

Heading to New Heights of Success



1st Quarter Accounts (Unaudited)
December 31, 2022



Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company

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Company Information

BOARD OF DIRECTORS

Mr. Arif Faruque	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Amer Faruque	Director
Ms. Farzana Faruque	Director
Mr. Wasif Khalid	Director
Mr. Muhammad Izqar Khan (NIT)	Director
Mr. Hasan Reza ur Rahim	Director

AUDIT COMMITTEE

Mr. Hasan Reza ur Rahim	Chairman
Mr. Arif Faruque	Member
Mr. Muhammad Izqar Khan (NIT)	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

CHIEF OPERATING OFFICER & CHIEF FINANCIAL OFFICER

Mr. Wasif Khalid

COMPANY SECRETARY

Ms. Hina Mir

HEAD OF INTERNAL AUDIT

Mr. Aamir Saleem

SHARE REGISTRAR

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

BANKERS (Islamic)

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

BANKERS (Conventional)

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

REGISTERED OFFICE / FACTORY

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

HEAD OFFICE

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

EXTERNAL AUDITORS

Kreston Hyder Bhimji & Co.
Chartered Accountants

COST AUDITORS

UHY Hassan Naeem & Co.
Chartered Accountants

LEGAL ADVISOR

K.M.S. Law Associates

Directors' Review

The Board of Directors presents the un-audited financial results of the Company for the first quarter ended December 31, 2022.

Production

The crushing for the season 2022/23 started on November 29, 2022 and the plant operated for 33 days compared to 43 days during the same time last year due to delay in harvesting of sugarcane. During this period, the factory crushed 241,726 metric tons of sugarcane to produce 23,405 metric tons of sugar compared to 226,548 metric tons of sugarcane crushed to produce 21,530 metric tons of sugar during the corresponding period last year. There was a decrease in sucrose recovery to 10.06% compared to 10.08% during the previous year due to cane quality. The Company also produced 11,105 metric tons of molasses during the period under review, compared to 9,870 metric tons produced during the corresponding period last year.

Financial Performance

During the period under review, the Company sold 11,269 metric tons of sugar compared to 14,322 metric tons during the corresponding period last year owing to depressed selling prices and overall slowdown in the economy.

The carryover of more than one million tons of previous sugar production in the country coupled with fresh sugar production kept sugar prices under pressure. Sugar prices continue to witness a sharp decline, despite increases in raw material cost and the prices of other food commodities.

Despite this, the Government of Sindh has increased the minimum support price of sugarcane from Rs. 250 per maund to Rs. 302 per maund this year.

During the quarter under review, other income of the Company increased to Rs. 462.86 million, mainly due to the gain on disposal of a non-current asset held for sale. Furthermore, the finance cost increased by Rs. 79.14 million due to several increases of the lending rate by the State Bank of Pakistan. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 350.08 million, and adjusted its investment in the associate by the same amount.

	December 2022	December 2021
	(Rupees in million)	
Net Sales	858.96	1,268.13
Cost of Sales	(794.78)	(1,138.92)
Gross Profit	64.18	129.21
Other Income	462.86	49.63
Share of profit in associate	350.08	23.37
Other expenses & taxes	(253.22)	(129.76)
Net Profit	623.90	72.45

Status of Paper project:

With regards to the setting up of the 250 TPD paper and board project to diversify and enhance its business prospects, work on the same is progressing well towards startup of the project. By undertaking this project, the Company intends to follow through on its strategy of becoming less reliant on sugar operations while benefiting from the synergies of the sugar mill. The cost of the project is currently estimated at Rs. 3.7 billion. All the machine installation and related civil works are complete, and the fine tuning of the machines is currently in progress. The start of commercial production is expected by end March 2023.

Future Prospects

Sugar prices continue to remain depressed due to the excessive sugar stock in the country. Additionally, the Government imposed further taxes, including a super tax, which has a negative impact on the Company by increasing the tax burden of an industry already subject to high taxation and challenging marketing conditions. The Company has therefore approached the Government to consider rescinding this tax. The Company hopes its 250 TPD paper and board project will enhance its business prospects for the benefit of its stakeholders.

The Government of Pakistan had initially approved the export of 100,000 tons of sugar, which was later enhanced to 250,000 tons. The Company is hopeful this will help reduce the excessive stock of one million tons of sugar in the country and generate revenues for the Company.

Management anticipates ongoing competition among the sugar mills for sugarcane to meet its capacity requirements. In the upcoming year, we expect the overall production of sugarcane to be lower by approx. 15% in Sindh. This will impact the Company negatively in its crushing, recovery and sugar production for the season 2022/23. It is expected that more sugar will be produced in Punjab, whereas production in Sindh will be lower due to flood damage. Overall sugar production in Pakistan is expected to be around 7.5 to 7.8 million tons (2022: 7.9 million tons). Growers are one of the main factors of the Company's success, and therefore remain a top priority. They are regularly provided financial and technical assistance, so that they are able to produce better quality sugarcane and sell to the Company.

There has been a constant increase in the discount rate, which currently stands at 17%. The deteriorating economic conditions and reduction in country's forex reserves continue to put inflationary pressure on the economy, and it is therefore expected that the State Bank of Pakistan will further increase the discount rate. This scenario makes it very challenging for the sugar mills to operate.

Acknowledgment

Management would like to thank all the staff, shareholders, financial institutions and other stakeholders of the Company for their continued support and cooperation.

On behalf of the Board of Directors



Arif Faruque
Chairman



Aslam Faruque
Chief Executive

Karachi: January 27, 2023

Condensed Interim Statement of Financial Position

As at December 31, 2022

	Note	December 31, 2022 (Unaudited)	September 30 2022 (Audited)
(Rupees '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	6,103,000	5,781,475
Long-term investments		2,018,545	1,698,668
Long-term loans and deposits		26,513	29,350
Deferred tax asset-net		51,802	51,802
		8,199,860	7,561,295
CURRENT ASSETS			
Stores, spare parts and loose tools		731,452	287,970
Stock-in-trade		2,493,716	1,400,800
Biological assets		4,140	4,140
Trade debts		226,605	113,229
Loans and advances		414,799	87,244
Trade deposits and short-term prepayments		21,935	2,030
Other receivables		266,514	268,335
Short-term investments		20,433	1,578
Tax refunds due from the Government		185,361	176,742
Cash and bank balances		19,439	19,570
TOTAL CURRENT ASSETS		4,384,394	2,361,638
Non-current asset held for sale	7	-	301,264
TOTAL ASSETS		<u>12,584,254</u>	<u>10,224,197</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	134,950	134,950
Reserves		3,025,264	2,131,991
Surplus on revaluation of property, plant & equipment		544,695	844,259
		3,704,909	3,111,200
NON-CURRENT LIABILITIES			
Long-term financing	9	2,431,418	2,198,425
Long-term lease liabilities		17,707	19,530
Deferred liabilities		477,525	475,106
Government grant		272,702	288,325
		3,199,352	2,981,386
CURRENT LIABILITIES			
Trade and other payables		1,298,876	553,432
Accrued mark-up		143,116	166,095
Short-term borrowings		3,772,087	2,202,141
Current portion of long-term financing		386,113	380,404
Current portion of long-term lease liabilities	9	11,262	11,000
Current portion of government grant		60,563	60,563
Unclaimed dividend		7,976	7,976
TOTAL CURRENT LIABILITIES		5,679,993	3,381,611
Liabilities associated with non-current asset held for sale	7	-	750,000
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u>12,584,254</u>	<u>10,224,197</u>

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


Aslam Faruque
Chief Executive


Muhammad Izqar Khan
Director


Wasif Khalid
Director & Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For the Quarter Ended December 31, 2022

	Note	December 31, 2022	December 31, 2021
		(Rupees '000)	
Turnover - net		858,960	1,268,138
Cost of sales		(794,778)	(1,138,924)
Gross profit		64,182	129,214
Distribution cost		(10,271)	(4,314)
Administrative expenses		(59,090)	(53,805)
Other operating expenses		(43,366)	(6,868)
		(112,727)	(64,987)
Other income		462,863	49,631
Operating profit		414,318	113,858
Finance cost		(124,374)	(45,239)
		289,944	68,619
Share of profit in associates - net		350,077	23,367
Profit before taxation		640,021	91,986
Taxation		(16,112)	(19,529)
Profit after taxation		623,909	72,457
Earnings per share - basic & diluted (Rupees)	12	46.23	5.37

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



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Quarter Ended December 31, 2022

	December 31, 2022	December 31, 2021
	(Rupees '000)	
Profit after taxation	623,909	72,457
Other Comprehensive loss		
Items that will not be subsequently reclassified to statement of profit or loss:		
Unrealised loss on remeasurement of equity investment at fair value through other comprehensive income	(30,200)	(70,520)
Realised gain on disposal of equity instruments	-	18,348
	(30,200)	(52,172)
Total comprehensive income	<u>593,709</u>	<u>20,285</u>

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



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the Quarter Ended December 31, 2022

	December 31, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
	(Rupees '000)	
Profit before taxation	640,021	91,986
Adjustments for :		
Depreciation	31,682	26,855
Depreciation on right-of-use asset	2,014	1,014
Amortization	-	451
Provision for market committee fee	2,419	2,265
Accrued profit term deposit	(355)	(2,162)
Fair value adjustment of biological assets	-	3,437
Dividend income from related parties	(11,408)	(13,251)
Share of profit in associates	(350,077)	(23,367)
Exchange gain on currency revaluation	(72)	-
Gain on disposal of property, plant and equipment	(448,741)	-
Finance cost	124,374	45,239
	(650,164)	40,481
	(10,143)	132,467
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(443,482)	(109,184)
Stock-in-trade	(1,092,916)	(857,516)
Biological assets	-	592
Trade debts	(113,376)	4,515
Loans and advances	(327,555)	(29,654)
Trade deposits and Short-term prepayments	(19,905)	(16,152)
Other receivables	1,821	(8,064)
	(1,995,413)	(1,015,463)
Increase in current liabilities:		
Trade and other payables	745,444	809,716
Cash used in operations	(1,260,112)	(73,280)
Long-term loans and deposits-net	2,837	3,213
Income tax paid	(24,730)	(15,555)
	(21,893)	(12,342)
Net cash used in operating activities	(1,282,005)	(85,622)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(356,990)	(899,731)
Sale proceeds of property, plant and equipment	1,774	-
Investment in Term deposit receipt	(18,500)	(500,000)
Sale proceeds of short term investment - net	-	175,592
Dividend received from related parties	11,408	13,251
Net cash (used in) investing activities	(362,308)	(1,210,888)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(147,282)	(22,713)
Short-term borrowings-net	1,569,946	585,937
Long-term financing-net	223,079	850,096
Payment of lease liability-net	(1,561)	(874)
Payment of dividend	-	(3)
Net cash generated from financing activities	1,644,182	1,412,443
Net (decrease) / increase in cash and cash equivalents	(131)	115,933
Cash and cash equivalents at the beginning of the quarter	19,570	35,344
Cash and cash equivalents at the end of the quarter	19,439	151,277

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



Aslam Faruque
Chief Executive



Muhammad Iqbal Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Condensed Interim Statement of Changes In Equity (Unaudited)

For the Quarter Ended December 31, 2022

Description	Issued, subscribed and paid up capital	Reserves					TOTAL	
		General reserve	Unappropriated profit	Actuarial gain on defined benefit plan net-of tax	Unrealised gain / (loss) on investment at fair value through other comp. income	Surplus on Revaluation of property, plant and equipment		Total Reserves
(Rupees '000)								
Balance as at October 01, 2021	134,950	34,250	1,214,505	170,560	827,460	844,259	3,091,034	3,225,984
Profit after taxation	-	-	72,457	-	-	-	72,457	72,457
Other comprehensive income (disposal of shares)	-	-	165,704	-	(165,704)	-	-	-
Other comprehensive loss	-	-	-	-	(52,172)	-	(52,172)	(52,172)
Total comprehensive income / (loss)	-	-	238,161	-	(217,876)	-	20,285	20,285
Balance as at December 31, 2021	<u>134,950</u>	<u>34,250</u>	<u>1,452,666</u>	<u>170,560</u>	<u>609,584</u>	<u>844,259</u>	<u>3,111,319</u>	<u>3,246,269</u>
Balance as at October 01, 2022	134,950	34,250	1,583,835	61,191	452,715	844,259	2,976,250	3,111,200
Profit after taxation	-	-	623,909	-	-	-	623,909	623,909
Other comprehensive income (disposal of land)	-	-	299,564	-	-	(299,564)	-	-
Other comprehensive loss	-	-	-	-	(30,200)	-	(30,200)	(30,200)
Total comprehensive income / (loss)	-	-	923,473	-	(30,200)	(299,564)	593,709	593,709
Balance as at December 31, 2022	<u>134,950</u>	<u>34,250</u>	<u>2,507,308</u>	<u>61,191</u>	<u>422,515</u>	<u>544,695</u>	<u>3,569,959</u>	<u>3,704,909</u>

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



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Quarter Ended December 31, 2022

1. STATUS AND NATURE OF BUSINESS

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

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

Business Unit	Address
Head Office	Modern Motors House, Beaumont Road, Karachi.
Registered Office / Factory (Immovable assets)	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh. (Land measuring 602.60 acres and covered area 562,609 sq.ft)
Land for drainage (Immovable assets)	Deh 245, Tapo Butto Kot. Taluqa Shujaabad, Mirpurkhas. (Land measuring 1.49 acres)

1.2 Paper and board mill

With regards to the setting up of the 250 TPD paper and board project to diversify and enhance its business prospects, work on the same is progressing well towards startup of the project. By undertaking this project, the Company intends to become less reliant on sugar operations while benefiting from the synergies of the sugar mill. The cost of the project is currently estimated at Rs. 3.7 billion. While all the machine installation and related civil works are completed, presently a joint team of internal and external engineers is engaged in fine tuning of machines to produce different quality of paper which will be followed by performance testing before the start of commercial production expected by end March 2023.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the quarter ended December 31, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting & reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

3. BASIS OF PRESENTATION

These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2022.

4. ACCOUNTING POLICIES

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2022.

5. SIGNIFICANT ACCOUNTING ESTIMATES & JUDGEMENTS

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

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to annual financial statements as at and for the year ended September 30, 2022.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2022 (Unaudited)	September 30 2022 (Audited)
(Rupees '000)			
Opening book value		2,383,890	2,270,333
Additions / transfers during the period / year	6.1	92,884	225,027
		2,476,774	2,495,360
Disposals during the period / year at book value	6.1	(1,769)	(901)
Depreciation charged during the period / year		(31,682)	(110,569)
		2,443,323	2,383,890
Opening: Capital work in progress		3,370,475	1,186,928
Addition to capital work in progress / advance made during the period / year		339,064	2,317,649
Transferred to property plant & equipment during the period / year		(74,958)	(134,102)
Closing: Capital work in progress	6.2	3,634,581	3,370,475
Right-of-use asset - net	6.3	25,096	27,110
		6,103,000	5,781,475

6.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	December 31, 2022 (Unaudited)	September 30 2022 (Audited)	December 31, 2022 (Unaudited)	September 30 2022 (Audited)
(Rupees '000)				
Free hold land	-	5,384	-	-
Building on free hold land				
– Non factory	74,958	13,906	-	-
Plant and machinery	-	121,923	-	-
Vehicles	17,264	75,412	1,769	901
Furniture & fittings	286	136	-	-
Office and other equipment	-	3,244	-	-
Computers & accessories	376	5,022	-	-
	92,884	225,027	1,769	901

6.2 Capital work in progress:

	December 31, 2022 (Unaudited)	September 30 2022 (Audited)
(Rupees '000)		
Plant and machinery	3,033,889	2,677,472
Civil Works	578,482	655,841
Equipment	649	8,565
Advance against vehicles	21,561	28,597
	3,634,581	3,370,475

6.2.1 As of quarter ended December 31, 2022, plant and machinery includes mark-up on financing utilized amounting to Rs 152.59 million (September 30, 2022: Rs 86.67 million).

6.3 Right-of-use asset

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

7. DISPOSAL OF NON-CURRENT ASSET HELD FOR SALE

Description	Carrying value at reporting date December 31, 2022	Sales Proceeds	Gain
	(Rupees '000)		
Land & Building	301,264	750,000	448,736
Total	301,264	750,000	448,736

7.1 Gain on sales of Non-current asset held for sale is included in other income.

8. SHARE CAPITAL

8.1 Authorized capital

December 31, 2022 (Unaudited)	September 30 2022 (Audited)		December 31, 2022 (Unaudited)	September 30 2022 (Audited)
Number of shares			(Rupees '000)	
150,000,000	150,000,000	Ordinary shares of Rs.10/- each	1,500,000	1,500,000

8.2 Issued subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each				
1,770,000	1,770,000	Issued for cash	17,700	17,700
11,725,040	11,725,040	Issued as fully paid bonus shares	117,250	117,250
13,495,040	13,495,040		134,950	134,950

9. LONG-TERM LEASE LIABILITIES (ROU ASSET)

December 31, 2022 (Unaudited)			September 30, 2022 (Audited)			
Current maturity of lease liabilities	Long-term lease liabilities	Total	Current maturity of lease liabilities	Long-term lease liabilities	Total	
(Rupees '000)						
Head office / godown under rental agreement	11,262	17,707	28,969	11,000	19,530	30,530

10. CONTINGENCIES AND COMMITMENTS	Note	December 31, 2022 (Unaudited)	September 30 2022 (Audited)
		(Rupees '000)	
Commitments against LCs			
Capital Commitments		146,828	189,417
Other Commitments		185,704	46,478
Letter of guarantee issued by commercial bank for Excise & Taxation office		10,000	10,000
Cheque issued in favour of Nazir High Court of Sindh for Super tax	10.1	8,353	-
Capital Commitments against contracts		-	292,500
Commitments for lease rentals under ijarah contracts		6,279	7,681

- 10.1** Through Finance Act, 2022, super tax had been imposed for the TY 2022 and onwards if the taxable income exceeds Rs. 300 million for the year whereas slabs had been prescribed for taxable income below Rs. 300 million. Imposition for super tax for the tax year 2022 was a retrospective application and against the law. Based on the advice of the legal counsel, the imposition of super tax was challenged in the Sindh High Court in November 2022, and stay had been obtained against the recovery of the same through submission of cheque in favour of Nazir High Court of Sindh.

The case has been disposed off in December 2022, with the time of 60 days, after which the applicability of super tax for TY 2022 shall be null and void and the security submitted shall be returned.

The status of other contingencies as at December 31, 2022 is the same as reported in the annual financial statements for the year ended September 30, 2022.

11. SEASONAL PRODUCTION

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

12. EARNINGS PER SHARE- Basic & Diluted

	December 31, 2022	December 31, 2021
	(Rupees '000)	
Profit after taxation (Rs.'000)	623,909	72,457
Weighted average no. of ordinary shares in issue	13,495,040	13,495,040
Earnings per share-basic (Rupees.)	46.23	5.37

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

13. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2022. There have been no changes in any risk management policies since the year end.

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

14. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of Transaction	December 31, 2022	December 31, 2021
		(Rupees '000)	
Group companies / (Common directorship)	Goods purchased	258,962	697
	Services received	3,384	3,744
	Dividend received	11,407	13,251
Associated Company	Sales made	212,076	104,960
Other related parties	Charge for staff provident and gratuity funds	2,702	2,575
Key management personnel	Remuneration	28,986	21,095

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

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

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

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

	December 31, 2022 (Unaudited)	September 30 2022 (Audited)
Associated Company	(Rupees '000)	
Loans advances	875	-
Trade and other payables	258,249	-
Group Companies		
Loans advances	84,739	326
Trade and other payables	36,000	551

15. OPERATING SEGMENTS

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

16. DIVIDEND AND APPROPRIATIONS

Subsequent to the year end September 30, 2022, the Board of Directors in its meeting held on December 16, 2022 has proposed bonus shares @ 15% (2021: Nil) which has been approved by the members at the Annual General Meeting held on January 21, 2023. Being a non-adjusting subsequent event, it has not been accounted for in these interim financial statements.

17. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on January 27, 2023 by the Board of Directors of the Company.

18. GENERAL

Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated. Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation.



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



Wasif Khalid
Director & Chief Financial Officer



GHULAM FARUQUE
GROUP

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