as molasses and Baggasse to produce ethanol and power respectively. To ensure sustainability we also look to make long term investments in industries which we feel add value to our shareholder and to the country.

# COMPANY INFORMATION

**Board of Directors**

| | |
|---|---|
| Mr. Mohammed Kasim Hasham | Chairman |
| Mr. Ahmed Ebrahim Hasham | CEO |
| Mr. Mohammed Hussain Hasham | |
| Mr. Khurram Kasim | |
| Mr. Muhammad Iqbal | |
| Mrs. Anushey A. Hasham | |
| Ms. Sofia Kasim | |
| Mr. Muhammad Amin Mukaty | |
| Mr. Hasan Aziz Bilgrami | |
| Mr. Iftikhar Soomro | |

**Management Team**

| | |
|---|---|
| Mr. Ahmed Ebrahim Hasham | CEO |
| Mr. Muhammad Hanif Aziz | Chief Financial Officer |
| Mr. Syed Ehtesham-ud-din | Resident Director |
| Mr. Ubaid-ur-Rehman | GM Technical |
| Mr. Salman Ahmed Khan | Manager Production |
| Mr. Ali Hassan | GM Finance & Company Secretary |

**Auditors**

Grant Thornton Anjum Rahman
Chartered Accountants

**Board Committees**

**Audit Committee**

| | |
|---|---|
| Mr. Hasan Aziz Bilgrami | Chairman |
| Mr. Mohammed Hussain Hasham | Member |
| Mr. Khurram Kasim | Member |
| Mrs. Anushey A. Hasham | Member |
| Mr. Najamul Aqib | Secretary |

**Management Committee**

| | |
|---|---|
| Mr. Ahmed Ebrahim Hasham | Chairman |
| Mr. Muhammad Iqbal | |
| Mr. Muhammad Hanif Aziz | |
| Mr. Ehtesham-ud-din | |

**Human Resource & Remuneration Committee**

| | |
|---|---|
| Mr. Muhammad Amin Mukaty | Chairman |
| Mr. Ahmed Ebrahim Hasham | Member |
| Mr. Khurram Kasim | Member |
| Ms. Sofia Kasim | Member |

**Legal Advisor**

Sayeed & Sayeed
Advocate & Legal Consultants

KMS Law Associates
Advocates & Corporate Consultants

**Share Registrar**

C & K Management Associates (Pvt.) Ltd.
404, Trade Tower,
Abdullah Haroon Road,
Near Metropole Hotel, Karachi
Ph: +92 - 21 -35687839, 35685930

**Bankers**

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Ltd
Meezan Bank Limited
Standard Chartered Bank Limited

**Registered Office**

Executive Tower, Dolmen City,
14th Floor, Block-4, Marine Drive, Clifton,
Karachi-75600
Tel: (92 21) 35297814-17
Fax: (92 21) 35297818, 35297827
msm@mehransugar.com
www.mehransugar.com

**Mills**

Tando Adam Road, Distt. Tando Allahyar.
Tel: (022) 3414501, 3414502, 3414503
Fax: (022) 3414504

# Export
# Potential

Potential to be a continual sugar exporter by improving sugarcane yields on the farm and in the factory. Pakistan grows sugarcane on only 4 percent of its agriculture land. By utilising the same land but improving yields by 40/50 percent we have the potential to increase production by 4.0 Million Tons thus exporting USD 2.0 Billion of sugar and USD 500 Million of ethanol.

# SWOT ANALYSIS

## STRENGTHS

- Over 95 percent of cane in Mehran's cane zone is early maturing and high yielding which allows the Company to achieve sucrose recoveries, which are approximately 10% higher than the national average. This gives the Company a comparative advantage as compared to most other sugar mills in Pakistan.
- Mehran's goodwill in the region for payment and commitment allows it to procure cane competitively. The Company is thus able to get a preference in terms of quality, quantity and pricing.
- Mehran's Investment in Unicol has diversified its income base and allowed it to add value to its byproduct molasses. Unicol has doubled its ethanol capacity to 200,000 LPD and has set up a 72 Tons per day CO2 plant. The investment continues to pay regular dividends to Mehran.
- Mehran has diversified investments of over Rs. 1.25 Billion in the capital markets which also continue to contribute to the balance sheet in the form of dividends and capital gains.
- Mehran's investment in energy efficiency has meant that Baggasse savings continues to increase. This in the future shall become a source of energy for future growth into other industries.
- Mehran's strength lies in its policy to grow in a conservative yet sustainable manner. This has allowed it to establish a strong balance sheet, which is not heavily leveraged, hence allowing the Company to explore other business avenues to maximize Shareholder return

# WEAKNESS

- The nature of the sugar industry remains a controlled one. The provincial government sets cane prices, which at times are not in line with sugar sales prices. This reliance on government intervention especially considering cane and sugar can be politically sensitive can have a negative impact on the overall business.
- Change in the size of the sugarcane crop can have an effect on the financial results of the Company. Sugarcane crop sizes vary depending on the weather, water availability and pricing of competitive crops. Sugarcane disease can have a detrimental effect on both farmer and factory yields, which could also affect profitability.
- Since sugar is a commodity, the Company does not have much pricing power or any relative advantage as compared to its competitors. The only advantage the Company has is in timing its sales keeping in mind market movements.
- Sugar prices have continued to remain extremely volatile, which doesn't allow one to forecast future revenue streams. While sugar production is a seasonal operation, sales continue throughout the year, thus holding inventory is a risk, especially in a high interest rate environment like Pakistan.
- Sugar cane prices are set by the government on the basis of cost of sugarcane production. Low farmer yields have meant that this price is set higher than the global average. The high sugar cane price makes sugar production at times unviable for sale in the global market.
- With changing global environment, innovation is the need of hour to remain competitive, profitable and sustainable. Sugarcane required continuous research for development of new varieties, which are disease resistant and have high farm and factory yields. Sadly public or private institutions have not been able to establish any quality research institutes in the country, which could eventually make sugarcane farming and sugar milling globally in competitive.
- Countries law and order situation has at times created hindrances to attract foreign quality manpower in areas of innovation for farm and factory.
- Farm yields have not increased as much in Sind as Punjab. This means while recoveries are high the quantum of cane available to crush in our region needs to increase. The lower cane quantum increases cane prices which makes our cost uncompetitive

# SWOT ANALYSIS

## OPPORTUNITIES

- A modern sugar complex is a sugar, ethanol and power producer. While we at Mehran have tapped sugar production and ethanol production, the opportunity to produce power remains a huge one.
- Pakistan remains a power deficit nation and the opportunity to produce power remains huge. The sugar industry has the potential to produce over 3,000 MW of power whereby individual mills can set up plants as large as 100 MW. Mehran has also stepped into power generation and its supply to the national grid by signing a 5 MW PPA with NEPRA. By realizing the further potential of generating power from our indigenous source of fuel i.e. bagasse, a by-product of sugar mill, we have embarked upon putting up a co-gen plant of 26.5 MW.
- The need of the time is to bring new varieties with high sucrose recovery to improve our overall sugar production. Therefore, research and development needs to be given preferred attention for continuous improvement. While Pakistan's national recovery remains between 9.50-10.50% there are varieties being developed which could fetch recoveries of 12.00% and higher. Such varieties would make Pakistan globally competitive thus enhancing both farmer and miller revenue. Mehran at its own has initiated a research project with the assistance of Mauritius Sugar Research Institute to study and suggest ways and means to increase farm yield.
- There also lies potential in increasing farm yields, which would reduce the cost of the farmer thus making sugar cane cheaper as a raw material.
- Pakistan has a large indigenous population of close to 200 Million. This population continues to grow at a healthy rate. The population growth along with income prosperity means that demand for sugar is expected to grow continually for the foreseeable future allowing for future growth in the industry. We foresee sugar demand growing at 4-5 percent annually while many developed countries are seeing stagnant growth.
- Growing awareness has paved the way for brand loyalty. Mehran has also ventured into retail segment by launching Branded Sugar through its two brands "Sugarie" and "Chashnik". These products are now showing their presence & potential in the niche market.
- A modern and energy efficient sugar mill should aim to save a minimum 10 percent of cane crushed in the form of Baggasse. We are presently at 6 percent and see this as a revenue opportunity.
- We are shifting our focus onto cane development where we feel the potential of cane yields increasing at farm level is tremendous. Once we work with our farmer, it will allow their sugarcane plantations revenue to compete with other crops. The larger cane crop will provide more feedstock for mills to crush.

# THREATS

- Mehran has one of the most densely populated cane zones in Pakistan. The quantity of cane in the area allows the company to pay minimal transport costs for cane arrivals which gives it a comparative advantage, though frequent intervention by other sugar mills has somewhat diluted this advantage.
- Sugar mills are typically located in rural areas, which are more susceptible to Law and Order situation. The movement of our cane team as well as farming team in specific areas can also be difficult and restricted.
- Inflation affects the business due to cost increases. It also reduces the consumer buying power. Pakistan has been suffering from inflation since last few years. In order to curb inflation, State Bank of Pakistan regularly intervenes and revises interest rates, which affect the cost of doing business. A sudden surge in borrowing rates could adversely affect the Company's financials, though at present the rate has been declining. With increasing inflation, Sugar Mills have to produce specific quantity, which allows them to get benefit of economies of scale. It requires huge investment for expanding the capacity as well as robust maintenance activity, which may not be possible for every mill due to variety of factors. Hence, their competitiveness is affected.
- Proper maintenance during the off-season enables the plant to run smoothly during the season. Since the season is for a limited duration, a major breakdown could affect financial results for the entire year.
- In the last two decades, the industry has consistently increased its sugarcane crushing capacities without objectively ensuring an increase in the size of crop. A major challenge going ahead is to ensure increased sugarcane cultivation to match crushing capacity. This requires not only availability of sufficient water but also motivation to growers towards sugarcane crop.
- Sugar cane requires abundant quantity of water for cultivation. Pakistan with its growing population can in the future face such water constrains which could mitigate the growth of sugarcane and the industry.

# CODE OF CONDUCT & ETHICAL VALUES

The Company's reputation and its actions as a legal entity depend on the conduct of its employees. Each employee must commit to act according to the highest ethical standards and to know and abide by applicable laws. We each must assure that our personal conduct is beyond doubt and complies with the highest standards of conduct and business ethics..

**These principles highlight our responsibility to:**

promote ethical business practices

respect the environment and communities in which we operate

assure equal employment opportunities

value diversity in the workplace

provide healthy and safe working environment

respect human rights and trade ethically

## CONFIDENTIALITY

Confidential business information must not be shared with others outside the company or used for the personal gain of oneself or others. Employees, their family and close acquaintances should not buy or sell company shares if they have material information that has not been made public and could affect our share price.

We expect employees to keep all information confidential. This might include plans to buy or sell business, product formulation, manufacturing processes, advertising, marketing plans, concepts, research and development, suppliers, customers, financial information, personnel and employment matters, and other information which is not generally known to the public. We will make sure that they are aware of their obligations and also expect them to take steps to prevent unintentional disclosure. These obligations apply to all Employees, including those who leave the company

# HEALTH AND SAFETY

We recognize the importance of health and safety within our business. We seek to provide a healthy, safe and clean working environment in line with local laws, regulations and industrial practice. We measure, appraise and report performance, as part of our commitment to the health and safety of our employees, contractors and everyone who works on or visits our sites.

# THE ENVIRONMENT

We recognize our environmental responsibilities and our contribution to sustainable development. Our environment policy and its management processes deal not only with the environmental issues connected to our manufacturing processes and facilities, but also with Protecting the ecosystems from which we derive our raw materials, management of our supply chain, and distributing, selling and consumption of our products.

# WORK ATMOSPHERE

MSML respects and highly values its diverse employee population. Accordingly, the company has an unwavering ethical commitment toward promoting a workplace that is respectful of personal differences and free of discrimination and harassment. This principle applies in our hiring and interviewing process as well as all aspects of our work environment.

# Energy Potential

Potential to produce energy from Baggasse or more interestingly potential to produce ethanol from Baggasse. Sugar mills can save and use their Baggasse to produce 3,000 MW of Indigenous electricity for the national grid or invest in the 2nd generation technology of producing ethanol directly from Baggasse. There is a potential of producing a further 500,000 Tons of ethanol and exporting it globally.

# BUSINESS STRATEGY AND GOALS

Mehran Sugar Mills Limited is a progressive and diversified sugarcane milling company with an objective to achieve growth through maximum capacity utilization, economies of scale and cost rationalization, without compromising the premium quality of products produced. We invest in our production facility and latest technologies on a systematic basis to achieve maximum productivity. Our ultimate goal is to ensure maximum returns to the shareholders within our resources.

# MANAGEMENT COMMITTEES

Various committees have been formed to look after the operational and financial matters of the Company. A brief description of the composition and their related tasks are as follows:

## EXECUTIVE COMMITTEE

The Committee meets to discuss and coordinate various operational activities of the Company. The Chief Executive Officer of the Company is the Chairman of the Committee while Chief Financial Officer, Resident Director, GM Cane / Development are the members of the Committee.

## HUMAN RESOURCE & REMUNERATION COMMITTEE

The Human Resource Development Committee is responsible for necessary training and capacity building of staff at mill site as well as at Head office. It is also responsible for staff as well as executive Directors' annual appraisal and compensation. The Committee comprises of a Chairman, an independent Director, Chief Executive Officer and a non-executive Director.

## AUDIT COMMITTEE

It is a statutory Committee formed as per requirements of Code of Corporate Governance; it is responsible to ensure that all functions of the Company operations are regularly audited and their reports are reviewed regularly for ensuring the work as per Company policy. It consists of a Chairman, an independent Director and three other nonexecutive Directors.

# BOARD OF DIRECTORS

**Muhammad Kasim Hasham**
Chairman

Bachelor's Degree

Karachi University

**Muhammad Hussain Hasham**
Director (Non-Executive)

B.A (Business)

Chapman University,
California, USA.

**Khurram Kasim**
Director (Non-Executive)

Bachelor of Science
(Marketing)

Babson College,
Massachusetts, USA.

**Ahmed Ebrahim Hasham**
Chief Executive Officer

Bachelor of Arts
(Economics and IR)

Tufts University,
Medford MA, USA.

**Muhammad Iqbal**
Director (Non-Executive)

CA-Finalist

Institute of Chartered
Accountants of Pakistan

**Anushey A. Hasham**
Director (Non-Executive)

B.A (Management and Marketing)

New York University (NYU)
New York, USA

**Sofia Kasim**
Director (Non-Executive)

Bachelor of Arts

Karachi University

**Hasan Aziz Bilgrami**
Director (Independent)

FCMA (Pak), CPA (Aus),

FCSI (Canada)

**Iftikhar Soomro**
Director (Independent)

Bachelor of Arts (Economics)

Karachi University

**Muhammad Amin Mukaty**
Director (Independent)

Masters in Business Administration

California State University,
Fullerton, USA

# Foreign Exchange **Potential**

Potential to utilise sugarcane directly for ethanol production and increase exports further. Countries such as Brazil and India are directly feeding sugarcane over and above their sugar requirement and processing it for ethanol.

# INVESTOR RELATIONS

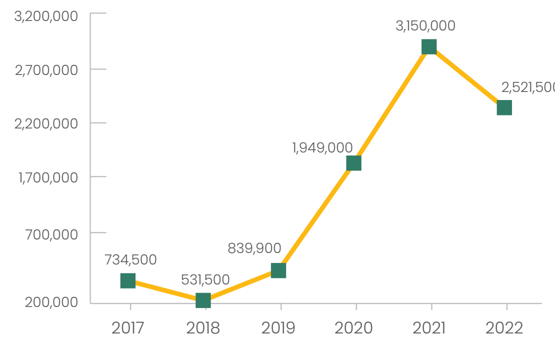
| | |
|---|---|
| Share Registrar | C & K Management Associates (Pvt) Ltd.<br>404, Trade Tower, Abdullah Haroon Road,<br>Near Metropole Hotel, Karachi<br>Ph: +92 - 21 -35687839, 35685930 |
| Contact Person | Mr. Muhammad Zakir |
| Date of Annual General meeting | 27/01/2023 |

| | 1st Qtr | Half Year | 3rd Qtr | Annual |
|---|---|---|---|---|
| Date of Board of Directors meeting (Tentative) | 26/01/2023 | 23/05/2023 | 28/07/2023 | 26/12/2023 |

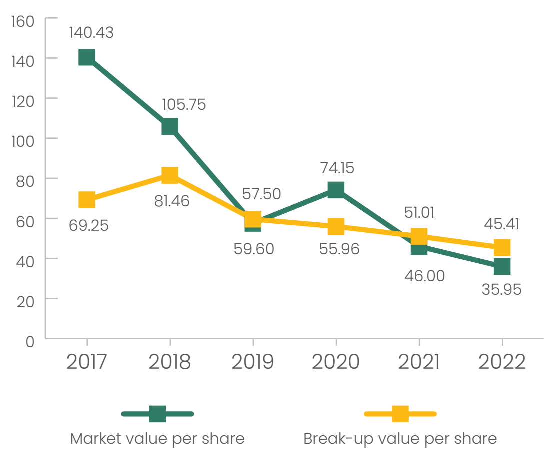
| | **2022** | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| Number of Shares (Issued / Paid-up) | **60,547,564** | 48,927,325 | 46,597,452 | 40,519,524 | 32,031,245 | 32,031,245 |
| (Loss) / Earning per share | **5.34** | (0.49) | 1.01 | 9.97 | 12.89 | 4.11 |
| Break-up value per share | **45.41** | 51.01 | 55.96 | 59.60 | 81.46 | 69.25 |
| Market Capitalization | **2,176,684,929** | 2,250,656,932 | 3,455,201,066 | 2,329,872,630 | 3,387,304,159 | 4,498,147,735 |
| Market value of share on 30th September | **35.95** | 46.00 | 74.15 | 57.50 | 105.75 | 140.43 |
| P/E Ratio | **6.73** | (93.88) | 73.42 | 5.77 | 8.20 | 34.17 |
| Cash Dividend % | **7.50** | 15.00 | 12.50 | 32.50 | 30.00 | 32.50 |
| Bonus Shares % | **25.00** | 10.00 | 5.00 | 25.00 | 15.00 | - |
| Number of shares Traded | **2,521,500** | 3,150,000 | 1,949,000 | 839,900 | 531,500 | 734,500 |
| Highest price during the year | **50.80** | 73.00 | 91.44 | 122.88 | 140.00 | 241.50 |
| Lowest price during the year | **33.10** | 45.24 | 48.00 | 48.45 | 94.00 | 110.00 |

## Share price trend

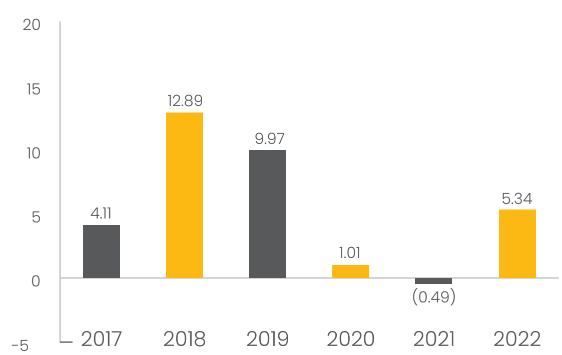

## Mehran's Shares Turnover




## Breakup vs Market value




## Earnings per share



# MANAGEMENT TEAM

**Mr. Ahmed Ebrahim Hasham**
Managing Director
Joined Mehran in 2000
Bachelor of Arts (Economics and IR) Tufts University, Medford MA, USA

**Work Experience:**
22 years of practical experience in various sectors

**Mr. Muhammad Hanif Aziz**
CFO
Joined Mehran in 2004
FCMA - Institute of Cost & Management Accountants of Pakistan
FCIS - Institute of Corporate Secretaries of Pakistan

**Work Experience:**
38 years of practical experience with multinational and national companies.

**Mr. Ali Hassan**
GM Finance / Company Secretary
Joined Mehran in 2022
ACA - Institute of Chartered Accountants of Pakistan
B.Sc (Hons) – Sindh Agriculture University Tando Jam

**Work Experience:**
14 years of practical experience with various manufacturing sectors

**Mr. Syed Ehtesham-ud-Din**
Resident Director
Joined Mehran in 2004
Bachelor of Arts

**Work Experience:**
41 years of practical experience in the sugar Industry.

**Mr. Ubaid-Ur-Rehman**
GM Technical
Joined Mehran in 2012
B-Tech (Hons) in Mechanical Engineering from Mehran University of Engineering - Jamshoro

**Work Experience:**
40 years of practical experience in the sugar industry.

**Mr. Salman Ahmed Khan**
Manager Production
Joined Mehran in 2019
Master of Science (Chemistry)
From Bahauddin Zakariya University

**Work Experience:**
12 years of practical experience in the sugar Industry.

# By-Products **Potential**

Potential to further produce ethanol from molasses as well as produce more clean burning gases from molasses processing. Sugar mills interestingly don't use any power from the grid and use Baggasse or Methane for their requirements. There is further Potential to use this technology and reduce reliance on imported fuels.


99.5%
Ethanol

# HORIZONTAL & VERTICAL ANALYSIS

## STATEMENT OF PROFIT OR LOSS

Rupees in thousand

| HORIZONTAL ANALYSIS | 2022 | | 2021 | |
|---|---|---|---|---|
| | Rs. | % | Rs. | % |
| Turnover | 6,898.03 | 13.76 | 6,063.54 | (5.62) |
| Cost of sales | (6,090.62) | 12.23 | (5,426.68) | (8.94) |
| **Gross Profit** | 807.41 | 26.78 | 636.86 | 36.92 |
| Distribution costs | (72.56) | 60.51 | (45.21) | (3.97) |
| Administrative expenses | (255.40) | (2.55) | (262.08) | 19.71 |
| Other expenses | (111.89) | (24.02) | (147.26) | 2,311.60 |
| Other income | 156.85 | (32.93) | 233.87 | (10.59) |
| Share of Profit from associates | 440.14 | 614.53 | 61.60 | (19.92) |
| Provision for impairment on long-term investment | - | (100.00) | (122.43) | (100.00) |
| Allowance for expected credit loss on long-term receivables | (44.49) | (38.99) | (72.92) | 174.73 |
| Finance costs | (526.32) | 98.95 | (264.55) | (22.72) |
| **Profit before taxation** | 393.74 | 2,101.22 | 17.89 | (89.00) |
| Taxation | (104.38) | 150.28 | (41.70) | (63.93) |
| **Net (Loss) / Profit for the year** | 289.36 | (1,314.99) | (23.82) | (150.64) |

| VERTICAL ANALYSIS | 2022 | | 2021 | |
|---|---|---|---|---|
| | Rs. | % | Rs. | % |
| Turnover | 6,898.03 | 100.00 | 6,063.54 | 100.00 |
| Cost of sales | (6,090.62) | (88.30) | (5,426.68) | (89.50) |
| **Gross Profit** | 807.41 | 11.70 | 636.86 | 10.50 |
| Distribution costs | (72.56) | (1.05) | (45.21) | (0.75) |
| Administrative expenses | (255.40) | (3.70) | (262.08) | (4.32) |
| Other expenses | (111.89) | (1.62) | (147.26) | (2.43) |
| Other income | 156.85 | 2.27 | 233.87 | 3.86 |
| Share of Profit from associates | 440.14 | 6.38 | 61.60 | 1.02 |
| Provision for impairment on long-term investment | - | - | (122.43) | (2.02) |
| Allowance for expected credit loss on long-term receivables | (44.49) | (0.64) | (72.92) | (1.20) |
| Finance costs | (526.32) | (7.63) | (264.55) | (4.36) |
| **Profit before taxation** | 393.74 | 5.71 | 17.89 | 0.30 |
| Taxation | (104.38) | (1.51) | (41.70) | (0.69) |
| **Net (Loss) / Profit for the year** | 289.36 | 4.19 | (23.82) | (0.39) |

| 2020 | | 2019 | | 2018 | | 2017 | |
|---|---|---|---|---|---|---|---|
| Rs. | % | Rs. | % | Rs. | % | Rs. | % |
| 6,424.68 | 20.95 | 5,311.77 | 10.87 | 4,790.79 | (12.91) | 5,500.84 | (22.67) |
| (5,959.54) | 32.69 | (4,491.46) | 6.91 | (4,201.11) | (19.72) | (5,232.83) | (17.86) |
| 465.14 | (43.30) | 820.31 | 39.11 | 589.68 | 120.03 | 268.00 | (63.92) |
| (47.08) | (20.96) | (59.56) | (46.56) | (111.45) | 34.21 | (83.04) | 125.12 |
| (218.92) | (14.16) | (255.03) | (7.69) | (276.26) | 13.58 | (243.24) | 23.20 |
| (6.11) | (51.96) | (12.71) | (81.68) | (69.39) | 641.61 | (9.36) | (77.29) |
| 261.56 | 231.00 | 79.02 | (53.39) | 169.54 | (53.26) | 362.73 | 98.19 |
| 76.92 | (76.32) | 324.89 | (4.45) | 340.02 | 239.63 | 100.11 | (13.89) |
| - | - | - | - | - | - | - | - |
| (26.54) | (100.00) | - | - | - | - | - | - |
| (342.32) | (11.03) | (384.77) | 81.15 | (212.41) | 8.00 | (196.67) | 99.41 |
| 162.65 | (68.24) | 512.15 | 19.18 | 429.72 | 116.43 | 198.55 | (70.28) |
| (115.62) | 6.75 | (108.31) | 543.77 | (16.82) | (74.84) | (66.87) | (47.01) |
| 47.03 | (88.36) | 403.83 | (2.20) | 412.90 | 213.57 | 131.68 | (75.70) |

| 2020 | | 2019 | | 2018 | | 2017 | |
|---|---|---|---|---|---|---|---|
| Rs. | % | Rs. | % | Rs. | % | Rs. | % |
| 6,424.68 | 100.00 | 5,311.77 | 100.00 | 4,790.79 | 100.00 | 5,500.84 | 100.00 |
| (5,959.54) | (92.76) | (4,491.46) | (84.56) | (4,201.11) | (87.69) | (5,232.83) | (95.13) |
| 465.14 | 7.24 | 820.31 | 15.44 | 589.68 | 12.31 | 268.00 | 4.87 |
| (47.08) | (0.73) | (59.56) | (1.12) | (111.45) | (2.33) | (83.04) | (1.51) |
| (218.92) | (3.41) | (255.03) | (4.80) | (276.26) | (5.77) | (243.24) | (4.42) |
| (6.11) | (0.10) | (12.71) | (0.24) | (69.39) | (1.45) | (9.36) | (0.17) |
| 261.56 | 4.07 | 79.02 | 1.49 | 169.54 | 3.54 | 362.73 | 6.59 |
| 76.92 | 1.20 | 324.89 | 6.12 | 340.02 | 7.10 | 100.11 | 1.82 |
| - | - | - | - | - | - | - | - |
| (26.54) | (0.41) | - | - | - | - | - | - |
| (342.32) | (5.33) | (384.77) | (7.24) | (212.41) | (4.43) | (196.67) | (3.58) |
| 162.65 | 2.53 | 512.15 | 9.64 | 429.72 | 8.97 | 198.55 | 3.61 |
| (115.62) | (1.80) | (108.31) | (2.04) | (16.82) | (0.35) | (66.87) | (1.22) |
| 47.03 | 0.73 | 403.83 | 7.60 | 412.90 | 8.62 | 131.68 | 2.39 |

# HORIZONTAL ANALYSIS

## STATEMENT OF FINANCIAL POSITION

Rupees in thousand

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Rs. | % | Rs. | % |
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | 2,447.68 | 3.16 | 2,372.81 | 8.29 |
| Right-of-Use-Assets | 49.94 | (3.17) | 51.58 | (35.94) |
| Long-term receivable | 160.17 | (21.74) | 204.66 | (26.27) |
| Long-term investment | 1,166.91 | 10.95 | 1,051.77 | (14.88) |
| Long-term deposits | 3.44 | 303.14 | 0.85 | - |
| | 3,828.13 | 3.98 | 3,681.67 | (2.75) |
| **CURRENT ASSETS** | | | | |
| Biological assets | 24.56 | 3.32 | 23.77 | 42.99 |
| Stores and spare parts | 144.31 | 30.59 | 110.50 | 0.14 |
| Stock-in-trade | 1,553.31 | 176.60 | 561.56 | 823.91 |
| Trade debts | 100.42 | 44.14 | 69.67 | 282.67 |
| Loans and advances | 63.26 | 15.08 | 54.98 | 18.80 |
| Trade deposits and short-term prepayments | 11.34 | 75.00 | 6.48 | 48.70 |
| Other receivables | 0.10 | (89.86) | 0.99 | 21.45 |
| Short-term investments | 732.42 | (44.39) | 1,317.09 | 18.86 |
| Taxation – net | 58.42 | 5.80 | 55.22 | 40.29 |
| Cash and bank balances | 33.27 | 206.63 | 10.85 | 6.98 |
| | 2,721.41 | 23.08 | 2,211.11 | 56.26 |
| **TOTAL ASSETS** | 6,595.89 | 11.93 | 5,892.78 | 13.31 |
| **EQUITY AND LIABILITIES** | | | | |
| **SHARE CAPITAL AND RESERVES** | | | | |
| Share capital | 605.48 | 23.75 | 489.27 | 5.00 |
| Reserves | 2,144.18 | 6.86 | 2,006.55 | (6.30) |
| | 2,749.65 | 10.17 | 2,495.83 | (4.28) |
| **NON-CURRENT LIABILITIES** | | | | |
| Long-term financing | 642.02 | (30.41) | 922.59 | (18.05) |
| Lease liabilities | 33.55 | 9.63 | 30.60 | 4.60 |
| Market committee fee payable | 49.45 | (3.38) | 51.18 | 78.48 |
| Deferred liabilities | 3.97 | (7.67) | 4.30 | (3.24) |
| Deferred income - government grant | 103.37 | 46.08 | 70.76 | 1,857.80 |
| Deferred taxation - net | 47.09 | (40.83) | 79.58 | (53.45) |
| Provision for quality premium | - | (100.00) | 119.29 | - |
| | 879.45 | (31.20) | 1,278.31 | (13.75) |
| **CURRENT LIABILITIES** | | | | |
| Trade and other payables | 456.87 | (3.09) | 471.46 | 3.77 |
| Contract liabilities (advances from customers) | 505.94 | 1,362.58 | 34.59 | (5.20) |
| Unclaimed dividend | 19.71 | 1.94 | 19.33 | 3.66 |
| Accrued mark-up | 96.52 | 90.43 | 50.68 | 149.20 |
| Short-term borrowings | 1,258.05 | 18.25 | 1,063.92 | 257.04 |
| Provision for market committee fee | 15.39 | 125.61 | 6.82 | (84.48) |
| Current portion of non-current liabilities | 408.20 | 3.36 | 394.93 | 199.21 |
| Sales tax and federal excise duty payable | 206.11 | 168.03 | 76.90 | (28.41) |
| Income tax payable | - | - | - | - |
| | 2,966.79 | 40.03 | 2,118.64 | 90.67 |
| **TOTAL EQUITY AND LIABILITIES** | 6,595.89 | 11.93 | 5,892.78 | 13.31 |

| 2020 Rs. | 2020 % | 2019 Rs. | 2019 % | 2018 Rs. | 2018 % | 2017 Rs. | 2017 % |
|---|---|---|---|---|---|---|---|
| 2,191.14 | 0.02 | 2,190.68 | 1.03 | 2,168.33 | (0.91) | 2,188.13 | 12.04 |
| 80.52 | 100.00 | - | - | - | - | - | - |
| 277.58 | 100.00 | - | - | - | - | - | - |
| 1,235.65 | (9.30) | 1,362.37 | 14.46 | 1,190.22 | 21.74 | 977.68 | 27.71 |
| 0.85 | (1.16) | 0.86 | (1.15) | 0.87 | (21.63) | 1.11 | 30.47 |
| 3,785.74 | 6.52 | 3,553.92 | 5.79 | 3,359.42 | 6.08 | 3,166.92 | 16.46 |
| 16.62 | 9.03 | 15.25 | 73.52 | 8.79 | (50.26) | 17.66 | (59.72) |
| 110.34 | 7.73 | 102.42 | 0.74 | 101.67 | 21.21 | 83.88 | 16.09 |
| 60.78 | (94.27) | 1,060.60 | (9.13) | 1,167.16 | (3.18) | 1,205.46 | 192.56 |
| 18.21 | (76.99) | 79.13 | (39.40) | 130.58 | (25.17) | 174.51 | 1,552.61 |
| 46.27 | (60.34) | 116.69 | 0.54 | 116.07 | (21.76) | 148.34 | 37.08 |
| 4.36 | (52.93) | 9.26 | (28.12) | 12.88 | 66.13 | 7.75 | 18.94 |
| 0.82 | (99.74) | 317.56 | (45.32) | 580.80 | 12,824.15 | 4.49 | 20.89 |
| 1,108.08 | 11.32 | 995.38 | (20.92) | 1,258.74 | 51.60 | 830.32 | (24.91) |
| 39.36 | (2.21) | 40.25 | (51.11) | 82.33 | 50.75 | 54.62 | 100.00 |
| 10.14 | (98.49) | 672.98 | 4,118.22 | 15.95 | (44.53) | 28.76 | (16.49) |
| 1,414.98 | (58.50) | 3,409.53 | (1.88) | 3,474.98 | 35.96 | 2,555.80 | 42.19 |
| 5,200.72 | (25.31) | 6,963.45 | 1.89 | 6,834.40 | 19.43 | 5,722.73 | 26.70 |
| 465.97 | 15.00 | 405.20 | 26.50 | 320.31 | - | 320.31 | - |
| 2,141.53 | 6.56 | 2,009.70 | (12.20) | 2,289.01 | 20.60 | 1,897.94 | (5.25) |
| 2,607.51 | 7.98 | 2,414.90 | (7.45) | 2,609.32 | 17.63 | 2,218.25 | (4.53) |
| 1,125.82 | 53.00 | 735.83 | (1.29) | 745.41 | 66.11 | 448.75 | 47.20 |
| 29.26 | 42.08 | 20.59 | 13.10 | 18.21 | (42.54) | 31.69 | 49.39 |
| 28.68 | 22.64 | 23.38 | (10.45) | 26.11 | (60.42) | 65.97 | (6.20) |
| 4.45 | (6.66) | 4.76 | (0.47) | 4.79 | (1.91) | 4.88 | 4.98 |
| 3.61 | 100.00 | - | - | - | - | - | - |
| 170.97 | (14.34) | 199.58 | (11.60) | 225.77 | (21.67) | 288.21 | (10.67) |
| 119.29 | - | 119.29 | - | 119.29 | - | 119.29 | - |
| 1,482.07 | 34.31 | 1,103.44 | (3.17) | 1,139.58 | 18.86 | 958.79 | 13.74 |
| 454.31 | (32.89) | 676.96 | 50.93 | 448.53 | 0.77 | 445.09 | (16.59) |
| 36.49 | (91.22) | 415.59 | 46.99 | 282.73 | (53.50) | 608.07 | 9.42 |
| 18.65 | 5.41 | 17.69 | (9.28) | 19.50 | (45.48) | 35.77 | 49.98 |
| 20.34 | (83.79) | 125.50 | 154.80 | 49.25 | 52.37 | 32.32 | 265.60 |
| 297.98 | (82.98) | 1,750.71 | (10.99) | 1,966.89 | 76.08 | 1,117.04 | 100.00 |
| 43.97 | 17.48 | 37.42 | 23.10 | 30.40 | 52.25 | 19.97 | 112.29 |
| 131.99 | (59.93) | 329.36 | 44.53 | 227.88 | 23.70 | 184.22 | (1.28) |
| 107.41 | 16.90 | 91.88 | 52.36 | 60.31 | (41.57) | 103.20 | 915.64 |
| - | - | - | - | - | - | - | (100.00) |
| 1,111.14 | (67.75) | 3,445.11 | 11.66 | 3,085.50 | 21.21 | 2,545.68 | 88.52 |
| 5,200.72 | (25.31) | 6,963.45 | 1.89 | 6,834.40 | 19.43 | 5,722.73 | 26.70 |

# VERTICAL ANALYSIS

## STATEMENT OF FINANCIAL POSITION

Rupees in thousand

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Rs. | % | Rs. | % |
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | 2,447.68 | 37.11 | 2,372.81 | 40.27 |
| Right-of-Use-Assets | 49.94 | 0.76 | 51.58 | 0.88 |
| Long-term receivable | 160.17 | 2.43 | 204.66 | 3.47 |
| Long-term investment | 1,166.91 | 17.69 | 1,051.77 | 17.85 |
| Long-term deposits | 3.44 | 0.05 | 0.85 | 0.01 |
| | 3,828.13 | 58.04 | 3,681.67 | 62.48 |
| **CURRENT ASSETS** | | | | |
| Biological assets | 24.56 | 0.37 | 23.77 | 0.40 |
| Stores and spare parts | 144.31 | 2.19 | 110.50 | 1.88 |
| Stock-in-trade | 1,553.31 | 23.55 | 561.56 | 9.53 |
| Trade debts | 100.42 | 1.52 | 69.67 | 1.18 |
| Loans and advances | 63.26 | 0.96 | 54.98 | 0.93 |
| Trade deposits and short-term prepayments | 11.34 | 0.17 | 6.48 | 0.11 |
| Other receivables | 0.10 | 0.00 | 0.99 | 0.02 |
| Short-term investments | 732.42 | 11.10 | 1,317.09 | 22.35 |
| Taxation – net | 58.42 | 0.89 | 55.22 | 0.94 |
| Cash and bank balances | 33.27 | 0.50 | 10.85 | 0.18 |
| | 2,721.41 | 41.26 | 2,211.11 | 37.52 |
| **TOTAL ASSETS** | 6,595.89 | 100.00 | 5,892.78 | 100.00 |
| **EQUITY AND LIABILITIES** | | | | |
| **SHARE CAPITAL AND RESERVES** | | | | |
| Share capital | 605.48 | 9.18 | 489.27 | 8.30 |
| Reserves | 2,144.18 | 32.51 | 2,006.55 | 34.05 |
| | 2,749.65 | 41.69 | 2,495.83 | 42.35 |
| **NON-CURRENT LIABILITIES** | | | | |
| Long-term financing | 642.02 | 9.73 | 922.59 | 15.66 |
| Lease liabilities | 33.55 | 0.51 | 30.60 | 0.52 |
| Market committee fee payable | 49.45 | 0.75 | 51.18 | 0.87 |
| Deferred liabilities | 3.97 | 0.06 | 4.30 | 0.07 |
| Deferred income - government grant | 103.37 | 1.57 | 70.76 | 1.20 |
| Deferred taxation - net | 47.09 | 0.71 | 79.58 | 1.35 |
| Provision for quality premium | - | - | 119.29 | 2.02 |
| | 879.45 | 13.33 | 1,278.31 | 21.69 |
| **CURRENT LIABILITIES** | | | | |
| Trade and other payables | 456.87 | 6.93 | 471.46 | 8.00 |
| Contract liabilities (advances from customers) | 505.94 | 7.67 | 34.59 | 0.59 |
| Unclaimed dividend | 19.71 | 0.30 | 19.33 | 0.33 |
| Accrued mark-up | 96.52 | 1.46 | 50.68 | 0.86 |
| Short-term borrowings | 1,258.05 | 19.07 | 1,063.92 | 18.05 |
| Provision for market committee fee | 15.39 | 0.23 | 6.82 | 0.12 |
| Current portion of non-current liabilities | 408.20 | 6.19 | 394.93 | 6.70 |
| Sales tax and federal excise duty payable | 206.11 | 3.12 | 76.90 | 1.30 |
| Income tax payable | - | - | - | - |
| | 2,966.79 | 44.98 | 2,118.64 | 35.95 |
| **TOTAL EQUITY AND LIABILITIES** | 6,595.89 | 100.00 | 5,892.78 | 100.00 |

| 2020 | | 2019 | | 2018 | | 2017 | |
|---|---|---|---|---|---|---|---|
| Rs. | % | Rs. | % | Rs. | % | Rs. | % |
| 2,191.14 | 42.13 | 2,190.68 | 31.46 | 2,168.33 | 31.73 | 2,188.13 | 38.24 |
| 80.52 | 1.55 | - | - | - | - | - | - |
| 277.58 | 5.34 | - | - | - | - | - | - |
| 1,235.65 | 23.76 | 1,362.37 | 19.56 | 1,190.22 | 17.42 | 977.68 | 17.08 |
| 0.85 | 0.02 | 0.86 | 0.01 | 0.87 | 0.01 | 1.11 | 0.02 |
| 3,785.74 | 72.79 | 3,553.92 | 51.04 | 3,359.42 | 49.15 | 3,166.92 | 55.34 |
| | | | | | | | |
| 16.62 | 0.32 | 15.25 | 0.22 | 8.79 | 0.13 | 17.66 | 0.31 |
| 110.34 | 2.12 | 102.42 | 1.47 | 101.67 | 1.49 | 83.88 | 1.47 |
| 60.78 | 1.17 | 1,060.60 | 15.23 | 1,167.16 | 17.08 | 1,205.46 | 21.06 |
| 18.21 | 0.35 | 79.13 | 1.14 | 130.58 | 1.91 | 174.51 | 3.05 |
| 46.27 | 0.89 | 116.69 | 1.68 | 116.07 | 1.70 | 148.34 | 2.59 |
| 4.36 | 0.08 | 9.26 | 0.13 | 12.88 | 0.19 | 7.75 | 0.14 |
| 0.82 | 0.02 | 317.56 | 4.56 | 580.80 | 8.50 | 4.49 | 0.08 |
| 1,108.08 | 21.31 | 995.38 | 14.29 | 1,258.74 | 18.42 | 830.32 | 14.51 |
| 39.36 | 0.76 | 40.25 | 0.58 | 82.33 | 1.20 | 54.62 | 0.95 |
| 10.14 | 0.20 | 672.98 | 9.66 | 15.95 | 0.23 | 28.76 | 0.50 |
| 1,414.98 | 27.21 | 3,409.53 | 48.96 | 3,474.98 | 50.85 | 2,555.80 | 44.66 |
| | | | | | | | |
| 5,200.72 | 100.00 | 6,963.45 | 100.00 | 6,834.40 | 100.00 | 5,722.73 | 100.00 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 465.97 | 8.96 | 405.20 | 5.82 | 320.31 | 4.69 | 320.31 | 5.60 |
| 2,141.53 | 41.18 | 2,009.70 | 28.86 | 2,289.01 | 33.49 | 1,897.94 | 33.17 |
| 2,607.51 | 50.14 | 2,414.90 | 34.68 | 2,609.32 | 38.18 | 2,218.25 | 38.76 |
| | | | | | | | |
| 1,125.82 | 21.65 | 735.83 | 10.57 | 745.41 | 10.91 | 448.75 | 7.84 |
| 29.26 | 0.56 | 20.59 | 0.30 | 18.21 | 0.27 | 31.69 | 0.55 |
| 28.68 | 0.55 | 23.38 | 0.34 | 26.11 | 0.38 | 65.97 | 1.15 |
| 4.45 | 0.09 | 4.76 | 0.07 | 4.79 | 0.07 | 4.88 | 0.09 |
| 3.61 | 0.07 | - | - | - | - | - | - |
| 170.97 | 3.29 | 199.58 | 2.87 | 225.77 | 3.30 | 288.21 | 5.04 |
| 119.29 | 2.29 | 119.29 | 1.71 | 119.29 | 1.75 | 119.29 | 2.08 |
| 1,482.07 | 28.50 | 1,103.44 | 15.85 | 1,139.58 | 16.67 | 958.79 | 16.75 |
| | | | | | | | |
| 454.31 | 8.74 | 676.96 | 9.72 | 448.53 | 6.56 | 445.09 | 7.78 |
| 36.49 | 0.70 | 415.59 | 5.97 | 282.73 | 4.14 | 608.07 | 10.63 |
| 18.65 | 0.36 | 17.69 | 0.25 | 19.50 | 0.29 | 35.77 | 0.63 |
| 20.34 | 0.39 | 125.50 | 1.80 | 49.25 | 0.72 | 32.32 | 0.56 |
| 297.98 | 5.73 | 1,750.71 | 25.14 | 1,966.89 | 28.78 | 1,117.04 | 19.52 |
| 43.97 | 0.85 | 37.42 | 0.54 | 30.40 | 0.44 | 19.97 | 0.35 |
| 131.99 | 2.54 | 329.36 | 4.73 | 227.88 | 3.33 | 184.22 | 3.22 |
| 107.41 | 2.07 | 91.88 | 1.32 | 60.31 | 0.88 | 103.20 | 1.80 |
| - | - | - | - | - | - | - | - |
| 1,111.14 | 21.37 | 3,445.11 | 49.47 | 3,085.50 | 45.15 | 2,545.68 | 44.48 |
| | | | | | | | |
| 5,200.72 | 100.00 | 6,963.45 | 100.00 | 6,834.40 | 100.00 | 5,722.73 | 100.00 |

# FACTORY PROFILE

**Date of Incorporation**
December 22, 1965

**Date of Commencement of Business**
March 19, 1966

**Start of Commercial Production**
January 1969

**Installed Capacity**
12,500 Tons Cane Crushing Per Day

**Total Land Area**
127 Acres

**Total Farming Area**
152 Acres

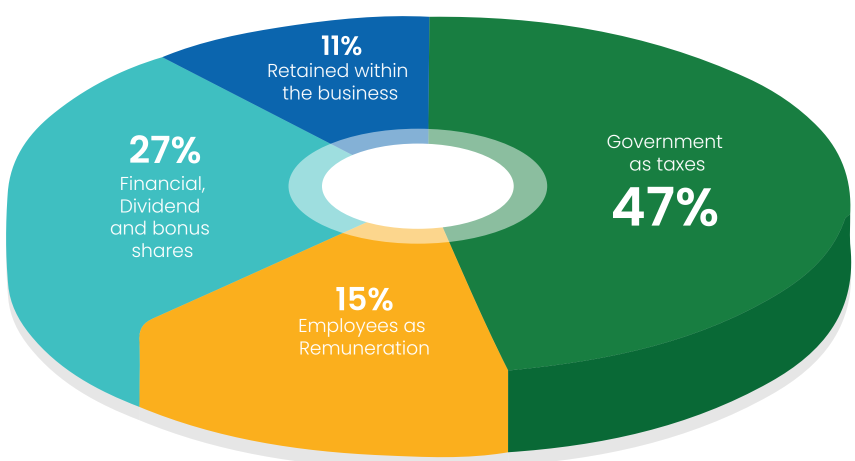
**Facilities at our Mills**

- Two Mosques - Factory & Colony.
- Recreation Centre at officers mess equipped with Indoor Games, TV, Videos and other facilities.
- Cricket Ground, Tennis Court, Park, School/ College Bus facility.
- Private Electric Generator for Uninterrupted Power Supply.
- Clean Water Supply with UV Filters.
- Transport Facility for City & Adjoining Areas.
- Accommodation for Officers and Company Guests with all facilities.
- Hostel of 36,000 sq.ft for accommodation for seasonal workers and staff of various contractors engaged during crushing season.

# STATEMENT OF VALUE ADDITION

| | 2022 Rupees | % | 2021 Rupees | % |
|---|---|---|---|---|
| **WEALTH GENERATED** | | | | |
| Gross revenue | **7,982,754,657** | | 6,974,385,062 | |
| Expenses | **5,336,431,036** | | 5,136,224,002 | |
| Wealth generated | **2,646,323,621** | 100 | 1,838,161,060 | 100 |
| **WEALTH DISTRIBUTED** | | | | |
| **To Government** | | | | |
| Sales Tax, Income Tax, Road Cess, WWF | **1,234,933,458** | 47 | 1,049,595,677 | 57 |
| **To Employees** | | | | |
| Salaries, WPPF, Benefits and Other related cost | **402,533,104** | 15 | 356,235,201 | 20 |
| **To Providers of capital** | | | | |
| Mark-up on borrowed funds | **526,315,499** | 20 | 264,551,294 | 14 |
| Shareholders as Dividend/Bonus shares | **183,324,793** | 7 | 122,318,700 | 7 |
| | **709,640,292** | 27 | 386,869,994 | 21 |
| **Retained with the business** | | | | |
| Depreciation | **188,352,453** | 7 | 206,067,209 | 11 |
| Retained profit | **110,864,314** | 4 | (160,607,021) | -9 |
| | **299,216,767** | 11 | 45,460,188 | 2 |
| | **2,646,323,621** | 100 | 1,838,161,060 | 100 |

Value addition and distribution during the year 2022 Rs. 2,646.32 million

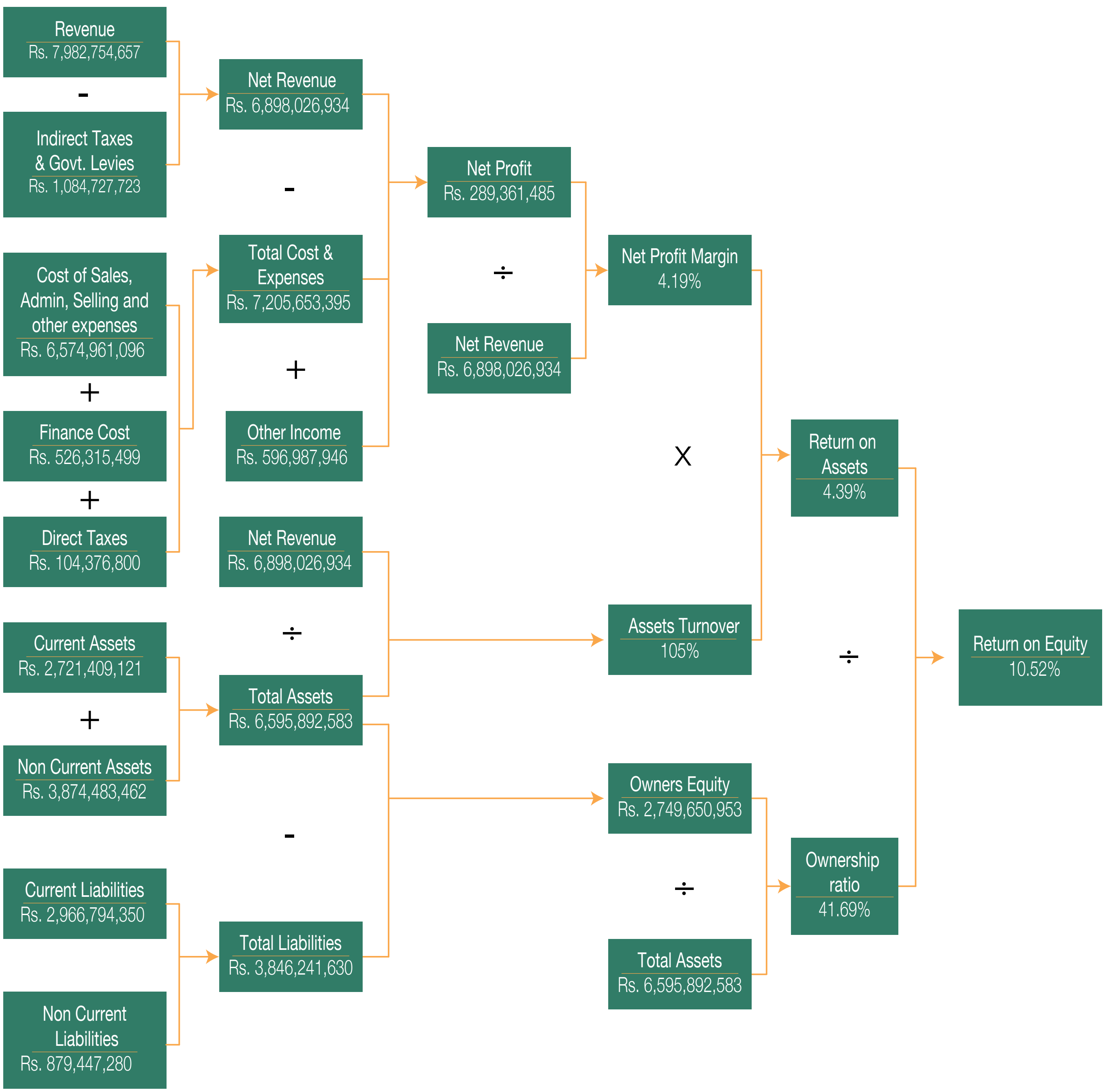


# SIX YEARS' REVIEW AT A GLANCE

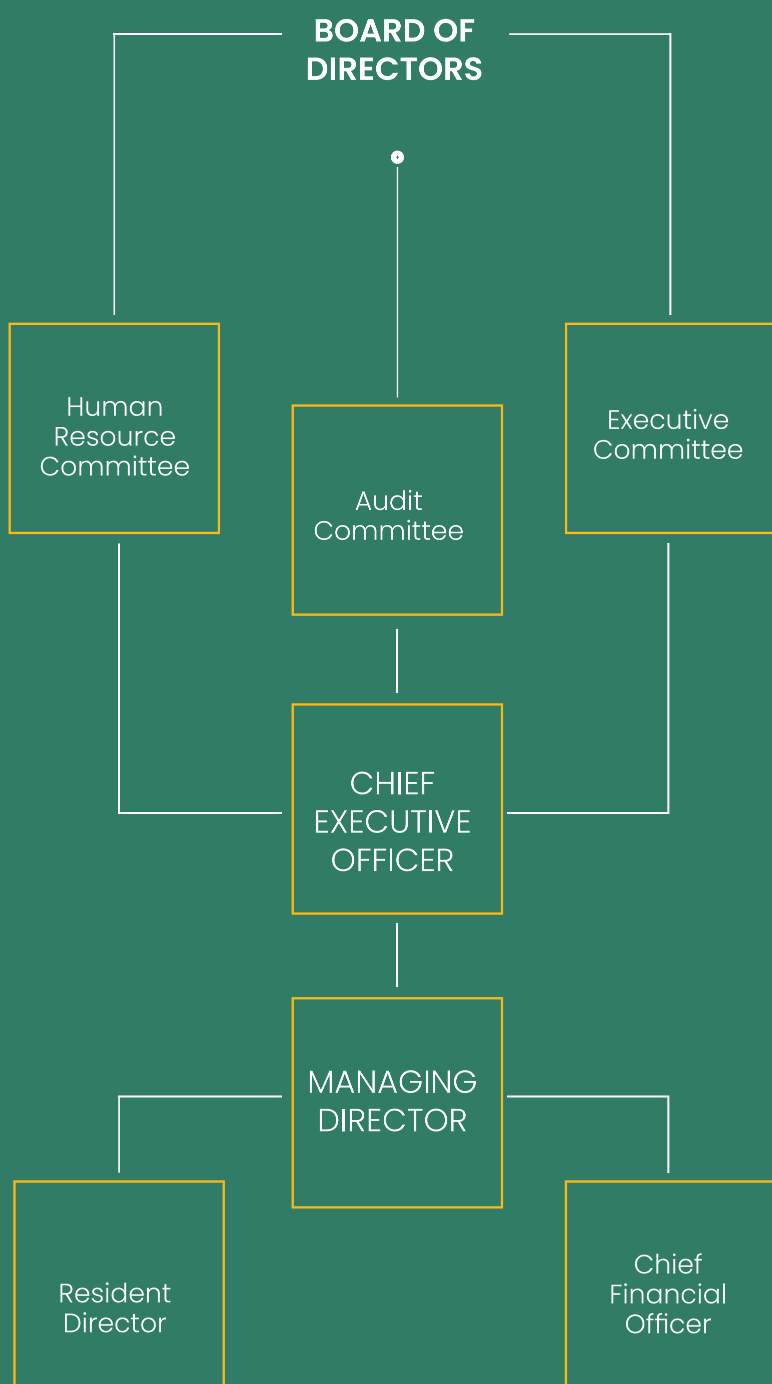
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| **Operational Trends** | | | | | | |
| Sugarcane crushed - M.Tons | **856,944** | **682,253** | 654,339 | 702,259 | 1,043,279 | 1,056,198 |
| Sugar produced - M.Tons | **95,642** | **73,092** | 72,821 | 80,332 | 120,200 | 116,780 |
| Sucrose recovery - % | **11.16** | **10.72** | 11.13 | 11.44 | 11.52 | 11.06 |
| **Balance Sheet** | | | | Rupees in million | | |
| Share capital | **605.48** | **489.27** | 465.97 | 405.20 | 320.31 | 320.31 |
| Reserves | **2,144.17** | **2,006.55** | 2,141.53 | 2,009.70 | 2,289.01 | 1,897.94 |
| Shareholders' equity | **2,749.65** | **2,495.82** | 2,607.50 | 2,414.90 | 2,609.32 | 2,218.25 |
| Non current liabilities | **879.45** | **1,278.32** | 1,482.08 | 1,103.44 | 1,139.58 | 958.79 |
| Current liabilities | **2,966.79** | **2,118.64** | 1,111.14 | 3,445.11 | 3,085.50 | 2,545.68 |
| Total Equity & Liabilities | **6,595.89** | **5,892.78** | 5,200.72 | 6,963.45 | 6,834.40 | 5,722.72 |
| Fixed Assets | **2,447.68** | **2,372.81** | 2,191.14 | 2,190.68 | 2,168.33 | 2,188.13 |
| Non current assets | **1,426.80** | **1,308.86** | 1,594.60 | 1,363.24 | 1,191.09 | 978.79 |
| Current assets | **2,721.41** | **2,211.11** | 1,414.98 | 3,409.53 | 3,474.98 | 2,555.80 |
| Total assets | **6,595.89** | **5,892.78** | 5,200.72 | 6,963.45 | 6,834.40 | 5,722.72 |
| **Financial Trends** | | | | Rupees in million | | |
| Turnover | **6,898.03** | **6,063.54** | 6,424.68 | 5,311.77 | 4,790.79 | 5,500.84 |
| Gross profit | **807.41** | **636.86** | 465.14 | 820.31 | 589.68 | 268.00 |
| Operating profit | **524.40** | **416.19** | 454.59 | 572.03 | 302.12 | 295.11 |
| EBITDA | **1,108.41** | **437.95** | 661.88 | 1,067.79 | 808.84 | 548.14 |
| EBIT | **393.74** | **282.44** | 185.37 | 512.15 | 772.04 | 209.58 |
| Pre-tax profit | **393.74** | **17.89** | 162.65 | 512.15 | 429.72 | 198.55 |
| After-tax profit / (loss) | **289.36** | **(23.82)** | 47.03 | 403.83 | 412.90 | 131.68 |
| Capital Expenditure | **410.00** | **28.54** | 267.65 | 178.29 | 242.63 | 490.27 |
| **Cash Flows** | | | | Rupees in million | | |
| Operating activities | **(310.81)** | **(341.22)** | 440.52 | 1,149.39 | (647.40) | (1,078.01) |
| Investing activities | **430.11** | **(447.70)** | 276.15 | (167.93) | (515.78) | 16.98 |
| Financing activities | **(291.02)** | **23.69** | 73.21 | (324.43) | 1,150.37 | 1,055.36 |
| Cash and Cash equivalents | **(1,224.79)** | **(1,053.07)** | (287.84) | 672.98 | 15.95 | 28.76 |
| **Profitability Indicators** | | | | Percentage | | |
| Grosss profit margin | **11.70** | **10.50** | 7.24 | 15.44 | 12.31 | 4.87 |
| Net profit margin | **4.19** | **(0.39)** | 0.73 | 7.60 | 8.62 | 2.39 |
| Return on shareholders' equity | **10.52** | **(0.95)** | 1.80 | 16.72 | 15.82 | 5.94 |
| Return on capital employed | **10.85** | **7.48** | 4.53 | 14.56 | 20.59 | 6.60 |
| Return on total assets | **4.39** | **(0.40)** | 0.90 | 5.80 | 6.04 | 2.30 |
| EBITDA margin | **16.07** | **7.22** | 10.30 | 20.10 | 16.88 | 9.96 |

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| **Operating Performance** | | | | | | |
| Inventory turnover ratio | **5.76** | **17.44** | 10.63 | 4.03 | 3.54 | 6.47 |
| Inventory turnover in days | **63** | **21** | 34 | 91 | 103 | 56 |
| Debtors turnover ratio | **33.17** | **52.37** | 42.58 | 15.72 | 20.24 | 31.74 |
| Debtors turnover in days | **11** | **7** | 9 | 23 | 18 | 11 |
| Creditors turnover ratio | **46.48** | **34.52** | 18.56 | 18.53 | 39.26 | 51.10 |
| Creditors turnover in days | **8** | **11** | 20 | 20 | 9 | 7 |
| Operating cycle in days | **66** | **17** | 23 | 94 | 112 | 60 |
| Total assets turnover ratio | **1.10** | **1.09** | 1.06 | 0.77 | 0.76 | 1.07 |
| Fixed assets turnover ratio | **2.86** | **2.66** | 2.93 | 2.44 | 2.20 | 2.66 |
| Capital employed turnover ratio | **1.86** | **1.54** | 1.69 | 1.46 | 1.38 | 1.73 |
| **Investment Valuation** | | | | | | |
| Earnings per share | **5.34** | **(0.49)** | 1.01 | 9.97 | 12.89 | 4.11 |
| Break-up value per share | **45.41** | **51.01** | 55.96 | 59.60 | 81.46 | 69.25 |
| Price earning ratio | **6.73** | **(93.88)** | 73.42 | 5.77 | 8.20 | 34.17 |
| Dividend yield (%) | **2.09** | **3.26** | 1.69 | 5.65 | 2.84 | 2.31 |
| Dividend payout (%) | **14.04** | **n/a** | 123.76 | 32.60 | 23.27 | 79.08 |
| Market value per share on 30th September | **35.95** | **46.00** | 74.15 | 57.50 | 105.75 | 140.43 |
| Cash Dividend (%) | **7.50** | **15.00** | 12.50 | 32.50 | 30.00 | 32.50 |
| Bonus Shares (%) | **25.00** | **10.00** | 5.00 | 25.00 | 15.00 | - |
| **Financial gearing** | | | | | | |
| Debt Ratio | **0.58** | **0.58** | 0.50 | 0.65 | 0.62 | 0.61 |
| Debt : Equity Ratio | **1.40** | **1.36** | 0.99 | 1.88 | 1.62 | 1.58 |
| Interest cover ratio | **1.75** | **1.07** | 1.48 | 2.33 | 3.02 | 2.01 |
| **Liquidity measurement** | | | | | | |
| Current ratio | **0.92** | **1.04** | 1.27 | 0.99 | 1.13 | 1.00 |
| Quick ratio/Acid test ratio | **0.80** | **0.91** | 1.04 | 0.92 | 1.03 | 0.91 |
| **Value addition** | | | Rupees in million | | | |
| Government as taxes | **1,234.93** | **1,049.60** | 1,141.39 | 752.42 | 313.94 | 496.57 |
| Employees as remuneration | **402.53** | **356.24** | 340.22 | 371.98 | 366.67 | 351.59 |
| Financial charges to providers of finance | **526.32** | **264.55** | 342.32 | 384.78 | 212.41 | 196.67 |
| Shareholders as dividend and bonus shares | **183.32** | **122.32** | 81.55 | 224.70 | 144.14 | 104.10 |
| Retained within the business | **299.22** | **45.46** | 387.65 | 213.67 | 381.46 | 151.82 |

# DUPONT ANALYSIS



# ORGANOGRAM


BOARD OF DIRECTORS
Human Resource Committee
Audit Committee
Executive Committee
CHIEF EXECUTIVE OFFICER
MANAGING DIRECTOR
Resident Director
Chief Financial Officer

# Feedstock Potential

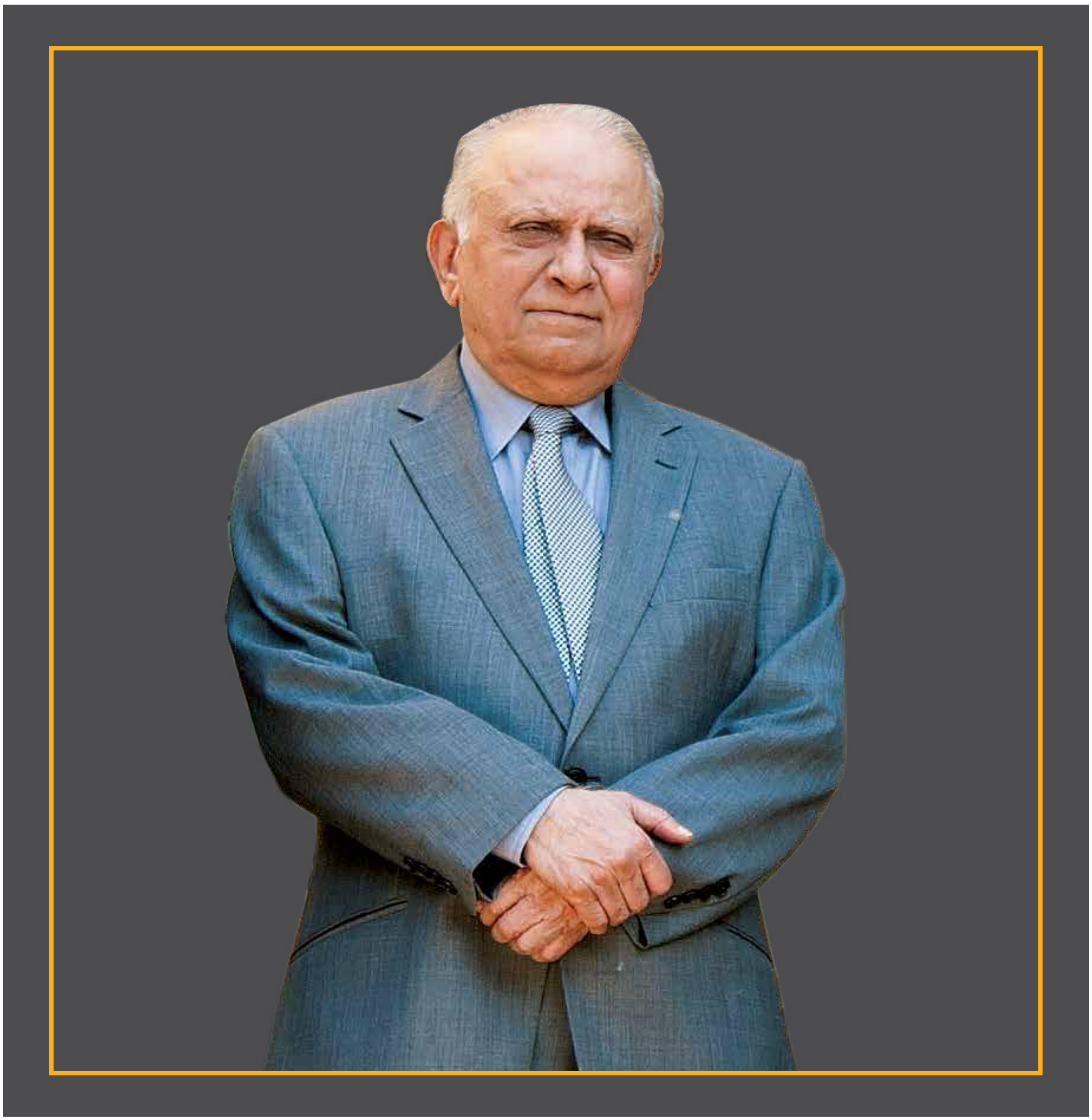
Potential to utilise sugar as a feedstock for processing industries and export value added products from Pakistan. Pakistan sugar prices at USD 300/- Ton without sales tax are one of the lowest in the world today. This makes sugar a competitive feedstock for processing industries to produce and export products.

# CHAIRMAN'S MESSAGE

**Dear Shareholders,**

*I am pleased to present my review on Company's operations for the year ended September 30, 2022.*

*The year under review was a difficult year in view of unfavourable financial conditions, change of government and overall depression in our sector due to surplus production and increased costs.*



The Board recognizes that well defined corporate governance processes are vital in enhancing corporate accountability, and is committed to ensuring high standards of corporate governance to preserve and maintain stakeholders' value. All Directors fully participated and contributed in the decision making process of the Board.

The Company has an effective governance framework in place which complies with the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board and its committees.

In building an effective governance, risk management and control environment, the Board has put in place a transparent system of compliance by promoting ethical and fair behavior across the Company, which has been reinforced in the Organization's culture and values through appropriate dissemination of the Code of Conduct. The Board has also constituted an independent Audit Committee, Human Resource and Remuneration Committee for further strengthening the governance structure of the Company.

The annual evaluation of the performance of the Board as a whole and its committees has been carried out in accordance with the requirements of the Code Regulations to ensure that the Board's overall performance is in line with the developed comprehensive criteria, and found its performance satisfactory. During the year under review, the Board has played an effective role in managing the affairs of the Company the main focus remained on strategic growth business opportunities, risk management, Board composition and providing oversight to the management.

The Board of Directors has continued to provide valuable guidance and oversight to the management throughout the year. A culture of openness and constructive debate was fostered during which all views are heard and ensure that the Board hears from senior management. The Board has developed a mechanism of regular assessment of the Company's objectives, strategies and business & financial performance by timely interacting with the management, internal auditors and other independent consultants and providing appropriate direction. The management is responsible for carrying out day-to-day business activities and transforming the Board's strategies into actions and to make decisions that create value in the short, medium and long term.

The Company has an independent Internal Audit department, which adopts a risk-based audit methodology for carrying out assignments. Internal Audit reports are presented to the Board Audit Committee (BAC) and areas for improvement are highlighted.

I am proud to announce that we were once again featured in the list of PSX Top 25 Companies Awards for 2020 and was ranked 19th.

On June 04, 2022 Our beloved Mohammad Ebrahim Hasham who served the Company for 45 years ,left this world for his heavenly abode. I would request all our shareholders and associates to remember him in their prayers. His contributions to the company will always be remembered.

The Board shall continue to play a vital role in setting the course of the Company, promoting its success and performance and guiding the management to conduct operations in conformity with the strategies approved by the Board while upholding the principles of good corporate governance.

I wish to acknowledge the contribution of all our stakeholders, including shareholders, employees, customers, suppliers, bankers and others during the year and would like to emphasize that the challenges for our Company as a whole shall persist in the year ahead, however the Board and Management are confident and fully prepared to face all eventualities

**Mohammed Kasim Hasham**

Chairman

# DIRECTORS' REPORT

On behalf of the Board, I am pleased to present financial results for the year ended September 30, 2022.

## ABOUT THE COMPANY

In December 1965, under the abolished Companies Act, 1913, Mehran Sugar Mills Limited (the Company) was established as a public limited company. The company's core business is refined sugar manufacture, although it also has stakes in other sectors. Our plant, which is in the Tando Allahyar area, has a total capacity of 12,500 TCD. We have worked with our farmer over the years to build a cane area with early maturing and high yielding varieties, which has proven to be a competitive advantage.

Presently, our focus is on making our facility one of Pakistan's most energy efficient manufacturers by investing in cutting-edge technologies.

Mehran established Unicol Limited in 2004 with the help of two joint venture partners. Unicol Limited began as a Greenfield ethanol project and now has a daily ethanol capacity of 200,000 liters and a daily CO2 output capacity of 72 tonnes. Unicol has gradually grown to become Pakistan's dominant player in ethanol exports, earning the top 100 exporters prestigious award.

## ECONOMY OUTLOOK

Global coordinated efforts gradually brought the pandemic under control and the world is recovering from the devastating effects of COVID-19. However, the Russia-Ukraine conflict has created new risks to economic growth and posed significant uncertainty about the economic outlook.

The fallout of conflict will contribute to a significant slowdown in global growth in 2022-23. Pakistan's economy in FY2022 has witnessed an estimated GDP growth of 5.97 percent. However, devastating effects of floods have sent huge dents to our economy for which concerted efforts will be required both from our government and from international donor agencies.

- The coalition government has inherited a fragile economy with a current account deficit of $13.8 billion in the first 9-months of the year, a fiscal deficit of 3.8 percent of GDP expected to increase to 7.0 percent by June, total public debt at Rs 44,366 billion (end March 2022), inflation at 11.3 percent and depleting forex reserves.

- Surge in global commodity prices is exerting pressure on imports by significantly pushing up import payments. Resultantly, the sizeable trade deficit of US$ 32.9 billion during July-April FY2022 was partially financed by significant workers' remittances. Thus, in the period under discussion, the current account posted a deficit of US$ 13.8 billion compared to a deficit of US$ 0.5 billion during the same period last year.

- To counter inflationary pressure and for sustainable economic recovery, SBP moved to monetary policy normalization in September 2021. Policy Rate increased by cumulative 800 bps to 1500 bps from October 21 to September 22.

- The CPI inflation for the period July-May FY2022 was recorded at 11.3 percent as against 8.8 percent during the same period last year. The pressures on headline inflation can fairly be attributed to adjustments in prices of electricity and gas, a significant increase in the non-perishable food prices, exchange rate depreciation along with a rapid increase in global commodity prices.

- FBR tax collection witnessed a substantial growth of 28.5 percent. However, higher grants and huge subsidies kept the expenditure side under intense pressure. The fiscal deficit increased to 3.8 percent of GDP against 3.0 percent of GDP during the same period last year.

- For FY2022, real GDP posted a growth of 5.97 percent on account of 4.40 percent growth in Agriculture, 7.19 percent growth in the Industrial sector, and 6.19 percent growth in the Services sector. This growth is slightly above the growth of 5.74 percent recorded for FY2021.
- During FY2022, the agriculture sector recorded a remarkable growth of 4.40 percent and surpassed the target of 3.5 percent and last year's growth of 3.48 percent. This growth is mainly driven by high yields, attractive output prices and supportive government policies, better availability of certified seeds, pesticides, and agriculture credit.
- During the first nine months of the current fiscal year, total tax collection (federal & provincial) grew by 28.1 percent, while non-tax revenues fell by 14.3 percent. FBR outperformed the revenue target during the first ten months of FY2022. During July-April, FY2022, FBR has been able to collect Rs 4,855.8 billion (provisional) net tax revenues reflecting a growth of 28.5 percent. However, tax relief measures have affected revenue collection by approximately Rs 73 billion during the month of April 2022.
- Pakistan stock market's performance has posted a boom-and-bust situation during the first nine months of the current fiscal year. During July-March FY2022, the benchmark KSE-100 index declined from 47,356 points to 44,929 points. During the period under review, the index closed at its highest level of 48,112 points on August 23, 2021. As of March 31, 2022, the total number of listed companies on the Pakistan Stock Exchange (PSX) stood at 532, with a total market capitalization of Rs 7,583 billion.
- During July-April FY2022, goods exports grew by 27.6 percent to US$ 26.8 billion, whereas services exports grew by 18.2 percent to US$ 5.8 billion. Around two-thirds of the increase came from the textile sector, especially from the high value-added segment.
- The trade deficit grew by 49.6 percent to US$ 32.9 billion, which is historically high. Remittances, which always supported in easing out the pressure of trade deficit of both goods and services, recorded at US$ 26.1 billion during July-April FY2022 and posted a growth of 7.6 percent. This ever-highest level of workers' remittances still not sufficient to offset the trade deficit. Thus, the current account deficit was recorded at US$ 13.8 billion during the period under discussion.
- The interbank PKR-USD exchange rate depreciated 15.1 percent during July-April FY2022. The SBP's FX reserves also came under pressure from Q2 onwards
- Pakistan has a large labour force that stands among the top 10 largest labour forces in the world. According to the latest labour Force Survey FY2021, the labour force increased from 65.5 million in FY2018 to 71.76 million in FY2021 and the number of employed persons increased from 61.71 million to 67.25 million during the same period. The unemployment rate decreased from 6.9 percent in FY2019 to 6.3 percent in FY2021.

## ABOUT THE SEASON

Season 2021-2022 witnessed a comparatively larger crop than the previous 3 years. The overall crop in some areas of Punjab showed improvement however decreased yields in some places owing to water scarcity and crop disease hampered overall availability and crop quantities. Sadly, the crop in Sind is not growing as fast as the overall national growth largely due to pricing for competing crops and regional water scarcity.

Increase in the minimum support price by 24 percentage from the previous year to Rs.250/40kgs plus QP by GoS became an anomaly since the price of sugar cane in Punjab was notified at Rs. 225/- 40 Kgs. Though such a significant increase proved beneficial for growers but this disparity of 10 percentage within the country created difficulty for mills in Sind as they were rendered relatively uncompetitive in the market. We haven't previously seen such a large difference of Rs. 25/40 kg pricing difference between both provinces. Higher cane prices over the past few years have allowed farmers to earn handsome return on their investment and allow cane plantations to thrive.

Despite the higher crop expectations sugarcane harvesting remained slow in the initial period as growers expected higher prices. This prompted an unusual and abnormal increase in sugarcane price up to 30 percentage higher than the support price announced by the government. Your Company paid more than Rs. 5.2 billion on sugarcane payments that includes Rs. 835 million more to the farmer over the support price announced by the Government.

This initial increase in pricing subsided as the season progressed. An improved supply brought stabilization in sugarcane price. However, due to the higher notified price and initial market buying the overall cost of cane in Sind remained higher than Punjab.

Prompt payments to growers have now become a regular feature in the industry and has been adopted by most of the mills. This has created large requirement of liquidity. This huge requirement of liquidity coupled with increase in mark up rates made our finance cost increase substantially. This has been a key component in increasing the overall cost of sugar production. As explained the finance cost due to short-term working capital requirements has now become a major cost component alongside sugarcane and salaries.

In season 2021-2022, the final sugar production of 7.9 million tons was 38 percentage higher than the previous year. This production has been recorded as the highest ever in the history of sugar production in Pakistan whereas national sugar consumption is expected at around 6.8 million Tons.

The highest ever production had created a surplus of over 1.0 Million Tons. The PSMA continually tried to get export permissions but failed to do so thus leading to a huge glut of sugar in the domestic market. The exports of sugar could not only bring in valuable foreign exchange of but also more importantly stabilize sugar prices, which are important to allow an equilibrium pricing between sugarcane and sugar prices and thus create viability for the industry.

Rebalancing the requirement of sugar and thus stabilizing the market is also imperative considering that the season 2023 initial survey points to a slightly larger crop size, which would again mean a surplus. In such a season ensuring sustainable sugarcane prices to the farmer are critical so that overall sugar production numbers do not reduce in Pakistan. A high sugarcane crop can allow domestic prices to remain competitive while also allowing exports to earn valuable foreign exchange. Global sugar prices now continue to remain bullish since large producing countries are converting their cane directly into ethanol thus limiting the amount of sugar in the world market.

## INDUSTRY REVIEW

For season 2021-2022, the Punjab government had set the minimum support price at Rs.225/40 kg, while the Sindh government had set the price at Rs.250/40 kg while in addition to this price they also notified a quality premium. This gap puts Sindh industries at a competitive disadvantage, since they may be unable to compete with counterparts in Punjab and KPK due to a different raw material pricing while sugar prices also tend to be higher in the north of the country.

Subsequent to the announcement of federal budget, sugar has been subjected to sales tax at a minimum of Rs.72.22 which translates to Rs.12.28. Thus overall selling prices for levying GST has been fixed at Rs,84.50. This was an added disadvantage to the industry as since February until September the prices on average were below the minimum fixed parameter.

The Federal Budget and subsequently the provincial governments increased the minimum wage to Rs.25,000 which has meant a year on year increase of 25%.

The much-anticipated Track and Trace System has been implemented in the sugar industry, with FBR monitoring the production and shipments through its Master Control Room. Field formations have been designed to ensure field alertness. Sugar mills around the country are having teething issues with the system's implementation. This approach, on the other hand, would go a long way towards reducing revenue leakage and improvement in tax collection.

## OPERATIONAL AND FINANCIAL REVIEW

| Operational Highlights | Sep 2022 | Sep 2021 |
|---|---|---|
| Crushing - M. Tons | 856,944 | 682,253 |
| Sucrose Recovery | 11.16% | 10.72% |
| Sugar Production - M. Tons | 95,642 | 73,092 |
| Molasses production - M. Tons | 39,811 | 31,880 |
| Molasses Recovery | 4.65% | 4.67% |

| Financial Highlights | Sep 2022 | Sep 2021 |
|---|---|---|
| | (Rupees in Thousands except EPS) | |
| Turnover | 7,982,755 | 6,974,385 |
| Sales tax | 1,084,728 | 910,847 |
| Gross Profit | 807,406 | 636,863 |
| Gross Profit margin | 11.70% | 10.50% |
| Profit before tax | 393,738 | 17,887 |
| Profit before tax margin | 5.71% | 0.29% |
| Net Profit after tax | 289,361 | (23,816) |
| Net Profit margin | 4.19% | (0.39%) |
| Earnings per share | 5.34 | (0.39) |

Following factors were primarily responsible for our operational and financial results:

- Due to abundant sugar production and availability of sugar alongwith, high finance cost the selling price remained depressed. However, gross profit margin increased slightly to 11.69% as against 10.5%.
- Despite the higher Sind notified price, the company paid Rs. 837.50 million more to the farmers over the support price announced by the Government.
- Capital loss from equity investments amounted to Rs. 195.06 million due to an extremely volatile market conditions.
- A certain portion of the capital loss was recovered through Dividend income from equity investment, which amounted to Rs. 101.63 million.
- Unicol's contribution amounted to Rs.439.93 million.
- Finance costs ballooned to Rs.526.32 million compared to previous year's Rs.264.55 million. This was because of prompt payments to farmers, sluggish trend in sugar sales and continued increase in policy rate by State Bank of Pakistan.

- Molasses average selling prices reduced by 5% compared to previous year however, increased production on account of higher crushing generated enhanced molasses revenue. Molasses demand remained robust on account of requirement by ethanol industry.
- Bagasse savings increased over the previous year from 6 percentage to 7.5 percentage. We have been making efforts to increase our bagasse savings and will continue to do so with the addition of more energy saving measures during the upcoming crushing season. It has now become a significant contributor to the bottom line.
- Sucrose recovery improved to 11.16 percent compared to previous years 10.72 percent.
- Unifoods share of loss stood at Rs. 106 million, while investment of Rs. 79.83 was impaired.

## UNICOL LIMITED

During the period, the Company's operations continued to thrive. Both the ethanol and CO2 plants performed as expected. Molasses prices, on the other hand, have continued to rise, however ethanol prices have also improved. This coupled with currency devaluation led to a favorable gain in overall income.

Unicol's profit before tax was Rs. 1.48 Billion compared to Rs.587.12 million in the same period previous year. This increase is mostly due to increased demand and resultant increase in ethanol prices. The increased demand for ethanol is largely due to strong product pricing due to the Russia Ukraine war, which allowed energy prices to soar. A major quantity of ethanol volumes in this period were shipped to the EU whereby Pakistan ethanol became competitively priced due to local industries having energy shortages or securing as much energy molecule as possible.

Following are the key data related to Unicol Ltd:

| Financial Highlights | Units | Sep 2022 | Sep 2021 |
|---|---|---|---|
| Sales | Rs. in '000 | 8,916,824 | 8,382,169 |
| Gross profit | Rs. in '000 | 2,460,374 | 1,153,649 |
| % Gross profit | % | 27.59% | 13.76% |
| Profit before tax | Rs. in '000 | 1,486,450 | 587,127 |
| Profit after tax | Rs. in '000 | 1,319,797 | 502,547 |
| % Net profit | % | 14.80% | 5.99% |
| Earnings per share | .Rs | 8.80 | 3.35 |

## UNI-FOOD INDUSTRIES LIMITED

Unifoods sales transaction has been initiated during this period. Sales proceeds in the form of equity is expected in the following financial year. An estimated figure of Rs. 140 million is expected to be received for our equity.

## CONSUMER DIVISION

The marketing of packaged brown and white sugar is the handled by our Consumer Division. It has been progressing steadily over the years. The premium brand market has acknowledged the 'Sugarie' and 'Chashnik' brands.

Volumes and turnover showed increase during the fiscal year under review. Market penetration has also risen, and the product is now accessible in all major cities in Punjab and Sindh, as well as in the KPK market, which has begun to adopt the product.

With a solely devoted sales staff in Karachi, Lahore, and Islamabad routinely touring neighboring cities/towns and a social media campaign, awareness has grown. With a greater emphasis on its quality, packaging, and health benefits, we are investing in automation of the manufacturing process to make it safer and healthier, while also exploring the possibility of adding more products to our brand portfolio.

## FUTURE OUTLOOK

We have already witnessed Pakistan's record highest sugarcane plantation and sugar production over the last year. This tendency is expected to improve more in the 2023 planting whereby another surplus is anticipated. This bodes well for industry, since it may allow mills to crush more and achieve higher capacity utilization however if timely exports don't take place it could lead to a huge sugar glut which could stall cane payments as well.

Unexpected heavy rainfall and resultant flash floods have badly affected the agriculture in our area. Most of the crops were destroyed due to floods however, sugarcane due to its robust nature managed to stay afloat. The flooded fields however have delayed the fresh plantation of sugarcane. After the evacuation of water from fields and improvement in weather pattern, efforts were put in place to restore the crop and make it ready for harvesting. Hopefully, the overall crop estimates would not change significantly. Sugarcane harvesting has been delayed by a few weeks due to flooding however, we expect that harvesting will remain robust and mills will have enough sugarcane for crushing throughout the season.

As a long term policy to structurally resolve the issues of the sugar industry we continue to advocate for the hiring of any of the top four audit companies, either locally or worldwide, to calculate the expenses of the entire value chain and establish a suitable margin for all parties in order to resolve the disagreement and misunderstanding over sugar selling prices and to establish a concurrent formula for sugarcane and sugar prices.

In this year, we foresee that Sugar, molasses, and bagasse selling prices are expected to remain stable, supporting the company's profitability. Our bagasse savings have increased as a result of ongoing investments in electrical and steam efficiency measures, and this is helping the bottom line.

According to the preliminary crop survey, sugarcane output in our area is likely to rise by around 5-10 percent in terms of yields and planting. We anticipate that supply and demand balance will improve over the next year, and that domestic production will meet the country's sugar demands while creating an export surplus. Thus, timely export permission would be of critical importance as it would not only help industry to clear the surplus on improved price but would also stabilize the local market as well. This will offer stakeholders with a level playing field.

The State Bank of Pakistan has increased the Bank Rate to 16% to curb inflation. There is a possibility that it might go further up in case desired results are not achieved. This rise has raised the cost of conducting business especially for a business like ours, which ensures prompt farmer payments and whereby all disbursements are done in a season while sugar is sold monthly all across the year. We sincerely expect that mark up rates would gradually reduce during year 2023 and may bring some relief to the cost of production. However, these expectations are linked to overall economic revival of the country.

Profitability from core activities is still dependent on favorable raw material volume and prices. Our cost of sugarcane and quantity of sugarcane processed into sugar needs to be comparable to the national average. For this to be possible, the local cane crop needs to grow to a point where it meets the areas requirement. Sadly, even with the growth this year in crop we are still 20-25 percent below this equilibrium. Thus, our focus as a company now has to shift toward ensuring that sugarcane development and yield enhancement is prioritized and promoted in our operating region. During the year 2022-23, we plan to distribute seed, fertilizers, and farming inputs to our farmers and have allocated substantial budgets for this purpose. In addition, we are also planning to introduce mechanized farming equipment to improve farmer's yield and reduce operating costs.

Unicol's sustained earnings and capacity to pay regular dividends will benefit the company's bottom line. As the crushing campaign gains momentum, the profitability picture will become evident. It is critical to maintain profitability and to continue to invest in cane development and energy efficiency operations in order to continual be an efficient sugar producer.

We remain committed and sincerely look forward to navigate through these interesting times.

## ACKNOWLEDGMENT

We are working hard to on increasing shareholder satisfaction. We appreciate the dedication and efforts of the employees, staff, and executives, and we anticipate that they will continue to contribute with more zeal and spirit to the Company's productivity and well-being in the future.

The Board also expresses its thanks to government officials, banks and financial institutions, shareholders and suppliers for their valuable support and cooperation in advancing the Company's success.

Our dear Mr. Ebrahim Hasham passed away on June 4th this year.

Mr. Hasham served Mehran as CEO and played a key role in the growth and diversification of the company. However, his legacy lies in his contribution to society and his compassion to the needs of those less privileged.

In this role, he always strived to improve the education and health system of the country. He was the founder of Usman Institute of Technology which today is a not for profit university with over 1,500 students. He was also the founding managing trustee of the Usman Memorial Hospital (UMH), which was built, in the name of his late brother Usman who he acknowledged as his mentor. UMH today is a state of the art 100 bed not for profit hospital.

He was also passionate on the cause of rural sector Education, initiated the Dawood memorial school, and built two Citizens Foundation schools. Today over 1,500 students are enrolled at all these campuses. We pray for the departed soul.

The report includes a detailed analysis on the company's CSR efforts and compliance with corporate governance standards, as well as a shareholding pattern as of September 30, 2022.

For and on behalf of the Board of Directors

Ahmed Ebrahim

Ahmed Ebrahim Hasham

Chief Executive Officer

Karachi: December 29, 2022

# CORPORATE GOVERNANCE FRAMEWORK

### Board of Directors

The Board of Directors of the Company consists of ten members (including two female members), comprising three independent, six nonexecutive (including the Chairman) and two executive Directors. The Board is responsible for independently and transparently monitoring the performance of the Company and taking strategic decisions to achieve sustainable growth in the Company operations. Written notices of the Board meetings were sent to the members seven days before the meetings.

During the year under review, four meetings of the Board convened and the attendance of the members was as follows:

| .S. No | Name of Directors | Meetings attended |
|---|---|---|
| 1 | Mr. Mohammed Kasim Hasham – Chairman | 5 |
| 2 | *Mr. Mohammed Ebrahim Hasham | - |
| 3 | Mr. Mohammed Hussain Hasham – Director (Non-Executive) | 2 |
| 4 | Mr. Khurram Kasim – Director (Non-Executive) | 4 |
| 5 | Mr. Ahmed Ebrahim Hasham – Chief Executive Officer | 5 |
| 6 | Mr. Muhammad Iqbal – Director (Non-Executive)** | - |
| 7 | Mr. Muhammad Amin Mukaty – Director (Independent) | 5 |
| 8 | Mr. Hasan Aziz Bilgrami | 5 |
| 9 | Mr. Iftikhar Soomro | 5 |
| 10 | Mrs. Anushey A. Hasham – Director (Non-Executive) | 5 |
| 11 | Ms. Sofia Kasim – Director (Non-Executive) | 5 |
| 12 | Ms. Sofia Kasim – Director (Non-Executive) | 4 |

* Mr. Muhammad Ebrahim Hasham passed away on June 04, 2022.

** Mr. Muhammad Iqbal appointed to fill casual vacancy in the Board of directors.

The leave of absence granted to the directors who could not attend some of the meetings due to being out of country or ill health.

### Directors' Remuneration

Company have a "Remuneration Policy for Directors" approved by the Board of Directors; the salient features of which are:

- The Company will not pay any remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings.
- The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by them for attending meetings of the Board, its Committees and / or General Meetings of the Company

## Statement of Ethics & Business Practices

The Board has adopted the statement of Ethics & business practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to customers, suppliers and regulations.

## Audit Committee

The Audit Committee of the Company comprises of three non-executive and one independent (the Chairman) Directors. Four meetings of the audit committee were held during the year. Attendance of the members was as follows:

| .S. No | Name of Directors | Meetings attended |
|---|---|---|
| 1 | Mr. Hasan Aziz bilgrami | 4 |
| 2 | Mr. Mohammed Hussain Hasham | 2 |
| 3 | Mr. Khurram Kasim | 3 |
| 4 | Mrs. Anushey A. Hasham | 3 |
| 5 | Mrs. Anushey A. Hasham | 4 |

The leave of absence granted to the members who could not attend some of the meetings due to being out of country or ill health.

## Human Resource and remuneration committee

The committee comprises of three members, the Chairman of the committee is an independent Director. During the year, two meetings of the committee were held. Attendance of the members was as follows:

| .S. No | Name of Directors | Meetings attended |
|---|---|---|
| 1 | Mr. Muhammad Amin Mukaty (Chairman) | 2 |
| 2 | Mr. Mohammed Ebrahim Hasham | 1 |
| 3 | Mr. Ahmed Ebrahim Hasham* | 2 |
| 4 | Ms. Sofia Kasim | 2 |

* Mr. Ahmed Ebrahim Hasham attended the meeting on invitation.

## External Audit

The Company wishes to place on record its appreciation for the services rendered by the Company's auditors M/s. Grant Thornton Anjum Rahman; Chartered Accountants, who have completed the audit of financial statements of the Company for the year ended September 30, 2022. M/s Grant Thornton Anjum Rahman; Chartered Accountants, being eligible, have offered themselves for re-appointment for the year ending September 30, 2023, Audit Committee has also recommended for re-appointment, however shareholders approval for the said appointment will be sought in AGM.

## Corporate & Financial Reporting Framework

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- The financial statements, prepared by the management of the Company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity;
- The Company has maintained proper books of accounts as required under the law;

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained;
- There are no significant doubts upon the Company's ability to continue as a going concern;
- The summary of key operating and financial data for last six years is annexed;
- The Company has contributed towards the national exchequer in the form of Federal, Provincial and local taxes and levies; as disclosed in annexed Financial Statements.
- The Company is operating a Provident Fund Scheme for its permanent employees. The value of the fund as at September 30, 2022 was Rs. approx 130 million (un-audited);
- There is also an un-funded gratuity scheme. On the basis of actuarial valuation conducted during 2022, a net liability of Rs. 3.97 million as at September 30, 2022 has been provided;
- The Pattern of Shareholding as at 30th September, 2022 is annexed;
- Following transactions in the shares of the company executed by the directors / associates during the period under review:

  Mr. Mohammed Ebrahim Hasham (Executive Director) bought 100,000 shares

  Mr. Mohammed Hussain Hasham (Non-Executive Director) sold 250,000 shares

  Mr. Ahmed Ebrahim Hasham (Executive Director) bought 332,500 shares

  Mr. Muhammad Amin Mukaty (Independent Director) bought 5,000 shares

  Mrs. Khursheed Ebrahim (Spouse of Director) bought 33,500 shares

  M/s Mogul Tobacco Co. (Pvt) Ltd. (an associated company by common directorship) bought 79,500 shares

## Adequacy of Internal Financial Controls

The system of internal control is sound in design and effectively implemented and monitored, we confirm compliance of Corporate Governance with highest standard.

## Certificate of Related Parties Transactions

It is confirm that the audit committee and the Board have verified the transactions entered with related parties, and provides the information about the amount due from related parties at the balance sheet date, and the proportion of receivables from related parties provided as doubtful debts, if any.

## Material Changes

There have been no material changes since September 30, 2022 and the Company has not entered into any commitment, which would affect its financial position at the date.

For and on behalf of the Board of Directors

**Mohammed Ebrahim Hasham**
Chief Executive Officer

**Ahmed Ebrahim Hasham**
Managing Director

Karachi: December 29, 2022

# CORPORATE SOCIAL RESPONSIBILITY

### RESPONSIBILITY TO STAKEHOLDERS

### Investing in human resources

Our company's strategy includes an emphasis on human resources as one of its pillars. The Company views connections between employees as being far more important than just fulfilling legal and ethical obligations. We are committed to creating a culture for our most precious asset that includes favorable compensation and benefits, a comfortable and secure work environment, job satisfaction, professional development, and promising career opportunities.

Our employee-training program is always being enhanced to match the shifting needs of our business and sector. Our business wants to lead the way in sugar production technology, which calls for a lot of automation and better process flow.

We continue to invest in our people resources through PIM, MAP, internal technical trainings through UIT and NED University, as well as other top resources, to satisfy our automation and technological demands.

One of our main objectives in transforming our workplace culture and improving the quality of work is to communicate with and educate our workers about new ideas using the best sugar technologists in the world.

Improvement of our workplace

The cornerstone of a successful team is still a supportive workplace environment. The mill has updated our Management House and Technical House. Our concentration on the digital environment has improved our connectivity from the plant site to the rest of the globe.

We continue to make improvements to our Colony houses with an annual budget as well. Installation of cutting-edge drinking water filtration systems at three different corporate locations has been one of the most significant areas of investment. In order to pave all necessary locations during the next five years, we will continue to pave the colony on an annual basis.

To save canal water and utilize sugarcane water in the plant process, we have invested Rs. 35 million in a water conservation EMP plan. Our ultimate goal is to create an ecosystem that uses only process water directly extracted from sugarcane, with no water coming from the canal.

### Investment in employee HSE

The core of MSML's corporate strategy is its workforce. The Company's main objective is to provide a comfortable working environment that follows best industrial practices and complies with health and safety regulations. The HSE department is in charge of keeping an eye on HSE compliance and making sure that workers are obliged to wear appropriate safety gear. Days dedicated to environmental awareness and global health and safety were commemorated throughout the year for the benefit of employees and contractors.

### CONTRIBUTION TOWARDS EDUCATION IN RURAL PAKISTAN

We are insistent that each sugar mill contribute to enhancing the educational climate in the areas around it. Sugar mills have a tremendous chance to help where the need for education is highest because they are situated in rural Pakistan.

Our social development programs priorities providing education in rural areas, especially those close to our mill. This is one of their main goals. Therefore, three schools are running to give our students a top-notch education.

### • Dawood Memorial School (DMS)

The school, which is situated on the mill grounds, primarily serves our staff as well as the young people in the nearby villages. The Company has offered the school complete operational, financial, and logistical support from its founding in 1998–1999 The School now has more than 400 students enrolled and 19 staff members are responsible for delivering a high-quality education through the grace of God and the persistent efforts of the administration and teachers. We have ensured that educational standards are upheld with this number of students. Both student performance and teacher training programs are used to gauge this.

**• Collaboration with TCF**

We constructed and provided funding for three schools in rural Sindh in partnership with The Citizens Foundation (TCF), a well-known NGO. At this school, all of the instructors are local residents. Local women who want to support their studies have employment thanks to these schools. In addition to providing operational support, MSM had provided Rs. 36.96 million to the construction of similar institutions. More than 950 students are now enrolled on these sites, together with more than 40 teaching members. 13 kilometers away from our operations, our first sponsored school has been open since 2011. The other two supported schools opened in 2016 and 2018 and are situated 12 to 18 kilometers from our factory.

**• Vocational training**

A Vocational Instruction Center has been built inside the MSML Staff Colony to empower women in the neighborhood. This facility offers fundamental sewing, embroidery, culinary, and stitching instruction to women in the colony and the neighborhood. The entire complex has undergone updates throughout the years to give it a more modern look.

**• Health services**

In 2017, we made a commitment to assisting with the renovation and general upgrading of Usman Memorial Hospital (UMH). UMH now has 100 beds and is a modern facility. It satisfies the needs of our communities by providing top-notch care at affordable costs. Our panel at UMH is made up of an excellent group of physicians and surgeons that offer a wide variety of services. Mehran gave a lot of support and assistance to this project.

The Pakistan Centre of Philanthropy, which gave Mehran an award in the category of "Corporate Philanthropy and Sustainable Development Goals in Pakistan," also recognized our work in this area.

**• Farmer support services**

Farmers, in our opinion, are the key to our long-term prosperity. Officials from the Company visit with farmers throughout the year to share the most recent findings and developments in creating new sugarcane types and to provide them seeds to grow high-yielding sugarcane harvests. Our seed supply, which we loan to farmers, has been very beneficial in ensuring a higher yield in our region. We have also developed a strategy for supplying farmers with fertilizer and insecticides. Rs. 100 million have been budgeted for the project. Growers will get this as an interest-free loan.

After three years of growing on our fields, we loan high-yielding sugarcane varieties to farmers for use in commercial operations. By increasing farm and factory yields, this project has helped create a large amount of rural wealth in our area, which has benefited millers and farmers alike.

**• Customer satisfaction**

The goal of Mehran Sugar Mills Limited is to produce premium grade sugar that satisfies both international and "PSQCA" standards. As a result, the company is in the process of putting an ISO 9001:2015-based quality management system into place. A specialized management representative is responsible with the execution and monitoring of necessary policies for quality assurances management.

## RESPONSIBILITY TO SOCIETY

### • Governance structure

Best practices have been achieved and success has been driven from the boardroom to our employees, customers, society, and the environment thanks to the company's governance framework. Corporate integrity has led to long-term success, and we are dedicated to running our business ethically and with integrity in order to enhance our reputation. We promise to abide by all applicable laws in the nation where we conduct business as well as the corporate governance code's recommended best practices.

### • Contribution towards economy

With the payment of Rs. 1.264 billion in sales tax, income tax, and other statutory charges to the national exchequer, the Company significantly contributes to the country's economy.

RESPONSIBILITY TO ENVIRONMENT

Mehran takes great care to make sure that every aspect of their production facility is environmentally friendly. We are conscious that it is our responsibility to ensure compliance in order to minimize any potential for anxiety in the areas where we operate. We put a lot of effort into making sure that our firm has a lasting impact.

### • Emission and discharges

As one of the few mills in Pakistan with modern fly ash systems on every boiler, Mehran is proud to guarantee 0% fly ash emissions. The firm spent over Rs. 80 million setting up and maintaining this system over the preceding five years to make sure it operates effectively and at capacity.

### • Waste Water Treatment

We have waste-water recycle project in place, which allows us to reuse waste-water 90% of the time at the site. We use the remaining water on our fields near to the facility. We committed Rs. 162 million to the project, and we are pleased to say that our skilled technical staff designed the internal waste water system. This plant, which is only the second of its sort in the country's sugar sector, is now in use.

### • Plantation Drive

We must appreciate the importance of agriculture as a nation and as responsible citizens, and seek to make our nation more ecologically friendly. Additionally, there is an urgent need for civic education and community awareness. We plan to zealously and endlessly pursue this objective.

For and on behalf of the Board of Directors

**Ahmed Ebrahim Hasham**

Chief Executive Officer

Karachi: December 29, 2022

# PATTERN OF SHAREHOLDING

| Number of Shareholders | Shareholdings From | | To | Total Number of Shares held |
|---|---|---|---|---|
| 758 | 1 | - | 100 | 13,779 |
| 121 | 101 | - | 200 | 17,056 |
| 165 | 201 | - | 500 | 53,684 |
| 147 | 501 | - | 1,000 | 104,243 |
| 78 | 1,001 | - | 1,500 | 96,237 |
| 56 | 1,501 | - | 2,000 | 101,131 |
| 57 | 2,001 | - | 3,000 | 144,057 |
| 60 | 3,001 | - | 5,000 | 226,994 |
| 71 | 5,001 | - | 10,000 | 515,580 |
| 48 | 10,001 | - | 15,000 | 598,034 |
| 21 | 15,001 | - | 20,000 | 357,830 |
| 15 | 20,001 | - | 25,000 | 337,727 |
| 17 | 25,001 | - | 35,000 | 509,040 |
| 14 | 35,001 | - | 50,000 | 577,355 |
| 17 | 50,001 | - | 100,000 | 1,204,959 |
| 4 | 100,001 | - | 150,000 | 462,047 |
| 9 | 150,001 | - | 200,000 | 1,538,271 |
| 4 | 200,001 | - | 300,000 | 1,043,749 |
| 5 | 300,001 | - | 500,000 | 1,874,071 |
| 6 | 500,001 | - | 800,000 | 3,620,188 |
| 2 | 800,001 | - | 1,000,000 | 1,957,741 |
| 1 | 1,000,001 | - | 1,500,000 | 1,167,032 |
| 2 | 2,100,001 | - | 2,500,000 | 4,586,527 |
| 1 | 6,000,001 | - | 6,500,000 | 6,391,057 |
| 1 | 6,500,001 | - | 7,000,000 | 6,796,951 |
| 2 | 8,100,001 | - | 8,500,000 | 16,728,072 |
| **1,683** | | **Total** | | **60,547,563** |

| Shareholders›s Category | Number of Shareholders | Number of Shares held | Percentage |
|---|---|---|---|
| Individuals | 1,635 | 57,430,541 | 94.85% |
| Joint Stock Companies | 27 | 2,316,586 | 3.83% |
| Insurance Companies | 2 | 610,537 | 1.01% |
| Financial Institutions | 3 | 2,652 | 0.00% |
| Gratuity/Pension/other retiremnt funds | 8 | 88,092 | 0.15% |
| Charitable Trusts | 6 | 97,856 | 0.16% |
| Others | 2 | 1,299 | 0.00% |
| | **1,683** | **60,547,563** | |

# ADDITIONAL INFORMATION

| | Categories | Number of Folios | Shares held |
|---|---|---|---|
| a) | NIT & ICP | | |
| | Investment Corporation of Pakistan | 1 | 2,043 |
| | | **1** | **2,043** |
| b) | Directors / CEO and their spouse and minor children | | |
| | Mr. Mohammed Kasim Hasham | 1 | 9,524,151 |
| | Mr. Mohammed Ebrahim Hasham | 1 | 8,337,083 |
| | Mr. Mohammed Hussain Hasham | 1 | 8,390,989 |
| | Mr. Khurram Kasim | 1 | 6,391,057 |
| | Mr. Ahmed Ebrahim Hasham | 1 | 6,796,951 |
| | Mr. Muhammad Amin Mukaty | 1 | 15,369 |
| | Iftikhar Soomro | 1 | 3,093 |
| | Hasan Aziz Bilgrami | 1 | 3,093 |
| | Mrs. Anushey A. Hasham | 1 | 283,538 |
| | Mrs. Sofia Kasim | 1 | 657,483 |
| | Mrs. Kulsoom Kasim | 1 | 1,167,032 |
| | Mrs. Khursheed Ebrahim | 1 | 2,318,209 |
| | Mrs. Mary Hussain | 1 | 2,268,318 |
| | | **13** | **46,156,366** |
| c) | Executives | | |
| 03 | Muhammad Hanif Aziz (Company Secretary) | 1 | 63,731 |
| d) | Public Sectors Companies and Corporations | | |
| | State Life Insurance Corp. of Pakistan | 1 | 610,473 |
| e) | Bank, DFIs, NBFIs, Insurance Companies, Mudarbas & Mutual Funds | | |
| | EFU General Insurance Ltd. | 1 | 64 |
| | Habib Bank Limited | 1 | 136 |
| | Investment Corp. of Pakistan | 1 | 2,043 |
| | MCB Bank Limited - Treasury | 1 | 473 |
| | State Life Insurance Corp. of Pakistan | 1 | 610,473 |
| | | **5** | **613,189** |
| f) | General Public | | |
| | Physical | 802 | 1,824,631 |
| | CDC | 881 | 58,722,932 |
| | | **1683** | **60,547,563** |
| g) | Shareholders holding 5% or more voting interest | | |
| | Mr. Mohammed Kasim Hasham | 1 | 9,524,151 |
| | Mr. Mohammed Ebrahim Hasham | 1 | 8,337,083 |
| | Mr. Mohammed Hussain Hasham | 1 | 8,390,989 |
| | Mr. Khurram Kasim | 1 | 6,391,057 |
| | Mr. Ahmed Ebrahim Hasham | 1 | 6,796,951 |
| | | **5** | **39,440,231** |

انسٹی ٹیوٹ آف ٹیکنالوجی کے بانی تھے جو کہ ایک غیر منافع بخش یونیورسٹی ہے جس میں آج 1,500 سے زائد طلباء جدید ترین تعلیم حاصل کرر ہے ہیں۔ وہ عثمان میموریل ہسپتال ( UMH ) کے بانی اور منیجنگ ٹرسٹی بھی تھے یہ ادارہ بھی اِن کے مرحوم بھائی عثمان کے نام پر بنایا گیا تھا یہ جدید ترین سہولیات سے آراستہ 100 بستروں پر مشتمل ایک اسپتال ہے اس کے قیام کا مقصد کسی منافع کا حصول ہر گز نہ تھا بلکہ ایک عام انسان کو بھی رعایت کے ساتھ جدید ترین علاج معالجے کی سہولت فراہم کرنا تھا ۔

وہ دیہی علاقوں کے بچوں کو جدید تعلیم سے روشناس کرانے کے لئے کوشاں رہے اور اس کے لئے انہوں خطیر رقومات خرچ کیں انہوں نے داؤد میموریل اسکول کے قیام سے اس کا آغاز کیا اس کے بعد مزید 12 سکول سٹیزن فاؤنڈیشن کے تحت تعمیر کرائے ۔آج ان اسکولوں میں 1500 سے زائد طلبا تعلیم سے مستفید ہورے ہیں گذشتہ طویل عرصے سے ان تعلیمی اداروں سے ہزاروں طلبا اپنی تعلیم مکمل کرکے وطن کی عزیز کی تعمیر و ترقی میں اپنا کردار ادا کررہے ہیں۔

آپ سب حضرات سے گذارش ہے کہ ان کے درجات کی بلندی کے لئے دعا گو رہیں۔

بورڈ اس اہم موقع پر حکومتی عہدیداران ، انجمنوں ، بینکاری اور مالیاتی ادارے، شیئر ہولڈرز اور گاہکوں کے قابل قدر تعاون کا شکر گزار ہے۔

اس سالانہ رپورٹ میں کمپنی کی سماجی ذمہ داریوں اور کارپوریٹ گورننس اسٹینڈرڈ کے حوالے سے رپورٹ اور حصص یافتگان سے متعلق ایک رپورٹ جاری کی گئی ہے۔

حسب الحکم بورڈ آف ڈائریکٹرز　　　　کراچی : 29دسمبر 2022

احمد ابراہیم ہاشم

چیف ایگزیکٹیو آفیسر

کی معلومات فراہم کرنے کا منصوبہ بنایا ہے اور اس مقصد کے لیے خاطر خواہ بجٹ مختص کیا ہے۔ اس کے علاوہ، ہم کسان کی پیداوار کو بہتر بنانے اور آپریٹنگ لاگت کو کم کرنے کے لیے مشینی کاشتکاری کے آلات متعارف کرانے کا بھی منصوبہ بنا رہے ہیں۔

یونیکول کی جانب سے تسلسل کے ساتھ منافع مسل رہا ہے جو کہ ہمارے چینی کے کاروبار کو بڑا سہارا ہے ۔ جیسے ہی کرشنگ کی مقدار بڑھے گی تو صورتحال میں بہتری نمایاں ہو جائے گی۔ منافع کے لئے پیداواری لاگت کو کم سے کم سطح پر برقرار رکھنا اور گنے کی نشوونما اور توانائی کی کارکردگی کے کاموں میں سرمایہ کاری جاری رکھنا بہت ضروری ہے۔

ہم پُر عزم ہیں اور بہتر مستقبل کے لئے کوشاں ہیں ۔

## اظہار تشکر

ہم اپنی پوری کوشش اور توجہ اس بات کی جانب مبذول کئے ہوئے ہیں کہ اسٹیک ہولڈر کو ایک ایسا بہتر ، محفوظ اور طویل المدتی مستقبل فراہم کر سکیں کہ جس پر وہ اطمینان محسوس کریں۔ اس مقصد کے حصول میں ، ہم کارکنوں ، عملے اور ایگزیکٹیوز کی انتھک کوششوں کو سراہتے ہیں اور مستقبل میں بھی ان سے امید رکھتے ہیں کہ وہ مزید زیادہ جوش و جذبے کے ساتھ کمپنی کی بہتر پیداوار اور فلاح و بہبود کے لئے اپنا فعال کردار ادا کرتے رہیں گے۔

4 جون 2022 کو ہمارے پیارے محمد ابراہیم ہاشم صاحب اس جہان فانی سے رحلت فر ما گئے۔

جناب محمد ابراہیم ہاشم نے مہرا ن میں بطورچیف ایگزیکٹیو آفیسر اپنی خدمات انجام دیں اُنہوں نے کمپنی کی ترقی میں ہمیشہ کلیدی کردار ادا کیا۔ اُن کی باصلاحیت شخصیت میں جہاں ترقی کے حصول کے لئے جدید تعلیم کی اہمیت، پُر خلوص قیادت، جدت پسندی ا ور مستقبل کے لئے درست ترین سمت کا تعین جیسی بے شما ر خوبیاں تھیں وہیں اُن کا د ل ، غریب اور کم مراعات یافتہ طبقے کے لئے انتہائی نرم تھا، اُن کا رویہ اپنے ملازمین سے مالک کی طر ح نہیں بلکہ ایک شفیق اُستاد کی طرح تھا ، وہ اپنے ملازمین کی صلاحیتوں کو جلا بخشنے کے لئے ہمیشہ فکرمند رہتے اور اس کے لئے عملی کوشش کیا کرتے تھے ۔ ا پنے ملازمین کے معیار زندگی کو بلند کر نے اور عام غریب لوگوں کی مالی مد د کے لئے بے انتہا سخاوت سے کام لیتے تھے ۔

اُنہوں نے ہمیشہ ملک کے نظام تعلیم اور صحت کو بہتر بنانے اپنا عملی کردار ادا کیا۔ وہ عثمان

مقدار موجود رہے گی۔

شوگر انڈسٹری کے مسائل کو حل کرنے کے لیے ایک طویل مدتی پالیسی کے طور پر ہم پورے کاروبار کے اخراجات کا حساب لگانے اور سب کے لیے ایک مناسب مارجن قائم کرنے کے لیے، مقامی طور پر یا دنیا بھر میں، سرفہرست چار آڈٹ کمپنیوں میں سے کسی ایک کی خدمات حاصل کرنے کو ترجیح دیتے ہیں۔ یہ فریقین کے مابین چینی کی فروخت کی قیمتوں پر اختلاف اور غلط فہمی کو دور کرنے اور گنے اور چینی کی قیمتوں کے لیے ایک متفقہ فارمولہ قائم کرنے کے لیےاز حد ضروری ہے۔

اُمید ہے کہ اس سال چینی، مولیسس اور بگاس کی قیمتیں مستحکم رہیں گی، جس سے کمپنی کے منافع میں مدد ملے گی۔ بگاس کے استعمال کو کم کرنے کے لئے ، ہماری کی جانے والے سرمایہ کاری کے نتائج حوصلہ افزر رہے ہیں اس سے ہماری بگاس کی بچت میں اضافہ ہوا ہے۔

فصل کے ابتدائی سروے سے ظاہر ہوتا ہے کہ گنے کی کاشت میں ہمارے علاقے میں تقریباً 5-10 فیصد اضافے کا امکان ہے۔ ہم توقع کرتے ہیں کہ اگلے سال کے دوران طلب اور رسد کا توازن بہتر ہو جائے گا، اور یہ کہ زائد ملکی پیداوار ملک کی چینی کی طلب کو نہ صرف پورا کرے گی بلکہ برآمد کے لئے بھی دستیاب ہوگی اس طرح، بروقت برآمد کی اجازت انتہائی اہمیت کی حامل ہوگی کیونکہ اس سے نہ صرف صنعت کو بہتر قیمت حاصل ہوگی بلکہ مقامی مارکیٹ کو بھی استحکام ملے گا۔

اسٹیٹ بینک آف پاکستان نے شرح سود کو 16فیصد تک کر دیا ہے اور مستقبل میں اس میں مزید اضافے کا امکان ہے۔ یہ اضافہ یقینی طور پر کاروبار کرنے کی لاگت کو بڑھا دے گا خاص طور پر ہمارے جیسے کاروبار کے لیے، جو کسانوں کو فوری ادائیگی کرتا ہے اور ان کی تمام تر ادائیگیاں دوران سیزن میں ہی ہو جاتی ہیں جبکہ چینی سال بھر فروخت ہوتی رہتی ہے ۔ ہم پوری امید رکھتے ہیں کہ سال 2023 کے دوران شرح سود بتدریج کم ہو گی اور پیداواری لاگت میں کچھ ریلیف مل سکے گا ۔ تاہم، یہ توقعات ملک کی مجموعی اقتصادی بحالی سے منسلک ہیں۔

منافع کا انحصار اب بھی خام مال کے سازگار حجم اور قیمتوں پر مبنی ہے۔ ہماری گنے کی قیمت اور چینی کے لئے گنے کی مقدار کو قومی اوسط سے موازنہ کرنے کی ضرورت ہے۔ اس بات کو ممکن بنانے کے لیے، مقامی گنے کی فصل کو اس مقام تک لے جانے کی ضرورت ہے جہاں وہ ضروریات کو پورا کرپائے ۔ افسوس کی بات یہ ہے کہ اس سال فصل میں اضافے کے باوجود بھی ہم اس توازن سے 20-25 فیصد تک نیچے ہیں۔ اس طرح، ایک کمپنی کے طور پر ہماری بنیادی توجہ اب اس بات کو یقینی بنانے کی طرف ہے کہ ہمارے علاقے میں گنے کی ترقی اور پیداوار میں اضافہ کو ترجیح دی جائے اور اسے فروغ دیا جائے۔ سال 2022-23کے دوران، ہم نے اپنے کسانوں میں بیج، کھاد، اور کاشتکاری کے نئے رجحانات

مستقل ترقی کی ہے۔ ""شوگری"" اور ""چاشنک"" برانڈز نے مارکیٹ میں اپنی جگہ بنالی ہے ۔

متذکرہ عرصے کے دوران ، حجم اور کاروبار دونوں میں اضافہ کا رجحان رہا۔ ملکی مارکیٹ میں یہ دونوں برانڈ ز استحکام حاصل کررہے ہیں اور اب پنجاب اور سندھ کے تمام بڑے شہروں میں باآسانی دستیاب ہیں اس کے ساتھ ساتھ اب کے پی کے کی مارکیٹ میں بھی اس کی فروخت میں بہتری آ رہی ہے۔

کراچی، لاہور اور اسلام آباد میں مکمل سیلز سٹاف کے ساتھ معمول کے مطابق پڑوسی شہروں/ قصبوں کا دورہ کرنے اور سوشل میڈیا مہم کے ساتھ، آگاہی میں اضافہ ہوا ہے۔ اس کے معیار، پیکیجنگ اور صحت سے متعلق فوائد پر زیادہ زور دینے کے ساتھ، ہم مینوفیکچرنگ کے عمل کو محفوظ اور صحت مند بنانے کے لیے آٹومیشن میں سرمایہ کاری کر رہے ہیں، جبکہ اپنے برانڈ پورٹ فولیو میں مزید مصنوعات شامل کرنے کی کوشش بھی کر رہے ہیں۔

## مستقبل کا منظر نامہ

کاشت کاروں کو پچھلے دو سالوں کے دوران اپنی فصل کا بہترین معاوضہ مل رہا ہے۔ لہذا ، گنے کی کاشت میں مسلسل اضافہ ہو رہا ہے۔ 2022 کےدوران مزید رقبے پر گنے کی کاشت کے روشن امکانات ہیں اوراس رجحان میں مزید بہتری کی امید ہے۔ یہ صنعت کے لیے اچھی بات ہے، کیونکہ اس سے ملوں کو آنے والے سالوں میں اپنی کرشنگ صلاحیت کو بہتر طور پر استعمال کرنے کا موقع ملے گا۔ امید ہے کہ اس سال گنے کی فصل ملک کی قومی ضرورت کو پورا کرلے گی۔ہم پہلے ہی پچھلے سال کے دوران پاکستان میں گنے کی زیادہ کاشت اور چینی کی پیداوار کا مشاہدہ کر چکے ہیں۔ 2023 کے لئے گنے کی زیادہ کاشت کاری کے جاری رجحان میں مزید بہتری کی توقع ہے ۔ یہ صنعت کے لیے اچھی بات ہے، کیونکہ اس سے ملوں کواپنی مکمل پیداواری صلاحیت کو استعمال کرنے کا موقع ملتا ہے تاہم اگر بروقت چینی کی برآمدات نہ کی گئی تو اس سے سرمایہ میں بہت بڑی کمی واقع ہو سکتی ہے جس سے گنے کی ادائیگی بھی رک سکتی ہے۔

غیر متوقع شدید بارشوں اور اس کے نتیجے میں آنے والے سیلاب نے ہمارے علاقے کی زراعت کو بری طرح متاثر کیا ہے۔ سیلاب کی وجہ سے زیادہ تر فصلیں تباہ ہوگئیں تاہم گنا اپنی مضبوطی کی وجہ سے مستحکم رہا۔ تاہم کھیتوں میں سیلاب کا پانی گنے کی مزید کاشت کاری میں بڑی رکاوٹ ہے ۔ کھیتوں سے پانی کے اخراج اور موسم کے انداز میں بہتری کے بعد فصل کو کٹائی کے لیے تیار کرنے کی کوششیں کی گئیں۔ امید ہے کہ فصل کے مجموعی تخمینوں میں کوئی خاص تبدیلی نہیں آئے گی۔ سیلاب کی وجہ سے گنے کی کٹائی میں چند ہفتوں کی تاخیر ہوئی ہے تاہم ہم امید کرتے ہیں کہ کٹائی مسلسل جاری رہے گی اور ملوں کے پاس پورے سیزن میں کرشنگ کے لیے گنے کی وافر

## یونی کول لمیٹڈ

متذکرہ عرصے کے دوران، کمپنی کی سرگرمیاں مثبت اور مستحکم رہیں ۔ ایتھنول اور CO2 دونوں پلانٹس نے توقع کے مطابق کارکردگی کا مظاہرہ کیا۔ دوسری طرف، مولاسس کی قیمتوں میں مسلسل اضافہ ہوا ہے، جبکہ ایتھنول کی قیمتوں میں بھی کچھ اضافہ ہوا ، کرنسی کی قدر میں کمی کی وجہ سے بھی آمدنی میں اضافہ ہوا۔

یونیکول کا قبل از ٹیکس منافع اس سال 1.48 ارب روپے رہا۔ جو کہ پچھلے سال کی اسی مدت میں587.12 ملین روپے تھا۔ یہ اضافہ زیادہ تر مانگ میں اضافے اور ایتھنول کی قیمتوں میں اضافے کی وجہ سے ہے۔ ایتھنول کی بڑھتی ہوئی مانگ کی وجہ سے اس کی قیمتوں میں استحکام ہے روس یوکرین جنگ کی وجہ سے توانائی کی قیمتوں میں اضافہ ہوا ہے۔ اس عرصے میں ایتھنول کے حجم کی ایک بڑی مقدار یورپی یونین کو بھیجی گئی جس کے نتیجے میں ایتھنول کی اوسط قیمت بہتر رہی۔

یونی کول سے متعلق اہم مالیاتی اعداد و شمار مندرجہ ذیل ہیں:

| مالیاتی معلومات (فنانشل ہائی لائٹس) | | ستمبر 2022 | ستمبر 2021 |
|---|---|---|---|
| مجموعی فروخت ( ٹرن اوور) | روپے ہزاروں میں | 8,916,824 | 8,382,169 |
| خالص منافع | روپے ہزاروں میں | 2,460,374 | 1,153,649 |
| خالص منافع کی شرح | (%) | 27.59% | 13.76% |
| قبل از ٹیکس منافع | روپے ہزاروں میں | 1,486,450 | 587,127 |
| بعد از ٹیکس منافع | روپے ہزاروں میں | 1,319,797 | 502,547 |
| بعد از ٹیکس منافع کی شرح | (%) | 14.80% | 5.99% |
| فی حصص آمدنی | روپے | 8.80 | 3.35 |

## یونی فوڈ انڈسٹریز لمیٹڈ

مسلسل نقصانات کی وجہ سے یونی فوڈز کی فروخت کا عمل شروع کیا گیا ہے۔اگلے مالی سال کے دوران کمپنی کے حصص کی فروخت سے تقریباً 14 کروڑ روپے حاصل ہونے کی توقع ہے۔

## کنزیومر ڈویژن

پیکجیڈ براون اور وائٹ شوگر کی مارکیٹنگ کنزیومر ڈویژن کے سپرد ہے جس نے گذشتہ برسوں میں

| | | |
|---|---|---|
| بعد از ٹیکس منافع | 289,361 | (23,816) |
| بعد از ٹیکس منافع کی شرح | 4.19% | (0.39%) |
| فی حصص آمدنی | 5.34 | (0.39) |

## بنیادی عوامل جو اِن نتائج کا سبب ہیں

چینی کی وافر پیداوار اور باآسانی دستیابی کی وجہ سے قیمت فروخت میں کمی رہی

مجموعی منافع کا مارجن 10.50% کے مقابلے میں 11.70% تک بڑھ گیا

حکومت سندھ کی طرف سے مقرر کردہ گنے کی امدادی قیمت کے علاوہ کمپنی نے 837.50 ملین روپے اضافی ادا کیے۔

انتہائی غیر مستحکم حالات کی وجہ سے اسٹاک مارکیٹ سرمایہ کاری میں 195.06 ملین روپے کا نقصان ہوا۔

سرمائے کے نقصان کا ایک حصہ ایکویٹی سرمایہ کاری سے حاصل ہونے والی منافع منقسمہ سے پورا کیا گیا جو کہ 101.63 ملین روپے بنتا ہے۔

یونیکول سے حاصل ہونے والا منافع 439.93 ملین روپے رہا۔

پچھلے سال کے 264.55 ملین روپے کے مقابلے میں مالیاتی لاگت تقریباً دگنی ہو کر 526.32 ملین روپے ہو گئی۔ اس کی وجہ کسانوں کو فوری ادائیگی، چینی کی فروخت میں سست روی اور اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں مسلسل اضافہ تھا۔

مولاسس کی قیمت فروخت میں پچھلے سال کے مقابلے میں 5% کمی واقع ہوئی تاہم زیادہ کرشنگ کی وجہ سے مولسس کی زائد مقدار کی وجہ سے آمدنی میں اضافہ ہوا۔ ایتھنول انڈسٹری کی ضرورت کی وجہ سے مولاسس کی مانگ میں استحکام رہا

بگاس کی بچت پچھلے سال کے مقابلے میں 6 فیصد سے بڑھ کر 7.5 فیصد ہوگئی۔ ہم اپنی بگاس کی بچت میں مسلسل اضافہ کر رہے ہیں اوراس سلسلے میں مزید اقدامات مستقبل میں بھی جاری رکھنے کا اعادہ کرتے ہیں بگاس کمپنی کے منافع میں ایک اہم جُزو کی حیثیت اختیار کرگیا ہے۔

سکروز کی ریکوری پچھلے سال 10.72 کے مقابلے میں 11.16 فیصد رہی

ہے جو کہ 12.28 روپے بنتا ہے۔ اس طرح جی ایس ٹی لگانے کے لیے مجموعی طور پر فروخت کی قیمتیں 84.50 روپے مقرر کی گئی ہے۔ یہ صنعت کے لیے ایک اضافی نقصان تھا کیونکہ فروری سے ستمبر تک اوسط قیمتیں کم از کم مقررہ معیار سے کم تھیں۔

وفاقی بجٹ کے اعلان کے بعد صوبائی حکومتوں نے کم از کم ماہانہ اجرت بڑھا کر 25,000 روپے کر دی جس سے اخراجات میں بھاری اضافہ ہوا ہے۔

ٹریک اینڈ ٹریس سسٹم شوگر انڈسٹری میں مکمل طور پر نافذ کر دیا گیا ہے، ایف بی آر اپنے ماسٹر کنٹرول روم کے ذریعے پیداوار اور ترسیل کی نگرانی کر رہا ہے۔ نگرانی کو یقینی بنانے کے لیے معائنہ ٹیمیں بنائی گئی ہیں ۔ ملک بھر کی شوگر ملوں کو نظام کے نفاذ سے کچھ تیکنیکی مسائل درپیش ہیں جن کا ازالہ فوری درکار ہے۔ یہ نظام ٹیکس کی وصولی میں بہتری کی جانب ایک طویل المدتی قدم ہے۔

## آپریشنل اور مالیاتی جائزہ

| آپریشنل معلومات | ستمبر 2022 | ستمبر 2021 |
|---|---|---|
| کرشنگ (میٹرک ٹن) | 856,944 | 682,253 |
| سکروز کی ریکوری | 11.16% | 10.72% |
| چینی کی پیداوار (میٹرک ٹن) | 95,642 | 73,092 |
| مولیسس کی پیداوار (میٹرک ٹن) | 39,811 | 31,880 |
| مولیسس کی ریکوری | 4.65% | 4.67% |

| مالیاتی معلومات | ستمبر 2022 | ستمبر 2021 |
|---|---|---|
| روپے ہزاروں میں ماسوائے فی حصص آمدنی | | |
| مجموعی فروخت | 7,982,755 | 6,974,385 |
| سیلز ٹیکس | 1,084,728 | 910,847 |
| خالص منافع | 807,406 | 636,863 |
| خالص منافع کی شرح | 11.70% | 10.50% |
| قبل از ٹیکس منافع | 393,738 | 17,887 |
| قبل از ٹیکس منافع کی شرح | 5.71% | 0.29% |

گنے کے کاشتکاروں کو فوری ادائیگی اب چینی کی صنعت میں ایک معمول بن گیا ہے جس کی وجہ سے نقد رقم کی فوری ضرورت پیش آتی ہے، نیز سود کی شرح میں ہونے والے مسلسل اضافے نے مالیاتی لاگت میں بہت زیادہ اضافہ کردیا ، جس کا اثر چینی کی مجموعی لاگت میں اضافے کی صورت میں سامنے آیا۔ قلیل مدتی سرمایہ کی ضروریات کی وجہ سے مالیاتی لاگت اب گنے اور تنخواہوں کے بعد مجموعی لاگت کا ایک بڑا حصہ بن گئی ہے۔

ملک میں سیزن 22-2021 میں چینی کی کل پیداوار 7.9 ملین ٹن حاصل ہوئی ، یہ پیداوار گذشتہ سال کے مقابلے میں 38 فیصد زیادہ ہے ، یہ پیداوار پاکستان میں چینی کی پیداوار کی تاریخ میں اب تک سب سے زیادہ ہے جبکہ پاکستان میں چینی کی متوقع کھپت تقریباً 6.5 ملین ٹن ہے۔

ملکی تاریخ کی اب تک کی سب سے زیادہ پیداوار کی وجہ سے تقریباً 1.5 ملین ٹن ، ملکی کھپت سے اضافی چینی کا ذخیرہ موجودہے ، لیکن افسوس کہ ملک میں جاری سیاسی غیر یقینی کی وجہ سے ملوں کو بروقت برآمدات کی اجازت نہیں دی گئی، جبکہ اضافی چینی کی برآمدات سے نہ صرف کثیر زرمبادلہ حاصل کیا جاسکتا ہے بلکہ اس سے چینی کی قیمت بھی مناسب سطح پر مستحکم رہ سکتی ہے جو کہ گنے اور چینی کی قیمتوں کے درمیان توازن کے لئے انتہائی ضروری ہے۔

مارکیٹ کو مستحکم رکھنے کے لئےچینی کی دستیابی کو متوازن رکھنا ضروری ہے جبکہ 2023 کا ابتدائی سروے گنے کی فصل میں مزید اضافہ کا اشارہ دے رہا ہے۔ جس کا مطلب مزید اضافی ذخائر ہیں ۔ جبکہ مستقبل میں بھی کسان کو گنے کی فصل کا مناسب معاوضہ ملنا اشد ضروری ہے تاکہ اس کی گنے کی فصل میں دلچسپی برقرار رہے اور پاکستان میں چینی کی مجموعی پیداوار میں کمی کاسبب نہ بنے۔ چینی کی عالمی قیمتوں میں اب بھی تیزی برقرار ہے کیونکہ بڑے پیداواری ممالک اپنے گنے کو براہ راست ایتھنول میں تبدیل کر رہے ہیں اس طرح عالمی منڈی میں چینی کی مقدار محدود ہو رہی ہے۔

## چینی کی صنعت کا جائزہ

سیزن 22-2021کے لیے پنجاب حکومت نے کم از کم سپورٹ پرائس 225 روپے فی 40 کلو گرام مقرر کی تھی، جب کہ سندھ حکومت نے قیمت 250 روپے فی 40 کلو گرام مقرر کی تھی جب کہ اس قیمت کے علاوہ انہوں نے کوالٹی پریمیم بھی نافذ کیا تھا۔ یہ فرق سندھ کی صنعتوں کو نقصان میں ڈالتا ہے، کیونکہ وہ خام مال کی قیمت میں فرق کی وجہ سے پنجاب اور کے پی کے کی شوگر ملوں سے مقابلہ نہیں کر پاتی ہیں جبکہ ملک کے شمال میں چینی کی قیمتیں بھی زیادہ ہوتی ہیں۔

وفاقی بجٹ کے اعلان کے بعد چینی پر کم از کم قیمت کے حساب سے سیلز ٹیکس عائد کیا گیا

پاکستان کے پاس ایک بڑی افرادی قوت موجود ہے جو دنیا کی 10 بڑی افرادی قوت میں شامل ہے۔ تازہ ترین سروے کے مطابق، لیبر فورس مالی سال 2018 میں 65.5 ملین سے بڑھ کر FY2021 میں 71.76 ملین ہو گئی ہے اور اسی عرصے کے دوران ملازمت کرنے والے افراد کی تعداد 61.71 ملین سے بڑھ کر 67.25 ملین ہو گئی۔ بیروزگاری کی شرح مالی سال 2019 میں 6.9 فیصد سے کم ہوکر مالی سال 2021 میں 6.3 فیصد ہوگئی۔

## سیزن کا جائزہ

سیزن 22-2021 میں پچھلے 3 سالوں کے مقابلے نسبتاً بڑی فصل تیار ہوئی۔ پنجاب کے کچھ علاقوں میں مجموعی طور پر فصل میں بہتری آئی تاہم کچھ جگہوں پر پانی کی کمی اور فصلوں کی بیماری کی وجہ سے پیداوار میں کمی واقع ہوئی جس کی وجہ سے فصل کی مجموعی دستیابی اور مقدار متاثر ہوئی۔ افسوس کی بات یہ ہے کہ سندھ میں فصل اتنی تیزی سے نہیں بڑھ رہی ہے جتنی کہ اس کی ضرورت ہے اس کی بڑی وجہ مسابقتی فصلوں کی قیمتوں میں اضافہ اور پانی کی کمی ہے۔

حکومت سندھ کی جانب سے کم از کم امدادی قیمت میں پچھلے سال نسبت 24 فیصد اضافہ کیا گیا جوکہ 250/40 کلو گرام تھا اس کے علاوہ حکومت سندھ کی طرف سے QP بھی لاگو کی گئی جب کہ پنجاب میں گنے کی قیمت 225/=روپے فی 40 کلوگرام مقرر کی گئی تھی۔ اگرچہ اس قدر نمایاں اضافہ کاشتکاروں کے لیے فائدہ مند ثابت ہوا لیکن ملک کے اندر 10 فیصد کے اس تفاوت نے سندھ میں موجود ملوں کے لیے مشکلات پیدا کر دیں ، اس سے قبل گنے کے نرخ کا اتنا بڑا فرق نہیں دیکھا گیا ۔ دونوں صوبوں کے درمیان 27 روپے فی 40کلو کی قیمت کا فرق بہت زیادہ تھا ۔ پچھلے کچھ سالوں میں گنے کی بلند قیمتوں نے کسانوں کو اپنی سرمایہ کاری پر شاندار منافع حاصل کرنے اور گنے کی کاشت کی جانب مائل کیا ہے۔

فصل کی بہتری کی توقعات کے باوجود ابتدائی مدت میں گنے کی کٹائی سست رہی کیونکہ کاشتکاروں کو زیادہ قیمتوں کی توقع تھی۔ اس سے گنے کی قیمت میں غیر معمولی اضافہ ہوا جو کہ حکومت کی طرف سے اعلان کردہ امدادی قیمت سے بھی 30 فیصد تک تھا ۔ آپ کی کمپنی نےگنے کی ادائیگی کی مد میں 5.2 ارب روپے سے زیادہ رقم کی ادائیگی کی ۔ حکومت کی طرف سے اعلان کردہ امدادی قیمت کے علاوہ کسانوں کو اضافی طور پر 835 ملین روپے کی ادائیگی کی گئی۔

قیمتوں میں یہ ابتدائی اضافہ سیزن کے آگے بڑھنے کے ساتھ ہی کم ہوگیا۔ بہتر فراہمی سے گنے کی قیمت میں استحکام آیا۔ تاہم، زیادہ نوٹیفائیڈ قیمت اور مہنگی ابتدائی خریداری کی وجہ سے سندھ میں گنے کی مجموعی قیمت پنجاب سے زیادہ رہی۔

5.74 فیصد شرح نمو سے کچھ زیادہ ہے۔

مالی سال 2022 کے دوران زرعی شعبے نے 4.40 فیصد کی غیر معمولی شرح نمو ریکارڈ کی اور 3.5 فیصد شرح نمو اور گزشتہ مالی سال کی شرح نمو 3.48 فیصد کو عبور کیا۔ یہ ترقی بنیادی طور پر فی ایکڑ پیداوار میں اضافہ ، پرکشش پیداواری قیمتوں اور معاون حکومتی پالیسیوں، تصدیق شدہ بیجوں کی فراہمی، کیڑے مار ادویات اور زرعی قرضوں کی بہتر دستیابی کی وجہ سے ہوئی۔

رواں مالی سال کے پہلے 9 ماہ کے دوران وفاقی اور صوبائی سطح پر کل ٹیکس کی وصولی میں 28.1 فیصد اضافہ ہوا جبکہ نان ٹیکس ریونیو میں 14.3 فیصد کی کمی واقع ہوئی۔ ایف بی آر نے مالی سال 2022 کے پہلے دس مہینوں کے دوران محصولات کے ہدف سے زیادہ کارکردگی کا مظاہرہ کیا۔ جولائی تا اپریل مالی سال 2022 کے دوران ایف بی آر 4,855.8 بلین روپے خالص ٹیکس ریونیو اکٹھا کرنے میں کامیاب رہا ہے جو 28.5 فیصد کی نمو کو ظاہر کرتا ہے۔ تاہم، ٹیکس ریلیف کے اقدامات نے اپریل 2022 کے مہینے کے دوران تقریباً 73 ارب روپے کی آمدنی کو متاثر کیا ۔

پاکستان اسٹاک مارکیٹ کی کارکردگی نے رواں مالی سال کے پہلے نو مہینوں کے دوران تیزی اور ہلچل کی صورتحال پیدا کی ہے۔ جولائی تا مارچ مالی سال 2022 کے دوران، بینچ مارک KSE-100 انڈیکس 47,356 پوائنٹس سے کم ہو کر 44,929 پوائنٹس پر آ گیا۔ زیر جائزہ مدت کے دوران، انڈیکس 23 اگست 2021 کو اپنی بلند ترین سطح 48,112 پوائنٹس پر بند ہوا۔ 31 مارچ 2022 تک، پاکستان اسٹاک ایکسچینج (PSX) پر فہرست کمپنیوں کی کل تعداد 532 تھی، مارکیٹ کیپٹلائزیشن 7,583 ارب روپے رہی۔

جولائی تا اپریل مالی سال 2022 کے دوران اشیا کی برآمدات 27.6 فیصد اضافے سے 26.8 بلین امریکی ڈالر جبکہ خدمات کی برآمدات 18.2 فیصد اضافے سے 5.8 بلین امریکی ڈالر تک پہنچ گئیں۔ تقریباً دو تہائی اضافہ ٹیکسٹائل سیکٹر سے ہوا، خاص طور پر ہائی ویلیو ایڈڈ سے۔

تجارتی خسارہ 49.6 فیصد بڑھ کر 32.9 بلین امریکی ڈالر تک پہنچ گیا جو تاریخی طور پر بہت زیادہ ہے۔ ترسیلات زر، جس نے ہمیشہ سامان اور خدمات دونوں کے تجارتی خسارے کے دباؤ کو کم کرنے میں مدد کی، جولائی تا اپریل مالی سال 2022 کے دوران 26.1 بلین امریکی ڈالر ریکارڈ کی گئی اور اس میں 7.6 فیصد اضافہ ہوا۔ بیرون ملک پاکستانیوں کی جانب سے بھیجی جانے والی یہ ترسیلات زر بھی، ملکی سطح کی بلند ترین سطح تجارتی خسارے کو پورا کرنے کے لیے کافی نہیں ہے۔ اس طرح زیر بحث مدت کے دوران کرنٹ اکاؤنٹ خسارہ 13.8 بلین امریکی ڈالر ریکارڈ کیا گیا۔

جولائی تا اپریل FY2022 کے دوران انٹر بینک PKR-USD کی شرح تبادلہ میں 15.1 فیصد کمی واقع ہوئی۔ SBP کے FX ذخائر بھی Q2 کے بعد دباؤ میں آئے۔

اس تنازعہ کے باعث عالمی معاشی نمو میں سست روی واقع ہوری ہے جس کے نتائج سال 23-2022 میں واضح طور پر نظر آرہے ہیں ۔ مالی سال 2022میں پاکستان کی شرح نمو 5.97 رہی۔ تاہم، سیلاب کے تباہ کن اثرات نے ہماری معیشت کو بہت زیادہ نقصان پہنچایا ہے جس کے نقصان دہ اثرات کو کم کرنے کے لئے لئے ہماری حکومت اور بین الاقوامی امداد فراہم کرنے والی تنظیموں کے مابین مشترکہ کوششوں کی ضرورت ہے

مخلوط حکومت کو سال کے پہلے 9 مہینوں میں 13.8 بلین ڈالر کے کرنٹ اکاؤنٹ خسارے کے ساتھ ایک کمزور معیشت وراثت میں ملی ہے، مالیاتی خسارہ جی ڈی پی کا 3.8 فیصد ہے جو جون تک بڑھ کر 7.0 فیصد ہو جائے گا، مارچ 2022 کے آخر تک کل عوامی قرضہ 44,366 ارب روپے تھا۔ افراط زر 11.3 فیصد پر اور غیر ملکی زرمبادلہ کے ذخائر میں مسلسل کمی کا سامنا رہا۔

عالمی سطح پر اجناس کی قیمتوں میں اضافہ ، درآمدات پر دباؤ ڈال رہا ہے جس سے درآمدی ادائیگیوں میں نمایاں اضافہ ہو رہا ہے۔ جس کے نتیجے میں جولائی تا اپریل مالی سال 2022 کے دوران 32.9 بلین امریکی ڈالر کے بڑے تجارتی خسارے کو جزوی طور پر بیرون ملک پاکستانیوں کی ترسیلات زر سے کچھ مالی اعانت ہوئی ہے۔ اس طرح، زیر بحث مدت میں، کرنٹ اکاؤنٹ میں گزشتہ سال کی اسی مدت کے دوران 0.5 بلین امریکی ڈالر کے خسارے کے مقابلے میں 13.8 ارب امریکی ڈالر کا خسارہ ہوا۔

افراط زر کو قابو کرنے اور پائیدار معاشی استحکام کے لئے مرکزی بینک نے آگے بڑھتے ہوئے اپنا کردار ادا کیا اور اکتوبر 2021 سے ستمبر 2022 کے دوران بنیادی شرح سود کو 8 فیصد سے بڑھا کر 15 فیصد کیا گیا۔

جولائی تا مئی مالی سال 2022 کے دوران CPI افراط زر 11.3 فیصد ریکارڈ کیا گیا جو کہ گزشتہ سال اسی مدت کے دوران 8.8 فیصد تھا۔ افراط زر کی وجہ مجموعی طور پر بجلی اور گیس کی قیمتوں میں ایڈجسٹمنٹ، اشیائے خوردونوش کی قیمتوں میں نمایاں اضافہ، زر مبادلہ کی شرح میں کمی کے ساتھ ساتھ اجناس کی قیمتوں میں تیزی سے اضافے، کو بھی قرار دیا جا سکتا ہے۔

ایف بی آر کی ٹیکس وصولی میں 28.5 فیصد کا نمایاں اضافہ دیکھنے میں آیا۔ تاہم، زیادہ گرانٹس اور بھاری سبسڈیز نے اخراجات کو شدید دباؤ میں رکھا۔ مالیاتی خسارہ بڑھ کر جی ڈی پی کا 3.8 فیصد ہو گیا جو گزشتہ سال کی اسی مدت کے دوران جی ڈی پی کے 3.0 فیصد تھا۔

مالی سال 2022 میں زراعت میں 4.40 فیصد ، صنعتی شعبے میں 7.19 فیصد، اور خدمات کے شعبے میں 6.19 فیصد نمو کی وجہ سے شرح نمو 5.97 فیصدرہی جو کہ سال 2021 میں ریکارڈ کی گئی یہ

## ڈائریکٹر ز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2022کو ختم ہونے والے سال کے مالی نتائج آپ کی خدمت میں پیش ہیں۔

## کمپنی کا تعارف

مہران شوگر ملز لمیٹڈ کو دسمبر 1965 میں پاکستان میں پبلک لمیٹڈ کمپنی کے طور پر ، کمپنیز ایکٹ 1913 کے تحت رجسٹر کیا گیا ، ہمارا بُنیادی مقصد چینی اور اس سے متعلق مصنوعات کی بہترین تیاری اور اس کے ساتھ دیگر صنعتوں میں سرمایہ کاری ہے ہماری فیکٹری ضلع ٹنڈوالہیار میں واقع ہے اور اس کی کرشنگ کی صلاحیت 12,500ٹن یومیہ ہے۔ ضلع ٹنڈوالہیار اگر آج گنے کی بہترپیداوار کے حوالے سے جانا جاتا ہے تو اس میں ہماری سالوں کی انتھک محنت بھی شامل ہے ہم نے نئ اور زیادہ پیداوار دینے والی گنے کی ورائٹیز کو اپنے ایریا کے کسانوں میں متعارف کرایا اور اُنہیں ان ورائٹیز کا بیج اُدھار پر دیا۔ جبکہ فصل کے لئے کھاد بھی فراہم کی گئی یہی وجہ ہے کہ آج یہاں گنے کی جلد تیار ہونے اور بہتر سکروزرکھنے والی اقسام دستیاب ہیں جس کی وجہ سے فیکٹری کو اعلی درجے کا سکروز دستیاب ہوتا ہے۔ جو کہ زائد چینی کے حصول میں مددگار ثابت ہوتا ہے۔

ہماری موجودہ سرمایہ کاری ،توانائی کی بچت کے لئے جدید ترین ٹیکنالوجی کے حصول کے لئے ہے ، ہماری بھرپور کوشش ہے کہ ہم پاکستان بھر میں اپنی صف میں سب سے کم توانائی خرچ کرنے والی فیکٹری کے طور پر پہچانے جائیں ۔

کمپنی نے 2004 میں دو مشترکہ شراکت داران کے ساتھ ، یونی کول میں سرمایہ کاری کی ہے ۔یونی کول لمیٹڈ کو گرین فیلڈ ایتھنول پروجیکٹ کے طورپر تشکیل دیا گیا ہے ۔ یونی کول میں ایتھنول کی پیداواری گنجائش 200,000 لاکھ لیٹر روزانہ اور CO2 کی پیداواری صلاحیت 72 ٹن روزانہ ہے۔ وقت گذرنے کے ساتھ ساتھ یونی کول آج پاکستان میں ایتھنول کی برآمدات میں لیڈر کی حیثیت رکھتا ہے اور اسے برآمدات میں ٹاپ 100 ایکسپورٹر ز میں شامل کرتے ہوئے پاکستان ٹرافی سے نوازا گیا ہے۔

## ملکی معیشت کا مجموعی جائزہ

عالمی سطح پر مربوط کوششوں کی وجہ سے دنیا بتدریج کوویڈ 19 کے تباہ کن اثرات سے نکل رہی ہے ، لیکن روس اور یوکرین کے تنازع نے اقتصادی ترقی کے لئے نئے خطرات پیدا کردیئے ہیں اور اقتصادی نقطہ نظر سے غیر یقینی صورتحال پیدا کردی ہے ۔

# NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 57th Annual General Meeting of the members of the Company will be held at I.CA.P. Auditorium , Chartered Accountant Avenue ,Clifton, Karachi on Friday, January 27,2023 at 1630 PST to transact the following business:

**ORDINARY BUSINESS**

1. To confirm the minutes of the Extra Ordinary General Meeting held on June 29, 2022;

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

3. To consider and approve 12.5% final bonus shares i.e. 12.5 shares for every 100 shares held by the members for the year ended September 30, 2022 , in addition to interim bonus shares already issued @ 12.5%, and interim dividend paid @7.5% i.e. Rs.0.75 per share, as recommended by the Board of Directors of the Company.

4. To appoint auditors for the year ending September 30, 2023 and to fix their remuneration. The retiring auditors M/s Grant Thornton Anjum Rahman , Chartered Accountants being eligible, have offered themselves for re-appointment.

**SPECIAL BUSINESS**

5. To elect 7 directors as fixed by the Board for the term of three years in accordance with th provision of Section 159 of the Companies Act, 2017. The name of retiring Directors are Mohammad Kasim Hasham, Ahmed Ebrahim Hasham, Mohammad Hussain Hasham,Khurram Kasim, Mrs.Anushey A.Hasham, Ms.Sofia Kasim, Muhammad Amin Mukaty, Hasan Aziz Bilgrami, Iftikhar Soomro and Muhammad Iqbal.

6. To apprise and review the status of investments in Associated Companies, for which statement as required by S.R.O 27(1)/2012 dated January 16, 2012 is being sent to the shareholders.

7. To transact any other business with the permission of the Chair.

By Order of Board of Directors

**Ali Hassan Kalroo**

Karachi: January 06, 2023

Company Secretary

**Notes**

1. The share transfer books of the company will remain closed from January 21, 2023 to January 27, 2023 (both days inclusive).

2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her behalf. Proxies in order to be effective must be received by the company at its registered office not later than 48 hours before the time fixed for holding the Annual General Meeting.

3. The shareholders whose shares are registered in their account /sub-account with Central Depository System (CDS) to bring their CNIC along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such accountholders and sub-account holders the guidelines as contained in SECP's circular 1 of 26th January,2000 to be followed.

4. The shareholders are requested to notify the company immediately the change in their address, if any.
5. The shareholders are also requested to intimate us their CNIC# to implement the requirements of Annual Returns ( Form A) which the company is required to file with the SECP under section 130 of the Companies Act 2017.
6. As per section 72 of the Companies Act 2017, every existing listed Company is required to replace physical shares with book–entry form. Therefore, shareholders having physical shares are encouraged to open an account with CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into scrip less form. This will facilitate you in many ways, including save custody and sale of shares, any time they want, because trading of physical shares is not permitted as per regulation.

**Statement as required by S.R.O 27(I)/2012 dated January 16, 2012**

| Associated Companies | Total Investment Approved | Amount of Investment made to date | Reasons for not having made complete investments so far | Material Change in financial Statements of associated company since resolution |
|---|---|---|---|---|
| Mehran Energy Limited | 750.00 Million | Million 42.59 | There is no progress in the .project during the year | No material .change |
| Uni-food Industries Limited | 400.00 Million | 400.00 Million | Complete investment made so .far | An EOGM held dated 29th June 2022 for approval of Disposal of investment in Uni- Food Industries Limited has .been sought |
| Uni-Energy Limited | 650.00 Million | Million 20.00 | During the year under review, no progress was recorded on the wind power project. Management is keeping a close eye on NEPRA's policy in regards .to assess its future prospects | No material .change |

## Statement of Material Facts concerning Special Business pursuant to Section 134 sub clause (3) of the Companies Act 2017 read with S.R.O S.R.O. 1240(I)/2017 dated December 06, 2017

This statement sets out the material facts concerning the Special Business given in Agenda Item No. 6 of the Notice to be transacted in the Annual General Meeting of the members of Mehran Sugar Mills Limited (MSML) to be held on January 27, 2023 at 4:30 pm at The Institute of Chartered Accountants of Pakistan, Chartered Accountant Avenue, Clifton, Karachi.

### Item No. 6 of the agenda

### Disposal of an Associate Uni-Food Industries Limited

### An extra ordinary general meeting held on June 29,2022 in which agenda for disposal of Uni-Food Industries Limited is discussed as follows:

a. The Company has entered into an agreement with Sunridge Foods Private Limited for disposal of entire shareholding in the associated company namely M/s. Uni-Food Industries Limited. The sale proceeds of the total transaction is PKR 1200,000,000/- where portion of payment is to settle the liabilities of associated company and balance portion is to be paid against entire shareholding of associated company in proportion to respective shareholder's shareholding

   Subject to finalization and execution of definitive agreement and compliance with all applicable legal and statutory requirements.

b. UFIL's main business activity is to carry on business of manufacture, produce, branding, sell and distribution of confectionery and other baked / food products.

# اطلاع برائے سالانہ اجلاسِ عام

بذریعہ ہذا کمپنی کے اراکین کو اطلاع دی جاتی ہے کہ 57واں سالانہ اجلاس عام، آئی سی اے پی ICAP آڈیٹوریم، چارٹرڈ اکاؤنٹنٹس ایوینیو، کلفٹن کراچی میں بروز جمعہ مورخہ 27 جنوری 2023 کو بوقت 4:30 بجے مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔

**عمومی معاملات**

1۔ 29 جون 2022 کو ہونے والے غیر معمولی اجلاس عام کی کاروائی کی توثیق کرنا۔

2۔ 30 ستمبر 2022 کو ختم ہونے والے کاروباری سال کیلئے کمپنی ہذا کے آڈٹ شدہ مالیاتی گوشواروں، ہمراہ ڈائریکٹرز اور آڈیٹرز رپورٹ پر غور وخوض اور منظوری۔

3۔ 30 ستمبر 2022 کو ختم ہونے والے مالی سال کیلئے کمپنی کے بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 12.5 فیصد بونس شیئرز اس کے علاوہ پہلے سے جاری کردہ عبوری بونس شیئرز بحساب 12.5 فیصد اور پہلے سے ادا شدہ عبوری منافع منقسمہ بحساب 7.5 فیصد یعنی 0.75 روپے فی شیئر کی منظوری۔

4۔ 30 ستمبر 2023 کو ختم ہونے والے مالی سال کیلئے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین، ریٹائرڈ ہونے والے آڈیٹر میسرز گرانٹ تھارنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس نے اس ضمن میں اہل ہونے کے سبب دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔

**خصوصی معاملات**

5 کمپنیز ایکٹ 2017 کے سیکشن 159 کی دفعات کے مطابق بورڈ آف ڈائریکٹرز کے مقرر کردہ کمپنی کے 7 ڈائریکٹرز کا انتخاب کرنا۔ ریٹائر ہونے والے ڈائریکٹرز کے نام محمد قاسم ہاشم، احمد ابراہیم ہاشم، محمد حسین ہاشم، خرم قاسم، مسز انوشے اے ہاشم، محترمہ صوفیہ قاسم، محمد امین مکاتی، حسن عزیز بلگرامی، افتخار سومرو اور محمد اقبال ہیں۔

6۔ ایسوسی ایٹڈ کمپنیوں میں سرمایہ کاری کی صورتحال اور اس کا جائزہ، جس کیلئے 2012/(I)27 S.R.O بمطابق 16 جنوری 2012 کے تحت خصوصی ضمیمہ حصص یافتگان کو ان کے رجسٹرڈ پتے پر ارسال کردیا ہے۔

7۔ صدر مجلس کی اجازت سے دیگر امور کی انجام دہی۔

حسب الحکم بورڈ آف ڈائریکٹرز

علی حسن، کمپنی سیکریٹری

کراچی: 6 جنوری، 2023

نوٹ:

1۔ کمپنی کی شیئر منتقلی کتب مورخہ 21 جنوری 2023 تا 27 جنوری 2023 (بشمول دونوں ایام) بند رہیں گی۔

2۔ سالانہ اجلاس عام میں شرکت اور رائے دہی کا اہل ممبر کسی دوسرے ممبر کو اپنا / اپنی پراکسی مقرر کرسکتا ہے تا کہ وہ اس کی جانب سے شرکت اور رائے دہی میں حصہ لے سکے۔ پراکسی کے موثر ہونے کیلئے لازم ہے کہ وہ سالانہ اجلاس عام کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کو اس کے پراکسی فارم، رجسٹرڈ آفس میں موصول ہو جائیں۔

3۔ وہ شیئر ہولڈرز جن کے حصص سینٹرل ڈپازٹری سسٹم (CDS) کیساتھ اکاؤنٹ/سب اکاؤنٹ میں رجسٹرڈ ہیں وہ تصدیق کیلئے اپنے CNIC کیساتھ CDS میں اپنا اکاؤنٹ نمبر اور شریک کنندہ کا شناختی نمبر لے کر آئیں۔ ایسے اکاؤنٹ ہولڈر اور سب اکاؤنٹ ہولڈر کی طرف سے پراکسی کی تقرری کی صورت میں SECP کے جاری کردہ سرکلر نمبر 1 بمطابق 26 جنوری 2000 کے تحت جاری کردہ گائیڈ لائنز پر عمل کیا جائے۔

4۔ شیئر ہولڈرز سے التماس ہے کہ اپنے موجودہ پتے کسی بھی قسم میں تبدیلی کی صورت میں فوری طور پر کمپنی ہذا کو فوری مطلع کریں۔

5۔ شیئر ہولڈرز سے یہ بھی استدعا ہے کہ وہ اپنے CNIC نمبر سے آگاہ کردیں تا کہ سالانہ ریٹرنز (فارم A) کی ضروریات کی تعمیل کی جا سکے جو کہ کمپنی کیلئے SECP کمپنیز ایکٹ مجریہ 2017 کی دفعہ 130 کے تحت جمع کرانا لازم ہے۔

6 کمپنیز ایکٹ 2017 کی دفعہ 72 کے تحت لسٹڈ کمپنی کو اپنے فزیکل شیئر کو ایک مخصوص انداز میں بک انٹری فارم میں تبدیل کرنا ہوگا۔ لہٰذا فزیکل شیئر ہولڈنگ رکھنے والے شیئر ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ کسی بھی بروکر کے ساتھ انویسٹر اکاؤنٹ سروسز یا سب اکاؤنٹ کھلوائیں تا کہ ان کے فزیکل شیئر اسکرپ لیس شکل میں ہوں۔ اس سے انہیں بہت سے طریقوں سے سہولت ملے گی، بشمول محفوظ تحصیل اور شیئرز کی فروخت، جب بھی وہ چاہیں، کیونکہ قواعد کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہیں ہے۔

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

## FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

1. The total number of directors is ten (10) as per the following:

- Male : Eight (08)
- Female : Two (02)

2. The composition of the Board is as follows:

| Category | Name |
|---|---|
| Independent Directors | Mr. Hasan Aziz Bilgrami<br>Mr. Iftikhar Soomro<br>Mr. Mohammad Amin Mukaty |
| Non-Executive Directors | Mr. Mohammed Kasim Hasham-Chairman<br>Mr. Mohammed Hussain Hasham<br>Mr. Khurram Kasim<br>Ms. Sofia Kasim<br>Mrs. Anushey A. Hasham<br>Mr. Muhammad Iqbal |
| Executive Directors | Mr. Ahmed Ebrahim Hasham |

3. The directors have confirmed that none of them is serving as a director on more than seven listed Companies, including this Company.

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

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

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of 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 Act, and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

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

## FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

9. The directors are well aware of their duties and responsibilities under the Code. Further following directors have attended Directors' Training program:

. **Name of Directors:**

. Mr. Ahmed Ebrahim Hasham – Chief Executive Officer

. Mr. Hasan Aziz Bilgrami - Independent Director

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

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

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

| Members of Audit Committee | Designation |
|---|---|
| Mr. Hasan Aziz Bilgrami – Chairman | Independent Director |
| Mr. Khurram Kasim | Non-Executive Director |
| Mr. Mohammad Hussain Hasham | Non-Executive Director |
| Mrs. Anushey A. Hasham | Non-Executive Director |

| Members of Human Resource and Remuneration Committee | Designation |
|---|---|
| Mr. Muhammad Amin Mukaty – Chairman | Independent Director |
| Mr. Khurram Kasim | Executive Director |
| Ms. Sofia Kasim | Non-Executive Director |

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

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

a. Audit Committee: (Four) Quarterly meetings during FY 2022 ended 30 September 2022

b. Human Resource and Remuneration Committee: (Two) Half yearly meetings during FY 2022 ended 30 September 2022

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

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

9. 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.

10. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with; and

11. With regard to Regulation 6, the three elected independent directors have the requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently, as per applicable laws and regulations. The Company believes that it has sufficient impartiality and is able to exercise independence in decision-making within the Board and hence, does not require to round up the fraction to four independent directors..

**MOHAMMAD KASIM HASHAM**

CHAIRMAN

GRANT THORNTON ANJUM RAHMAN
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Modern Motors House
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Karachi 75530

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# INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF MEHRAN SUGAR MILLS LIMITED
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN
THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Mehran Sugar Mills Limited (the Company) for the year ended 30 September 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.

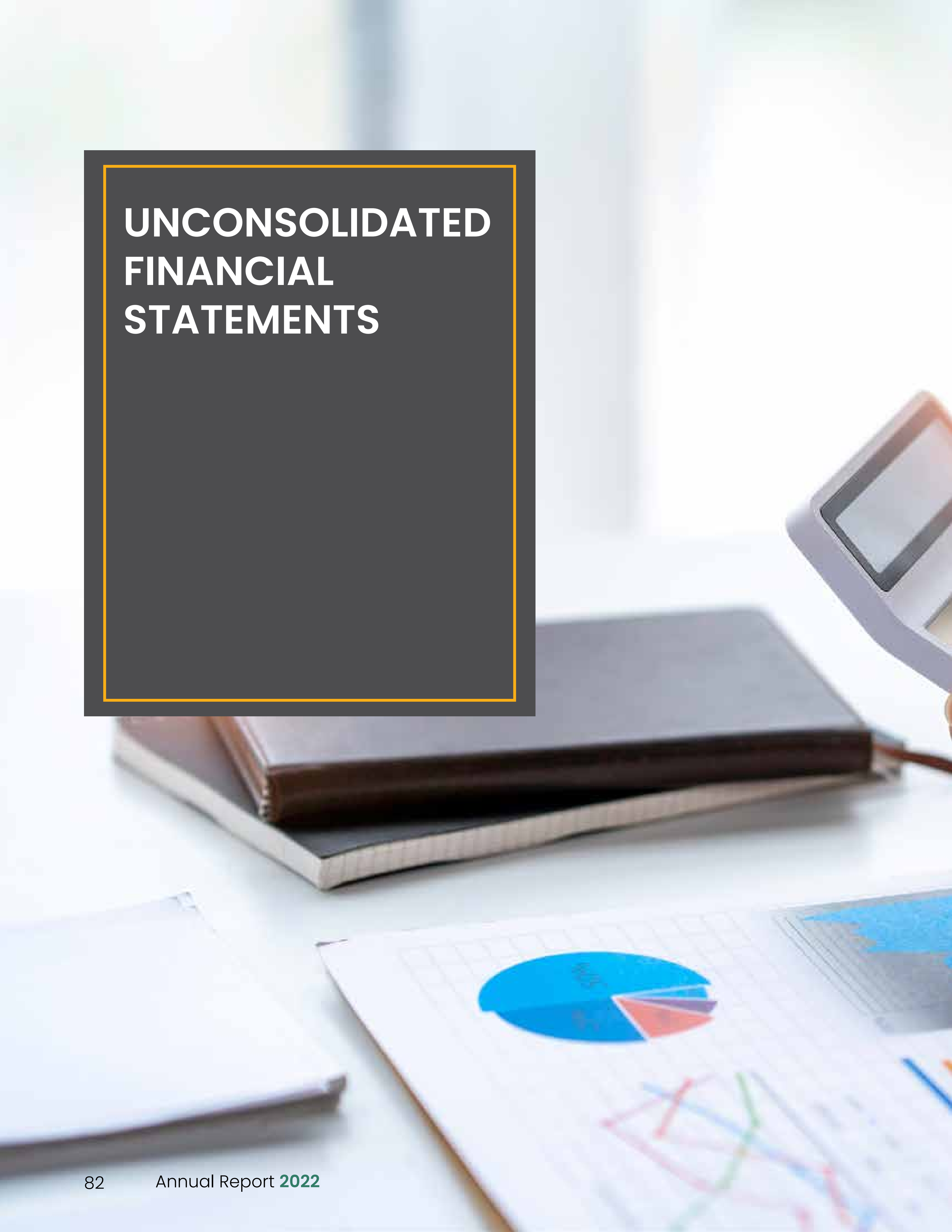
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 September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

Chartered Accountants

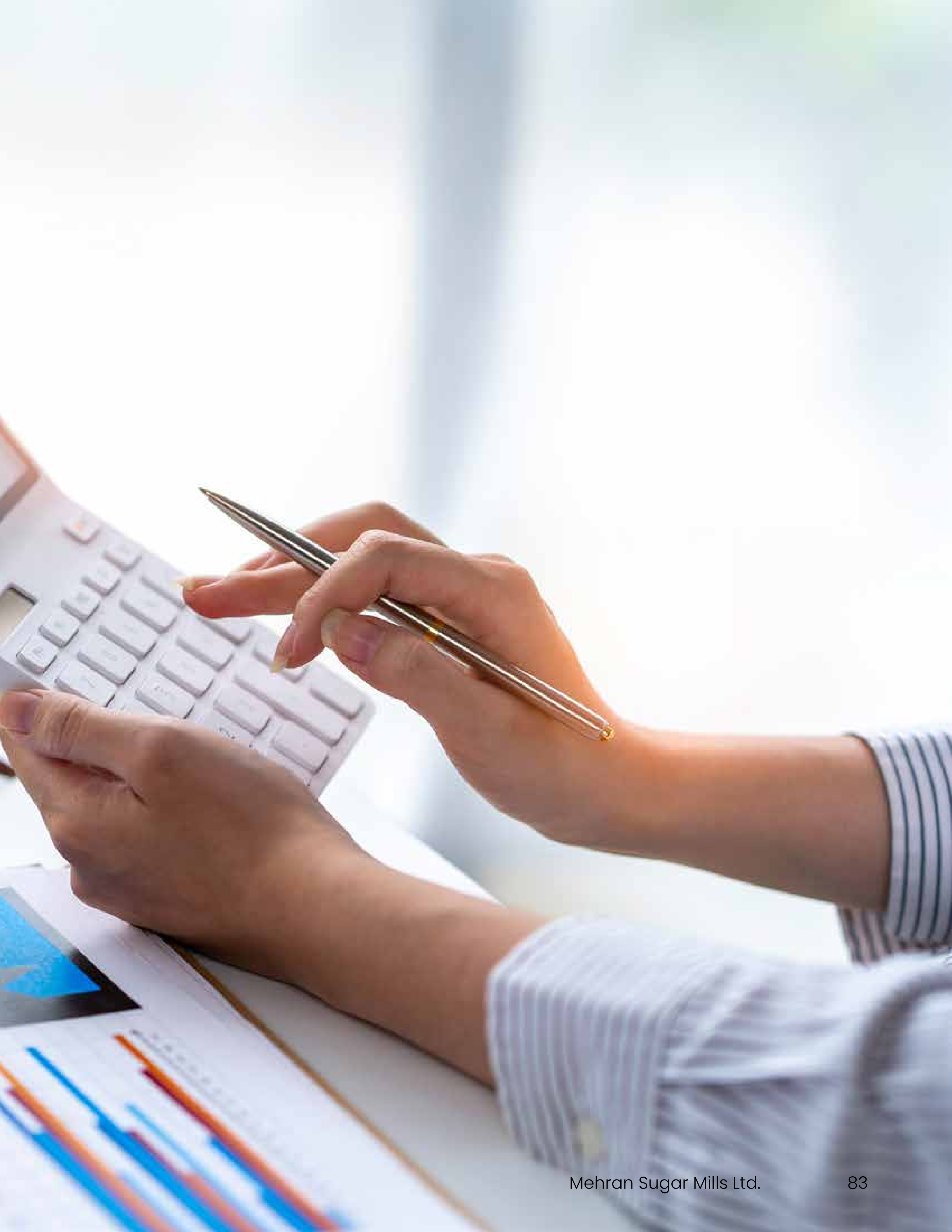
Place: Karachi

Date: 05 January 2023

UDIN: CR202210093zrsca2GL8



# UNCONSOLIDATED FINANCIAL STATEMENTS



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# INDEPENDENT AUDITOR'S REPORT

To the members of Mehran Sugar Mills Limited

Report on the Audit of the Unconsolidated Financial Statements

## Opinion

We have audited the annexed unconsolidated financial statements of Mehran Sugar Mills Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 September 2022, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and 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 explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other 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, total comprehensive income, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

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

## Key Audit 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 year. 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.

| S.No | Key audit matters | How the matter was addressed in our audit |
| --- | --- | --- |
| 1. | **Contingencies** | |
| | As disclosed in note 33 to the unconsolidated financial statements, the Company has contingent liabilities in respect of various matters, which are pending adjudication before respective authorities and courts of law.<br><br>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules and regulations, probability of outcome and financial impact and recognition and measurement of any provisions that may be required against such contingencies in accordance with applicable financial reporting standards.<br><br>Due to significance of amounts involved, uncertainties with respect to the outcome of matters and use of significant management judgments and estimates, we considered this as a key audit matter. | Our key procedures amongst others included the following:<br><br>- obtained and reviewed details of the pending matters and discussed the same with the Company's management;<br><br>- reviewed the correspondences between the Company and the relevant authorities, and tax and legal advisors;<br><br>- obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the probable outcome of the open tax assessments and other contingencies;<br><br>- assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework. |

| 2. | Stock-in-trade | |
|---|---|---|
| | As disclosed in the note 12 to the unconsolidated financial statements, stock-in-trade amounts to Rs. 1,553.309 million which constitutes 24% of total assets of the Company. The stock is measured at lower of weighted average cost and net realizable value. There is an element of judgement involved in determining an appropriate costing basis and assessing its valuation<br><br>Given the significance of stock-in-trade to the Company's total assets and the level of judgements and estimates involved, we have identified valuation of stock-in-trade as a key audit matter. | - Our key procedures amongst others included the following:<br><br>- obtained an understanding of controls over purchases and valuation of stock-in-trade and tested, on a sample basis, their design, implementation and operating effectiveness;<br><br>- performed observation of inventory counts and physical inspection of the stock held at the premises of the Company<br><br>- assessed net realizable value by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period; and<br><br>- assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework. |
| .3 | First year audit | |
| | We have been engaged to perform the audit of the Company for the first time i.e., for the year ended 30 September 2022. Initial audit engagements involve a number of considerations not associated with recurring audits. Additional planning activities and considerations necessary to establish an appropriate audit strategy and audit plan include gaining an initial understanding of the Company and its business, obtaining sufficient audit evidence regarding the opening balances including the selection and application of accounting principles and communicating with the previous auditors. | We performed various procedures to obtain sufficient appropriate audit evidence regarding opening balances including the following:<br><br>We reviewed the predecessor auditor's work paper files and made additional inquiries of the predecessor auditors about matters that may affect our audit in the current year.<br><br>We evaluated the key accounting position and matters from prior years.<br><br>We evaluated whether accounting policies reflected in the opening balances have been consistently applied in the current year's financial statements and adequately presented and disclosed in accordance with the applicable financial reporting framework. |

## Information Other than the 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, but does not include the 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) 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 of the Company are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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

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

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

We also provide to 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 year 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 other 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 (XVII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

## Other Matter

The unconsolidated financial statements of the Company for the year ended 30 September 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements dated 12 January 2022.

The engagement partner on the audit resulting in this independent auditor’s report is Khurram Jameel.

Chartered Accountants

Place: Karachi

Date:

UDIN: AR202210093NZP3xSo6D

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 6 | **2,447,675,227** | 2,372,810,929 |
| Right-of-use assets | 7 | **49,943,215** | 51,579,492 |
| Long-term receivables | 8 | **160,173,441** | 204,660,877 |
| Long-term investments | 9 | **1,166,906,145** | 1,051,768,517 |
| Long-term deposits | | **3,436,400** | 852,400 |
| | | **3,828,134,429** | 3,681,672,215 |
| **CURRENT ASSETS** | | | |
| Biological assets | 10 | **24,556,050** | 23,767,355 |
| Stores and spare parts | 11 | **144,306,826** | 110,502,305 |
| Stock-in-trade | 12 | **1,553,309,866** | 561,564,239 |
| Trade debts | 13 | **100,420,895** | 69,668,130 |
| Loans and advances | 14 | **63,262,744** | 54,975,038 |
| Trade deposits and short-term prepayments | 15 | **11,341,092** | 6,480,747 |
| Other receivables | 16 | **100,469** | 990,764 |
| Short-term investments | 17 | **732,422,221** | 1,317,093,191 |
| Taxation – net | | **58,423,416** | 55,218,392 |
| Cash and bank balances | 18 | **33,265,542** | 10,848,736 |
| | | **2,721,409,121** | 2,211,108,897 |
| Non current assets held for sale | 19 | **46,349,034** | - |
| **TOTAL ASSETS** | | **6,595,892,584** | 5,892,781,112 |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Authorised capital | | | |
| 75,000,000 ordinary shares of Rs.10/- each | | **750,000,000** | 750,000,000 |
| Issued, subscribed and paid-up share capital | 20 | **605,475,641** | 489,273,246 |
| Reserves | 21 | **2,144,175,312** | 2,006,553,883 |
| | | **2,749,650,953** | 2,495,827,129 |
| **NON-CURRENT LIABILITIES** | | | |
| Long-term financing | 22 | **642,015,721** | 922,593,072 |
| Lease liabilities | 23 | **33,550,788** | 30,602,944 |
| Market committee fee payable | 24 | **49,451,951** | 51,182,345 |
| Deferred liabilities | 25 | **3,971,207** | 4,301,305 |
| Deferred income - government grant | 26 | **103,369,766** | 70,762,929 |
| Deferred taxation - net | 27 | **47,087,847** | 79,579,039 |
| Provision for quality premium | 28 | **-** | 119,290,919 |
| | | **879,447,280** | 1,278,312,553 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 29 | **456,871,134** | 471,459,188 |
| Contract liabilities (advances from customers) | | **505,943,198** | 34,592,406 |
| Unclaimed dividend | | **19,707,001** | 19,331,423 |
| Accrued mark-up | | **96,518,298** | 50,683,240 |
| Short-term borrowings | 30 | **1,258,052,978** | 1,063,921,237 |
| Provision for market committee fee | 31 | **15,391,972** | 6,822,533 |
| Current portion of non-current liabilities | 32 | **408,198,116** | 394,933,910 |
| Sales tax and federal excise duty payable | | **206,111,655** | 76,897,493 |
| | | **2,966,794,351** | 2,118,641,430 |
| **CONTINGENCIES AND COMMITMENTS** | 33 | | |
| **TOTAL EQUITY AND LIABILITIES** | | **6,595,892,584** | 5,892,781,112 |

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

Ahmed Ebrahim

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended September 30, 2022

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Turnover - gross | 34 | **7,982,754,657** | 6,974,385,062 |
| Sales tax | | **(1,084,727,723)** | (910,846,723) |
| Turnover - net | | **6,898,026,934** | 6,063,538,339 |
| Cost of sales | 35 | **(6,090,620,461)** | (5,426,675,320) |
| **Gross profit** | | **807,406,473** | 636,863,019 |
| Distribution costs | 36 | **(72,561,036)** | (45,205,970) |
| Administrative expenses | 37 | **(255,399,713)** | (262,076,681) |
| Other expenses | 38 | **(111,892,450)** | (147,259,785) |
| Other income | 39 | **156,850,337** | 233,865,256 |
| | | **(283,002,862)** | (220,677,180) |
| **Operating profit** | | **524,403,611** | 416,185,839 |
| Share of profit from associates – net | 9.1 & 9.2 | **440,137,609** | 61,598,367 |
| Provision for impairment on long-term investments | | **-** | (122,429,558) |
| Allowance for ECL on long-term receivables | 8.3 | **(44,487,436)** | (72,915,974) |
| Finance costs | 40 | **(526,315,499)** | (264,551,294) |
| **Profit before taxation** | | **393,738,285** | 17,887,380 |
| Taxation | 41 | **(104,376,800)** | (41,703,171) |
| **Net profit / (loss)for the year** | | **289,361,485** | (23,815,791) |
| | | | **Restated** |
| **Basic and diluted earning / (loss) per share** | 42 | **5.34** | (0.40) |

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended September 30, 2022

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **Net profit / (loss) for the year** | | **289,361,485** | (23,815,791) |
| **Other comprehensive income** | | | |
| ***Items that will not be reclassified to profit or loss in subsequent periods - net of tax*** | | | |
| Actuarial (loss) / gain on defined benefit plan | | **617,210** | (155,739) |
| Gain / (loss) on disposal of equity instruments at fair value designated through other comprehensive income | | **1,105,114** | (107,989) |
| Unrealised gain / (loss) on remeasurement of equity instruments designated at fair value through other comprehensive income | | **3,105,290** | (14,208,802) |
| | | **4,827,614** | (14,472,530) |
| **Total comprehensive income / (loss) for the year - net of tax** | | **294,189,099** | (38,288,322) |

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2022

| | Issued, subscribed and paid-up capital | Reserves | | | | | | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | Capital | Revenue | | Other components of equity | | Sub-total | |
| | | Share Premium | General reserve | Unappropriated profits | FV reserve of financial assets at FVOCI | Actuarial gain / (loss) on defined benefit plan | | |
| | ----------------------------------- Rupees ----------------------------------- | | | | | | | |
| **Balance as at September 30, 2020** | 465,974,520 | 63,281,250 | 85,000,000 | 1,980,249,741 | 9,978,051 | 3,023,268 | 2,141,532,310 | 2,607,506,830 |
| Bonus shares issued for the year ended September 30, 2020 in the ratio of 5 ordinary shares for every 100 shares held | 23,298,726 | - | - | (23,298,726) | - | - | (23,298,726) | - |
| Interim dividend for the year ended September 30, 2021 @ Re. 1.5 per share | - | - | - | (73,391,380) | - | - | (73,391,380) | (73,391,380) |
| Net loss for the year | - | - | - | (23,815,791) | - | - | (23,815,791) | (23,815,791) |
| Other comprehensive income for the year | - | - | - | - | (14,316,791) | (155,739) | (14,472,530) | (14,472,530) |
| Total comprehensive loss for the year | - | - | - | (23,815,791) | (14,316,791) | (155,739) | (38,288,322) | (38,288,322) |
| Transfer of fair value reserve of equity instruments designated at FVOCI on account of disposal | - | - | - | 4,257,366 | (4,257,366) | - | - | - |
| **Balance as at September 30, 2021** | 489,273,246 | 63,281,250 | 85,000,000 | 1,864,001,210 | (8,596,106) | 2,867,529 | 2,006,553,882 | 2,495,827,128 |
| Bonus shares issued for the year ended September 30, 2021 in the ratio of 100 ordinary shares for every 10 shares held | 48,927,325 | - | - | (48,927,325) | - | - | (48,927,325) | - |
| Interim dividend for the year ended September 30, 2022 @ Re. 0.75 per share | - | - | - | (40,365,274) | - | - | (40,365,274) | (40,365,274) |
| Bonus shares issued for the year ended September 30,2022 in the ratio of 100 Ordinary shares for every 12.5 shares held | 67,275,070 | - | - | (67,275,070) | - | - | (67,275,070) | - |
| Net profit for the year | - | - | - | 289,361,485 | - | - | 289,361,485 | 289,361,485 |
| Other comprehensive income for the year | - | - | - | - | 4,210,404 | 617,210 | 4,827,614 | 4,827,614 |
| Total comprehensive income for the year | - | - | - | 289,361,485 | 4,210,404 | 617,210 | 294,189,099 | 294,189,099 |
| Transfer of fair value reserve of equity instruments designated at FVOCI on account of disposal | - | - | - | (4,714,802) | 4,714,802 | - | - | - |
| **Balance as at September 30, 2022** | 605,475,641 | 63,281,250 | 85,000,000 | 1,992,080,223 | 329,100 | 3,484,739 | 2,144,175,312 | 2,749,650,953 |

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | **393,738,285** | 17,887,380 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | | |
| - Operating fixed assets | | **165,577,019** | 155,516,133 |
| - Right-of-use assets | | **22,775,434** | 50,551,076 |
| Amortization of deferred income - government grant | | **(24,076,144)** | (3,346,411) |
| Share of profit from associates | | **(440,137,609)** | (61,598,367) |
| Gain on disposal of operating fixed assets and right-of-use assets | | **(3,127,465)** | (10,139,655) |
| Finance costs | | **526,315,499** | 264,551,294 |
| Provision for gratuity | | **921,944** | 814,923 |
| Provision for market committee fee | | **8,569,439** | 6,822,530 |
| Allowance for ECL | | **44,487,436** | 73,888,731 |
| Loss / (gain) on disposal of equity instruments at fair value through profit or loss | | **101,424,239** | (109,047,937) |
| Unrealised loss on remeasurement of equity instruments at fair value through profit or loss | | **97,849,599** | 129,072,940 |
| Provision for impairment on long-term investments | | **-** | 122,429,558 |
| Impact of discounting - market committee payable | | **-** | (19,877,054) |
| Reversal of provision for quality premium | | **(119,290,919)** | |
| Working capital changes | 43 | **(483,372,464)** | (586,785,168) |
| | | **(102,083,992)** | 12,852,594 |
| Gratuity paid | | **(330,821)** | (1,178,263) |
| Income taxes paid | | **(140,820,631)** | (146,859,015) |
| Finance costs paid | | **(452,535,869)** | (217,732,924) |
| Market committee fee paid | | **(6,189,155)** | (6,189,155) |
| Long term deposits - net | | **(2,584,000)** | - |
| | | **(310,806,183)** | (341,219,384) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Fixed capital expenditure | | **(242,515,905)** | (339,361,799) |
| Proceeds from disposal of operating fixed assets and right-of-use assets | | **3,925,889** | 14,008,195 |
| Investments made during the year | | **(2,093,227,518)** | (4,636,786,957) |
| Proceeds from disposal of investments | | **2,436,929,630** | 4,301,936,194 |
| Dividend received | | **324,999,981** | 212,499,987 |
| | | **430,112,077** | (447,704,380) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of long term financing | | **(230,797,953)** | 115,148,937 |
| Lease rentals paid | | **(20,233,181)** | (18,747,999) |
| Dividends paid | | **(39,989,695)** | (72,708,945) |
| | | **(291,020,829)** | 23,691,993 |
| **Net decrease in cash and cash equivalents** | | **(171,714,935)** | (765,231,771) |
| Cash and cash equivalents at the beginning of the year | | **(1,053,072,501)** | (287,840,730) |
| **Cash and cash equivalents at the end of the year** | | **(1,224,787,436)** | (1,053,072,501) |
| **Cash and cash equivalents** | | | |
| Cash and bank balances | | **33,265,542** | 10,848,736 |
| Short-term borrowings | | **(1,258,052,978)** | (1,063,921,237) |
| | | **(1,224,787,436)** | (1,053,072,501) |

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended September 30, 2022

## 1 THE COMPANY AND ITS OPERATIONS

**1.1** Mehran Sugar Mills Limited (the Company) was incorporated in Pakistan as a public limited company in December 1965 under the repealed Companies Act, 1913. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the manufacturing and sale of sugar and its by-products.

**1.2** These are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of cost less impairment, if any and investments in associates are accounted under equity method less impairment, if any.

**1.3** Geographical location and addresses of all the business units are as under:

| Location | Business unit |
|---|---|
| **Karachi** | |
| 14th Floor Dolmen Executive Tower, Marine Drive, Clifton | Registered office |
| **Tando Allahyar, Sindh** | |
| Tando Adam Road | Mill and Farm |
| Deh Rechal, P.O. Khokhar | Farm |

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

### 2.2 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except for short-term investments which are carried at fair value, investment in associates calculated using equity method of accounting, biological assets carried at fair value less costs to sell and staff gratuity and market committee fee Payable carried at present value.

### 2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupee unless otherwise stated.

## 3 NEW ACCOUNTING STANDARDS

### 3.1 Accounting standards effective for the year

There are certain new standards and amendments that are mandatory for the Company's accounting period beginning on 01 October 2021, but are considered either to be not relevant or to not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

### 3.2 Accounting standards not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's accounting periods beginning on / after 01 October 2022. However, the Company expects that these standards will not have any material impact on the future financial statements of the Company.

## 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's unconsolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these judgments and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the unconsolidated financial statements:

### 4.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation and useful life used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

### 4.2 Allowance for expected credit loss (ECL)

The Company uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss pattern. Considering the nature of the financial assets, the Company has applied the simplified approach as per IFRS 9 for trade debts and has calculated ECL based on life-time ECL. The Company has applied general approach for all other assets.The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic condition. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in future.

### 4.3 Inventories

The Company reviews the net realisable value (NRV) of stock-in-trade and stores and spare parts to assess any diminution in the respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

### 4.4 Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

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

### 4.5 Employees' benefits

Certain actuarial assumptions have been adopted as disclosed in note 24.2 to the unconsolidated financial statement for valuation of present value of defined benefit obligation. Any changes in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rate of return on plan assets, future salary increases and mortality rates.

### 4.6 Biological assets

The Company reviews the fair value of biological assets to assess changes in fair value less cost to sell during a period. Agriculture produce is measured at fair value less cost to sell at the point of harvest because harvested produce is a marketable commodity as there is no "measurement reliability" exception for produce.

### 4.7 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgement as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

### 4.8 Leases

#### Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

### Estimating the incremental borrowing rate

Where the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates).

## 5 SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Property, plant and equipment

#### Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment if any except for freehold land, which is stated at cost less accumulated impairment, if any.

Depreciation is charged to the unconsolidated statement of profit or loss using the reducing balance method. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the asset is in use.

The carrying values of the Company's operating fixed assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Repairs and maintenance cost is written off to the unconsolidated statement of profit or loss in the year in which it is incurred. Major renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the Company.

An item of operating fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of operating fixed assets is recognised in the period of disposal.

#### Capital work-in-progress

These are stated at cost less accumulated impairment, if any, and represent expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for their intended use.

### 5.2 Right-of-use assets

"The Company recognizes 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. Unless, the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method. Right-of-use assets are subject to impairment.

## 5.3 Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments represent fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees wherever applicable. Wherever applicable, the lease payments may also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

## 5.4 Investments

### Subsidiary

This is stated at cost. Provision is made for permanent impairment in the value of investment, if any.

### Associates

These are accounted for using equity method of accounting. Investments over which the Company has “significant influence” are accounted for under this method i.e., investments to be carried at the reporting date at cost plus post-acquisition changes in the share of net assets of associates, less any impairment in value, if material. The unconsolidated statement of profit or loss reflects the Company’s share of the results of operations of associates after the date of acquisition.

As the financial statements of all the associates may not necessarily be available at the year end, the Company uses the financial statements of the associates with a lag of three months for applying the equity method of accounting. Further, the Company considers the investment in associates as strategic investment.

### 5.5 Biological assets

These are measured at fair value less costs to sell on initial recognition and at each reporting date. 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 at the reporting date is included in the unconsolidated statement of profit or loss for the period in which it arises.

To ascertain the fair value of the biological assets, the fair value less estimated point-of-sale costs of crops at the end of each reporting period is determined using prices and other relevant information generated by market transactions involving identical or comparable assets. Since, there exists an active market for the agricultural produce, the estimated selling price is obtained using the observable inputs and the estimated selling costs are the harvesting charges farmer takes for cutting the crop.

### 5.6 Stores and spare parts

These are stated cost less provision for slow moving and obsolete items, if any. Cost is determined by the weighted moving average cost method. Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date. Provision for slow moving, damaged and obsolete items are charged to unconsolidated statement of profit or loss. Ageing and value of items of stores and spares are reviewed at each reporting date to record provision for any obsolete items.

### 5.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost, determined on weighted moving average cost method, and estimated net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

### 5.8 Trade debts, loans and advances, trade deposits and short-term prepayments and other receivables

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for ECL, if any. Allowance for ECL is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans and advances, trade deposits and short-term prepayments and other receivables. Bad debts, if any, are written off as and when considered irrecoverable.

### 5.9 Cash and cash equivalents

Thse comprise of cash in hand and current accounts held with banks, which are subject to insignificant risk of change. These are carried at cost.

### 5.10 Non-current assets held for sale

Assets held for sale are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell.

### 5.11 Employees' benefits

#### Gratuity

The Company operates an unfunded gratuity scheme for its permanent mill employees. An actuarial valuation of all defined benefit scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the unconsolidated statement of other comprehensive income. All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

#### Provident fund

The Company operates a recognised provident fund for those permanent employees who have opted for it. Equal monthly contributions are made to the fund by the Company and employees in accordance with the fund's rules. Contributions are made by the employees at mill and the employees at head office at the rate of 11% and 10% respectively, of the aggregate of basic salary. Investments made in provident fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder.

Investments made in provident fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder.

#### Compensated absences

The Company accrues its liability towards leaves accumulated by employees on an accrual basis using current salary level.

### 5.12 Taxation

#### Current

Provision for current taxation is based on the taxable income for the year determined in accordance with Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates and includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to the unconsolidated statement of profit or loss except to the extent it relates to items recognised directly in other comprehensive income in which case it is recognised in the unconsolidated statement of other comprehensive income.

#### Deferred

Deferred tax is recognised using the liability method, on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside unconsolidated statement of profit or loss is recognised outside unconsolidated statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in unconsolidated statement of other comprehensive income or directly in equity.

### 5.13 Trade and other payables

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

### 5.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### 5.15 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation 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; or

- there is present 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.

### 5.16 Foreign currency transactions and translation

For Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the unconsolidated statement of profit or loss.eign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the unconsolidated statement of profit or loss.

### 5.17 Borrowing costs

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

### 5.18 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.

#### i) Financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Subsequent measurement

Financial assets are subsequently classified into following categories:

• Financial assets at amortised cost (debt instruments);
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and "
• Financial assets at fair value through profit or loss.

#### Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

"• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; 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.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in unconsolidated statement of profit or loss when the asset is derecognised, modified or impaired.

**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 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.

**Financial assets at fair value through profit or loss**

These include financial assets held for trading, financial assets designated upon initial recogniton at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. These are carried at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised.

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

ECL 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### ii) Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### Subsequent measurement

#### Financial liabilities at fair value through profit or loss

The Company has not designated any financial liability as at fair value through profit or loss.

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR 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.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the unconsolidated statement of profit or loss.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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.

### iii) Offsetting of financial instruments

"Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 5.19 Revenue from contracts with customers

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Performance obligations held by the Company are not separable, and are not partially satisfied, since they are satisfied at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Company recognizes trade debts when the performance obligations have been met, recognizing the corresponding revenue. Moreover, the considerations received before satisfying the performance obligations are recognized as contract liabilities (advances from customers).

### 5.20 Other revenues

Revenue from other sources is recognized on the following basis:

i) Dividend income is recognised when the right to receive dividend is established.

ii) Farm and other income is recognised on an accrual basis.

### 5.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the unconsolidated financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the unconsolidated financial statements are authorised for issue, disclosure is made in the unconsolidated financial statements.

### 5.21 Operating segment

Operating sagements are reported in an manner consistent with the internal reporting provided to the Chief Operating Decision Maker (i.e. a singe segment at the Company level). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

### 5.22 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (i.e. a singe segment at the Company level). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

### 5.23 Earnings per share

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

### 5.24 Government Grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant related to an expense item, it is recognised in the unconsolidated statement of profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### 5.25 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset.

In determining fair value less costs to sell, the recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the unconsolidated statement of profit or loss.

| 6 PROPERTY, PLANT AND EQUIPMENT | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Operating fixed assets | 6.1 | **2,213,684,001** | 1,969,321,508 |
| Capital work-in-progress | 6.2 | **233,991,226** | 403,489,421 |
| | | **2,447,675,227** | 2,372,810,929 |

### 6.1 Operating fixed assets

| | COST | | | ACCUMULATED DEPRECIATION | | | BOOK VALUE | |
|---|---|---|---|---|---|---|---|---|
| | At October 01, 2021 | Additions* / (deletions) | At September 30, 2022 | At October 01, 2021 | Charge for the year* / (deletions) | At September 30, 2022 | At September 30, 2022 | Rate % |
| | Rupees | | | | | | | |
| Freehold land | 83,394,207 | - | 83,394,207 | - | - | - | 83,394,207 | - |
| Buildings on freehold land | | | | | | | | |
| - Factory | 317,098,063 | 3,607,470 | 320,705,533 | 190,783,511 | 12,902,015 | 203,685,526 | 117,020,007 | 10% |
| - Non-factory | 51,623,372 | - | 51,623,372 | 22,630,324 | 1,449,652 | 24,079,976 | 27,543,396 | 5% |
| Plant, machinery and equipment | 3,134,677,827 | 400,004,289 | 3,534,682,116 | 1,507,759,167 | 142,131,114 | 1,649,890,281 | 1,884,791,835 | 7.50% |
| Furniture and fittings | 9,663,353 | 313,500 | 9,976,853 | 5,538,923 | 435,956 | 5,974,879 | 4,001,974 | 10% |
| Vehicles | 76,968,864 | 118,600<br>(119,982) | 76,967,482 | 74,957,396 | 409,189<br>(61,691) | 75,304,894 | 1,662,588 | 20% |
| Office premises | 85,022,551 | - | 85,022,551 | 31,987,817 | 2,651,737 | 34,639,554 | 50,382,997 | 5% |
| Office equipment | 6,448,547 | 833,610 | 7,282,157 | 4,338,024 | 276,567 | 4,614,591 | 2,667,566 | 10% |
| Electric installation | 39,576,951 | 2,554,134 | 42,131,085 | 14,042,802 | 2,759,698 | 16,802,500 | 25,328,585 | 10% |
| Weighbridge and scales | 4,561,889 | 220,000 | 4,781,889 | 2,479,089 | 226,613 | 2,705,702 | 2,076,187 | 10% |
| Workshop tools and other equipment | 6,341,923 | - | 6,341,923 | 5,375,518 | 96,641 | 5,472,159 | 869,765 | 10% |
| Computers | 15,781,694 | 1,390,000 | 17,171,694 | 12,746,995 | 1,106,660 | 13,853,655 | 3,318,039 | 30% |
| Air conditioners and refrigerators | 20,082,216 | 956,200 | 21,038,416 | 9,280,383 | 1,131,177 | 10,411,560 | 10,626,856 | 10% |
| | 3,851,241,457 | 409,997,803<br>(119,982) | 4,261,119,278 | 1,881,919,949 | 165,577,019<br>(61,691) | 2,047,435,277 | 2,213,684,001 | |
| **2022** | **3,851,241,457** | **409,877,821** | **4,261,119,278** | **1,881,919,949** | **165,515,328** | **2,047,435,277** | **2,213,684,001** | |

*Include vehicles transferred from right of use assets at nil value having cost and accumulated depreciation of Rs. 36.8 million (2021: 71.4 million).

**Operating fixed assets**

| | COST | | | ACCUMULATED DEPRECIATION | | | BOOK VALUE | |
|---|---|---|---|---|---|---|---|---|
| **Description** | At October 01, 2020 | Additions/ ((deletions | At September 30, 2021 | At October 01, 2020 | Charge for the (year / (deletions | At September 30, 2021 | At September 30, 2021 | Rate % |
| | | | | Rupees | | | | |
| Freehold land | 83,394,207 | - | 83,394,207 | - | - | - | 83,394,207 | - |
| Buildings on freehold land | | | | | | | | |
| - Factory | 317,098,063 | - | 317,098,063 | 176,748,561 | 14,034,950 | 190,783,511 | 126,314,552 | 10% |
| - Non-factory | 51,623,372 | - | 51,623,372 | 21,104,374 | 1,525,950 | 22,630,324 | 28,993,048 | 5% |
| Plant, machinery and equipment | 3,118,331,019 | 19,139,522<br>(2,792,714) | 3,134,677,827 | 1,377,867,356 | 131,030,591 | 1,507,759,167 | 1,626,918,660 | 7.50% |
| Furniture and fittings | 9,176,353 | 487,000 | 9,663,353 | 5,080,764 | 458,159 | 5,538,923 | 4,124,430 | 10% |
| Vehicles | 17,400,433 | 71,727,131<br>(12,158,700) | 76,968,864 | 14,667,737 | 71,927,003<br>(11,637,344) | 74,957,396 | 2,011,468 | 20% |
| Office premises | 85,022,551 | - | 85,022,551 | 29,196,515 | 2,791,302 | 31,987,817 | 53,034,734 | 5% |
| Office equipment | 6,442,547 | 6,000 | 6,448,547 | 4,104,133 | 233,891 | 4,338,024 | 2,110,523 | 10% |
| Electric installation | 32,473,619 | 7,103,332 | 39,576,951 | 11,781,824 | 2,260,978 | 14,042,802 | 25,534,149 | 10% |
| Weighbridge and scales | 4,561,889 | - | 4,561,889 | 2,247,667 | 231,422 | 2,479,089 | 2,082,800 | 10% |
| Workshop tools and other equipment | 6,341,923 | - | 6,341,923 | 5,268,140 | 107,378 | 5,375,518 | 966,405 | 10% |
| Computers | 14,581,290 | 1,200,404 | 15,781,694 | 11,605,446 | 1,141,549 | 12,746,995 | 3,034,699 | 30% |
| Air conditioners and refrigerators | 19,747,216 | 335,000 | 20,082,216 | 8,102,773 | 1,177,610 | 9,280,383 | 10,801,833 | 10% |
| | 3,766,194,482 | 99,998,389<br>(14,951,414) | 3,851,241,457 | 1,667,775,290 | 226,920,783<br>(12,776,124) | 1,881,919,949 | 1,969,321,508 | |
| 2021 | 3,766,194,482 | 85,046,975 | 3,851,241,457 | 1,667,775,290 | 214,144,659 | 1,881,919,949 | 1,969,321,508 | |

**6.1.2** Depreciation charge for the year has been allocated as follows:

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Cost of sales | 35 | **159,565,733** | 149,191,269 |
| Administrative expenses | 37 | **6,011,286** | 6,324,864 |
| | | **165,577,019** | 155,516,133 |

### 6.1.3 Particulars of immovable assets of the Company are as follows:

| **Particulars** | **Covered Area (.Sq. ft)** |
|---|---|
| Freehold land<br>Building on<br>Freehold land | 5.5 million |

## 6.2 Capital work-in-progress

| | Buildings on freehold land | Plant, machinery and equipment | Total |
|---|---|---|---|
| | ---- Rupees ---- | | |
| **Balance as at September 30, 2020** | 22,819,314 | 69,902,047 | 92,721,361 |
| Capital expenditure incurred / advances made during the year | 21,405,722 | 289,362,338 | 310,768,060 |
| **Balance as at September 30, 2020** | **44,225,036** | **359,264,385** | **403,489,421** |
| Capital expenditure incurred / advances made during the year | **(10,467,980)** | **227,527,241** | **217,059,261** |
| Transfered to operating fixed assets | **(22,923,355)** | **(363,634,101)** | **(386,557,456)** |
| **Balance as at September 30, 2022** | **10,833,701** | **223,157,525** | **233,991,226** |

## 7 RIGHT-OF-USE ASSETS

| | Note | 2022 Vehicles | 2022 Farms | 2022 Total | 2021 Vehicles | 2021 Farms | 2021 Total |
|---|---|---|---|---|---|---|---|
| | | ---- Rupees ---- | | | ---- Rupees ---- | | |
| As at October 01 | | | | | | | |
| Cost | | **100,671,640** | **18,624,311** | **119,295,951** | 151,379,490 | 18,624,311 | 170,003,801 |
| Accumulated depreciation | | **(55,927,147)** | **(11,789,312)** | **(67,716,459)** | (83,652,250) | (5,829,533) | (89,481,783) |
| Net book value | | **44,744,493** | **6,834,999** | **51,579,492** | 67,727,240 | 12,794,778 | 80,522,018 |
| **Net carrying value basis** | | | | | | | |
| Opening net book value | | **44,744,493** | **6,834,999** | **51,579,492** | 67,727,240 | 12,794,778 | 80,522,018 |
| Additions during the year | | **21,879,290** | **-** | **21,879,290** | 23,301,800 | - | 23,301,800 |
| Disposal of right-of-use assets | | **(740,133)** | **-** | **(740,133)** | (1,693,250) | - | (1,693,250) |
| Depreciation charged during the year | | **(17,307,435)** | **(5,467,999)** | **(22,775,434)** | (44,591,297) | (5,959,779) | (50,551,076) |
| **Closing net book value** | | **48,576,215** | **1,367,000** | **49,943,215** | 44,744,493 | 6,834,999 | 51,579,492 |
| **As at September 30** | | | | | | | |
| Cost | | **119,945,930** | **18,624,311** | **138,570,241** | 100,671,640 | 18,624,311 | 119,295,951 |
| Accumulated depreciation | | **(71,369,715)** | **(17,257,311)** | **(88,627,026)** | (55,927,147) | (11,789,312) | (67,716,459) |
| Net book value | | **48,576,215** | **1,367,000** | **49,943,215** | 44,744,493 | 6,834,999 | 51,579,492 |
| Depreciation % per annum | | **20%** | **32%** | | 20% | 32% | |

**7.1 Depreciation charge for the year has been allocated as follows:**

| | 2022 Vehicles | 2022 Farms | 2022 Total | 2021 Vehicles | 2021 Farms | 2021 Total |
|---|---|---|---|---|---|---|
| Administrative expenses | **17,307,435** | **5,467,999** | **22,775,434** | 44,591,297 | 5,959,779 | 50,551,076 |

| 8 LONG-TERM RECEIVABLES | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Tender earnest money | | **1,000,000** | 1,000,000 |
| Down payment | | **33,125,000** | 33,125,000 |
| Other costs | | **8,385,996** | 8,385,996 |
| | 8.1 | **42,510,996** | 42,510,996 |
| Allowance for ECL | | **(42,510,996)** | (42,510,996) |
| | | **-** | - |
| Subsidy receivable | 8.2 | **304,117,888** | 304,117,888 |
| Allowance for ECL | 8.3 | **(143,944,447)** | (99,457,011) |
| | | **160,173,441** | 204,660,877 |

**8.1** Represents down payment made in respect of purchase of Thatta Sugar Mills (the Mill) and other costs incurred in running the Mill from November 1992 up to July 1993, when the Mill was forcibly taken over by the Government of Sindh (GoS) without paying any amount. The Company filed a law suit for Rs. 166 million being the amount of down payment, expenses incurred (including payment to workers) and loss of profits. The GoS made a counter claim of Rs. 402 million against the Company. The case is currently pending in the Honorable High Court of Sindh (the Court) for recording of evidences. While the Company's suit for recovery of compensation is pending in the Court, the GoS invited bids for the sale of the Mill through Sindh Privatization Commission but it could not succeed. The GoS is now trying to privatize it through the Federal Privatization Commission. The Company has made full provision against the said receivable as a matter of prudence and the fact that the debt is outstanding for a considerable period.

**8.2** Represents subsidy receivable from Provincial Government amounting to Rs. 299.301 million and Rs. 4.817 million from Federal Government with respect to cash freight support on export sales.

| 8.3 Allowance for ECL | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Balance at beginning of the year | | **99,457,011** | 26,541,037 |
| Charge for the year | | **44,487,436** | 72,915,974 |
| Balance at end of the year | | **143,944,447** | 99,457,011 |

**9 LONG-TERM INVESTEMNTS**

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **Wholly owned subsidiary** | | | |
| **Mehran Energy Limited (MEL)** | | | |
| 4,000,000 ordinary shares of Rs. 10 each | | **40,000,000** | 40,000,000 |
| Advance against right issue of shares | | **2,596,739** | 2,596,739 |
| Provision for impairment | | **(42,596,739)** | (42,596,739) |
| | | **-** | - |
| **Associates** | | | |
| **Unicol Limited (UL)** | | | |
| 49,999,997 ordinary shares of Rs.10 each | | | |
| **% of holding: 33.33%** | 9.1 | **1,146,523,931** | 1,031,591,605 |
| **UniEnergy Limited (UEL)** | | | |
| 1,999,998 ordinary shares of Rs. 10 each | | | |
| % of holding: 20% | 9.2 | **20,382,214** | 20,176,912 |
| **UniFoods Industries Limited (UFL)** | 9.3 | **-** | - |
| | | **1,166,906,145** | 1,051,768,517 |
| | | **1,166,906,145** | 1,051,768,517 |

## 9.1 Unicol Limited (UL)

UL is incorporated in Pakistan as a public unlisted company with its registered office situated at Sub Post Office Sugar Mills, Umerkot Road, Mirpurkhas. The principal activity of the UL is to manufacture and sell ethanol and carbon dioxide (Co2). The share of the Company in the net asset has been determined on the basis of audited financial statements as of September 30, 2022. The summarised financial information of UL is as follows:

| Aggregate amount of: | 2022 Rupees | 2021 Rupees |
|---|---|---|
| - assets | **7,043,293,000** | 5,261,648,000 |
| - liabilities | **3,603,711,000** | 2,166,873,000 |
| - revenue | **8,916,824,000** | 8,382,169,000 |
| - profit after taxation | **1,319,797,000** | 502,547,000 |

**Movement of investment is as follows:**

| | | |
|---|---|---|
| Opening balance | **1,031,591,605** | 1,076,575,935 |
| Share of profit – net of tax | **439,932,307** | 167,515,657 |
| | **1,471,523,912** | 1,244,091,592 |
| Dividend received during the year | **(324,999,981)** | (212,499,987) |
| Closing balance | **1,146,523,931** | 1,031,591,605 |

## 9.2 UniEnergy Limited (UEL)

9.3 UEL is incorporated in Pakistan as a public unlisted company with its registered office situated at 1st Floor, Modern Motors House, Beaumont Road, Karachi. The principal activity of UEL is to build, operate and maintain wind power generating project of 50 Mega Watts for the generation and supply of electric power in relation thereof, however, it is in start-up phase and has not commenced its operations. The share of the Company in the net asset has been determined on the basis of un-audited financial statements as of September 30, 2022. The summarised financial information of UEL is as follows:

| **Aggregate amount of:** | 2022 Rupees | 2021 Rupees |
|---|---|---|
| - assets | **105,341,346** | 103,595,244 |
| - liabilities | **3,010,689** | 2,710,587 |
| - profit after taxation | **615,911** | 586,236 |

**Movement of investment is as follows:**

| | | |
|---|---|---|
| Opening balance | **20,176,912** | 20,059,665 |
| Share of profit - net of tax | **205,302** | 117,247 |
| Closing Balance | **20,382,214** | 20,176,912 |

| | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **9.3** | **UniFoods Industries Limited (UFL)** | | | |
| | Opening balance | | - | 96,612,956 |
| | Investment made during the year | | 46,349,040 | 89,254,400 |
| | Share of loss – net of tax | | - | (106,034,537) |
| | | | 46,349,040 | 79,832,819 |
| | Provision for impairment | 19 | - | (79,832,819) |
| | | | 46,349,040 | - |
| | Transferred to non-current assets held for sale | | 46,349,040 | - |
| | Closing balance | | - | - |

| | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **10** | **BIOLOGICAL ASSETS** | | | |
| | Carrying value at beginning of the year | | 23,767,355 | 16,621,474 |
| | Increase due to cultivation | | 6,929,660 | 5,620,414 |
| | Change in fair value less costs to sell of standing crop | 39.1 | 17,626,390 | 18,146,941 |
| | | | 48,323,405 | 40,388,829 |
| | Reduction due to harvesting | 39.1 | (23,767,355) | (16,621,474) |
| | Carrying value at the end of the year | | 24,556,050 | 23,767,355 |

**10.1** The Company is engaged in cultivation of different sugarcane varieties. These varieties are then provided to growers for multiplication. During the year, the Company harvested 92,203 maunds (2021: 90,633 maunds) sugarcane at the yield of 596 maunds per acre of area under cultivation (2021: 596 maunds per acre). Approximately, 36,169 maunds (2021:79,265 maunds) were supplied to growers for variety multiplication while remaining sugarcane was used for crushing at mill.

| | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **11** | **STORES AND SPARE PARTS** | | | |
| | Stores | | 68,303,872 | 36,365,250 |
| | Spare parts | | 76,002,954 | 74,137,055 |
| | | | 144,306,826 | 110,502,305 |
| **12** | **STOCK-IN-TRADE** | | | |
| | Sugar | | | |
| | - Work-in-process | | 4,726,932 | 5,593,142 |
| | - Finished goods | | 1,502,829,454 | 543,321,642 |
| | Bagasse | | | |
| | - Finished goods | | 45,753,480 | 12,649,455 |
| | | | 1,553,309,866 | 561,564,239 |
| **13** | **TRADE DEBTS – unsecured** | | | |
| | Considered good | | 100,420,895 | 69,668,130 |
| | Considered doubtful | | 16,987,867 | 16,987,867 |
| | | | 117,408,762 | 86,655,997 |
| | Allowance for ECL | | (16,987,867) | (16,987,867) |
| | | | 100,420,895 | 69,668,130 |

| | | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| 13.1 | The aging of trade debts is as follows: | | | |
| | Neither past due nor impaired | | **100,420,895** | 69,668,130 |

**13.2** The maximum aggregate amount due from related parties at any time during the year calculated by reference to month-end balances is as follows:

| | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Unicol Limited | | **2,206,024** | 80,851,283 |

## 14 LOANS AND ADVANCES – considered good

| | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Loans to employees | | **3,371,310** | 2,668,031 |
| **Advances** | | | |
| - to suppliers | | **45,086,116** | 31,968,802 |
| - to cane growers | | **12,153,609** | 16,006,766 |
| - to employees | | **2,651,709** | 4,331,439 |
| | | **59,891,434** | 52,307,007 |
| | | **63,262,744** | 54,975,038 |

## 15 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

| | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **Trade deposits** | | | |
| Considered doubtful | | **4,984,324** | 2,397,900 |
| **Short-term prepayments** | | | |
| Considered good | | **6,356,768** | 4,082,847 |
| Considered doubtful | | **1,536,198** | 1,536,198 |
| | | **7,892,966** | 5,619,045 |
| Allowance for expected credit losses | 15.2 | **(1,536,198)** | (1,536,198) |
| | | **11,341,092** | 6,480,747 |

## 16 OTHER RECEIVABLES – considered good

| | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Due from related parties: | | | |
| Pakistan Molasses Company (Private) Limited | | **100,469** | 851,086 |
| Mogul Tobacco Company (Private) Limited | | **-** | 90,678 |
| | 16.1 | **100,469** | 941,764 |
| Others | | **-** | 49,000 |
| | | **100,469** | 990,764 |

| | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **16.1** The ageing analysis of balances due from related parties is as follows: | | | |
| Neither past due nor impaired | | | |
| Pakistan Molasses Company (Private) Limited | | **100,469** | 851,086 |
| Mogul Tobacco Company (Private) Limited | | **-** | 90,678 |

## 17 SHORT-TERM INVESTMENTS

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **Amortised cost** | | | |
| Term deposit certificates | | **-** | 3,654,000 |
| Allowance for ECL | | **-** | (3,654,000) |
| | 17.1 | **-** | - |
| **Fair value through other comprehensive income (FVOCI)** | | | |
| Equity securities | 17.2 | **20,059,000** | 50,677,453 |
| **Fair value through profit or loss (FVPL)** | | | |
| Equity securities | 17.3 | **712,363,221** | 1,266,415,738 |
| | | **732,422,221** | 1,317,093,191 |
| | | **732,422,221** | 1,317,093,191 |

**17.1 During the year, the Company has written off its investment in term deposit certificates.**

**17.2 Fair value through other comprehensive income (FVOCI)**

| 2022 Number of shares | 2021 Number of shares | Quoted companies | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **77,150** | 77,150 | JDW Sugar Mills Limited | **20,059,000** | 16,510,097 |
| **-** | 86,480 | Jubilee Life Insurance Company Limited | **-** | 23,539,856 |
| **-** | 163,500 | Noon Sugar Mills Limited | **-** | 10,627,500 |
| | | | **20,059,000** | 50,677,453 |

### 17.3 Fair value through profit or loss (FVPL)

| 2022 | 2021 | | 2022 | 2021 |
|---|---|---|---|---|
| Number of shares | | Quoted companies | Rupees | Rupees |
| 415,000 | 1,200,000 | Bank Al Habib Limited | 22,410,000 | 82,980,000 |
| 125,000 | 499,700 | Cherat Cement Company Limited | 14,446,250 | 71,567,034 |
| 400,000 | 500,000 | MCB Bank Limited | 47,804,000 | 75,345,000 |
| 800,000 | 700,000 | United Bank Limited | 91,912,000 | 82,992,000 |
| 101,900 | 105,420 | Jubilee Life Insurance Company Limited | 15,183,100 | 28,695,324 |
| 100,000 | 100,000 | Lucky Cement Limited | 49,656,000 | 72,290,000 |
| 500,000 | 3,000,500 | Aisha Steel Mills Limited | 5,170,000 | 62,440,405 |
| 500,455 | 1,500,066 | Maple Leaf Cement Factory Limited | 13,942,676 | 52,802,323 |
| 250,000 | 500,000 | Habib Bank Limited | 17,427,500 | 54,675,000 |
| 950,491 | 676,917 | Meezan Bank Limited | 104,316,387 | 94,720,996 |
| 10,000 | 49,940 | Indus Motors Limited | 9,430,100 | 58,335,913 |
| 100,000 | 500,000 | D.G.K.Cement Limited | 6,062,000 | 44,210,000 |
| - | 450,500 | Pioneer Cement Limited | - | 39,783,655 |
| 500,000 | 1,250,000 | Amreli Steel Limited | 13,480,000 | 48,937,500 |
| - | 1,000,000 | Gul Ahmed Textile Mills Limited | - | 54,810,000 |
| - | 1,250,000 | Agha Steel Industries Limited | - | 34,362,500 |
| - | 100,000 | Honda Atlas Cars Limited | - | 26,346,000 |
| - | 100,000 | Pak Suzuki Motors Limited | - | 26,755,000 |
| 100,000 | 100,000 | Engro Corporation Limited | 23,152,000 | 27,975,000 |
| 100,011 | 300,011 | International Steel Limited | 5,513,606 | 22,863,838 |
| 250,000 | 300,000 | Tariq Glass Limited | 28,715,000 | 30,435,000 |
| - | 171,500 | Noon Sugar Mills Limited | - | 11,147,500 |
| - | 450,000 | Nishat (Chunian) Limited | - | 22,284,000 |
| 42,200 | 23,000 | JDW Sugar Mills Limited | 10,972,000 | 4,922,000 |
| 250,000 | 300,000 | Interloop Limited | 15,737,500 | 21,351,000 |
| 250,000 | 200,000 | Fertilizer Engro Pakistan Limited | 19,505,000 | 19,518,000 |
| - | 200,000 | Nishat Mills Limited | - | 18,172,000 |
| 100,000 | 25,000 | Systems Limited | 37,748,000 | 18,187,750 |
| - | 100,000 | TRG Pakistan Limited | - | 16,167,000 |
| - | 200,000 | Hi-Tech Lubricants Limited | - | 12,402,000 |
| - | 1,000,000 | Bankislami Pakistan Limited | - | 12,600,000 |
| - | 100,000 | Mughal Iron & Steel Industries Limited | - | 9,762,000 |
| - | 250,000 | Faysal Bank Limited | - | 6,580,000 |
| 210,000 | - | Bank Al Falah Limited | 6,538,401 | - |
| 400,000 | - | Fauji Fertilizer Company Limited | 40,524,000 | - |
| 20,000 | - | Mari Petroleum Company Limited | 31,296,201 | - |
| 100,000 | - | Oil & Gas Development Company Limited | 7,572,000 | - |
| 100,000 | - | Pakistan Oilfields Limited | 34,912,000 | - |
| 110,000 | - | Cherat Packaging Limited | 11,819,500 | - |
| 300,000 | - | Hub Power Company Limited | 20,973,000 | - |
| 100,000 | - | Pakistan Petroleum Limited | 6,145,000 | - |
| | | | 712,363,221 | 1,266,415,738 |

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| **18 CASH AND BANK BALANCES** | | |
| Cash in hand | 57,013 | 77,690 |
| Cash with banks - current accounts | | |
| - Local | 25,696,682 | 5,159,159 |
| - Foreign | 7,511,847 | 5,611,887 |
| | 33,208,529 | 10,771,046 |
| | 33,265,542 | 10,848,736 |

## 19 NON CURRENT ASSET HELD FOR SALE

During the year, the Board of Directors of the Company has decided to dispose off its investment in associate to an independent buyer against a consideration of Rs. 145 million. The said transfer is expected to be completed by September 2023. In accordance with the requirements of IFRS 05 "Non-current Assets Held for Sale and Discontinued Operations", the Company has reclasssified the said investement to non current assets held for sale.

## 20 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| 2022 (Number of shares) | 2021 (Number of shares) | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| | | Ordinary shares of Rs.10/- each issued as: | | |
| 6,318,750 | 6,318,750 | fully paid in cash | 63,187,500 | 63,187,500 |
| 54,228,814 | 42,608,575 | bonus shares | 542,288,141 | 426,085,746 |
| 60,547,564 | 48,927,325 | | 605,475,641 | 489,273,246 |

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

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **21 RESERVES** | | | |
| **Capital reserve** | | | |
| Share premium | | 63,281,250 | 63,281,250 |
| **Revenue reserves** | | | |
| General reserve | | 85,000,000 | 85,000,000 |
| Unappropriated profits | | 1,992,080,223 | 1,864,001,210 |
| | | 2,077,080,223 | 1,949,001,210 |
| **Other components of equity** | | | |
| Actuarial gains on defined benefit plan | | 3,484,739 | 2,867,529 |
| FV reserve of financial assets at FVOCI | | 329,100 | (8,596,106) |
| | | 2,144,175,312 | 2,006,553,883 |
| **22 LONG-TERM FINANCING – secured** | | | |
| From banking companies | 21.1 & 21.2 | 700,625,003 | 1,066,250,000 |
| Financing under: | | | |
| - salary refinance scheme | 21.1 & 21.3 | 20,725,524 | 60,595,943 |
| - temporary economic refinance facility | 21.1 & 21.4 | 307,019,415 | 168,008,687 |
| | | 1,028,369,942 | 1,294,854,630 |
| Current portion | | (386,354,221) | (372,261,558) |
| | | 642,015,721 | 922,593,072 |

| 22.1 | From banking companies | Installments | | Mark-up | 2022 | 2021 |
|---|---|---|---|---|---|---|
| | | Number | Commencing from | | Rupees | Rupees |
| | Bank Al Habib Limited | 20 quarterly | Dec-15 | 3 months KIBOR plus 0.8% per annum | **10,000,000** | 50,000,000 |
| | Bank Al Habib Limited | 20 quarterly | Jan-19 | 3 months KIBOR plus 1% per annum | **131,250,000** | 218,750,000 |
| | Bank Al Habib Limited | 20 quarterly | Oct-19 | 3 months KIBOR plus 1% per annum | **121,875,000** | 150,000,000 |
| | Bank Al Falah Limited | 20 quarterly | Feb-18 | 6 months KIBOR plus 0.5% per annum | **75,000,000** | 135,000,000 |
| | Allied Bank Limited | 20 quarterly | Jul-19 | 3 months KIBOR plus 0.4% per annum | **225,000,000** | 325,000,000 |
| | MCB Bank Limited | 20 quarterly | Jul-19 | 3 months KIBOR plus 1.25% per annum | **137,500,000** | 187,500,000 |
| | MCB Bank Limited | 8 quarterly | Apr-21 | SBP+1% | **20,725,527** | 60,595,943 |
| | MCB Bank Limited | 32 quarterly | Aug-23 | SBP+3% | **307,019,415** | 168,008,687 |
| | | | | | **1,028,369,942** | 1,294,854,630 |

**22.2** These facilities are secured by way of first pari passu charge over plant and machinery of the Company amounting to Rs. 1,700 million (2021: 1,935 million). The unutilized long term financing facility as at the reporting date is Rs. 634 million (2021: Rs. 696 million).

**22.3** Represents financing obtained from a commercial bank under the refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of 1% per annum. The loan along with the markup is repayable in 8 equal quarterly installments commencing from April 2021. The facility is secured by way of first pari-passu hypothecation charge over current assets and fixed assets. The total facility of the loan amounted to Rs. 125 million. This loan is initially recorded at present value discounted at the effective interest rate i.e. 3 months KIBOR + 1% and the difference of the actual proceeds and present value is recognized as a deferred income - government grant.

**22.4** Represents financing obtained from a commercial bank under the Temporary Economic Refinancing Facility (TERF) for plant and machinery introduced by State Bank of Pakistan. These loans are secured by a charge against the plant and machinery and carry mark-up at the rate of 3% per annum. Grace period for principal repayment has been availed which entails that the first principal repayment falls in August 2023 and the last repayment will be on February 2028. The principal repayments and mark-up will be made on quarterly basis. The loan is initially recorded at present value discounted at the effective interest rate i.e. 3 months KIBOR + 3% and the difference of the actual proceeds and present value is recognized as a deferred income - government grant. The total facility of the loan amounted to Rs.500 million.

**22.5** Following are the changes in the long term financing for which cash flows have been classified as financing activities in the statement of cash flows:

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Balance at beginning of the year | | **1,294,854,630** | 1,238,630,039 |
| Adjustment / proceeds from long-term financing | | **181,130,443** | 232,855,084 |
| Amount recognized as government grant | | **(60,686,873)** | (69,898,460) |
| Unwinding of finance cost | | **32,360,784** | 12,618,840 |
| Payments made during the year | | **(419,289,042)** | (119,350,873) |
| Balance at end of the year | | **1,017,718,828** | 1,294,854,630 |
| Less: current portion of long-term financing | 31 | **(386,354,221)** | (372,261,558) |
| | | **642,015,721** | 922,593,072 |

## 23 LEASE LIABILITIES – secured

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Lease liabilities | | **46,455,330** | 46,825,511 |
| Current portion of lease liabilities | 31 | **(12,904,542)** | (16,222,567) |
| | 23.1 | **33,550,788** | 30,602,944 |

**23.1 Movement of lease liabilities:**

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Vehicles | Farms | Total | Vehicle | Farms | Total |
| | ------------ Rupees ------------ | | | ------------ Rupees ------------ | | |
| Opening balance | **41,765,022** | **5,060,489** | **46,825,511** | 32,772,196 | 9,499,514 | 42,271,710 |
| Additions during the year | **19,863,000** | **-** | **19,863,000** | 23,301,800 | - | 23,301,800 |
| Finance cost during the year | **6,016,349** | **168,511** | **6,184,860** | 3,123,290 | 789,975 | 3,913,265 |
| Payments during the year | **(21,189,041)** | **(5,229,000)** | **(26,418,041)** | (17,432,264) | (5,229,000) | (22,661,264) |
| Closing balance | **46,455,330** | **-** | **46,455,330** | 41,765,022 | 5,060,489 | 46,825,511 |
| Current portion of lease liabilities | **(12,904,542)** | **-** | **(12,904,542)** | (11,162,078) | (5,060,489) | (16,222,567) |
| | **33,550,788** | **-** | **33,550,788** | 30,602,944 | - | 30,602,944 |

**23.2 The following are the amounts recognised in unconsolidated statement of profit or loss:**

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Depreciation of right-of-use assets | 7.1 | **22,775,434** | 50,551,076 |
| Interest expense on lease liabilities | 40 | **6,184,860** | 3,913,265 |
| | | **28,960,294** | 54,464,341 |

### 23.3 Future period lease payments and interest expense:

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Minimum lease payments | Interest expense for the future periods | Present value of minimum lease payments | Minimum lease payments | Interest expense for the future periods | Present value of minimum lease payments |
| | ---------- Rupees ---------- | | | ---------- Rupees ---------- | | |
| Not more than 1 year | 20,649,218 | 6,728,172 | 13,921,046 | 19,640,407 | 3,417,840 | 16,222,567 |
| Later than 1 year but not more than 5 years | 40,595,149 | 8,060,865 | 32,534,284 | 35,569,689 | 4,966,745 | 30,602,944 |
| | 61,244,367 | 14,789,037 | 46,455,330 | 55,210,096 | 8,384,585 | 46,825,511 |

## 24 MARKET COMMITTEE FEE PAYABLE

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Balance at the beginning of the year | | 54,174,253 | 32,434,412 |
| Additions during the year | | - | 43,767,018 |
| Impact of discounting | | - | (19,877,054) |
| unwinding of finance cost | 39 | 3,868,427 | 4,039,032 |
| Payments during the year | | (6,189,155) | (6,189,155) |
| Balance at the end of the year | | 51,853,527 | 54,174,253 |
| Current portion | 31 | (2,401,576) | (2,991,908) |
| | | 49,451,951 | 51,182,345 |

**24.1** Represents provision for market committee fee for the year from 2008 to 2021. The Company entered into agreement with the Market Committee to settle the above provision in various yearly installments.

## 25 DEFERRED LIABILITIES

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Staff gratuity | 25.1 | 3,971,207 | 4,301,305 |

### 24.1 Staff gratuity

| | Note | 2022 | 2021 |
|---|---|---|---|
| Opening balance | | 4,301,305 | 4,445,294 |
| Expense for the year | 25.3 | 921,944 | 814,923 |
| Benefits paid during the year | | (330,821) | (1,178,263) |
| Actuarial loss / (gain) on remeasurement | 25.4 | (921,221) | 219,351 |
| Closing balance | | 3,971,207 | 4,301,305 |

### 25.2 Principal actuarial assumptions

| | 2022 | 2021 |
|---|---|---|
| **Financial assumptions** | | |
| Discount rate | 13.25% | 10.50% |
| Expected rate of increase in salary level | 8.25% | 13.00% |
| **Demographic assumptions** | | |
| Expected mortality rate | SLIC 2001-05 | SLIC 2001-05 |
| Expected withdrawal rate | High | High |
| Long term salary increase rate | 13.25% | 10.50% |

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **25.3 Expense recognised in profit or loss** | | | |
| Current service cost | | **487,675** | 487,149 |
| Interest cost on defined benefit obligation | | **434,269** | 327,774 |
| | | **921,944** | 814,923 |
| **25.4 Actuarial loss / (gain) on remeasurement of obligation** | | | |
| Financial assumptions | | **(395,679)** | 278,917 |
| Experience adjustments | | **(525,542)** | (59,566) |
| | | **(921,221)** | 219,351 |

| **25.5 Sensitivity analysis** | Change in assumption | Increase in defined benefit obligation | Decrease in defined benefit obligation |
|---|---|---|---|
| | | 2022 | |
| | | --------(Rupees)-------- | |
| Discount rate | 1% | **153,527** | (187,392) |
| Salary increase rate | 1% | **160,663** | 216,466 |

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| | | | (Rupees) | | |
| Present value of defined benefit obligations | **3,971,207** | 4,301,305 | 4,445,294 | 4,762,469 | 4,875,010 |

The amount of the defined benefit obligation after changes in the weighted principal assumptions is as follows:

| | 2022 | | | |
|---|---|---|---|---|
| | **+ 100 bps** | **- 100 bps** | **+ 100 bps** | **- 100 bps** |
| | | **(Rupees)** | | |
| Present value of defined benefit obligation | **3,817,680** | **4,141,079** | **4,131,870** | **3,823,505** |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligation to significant actuarial assumptions the same method (present value of the retirement benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

### 25.6 Maturity profile

| Below is the maturity profile based on the undiscounted payments: | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Year 1 | **789,810** | 553,084 |
| Year 2 | **717,830** | 1,151,502 |
| Year 3 | **1,549,748** | 1,090,583 |
| Year 4 | **188,455** | 670,098 |
| Year 5 | **397,677** | 104,672 |
| Year 6 to Year 10 | **1,753,252** | 1,728,086 |
| Year 11 and above | **4,249,250** | 3,559,975 |

### 25.7 Risks associated with defined benefit plans

**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.

**Salary increase 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.

**Withdrawal risk:**

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

**25.8** The expected gratuity expense for the year ended September 30, 2023 works out to Rs. 926.164

**25.9** The weighted average duration of the defined benefit obligation at September 30, 2022 is 4.07 years (2021: 4.61 years).

### 26 DEFERRED INCOME - GOVERNMENT GRANT

| | Note | 2022<br>Rupees | 2021<br>Rupees |
|---|---|---|---|
| Balance at beginning of the year | | **74,220,806** | 6,024,031 |
| Recognized / adjustment during the year | 21.3 & 21.4 | **59,762,881** | 71,543,186 |
| Amortization of deferred income - government grant | 39 | **(24,076,144)** | (3,346,411) |
| Balance at end of the year | | **109,907,543** | 74,220,806 |
| Current portion of deferred income - government grant | 31 | **(6,537,777)** | (3,457,877) |
| | | **103,369,766** | 70,762,929 |

### 27 DEFERRED TAXATION - net

| | Note | 2022<br>Rupees | 2021<br>Rupees |
|---|---|---|---|
| **Taxable temporary differences arising due to:** | | | |
| Accelerated tax depreciation | | **441,066,087** | 311,735,137 |
| Lease liabilities | | **1,151,002** | 1,426,928 |
| Share of profit from associate | | **96,298,517** | 30,277,875 |
| Others | | **12,538,065** | 11,928,894 |
| | | **551,053,671** | 355,368,834 |
| **Deductable temporary differences arising due to:** | | | |
| Allowance for ECL | | **(67,643,238)** | (57,733,268) |
| Unused tax losses | | **(158,781,674)** | (48,069,158) |
| Minimum tax | | **(243,075,223)** | (130,073,591) |
| Provisions | | **(19,731,477)** | (16,567,779) |
| Unrealised loss on investments | | **(14,734,212)** | (23,345,998) |
| | | **(503,965,824)** | (275,789,795) |
| | | **47,087,847** | 79,579,039 |

| | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **27.1** | The movement of deferred taxation is as follows: | | | |
| | Opening balance | | **79,579,039** | 170,970,925 |
| | Recognised in profit or loss | | **(33,238,808)** | (89,298,445) |
| | Recognised in OCI | | **747,616** | (2,093,441) |
| | Closing balance | | **47,087,847** | 79,579,039 |

## 28 PROVISION FOR QUALITY PREMIUM

| | Note | 2022 | 2021 |
|---|---|---|---|
| Opening balance | | **119,290,919** | 119,290,919 |
| Reversal during the year | 28.1 | **(119,290,919)** | - |
| | | **-** | 119,290,919 |

**28.1** Represents provision made in prior years in respect of quality premium under Sugar Factories Control Act, 1950. The Company, along with other sugar mills, challenged the levy of quality premium through Pakistan Sugar Mills Association before the Court which decided the case by laying down criteria for payment of quality premium. The management, in view of legal advice, believes that Company is no longer required to pay the quality premium to cane growers and accordingly, has reversed the provision for quality premium in these financial statements.

## 29 TRADE AND OTHER PAYABLES

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Creditors | **125,517,160** | 155,205,621 |
| Accrued expenses | **261,911,083** | 262,356,820 |
| Payable to provident fund | **1,283,933** | 962,620 |
| Workers' Welfare Fund | **24,728,559** | 17,494,548 |
| Advance from employees against purchase of vehicles - secured | **22,582,908** | 21,166,782 |
| Withholding tax payable | **2,229,218** | 2,784,128 |
| Others | **18,618,273** | 11,488,669 |
| | **456,871,134** | 471,459,188 |

## 30 SHORT-TERM BORROWINGS – secured

| | Note | 2022 | 2021 |
|---|---|---|---|
| Running finance under markup arrangements | 30.1 | **724,313,577** | 588,921,237 |
| Short term cash finance | 30.2 | **533,739,401** | 475,000,000 |
| | | **1,258,052,978** | 1,063,921,237 |

**30.1** The aggregate facilities for short term running finance available from various banks amounted to Rs. 950 million (2021: Rs. 2,817 million). These facilities are secured against hypothecation of stock-in-trade, plant & machinery, stores, spares & receivables of the Company. These carry mark-up ranging between 0.75% to 1% (2021: 0.35% to 1.25%) per annum above one to three months KIBOR.

**30.2** The aggregate facilities for short term cash finance available from various banks amounted to Rs. 4,400 million (2021: Rs. 4,450 million). These carry mark-up ranging between 0.4% to 1.25% (2021: 0.50% to 0.75%) per annum above one to three months KIBOR. These are secured against pledge of stock-in-trade and plant & machinery.

## 31 PROVISION FOR MARKET COMMITTEE FEE

Represents provision made for market committee of Rs.10 (2021: Rs.10) per MT of sugar cane crushed for the latest crushing season.

| 32 CURRENT PORTION OF NON-CURRENT LIABILITIES | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Long-term financing | 22 | **386,354,221** | 372,261,558 |
| Lease liabilities | 23 | **12,904,542** | 11,783,542 |
| Market committee fee payable | 24 | **2,401,576** | 2,991,908 |
| Deferred income - government grant | 26 | **6,537,777** | 3,457,877 |
| | | **408,198,116** | 390,494,885 |

## 33 CONTINGENCIES AND COMMITMENTS

### 33.1 Tax Contingencies

(i) During the year ended 30 September 2021, the Deputy Commissioner Inland Revenue (DCIR) had passed orders with respect to tax years 2015, 2016, 2017, 2018 and 2019 u/s 122 and 161 of Income Tax Ordinance 2001 raising a demand of Rs. 3.607 billion, Rs. 6.719 billion, Rs. 6.81 billion, Rs. 8.15 billion and Rs. 7.479 billion respectively. Appeals have been filed by the Company before the Commissioner Inland Revenue (Appeals) against the above assessment orders which are pending adjudication. The Company also filed Constitutional petitions before the Court which granted a stay order for the aforementioned tax years. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these unconsolidated financial statements.

(ii) During the year ended 30 September 2006, Customs, Excise and Sales Tax Appellate Tribunal, Karachi had passed an order with respect to alleged non-withholding of sales tax on advances etc., demanding an amount of Rs. 11.087 million. The Company filed a constitutional petition before the Court which granted a stay order against the order of Customs, Excise and Sales Tax Appellate Tribunal, Karachi. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these unconsolidated financial statements.

(iii) During the year ended 30 September 2015, the Commissioner Appeals had passed an order with respect to tax years 2012, 2013, 2014 and 2015 whereby sales tax liability along with penalty amounting to Rs. 18 million had been established for claiming inadmissible input tax adjustment.The Company filed an appeal before the Commissioner Appeals who remanded back the case to Deputy Commissioner Enforcement and Collection which is pending for hearing. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these unconsolidated financial statements.

### 33.2 Others

(i) During the year ended 30 September 2021,The Competition Commission of Pakistan (CCP) had passed a consolidated order whereby penalties have been levied on 84 sugar mills and in this respect, Rs.265.588 million had been levied on the Company equivalent to 5% of the total turnover of Rs. 5.311 billion as per the financial statements for the year ended 30 September 2019. In this respect, the Company along with 18 other sugar mills had filed a suit before the Court which suspended the order of CCP . However, the CCP, in contravention of the above restraining order of the Court, issued a show-cause notice under section 30 of the Competition Act, 2010 on October 8, 2021, wherein identical issues were involved. The Company, along with 18 other sugar mills, again filed a suit before the Court which suspended the above show-cause notice dated October 8, 2021. Based on the advice of the legal advisor, the management is confident of a favorable outcome and hence, no provision is made in these unconsolidated financial statements.

| 33.3 Commitments | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Capital commitments | | **18,379,148** | 67,791,092 |
| Letter of guarantee | 33.3.1 | **15,420,375** | 11,520,225 |

**33.3.1** Represents guarantee given to Alternate Energy Development Board on behalf of the subsidiary company against issuance of letter of support.

| **34** | **TURNOVER – gross** | Note | **2022 Rupees** | 2021 Rupees |
|---|---|---|---|---|
| | Sugar | | **6,843,553,318** | 6,095,561,691 |
| | Molasses | | **845,319,668** | 709,692,373 |
| | Bagasse | | **290,796,658** | 167,084,236 |
| | Mud | | **3,085,013** | 2,046,762 |
| | | 34.1 | **7,982,754,657** | 6,974,385,062 |

**34.1** Revenue recognised from amounts included in advance from customers at beginning of the year amounted to Rs. 34.592 million (2021: Rs. 31.433 million).

| **35** | **COST OF SALES** | Note | **2022 Rupees** | 2021 Rupees |
|---|---|---|---|---|
| | **Manufactured sugar:** | | | |
| | Cost of sugarcane consumed [Including procurement and other related expenses] | | **6,192,234,534** | 5,216,981,994 |
| | Provision for market committee fee | | **8,569,439** | 6,822,530 |
| | Road cess on sugarcane | 35.1 | **5,356,116** | 4,264,168 |
| | Salaries, wages and other benefits | | **256,316,354** | 222,711,498 |
| | Stores and spare parts consumed | | **296,582,934** | 209,430,822 |
| | Repairs and maintenance | | **81,772,889** | 39,438,440 |
| | Fuel, electricity and water charges | | **18,671,180** | 14,319,627 |
| | Vehicle running and maintenance expenses | | **6,618,446** | 2,355,506 |
| | Insurance | 6.1.2 | **22,387,811** | 36,396,509 |
| | Depreciation on operating fixed assets | | **159,565,733** | 149,191,269 |
| | Others | | **34,290,652** | 25,545,723 |
| | | | **7,082,366,088** | 5,927,458,086 |
| | Opening stock of work-in-process | | **5,593,142** | 3,832,446 |
| | Closing stock of work-in-process | 12 | **(4,726,932)** | (5,593,142) |
| | | | **866,210** | (1,760,696) |
| | Cost of goods manufactured | | **7,083,232,298** | 5,925,697,390 |
| | Opening stock of finished goods | | **555,971,097** | 56,949,027 |
| | Closing stock of finished goods | 12 | **(1,548,582,934)** | (555,971,097) |
| | | | **(992,611,837)** | (499,022,070) |
| | | | **6,090,620,461** | 5,426,675,320 |

**35.1** Includes gratuity expense of Rs. 0.922 million (2021: Rs. 0.815 million) and contribution to provident fund of Rs. 3.491 million (2021: Rs. 3.698 million).

| **36** | **DISTRIBUTION COSTS** | Note | **2022 Rupees** | 2021 Rupees |
|---|---|---|---|---|
| | Salaries and other benefits | 36.1 | **3,565,660** | 3,011,512 |
| | Insurance | | **22,457** | 39,693 |
| | Stacking and loading | | **14,253,497** | 11,521,111 |
| | Others | | **54,719,422** | 30,633,654 |
| | | | **72,561,036** | 45,205,970 |

**36.1** Includes contribution to provident fund of Rs. 0.075 millon (2021: Rs. 0.067 million).

## 37 ADMINISTRATIVE EXPENSES

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Salaries and other benefits | 37.1 | **142,651,090** | 130,512,191 |
| Rent, rates and taxes | | **1,546,179** | 433,722 |
| Electricity, telephone, fax and postage | | **9,938,511** | 8,624,371 |
| Printing and stationery | | **1,405,808** | 655,900 |
| Travelling and conveyance | | **11,449,296** | 10,244,809 |
| Vehicle running and maintenance expenses | | **10,310,987** | 9,357,981 |
| Auditor's remuneration | 37.2 | **2,929,401** | 2,929,401 |
| Legal and professional | | **16,762,406** | 14,747,154 |
| Fees and subscription | | **5,277,672** | 3,562,246 |
| Insurance | | **224,567** | 396,934 |
| Repairs and maintenance | | **15,518,399** | 11,742,463 |
| Advertising | | **1,238,100** | 110,500 |
| Donations | 37.3 | **4,831,678** | 9,317,000 |
| Depreciation | | | |
| - Operating fixed assets | 6.1.2 | **6,011,286** | 6,324,864 |
| - Right-of-use assets | 7.1 | **22,775,434** | 50,551,076 |
| Other expenses | | **2,528,899** | 2,566,069 |
| | | **255,399,713** | 262,076,681 |

**37.1** Includes contribution to provident fund of Rs. 2.315 million (2021: Rs. 2.254 million).

### 37.2 Auditor's remuneration

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Statutory audit fee | **1,750,000** | 1,750,000 |
| Fee for audit of consolidated financial statements | **189,000** | 189,000 |
| Review of half yearly unconsolidated financial information | **425,000** | 425,000 |
| Review of compliance with Code of Corporate Governance | **175,000** | 175,000 |
| Certifications | **162,000** | 162,000 |
| Out of pocket expenses | **228,401** | 228,401 |
| | **2,929,401** | 2,929,401 |

**37.3** Includes Rs. 4.332 million paid to Hasham Foundation (related party). Hasham Foundation includes directors namely Mr. Mohammed Kasim Hasham, Mr. Mohammed Ebrahim Hasham, Mr. Mohammed Hussain Hasham, Mr. Khurram Kasim and Mr. Ahmed Ebrahim Hasham who are the trustees of the said Foundation. No other directors or their spouses have any interest in any donee's fund to which donation was made in both foundations.

## 38 OTHER EXPENSES

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Workers' Welfare Fund | | **7,234,011** | 3,483,170 |
| Unrealised loss on remeasurement of equity instruments at fair value through profit or loss | | **97,849,599** | 129,072,940 |
| Others | | **6,808,840** | 14,703,675 |
| | | **111,892,450** | 147,259,785 |

| | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **39** | **OTHER INCOME** | | | |
| | **Income from financial assets** | | | |
| | Dividend income | | 101,633,200 | 63,571,333 |
| | Exchange gain - net | | 1,899,960 | 163,421 |
| | (Loss) / gain on disposal of equity instruments at fair value through profit or loss - net | | (101,424,239) | 109,047,937 |
| | Impact of discounting - market committee payable | | - | 19,877,054 |
| | Others | | 181,086 | 1,376,194 |
| | | | 2,290,007 | 194,035,939 |
| | **Income from non-financial assets** | | | |
| | Farm income – net | 39.1 | 8,065,802 | 20,432,051 |
| | Scrap sales | | - | 5,911,200 |
| | Gain on disposal of operating fixed assets and right-of-use assets | | 3,127,465 | 10,139,655 |
| | Reversal of provision for quality premium | 28.1 | 119,290,919 | - |
| | Amortisation of deferred income - government grant | 26 | 24,076,144 | 3,346,411 |
| | | | 154,560,330 | 39,829,317 |
| | | | 156,850,337 | 233,865,256 |
| **39.1** | **Farm income – net** | | | |
| | Revenue from farms | | 15,103,479 | 19,075,208 |
| | Fair value of harvested crop | 10 | (23,767,355) | (16,621,474) |
| | Harvesting and other charges | | (896,712) | (168,624) |
| | | | (9,560,588) | 2,285,110 |
| | Change in fair value less cost to sell of standing crop | | 17,626,390 | 18,146,941 |
| | | | 8,065,802 | 20,432,051 |
| **40** | **FINANCE COSTS** | | | |
| | Markup / interest on: | | | |
| | - Long-term financing | | 136,979,981 | 106,473,391 |
| | - Short-term borrowings | | 376,653,432 | 147,707,113 |
| | - Lease liabilities | 23.2 | 6,184,860 | 3,913,265 |
| | - Market committee fee payable | 24 | 3,868,427 | 4,039,032 |
| | | | 523,686,700 | 262,132,801 |
| | Bank charges | | 2,628,799 | 2,418,493 |
| | | | 526,315,499 | 264,551,294 |
| **41** | **TAXATION** | | | |
| | Current | | 165,113,475 | 123,247,186 |
| | Prior | | (27,497,867) | 7,754,430 |
| | | | 137,615,608 | 131,001,616 |
| | Deferred | | (33,238,808) | (89,298,445) |
| | | | 104,376,800 | 41,703,171 |

**41.1** As the charge for current tax is based on minimum taxation and taxation under final tax regime, reconciliation of tax expense with accounting profit is not presented.

## 42 BASIC AND DILUTED EARNING / (LOSS) PER SHARE

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

| | Note | 2022 | 2021 |
|---|---|---|---|
| Net profit / (loss) after taxation attributable to ordinary shares - (Rupees) | | **289,361,485** | (23,815,791) |
| Weighted average number of ordinary shares | 19 | **54,237,279** | 59,935,973 |
| | | | (Restated) |
| Earnings / (Loss) per share - (Rupees) | | **5.34** | (0.40) |

## 43 WORKING CAPITAL CHANGES

| | 2022 | 2021 |
|---|---|---|
| *(Increase) / decrease in current assets* | | |
| Biological assets | **(788,695)** | (7,145,881) |
| Stores and spare parts | **(33,804,521)** | (159,577) |
| Stock-in-trade | **(991,745,627)** | (500,782,766) |
| Trade debts | **(30,752,765)** | (51,462,529) |
| Loans and advances | **(8,287,706)** | (8,700,874) |
| Trade deposits and short-term prepayments | **(4,860,345)** | (3,095,283) |
| Other receivables | **890,295** | (174,949) |
| | **(1,069,349,364)** | (571,521,859) |
| *Increase / (decrease) in current liabilities* | | |
| Trade and other payables | **(14,588,054)** | 17,146,792 |
| Contract liabilities (advances from customers) | **471,350,792** | (1,897,564) |
| Sales tax and federal excise duty payable | **129,214,162** | (30,512,537) |
| | **585,976,900** | (15,263,309) |
| | **(483,372,464)** | (586,785,168) |

## 44 TRANSACTIONS WITH RELATED PARTIES

**44.1** Related parties of the Company comprise of subsidiary, associates, retirement funds, directors and key management personnel. Transactions with related parties during the year other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| **Subsidiary** | | |
| Advance against right issuance of shares | **902,875,619** | 726,657,376 |
| **Other related parties / associated companies (common directorship)** | | |
| Expenses paid on behalf of associated companies | **408,429** | 1,273,446 |
| Amount received from associated companies | **1,249,724** | - |
| **Employees' benefits** | | |
| Provident fund contribution | **5,881,842** | 6,018,763 |

### 44.2 Details of related parties

| Name of related parties | Basis of relationship | Percentage of shareholding by the Company |
|---|---|---|
| Mehran Energy Limited | Subsidiary | 100% |
| Unicol Limited | Associate | 33.33% |
| UniFoods Industries Limited | Associate | - |
| Unienergy Limited | Associate | 20% |
| Pakistan Molasses Company (Private) Limited | Common directorship | - |
| Mogul Tobacco Company (Private) Limited | Common directorship | - |
| Hasham Foundation | Common directorship | - |
| Usman Memorial Hospital Foundation | Common directorship | - |
| Hasham (Private) Limited | Common directorship | - |
| MCB Islamic Bank Limited | Common directorship | - |
| Mr. Mohammed Kasim Hashim - Chairman | Key management personnel | - |
| Mr. Ahmed Ebrahim Hasham - Chief executive officer | Key management personnel | - |
| Mr. Mohammed Ebrahim Hasham - Deceased director | Key management personnel | - |
| Mr. Mohammed Hussain Hasham - Director | Key management personnel | - |
| Mr. Khurram Kasim - Director | Key management personnel | - |
| Ms. Sofia Kasim - Director | Key management personnel | - |
| Mrs. Anushey A. Hasham - Director | Key management personnel | - |
| Mr. Hasan Aziz Bilgrami - Director | Key management personnel | - |
| Mr. Mohammad Amin Mukaty - Director | Key management personnel | - |
| Mr. Iftikhar Soomro - Director | Key management personnel | - |
| Mr. Muhammad Iqbal - Director | Key management personnel | - |
| Mr. Syed Ehtisham ud din - Director | Key management personnel | - |
| Mr. Muhammad Hanif Aziz - Chief financial officer | Key management personnel | - |
| Mr. Ali Hassan - Comapany secretary | Key management personnel | - |
| MSML Provident Fund | Retirement Fund | - |

### 45 CAPACITY AND PRODUCTION

| | Tons of Cane crushing per Day (TCD) | |
|---|---|---|
| | Rated Capacity | Average Capacity utilisation |
| **Season 2021-2022** | 12,500 TCD | 6,801 TCD |
| Season 2020-2021 | 12,500 TCD | 6,038 TCD |

The short fall in crushing is due to the scarcity of sugarcane in the market.

### 46 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

**46.1** The aggregate amount, charged in the unconsolidated financial statements for the year are as follows:

| | 2022 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Chief Executive Officer | Executive Director | Non-Executive Directors | Executives | Total | Chief Executive Officer | Executive Director | Non-Executive Directors | Executives | Total |
| | Rupees | | | | | | | | | |
| Fee | - | - | 2,400,000 | - | 2,400,000 | - | - | 1,900,000 | - | 1,900,000 |
| Basic salary | 4,560,000 | 3,800,000 | - | 14,895,734 | 23,255,734 | 4,560,000 | 4,560,000 | - | 9,921,600 | 19,041,600 |
| Allowances: | | | | | | | | | | |
| - house rent | 5,928,000 | 4,940,000 | - | 20,839,453 | 31,707,453 | 5,928,000 | 5,928,000 | - | 14,882,400 | 26,738,400 |
| - Utility | 456,000 | 380,000 | - | 1,489,573 | 2,325,573 | 456,000 | 456,000 | - | 992,160 | 1,904,160 |
| - Medical | 456,000 | 380,000 | - | 1,489,573 | 2,325,573 | 456,000 | 456,000 | - | 992,160 | 1,904,160 |
| Retirement benefits | - | 380,000 | - | 844,200 | 1,224,200 | - | 456,000 | - | 516,384 | 972,384 |
| Bonus | 570,000 | 475,000 | - | 2,310,200 | 3,355,200 | 570,000 | 570,000 | - | 1561,900 | 2,701,900 |
| | 11,970,000 | 10,355,000 | 2,400,000 | 41,868,734 | 66,593,734 | 11,970,000 | 12,426,000 | 1,900,000 | 28,866,604 | 55,162,604 |
| Number of persons | 1 | 1 | 8 | 6 | 16 | 1 | 1 | 8 | 4 | 14 |

**46.2** In addition, the Chief Executive Officer is provided with free use of the Company maintained cars, in accordance with their terms of service.

## 47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

### 47.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties and continually assessing the creditworthiness of counter-parties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company is mainly exposed to credit risk in respect of the following:

| | 2022<br>Rupees | 2021<br>Rupees |
|---|---|---|
| Trade debts | **100,420,895** | 69,668,130 |
| Other receivables | **100,469** | 990,764 |
| Subsidy receivable | **160,173,441** | 204,660,877 |
| Bank balances | **33,208,529** | 10,771,047 |
| | **1,038,117,589** | 1,609,102,340 |

**Quality of financial assets**

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

#### 47.1.1 Trade debts

There are no customers with defaults as at the current and prior year reporting date.

#### 47.1.2 Bank balances

With external credit rating:

| | | 2022<br>Rupees | 2021<br>Rupees |
|---|---|---|---|
| A1+ | PACRA | **1,658,015** | 537,770 |
| A-1+ | PACRA | **4,539,330** | 1,472,313 |
| A-1+ | JCR – VIS | **25,351,742** | 8,222,731 |
| A1 | PACRA | **1,659,442** | 538,233 |
| | | **33,208,529** | 10,771,046 |

### 47.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates:

| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Total |
|---|---|---|---|---|---|
| | ------ | ------ | Rupees | ------ | ------ |
| Long-term financing | - | - | 386,354,221 | 642,015,721 | 1,028,369,942 |
| Lease liabilities | - | - | 12,904,542 | 33,550,788 | 46,455,330 |
| Trade and other payables | 42,485,114 | 387,428,243 | - | - | 429,913,357 |
| Unclaimed dividend | 19,707,001 | - | - | - | 19,707,001 |
| Accrued markup | - | 96,518,298 | - | - | 96,518,298 |
| Market committee fee payable | - | - | 2,401,576 | 49,451,951 | 51,853,527 |
| Short term borrowings | 1,258,052,978 | - | - | - | 1,258,052,978 |
| **2022** | **1,320,245,093** | **483,946,541** | **401,660,339** | **725,018,459** | **2,930,870,432** |

| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Total |
|---|---|---|---|---|---|
| | ------ | ------ | Rupees | ------ | ------ |
| Long-term financing | - | - | 372,261,558 | 922,593,072 | 1,294,854,630 |
| Lease liabilities | - | - | 16,222,567 | 30,602,944 | 46,825,511 |
| Trade and other payables | 33,618,071 | 417,562,441 | - | - | 451,180,512 |
| Unclaimed dividend | 19,331,423 | - | - | - | 19,331,423 |
| Accrued markup | | 50,683,240 | - | - | 50,683,240 |
| Market committee fee payable | - | - | 2,991,908 | 51,182,345 | 54,174,253 |
| Short term borrowings | 1,063,921,237 | - | - | - | 1,063,921,237 |
| 2021 | 1,116,870,731 | 468,245,681 | 391,476,033 | 1,004,378,361 | 2,980,970,806 |

## 47.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices.

### 47.3.1 Interest rate risk

Interest rate risk is the risk that the fair value of 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 mainly relates to long-term financing, short-term borrowings and lease obligations. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's profit before tax by Rs. 4.9 million and a 1% decrease would result in the increase in the Company's profit before tax by the same amount.

### 47.3.2 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company's exposure to equity price mainly relates to equity securities. The management of the Company manages the above market risks through diversification of investment portfolio. The management estimates that, as at the reporting date, a 10% decrease in the overall share prices in the market with all of the factors remaining constant would decrease the Company's equity by Rs. 72.8 million.

### 47.3.3 Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist made in foreign currency at the reporting date. As of September 30, 2022 the Company is not materialy exposed to such risk.

## 48 CAPITAL RISK MANAGEMENT

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. The Company monitors capital using a debt equity ratio as follows:

| | 2022<br>Rupees | 2021<br>Rupees |
|---|---|---|
| Long-term financing | 1,028,369,942 | 1,294,854,630 |
| Short-term borrowings | 1,258,052,978 | 1,063,921,237 |
| Total debt | 2,286,422,919 | 2,358,775,867 |
| Share capital | 605,475,641 | 489,273,246 |
| Reserves | 2,144,175,312 | 2,006,553,883 |
| Total equity | 2,749,650,953 | 2,495,827,129 |
| Capital (Debt + equity) | 5,036,073,872 | 4,854,602,996 |
| Gearing ratio | 45% | 49% |

## 49 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

The following table shows financial instruments recognised at fair value, analyzed between those whose fair value is based on:

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

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

As of the reporting date, the Company has financial instruments designated at FVOCI and FVPL using level 1 valuation technique and the biological assets measured at fair value using level 2 valuation technique. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

## 50 OPERATING SEGMENTS

For management purposes, the activities of the Company are organized into one operating segment i.e. manufacture and sale of sugar and its by-products. The Company operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these unconsolidated financial statements are related to the Company's only reportable segment.

The details of customers with whom the revenue from sales transactions amount to 10% or more of the Company's overall revenue is as follows:

| | **2022 Rupees** | 2021 Rupees |
|---|---|---|
| English Biscuits Manufacturers (Private) Limited | **-** | 636,128,177 |
| Unicol Limited - a related party | **894,512,752** | 724,192,373 |
| Zameer Ahmed | **1,148,627,911** | 724,192,373 |
| **Revenue - based on the location of customers** | | |
| Pakistan | **7,982,754,657** | 6,974,385,062 |

## 51 NUMBER OF EMPLOYEES

| | **2022** | **2021** |
|---|---|---|
| Total number of permanent employees as at reporting date | **258** | **324** |
| Average number of permanent employees during the year | **305** | **327** |

## 52 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on December 29, 2021 by the Board of Directors of the Company.

## 52 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on ___________________ by the Board of Directors of the Company.

## 53 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, the Board of Directors of the Company in their meeting held on __________________ have proposed a final cash dividend of Rs.___ per share and issue of bonus shares in the proportion of ______ ordinary shares for every hundred (100) ordinary shares held for the year ended September 30, 2022.

## 54 GENERAL

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions / better presentation.

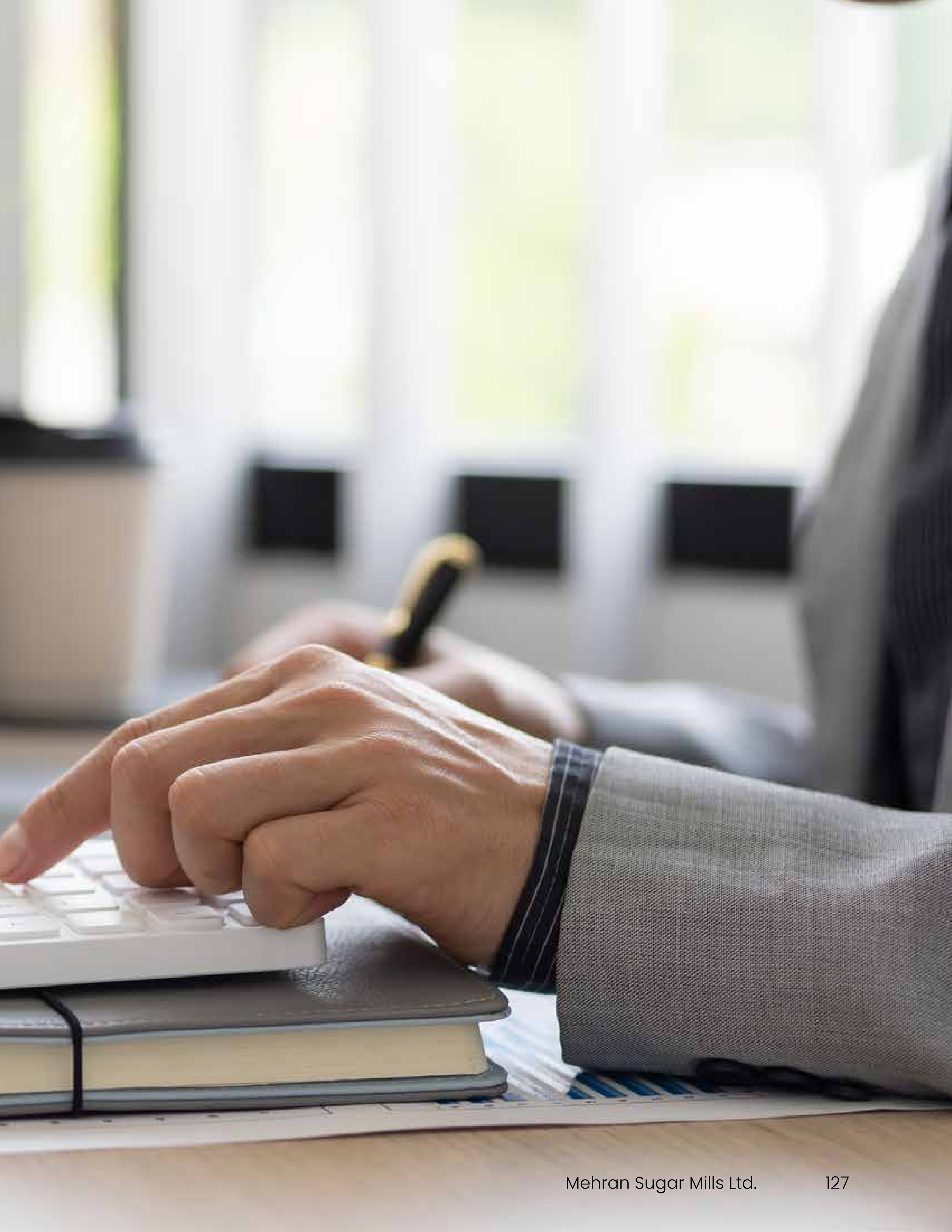
Ahmed Ebrahim

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# CONSOLIDATED FINANCIAL STATEMENTS



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# INDEPENDENT AUDITOR'S REPORT

To the members of Mehran Sugar Mills Limited

Report on the Audit of the Consolidated Financial Statements

## Opinion

We have audited the annexed consolidated financial statements of Mehran Sugar Mills Limited (the Holding Company) and its subsidiary (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 and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 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 Opinion

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

## Key Audit Matters

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

Following are the Key audit matters:

| S.No | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 1. | **Contingencies** | |
| | As disclosed in note 33 to the consolidated financial statements, the Group has contingent liabilities in respect of various matters, which are pending adjudication before respective authorities and courts of law.<br><br>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules and regulations, probability of outcome and financial impact and recognition and measurement of any provisions that may be required against such contingencies in accordance with applicable financial reporting standards.<br><br>Due to significance of amounts involved, uncertainties with respect to the outcome of matters and use of significant management judgments and estimates, we considered this as a key audit matter. | Our key procedures amongst others included the following:<br><br>- obtained and reviewed details of the pending matters and discussed the same with the Group's management;<br><br>- reviewed the correspondences between the Group and the relevant authorities, and tax and legal advisors;<br><br>- obtained and reviewed confirmations from the Group's external tax and legal advisors for their views on the probable outcome of the open tax assessments and other contingencies;<br><br>- assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework. |

| 2. | Stock-in-trade | |
|---|---|---|
| | As disclosed in the note 12 to the consolidated financial statements, stock-in-trade amounts to Rs. 1,553.309 million which constitutes 24% of total assets of the Group. The stock is measured at lower of weighted average cost and net realizable value. There is an element of judgement involved in determining an appropriate costing basis and assessing its valuation.<br><br>Given the significance of stock-in-trade to the Group's total assets and the level of judgements and estimates involved, we have identified valuation of stock-in-trade as a key audit matter. | - Our key procedures amongst others included the following:<br><br>- obtained an understanding of controls over purchases and valuation of stock-in-trade and tested, on a sample basis, their design, implementation and operating effectiveness;<br><br>- performed observation of inventory counts and physical inspection of the stock held at the premises of the Group<br><br>- assessed net realizable value by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period; and<br><br>- assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework. |

| 3. | First year audit | |
|---|---|---|
| | We have been engaged to perform the audit of the Group for the first time i.e., for the year ended 30 September 2022. Initial audit engagements involve a number of considerations not associated with recurring audits. Additional planning activities and considerations necessary to establish an appropriate audit strategy and audit plan include gaining an initial understanding of the Group and its business, obtaining sufficient audit evidence regarding the opening balances including the selection and application of accounting principles and communicating with the previous auditors. | We performed various procedures to obtain sufficient appropriate audit evidence regarding opening balances including the following:<br><br>- We reviewed the predecessor auditor's work paper files and made additional inquiries of the predecessor auditors about matters that may affect our audit in the current year.<br><br>- We evaluated the key accounting position and matters from prior years.<br><br>- We evaluated whether accounting policies reflected in the opening balances have been consistently applied in the current year's financial statements and adequately presented and disclosed in accordance with the applicable financial reporting framework. |

## Information Other than the consolidated financial statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated 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 the 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.

## Other Matter

The consolidated financial statements of the Group for the year ended 30 September 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements dated 12 January 2022.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Jameel.

Chartered Accountants

Place: Karachi

Date:

UDIN: AR202210093O3UkNpwZy

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 6 | **2,447,675,227** | 2,372,810,929 |
| Right-of-use assets | 7 | **49,943,215** | 51,579,492 |
| Long-term receivables | 8 | **160,173,441** | 204,660,877 |
| Long-term investments | 9 | **1,166,906,145** | 1,051,768,517 |
| Long-term deposits | | **3,436,400** | 852,400 |
| | | **3,828,134,428** | 3,681,672,215 |
| **CURRENT ASSETS** | | | |
| Biological assets | 10 | **24,556,050** | 23,767,355 |
| Stores and spare parts | 11 | **144,306,826** | 110,502,305 |
| Stock-in-trade | 12 | **1,553,309,866** | 561,564,239 |
| Trade debts | 13 | **100,420,895** | 69,668,130 |
| Loans and advances | 14 | **63,262,744** | 54,975,038 |
| Trade deposits and short-term prepayments | 15 | **11,341,092** | 6,480,747 |
| Other receivables | 16 | **100,469** | 990,764 |
| Short-term investments | 17 | **732,422,221** | 1,317,093,191 |
| Taxation – net | | **58,423,416** | 55,222,389 |
| Cash and bank balances | 18 | **33,343,588** | 10,926,980 |
| | | **2,721,487,167** | 2,211,191,138 |
| Non current assets held for sale | 19 | **46,349,034** | - |
| **TOTAL ASSETS** | | **6,595,970,629** | 5,892,863,353 |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Authorised capital | | | |
| 75,000,000 ordinary shares of Rs.10/- each | | **750,000,000** | 750,000,000 |
| Issued, subscribed and paid-up share capital | 20 | **605,475,641** | 489,273,246 |
| Reserves | 21 | **2,143,828,009** | 2,006,437,674 |
| | | **2,749,303,650** | 2,495,710,920 |
| **NON-CURRENT LIABILITIES** | | | |
| Long-term financing | 22 | **642,015,721** | 922,593,072 |
| Lease liabilities | 23 | **33,550,788** | 30,602,944 |
| Market committee fee payable | 24 | **49,451,951** | 51,182,345 |
| Deferred liabilities | 25 | **3,971,207** | 4,301,305 |
| Deferred income - government grant | 26 | **103,369,766** | 70,762,929 |
| Deferred taxation - net | 27 | **47,087,847** | 79,579,039 |
| Provision for quality premium | 28 | **-** | 119,290,919 |
| | | **879,447,280** | 1,278,312,553 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 29 | **457,296,481** | 471,657,638 |
| Contract liabilities (advances from customers) | | **505,943,198** | 34,592,406 |
| Unclaimed dividend | | **19,707,001** | 19,331,423 |
| Accrued mark-up | | **96,518,298** | 50,683,240 |
| Short-term borrowings | 30 | **1,258,052,978** | 1,063,921,237 |
| Provision for market committee fee | 31 | **15,391,972** | 6,822,533 |
| Current portion of non-current liabilities | 32 | **408,198,116** | 394,933,910 |
| Sales tax and federal excise duty payable | | **206,111,655** | 76,897,493 |
| | | **2,967,219,699** | 2,118,839,880 |
| **CONTINGENCIES AND COMMITMENTS** | 33 | | |
| **TOTAL EQUITY AND LIABILITIES** | | **6,595,970,629** | 5,892,863,353 |

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Ahmed Ebrahim

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended September 30, 2022

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Turnover - gross | 34 | **7,982,754,657** | 6,974,385,062 |
| Sales tax | | **(1,084,727,723)** | (910,846,723) |
| Turnover - net | | **6,898,026,934** | 6,063,538,339 |
| Cost of sales | 35 | **(6,090,624,458)** | (5,426,675,320) |
| **Gross profit** | | **807,402,476** | 636,863,019 |
| Distribution costs | 36 | **(72,561,036)** | (45,205,970) |
| Administrative expenses | 37 | **(255,626,613)** | (262,331,081) |
| Other expenses | 38 | **(111,892,450)** | (180,898,851) |
| Other income | 39 | **156,850,337** | 233,865,256 |
| | | **(283,229,762)** | (254,570,646) |
| **Operating profit** | | **524,172,714** | 382,292,373 |
| Share of profit from associates – net | 9.1 & 9.2 | **440,137,609** | 61,598,367 |
| Provision for impairment on long-term investments | | **-** | (79,832,819) |
| Allowance for ECL on long-term receivables | 8.3 | **(44,487,436)** | (72,915,974) |
| Finance costs | 40 | **(526,315,697)** | (264,551,531) |
| **Profit before taxation** | | **393,507,190** | 26,590,416 |
| Taxation | 41 | **(104,376,800)** | (41,703,171) |
| **Net profit / (loss)for the year** | | **289,130,390** | (15,112,755) |
| Net profit / (loss) attributable to owners of the Holding Company | | **289,130,390** | (15,112,755) |
| | | | Restated |
| **Basic and diluted earning / (loss) per share** | 42 | **5.33** | (0.25) |

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended September 30, 2022

| | Note | **2022 Rupees** | 2021 Rupees |
|---|---|---|---|
| **Net profit / (loss) for the year** | | **289,130,390** | (15,112,755) |
| **Other comprehensive income** | | | |
| ***Items that will not be reclassified to profit or loss in subsequent periods - net of tax*** | | | |
| Actuarial (loss) / gain on defined benefit plan | | **617,210** | (155,739) |
| Gain / (loss) on disposal of equity instruments designated at fair value through other comprehensive income | | **1,105,114** | (107,989) |
| Unrealised gain / (loss) on remeasurement of equity instruments designated at fair value through other comprehensive income | | **3,105,290** | (14,208,802) |
| | | **4,827,614** | (14,472,530) |
| **Total comprehensive income / (loss) for the year - net of tax** | | **293,958,004** | (29,585,285) |
| **Total comprehensive income / (loss) attributable to owners of the Holding company** | | **293,958,004** | (29,585,285) |

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2022

| | Issued, subscribed and paid-up capital | Reserves | | | | | | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | Capital | Revenue | | Other components of equity | | Sub-total | |
| | | Share Premium | General reserve | Unappropriated profits | FV reserve of financial assets at FVOCI | Actuarial gain / (loss) on defined benefit plan | | |
| | Rupees | | | | | | | |
| **Balance as at September 30, 2020** | 465,974,520 | 63,281,250 | 85,000,000 | 1,971,430,496 | 9,978,051 | 3,023,268 | 2,132,713,065 | 2,598,687,585 |
| Bonus shares issued for the year ended September 30, 2020 in the ratio of 5 ordinary shares for every 100 shares held | 23,298,726 | - | - | (23,298,726) | - | - | (23,298,726) | - |
| Interim dividend for the year ended September 30, 2021 @ Re. 1.5 per share | - | - | - | (73,391,380) | - | - | (73,391,380) | (73,391,380) |
| Net loss for the year | - | - | - | (15,112,755) | - | - | (15,112,755) | (15,112,755) |
| Other comprehensive income for the year | - | - | - | - | (14,316,791) | (155,739) | (14,472,530) | (14,472,530) |
| Total comprehensive loss for the year | - | - | - | (15,112,755) | (14,316,791) | (155,739) | (29,585,285) | (29,585,285) |
| Transfer of fair value reserve of equity instruments designated at FVOCI on account of disposal | - | - | - | 4,257,366 | (4,257,366) | - | - | - |
| **Balance as at September 30, 2021** | **489,273,246** | **63,281,250** | **85,000,000** | **1,863,885,001** | **(8,596,106)** | **2,867,529** | **2,006,437,674** | **2,495,710,920** |
| Bonus shares issued for the year ended September 30, 2021 in the ratio of 10 ordinary shares for every 100 shares held | **48,927,325** | **-** | **-** | **(48,927,325)** | **-** | **-** | **(48,927,325)** | **-** |
| Interim dividend for the year ended September 30, 2022 @ Re. 0.75 per share | **-** | **-** | **-** | **(40,365,274)** | **-** | **-** | **(40,365,274)** | **(40,365,274)** |
| Bonus shares issued for the year ended September 30, 2022 in the ratio of 12.5 ordinary shares for every 100 shares held | **67,275,070** | **-** | **-** | **(67,275,070)** | **-** | **-** | **(67,275,070)** | **-** |
| Net profit for the year | **-** | **-** | **-** | **289,130,390** | **-** | **-** | **289,130,390** | **289,130,390** |
| Other comprehensive income for the year | **-** | **-** | **-** | **-** | **4,210,404** | **617,210** | **4,827,614** | **4,827,614** |
| Total comprehensive income for the year | **-** | **-** | **-** | **289,130,390** | **4,210,404** | **617,210** | **293,958,004** | **293,958,004** |
| Transfer of fair value reserve of equity instruments designated at FVOCI on account of disposal | **-** | **-** | **-** | **(4,714,802)** | **4,714,802** | **-** | **-** | **-** |
| **Balance as at September 30, 2022** | **605,475,641** | **63,281,250** | **85,000,000** | **1,991,732,920** | **329,100** | **3,484,739** | **2,143,828,009** | **2,749,303,650** |

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | **393,507,190** | 26,590,416 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | | |
| - Operating fixed assets | | **165,577,019** | 155,516,133 |
| - Right-of-use assets | | **22,775,434** | 50,551,076 |
| Amortization of deferred income - government grant | | **(24,076,144)** | (3,346,411) |
| Share of profit from associates | | **(440,137,609)** | (61,598,367) |
| Gain on disposal of operating fixed assets and right-of-use assets | | **(3,127,465)** | (10,139,655) |
| Finance costs | | **526,315,697** | 264,551,531 |
| Provision for gratuity | | **921,944** | 814,923 |
| Provision for market committee fee | | **8,569,439** | 6,822,530 |
| Allowance for ECL | | **44,487,436** | 73,888,731 |
| Loss / (gain) on disposal of equity instruments at fair value through profit or loss | | **101,424,239** | (109,047,937) |
| Unrealised loss on remeasurement of equity instruments at fair value through profit or loss | | **97,849,599** | 129,072,940 |
| Provision for impairment on long-term investments | | **-** | 79,832,819 |
| Provision for impairment of capital-work-in progress | | **-** | 33,639,066 |
| Impact of discounting - market committee payable | | **-** | (19,877,054) |
| Reversal of provision for quality premium | | **(119,290,919)** | - |
| Working capital changes | 43 | **(483,145,567)** | (586,779,217) |
| | | **(101,856,897)** | 3,901,108 |
| Gratuity paid | | **(330,821)** | (1,178,263) |
| Income taxes paid | | **(140,816,631)** | (146,859,015) |
| Finance costs paid | | **(452,536,067)** | (217,733,161) |
| Market committee fee paid | | **(6,189,155)** | (6,189,157) |
| Long term deposits - net | | **(2,584,000)** | - |
| | | **(310,806,381)** | (341,468,072) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Fixed capital expenditure | | **(242,515,905)** | (339,361,799) |
| Proceeds from disposal of operating fixed assets and right-of-use assets | | **3,925,889** | 14,008,195 |
| Investments made during the year | | **(2,093,227,518)** | (4,636,588,505) |
| Proceeds from disposal of investments | | **2,436,929,630** | 4,301,936,194 |
| Dividend received | | **324,999,981** | 212,499,987 |
| | | **430,112,077** | (447,505,928) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of long term financing | | **(230,797,953)** | 115,148,937 |
| Lease rentals paid | | **(20,233,181)** | (18,747,999) |
| Dividends paid | | **(39,989,695)** | (72,708,945) |
| | | **(291,020,829)** | 23,691,993 |
| **Net decrease in cash and cash equivalents** | | **(171,715,133)** | (765,282,007) |
| Cash and cash equivalents at the beginning of the year | | **(1,052,994,257)** | (287,712,250) |
| Cash and cash equivalents at the end of the year | | **(1,224,709,390)** | (1,052,994,257) |
| **Cash and cash equivalents** | | | |
| Cash and bank balances | | **33,343,588** | 10,926,980 |
| Short-term borrowings | | **(1,258,052,978)** | (1,063,921,237) |
| | | **(1,224,709,390)** | (1,052,994,257) |

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

## 1 THE COMPANY AND ITS OPERATIONS

### 1.1 The Holding Company

Mehran Sugar Mills Limited (the Holding Company) was incorporated in Pakistan as a public limited company in December 1965 under the repealed Companies Act, 1913. The shares of the Holding Company are quoted on Pakistan Stock Exchange Limited. The Holding Company is principally engaged in the manufacturing and sale of sugar and its by-products. The registered office of the Holding Company is situated at 14th floor, Dolmen City Executive Tower, Marine Drive, Block 4, Clifton, Karachi. The mill of the Holding Company is located at Distt. Tando Allahyar, Sindh.

**1.2** "Mehran Energy Limited (the Subsidiary), a wholly owned subsidiary of Mehran Sugar Mills Limited (the Holding Company) was incorporated in Pakistan as a public unlisted company in October 2016. The Subsidiary is in start-up phase and has not commenced its operations. The principal activities of the Subsidiary will be to build, operate and maintain a 26.5 MW high pressure co-generation bagasse based power plant for the generation and supply of electric power in relation thereof. The Subsidiary obtained letter of intent (LOI) from the Government of Sindh (GoS) on November 07, 2016. However, the Subsidiary will commence its operations upon signing of Energy Purchase Agreement with Central Power Purchasing Agency (CPPA). The EPA has been delayed to a mutual disagreement of terms and conditions between the Subsidiary and CPPA. As the offered terms and conditions of the EPA are not in general acceptable to the electricity producing companies, the matter in dispute is pending before the Islamabad High Court in form of a petition.

The management of the Group is confident that petition will be decided in favour of the subsidiary company and the subsidiary company will secure the project on the allocated tariffs to start its commercial operations accordingly. The Parent Company is committed to provide financial and operational support to the subsidiary company as and when required.

**1.3** Geographical location and addresses of all the business units are as under:

| Location | Business unit |
|---|---|
| **Karachi** | |
| 14th Floor Dolmen Executive Tower, Marine Drive, Clifton | Registered office |
| **Tando Allahyar, Sindh** | |
| Tando Adam Road | Mill and Farm |
| Deh Rechal, P.O. Khokhar | Farm |

## 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 for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

### 2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for short-term investments which are carried at fair value, investment in associates calculated using equity method of accounting, biological assets carried at fair value less costs to sell and staff gratuity and market committee fee Payable carried at present value.

### 2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is the Group's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupee unless otherwise stated.

### 2.4 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Holding Company and the Subsidiary Company as at the reporting date, here-in-after referred to as 'the Group'.

### 2.4.1 Subsidiary

Subsidiary is the entity over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- 'power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Holding Company meets all the above conditions and hence has power over the subsidiary.

Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the profit and loss account from the date the Group gains control until the date the Group ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Group’s cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognised in consolidated statement of profit or loss and is not reversed in future periods.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary shareholders’ equity in the consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full. The Subsidiary has same reporting period as that of the Holding Company. The accounting policies of the Subsidiary are consistent with the accounting policies of the Group.

## 3 NEW ACCOUNTING STANDARDS

### 3.1 Accounting standards effective for the year

There are certain new standards and amendments that are mandatory for the Group's accounting period beginning on 01 October 2021, but are considered either to be not relevant or to not have any significant effect on the Group's operations and are, therefore, not detailed in these financial statements.

### 3.2 Accounting standards not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Group's accounting periods beginning on / after 01 October 2022. However, the Group expects that these standards will not have any material impact on the future financial statements of the Group.

## 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these judgments and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

In the process of applying the Group’s accounting policies, management has made the following estimates and judgments which are significant to the consolidated financial statements:

### 4.1 Property, plant and equipment

The Group reviews appropriateness of the rate of depreciation and useful life used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Group uses the technical resources available with the Group. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

### 4.2 Allowance for expected credit loss (ECL)

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss pattern. Considering the nature of the financial assets, the Group has applied the simplified approach as per IFRS 9 for trade debts and has calculated ECL based on life-time ECL. The Group has applied general approach for all other assets.The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic condition. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in future.

### 4.3 Inventories

The Group reviews the net realisable value (NRV) of stock-in-trade and stores and spare parts to assess any diminution in the respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

### 4.4 Taxation

In making the estimate for income tax payable by the Group, the Group takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

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

### 4.5 Employees' benefits

Certain actuarial assumptions have been adopted as disclosed in note 24.2 to the consolidated financial statement for valuation of present value of defined benefit obligation. Any changes in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rate of return on plan assets, future salary increases and mortality rates.

### 4.6 Biological assets

The Group reviews the fair value of biological assets to assess changes in fair value less cost to sell during a period. Agriculture produce is measured at fair value less cost to sell at the point of harvest because harvested produce is a marketable commodity as there is no "measurement reliability" exception  for produce.

### 4.7 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgement as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

### 4.8 Leases

#### Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

#### Estimating the incremental borrowing rate

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates).

## 5 SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Property, plant and equipment

#### Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment if any except for freehold land, which is stated at cost less accumulated impairment, if any.

Depreciation is charged to the consolidated statement of profit or loss using the reducing balance method. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the asset is in use.

The carrying values of the Group's operating fixed assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Repairs and maintenance cost is written off to the consolidated statement of profit or loss in the year in which it is incurred. Major renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the Group.

An item of operating fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of operating fixed assets is recognised in the period of disposal.

#### Capital work-in-progress

These are stated at cost less accumulated impairment, if any, and represent expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for their intended use.

### 5.2 Right-of-use assets

"The Group recognizes 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. Unless, the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method. Right-of-use assets are subject to impairment.

### 5.3 Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments represent fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees wherever applicable. Wherever applicable, the lease payments may also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

### 5.4 Investments

#### Associates

These are accounted for using equity method of accounting. Investments over which the Group has “significant influence” are accounted for under this method i.e., investments to be carried at the reporting date at cost plus post-acquisition changes in the share of net assets of associates, less any impairment in value, if material. The consolidated statement of profit or loss reflects the Group’s share of the results of operations of associates after the date of acquisition.

As the financial statements of all the associates may not necessarily be available at the year end, the Group uses the financial statements of the associates with a lag of three months for applying the equity method of accounting. Further, the Group considers the investment in associates as strategic investment.

### 5.5 Biological assets

These are measured at fair value less costs to sell on initial recognition and at each reporting date. 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 at the reporting date is included in the consolidated statement of profit or loss for the period in which it arises.

To ascertain the fair value of the biological assets, the fair value less estimated point-of-sale costs of crops at the end of each reporting period is determined using prices and other relevant information generated by market transactions involving identical or comparable assets. Since, there exists an active market for the agricultural produce, the estimated selling price is obtained using the observable inputs and the estimated selling costs are the harvesting charges farmer takes for cutting the crop.

### 5.6 Stores and spare parts

These are stated cost less provision for slow moving and obsolete items, if any. Cost is determined by the weighted moving average cost method. Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date. Provision for slow moving, damaged and obsolete items are charged to consolidated statement of profit or loss. Ageing and value of items of stores and spares are reviewed at each reporting date to record provision for any obsolete items.

### 5.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost, determined on weighted moving average cost method, and estimated net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

### 5.8 Trade debts, loans and advances, trade deposits and short-term prepayments and other receivables

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for ECL, if any. Allowance for ECL is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans and advances, trade deposits and short-term prepayments and other receivables. Bad debts, if any, are written off as and when considered irrecoverable.

### 5.9 Cash and cash equivalents

Thse comprise of cash in hand and current accounts held with banks, which are subject to insignificant risk of change. These are carried at cost.

### 5.10 Non-current assets held for sale

Assets held for sale are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell.

### 5.11 Employees' benefits

#### Gratuity

The Group operates an unfunded gratuity scheme for its permanent mill employees. An actuarial valuation of all defined benefit scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the consolidated statement of other comprehensive income. All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Group has recognised related restructuring or termination benefits.

#### Provident fund

The Group operates a recognised provident fund for those permanent employees who have opted for it. Equal monthly contributions are made to the fund by the Group and employees in accordance with the fund's rules. Contributions are made by the employees at mill and the employees at head office at the rate of 11% and 10% respectively, of the aggregate of basic salary. Investments made in provident fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder.

### Compensated absences

The Group accrues its liability towards leaves accumulated by employees on an accrual basis using current salary level.

## 5.12 Taxation

### Current

Provision for current taxation is based on the taxable income for the year determined in accordance with Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates and includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to the consolidated statement of profit or loss except to the extent it relates to items recognised directly in other comprehensive income in which case it is recognised in the consolidated statement of other comprehensive income.

### Deferred

Deferred tax is recognised using the liability method, on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside consolidated statement of profit or loss is recognised outside consolidated statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in consolidated statement of other comprehensive income or directly in equity.

## 5.13 Trade and other payables

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

## 5.14 Provisions

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

## 5.15 Contingent liabilities

### Contingent liability is disclosed when:

- there is a possible obligation 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; or

- there is present 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.

## 5.16 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

## 5.17 Borrowing costs

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

## 5.18 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.

### i) Financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

Financial assets are subsequently classified into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and

• Financial assets at fair value through profit or loss.

### Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; 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.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

### 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 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.

### Financial assets at fair value through profit or loss

These include financial assets held for trading, financial assets designated upon initial recogniton at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. These are carried at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised.

• The rights to receive cash flows from the asset have expired; or

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset,  but has transferred control of the asset.

### Impairment of financial assets

ECL 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade debts, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### ii) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### Subsequent measurement

### Financial liabilities at fair value through profit or loss

The Group has not designated any financial liability as at fair value through profit or loss.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR 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.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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.

### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 5.19 Revenue from contracts with customers

The Group is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Performance obligations held by the Group are not separable, and are not partially satisfied, since they are satisfied at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Group recognizes trade debts when the performance obligations have been met, recognizing the corresponding revenue. Moreover, the considerations received before satisfying the performance obligations are recognized as contract liabilities (advances from customers).

## 5.20 Other revenues

Revenue from other sources is recognized on the following basis:

i) Dividend income is recognised when the right to receive dividend is established.

ii) Farm and other income is recognised on an accrual basis.

## 5.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the consolidated financial statements are authorised for issue, disclosure is made in the consolidated financial statements.

## 5.22 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (i.e. a singe segment at the Group level). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

## 5.23 Earnings per share

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

### 5.24 Government Grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant related to an expense item, it is recognised in the consolidated statement of profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### 5.25 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset.

In determining fair value less costs to sell, the recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

| 6 PROPERTY, PLANT AND EQUIPMENT | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Operating fixed assets | 6.1 | **2,213,684,001** | 1,969,321,508 |
| Capital work-in-progress | 6.2 | **233,991,226** | 403,489,421 |
| | | **2,447,675,227** | 2,372,810,929 |

### 6.1 Operating fixed assets

| | COST | | | ACCUMULATED DEPRECIATION | | | BOOK VALUE | |
|---|---|---|---|---|---|---|---|---|
| | At October 01, 2021 | Additions* / (deletions) | At September 30, 2022 | At October 01, 2021 | Charge for the year* / (deletions) | At September 30, 2022 | At September 30, 2022 | Rate |
| | Rupees | | | | | | | % |
| Freehold land | 83,394,207 | - | 83,394,207 | - | - | - | 83,394,207 | - |
| Buildings on freehold land | | | | | | | | |
| - Factory | 317,098,063 | 3,607,470 | 320,705,533 | 190,783,511 | 12,902,015 | 203,685,526 | 117,020,007 | 10% |
| - Non-factory | 51,623,372 | - | 51,623,372 | 22,630,324 | 1,449,652 | 24,079,976 | 27,543,396 | 5% |
| Plant, machinery and equipment | 3,134,677,827 | 400,004,289 | 3,534,682,116 | 1,507,759,167 | 142,131,114 | 1,649,890,281 | 1,884,791,835 | 7.50% |
| Furniture and fittings | 9,663,353 | 313,500 | 9,976,853 | 5,538,923 | 435,956 | 5,974,879 | 4,001,974 | 10% |
| Vehicles | 76,968,864 | 118,600<br>(119,982) | 76,967,482 | 74,957,396 | 409,189<br>(61,691) | 75,304,894 | 1,662,588 | 20% |
| Office premises | 85,022,551 | - | 85,022,551 | 31,987,817 | 2,651,737 | 34,639,554 | 50,382,997 | 5% |
| Office equipment | 6,448,547 | 833,610 | 7,282,157 | 4,338,024 | 276,567 | 4,614,591 | 2,667,566 | 10% |
| Electric installation | 39,576,951 | 2,554,134 | 42,131,085 | 14,042,802 | 2,759,698 | 16,802,500 | 25,328,585 | 10% |
| Weighbridge and scales | 4,561,889 | 220,000 | 4,781,889 | 2,479,089 | 226,613 | 2,705,702 | 2,076,187 | 10% |
| Workshop tools and other equipment | 6,341,923 | - | 6,341,923 | 5,375,518 | 96,641 | 5,472,159 | 869,765 | 10% |
| Computers | 15,781,694 | 1,390,000 | 17,171,694 | 12,746,995 | 1,106,660 | 13,853,655 | 3,318,039 | 30% |
| Air conditioners and refrigerators | 20,082,216 | 956,200 | 21,038,416 | 9,280,383 | 1,131,177 | 10,411,560 | 10,626,856 | 10% |
| | 3,851,241,457 | 409,997,803 | 4,261,119,278 | 1,881,919,949 | 165,577,019 | 2,047,435,277 | 2,213,684,001 | |
| | | (119,982) | | | (61,691) | | | |
| **2022** | **3,851,241,457** | **409,877,821** | **4,261,119,278** | **1,881,919,949** | **165,515,328** | **2,047,435,277** | **2,213,684,001** | |

*Include vehicles transferred from right of use assets at nil value having cost and accumulated depreciation of Rs. 36.8 million (2021: 71.4 million).

| | COST | | | ACCUMULATED DEPRECIATION | | | BOOK VALUE | |
|---|---|---|---|---|---|---|---|---|
| **Description** | At October 01, 2020 | Additions/ (deletions) | At September 30, 2021 | At October 01, 2020 | Charge for the year / (deletions) | At September 30, 2021 | At September 30, 2021 | Rate |
| | ---------- Rupees ---------- | | | | | | | % |
| Freehold land | 83,394,207 | - | 83,394,207 | - | - | - | 83,394,207 | - |
| Buildings on freehold land | | | | | | | | |
| - Factory | 317,098,063 | - | 317,098,063 | 176,748,561 | 14,034,950 | 190,783,511 | 126,314,552 | 10% |
| - Non-factory | 51,623,372 | - | 51,623,372 | 21,104,374 | 1,525,950 | 22,630,324 | 28,993,048 | 5% |
| Plant, machinery and equipment | 3,118,331,019 | 19,139,522<br>(2,792,714) | 3,134,677,827 | 1,377,867,356 | 131,030,591<br>(1,138,780) | 1,507,759,167 | 1,626,918,660 | 7.50% |
| Furniture and fittings | 9,176,353 | 487,000 | 9,663,353 | 5,080,764 | 458,159 | 5,538,923 | 4,124,430 | 10% |
| Vehicles | 17,400,433 | 71,727,131<br>(12,158,700) | 76,968,864 | 14,667,737 | 71,927,003<br>(11,637,344) | 74,957,396 | 2,011,468 | 20% |
| Office premises | 85,022,551 | - | 85,022,551 | 29,196,515 | 2,791,302 | 31,987,817 | 53,034,734 | 5% |
| Office equipment | 6,442,547 | 6,000 | 6,448,547 | 4,104,133 | 233,891 | 4,338,024 | 2,110,523 | 10% |
| Electric installation | 32,473,619 | 7,103,332 | 39,576,951 | 11,781,824 | 2,260,978 | 14,042,802 | 25,534,149 | 10% |
| Weighbridge and scales | 4,561,889 | - | 4,561,889 | 2,247,667 | 231,422 | 2,479,089 | 2,082,800 | 10% |
| Workshop tools and other equipment | 6,341,923 | - | 6,341,923 | 5,268,140 | 107,378 | 5,375,518 | 966,405 | 10% |
| Computers | 14,581,290 | 1,200,404 | 15,781,694 | 11,605,446 | 1,141,549 | 12,746,995 | 3,034,699 | 30% |
| Air conditioners and refrigerators | 19,747,216 | 335,000 | 20,082,216 | 8,102,773 | 1,177,610 | 9,280,383 | 10,801,833 | 10% |
| | 3,766,194,482 | 99,998,389<br>(14,951,414) | 3,851,241,457 | 1,667,775,290 | 226,920,783<br>(12,776,124) | 1,881,919,949 | 1,969,321,508 | |
| 2021 | 3,766,194,482 | 85,046,975 | 3,851,241,457 | 1,667,775,290 | 214,144,659 | 1,881,919,949 | 1,969,321,508 | |

### 6.1.2 Depreciation charge for the year has been allocated as follows:

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Cost of sales | 35 | **159,565,733** | 149,191,269 |
| Administrative expenses | 37 | **6,011,286** | 6,324,864 |
| | | **165,577,019** | 155,516,133 |

## 6.1.3 Particulars of immovable assets of the Group are as follows:

| Particulars | Covered Area (Sq. ft.) |
|---|---|
| Freehold land<br>Building on<br>Freehold land | 5.5 million |

## 6.2 Capital work-in-progress

| | Note | Buildings on freehold land | Plant, machinery and equipment | Total |
|---|---|---|---|---|
| | | ------------- Rupees | ------------- | |
| **Balance as at September 30, 2020** | | **22,819,314** | **103,541,113** | **126,360,427** |
| Capital expenditure incurred / advances made during the year | | 21,405,722 | 289,362,338 | 310,768,060 |
| Provision for impairment | 6.2.1 | - | (33,639,066) | (33,639,066) |
| **Balance as at September 30, 2021** | | **44,225,036** | **359,264,385** | **403,489,421** |
| Capital expenditure incurred / advances made during the year | | (10,467,980) | 227,527,241 | 217,059,261 |
| Transfered to operating fixed assets | | (22,923,355) | (363,634,101) | (386,557,456) |
| **Balance as at September 30, 2022** | | **10,833,701** | **223,157,525** | **233,991,226** |

## 7 RIGHT-OF-USE ASSETS

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Vehicles | Total | Total | Vehicles | Farms | Total |
| | ---------- Rupees ---------- | | | ----------- Rupees ----------- | | |
| **As at October 01** | | | | | | |
| Cost | 100,671,640 | 18,624,311 | 119,295,951 | 151,379,490 | 18,624,311 | 170,003,801 |
| Accumulated depreciation | (55,927,147) | (11,789,312) | (67,716,459) | (83,652,250) | (5,829,533) | (89,481,783) |
| **Net book value** | 44,744,493 | 6,834,999 | 51,579,492 | 67,727,240 | 12,794,778 | 80,522,018 |
| **Net carrying value basis** | | | | | | |
| Opening net book value | 44,744,493 | 6,834,999 | 51,579,492 | 67,727,240 | 12,794,778 | 80,522,018 |
| Additions during the year | 21,879,290 | - | 21,879,290 | 23,301,800 | - | 23,301,800 |
| Disposal of right-of-use assets | (740,133) | - | (740,133) | (1,693,250) | - | (1,693,250) |
| Depreciation charged during the year | (17,307,435) | (5,467,999) | (22,775,434) | (44,591,297) | (5,959,779) | (50,551,076) |
| **Closing net book value** | 48,576,215 | 1,367,000 | 49,943,215 | 44,744,493 | 6,834,999 | 51,579,492 |
| **As at September 30** | | | | | | |
| Cost | 119,945,930 | 18,624,311 | 138,570,241 | 100,671,640 | 18,624,311 | 119,295,951 |
| Accumulated depreciation | (71,369,715) | (17,257,311) | (88,627,026) | (55,927,147) | (11,789,312) | (67,716,459) |
| **Net book value** | 48,576,215 | 1,367,000 | 49,943,215 | 44,744,493 | 6,834,999 | 51,579,492 |
| Depreciation % per annum | 20% | 32% | | 20% | 32% | |

### 7.1 Depreciation charge for the year has been allocated as follows:

| | | | | | | |
|---|---|---|---|---|---|---|
| Administrative expenses | 17,307,435 | 5,467,999 | 22,775,434 | 44,591,297 | 5,959,779 | 50,551,076 |

| 8 | LONG-TERM RECEIVABLES | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| | Tender earnest money | | **1,000,000** | 1,000,000 |
| | Down payment | | **33,125,000** | 33,125,000 |
| | Other costs | | **8,385,996** | 8,385,996 |
| | | 8.1 | **42,510,996** | 42,510,996 |
| | Allowance for ECL | | **(42,510,996)** | (42,510,996) |
| | | | **-** | - |
| | Subsidy receivable | 8.2 | **304,117,888** | 304,117,888 |
| | Allowance for ECL | 8.3 | **(143,944,447)** | (99,457,011) |
| | | | **160,173,441** | 204,660,877 |

**8.1** Represents down payment made in respect of purchase of Thatta Sugar Mills (the Mill) and other costs incurred in running the Mill from November 1992 up to July 1993, when the Mill was forcibly taken over by the Government of Sindh (GoS) without paying any amount. The Group filed a law suit for Rs. 166 million being the amount of down payment, expenses incurred (including payment to workers) and loss of profits. The GoS made a counter claim of Rs. 402 million against the Group. The case is currently pending in the Honorable High Court of Sindh (the Court) for recording of evidences. While the Group's suit for recovery of compensation is pending in the Court, the GoS invited bids for the sale of the Mill through Sindh Privatization Commission but it could not succeed. The GoS is now trying to privatize it through the Federal Privatization Commission. The Group has made full provision against the said receivable as a matter of prudence and the fact that the debt is outstanding for a considerable period.

**8.2** Represents subsidy receivable from Provincial Government amounting to Rs. 299.301 million and Rs. 4.817 million from Federal Government with respect to cash freight support on export sales.

| 8.3 | Allowance for ECL | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| | Balance at beginning of the year | | **99,457,011** | 26,541,037 |
| | Charge for the year | | **44,487,436** | 72,915,974 |
| | Balance at end of the year | | **143,944,447** | 99,457,011 |

| 9 | LONG-TERM INVESTEMNTS | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| | **Associates** | | | |
| | **Unicol Limited (UL)**<br>49,999,997 ordinary shares of Rs.10 each<br>**% of holding: 33.33%** | 9.1 | **1,146,523,931** | 1,031,591,605 |
| | **UniEnergy Limited (UEL)**<br>1,999,998 ordinary shares of Rs. 10 each<br>**% of holding: 20%** | 9.1 | **1,146,523,931** | 1,031,591,605 |
| | **UniFoods Industries Limited (UFL)** | 9.3 | **-** | - |
| | | | **1,166,906,145** | 1,051,768,517 |
| | | | **1,166,906,145** | 1,051,768,517 |

### 9.1 Unicol Limited (UL)

UL is incorporated in Pakistan as a public unlisted Group with its registered office situated at Sub Post Office Sugar Mills, Umerkot Road, Mirpurkhas. The principal activity of the UL is to manufacture and sell ethanol and carbon dioxide (Co2). The share of the Group in the net asset has been determined on the basis of audited financial statements as of September 30, 2022. The summarised financial information of UL is as follows:

| Aggregate amount of: | 2022 Rupees | 2021 Rupees |
|---|---|---|
| - assets | 7,043,293,000 | 5,261,648,000 |
| - liabilities | 3,603,711,000 | 2,166,873,000 |
| - revenue | 8,916,824,000 | 8,382,169,000 |
| - profit after taxation | 1,319,797,000 | 502,547,000 |

**Movement of investment is as follows:**

| | | |
|---|---|---|
| Opening balance | 1,031,591,605 | 1,076,575,935 |
| Share of profit – net of tax | 439,932,307 | 167,515,657 |
| | 1,471,523,912 | 1,244,091,592 |
| Dividend received during the year | (324,999,981) | (212,499,987) |
| Closing balance | 1,146,523,931 | 1,031,591,605 |

### 9.2 UniEnergy Limited (UEL)

UEL is incorporated in Pakistan as a public unlisted Group with its registered office situated at 1st Floor, Modern Motors House, Beaumont Road, Karachi. The principal activity of UEL is to build, operate and maintain wind power generating project of 50 Mega Watts for the generation and supply of electric power in relation thereof, however, it is in start-up phase and has not commenced its operations. The share of the Group in the net asset has been determined on the basis of un-audited financial statements as of September 30, 2022. The summarised financial information of UEL is as follows:

| Aggregate amount of: | 2022 Rupees | 2021 Rupees |
|---|---|---|
| - assets | 105,341,346 | 103,595,244 |
| - liabilities | 3,010,689 | 2,710,587 |
| - profit after taxation | 615,911 | 586,236 |

**Movement of investment is as follows:**

| | | |
|---|---|---|
| Opening balance | 20,176,912 | 20,059,665 |
| Share of profit - net of tax | 205,302 | 117,247 |
| Closing Balance | 20,382,214 | 20,176,912 |

| | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **9.3** | **UniFoods Industries Limited (UFL)** | | | |
| | Opening balance | | **-** | 96,612,956 |
| | Investment made during the year | | **46,349,040** | 89,254,400 |
| | Share of loss – net of tax | | **-** | (106,034,537) |
| | | | **46,349,040** | 79,832,819 |
| | Provision for impairment | | **-** | (79,832,819) |
| | | | **46,349,040** | - |
| | Transferred to non-current assets held for sale | 19 | **(46,349,040)** | - |
| | Closing balance | | **-** | - |

| | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **10** | **BIOLOGICAL ASSETS** | | | |
| | Carrying value at beginning of the year | | **23,767,355** | 16,621,474 |
| | Increase due to cultivation | | **6,929,660** | 5,620,414 |
| | Change in fair value less costs to sell of standing crop | 39.1 | **17,626,390** | 18,146,941 |
| | | | **48,323,405** | 40,388,829 |
| | Reduction due to harvesting | 39.1 | **(23,767,355)** | (16,621,474) |
| | Carrying value at the end of the year | | **24,556,050** | 23,767,355 |

**10.1** The Group is engaged in cultivation of different sugarcane varieties. These varieties are then provided to growers for multiplication. During the year, the Group harvested 92,203 maunds (2021: 90,633 maunds) sugarcane at the yield of 596 maunds per acre of area under cultivation (2021: 596 maunds per acre). Approximately, 36,169 maunds (2021:79,265 maunds) were supplied to growers for variety multiplication while remaining sugarcane was used for crushing at mill.

| | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **11** | **STORES AND SPARE PARTS** | | |
| | Stores | **68,303,872** | 36,365,250 |
| | Spare parts | **76,002,954** | 74,137,055 |
| | | **144,306,826** | 110,502,305 |
| **12** | **STOCK-IN-TRADE** | | |
| | Sugar | | |
| | - Work-in-process | **4,726,932** | 5,593,142 |
| | - Finished goods | **1,502,829,454** | 543,321,642 |
| | Bagasse | | |
| | - Finished goods | **45,753,480** | 12,649,455 |
| | | **1,553,309,866** | 561,564,239 |
| **13** | **TRADE DEBTS – unsecured** | | |
| | Considered good | **100,420,895** | 69,668,130 |
| | Considered doubtful | **16,987,867** | 16,987,867 |
| | | **117,408,762** | 86,655,997 |
| | Allowance for ECL | **(16,987,867)** | (16,987,867) |
| | | **100,420,895** | 69,668,130 |

| | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **13.1** | **The aging of trade debts is as follows:** | | |
| | Neither past due nor impaired | **100,420,895** | 69,668,130 |

**13.2** The maximum aggregate amount due from related parties at any time during the year calculated by reference to month-end balances is as follows:

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| **Unicol Limited** | **2,206,024** | 80,851,283 |

| | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **14** | **LOANS AND ADVANCES – considered good** | | |
| | Loans to employees | **3,371,310** | 2,668,031 |
| | **Advances** | | |
| | - to suppliers | **45,086,116** | 31,968,802 |
| | - to cane growers | **12,153,609** | 16,006,766 |
| | - to employees | **2,651,709** | 4,331,439 |
| | | **59,891,434** | 52,307,007 |
| | | **63,262,744** | 54,975,038 |
| **15** | **TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS** | | |
| | **Trade deposits** | | |
| | Considered good | **4,984,324** | 2,397,900 |
| | **Short-term prepayments** | | |
| | Considered good | **6,356,768** | 4,082,847 |
| | Considered doubtful | **1,536,198** | 1,536,198 |
| | | **7,892,966** | 5,619,045 |
| | Allowance for ECL | **(1,536,198)** | (1,536,198) |
| | | **11,341,092** | 6,480,747 |

| | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **16** | **OTHER RECEIVABLES – considered good** | | | |
| | Due from related parties: | | | |
| | Pakistan Molasses Company (Private) Limited | | **100,469** | 851,086 |
| | Mogul Tobacco Company (Private) Limited | | **-** | 90,678 |
| | | 16.1 | **100,469** | 941,764 |
| | Others | | **-** | 49,000 |
| | | | **100,469** | 990,764 |
| **16.1** | The ageing analysis of balances due from related parties is as follows: | | | |
| | Neither past due nor impaired | | | |
| | Pakistan Molasses Company (Private) Limited | | **100,469** | 851,086 |
| | Mogul Tobacco Company (Private) Limited | | **-** | 90,678 |

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **17 SHORT-TERM INVESTMENTS** | | | |
| **Amortised cost** | | | |
| Term deposit certificates | | - | 3,654,000 |
| Allowance for ECL | | - | (3,654,000) |
| | 17.1 | - | - |
| **Fair value through other comprehensive income (FVOCI)** | | | |
| Equity securities | 17.2 | 20,059,000 | 50,677,453 |
| **Fair value through profit or loss (FVPL)** | | | |
| Equity securities | 17.3 | 712,363,221 | 1,266,415,738 |
| | | 732,422,221 | 1,317,093,191 |
| | | 732,422,221 | 1,317,093,191 |

**17.1** During the year ended 30 September 2021, the Group written off its investment in term deposit certificates.

**17.2 Fair value through other comprehensive income (FVOCI)**

| 2022 Number of shares | 2021 Number of shares | Quoted companies | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| 77,150 | 77,150 | JDW Sugar Mills Limited | 20,059,000 | 16,510,097 |
| - | 86,480 | Jubilee Life Insurance Company Limited | - | 23,539,856 |
| - | 163,500 | Noon Sugar Mills Limited | - | 10,627,500 |
| | | | 20,059,000 | 50,677,453 |

### 17.3 Fair value through profit or loss (FVPL)

| 2022 Number of shares | 2021 Number of shares | Quoted companies | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **415,000** | 1,200,000 | Bank Al Habib Limited | **22,410,000** | 82,980,000 |
| **125,000** | 499,700 | Cherat Cement Company Limited | **14,446,250** | 71,567,034 |
| **400,000** | 500,000 | MCB Bank Limited | **47,804,000** | 75,345,000 |
| **800,000** | 700,000 | United Bank Limited | **91,912,000** | 82,992,000 |
| **101,900** | 105,420 | Jubilee Life Insurance Company Limited | **15,183,100** | 28,695,324 |
| **100,000** | 100,000 | Lucky Cement Limited | **49,656,000** | 72,290,000 |
| **500,000** | 3,000,500 | Aisha Steel Mills Limited | **5,170,000** | 62,440,405 |
| **500,455** | 1,500,066 | Maple Leaf Cement Factory Limited | **13,942,676** | 52,802,323 |
| **250,000** | 500,000 | Habib Bank Limited | **17,427,500** | 54,675,000 |
| **950,491** | 676,917 | Meezan Bank Limited | **104,316,387** | 94,720,996 |
| **10,000** | 49,940 | Indus Motors Limited | **9,430,100** | 58,335,913 |
| **100,000** | 500,000 | D.G.K.Cement Limited | **6,062,000** | 44,210,000 |
| **-** | 450,500 | Pioneer Cement Limited | **-** | 39,783,655 |
| **500,000** | 1,250,000 | Amreli Steel Limited | **13,480,000** | 48,937,500 |
| **-** | 1,000,000 | Gul Ahmed Textile Mills Limited | **-** | 54,810,000 |
| **-** | 1,250,000 | Agha Steel Industries Limited | **-** | 34,362,500 |
| **-** | 100,000 | Honda Atlas Cars Limited | **-** | 26,346,000 |
| **-** | 100,000 | Pak Suzuki Motors Limited | **-** | 26,755,000 |
| **100,000** | 100,000 | Engro Corporation Limited | **23,152,000** | 27,975,000 |
| **100,011** | 300,011 | International Steel Limited | **5,513,606** | 22,863,838 |
| **250,000** | 300,000 | Tariq Glass Limited | **28,715,000** | 30,435,000 |
| **-** | 171,500 | Noon Sugar Mills Limited | **-** | 11,147,500 |
| **-** | 450,000 | Nishat (Chunian) Limited | **-** | 22,284,000 |
| **42,200** | 23,000 | JDW Sugar Mills Limited | **10,972,000** | 4,922,000 |
| **250,000** | 300,000 | Interloop Limited | **15,737,500** | 21,351,000 |
| **250,000** | 200,000 | Fertilizer Engro Pakistan Limited | **19,505,000** | 19,518,000 |
| **-** | 200,000 | Nishat Mills Limited | **-** | 18,172,000 |
| **100,000** | 25,000 | Systems Limited | **37,748,000** | 18,187,750 |
| **-** | 100,000 | TRG Pakistan Limited | **-** | 16,167,000 |
| **-** | 200,000 | Hi-Tech Lubricants Limited | **-** | 12,402,000 |
| **-** | 1,000,000 | Bankislami Pakistan Limited | **-** | 12,600,000 |
| **-** | 100,000 | Mughal Iron & Steel Industries Limited | **-** | 9,762,000 |
| **-** | 250,000 | Faysal Bank Limited | **-** | 6,580,000 |
| **210,000** | - | Bank Al Falah Limited | **6,538,401** | - |
| **400,000** | - | Fauji Fertilizer Company Limited | **40,524,000** | - |
| **20,000** | - | Mari Petroleum Company Limited | **31,296,201** | - |
| **100,000** | - | Oil & Gas Development Company Limited | **7,572,000** | - |
| **100,000** | - | Pakistan Oilfields Limited | **34,912,000** | - |
| **110,000** | - | Cherat Packaging Limited | **11,819,500** | - |
| **300,000** | - | Hub Power Company Limited | **20,973,000** | - |
| **100,000** | - | Pakistan Petroleum Limited | **6,145,000** | - |
| | | | **712,363,221** | 1,266,415,738 |

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **18 CASH AND BANK BALANCES** | | | |
| Cash in hand | | **57,013** | 77,690 |
| Cash with banks - current accounts | | | |
| - Local | | **25,774,728** | 5,237,403 |
| - Foreign | | **7,511,847** | 5,611,887 |
| | | **33,286,575** | 10,849,290 |
| | | **33,343,588** | 10,926,980 |

## 19 NON CURRENT ASSET HELD FOR SALE

During the year, the Board of Directors of the Group has decided to dispose off its investment in associate to an independent buyer against a consideration of Rs. 145 million. The said transfer is expected to be completed by September 2023. In accordance with the requirements of IFRS 05 "Non-current Assets Held for Sale and Discontinued Operations", the Group has reclasssified the said investement to non current assets held for sale.

## 20 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| 2022 (Number of shares) | 2021 (Number of shares) | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| | | Ordinary shares of Rs.10/- each issued as: | | |
| **6,318,750** | 6,318,750 | fully paid in cash | **63,187,500** | 63,187,500 |
| **54,228,814** | 42,608,575 | bonus shares | **542,288,141** | 426,085,746 |
| **60,547,564** | 48,927,325 | | **605,475,641** | 489,273,246 |

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

| **21 RESERVES** | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **Capital reserve** | | | |
| Share premium | | **63,281,250** | 63,281,250 |
| **Revenue reserves** | | | |
| General reserve | | **85,000,000** | 85,000,000 |
| Unappropriated profits | | **1,991,732,920** | 1,863,885,001 |
| | | **2,076,732,920** | 1,948,885,001 |
| **Other components of equity** | | | |
| Actuarial gains on defined benefit plan | | **3,484,739** | 2,867,529 |
| FV reserve of financial assets at FVOCI | | **329,100** | (8,596,106) |
| | | **2,143,828,009** | 2,006,437,674 |

## 22 LONG-TERM FINANCING – secured

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| From banking companies | 21.1 & 21.2 | **700,625,003** | 1,066,250,000 |
| Financing under: | | | |
| - salary refinance scheme | 21.1 & 21.3 | **20,725,524** | 60,595,943 |
| - temporary economic refinance facility | 21.1 & 21.4 | **307,019,415** | 168,008,687 |
| | | **1,028,369,942** | 1,294,854,630 |
| Current portion | | **(386,354,221)** | (372,261,558) |
| | | **642,015,721** | 922,593,072 |

**22.1 From banking companies**

| | Installments Number | Installments Commencing from | Mark-up | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|---|
| Bank Al Habib Limited | 20 quarterly | Dec-15 | 3 months KIBOR plus 0.8% per annum | **10,000,000** | 50,000,000 |
| Bank Al Habib Limited | 20 quarterly | Jan-19 | 3 months KIBOR plus 1% per annum | **131,250,000** | 218,750,000 |
| Bank Al Habib Limited | 20 quarterly | Oct-19 | 3 months KIBOR plus 1% per annum | **121,875,000** | 150,000,000 |
| Bank Al Falah Limited | 20 quarterly | Feb-18 | 6 months KIBOR plus 0.5% per annum | **75,000,000** | 135,000,000 |
| Allied Bank Limited | 20 quarterly | Jul-19 | 3 months KIBOR plus 0.4% per annum | **225,000,000** | 325,000,000 |
| MCB Bank Limited | 20 quarterly | Jul-19 | 3 months KIBOR plus 1.25% per annum | **137,500,000** | 187,500,000 |
| MCB Bank Limited | 8 quarterly | Apr-21 | SBP+1% | **20,725,527** | 60,595,943 |
| MCB Bank Limited | 32 quarterly | Aug-23 | SBP+3% | **307,019,415** | 168,008,687 |
| | | | | **1,028,369,942** | 1,294,854,630 |

**22.2** These facilities are secured by way of first pari passu charge over plant and machinery of the Group amounting to Rs. 1,700 million (2021: 1,935 million). The unutilized long term financing facility as at the reporting date is Rs. 634 million (2021: Rs. 696 million).

**22.3** Represents financing obtained from a commercial bank under the refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of 1% per annum. The loan along with the markup is repayable in 8 equal quarterly installments commencing from April 2021. The facility is secured by way of first pari-passu hypothecation charge over current assets and fixed assets. The total facility of the loan amounted to Rs. 125 million. This loan is initially recorded at present value discounted at the effective interest rate i.e. 3 months KIBOR + 1% and the difference of the actual proceeds and present value is recognized as a deferred income - government grant.

**22.4** Represents financing obtained from a commercial bank under the Temporary Economic Refinancing Facility (TERF) for plant and machinery introduced by State Bank of Pakistan.These loans are secured by a charge against the plant and machinery and carry mark-up at the rate of 3% per annum. Grace period for principal repayment has been availed which entails that the first principal repayment falls in August 2023 and the last repayment will be on February 2028. The principal repayments and mark-up will be made on quarterly basis. The loan is initially recorded at present value discounted at the effective interest rate i.e. 3 months KIBOR + 3% and the difference of the actual proceeds and present value is recognized as a deferred income - government grant. The total facility of the loan amounted to Rs.500 million.

**22.5** Following are the changes in the long term financing for which cash flows have been classified as financing activities in the statement of cash flows:

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Balance at beginning of the year | | **1,294,854,630** | 1,238,630,039 |
| Adjustment / proceeds from long-term financing | | **181,130,443** | 232,855,084 |
| Amount recognized as government grant | | **(60,686,873)** | (69,898,460) |
| Unwinding of finance cost | | **32,360,784** | 12,618,840 |
| Payments made during the year | | **(419,289,042)** | (119,350,873) |
| Balance at end of the year | | **1,028,369,942** | 1,294,854,630 |
| Less: current portion of long-term financing | 31 | **(386,354,221)** | (372,261,558) |
| | | **642,015,721** | 922,593,072 |

## 23 LEASE LIABILITIES – secured

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Lease liabilities | | 46,455,330 | 46,825,511 |
| Current portion of lease liabilities | 31 | (12,904,542) | (16,222,567) |
| | 23.1 | 33,550,788 | 30,602,944 |

### 23.1 Movement of lease liabilities:

| | 2022 Vehicles | 2022 Farms | 2022 Total | 2021 Vehicle | 2021 Farms | 2021 Total |
|---|---|---|---|---|---|---|
| | ------------ Rupees ------------ | | | ------------- Rupees ------------- | | |
| Opening balance | 41,765,022 | 5,060,489 | 46,825,511 | 32,772,196 | 9,499,514 | 42,271,710 |
| Additions during the year | 19,863,000 | - | 19,863,000 | 23,301,800 | - | 23,301,800 |
| Finance cost during the year | 6,016,349 | 168,511 | 6,184,860 | 3,123,290 | 789,975 | 3,913,265 |
| Payments during the year | (21,189,041) | (5,229,000) | (26,418,041) | (17,432,264) | (5,229,000) | (22,661,264) |
| Closing balance | 46,455,330 | - | 46,455,330 | 41,765,022 | 5,060,489 | 46,825,511 |
| Current portion of lease liabilities | (12,904,542) | - | (12,904,542) | (11,162,078) | (5,060,489) | (16,222,567) |
| | 33,550,788 | - | 33,550,788 | 30,602,944 | - | 30,602,944 |

### 23.2 The following are the amounts recognised in consolidated statement of profit or loss:

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Depreciation of right-of-use assets | 7.1 | 22,775,434 | 50,551,076 |
| Interest expense on lease liabilities | 40 | 6,184,860 | 3,913,265 |
| | | 28,960,294 | 54,464,341 |

### 23.3 Future period lease payments and interest expense:

| | 2022 Minimum lease payments | 2022 Interest expense for the future periods | 2022 Present value of minimum lease payments | 2021 Minimum lease payments | 2021 Interest expense for the future periods | 2021 Present value of minimum lease payments |
|---|---|---|---|---|---|---|
| | ----------- Rupees ----------- | | | ----------- Rupees ----------- | | |
| Not more than 1 year | 20,649,218 | 6,728,172 | 13,921,046 | 19,640,407 | 3,417,840 | 16,222,567 |
| Later than 1 year but not more than 5 years | 40,595,149 | 40,595,149 | 32,534,284 | 35,569,689 | 4,966,745 | 30,602,944 |
| | 61,244,367 | 61,244,367 | 46,455,330 | 55,210,096 | 8,384,585 | 46,825,511 |

| | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **24** | **MARKET COMMITTEE FEE PAYABLE** | | | |
| | Balance at the beginning of the year | | **54,174,253** | 32,434,412 |
| | Additions during the year | | **-** | 43,767,018 |
| | Impact of discounting | | **-** | (19,877,054) |
| | unwinding of finance cost | 39 | **3,868,427** | 4,039,032 |
| | Payments during the year | | **(6,189,155)** | (6,189,155) |
| | Balance at the end of the year | | **51,853,527** | 54,174,253 |
| | Current portion | 31 | **(2,401,576)** | (2,991,908) |
| | | | **49,451,951** | 51,182,345 |

**24.1** Represents provision for market committee fee for the year from 2008 to 2021. The Group entered into agreement with the Market Committee to settle the above provision in various yearly installments.

| | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **25** | **DEFERRED LIABILITIES** | | | |
| | Staff gratuity | 25.1 | **3,971,207** | 4,301,305 |

## 25.1 Staff gratuity

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Opening balance | | **4,301,305** | 4,445,294 |
| Expense for the year | 25.3 | **921,944** | 814,923 |
| Benefits paid during the year | | **(330,821)** | (1,178,263) |
| Actuarial loss / (gain) on remeasurement | 25.4 | **(921,221)** | 219,351 |
| Closing balance | | **3,971,207** | 4,301,305 |

## 25.2 Principal actuarial assumptions

| | 2022 | 2021 |
|---|---|---|
| **Financial assumptions** | | |
| Discount rate | **13.25%** | 10.50% |
| Expected rate of increase in salary level | **8.25%** | 13.00% |
| **Demographic assumptions** | | |
| Expected mortality rate | **SLIC 2001-05** | SLIC 2001-05 |
| Expected withdrawal rate | **High** | High |
| Long term salary increase rate | **13.25%** | 10.50% |

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| **25.3 Expense recognised in profit or loss** | | |
| Current service cost | **487,675** | 487,149 |
| Interest cost on defined benefit obligation | **434,269** | 327,774 |
| | **921,944** | 814,923 |

## 25.4 Actuarial loss / (gain) on remeasurement of obligation

| | 2022 | 2021 |
|---|---|---|
| Financial assumptions | **(395,679)** | 278,917 |
| Experience adjustments | **(525,542)** | (59,566) |
| | **(921,221)** | 219,351 |

| | | Change in assumption | Increase in defined benefit obligation | Decrease in defined benefit obligation |
|---|---|---|---|---|
| | | | 2022 | |
| 25.5 | **Sensitivity analysis** | | -------(Rupees)------- | |
| | Discount rate | 1% | 153,527 | (187,392) |
| | Salary increase rate | 1% | 160,663 | 216,466 |

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| | ---------- | ---------- | (Rupees) | ---------- | ---------- |
| Present value of defined benefit obligations | 3,971,207 | 4,301,305 | 4,445,294 | 4,762,469 | 4,875,010 |

| | 2022 | | | |
|---|---|---|---|---|
| The amount of the defined benefit obligation after changes in the weighted principal assumptions is as follows: | + 100 bps | - 100 bps | + 100 bps | - 100 bps |
| | ---------- | (Rupees) | ---------- | ---------- |
| Present value of defined benefit obligation | 3,817,680 | 4,141,079 | 4,131,870 | 3,823,505 |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligation to significant actuarial assumptions the same method (present value of the retirement benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

## 25.6 Maturity profile

| Below is the maturity profile based on the undiscounted payments: | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Year 1 | 553,084 | 760,952 |
| Year 2 | 1,151,502 | 487,507 |
| Year 3 | 1,090,583 | 997,675 |
| Year 4 | 670,098 | 928,478 |
| Year 5 | 104,672 | 598,594 |
| Year 6 to Year 10 | 1,728,086 | 1,665,977 |
| Year 11 and above | 3,559,975 | 2,394,822 |

## 25.7 Risks associated with defined benefit plans

### 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.

### Salary increase 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.

**Withdrawal risk:**

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

**25.8** The expected gratuity expense for the year ended September 30, 2023 works out to Rs. 926.164

**25.9** The weighted average duration of the defined benefit obligation at September 30, 2022 is 4.07 years (2021: 4.61 years).

## 26 DEFERRED INCOME - GOVERNMENT GRANT

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Balance at beginning of the year | | 74,220,806 | 6,024,031 |
| Recognized / adjustment during the year | 21.3 & 21.4 | 59,762,881 | 71,543,186 |
| Amortization of deferred income - government grant | 39 | (24,076,144) | (3,346,411) |
| Balance at end of the year | | 109,907,543 | 74,220,806 |
| Current portion of deferred income - government grant | 31 | (6,537,777) | (3,457,877) |
| | | 103,369,766 | 70,762,929 |

## 27 DEFERRED TAXATION - net

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| **Taxable temporary differences arising due to:** | | |
| Accelerated tax depreciation | 441,066,087 | 311,735,137 |
| Lease liabilities | 1,151,002 | 1,426,928 |
| Share of profit from associate | 96,298,517 | 30,277,875 |
| Others | 12,538,065 | 11,928,894 |
| | 551,053,671 | 355,368,834 |
| **Deductable temporary differences arising due to:** | | |
| Allowance for ECL | (67,643,238) | (57,733,268) |
| Unused tax losses | (158,781,674) | (48,069,158) |
| Minimum tax | (243,075,223) | (130,073,591) |
| Provisions | (19,731,477) | (16,567,779) |
| Unrealised loss on investments | (14,734,212) | (23,345,998) |
| | (503,965,824) | (275,789,795) |
| | 47,087,847 | 79,579,039 |

### 27.1 The movement of deferred taxation is as follows:

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Opening balance | 79,579,039 | 170,970,925 |
| Recognised in profit or loss | (33,238,808) | (89,298,445) |
| Recognised in OCI | 747,616 | (2,093,441) |
| Closing balance | 47,087,847 | 79,579,039 |

## 28 PROVISION FOR QUALITY PREMIUM

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Opening balance | | 119,290,919 | 119,290,919 |
| Reversal during the year | 28.1 | (119,290,919) | - |
| | | - | 119,290,919 |

**28.1** Represents provision made in prior years in respect of quality premium under Sugar Factories Control Act, 1950. The Group, along with other sugar mills, challenged the levy of quality premium through Pakistan Sugar Mills Association before the Court which decided the case by laying down criteria for payment of quality premium. The management, in view of legal advice, believes that Group is no longer required to pay the quality premium to cane growers and accordingly, has reversed the provision for quality premium in these financial statements.

## 29 TRADE AND OTHER PAYABLES

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Creditors | **125,517,157** | 155,205,621 |
| Accrued expenses | **262,336,433** | 262,555,270 |
| Payable to provident fund | **1,283,933** | 962,620 |
| Workers' Welfare Fund | **24,728,559** | 17,494,548 |
| Advance from employees against purchase of vehicles - secured | **22,582,908** | 21,166,782 |
| Withholding tax payable | **2,229,218** | 2,784,128 |
| Others | **18,618,273** | 11,488,669 |
| | **457,296,481** | 471,657,638 |

## 30 SHORT-TERM BORROWINGS – secured

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Running finance under markup arrangements | 30.1 | **724,313,577** | 588,921,237 |
| Short term cash finance | 30.2 | **533,739,401** | 475,000,000 |
| | | **1,258,052,978** | 1,063,921,237 |

**30.1** The aggregate facilities for short term running finance available from various banks amounted to Rs. 950 million (2021: Rs. 2,817 million). These facilities are secured against hypothecation of stock-in-trade, plant & machinery, stores, spares & receivables of the Group. These carry mark-up ranging between 0.75% to 1% (2021: 0.35% to 1.25%) per annum above one to three months KIBOR.

**30.2** The aggregate facilities for short term cash finance available from various banks amounted to Rs. 4,400 million (2021: Rs. 4,450 million). These carry mark-up ranging between 0.4% to 1.25% (2021: 0.50% to 0.75%) per annum above one to three months KIBOR. These are secured against pledge of stock-in-trade and plant & machinery.

## 31 PROVISION FOR MARKET COMMITTEE FEE

Represents provision made for market committee of Rs.10 (2021: Rs.10) per MT of sugar cane crushed for the latest crushing season.

## 32 CURRENT PORTION OF NON-CURRENT LIABILITIES

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Long-term financing | 22 | **386,354,221** | 372,261,558 |
| Lease liabilities | 23 | **12,904,542** | 11,783,542 |
| Market committee fee payable | 24 | **2,401,576** | 2,991,908 |
| Deferred income - government grant | 26 | **6,537,777** | 3,457,877 |
| | | **408,198,116** | 390,494,885 |

## 33 CONTINGENCIES AND COMMITMENTS

### 33.1 Tax Contingencies

(i) During the year ended 30 September 2021, the Deputy Commissioner Inland Revenue (DCIR) had passed orders with respect to tax years 2015, 2016, 2017, 2018 and 2019 u/s 122 and 161 of Income Tax Ordinance 2001 raising a demand of Rs. 3.607 billion, Rs. 6.719 billion, Rs. 6.81 billion, Rs. 8.15 billion and Rs. 7.479 billion respectively. Appeals have been filed by the Group before the Commissioner Inland Revenue (Appeals) against the above assessment orders which are pending adjudication. The Group also filed Constitutional petitions before the Court which granted a stay order for the aforementioned tax years. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these consolidated financial statements.

(ii) During the year ended 30 September 2006, Customs, Excise and Sales Tax Appellate Tribunal, Karachi had passed an order with respect to alleged non-withholding of sales tax on advances etc., demanding an amount of Rs. 11.087 million. The Group filed a constitutional petition before the Court which granted a stay order against the order of Customs, Excise and Sales Tax Appellate Tribunal, Karachi. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these consolidated financial statements.

(iii) During the year ended 30 September 2015, the Commissioner Appeals had passed an order with respect to tax years 2012, 2013, 2014 and 2015 whereby sales tax liability along with penalty amounting to Rs. 18 million had been established for claiming inadmissible input tax adjustment.The Group filed an appeal before the Commissioner Appeals who remanded back the case to Deputy Commissioner Enforcement and Collection which is pending for hearing. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these consolidated financial statements.

### 33.2 Others

(iv) During the year ended 30 September 2021,The Competition Commission of Pakistan (CCP) had passed a consolidated order whereby penalties have been levied on 84 sugar mills and in this respect, Rs.265.588 million had been levied on the Group equivalent to 5% of the total turnover of Rs. 5.311 billion as per the financial statements for the year ended 30 September 2019. In this respect, the Group along with 18 other sugar mills had filed a suit before the Court which suspended the order of CCP . However, the CCP, in contravention of the above restraining order of the Court, issued a show-cause notice under section 30 of the Competition Act, 2010 on October 8, 2021, wherein identical issues were involved. The Group, along with 18 other sugar mills, again filed a suit before the Court which suspended the above show-cause notice dated October 8, 2021. Based on the advice of the legal advisor, the management is confident of a favorable outcome and hence, no provision is made in these consolidated financial statements.

### 33.3 Commitments

| | Note | 2022<br>Rupees | 2021<br>Rupees |
|---|---|---|---|
| Capital commitments | | **18,379,148** | 67,791,092 |
| Letter of guarantee | 33.3.1 | **15,420,375** | 11,520,225 |

**33.3.1** Represents guarantee given to Alternate Energy Development Board against issuance of letter of support.

## 34 TURNOVER – gross

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Sugar | | **6,843,553,318** | 6,095,561,691 |
| Molasses | | **845,319,668** | 709,692,373 |
| Bagasse | | **290,796,658** | 167,084,236 |
| Mud | | **3,085,013** | 2,046,762 |
| | 34.1 | **7,982,754,657** | 6,974,385,062 |

**34.1** Revenue recognised from amounts included in advance from customers at beginning of the year amounted to Rs. 34.592 million (2021: Rs. 31.433 million).

## 35 COST OF SALES

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| **Manufactured sugar:** | | | |
| Cost of sugarcane consumed [Including procurement and other related expenses] | | **6,192,234,534** | 5,216,981,994 |
| Provision for market committee fee | | **8,569,439** | 6,822,530 |
| Road cess on sugarcane | | **5,356,116** | 4,264,168 |
| Salaries, wages and other benefits | 35.1 | **256,316,354** | 222,711,498 |
| Stores and spare parts consumed | | **296,582,934** | 209,430,822 |
| Repairs and maintenance | | **81,772,889** | 39,438,440 |
| Fuel, electricity and water charges | | **18,671,180** | 14,319,627 |
| Vehicle running and maintenance expenses | | **6,618,446** | 2,355,506 |
| Insurance | | **22,387,811** | 36,396,509 |
| Depreciation on operating fixed assets | 6.1.2 | **159,565,733** | 149,191,269 |
| Others | | **34,294,649** | 25,545,723 |
| | | **7,082,370,085** | 5,927,458,086 |
| Opening stock of work-in-process | | **5,593,142** | 3,832,446 |
| Closing stock of work-in-process | 12 | **(4,726,932)** | (5,593,142) |
| | | **866,210** | (1,760,696) |
| Cost of goods manufactured | | **7,083,236,295** | 5,925,697,390 |
| Opening stock of finished goods | | **555,971,097** | 56,949,027 |
| Closing stock of finished goods | 12 | **(1,548,582,934)** | (555,971,097) |
| | | **(992,611,837)** | (499,022,070) |
| | | **6,090,624,458** | 5,426,675,320 |

**35.1** Includes gratuity expense of Rs. 0.922 million (2021: Rs. 0.815 million) and contribution to provident fund of Rs. 3.491 million (2021: Rs. 3.698 million).

## 36 DISTRIBUTION COSTS

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Salaries and other benefits | 36.1 | **3,565,660** | 3,011,512 |
| Insurance | | **22,457** | 39,693 |
| Stacking and loading | | **14,253,497** | 11,521,111 |
| Others | | **54,719,422** | 30,633,654 |
| | | **72,561,036** | 45,205,970 |

**36.1** Includes contribution to provident fund of Rs. 0.075 millon (2021: Rs. 0.067 million).

## 37 ADMINISTRATIVE EXPENSES

| | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| Salaries and other benefits | 37.1 | **142,651,090** | 130,512,191 |
| Rent, rates and taxes | | **1,546,179** | 433,722 |
| Electricity, telephone, fax and postage | | **9,938,511** | 8,624,371 |
| Printing and stationery | | **1,405,808** | 655,900 |
| Travelling and conveyance | | **11,449,296** | 10,244,809 |
| Vehicle running and maintenance expenses | | **10,310,987** | 9,357,981 |
| Auditor's remuneration | 37.2 | **3,156,301** | 3,133,801 |
| Legal and professional | | **16,762,406** | 14,797,154 |
| Fees and subscription | | **5,277,672** | 3,562,246 |
| Insurance | | **224,567** | 396,934 |
| Repairs and maintenance | | **15,518,399** | 11,742,463 |
| Advertising | | **1,238,100** | 110,500 |
| Donations | 37.3 | **4,831,678** | 9,317,000 |
| Depreciation | | | |
| - Operating fixed assets | 6.1.2 | **6,011,286** | 6,324,864 |
| - Right-of-use assets | 7.1 | **22,775,434** | 50,551,076 |
| Other expenses | | **2,528,899** | 2,566,069 |
| | | **255,626,613** | 262,331,081 |

**37.1** Includes contribution to provident fund of Rs. 2.315 million (2021: Rs. 2.254 million).

### 37.2 Auditor's remuneration

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Statutory audit fee | **1,976,900** | 1,954,400 |
| Fee for audit of consolidated financial statements | **189,000** | 189,000 |
| Review of half yearly unconsolidated financial information | **425,000** | 425,000 |
| Review of compliance with Code of Corporate Governance | **175,000** | 175,000 |
| Certifications | **162,000** | 162,000 |
| Out of pocket expenses | **228,401** | 228,401 |
| | **3,156,301** | 3,133,801 |

**37.3** Includes Rs. 4.332 million paid to Hasham Foundation (related party). Hasham Foundation includes directors namely Mr. Mohammed Kasim Hasham, Mr. Mohammed Ebrahim Hasham, Mr. Mohammed Hussain Hasham, Mr. Khurram Kasim and Mr. Ahmed Ebrahim Hasham who are the trustees of the said Foundation. No other directors or their spouses have any interest in any donee’s fund to which donation was made in both foundations.

| | | Note | 2022 Rupees | 2021 Rupees |
|---|---|---|---|---|
| **38** | **OTHER EXPENSES** | | | |
| | Workers' Welfare Fund | | **7,234,011** | 3,483,170 |
| | Unrealised loss on remeasurement of equity instruments at fair value through profit or loss | | **97,849,599** | 129,072,940 |
| | Provision for impairment of capital-work-in progress | 6.2 | **-** | 33,639,066 |
| | Others | | **6,808,840** | 14,703,675 |
| | | | **111,892,450** | 180,898,851 |
| **39** | **OTHER INCOME** | | | |
| | **Income from financial assets** | | | |
| | Dividend income | | **101,633,200** | 63,571,333 |
| | Exchange gain - net | | **1,899,960** | 163,421 |
| | (Loss) / gain on disposal of equity instruments at fair value through profit or loss - net | | **(101,424,239)** | 109,047,937 |
| | Impact of discounting - market committee payable | | **-** | 19,877,054 |
| | Others | | **181,086** | 1,376,194 |
| | | | **2,290,007** | 194,035,939 |
| | **Income from non-financial assets** | | | |
| | Farm income – net | 39.1 | **8,065,802** | 20,432,051 |
| | Scrap sales | | **-** | 5,911,200 |
| | Gain on disposal of operating fixed assets and right-of-use assets | | **3,127,465** | 10,139,655 |
| | Reversal of provision for quality premium | 28.1 | **119,290,919** | - |
| | Amortisation of deferred income - government grant | 26 | **24,076,144** | 3,346,411 |
| | | | **154,560,330** | 39,829,317 |
| | | | **156,850,337** | 233,865,256 |
| **39.1** | **Farm income – net** | | | |
| | Revenue from farms | | **15,103,479** | 19,075,208 |
| | Fair value of harvested crop | 10 | **(23,767,355)** | (16,621,474) |
| | Harvesting and other charges | | **(896,712)** | (168,624) |
| | | | **(9,560,588)** | 2,285,110 |
| | Change in fair value less cost to sell of standing crop | | **17,626,390** | 18,146,941 |
| | | | **8,065,802** | 20,432,051 |
| **40** | **FINANCE COSTS** | | | |
| | Markup / interest on: | | | |
| | - Long-term financing | | **136,979,981** | 106,473,391 |
| | - Short-term borrowings | | **376,653,432** | 147,707,113 |
| | - Lease liabilities | 23.2 | **6,184,860** | 3,913,265 |
| | - Market committee fee payable | 24 | **3,868,427** | 4,039,032 |
| | | | **523,686,700** | 262,132,801 |
| | Bank charges | | **2,628,997** | 2,418,730 |
| | | | **526,315,697** | 264,551,531 |

| | | 2022 | 2021 |
|---|---|---|---|
| **41** | **TAXATION** | **Rupees** | Rupees |
| | **Current** | **165,113,475** | 123,247,186 |
| | Prior | **(27,497,867)** | 7,754,430 |
| | | **137,615,608** | 131,001,616 |
| | Deferred | **(33,238,808)** | (89,298,445) |
| | | **104,376,800** | 41,703,171 |

**41.1** As the charge for current tax is based on minimum taxation and taxation under final tax regime, reconciliation of tax expense with accounting profit is not presented.

## 42 BASIC AND DILUTED EARNING / (LOSS) PER SHARE

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

| | 2022 | 2021 |
|---|---|---|
| Net (loss) / profit after taxation attributable to ordinary shares - (Rupees) | **289,130,390** | (15,112,755) |
| Weighted average number of ordinary shares | **54,237,279** | 59,935,973 |
| | | Restated |
| Earnings / (Loss) per share - (Rupees) | **5.33** | (0.25) |

## 43 WORKING CAPITAL CHANGES

| | 2022 | 2021 |
|---|---|---|
| | **Rupees** | Rupees |
| **(Increase) / decrease in current assets** | | |
| Biological assets | **(788,695)** | (7,145,881) |
| Stores and spare parts | **(33,804,521)** | (159,577) |
| Stock-in-trade | **(991,745,627)** | (500,782,766) |
| Trade debts | **(30,752,765)** | (51,462,529) |
| Loans and advances | **(8,287,706)** | (8,700,874) |
| Trade deposits and short-term prepayments | **(4,860,345)** | (3,095,283) |
| Other receivables | **890,295** | (174,949) |
| | **(1,069,349,364)** | (571,521,859) |
| **Increase / (decrease) in current liabilities** | | |
| Trade and other payables | **(14,361,157)** | 17,152,743 |
| Contract liabilities (advances from customers) | **471,350,792** | (1,897,564) |
| Sales tax and federal excise duty payable | **129,214,162** | (30,512,537) |
| | **586,203,797** | (15,257,358) |
| | **(483,145,567)** | (586,779,217) |

## 44 TRANSACTIONS WITH RELATED PARTIES

**44.1** Related parties of the Group comprise of associates, retirement funds, directors and key management personnel. Transactions with related parties during the year other than those disclosed elsewhere in these consolidated financial statements, are as follows:

| | 2022<br>Rupees | 2021<br>Rupees |
|---|---|---|
| **Associates** | | |
| Sales | **902,875,619** | 726,657,376 |
| **Other related parties / associated companies (common directorship)** | | |
| Expenses paid on behalf of associated companies | **408,429** | 1,273,446 |
| Expenses paid by associated companies | **1,249,724** | - |
| **Employees' benefits** | | |
| Provident fund contribution | **5,881,842** | 6,895,326 |

**44.2 Details of related parties**

| Name of related parties | Basis of relationship | Percentage of shareholding by the Group |
|---|---|---|
| Unicol Limited | Associate | 33.33% |
| UniFoods Industries Limited | Associate | - |
| Unienergy Limited | Associate | 20% |
| Pakistan Molasses Company (Private) Limited | Common directorship | - |
| Mogul Tobacco Company (Private) Limited | Common directorship | - |
| Hasham Foundation | Common directorship | - |
| Usman Memorial Hospital Foundation | Common directorship | - |
| Hasham (Private) Limited | Common directorship | - |
| MCB Islamic Bank Limited | Common directorship | - |
| Mr. Mohammed Kasim Hashim - Chairman | Key management personnel | - |
| Mr. Ahmed Ebrahim Hasham - Chief executive officer | Key management personnel | - |
| Mr. Mohammed Ebrahim Hasham - Deceased director | Key management personnel | - |
| Mr. Mohammed Hussain Hasham - Director | Key management personnel | - |
| Mr. Khurram Kasim - Director | Key management personnel | - |
| Ms. Sofia Kasim - Director | Key management personnel | - |
| Mrs. Anushey A. Hasham - Director | Key management personnel | - |
| Mr. Hasan Aziz Bilgrami - Director | Key management personnel | - |
| Mr. Mohammad Amin Mukaty - Director | Key management personnel | - |
| Mr. Iftikhar Soomro - Director | Key management personnel | - |
| Mr. Muhammad Iqbal - Director | Key management personnel | - |
| Mr. Syed Ehtisham ud din - Director | Key management personnel | - |
| Mr. Muhammad Hanif Aziz - Chief financial officer | Key management personnel | - |
| Mr. Ali Hassan - Company secretary | Key management personnel | - |
| MSML Provident Fund | Retirement Fund | - |

| | Tons of Cane crushing per Day (TCD) | |
|---|---|---|
| **45 CAPACITY AND PRODUCTION** | **Rated Capacity** | **Average Capacity utilisation** |
| **Season 2021-2022** | **12,500 TCD** | **6,801 TCD** |
| Season 2020-2021 | 12,500 TCD | 6,038 TCD |

The short fall in crushing is due to the scarcity of sugarcane in the market.

## 46 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

**46.1** The aggregate amount, charged in the consolidated financial statements for the year are as follows:

| | 2022 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Chief Executive Officer** | **Executive Director** | **Non-Executive Directors** | **Executives** | **Total** | Chief Executive Officer | Executive Director | Non-Executive Directors | Executives | Total |
| | Rupees | | | | | | | | | |
| Fee | **-** | **-** | **2,400,000** | **-** | **2,400,000** | - | - | 1,900,000 | - | 1,900,000 |
| Basic salary | **4,560,000** | **3,800,000** | **-** | **14,895,734** | **23,255,734** | 4,560,000 | 4,560,000 | - | 9,921,600 | 19,041,600 |
| Allowances: | | | | | | | | | | |
| - house rent | **5,928,000** | **4,940,000** | **-** | **20,839,453** | **31,707,453** | 5,928,000 | 5,928,000 | - | 14,882,400 | 26,738,400 |
| - Utility | **456,000** | **380,000** | **-** | **1,489,573** | **2,325,573** | 456,000 | 456,000 | - | 992,160 | 1,904,160 |
| - Medical | **456,000** | **380,000** | **-** | **1,489,573** | **2,325,573** | 456,000 | 456,000 | - | 992,160 | 1,904,160 |
| Retirement benefits | **-** | **380,000** | **-** | **844,200** | **1,224,200** | - | 456,000 | - | 516,384 | 972,384 |
| Bonus | **570,000** | **475,000** | **-** | **2,310,200** | **3,355,200** | 570,000 | 570,000 | - | 1,561,900 | 2,701,900 |
| | **11,970,000** | **10,355,000** | **2,400,000** | **41,868,734** | **66,593,734** | 11,970,000 | 12,426,000 | 1,900,000 | 28,866,604 | 55,162,604 |
| Number of persons | **1** | **1** | **8** | **6** | **16** | 1 | 1 | 8 | 4 | 44 |

**46.2** In addition, the Chief Executive Officer is provided with free use of the Group maintained cars, in accordance with their terms of service.

## 47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

### 47.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties and continually assessing the creditworthiness of counter-parties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group is mainly exposed to credit risk in respect of the following:

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Trade debts | **100,420,895** | 69,668,130 |
| Other receivables | **100,469** | 990,764 |
| Subsidy receivable | **160,173,441** | 204,660,877 |
| Bank balances | **33,286,575** | 10,771,047 |
| | **1,038,195,635** | 1,609,102,340 |

### Quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

### 47.1.1 Trade debts

There are no customers with defaults as at the current and prior year reporting date.

### 47.1.2 Bank balances

With external credit rating:

| | | 2022 Rupees | 2021 Rupees |
|---|---|---|---|
| A1+ | PACRA | **1,658,015** | 537,770 |
| A-1+ | PACRA | **4,539,330** | 1,472,313 |
| A-1+ | JCR – VIS | **25,429,788** | 8,300,975 |
| A1 | PACRA | **1,659,442** | 538,233 |
| | | **33,286,575** | 10,849,290 |

### 47.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Group's financial liabilities at the following reporting dates:

| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Total |
|---|---|---|---|---|---|
| | ------------------------- | Rupees | ------------------------- | | |
| Long-term financing | - | - | 386,354,221 | 642,015,721 | 1,028,369,942 |
| Lease liabilities | - | - | 12,904,542 | 33,550,788 | 46,455,330 |
| Trade and other payables | 42,485,114 | 387,853,590 | - | - | 430,338,704 |
| Unclaimed dividend | 19,707,001 | - | - | - | 19,707,001 |
| Accrued markup | - | 96,518,298 | - | - | 96,518,298 |
| Market committee fee payable | - | - | 2,401,576 | 49,451,951 | 51,853,527 |
| Short term borrowings | 1,258,052,978 | - | - | - | 1,258,052,978 |
| 2022 | 1,320,245,093 | 484,371,888 | 401,660,339 | 725,018,459 | 2,931,295,779 |

| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Total |
|---|---|---|---|---|---|
| | ------------------------- Rupees ------------------------- | | | | |
| Long-term financing | - | - | 372,261,558 | 922,593,072 | 1,294,854,630 |
| Lease liabilities | - | - | 16,222,567 | 30,602,944 | 46,825,511 |
| Trade and other payables | 33,618,071 | 417,562,441 | - | - | 451,180,512 |
| Unclaimed dividend | 19,331,423 | - | - | - | 19,331,423 |
| Accrued markup | | 50,683,240 | - | - | 50,683,240 |
| Market committee fee payable | - | - | 2,991,908 | 51,182,345 | 54,174,253 |
| Short term borrowings | 1,063,921,237 | - | - | - | 1,063,921,237 |
| **2021** | 1,116,870,731 | 468,245,681 | 391,476,033 | 1,004,378,361 | 2,980,970,806 |

### 47.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices.

#### 47.3.1 Interest rate risk

Interest rate risk is the risk that the fair value of 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 mainly relates to long-term financing, short-term borrowings and lease obligations. Management of the Group estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Group's profit before tax by Rs. 4.9 million and a 1% decrease would result in the increase in the Group's profit before tax by the same amount.

#### 47.3.2 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Group's exposure to equity price mainly relates to equity securities. The management of the Group manages the above market risks through diversification of investment portfolio. The management estimates that, as at the reporting date, a 10% decrease in the overall share prices in the market with all of the factors remaining constant would decrease the Group's equity by Rs. 72.8 million.

#### 47.3.3 Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist made in foreign currency at the reporting date. As of September 30, 2022 the Group is not materialy exposed to such risk.

## 48 CAPITAL RISK MANAGEMENT

The Group finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. The Group monitors capital using a debt equity ratio as follows:

| | 2022 Rupees | 2021 Rupees |
|---|---|---|
| Long-term financing | 1,028,369,942 | 1,294,854,630 |
| Short-term borrowings | 1,258,052,978 | 1,063,921,237 |
| **Total debt** | 2,286,422,920 | 2,358,775,867 |
| Share capital | 605,475,641 | 489,273,246 |
| Reserves | 2,143,828,009 | 2,006,553,883 |
| **Total equity** | 2,749,303,650 | 2,495,827,129 |
| **Capital (Debt + equity)** | 5,035,726,570 | 4,854,602,996 |
| Gearing ratio | 45% | 49% |

## 49 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair values.

The following table shows financial instruments recognised at fair value, analyzed between those whose fair value is based on:

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

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

As of the reporting date, the Group has financial instruments designated at FVOCI and FVPL using level 1 valuation technique and the biological assets measured at fair value using level 2 valuation technique. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

## 50 OPERATING SEGMENTS

For management purposes, the activities of the Group are organized into one operating segment i.e. manufacture and sale of sugar and its by-products. The Group operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these consolidated financial statements are related to the Group's only reportable segment.

## 50 OPERATING SEGMENTS

For management purposes, the activities of the Group are organized into one operating segment i.e. manufacture and sale of sugar and its by-products. The Group operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these consolidated financial statements are related to the Group’s only reportable segment.

The details of customers with whom the revenue from sales transactions amount to 10% or more of the Group's overall revenue is as follows:

| | 2022<br>Rupees | 2021<br>Rupees |
|---|---|---|
| English Biscuits Manufacturers (Private) Limited | - | 636,128,177 |
| Unicol Limited - a related party | 894,512,752 | 724,192,373 |
| Zameer Ahmed | 1,148,627,911 | 724,192,373 |

**Revenue - based on the location of customers**

| | | |
|---|---|---|
| Pakistan | 7,982,754,657 | 6,974,385,062 |

## 51 NUMBER OF EMPLOYEES

| | 2022 | 2021 |
|---|---|---|
| Total number of permanent employees as at reporting date | 258 | 324 |
| Average number of permanent employees during the year | 305 | 327 |

## 52 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on ____________________ by the Board of Directors of the Group.

## 53 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, the Board of Directors of the Group in their meeting held on __________________ have proposed a final cash dividend of Rs.___ per share and issue of bonus shares in the proportion of ______ ordinary shares for every hundred (100) ordinary shares held for the year ended September 30, 2022.

## 54 GENERAL

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions / better presentation.

| CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR |
|---|---|---|

# FORM OF PROXY

I/We______________________________________________of______________________________________________
__________________being member of Mehran Sugar Mills Limited, holding _________________Ordinary Shares as per Registered Folio No. / CDC A/c No. (for members who have shares in CDS)______________ hereby appoint Mr./Mrs./Miss_________________________________________________________________________of (full address)__________________________________________________________________ or failing him / her Mr./Mrs./ Miss__________________________________________________________________________________of (full address) ____________________________________________________________________ (being member of the company) as my/our Proxy to attend, act and vote for me/us and behalf at the 57th Annual General Meeting of the Company to be held on January 27, 2023 at 4:30 pm and /or any adjournment thereof.

As witness my/our hands seal this ____________day of ___________2023.

Signed by ________________________ in the presence of

| 1. Witness | 2. Witness |
|---|---|
| Signature _____________________ | Signature_________________________ |
| Name ____________________ | Name _________________________ |
| Address: ______________________ | Address: _________________________ |
| ____________________ | _________________________ |
| CNIC No.____________________ | CNIC No.________________________ |

Signature on Rs. 5/-
Revenue Stamp

Important:

1. This form of proxy, duly completed and signed, must be deposited at the office of the Company's Shares Registrar, not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is a Member.

For CDC Account Holders / Corporate Entitles:

In Addition to the above following requirements have to be met:

i. The Proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
ii. Attested copies of CNIC or Passport of the beneficial owners and proxy shall be furnished with the proxy form.
iii. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
iv. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form.

# پراکسی فارم

# پراکسی فارم

میں / ہم: ______________________________________________

______________________________________________

بطور رُکن (حصص دار) مہران شوگر ملز لمیٹڈ (حصص کی تعداد) ______________ جو کہ رجسٹرڈ ہیں بذریعہ فولیو نمبر سی ڈی سی / اکاونٹ نمبر (اُن اراکین

کے لئے جن کے حصص سی ڈی ایس میں ہیں) ______________________

بذریعہ ہذا تقرر کرتا ہوں جناب / محترمہ ______________________

مکمل پتہ ______________________

میری / ہماری غیر موجودگی میں میرے / ہمارے پراکسی (نمائندے) کے طور پر کمپنی کی 57 ویں سالانہ جنرل میٹنگ 27 جنوری 2023 بروز جمعہ دن 4:30 بجے، بذریعہ ویڈیو لنک میٹنگ میں شرکت کرے گا اور میری / ہماری جگہ ووٹ استعمال کرے گا۔

میں بطور گواہ اس ______________ دن ______________ 2023

دستخط منظور کنندہ ______________________

ریونیو
مُہر

دستخط کمپنی کے پاس موجود نمونے
کے دستخط کے مطابق ہونا چاہیئے

## گواہان

| | |
|---|---|
| دستخط ______________ | دستخط ______________ |
| نام ______________ | نام ______________ |
| پتہ ______________ | پتہ ______________ |
| ______________ | ______________ |
| شناختی کارڈ / پاسپورٹ نمبر ______________ | شناختی کارڈ / پاسپورٹ نمبر ______________ |
| ______________ | ______________ |

## ضروری:

1۔ پروکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹر آفس میں جمع کرا دیا جائے۔
2۔ فارم پر نمبر یا اس کا تحریراً مقرر کردہ اٹارنی دستخط کرے گا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مُہر فارم پر ثبت کرنی ہوگی۔
3۔ اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب شرکت اور رائے دہی کے لئے دوسرے ممبر کو اپنا پروکسی مقرر کرسکتا ہے تاہم کارپوریشن کسی بھی غیر ممبر کو اپنا پروکسی مقرر کرسکتی ہے۔

### برائے سی ڈی سی اکاونٹ ہولڈرز / کارپوریشن اینٹٹی

مزید براں مندرجہ ذیل شرائط پر عمل کرنا ہوگا:

(i) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیئے جن کے نام، پتے اور سی این آئی سی یا پاسپورٹ نمبر فارم میں درج ہوں۔
(ii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم کے ہمراہ منسلک کرنی ہونگی۔
(iii) پروکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔
(iv) کارپوریٹ اینٹٹی کی صورت میں ڈائریکٹرز کی قرارداد / پاور آف اٹارنی معہ نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پروکسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔

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