

Limitless Potential



20
23

Annual Report



Mirpurkhas
Sugar Mills
Limited

A Ghulam Faruque Group Company





“

A sheet of paper can be folded in different ways to produce different creations. In the same way, Mirpurkhas Sugar Mills Limited takes our long-held purposes, values, and standards to venture into new spheres of business and diversify the range of quality products we bring to our valued clientele.

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About the Report

Dear Shareholders and Stakeholders,

We are delighted to present the Annual Report of Mirpurkhas Sugar Mills Limited for the year ended September 30, 2023. This report aims to offer a holistic perspective on our organization, emphasizing transparency, accountability, and our commitment to value creation.

Objective

This Annual Report serves a dual purpose. Firstly, it provides an overview of our company's portfolio, strategies, financial performance, and external context. Secondly, it underscores how we have consistently created and sustained value over time through integrated reporting practices.

Content Overview

The report is structured into several key sections, each shedding light on vital aspects of our organization:

Organizational Overview & Strategy:

This section introduces our business, core values, and major achievements, providing a brief glimpse of our strategic framework.



Governance:

We delve into our governance structure, featuring profiles of our board and presenting the Director's Report and Chairman reviews.



Sustainability & Corporate Social Responsibility:

Highlighting our initiatives under corporate social responsibility, emphasizing our alignment with the sustainable development goals and our contributions toward each goal.



Financial Performance & Position:

Offering a comprehensive financial analysis, this section explains major variations from prior periods, ensuring transparency in our financial health.



Financial Statements:

We present our audited financial statements complying with international financial reporting standards and local laws.



Shareholder's Information:

This section includes secretarial details, such as AGM notices, proxy forms, to facilitate shareholders.



Stakeholder Engagement & Relationship Framework Adopted:

Exploring our policies and approach towards building and nurturing healthy relationships with all our stakeholders.



Organizational Overview and External Environment



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Dreams!

We believe that sweetness lies in dreams and innovation, without which reality loses its flavor. Just as sugarcane transforms into a delightful treat, it is the dreams and aspirations of our customers that drive, inspire, and energize us to enhance our services for a sweeter experience. Our vision is to ensure that the aspirations of our customers crystallize into the sweetness of success.





We hold firm in our belief and understanding that the world is experiencing a sweet revolution. Efficiency alone is not enough; sugar mills must now navigate, conduct themselves, and strategize intelligently. In order to align with the needs, preferences, and hopes of our customers, sugar mills must embrace a swift evolutionary process. Our commitment is to offer high quality products that go beyond the customer expectations through proactive and interactive strategies and solutions.





We deeply value and recognize that our customers deserve the utmost professional attention and respect. We take great pride in being the preferred supplier of sugar for pharma and food industry and leading supplier of brown paper for the top players of the corrugation industry. Respecting the trust they've vested in us, our commitment is to promptly address their requirements, ensuring their satisfaction and delivering a delightful experience with every interaction.





As a thriving industry leader, Mirpurkhas Sugar Mills has witnessed remarkable growth fueled by innovation and an unwavering commitment to quality. This dynamic company not only offers a diverse range of premium sugar and paper products but also champions sustainability and community engagement. As we prosper, so do our consumers, enjoying the sweet rewards of a mutually beneficial journey marked by excellence and refined sweetness.





Success!

Your company is a paragon of success in the sugar industry, thriving on unwavering dedication to innovation and quality. This success translates into premium sugar products that bring unparalleled sweetness to the lives of consumers. The company's triumph in excellence becomes a shared delight, forging a sweet connection between the company and its valued patrons.



Nature of Business

The Company has sugar cane crushing capacity of 12,500 M.Tons per day and paper production capacity of 250 M. Tons per day.

Established in 1964, its principal activity is manufacturing and selling of sugar and paper. It is located about 230 km from the port city of Karachi, in Mirpurkhas and is listed on the Pakistan Stock Exchange. It is one of the most efficient sugar mills in Pakistan. Moreover, it is involved in development of higher yield sugar cane varieties on its 351 acres experimental farms and in adjoining areas of mills.

Further, Mirpurkhas Paper & Board Division is a new venture of Mirpurkhas Sugar Mills (MSM), aiming to become a leading supplier of quality liner board and medium paper to the packaging industry in Pakistan. The MSM Paper & Board plant, located at the heart of Sindh, is the largest paper-producing facility in the region and one of the largest in the country.



Our Certifications





Vision

We aim to be a leading producer and supplier of high quality sugar and paper in Pakistan. We aspire to be known for the quality of our product. We intend to play a pivotal role in the economic and social development of Pakistan, thereby improving the quality of life of its people.



Mission

As a leading producer of quality sugar and paper in Pakistan, we shall build on our core competencies and achieve excellence in performance. In doing so, we aim to meet or exceed the expectations of all our stakeholders.

In striving to serve our stakeholders better, our goal is not only to attain technological advancements in the field of technology, but also to inculcate the most efficient, ethical and time tested business practices in our management.

We shall continue to look for innovative ways to introduce alternate uses of our product to broaden our customer base.

Our Values





Respect
is our way of life



Ownership
is our way to success

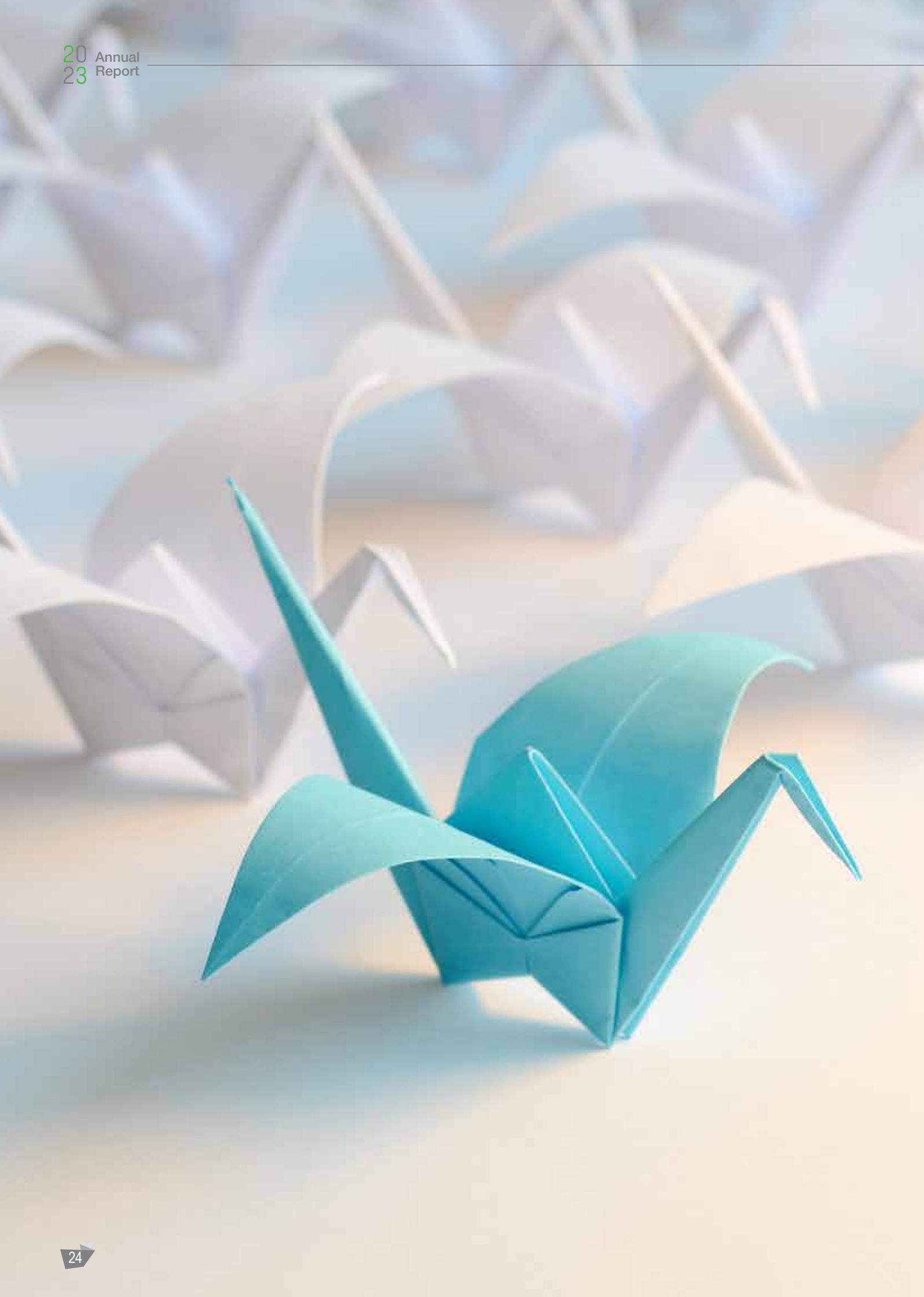


Quality
is our legacy



Fairness
is our way of work

*Live Values
Build Culture*



Culture

Organisational culture at Mirpurkhas Sugar Mills Limited is a manifestation of shared values and beliefs, which we practice every day to move towards a better and more vibrant organisation and also leads to high level of workforce engagement, which drives productivity.

These shared values have a strong influence on the team and help us in achieving a win-win outcome for both employees and the organisation.

Our organisational culture clearly gives employees sense of direction at the work place, motivate and inspire them to be engaged with their task assigned.

Our values are what our culture is built on and bind us into a world class team, yearning to outperform the competition.

Ethics

Our Code of Conduct reflects our commitment to meet the expectations of our stakeholders and contains the fundamental principles and rules concerning ethical business conduct.

Mirpurkhas Sugar Mills Limited (MSM) is committed to conducting its business with honesty and integrity, and we expect all our employees to maintain highest standards in accordance with this Code.

MSM's Code of Conduct forms an integral part of the terms of employment of all employees. The Company ensures full compliance and functions on zero tolerance on the same. Unethical behavior is not acceptable under any circumstances. Breach of Code of Conduct can lead the disciplinary action up to and including termination of employment.

It is the obligation of every employee to be responsible, honest, trustworthy, conscientious, and dedicated to the highest standards of ethical business practices. The employees have a legal, moral and ethical responsibility to report to their Line Managers or Compliance Committee, any known or suspected violations of law, regulations and / or corporate policies.

Code of Conduct

This Code of Conduct of the Company is based on the principles of, including but not limited to, Personal Conduct, Conduct in business dealing, Integrity, & Honesty.

Scope

This Code of Conduct is applicable to Directors, Senior Management and all regular and direct contract staff in the Company and its locations.

Compliance with the Law and Reporting of Violations

We firmly believe in good corporate governance and in providing advice concerning compliance with the Code of Conduct. All employees are encouraged to report any suspected violation of this Code of Conduct to their Line Managers (Functional Heads) who will report to the Chief Executive / Chief Operating Officer and/or as provided under the Whistle Blowing Policy of the Company.

The observance of the laws and regulations of the legal systems in which we operate, along with policies of the Company, is mandatory for all employees in all their dealings, be it with customers, suppliers, competitors, other employees, government bodies or others.

Competition and Anti-trust Law

We obligate employees to strict compliance with Competition and Anti-trust Laws wherever the Company operates.

Bribery and Corruption

We are committed to conducting our business in an open, honest and ethical manner in all the jurisdictions in which we operate and will not allow its employees to engage in any form of bribery or corruption in order to secure any kind of business advantage.

Money Laundering

It is our policy to refrain from conducting business with persons or entities who are involved in criminal or illegal activities. All employees have to adhere to applicable anti-money laundering laws and regulations.

Product Quality

We develop and manufacture high-quality products that meet all regulatory requirements and pursue quality beyond compliance in both our products and processes. We focus on regularly updating ourselves with technological advancements to produce under the highest standards and maintain all relevant technical and professional standards.

Books, Records and Financial Reporting

The accuracy and completeness of our books, records and financial reporting is of critical importance for the Company. We fulfill all applicable legal obligations with regard to public filings and reporting.

Ensure Confidentiality

It is our policy that no employee entrusted with confidential information about the Company, its suppliers, customers or other business partners may disclose such information to any third party or use such information for his or her personal benefit while employed with the Company or thereafter, unless prior written approval is obtained from a duly authorized person, unless it is public knowledge at the time of disclosure or the disclosure is required by law.

Protection and Information Security

We have a policy that sets out rules on data protection and the legal conditions that must be satisfied in relation to the obtaining, handling, processing, storage, transportation and destruction of personal information. We comply with all applicable laws & regulations regarding the collection, processing and use of personal data. Any illegal collection, processing or use of personal data of our employees, suppliers, customers and third parties are strictly prohibited. All personal data must be safeguarded with appropriate care and protected against unauthorized access by third parties at all times.

Handling and Safeguarding of the Company's Property

Employees must handle the Company's assets, property, proprietary information and intellectual rights for business purposes and not for personal benefits or gains and to make utmost efforts for the protection and efficient use of the Company's assets.

Equal Treatment and Fair Working Conditions

We are committed to promoting equality of opportunity for all staff and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills and abilities, free from discrimination or harassment, and in which all decisions or promotions are objectively based on merit. We do not tolerate any form of discrimination, harassment or bullying in the workplace.

Social and Corporate Governance

We are committed to maintaining ethical leadership, advocating best practices, establishing comprehensive policies, implementing robust internal controls and engaging with shareholders and other stakeholders in a transparent and a fair manner.

We encourage employees to participate in philanthropic activities, including contributing to charities of their choice.

Personal Conduct and Legal Duties

We encourage employees to improve competence and skills in their respective roles through continuing professional education, exercising due diligence, objectivity and sound judgement while performing their duties.

We also encourage employees to exhibit a high standard of personal conduct both inside and outside the Company.

Insider Trading

The employees of the Company may not partake in practices like insider trading, concealment of facts, misusing of privileged information and must ensure compliance with all relevant laws and Company policies.

Diversity and Inclusion

We are committed to promoting a diverse and inclusive staff composition and providing equal opportunities to all employees for employment in the Company irrespective of their culture, race, gender, caste, and religion. We do not tolerate intimidation and harassment in the workplace.

External Activities and Public Comments

We do not permit employees to undertake external activities during the working hours or at the expense of their duties and commitments to the Company.

Health, Safety and Environmental Protection

We are committed to complying with environmental laws and will strive to use eco-friendly technologies

and practices to minimize our environmental footprint wherever reasonably possible. This includes making efficient use of natural resources and aiming to minimize the environmental impact of our activities and products.

We focus on all aspects of occupational health, safety and environmental protection. We identify and manage health, safety and environmental risks in our activities and over the entire value chain of our products and services.

We focus on customer satisfaction, employee well-being, ethical business conduct, community engagement and collaboration with government and regulatory authorities.

Avoiding Conflicts of Interest

Employees may not engage in any activities, on or off the job that conflict with the Company's business interests, nor they may use their position with the Company for their personal gain or for the improper benefit of others. As a policy, conflicts of interest must be reported to Management.



Group Structure

Since its inception, the Ghulam Faruque Group has continuously strengthened and diversified its lines of operations. Faruque (Private) Limited is the Parent Company; details and brief profile of other leading group companies / ventures are as follows:

Faruque (Pvt.) Ltd Parent Company

Established in 1964 as a Parent Company of the Group, it primarily serves as an investment arm of the Group.



Cherat Cement Company Ltd

Manufacturer of Ordinary Portland Cement and Composite cement

Incorporated in 1981 and its main business activity is manufacturing, marketing and sale cement with the brand name of 'Cherat' and Cherat Khyber respectively. The Company is amongst the pioneers of the cement industry in Pakistan and is the number 1 cement in its region. The Company has an annual installed capacity of around 4.5 million tons. The plant is located at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK) province. Due to plant's geographical position, it is ideally located to export cement to Afghanistan as well as cater the local market needs. The Company is registered on Pakistan Stock Exchange Limited and is also an ISO 9001 and 14001 certified. It is also a recipient of several prestigious awards like South Asian Federation of Accountants (SAFA) Award, Business Excellence award in Export category, Pakistan Stock Exchange Top Companies Award, Management Association of Pakistan's Best Company Award and Best Corporate and Sustainability Report Award. Moreover, in order to remain abreast of technological advancements and bolster its operational infrastructure, the Company has successfully transitioned its incumbent SAP ECC system to S/4 HANA, concurrently incorporating the HR Success Factor module.



Cherat Packaging Ltd

Manufacturer of Kraft Paper, Polypropylene Bags and Flexible Packaging Products

"Established in 1991, it is the largest producer and supplier of paper sack and polypropylene (PP) bags to the cement industry in Pakistan. CPL also produces and provides bags to other industries such as sugar, rice and chemical etc. It also produces flexible packing material through its state-of-the-art facilities. CPL is listed on Pakistan Stock Exchange. The Company has a production capacity of 400 million paper bags, 260 million PP bags and 16.2 million kgs flexible packaging products per annum. CPL successfully installed Roto printing line II in June 2023. This will enable CPL to meet the demand of its customers in an effective manner and optimize the utilization of its available resources.

CPL caters to the domestic as well as export markets and is also a recipient of the prestigious Pakistan Stock Exchange "Top Companies" Award and Management Association of Pakistan's Best Company Award several times."



ZENSOFT**Zensoft (Pvt.) Ltd**

Information Systems Services provider specializing in business software solutions.

It was established in 1998 and is engaged in development of computer softwares. The Company specializes in providing high quality business solutions.

**GREAVES****Greaves Pakistan (Pvt.) Ltd**

Providing Specialized Engineering Sales and Services

It was established in 1859 to provide specialized engineering equipment sales and services. However, in 1964, the Group acquired a controlling interest in the shares of the Company and by 1981 Greaves became a wholly owned subsidiary of Faruque (Private) Limited. Greaves has the following divisions namely i) Power Generation, ii) CNG Equipment, iii) Industrial Machinery, iv) Solar Energy, v) LED, vi) Elevator, vii) Earth Moving & Construction Machinery, viii) Air Compressor ix) Fuel Dispenser and x) UPS.

Greaves Airconditioning (Pvt.) Ltd

Equipment Suppliers and HVAC Solution Provider

Commenced operations in 1975, this is the only HVAC Company in Pakistan which is providing the complete one window HVAC solution to its customer including designing, supply, installation and maintenance of complete HVAC products range. Greaves Airconditioning is the sole distributor of Jhonson Controls International (York) products in Pakistan.

Greaves CNG (Pvt.) Ltd

Retail Sales of CNG to end consumers

Greaves CNG was established in 2001 with a prime motive to install CNG facilities at the retail outlets of Petroleum Companies. It is a preferred third party investor for all major petroleum companies in Pakistan.

Greaves Engineering Services (Pvt.) Ltd

HVAC Contractors

Established in 2003, its principal activity is to provide services associated with airconditioning, installation and maintenance of central and packaged units.

UNICOL

UNICOL LIMITED

Unicol Ltd

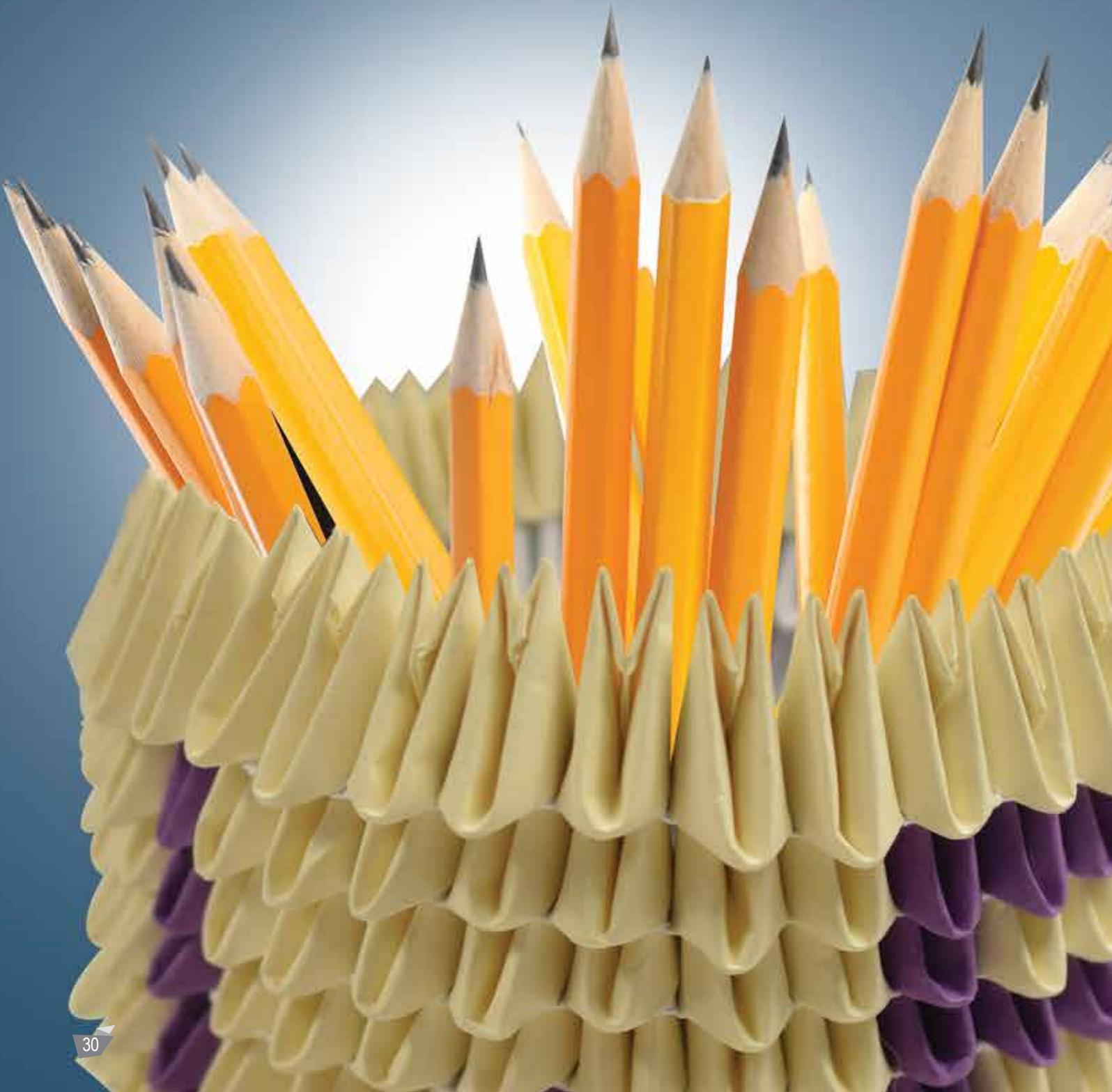
Joint Venture Distillery Producing Ethanol and Liquid Carbon Dioxide (CO₂)

Unicol was incorporated in 2003 as a public unlisted company having a joint venture with equal shareholding between Faran Sugar Mills Limited, Mehran Sugar Mills Limited, and Mirpurkhas Sugar Mills Limited. All three sponsor companies are listed at the Pakistan Stock Exchange Limited. It is engaged in the production and marketing of the finest quality superfine ethanol being produced from molasses. Unicol produces various grades of ethanol including super fine ENA Anhydrous (99.9%), ENA (>96%), and B Grade (>92%). It is also engaged in the production and marketing of food-grade liquid carbon dioxide (LCO₂). Unicol has an installed ethanol capacity of 56,000 MT per annum while LCO₂ installed capacity of 18,000 MT per annum. Unicol exports its complete production of ethanol to various regions across the globe. Unicol is the proud recipient of the FPCCI Best Export Performance Award for 2021-22 and 2022-23. In 2023, Unicol acquired 100% assets of popular sugar mills located at district Sargodha, and will be operating the sugar mill from the crushing season 2023-2024. Currently, the plant has a crushing capacity of 8,000 TCD.

**UNIENERGY LTD**

Joint Venture for Renewable Wind Energy

Corporate 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. Hasan Reza Ur Rahim	Director
Mr. Abdul Shakoor Shaikh	Director

AUDIT COMMITTEE

Mr. Hasan Reza Ur Rahim	Chairman
Mr. Arif Faruque	Member
Mr. Amer Faruque	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Abdul Shakoor Shaikh	Chairman
Mr. Aslam Faruque	Member
Ms. Farzana 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.

CREDIT RATING

Long-term rating: A-
 Short-term rating: A2
 by The Pakistan Credit Rating Agency
 Limited (PACRA)

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.
 The Bank of Punjab

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

The Journey so Far



1965-66

Incorporated in 1964, Mirpurkhas Sugar Mills Ltd started sugar production in February 1966 with an initial cane crushing capacity of 1,500 TCD through DCDS process, (double carbonation double sulphitation).



1968-69

Cane crushing capacity increased to 2,000 TCD



1984-85

Process converted to DRCS (Defecation Remelt Carbonation and Sulphitation) with addition of complete juice/melt clarification, are refined sugar crystallization, separation, drying and grading processes. Crushing increased to 3,500 TCD.



2001-02

Plant capacity enhanced to 4,500 TCD.



2005-06

Plant capacity enhanced to 5,000 TCD.



2006-07

Unicol Ltd, joint venture distillery producing Ethanol and Liquid Carbon Dioxide (LCO₂) commenced its production operations.



2007-08

Plant capacity enhanced to 5,500 TCD.



2008-09

Achieved sales revenue of over Rs. 2 billion.



2009-10

SAP (ERP) implemented across the Company.



2010-11

Plant capacity enhanced to 6,200 TCD.



2011-12

Company started corporate farming activities in 871 acres land area.



2012-13

Achieved sales revenue of over Rs. 3 billion.



2013-14

Plant capacity enhanced to 7,000 TCD.



2015-16

Company farming operations extended to 1,700 acres land area and achieved improved sucrose recovery through improved varieties in its farms as a result of applying latest farming techniques and skills of agronomists and skilled workers.



2016-17

Plant capacity enhanced to 8,500 TCD.



2017-18

Plant capacity was enhanced to 12,500 TCD. Highest cane crushing of 774,171 MT. Highest sucrose recovery of 11.39%. Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18.



2018-19

Third highest sucrose recovery of 11.25% in the Sindh Province. Effluent Treatment Plant (ETP) installed and ready for operation in the coming season. The Company secured First position in the Best Corporate and Sustainability Report Award in the sugar sector. Implemented Environmental Management System ISO 14001:2015 certified. Implemented Occupational Health & Safety Management System ISO 45001:2018 certified.



2019-20

Effluent Treatment Plant (ETP) successfully in operation resulting in reducing environmental impacts. The Company again secured First position in the Best Corporate and Sustainability Report Award in the sugar sector for 2019 report. Installed a prefab godown covering 77,000 square feet in area capable of storing 40,000 MT of sugar. Certificate of continued satisfactory operation of the Organization's Management System ISO 9001:2015. Certificate of Compliance with standard of Good Manufacturing Practices (GMP). Achieved sales revenue of over Rs. 4.5 billion.



2020-21

The Company again secured First position in the Best Corporate Report Award in the sugar sector for 2020 annual report for third consecutive year. Started the construction of paper and Board project Obtained the Halal Certification from ACTS. Achieved sucrose recovery of 10.63%



2021-22

The Company again secured First position in the Best Corporate Report Award in the sugar sector for 2021 annual report for fourth consecutive year and progress of paper and Board project was in final stage. Further, achieved sucrose recovery of 10.85% and commissioning of FFE (Falling Film Evaporator)



2022-23

The Company once again secured First position in the Best corporate Report award in the Sugar Sector for 2022 annual report for fifth consecutive year. Sucrose recovery of 10.55 achieved during the year. Commissioning of 250 TPD paper and board project took place during the year.



Unicol Limited has a production capacity of 200,000 liters per day

Unicol Limited, a public unquoted company, is a joint venture with shares equally held among Faran Sugar Mills Ltd, Mehran Sugar Mills Ltd. and Mirpurkhas Sugar Mills Ltd. All three companies are listed on the Pakistan Stock Exchange.

Unicol commenced its operations in August 2007 and is producing ethanol from sugar cane molasses. The plant located at Mirpurkhas, Sindh, on approximately a 220 acres plot, had a designed capacity of 200,000 liters or 160 metric tons per day (56000 metric tons annually). The distillery plant is designed by Maguin Interis, France.

Presently 100% of Unicol's ethanol is being exported; with the majority destined for European, Middle East, African and Far Eastern markets.

Furthermore, Unicol has invested in purification and liquification of CO₂ which is a by-product. This plant, designed by Tecno Project Industriale, Italy, (www.technoproject.com) is in production since June 2014. The CO₂ plant has a capacity of 72 metric tons per day (18000 metric tons annually).

Unicol, being part of economic development and providing employment in Pakistani rural areas, ensures the compliance of all health, safety, and environmental laws and procedures.

Products

Unicol produces various grades of ethanol including super fine ENA Anhydrous (99.9%), ENA (>96%), and B Grade (>92%). It is also engaged in the production and marketing of food-grade liquid carbon dioxide (LCO₂). The Ethanol produced by Unicol has various uses in different industries like pharmaceuticals, aerosols, cleaning products, perfumes, personal care products, printing inks, fabric softeners, vinegar, paints and varnish, preserving agents and chemical manufacturing. Liquid CO₂ is its by product, and is used in beverages, dye making, dry cleaning, and fire extinguishers. Dry ice, another form of CO₂, is used in preservation and refrigeration.

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UNICOL SUGAR

In 2023, Unicol acquired 100% assets of popular sugar mills located at district Sargodha, and will be operating the sugar mill from the crushing season 2023-2024. Currently, the plant has a crushing capacity of 8,000 TCD.

Awards and Recognition

Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18. The Company was also awarded with 44th, 45th and 46th Export Award Certificate from FPCCI in the year 2020-21, 2021-22 and 2022-2023.

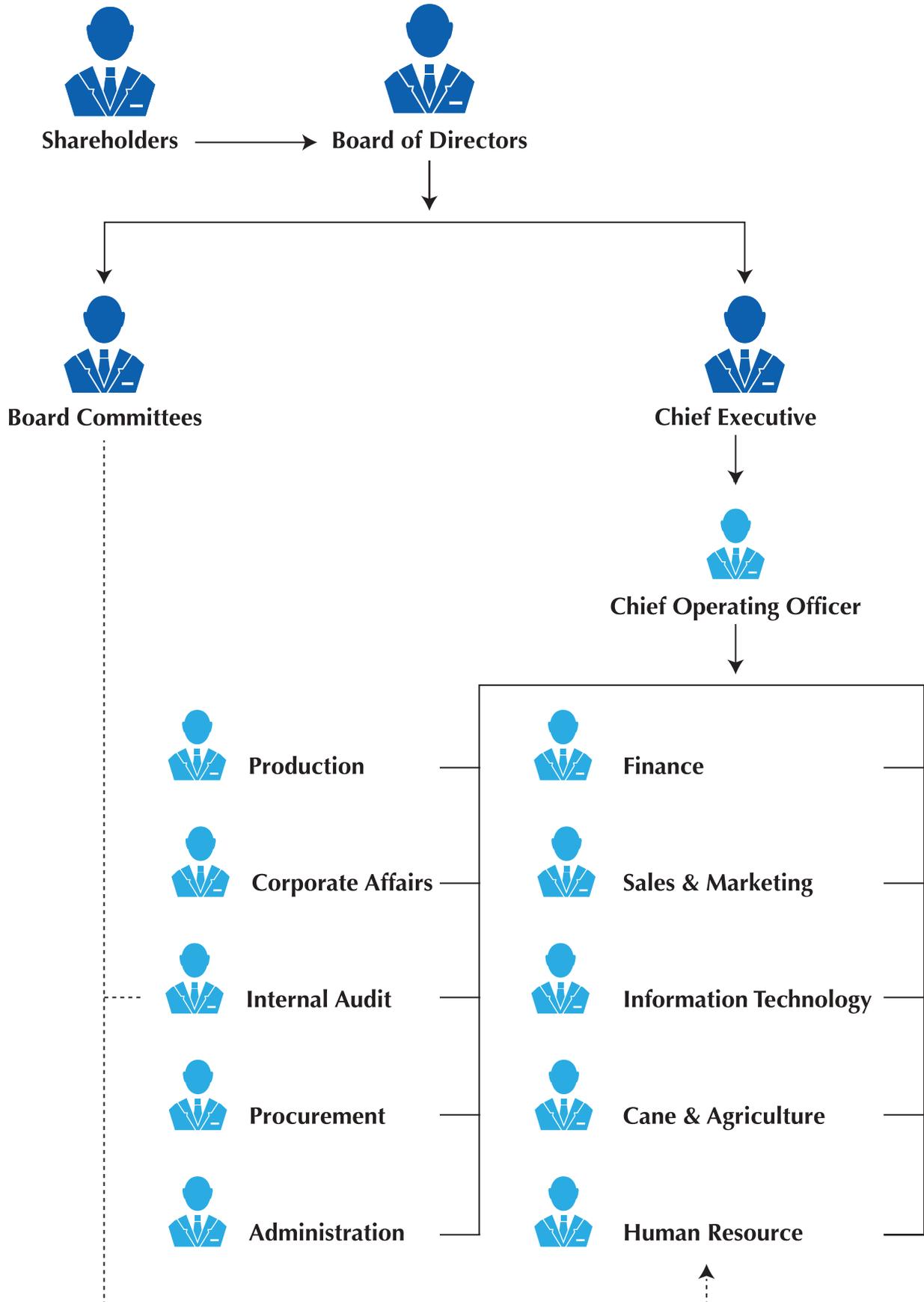


Geographical Presence



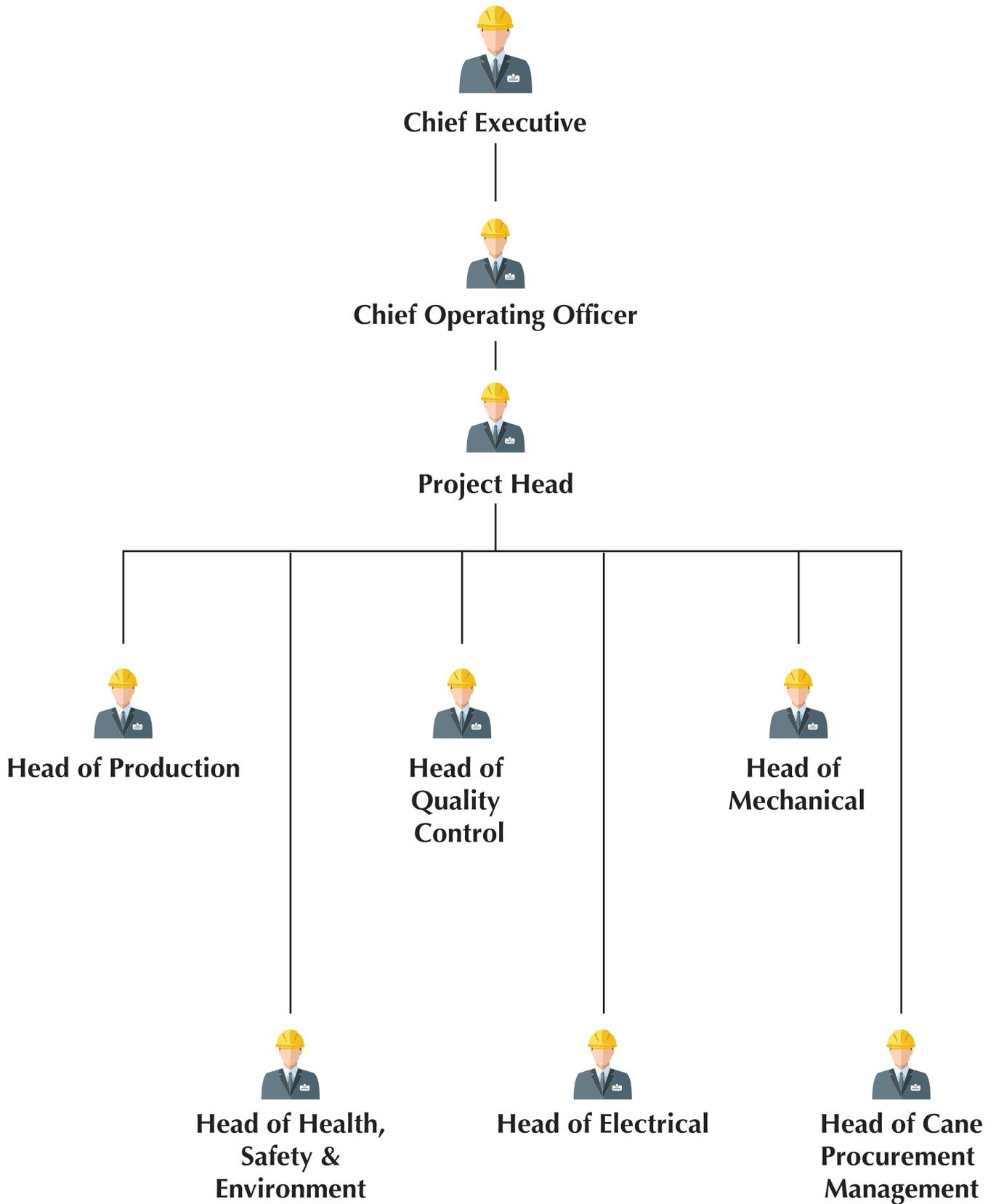
-  REGISTERED OFFICE / FACTORY
-  HEAD OFFICE
-  REGIONAL OFFICES

Organisational Structure

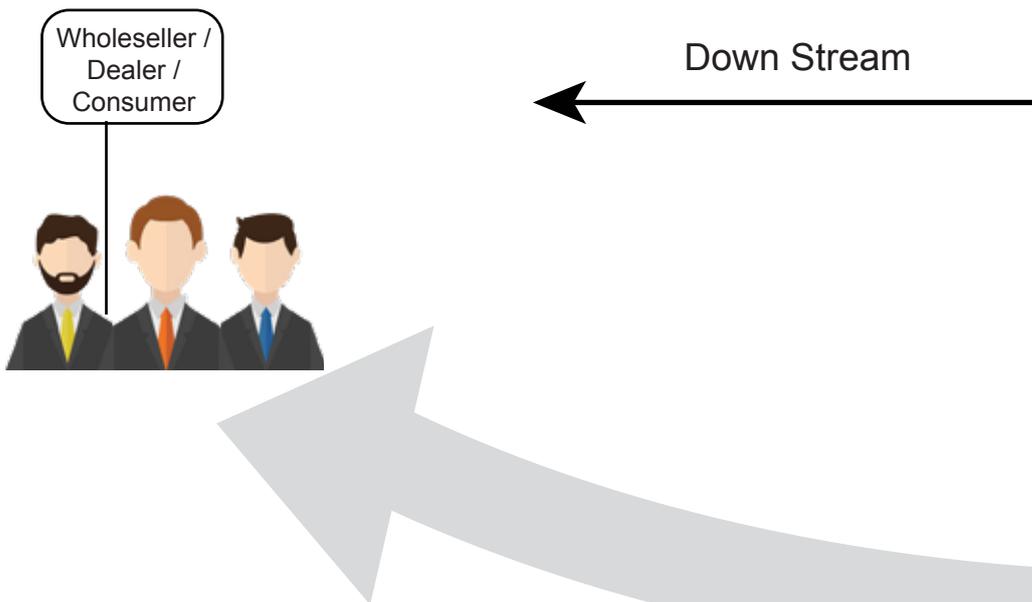
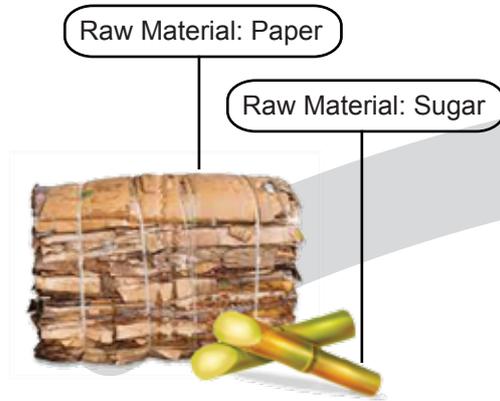


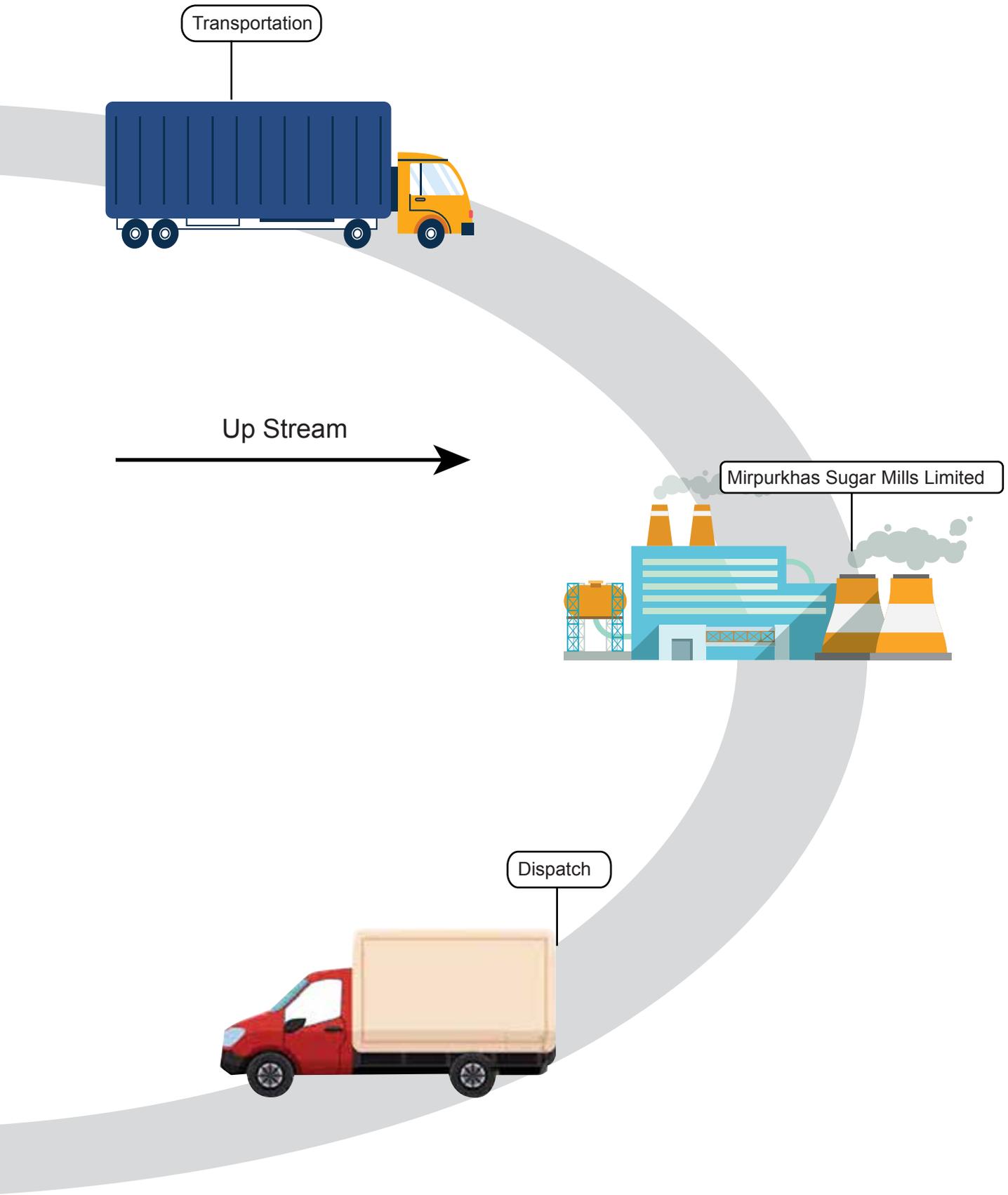
— Administrative Reporting
- - - - Functional Reporting

Factory Site Organizational Structure



Position within the Value Chain





Significant Factors Affecting the External Environment & the Organization's Response

It's not possible for Organizations to work in vacuum. Organizations are affected by continuously changing external environment. Our strategy ensures that we are best positioned in our external environment to manage the risks and benefits from the opportunities associated with volatility on the political, economic, technological, environmental, legal and social fronts. Some of these factors are listed and elaborated below:

Factor	POLITICAL	ECONOMIC	SOCIAL
Description	<ul style="list-style-type: none"> - Political factors determine the extent to which government may influence the economy or a certain industry. - Political uncertainty and inconsistent policies generally impact organizations negatively. 	<p>Economic factors are connected with goods, services, and money. These variables refer to financial state of the economy on a macro level.</p> <ul style="list-style-type: none"> - Interest rates - Exchange rates - Recession - Inflation - Taxes - Demand / Supply - Low economic growth impacts the Organization negatively 	<p>Corporate Social Responsibility factors:</p> <ul style="list-style-type: none"> - Providing safe and clean work environment - Charity and donation - Supporting the local community in healthcare and education - Safe and healthy environment - Demographic change
Significant Change From Last Year	<ul style="list-style-type: none"> - Political uncertainty 	<ul style="list-style-type: none"> - Increase in raw material cost - Increase in labor cost - Devaluation of PKR against USD - Rising discount rate - Decelerated economy - Increased inflation - Import restrictions 	<ul style="list-style-type: none"> - Make HSE department more rigorous
Organization's Response	<p>Management keeps a close eye on the political developments through discussion and engagement with relevant authorities on future policies and measures including changes in duty structures, taxes and other levies to mitigate any unwarranted affect.</p> <p>Industry issues are dealt through the association.</p>	<p>The Company constantly strives to bring efficiencies in its manufacturing process and energy mix, which helps mitigate the adverse effects of increase in production cost. Management explores alternative avenues for sourcing input materials, maintaining an optimum mix of local and imported materials. The company also focuses on using bio-fuels and renewable energy sources to minimize its power cost.</p>	<p>Company donates to various social and charitable causes including towards health, education and social sectors.</p> <p>The Company actively participates in various social work initiatives as part of its corporate social responsibility.</p> <p>The Company has also implemented ISO 45001 (Occupational Health and Safety) to comply with HSE international standards.</p> <p>The Company has participated in various post flood relief measures in the locality of its mill.</p>

Factor	TECHNOLOGICAL	LEGAL	ENVIRONMENTAL
Description	<ul style="list-style-type: none"> - Risk of technical obsolescence - Introduction of new technology by competitors - Primitive farming techniques 	<p>Companies are required to abide by various laws and regulations. Every responsible company must follow all rules and regulations laid by the Government.</p>	<ul style="list-style-type: none"> - Adverse weather condition - Growing attention to environmental protection - Climate changes - Natural Disasters - Implementation of proper HSE and Environment Standards within an organisation. - Floods
Significant Change From Last Year	<ul style="list-style-type: none"> - Revamping network system - Product Innovation. 	<ul style="list-style-type: none"> - Companies Act - Income Tax Ordinance - Sales Tax Act - Pakistan Stock Exchange listing regulations - Acts, Rules and Regulations issued by SECP - Code of Corporate Governance - IFRS Amendments - Sugar Factories Control Act 1950. - Industrial relations laws etc. 	<ul style="list-style-type: none"> - Implementation of proper HSE and Environment Standards within an organization.
Organization's Response	<p>Keeping in view the technological advancements, the Company has always given priority to latest developments to improve efficiency and build capacity. The Company has installed latest machinery at its production site and keeps it updated to meet the latest technological standards.</p> <p>Further, the Company invests in robust hardware and software as and when needed and is running world renowned SAP (ERP system). The company is in the process of implementing SAP success factor system for better human resource management.</p> <p>The Company is focused on helping the farming community to improve crop yields ensuring better returns and is also working on experimental farms with different seeds.</p>	<p>The Company strongly abides by all Acts, listing rules and regulations applicable on it. In this connection consistent efforts are put by the management to fulfill every legal aspect.</p>	<ul style="list-style-type: none"> - The Company has strived to work for the betterment of the environment. - The Company has complied with NEQS as required in SEPA Act and has also implemented ISO 14001 (Environmental Management). - The effluent is being treated by successful installation and operation of effluent treatment plant (physiochemical and biological, activated sludge process). - Pre-treatment of effluent, oil skimmer followed by gravity oil separator at drain are installed to remove oil contamination from waste water - The plant is equipped with bagasse consumption boilers in order to minimize air pollution. - Further plant is equipped with bagasse dryers, Ash removing and collecting system for energy conservation and improvement of air quality. - Every year 2,000 to 3,000 trees planted in mills area & surrounding to improve shared environment

Seasonality of Business

Sugar Season starts in November and ends in March/April. Sugar is produced in first 4 months of the Season and sold over the 12 months period.

Competitive Landscape & Market Positioning

Over the decades, Mirpurkhas Sugar Mills Limited (MSM) has evolved itself as one of the top quality sugar producer in Pakistan. With the daily crushing capacity of 12,500 M.T , MSM is among the top sugar mills of Sindh Province. With the commencement of paper project, the company now has the largest paper-producing facility in the region and one of the largest in the country.

Power of suppliers

Transparency and trust are the key values for sustainable supplier relationship. Here, MSM is proud to have healthy relationship with sugarcane growers in its surrounding areas as well as in upper Sindh and Punjab. A dedicated Cane team is deployed in Sindh and Punjab to establish healthy relationship with sugarcane growers and suppliers, for smooth and uninterrupted supply during the crushing season.

MSM educates the growers with latest farming techniques, in order to improve the yield which ultimately helps the sector growth. MSM also provides farmers with harvesting advance.

For paper, MSM has a dedicated team with rich experience in procuring waste paper and has relationships with key suppliers of the industry. Regular communication and engagement with the suppliers regarding quality issues and timely payments ensure that they remain committed to MSM. Bulk demand from MSM and its own OCC warehouse keeps MSM in a good position with respect to the bargaining power of suppliers.

Power of Customers

Mirpurkhas Sugar Mills Limited is among the top quality sugar producer of Pakistan, with first preferred choice by FMCG (Food & Beverage) and Pharma sector. Company is among those mills producing specialized sugar for Pharma and FMCG sector. The company is reputed among its customers as a hallmark of Quality and refined sugar.

The MSM Paper & Board plant is the largest paper-producing facility in Sindh and one of the largest in the country. The Company is a preferred choice for leading corrugators of the industry for bulk supplies of liner and fluting paper. The Company has a dedicated QC team to ensure that customers' complaints are timely addressed.

Competition

The landscape of Pakistan's sugar sector comprises of competitors of different sizes and capacity. But over the years, sugar industry has seen a rise in competition. Prices are determined by demand and supply as well as through government intervention being a daily consumable product. Further the increasing prices of sugarcane makes it difficult for mills to operate in this selling price constraints.

Paper sector also has competitors of different sizes and there is a tough competition among them. Unregistered suppliers further aggravate the situation. MSM competes with them through economies of scale and its premium quality which is an important selling point and key consideration by institutional buyers

Threat of New Entrants

There is a low risk of new entrant in domestic sugar industry due to the fact that it is capital intensive industry. Less availability of sugarcane with already large number of sugar mills in Pakistan makes the market unattractive for new players. The sugar sector production capacity is already under-utilized and new entrants would have to face extensive regulatory requirements / approvals.

There is a low risk of new entrant in the liner and fluting paper industry due to its capital intensive nature and tough competition.

Threat of Substitute Product

Sugar being a commodity item, always remains in demand. The nature of product is such that the risk of substitute products in market is minimal. Although, there are some substitute products of white sugar, for e.g. brown sugar, caster sugar, non-sugar sweeteners; but white refined sugar will always be the first choice by consumers.

Threat of substitute product in paper is also low due to the sustainability of corrugated packaging. Corrugated boxes are made up of recycled paper and are a sustainable alternative to plastic packaging. It has also widely replaced wood packaging because of its reliability, availability, and cheaper prices.

Key Elements of Business Model

The key elements of business model of the Company includes:

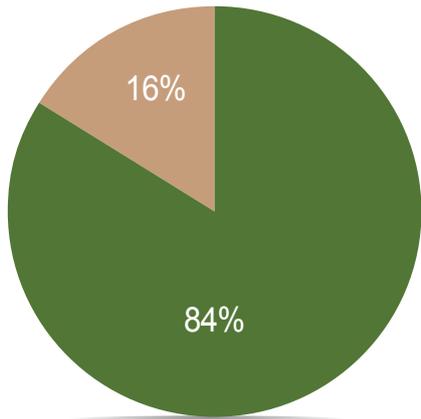
- Key Inputs
- Our Value Chain
- Key Outputs
- Outcomes

All these elements are fully explained alongwith diagram in the Chapter "Business Model"

Composition of Raw Material Cost vs. Other Manufacturing Cost

for the year ended September 30, 2023

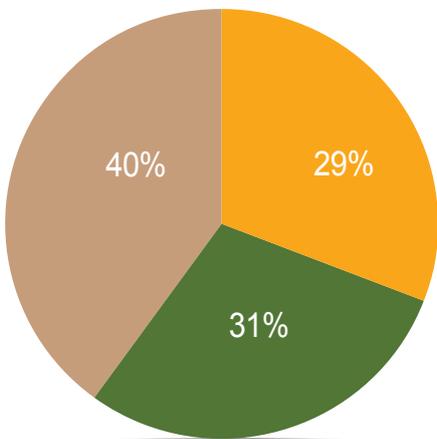
Sugar



- Sugarcane
- Other manufacturing cost

Sugarcane cost and other manufacturing cost represents 84% and 16% of total cost of production respectively.

Paper



- Waste Paper - Local
- Waste Paper - Imported
- Other manufacturing cost

Waste paper cost and other manufacturing cost represents 60% and 40% of total cost of production respectively.

Significant Development and Changes

Following significant developments took place during the year:

- The Company has achieved Sucrose Recovery of 10.55%.
- During the year 2022/23, the Company contributed approximately Rs.800 million to the national exchequer in the form of taxes, duties and levies.
- The paper plant successfully started commercial operations on May 12, 2023, with an installed capacity of 250 tons per day.
- During the year, the company again secured first position in Annual Best Corporate Report Award in the Sugar Sector for the year 2022.



Recognition

The Company secured First position in Best Corporate Report Award in the Sugar sector for the years 2018 to 2022 consecutively, jointly organized by Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.



Strategy and Resource Allocation

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Strategic Objectives

Core Objective

- The core objective of our management is to achieve excellence in business. To achieve our objectives, the management strives to enhance stakeholders' value and customer satisfaction.

Short term, Medium term and Long term Objectives

Following are the main strategic objectives of the Company:

Short term Objectives

- Effective and efficient use of available resources.
- Efficient utilization of production capacity.
- Cost minimization.
- Workers' training.

Medium Term Objectives

- Optimization of management processes and policies implementation.
- Investing and modernizing Company's production facilities to ensure effective production.
- Increase in market and distribution avenues.

Long term Objectives

- Achieve excellence in business through implementation of diversification strategy of parallel, upstream and downstream in order to maximize revenues and reduce risks.
- Implementation of effective human resource solutions through personal development and create proper environment for professional growth.
- Implementation of corporate sustainability and community development.

Management Strategies and Resource Allocation Plan

Core Strategy

Mirpurkhas Sugar Mills Limited is committed to maximize revenues, optimize shareholder's value, and strive to achieve customer satisfaction.

Stakeholders Value

Resource Allocated

Human Capital

Manufactured Capital

Intellectual Capital

Financial Capital

Social and Relationship Capital

The stakeholders' value is maximized through return on investments, which management believes is achieved through diversification, continuous growth, revenue maximization, and cost control measures.

Marketing Targets

Resource Allocated : Financial Capital

The tone of our business is set by the marketing targets and budgets, which are aggressively designed by the management to achieve highest possible returns. The management is working for growth of the Company. The Company has also invested in a paper and board project as a business diversification for sugar mills.

Stakeholders Relationships and Social Responsibility

Resource Allocated : Social and Relationship Capital

Mirpurkhas Sugar Mills maintains cordial relationship with all the stakeholders including government functionaries, farmers, reputable banks and financial institutions of the Country.

Being a responsible corporate citizen, the Company is committed to continuous improvements in safety, health and environment protection measures. Company ensures compliance of NEQs as issued by Sindh Environment Protection Agency (SEPA) in order to protect the environment from hazardous waste. In pursuing this objective, the Company has successfully installed a Water Treatment Plant and a Sundry Plant at its production site.

Mirpurkhas Sugar Mills has earned great respect and appreciation through continuous donations to social and charitable causes including health, education and social sectors.

Financing Facilities

Resource Allocated : Financial Capital

Mirpurkhas Sugar Mills Limited maintains cordial relationship with all the reputable banks and financial institutions of the Country. Adequate short-term financing facilities are available at the Company's disposal. The company strives to avail subsidized financing under various schemes announced by SBP, whenever available.

Human Resource Excellence

Resource Allocated : Human Capital

Human Capital is an asset, and developing our people is the core of our success. Our Core Values, Code of Conduct, and HR policies provide an outline which serves as a guiding force for the whole organization.

Mirpurkhas Sugar Mills gives key consideration to Human Resource Management. A full-fledged HR department is operative which is supervised by Human Resource and Remuneration Committee of the Board of Directors. Key HR policies are in place. All the HR functions are integrated where the employees' performances are evaluated based on SMART goals. Moreover, Training Need Assessment (TNA) is effectively in place where in-house and external trainings are arranged at all management levels. Further, eligible employees receive Service Awards based on their performance and length of service. The Management's objective is to recognize and reward employee's contribution to the business. Moreover, the Company has effective succession planning system in place. These processes help the availability of high quality workforce which plays a vital role in achieving day-to-day targets and strategic objectives of the Company.

SAP ERP Solution

Resource Allocated : Intellect Capital

We take pride in being Pakistan's first Sugar Mill to successfully implement SAP ERP system. The Company carried out one of the fastest implementation of SAP in Pakistan. The Company has converted to SAP S4/HANA System from current SAP ECC 6 version. The use of SAP helps management implement better internal controls, timely decision making and employ best business practices.

Efficiencies

Resource Allocated : Manufactured and Financial Capital

The Company constantly strives to bring efficiencies in its manufacturing process and energy mix, which helps mitigate the adverse effects of increase in production cost. Management explores alternative avenues for sourcing input materials, maintaining an optimum mix of local and imported materials.

The Company proved successful in utilizing its sugar plant capacity during the peak crushing periods, which resulted in effective cost control and higher production of sugar.

Effectiveness

Resource Allocated : Human Capital

Effectiveness of internal controls is ensured through active Internal Audit Department, which independently recommends its suggestions to the Board's Audit Committee. The management takes immediate action as and when necessary.

Customers Satisfaction

Resource Allocated : Social and Relationship Capital

Another prime objective of the management is customer satisfaction for which management takes every step to ensure high quality customer care and product quality. The Company has secured GMP-21 CFR 110 that covers the standards of manufacturing, packing and handling of Food / White Refined Sugar. Moreover, Company has successfully implemented Quality Management System (QMS) ISO 9001-2015, Environment Management System ISO 14001-2015 and HALAL Food Certification. The Company is also in the process of obtaining Forest Stewardship Council (FSC) certificate for its paper plant. This certificate provides assurance that product is coming from forest which has been evaluated and certified as being managed according to correct social, economic and environmental standards.

Significant Changes in Objectives and Strategies

There is no material change in Company's objectives and strategies from the prior years.

Liquidity Strategy

CURRENT LIQUIDITY POSITION

The Company has a legacy of making timely payments to all its vendors, especially sugarcane growers, in order to ensure smooth supply of sugarcane during the season. Company has financing arrangements with leading conventional and Islamic Banks of Pakistan at very competitive rates. The Company reviews its liquidity position on a daily basis for effective fund utilization, and to keep finance cost at minimum possible levels. Due to the seasonal nature of sugar industry, Sugar is produced during the Season of four months and sold during season and off season. Company endeavors to achieve better sugar prices in order to maintain its gross margins.

The Company has short term financing facilities of Rs.9,150 million and long term loans of Rs.2,643 million. The gearing of the Company is maintained at satisfactory level. The Company has a sustainable growth and business stability. Adequate debt and equity ratio is maintained.

Financial Arrangements

The Company has cordial business relations with all the reputable banks and financial institutions of the country. Adequate unutilized short-term financing facilities are available at the Company's disposal.

Significant Plans and Decisions

The Company has a consistent history of capital investment in capacity expansions and steam economy projects in order to ensure maximum production of sugarcane and saving of energy consumption during the production process. The Company continues to benchmark itself against regional and local efficiency standards for production.

The Company continues to look for energy intensive projects as it has more economical source of generating electricity i.e. bagasse. Management of the Company continuously focuses on customer satisfaction and to achieve its higher standard, it continues to invest in processes and getting itself accredited from various management systems.

Political environment where the organization operates

The political environment of the country has not been stable, there has been uncertainty as regards to political stability and economic conditions. Long-term political instability has obstructed Pakistan's economic growth the most. Political compulsions under these circumstances have led to short-term macroeconomic policies and a more frequent change of policies than is desirable. Further, increase in inflation and interest rates across the globe and strengthening of US Dollar has resulted in high local inflation.

Legitimate needs, interest of key stakeholders, industry trends

The company take into consideration concerns of all major stakeholders while planning and implementing new policies/procedures, expansions, or significant events keeping in view past trends of major players in industry. In addition to it, all the needs / decisions are made within boundaries of applicable rules and regulations of different authorities

The legislative and regulatory environment in which the organization operates:

The Company operates in a firmly controlled environment due its scale of operations in a commodity business and being a public listed company. There are a plenty of regulatory compliances including various corporate and tax laws, Sugar Factories Control Act 1950, Industrial relations laws and other Federal and Provincial laws that have to be fulfilled, and the management closely screens and monitors for any new laws and compliances thereof. Applying all pertinent and appropriate legal and administrative requirements is part of our methodologies, objectives and accomplishments.

The Company endeavors that all the activities of the Company are within regulatory and governance framework with utmost alignment with best practices.

Key Resources and Capabilities:

As one of the largest quality sugar and paper producer of the country, the Company continuously endeavors for a business culture of improvement, economic competitiveness, and top performance in a moral way. Company is among those mills producing specialized sugar for Pharma and FMCG sector and supplying paper to leading corrugators of the industry. The Company is reputed among its customers as a hallmark of Quality.

Following are some of the key resources and capabilities, which provide MSM sustainable competitive advantage:

- Seasoned and experienced management to cater new challenges and achieve operational efficiencies.
- Constant development, enhanced quality, diversity..
- Working on renewable energy and producing energy from by-products to reduce the weight on national network for energy requirements and also reduce energy costs.
- Through different activities counting extensions and technological updates, broad trainings and advancing the culture of straightforwardness, the Company has created the ability set of its human assets which play an imperative part in giving it the edge over its competitors.
- Being one of the few companies to install SAP solution in sugar industry, the Company has well-established in-house IT department which caters all the customization needs of the Company. Additionally, the Company's IT department, generates customized reports as required by departmental personnel from time to-time to enhance decision making.
- Continuous investment in state of the art manufacturing facilities and advanced technology.

Value Created by The Business using These Resources and Capabilities:

Mirpurkhas Sugar Mills Limited creates value for its stakeholders by utilizing these resources in the following way:

Values



Effect of Technological Changes, Societal Issues and Environmental Challenges



Technological Changes

The Development and adoption of new production technologies improved productive efficiency in Mirpurkhas Sugar Mills Limited. We discover, develop and manufacture high-quality products that meet all regulatory requirements, and pursue quality beyond compliance in both our products and processes. We focus on regularly updating ourselves with technological advancements to produce under the highest standards and maintain all relevant technical and professional standards. The Company is running world renowned SAP (S/4 HANA system). The Company is focused on helping the farming community to improve crop yields through employing modern farming techniques and ensuring better returns.



Societal Issues

Mirpurkhas Sugar Mills Limited has taken various initiatives to minimize the social issues by supporting investments in technical and administrative assistance to the farmers and people living in surrounding areas. Experience demonstrates that returns to this investment are uncertain, but nonetheless a clear strategy and program of public interventions is imperative. Without it, the farmers of the region face the prospect of rising poverty and associated social problems. Accordingly, the societal issues relating to education, health and poverty alleviation are part of its strategic plans. While for the employees, the Company has adequate health, safety and environment related policies and procedures for the society at large. Company takes part in various philanthropic activities, capacity building programs, vocational training programs, sponsorship of schools, special clinics and other health related initiatives.

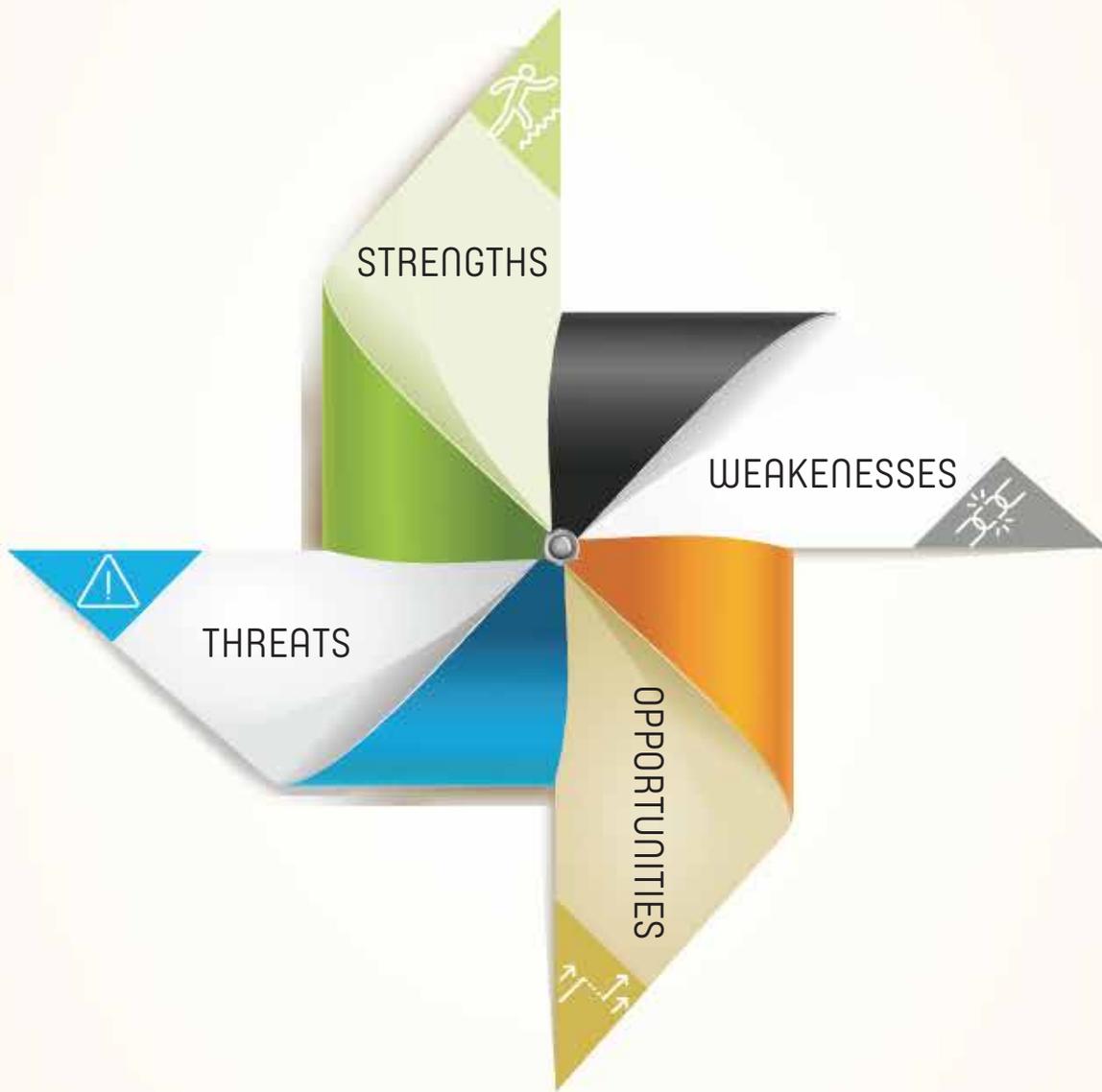


Environmental Challenges

The Company has strived to work for the betterment of the environment. We provide safe and clean work environment and implement proper HSE and Environment Standards within organization. Every year 2,000 to 3,000 trees planted in mills area and surrounding to improve shared environment. The Company has complied with NEQS as required in SEPA Act and has also implemented ISO 14001 (Environmental Management). The effluent is being treated by successful installation and operation of effluent treatment plant.

SWOT Analysis

The objective of SWOT analysis is to support companies to make appropriate strategies by viewing their internal and external environment. Keeping this in perspective, Mirpurkhas Sugar Mills Limited is committed to maximize revenue, optimize shareholder values and strive to achieve customer satisfaction by seizing every potential opportunity from its core strengths, overcome its weaknesses to prevent possible threats.



SWOT

STRENGTHS

- MSM operates its sugar plant with efficient DRC (Defecation Remelt Carbonation) machineries for juice clarification and liquor purification.
- The company is certified for Quality, Environmental, Occupational health and safety Management system. It also holds certification of Integrated Management system and Good Manufacturing Practices.
- Installation of Effluent Treatment Plant (ETP) reduces environmental impact.
- Company has installed and enhanced the capacity of pollution control equipment in order to reduce emission load.
- Our Company always complies with Corporate Governance rules and all other applicable laws, rules and regulations.
- MSM's joint venture investment in Unicol Limited which contributes to the MSM's bottom line.
- MSM operate world's renowned SAP system, which makes our systems, process and controls highly efficient and readily available.
- The Company has skilled work force that has been with the Company for years which ensures consistency. The Company has diversified its business by admitting itself in paper & board market through establishment of new plant.
- MSM's management philosophy to always observe the accepted standard of fair-conduct in dealing with employees, customers, suppliers and others stakeholders.
- The synergy between the sugar and paper mill divisions provides diversified income sources, reducing dependency on single market.
- The Company can gain benefit from established reputation in the sugar industry for trust and credibility in paper industry.
- The Company has largest paper production capacity in the Sindh region.

WEAKNESSES

- Despite the Company's efforts to educate the farmers and to provide them the seeds, advances and loans for cane development including demonstration on plots, the Company still has to work on strengthening sustainable and long term ties with the farmers and to work on increasing the cane development and availability in the adjoining areas.
- Operational complexities associated with managing two different industries demanding specialized knowledge and expertise and retention of employees.

OPPORTUNITIES

- Availability of bagasse as a by product to produce cheap power which makes new investments viable.
- Growing population in country and increasing sugar consumption
- Exploring new markets and expanding the geographical reach to capitalize on emerging opportunities in the paper industry.
- Extending product lines within the paper division to cater to a broader market, potentially tapping into the growing demand for sustainable packaging solutions.

THREATS

- Rapidly changing environmental conditions including availability of irrigation water in Sindh, cultivation of sugarcane vs other crops patterns and national agriculture policies.
- Over regulation of sugar industry
- Inflation, devaluation of currency and rising fuel costs
- Lower availability of sugarcane in operational area of company.
- Fluctuation in market price of sugar.
- Increased competition in the paper market especially from unregistered sector.
- Overall slowdown in economy.
- Dependency on imported raw material for paper production.

Specific Processes used to Make Strategic Decisions

The Company has robust system of governance through a talented management team and seasoned Board of Directors that actively engages in all strategic decision of the Company. New expansions, diversifications, investment and disinvestments etc., all decisions require a methodical approach to minimize the inherent risks involved. In this regard, Mirpurkhas Sugar Mills follows the following process for strategic decision making:

- Identification of opportunity or problem (e.g. investment/diversification or expansion)
- Gathering of relevant information
- Involvement of third party in evaluation and market study, if required
- Development and evaluation of alternative options including technical and financial feasibility
- Selection of the best options, review and approval by the Board of Directors/shareholders
- Implementation and monitoring

Specific Processes used to Establish and Monitor Culture of the Organization

The culture of the organization is a manifestation of its shared values and beliefs. At Mirpurkhas Sugar Mills Limited, we promote high values of Respect, Fairness, Quality and Ownership.

Mirpurkhas Sugar Mills Limited regularly promotes its values among employees, especially the new inductees.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

At Mirpurkhas Sugar Mills Limited, we have a responsibility to treat others with dignity and respect at all times.

Core values are integral part of our annual performance evaluations of our employees. Through performance evaluations, we evaluate our employees' performance against annual SMART goals, behavioral traits and trainings & professional developments.

Company's Attitude to Risk and Mechanisms for Addressing Integrity and Ethical Issues

Mirpurkhas Sugar Mills Limited has developed robust policy of addressing integrity and ethical issues in shape of its Whistle Blowing Policy.



Risks and Opportunities

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Risk of Supply Chain disruption due to an environment, social or governance incident and company’s strategy for monitoring and mitigating these risk	61



Risk Management Framework

The Board of Directors principally assumes the responsibility to mitigate all possible risks by identifying them timely. They utilise each opportunity only after considering the risk appetite of the Company.

RISKS

MSM is susceptible to various risks. Company identifies, understands and mitigates potential and perceived risks by comprehensive planning and business understanding. The Company maintains an established control framework comprising clear authority limits and accountability, with implemented policies and procedures and performance monitoring against the same.

The Board of Directors of the Company establishes corporate strategy and business objectives. The internal and external Auditors' reports are submitted to the Audit Committee for its review, which after detailed deliberations, suggestions for improvement are submitted to the Board of Directors.

Following are the major risks which may affect our business operations and mitigating strategy for controlling these risks:

Risk & Risk level	Area of Impact	Source	Risk Description	Risk Mitigating Controls
Relationship with farmers /OCC suppliers Risk Level : High	Financial capital Relationship Capital	External	Sugarcane is the main raw material for sugar production and contributes approx. 82% to 90% of the total cost of production whereas OCC cost accounts for approx. 60% of the paper cost. Any disturbance in its timely availability will have a substantial impact on the operational cost. For sugarcane, this in turn has a significant adverse effect on costs since the market value does not factor the variable cost determined by the climatic conditions and the sugarcane economics. The extent of volatility in raw material quality is another key element.	The Company always maintains healthy relationship with its raw material suppliers. The risk of raw material short supply and quality is mitigated to a large extent by educating farmers with latest sugarcane cultivating techniques, practical application by demonstration plot at farmer's lands combined with Company's goodwill, long term relationship and reputation for ethical dealings earned by the Company since inception. The Company also provides harvesting advance to growers. For OCC, the Company strives to have long term arrangements with the suppliers and continuous engagements with respect to the quality issues as well as timely payments.
Government Policy Risk Risk Level : High	Relationship Capital Financial Capital	External	Provincial government regulates the sugarcane policies and it has a larger control on this industry by determining the raw material price and also influence the sugar mills operational commencement through various statutes. The Federal government regulates the export of sugar. Hence, a sugar company's credit risk profile is vulnerable to government policies. These policies influence cost of production of sugar through regulated sugarcane pricing and revenue through its regulated export / import permissions.	The Company works closely with the sugar association developing appropriate policy recommendations to represent the industry needs to the Federal and Provincial governments.

Risk & Risk level	Area of Impact	Source	Risk Description	Risk Mitigating Controls
Commodity Risk Risk Level : High	Financial Capital Manufactured Capital	External	The sugar price is determined by the market forces through demand and supply both in domestic and international markets. Hence due to cyclical nature of sugar business gluts and shortages affect revenues.	The Company insulates itself against price risk by diversifying its revenue sources. While adding more value added products like Ethanol production as value added downstream products being produced from by-products of sugar production i.e. molasses and exploring the alternate use of energy through bagasse that is available with the sugar mill after meeting its own production requirement for producing paper.
Location Risk Level : Moderate	Financial Capital	Internal	Freight is an important cost element. Factories close to high-yielding sugarcane farms are in a better position to procure sugarcane at minimum freight cost. Similarly, freight is a significant cost to dispatch paper and minimizing freight cost directly contributes to increasing margins.	Company always endeavors to procure sugarcane first from its close proximity areas and maintains an optimum supply mix from subsidy and non-subsidy areas in order to minimize the procurement cost. For paper dispatch, the Company has a pool of transporters to get competitive rates to minimize freight cost.
Credit Risk Risk Level : Moderate	Customer relationship	External	Traditionally, sugar sales have been routed through dealers on advance terms of payment. In order to pursue the objective of market penetration, Institution buyers are extended credits. Paper sales is also on credit. There is a risk factor of default in payments by customers thus could cause a financial loss.	The Company regularly analyzes the Credit risk worthiness of the Customers and extends credit accordingly. Where necessary postdated cheques are taken from credit customers and the Company works on local LC where required. The Company has formal credit policy in place.
Working capital management Risk Level : High	Financial Capital	Internal	While sugarcane procurement is concentrated between November to April every year, whereas, the sale of sugar lasts throughout the year. Therefore, Company needs to efficiently manage its working capital requirements considering the sugarcane procurement price and fluctuating prices of sugar. Paper project also requires working capital due to credit sales and reliance on imported raw material.	Company effectively manages its Credit lines with the banks and retains sufficient financing arrangements with banks at the minimal borrowing costs in order to manage its working capital requirements.
Employee Turnover Risk Level : Moderate	Human Capital	Internal	Key employees and workers are the most important Corporate Assets. Frequent turnover affects Company's operating performance significantly.	Company values its employees as essential human assets and provides congenial environment and growth opportunities. Company has robust succession plan in place to effectively manage employee turnover rate.
Natural Catastrophe Risk Level : Low	Manufactured Capital	External	Destruction of manufactured facility due to natural disaster.	The Company has comprehensive Insurance cover in case of any catastrophic event. Further, the Company has taken into account every possible aspect of safety measures during construction and erection of building and plant. Company has well established disaster recovery plan and data backup facility to cope-up uncertain events. The Company has adequate firefighting arrangements at the factory premises.

Opportunities

Risk & Risk level	Area of Impact	Source	Risk Description	Risk Mitigating Controls
Capacity	Manufactured Capital	Internal	Economies of scale achieved through optimum capacity utilization are very important to reduce production costs per unit by absorbing fixed cost. Sugarcane crushing is based on sugarcane crushed on daily basis and the sugar production is dependent upon certain factors that includes sucrose recovery percentage and availability of sugarcane. Capacity utilization of paper plant depends on orders in hand and availability of key imported raw material.	Company plans to maximize its crushing rate and utilize full crushing capacity by implementing well-structured and planned sugarcane procurement goals. Thus, effectively implementing in its operational areas in order to procure best sugarcane varieties and attaining highest sucrose recovery. For paper, the Company endeavors to get bulk orders to keep the plant running and placing orders for imported OCC in advance and has dedicated LC lines from banks.
Level of Integration and Diversification	Financial Capital Manufactured Capital	Internal	Forward integration into ensure optimal utilization of by-products such as molasses and bagasse. Molasses is used in distillery that is a source of revenue maximization. Energy that is saved in manufacturing process results in bagasse saving. Bagasse can be used for projects like power generation, paper and board etc. or can be sold to increase revenue.	Diversification enables the companies to capture value across the production chain and ultimately results in high revenues and maximize the return to shareholders. An integrated sugar company functions on a de-risked model, which results in higher revenue and stable profitability for its stakeholders.

Materiality Approach

The Board of Directors of Mirpurkhas Sugar Mills Limited reposes authority and power to the Company's management for taking day to day decisions. The management however, observes the approach of materiality in applying power and authority.

Materiality is a matter of judgment and the Company thinks that a matter is material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company. In order to execute day to day operations/ transactions, delegation of powers has also been defined clearly and formalized procedures are followed for their execution.

The initiatives taken by the company in promoting and enabling innovation

Mirpurkhas Sugar Mills has been a front runner in innovation. Historically, the cane survey was done through visits of various circles and gathering the data manually to assess the cane crop. However, since last year, management has taken the initiative to conduct cane crop survey through drone technology. Drones have been used for data collection and analysis for better planning in agriculture and for crop management in the advanced countries and management believes that this will increase the accuracy of the estimations and better planning of the sugar season. The Company has also used drones for estimation of bagasse quantity.

The Company has introduced an alternate for agriculture inputs i.e. Bio Fertilizer. Promoting Bio fertilizer on commercial base / large scale will not only reduce the input cost and increase the growth but also improving the overall biodiversity.

The Company also strives to train its employees on a regular basis to keep them abreast with the latest technologies in the industry.

Risks of Supply Chain disruption due to an environment, social or governance incident and company's strategy for monitoring and mitigating these risks

Supply chains are intricate networks that connect suppliers, manufacturers, distributors, and customers worldwide. However, they are susceptible to various disruptions, including those stemming from environmental, social, or governance incidents. Understanding and mitigating these risks is crucial for the stability and sustainability of businesses.

The Company mitigates those risks through defined SoPs for all its manufacturing, purchasing, sales and operational areas that comply with international standards. The Company is certified for compliance of the standard of Quality management system ISO 9001:2015, Environmental management System ISO 14001:2015, Occupational health and safety management system ISO 45001:2018 and Good Manufacturing Practices Codex Alimentarius. The Company is also in the process of obtaining FSC (Forest Stewardship Council) certification for its paper plant. These standards ensure that environmental, social and governance risks are identified, assessed and mitigated and fair, ethical and sustainable practices are followed.

Environmental Risks:

Vigilant monitoring of our suppliers' environmental practices is at the core of our strategy. We assess their sustainability initiatives, evaluate adherence to environmental regulations, scrutinize carbon footprints, and assess waste management practices. By engaging with environmentally responsible suppliers, our goal is to minimize disruptions caused by environmental incidents.

Social Risk:

Prioritizing suppliers who uphold fair labor practices and human rights standards is a fundamental aspect of our approach. Regular assessments ensure compliance with ethical labor practices, health and safety regulations, and community engagement. This commitment helps mitigate the risk of supply chain disruptions due to social issues.

Governance Risk:

Evaluating suppliers' governance frameworks is imperative to ensure transparent and ethical business practices. Suppliers with robust corporate governance structures are preferred to mitigate disruptions arising from fraud, corruption, or compliance breaches.

Mitigation Strategies:

Diversification: Establishing alternative suppliers or geographically diverse sources reduces reliance on a single region or supplier, mitigating the impact of local disruptions. The Company usually has three suppliers for sourcing any item.

Transparency and Collaboration: Encourage transparency within the supply chain to identify risks early. Collaboration with suppliers and stakeholders fosters resilience by jointly addressing potential issues. The Company is in regular coordination with suppliers to ensure that information is timely shared and best practices are followed.

Risk Assessment and Contingency Planning: Regularly assess potential risks and develop contingency plans to swiftly respond to disruptions, ensuring minimal impact on operations.

In conclusion, we address related risks in supply chains by adopting proactive measures and fostering resilience to reduce the overall impact of risks on supply chain operations.



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Notice of Annual General Meeting

Notice is hereby given that the 59th Annual General Meeting of Mirpurkhas Sugar Mills Limited will be held on Friday, January 26, 2024 at 11:00 a.m. at the Registered Office of the Company at Factory premises, Jamrao, Umerkot Road, Mirpurkhas, Sindh to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the annual general meeting held on January 21, 2023.
2. To receive and consider the Audited Accounts of the Company for the year ended September 30, 2023 with the Directors' and the Auditors' Reports thereon.
3. To appoint Auditors for the year 2023/24 and to fix their remuneration.
4. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

5. To consider and approve the following resolutions as Special Resolution:
 - a) **"RESOLVED that the transactions carried out in the normal course of business with related parties and associated companies as disclosed in Note 40 of the Financial Statements during the year ended September 30, 2023, be and are hereby ratified and approved."**
 - b) **"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve all transactions to be carried out in the normal course of business with related parties and associated companies during the ensuing year ending September 30, 2024."**
6. To consider dissemination of annual audited financial statements to the shareholders through QR enabled code and Weblink instead of transmitting the same in the form of CD/DVD/USB and approve the following resolution:
"RESOLVED that circulation / dissemination of annual audited financial statements together with the reports and documents required to be annexed thereto under the Companies Act, 2017, to the shareholders through QR enabled code and Weblink as notified by the Securities & Exchange Commission of Pakistan vide its S.R.O.389(I)/2023 dated March 21, 2023 be and is hereby approved while considering technological advancements and old technology becoming obsolete, the circulation of annual financial statements through CD/DVD/USB be discontinued."

The statements under section 134 of the Companies Act, 2017, pertaining to the above-mentioned Special Business, are attached with the notice.

By Order of the Board of Directors



Hina Mir
Company Secretary

Karachi: December 27, 2023

NOTES:

1. The register of members of the Company will be closed from Friday, January 19, 2024 to Friday, January 26, 2024 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Share Registrar of the Company, M/s. CDC Share Registrar Services Limited (CDCSRS), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 at the close of business on Thursday, January 18, 2024 will be treated in time.
2. A member of the Company eligible to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.
3. The AGM proceedings will also be held via video through ZOOM application (a video link conferencing facility). Shareholders interested to participate in the meeting are requested to email required information with subject "Registration for Mirpurkhas Sugar Mills Limited AGM" along with valid copy of both sides of Computerized National Identity Card (CNIC) at cdcsr@cdcsrsl.com Shareholders are advised to mention their Full details in the following manner:

Full Name of Shareholder / Proxy Holder	Company	CNIC Number	Folio / CDC. A/c No.	Email ID	Mobile Phone No.
	Mirpurkhas Sugar Mills Ltd.				

4. Video link details and login credentials will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.
5. Members will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.
6. Members of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original Computerized National Identity Card along with their account number in CDS and participant's ID number for verification.
7. Members of physical shares are requested to notify any change in their addresses to the Company's Share Registrar. Whereas, shareholders of CDC Accounts are requested to immediately notify any change in their addresses to their respective CDC Participant / Broker / CDC Investor Account Services.
8. According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile / telephone numbers, occupation, etc. to CDC Share Registrar Services Limited immediately to avoid any non-compliance of law or any inconvenience in future.
9. Members of physical shares who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.
10. As per Section 72 of the Companies Act, 2017 every existing listed Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP. The Shareholders having physical shareholding are accordingly required to open their account with investors account services of CDC or sub account with any of the brokers and convert their physical shares in book entry form. This will facilitate the shareholder in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.
11. Shareholders are hereby reminded that Section 242 of the Companies Act, 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into the bank accounts of the shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in E-Dividend Mandate Form available on the Company's website i.e. www.gfg.com.pk/msm/ and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. CDC Share Registrar Services Limited in case of physical shares. In case shares are held in CDC, then E-Dividend Mandate Form must be submitted directly to shareholder's broker/participant/CDC investor account services. In case of non-submission of IBAN, the Company will withhold the payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017. Further, the information regarding gross dividend, tax/zakat deduction and net amount of dividend will be provided through the Centralized Cash Dividend Register (CCDR), therefore, shareholders should register themselves to CDC's eServices Portal at <https://eservices.cdcaccess.com.pk>
12. The shareholders are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 Securities & Exchange Commission of Pakistan has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, the shareholders of the Company will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its AGM to be held on Friday, January 26, 2024 at 11.00 a.m., in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

For the convenience of the shareholders, ballot paper is annexed to this notice and the same is also available on the Company's website at www.gfg.com.pk/msm/ for the purpose of being downloaded.

Procedure for E – Voting:

13. Details of the e-voting facility will be shared through an e-mail with those shareholders of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business of January 18, 2024.

The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of CDC Share Registrar Services Limited (being the e-voting service provider).

Identity of the shareholders intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.

E-Voting lines will start from January 22, 2024, 09:00 a.m. and shall close on January 25, 2024 at 5:00 p.m. Shareholders can cast their votes any time during this period. Once the vote on a resolution is casted, he / she shall not be allowed to change it, subsequently.

Procedure for Voting Through Postal Ballot:

14. The shareholders shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman through post on the Company's address, 2nd Floor Modern Motors House, Beaumont Road, Karachi or email at agmmsm@gfg.com.pk one day before the AGM on January 25, 2024, during working hours. The signature on the ballot paper shall match the signature on the CNIC.
15. In compliance of Section 244 of the Companies Act 2017, once the Company has completed stipulated formalities, any unclaimed dividend and /or shares that have remained outstanding for a period of three years from the date of becoming due and payable or more shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares). Shareholders who by any reason could not collect their remaining unclaimed dividend/shares are advised to contact the Share Registrar of the Company to collect/inquire about their unclaimed dividend or shares, if any.
16. Shareholders` have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to our Share Registrar to update the record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if shareholders, in addition, request for hard copy of Audited Financial Statements, the same shall be provided free of cost within seven (7) days of receipt of such written request.
17. To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit Zakat Declaration (Form CZ-50) or its attested photocopy to CDC Share Registrar Services Limited, in order to avoid deduction of Zakat on all future dividends, at the earliest.

Statements Under Section 134 of the Companies Act, 2017

5. Related Party Transaction

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on Friday, January 26, 2024. The approval of the Members of the Company will be sought for:

During the financial year ended September 30, 2023, the Company carried out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulation. Related party transactions require shareholders' approval under sections 207 and 208 of the Companies Act, 2017. Such transactions are being placed before the shareholders for their approval through special resolution proposed to be passed in the Annual General Meeting.

The shareholders are requested to ratify the transactions which have been disclosed in Note no. 40 of the Financial Statements for the year ended September 30, 2023 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending September 30, 2024.

Party wise breakup of transactions as disclosed in Note no. 40 of the Financial Statements for the year ended September 30, 2023 is given below:

Name of Related Party	Nature of Transaction	Amount (Rs.)
Zensoft (Pvt.) Limited	Service paid	(10,236,060)
Greaves Airconditioning (Pvt.) Limited	Service paid	(2,245,445)
Greaves Pakistan (Pvt.) Limited	Service paid	(17,485,486)
Greaves Airconditioning (Pvt.) Limited	Purchase made	(6,462,656)
Greaves Pakistan (Pvt.) Limited	Purchase made	(317,255,558)
Cherat Cement Company Limited	Dividend Income	12,362,746
Cherat Packaging Limited	Purchase made	(122,926,520)
Cherat Packaging Limited	Dividend Income	5,487,273
Uicol Limited	Sales made	867,280,997
Uicol Limited	Dividend Income	275,000,000
Director	Sale of vehicle	1,546,650
P.F/ G.F	Charge for staff Provident and Gratuity Fund paid	(12,148,058)

The Directors are interested only to the extent of their shareholding and / or common directorship in such related parties.

6. Dissemination of information regarding Annual Audited Financial Statements to the shareholders through QR enabled code and Weblink

In order to implement the SECP notification with respect to transmission / circulation of information such as Annual Audited Financial Statements through QR enabled code and weblink instead of CD/DVD/USB. The facility will be provided through e-mail if they desire to receive the same at their e-mail addresses. However, if the shareholder, in additions, request for hard copy of Audited Financial Statements, the same shall be provided free of cost within seven (7) days of receipt of such written request. For convenience of shareholders, Standard Request Form is available on the Company's website.

The Directors are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.



Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company

POSTAL BALLOT PAPER

for voting through post for the Special Business at the Annual General Meeting to be held on Friday, January 26, 2024 at 11:00 a.m. at the Registered Office of the Company at Factory premises, Jamrao, Umerkot Road, Mirpurkhas, Sindh.

UAN: +92 21 111-354-111 **Website:** www.gfg.com.pk./msm/

Folio / CDS Account Number	
Name of Shareholder / Proxy Holder	
Registered Address	
Number of shares Held	
CNIC/Passport No. (in case of foreigner) (copy to be attached)	
Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government)	
Name of Authorized Signatory	
CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)	

Resolution For Agenda Item No. 5

- a) ***“RESOLVED that the transactions carried out in the normal course of business with related parties and associated companies as disclosed in Note 40 of the Financial Statements during the year ended September 30, 2023, be and are hereby ratified and approved.”***
- b) ***“FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve all transactions to be carried out in the normal course of business with related parties and associated companies during the ensuing year ending September 30, 2024.”***

Resolution For Agenda Item No. 6

“RESOLVED that circulation / dissemination of annual audited financial statements together with the reports and documents required to be annexed thereto under the Companies Act, 2017, to the shareholders through QR enabled code and Weblink as notified by the Securities & Exchange Commission of Pakistan vide its S.R.O.389(I)/2023 dated March 21, 2023 be and is hereby approved while considering technological advancements and old technology becoming obsolete, the circulation of annual financial statements through CD/DVD/USB be discontinued.”

Instructions For Poll

- Please indicate your vote by ticking (√) the relevant box.
 - In case if both the boxes are marked as (√), you poll shall be treated as “Rejected”.
- I/we hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick (√) mark in the appropriate box below;

Resolutions	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Resolution For Agenda Item No. 5		
Resolution For Agenda Item No. 6		

- Dully filled ballot paper should be sent to the Chairman at 2nd Floor, Modern Motors House, Beaumont Road, Karachi or email at agmmsm@gfg.com.pk
- Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
- Ballot paper should reach the Chairman within business hours by or before Thursday January 25, 2024. Any postal ballot received after this date, will not be considered for voting.
- Signature on ballot paper should match with signature on CNIC/ Passport (In case of foreigner).
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.
- In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable.
- Ballot Paper form has also been placed on the website of the Company at: www.gfg.com.pk/msm/ Members may download the ballot paper from the website or use an original/photocopy published in newspapers.

Shareholder / Proxy holder Signature/Authorized Signatory
(In case of corporate entity, please affix company stamp)

Date

Directors' Profile

Mr. Arif Faruque Chairman

Mr. Arif Faruque is a Swiss - qualified Attorney-at-Law, also holds Masters degrees in both Law and Business Administration from the United States of America and has recently completed the Owner President Management Program at Harvard Business School. He is the Chief Executive of Faruque (Pvt.) Ltd. He is on the Board of Directors of Cherat Packaging Ltd., Cherat Cement Company Ltd. and UniEnergy Ltd. Besides the above, he is also a member of the Board of Governors of Lahore University of Management Sciences (LUMS).

Mr. Aslam Faruque Chief Executive

Mr. Aslam Faruque is a graduate with a major in Marketing. He is the Chief Executive of Mirpurkhas Sugar Mills Ltd., Unicol Ltd. and UniEnergy Ltd. He is on the Board of Directors of Cherat Packaging Ltd. Greaves Airconditioning (Pvt.) Ltd. and Greaves Engineering Services (Pvt.) Ltd.

In the past, he has served as the Chairman and Senior Vice Chairman of Pakistan Sugar Mills Association - Center. He also served as Chairman of Pakistan Sugar Mills Association Sindh Zone, and Director of Sui Southern Gas Company Ltd., State Life Insurance Corporation of Pakistan and Pakistan Industrial Development Corporation.

Mr. Amer Faruque Director

Mr. Amer Faruque is a Bachelor of Science (BS) graduate in Business Administration majoring in Management / Marketing from Drake University, Des Moines, Iowa, USA. He is the Chief Executive of Cherat Packaging Limited. He serves as a member of the Board of Directors of Faruque (Pvt.) Ltd., Greaves Pakistan (Pvt.) Ltd., Greaves CNG (Pvt.) Ltd. and Executive Director Marketing of Cherat Cement Co. Ltd. In the past he has served as a member of the Board of Governors of Ghulam Ishaq Khan (GIK) Institute of Engineering Sciences and Technology and Lahore University of Management Sciences (LUMS) and the Centre of International Private Enterprise (CIPE). He is also the Honorary Consul of Brazil in Peshawar.

Ms. Farzana Faruque Director

Ms. Farzana Faruque graduated from Chelsea College of Art and Design with a BA (Hons) in Graphic Design and Communications. She later pursued her passion for nutrition and fitness and got certified as a Health Coach and Fitness Trainer.

Ms. Farzana, founded an indoor cycling fitness studio and co-founded a Health and Detox food brand in 2015. She is also the social media and marketing manager for Studio X. Her expertise allow her to be able to grow her brands and become a known name throughout Pakistan.

Mr. Wasif Khalid Director

Mr. Wasif Khalid is a fellow member of Institute of Chartered Accountant of Pakistan (ICAP) and fellow member of Pakistan Institute of Public Finance Accountants (PIPFA). He has also done his masters in Business Administration (Marketing and Operations Management) from Hamdard University, Karachi.

He is the Director and Chief Financial Officer of Mirpurkhas Sugar Mills Ltd. and Zensoft (Pvt.) Ltd. Mr. Khalid is also serving on the Board of Director of Greaves Airconditioning (Pvt.) Ltd., Greaves CNG (Pvt.) Ltd., Greaves Engineering Services (Pvt.) Ltd. and as an Executive Director Finance of Unicol Ltd.

He has contributed immensely towards development of financial models and implementation of new projects. He has been actively involved with the regulators, practitioner and leading Shariah scholars of the industry for developing the commercial industry transactions. Prior to Ghulam Faruque group, Mr. Khalid was associated with various companies in Middle East and in Pakistan he worked with one of Big 4 audit firms. He has over 21 years'

worth of rich experience in financial restructuring and modeling, project financings, operational management and internal audit.

He has served as a General body member of FPCCI, as Head of cost and budget committee of PSMA- Sindh Zone and served as Member committee agriculture development and reforms at Ministry of Industries and Production and Kisan Board on behalf of PSMA- Sindh Zone. He had also been nominated as a member of the sugar monitoring committee formed by the Federal Board of Revenue.

Mr. Hasan Reza ur Rahim

Director

Mr. Rahim is an accomplished professional who has 40 years of domestic and international experience in the Banking and Financial Services industry. He brings with him 10 years of public listed company board and governance knowledge and is currently serving on the boards of Atlas Insurance Ltd. and Mirpurkhas Sugar Mills Ltd. He has also served on the boards of Cyan Ltd., Dawood Hercules Corporation Ltd. (DH Corp), Dawood Lawrencepur Ltd., Hascol Ltd., and Hum Networks Ltd.

Previously Mr. Rahim was the Executive Director in-charge of the Chairman Office of the Dawood Group which, consisted of several listed and unlisted companies and is one of the largest entrepreneurial groups in Pakistan. DH Corp is the flagship investment entity of the Dawood Group which has a large minority shareholding in Engro Corporation Limited.

During his banking career, Mr. Rahim spent 15 years at JPMorgan where he held several senior positions both in Pakistan and abroad. His accomplishments include assisting in establishing and heading the Global Corporate Bank in Bahrain, Qatar and Saudi Arabia, was Senior Country Officer of Pakistan and was an integral part of the Regional Corporate Finance team based in Singapore. He has originated, led and executed large and complex Mergers & Acquisition transactions and Privatizations totaling over USD 5.0 billion, Sovereign Debt and Bond issues of over USD 2.0 billion in the Telecom, Airlines, Banking, Oil & Gas and Petrochemical industries.

Earlier in his career Mr. Rahim, also held senior positions with Mashreq Bank psc and ANZ Grindlays Bank plc. He has worked in several international locations that included Zurich, Singapore, Bahrain and Dubai.

He received his bachelor's degree from the University of Delaware in USA; is also an IFC certified trainer to conduct corporate governance training; is a Pakistan Institute of Corporate Governance certified Director and on it's faculty.

Mr. Abdul Shaqoor Shaikh

Director

A. Shaqoor Shaikh has been part of Civil Services of Sindh as well as Pakistan for the last 27 years including 12 years Services experience in Social Sector & Community Welfare. After doing Bachelors in Computer System Engineering (B.E) and Masters in Business Administration (MBA), he joined Civil Services. He has enough exposure to different managerial capacities dealing with, Information Technology, Finance, Operations, Coordination, Infrastructure Development, Maintenance of Law & Order, Revenue Collection, Social and Community Services, Relief, Rescue and Rehabilitation Operations, Governance, Education, Primary Healthcare, Training & Capacity Building, Institutional Development and Public Administration and have demonstrated effectiveness in contributing substantially to improving the service delivery of Government/Social Sector institutions.

He spearheaded different teams at middle and senior level management positions and currently affiliated with policy making role. He has in-depth practical knowledge and working experience at senior positions in Government of Sindh (1996-2022), Federal Board of Revenue (FBR) (2002-06), National Commission for Human Development (2006-08), Peoples Primary Healthcare Initiative (2008-13), FBR (2013-2016), Ministry of Overseas Pakistanis and HRD (2016-2020), FBR (2020-22), Sindh Revenue Board (2022).

He had an opportunity to serve in Pakistan Mission abroad as Community Welfare Counselor for more than four years which gave him an added exposure to Pakistan's export potential in terms of Human resource and issues/policies relating to Pakistani diaspora abroad.

He is currently working as Executive Director in State Life Corporation of Pakistan looking after Real Estate and Policy Holder Service divisions. He is also on Board of Directors Alpha Insurance Company as Director.



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Chairman's Review

FOR THE YEAR ENDED SEPTEMBER 30, 2023

During the year under review, the economy of the country remained depressed. The country faced multiple challenges due to external and internal factors. This resulted in a muted performance of Large Scale Manufacturing (LSM) industries, as industrial production is very much dependent on global prospects, import of capital goods, and affordable financing. The main reasons are largely due to continued political instability, leading to a shortfall of foreign reserves, floods, rupee devaluation, revision in energy prices and restrictions on imports. Inflation was also recorded at an all-time high, and all this created further pressure on the domestic price of sugar.

The total sugarcane crushed in Pakistan was recorded at 65.57 million tons (FY 2022: 79.71 million tons), resulting in a contraction by 17.74 percent over the previous FY 2022. This led to a decrease in the production of sugar in the country by 14.45 percent to 6.74 million tons (FY 2022: 7.88 million tons). Due to unfavorable weather conditions in many regions, sugar production in Sindh decreased to 1.745 million tons (FY 2022: 2.29 million tons). The performance of the food industry remained subdued, shrinking 8.71 percent as against the growth of 11.21 percent last year. Floods additionally impacted sugar-related production activities, especially sugar, bakery products as well as sugar and non-sugar confectionery, witnessing a drop of 14.3 percent. The decline in the food industry and LSM lead to an overall market contraction of 5.42 percent in paper manufacturing against a growth of 17 percent last year.

Despite these challenging times, I am pleased to report that the Board of Directors has duly performed its duties and responsibilities during the year. The Board of Directors of the Company, including the Independent Directors, consists of highly qualified/professional and experienced persons, who bring vast experience from different businesses and backgrounds. All Board members are well aware of their responsibilities and fulfill these diligently.

The Board recognizes the importance of well-defined corporate governance and other processes for the success of the Company. Accordingly, the Company has an independent Internal Audit Department that follows a risk-based audit methodology. Internal Audit reports are presented to the Board Audit Committee on a quarterly basis, and areas of improvement are highlighted and methodically followed up on. All Directors, including the Independent Directors, participated in and contributed to the discussions and decision-making process. In particular, the Board actively participated in the strategic planning process and financial and other policy development, monitoring and approval. The significant issues throughout the year were presented before the Board of Directors or the Committees, and the Board continues to strengthen and formalize the corporate decision-making process.

The Board also carried out an annual self-evaluation in line with the requirements of the Code of Corporate Governance. Management kept the Board apprised of the Company's affairs.

The Board of Directors and Management remain committed to not only continuing to maximize shareholder value through further efficiency enhancements and diversification initiatives, but also to contributing towards the development of the communities the Company operates in. I would like to extend my sincere thanks and appreciation to our customers, suppliers, bankers and shareholders for their continued support of, and trust in, the Company, as well as to all our employees as well as my colleagues on the Board for their continued support, commitment and hard work.



Arif Faruque

Chairman

Karachi: **December 27, 2023**

Directors' Report to the Members

FOR THE YEAR ENDED SEPTEMBER 30, 2023

The Board of Directors is pleased to present you the annual report of the Company along with the audited financial statements for the year ended September 30, 2023.

SUGAR DIVISION

OVERVIEW

Consequent upon the 2022 floods, the Rabi season crops have shown higher yields, which compensated the crop damages of the Kharif season, leading to an overall growth of the agriculture sector of 1.55 percent. As such, the growth of wheat (5.4 percent), sugarcane (2.8 percent), and maize (6.9 percent) crops compensated the negative growth of cotton (41.0 percent) and rice (21.5 percent).

The sugar industry constitutes the 2nd largest agro-based manufacturing industry in Pakistan. Its production accounts for 0.9 percent of GDP. During the FY2023, sugarcane was cultivated on 1,319,000 hectares, showing an increase of 4.7 percent over last year. The main factor contributing to this were the lucrative market prices of the previous year. Production increased by 2.7 percent, to 91.11 million tons over the previous year.

CRUSHING SEASON 2023

During the FY2023, total sugarcane crushed in Pakistan was recorded at 65.57 million tons compared to 79.71 million tons, posting a decrease of 17.74 percent over the previous FY 2022. This led to the production of sugar decreasing by 14.45 percent to 6.74 million tons, from 7.88 million tons during the previous FY2022. Due to unfavorable weather conditions in Sindh, sugar production decreased even further, to 1.745 million tons (FY2022: 2.29 million tons).

OPERATING PERFORMANCE

During the crushing season 2022/23 that started on November 29, 2022, the plant operated for 87 days, compared to 124 days the previous year, due to delay in harvesting and less availability of sugarcane. This resulted in the factory being able to crush 562,641 metric tons of sugarcane to produce 59,325 metric tons of sugar, as compared to 649,557 metric tons of sugarcane to produce 70,460 metric tons of sugar during the corresponding period last year. The plant operated efficiently throughout the crushing season. The decrease in sucrose recovery to 10.55%, from 10.85% last season, was due to flooding in different areas of cane procurement, which impacted plant health and sucrose content. The Company also produced 28,772 metric tons of molasses during the period, compared to 33,080 metric tons produced during the corresponding period last year.

The key comparative data for the financial year just ended and that of the previous year may be summarized as follows:

	2022/23	2021/22
• Season start date	November 29, 2022	November 19, 2021
• Days operated	87	124
• Sugarcane crushed (metric tons)	562,641	649,557
• Sugar production (metric tons)	59,325	70,460
• Molasses production (metric tons)	28,772	33,080
• Sucrose recovery (%)	10.55	10.85
• Sugar sold (metric tons)	63,213	63,583

FINANCIAL HIGHLIGHTS

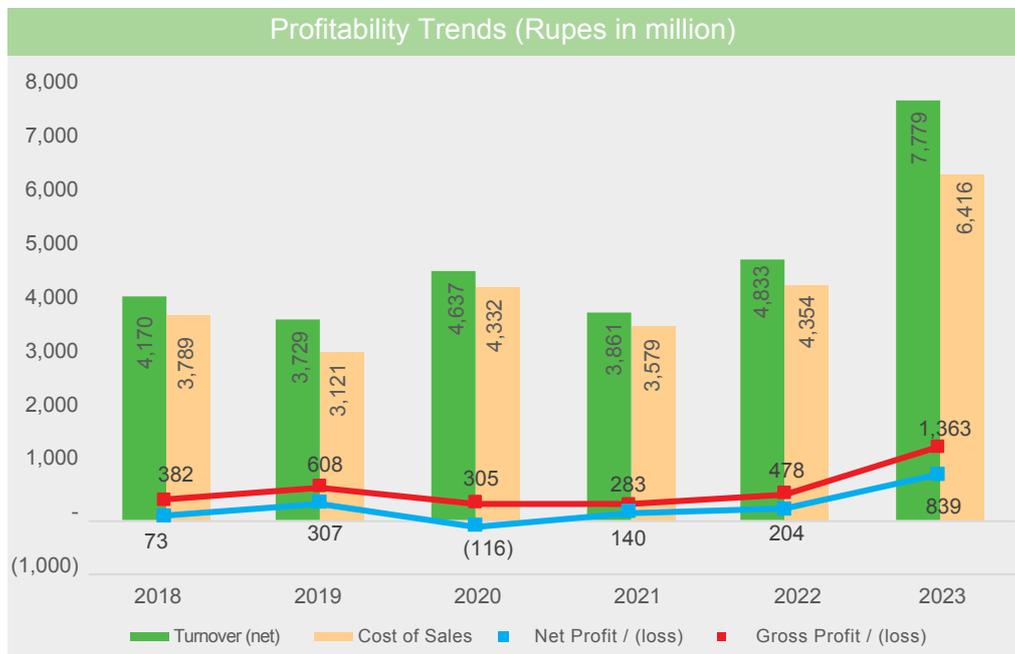
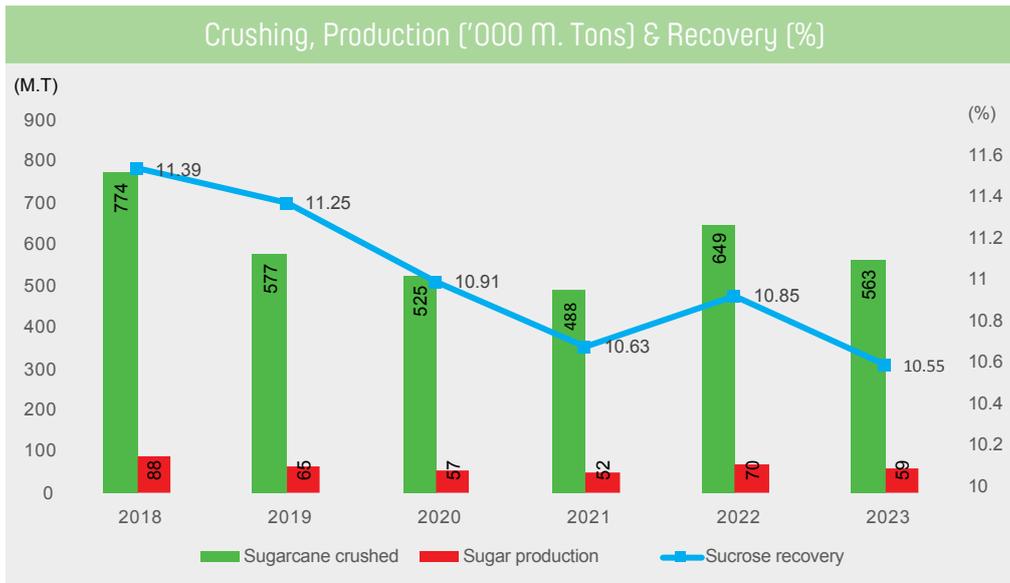
During the year under review, the Company sold 63,213 tons of sugar, including 2,500 tons of exports, compared to 63,583 tons last year. The average sale prices improved, due to higher local sugar prices and sugar exports.

During the year under review, the economy of the country remained depressed, mainly due to continued political instability and the aftermath of the floods, which led to a shortfall of foreign reserves, rupee devaluation, revision in energy prices and restrictions on imports. Consequently, inflation was also recorded at an all-time high, and all this resulted in an increase in the domestic price of sugar. Before the start of the season 2023/24, the country still has over 900,000 tons of sugar in stock.

During the year ended, other income of the Company increased to Rs. 516 million, mainly due to the gain on disposal of a non-current real estate asset held for sale. Furthermore, finance costs increased by 162%, primarily due to significantly higher discount rates coupled with the higher costs of sugarcane and other raw materials. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 911.65 million and adjusted its investment in the associate by the same amount. Unicol's profitability increased significantly due to rising foreign exchange rates. This helped the Company to record an increased profit for the year. The key comparative financial data is as under:

Net Sales
 Cost of Sales
 Gross Profit
 Other Income
 Share of profit in associates-net
 Other expenses & taxes
 Net Profit

2022/23	2021/22
(Rupees in million)	
7,779.469	4,832.646
(6,416.207)	(4,354.653)
1,363.262	477.993
515.883	68.145
911.711	440.059
(1,951.54)	(782.571)
<u>839.316</u>	<u>203.626</u>



PAPER AND BOARD DIVISION

The paper plant successfully started commercial operations on May 12, 2023, with an installed capacity of 250 tons per day. The plant produced 17,959 tons of paper for the year ended September 30, 2023. It is operating efficiently and has achieved all the operational parameters required. Due to high inflation and poor economic conditions, consumer spending is on a downward trend. This is directly impacting all FMCG's, including snack and confectionary businesses, leading to a reduced demand of packaging and corrugated products. The management has so far been successful in importing the required raw materials and spares for smooth operations. The Company has been able to introduce its quality products, with a good sales mix, to all major corrugation plants operating in Pakistan.

UNICOL LIMITED

The joint venture Unicol distillery continues to operate well, and both Ethanol and CO2 operations met expectations during the year. The profitability of Unicol has improved due to better operational efficiency, improved margins and the Rupee devaluation. Management expects that due to better yields of sugarcane crop in Punjab and Sindh, there will be sufficient availability of molasses to enable the Company to also operate smoothly throughout the coming year. Unicol's newly acquired sugar division located in Sargodha successfully commenced its crushing season 2023/24. Management is confident that Unicol will continue to bring financial benefits to the Company and its shareholders for the foreseeable future.

UNIENERGY LIMITED

UniEnergy, a joint venture wind power project, had been granted a Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners made an initial equity investment in this Company to meet the ongoing financial requirements for the project. In this regard, Mirpurkhas Sugar Mills Limited had also made an equity investment of Rs. 7.69 million following the approval of the shareholders. The Government has, so far, not notified a tariff for the project, as a result of which there was no further development during the FY 2023.

RISKS AND OPPORTUNITIES**• Risk Management**

As part of its responsibilities, the members of the Board of Directors keep a close watch on the socio-economic environment and consequential internal and external risks that might impact the safe and smooth operations and performance of the Company. The Directors remain vigilant in identifying and mitigating risks throughout the year, identifying potential risks, assessing their impact on the Company and formulating strategies to reasonably mitigate foreseeable risks to the business. These strategies are applied to the Company mainly through the Audit Committee.

• Risk Assessment

The Board of Directors of the Company assesses both internal and external risks that the Company might face. As part of this, the Board of Directors recognize the importance of cybersecurity. The Company maintains an in-house IT department to mitigate this risk.

• Credit Risk

While all financial assets of the Company, except cash in hand, are subject to credit risk, the Company does not believe that it is exposed to a major concentration of credit risk. Exposure is managed through the application of credit limits to its customers and growers as well as diversification of investments.

• Liquidity Risk

Prudent liquidity risk management ensures availability of sufficient funds for meeting contractual commitments. The Company's cash management strategy aims at managing liquidity risk through internal cash generation and adequate credit lines with financial institutions.

• Foreign Exchange Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The Company is exposed to foreign currency risks to the extent of LCs opened for the import of raw materials. The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where available and necessary.

• Debt Repayment

The Company has paid off all its due debts on time. During the year, the Company has made repayments of Rs. 351.539 million. Furthermore, the Company also obtained an Islamic Finance Facility for Renewable Energy (IFRE) during the year for its solar project.

• Equity and Capital Management

The Company's aim is to maintain an adequate equity base, so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes to the Company's approach to equity management during the year. The Company's current gearing ratio is 39.24%. The Board of Directors and management are hopeful the capital structure of the Company may be strengthened further in the coming years.

DIVIDEND

The Company has always strived towards an appropriate distribution of profits. The decision on dividend payout is made after taking into consideration various parameters like Company's financial performance, its business needs, growth prospects and expansion plans. The Board of Directors has already declared an interim 200% bonus shares for the year ended September 30, 2023.

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to playing its due role in society in the interest of all stakeholders, particularly towards its employees, the communities it operates in and the environment.

In addition to that, the Company has also contributed to various reputable charitable organizations and needy individuals, and will continue to do so. We believe that the Company's CSR policies will assist in the economic and social development of the areas where the Company does business.

SAFETY, HEALTH AND ENVIRONMENT

The Company strongly believes in maintaining high standards of health and safety. The production facility of the Company is fully compliant with the applicable environmental and safety standards. The Company has a dedicated HSE department to oversee HSE, including the implementation of best practice measures and processes, ensuring proper compliance or carrying out regular fire and other safety training of the staff. To help the environment, the Company has increased tree-planting at its factory site, while the 2 MW solar power plant will reduce its reliance on fossil fuels.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the FY2023, the Company contributed approximately Rs. 800 million to the national exchequer in the form of taxes, duties and levies.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by management present the Company's state of affairs fairly, including the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements, and accounting estimates are based on reasonable and prudent management judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements, and any departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance.
- Key operating and financial data for last six (6) years in summarized form is annexed.
- There is nothing outstanding against the Company on account of taxes, duties, levies and charges except for those which are being made in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its eligible employees. Stated below are the values of the investments of the respective funds as on September 30, 2023:

Provident Fund	Rs. 604.279 million
Gratuity Fund	Rs. 317.140 million

BOARD OF DIRECTORS

The total number of Directors on the board is 7 and its composition is as follows:

- | | |
|---|---|
| • Male Directors | 6 |
| • Female Director | 1 |
| a. Independent Directors | 2 |
| i. Mr. Muhammad Izqar Khan | |
| ii. Mr. Hasan Reza Ur Rahim | |
| • The requirement of 1/3 independent Directors equals to 2.33, fraction of which is less than 0.5 and therefore, as per the applicable regulations, is rounded down to 2. | |
| b. Non-Executive Directors | 3 |
| i. Mr. Arif Faruque | |
| ii. Mr. Amer Faruque | |
| iii. Ms. Farzana Faruque | |
| c. Executive Directors | 2 |
| i. Mr. Aslam Faruque | |
| ii. Mr. Wasif Khalid | |
| d. Female Director | 1 |
| i. Ms. Farzana Faruque | |

- During the year, six meetings of the Board of Directors were held. The attendance record of each Director is as follows:

Name of Director	Meetings Attended
• Mr. Arif Faruque	6
• Mr. Aslam Faruque	6
• Mr. Amer Faruque	4
• Mr. Samir Mustapha Chinoy*	1
• Mr. Muhammad Izqar Khan	6
• Mr. Hasan Reza Ur Rahim**	5
• Mr. Wasif Khalid	6
• Ms. Farzana Faruque	4

*Mr. Samir Mustapha Chinoy retired from the Board on January 21, 2023.

**Mr. Hasan Reza Ur Rahim was elected as an Independent Director on January 21, 2023 in place of Mr. Samir Mustapha Chinoy.

- During the year, four meetings of the Audit Committee were held. The attendance record of each Director is as follows:

Name of Director	Meetings Attended
• Mr. Hasan Reza Ur Rahim	2
• Mr. Arif Faruque	4
• Mr. Muhammad Izqar Khan	4
• Mr. Samir Mustapha Chinoy	1

*Mr. Samir Mustapha Chinoy retired from the Board on January 21, 2023.

**Mr. Hasan Reza Ur Rahim was elected as an Independent Director on January 21, 2023 in place of Mr. Samir Mustapha Chinoy.

- During the year, two meetings of the Human Resource and Remuneration Committee were held. The attendance record of each Director is as follows:

Name of Director	Meetings Attended
• Mr. Muhammad Izqar Khan	2
• Mr. Aslam Faruque	2
• Mr. Amer Faruque	2

- The pattern of shareholding is annexed with the report.

- Earnings per share during the financial year 2022/23 was Rs. 18.03 per share as against Rs. 4.37 (re-stated) last year.

DIRECTORS' REMUNERATION

As per the Articles of the Company, the remuneration of Non-Executive and Independent Directors is fixed by the Board of Directors. In this regard, the Board of Directors has developed a Remuneration Policy for Non-Executive and Independent Directors of the Company. The detail of Directors' remuneration is disclosed in Note 39 of the Financial Statements for the year ended September 30, 2023.

ANNUAL EVALUATION OF PERFORMANCE

As part of the Code of Corporate Governance, an annual evaluation of the Board of Directors, Committees and Individual Directors is carried out by the Company. The Company has engaged M/s. Grant Thornton Anjum Rahman, Chartered Accountants to ensure transparency of this process. The contents of the report are evaluated and areas that require improvement are identified and discussed.

RELATED PARTIES TRANSACTIONS

All transactions with related parties have been executed at arm's length and have been properly disclosed in the financial statements of the Company.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Company has fully complied with requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A Statement of Compliance is provided under the relevant section of the report.

BUSINESS IMPACT OF GOVERNMENT POLICIES

We would like to once again take this opportunity to continue to request the Government to take the necessary steps to ensure that the price of sugar is reflective of the price of sugarcane being paid to the growers. For the crushing season 2023/24, the Sindh Government had announced a minimum support price of Rs. 425 per maund, in comparison to Rs. 302 per maund the previous season. An increase of 41% compared to last year. This increase is not in line with the prevailing sugar prices in the market, which have actually seen a massive decline due to the availability of excess stock over the national requirement. Furthermore, not allowing the sugar industry to export surplus sugar will have a negative impact on both the sale price and high financial charges incurred by the Company.

Lastly, sugar exports in the past were carried out on the basis of export subsidies being offered by the Government. However, these subsidies have not yet been paid to the sugar mills in Sindh, and we therefore request the provincial government, as applicable, to urgently release the pending subsidy of Rs. 199.06 million, as this is instrumental to the Company's liquidity and the amount of its financial charges that are incurred by the Company over last many years, especially with the discount rate standing at 22% per annum.

FUTURE PROSPECTS

The deteriorating economic conditions and reduction in Pakistan's forex reserves continue to put pressure on the economy, and it is therefore expected that the Company's operating environment will remain challenging. Going forward, the Country's economic outlook is expected to be shaped largely by its relationship with the IMF, the restoration of political stability and support from friendly countries, along with the willingness of the Government to continue to implement reforms aimed at stabilizing the economy on a sustainable basis. Given these challenges, the Company is focusing on strategies to reduce the negative impacts of high interest rates, low economic growth and devaluation, and maximize the shareholders' value by spreading its borrowings amongst different banks, reducing inventory and managing trade debts, amongst other measures. In the short-term, inflation is expected to remain high due to impending adjustments in power and gas tariffs but may taper off in the second half of the financial year if food and oil prices decline and there is no significant change in the exchange rate. This may have a favorable impact on interest rates, since elevated inflation necessitates the central bank to maintain high interest rates.

APPOINTMENT OF AUDITORS

The present auditors M/s. Kreston Hyder Bhimji and Co. (Chartered Accountants) retire and being eligible, offer themselves for reappointment.

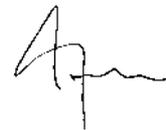
ACKNOWLEDGMENT

We would like to thank all our customers and financial institutions for their continued support and cooperation. And we would like to particularly extend our deep appreciation to our staff for their dedication, loyalty and hard work during these challenging times.

On behalf of the Board of Directors

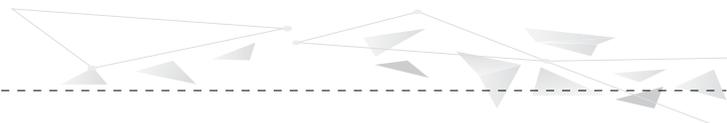


Arif Faruque
Chairman



Aslam Faruque
Chief Executive

Karachi: **December 27, 2023**



Board Meetings Held Outside Pakistan

During the year, 6 meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control, the management has conducted all meetings in Pakistan.

Annual Evaluation of Board, Chief Executive Officer (CEO), Committees and Individual Members

Board evaluation mechanisms facilitate the Board of Directors in evaluating and assessing its performance and ability to provide strategic leadership and oversight to the senior management of the Company. Accordingly, appropriate procedures have been developed based on emerging and leading practices to assist in the assessment of the Board, its committees and the individual directors themselves.

Questionnaires have been developed based on relevant criteria such as effectiveness, accountability, planning, leadership and strategy formulation by the Board and also its committees. Directors are also asked to fill out a self- evaluation questionnaire which focuses on their participation and satisfaction with the different proceedings of the Board and their individual role as a member.

In addition, a separate evaluation questionnaire for Chief Executive Officer has also been developed for his performance. The performance evaluation of CEO is carried out by the Directors.

These questionnaires are circulated annually and are filled out by the Directors anonymously. The collected answers are then compiled by an independent chartered accountant firm.

The Company has engaged M/s Grant Thornton Anjum Rahman Chartered Accountants to ensure the transparency of the process.

Matters Delegated to the Management

Management is primarily responsible for implementing the strategies as approved by the Board of Directors. It is the responsibility of management to conduct the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals as approved by the Board and to identify and administer the key risks and opportunities which could impact the Company in the ordinary course of execution of its business.

Directors' Orientation and Training

All the Directors of the Company are well experienced and have diverse backgrounds. At the time of induction of any new director, he or she is given proper orientation about the operations of the Company and his or her fiduciary responsibilities. The Company had also arranged an in-house Directors' training program to apprise the directors of their authorities and responsibilities. Two Directors of the Company namely Mr. Hasan Reza Ur Rahim and Mr. Abdul Shakoor Shaikh are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).

Governance Practices Exceeding Legal Requirements

Mirpurkhas Sugar Mills has always believed in going the extra mile and staying ahead of the game. In line with this strategy, not only have we complied with all mandatory legal compliances under the Code of Corporate Governance, the Companies Act, 2017 and other applicable rules, regulations and standards, we have also carried out the following activities in addition to the legal requirements;

- a. Other Information: The management reports various other essential information in this annual report which is not required by law. We are trying to adopt Integrated Reporting framework.
- b. Implementations of HSE: The Company has developed and implemented aggressive HSE strategies at its factory site and head office to ensure proper safety of its people and equipment.
- c. Dispersal of information: The Company has always ensured that all material information is communicated to the PSX, the SECP and the Company's shareholders as soon as it becomes available. At all times we have ensured that such information is sent out much before the deadlines set out in the laws.

Female Director

Ms. Farzana Faruque was re-elected as female Director on January 21, 2023 on the Board and the requirement for a female director on the Board of a listed company has been complied.

Independent Directors

Mirpurkhas Sugar Mills Limited has ensured that the composition of its Board of Directors is compliant with all prevailing legal and governance requirements with respect to independent directors. All Independent Directors have submitted along with their consent to act as Director, the declaration as required under the Code or Companies Act, 2017 to the Company that they meet the criteria of Independent Directors.

Investors' Grievance Policy

The Company has an Investors' Grievance Policy in place. Any complaint or observation received either directly by the Corporate Department or during General Meetings are addressed by the Company Secretary. The Shareholders are given the information as desired by them as per the law well in time. All the written complaints are replied in writing. Our share registrar is CDC Share Registrar Services Limited (CDCSRSL) which is leading name in the field. The Company has many old and loyal shareholders, which shows the trust of the shareholders in the management of the Company.

Statement of Management's Responsibility towards the Preparation and Presentation of Financial Statements and Directors' Compliance Statements

The Company, its Board of Directors and the management have always been keen to follow the standards set down by governing institutions. In lights of the same strict compliance of all standards set out by ICAP, the Companies Act, the International Financial Reporting Standards have been adhered to and otherwise good and responsible reporting has been our general practice.

Diversity Policy

Mirpurkhas Sugar Mills Limited is committed to fostering, cultivating and preserving a culture of diversity and inclusion. Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, creativity, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and Company's achievement as well.

Mirpurkhas Sugar Mills Limited's 'diversity initiatives are applicable but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation among all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

All employees of Mirpurkhas Sugar Mills Limited have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events.

Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to strict disciplinary action.

Governance of Risk and Internal Control

The Company has various policies in connection with Governance of Risk and Internal Control that have been approved by the Board of Directors and covered through different policies and disclosures. These include but are not limited to Health Safety Environment (HSE) policy, Information Technology (IT) Governance policy, Information System Security policy, Disaster Recovery policy etc. The implementation of such policies is in accordance with law to assure smooth operations of the business at all levels.

Mirpurkhas Sugar Mills Limited designed its risk management framework to effectively identify, analyze, evaluate, mitigate and monitor the risk faced by the Company.

The Company regularly monitors potential impact of risks and devise strategy to mitigate those risk so that the Company does not drift away from its strategic goals. Risk assessment is done regularly to achieve a good understanding of the company's key risks, to allocate ownership to drive specific actions around them and take any relevant steps to address them. Due to their critical importance, our material issues and principal risks are integrated into our business planning processes and monitored on a regular basis by our Board of Directors. Strategic, Commercial, Operational, Financial and Compliance risks are ranked based on their impact on Mirpurkhas Sugar Mills Limited and probability of occurrence. Upon identification of risks, mitigating strategies and action plans are developed, implemented and monitored.

Policy on Non-Executive & Independent Directors' Remuneration

PREAMBLE

The Board of Directors (the "Board") of Mirpurkhas Sugar Mills Limited (the "Company") has adopted this Policy upon the implementation of Section 170 of the Companies Act 2017 read with Regulation No. 17 of the Code of Corporate Governance.

Amendments, from time to time, to the Policy, if any, shall be considered by the Board in light of changes in applicable laws and/or such external circumstances that directly apply to the scope of this Policy.

SCOPE AND APPLICABILITY

The Policy shall apply to all Non-Executive and Independent Directors who attend Board meetings, Audit Committee meetings, Human Resource and Remuneration Committee meetings and any other meetings called by the Board.

TERMS OF THE POLICY

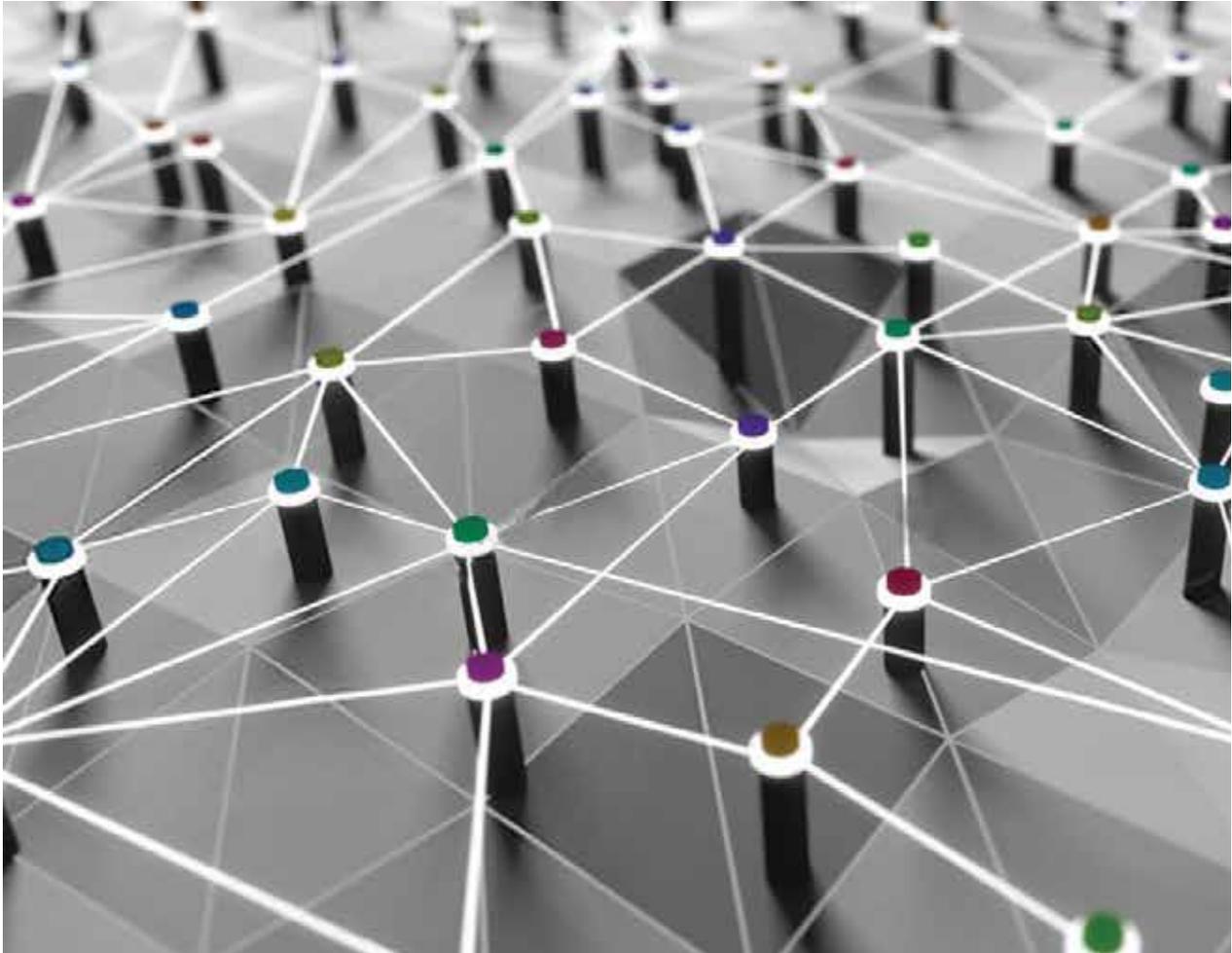
Through the Articles of the Company, the Board is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company shall be as determined by the Board of Directors from time to time.

Understanding Shareholders' Views

Company's shareholders comprise of investors including mutual funds, investment companies, brokerage houses, insurance companies, foreign shareholders, pension funds, individuals, professionals, high profile individuals to housewives. The Company regularly interacts with all categories of shareholders, through Annual General Meeting, Extraordinary General Meeting, regular Corporate / Investor briefings etc.

The Chief Finance Officer and the Company Secretary remain available to respond to any shareholder / investor's query. The non-executive members are also kept informed about the views of the major shareholders about the Company.

Policy on Related Party Transactions



PREAMBLE

The Board of Directors (the “Board”) of Mirpurkhas Sugar Mills Limited (the “Company”) has adopted this Policy pursuant to the provisions of Section 208 of the Companies Act, 2017 read with Regulation No. 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 issued by Securities & Exchange Commission of Pakistan.

SCOPE OF THE POLICY

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions. It is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties. Amendments, from time to time, to the Policy, if any, shall be considered and approved by the Board. The policy covers all related party transactions of Mirpurkhas Sugar Mills Limited as defined under Section 208 of the Companies Act, 2017. The policy is applicable on all individuals responsible to initiate, authorize, record and report related party transactions.

The Policy is applicable to all Related Party Transactions irrespective of their value and size.

This Policy is intended to work in conjunction with regulatory provisions and other Company policies.

DEFINITIONS

- (i) Arm's length transaction means a transaction which is subject to such terms and conditions as if it is carried out in a way, as if:
- a) the parties to the transaction were unrelated in any way;
 - b) the parties were free from any undue influence, control or pressure;
 - c) through its relevant decision-makers, each party was sufficiently knowledgeable about the circumstances of the transaction, sufficiently experienced in business and sufficiently well advised to be able to form a sound business judgment as to what was in its interests; and
 - d) each party was concerned only to achieve the best available commercial result for itself in all the circumstances.
- (ii) Office of profit means any office:
- a) where such office is held by a Director, if the Director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
 - b) where such office is held by an individual other than a Director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- (iii) Related party includes
- (a) A Director or his / her relative;
 - (b) a key managerial personnel or his relative; a key managerial person shall mean the following;
 - the Chief Executive Officer of the Company;
 - the Company Secretary of the Company;
 - the whole time Directors on the Board of the Company; and
 - the Chief Financial Officer of the Company.
 - c) a firm, in which a Director, manager or his relative is a partner;
 - d) a private company in which a Director or manager is a member or director;
 - e) a public company in which a Director or manager is a Director or holds along with his relatives, any shares of vits paid up share capital;
 - f) any body corporate whose Chief Executive or manager is accustomed to act in accordance with the advice, directions or instructions of a Director or manager;
 - g) any person on whose advice, directions or instructions, a Director or manager is accustomed to act.
 - h) any company which is:
 - a holding, subsidiary or an associated company of such company; or
 - a subsidiary of a holding company to which it is also a subsidiary
 - i) such other person as may be specified.
 - j) relative means spouse, siblings and lineal ascendants and descendants of a person.

Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity.

*All other terms will be construed as per the Companies Act, 2017 and all other relevant laws.

Types of Related Party Transactions

Any contract or arrangement with respect to the following, but not limited to these;

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property; and
- vi. such related party's appointment to any office or place of profit in the company, its or associated company, provided:
 - a) where majority of the Directors are interested in any of the above transactions, the matter shall be placed before the general meeting for approval as special resolution;
 - b) also that nothing in this sub-section shall apply to any transactions entered into by the Company in its ordinary course of business on an arm's length basis.

Disclosure and Approval of Related Party Transactions

The Board shall approve related party transactions that require its approval and the following minimum information shall be circulated and disclosed to the directors along with agenda for Board's meeting called for approval of related party transactions:

- i. name of related party;
- ii. names of the interested or concerned persons or Directors;
- iii. nature of relationship, interest or concern along with complete information of financial or other interest or concern of Directors, managers or key managerial personnel in the related party;
- iv. detail, description, terms and conditions of transactions;
- v. amount of transactions;
- vi. timeframe or duration of the transactions or contracts or arrangements;
- vii. pricing policy;
- viii. recommendations of the Audit Committee, where applicable; and
- ix. any other relevant and material information that is necessary for the Board to make a well informed decision regarding the approval of related party transactions.

Identification of Related Party Transactions

Every Director will be responsible for providing a notice containing the following information to the Board of Directors on an annual basis:

- i. a firm, in which the Director, manager or his relative is a partner;
- ii. a private company in which the director or manager is a member or Director;
- iii. a public company in which the Director or manager is a Director or holds alongwith his relatives, any shares of its paid up share capital;
- iv. any body corporate whose Chief Executive or manager is accustomed to act in accordance with the advice, directions or instructions of the Director or manager;

- v. any person on whose advice, directions or instructions the Director or manager is accustomed to act.

Terms of the policy

The terms of reference for the Policy are as follows;

- i. The management shall obtain approval of the policy by the Board of Directors (“Board”);
- ii. The management may enter into any contract or arrangement with a related party only in accordance with the policy approved by the Board, subject to such conditions as may be specified;
- iii. The management shall obtain approval of the Board for contracts that are not on arm’s length basis or not in the ordinary course of business;
- iv. The management shall present all related party transactions to the Audit Committee for their recommendation to the Board for approval;
- v. Every contract or arrangement entered into with a Related Party shall be referred to in the Board’s report to the shareholders along with justifications;
- vi. Management shall maintain records of the transactions undertaken with related parties;
- vii. If a Director or any other employee enters into any contract or arrangement with a Related Party without obtaining the consent of the Board or approval by a special resolution in the general meeting, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 90 days from the date of the contract, such contract or arrangement shall be voidable at the discretion of the Board;

Maintenance of Record

The Company shall maintain one or more registers with regards to transactions undertaken with Related Parties and contracts or arrangements in which Directors are interested, in the manner prescribed, and shall enter therein the particulars of:

- i. contracts or arrangements, in which any Director is, directly or indirectly, concerned or interested; and
- ii. contracts or arrangements with a related party with respect to transactions to which section 208 of the Companies Act, 2017 applies.

Pricing Methodology

Any related party transactions carried out at arm’s length basis shall use one of the following pricing methodologies:

- i. Comparable Uncontrolled Price method;
- ii. Resale Price method;
- iii. Cost Plus method; and
- iv. Profit Split method

Scope of Limitation

In the event of any conflict between the provisions of this Policy and the Companies Act, 2017 or any other statutory enactments, rules, the provisions of the Companies Act, 2017 or statutory enactments, rules shall prevail over this policy.



Social and Environmental Responsibility Policy

Mirpurkhas Sugar Mills Limited's Social and Environmental Responsibility Policy envisages an active commitment and participation on the part of the Company in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes generously to various social and charitable causes including towards health and education sectors. In this regard, it has worked with many reputable organizations and NGOs in Pakistan.

The Company has also participated in flood relief activities and helped IDP's (Internally Displaced Persons). Mirpurkhas Sugar Mills Limited has always stood by the people of Pakistan in their hour of need and shall always continue to do so.

Mirpurkhas Sugar Mills Limited is fully committed to acting in an environmentally responsible manner. To achieve this result, we:

- ensure our product and operations comply with relevant environmental legislation and regulations.
- maintain and continually improve our environmental management systems and complies with requirements as outlayed by specific markets or local regulations.
- operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development, and promotion of environmental responsibility amongst our employees.
- there is no emission of hazardous materials emits from Mirpurkhas Sugar Mills Limited Factory.
- inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

Human Resource Policies

At Mirpurkhas Sugar Mills Limited we attribute our continued success to our people. Our employees are our enduring advantage and it is our ability to create high performance teams in a culture of inclusiveness, professionalism and excellence that drives our growth. To maintain our HR competitiveness, we remain focused on areas of talent management, learning & development; succession planning, and the development of a robust Management Trainee Program.

ATTRACTING THE BEST TALENT

To support the Company's objective of acquiring the best talent, we have recalibrated our Trainee Engineer Program as "Future Leaders Program" to make it dynamic in its offerings to students allowing them to challenge their potential. By providing graduating students with an exhilarating route to enter our Graduate Trainee Engineering programs, we undertook several campus recruitment drives at leading Engineering educational institutions with an aim to find the best talent that would build the Company-wide pipeline of emerging leaders and also to be part of our enterprising organizational culture.

INDUSTRIAL RELATIONS

We maintain excellent relations with our employees and labour. There is a formal labour union in place which represents all classes of workers and independently takes care of all labour related issues. The Company takes every reasonable step for swift and amicable resolution of all their issues.

SUCCESSION PLANNING

Our Succession Planning policy is aimed at building a pipeline for future leadership and creating backups for critical roles.

The salient features of this policy are detailed as under:

- Talent Assessment is conducted based on achievements, Competencies and Group Values.
- Gap Analysis is done to determine time period and tools needed to groom / develop them as possible successors.
- Put through an outbound Leadership Course to determine areas of development vis-a-vis leadership.
- On-going coaching / rotation / training and developmental plans are in place to bring out best in class talent for succession.
- To deep reach successors at all levels, upward mobility is a pre-requisite in the hiring programme.

CORE VALUES

Values are what support the vision, shape the culture and reflect what an organization values. They are the essence of the organization's identity the principles, beliefs or philosophy of values.

Our Core Values (Respect, Fairness, Quality, Ownership) are embedded in our recruitment process, performance appraisals and recognition initiatives.

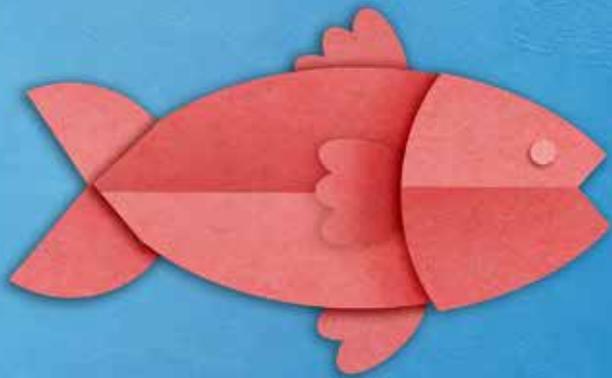


Safety of Records Policy

The Company is effectively implementing the policy to ensure the safety of records. All records must be retained for as long as they are required to meet legal, administrative, operational, and other requirements of the Company. The main purposes of the Company Policy are:

- To ensure that the Company's records are created, managed, retained, and disposed off in an effective and efficient manner;
- To facilitate the efficient management of the Company's records through the development of a coordinated Records Management Program;
- To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required and disposed off in accordance with the record retention policy and retention schedules; and
- Records and information are owned by the Company, not by the individual or team.





Conflict of Interest Policy

A Conflict of Interest Policy has been developed by Mirpurkhas Sugar Mills Limited to provide a framework for all Directors of the Company ("Directors") to disclose actual, potential or perceived conflicts of interest.

The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

The policy is applicable to Directors as the Company strongly believes that a Director owes certain fiduciary duties, including the duties of loyalty, diligence and confidentiality to the Company which requires that the Directors act in good faith on behalf of the Company and to exercise his or her powers for stakeholders' interests and not for their own or others interest.

Management of Conflict of Interest

The Company stands fully committed to the transparent disclosures, management and monitoring of actual potential or perceived conflicts of interest. All Directors under the policy are obligated and have a duty to avoid actual, potential or perceived conflicts of interest.

Any Director with personal interest, relationship or responsibility which conflicts with the interest of the Company or its shareholders shall excuse himself or herself from any discussions on the matter that would give rise to the conflict of interest and, if necessary, from the Board meeting, or applicable part thereof.





Whistle Blowing Policy

OBJECTIVE

The objective of this policy is to provide a platform and mechanism for directors, employees and suppliers to properly address bona fide concerns within the organization without fear of reprisal.

It encourages directors, employees and suppliers about their duty to report any suspected activity that violates any law applicable to the Company, its Core Values or Code of Conduct.

This policy is intended to assist only those individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the organization nor should it be used to reconsider any matters which have been investigated under the harassment, grievance or disciplinary policies and procedures.

POLICY STATEMENT

Mirpurkhas Sugar Mills Limited (MSM) is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, Mirpurkhas Sugar Mills Limited has developed a Whistle Blowing Policy to lodge complaint or to bring in the knowledge of the competent authority any unfair treatment, fraudulent, immoral, unethical or malicious activities or discrimination or some other type of adverse occurrence that violates a law, regulation, policy, morals and/or ethics and especially those matters that jeopardize the credibility and reputation of the company. The whistle can be blown by any director, employee or supplier without fear of punishment/unfair treatment.

SCOPE/APPLICABILITY

This policy is applicable to directors, all permanent and third party employees and suppliers of Mirpurkhas Sugar Mills Limited.

The whistleblower may report or raise any concern which he/ she believes is unethical or contradictory to the code of conduct of the organization, which may include the following acts.

- Fraud
- Financial malpractice
- Failure to comply with applicable legal requirements or company policy.
- Improper conduct or unethical behavior, including breach of the company's code of conduct, business integrity or ethics;
- Attempts to conceal any material facts or misrepresentation;
- Negligence causing substantial and specific danger to employees' health, safety or environment;
- Any unlawful act whether criminal/civil;
- Colluding with third parties/associates to exploit or cause harm to the company;
- Manipulation of company data/ records;
- Unauthorized use, employees' system password acquisition, access or disclosure of confidential/proprietary information;
- Abuse of authority;
- Misappropriation or unauthorized use of company funds/assets

All complainants are protected from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and not maliciously or for personal gain. All disclosures are required to be made in writing. Disclosures made anonymously will not be entertained. Disclosures made will be investigated fully including interviews with all the witnesses and other parties involved. All whistle blowing disclosures made are treated as confidential and the identity of the whistleblower is protected at all stages in any internal matter or investigation.

Disciplinary action (up to and including dismissal) may be taken against the wrongdoer depending on the results of the investigation.

An email address will be provided, which will be managed by the Chief Executive Officer and Chairman of the Board's Audit Committee. Who shall examine the email and decide the appropriate steps required to be taken, if any.



Insider Trading Policy

Mirpurkhas Sugar Mills Limited has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the Company. The Insider Trading Policy codifies the Company's standards on trading and enabling the trading of securities of the Company or other publicly traded companies while in possession of material non-public information.

The general guidelines within the policy state that:

- i. No trading in the securities of the Company is permitted for directors and all employees who are "Executives" as defined in relevant laws within the Closed Periods announced by the Company.
- ii. No insider may purchase or sell any Company's security while in possession of material non-public information about the Company, its customers, suppliers, consultants or other companies with which the Company has contractual relationships or may be negotiating transactions.
- iii. No insider who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.
- iv. In addition, no insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about the company that was obtained in the course of his or her involvement with the Company in the way of conducting official business. No insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

The Company's Responsibility to Disclose Inside Information

The Company's responsibility, in case of inside information made known to a third party, shall be to ensure that in such case the knowledge is given full public disclosure or if such information still needs to be kept non-public then the Company must ensure that the third party, is placed under legal obligation to maintain confidentiality.

Independent Auditor's Review Report To The Members of Mirpurkhas Sugar Mills Limited

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



We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Mirpurkhas Sugar Mills Limited (the Company) for the year ended September 30, 2023 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2023.

Kreston Hyder Bhimji & Co.

Chartered Accountants

Karachi:

Date: December 28, 2023

UDIN: CR202310222zCetoPfrK

Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2019

For the year ended 30.09.2023

The company has complied with the requirements of the regulations in the following manner:

1. The total number of Directors are 7 (seven) as per the following:
 - a. Male: 6
 - b. Female: 1
2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Hasan Reza Ur Rahim Mr. Muhammad Izqar Khan
Non - Executive Directors	Mr. Arif Faruque Mr. Amer Faruque Ms. Farzana Faruque
Executive Directors	Mr. Aslam Faruque Mr. Wasif Khalid
Female Director	Ms. Farzana Faruque

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The directors are well aware of their duties and responsibilities under the Code. Further following directors and executive have attended Directors' Training program:

Name of Directors:

Mr. Hasan Reza Ur Rahim	Director
Mr. Muhammad Izqar Khan	Director

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

11. Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Hasan Reza Ur Rahim	Chairman
Mr. Arif Faruque	Member
Mr. Muhammad Izqar Khan	Member

b) HR and Remuneration Committee

Mr. Muhammad Izqar Khan	Chairman
Mr. Aslam Faruque	Member
Mr. Amer Faruque	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:
- a) Audit Committee. - Quarterly
- b) HR and Remuneration Committee. - Half Yearly
15. The Board has set up an effective internal audit function supervised by a Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

On behalf of the Board of Directors



Arif Faruque
Chairman



Aslam Faruque
Chief Executive

Karachi: December 27, 2023

Role and Responsibilities of Chairman and Chief Executive Officer

OFFICES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Being a corporate governance compliant company, Mirpurkhas Sugar Mills designates separate persons for the position of the Chairman of the Board of Directors and the office of the Chief Executive with clear division of roles and responsibility. Pursuant to the provisions of Section 192(2) of the Companies Act, 2017, the Board of Directors of Mirpurkhas Sugar Mills Limited has outlined the roles and responsibilities of the Chairman as well as the Chief Executive Officer (CEO) of the Company, which are detailed here in below;

CHAIRMAN

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board. The Chairman acts as the communicator for Board decisions where appropriate. More specifically, the duties and responsibilities of the Chairman are as follows:

- acting as a liaison between management and the Board, through the CEO;
- keeping abreast generally of the activities of the Company and its management;
- ensuring that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments and make informed decisions;
- preparing the review report (to be included with the annual financial statements) on the overall performance of the Board of Directors and effectiveness of the role played by the Board of Directors in achieving the Company's objectives.
- developing and setting the agendas for meetings of the Board;
- acting as Chair at meetings of the Board;
- ensuring that the minutes of Board meetings are appropriately recorded and reviewing and signing minutes of Board meetings;
- presiding over the Board meetings and ensuring that all relevant information has been made available to the Board;
- confirming the quorum of the meeting;
- ensuring that the agenda, notice of meeting along with all relevant material were circulated within stipulated time;
- ensuring that the minutes of the Board meetings are kept in accordance with applicable laws;
- ensuring that the appropriate recording and circulation of the minutes of the Board meeting to the Directors and officers entitled to attend the Board meetings;
- safeguarding shareholders' interest in the Company;
- issuing the letter to the directors at the commencement of each three year term of the Directors setting out their role, obligations, powers and responsibilities;
- ensuring that the Board is playing an effective role in fulfilling its responsibilities;
- determining the date, time and location of the annual or extraordinary general meetings of shareholders and to develop the agenda for the meeting;
- presiding as chairman at every General Meeting of the Company;
- recommending to the Board, after consultation with the Directors and management, the appointment of members of the Committees of the Board;
- assessing and making recommendations to the Board annually regarding the effectiveness of the Board.

CHIEF EXECUTIVE OFFICER

The CEO is, subject to control and directions of the Board, entrusted with the powers of management of affairs of the Company. In such capacity the CEO's role and responsibilities include:

- planning, formulating and implementing strategic policies; ensuring the achievement of productivity and profitability targets and efficient Company operations;
- ensuring that necessary coordination exists between various departments of the Company to achieve smooth and effective operations;
- maintaining an ongoing dialogue with the Directors in regard to changes in and implementation of Company's policies and the performance and development of the Company's business;
- ensuring that the Company's interests and assets are properly protected and maintained and all the required Government obligations are complied with in a timely manner;
- maintaining a close liaison with the Government, customers, suppliers and sales offices;
- chalking out human resource policies for achieving high professional standards, overall progress / betterment of the Company as a whole;
- ensuring that proper succession planning for all levels of hierarchy exist in the Company and the same is constantly updated;
- ensuring proper functioning of the Management Committees of the Company of which he is the chairman;
- preparing and presenting personally to the Board of Directors following reports/details:
 - annual business plan, cash flow projections and long term plans.
 - budgets including capital, manpower and overhead budgets along with variance analysis.
 - quarterly operating results of the Company in terms of its operating divisions and segments.
 - promulgation or amendment of the law, rules or regulations, accounting standards and such other matters as may affect the Company.
 - reviewing performance against budgets / targets, revenue and capital expenditure, profits, other administration, commercial, personnel and other matters of importance to the Company.
- ensuring that open and progressive atmosphere is created among employees giving them a sense of participation and providing them with an opportunity to give their best.

Salient Features of Terms of Reference of the Audit Committee and the Human Resource & Remuneration Committee

The Board is assisted by two Committees, namely the Audit Committee and the Human Resource & Remuneration Committee, to support its decision-making in their respective domains:

AUDIT COMMITTEE

Mr. Hasan Reza Ur Rahim	Chairman
Mr. Arif Faruque	Member
Mr. Amer Faruque	Member

The Audit Committee comprises of three Non-Executive Directors one of whom is Independent. The Chairman of the Committee is an Independent Director.

Meetings of the Audit Committee are held at least once in every quarter. The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2022-23, the Audit Committee held Four [4] meetings. The minutes of the meetings of the Audit Committee are provided to all the Members, Directors and the Chief Financial Officer. The Head of Internal Auditor attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and mitigating actions are then implemented.

Terms of reference of Audit Committee

The Code of Corporate Governance mandates that the Board of Directors of the Company shall determine the Terms of Reference of the Audit Committee.

In light of the mandate the Board of Directors of Mirpurkhas Sugar Mills Limited has drafted and approved the following terms of Reference for its Audit Committee. This is a non-exhaustive list and only outlines the most important guidelines for the Committee. Amendments to these shall be made from time to time in line with change in laws, and internal and external relevant factors.

The Committee shall;

- a) determine appropriate measures to safeguard the company's assets;
- b) review annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:
 - (i) major judgmental areas;
 - (ii) significant adjustments resulting from the audit;
 - (iii) going concern assumption;
 - (iv) any changes in accounting policies and practices;
 - (v) compliance with applicable accounting standards;
 - (vi) compliance with the regulations and other statutory and regulatory requirements; and
 - (vii) all related party transactions.
- c) review preliminary announcements of results prior to external communication and publication;
- d) facilitate the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) review management letter issued by external auditors and management's response thereto;
- f) ensure coordination between the internal and external auditors of the company;
- g) review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensure that the internal audit function has adequate resources and is appropriately placed within the company;
- h) consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i) ascertain that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

- j) review the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
- k) institute special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and consider remittance of any matter to the external auditors or to any other external body;
- l) determine compliance with relevant statutory requirements;
- m) monitor compliance with the Code of Corporate Governance, 2019 and identify significant violations thereof;
- n) review arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) recommend to the Board of Directors, the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- p) consider any other issue or matter as may be assigned by the board of directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Shakoor Shaikh	Chairman
Mr. Aslam Faruque	Member
Ms. Farzana Faruque	Member

The Code of Corporate Governance mandates that the Board of Directors of the Company shall determine the Terms of Reference of the Human Recourse and Remuneration Committee.

TERMS OF REFERENCE

In light of the mandate the Board of Directors of Mirpurkhas Sugar Mills Limited has drafted and approved the following terms of Reference for its HR&R Committee. This is a non-exhaustive list and only outlines the most important guidelines for the Committee. Amendments to these shall be made from time to time in line with change in laws, and internal and external relevant factors.

The Committee shall;

- i. recommend to the Board for consideration and approval a policy framework for determining remuneration of Directors (both executive and non-executive Directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer level;
- ii. undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultants and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- iii. recommend human resource management policies to the Board;
- iv. recommend to the Board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- v. carry out consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer;
- vi. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company; and
- vii. carry out all actions in addition to those stated above, in order to ensure that the Company's risks are mitigated and growth in the right direction is taking place.

Records: All documentation related to the holding, proceedings and recommendations of the HR & RC shall be ensured by and stored with the Secretary (HR & RC).

STRATEGY AND PERFORMANCE

The Board reviews the implementation of the organization's strategic & financial plans, Board meeting agendas and supporting documents provide sufficient information and time to explore & resolve key issues. Board members demonstrate preparation for meetings through active participation in decision making.

Report of the Audit Committee

AUDIT COMMITTEE

Mr. Hasan Reza Ur Rahim	Chairman
Mr. Arif Faruque	Member
Mr. Amer Faruque	Member

The Audit Committee of the Company comprises of three Non-Executive Directors. One Independent and two Non-Executive Directors. The Chairman of the Committee is an Independent Director. The Head of Internal Audit attends Audit Committee meetings. The Chief Executive Officer and Chief Financial Officer attend Audit Committee meetings by invitation. The Audit Committee also separately meets the external auditors at least once in a year without the presence of the Management.

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2022-23. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the auditors of the Company.
2. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors. Further, the financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.
3. The Audit Committee has reviewed and approved all related party transactions.
4. The Audit Committee takes into account any feedback from the Board of Directors and incorporates for improvement.

INTERNAL AUDIT AND RISK MANAGEMENT

1. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Internal Audit department. The Audit Committee reviewed the resources and performance of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function. Head of Internal Audit Department has direct access to the Audit Committee.
2. An Internal Audit Risk Assessment document is submitted to the Audit Committee and based on that an Audit Plan is prepared to mitigate the risks involved in the Company's operations. Further, on the basis of this plan, audits are conducted and reports are submitted. The Committee on the basis of the said reports reviews the adequacy of controls and compliance shortcomings in areas audited and discuss corrective actions in the light of management responses. Regular follow ups of these reports are also taken. This ensures the continual evaluation of controls and improved compliance. Minutes of Audit Committee meetings are timely circulated to the Board of Directors.
3. For continuous improvement of internal controls, the Committee also discussed the internal controls and the management letter with the external auditors.

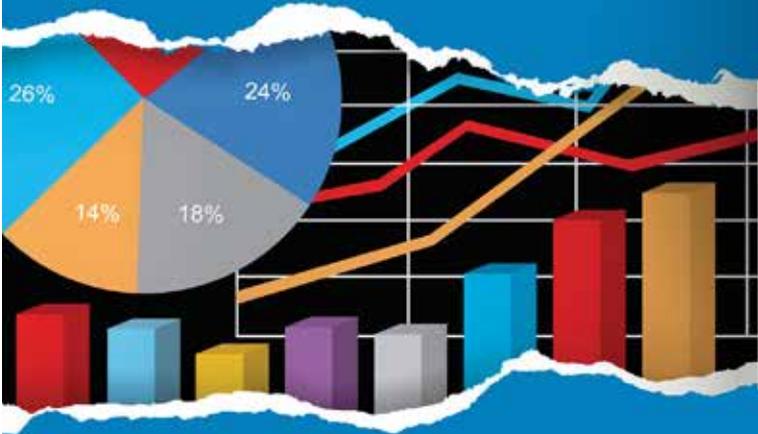
EXTERNAL AUDIT

1. The external auditors M/s. Kreston Hyder Bhimji & Co. Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.
2. The Audit Committee has reviewed and discussed with the external auditors and management, all the Key Audit Matters and other issues identified during the external audit along with the methods used to address the same.
3. Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s. Kreston Hyder Bhimji & Co. Chartered Accountants as External Auditors of the Company for the year ending September 30, 2024 as it is one of the reputable audit firms and has thorough knowledge of the Company's business and industry due to long association with the Company.
4. The Company also obtains taxation related services from M/s. Bhimji Gardezi & Co. (Pvt.) Ltd.

By order of the
Audit Committee



Hasan Reza Ur Rahim
Chairman
December 27, 2023



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ACTUAL RESULTS**Sugar Division**

During the crushing season 2022/23 that started on November 29, 2022, the plant operated for 87 days, compared to 124 days the previous year, due to delay in harvesting and less availability of sugarcane. This resulted in the factory being able to crush 562,641 metric tons of sugarcane to produce 59,325 metric tons of sugar, as compared to 649,557 metric tons of sugarcane to produce 70,460 metric tons of sugar during the corresponding period last year. The plant operated efficiently throughout the crushing season. The decrease in sucrose recovery to 10.55%, from 10.85% last season, was due to flooding in different areas of cane procurement, which impacted plant health and sucrose content. The Company also produced 28,772 metric tons of molasses during the period, compared to 33,080 metric tons produced during the corresponding period last year.

During the year, the Company sold 63,213 tons of sugar, including 2,500 tons of exports, compared to 63,583 tons last year. The average sale prices improved, due to higher local sugar prices and sugar exports. Other income of the Company increased to Rs. 516 million, mainly due to the gain on disposal of a non-current real estate asset held for sale.

Furthermore, finance costs increased by 162%, primarily due to significantly higher discount rates coupled with the higher costs of sugarcane and other raw materials. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 911.65 million and adjusted its investment in the associate by the same amount. Unicol's profitability increased significantly due to rising foreign exchange rates.

Paper Division

The paper plant successfully started commercial operations on May 12, 2023, with an installed capacity of 250 tons per day. The plant produced 17,959 tons of paper for the year ended September 30, 2023. It is operating efficiently and has achieved all the operational parameters required. Due to high inflation and poor economic conditions, consumer spending is on a downward trend. This is directly impacting all FMCG's, including snack and confectionary businesses, leading to a reduced demand of packaging and corrugated products. The management has so far been successful in importing the required raw materials and spares for smooth operations. The Company has been able to introduce its quality products, with a good sales mix, to all major corrugation plants operating in Pakistan.

Summarized operating performance of the Company for the current year as compared to last year is as follows:

	2023	2022
	(Rupees in '000)	
Net Sales	7,779,469	4,832,646
Cost of Sales	(6,416,207)	(4,354,653)
Gross Profit	1,363,262	477,993
Other Income	515,883	68,145
Share of profit in associates-net	911,711	440,059
Other expenses & taxes	(1,951,540)	(782,571)
Net Profit	839,316	203,626

BUDGETED RESULTS**Sugar Division**

The planned/budgeted sugarcane crushing was 700,000 MT, however, due to shortage of water when needed and un-timely heavy rain in a short period of time which effected yield per acre and sucrose recovery, the Company managed to crush 562,641 MT of sugarcane. It's impact on gross profit is Rs. 520 million positive as compared to budget.

Further the planned sucrose recovery percentage was 10.69% as against actual of 10.55% resulting in lower production of sugar by 15,487 MT against the budget. Ultimately, MSM was able to sell 63,214 MT as against 84,812 MT of sugar.

However, increased financial charges and other expenses affected the actual profit negatively whereas higher share of profit from associate contributed positively. The Company was able to achieve net profit of Rs. 1,133 million as against the planned profit of Rs. 467 million.

	Actual	Budgeted
Total Sales Volume (M.T)	63,214	84,812
	(Rupees in '000)	
Net Sales	5,931,975	7,032,277
Cost of Sales	(4,757,355)	(6,378,332)
Gross Profit	1,174,620	653,945
Others	(42,104)	(187,368)
Net Profit	1,132,516	466,577

Paper Division

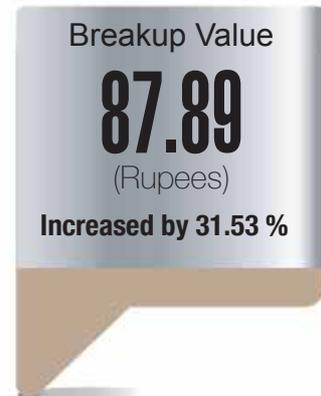
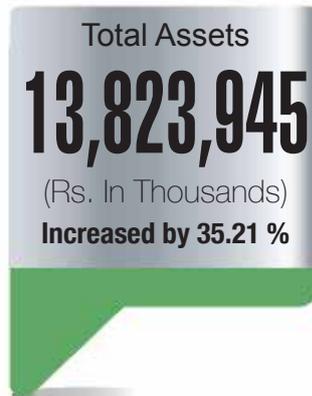
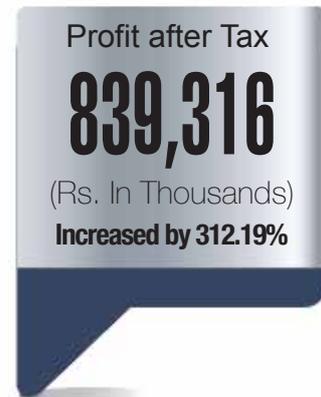
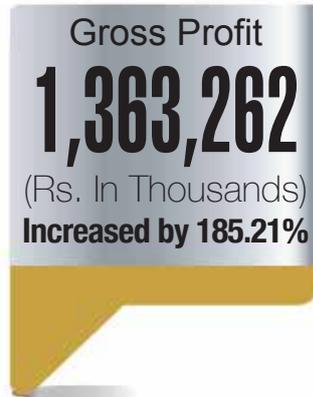
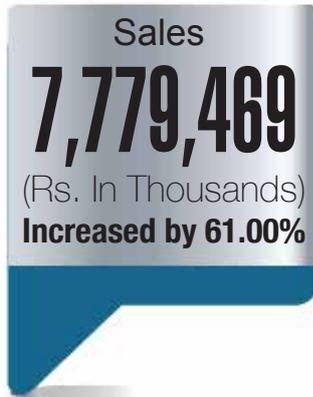
Due to delay start of commercial production, slow demand during the year 2022-23, tough competition emerged in box business due to imbalance supply and demand situation, the Company was able to produce 17,959 MT of paper as compared to planned production of 50,574 MT of paper.

Gross Profit is declined mainly due to reduction in sales volume i.e. by 36,303 Tons as compared to Budget.

However, increased financial charges affected the actual profit negatively whereas reduction in taxation due to less turnover contributed positively. The Company incurred net loss of Rs. 293 million as against the planned profit of Rs. 320 million.

	Actual	Budgeted
Total Sales Volume (M.T)	13,687	49,990
	(Rupees in '000)	
Net Sales	1,847,494	6,654,750
Cost of Sales	(1,658,852)	(5,834,542)
Gross Profit	188,642	820,208
Others	(481,842)	(499,909)
Net Profit	(293,200)	320,299

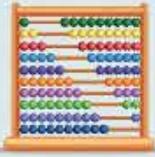
Key Performance Indicators



Methods and Assumptions in Compiling Indicators

A Key Performance Indicator (KPI) should immediately inform the reader how the business is performing which in turn should suggest what actions need to be taken. KPIs provide understanding of a company's performance in key areas and measure to analyze current standing of the company and likely path the company would follow. Comparison over time is a key principle of good corporate reporting. It is recognized that KPIs may evolve over time as strategies change or more information becomes available. Mirpurkhas Sugar Mills Limited has identified and updated following KPIs that are critical to its business. While identifying KPIs, the Company analyzed various indicators, their interpretations and accordingly their extent to which they may correctly and clearly communicate the Company's performance.

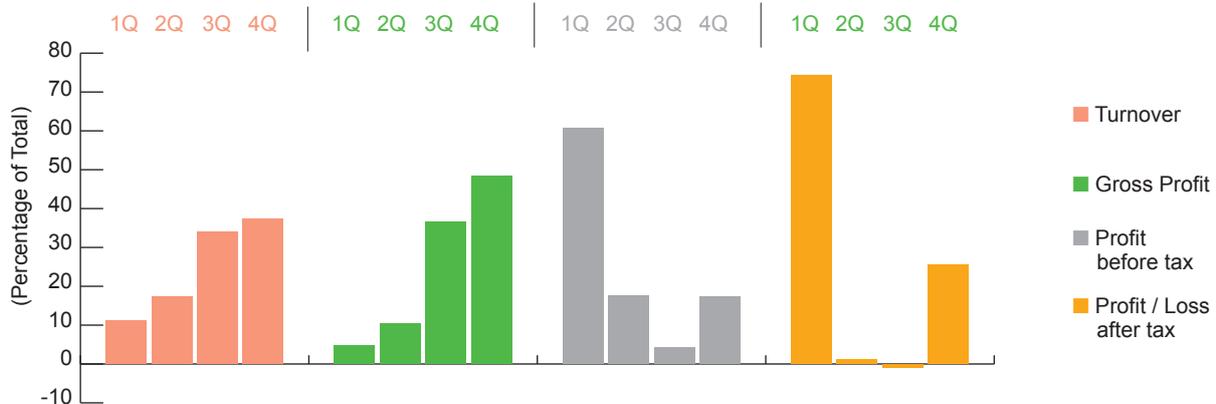
Non-Financial Indicators

			
Capital forms	Objective	KPI Monitored	Future Relevance
Manufactured Capital	Product development	Produce high quality sugar for various industries including FMCG and Pharmaceuticals.	The Company believes in innovation and introducing new varieties of sugar in Pakistan.
	Business Diversification	Analyze various prospects of upstream, parallel and downstream diversification options in Sugar and Allied Industries in order to avail the benefit of excess energy available with Sugar Mill.	Business diversification is our long-term objective.
	Maintain industry leadership and expand sales	Market share, price management and identification of new markets.	Leadership is our continuous endeavor and has to be maintained.
	Enhance operational efficiency and efficient inventory Management	Production efficiency ratios and Activity ratios.	Invest in operational efficiency and economies of scale to maintain it in the years to come.
	Economize on costs –eliminating redundancies	Optimization of available resources and better allocation of fixed costs.	KPIs shall be relevant in future.
	Sustainability	Keep a close eye on Current Ratio, Gearing and Interest Cover.	
Human Capital	Health & Safety of workers	Provision of a congenial and clean environment along with safety for smooth work.	We believe in continuously providing environment which harmonize the workers efforts in higher productivity.
	Training and Education	Continuous training of employees and workers. Monitor training need analysis with special focus on health and safety at work.	
Relationship Capital	Shareholder Value	EPS, ROE, Asset Turnover and DPS	We value our relationship with all our stakeholders therefore, we will continue to strive to improve shareholders' value. Improve our customer services and maintain timely payments.
	Stock Value	Analyse market price as a measure of relationship capital	
	Suppliers and Customers Relationships	Assess the payment stream and ensure timely payment. Provide customer with maximum support beyond customer -supplier relationship.	
Intellectual Capital	Highest product strength at lowest cost in industry	Regularly monitor avenues to increase product strength.	We shall continue to innovate products according to the changing needs of customer and market demand.
	Maintain industry leadership	Produce high quality sugar to facilitate our customers.	

Quarterly Performance Analysis

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
	(Rupees in '000)				
Turnover-net	858,960	1,354,770	2,655,110	2,910,629	7,779,469
Cost of sales	(794,778)	(1,213,844)	(2,155,666)	(2,251,919)	(6,416,207)
Gross profit	64,182	140,926	499,444	658,710	1,363,262
Distribution cost	(10,271)	(28,733)	(78,906)	(47,846)	(165,756)
Administrative expenses	(59,090)	(72,374)	(70,990)	(67,026)	(269,480)
Other operating expenses	(43,366)	(39,583)	(3,717)	(90,472)	(177,138)
	(112,727)	(140,690)	(153,613)	(205,344)	(612,374)
Other income	462,863	7,561	10,568	34,891	515,883
Operating profit	414,318	7,797	356,399	488,257	1,266,771
Finance cost	(124,374)	(240,652)	(410,539)	(348,500)	(1,124,065)
	289,944	(232,855)	(54,140)	139,757	142,706
Share of profit in an associate	350,077	418,646	99,287	43,701	911,711
Profit before taxation	640,021	185,791	45,147	183,458	1,054,417
Taxation	(16,112)	(176,377)	(53,374)	30,762	(215,101)
Profit / (Loss) after tax	623,909	9,414	(8,227)	214,220	839,316

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
	Percentage				
Sales	11.04	17.41	34.14	37.41	100.00
Gross Profit	4.71	10.34	36.63	48.32	100.00
Profit before tax	60.70	17.62	4.28	17.40	100.00
Profit / (Loss) after tax	74.34	1.12	(0.98)	25.52	100.00



Comments Quarterly Performance Analysis

Quarter 1

- Turnover was on lower side during the quarter due to lower sales volume compared to preceding quarter with slightly higher cost of sales.
- Higher operating profit and net profit was reported due to other income generated from disposal of non current asset held for sale and higher share of profit from Associate.

Quarter 2

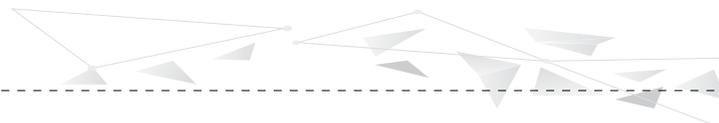
- Company's sales increased by 57.72% compare to Q1 mainly because of 33.58% higher sales volume in sugar division in addition to sales from paper division.
- In spite of positive trend in GP and higher share of profit from associate, net profit in this quarter comparatively declined mainly due to additional distribution and administrative cost incurred from paper division and higher tax cost arising with the provision of deferred tax & super tax.

Quarter 3

- Turnover increased significantly by Rs. 1,300 million as the Company sold 7,430 tons paper at improved prices compared to 1,790 tons in Q2. Also appreciation in sugar price in Q3 was one of the factors in increasing turnover. This resulted in increase in gross profit and operating profit.
- In spite of higher operating profit company reported Net loss in Q3 mainly due to 70.59% higher finance cost compared to Q2 due to higher markup rates.

Quarter 4

- Turnover increased by Rs.255 million from Q3 due to high demand of local sugar at attractive prices which improved sales volume of sugar by 12% from Q3. The company sold 31% of the total sales volume of Sugar in last quarter in addition to 4,659 M.ton sales of paper division contributing to rise in the operating profit and net profit.



Six Years Statistics

		2023	2022	2021	2020	2019	2018
Production Data							
Sugarcane crushed	(M. Tons)	562,641	649,557	488,464	525,201	577,396	774,171
Sucrose recovery	(%)	10.55	10.85	10.63	10.91	11.25	11.39
Sugar production	(M. Tons)	59,325	70,460	51,909	57,286	64,935	88,183
Molasses production	(M. Tons)	28,772	33,080	24,296	25,133	26,445	38,725
Paper Production	(M. Tons)	17,959	-	-	-	-	-
Sales & Profitability		(Rupees `000)					
Turnover - net		7,779,469	4,832,646	3,861,442	4,637,141	3,728,986	4,170,397
Cost of sales		6,416,207	4,354,653	3,578,666	4,332,418	3,121,032	3,788,510
Gross profit		1,363,262	477,993	282,776	304,723	607,954	381,887
Operating profit / (Loss)		1,266,771	289,386	276,301	143,475	452,101	(82,596)
Profit / (Loss) before taxation		1,054,417	300,022	215,773	(48,005)	417,669	111,649
Profit / (Loss) for the year		839,316	203,626	140,320	(115,733)	307,188	73,244
Financial Position							
Fixed assets - net		6,846,091	5,781,475	3,469,425	2,618,489	2,482,420	2,416,009
Other non-current assets		2,390,599	1,779,820	1,838,439	1,795,644	1,491,021	1,812,593
	A	<u>9,236,690</u>	<u>7,561,295</u>	<u>5,307,864</u>	<u>4,414,133</u>	<u>3,973,441</u>	<u>4,228,602</u>
Current assets		4,587,255	2,361,638	2,134,667	1,965,049	1,827,130	2,276,581
Non current assets held for sale		-	301,264	301,264	-	-	-
Current liabilities		(6,670,830)	(3,381,611)	(2,649,786)	(1,848,653)	(2,547,469)	(2,914,100)
Liabilities associate with non current assets held for sale		-	(750,000)	(130,000)	-	-	-
Working capital	B	<u>(2,083,575)</u>	<u>(1,468,709)</u>	<u>(343,855)</u>	<u>116,396</u>	<u>(720,339)</u>	<u>(637,519)</u>
Capital employed	(A+B)	<u>7,153,115</u>	<u>6,092,586</u>	<u>4,964,009</u>	<u>4,530,529</u>	<u>3,253,102</u>	<u>3,591,083</u>
Less: Non current liabilities		<u>(3,061,102)</u>	<u>(2,981,386)</u>	<u>(1,738,025)</u>	<u>(1,684,659)</u>	<u>(1,269,197)</u>	<u>(1,340,778)</u>
Shareholders' equity		<u>4,092,013</u>	<u>3,111,200</u>	<u>3,225,984</u>	<u>2,845,870</u>	<u>1,983,905</u>	<u>2,250,305</u>
Represented by:							
Share capital		465,579	134,950	134,950	134,950	122,682	122,682
Reserves		2,964,938	2,131,991	2,246,775	1,866,661	1,045,158	1,311,052
Surplus on revaluation of fixed assets		661,496	844,259	844,259	844,259	816,065	816,571
		<u>4,092,013</u>	<u>3,111,200</u>	<u>3,225,984</u>	<u>2,845,870</u>	<u>1,983,905</u>	<u>2,250,305</u>
Performance indicators							
Profitability Ratios							
Gross profit ratio	(%)	17.52	9.89	7.32	6.57	16.30	9.16
Net profit to sales	(%)	10.79	4.21	3.63	(2.50)	8.24	1.76
EBITDA margin to sales	(%)	19.43	8.40	9.99	5.28	14.68	0.21
Operating leverage ratio	(times)	1.78	3.18	2.41	5.41	2.68	(12.90)
Return on equity	(%)	20.51	6.54	4.35	(4.07)	15.48	3.25
Return on capital employed	(%)	30.90	12.08	9.14	7.93	29.77	9.99
Shareholders' Funds	(%)	29.60	30.43	41.66	44.61	34.20	34.59
Return on Shareholders' Funds	(%)	20.51	6.54	4.35	(4.07)	15.48	3.25
Liquidity Ratios							
Current ratio	(times)	0.69	0.70	0.81	1.06	0.72	0.78
Quick/ acid test ratio	(times)	0.21	0.20	0.35	0.59	0.24	0.32
Cash to current liabilities	(times)	0.005	0.01	0.01	0.02	0.02	0.01
Cash flow from operations to sales	(times)	(0.078)	0.00	(0.04)	0.15	0.22	0.16
Cash flow to capital expenditures	(times)	0.900	0.58	0.55	(0.18)	(0.75)	(1.96)
Cash flow coverage ratio	(times)	(0.078)	0.00	(0.04)	0.30	0.33	0.21

Six Years Statistics

		2023	2022	2021	2020	2019	2018
Activity/ Turnover Ratios							
Inventory turnover ratio	(times)	3.37	3.65	4.37	5.32	3.04	2.44
No. of days in inventory	(days)	108.33	99.95	83.49	68.66	119.96	149.55
Debtor turnover ratio	(times)	9.99	18.45	16.83	17.86	18.23	9.21
No. of days in receivables	(days)	36.55	19.78	21.69	20.44	20.02	39.63
Creditor turnover ratio	(times)	38.08	41.78	46.44	47.07	25.56	29.00
No. of days in creditors	(days)	9.58	8.74	7.86	7.75	14.28	12.59
Total assets turnover ratio	(times)	0.56	0.47	0.50	0.73	0.64	0.64
Fixed assets turnover ratio	(times)	1.14	0.84	1.11	1.77	1.50	1.73
Operating cycle	(days)	135.30	110.99	97.32	81.35	125.70	176.59
Investment/ Market Ratios							
Earnings per share - basic **	(rupees)	18.03	4.37	3.01	(2.49)	6.60	1.57
Price earning ratio **	(times)	2.11	29.61	32.52	(32.99)	9.40	82.64
Price to Book ratio	(%)	12.80	17.09	17.08	17.35	14.44	24.54
Cash Dividend yield ratio	(%)	-	-	-	-	-	1.15
Dividend payout ratio	(%)	36.98	9.94	-	-	3.99	25.12
Dividend cover ratio	(times)	-	-	-	-	25.04	3.98
Cash dividend per share*	(rupees)	-	-	-	-	-	1.50
Bonus Share*	(%)	200.00	15.00	-	-	10.00	-
Market price per share:							
- Closing	(rupees)	38.00	129.50	98.00	82.00	62.00	130.00
- High	(rupees)	188.94	175.00	129.00	114.00	130.00	157.44
- Low	(rupees)	36.52	91.75	68.01	47.53	62.00	114.00
Break-up value per share**:	(rupees)	87.89	66.82	69.29	61.13	42.61	48.33
Break-up value per share without surplus on revaluation**:	(rupees)	73.68	48.69	51.16	42.99	25.08	30.79
Capital Structure Ratios							
Financial leverage ratio	(times)	1.89	1.65	1.06	0.80	1.30	1.39
Weighted average cost of debt	(%)	13.61	7.66	6.25	11.92	11.87	6.71
Debt to equity ratio	-	65:35	62:38	52:48	44:56	56:44	58:42
Interest cover ratio	(times)	1.94	1.70	1.95	0.87	2.03	1.53
Net asset per share	(times)	87.89	66.82	69.29	61.13	42.61	48.33
Employee Productivity Ratios							
Production per employee	(M. Tons)	88.22	80	66	56	86	117
Revenue per employee	(rupees)	29,580	22,168	16,023	20,518	15,283	17,746
Staff turnover ratio	(%)	13.00	8.70	7.90	4.86	11.07	9.36
Non Financial Ratio							
% of Plant Availability - Sugar Division	(%)	71.90	113.76	81.67	105.94	72.73	117.21
% of Plant Availability - Paper Division	(%)	55.45	-	-	-	-	-
Customer satisfaction Index	(%)	100	100	100	100	100	100
Others							
Spare Inventory as % of Assets Cost	(%)	5.35	2.82	2.66	3.32	3.57	3.50
Maintenance Cost as % of Operating Expenses	(%)	7.31	9.28	7.04	8.93	13.65	4.69

* post balance sheet event

**restated, based on weighted average number of ordinary shares in issue

** Basic EPS and Diluted EPS is same due to no change in weighted average number of ordinary shares in issue



Comments on Ratios

Profitability Ratios

Turnover increased by 61% as compared to year 2022 due to addition of paper sales and improved sugar prices resulting in higher gross margin. Despite increase in distribution cost, admin, other operating expenses and finance cost, Company reported a net profit ratio of 10.79% as against 4.21% last year primarily on account of increase in other income and share of profit in associates. Operating leverage declined due to increase in fixed cost on account of commissioning of paper project. Improved return on equity and return on capital employed was on account of increased profit for the year.

Liquidity Ratios

Company was able to maintain current and quick ratio despite the working capital needs of new project. Cash to current liabilities ratio dropped due to rise in short term borrowing by 116.71% compared to last year mainly due to working capital need after commissioning of paper plant.

Activity / Turnover Ratios

With commissioning of paper plant, credit sale during the year increased by 142.43% compared to last year and resultant increase in debtors turnover days. Inventory levels increased due to production from paper division during the period. Fixed asset turnover ratio improved by 35.71% due to sales of paper division.

Investment / Market Ratios

Investment / Market ratios reflect the performance of the Company. Overall increase in profitability of the company increased the EPS and PE ratio. Market price declined due to impact of 200% bonus issued in 3rd quarter. Other factors that affect the market price include inflation rates, discount rates, devaluation of Pak Rupee and general economic and market conditions.

Capital Structure Ratios

The Company managed its gearing by effectively utilizing bank financing obtained at very competitive rates. However, finance cost increased due to abnormal rise in discount rate which resulted in higher weighted average cost of debt. Despite rise in finance cost, interest cover ratio improved due to higher profit before tax. Financial leverage and debt to equity ratio increased owing to increase in short term borrowings for paper & Board division.

Employee Productivity Ratios

Production per employee increased due to company's efficient manpower management and rightsizing of employees as well as addition of paper production.

Revenue per employee increased owing to overall increase in revenue.

Non-Financial Ratios

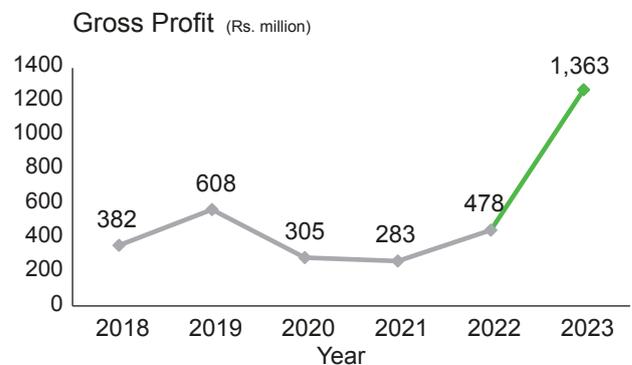
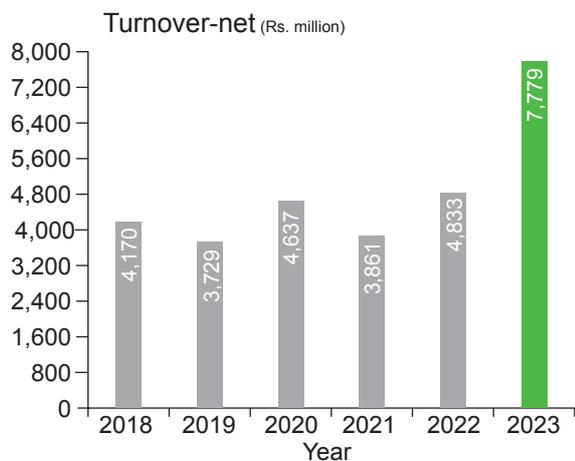
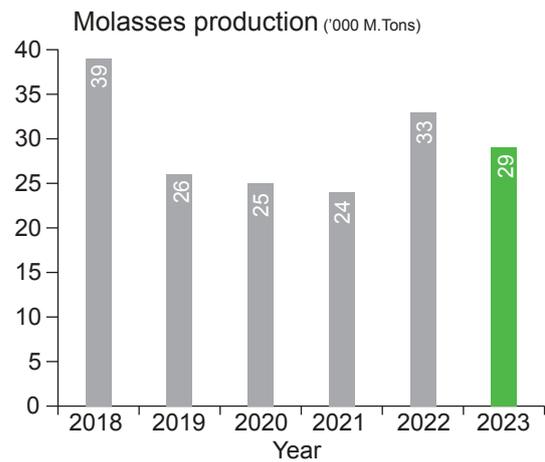
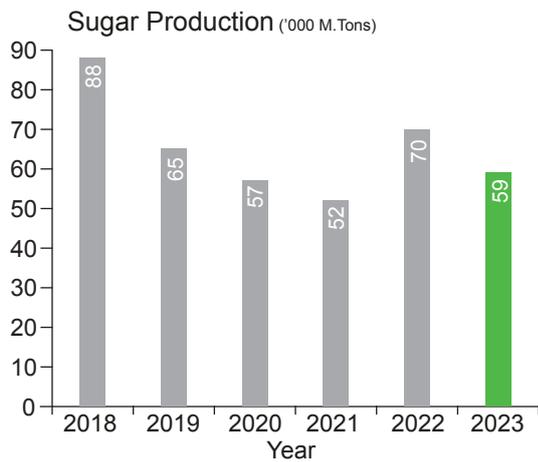
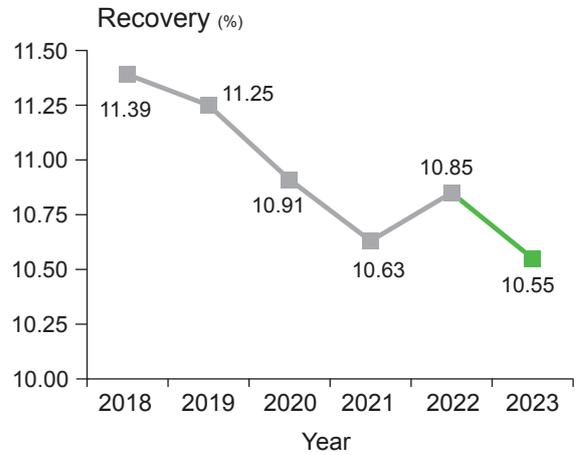
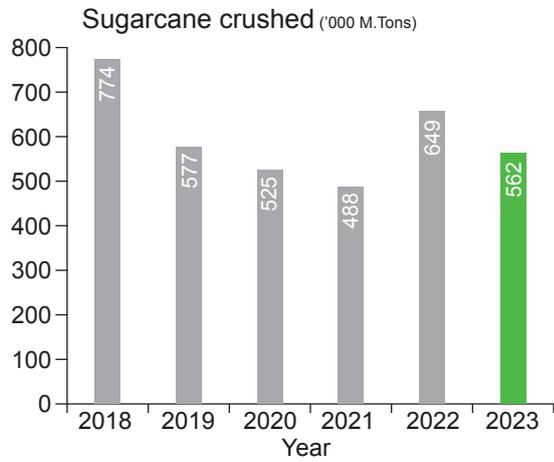
Percent of sugar plant availability is dependent on availability of sugar cane for crushing and expectations about sugarcane crop.

Percent of paper plant availability is dependent on market demand /orders in hand and availability of essential imported raw material.

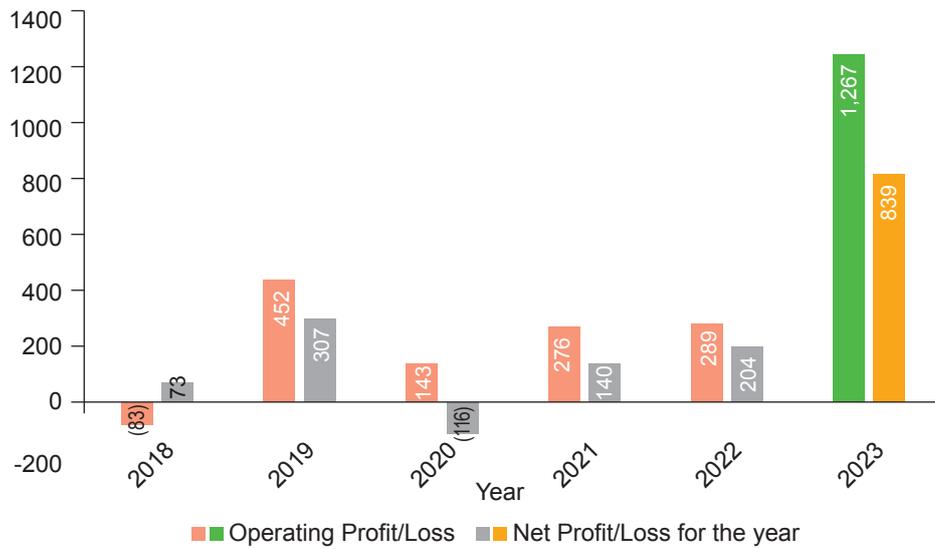
Others

Spares inventory percentage has increased owing to increase in spares because of additional inventory of Paper & Board Division.

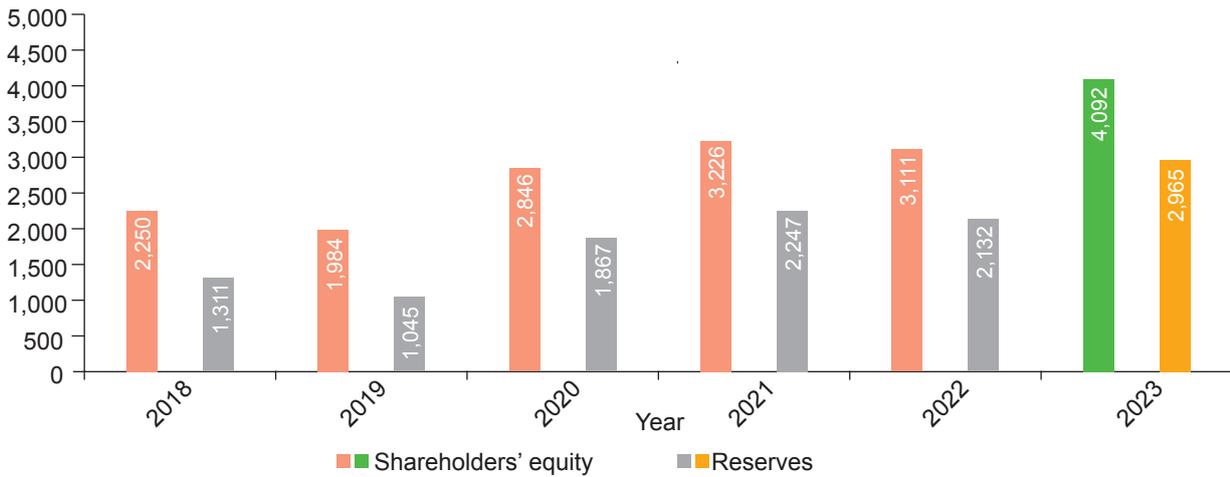
Key Operating Highlights



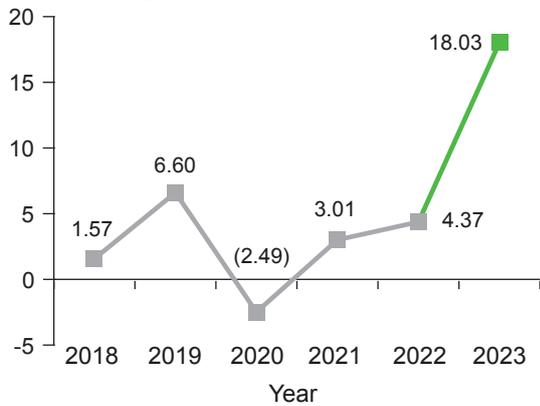
Operating Vs Net Profit / (Loss) (Rs. in million)



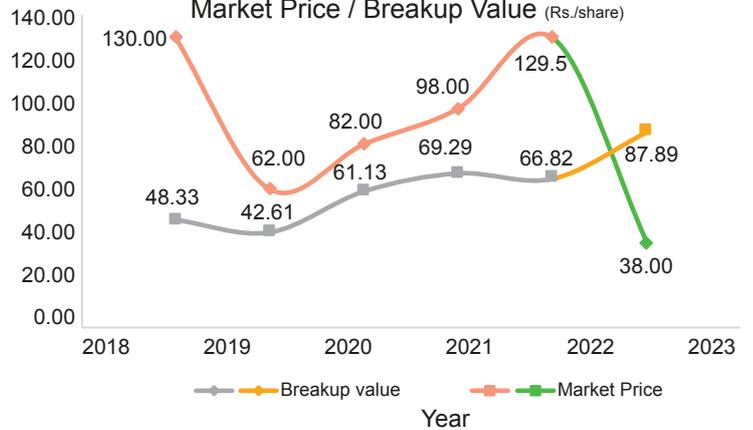
Shareholders' equity / Reserves (Rs. million)

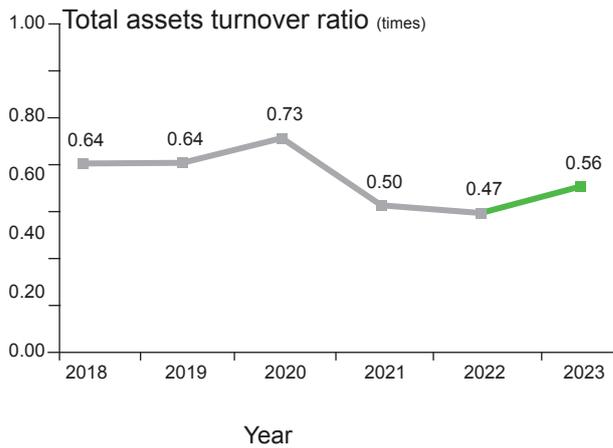
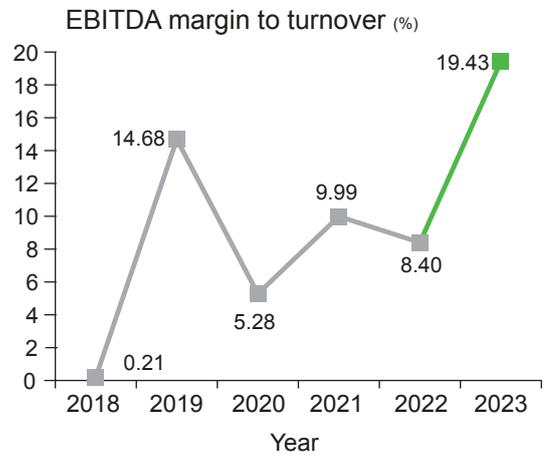
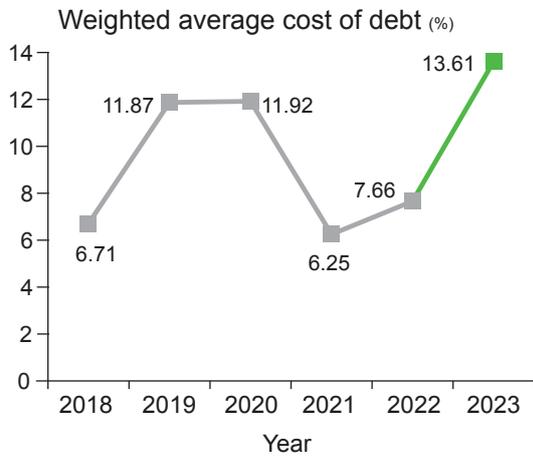
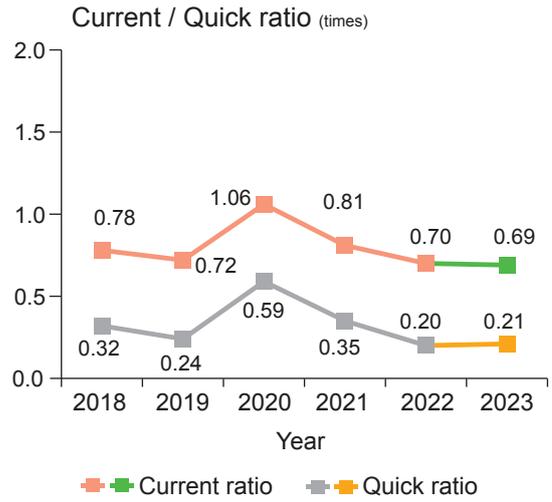
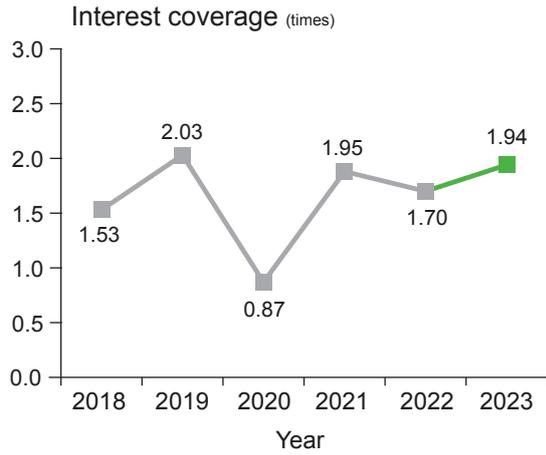


Earning per share (Rs./share)



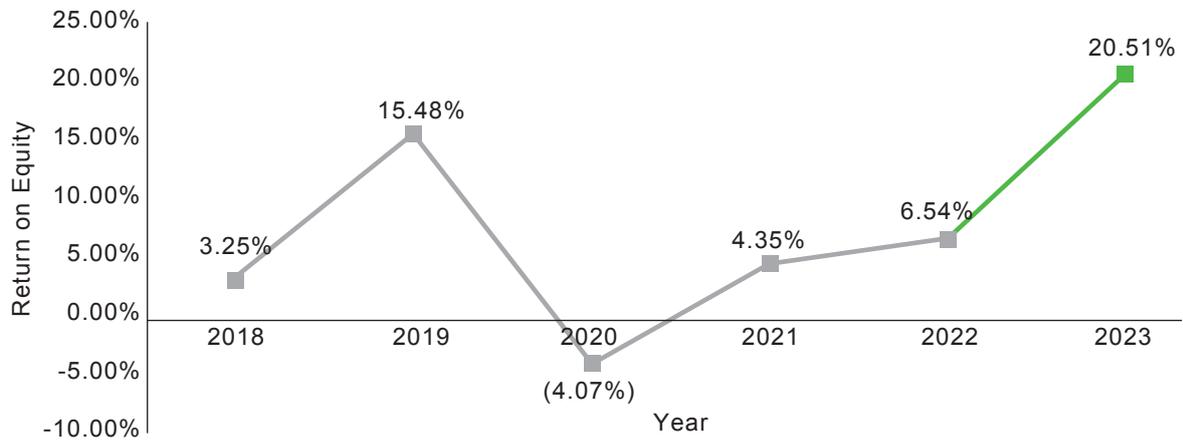
Market Price / Breakup Value (Rs./share)



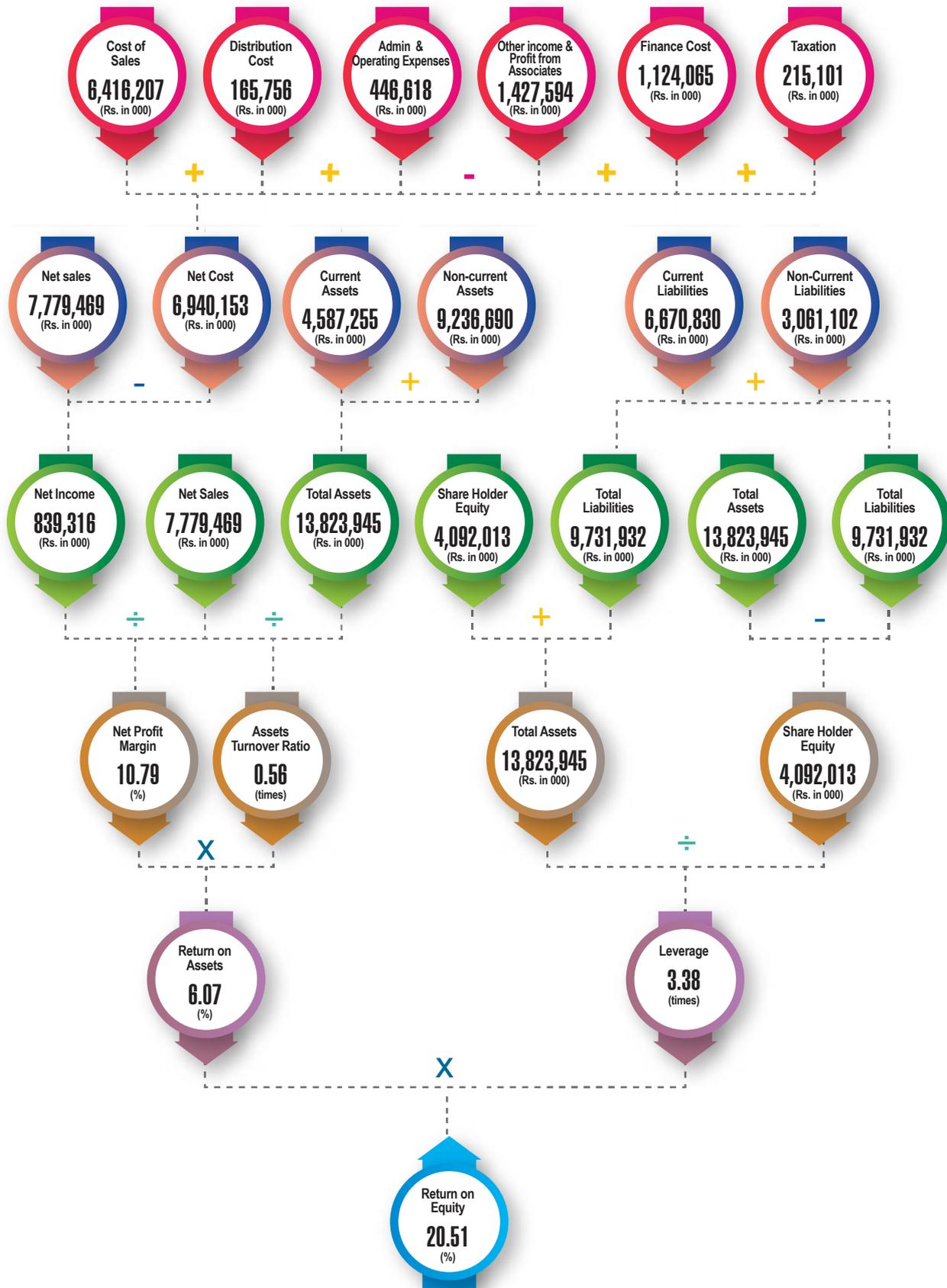


DuPont Analysis

	2023	2022	2021	2020	2019	2018
Operating margin (%)	16.28	5.99	7.16	3.09	12.12	(1.98)
Asset turnover (times)	0.56	0.47	0.50	0.73	0.64	0.64
Interest burden / efficiency (%)	83.24	103.68	78.09	(33.46)	92.38	135.17
Tax burden / efficiency (%)	79.60	67.87	65.03	241.09	73.55	65.60
Leverage (Equity Multiplier)	3.38	3.29	2.40	2.24	2.92	2.89
Return on Equity (%)	20.51	6.54	4.35	(4.07)	15.48	3.25



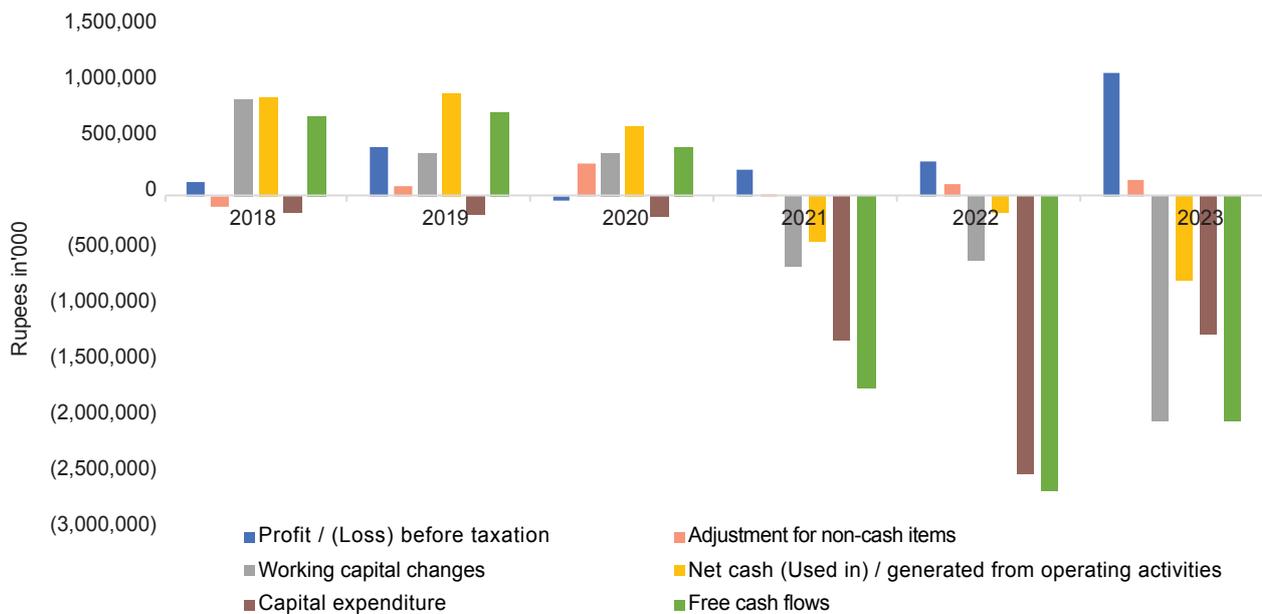
DuPont Chart



Statement of Free Cash Flows

	2023	2022	2021	2020	2019	2018
	(Rupees in '000)					
Profit / (Loss) before taxation	1,054,417	300,022	215,773	(48,005)	417,669	111,649
Adjustment for non-cash items	141,673	107,631	6,627	285,740	89,476	(100,911)
Working capital changes	(1,941,981)	(550,467)	(617,900)	366,244	374,864	829,639
Net cash (Used in) / generated from operating activities	(745,891)	(142,814)	(395,500)	603,979	882,009	840,377
Capital expenditure	(1,197,979)	(2,408,574)	(1,259,975)	(190,395)	(167,757)	(144,761)
Free cash flows	(1,943,870)	(2,551,388)	(1,655,475)	413,584	714,252	695,616

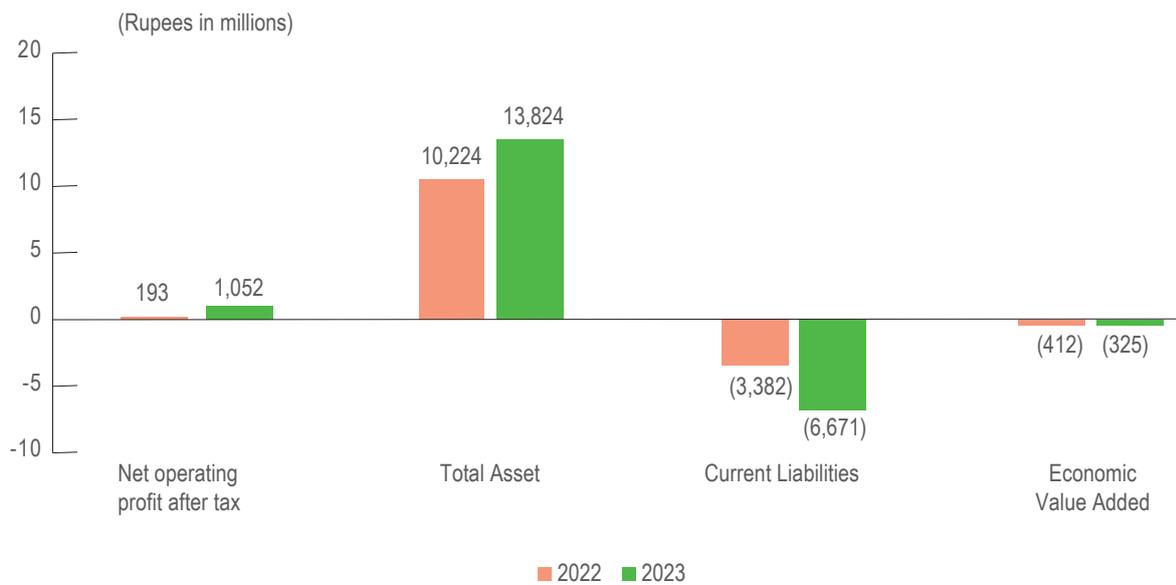
Free Cash Flows



Economic Value Added

for the year ended September 30, 2023

	2023	2022
	(Rupees in '000)	
Net Operating Profit After Tax	1,051,670	192,990
Cost of Capital	(1,376,423)	(605,317)
Economic Value Added	(324,753)	(412,327)
Cost of Capital		
Total Assets	13,823,945	10,224,197
Currents Liabilities	(6,670,830)	(3,381,611)
Invested Capital	7,153,115	6,842,586
Weighted Average Cost of Capital	19.24%	8.85%
Cost of Capital	1,376,423	605,317



Horizontal Analysis-last Six Years

	2023		2022	
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
Assets				
Non current assets	9,236,690	22	7,561,295	42
Current assets	4,587,255	94	2,361,638	11
Non current asset held for sale	-	(100)	301,264	-
Total Assets	13,823,945	35	10,224,197	32
Equity & Liabilities				
Shareholders equity	4,092,013	32	3,111,200	(4)
Non current liabilities	3,061,102	3	2,981,386	72
Current liabilities	6,670,830	97	3,381,611	28
Liabilities against non current asset held for sale	-	(100)	750,000	477
Equity & Liabilities	13,823,945	35	10,224,197	32
Turnover & Profit				
Turnover-net	7,779,469	61	4,832,646	25
Gross profit/(Loss)	1,363,262	185	477,993	69
Operating profit/(Loss)	1,266,771	338	289,386	5
Profit/(Loss) before taxation	1,054,417	251	300,022	39
Profit/(Loss) for the year	839,316	312	203,626	45

Comments on Horizontal Analysis:

Statement of Financial Position

Non-current assets increased due to additions to capital work in progress on account of paper and board project and increase in long term investment. Current assets increased due to addition of paper stock and increased sugar stock as compared to last year, increase in trade debts and stores and spares on account of paper project.

Shareholders' equity increased due to higher profit for the year and revaluation of land.

Current liabilities increased mainly due to additional short term financing for working capital requirement of paper project, accrued markup and trade and other payables.

2021		2020		2019		2018	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
5,307,864	20	4,414,133	11	3,973,441	(6)	4,228,602	30
2,134,667	9	1,965,049	8	1,827,130	(20)	2,276,581	(45)
301,264	100	0					
7,743,795	21	6,379,182	10	5,800,571	(11)	6,505,183	(12)
3,225,984	13	2,845,870	43	1,983,905	(12)	2,250,305	(10)
1,738,025	3	1,684,659	33	1,269,197	(5)	1,340,778	(3)
2,649,786	43	1,848,653	(27)	2,547,469	(13)	2,914,100	(17)
130,000	100						
7,743,795	21	6,379,182	10	5,800,571	(11)	6,505,183	(12)
3,861,442	(17)	4,637,141	24	3,728,986	(11)	4,170,397	49
282,776	(7)	304,723	(50)	607,954	59	381,887	912
276,301	93	143,475	(68)	452,101	647	(82,596)	(52)
215,773	549	(48,005)	(111)	417,669	274	111,649	138
140,320	221	(115,733)	(138)	307,188	319	73,244	127

Profit and Loss Account

Turnover increased by 61% as compared to year 2022 due to addition of paper sales and improved sugar prices resulting in higher gross margin (increased by 185%).

Operating profit increased by 338% mainly due to other income generated on disposal of fixed assets.

Finance cost increased during the year due to increase in short term borrowing and unusual rise in discount rate by the State Bank of Pakistan during the year.

Share of profit in associate increase by 107% due to improved profitability of associate on account of rupee devaluation. Overall impact was profit for the year of Rs. 839.316 million.

Vertical Analysis-last Six Years

	2023		2022	
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
Assets				
Non current assets	9,236,690	67	7,561,295	74
Current assets	4,587,255	33	2,361,638	23
Non current asset held for sale	-	-	301,264	3
Total Assets	13,823,945	100	10,224,197	100
Equity & Liabilities				
Shareholders equity	4,092,013	30	3,111,200	31
Non current liabilities	3,061,102	22	2,981,386	29
Current liabilities	6,670,830	48	3,381,611	33
Liabilities against non current asset held for sale	-	-	750,000	7
Equity & Liabilities	13,823,945	100	10,224,197	100
Turnover & Profit				
Turnover-net	7,779,469	100	4,832,646	100
Gross profit/(Loss)	1,363,262	18	477,993	10
Operating profit	1,266,771	16	289,386	6
Profit/(Loss) before taxation	1,054,417	14	300,022	6
Profit/(Loss) for the year	839,316	11	203,626	4.21

Comments on Vertical Analysis:

Statement of Financial Position

Total asset base increased mainly due to additions to capital work in progress on account of paper and board project. Non current assets as percentage of total assets decreased whereas current assets increased due to additional Stores & spare, stock-in-trade, trade debts pertaining to paper division.

Non current liabilities as percentage of equity and liabilities have decreased due to overall increase in equity and liabilities on account of rise in short term borrowings by 116.71% year on year basis.

2021		2020		2019		2018	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
5,307,864	69	4,414,133	69	3,973,441	69	4,228,602	65
2,134,667	28	1,965,049	31	1,827,130	31	2,276,581	35
301,264	3						
7,743,795	100	6,379,182	100	5,800,571	100	6,505,183	100
3,225,984	42	2,845,870	45	1,983,905	34	2,250,305	34
1,738,025	22	1,684,659	26	1,269,197	22	1,340,778	21
2,649,786	34	1,848,653	29	2,547,469	44	2,914,100	45
130,000	2						
7,743,795	100	6,379,182	100	5,800,571	100	6,505,183	100
3,861,442	100	4,637,141	100	3,728,986	100	4,170,397	100
282,776	7	304,723	7	607,954	16	381,887	9
276,301	7	143,475	3	452,101	12	(82,596)	(2)
215,773	6	(48,005)	(1.04)	417,669	11.20	111,649	2.68
140,320	3.63	(115,733)	(2.50)	307,188	8.24	73,244	1.76

Profit and Loss Account

Turnover increased by 61% as compared to year 2022 due to addition of paper sales and improved sugar prices resulting in higher gross margin of 18% as against 10% last year.

Despite higher finance cost company reported net profit ratio of 11% as against 4.21% last year primarily on account of increase in other income and share of profit in associates.

Summary of Cash Flow Statement - Last Six Years

	2023	2022	2021	2020	2019	2018
	(Rupees in '000)					
Summary of Cash Flows						
Net cash (used in)/generated from operating activities	(745,891)	(142,814)	(395,500)	603,979	882,009	840,340
Net cash (used in)/generated from investing activities	(923,298)	(1,271,580)	(532,148)	99,472	105,853	102,251
Net cash generated from / (used in) financing activities	1,684,498	1,398,620	927,824	(710,678)	(963,778)	(946,904)
Change in cash and cash equivalents	15,309	(15,774)	176	(7,227)	24,084	(4,313)
Cash and cash equivalents - beginning of the year	19,570	35,344	35,168	42,395	18,311	22,623
Cash and cash equivalents - Year end	34,879	19,570	35,344	35,168	42,395	18,310

Comments on Cash Flow

Utilization of cash in operating activities increased during the year mainly due to higher rates of sugar cane as compared to previous year. Further, paper plant operations started during the year and fund were utilised to buy Raw materials & chemicals for paper production. The Company also held more closing stock than last year. The Company managed to pay its creditors well on time and also secure advance payments against sale. Management is fully committed for managing operations efficiently

Cash flows from investing activities mainly represent the payment of capital expenditures related to paper plant. The Company also invested in its capital assets to modernize its existing plant. Besides this, cash was generated as a result of dividend received from associates .

Cash flows from financing activities increased due to additional short term borrowings & long term finance from various banks. The company secured Long term finance to fund its capital expenditures on paper plant, whereas the company is diligently addressing the repayment of loan installments and coping with substantial finance cost associated with these loans. Short term borrowings steeply increased to fulfil working capital requirements for sugar, purchase of raw material for paper, carrying higher closing stock of sugar than last year and additional paper stock.

Statement of Cash Flows-Direct Method

for the year ended September 30, 2023

	2023	2022
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	7,409,844	4,886,338
Cash paid to suppliers and employees	(8,016,300)	(4,878,350)
Cash (used in) / generated from operations	(606,456)	7,988
Long-term deposits - net	1,696	(2,928)
Income tax paid	(141,131)	(147,874)
Net cash used in operating activities	(745,891)	(142,814)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,197,979)	(2,408,574)
Sale proceeds of operating property, plant and equipment	8,679	955
Investment in Term deposit receipt	(28,500)	-
Sale proceeds of short term investment - net	1,500	175,592
Profit realised on term deposits	152	85
Sale proceeds against Non-current asset held for sale	-	620,000
Dividend received from an associate	275,000	325,000
Dividend received from related parties	17,850	15,362
Net cash used in investing activities	(923,298)	(1,271,580)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(904,342)	(295,125)
Short-term borrowings-net	2,570,105	404,510
Long-term financing-net	29,958	1,295,438
Payment of lease liability	(11,000)	(6,198)
Payment of dividend	(223)	(5)
Net cash generated from financing activities	1,684,498	1,398,620
Net increase / (decrease) in cash and cash equivalents	15,309	(15,774)
Cash and cash equivalents at the beginning of the year	19,570	35,344
Cash and cash equivalents at the end of the year	34,879	19,570

Share Price Sensitivity Analysis

Many factors may result in changes in Company's share price. Following are some key factors that may affect the price of the share in the stock exchange:

Industry Performance:

The share price of the Company will move in correlation with share prices of other companies in the industry with similar performance parameters. The economic and market conditions along with cost and revenue variables, that are regulated through Government, influence generally affect the industry performance. Prices of Sugarcane i.e. key raw material of Sugar Industry is controlled through Support price mechanism by the Provisional Government coupled with regulated exports as allowed by the Federal Government from time to time. Increase in discount rate and inflationary pressure also affect the cost of production of sugar which results in share price variation. Any adverse news related to competitors will benefit the share price.

Selling Price:

The profitability in the sugar industry is highly sensitive to the price of sugar, which eventually has a strong effect on the share price of the Company.

Raw Material Costs:

Manufacturing cost mainly includes sugarcane cost and OCC cost which directly effects the cost of production of sugar and paper. The cost of procurement of sugarcane is directly affected by the minimum support price for the relevant Season and also through fair market competition in operational areas of procurement. The fluctuation in Sugarcane procurement cost / OCC cost affects the profitability of the Company and resultantly affects the share price.

Government Policies and Regulations:

The policies adopted and regulations promulgated by the Government have a direct association with share prices. Any policy that will result in increased demand, improved tax rates, reducing production costs, the better economic environment may positively influence the Sensitivity Analysis of Change in Market

Capitalization share price. Whereas the policies that create hindrances for the sugar industry and for the overall business environment will adversely impact the share price.

Law and Order:

Improved law and order conditions and stable political environment foster the business conditions. Poor law order conditions disrupt business activities and will have a negative effect on performance. Therefore, these have a direct effect on the share price sensitivity of the Company.

Economic Conditions:

The Company's performance has a direct relationship with economic conditions so as the share price. The factors that contribute to economic conditions include the discount rate, currency devaluation, and inflation. Increased in the discount rate will expose the Company to higher cost of debts. Currency devaluations will benefit the Company in terms of exports however, on the other hand, will result in a higher cost of imported raw material, stores and spares and plant and machinery. However, all these factors will improve the performance of the company if contribute positively to the economic conditions.

Operational Efficiencies:

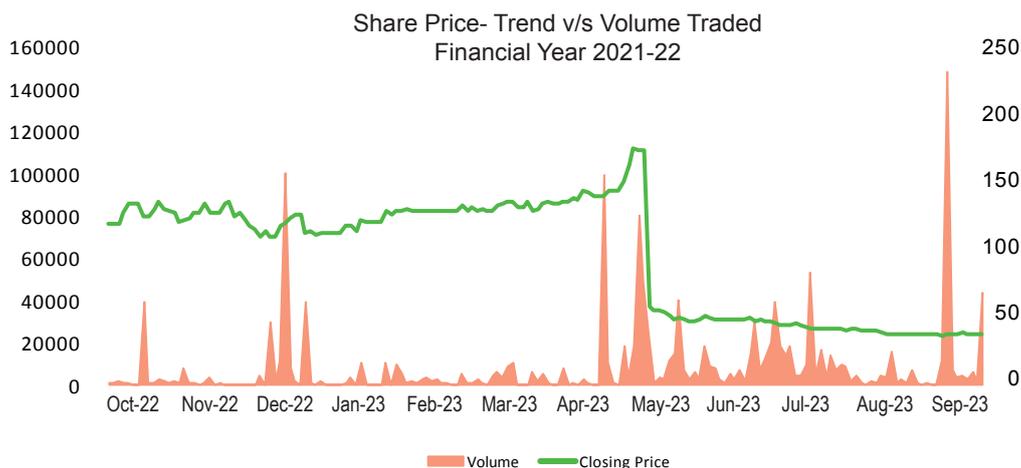
Employment of cost reduction techniques, stable plant operations, better production planning, taking benefits of synergies of the production facility will have a significant and positive effect on the profitability of the Company and eventually on the share price as well.

Investor Sentiments:

The share price of the Company is also open to the volatility of investor sentiments or confidence in the stock market and macro-economic conditions. In a strong stock market, the investors' confidence is growing and so as the share prices. Whereas in weak stock market investors' sentiments are negative so do the share prices. Stock market's strength is closely associated with economic conditions.

Sensitivity Analysis of Change in Market Capitalization

Share Price of 30.09.2023	:	Rs. 38.00
Market Capitalization as of 30.09.2023	:	1,769,199,858
Change in Share Price by	:	Change in Market Capitalization
+10%	:	Rs. 176,919,986
-10%	:	Rs. (176,919,986)



Calendar of notable events

October 2022

- **28th** Breast Cancer Awareness day (Pinktober)

November 2022

- **27th** Annual Picnic

December 2022

- **14th** Audit Committee meeting for the Financial Year 2023
- **16th** Board of Directors meeting for the Financial Year 2022.

January 2023

- **1st** Upgradation of SAP ECC system to S/4 HANA.
- **21st** 58th Annual General meeting for the financial Year 2022.
- **25th** Audit Committee meeting- 1st Quarter 2022-23.
- **27th** Board of Directors meeting- 1st Quarter 2022-23.

February 2023

- **8th** Corporate briefing session at ICAP auditorium Karachi. (via zoom also)

March 2023

- **8th** International women's day celebration.

May 2023

- **12th** Commissioning of Paper plant, starting commercial production.
- **24th** Audit Committee meeting- 2nd Quarter 2022-23.
- **26th** Board of Directors meeting- 2nd Quarter 2022-23.

June 2023

- **13th** Announcement of 200% Interim bonus shares.

July 2023

- **18th** Mango day celebration.
- **24th** Audit Committee meeting- 3rd Quarter 2022-23.
- **26th** Board of Directors meeting- 3rd Quarter 2022-23.
- **26th** 1st meeting of Human resource remuneration committee.

August 2023

- **11th** Independence day celebration.

September 2023

- **27th** 2nd meeting of Human resource remuneration committee / annual budget meeting.
- **30th** Year end closing.

SAP Success Factors Implementation at GFG

An organization cannot lead to success unless it has vital and dedicated human capital. To further support HR processes and help our employees reach new heights of performance elevations, the Company decided to implement SAP SuccessFactors. SAP SuccessFactors is a flexible, global HR solution that supports HR processes and employee self-services for the total workforce. With SAP SuccessFactors, we will enable a more flexible, engaged workforce that can adapt to constant change and achieve peak performance.

GFG is implementing SAP SuccessFactors with following objectives:

- Align HR with corporate strategy to drive growth;
- Attract, identify, and retain top performers and develop future leaders;
- Connect to HR and non-HR applications and processes;
- Robust technology for core HR, talent acquisition, talent management, and people analytics;
- Guided workflows allowing best practices to be melded with integrations to other systems;
- Global HR solutions and best practices;
- Strong partner ecosystem and extensible platform with complementary apps benefits;
- Address the HR needs with easier app building and integration;
- Make faster, informed decisions based on data-driven insight across HR processes;
- Boost overall business success by aligning HR to business goals;
- Increase profitability by saving man-hours and achieving efficiency in processes.
- Single portal "Employee Center" to fulfill employee's information needs.

Segmental View of Business Analysis

In the fiscal year that ended in September 2023, our company's operations in the sugar and paper segments showcased distinct yet promising performances. The sugar segment, a longstanding revenue driver, showed enhanced revenues that increased to net Rs 5,932 million. Capturing a stable market share, this segment exhibited consistent demand for refined sugar products within the local market. Operational improvements were achieved through refined production techniques and efficient resource management. The graphical analysis of turnover is shown below:



Conversely, our newly established paper segment embarked on its focusing on energy efficient production process. During its initial phase, the segment attained net revenue figures of Rs. 1,847 million by September 2023, contributing to almost 24% in overall revenue for the Company. It is operating efficiently and has achieved all the operational parameters required. Due to high inflation and poor economic conditions, consumer spending is on a downward trend. This is directly impacting all FMCG's, including snacks and confectionary businesses, leading to a reduced demand of packaging and corrugated products. However, paper segment sales is expected increase in upcoming years as the economic conditions get better.

Looking ahead, potential synergies between these segments arise in the form of saving in energy costs. As the sugar segment continues to be a cornerstone of our revenue stability, the paper segment promises diversification benefits, signaling an era of sustained growth supported by innovation, quality assurance, and adaptive market strategies across both segments.

Business rationale of major capital expenditure /projects during the year and for those planned for next year

Growth

The company has always strived for growth and diversification to enhance the returns for the stakeholders. During last many years, the company increased its crushing capacity to reach the level of 12,500 TCD and reduce the energy costs. It has also worked on diversification projects in the past and is continuing its effort to generate revenues from avenues other than sugar. Paper project commissioned this year is an example of its diversification strategy that will reduce reliance on sugar.

Sugar

The company continues to incur capital expenditure to enhance the plant efficiency and improve storage capacity for its inventories. The Company is in the process of installing economizer on its boiler for improving boiler efficiency and saving more bagasse. The company has also modified its other boiler to run on alternate fuels such as rice husk, canola husk etc. The Company also incurs capex on product quality improvement and replacements of key spares to keep the plant up and running and minimize stoppages.

Paper and Board project

The Company has this year, successfully commissioned the paper and board plant and is selling its product to leading corrugators of the industry. However, as with sugar plant, the Company is continuously working to improve the yields and efficiency and to produce as per customer demands and will incur any capital expenditure as needed during the upcoming year.

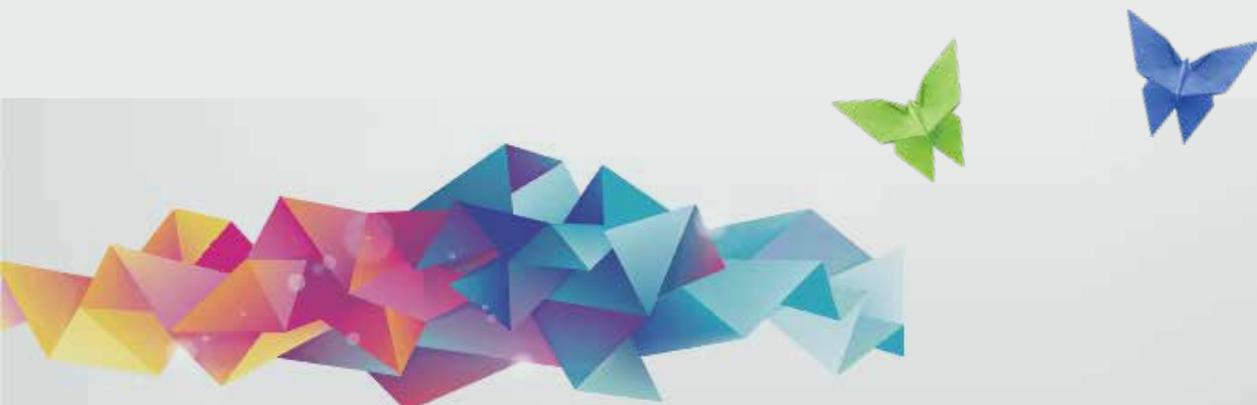
Solar Power

With the addition of solar project this year, the Company will be able to improve its operational efficiency and reduce energy costs while at the same time preserving the environment.



IT Governance and Cybersecurity

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IT Governance Policy

The Company has a well-conceived and implemented IT Governance Policy which seeks to ensure that it is aligned with Mirpurkhas Sugar Mills Limited organizational goals and strategies and delivers value to the organization. The policy is designed to promote effective, efficient, timely, and informed decision-making concerning MSM's IT investments and operations. Specifically, the policy aims to establish the IT governance structure and its associated procedures, roles, and responsibilities, as a critical component of the overall IT Management (ITM) framework, which guides the management, implementation, and monitoring of IT investments for MSM.

The Company's IT Governance Policy is mainly charged with:

- Establishing a shared vision of how information technology can add value to the organization
- Establishing information technology goals, and the strategies for achieving those goals
- Establishing principles and guidelines for making information technology decisions and managing initiatives
- Overseeing the management of institutional information technology initiatives
- Establishing and communicating organizational information technology priorities
- Determining information technology priorities in resource allocation
- Establishing, amending and retiring, as necessary, organizational information technology and other technology related policies, and determining the distribution of responsibility between the IT department and end users.

INFORMATION SYSTEM SECURITY POLICY

Objective

The objective of Information Security is to ensure continuity of business of the company and to minimize business damage by preventing and limiting the impact of security incidents.

Policy

- The purpose of the Policy is to protect Company information assets from all types of threats including cybersecurity threats, whether internal or external, deliberate or accidental. These assets relate to information stored and processed electronically.
- It is the Policy of the Company to ensure that:
 - o Information will be protected against unauthorized access.
 - o Confidentiality of information will be assured by protection from unauthorized disclosure or intelligible interruption.
 - o Integrity of information (its accuracy and completeness) will be maintained by protecting against unauthorized modification.
 - o Regulatory and legislative requirements will be met, including record keeping, according to Information Security Management System standard.
 - o Disaster Recovery Plans will be produced, maintained and tested, to ensure that information and vital services are available to Company when needed.
 - o Information on security matters will be made available to all staff.
 - o All breaches of information security, actual or suspected, will be reported to and investigated by the Cybersecurity Officer / Internal Audit.
 - o The controls, rules and procedures for all individuals accessing and using an organization's IT assets and resources
- Standards will be produced to support the policy. These standards will include regulations, guidelines and procedures covering matters such as (not limited to) cybersecurity threats, data security, backup, endpoints users control and password.
- Business requirements for the available of information and information system will be met.
- The role and responsibility for managing information security will be assigned to a designated Cybersecurity Officer / Internal Audit.
- The Information Security Officer / Internal Audit will be responsible for maintaining the policy and providing advice and guidance on its implementation.

- All managers are responsible for implementing the Policy within their business areas, and for adherence by their staff.
- It is responsibility of each employee to adhere to the Policy.

Industry Specific Requirements for Cybersecurity And Strategy

IT steering committee has approved and enforce IT teams to implement multiple controls for cybersecurity attacks & risks mitigations.

As per direction of the IT steering committee, the IT team has implemented multiple controls like next generation edge network firewalls, user end-point security system, email security gateway and user access policy & procedures as best industry practises to ensure secure environment from any type of cybersecurity threats.

BOARD'S RISK OVERSIGHT FUNCTION FOR CYBERSECURITY

When it comes to cybersecurity governance, the Company's Board of directors has specifically assigned agenda to IT steering committee to align with management on the appropriate risk appetite related to cybersecurity.

Emphasizing that cybersecurity risk is not just an IT concern, but is an enterprise- wide business issue that cuts across all divisions and functions. Accordingly, management beyond the security function needs to be fluent on what controls and processes are protecting its operations, how employees are trained and tested from management down to the front line, and what protocols to follow in the event of a cybersecurity incident or breach.

Through its oversight, the IT steering committee plays an important role in encouraging management to take broader ownership of cybersecurity risk, and it is incumbent on them to understand if and how the responsibility for cybersecurity is shared across the company.

Cybersecurity risks and mitigation is on the agenda once a year or is it part of IT steering committee meeting and discussions about strategy and risk, and prioritize self-education and seek external advice to improve cybersecurity risk controls.

IT security policy, controls, procedures & third party audit are reviewed in IT steering committee meeting and ensure that all the recommendations identified in third party security audit report should be implemented.

IT SYSTEM SECURITY LOGS AND ANALYSIS

Networks and systems are constantly evolving due to threats, organizational growth or new regulatory & business requirements. Traditional analysis products focus on recording and identifying company-wide threats through logging, analysis and reporting over time.

Company has deployed multiple systems to secure IT systems and data i.e network firewall, email security gateway and end point security systems which are all monitored by system and firewall log Analyzer.

Firewall Log Analyzer is powerful log management, analytics, and reporting platform that provides organizations with a single console to manage, automate, orchestrate, and respond, enabling simplified security operations, proactive identification and remediation of risks, and complete visibility of the entire attack landscape. Integrated with the Firewall Security Fabric, advanced threat detection capabilities, centralized security analytics, end-to-end security posture awareness and control, helps security teams identify and mitigate threats before a breach can occur.

COMPREHENSIVE SECURITY ASSESSMENT OF TECHNOLOGY ENVIRONMENT

Information Security Policies and assessment of IT objects serve as the backbone of any mature information security program. IT steering committee has implemented information security policies that support its organizations' business objectives while also adhering to industry standards and regulations. Board of directors always fully support and participate in the development, enforcement of information security policies and independent third party security assessment of IT environment to determine whether the IT security of your organisation is, or how easily it could be compromised. Identify and address any gaps in security. Improve employee vigilance concerning the IT security of the business. Increase awareness and clarification of potential security issues.

The Board has approved and executed Vulnerability Assessment and Penetration Testing (VAPT) of IT assets from third party in 2022 which provides enterprises with a more comprehensive application evaluation than any single test alone. Using the VAPT approach gives an organization a more detailed view of the threats facing its applications, enabling the business to better protect its systems and data from malicious attacks. Vulnerabilities can be found in applications from third-party vendors and internally made software, but most of these

flaws are easily fixed once found. Using a VAPT provider enables IT security teams to focus on mitigating critical vulnerabilities while the VAPT provider continues to discover and classify vulnerabilities.

VAPT report was submitted by third party and had been reviewed by the IT steering committee members who have directed to do measures against the gaps identified in the report and the management had taken necessary actions.

BUSINESS CONTINUITY AND DISASTER RECOVERY POLICY

The Board of Directors has approved and continuously reviews the IT Policy and Business Continuity Plan of the Company. The management has arranged offsite data storage facilities. All the key records are being maintained at different locations. Employees are aware of the steps required to be taken in case of any emergency. After migration to S4 / HANA, the SAP server is cloud based protecting the data base of company from any disaster.

BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

The concept of Business Continuity Planning has become a major business management requirement over the past few years.

Business Continuity Plan

Business Continuity Planning is a process used to develop a practical plan for how a business can recover or partially restore critical business activities within a predetermined timeframe after a crisis or disaster. The resulting plan is called a Business Continuity Plan.

Manufacturing Facilities

Manufacturing facility of the Company is in Sub Posed Office Sugar Mills Jamrao, Umerkot Mirpurkhas, Sindh Province of Pakistan. The building is fire resilient and fully equipped with modern firefighting equipment. It also meets HSE requirements at all levels. Despite all these arrangements, insurance coverage is made at the maximum level. Therefore, in case of any natural disaster, the Company would be able to recover its financial loss through insurance coverage. Hence, partial loss would not affect the Company's operations. Moreover, other locations of the Ghulam Faruque Group are available as alternate locations therefore; interruptions, if any, can be managed.

Identification of Potential Issues and The Plan Update

Potential issues are identified and updated from time to time to have an up to the mark solution for the anticipated problems. For the purposes of such identification, independent studies are conducted and drills are carried out. Based on the results obtained from these studies and drills, plans are updated.

Disaster Recovery Plan and IT Infrastructure

The Company's production server facility is at PTCL Karachi. In case of any disaster, the Company would be able to continue its operations smoothly. Availability of servers at such distant locations enables the Company to perform its IT functions without glitches in the event of an infrastructural damage at any particular location. Moreover, the Company is situated at various locations across Pakistan and operations may be carried out through all such locations. Also, at the time of imposition of lockdowns by the government due to COVID-19 pandemic, the employees of the Company were able to work from home smoothly via VPN clients.

Cyber Insurance

Cybersecurity insurance, is a contract that an entity can purchase to help reduce the financial risks associated with doing business online. In exchange for a monthly or quarterly fee, the insurance policy transfers some of the risk to the insurer.

Cybersecurity insurance is a new and emerging industry. Companies that purchase cybersecurity insurance today are considered early adopters. Cybersecurity policies can change from one month to the next, given the dynamic and fluctuating nature of the associated cyber-risks. Unlike well-established insurance plans, underwriters of cybersecurity insurance policies have limited data to formulate risk models to determine insurance policy coverages, rates and premiums insurer.

Currently we have no specific Cyber insurance. But we have kept the option of DR as contingency in any case of theft, disaster and cyberattack to restore the data and hardware. Resources are available to make data and hardware to restore at any level with all harmony of DR & BC.

Currently we have no specific Cyber insurance. Although, we have implemented relevant prevention about the cyber security. As result, the theft, disaster and cyberattack to restore the data and hardware as per our DR policy.

ADVANCEMENT IN DIGITAL TRANSFORMATION

In the past few decades, a fourth industrial revolution has emerged, known as Industry 4.0. Industry 4.0 takes the emphasis on digital technology from recent decades to a whole new level with the help of interconnectivity through the Internet of Things (IoT), access to real-time data, and the introduction of cyber-physical systems. Industry 4.0 offers a more comprehensive, interlinked, and holistic approach to manufacturing. It connects physical with digital, and allows for better collaboration and access across departments, partners, vendors, product, and people. Industry 4.0 empowers business owners to better control and understands every aspect of their operation, and allows them to leverage instant data to boost productivity, improve processes, and drive growth.

There are hundreds of concepts and terms (ERP, IoT, RPA, Block chain, AI, Big data, Cloud Computing etc) that relate to Industry 4.0, but we have to decide in which domain we want to invest in Industry 4.0 solutions as per our business requirement.

In our case, board of directors in IT steering committee decided to invest in ERP and Cloud computing to improve business process management tools and reporting that can be used to manage information across an organization.

Marketing and Other Staff

The Company's senior management, as a part of Ghulam Faruque Group, is present across Pakistan and not restricted to one location. In case of any mishap, operations can be taken over and continued from any other location.

Cloud Computing

Cloud computing is the delivery of computing services including servers, storage, databases, networking, software, analytics, and intelligence over the Internet ("the cloud") to offer faster innovation, flexible resources, and economies of scale. You typically pay only for cloud services you use, helping you lower your operating costs, run your infrastructure more efficiently, and scale as your business needs change.

STAFF TRAINING TO AVOID CYBERSECURITY THREAT AND RISKS

IT steering committee advised IT team to regularly informed and organized training for the company's end users to follow best standard practises to avoid any cybersecurity threats & risks.

IT team regularly conduct information security awareness session. The purpose of security awareness is to focus attention on security, creating sensitivity to the threats and vulnerabilities of computer systems and recognition of the need to protect data, information and systems. Security awareness training helps to minimize risk thus preventing the loss of PII, IP, and money or brand reputation. An effective awareness training program addresses the cybersecurity mistakes that employees may make when using email, the web and in the physical world such as tailgating or improper document disposal.

Outlook

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Forward Looking Statement

The global economy is experiencing the accumulative effects of the severe and relentless shocks - especially, the lingering ongoing Russia-Ukraine war, the ever-worsening impacts of climate change, the long-reaching after effects of the COVID-19 pandemic, the escalating monetary tightening, and growing policy challenges have driven many countries perilously close to crisis. Several economies are currently experiencing the highest-ever inflation due to strong consumer demand, persistent supply disruptions, and surging commodity prices. To achieve price stability and maintain stable expectations, central banks have responded with sharp policy tightening to bring inflation closer to their targets. The tentative early signs of a soft landing for the global economy at the beginning of 2024, which included ease in inflation and stable growth, have faded due to continual high inflation and recent turbulence in the financial sector.

For Pakistan, the geopolitical situation, difficult financial environment, and high inflationary pressures have all had a substantial impact on the prospects for global growth. All these factors posed significant economic risks for Pakistan's economy as well. Devastating floods and political unrest further aggravated the situation. Thus, FY2023 has been a challenging year for Pakistan's economy. The real GDP posted a growth of 0.29% in FY2023. Economy faced tremendous challenges of macroeconomic imbalances, supply shocks, and international economic slowdown which has dampened the economic growth.

The State Bank of Pakistan has taken monetary policy measures to avert an economic crisis, leading to significant increases in the policy rate, which reached 22 percent in June 2023 and has been maintained since then, compared to 15 percent in September 2022 (an extraordinary increase of 700 basis points). This measure significantly impacted and will continue to impact adversely all the industries as well as the Company which depends on the financial institutions for its short term financing needs being in seasonal business and working capital requirements.

Mirpurkhas Sugar Mills Limited has also faced the same. Suppressed demand, high inflation and fuel prices and Pakistan Rupee devaluation against the dollar has all affected the economy, and the company as well. The cost of production has risen whereas sales prices continue to be volatile and going on downward trend. On the other hand, high finance costs have made it difficult for the Company to operate in this challenging environment.

To keep its finance cost at minimum levels, the Company took timely operational decisions for better cash flow management. The company availed the major portion of its paper project financing under TERF scheme and IFRE scheme to keep its finance cost low and relatively fixed.

The Company recognizes that growth and sustainability in the sugar industry is also dependent on access to a growing volume of sugar cane, particularly from within existing areas of supply, and on promoting early maturing cane variety alongside the existing ones, to have a more even sucrose recovery throughout the season. The key here lies in long-term engagement with farmers, so as to convince them to plant more cane, demonstrating the use of superior cane varieties (higher yield and hence higher income), timely growing support (provision of seeds, fertilizers and crop protecting agents) and prompt payment. The Company continuously develops model demonstration plots on the farmers' land and educates farmers that better results ultimately mean better financial returns to them. Sugarcane development team is working very hard to improve the situation in our areas of sugarcane procurement.

On the human resource side, based on the last year's Training Need Analysis (TNA) and performance appraisal of the company personnel, adequate technical trainings were conducted for the identified employees. The same process is followed on yearly basis. The company has developed extensive training program for all levels of management. The company will be conducting these trainings in future also which would equip the employees with required technical and management skills in the years to come. The Company has converted to SAP S4 Hana system from current SAP ECC 6 version. SAP S/4HANA is designed with SAP HANA database and its in-memory computing capabilities in mind and provides multiple benefits that will improve the system efficiency. The high speed of transaction processing and reporting will benefit the Company in achieving its objectives in a better way.

SUGAR DIVISION

During the FY2023, total sugarcane crushed in Pakistan was recorded at 65.57 million tons compared to 79.71 million tons, posting a decrease of 17.74 percent over the previous FY 2022. This led to the production of sugar decreasing by 14.45 percent to 6.74 million tons, from 7.88 million tons during the previous FY2022. Due to unfavorable weather conditions in Sindh, sugar production decreased even further, to 1.745 million tons (FY2022: 2.29 million tons).

Sugar production in 2023/24 is forecast at 7.05 million tons, slightly above the 2022/23. The marginal increase is due to expectations for a recovery in cane area harvested compared to the flood-damaged 2022/23 crop. Sugar consumption continues to grow with a rising population and demand from the expanding food processing sector.

For the crushing season 2023/24, the Sindh Government had announced a minimum support price of Rs. 425 per maund, in comparison to Rs. 302 per maund the previous season. An increase of 41% compared to last year. This increase is not in line with the prevailing sugar prices in the market, which have actually seen a massive decline due to the availability of excess stock over the national requirement. Furthermore, not allowing the sugar industry to export surplus sugar will have a negative impact on both the sale price and high financial charges incurred by the Company.

Rapidly changing Environmental conditions including availability of irrigation water in Sindh, cultivation of Sugarcane vs other crops patterns and National Agriculture Policies are the key factors that translates into various opportunities and challenges for Sugar Industry.

Sugar prices continue to remain depressed throughout the year due to the excessive sugar stock of approx. 900,000 tons in the Country (November 2023). Furthermore, the Government imposed super tax, which will also have a negative impact on the Company. The proper documentation of the sugar production through the complete implementation of Track and Trace system is likely to have a positive impact. If the government takes a prudent view of the situation, Pakistan can return to being a regular exporter of sugar.

PAPER AND BOARD DIVISION

The paper plant successfully started commercial operations on May 12, 2023, with an installed capacity of 250 tons per day. It is operating efficiently and has achieved all the operational parameters required. Due to high inflation and poor economic conditions, consumer spending is on a downward trend. This is directly impacting all FMCG's, including snack and confectionary businesses, leading to a reduced demand of packaging and corrugated products. The Company has been able to introduce its quality products, with a good sales mix, to all major corrugation plants operating in Pakistan. The Company is also working on export of paper to middle east markets and hopeful for the positive outcome.

The deteriorating economic conditions and reduction in Pakistan's forex reserves continue to put pressure on the economy, and it is therefore expected that the Company's operating environment will remain challenging. Going forward, the Country's economic outlook is expected to be shaped largely by its relationship with the IMF, the restoration of political stability and support from friendly countries, along with the willingness of the Government to continue to implement reforms aimed at stabilizing the economy on a sustainable basis. Given these challenges, the Company is focusing on strategies to reduce the negative impacts of high interest rates, low economic growth and devaluation, and maximize the shareholders' value by spreading its borrowings amongst different banks, reducing inventory and managing trade debts, amongst other measures. In the short-term, inflation is expected to remain high due to impending adjustments in power and gas tariffs but may taper off in the second half of the financial year if food and oil prices decline and there is no significant change in the exchange rate. This may have a favorable impact on interest rates, since elevated inflation necessitates the central bank to maintain high interest rates.

The external environment including political, economic, social, technological, environmental and legal

It has been covered in detail in the section 'Organizational Overview and External Environment'

Revenue Projections combined (Sugar and Paper divisions)

The Company on an annual basis sets sales, crushing, production and other targets in the form of a budget which is duly approved by the Board of Directors.

FY 2024 is expected to remain a challenging one as mentioned in detail above. However, considering the available information and management best judgement, revenue projections for sugar and paper business are as follows:

Year	Revenue - net (Rs. in '000)
2023-24	12,563,099
2024-25	13,622,210
2025-26	15,897,567

Sources of Information used for projections of future revenues

The Company adopts and practices meaningful budgetary exercises for various areas of company's operations. Based on the inputs provided, production, sales and sugarcane procurement plans are developed for the next financial year. On the basis of sound sugarcane procurement plan, company sets its crushing target for every season to quantify sugar and molasses production. The Company also uses data from external sources such as market surveys, sugar association, Pakistan Economic Survey as well as State Bank's data.

Same is the case with Paper project whereby inputs from sales department and external data sources is used to project revenue which forms the basis of projecting the production, purchases of raw materials and other consumables.

Company performance against last year projection

FY 2022/23 was once again a challenging year for the sugar industry, and especially for the Company. The Company was short of revenue projections of last year due to late commissioning of paper plant than expected owing to late arrival of last shipments of the plant from China. For sugar, the company could not achieve the desired crushing and production target due to less availability of sugarcane after flooding in Sindh. However, it was offset by increased average prices of sugar due to Company's continuous selling strategy and export of sugar.

During the crushing season 2022/23, the plant operated for 87 days, compared to 124 days the previous year. This resulted in the factory being able to crush 562,641 metric tons of sugarcane to produce 59,325 metric tons of sugar, as compared

to 649,557 metric tons of sugarcane to produce 70,460 metric tons of sugar during the corresponding period last year. The plant operated efficiently throughout the crushing season. The decrease in sucrose recovery to 10.55%, from 10.85% last season, was due to flooding in different areas of cane procurement, which impacted plant health and sucrose content. The Company was also able to produce 17,959 tons of paper during the year.

The other factor which affected the bottom line was finance cost which was significantly higher due to consistent increase in policy rate by the SBP throughout the year. However, overall, a positive bottom line was reported because of significant increase in share of profit from associate.

Status of the projects/Upcoming Projects

Economizer for Boiler/modification of boiler

The Company is in the process of installing economizer on its boiler for improving boiler efficiency and saving more bagasse. The company has also modified its other boiler to run on alternate fuels such as rice husk, canola husk etc.

SAP Success Factors

For a more robust human capital management, the Company is implementing the SAP Success Factor application that will integrate all employee related activities in one place and will assist in better human resource management as well as accurate and timely reporting to the management as well as the employees.

Organization readiness in responding to the critical challenges and uncertainties that are likely to arise

Today's business environment is more uncertain than ever. Businesses are facing challenging times due to change in macro-economic conditions, climate change, technological disruption and changing business norms post COVID-19. Tackling and responding to such events and ever fast changing environment is critical for organizations in order to survive and thrive in future.

In order to respond to uncertainty, embracing the uncertain environment is critical, otherwise the Company would be ignorant of its surrounding and such changes may catch the Company off-guard during impact. As a responsibility towards its stakeholders, company regularly assesses risks and opportunity profile to identify any disruption.

The Company is managing business risk through its diversification plans while financial and liquidity risk is managed by maintaining adequate capital structure and gearing ratio and having good relationships and credit lines from various reputable banks.

Additional Disclosures

Fair Value and Forced Sales Value of Property, Plant and Equipment – Sugar Division and Paper Division

Total Assessed Present Market Value of existing plant, machinery, building and land is over Rs. 11.67 billion however, the company has only accounted for revaluation in respect of land in its financial statements.

Forced sales value of plant, machinery, building and land is Rs. 8.83 billion.

Significant Material Assets

Significant material assets of the Company are land, building, complete set of mills, Boilers, Steam Turbines, Evaporators, Centrifugal and Diesel Generator Sets. The significant assets of paper project are plant and machinery, civil buildings, PEB structures and Boiler equipment.

Plant Capacities

Sugar Mills Cane Crushing capacity	12,500 MT per day
Paper and Board capacity	250 MT per day.



Stakeholders' Relationship and Engagement

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Stakeholders' Engagement

Our stakeholders extend valuable contribution towards our growth and existence. Procedure for stakeholders' engagement includes effective communication, harmony and compliance with laws & regulations. We cannot truly execute our purpose without input from our stakeholders.



STAKEHOLDERS

Institutional Investors / Shareholders

SHAREHOLDERS

Safeguarding our shareholders' interest is our prime responsibility. Our shareholders' interest revolves around good returns, profitability, growth and regulatory compliance. We respond to our shareholders' expectations through improvement in business mechanics, effective governance and corporate reporting framework. Annual General Meetings and statutory reporting are the most effective means of our engagement with our shareholders. Support of shareholders is critical in achieving the Company objectives.

MINORITY SHAREHOLDERS

The management of the Company firmly believes in encouraging and ensuring the equitable treatment of all shareholders including minority shareholders to attend, speak and vote at the Annual General Meeting and appoint another member as his / her proxy in his / her instead. The Notice of the AGM is published in Urdu and English language in one issue of a daily newspaper of respective language having a nationwide circulation. Such notice is also placed on the Company's website.

INVESTORS SECTION

To keep transparency in the relation between the Company and its shareholders, the website of Mirpurkhas Sugar Mills (<http://gfg.com.pk/msm>) contains all the major financial information needed for investors' decision making in a separate tab of "Investor Relations".

Customers & Suppliers

WHOLESALE, CUSTOMERS AND TRANSPORTERS

Sustaining and developing long term relationship with our wholesalers, customers and transporters forms the key of our business' success. Their expectations are focused on product quality, pricing and service delivery. Our sales team remain in close contact to this segment of our stakeholders to resolve issues on a priority basis. We continue to engage them through meetings and market visits and communications. We derive success from the brand loyalty of Mirpurkhas Sugar Mills Ltd and the cooperation from our transporters.

SUGARCANE FARMERS AND OTHER VENDORS

Efficient supplier network is a key for effective working capital management. To achieve this objective, we conduct market surveys to strengthen our bond with our sugarcane farmers and other vendors. Our supply chain management team is in continuous contact with suppliers and vendors through meetings and correspondence to resolve all queries for on time deliveries. Cooperation of our sugarcane farmers in supplying sugarcane on timely basis in order to run smooth crushing operations.

Banks and Other Lenders

BANKS AND OTHER LENDERS

We value our relationship with our financial partners and lenders. Financial risk management and business sustainability are few of the interests of this segment of stakeholders. Periodic briefings, Quarterly financial reporting, Head Office and Site visits are the main means for our engagement with this category of stakeholders. Bank and other institutes help us in obtaining loans at attractive rates and advise on strategic issues whenever needed.



Media

MEDIA

Ads and campaigns are launched in media based on marketing requirements. Interaction with media improves the Company brand image.



Regulators

GOVERNMENT AND REGULATORY BODIES

Our commitment to compliance with laws and regulations is evident from our Corporate and Legal team's continued efforts for efficient and effective legal and regulatory obedience. The engagement includes submission of periodic reports, responding to enquiries and meetings as and when required. Active engagement with regulators improves level of compliance.

AGM PROCEEDINGS

The last AGM was conducted at Mirpurkhas Sugar Mills Site on Saturday, January 21, 2023 at 10:00 a.m. The meeting was well organized and well attended by the Shareholders. Shareholders asked different questions regarding Company's market share and exploring new markets and avenues to sustain. Shareholders also raised questions on the Company's cost saving strategy. Shareholders approved the Financial Statements and also gave approval for appointment of M/s. Kreston Hyder Bhimji & Co, Chartered Accountants as external auditors. Further, the Chairman & Members of the Audit Committee had Participated in the Annual General Meeting of the Company and responded to queries of Shareholders.



Analysts

INSTITUTIONAL INVESTORS AND ANALYSTS BRIEFING

Corporate / analyst briefings are the interactive sessions between the management of Mirpurkhas Sugar Mills Limited and the investors where the Company takes the opportunity to apprise investors about the Company in explaining its financial performance, business outlook, competitive environment and right perspective of affairs of the Company in which it operates and invests. The Company has strong connections with the institutional investors and analysts. Institutional investors regularly obtain Company's business briefings and financial reports.

The management of the Company firm believes in conducting corporate briefing session in accordance with the directions / regulations issued by the Pakistan Stock Exchange to update the shareholders, institutional investors and analysts about the status of the Company's operational and financial performance.

Apart from these regular meetings, the Company also conducted formal Corporate Briefing Session at The Institute of Chartered Accounts of Pakistan (ICAP) office via zoom on February 8, 2023 to apprise the stakeholders about the Company's operational and financial performance during the year 2021-2022. The Director and Chief Financial Officer of the Company summarized the Company's performance and progress highlighted the growth, diversification and challenges regarding the sugar sector. A Question & Answer session was also held in order to provide further explanation that shown the commitment of the Company towards continuous evolving stakeholders 'engagement.



Employees

EMPLOYEES

Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. We have educational loan schemes, in-house and outside training programs and long-term employment reward schemes in place to value our employees as Human Capital. Employee meetings are on regular intervals in form of Annual get-togethers, celebrating sports day and team building activities. Employees' engagement improves the level of dedication and hard work.

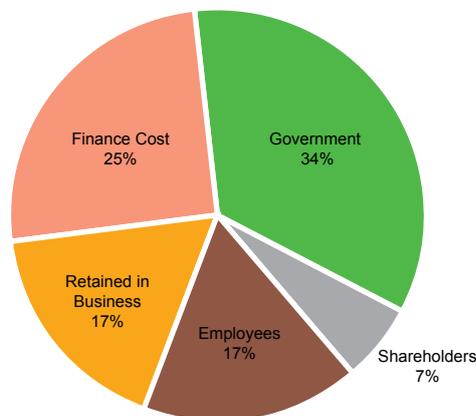


Statement of Value Addition and Distribution of Wealth

	2023		2022	
Wealth Generated				
(Rupees `000)				
Gross Sales	9,042,304		5,638,596	
Material and Services	(6,028,639)		(3,993,515)	
	3,013,665		1,645,081	
Other income	515,883		68,145	
Share of profit in an associate	911,711		440,059	
	4,441,259		2,153,285	
Wealth Distributed				
EMPLOYEES REMUNERATION	740,657	17%	496,775	23%
GOVERNMENT AS:				
Direct & Indirect taxes	1,481,453		906,406	
Workers' Funds	10,741		-	
	1,492,194	34%	906,406	42%
CHARITY & DONATIONS	205	*	413	*
SHAREHOLDERS AS DIVIDEND				
Cash dividend**	-	-	-	
Bonus Share**	310,386	7%	20,243	1%
FINANCE COST	1,124,065	25%	429,423	20%
RETAINED IN BUSINESS				
Depreciation & Amortisation	244,822		116,642	
Retained profit	528,930		183,384	
	773,752	17%	300,026	14%
	4,441,259	100%	2,153,286	100%

* negligible

** post balance sheet event





Sustainability and Corporate Social Responsibility

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Sustainability Highlights

Our sustainability commitment ensures that Mirpurkhas Sugar Mill's (MSM) everyday actions generate positive impact on the environment and society. With sustainability embedded throughout our business, we fulfill our mission of setting science in motion to create a better world. This is Science for Goodness.

We are committed to a sustainable future for MSM and all our stakeholders. As a national industry player, we have a responsibility to deliver long-term value to our associates, customers, suppliers, shareholders and communities.

By taking a holistic approach to our business strategy, we are ensuring our actions go beyond today's needs to generate a positive impact on the environment and society in the future. In doing so, we foster a unified and inclusive work environment and strengthen and support our communities. This culture enables us to deliver more sustainable product and service solutions that create lasting positive impacts for all our stakeholders.

Sustainability is fundamental for us, our achievements & Sustainability Development Goals (SDGs) are:

System Certification and Accreditation.

MSM always takes care of its responsibility towards the product quality, people, environment and climate and therefore strives to ensure the wellbeing of all. Dedicated departments are responsible to ensure the system effectiveness by measuring, monitoring, controlling and reporting to the top management.

For accomplishing this, MSM is certified on multiple systems accreditation such as QMS, EMS, OH&S Management System, GMP by Bureau Veritas Certification - Pakistan on behalf of BVC Holding SAS – UK and HALAL Food PS 3733 by ACTS on behalf of Pakistan National Accreditation Council (PNAC).

In order to improve the efficiency and effectiveness of company's operations and to motivate staff by defining their key roles and responsibilities, Mirpurkhas Sugar Mills Ltd holds certified for Integrated Management System & Good Manufacturing Practices.

Since June 2020, Bureau Veritas awarded certification to MSM for compliance of the standard of Quality management system ISO 9001:2015, Environmental management System ISO 14001:2015 & Occupational health and safety management system ISO 45001:2018 while MSM is already certified for Good Manufacturing Practices Codex Alimentarius. The successful Surveillance audits are being done annually.

Currently, a successful Re certification Audit of the integrated management system is being carried out, with the scope extended to encompass MSM-Paper & Board Division in addition to sugar.

Furthermore, the MSM Paper and Board Division has also successfully completed the audit process for a new certification, the FSC Chain of Custody. The issuance of the certificate is currently underway.

Certifications are benchmark



Our standards your guarantee

This inherent responsibility is the basis of Integrated Management System, Good Manufacturing Practices and HALAL Food Safety to focus on reliability to maintain quality.



Further highlights of the Company's performance, policies, initiatives and plans in place relating to various aspects of Sustainability are as follows:

Environmental

MSM is successfully managing environmental compliance with today's ever-changing regulatory requirements and applicable laws through a team of highly qualified professionals. An experienced team deals with challenging environmental issues. Our interdisciplinary staff excels at developing effective strategies to address and minimize environmental liabilities while taking into account the business priorities.

Mirpurkhas Sugar Mills is fully compliant with the NEQS as stipulated in Sindh Environment Protection Act-2014 (SEPA) and now working towards a cleaner production.



Keeping in view, we utilize our waste as a soil reclaimer for fertigation of soil to produce better yield of crop.

Following are the key measures taken by Mirpurkhas Sugar Mills for protecting the environment:

a. Energy

Energy efficiency has proven to be a lucrative and proficient way to guarantee a sustainable future. The efficient energy usage is not only vital in terms of the environment, but it can also provide the Company a competitive edge in terms of cost factors. Energy is a significant component of our sugar production process and further due to the national energy crisis, this topic has become of significant importance to the Company. The Company has taken numerous initiatives to save energy which also decrease the cost of production. In order to reduce reliance on conventional fuels and attaining steam economy through efficient use of bagasse in steam generation process, the Company continuously seeks to undertake significant measures to conserve energy by creating awareness at Head Office and Plant site on efficient energy usage through regular sessions. The Company also participated in the "Energy management system implementation programme" and got the certification of appreciation.



Captive Power Plant

The company has steam turbines of 19 MW, which can run on steam. This reduces the environmental impact on our society and attaining steam economy through efficient use of bagasse in steam generation Process.

Following are the other key steps taken by the Company to achieve this target:

- Periodical energy audit (Internal & Outsource) based on EnMS.
- Up gradation of boiler DCS system to improve boiler efficiency.
- Addition of VFD drives across the manufacturing plant.
- Partial Automation of crystallization process.
- Addition of melt evaporation process.
- Replacement of ordinary lighting with energy efficient LED.
- Energy auditing is a system in place to avoid transmission losses.
- Replacement of old inefficient electric motors with high efficiency electric motors.



The Company has also commissioned a 2MW Solar power plant to avail cost efficiency & developing green environment.

Energy Conservation Drive at Head Office

Installation of LED lights and trainings and awareness on energy conservation measures has resulted in considerable savings in electricity consumption at Head Office as compared to last four years.

b. Emissions and Effluents

Emission control relates directly to climate change and the impact of gaseous emissions on the ozone layer. As a manufacturing concern, this is of vital importance. As stated above, the Company is fully compliant with national and provincial regulations.



All of our emission parameters monitored from power generation and sugar manufacturing process are well below their respective limits as specified in the National Environmental Quality Standards (NEQS).

Water Conservation Plan

- Water balance is carried out.
- A list of water consuming and draining points was prepared.
- The next utilization of used water was identified according to the nature of process.
- The end pipe effluent is being treated in a state of art effluent treatment plant. Activated Sludge process / Physicochemical and biological process in order to comply with NEQS.
- The treated water is recycled / used in agriculture farms and plantation / horticulture purpose.



Achievements

- Approximately 2000 tons / day fresh canal water consumption has been saved.
- Source of contamination has been blocked. As a result, BOD and COD has decreased.
- Decrease in level of TSS & TDS as about 90% of total suspended solid collected from wastewater drain.
- Reduced the level of oil & grease.
- About 70 to 80 Ton / hour condensate water has been reused and the same level is reduced for effluents.
- Improved working environment.
- Occasional spillage has been controlled through continued process optimization.

Air Emission

Our plant is equipped with bagasse-fired boilers and their emission complies with NEQS's limits.

Pollution Control Equipment

MSM has installed and enhanced the capacity of pollution control equipment in order to reduce emission load. These are:

- Bagasse Dryers: About 80% Flue gasses are used in these dryers to dry wet Bagasse.
- Ash removing and collecting system: Ash Removed / Collected from Flue gasses.
- Dust Catcher: Dusted Extracted.
- Oil Skimmer / gravity separation chamber: Oil and Grease Collected from wastewater.
- Strainers: About 90% of total suspended solid collected from waste water drain.
- Automated DCS Boiler system and I-Boilers: To reduce fuel consumption and flue gases emission.
- Pan automation project: Overall 2% of steam has been saved as a result of fuel burning and its emission level is also reduced.
- Energy saving project through installation of VFDs.
- Major quantity of CO₂ is reused at carbonation process, which also reduces the emission load in the ambient environment.

Products

Our products i.e. sugar, paper, by-products Molasses, Bagasse, Mud and Effluents are of organic nature and from renewable resources which do not have any harmful effect on environment.

c Quality Operations

MSM is focused to manufacture high quality of food grade sugar as per GMP and HALAL Food requirements as well as the implementation of comprehensive integrated Quality and Food Safety Management System.

High level of Quality operations is essential to achieve MSM's business objectives. Quality is a source of competitive advantage and remains an attribute of MSM's products. The high quality is not an added value but it is a fundamental basic requirement.



MSM (Paper & Board Division) focuses on customer satisfaction through delivering defect-free products and believes in this concept as an integral strategy. It involves a range of techniques and procedures to identify and correct any defects that may impact the quality of the final product. Additionally, MSM (PBD) also acquiring international quality, health & safety and environmental standards to gain customer's confidence that their products are safe, reliable and complying with required quality parameters.

Quality Operation's emphasis is to produce high quality of white refined sugar / paper by implementing the tools of Good manufacturing practices, which includes:

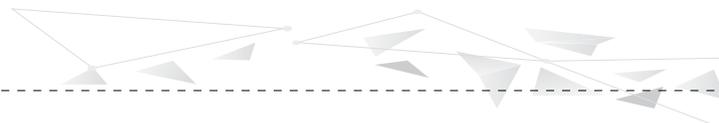
- Design, installation, operation and performance qualification of all manufacturing equipment and testing instruments as part of Quality Assurance.
- Manufacturing Process Validation & Analytical Test Methods as part of Quality Assurance.
- Timely and Accurate testing of incoming materials raw/packaging, in-process, final product.
- Performing concurrent and accelerated stability studies for shelf life determination in order to monitor preservation of quality characteristics within shelf life.
- Implementation of Good Manufacturing Practices (GMP) & HALAL Food production with respect to housekeeping & HALAL controlling points at mill, boiler and process house, yards and Godowns, workers' hygiene, pest management and documentation.
- Formal Risk Assessment before any Change and Change Control Mechanism during Change Implementation.
- Formal Deviation Management related to suppliers, mill and process house including customer complaints investigation / root cause analysis and implementation of Corrective & Preventive Action (CAPA).
- Planning and conducting all inspection and testing activities as per Good Laboratory Practices.
- Monitoring of whole sugar manufacturing process against the standard of GMP and HALAL Food.
- Use of Statistical Process Control Tools to monitor the process capability.

The consistency of performance across the sugar / paper manufacturing is vital for our customers; hence, reliability of our testing of raw materials, in process and final product is a part of manufacturing Quality Assurance activity.

- Quality Assurance is responsible to monitor the entire operational activity against process parameters and product attributes, focused on stability studies, validations, handling customer complaints and investigating all deviations with the coordination of main laboratory, process and mill house.

For integrity of data, SAP & Oracle ERPs are used for controlled data recording and different reports generations





Our Quality operation work facility (sugar / Paper)

Sugar

- Sugarcane quality control laboratory's focus is on the quality of sugarcane, testing of sugarcane against each arrival and performing source / field inspection frequently during the sugarcane growing season.
- Process control laboratory / Main laboratory focuses on the manufacturing activity, testing of raw materials, each step of in process and final product.
- Decreased losses of in process and finished materials by control during manufacturing activity.
- Quality Assurance is responsible to monitor the entire operational activity against process parameters and product attributes, focused on stability studies, validations, handling customer complaints and investigating all deviations with the coordination of main laboratory, process and mill house.

For integrity of data, SAP & Oracle ERPs are used for controlled data recording and different reports generations

Paper

1. **Raw materials testing:** Quality control begins with testing the raw materials, including wood pulp, recycled paper, and other additives, to ensure that they meet the required specifications.
2. **Process control:** During the manufacturing process, various parameters such as steam temperature, pressures, and loads are monitored and controlled to ensure consistent quality.
3. **In-process testing:** Samples are taken at various stages of the manufacturing process to test for factors such as concentration, color (shade), grammage, moisture and strength.



Major Quality Achievements:

- Quality sugar production as per GMP Codex Alimentarius, Food safety management system, USP, BP and Consistency in the production of high quality white Refined Sugar.
- SAP (ERP) Quality Management Module implemented and successfully run
- Acquired certification for HALAL Food from ACTS (PNAC certified Body.)
- Increased productivity by supporting development work of high-quality sugar cane in the operational area
- Decreased losses of in process and finished materials by control during manufacturing activity.
- Improved the efficiency of plant by close monitoring and measuring the performance against agreed indicators and target limits.
- Successful operation of effluent treatment plant at full capacity
- MSM's human resource in the area of Quality Control and Assurance is academically qualified from science graduates to Masters and has remarkable experience of sugar manufacturing.
- The research work of our quality professional was published and acknowledged in the National & International conventions. Mr. Sharif Khan, DGM - Quality Assurance presented his paper on innovative technique for energy saving at 52nd Annual Convention by Pakistan Society of Sugar Technologist whereas Mr. Shakil Ahmed Malik, GM, Operations shared his point of view on energy saving techniques through planetary drives at Mills.



d. Transport

The mechanism by which our Sugar bags and Paper reels are transported to whole sellers and registered sector is through qualified transporters by heavy trucks and containers. The Company is familiar to the fact that these trucks / containers could have an impact on surroundings as small mishaps can lead to heavy accidents. In order to mitigate the risk, the Company has adopted the procedure of Pre-delivery inspection, which is performed by QA/QC inspectors before lifting of sugar bags / paper reels in the trucks for product safety and safe transportation.

Further, for load management, truck's and containers' capacity is effectively utilized in order to avoid risk of accidents resulting from overloading. For bulk Sugar, the Company allows only 'specialized bulk trailers' to dispatch Sugar.



e. Tree Plantation Drive and Zoo

Companywide tree plantation drives were continued throughout the year along with the Head Office. The Company has planted a large number of trees in and around the factory premises. Moreover, the Company has maintained a Zoo for wild life protection at factory location where different kinds of birds and animals redecorate the environment.



2. SOCIAL

a. Employment

Mirpurkhas Sugar Mills Ltd has given tremendous employment opportunities through expansion of business operations, created especially for the locals. Mirpurkhas Sugar Mills is recognized among top employers due to its excellent employee benefits.

b. Labour / Management Relations

The Company supports right to exercise freedom of association and collective bargaining. Sufficient time is given by the Company to employees and their elected representatives for any significant operational changes which affect them.

c. Occupational Health and Safety

We manage and utilize resources and operations in such a way that the safety and health of our people is ensured. We believe our safety and health responsibilities extend beyond protection and enhancement of our own facilities. We have a highly trained safety team, emergency response team, a qualified doctor and paramedical staff at our plant. In addition, the factory is provided with dedicated and fully equipped ambulance and an in-house dispensary. Moreover, safety sign boards are in place at all important visible places.

Our workers are sufficiently trained through fire & safety trainings and are also adequately equipped with Personal Protective Equipment which is monitored at regular intervals. Workers are also trained by theoretical explanations and practical drills to handle unforeseen emergencies. Regular mock drills are also carried out to familiarize everyone with the steps and procedure to follow in emergency situations. Mock drills of chemical spillage, firefighting, evacuation, casualty handling and security are also conducted. Moreover, safety audits are also conducted on regular basis.

At Mirpurkhas Sugar Mills, Health and Safety is the first and foremost agenda topic for each in-house and higher management meetings. The Company has made safety manual containing policies and procedures. Moreover, contractors' safety measures and mechanism are also in place, which are in complied with. In addition, Health and Safety concerns are explicitly included in SMART goals of head of departments and senior management of plant.

Good compliance with policy programme resulted in the conclusion of the year with no reportable occupational illness. These programme includes the regular testing of plant equipment and sites from a health perspective, as well as monitoring of employee health. Additionally, health awareness sessions on basic lifesaving techniques, medical emergency handling and first aid were conducted at our factory and head office. Basic Life Support is a first-aid resuscitation that educates and equip individuals to recognize various life-threatening emergencies. By educating our employees with basic life support and medical practices, we are maintaining a safe and healthy workplace.

Our production facility operated without any major injury. Reported injury case if happens, is thoroughly investigated by trained personnel and findings are subsequently circulated to higher ups. Once investigations are completed, actions and recommendations are assigned to individuals with a strict follow-up system put in place to avoid any recurrence.

d. Training and Education

The training, education and development of our people is a topic of critical importance to us. We have the long-standing ambition to be an employer of choice and to be known as a “Talent factory”, recruiting and retaining the best and the brightest. We work towards this goal on a continuous basis, with formal training, development and growth opportunities, effective and timely performance appraisal and feedback systems, and by creating an open culture that encourages feedback and discussion. Moreover, Apprenticeship and Management Trainee Programs are also in place.



e. Diversity and Equal Opportunity

As part of our HR policy, we strive to be an equal opportunity employer. Mirpurkhas Sugar Mills is committed to encourage greater diversity and ensuring equal opportunities for individuals based on merit. Policies, objectives and progress in this regard is elaborated in detail under the governance policies section presented earlier in this report.



f. Non-discrimination

Mirpurkhas Sugar Mills is committed to ensure equal treatment and fair working conditions for employees. This belief is driven by our core values and our Code of Conduct.

g. Child Labor

Despite of manufacturing concern near rural area of Mirpurkhas, the Company has strict policy over prohibition of child labor. No child has ever been employed by the Company and the same policy will be followed in future.

h. Forced or Compulsory Labor

The Company believes in free working environment; no employed worker is forced and compulsory.

i. Consumer Protection Measures

The Company ensures that the Sugar is packed and dispatched to its consumers in a safe manner. It also complies with all safety standards and industrial requirements. The Company ensures that the customers get best value for money.

j. Business Ethics and Anti-Corruption Measures

The Company is fully committed to promoting the highest standards of ethical behavior throughout its business. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work. The Company expects all its employees to perform services with integrity and professionalism.

Fundamental to this is the adoption of a ‘zero tolerance’ approach to all forms of corruption and misrepresentation.

k. Local Communities

We strive for the development of communities surrounding us. Investment in the communities where we operate in is a strong focus for Mirpurkhas Sugar Mills. Further details on this topic are presented under the next section of Corporate Social Responsibility.

3. Raising the Bar

a) Organic / Bio Fertilizer

The cost of an agricultural inputs is increasing day- by-day, resulting higher production cost of crops. It effects the overall conventional economics of MSM Farms, growers as well as Sugar industries. Fertilizer is the major agricultural input that is consumes about 40% expenses from the total budget of the crop. On the other hand, sugar mill bears extra cost on the purchase of sugarcane.

The Company has introduced an alternate for agriculture inputs i.e. Bio Fertilizer.

Promoting Bio fertilizer on commerical base / large scale will not only reduce the input cost and increase the growth but also improving the overall Biodiversity.

Statement on Environmental, Social, and Governance (ESG)

The Company is committed to positive change and long-term sustainability for our business and stakeholders. Our strategic objectives on ESG are as under:

Environmental:

The Company is focused on reducing its environmental impact by implementing sustainable practices, reducing carbon emissions, and saving resources.

Social Responsibility:

The Company contributes to the well-being of the society towards commitment to health, safety, diversity, equality, and inclusion which is reflected in our work force and culture.

Governance:

The Company ensures transparency, accountability and ethical behavior at all levels of corporate governance.

The Company has always been aware of its responsibility towards the society, environment, economy and climate and has opened sustainable ways to ensure healthy and happy conditions for current and future generations.

The ESG awareness influences the strategy at the plant and allows the Company to take more initiatives in respect of ESG and allocating more resources such as financial resources, human resources and time for the achievement of excellence in ESG.

Corporate Social Responsibility Highlights

Being a diligent member of the corporate community, the Company contributes to various social and charitable causes towards health, education and social sectors as part of its Corporate Social Responsibility. The Company has stood by the people of Pakistan in their hour of need and shall always continue to do so. Here is an overview of the progress of our community supports and CSR projects.

DONATIONS

Health

Support extended to health-related initiatives includes:

a) Medical Camps

The Company promotes well-being of society by becoming a part of medical and health related initiatives. In lieu of promoting better health, the Company has arranged medical camp in collaboration with Dr.Essa Laboratories & Government of Sindh for less privileged class of the society.

b) Treatment Supports

For those people who lack facilities of medical treatment or cannot afford them, the Company has made efforts by donating a reasonable amount. By providing medical facilities to the less privileged, the Company made it easier for them to take care of themselves and their families.

The Company always cares for special people who are integral part of our society. In this regard the Company had made donations to special trusts and schools for their education and vocational training including Gulistan-e-Mazooreen for disabled persons.

Development and Community Support

Our operations are supported by our communities, both directly and indirectly. And we know that giving back to them and helping them develop simply makes good sense in the long run for them and for us. In this regard, the Company has made donations to:

a) Local Government and Bodies

Company supported local Government and Bodies through donations for following events:

- Mango & Summer fruits festival.
- WWF for preservation wild life.

Along with education and health, environment also contributes in development of societies and communities.

Cleaning of drainage system:

MSM contributes in maintaining cleanliness of drainage systems to ensure proper water drainage in District Mirpurkhas.

Ramazan Bachat Bazaar:

MSM also contributed for betterment of less privileged class by taking part in Ramazan Bachat bazaar, so the people can buy the goods at affordable prices.



Ramazaan Bachat Bazaar

During the year, MSM took part in Ramazaan Bachat Bazaar. For people of Mirpurkhas and its surroundings.



Medical Camp for Employees

During the year, the Company has arranged Medical camp for its employees on subsidized rates.





ڈاکٹر عیسیٰ لیبارٹری

اور میر پور خاص شوگر مل کی جانب سے شوگر مل کے تمام ملازمین کیلئے

خصوصی آفر

ان تمام ٹیسٹوں پر خصوصی رعایت دی جائیگی

S. NO	TEST NAME	FULL RATE	DISCOUNT RATE
01	CBC	650	200/=
02	Blood Sugar	250	100/=
03	Calcium	550/=	100/=
04	Vitamin D 25	3000	800/=
05	Bone Mineral Density	3,000/=	200/=
TOTAL		7,450/=	1,400/=

دنامن ڈی اور کیمیاہم کی کمی کی علامات۔
کمر درد۔ منہ سے خون آنا۔ دانتوں کا گرنا۔
ناخن کا جھڑنا۔ بالوں کا گرنا۔ چکر آنا۔
سانس کا پھولنا۔ گھٹنوں میں درد۔

ہلڈی بی سی ٹیسٹ سے آپ اپنے
جسم کی کمزوری دیکھ سکتے ہیں۔

ہلڈی شوگر کی بیماری کی علامات۔

- زیادہ پیاس لگنا۔
- زیادہ پیاشاب آنا۔
- زیادہ بھوک لگنا۔
- جسم میں کمزوری و درد ہونا۔
- وزن کی کمی ہونا۔

شوگر کے علاج میں ہلڈی شوگر مل کے ملازمین کے لئے خصوصی آفر ہے۔
شوگر کے علاج میں ہلڈی شوگر مل کے ملازمین کے لئے خصوصی آفر ہے۔

اور اس کے علاوہ ہلڈی شوگر مل کے ملازمین کے لئے خصوصی آفر ہے۔
اور اس کے علاوہ ہلڈی شوگر مل کے ملازمین کے لئے خصوصی آفر ہے۔

ایڈریس : ڈسپینسری میر پور خاص شوگر مل
Call: 0335-5733343 / 0335-5733341



Business Model

Business Model	140
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Our Business Model

Key Resources

INPUTS:

HUMAN CAPITAL
206 Employees

MANUFACTURED CAPITAL

- 4 process lines
- Sugar Plant capacity of 12,500 Metric Tons per day
- Paper plant capacity of 250 Metric Tons per day
- Effluent Treatment Plant
- 19 MW Power Generation Plant
- 2 MW Solar Plant
- Sugar cane procured and crushed: 14.066 million maunds costing approx. Rs. 4.6 billion
- OCC, pulp and chemicals consumed costing Rs. 1.5 billion

FINANCIAL CAPITAL

- From equity of Rs. Rs. 3.11 billion in 2022 to Rs. 4.09 in 2023
- Total assets Rs. 13.82 billion
- Strong Credit Rating
 - Long Term A-
 - Short Term A2
- Credit lines of Rs. 9.15 billion at September 2023.

INTELLECTUAL CAPITAL

- Purest Quality refined sugar
- Producing multiple varieties of Sugar and paper
- Pharma Grade Sugar
- Quality Certifications
 - Certificate of continued satisfactory operation of the Organization's Management System ISO 9001:2015.
 - Certificate of Compliance with standard of Good Manufacturing Practices (GMP).
 - Halal Certification
- SAP S4 Hana

SOCIAL & RELATIONSHIP CAPITAL

- Cane team educated farmers and growers on best farming techniques
- Financial support to growers for sugarcane Farming
- Specialized data driven cane procurement team
- Relationship with local and international suppliers of OCC, pulp and chemicals

NATURAL CAPITAL

- Major production on power plants fueled by bagasse, rice husk and solar
- Planted large number of trees for environment Protection
- Certifications of
 - Implemented Environmental Management System ISO 14001:2015 certified
 - Implemented Occupational Health & Safety Management System ISO 45001:2018 certified

Our Integrated Value Chain

INPUTS:

Mirpurkhas sugar mills limited (MSM) procures the best sugarcane from its surrounding areas.

A dedicated Cane procurement team performs a data driven survey throughout the year and take best sugarcane growers onboard for smooth supply in Season at optimum cost. The Company has long association with many growers.

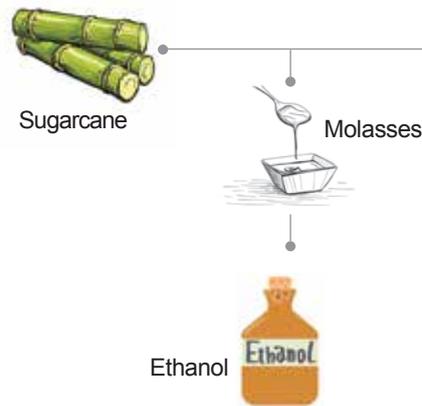
For OCC, the Company strives to have long term arrangements with the suppliers and continuous engagements with respect to the quality issues for production of fine quality paper.

With a very low employee turnover, company takes pride in its accumulated human resource.

BUSINESS ACTIVITIES/ DIFFERENTIATION

MSM has capacity to crush 12,500 MT of sugarcane per day. All the by-products of sugarcane like bagasse, molasses etc. are 100% further converted (internally utilized/sold), to obtain maximum output from the sugar making process and minimize costs. Here, skilled human resource of the company plays key role to obtain a maximum sucrose recovery from sugarcane by better quality and timely procurement. Also, paper plant is running on renewable energy and bio-fuels.

The company supports its customers in case of any complaints and addresses their concerns.



OUTPUT

MSM manufactures the following varieties of Sugar:

- White Refined Sugar
- Pharma & Food Grade Sugar
- Brown Sugar
- Caster Sugar

Paper:

- Test liner
- White test liner
- Kraft liner
- Fluting paper

OUTCOME

During the year MSM's net revenue was Rs. 7.78 billion.

The Company contributed Rs. 800 million to the National Exchequer during the year.

KEY OUTPUTS

HUMAN CAPITAL

- Training & Development
- New hiring
- Promotions
- High retention and low turnover

MANUFACTURED CAPITAL

- Sugar Produced: 59,325 tons
- Paper produced: 17,959 tons
- Molasses produced: 28,772 tons
- Investment in latest manufacturing technology
- Waste water which is processed in Strainers for usage in agriculture farms.

FINANCIAL CAPITAL

- Profit of Rs. 839.32 million for the year ended Sep 2023

INTELLECTUAL CAPITAL

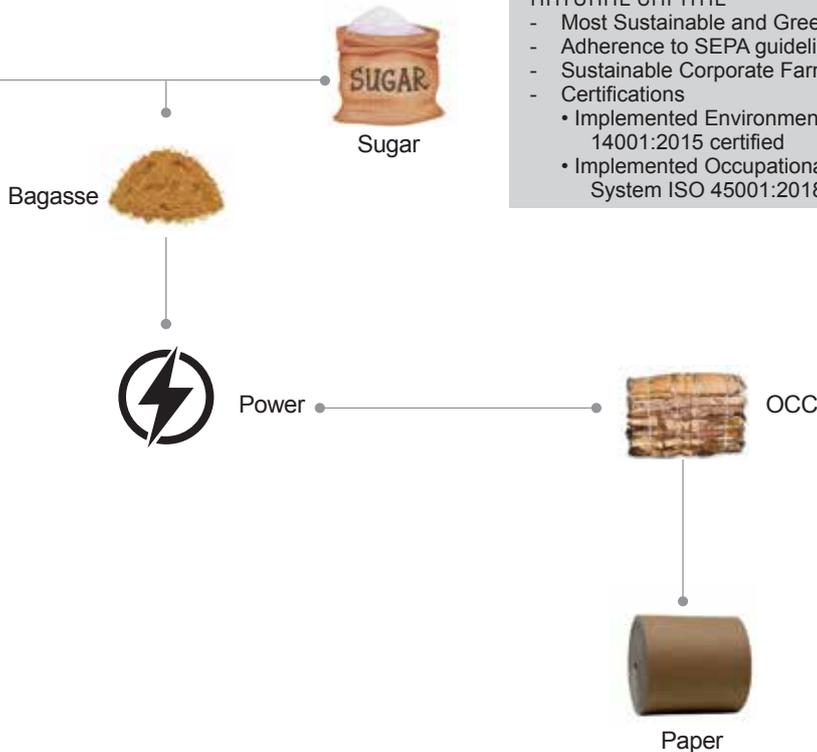
- Strong and loyal customer base
- Preferred supplier for pharma companies
- Secured & advanced remote working techniques.

SOCIAL & RELATIONSHIP CAPITAL

- Exceptional relationship with raw material suppliers
- Preferred Mill by grower to supply Sugarcane
- 24hrs Uninterrupted cane supply and production during season.
- New growers and Procurement circles
- New customers
- Charity and donations

NATURAL CAPITAL

- Most Sustainable and Green industry
- Adherence to SEPA guidelines
- Sustainable Corporate Farming
- Certifications
 - Implemented Environmental Management System ISO 14001:2015 certified
 - Implemented Occupational Health & Safety Management System ISO 45001:2018 certified



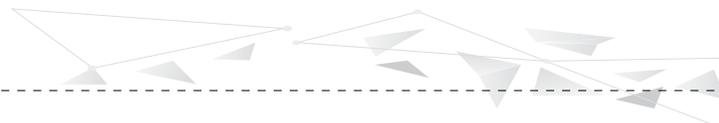
Excellence in Corporate Reporting

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Adoption and Statement of Adherence with the International
Integrated Reporting Framework (IIRF)..... 159







Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB)

Mirpurkhas Sugar Mills Limited is preparing statutory financial statements in accordance with the IFRS issued by IASB as notified under the Companies Act 2017 including the disclosure requirements of fourth schedule.

However, SECP has not notified adoption of following IFRS:

Standards / Amendments	IASB Effective dates (annual periods beginning on or after)
IFRS 1 - First time adoption of IFRSs	1-Jan-2004
IFRS 17 - Insurance Contracts	1-Jan-2023

In addition to this, note 3 to the financial statement specify few standards and interpretations which are yet to be effective in Pakistan. The Company believes that that the impact of the above standards and those referred in note 3 does not have any material impact to the Financial Statements.

Karachi: December 27, 2023


Arif Faruque
Chairman

Adoption and Statement of Adherence with the International Integrated Reporting Framework (IIRF)

Overview:

This annual report (report) of the Mirpurkhas Sugar Mills Limited (Company) has been prepared in guidelines of the International Integrated Reporting (IR) framework and the Global Reporting Initiative (GRI) Standards. The report is aim to provide its stakeholders a quality, concise and transparent briefing of the Company's ability, position and expertise to create sustainable value, which is vital for its position, performance and reporting capabilities. Since then the Company has adapted its structure in response to global changes and development, the Company advanced its management processes.

Management of the Company is following the spirit of adhering to the best corporate and governance practices. The management is also committed to achieve excellence in all aspects of transparent reporting. The Company also achieved good stage of compliance. The Company also considers the importance and strengthening of this report in terms of information connectivity and demonstration of results impact regarding various capital employed.

Business operations:

The Company is engaged in manufacturing, marketing and sale of sugar since 58 years. The data and information presented in this report pertains to its plants, marketing offices and head office.

Objectives and Contents:

The contents of this report are based on Company's engagement with its stakeholders, IR framework and GRI Standards sustainability and to provide quality information of interest of various group of stakeholders of impacts of activities on economy, market, environment and society as well as long-term sustainability of the Company's business.

It is imperative to ensure that the material is being presented in such a way that it enables the stakeholders to better understand these activities. The business strategy information has been linked directly to business activities and non-financial information.

Methodologies:

In compilation of data basic scientific measurements, mathematical calculation methods, accounting principles, actual basis and other different logical methodologies are used. The Company makes every effort to ensure the accuracy of the sustainability as well as the information being provided.

Role of the Board:

The Board of Directors (the Board) has crucial role, since directors are elected by shareholders and IR framework is a mechanism of ensuring long-term value creation and increasing transparency. The IR framework requires involvement and support of the Board and Chief Executive.

Henceforth, the Management of the Company is guided to achieve Company objectives by advising, assessing, and monitoring the business strategies and ensuring the execution and modification of these activities.

Role of Management:

The Management has laid the business foundation built on the principles of ethics and corporate professionalism. The same is being developed by devising and disseminating procedural steps and policies thereby highlighting need of good governance and resource allocation in achieving the desired objectives.

Financial and Non-Financial Information:

The report also includes both financial and non-financial information about the Company's brand, financial structure, operations, performance, insight, risks & opportunities and outcome attributable to the value creation ability.

The Company has adopted the IR framework to give an overview of the Company's business affairs and philosophy by connecting and presenting the financial and non-financial information considering the varied interest and widenge of stakeholders.

The forward-looking statement explains the future challenges and how the Company plans to address these.

Connectivity, Monitoring and Control:

The Company's reporting is monitored and ensure that the relevant information is shared in the most suited way for the stakeholders. Connectivity of the information is another aspect which needs to be addressed properly.

Thus, the stakeholders are made aware of the Company's philosophy and attitude towards achieving the enhanced stakeholders' value and customer satisfaction. The stakeholders' value is maximized through returns on investment, which management believes can be achieved through revenue maximization and cost control measures.

Other factors:

This report also includes other factors, which challenged the economic performance of the Company. The Company also provides an overview of Health, Safety and Environment (HSE) to its stakeholders and addresses complaints and grievances. Achieving sustainable corporate value by focusing economic, societal, technological and environmental factors and their impacts is the Company's core strength.

The analysis and conclusions presented in this report demonstrates various factors that have been taken into account and the management is taking measures to increase the resiliency of the business and its operations.

Users:

This report intended to address the needs of users, investors, stakeholders, suppliers, employee, regulators and society to provide view of value creation potential taking into account risks and opportunities. The Company believes that to the stakeholders provide better understanding of its business strategies, opportunities & risks, business model, governance, performance which creates value to the Company and its shareholders. The Company shall continue to improve the information produced to make it even easier to understand.

Materiality:

The report includes the information relevant for its stakeholders to make decisions on the organization's economic, social and environmental performance.

Reporting period:

This report of the Company is published annually and covers period beginning from October 01, 2022 till September 30, 2023.

Our Report:

This report of the Company has included following content elements for the users of this report:

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Analysis of financial position
- IT governance & cybersecurity
- Outlook
- Stakeholder's relationship and engagement
- Sustainability and corporate social responsibility
- Business Model
- Excellence in corporate reporting
- Financial Statements



Arif Faruque
Chairman

Karachi: December 27, 2023

Glossary of Term

Acid Test Ratio:

The ratio of liquid assets to current liabilities.

AGM:

A mandatory, public yearly gathering of a publicly traded company's executives, directors and interested shareholders.

Amortization:

To charge a regular portion of an expenditure over a fixed period of time.

Borrowing Cost:

Finance costs that are directly attributable to the construction/acquisition of a qualifying assets and included in the cost of such asset.

Current Ratio:

The current ratio indicates a company's ability to meet short-term debt obligations.

Dividend Payout Ratio:

The ratio found by dividing the annual dividends per share by the annual earnings per share.

Earnings Per Share:

Earnings found by dividing the net income of the Company by the number of shares of common outstanding stock.

EBITDA:

Earnings before Interest, Taxes, Depreciation and Amortization.

Financial leverage Ratio:

The ratio found by dividing total debt by the equity held in stock. This is a measure of financial risk.

Gearing Ratio:

Compares some form of owner's equity (or capital) to borrowed funds.

HR & RC:

Human Resource and Remuneration Committee.

HS&E:

Health, Safety and Environment.

IAS:

International Accounting Standards.

IASB:

International Accounting Standards Board.

IFRIC:

International Financial Reporting Issues Committee.

IIRF:

International Integrated Reporting Framework.

IFRS:

International Financial Reporting Standard.

Joint Venture:

A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.

KIBOR:

Karachi Inter Bank Offer Rate.

MSM:

Mirpurkhas Sugar Mills Limited

Price-Earnings Ratio (P/E):

The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects).

Principal:

In commercial law, the principal is the amount that is received, in the case of a loan, or the amount from which flows the interest.

Qualifying Asset:

An asset that takes substantial period of time to get ready for its intended use/sale.

Return on Equity (ROE):

The value found by dividing the Company's net income by its net assets (ROE measures the amount a company earns on investments).

Security:

A pledge made to secure the performance of a contract or the fulfillment of an obligation.

Spread:

Rate charged by the bank over KIBOR.

Term:

The maturity or length of time until final repayment on a loan, bond, sale or other contractual obligation.

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1 Organizational Overview and External Environment		Page No.
1.01	Mission, vision, code of conduct, ethics and values.	19-27
1.02	Principal business activities and markets (local and international) including key brands, products and services.	17
1.03	Geographical location and address of all business units including sales units and plants.	35, 181
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	28-29
1.05	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	28,29,202,221
1.06	Organization chart indicating functional and administrative reporting, presented with legends.	36-37
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	38-39
1.08	a) Explanation of significant factors effecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response. b) The effect of seasonality on business in terms of production and sales.	40-41
1.09	The legislative and regulatory environment in which the organization operates.	50
1.10	The legitimate needs, interests of key stakeholders and industry trends.	50
1.11	SWOT Analysis of the company.	54
1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	42
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	50
1.14	History of major events.	32-33, 123
1.15	Details of significant events occurred during the year and after the reporting period.	123, 181, 222
2 Strategy and Resource Allocation		
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve these objectives.	46
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a) Financial Capital; b) Human Capital; c) Manufactured Capital; d) Intellectual Capital; e) Social and Relationship Capital; and f) Natural Capital.	47-48
2.03	The capabilities and resources of the company to provide sustainable competitive advantage and as result value created by the business.	51-52
2.04	The effects of the given factors on company strategy and resource allocation: technological changes, ESG reporting and challenges, initiatives taken by the company in promoting and enabling innovation and resource shortages (if any).	53
2.05	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	102
2.06	The company's sustainability strategy with measurable objectives/ targets.	149
2.07	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	49

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2.08	<ul style="list-style-type: none"> a) Information about defaults in payment of any debts with reasons and b) Board strategy to overcome liquidity problem and its plan to manage repayment of debts and meet operational losses. 	49, 74
3	Risks and Opportunities	
3.01	Key risks and opportunities (internal and external) effecting availability, quality and affordability of Capitals.	58-60
3.02	<p>A Statement from Board for determining the following:</p> <ul style="list-style-type: none"> a) company's level of risk tolerance by establishing risk management policies. b) the company has carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity. 	58-60, 72-77
3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	58-60
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	58-60
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (is any).	61
4	Sustainability and Corporate Social Responsibility (CSR)	
4.01	Board's statement for adoption of best practices for CSR.	75
4.02	Board's statement about the company's strategic objectives on ESG (environmental, social and governance)/ sustainability reporting.	149
4.03	A chairman's overview on how the company's sustainable practices can affect their financial performance.	142-151
4.04	<p>Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including:</p> <ul style="list-style-type: none"> a) environment related obligations applicable on the company; b) company progress towards ESG initiatives during the year; and c) company's responsibility towards the staff, health & safety. 	142-151
4.05	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	N/A
4.06	Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social groups.	142-151
5	Governance	
5.01	<p>Board composition:</p> <ul style="list-style-type: none"> a) Leadership structure of those charged with governance. b) Name of independent directors indicating justification for their independence. c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience. d) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc. e) No. of companies in which the executive director of the reporting organization is serving as non-executive director. 	31, 36, 68, 69,75,79, 93-94
5.02	A brief description about role of the Chairman and the CEO.	95
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	72-80
5.04	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	71
5.05	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	76, 78
5.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	78

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5.07	Details of formal orientation courses for directors.	78
5.08	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	78, 93
5.09	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	96, 98
5.10	Disclosure about related party transactions: a) Approved policy for related party transactions. b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding. c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement. d) Disclosure of director's interest in related party transactions. e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	81-84 66, 220 66, 220 66, 220 66, 220
5.11	Disclosure of Board's Policy on the following significant matters: a) Governance of risk and internal controls. b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. c) Disclosure of director's interest in significant contracts and arrangements. d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings. e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. f) Security clearance of foreign directors. g) Board meetings held outside Pakistan. h) Human resource management including preparation of succession plan. i) Social and environmental responsibility. j) Communication with stakeholders. k) Investors' relationship and grievances. l) Employee health, safety and protection. m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report. n) Safety of records of the company. o) Company's approach to managing and reporting policies like procurement, waste and emissions.	79 72-77 80, 219 N/A 78 86 85 138-139 138-139, 79 142-151 89 87 61, 143-145
5.12	Board review statement of the organization's business continuity plan or disaster recovery plan.	130
5.13	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	93-94, 76
5.14	a) Shares held by Sponsors / Directors / Executives; b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors/Executives or close family member of Directors/Executives etc.) or foreign shareholding (if any).	224, 202 224, 202
5.15	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	96, 97

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5.16	<p>Timely Communication: within 40 days - 6 marks (within 50 days - 6 marks in case of holding company who has listed subsidiary /subsidiaries) within 60 days - 3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).</p>	222
5.17	<p>Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include:</p> <ol style="list-style-type: none"> Composition of the committee with at least one member qualified as “financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee. Committee’s overall role in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed. Committee’s overall approach to risk management and internal control, and its processes, outcomes and disclosure. Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor’s performance. Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures. An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor’s objectivity and independence is safeguarded. If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported. The Audit Committee’s views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company’s position and performance, business model and strategy. Results of the self-evaluation of the Audit Committee carried out of its own performance. Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year. 	98
5.18	<p>Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee’s activities / matters that are within the scope of the Audit Committee’s responsibilities.</p>	139
5.19	<p>Board disclosure on Company’s use of Enterprise Resource Planning (ERP) software including:</p> <ol style="list-style-type: none"> how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system; management support in the effective implementation and continuous updation; details about user training of ERP software; how the company manages risks or control risk factors on ERP projects; how the company assesses system security, access to sensitive data and segregation of duties. 	124, 127-131
5.20	<p>Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, a disclosure if it has any other connection with the company.</p>	N/A
5.21	<p>Chairman’s significant commitments and any changes thereto.</p>	71, 95
5.22	<p>Disclosure about the Government of Pakistan policies related to company’s business/sector in Directors’ Report and their impact on the company business and performance.</p>	77

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6 Analysis of the Financial Information		Page No.
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: a) Past and current performance; b) Performance against targets /budget; and The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	100-122
6.02	a) Analysis of financial ratios (Annexure I). b) Explanation of negative change in the performance against prior year.	106-108
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	116-120
6.04	Graphical presentation of 6.02 and 6.03 above.	104, 109-112, 114-115
6.05	Methods and assumptions used in compiling the indicators.	102
6.06	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	121
6.07	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	125, 213
6.08	a) Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning. b) Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	122 43
6.09	Brief description and reasons for not declaring dividend despite earning profits and future prospects of dividend.	74
6.10	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	N/A
7 Business Model		
7.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework.	154-155
7.02	Explanation of any material changes in the entity's business model during the year.	154-155
8 Disclosures on IT Governance and Cybersecurity		
8.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	128-131
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	128-131
8.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	128-131
8.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	128-131
8.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	128-131
8.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	128-131
8.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	128-131
8.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	128-131
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	128-131

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9 Future Outlook		Page No.
9.01	Forward-looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	134-136
9.02	Explanation as to how the performance of the company meets the forward-looking disclosures made in the previous year.	134-136
9.03	Status of the projects in progress and were disclosed in the forwardlooking statement in the previous year.	134-136
9.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.	134-136
10 Stakeholders Relationship and Engagement		
10.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	138-139
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees; and g) Analysts.	138-139
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	138-139
10.04	Investors' Relations section on the corporate website.	138-139
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	138-139
10.06	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	140
10.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	138-139
10.08	Highlights about redressal of investors' complaints.	138-139
11 Striving for Excellence in Corporate Reporting		
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).	158
11.02	Adoption of International Integrated Reporting Framework by fully applying the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles'.	159-160
11.03	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	162-168

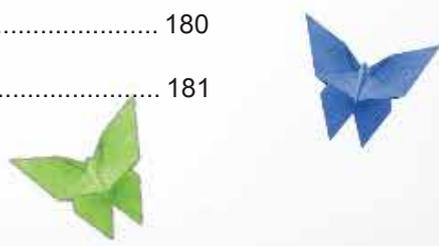
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12	Specific Disclosures of the Financial Statements	Page No.
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	
Specific Disclosures of the Financial Statements		
1	Fair value of Property, Plant and Equipment.	136
2	Particulars of significant/ material assets and immovable property including location and area of land.	181
3	Capacity of an industrial unit, actual production and the reasons for shortfall.	221
4	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	136
5	Specific disclosures required for shariah compliant companies/ companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	N/A
6	Disclosure requirements for common control transactions as specified under the Accounting Standard on 'Accounting for common control transactions' developed by ICAP and notified by SECP (through SECP S.R.O. 53 (I)/2022 dated January 12, 2022)	N/A
7	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	221
8	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans.	N/A
9	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A



Financial Statements

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Independent Auditor's Report to the Members of Mirpurkhas Sugar Mills Limited

Report on the Audit of Financial Statements



Opinion

We have audited the annexed financial statements of Mirpurkhas Sugar Mills Limited, ("the Company") which comprise the statement of financial position as at September 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2023 and of the profit, 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 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 Matter(s)

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

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Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Contingencies:</p> <p>The Company is under litigation in respect of various matters including the matter of fixation of minimum price of sugarcane for crushing season 2017-18 and other miscellaneous taxation related cases as disclosed in note 26 to the annexed financial statements.</p> <p>Given the nature and amounts involved in such contingencies and the appellate forums at which these are underway, the probability of the related settlements and the appropriate accounting in the financial statements require significant professional judgment. Which may change over the time as new facts emerge and as the case progresses. Therefore, we have identified this matter as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Evaluating management's processes and controls to identify new possible obligations and changes in existing obligations through meetings with the management personnel and review of the minutes of meetings of the Board of Directors and Audit Committee. Review of the relevant information including case proceedings and correspondences with regulatory authorities and company's external counsel in respect of the ongoing litigations. Circularizing confirmations to the legal counsels of the Company to evaluate the status of the pending litigations and view point of any Company's legal counsels thereon. Verifying legal and professional expenses to confirm that all pending legal matters are identified and disclosed. Re-computing the amounts of obligations based on available underlying information and confronted parameters. Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.
2.	<p>Recognition of Revenue:</p> <p>The company is engaged in the production and sale of white refined sugar and paper products and recognized revenue there from for the year ended September 30, 2023.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that it could be subject to misstatement to meet expectations or targets.</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of the process relating to recognition of revenue and assessing the design, implementation and operating effectiveness of key internal controls over recording of revenue. Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards. Obtaining an understanding of the nature of the revenue, testing a sample of sales contracts to confirm our understanding and assessing whether or not management's application of IFRS 15 requirements was in accordance with the standard. Performing analytical procedures and test of details by selecting sample of transactions for comparing with sales orders, sales invoices, delivery orders and other underlying records.

		<ul style="list-style-type: none"> Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery orders and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. <p>Reviewing the adequacy of disclosure as required under applicable financial reporting framework.</p>
<p>3.</p>	<p>Capital Expenditure and related financing.</p> <p>As disclosed in note 4 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure mainly on account of Paper Project which amounted to Rs. 1,197.979 million and transferred to operating fixed assets amounting to Rs.4,234.760 million. To finance the above capital expenditures, the Company has obtained financing as disclosed in the accompanying financial statements.</p> <p>Capital expenditures incurred during the year represent a significant transaction and involves significant judgments in respect of capitalization of elements of eligible components of costs, including financing costs, as per the applicable reporting standards in determining, when the assets are available for use and estimation of their useful lives and residual values. Further, financing agreements entail financial and non-financial covenants that the Company is subject to compliance.</p> <p>Accordingly, we have identified the capital expenditure and related financing as a key audit matter.</p>	<p>Our procedures, amongst others, included obtaining an understanding of the Company's process with respect to capital expenditure including determination of useful lives and testing the Company's controls in this area relevant to our audit</p> <p>We considered whether the items of cost capitalized, including financing cost, meet the recognition criteria of an asset in accordance with the applicable financial reporting standards.</p> <p>We checked the timing of capitalization by examining, on a sample basis, the completion certificates from the technical department.</p> <p>We also evaluated the basis used by the management for determining the useful lives of new assets and depreciation charged in relation thereto, by considering factors such as the current depreciation, estimates for similar or comparable assets, expected utilization of the asset and the estimated residual value at the end of the useful live.</p> <p>We checked the relevant contracts and documents, including but not limited to, suppliers' invoices, delivery notes, Letters of Credits and shipping documentation supporting various components of the capitalized cost.</p> <p>We obtained and checked the term sheets and agreements of financing and circularized confirmations to the financing banks to confirm outstanding loan balances and other related terms at year end.</p> <p>We checked compliance of the covenants and their implications. We also checked the maturity analysis of the financing to ascertain the classification of loans as per their remaining maturities.</p> <p>We assessed the adequacy of the Company's disclosures in accordance with the applicable financial reporting standards.</p>

Information Other than the 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 financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hanif Razzak.

Kreshan Hyper Bhaiji & Co.

Chartered Accountants

Karachi

Dated: December 28, 2023

UDIN : AR202310222qoTupyaxc

Statement of Financial Position

As at September 30, 2023

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment
Long-term investments
Long-term loans and deposits
Deferred tax asset-net

CURRENT ASSETS

Stores, spare parts and loose tools
Stock-in-trade
Biological assets
Trade debts
Loans and advances
Trade deposits and short-term prepayments
Other receivables
Short-term investments
Tax refunds due from the Government
Cash and bank balances

TOTAL CURRENT ASSETS

Non-current asset held for sale

TOTAL ASSETS

EQUITY AND LIABILITIES

EQUITY

Share capital
Reserves
Surplus on revaluation of property, plant & equipment

NON-CURRENT LIABILITIES

Long-term financing
Long-term lease liabilities
Deferred liabilities
Government grant

CURRENT LIABILITIES

Trade and other payables
Accrued mark-up
Short-term borrowings
Current portion of long-term financing
Current portion of long-term lease liabilities
Current portion of government grant
Unclaimed dividend

TOTAL CURRENT LIABILITIES

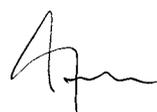
Liabilities associated with non-current asset held for sale

CONTINGENCIES AND COMMITMENTS

TOTAL EQUITY AND LIABILITIES

Note	2023	2022
	(Rupees in '000)	
4	6,846,091	5,781,475
5	2,362,945	1,698,668
6	27,654	29,350
34	-	51,802
	9,236,690	7,561,295
7	739,189	287,970
8	2,407,741	1,400,800
9	-	4,140
10	667,539	113,229
11	219,379	87,244
12	50,383	2,030
13	282,317	268,335
14	31,254	1,578
	154,574	176,742
15	34,879	19,570
	4,587,255	2,361,638
16	-	301,264
	13,823,945	10,224,197
17	465,579	134,950
18	2,964,938	2,131,991
18	661,496	844,259
	4,092,013	3,111,200
19	2,183,659	2,198,425
20	11,845	19,530
21	618,976	475,106
22	246,622	288,325
	3,061,102	2,981,386
23	969,935	553,432
24	381,562	166,095
25	4,772,246	2,202,141
19	458,964	380,404
20	11,941	11,000
22	68,429	60,563
	7,753	7,976
	6,670,830	3,381,611
16	-	750,000
26		
	13,823,945	10,224,197

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



Aslam Faruque
Chief Executive



Hasan Reza Ur Rahim
Director



Wasif Khalid
Director & Chief Financial Officer

Statement of Profit or Loss

For the year ended September 30, 2023

	Note	2023	2022
		(Rupees in '000)	
Turnover - net	27	7,779,469	4,832,646
Cost of sales	28	(6,416,207)	(4,354,653)
Gross profit		1,363,262	477,993
Distribution cost	29	(165,756)	(36,435)
Administrative expenses	30	(269,480)	(210,166)
Other operating expenses	31	(177,138)	(10,151)
		(612,374)	(256,752)
Other income	32	515,883	68,145
Operating profit		1,266,771	289,386
Finance cost	33	(1,124,065)	(429,423)
		142,706	(140,037)
Share of profit in associates - net	5	911,711	440,059
Profit before taxation		1,054,417	300,022
Taxation	34	(215,101)	(96,396)
Profit after taxation		839,316	203,626
			(Re-stated)
Earnings per share - basic & diluted (Rupees)	35	18.03	4.37

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



Aslam Faruque
Chief Executive



Hasan Reza Ur Rahim
Director



Wasif Khalid
Director & Chief Financial Officer

Statement of Comprehensive Income

For the year ended September 30, 2023

	2023	2022
	(Rupees in '000)	
Profit after taxation	839,316	203,626
Other Comprehensive income / (loss)		
Items that will not be subsequently reclassified to statement of profit or loss:		
Actuarial loss on defined benefit plan	(2,871)	(109,369)
Unrealised gain / (loss) on remeasurement of equity investment at fair value through other comprehensive income	27,567	(227,389)
Realised gain on disposal of equity instruments	-	18,348
Surplus on revaluation of land	116,801	-
	141,497	(318,410)
Total comprehensive income / (loss)	980,813	(114,784)

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



Aslam Faruque
Chief Executive



Hasan Reza Ur Rahim
Director



Wasif Khalid
Director & Chief Financial Officer

Statement of Cash Flows

For the year ended September 30, 2023

Note	2023	2022
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,054,417	300,022
Adjustments for:		
Depreciation	4.1 236,767	110,569
Depreciation on right-of-use asset	4.6 8,055	5,055
Amortization	-	1,018
Provision for market committee fee	21.1 5,639	6,496
(Reversal of provision) / Provision against receivable	31 / 32 (1,168)	2,124
Provision against growers loan	-	593
Provision for store obsolescence	-	5,438
Accrued profit term deposit	(2,828)	(78)
Fair value adjustment of biological assets	13,329	5,643
Dividend income from related parties	32 (17,850)	(15,362)
Share of profit in associates	5 (911,711)	(440,059)
Exchange gain on currency revaluation	-	(569)
Gain on disposal of property, plant and equipment / non-current asset held for sale	32 (452,073)	(54)
Gratuity expense / (income)	1,217	(2,606)
Provision of deferred liabilities-net	138,231	-
Finance cost on lease liabilities	33 4,256	2,327
Finance cost	33 1,119,809	427,096
	141,673	107,631
	1,196,090	407,653
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(451,219)	(87,169)
Stock-in-trade	(1,006,941)	(416,592)
Biological assets	(9,189)	(1,477)
Trade debts	(553,142)	(54,294)
Loans and advances	(132,135)	(17,796)
Trade deposits and Short-term prepayments	(48,353)	2,351
Other receivables	(18,070)	45,552
	(2,219,049)	(529,425)
Increase in current liabilities:		
Trade and other payables	416,503	129,760
Cash (used in) / generated from operations	(606,456)	7,988
Long-term loans and deposits-net	1,696	(2,928)
Income tax paid	(141,131)	(147,874)
	(139,435)	(150,802)
Net cash used in operating activities	(745,891)	(142,814)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	4 (1,197,979)	(2,408,574)
Sale proceeds of property, plant and equipment	4.2 8,679	955
Investment in Term deposit receipt	(28,500)	-
Redemption on investment in term deposit receipt	1,500	-
Profit realised on term deposits	152	85
Sale proceeds against Non-current asset held for sale	-	620,000
Sale proceeds of short term investment - net	-	175,592
Dividend received from an associate	5 275,000	325,000
Dividend received from related parties	32 17,850	15,362
Net cash used in investing activities	(923,298)	(1,271,580)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(904,342)	(295,125)
Short-term borrowings-net	2,570,105	404,510
Long-term financing-net	29,958	1,295,438
Payment of lease liability-net	20 (11,000)	(6,198)
Payment of dividend	(223)	(5)
Net cash generated from financing activities	1,684,498	1,398,620
Net increase / (decrease) in cash and cash equivalents	15,309	(15,774)
Cash and cash equivalents at the beginning of the year	19,570	35,344
Cash and cash equivalents at the end of the year	15 34,879	19,570

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


Aslam Faruque
 Chief Executive


Hasan Reza Ur Rahim
 Director

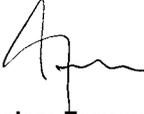

Wasif Khalid
 Director & Chief Financial Officer

Statement of Changes in Equity

For the year ended September 30, 2023

Description	Issued, subscribed and paid-up capital	Reserves					Total reserves	Total
		General reserve	Unappropriated profit	Actuarial gain / (loss) on defined benefit plan net-off tax	Unrealised gain / (loss) on investment at fair value through other comp. income	Surplus on Revaluation of property, plant and equipment		
(Rupees in '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	-	-	203,626	-	-	-	203,626	203,626
Other comprehensive income (disposal of shares)	-	-	165,704	-	(165,704)	-	-	-
Other comprehensive loss	-	-	-	(109,369)	(209,041)	-	(318,410)	(318,410)
Total comprehensive income / (loss)	-	-	369,330	(109,369)	(374,745)	-	(114,784)	(114,784)
Balance as at September 30, 2022	134,950	34,250	1,583,835	61,191	452,715	844,259	2,976,250	3,111,200
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	-	-	839,316	-	-	-	839,316	839,316
Surplus on revaluation of land	-	-	-	-	-	116,801	116,801	116,801
Surplus on revaluation of land realized on account of disposal	-	-	299,564	-	-	(299,564)	-	-
Other comprehensive (loss) / income	-	-	-	(2,871)	27,567	-	24,696	24,696
Total comprehensive income / (loss)	-	-	1,138,880	(2,871)	27,567	(182,763)	980,813	980,813
Transaction with owners								
Bonus shares issued in proportion of 15 ordinary shares for each 100 shares held for the year ended 30 September 2022	20,243	-	(20,243)	-	-	-	(20,243)	-
Interim Bonus shares issued in proportion of 200 ordinary shares for each 100 shares held in June 2023	310,386	-	(310,386)	-	-	-	(310,386)	-
Balance as at September 30, 2023	465,579	34,250	2,392,086	58,320	480,282	661,496	3,626,434	4,092,013

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


Aslam Faruque
Chief Executive


Hasan Reza Ur Rahim
Director


Wasif Khalid
Director & Chief Financial Officer

Notes to the Financial Statements

For the year ended September 30, 2023

1. STATUS AND NATURE OF BUSINESS

1.1 Mirpurkhas Sugar Mills Limited (the Company) was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. Principal activity of the Company is manufacturing and selling of sugar and paper.

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 Sugar and Paper Division (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 Summary of significant transactions and events that have affected Company's financial position and performance during the year

1.2.1 Paper and board mill

During the year, the Company has successfully installed and commissioned the paper and board plant, with the commercial operations date effective from May 12, 2023.

2. STATEMENT OF COMPLIANCE

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These financial statements have been prepared following the accrual basis of accounting except for the statement of cash flows.

These financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the following material items in the statement of financial position:

- Inventories which are valued at lower of weighted / moving average cost or Net Realizable Value (NRV) in accordance with IAS 2;
- Biological assets that are valued at fair value less estimated cost to sell in accordance with IAS 41;

- c) Obligation under certain employees retirement benefits that are based on actuarial valuation in accordance with IAS 19;
- d) Free hold land which stands at revalued amount in accordance with IAS 16;
- e) Right-of-use assets and corresponding lease liabilities in accordance with IFRS-16; and
- f) Long-term loan under TERF and wage financing facility discounted at present value & related Government grant.

3.1.1 Standards, amendments and improvements applicable to financial statements

There are certain new and amended standards, amendments and interpretations that are mandatory for Company's accounting periods beginning on or after October 01, 2022 but are considered not to be relevant or do not have any significant effect on the Company's financial statements and therefore not detailed in these financial statements.

3.1.2 Adoption of amendments and improvements to approved accounting standards effective during the year

The adoption of the below amendments and improvements to the approved accounting standards did not have any material effect on the Company's financial statements.

Amendments to approved accounting standards

- IFRS 3 Reference to the Conceptual Framework (Amendments)
- IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
- IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

- IFRS 9 Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities
- IAS 41 Agriculture - Taxation in fair value measurement
- IFRS 16 Leases: Lease incentives

3.1.3 Standards, amendments and improvements issued but not yet effective.

The following amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvement.

Amendment or Improvement		Effective date (annual periods beginning on or after)
IFRS 17 IAS 1 and IFRS Practice statement 2	Insurance Contracts (Amendments)	1-Jan-2023
IAS 8	Disclosure of Accounting Policies (Amendments)	1-Jan-2023
IAS 12	Definition of Accounting Estimates (Amendments)	1-Jan-2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)	1-Jan-2023
IAS 12 IAS 1	International Tax Reform - Pillar Two Model Rules (Amendments)	1-Jan-2023
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments)	1-Jan-2024
IAS 7 / IFRS 7	Disclosures: Supplier Finance Arrangements (Amendments)	1-Jan-2024
IFRS 16	Lease Liability in a Sale and Leaseback - (Amendments)	1-Jan-2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

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

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

Standards / Amendments		IASB Effective dates (annual periods beginning on or after)
IFRS 1	First time adoption of International Financial Reporting Standards	1-Jan-2004
IFRS 17	Insurance Contracts	1-Jan-2023

3.2 Significant accounting judgements, estimates and assumptions

The preparation of these financial statements in conformity with the approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the disclosures of contingent liabilities at the end of reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources.

However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and any future periods affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

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

a) Employees retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 13.1 to the financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. 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.

b) Property, plant and equipment and intangible assets

The Company reviews appropriateness of the rate of depreciation / amortization, useful life and residual value used in the calculation of depreciation / amortization. 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 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 and intangible assets, with corresponding effects on the depreciation / amortization charge and impairment. As of the year end the Company estimates that there is no impairment on any of its assets.

c) Classification of investments

The management has exercised its judgment in respect of classification of investments as disclosed in note 5 to the financial statements. Any change in such judgment might materially affect the accounting policy applied in respect of such investments.

d) Stock-in-trade

The Company reviews Net Realizable Value (NRV) of stock in trade, to assess any diminution in their respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost of completion and the cost necessary to make the sale.

e) Stores, spare parts and loose tools

These are valued at cost determined on weighted average basis less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

f) 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.

g) Taxation

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

Deferred tax is provided using the statement of financial position liability method on all temporary differences arising at reporting date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilised.

h) Provision for impairment

The Company reviews the carrying amount of assets except deferred tax assets and inventories at the reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of assets is estimated and impairment losses are recognized in the statement of profit or loss.

i) 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).

j) Leases

The Company uses judgments and estimates in the measurement of right of-use assets and corresponding lease liabilities with respect to discount rates, lease terms including exercise of renewal and termination options etc.

3.3 Summary of significant accounting policies

3.3.1 Segment reporting

Due to the commissioning of paper and board plant during the year as explained in note 1.2.1, the Company has identified the following reportable segments on the basis of criteria defined by the "IFRS 8 Operating Segment".

Sugar Division - Manufacturing and sale of refined sugar
Paper Division - Manufacturing and sale of paper

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other

components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

3.3.2 Taxation

a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with 1.25% of turnover tax, calculated at applicable tax rates under section 113 & alternate corporate tax U/s 113C of the Income Tax Ordinance, 2001, whichever is higher is provided in the financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred income tax relating to items recognized directly in other comprehensive income is recognized in other comprehensive income and not in statement of profit or loss.

c) Sales tax and Government duties

Revenues, expenses and assets are recognized net of amount of sales tax and government duties except:

- Where amount incurred on a purchase of asset or service is not recoverable from the taxation authority, the tax / duties is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- Receivables or payables that are stated with the amount of sales tax and government duties included.

The net amount of sales tax and government duties recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.3.3 Employees' retirement benefits

a) Provident fund scheme

The Company operates two approved defined contribution provident fund schemes for its eligible permanent employees who opted for the benefits. Equal monthly contributions are made, both by the Company and the employees to the funds at the rate of 8.33 % of basic salary.

b) Gratuity scheme

The Company operates an approved and funded gratuity scheme for all of its eligible permanent employees, who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with the actuarial valuation using Projected Unit Credit (PUC) method.

3.3.4 Property, plant and equipment

a) Owned assets

These are stated at cost less accumulated depreciation except for freehold land which is stated at revalued amount and capital work-in-progress, which is stated at cost. The revaluation of freehold land is carried out once in every three years.

Assets having cost exceeding the minimum threshold as determined by the management are capitalized. All other assets are charged to income in the year when acquired.

Depreciation is charged, on a systematic basis over the useful life of the assets, to income applying reducing balance method, except for building on leasehold land, furniture and fittings, office and other equipment and computer and accessories which are depreciated using straight line method at the rates mentioned in note 4 to the financial statements, which reflects the patterns in which the assets' economic benefits are consumed by the Company. Rate of Building on leased hold land is determined on the basis of lease tenure. Additions to assets are depreciated from the month of addition while no depreciation is charged on assets disposed off during the month.

Maintenance and normal repairs are charged to statement of profit or loss, when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets, if any, are recognized in the statement of profit or loss when incurred.

The carrying values of owned assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

b) Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets become available for use.

c) Ijarah contracts

Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under Ijarah contracts (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

d) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease i.e., the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the lower of the lease term and the estimated useful lives of the assets.

3.3.5 Intangible assets

An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of such asset can also be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible assets.

Intangible assets are stated at cost less accumulated amortization and any impairment loss. Intangible assets are amortized when assets are available for use on straight line method. Amortization is charged from the month of the year in which addition / capitalization occurs while no amortization is charged in the month in which an asset is disposed off.

Useful lives of intangible assets are reviewed, at each financial year end and adjusted if appropriate.

The carrying values of intangible assets are reviewed for impairment at each financial year end when events or changes in circumstances, indicate that carrying value may not be recoverable. An impairment loss is recognized in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognized in the statement of profit or loss, however, it is restricted to the original cost of the asset.

3.3.6 Investments

a) In associate

Investment in an associate is accounted for using the equity method. Under this method, the investment is initially recognized at cost as adjusted for post acquisition changes in the Company's share of net assets of the associate and impairment in the value of investment and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition which is recognized in the statement of profit or loss. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held. Profit / loss from material transactions with associate is eliminated. The reporting dates of the associate and the Company are identical except for UniEnergy Limited and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

b) At fair value through other comprehensive income

Equity investments are initially recognised at cost, being the fair value of the consideration paid including transaction costs. Subsequent to the initial recognition these are measured at fair value, with any resultant gain or loss being recognized in the other comprehensive income. Gains or losses on fair value through other comprehensive income are recognized in the other comprehensive income and are never reclassified to the statement of profit or loss.

c) At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category. These investments are initially recognized at fair value, relevant transaction costs are taken directly to statement of profit or loss and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the statement of profit or loss in the period in which they arise.

3.3.7 Stores, spare parts and loose tools

These are valued at moving average cost. Provision / write-off if required is made for slow moving items, where necessary and recognized in statement of profit or loss.

Items in transit are valued at invoice plus other charges incurred thereon.

3.3.8 Biological Assets

Biological assets comprise of crop in field. These assets are measured at fair value less estimated point of sale costs, with changes in the fair value during the period recognized in the statement of profit or loss.

Costs of harvested and consumed biological assets are charged to statement of profit or loss.

The fair value is determined using the present value of expected net cash-flow from the asset based on significant assumptions stated in note 3.2(f). Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material.

Biological assets are categorized as mature or immature. Mature biological assets are those that have attained harvestable specifications.

3.3.9 Stock-in-trade

Stock-in-trade is valued at the lower of average manufacturing cost or NRV. The cost of work in process includes cost of raw material and proportionate manufacturing expenses.

NRV signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.3.10 Trade debts, loans, advances, deposits and receivables

Trade debts, loans, advances, deposits and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime Expected Credit Losses (ECLs) that result from all possible default events over the expected life of the trade debts, loans and other receivables. Bad debts are written off when considered irrecoverable.

3.3.11 Trade and other payables

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

3.3.12 Revenue recognition

- a) Revenue from sale of goods is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are dispatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.
- b) Income / return on investments, loans, advances and bank deposits are recognized on an accrual basis.
- c) Dividend income on equity investment is recognized, when the right to receive the same is established.
- d) Capital gains or losses on sale of investments and disposal of Property, plant and equipment are recognized in the period in which they arise.
- e) Mark-up on growers' loans is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters.
- f) Profit / (loss) on biological assets is recognized at actual and fair value gain / (loss) is recognized on standing crops
- g) Unrealized gains / (losses) arising on revaluation of securities classified as 'at fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

- h) Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees (reporting currency) at the rates of exchange prevailing at the date of statement of financial position. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Any resulting gain or loss from change in exchange rates is recognized in the statement of profit or loss.

3.3.13 Foreign currency transactions and translations

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are translated into Pak Rupees at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling 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 to monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

3.3.14 Impairment of assets

Financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balance for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

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

The expected credit loss approach has not resulted in any material change in impairment provision for any financial asset.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell,

is estimated. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

3.3.15 Provisions

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

3.3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest / profit on loan and other costs that an entity incurs in connection with the borrowing of funds.

3.3.17 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated as given in note 40 to the financial statements.

3.3.18 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. 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 lease payments or a change in the assessment of an option to purchase the underlying asset.

3.3.19 Financial instruments

Financial Asset

The Company classifies its financial assets in to following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive

income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement of profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where 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 and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

Offsetting of financial assets and liabilities

A financial asset and financial liability is only offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

3.3.20 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances in current, deposit and PLS accounts with the conventional and Islamic banks.

3.3.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

3.3.22 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 a 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.

3.3.23 Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

3.3.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data 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 period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.3.25 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 relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed out.

The benefit of a long-term finance at a below-market rate of interest is treated as a deferred grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Grants related to long-term finances are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as finance cost related to long-term finances at market rate of interest.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
(Rupees in '000)			
Property, plant and equipment - owned	4.1	6,670,357	2,383,890
Capital work in progress	4.5	156,679	3,370,475
Right-of-use asset	4.6	19,055	27,110
		<u>6,846,091</u>	<u>5,781,475</u>

4.1 Following are the statements of property, plant and equipment for current and prior years:

2023	Free hold land (Note 4.3)	Building on free hold land		Lease hold improvements	Plant & machinery	Furniture & fittings	Vehicles	Office & other equipment	Computers & accessories	Total
		Factory	Non Factory	Non Factory						
(Rupees in '000)										
As at September 30, 2023										
Cost / Revalued amount	727,072	685,027	130,275	15,211	6,203,180	12,926	289,346	47,325	47,198	8,157,560
Accumulated depreciation and impairment	-	(89,303)	(32,314)	(3,084)	(1,182,452)	(9,577)	(120,558)	(21,193)	(28,722)	(1,487,203)
Carrying amount	727,072	595,724	97,961	12,127	5,020,728	3,349	168,788	26,132	18,476	6,670,357
Year ended September 30, 2023										
Opening carrying amount	610,271	111,370	24,956	12,634	1,474,374	3,086	133,471	7,022	6,706	2,383,890
Additions / Transfers:										
-Additions	-	-	-	-	62,564	1,909	75,487	23,307	13,748	177,015
-Transfers from CWIP	-	516,697	82,142	-	3,632,321	410	-	218	2,972	4,234,760
	-	516,697	82,142	-	3,694,885	2,319	75,487	23,525	16,720	4,411,775
Disposals:										
-Cost	-	-	-	-	-	-	(21,529)	-	-	(21,529)
-Accumulated depreciation	-	-	-	-	-	-	16,187	-	-	16,187
	-	-	-	-	-	-	(5,342)	-	-	(5,342)
Revaluation surplus	116,801	-	-	-	-	-	-	-	-	116,801
Depreciation for the year	-	(32,343)	(9,137)	(507)	(148,531)	(2,056)	(34,828)	(4,415)	(4,950)	(236,767)
Closing carrying amount	727,072	595,724	97,961	12,127	5,020,728	3,349	168,788	26,132	18,476	6,670,357
Depreciation rate per annum / useful life	-	10%	10%	Lease term	5%	5 Years	20%	5 Years	3 Years	

2022	Free hold land (Note 4.3)	Building on free hold land		Lease hold improvements	Plant & machinery	Furniture & fittings	Vehicles	Office & other equipment	Computers & accessories	Total
		Factory	Non Factory	Non Factory						
(Rupees in '000)										
As at September 30, 2022										
Cost / Revalued amount	610,271	168,330	48,133	15,211	2,508,295	10,607	235,388	23,800	30,478	3,650,513
Accumulated depreciation and impairment	-	(56,960)	(23,177)	(2,577)	(1,033,921)	(7,521)	(101,917)	(16,778)	(23,772)	(1,266,623)
Carrying amount	610,271	111,370	24,956	12,634	1,474,374	3,086	133,471	7,022	6,706	2,383,890
Year ended September 30, 2022										
Opening carrying amount	604,887	123,744	12,709	13,141	1,424,595	4,908	75,589	5,907	4,853	2,270,333
Additions / Transfers:										
-Additions	5,384	-	-	-	1,727	136	75,412	3,244	5,022	90,925
-Transfers from CWIP	-	-	13,906	-	120,196	-	-	-	-	134,102
	5,384	-	13,906	-	121,923	136	75,412	3,244	5,022	225,027
Disposals:										
-Cost	-	-	-	-	-	-	(3,821)	-	-	(3,821)
-Accumulated depreciation	-	-	-	-	-	-	2,920	-	-	2,920
	-	-	-	-	-	-	(901)	-	-	(901)
Depreciation for the year	-	(12,374)	(1,659)	(507)	(72,144)	(1,958)	(16,629)	(2,129)	(3,169)	(110,569)
Closing carrying amount	610,271	111,370	24,956	12,634	1,474,374	3,086	133,471	7,022	6,706	2,383,890
Depreciation rate per annum / useful life	-	10%	10%	Lease term	5%	5 Years	20%	5 Years	3 Years	

4.1.1 Operating assets as at September 30, 2023 include items having aggregate cost of Rs. 32.15 million (2022: Rs.28.98 million) which have been fully depreciated and are still in use of the Company.

4.1.2 Depreciation charged for the year has been allocated as follows:

	Note	2023	2022
		(Rupees in '000)	
Cost of sales	28	216,655	97,502
Distribution cost	29	507	498
Administrative expenses	30	19,605	12,569
		<u>236,767</u>	<u>110,569</u>

4.1.3 Reconciliation of carrying amount:

	2023	2022
	(Rupees in '000)	
Carrying amount at beginning of the year	2,383,890	2,270,333
Addition during the year	177,015	90,925
Transfers from capital work in progress during the year	4,234,760	134,102
Surplus on revaluation of freehold land during the year	116,801	-
Depreciation for the year	(236,767)	(110,569)
Disposal during the year at carrying amount	(5,342)	(901)
	<u>6,670,357</u>	<u>2,383,890</u>

4.2 Disposal of property, plant and equipment

Description	Cost	Net book value	Sale proceed	Gain	Mode of disposal	Particulars of buyers and relationship, if any
(Rupees in '000)						
Suzuki Wagon R	854	150	214	64	Employee scheme	Mr. Sarwar
Suzuki Wagon R	969	222	227	5	Employee scheme	Mr. Ali Raza
Suzuki Cultus	1,129	293	293	-	Employee scheme	Mr. Muhammad Naeem
Honda Civic	2,687	873	3,700	2,827	Tender	Mr. Ali Raza
Toyota Corolla	1,973	426	493	67	Employee scheme	Mr. Syed Muhammad Tariq
Toyota Corolla	1,768	341	359	18	Employee scheme	Mr. Nazeer Ahmed Sheikh
Toyota Corolla	1,768	368	442	74	Employee scheme	Mr. Shareef Khan
Toyota Corolla	1,998	519	519	-	Employee scheme	Mr. Shakeel Ahmed
Toyota Corolla	1,999	501	501	-	Employee scheme	Mr. Tahir Bashir
Toyota Land Cruiser	6,000	1,547	1,547	-	Employee scheme	Mr. Wasif Khalid (Director)*
Motor Bike	64	17	64	47	Employee scheme	Mr. Muhammad Yaqoob
Motor Bike	64	17	64	47	Employee scheme	Mr. Habibullah
Motor Bike	64	17	64	47	Employee scheme	Mr. Noor ul Amin
Motor Bike	64	17	64	47	Employee scheme	Mr. Muhammad Ilyas
Motor Bike	64	17	64	47	Employee scheme	Mr. Muhammad Bux
Motor Bike	64	17	64	47	Employee scheme	Mr. Abdul Sattar
2023	<u>21,529</u>	<u>5,342</u>	<u>8,679</u>	<u>3,337</u>		
2022	<u>3,821</u>	<u>901</u>	<u>955</u>	<u>54</u>		

*None of the buyers had any relationship with the directors of the company, except as mentioned above.

4.3 This includes Rs.661.49 million (2022 : Rs. 543.69 million) in respect of revaluation surplus (Refer note no.18.1). Had the revaluation not been carried out the freehold land would have been stated at Rs.65.58 million (2022: Rs.65.58 million).

4.4 Forced sale value of freehold land is Rs. 579.35 million.

4.5 Capital work in progress:

	2023	2022
	(Rupees in '000)	
Civil works	23,516	655,841
Plant and machinery	129,431	2,677,472
Advance against vehicles	3,732	28,597
Equipments	-	8,565
	<u>156,679</u>	<u>3,370,475</u>

4.5.1 Movement in Capital work in progress:

Opening	3,370,475	1,186,928
Add: Addition during the year	1,020,964	2,317,649
	<u>4,391,439</u>	<u>3,504,577</u>
Less: Transferred to fixed assets during the year	(4,234,760)	(134,102)
	<u>156,679</u>	<u>3,370,475</u>

4.5.2 During the year, borrowing costs have been capitalised amounting to Rs. 102.72 million (2022: Rs. 86.67 million) on account of financing obtained specifically for this purpose.

4.6 Right-of-use asset

	2023	2022
	(Rupees in '000)	
Opening net book value	27,110	12,164
Add: Additions during the year	-	20,001
Less: Depreciation during the year	(8,055)	(5,055)
Closing net book value	19,055	27,110

4.6.1 The Depreciation charge for the year on right-of-use asset pertains to rental payments of Head office & Godown for paper & board.

4.6.2 Depreciation charged for the year has been allocated as follows:

	Note	2023	2022
		(Rupees in '000)	
Cost of sales	28	4,000	1,000
Administrative expenses	30	4,055	4,055
		8,055	5,055

5. LONG TERM INVESTMENTS

In Associate

Unicol Limited

50,000,000 (2022: 50,000,000) fully paid ordinary shares of Rs.10/- each

Equity held : 33.33 % (2022 : 33.33%)

Dividend received

5.1.1	1,146,526	1,031,592
	(275,000)	(325,000)

Share of profit

5.1.2	871,526	706,592
	911,650	439,934
	1,783,176	1,146,526

UniEnergy Limited

768,999 (2022:768,999) fully paid ordinary shares of Rs.10/- each

Equity held : 7.69 % (2022: 7.69%)

Share of profit

5.2.1	7,867	7,742
5.2.2	61	125

	7,928	7,867
	1,791,104	1,154,393

In Related Parties

At fair value through other comprehensive income

Cherat Cement Company Limited

2,747,277 (2022:2,747,277) fully paid ordinary shares of Rs.10/- each

354,893	317,503
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Cherat Packaging Limited

2,437,615 (2022: 2,110,490) fully paid ordinary shares of Rs.10/- each

216,948	226,772
571,841	544,275
2,362,945	1,698,668

5.1 Unicol Limited

The Company holds 33.33 % (2022: 33.33 %) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to the statement of profit or loss in accordance with the accounting policy as mentioned in note no.3.3.6(a) to the annual audited financial statements for the year ended September 30, 2023 . The share of Company in the net assets has been determined on the basis of the audited financial statements of Unicol Limited for the year ended September 30, 2023.

5.1.1 The Company's interest in assets & liabilities of Unicol Limited:

	2023	2022
	(Rupees in '000)	
Non-current assets	3,033,915	774,658
Current assets	2,120,440	1,573,105
	5,154,355	2,347,763
Long-term liabilities	(1,333,333)	(3,810)
Current liabilities	(2,037,846)	(1,197,427)
	(3,371,179)	(1,201,237)
Net assets	1,783,176	1,146,526

5.1.2 The Company's share in profit and loss of Unicol Limited:

Sales	5,021,479	2,972,275
Cost of sales	(3,364,318)	(2,152,150)
	1,657,161	820,125
Other expenses, income and taxes	(745,511)	(380,191)
	911,650	439,934

5.2 UniEnergy Limited

The Company has invested Rs. 7.69 million in 768,999 (2022: 768,999) shares having face value of Rs.10/- each representing shareholding of 7.69% (2022: 7.69%) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture 50MW wind power project. This investment in UniEnergy Limited has been accounted for using the Equity method. Share of profit arising from the associate has been taken to statement of profit or loss in accordance with the accounting policy as mentioned in note no.3.3.6 (a) to the annual audited financial statements for the year ended September 30, 2023. The share of Company in the net assets has been determined on the basis of the audited financial statements of UniEnergy Limited as of June 30, 2023.

5.2.1 The Company's interest in assets & liabilities of UniEnergy Limited:

	2023	2022
	(Rupees in '000)	
Non-current assets	3,893	3,965
Current assets	4,110	4,134
	8,003	8,099
Current liabilities	(75)	(232)
Net assets	7,928	7,867

5.2.2 The Company's share in profit and loss of UniEnergy Limited:

Administrative expenses	(331)	(128)
Other expenses, income & taxes	392	253
	61	125

5.3 Investment in associated companies and undertakings have been made in accordance with the requirements of Companies Act, 2017.

6. LONG-TERM LOAN AND DEPOSITS

Financial assets at amortised cost

	Note	2023	2022
		(Rupees in '000)	
Loan:			
Loan for cane development	6.1	25,091	25,932
Less: current maturity	11	(3,319)	(1,811)
		21,772	24,121
Deposits:			
Deposits against ijarah contracts		1,316	1,100
Others	6.2	4,566	4,129
		27,654	29,350

6.1 This represents an interest bearing loan for the cane development, remaining amount is repayable in 12 quadrimester installments, secured by the retention of title documents of borrower's land.

6.2 These represent non-interest bearing deposits paid by the Company for obtaining various services.

6.3 Long-term loans & deposits have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements.

7. STORES, SPARE PARTS AND LOOSE TOOLS

Note	2023	2022
	(Rupees in '000)	
Stores	561,811	163,564
Spare parts	189,866	137,194
Loose tools	2,455	2,155
	754,132	302,913
Less: provision for obsolescence	(14,943)	(14,943)
	739,189	287,970

7.1 Movement in provision for obsolescence

Opening balance	14,943	9,505
Provision made during the year	-	5,438
Closing balance	14,943	14,943

8. STOCK-IN-TRADE

Raw material-OCC/ Chemicals		638,062	555
Work-in-process- Sugar	28	5,870	4,512
Finished stock - Sugar	28	1,241,077	1,395,733
Work-in-process- Paper	28	3,110	-
Finished stock Paper	28	519,622	-
		2,407,741	1,400,800

9. BIOLOGICAL ASSETS

Sugarcane	9.1	-	4,140
		-	4,140

9.1 Movement during the year

As at October 01		4,140	8,306
Addition due to cultivation		11,708	7,088
Loss arising from initial recognition of standing crop less cost to sell		(6,062)	(898)
Decrease due to harvest sales		(9,786)	(10,356)
		-	4,140

10. TRADE DEBTS

Considered good:			
Unsecured- Neither past due nor impaired		647,957	113,229
Secured- Neither past due nor impaired	10.1	19,582	-
Unsecured- considered doubtful		956	2,124
Allowance for expected credit loss		(956)	(2,124)
		667,539	113,229

10.1 These are secured against letter of credit issued by the banks in favor of the Company.

10.2 Movement in allowance for expected credit loss

As at October 01		2,124	-
Provision made during the year		-	2,124
Reversal during the year		(1,168)	-
As at September 30		956	2,124

11. LOANS AND ADVANCES

	Note	2023	2022
(Rupees in '000)			
Current portion of loan for sugar development	6	3,319	1,811
Considered good: Unsecured			
To suppliers		197,600	71,021
To employees classified as recoverable within next twelve months		531	827
To related parties	11.1	-	326
To sugar cane growers		17,513	13,102
To transport contractors		416	157
		<u>219,379</u>	<u>87,244</u>
Considered doubtful: Unsecured			
Sugar cane growers		593	593
Allowance for expected credit loss		(593)	(593)
		<u>-</u>	<u>-</u>
		<u>219,379</u>	<u>87,244</u>

11.1 This includes the following amounts from related parties:

Cherat Packaging Limited	-	326
	<u>-</u>	<u>326</u>

The maximum aggregate amount outstanding at any time during the year from the above related party calculated by reference to month-end balance is Rs. 0.33 million (2022: Rs. 0.33 million).

12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2023	2022
(Rupees in '000)			
Prepaid insurance		711	622
Prepaid rent		342	280
Other prepayments		1,943	1,128
Security Deposits	26.1.17	47,387	-
		<u>50,383</u>	<u>2,030</u>

13. OTHER RECEIVABLES

Freight subsidy	26.1.9	199,056	199,056
Staff Gratuity fund	13.1	61,170	65,258
Others		22,091	4,021
		<u>282,317</u>	<u>268,335</u>

13.1 Staff Gratuity fund

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at September 30, 2023, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligation in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above mentioned fund is as follows:

13.1.1 Amount recognized in statement of financial position as follows:

	Note	2023	2022
(Rupees in '000)			
Present value of defined benefit obligation	13.1.3	255,970	211,212
Fair value of plan assets	13.1.4	(317,140)	(276,470)
Asset recognized as at September 30		<u>(61,170)</u>	<u>(65,258)</u>

13.1.2 Movement in (Net Assets) / Liability recognized in the statement of financial position:

	2023	2022
	(Rupees in '000)	
Balance as at October 1	(65,258)	(172,021)
Net expense / (income) for the year	1,217	(2,606)
Actuarial loss charged to other comprehensive income	2,871	109,369
Balance as at September 30	(61,170)	(65,258)

13.1.3 Movement in the present value of defined benefit obligation:

Balance as at October 1	211,212	130,554
Current service cost	10,581	15,571
Interest cost	26,904	13,100
Benefits paid during the year	(5,494)	(9,401)
Actuarial loss / (gain)	12,767	61,388
Balance as at September 30	255,970	211,212

13.1.4 Movement in the fair value of plan assets:

Balance as at October 1	276,470	302,575
Expected return	36,268	31,277
Benefits paid	(5,494)	(9,401)
Actuarial gain / (loss)	9,896	(47,981)
Balance as at September 30	317,140	276,470

13.1.5 Amounts charged to statement of profit or loss:

Current service cost	10,581	15,571
Interest cost	26,904	13,100
Expected return on plan assets	(36,268)	(31,277)
	1,217	(2,606)

13.1.6 Total re-measurements chargeable in other comprehensive income:

Remeasurement loss on obligations	(12,767)	(61,388)
Remeasurement gain / (loss) on plan assets	9,896	(47,981)
	(2,871)	(109,369)

13.1.7 Composition of plan assets is as follows:

Government securities	64,369	57,001
Mutual funds	58,181	20,070
Listed shares	180,741	189,517
Certificates of investments	10,190	8,398
Bank Balances	3,659	1,484
	317,140	276,470

13.1.8 Principal actuarial assumptions used are as follows:

Valuation discount rate (%)	16.75	13.25
Expected rate of return on plan assets (%)	16.75	13.25
Expected rate of salary increase (%)	16.00	15.00

13.1.9 The expected return on plan assets was based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation.

13.1.10 The return on plan assets was assumed to equal the discount rate. Loss on plan assets on September 30, 2023 was Rs.46.16 million (2022: Rs.16.70 million), calculated on the basis of market conditions as allowed under IAS-19.

13.1.11 Expected gratuity expense for the year ending September 30, 2024 is Rs. 7.26 million.

13.1.12 Sensitivity Analysis:

Particulars	PVDBO (Rupees in 000)	Percentage Change
Current Liability	255,970	
+1% Discount rate	245,185	-4.21%
- 1% Discount rate	267,802	4.62%
+1% Salary increase rate	268,950	5.07%
- 1% Salary increase rate	243,951	-4.70%
+ 10% withdrawal rates	255,961	0.00%
- 10% withdrawal rates	255,980	0.00%
1 Year mortality age set back	255,942	-0.01%
1 Year mortality age set forward	255,998	0.01%

13.1.13 Comparisons with past years:

	2023	2022	2021	2020	2019
	(Rupees in '000)				
Present value of defined benefit obligation	255,970	211,212	130,554	150,178	140,390
Fair value of plan assets	(317,140)	(276,470)	(302,575)	(272,498)	(150,485)
Surplus	(61,170)	(65,258)	(172,021)	(122,320)	(10,095)
Experience adjustments arising on plan liabilities	12,767	61,388	(42,109)	(14,733)	4,623
Experience adjustments arising on plan assets	(9,896)	47,981	(7,654)	(107,824)	(95,957)
	2,871	109,369	(49,763)	(122,557)	(91,334)

13.1.14 Maturity Profile:

Particulars	Undiscounted Payments (Rupees in 000)
Year 1	10,856
Year 2	5,949
Year 3	16,029
Year 4	21,830
Year 5	7,449
Year 6 to 10	360,622
Year 11 and above	328,218

13.1.15 Risks associated with defined benefit plans

Investment Risks:

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

Salary Increase Risks:

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 Risks:

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.

14. SHORT-TERM INVESTMENTS- at amortised cost

	Note	2023	2022
(Rupees in '000)			
In Term deposit one year			
Bank Alfalah Limited		-	1,578
Habib Metropolitan Bank Limited	14.1 / 26.1.15	21,710	-
Bank Islami Pakistan Limited	14.1	9,544	-
		<u>31,254</u>	<u>1,578</u>

14.1 Represents Term Deposit Receipt (TDR) having face value of Rs. 28.50 million (2022: Rs. 1.50 million) carrying markup rate of 15% (2022: 10.25%) per annum that will mature in November 2023 / July 2024 (Habib Metropolitan Bank Limited) and December 2023 (Bank Islami Pakistan Limited). The TDRs have been issued against the guarantee submitted with ETO as mentioned in note 26.1.15 and Nazir High Court.

15. CASH AND BANK BALANCES

	Note	2023	2022
(Rupees in '000)			
Islamic banks			
Current accounts		15,362	4,496
Saving accounts	15.1	46	24
		<u>15,408</u>	<u>4,520</u>
Conventional Banks			
Current accounts		8,359	6,549
Saving accounts	15.1	6,366	5,115
		<u>14,725</u>	<u>11,664</u>
Cash in hand		30,133	16,184
		<u>4,746</u>	<u>3,386</u>
		<u>34,879</u>	<u>19,570</u>

15.1 Effective profit rate in respect of PLS accounts is 18.83% (2022: 9.50%) per annum.

16. NON-CURRENT ASSETS HELD FOR SALE

16.1 The Company has sold its land (residential) measuring 3.45 Acres located at Mirpurkhas. Details of disposals are as under:

Description	Cost / Revalued amount	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers and relationship, if any
(Rupees in '000)						
Residential land	301,264	301,264	750,000	448,736	Negotiations	Mr. Abdul Aziz / Mr. Muhammad Riaz

*None of the buyers had any relationship with the directors of the company.

17. SHARE CAPITAL**17.1 Authorized capital**

2023	2022		2023	2022
(Number of Shares)			(Rupees in '000)	
<u>150,000,000</u>	<u>150,000,000</u>	Ordinary shares of Rs. 10/- each	<u>1,500,000</u>	<u>1,500,000</u>

17.2 Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each				
1,770,000	1,770,000	Allotted for consideration paid in cash	17,700	17,700
44,787,891	11,725,040	Issued as fully paid bonus shares	447,879	117,250
<u>46,557,891</u>	<u>13,495,040</u>		<u>465,579</u>	<u>134,950</u>

17.3 Following is the detail of shares held by the related parties.

Name of related parties

	2023	2022
	(Number of Shares)	
Faruque (Private) Limited	19,286,163	5,590,193
Greaves Pakistan (Private) Limited	1,110,927	322,008
Cherat Cement Company Limited	996,186	288,750
Mirpurkhas Sugar Mills Limited Employees' Provident Fund	9,441	2,737
Mirpurkhas Sugar Mills Limited Employees' Gratuity Fund	1,894,902	549,247
	<u>23,297,619</u>	<u>6,752,935</u>

17.4 Voting right, Board selection, right of first refusal and block voting are in proportion to the shareholding.

17.5 **Movement in number of shares**

	2023	2022
	(Number of Shares)	
Opening	13,495,040	13,495,040
Bonus shares issued during the year	33,062,851	-
Closing	<u>46,557,891</u>	<u>13,495,040</u>

18. **RESERVES**

Revenue reserves

General reserve
Unappropriated profit

Other components of equity

Actuarial gain on defined benefit plan
Net gain on investment at fair value through other comprehensive income

Surplus on revaluation of freehold land

Note

	2023	2022
	(Rupees in '000)	
	34,250	34,250
	2,392,086	1,583,835
	<u>2,426,336</u>	<u>1,618,085</u>
	58,320	61,191
	480,282	452,715
	<u>538,602</u>	<u>513,906</u>
	2,964,938	2,131,991
	<u>661,496</u>	<u>844,259</u>
	<u>3,626,434</u>	<u>2,976,250</u>

18.1 It represents revaluation of freehold land which had been carried out by independent valuers M/s. K.G. Traders (Pvt.) Limited, on September 30, 2023 to determine the present (realizable) market value by enquiring from local active realtors. Surplus on revaluation of property, plant and equipment has been disclosed as per requirement and mentioned in note. 4.3 of the financial statements.

19. **LONG TERM FINANCINGS - secured**

From Conventional / Islamic banks	Mode & commencement of repayment	Security	Mark up / profit rate per annum	2023	2022
				(Rupees in 000)	
Conventional Banks					
Finance 1	Twenty quarterly installments commencing from December, 2017	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	3 months average KIBOR + 0.60%	-	30,000
Finance 2	Twenty quarterly installments commencing from May, 2018	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	3 months average KIBOR + 0.60%	10,000	30,000
Finance 3	Ten Semi annual installments commencing from Sep. 2018	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	6 months average KIBOR + 0.20%	30,000	90,000
Finance 4	Twenty eight quarterly installments commencing from July, 2017	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	3 months average KIBOR + 0.20%	150,000	235,714
Finance 5	Twenty quarterly installments commencing from August, 2021	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	3 months average KIBOR + 0.85%	220,000	300,000
Finance 6 (salary refinance)	Eight quarterly installments commencing from April 2021.	Joint pari-passu hypothecation charge over Current Assets	Ranging 0.5% to 1% per annum, recognized at present value as per note 3.3.25	-	35,939

From Conventional / Islamic banks	Mode & commencement of repayment	Security	Mark up / profit rate per annum	2023	2022
				(Rupees in 000)	
Finance 7 (TERF)	Thirty two quarterly installments commencing from March 2023.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	Flat 1.98% per annum, recognized at present value as per note 3.3.25	277,642	259,365
Finance 11	Twenty four quarterly installments commencing from March 2024.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	3 months average KIBOR + 0.85%	500,000	500,000
Islamic Banks					
Finance 8 (ITERF)	Thirty two quarterly installments commencing from August 2023.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	Flat 3.00% per annum, recognized at present value as per note 3.3.25	422,330	384,105
Finance 9 (ITERF)	Thirty two quarterly installments commencing from August 2023.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	Flat 1.80% per annum, recognized at present value as per note 3.3.25	393,651	363,706
Finance 10	Twelve semi annual installments commencing from February 2025.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	6 months average KIBOR + 0.80%	350,000	350,000
Finance 12 (IFRE)	Thirty six quarterly installments commencing from January 2024	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	Flat 6.00% per annum	189,000	-
Finance 13 (IFRE)	Sixteen semi annual installments commencing from April 2025	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	Flat 5.00% per annum	100,000	-
Less: Current portion				2,642,623	2,578,829
				(458,964)	(380,404)
				2,183,659	2,198,425

20. LONG TERM LEASE LIABILITIES - ROU ASSET

	Note	2023	2022
		(Rupees in '000)	
As at October 01		30,530	14,400
Addition during the year		-	20,001
Accretions of interest		4,256	2,327
Rental Payments		(11,000)	(6,198)
As at September 30		23,786	30,530
Less: Current portion of lease liabilities		(11,941)	(11,000)
Long term portion of lease liabilities		11,845	19,530

21. DEFERRED LIABILITIES

Market committee fee	21.1 / 26.1.18	99,377	93,738
Deferred Sugar cane liability and FED	26.1.6 / 26.1.7	519,599	381,368
		618,976	475,106

21.1 Reconciliation of Market Committee Fee

Opening balance	93,738	87,242
Charge during the year	5,639	6,496
Closing balance	99,377	93,738

22. GOVERNMENT GRANT

As at October 1	348,888	146,952
Received during the year	33,656	255,700
Released during the year	(67,493)	(53,764)
As at September 30	315,051	348,888
Less: Current portion of government grant	(68,429)	(60,563)
Long-term portion of government grant	246,622	288,325

23. TRADE AND OTHER PAYABLES

	Note	2023	2022
		(Rupees in '000)	
Creditors	23.1	285,709	89,433
Accrued liabilities		87,611	104,277
Advances from customers	23.2	450,402	265,717
Withholding tax payable		5,936	6,242
Sales tax payable		122,980	81,864
Workers' profit participation fund	23.3	7,672	-
Workers' welfare fund		4,138	1,959
Other liabilities		5,487	3,940
		<u>969,935</u>	<u>553,432</u>

23.1 This includes the following amounts due to related parties:

Greaves Pakistan (Private) Limited	-	38
Greave Air Conditioning (Private) Limited	-	513
	-	<u>551</u>

The maximum aggregate amount outstanding at any time during the year to the above related parties calculated by reference to month-end balance is Rs. 2.38 million (2022: Rs. 0.55 million).

23.2 This include the following amounts of advances from related parties:

	2023	2022
	(Rupees in '000)	
Unicol Limited.	8,257	-

The maximum aggregate amount outstanding at any time during the year to Unicol Limited calculated by reference to month-end balance is Rs. 8.26 (2022: Rs. Nil million)

23.3 Workers' profit participation fund

	Note	2023	2022
		(Rupees in '000)	
Opening balance		-	2,590
Interest thereon		-	141
		-	2,731
Less: Paid during the year		-	(2,731)
		-	-
Charge for the Year		7,672	-
Closing Balance		<u>7,672</u>	<u>-</u>

24. ACCRUED MARK-UP

Islamic banks

Long-term financing	26,239	-
Short-term borrowings	137,625	56,195

Conventional banks

Long-term financing	54,088	52,564
Short-term borrowings	163,610	57,336
	<u>381,562</u>	<u>166,095</u>

25. SHORT-TERM BORROWINGS-secured

Conventional banks	25.1	3,185,021	1,368,271
Islamic banks	25.1	1,587,225	833,870
		<u>4,772,246</u>	<u>2,202,141</u>

25.1 This represents utilized portion of short term finance facilities aggregating Rs. 9,150 million (2022 : Rs.5,650 million) obtained from various conventional / Islamic banks. These carry mark-up ranging from KIBOR+0.20% to KIBOR + 1.25% per annum (2022: KIBOR +0.10% to KIBOR + 1.25% per annum). The facilities are secured against registered joint pari-passu hypothecation charge over various assets of the Company. These facilities are renewable annually.

26. CONTINGENCIES AND COMMITMENTS

26.1 CONTINGENCIES:

- 26.1.1** The Company had filed suits before the Honorable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. The Company is entitled to get 50% rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Company had paid the entire amount as per law and the amount has already been charged off in the financial statements. The petition for leave to appeal against the impugned judgement of Honorable High Court of Sindh was filed in Honorable Supreme Court of Pakistan in 2006. The proceeding were carried out from time to time and the Honorable Supreme Court of Pakistan vide its judgment dated February 26, 2018, allowed both appeals filed in Honorable High Court of Sindh with a direction that the Company shall be entitled to exemption under the terms and conditions of SRO 505(I)/90 dated June 7, 1990 for the respective financial years and if any, taxes that are collected by the Excise Authorities, the same should be refunded or adjusted as the case may be subject to determination by the competent forum that burden of such taxes have not been passed on to the general public. In light of the aforesaid judgment, the Company has filed a refund application through tax consultants in Excise and Taxation Department which is pending before the department.
- 26.1.2** The Company had filed a petition No. 3475 of 2020 before Honorable High Court of Sindh at Karachi challenging the showcause Notice (SCN) dated June 01, 2020 of Sindh Revenue Board (SRB) whereby SRB has held the Company liable for not withholding Sindh Sales Tax on various services obtained from foreign consultants claiming withholding of sales tax amounting to Rs.12.64 million. The Company's assertion is that such services were performed by non-resident person and hence are outside the purview of SRB. The Honourable High Court granted stay on taking adverse action against SCN till the matter is subjudice. No provision is being made in this regard since the management is confident that the outcome would be in Company's favour.
- 26.1.3** a) The Company challenged levy of further sales tax @1.5 % under the Sales Tax Act 1990, amounting to Rs.4.89 million in the Sindh High Court, for which relief was granted. Against the judgment, the department preferred appeal with the Honorable Supreme Court, and got stay order. The Honorable Supreme Court of Pakistan has set aside the case and referred it to the lower level. No provision is made in this regard since the management is confident that the outcome would be in Company's favour.
- b) The amendment brought through Finance Ordinance 2001 in the Sales Tax Act with the intention to nullify the decision of the High Court on levy of further tax @3% w.e.f June 18, 2001 does not change the legal position of further tax. However, the Company made the payment of 3% further tax under protest in order to avoid the Additional Tax and penalties. In previous years, Honorable Supreme Court of Pakistan had set aside the case and referred it to the tribunal level, where the Company's appeal is pending. In view of the contingencies involved in this case, the Company has not accounted for the refund amount of Rs.50.97 million being the further sales tax paid in this regard.
- 26.1.4** a) The Company in 2010 received a show cause notice from the Competition Commission of Pakistan (CCP) for violation of the Competition Ordinance 2009. The Company along with other sugar mills filed a CP before the Sindh High Court challenging the Ordinance. The High Court of Sindh, granted a stay against the proceedings of the CCP and restrained the CCP to pass the final order in respect of the showcause notice. The CCP filed an Appeal before Honorable Supreme Court of Pakistan, which was disposed off by Supreme Court dated 25-03-2010 on the ground that the matter was pending before the Honorable High Courts. After several hearings and arguments for last many years, on January 17, 2022, the petition was dismissed by the Honorable High Court. Against the dismissal order of Honorable High Court, Mirpurkhas Sugar Mills and other Sugar Mills have filed the Civil Petitions for Leave to Appeal before the Honorable Supreme Court. There are no financial implications related to this at the moment.

- b) The Competition Commission of Pakistan (CCP) in August 2021 passed an order dated 13 August 2021 and imposed a penalty on PSMA and member sugar mills finding them to be guilty of collusive activities and cartelization. The penalty imposed on the Company was Rs.236 million. PSMA and our Company along with other sugar mills filed the Suit against the order of the CCP at Sindh High Court (SHC). The Honorable Court passed an interim order on 7, October 2021 that the operation of impugned orders dated 06 August 2021 and 13 August 2021 shall remain suspended till the hearing is underway. On 13, June 2022, the Single bench of the Honorable Court passed an order in which stay was granted on injunction application subject to securing 50% of the penalty amount recommended by the CCP through a bank guarantee with the Nazir SHC within two weeks. In order to ensure procedural compliance with the court order, the Company submitted a bank guarantee of Rs. 118 million with Nazir High Court of Sindh in July, 2022. Meanwhile, the Company also filed an appeal against the said order with the division bench of the Honorable SHC. On 25, August 2022, Division bench of the Honorable Court passed the order that impugned order dated June 13, 2022 passed by the learned Single Judge in Suit Nos. 2272,2455 and 2474 of 2021 be set aside. Resultantly, the bank guarantee submitted was returned. It was further directed that the CCP shall not initiate any recovery proceeding against the plaintiffs in Suit Nos. 2272, 2273, 2455 and 2474 of 2021 until the final decision of the appeals pending before the Competition Appellate Tribunal and the appeals were disposed off by the Division Bench of the SHC.

26.1.5 The Company in 2011, filed a petition vide CP no. D-2130 of 2011, before the Honorable High Court of Sindh against Federation of Pakistan and Large Taxpayer Unit, Inland Revenue challenging the vires of Section 3A of the Federal Excise Act 2005 and SRO 655(1)/2007 dated June 6, 2007 said to have been issued in terms thereof. Company submitted that this SRO was a nullity in law and without any legal effect or force whatsoever. Company prayed for suitable declaratory and injunctive relief as well as a refund of all the duty that had been collected for the period July 2007 to June 2011 amounting to Rs.41.9 million under this section and notification. On February 22, 2013, the Honorable High Court of Sindh has accepted the said petition and termed that the section 3A and SRO 655(1)/2007 dated June 29, 2007 were void ab initio, a nullity in law with no legal effect. It follows the suspension of the said notification and refund of the collected amount by way of direct repayment or adjustment (against any tax or duty). However, due to the contingent nature, the Company has not accounted for any revenue in this regard in its financial statements. The department has filed CPLA before the Honorable Supreme Court of Pakistan, against the judgement passed by Honorable High Court of Sindh in Company's favour and the Company is contesting the same. Subsequent to the year end, the Honorable Supreme Court of Pakistan has reserved the judgment in the above case.

26.1.6 a) The Company in 2014 had filed a petition vide CP No. D-759 of 2014, before the Honorable High Court of Sindh against the order of Additional/ Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed off. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting to Rs. 81.32 million on local sales equivalent to exported quantity, on which the Company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated February 7, 2013. Aggrieved with the order passed by Additional / Deputy Commissioner Inland Revenue, Company filed an appeal with Commissioner Inland Revenue Appeals, where relief was granted against the order passed by Additional/ Deputy Commissioner Inland Revenue. Tax Department filed an appeal in an Appellate Tribunal Inland Revenue against the judgement passed by Commissioner Inland Revenue Appeals. Appellate Tribunal Inland Revenue maintained the order of Commissioner Inland Revenue Appeals and directed DCIR to follow the principle decided by this forum in the referred appeals. The department has filed a reference against the order of the Appellate Tribunal Inland Revenue in the Honorable High Court of Sindh, and Company is contesting the same. However, Company has made provision in its financial statements as a matter of prudence.

b) The Company in 2015 had filed a petition vide CP No. D-2040 of 2015, before the Honorable High Court of Sindh against the orders of Additional / Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed off. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting to Rs. 15.75 million on local sales equivalent to exported quantity, on which the Company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated February 7, 2013. The matter was in adjudication at Appellate Tribunal level. As a result of efforts made by the Company, Appellate Tribunal decided the matter in favor of the Company dated January 24, 2018 and remanded back to the concerned Commissioner Inland Revenue level for further verification and reconciliation. The effect of the order is that alleged demand of Rs.15.75 million along with penalty and default surcharge stands deleted. However, as a matter of prudence, the provision has been made in the financial statements.

- 26.1.7** a) The matter of fixation of minimum price of sugarcane under two different notifications for crushing season 2014-15 issued by the Government of Sindh is still subjudice before Honorable High Court of Sindh and Honorable Supreme Court of Pakistan. The Company challenged the Notification for Crushing Season 2014-15 in Civil Appeal 48 of 2015. In the said Appeal, the judgment of SHC dated 30.12.2014 was challenged before the Honorable Supreme Court Pakistan. After pending for several years, on September 13, 2023, the Honorable Supreme Court dismissed the Civil Appeal due to non-prosecution. The Company and other Sugar Mills have filed the civil review petition (960 of 2023) against the dismissal order. However, as a matter of prudence, the Company has booked a provision of Rs. 152.39 million against the same in the financial statements.
- b) The matter of fixation of minimum price of sugarcane under notification for crushing season 2017-18 issued by the Government of Sindh was challenged in Honorable High Court of Sindh. Honorable High Court vide its decision passed in C.P No. 8666 of 2017 and 7951 of 2017 dated January 30, 2018, after taking consent of all the stakeholder / petitioners of the aforesaid petitions, directed the Sugar mills to pay sugarcane at Rs.160/- per 40kg to the growers for crushing season 2017-18. The matter is still subjudice before Honorable Supreme Court of Pakistan. Therefore, considering the nature of liability as contingent which is dependent upon any directive of the courts revising the already paid price to the cane growers, the Company has recorded provision, however classified the same as a deferred liability of sugarcane cost amounting to Rs.266.05 million under impugned notification number 8(142)/S.O(Ext)/2017-18 dated December 5, 2017.
- 26.1.8** The Company being aggrieved and dissatisfied with impugned order-in-original No. 05/58/2019 dated February 20, 2020 for TY 2017 under section 45B of the Sales Tax Act, 1990 passed by Deputy Commissioner Audit creating a demand of Rs.22 million which is unjustified, filed an instant Appeal before Commissioner Inland Revenue (Appeal II) Karachi and paid Rs.2.2 million as 10% demand under protest to get stay order against coercive action that might be taken by the department. The matter is still pending before CIR (Appeals).
- 26.1.9** A cash freight subsidy of Rs.10.70/ kg was announced by Ministry of Commerce vide letter No.7(2)/ 2012-Exp.III in lieu of which, the Company exported 74,021 M. tons of sugar during 2018 and submitted the total claim of subsidy of Rs. 754.34 million with State Bank of Pakistan. Out of the subsidy claimed, the Company has received Rs. 555.28 million till date. This remaining subsidy amount relates to the provincial government whereas the share pertaining to the federal government has been realized in full. The Company, despite every effort to recover the subsidy amount of Rs.199 million from the Sindh Government via State Bank of Pakistan, had been unable to get the same. Consequently, the Company had filed a petition No. 5409 of 2021 in the Sindh High Court against the Sindh Government and the SBP for recovery of entitlement. On the hearing date of the case on March 30, 2023, Honorable Court passed the judgment/order in favor of the Company and the petitions was disposed off with the directions to the Finance Department, Government of Sindh to make payment to Sugar Mills by September 2023. Pakistan Sugar Mills Association is making efforts for recovery of the same from the Government of Sindh.
- 26.1.10** (a) The Federal Board of Revenue (FBR) in the financial year 2022 issued notices for conducting tax audits for multiple years commencing from 2015 to 2019 under section 177 of the Income Tax Ordinance, 2001 and despite provision of all records, submission of evidences and details, audit proceedings were concluded by passing detrimental orders under section 122(1)/(5) of the Income Tax Ordinance 2001 whereby frivolous tax demand of Rs. 16.4 billion for these tax years had been created. The demand was based on arbitrary and illogical observations against which the Company preferred appeals to the Commissioner Inland Revenue [Appeals-I], Karachi. In May 2023, Commissioner Inland Revenue (Appeals) [CIR (A)], Karachi decided the appeal in favor of the Company and deleted the demand made in the original order. However, the LTO Karachi has filed appeals before the Appellate Tribunal Inland Revenue (ATIR) Karachi against the orders of Commissioner Inland Revenue [Appeals-I] Karachi which are not yet fixed for hearing.
- (b) In February 2022, the Deputy Commissioner Inland Revenue issued show cause notices under section 182 (2) of Income Tax Ordinance (ITO), 2001 alleging concealment of income / unexplained income / assets u/s 111 of ITO 2001 based on surmises and relating the same to biased conclusion made during tax audits carried out u/s 177 of ITO 2001 for Tax Year 2015 to Tax Year 2019 and proposed charging 100% penalty of approx. Rs.13 billion on the alleged concealed amount for the five tax years which are subjudice in legal course. These show cause notices were baseless and connected with the demand already raised in the order for audit. Subsequently, orders had been passed for the tax years 2015 and 2016 based on the above show cause notices. The Company preferred the appeals with the Commissioner Inland Revenue (Appeals) [CIRA] and in May 2023, Commissioner Inland Revenue (Appeals) [CIR (A)], Karachi decided the appeal in favor of the Company and deleted the demand made in the original order. However, the LTO Karachi has filed appeals before the Appellate Tribunal Inland Revenue (ATIR) Karachi against the orders of Commissioner Inland Revenue [Appeals-I] Karachi which are not yet fixed for hearing.

- 26.1.11** For the tax year 2015, the Deputy Commissioner Inland Revenue passed an order under section 161 (1) of the Income Tax Ordinance, 2001 raising a demand of Rs.314 million alleging default of tax withholding on entire amount of payments/expenses taken from the tax return / financial statements. In May 2023, Commissioner Inland Revenue (Appeals) [CIR (A)], Karachi decided the appeal in favour of the Company and deleted the demand made in the original order. However, the LTO Karachi has filed appeals before the Appellate Tribunal Inland Revenue (ATIR) Karachi against the orders of Commissioner Inland Revenue [Appeals-I] Karachi which are not yet fixed for hearing.
- 26.1.12** For the tax year 2018, the Deputy Commissioner Inland Revenue passed an order under section 161 (1) of the Income Tax Ordinance, 2001 raising a demand of Rs.5.115 million alleging default of tax withholding on certain payments/expenses taken from the tax return / financial statements which is unwarranted and illogical as the Company provided complete supporting detail and evidences of tax withholding which have not been considered by the Deputy Commissioner as well as the Commissioner Appeals which carried out hearing of the matter summarily and passed order. The tax demand has already been adjusted from the Company's determined tax refunds, however appeal has been preferred before the Appellate Tribunal Inland Revenue for redressal of the grievance.
- 26.1.13** The Deputy Commissioner Inland Revenue passed an order in March 2022 disallowing input tax adjustment for the period July 2021 to November 2021 amounting to Rs.86.6 million mainly on account of not charging further tax on sales to unregistered buyers. The company preferred the appeal in CIR (Appeals) which was decided in Company's favour whereby demand on account of further sales tax of Rs. 58.52 million was deleted. The remaining points were remanded back to the DCIR. However, The FBR has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the aforesaid decision of CIR (Appeals) which is pending for adjudication.
- 26.1.14** The Deputy Commissioner Inland Revenue passed as order for Tax Year 2020 in April 2022 demanding Rs. 42.55 million u/s 161(1) of Income Tax Ordinance 2001 by charging tax u/s 236H of the Income Tax Ordinance 2001 on sale to unregistered buyers and treated them as retailers instead of distributor/wholesaler under 236G The Company made an appeal to the CIR(A) against the said order and in May 2023, the case has been decided in favour of the Company and CIR (A) has deleted the demand of entire amount of Rs. 42.55 million.
- 26.1.15** The Company has filed a petition in Sindh High Court against Government of Sindh for imposition of Infrastructure Cess on the goods entering or leaving the Province. The Honorable Sindh High Court decided the case in favor of Govt. of Sindh and held that it is a valid law within the competence of the Provincial Legislature. Consequently, several petitioners filed an appeal before the Supreme Court of Pakistan (SCP) and the SCP has granted an interim relief order dated September 1, 2021 to those who have filed the appeal. Subsequently MSM has also filed the civil appeal (3159 of 2022) and got an interim order dated September 28 2022 whereby it was declared that the order of the Sindh High Court shall remained suspended till the decision of our final order. In light of the above order the Company has submitted a bank guarantee of Rs. 20 Million towards Infrastructure Cess before ETO, till the decision of the final order of the Supreme Court. The Company has made a provision of Rs. 12.36 million in the financial statements for the amount of infrastructure cess on goods imported till reporting period.
- 26.1.16** The Company filed the Constitutional Petition number 654/2023 in January, 2023 against the recovery of the Inland Freight Subsidy of Rs. 79.04 million by the Trade Development Authority of Pakistan (TDAP) which advertised the grant of subsidy for export of sugar in accordance with the decision of the ECC in 2012. Pursuant to the decisions of the ECC, and the Advertisements of the TDAP, the Company as per the requirements of TDAP, submitted 84 cases/claims to through PSMA to the auditors i.e. NZAJ & Co. for the release of inland freight subsidy of Rs. 79.044 million in respect of export of 56,252 tons of sugar. The said cases/claims were submitted in accordance with the directives issued by the TDAP, however, the amount was not released to date citing the reasons as pending NAB inquiry whereas the Company could not get details of any such inquiry from NAB. The matter is still pending before the Honorable Sindh High Court.
- 26.1.17** Out of the total export approved by the ECC of 250,000 metric tons of sugar, Sindh was allocated 80,000 MT by the Ministry of Commerce to be distributed among the mills through the Cane Commissioner, Sindh. The Cane Commissioner equally distributed the quota as 2,500 MT to each of the 32 sugar mills in Sindh Province. Meanwhile, a suit was filed against the equal distribution of export quota in February, 2023 in the Honourable High Court of Sindh. The Honorable Court stayed the export of sugar after which the Company and other sugar mills became party to the petition as defendants being aggrieved in Suit No. 145 of 2023 and Suit No. 149 of 2023. The single bench of the Honorable Court passed the judgement in March, 2023 and set aside Sindh

Cane Commissioner's decision and directed to Cane Commissioner to re-issue the quota in accordance with federal government policy. The Company and others Sugar Mills filed the High Court Appeal (HCA) before the Honorable Divisional Bench of Sindh High Court on March 9, 2023 vide HCA number 64/2023 and 65/2023 against the judgment order of single judge. The Honorable Divisional Bench passed the interim Order and allowed to export 1,500 metric tons to each of Sugar Mills and later the Honorable Court vide judgement in May 2023, as an interim arrangement further allowed the export of balance quota of 32,000 MT of sugar to 32 mills in the Sindh Province in accordance with the Joint Statement filed by the Appellants and the Respondents. Each mill was further allowed 1,000 tons for export and the same was exported as per the procedure specified by the court in the order. By virtue of the court order, the Company has deposited a pay order of Rs. 47.38 million with Nazir High Court of Sindh.

- 26.1.18** The Company received a letter dated 22.05.2000 whereby demand was made for collection of Rs. 3.83 million against levy of market committee fee for the year 1998-99 and 1999-2000 and similar letter was received for the year 2000-2001 demanding Rs. 1,916 million. Company had filed a suit in Honorable High Court of Sindh. On 28th September 2023, the Honorable Court dismissed the suit due to non-prosecution against which the Company filed the restoration application. The matter is still pending before the Honorable Sindh High Court. Full provision till year 2023 has been made as a matter of prudence.

26.2 COMMITMENTS

	Note	2023	2022
26.2.1 <u>Commitments against LCs</u>		(Rupees in '000)	
Capital Commitments		-	189,417
Other Commitments		533,957	46,478
26.2.2 Letters of guarantee issued by commercial bank for Excise & Taxation office	26.1.15	20,000	10,000
26.2.3 Capital Commitments against contracts		-	292,500
26.2.4 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:			

	2023	2022
	(Rupees in '000)	
Year		
2022-23	-	5,609
2023-24	4,221	2,001
2024-25	2,256	71
2025-26	2,184	-
2026-27	2,184	-
2027-28	1,821	-
	12,666	7,681
Payable not later than one year	4,221	5,609
Payable later than one year but not later than five years	8,445	2,072
	12,666	7,681

This represents commitments against ijarah contracts for vehicles acquired on ijarah financing repayable in 5 years at the rate of 3 month KIBOR + 1.25%.

27. TURNOVER -NET

	2023	2022
	(Rupees in '000)	
Local sales - gross	8,637,053	5,638,596
Less: Sales tax	(1,262,835)	(805,950)
	7,374,218	4,832,646
Export sales	405,251	-
	7,779,469	4,832,646

28. COST OF SALES

	Note	2023	2022
(Rupees in '000)			
Raw materials -Sugar		4,539,733	4,676,745
Raw materials -Paper		1,531,725	-
Stores and spare parts consumed		346,735	203,224
Packing material and expenses		68,141	62,779
Salaries, wages and other benefits	28.1	585,938	376,464
Water, fuel and power		205,843	48,553
Insurance		19,651	12,081
Repairs and maintenance		44,752	23,839
Vehicles expenses		51,826	25,713
Stock handling expenses		3,554	2,775
Other expenses		26,005	17,454
Ijarah rentals		4,539	3,676
Depreciation	4.1.2	216,655	97,502
Depreciation on right of use assets	4.6.2	4,000	1,000
Amortization		-	610
		<u>7,649,097</u>	<u>5,552,415</u>
Work-in-process - opening		4,512	5,571
- closing	8	(8,980)	(4,512)
		<u>(4,468)</u>	<u>1,059</u>
		<u>7,644,629</u>	<u>5,553,474</u>
Less: - sale of molasses	28.2	(840,956)	(716,470)
- stock adjustment		-	(65,255)
- sale of bagasse	28.2	(22,500)	-
		<u>(863,456)</u>	<u>(781,725)</u>
Cost of goods manufactured		<u>6,781,173</u>	<u>4,771,749</u>
Finished goods - opening		1,395,733	978,637
- closing	8	(1,760,699)	(1,395,733)
		<u>(364,966)</u>	<u>(417,096)</u>
		<u>6,416,207</u>	<u>4,354,653</u>

28.1 This includes Rs. 6.74 million (2022: Rs. 4.04 million) in respect of staff retirement benefits.

28.2 These figures are net of sales tax of Rs. Nil (2022 : Rs. Nil) in respect of molasses and Rs. 3.82 million (2022 : Nil) in respect of bagasse.

29. DISTRIBUTION COST

	Note	2023	2022
(Rupees in '000)			
Salaries, wages and other benefits	29.1	10,492	7,473
Insurance		8,448	7,639
Distribution and dispatch expenses		136,351	15,087
Vehicles expenses		2,446	1,279
Other expenses		6,763	3,381
Ijarah rentals		749	976
Depreciation	4.1.2	507	498
Amortization		-	102
		<u>165,756</u>	<u>36,435</u>

29.1 This includes Rs. 0.13 million (2022: Rs. 0.02 million) in respect of staff retirement benefits.

30. ADMINISTRATIVE EXPENSES

	Note	2023	2022
(Rupees in '000)			
Salaries, wages and other benefits	30.1	144,227	112,838
Directors' fee		2,460	2,280
Rent, rates and taxes		3,482	561
Communication expense		6,476	4,779
Conveyance and travelling		9,155	5,025
Printing and stationery		2,665	2,111
Entertainment		2,340	2,290
Vehicles expenses		11,921	10,541
Insurance		8,702	3,951
Repairs and maintenance		5,980	4,048
Subscription		4,784	3,829
Legal and professional charges		25,176	23,908
General expenses		11,649	11,581
Utilities		5,829	4,560
Ijarah rentals		974	934
Depreciation	4.1.2	19,605	12,569
Depreciation on right of use assets	4.6.2	4,055	4,055
Amortization		-	306
		<u>269,480</u>	<u>210,166</u>

30.1 This includes Rs. 5.28 million (2022: Rs. 3.02 million) in respect of staff retirement benefits.

31. OTHER OPERATING EXPENSES

	Note	2023	2022
(Rupees in '000)			
Auditors' remuneration	31.1	2,044	1,583
Provision against receivable		-	2,124
Provision for stores obsolescence		-	5,438
Provision against deferred Liability.	26.1.7(a)	152,392	-
Provision against growers loan		-	593
Net loss from agriculture produce		6,062	-
Exchange loss -net		5,694	-
Workers' profit participation fund	23.3	7,672	-
Workers' welfare fund		3,069	-
Corporate social responsibility costs / donations	31.2	205	413
		<u>177,138</u>	<u>10,151</u>

31.1 Auditors' Remuneration

Annual audit fee	1,032	1,023
Half yearly review fee & certifications	807	397
Out of pocket expenses	205	163
	<u>2,044</u>	<u>1,583</u>

31.2 Corporate social responsibility costs do not include any amount paid to any person or organization exceeding Rs. 1.00 million and in which any director or their spouse had any interest.

32. OTHER INCOME

Income from Financial Assets

	Note	2023	2022
(Rupees in '000)			
Dividend from related parties		17,850	15,362
Profit on PLS and deposit accounts		6,880	9,496
Exchange gain		-	569
Gain on derivative instrument		-	28,320
Reversal of provision against receivables		1,168	-
Mark-up on growers' loans		4,765	3,778
		<u>30,663</u>	<u>57,525</u>

Income from non-financial assets

Gain on disposal of operating property, plant and equipment / non-current asset held for sales	4.2 / 16.1	452,073	54
Fair value adjustments / net gain or loss from agriculture produce		-	1,809
Reversal of provision of deferred liability		26,523	-
Miscellaneous		6,624	8,757
		<u>485,220</u>	<u>10,620</u>
		<u>515,883</u>	<u>68,145</u>

33. FINANCE COST

Islamic Banks

Profit on short-term borrowings		393,336	135,460
Profit on long-term borrowings	33.1	56,011	-
Bank charges		974	774
		<u>450,321</u>	<u>136,234</u>

Conventional Banks

Mark-up on long-term financing	33.1	163,469	96,816
Mark-up on short-term borrowings		503,357	192,286
Bank charges		2,662	1,618
		<u>669,488</u>	<u>290,720</u>

Others

Interest on workers' profit participation fund		-	142
Interest on lease liabilities		4,256	2,327
		<u>4,256</u>	<u>2,469</u>
		<u>1,124,065</u>	<u>429,423</u>

33.1 Includes the effect of amortization of government grant.

34. TAXATION

Current		163,307	151,286
Prior		-	8,353
		<u>163,307</u>	<u>159,639</u>
Deferred		51,794	(63,243)
		<u>215,101</u>	<u>96,396</u>

34.1 In view of unabsorbed tax losses, the Company is only liable to pay minimum tax at the rate of 1.25% under section 113 of the Income Tax Ordinance, 2001. Provision for current taxation is based on minimum tax at the current rates of taxation, final tax on dividend and export sale and super tax. Therefore, reconciliation of accounting to tax profit has not been presented.

34.2 The Company records tax expense based on generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation is available in these financial statements. Following analysis shows the comparison of last three years between tax provision and tax assessment.

Tax year	Provision for tax as per financial statements	Tax assessed as per income tax return
(Rupees in '000)		
2023	159,639	-
2022	88,950	-
2021	119,697	-

- 34.3 At the reporting date, deferred tax asset amounting to Rs. 104.97 million (2022: Rs.Nil) has not been recognised.

35. **EARNINGS PER SHARE- basic & diluted**

	2023	2022
	(Rupees in '000)	
Profit after taxation	839,316	203,626
	Number of Shares (Re-stated)	
Weighted average number of ordinary shares in issue during the year	46,557,891	46,557,891
	(Re-stated)	
Earnings per share - basic (Rupees)	18.03	4.37

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

36. **SEGMENT REPORTING**

Segment information is presented in respect of Company's business. The primary format and business segment are based on the Company's management reporting structure.

Type of segment	Nature of Business
Sugar Division	Sugar manufacturing
Paper and Board Division	Paper manufacturing

36.1 **Segment analysis and reconciliation:**

	Sugar division		Paper division		Total	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Turnover- net	5,931,974	4,832,646	1,847,495	-	7,779,469	4,832,646
Cost of sales	(4,653,247)	(4,255,541)	(1,542,304)	-	(6,195,551)	(4,255,541)
Distribution cost	(52,434)	(35,835)	(112,815)	-	(165,249)	(35,835)
Depreciation and amortisation	(127,290)	(116,642)	(117,533)	-	(244,823)	(116,642)
Profit before tax and unallocated expenses	1,099,003	424,628	74,843	-	1,173,846	424,628
Unallocated income and expenses:						
Administrative expenses					(245,820)	(193,236)
Other operating expenses					(177,138)	(10,151)
Other income					515,883	68,145
Finance cost					(1,124,065)	(429,423)
Share of profit in associates - net					911,711	440,059
Profit before taxation					1,054,417	300,022
Taxation					(215,101)	(96,396)
Profit after taxation					839,316	203,626

36.2 **Segment asset and liabilities:**

	Sugar division		Paper division		Total	
	2023	2022	2023	2022	2023	2022
	(Rupees in '000)					
Segment assets- allocated	7,349,985	6,225,267	6,064,815	3,449,552	13,414,800	9,674,819
Segment assets- unallocated					409,145	549,378
Total assets					13,823,945	10,224,197
Segment liabilities- allocated	866,178	1,215,265	2,199,370	1,886,815	3,065,548	3,102,080
Segment liabilities- unallocated					6,666,384	4,010,917
Total liabilities					9,731,932	7,112,997

- 36.3 Total sales of the Company relating to customers in Pakistan were 94.79% (2022: 100%), China were 2.68% (2022: Nil) and Tajikistan were 2.53% (2022: Nil) during the year ended September 30, 2023.

- 36.4** All non-current assets of the Company at the end of the current and preceding year are located in Pakistan.
- 36.5** Sales to 10 major customers of the Company are around 64.53% of the Company's total sales during the year (2022: 79.41%).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but are not limited to, market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are as follows:

- Market risk including currency risk, interest rate risk and price risk.
- Credit risk
- Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, financial instruments and investment of excess liquidity.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

37.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. The Company is exposed to market risks such as currency risk, interest rate risk and price risk.

Financial instruments affected by market risk include investments (investments at fair value through other comprehensive income), long-term financing, short-term borrowings and foreign currency payments against letters of credit opened.

a) Foreign currency risk

Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the change in foreign exchange rates. The Company's exposure to this risk arises mainly from future economic transactions or receivables and payables that exist due to transactions entered into foreign currencies.

Exposure to foreign currency risk

The Company is exposed to foreign currency risk arising from foreign exchange fluctuations primarily with respect to the CNY and USD. The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary. Presently Company is exposed to foreign currency risk, in respect of L/Cs opened for import of raw materials and spares.

	2023	2022
	Amount of net Exposure	
CNY (In thousands)	3,157	3,138
USD (In thousands)	1,413	207

The following significant exchange rates were applied at reporting date:

	2023	2022
Rupee per CNY		
Reporting date rate (Buying/Selling)	39.67 / 39.74	32.43 / 32.50
Rupee per USD		
Reporting date rate (Buying/Selling)	288.60 / 289.10	229.45 / 229.95

Foreign currency sensitivity analysis

A ten percent strengthening / weakening of the PKR against the CNY and USD as at September 30, 2023 would have increased / decreased the equity and profit/ loss after tax by Rs. Nil (2022: Rs. Nil). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for September 30, 2022.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the financial instruments will fluctuate due to change in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in functional currencies. Applicable interest rates of financial instruments are given in respective notes.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instrument is:

	2023	2022
Financial assets:-		
Variable rate instruments		
Long-term loan - cane development	25,091	25,932
Fixed rate instruments		
Short term investments - TDR	31,254	1,578
	56,345	27,510
Financial Liabilities:		
Variable rate instruments	6,032,246	3,737,855
Fixed rate instruments	1,382,623	1,043,115
	7,414,869	4,780,970

Cash flow sensitivity analysis for variable rate instruments

Change in interest rate by 2% may have a positive or negative impact of approximately Rs. 120.64 million (2022: Rs. 74.76 million) in the statement of profit or loss account before taxation. This analysis has been made based on the assumption that all the other variables remain constant.

Fair value sensitivity analysis for fixed rate instruments

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

c) Other price risk

Other Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk). The Company is currently exposed to the other price risk like equity price risk that arise from Company's investment in listed securities that are classified as investments at fair value through other comprehensive income. Listed securities are susceptible to market price risk arising from uncertainties about future returns on the investment securities.

At the reporting date, the exposure to listed equity securities at fair value was Rs.571.84 million (2022: Rs. 544.27 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs. 57.18 million (2022: Rs. 54.42 million) on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the same would impact equity by a similar amount but will not have an effect on income unless there is an impairment charge associated with it.

Long term Investments

Credit rating

		2023	2022
		(Rupees in '000)	
Cherat Cement Company Limited	A +	354,893	317,503
Cherat Packaging Limited	A	216,948	226,772
		571,841	544,275

37.2 Credit Risk

Credit risk is the risk of financial loss to the Company if counter parties to a financial instrument fail to meet their contractual obligations. The Company does not have significant exposure in relation to individual customers. Aging analysis of trade debts is disclosed in note no.10.1 of this financial statements. The Company exposure to credit risk is minimal as the Company mostly receives advance against sale of goods to customers.

The maximum exposure to credit risk at the reporting date is as follows:

	2023	2022
	(Rupees in '000)	
Loans & Deposits	27,654	29,350
Trade debts	667,539	113,229
Advances	21,363	16,066
Short-term investment - TDR	31,254	1,578
Bank balances	30,133	16,184
	777,943	176,407

37.2.1 Credit quality of financial assets

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

	2023	2022
	(Rupees in '000)	
Loans & Deposits		
Parties with no default in the past one year	26,338	28,250
Deposits against ijarah contracts (Credit rating "A")	1,316	1,100
	27,654	29,350
Trade debts		
Customers with no default in the past one year	667,539	113,229
	667,539	113,229
Advances		
Counter parties without credit rating	21,363	16,066
	21,363	16,066
Short-term investment - TDR		
Counter parties with credit rating (A1+)	21,710	1,578
Counter parties with credit rating (A1)	9,544	-
	31,254	1,578
Cash at bank		
A1+	29,947	13,094
A1	186	3,090
	30,133	16,184

All other financial assets are not exposed to any material credit risk.

37.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the reporting date, the Company has unused credit facilities of Rs. 4,378 million (2022 : Rs. 3,448 million).

Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	INTEREST BEARING			NON-INTEREST BEARING			2023 Total (a+b)	2022
	Less than one year	One to five years	Sub Total (a)	Less than one year	One to five years	Sub Total (b)		
	(Rupees in '000)							
Financial liabilities:								
Long-term financing	458,964	2,183,659	2,642,623	-	-	-	2,642,623	2,578,829
Lease Liabilities	11,941	11,845	23,786	-	-	-	23,786	30,530
Deferred liabilities	-	-	-	-	618,976	618,976	618,976	475,106
Short-term borrowings	4,772,246	-	4,772,246	-	-	-	4,772,246	2,202,141
Trade & other payables	-	-	-	378,807	-	378,807	378,807	197,650
Accrued mark-up	-	-	-	381,562	-	381,562	381,562	166,095
Unclaimed dividend	-	-	-	-	7,753	7,753	7,753	7,976
	5,243,151	2,195,504	7,438,655	760,369	626,729	1,387,098	8,825,753	5,658,327

Effective interest rates for the monetary financial assets and liabilities are mentioned in the respective notes to the financial statements.

37.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices 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 data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

Management assessed that the fair values of cash & cash equivalents and short term deposits, other receivables, trade debts, trade and other payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term deposits being asset and long term liabilities, management considers that their carrying values approximates their fair value.

The fair value of land is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer.

Land The valuation is considered on the factors of location, needs of the buyers, the overall prevailing market situation and other considerations linked with this.

Biological assets The valuation model considers the present value of the net cash flows expected to be generated by the standing crops at maturity, in its most relevant market, and includes the potential biological transformation and related risks associated with the asset.

Forward exchange contracts Valuation of the foreign currency forward contracts is based on foreign currency exchange rates in active markets, thus the Company measures the fair value of these contracts under a Level 2 input.

Financial assets measured at fair value

	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
30 September 2023				
(Rupees in '000)				
Investment at fair value through other comprehensive income	571,841	571,841	-	-
Biological Assets	-	-	-	-
September 30, 2022				
(Rupees in '000)				
Investment at fair value through other comprehensive income	544,275	544,275	-	-
Biological Assets	4,140	-	4,140	-

As at the reporting date, the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land and capital work in progress. Free hold land which is stated at a revalued amount, its revaluation has been carried out by independent valuers. Capital Work in progress is stated at cost. Long term investments in associates is carried at equity method. The Company does not expect that unobservable inputs may have significant effect on fair values.

37.4.1 Changes in Liabilities to cash flows arising from financing activities

	2023				
	Long term financing*	Short term borrowings	Lease liabilities	Un-claimed dividend	Accrued Mark-up
(Rupees in '000)					
At the beginning of the year	2,927,716	2,202,141	30,530	7,976	166,095
Changes from financing cash flows					
Borrowings - net	(3,698)	2,570,105	-	-	-
Lease rentals paid	-	-	(11,000)	-	-
Dividend paid	-	-	-	(223)	-
Finance cost paid	-	-	-	-	(904,342)
Other changes					
Addition of lease liability	-	-	-	-	-
Recognition of government grant - net	33,656	-	-	-	-
Finance cost - net of borrowing cost	-	-	4,256	-	1,119,809
Borrowing costs	-	-	-	-	-
At the end of the year	2,957,674	4,772,246	23,786	7,753	381,562
2022					
	Long term financing*	Short term borrowings	Lease liabilities	Un-claimed dividend	Accrued Mark-up
(Rupees in '000)					
At the beginning of the year	1,632,273	1,797,631	14,400	7,981	31,797
Changes from financing cash flows					
Borrowings - net	1,497,379	404,510	-	-	-
Lease rentals paid	-	-	(6,198)	-	-
Dividend paid	-	-	-	(5)	-
Finance cost paid	-	-	-	-	(295,125)
Other changes					
Recognition of lease liability	-	-	20,001	-	-
Recognition of government grant - net	(201,936)	-	-	-	-
Finance cost - net of borrowing cost	-	-	2,327	-	427,096
Borrowing costs	-	-	-	-	2,327
At the end of the year	2,927,716	2,202,141	30,530	7,976	166,095

*Includes the effects of Government grant.

37.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as going concern in order to provide returns for share holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The gearing ratios as at September 30 are as follows:

	2023	2022
	(Rupees in '000)	
Total Long-term debt	2,642,623	2,578,829
Share Capital	465,579	134,950
Reserves	2,964,938	2,131,991
Surplus on revaluation of Property, plant & equipment	661,496	844,259
Total Equity	4,092,013	3,111,200
Total Equity and Long-term debt	6,734,636	5,690,029
Gearing ratio	39.24%	45.32%

Risk management strategy related to agricultural activities

Regulatory and environmental risks

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

Climate and other risks

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

- i) adverse weather conditions such as floods etc. affecting the quality and quantity of production; and
- ii) potential insect, fungal and weed infestations resulting in crop failure and reduced yields.

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Particulars	2023			2022		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	(Rupees in '000)					
Remuneration & bonus	62,776	22,698	72,702	55,020	19,829	48,486
Housing allowance	1,452	6,841	22,416	1,452	5,800	14,251
Utilities	250	1,519	4,980	250	1,288	3,166
Leave fare assistance	3,357	2,015	-	2,971	1,907	-
Retirement benefits	7,448	2,534	3,484	6,424	2,148	2,266
	75,283	35,607	103,582	66,117	30,972	68,169
No. of persons	1	1	23	1	1	15

The Chief Executive, Director and Executives are provided with the use of Company maintained cars and mobile phone facility which is reimbursed at actual to the extent of their entitlements.

38.1 The aggregate amount charged in the financial statements for the year for meeting fee to six directors amounted to Rs. 2.46 million (2022: five directors - Rs.2.28 million).

39. PROVIDENT FUNDS RELATED DISCLOSURE

39.1 The following information is based on un-audited financial statements of the funds.

	Note	2023	2022
		(Rupees in '000)	
Size of the trusts		609,909	602,190
Cost of investments made		433,362	407,615
Fair value of investments	39.2	604,279	547,993
		(Percentage)	
Percentage of investments made		99.07	90.98
Loans to employees on mark-up		0.93	9.02
		100	100

39.2 The major categories of investments

Government securities		288,738	276,539
Listed securities		138,405	128,714
Units of collective investment scheme		129,036	93,719
Banks		48,100	49,021
		604,279	547,993

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

40. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, associated companies, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, contribution to staff benefit funds, mark-up on loans, amount due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below :

Relationship	Nature of transactions	2023	2022
		(Rupees in '000)	
Group Companies	Services received	29,966	13,490
	Goods purchased	446,646	64,688
	Dividend received from related party	17,850	15,361
Associated Company	Dividend received from associated company	275,000	325,000
	Sales made	867,281	716,470
Other related parties	Staff provident / gratuity fund	12,148	9,679
Key management personnel	Sales made under employee car scheme	1,547	-

40.1 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 had entered into transactions or has arrangements / agreements 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 Air-conditioning (Pvt) Ltd.	Common directorship	-
Unicol Ltd.	Associated Company	33.33
UniEnergy Ltd.	Associated Company	7.69
Zensoft (Pvt) Ltd.	Group Company	-
Mirpurkhas Sugar Mills Limited- Employee Provident Fund	Retirement Benefit fund	-
Mirpurkhas Sugar Mills Limited Paper & Board division- Staff Provident Fund	Retirement Benefit fund	-
Mirpurkhas Sugar Mills Limited- Employee Gratuity Fund	Retirement Benefit fund	-

41. CAPACITY AND PRODUCTION

Sugar division

	2023	2022
No. of days mill operated	87	124
Crushing capacity per day (M.tons)	12,500	12,500
Total crushing capacity on the basis of no. of days (M.tons)	1,087,500	1,550,000
Actual crushing (M.tons)	562,641	649,557
Sugar production (M.tons)	59,325	70,460

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include sucrose recovery, percentage and availability of sugar cane for crushing etc.

Paper division

	2023	2022
No. of days mill operated	112	-
Capacity per day (M.tons)	250	-
Total production capacity on the basis of no. of days (M.tons)	28,000	-
Actual paper production (M.tons)	17,959	-

The variance of actual production from capacity is primarily on account of production planning as per market demand / orders in hand and availability of essential imported raw material.

42. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2023	2022
	(Number)	
Total number of employees as at September 30,	277	240
Total number of employees at factory as at September 30,	241	206
Average number of employees during the year	261	218
Average number of employees at factory during the year	225	191

42.1 During the year the cost of the Company to recruit, select, hire, train, develop, allocate, conserve, reward & utilize human assets was Rs. 2.12 million (2022: Rs 1.01 million)

43. DATE OF AUTHORIZATION FOR ISSUE

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

44. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation. There were no significant reclassifications to these financial statements during the year.

45. GENERAL

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



Aslam Faruque
Chief Executive



Hasan Reza Ur Rahim
Director



Wasif Khalid
Director & Chief Financial Officer

Pattern of Shareholding

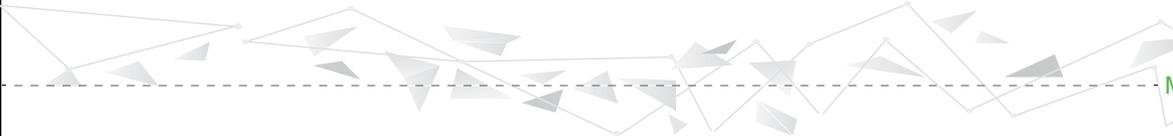
as at September 30, 2023

Number of shareholders	Shareholding		Shares held
	From	To	
811	1	To 100	28,247
372	101	To 500	100,569
183	501	To 1000	140,611
327	1001	To 5000	783,503
90	5001	To 10000	618,884
51	10001	To 15000	636,488
21	15001	To 20000	362,796
14	20001	To 25000	319,550
18	25001	To 30000	487,932
7	30001	To 35000	231,012
7	35001	To 40000	262,813
3	40001	To 45000	125,220
6	45001	To 50000	288,779
5	50001	To 55000	261,216
2	60001	To 65000	123,258
4	65001	To 70000	269,482
1	70001	To 75000	74,004
4	75001	To 80000	311,310
2	85001	To 90000	176,955
3	90001	To 95000	284,298
1	100001	To 105000	102,678
1	105001	To 110000	105,966
1	110001	To 115000	113,850
2	130001	To 135000	263,268
1	140001	To 145000	144,259
2	145001	To 150000	295,190
3	150001	To 155000	459,255
3	170001	To 175000	517,131
1	185001	To 190000	189,405
1	195001	To 200000	195,615
1	205001	To 210000	205,623
1	220001	To 225000	225,000
3	225001	To 230000	679,395
1	230001	To 235000	231,000
4	375001	To 380000	1,518,000
1	475001	To 480000	475,020
1	835001	To 840000	839,133
1	995001	To 1000000	996,186
1	1110001	To 1115000	1,110,927
1	1190001	To 1195000	1,193,646
1	1260001	To 1265000	1,261,836
1	1285001	To 1290000	1,288,380
1	1355001	To 1360000	1,357,605
1	1405001	To 1410000	1,407,417
1	1890001	To 1895000	1,894,902
1	4310001	To 4315000	4,314,111
1	19285001	To 19290000	19,286,163
1969			46,557,888

Categories of Shareholders

as at September 30, 2023

Categories of shareholders	Number of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children			
MR. ARIF DINO FARUQUE	1	102,678	0.22
MR. ASLAM FARUQUE	1	286,173	0.61
MR. AMER FARUQUE	1	30,108	0.06
MR. WASIF KHALID	1	15,189	0.03
MR. HASAN REZA UR RAHIM	1	3	0.00
Associated Companies, undertakings and related parties			
FARUQUE (PRIVATE) LIMITED	1	19,286,163	41.42
CHERAT CEMENT COMPANY LIMITED	1	996,186	2.14
GREAVES PAKISTAN (PRIVATE) LIMITED	1	1,110,927	2.39
NIT and ICP	3	2,355	0.01
Insurance Companies	1	1,193,646	2.56
Banks, Development Financial Institutions, Non Banking Financial Institutions.	12	102,933	0.22
Modarabas and Mutual Funds	1	4,314,111	9.27
General Public			
A) Local	1,902	13,763,987	29.57
B) Foreign	8	211,478	0.45
Others	34	5,141,951	11.04
Total	1,969	46,557,888	100.00
Shareholders holding 10% or more		Shares Held	Percentage
FARUQUE (PRIVATE) LIMITED		19,286,163	41.42





Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company

پوسٹل بیلٹ پیپیہ

26 جنوری 2024 بروز جمعہ، صبح 11:00 بجے کمپنی کے رجسٹرڈ دفتر واقع ٹیکسٹری کی حدود، جمراڈ، عمرکوٹ روڈ، میرپورخاص، سندھ میں

منعقد ہونے والے کمپنی کے سالانہ اجلاس عام (AGM) میں خصوصی امور میں دو ٹنگ کیلئے

فولیو نمبر 1 سی ڈی سی اکاؤنٹ نمبر

شیز ہولڈر اپراکسی ہولڈر کا نام

رجسٹرڈ پتہ

حصص کی تعداد

سی این آئی سی نمبر پاسپورٹ نمبر۔ غیر ملکی ہونے کی صورت میں (نقل منسلک کریں)

اضافی معلومات اور منسلک دستاویزات (کارپوریٹ ادارے، کارپوریشن اور قاتی حکومت کا نمائندہ ہونے کی صورت میں)

مجاز عہدیدار کا نام

مجاز عہدیدار کا سی این آئی سی نمبر پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں) (نقل منسلک کریں)

ایجنڈا آئٹم نمبر 5 کیلئے قرارداد

الف) ”طے پایا ہے کہ متعلقہ پارٹیز اور ایسوی ایگزیکیٹوز کے ساتھ 30 ستمبر 2023 کو ختم ہونے والے سال کے دوران کاروباری معاملات میں کیے گئے لین

دین کی، جیسا کہ مالیاتی گوشواروں کے نوٹ 40 میں ظاہر کیا گیا ہے، توثیق کی جاتی ہے اور منظور کیا جاتا ہے۔“

ب) ”مزید طے پایا گیا ہے کہ کمپنی کا بورڈ آف ڈائریکٹرز 30 ستمبر 2024 کو ختم ہونے والے سال کے دوران متعلقہ پارٹیز اور ایسوی ایگزیکیٹوز

کے ساتھ کاروباری معمولات میں کیے جانے والے لین دین کی منظوری کیلئے مجاز ہے اور ہوگا۔“

ایجنڈا آئٹم نمبر 6 کیلئے قرارداد

”طے پایا ہے کہ کمپنی ایکٹ 2017 کے تحت سالانہ آڈٹ شدہ مالیاتی گوشواروں کو رپورٹس اور دستاویزات کے ساتھ شیز ہولڈرز کو QR فعال کوڈ اور ویب لنک کے ذریعے

ترسیل (تقسیم کرنا جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے S.R.O.389(1)/2023 مورخہ 21 مارچ 2023 کے ذریعے مطلع کیا گیا ہے، جبکہ تکنیکی ترقی کو ذریعہ

فوری لاتے ہوئے اور پرانی ٹیکنالوجی کے متروک ہونے کے سبب منظور کیا جاتا ہے کہ USB/DVD/CD کے ذریعے سالانہ مالیاتی گوشواروں کی ترسیل کو منقطع کیا جائے۔“

پونگ کیلئے ہدایات

1۔ اپنے متعلقہ خانے میں (✓) کے نشان کے ذریعے اپنے ووٹ کا اظہار کریں۔

2۔ دونوں خانوں میں (✓) نشان ہونے کی صورت میں آپ کا ووٹ ”ضائع“ تصور کیا جائے گا۔

میں رہم مندرجہ ذیل قراردادوں کے حوالے سے بذریعہ ہڈ اپنی رضامندی اور غیر رضامندی پر مبنی رائے کا اظہار نیچے دیئے گئے موزوں بکس کو نشان زد کر کے پوسٹل بیلٹ کے ذریعے اپنا ووٹ

ڈال کر کر رہا ہوں رہے ہیں:

ایجنڈا آئٹم نمبر 5 کیلئے قرارداد

ایجنڈا آئٹم نمبر 6 کیلئے قرارداد

قرارداد	میں رہم قرارداد پر (کیلئے) راضی ہوں رہیں	میں رہم قرارداد سے غیر متفق (مخالف) ہیں
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1۔ باضابطہ طور پر پُر شدہ اور دستخط شدہ اصل پوسٹل بیلٹ، جیزر مین کو دوسری منزل، ماڈرن موٹرز ہاؤس، بیومونٹ روڈ، کراچی پر ارسال کریں یا agmmsm@gfg.com.pk پر ای میل کریں۔

2۔ سی این آئی سی پاسپورٹ (غیر ملکی ہونے کی صورت میں) کی نقل پوسٹل بیلٹ فارم کے ساتھ منسلک ہونا چاہئے۔

3۔ پوسٹل بیلٹ فارم مورخہ 25 جنوری 2024 کو یا اس سے قبل دوران اوقات کار اجلاس کے جیزر مین کے پاس پہنچ جانا چاہئے۔ تاریخ ہڈا کے بعد موصول کردہ کوئی بھی پوسٹل بیلٹ، دو ٹنگ کے لیے ناقابل غور ہوگا۔

4۔ پوسٹل بیلٹ پر دستخط، سی این آئی سی پاسپورٹ (غیر ملکی ہونے کی صورت میں) پر موجود دستخط سے موازنہ کئے جائیں گے۔

5۔ نامہ، غیر دستخط شدہ، غلط، مسخ شدہ، پھٹا ہوا، کثیر تہی، دوہری لکھائی کے حامل بیلٹ پیپر دستبرد کر دیئے جائیں گے۔

6۔ کسی کارپوریٹ، کارپوریشن یا وفاقی حکومت کے نمائندے کی صورت میں، بیلٹ پیپر فارم کے ساتھ مجاز شخص کے CNIC کی کاپی، بورڈ کی قرارداد کی تصدیق شدہ کاپی، / پاور آف اٹارنی، / اتھارٹی لیٹر ہونا ضروری ہے۔ جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن (ز) 138 یا 139 کے مطابق قابل اطلاق ہے۔

7۔ بیلٹ پیپر کا فارم کمپنی کی ویب سائٹ www.gfg.com.pk/msm/ پر بھی دستیاب ہے۔ ممبران ویب سائٹ سے بیلٹ پیپر ڈاؤن لوڈ کر سکتے ہیں یا اخبارات میں شائع ہونے والی اصل / فوٹو کاپی استعمال کر سکتے ہیں۔

تاریخ

شیز ہولڈر اپراکسی ہولڈر کے دستخط اور مجاز فرد کے دستخط

(کارپوریٹ ادارہ ہونے کی صورت میں، کمپنی کی مہر لگائیں)

- 4۔ ویڈیولنک کی تفصیلات اور لاگ ان کی تفصیلات ممبران کو ان کے فراہم کردہ ای میل ایڈریس پر بھیج دی جائیں گی تاکہ وہ مقررہ تاریخ اور وقت پر اجلاس میں شرکت کر سکیں۔
- 5۔ سالانہ اجلاس عام میں شیئر ہولڈرز لاگ ان ہونے کیلئے اپنی ڈیوائس کے ذریعے شناخت کیلئے مطلوبہ ضروریات اور شیئر ہولڈر کی تصدیق کر کے شرکت کر سکیں گے۔ ویڈیولنک اور لاگ ان کی تفصیلات صرف ان ممبران کے ساتھ شیئر کی جائیں گی جن کی ای میل میں تمام مطلوبہ معلومات ہوں گی اور وہ اجلاس عام کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہوں گی۔
- 6۔ کمپنی کے ممبران جن کے شیئر سینٹرل ڈپازٹری سسٹم (CDS) کے ساتھ ان کے اکاؤنٹ/سب اکاؤنٹ میں رجسٹرڈ ہیں ان سے درخواست کی جاتی ہے کہ وہ تصدیق کے لیے CDS میں اپنے اکاؤنٹ نمبر اور شرکت کنندہ کا شناختی نمبر کے ساتھ اصل کمپیوٹرائزڈ قومی شناختی کارڈ ہمراہ لائیں۔
- 7۔ کمپنی کے فزیکل شیئرز کے حامل ممبران سے درخواست کی جاتی ہے کہ وہ اپنے چوں میں کسی تبدیلی کی اطلاع کمپنی کے شیئر رجسٹرار کو دیں۔ جبکہ سی ڈی سی اکاؤنٹس کے حامل شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے چوں میں کسی تبدیلی کی اطلاع اپنے متعلقہ سی ڈی سی شرکت کنندہ/بروکر ای سی ڈی سی انویسٹر اکاؤنٹ سروسز کو فوری طور پر بھیجیں۔
- 8۔ کمپنیز ایکٹ، 2017 کے سیکشن 119، اوپنیشن (جنرل پروویڈنٹ اینڈ فارمز) ریگولیشنز، 2018 کی ریگولیشن 19 کے مطابق، تمام فزیکل شیئر ہولڈرز کو تجویز کیا جاتا ہے کہ وہ اپنی لازمی معلومات جیسے کہ CNIC نمبر، پتہ، ای میل ایڈریس، رابطہ فون یا موبائل نمبر، پیشہ وغیرہ سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو فوری طور پر فراہم کریں تاکہ قانون کی عدم تعمیل یا مستقبل میں کسی بھی قسم کی زحمت سے بچا جاسکے۔
- 9۔ فزیکل شیئرز کے ممبران جنہوں نے ابھی تک اپنے درست کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹوکاپی جمع نہیں کروائی ہے ان سے درخواست کی جاتی ہے کہ وہ اسے کمپنی کے شیئر رجسٹرار کے پاس جمع کروادیں۔
- 10۔ کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق ہر موجودہ سلسلہ کمپنی کو اپنے فزیکل شیئر ایک مقررہ طریقے سے ایس ای سی پی کی مقرر کردہ تاریخ سے بگ انٹری کی شکل میں تبدیل کرنا لازمی ہوں گے۔ فزیکل شیئر رکھنے والے شیئر ہولڈر کو سی ڈی سی کے انویسٹر اکاؤنٹ سروسز کے ساتھ اپنا اکاؤنٹ یا کسی بھی بروکر کے ساتھ ذیلی اکاؤنٹ کھولنے اور اپنے فزیکل شیئر کو بگ انٹری فارم میں تبدیل کرنے کی ضرورت ہے۔ یہ شیئر ہولڈر کو کئی طریقوں سے سہولت فراہم کرے گا جس کے تحت وہ اپنے شیئرز کو اپنی کھلی میں رکھ سکتا / سکتی ہے اور جب چاہے فروخت کر سکتا / کر سکتی ہے، کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضوابط کے مطابق فزیکل شیئر کی تجارت کی اجازت نہیں ہے۔
- 11۔ شیئر ہولڈرز کو یاد دہانی کروائی جاتی ہے کہ کمپنیز ایکٹ، 2017 کے سیکشن 242 کے مطابق کسی سلسلہ کمپنی کی صورت میں، کمپنی کی جانب سے اعلان کردہ نقد منافع مقسمہ (ڈویڈنڈز) کی رقم لازمی طور پر الیکٹرانک ذریعے سے براہ راست شیئر ہولڈر کے بینک اکاؤنٹ میں جمع کروائی جائے گی۔ اپنے بینک اکاؤنٹ میں منافع مقسمہ براہ راست حاصل کرنے کے لیے، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ ای ڈیویڈنڈ مینڈیٹ فارم کو پُر کریں جو کمپنی کی ویب سائٹ www.gfg.com.pk/msm پر دستیاب ہے اور اس پر دستخط کر کے CNIC کی کاپی کے ساتھ فزیکل شیئر ہونے کی صورت میں کمپنی کے رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو بھیجیں۔ اگر سی ڈی سی میں شیئرز رکھے گئے ہیں، تو ای ڈیویڈنڈ مینڈیٹ فارم براہ راست شیئر ہولڈر کے بروکر/شرکت کنندہ/سی ڈی سی انویسٹر اکاؤنٹ سروسز کے پاس جمع کروادیں۔ IBAN جمع نہ کروانے کی صورت میں کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشنز 2017 کے تحت کمپنی ڈیویڈنڈ (منافع مقسمہ) کی ادائیگی روک لے گی۔ مزید برآں، مجموعی ڈیویڈنڈ/بگس/زکوٰۃ کی کٹوتی اور ڈیویڈنڈ کی خالص رقم کے بارے میں معلومات سنٹرلائزڈ کیش ڈیویڈنڈ رجسٹر (CCDR) کے ذریعے فراہم کی جائے گی۔ لہذا، شیئر ہولڈرز کیلئے لازمی ہے کہ وہ خود کو سی ڈی سی کے ای سروسز پورٹل <https://eservices.cdcaccess.com.pk> پر رجسٹر کروالیں۔
- 12۔ شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ کمپنیز (پوسٹل بیلٹ) ریگولیشنز، 2018 کے مطابق سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے تمام سلسلہ کمپنیوں کو ہدایت کی ہے کہ وہ الیکٹرانک ووٹنگ کی سہولت کے ذریعے ووٹ ڈالنے کا حق فراہم کریں اور خصوصی امور کے طور پر تمام تر درجہ بندی پر کاروباری اداروں کے ممبران کو ڈاک کے ذریعے ووٹ کاسٹ کرنے کی سہولت دیں۔ اس کے مطابق، کمپنی کے شیئر ہولڈرز کو الیکٹرانک ووٹنگ کی سہولت کے ذریعے اپنے ووٹ کا حق استعمال کرنے کی اجازت ہوگی یا تقاضوں کے مطابق اور مذکورہ ضوابط میں موجود شرائط کے تابع 26 جنوری 2024 بروز جمعہ صبح 11:00 بجے ہونے والے کمپنی کے سالانہ اجلاس عام میں خصوصی امور کے لیے ڈاک کے ذریعے ووٹنگ کی اجازت ہوگی۔
- شیئر ہولڈرز کی سہولت کے لیے، بیلٹ پیپر کو اس نوٹس کے ساتھ منسلک کر دیا گیا ہے اور یہ ڈاؤن لوڈ کرنے کے لیے کمپنی کی ویب سائٹ www.gfg.com.pk/msm پر بھی دستیاب ہے۔
- ای ووٹنگ کا طریقہ کار:
- 13۔ ای ووٹنگ کی سہولت کی تفصیلات کمپنی کے ان شیئر ہولڈرز کے ساتھ ایک ای میل کے ذریعے شیئر کی جائیں گی جن کے پاس اپنے درست CNIC نمبر، موبائل فون نمبر، اور ای میل ایڈریس کمپنی کے ممبران کے رجسٹر میں 18 جنوری 2024 کو کاروباری دن کے اختتام تک دستیاب ہوں گے۔
- ویب ایڈریس، لاگ ان کی تفصیلات، ای میل کے ذریعے ممبران کو مطلع کر دی جائیں گی۔ سیکورٹی کوڈ سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (ای ووٹنگ سروسز فراہم کنندہ ہونے کے ناطے) کے ویب پورٹل سے ایس ایم ایس کے ذریعے اراکین کو آگاہ کر دیے جائیں گے۔
- ای ووٹنگ کے ذریعے ووٹ ڈالنے کا ارادہ رکھنے والے شیئر ہولڈرز کی شناخت الیکٹرانک دستخط والاگ ان کے لیے تصدیق کے ذریعے کی جائے گی۔
- ای ووٹنگ لائسنس 22 جنوری 2024 صبح 09 بجے سے شروع ہوں گی اور 25 جنوری 2024 کو شام 05 بجے بند ہوں گی۔ شیئر ہولڈرز اس مدت کے دوران کسی بھی وقت اپنا ووٹ ڈال سکتے ہیں۔ ایک بار کسی قرارداد پر ووٹ ڈالنے کے بعد، اسے بعد میں تبدیل کرنے کی اجازت نہیں ہوگی۔
- پوسٹل بیلٹ کے ذریعے ووٹ ڈالنے کا طریقہ کار:
- 14۔ شیئر ہولڈرز اس بات کو یقینی بنائیں گے کہ کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی کے ساتھ درست طریقے سے بھرے ہوئے اور دستخط شدہ بیلٹ پیپر، سالانہ اجلاس عام سے ایک دن پہلے 25 جنوری 2024 تک کام کے اوقات میں کمپنی کے ایڈریس، دوسری منزل ماڈرن موثر ہاؤس، بیومنٹ روڈ، کراچی یا agmmsm@gfg.com.pk پر ای میل کریں۔ بیلٹ پیپر پر دستخط CNIC پر دستخط سے مماثل ہوں گے۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ بلڈ مطلع کیا جاتا ہے کہ میرپورخاص شوگر ملز لمیٹڈ کا 59 واں سالانہ اجلاس عام 26 جنوری 2024 بروز جمعہ، صبح 11:00 بجے کمپنی کے رجسٹرڈ دفتر واقع فیکٹری کی حدود، جہراڈ، عمرکوٹ روڈ، میرپورخاص، سندھ میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا:

عمومی امور

- 1- 21 جنوری 2023 کو ہونے والے سالانہ اجلاس عام کے منٹس کی توثیق کرنا۔
- 2- کمپنی کے آڈٹ شدہ حسابات برائے سال 30 ستمبر 2023 مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس وصول کرنا اور ان پر غور کرنا۔
- 3- سال 2023/24 کیلئے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کرنا۔
- 4- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

خصوصی امور

- 5- درج ذیل عمومی قراردادوں کو خصوصی قرارداد کے طور پر منظور اور غور کرنا۔

الف) ”طے پایا ہے کہ متعلقہ پارٹنرز اور ایسوسی ایٹڈ کمپنیز کے ساتھ 30 ستمبر 2023 کو ختم ہونے والے سال کے دوران کاروباری معاملات میں کیے گئے لین دین کی جیسا کہ مالیاتی گوشواروں کے نوٹ 40 میں ظاہر کیا گیا ہے، توثیق کی جاتی ہے اور منظور کیا جاتا ہے۔“

ب) ”مزید طے پایا گیا ہے کہ کمپنی کا بورڈ آف ڈائریکٹرز 30 ستمبر 2024 کو ختم ہونے والے سال کے دوران متعلقہ پارٹنرز اور ایسوسی ایٹڈ کمپنیز کے ساتھ کاروباری معاملات میں کیے جانے والے لین دین کی منظوری کیلئے مجاز ہے اور ہوگا۔“

- 6- سالانہ آڈٹ شدہ مالیاتی گوشواروں کو USB/DVD/CD کی شکل میں منتقل کرنے کے بجائے QR فعال کوڈ اور ویب لنک کے ذریعے شیئر ہولڈرز تک پہنچانے پر غور کرنا اور درج ذیل قرارداد کو منظور کرنا۔

”طے پایا ہے کہ کمپنیز ایکٹ 2017 کے تحت سالانہ آڈٹ شدہ مالیاتی گوشواروں کو رپورٹس اور دستاویزات کے ساتھ شیئر ہولڈرز کو QR فعال کوڈ اور ویب لنک کے ذریعے ترسیل/تقسیم کرنا جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے S.R.O.389(1)/2023 مورخہ 21 مارچ 2023 کے ذریعے مطلع کیا گیا ہے، جبکہ تکنیکی ترقی کو زبرد غور لاتے ہوئے اور پرانی ٹیکنالوجی کے متروک ہونے کے سبب، منظور کیا جاتا ہے کہ USB/DVD/CD کے ذریعے سالانہ مالیاتی گوشواروں کی ترسیل کو منقطع کیا جائے۔“

مذکورہ بالا خصوصی قرارداد سے متعلق کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت ایک اسٹینٹ اس نوٹس کے ساتھ منسلک ہے۔

محکم پورڈ آف ڈائریکٹرز

بذریعہ بلڈ

حاضر

کمپنی سیکریٹری

کراچی: 27 دسمبر 2023

نوٹس:

- 1- کمپنی کے ممبران کا رجسٹر جمعہ 19 جنوری 2024 سے جمعہ 26 جنوری 2024 (بشمول دونوں ایام) بند رہے گا اور اس دوران کوئی ٹرانسفر رجسٹرڈ نہیں کیا جائے گا۔ کمپنی کے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سرور لمیٹڈ (CDCSRSL) کے دفتر، سی ڈی سی ہاؤس، 99-بی، بلاک 'بی'، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74400 میں جمعرات، 18 جنوری 2024 کو کاروباری اوقات کے اختتام تک درست صورت میں موصول ہونے والے شیئرز بروقت تصور ہوں گے۔
- 2- کمپنی کا کوئی ممبر، جو سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل ہے، اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے، بولنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کے موثر ہونے کیلئے لازمی ہے کہ وہ تحریری طور پر ہوا اور کمپنی کے صدر دفتر کو اجلاس شروع ہونے سے 48 گھنٹے قبل موصول ہو جائے۔
- 3- سالانہ اجلاس عام کی کارروائی ویڈیو کے ذریعے ZOOM اپیلیکیشن (ایک ویڈیو لنک کانفرنسنگ کی سہولت) کے ذریعے بھی منعقد کی جائے گی۔ اجلاس میں شرکت کیلئے دلچسپی رکھنے والے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ ”میرپورخاص شوگر ملز لمیٹڈ اجلاس عام کیلئے رجسٹریشن“ کے موضوع کے ساتھ مطلوبہ معلومات اور کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی دونوں جانب کی درست کاپی cdcsr@cdcsrsl.com پر ای میل کریں۔ شیئر ہولڈرز کو ہدایت کی جاتی ہے درج ذیل طریقے کے مطابق اپنی مکمل تفصیل فراہم کریں۔

موبائل فون نمبر	ای میل آئی ڈی	فولیو ای ڈی سی اکاؤنٹ نمبر	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	کمپنی	شیئر ہولڈر کا مکمل نام / پروفی ہولڈر
				میرپورخاص شوگر ملز لمیٹڈ	

کوڈ آف کارپوریٹ گورننس کے ساتھ کمپلائنس کا اسٹیٹمنٹ

کمپنی لمیٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شرائط پر عمل درآمد کرتی ہے۔ کمپلائنس کا ایک اسٹیٹمنٹ رپورٹ کے متعلقہ سیکشن کے تحت فراہم کیا گیا ہے۔

حکومتی پالیسیوں کا کاروبار پر اثر

ہم ایک بار پھر اس موقع سے فائدہ اٹھاتے ہوئے حکومت سے یہ درخواست کرتے رہنا چاہیں گے کہ چینی کی قیمت اس بات کو یقینی بنانے کے لیے ضروری اقدامات کرے کہ کاشتکاروں کو گئے کی قیمت ادا کی جائے۔ کرشنگ سیزن 2023/24 کے لیے سندھ حکومت نے کم از کم امدادی قیمت 425 فی من روپے کا اعلان کیا تھا۔ جو گزشتہ سیزن میں 302 روپے فی من تھی یعنی گزشتہ سال کے مقابلے میں 41 فیصد اضافہ ہوا ہے۔ یہ اضافہ مارکیٹ میں چینی کی موجودہ قیمتوں کے مطابق نہیں ہے، جس میں درحقیقت قومی ضرورت سے زیادہ اسٹاک کی دستیابی کی وجہ سے بڑے پیمانے پر کمی دیکھی گئی ہے۔ مزید برآں، چینی کی صنعت کو اضافی چینی برآمد کرنے کی اجازت نہ دینے سے فروخت کی قیمت اور چینی کی طرف سے شامل کیے جانے والے اعلیٰ مالیاتی چارجز دونوں پر منفی اثر پڑتا ہے۔

آخر میں، چینی کی برآمدات حکومت کی طرف سے دی جانے والی ایکسپورٹ سبسڈی کی بنیاد پر کی گئیں۔ تاہم، یہ سبسڈی ابھی تک ادا نہیں کی گئی ہے، اور اس لیے ہم وفاقی اور صوبائی حکومتوں سے درخواست کرتے ہیں، جیسا کہ لاگو ہے کہ فوری طور پر ریزائلو 199.05 ملین روپے کی سبسڈی جاری کی جائے کیونکہ یہ کمپنی کی لیکویڈیٹی اور اس کے مالیاتی چارجز کی رقم کے لیے اہم ہے جو کمپنی کی طرف سے گزشتہ کئی برسوں میں خرچ کیے گئے ہیں، خاص طور پر رعایت کی شرح کے ساتھ جو کہ 22% سالانہ بنتی ہے۔

مستقبل کے امکانات

زبوں حال معاشی حالات اور پاکستان کے زرمبادلہ کے ذخائر میں کمی کی وجہ سے معیشت مسلسل دباؤ کا شکار ہے، اور اس لیے توقع کی جاتی ہے کہ کمپنی کا آپریٹنگ ماحول چیلنجنگ رہے گا۔ مستقبل پر نظر دوڑائیں تو توقع کی جاتی ہے کہ ملک کا معاشی منظر نامہ بڑی حد تک آئی ایم ایف کے ساتھ اس کے تعلقات، سیاسی استحکام کی بحالی اور دوست ممالک کی حمایت کے ساتھ ساتھ حکومت کی جانب سے معیشت کو پائیدار بنیادوں پر مستحکم کرنے کے مقصد سے اصلاحات پر عمل درآمد جاری رکھنے کے ارادوں سے تشکیل پائے گا۔

ان چیلنجوں کے پیش نظر، کمپنی بلند شرح سود، کم اقتصادی ترقی اور قدر میں کمی کے منفی اثرات کو کم کرنے، اور مختلف بینکوں کے درمیان اپنے قرضوں کو پھیلانے، انویسٹری کو کم کرنے اور تجارتی قرضوں کا انتظام کرنے کے ساتھ ساتھ شیئر ہولڈرز کی قدر کو زیادہ سے زیادہ کرنے کی حکمت عملیوں پر توجہ مرکوز کر رہی ہے۔ گلیل مدت میں، بجلی اور گیس کے نرخوں میں آنے والی ایڈجسٹمنٹ کی وجہ سے افراط زر کے بلند رہنے کی توقع ہے لیکن اگر خوراک اور تیل کی قیمتوں میں کمی آتی ہے اور شرح مبادلہ میں کوئی خاص تبدیلی نہیں آتی ہے تو مالی سال کی دوسری ششماہی میں مہنگائی کم ہو سکتی ہے۔ اس کا سود کی شرحوں پر سائز گار اثر پڑ سکتا ہے، کیونکہ بلند افراط زر کی وجہ سے مرکزی بینک کو بلند شرح سود پر قرار رکھنے کی ضرورت ہوتی ہے۔

آڈیٹرز کی تقریری

موجودہ آڈیٹرز میسرز کرسٹن حیدر بھیم جی ایڈوکیٹس (چارٹرڈ اکاؤنٹنٹس) رینڈمز ہو گئے ہیں اور اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ تقریری کے لیے پیش کیا ہے۔

اعتراف

ہم اپنے تمام صارفین اور مالیاتی اداروں کا ان کی مسلسل حمایت اور تعاون کے لیے شکر یہ ادا کرتے ہیں اور ہم خاص طور پر ان مشکل وقتوں کے دوران اپنے عملے کی لگن، وفاداری اور سخت محنت سے کام کرنے کے حوالے سے دل کی گہرائیوں سے متعرف ہیں۔

مختاب بورڈ آف ڈائریکٹرز



اسلم فاروق
چیف ایگزیکٹو



عارف فاروق
چیئرمین

کراچی: 27 دسمبر 2023

1

(د) خاتون ڈائریکٹر

(ا) محترمہ فرزانہ فاروق

* سال کے دوران بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کارڈ بیکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری
• جناب عارف فاروق	6
• جناب اسلم فاروق	6
• جناب عامر فاروق	4
• جناب سمیر مصطفیٰ چنائے*	1
• جناب محمد اذکار خان	6
• جناب حسن رضا الرحیم**	5
• جناب واصف خالد	6
• محترمہ فرزانہ فاروق	4

* جناب سمیر مصطفیٰ چنائے 21 جنوری 2023 کو ریٹائر ہو گئے۔

** جناب سمیر مصطفیٰ چنائے کی جگہ جناب حسن رضا الرحیم 21 جنوری 2023 کو بحیثیت خود مختار ڈائریکٹر منتخب ہوئے۔

* سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کارڈ بیکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری
• جناب حسن رضا الرحیم	2
• جناب عارف فاروق	4
• جناب محمد اذکار خان	4
• جناب سمیر مصطفیٰ چنائے	1

* جناب سمیر مصطفیٰ چنائے 21 جنوری 2023 کو ریٹائر ہو گئے۔

** جناب سمیر مصطفیٰ چنائے کی جگہ جناب حسن رضا الرحیم 21 جنوری 2023 کو بحیثیت خود مختار ڈائریکٹر منتخب ہوئے۔

* سال کے دوران، ہیومن ریسورس اور ریٹائرمنٹ کمیٹی کے دو اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کارڈ بیکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری
• جناب محمد اذکار خان	2
• جناب اسلم فاروق	2
• جناب عامر فاروق	2

شیر ہولڈنگ کا نمونہ رپورٹ کے ساتھ منسلک ہے۔

* مالی سال 2022/23 کے دوران فی شیر آمدنی گزشتہ سال 4.37 روپے کے مقابلے میں 18.03 روپے فی شیر حاصل ہوئی۔

ڈائریکٹرز کے معاوضے

کمیٹی کے آرٹیکلز کے مطابق، نان ایگزیکٹو اور خود مختار ڈائریکٹرز کے معاوضے بورڈ آف ڈائریکٹرز طے کرتا ہے۔ اس ضمن میں، بورڈ آف ڈائریکٹرز نے کمیٹی کے نان ایگزیکٹو اور خود مختار ڈائریکٹرز کے لیے معاوضے کی پالیسی وضع کی ہے۔ ڈائریکٹرز کے معاوضوں کی تفصیل 30 ستمبر 2023 کو ختم ہونے والے سال کے مالیاتی گوشوارے کے نوٹ 39 میں ظاہر کی گئی ہے۔

کارکردگی کا سالانہ جائزہ

کوڈ آف کارپورٹ گورننس کے حصے کے طور پر، کمیٹی نے بورڈ آف ڈائریکٹرز، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کے سالانہ جائزہ کا اہتمام کیا گیا ہے۔ کمیٹی کے طریقہ کار کی شفافیت کو یقینی بنانے کیلئے کمیٹی نے M/s. Grant Thornton Anjum Rahman, Chartered Accountants کی خدمات حاصل کی ہیں۔ رپورٹ کے مواد کا جائزہ لیا جاتا ہے اور ان شعبوں کی نشاندہی کی جاتی ہے جن میں بہتری کی ضرورت ہوتی ہے۔

متعلقہ پارٹنرز کے ساتھ لین دین

متعلقہ پارٹنرز کے ساتھ تمام تزلین دین مناسب طور پر انجام دیے گئے ہیں اور کمیٹی کے مالی گوشواروں میں مناسب طریقے سے ظاہر کیے گئے ہیں۔

اجتماعی سماجی ذمہ داری

کمپنی اپنے تمام اسٹیک ہولڈرز، بالخصوص اپنے ملازمین اور ماحولیات کے مفاد میں معاشرے میں اپنا کردار ادا کرنے کے لیے پرعزم ہے۔ مزید برآں، کمپنی نے مختلف نامور خبریاتی اداروں میں تعاون کیا اور کرتی رہے گی۔ ہمیں یقین ہے کہ اجتماعی سماجی ذمہ داری کے ذریعے یہ اقدامات ان علاقوں کی معاشی اور سماجی ترقی میں بہت کام آئیں گے جہاں کمپنی کاروبار کرتی ہے۔

تحفظ، صحت اور ماحولیات

کمپنی صحت اور تحفظ کے اعلیٰ معیار کو برقرار رکھنے پر پختہ یقین رکھتی ہے۔ کمپنی کی پیداواری سہولت ملک میں قابل نفاذ ماحولیاتی اور تحفظ کے معیارات سے پوری طرح مطابقت رکھتی ہے۔ کمپنی کے پاس HSE کی نگرانی کیلئے HSE کا ایک وقف محکمہ ہے، جس میں بہترین عملی اقدامات اور طریقہ کار کا نفاذ، مناسب عملدرآمد کو یقینی بنانا یا عملے کی آگ سے بچاؤ اور دیگر باقاعدہ حفاظتی تربیت کرنا شامل ہے۔ ماحولیات کی مدد کیلئے، کمپنی نے اپنی سائٹ پر شجرکاری میں اضافہ کیا ہے، جبکہ اس وقت جو 2 میگا واٹ کاسولر پاور پلانٹ نصب کیا جا رہا ہے، جو فوسل ٹیول پراس کا انحصار کم کرے گا۔

قومی خزانے میں حصہ

مالی سال 2023 کے دوران، کمپنی نے ٹیکسز اور محصولات کی شکل میں قومی خزانے میں تقریباً 800 ملین روپے جمع کروائے ہیں۔

اجتماعی اور مالیاتی رپورٹنگ فریم ورک

- انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشواروں میں کمپنی کے کاروباری معاملات، اس کے آپریشنز کے نتائج، نقد کا بہاؤ اور ایکویٹی میں تبدیلی کو شفاف طریقے سے ظاہر کیا گیا ہے۔
- کمپنی کے حسابات کی کتابوں کو مناسب طریقے سے برقرار رکھا گیا ہے۔
- مالیاتی گوشواروں کی تیاری میں اکاؤنٹ کی درست پالیسیوں کا مستقل طور پر اطلاق کیا گیا ہے اور اکاؤنٹس کے تخمینے موزوں اور دانشمندانہ انتظامی فیصلوں پر مبنی ہیں۔
- مالیاتی گوشوارے پاکستان میں لاگو انتزاعی ضابطہ رپورٹنگ اسٹینڈرڈز کے مطابق تیار کیے گئے ہیں اور کسی بھی قسم کے تحریف کو مناسب طریقے سے ظاہر اور واضح کیا گیا ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور موثر طور پر نافذ عمل اور نگرانی میں رہتا ہے۔
- کمپنی کے کاروبار کو جاری رکھنے کی صلاحیت پر کوئی نمایاں شبہ نہیں ہے۔
- کارپوریٹ گورننس کے بہترین معمولات سے کوئی مادی امراض نہیں کیا گیا ہے۔
- گزشتہ چھ (6) سال کا کلیدی آپریشننگ اور مالیاتی ڈیٹا انحصار کے ساتھ منسلک ہے۔
- آپ کی کمپنی کے ڈے ٹیکس، ڈیویڈنڈ، لیویز اور چارجز کی مد میں کوئی واجبات نہیں ہیں ماسوائے ان کے جو عام کاروباری معمولات میں ادا کیے جاتے ہیں۔
- کمپنی اپنے اہل ملازمین کے لیے پراویڈنٹ اور گریجویٹ فنڈ اکاؤنٹس برقرار رکھے ہوئے ہے۔ ذیل میں متعلقہ فنڈز کی سرمایہ کاری کی قدر بمطابق 30 ستمبر 2023 کو درج ذیل ہے:

• پروویڈنٹ فنڈ	604.279 ملین روپے
• گریجویٹ فنڈ	317.140 ملین روپے

بورڈ آف ڈائریکٹرز

بورڈ میں ڈائریکٹرز کی کل تعداد 7 ہے اور تشکیل درج ذیل ہے:

• مرد ڈائریکٹرز	6
• خاتون ڈائریکٹرز	1
(الف) خود مختار ڈائریکٹرز	2
(i) جناب محمد اذکار خان	
(ii) جناب حسن رضا الرحیم	
* خود مختار ڈائریکٹرز کی شرح 1/3 ہے جو 2.33 کے مساوی ہے، جس کی کسر 0.5 سے کم ہے اور اس لیے، قابل اطلاق ضوابط کے مطابق اسے مکمل عدد کرنے کیلئے 2 کر لیا گیا ہے۔	
(ب) نان ایگزیکٹو ڈائریکٹرز	3
(i) جناب عارف قاروق	
(ii) جناب عامر قاروق	
(iii) محترمہ فرزانہ قاروق	
(ج) ایگزیکٹو ڈائریکٹرز	2
(i) جناب اسلم قاروق	
(ii) جناب واصف خالد	

رجحان ہے۔ اس سے ناشتہ اور کیکٹھنری کے کاروبار سمیت تمام ضروریات زندگی کی اشیا (FMCG) پر براہ راست اثر پڑ رہا ہے، جس کی وجہ سے کیکٹھنگ اور نالی دار (corrugated) مصنوعات کی مانگ میں کمی واقع ہوئی ہے۔ انتظامیہ اب تک ہموار آپریشنز کے لیے درکار خام مال اور اسپینرز درآمد کرنے میں کامیاب رہی ہے۔ کینی پاکستان میں کام کرنے والے تمام بڑے کورپوریشن پلانٹس میں اپنی معیاری مصنوعات، بیلز کے عمدہ احتجاج کے ساتھ متعارف کرانے میں کامیاب رہی ہے۔

یونی کول لمیٹڈ

جوائنٹ ونچر یونی کول ڈیٹری اچھی طرح سے کام جاری رکھے ہوئے ہے، اور انتھول CO2 اور CO2 دونوں آپریشن سال کے دوران توقعات پر پورا اترے۔ بہتر آپریشنل کارکردگی، بہتر مارجن اور روپے کی قدر میں کمی کی وجہ سے یونی کول کے منافع میں بہتری آئی ہے۔ انتظامیہ کو توقع ہے کہ پنجاب اور سندھ میں گنے کی فصل کی بہتر پیداوار کی وجہ سے، گڑ کی کافی دستیابی ہوگی تاکہ کینی کو آنے والے سال کے دوران روانی سے مصروف عمل رکھنے میں مدد ملے۔ سرگودھا میں واقع یونی کول کے نئے حاصل شدہ شکر ڈویژن نے اپنے کرٹنگ میزن 2023/24 کا کامیابی سے آغاز کر دیا ہے۔ انتظامیہ کو یقین ہے کہ یونی کول مستقبل قریب میں کینی اور اس کے شیئرز ہولڈرز کو مالی فوائد پہنچاتا رہے گا۔

یونی انرجی لمیٹڈ

یونی انرجی، ونچر پروجیکٹ کا ایک جوائنٹ ونچر ہے، جس کو لیٹر آف انٹینٹ عطا کیا گیا ہے اور پروجیکٹ کے قیام کیلئے ہمیں، ضلع ٹھٹھہ میں باضابطہ طور پر زمین الاٹ کی گئی تھی۔ بے وی پائٹرز نے پروجیکٹ کی جاری مالیاتی ضروریات کو پورا کرنے کیلئے کینی میں ابتدائی انکوبینی سرمایہ کاری کی ہے۔ اس سلسلے میں میر پور خاص شکر ملز لمیٹڈ نے شیئرز ہولڈرز کی منظوری حاصل کر کے 7.69 ملین روپے کی انکوبینی سرمایہ کاری کی۔ حکومت نے ابھی تک اس پروجیکٹ کیلئے کسی نرخ نامے کا اعلان نہیں کیا ہے، جس کے نتیجے میں مالی سال 2023 کے دوران اس پروجیکٹ میں کوئی پیش رفت نہیں ہوئی ہے۔

خدشات اور مواقع

• خدشات اور ان کا سدباب

بورڈ آف ڈائریکٹرز ذمہ دارانہ طور پر سماجی معاشی ماحولیات اور اس کے نتیجے میں ممکنہ اندرونی اور بیرونی خدشات پر گہری نظر رکھتا ہے جو کینی کے محفوظ اور رواں آپریشنز کی کارکردگی پر اثر انداز ہو سکتے ہیں۔ اسٹیک ہولڈرز کے مفادات کے ہمہ گیرانہ طور پر ڈائریکٹرز نے سال بھر خدشات کی نشان دہی کرنے اور ان کا سدباب کرنے کیلئے چوکنا ہو کر کام کیا۔ بورڈ آف ڈائریکٹرز نے ممکنہ خدشات کی نشاندہی کی اور کینی پر ان کے اثرات کی جانچ کر کے کاروبار کیلئے خدشات کو ختم کرنے کی حکمت عملی تشکیل دی۔ اس حکمت عملی کو آڈٹ کمیٹی کے ذریعے کینی میں نافذ کیا گیا۔

• خطرے کا سدباب

کینی کا بورڈ آف ڈائریکٹرز اندرونی اور بیرونی دونوں خطرات پر نظر رکھتا ہے جن کا کینی کو سامنا ہو سکتا ہے۔ بورڈ آف ڈائریکٹرز ساہجریکیو رٹی کی اہمیت کو تسلیم کرتے ہیں۔ کسی بھی قسم کی پریشانی سے بچنے کے لیے کینی کے پاس اندرون خانہ آئی ٹی ڈیپارٹمنٹ اور اس سے متعلقہ سیکورٹی موجود ہے۔

• کریڈٹ کا خدشہ

جبکہ کینی کے تمام مالیاتی اثاثے، ہوائے نقد رقم کے، کریڈٹ رسک کے تابع ہیں، کینی اس بات پر یقین نہیں رکھتی کہ اسے کریڈٹ کے بڑے خدشے کا سامنا ہے۔ تاہم اپنے کسٹمرز اور کاشتکاروں کو اس خدشہ سے محفوظ رکھنے کیلئے کریڈٹ کی حد مقرر کر دی گئی ہے اور ساتھ ہی سرمایہ کاری میں بھی تنوع پیدا کیا گیا ہے۔

• لیکویڈیٹی کا خدشہ

لیکویڈیٹی کے خدشہ کا دائرہ اندرون انتظامیہ معاہدوں کے وعدوں کو پورا کرنے کیلئے خاطر خواہ فنڈز کی دستیابی کو یقینی بناتا ہے۔ کینی کی فنڈ منجمنٹ حکمت عملی کا مقصد اندرونی طور پر کیش میں اضافہ کر کے اور مالیاتی اداروں کے ساتھ کریڈٹ لائنز پر کام کر کے لیکویڈیٹی خدشے کا مسئلہ حل کیا جاتا ہے۔

• زرمبادلہ کا خدشہ

زرمبادلہ کا خدشہ وہاں ہوتا ہے جہاں غیر ملکی کرنسی میں لین دین کے سبب قابل وصولی اور قابل ادائیگی رقوم کا سلسلہ ہو۔ کینی خام مال کی درآمد کیلئے کوئی گئی ایل بیگز کی حد تک غیر ملکی کرنسی کے خطرات سے دوچار ہے۔ جہاں ضروری ہو کینی زرمبادلہ کی شرحوں کی مناسب نگرانی، ہیٹ انکسپوزٹ روایڈ جسٹ کرنے اور فارورڈنگ حاصل کرنے کے ذریعے زرمبادلہ کے خدشے کا انتظام کرتی ہے۔

• قرض کی واپس ادائیگی

کینی نے اپنے تمام واجب الادا قرض وقت پر ادا کر دیے ہیں۔ سال کے دوران، کینی نے 351.539 ملین روپے واپس ادا کیے ہیں۔ مزید برآں، کینی نے اپنے سولر پروجیکٹ کیلئے سال کے دوران اسلامک فنانس فیسلٹی برائے ریویو ایبل انرجی (IFRE) بھی حاصل کی ہے۔

• انکوبینی اینڈ کیپٹل منجمنٹ

کینی انکوبینی کا خاطر خواہ میں برقرار رکھنے کی خواہاں ہے تاکہ انویسٹر، کریڈٹرز اور مارکیٹ کا اعتماد قائم رہے اور مستقبل میں کاروبار کی ترقی کا عمل جاری رہے۔ سال کے دوران کینی نے انکوبینی کی منجمنٹ کے طریقہ کار میں کوئی تبدیلی نہیں کی۔ کینی کے موجودہ قرضہ اور انکوبینی کا تناسب 39.24% ہے۔ بورڈ آف ڈائریکٹرز اور انتظامیہ کو ہمہ رسد ہے کہ کینی آنے والے برسوں میں کیپٹل کے ڈھانچے میں مزید مضبوطی آئے گی۔

ڈیویڈنڈ

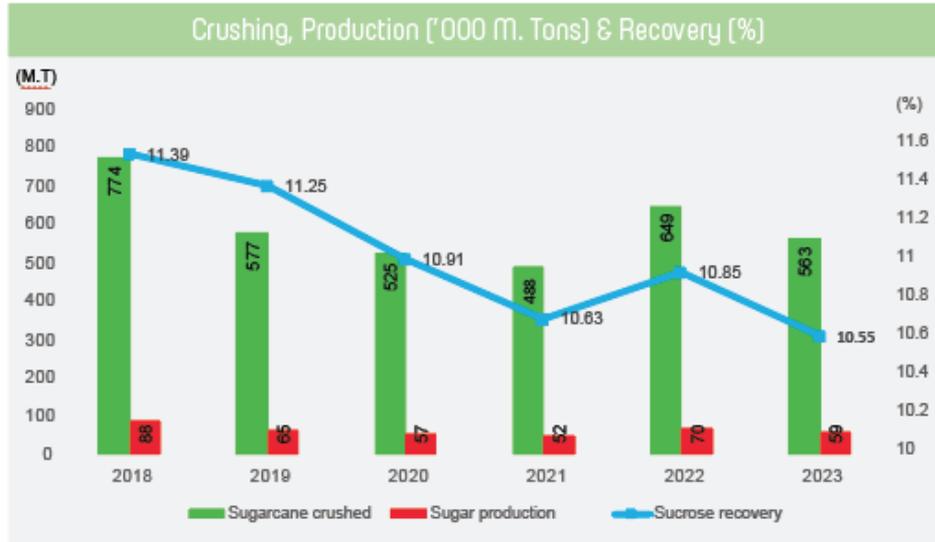
کینی نے ہمیشہ منافع کی مناسب تقسیم کی کوشش کی ہے۔ ڈیویڈنڈ کی ادائیگی کا فیصلہ کینی کی مالی کارکردگی، اس کی کاروباری ضروریات، ترقی کے امکانات اور توسیعی منصوبوں جیسے مختلف عوامل کو مد نظر رکھتے ہوئے کیا جاتا ہے۔ بورڈ آف ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والے سال کیلئے 200% بونس شیئرز جاری کر چکے ہیں۔

ختم ہونے والے سال کے دوران، کمپنی کی دیگر آمدنی بڑھ کر 516 ملین روپے ہوئی، جس کی بنیادی وجہ فروخت کے لیے رکھے گئے ٹان کرٹ ریشل اسٹیٹ اٹارنے کی فروخت تھی۔ مزید برآں، بنیادی طور پر گئے اور دیگر خام مال کی زیادہ قیمتوں کے ساتھ نمایاں طور پر زیادہ رعایتی شرحوں کی وجہ سے مالیاتی اخراجات میں 162% اضافہ ہوا۔ کمپنی نے یونی کول لمیٹڈ میں منافع کے اپنے ایک تہائی حصہ کا تخمینہ 911.65 ملین روپے لگایا اور اسی رقم سے ایسوسی ایٹ میں اپنی سرمایہ کاری کو ایڈجسٹ کیا۔ غیر ملکی زرمبادلہ کی شرح میں اضافے کی وجہ سے یونی کول کے منافع میں نمایاں اضافہ ہوا۔ اس سے کمپنی کو سال کے لیے بڑھا ہوا منافع حاصل کرنے میں مدد ملی۔

اہم تقابلی مالیاتی اعداد و شمار درج ذیل ہیں:

2021/22	2022/23
روپے ملین میں	
4,832.646	7,779.469
(4,354.653)	(6,416.207)
477.993	1,363.262
68.145	515.883
440.059	911.711
(782.571)	(1,951.54)
203.626	839.316

خالص فروخت
فروخت کی لاگت
مجموعی منافع
دیگر آمدنی
ایسوسی ایٹس ٹیٹ میں منافع کا حصہ
دیگر اخراجات اور ٹیکسز
خالص منافع



پیپیر اور بورڈ ڈویژن

پیپر پلانٹ نے 12 مئی 2023 کو کامیابی کے ساتھ کرسٹل آپریشنز کا آغاز کیا۔ نصب کردہ اس پلانٹ کی صلاحیت 250 ٹن یومیہ ہے۔ پلانٹ نے 30 ستمبر 2023 کو ختم ہونے والے سال کے لیے 17,959 ٹن کاغذ تیار کیا۔ یہ موثر طریقے سے کام کر رہا ہے اور اس نے تمام ضروری آپریشنل پیرامیٹرز کو حاصل کر لیا ہے۔ زیادہ افراط زر اور شراب معاشی حالات کی وجہ سے، صارفین کی قوت خرید میں کمی کا

ڈائریکٹرز کی رپورٹ برائے ممبران

برائے سال ختمہ 30 ستمبر 2023

بورڈ آف ڈائریکٹرز اپنی رپورٹ مع آپ کی کہنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے برائے سال ختمہ 30 ستمبر 2023 پیش کرتے ہوئے مسرت محسوس کرتا ہے۔

شوگر ڈویژن

عمومی جائزہ

2022 کے سیلاب کے نتیجے میں ریج کی موٹی فصلوں کی زیادہ پیداوار دیکھنے میں آئی، جس سے موسم خریف کی فصلوں کے نقصانات کی تلافی ہوئی، نتیجے میں زرعی شعبے کی مجموعی ترقی 1.55 فیصد تک پہنچ گئی۔ اسی طرح، گندم (5.4 فیصد)، گنا (2.8 فیصد)، اور کئی (6.9 فیصد) کی فصلوں کی ترقی نے کپاس (41.0 فیصد) اور چاول (21.5 فیصد) کی ترقی کا ازالہ کیا۔ زرعی بنیاد پر شوگر انڈسٹری پاکستان میں دوسری سب سے بڑی مینوفیکچرنگ انڈسٹری پر مشتمل ہے۔ اس کی پیداوار جی ڈی پی کا 0.9 فیصد ہے۔ مالی سال 2023 کے دوران 1,319,000 ہیکٹرز پر گنے کی کاشت کی گئی جو کہ گزشتہ سال کے مقابلے میں 4.7 فیصد زیادہ ہے۔ اس میں اہم عنصر پچھلے سال کی منافع بخش مارکیٹ کی قیمتیں تھیں۔ گزشتہ سال کے مقابلے میں پیداوار 2.7 فیصد بڑھ کر 91.11 ملین ٹن ہوئی۔

کرشنگ سیزن 2023

مالی سال 2023 کے دوران، پاکستان میں 79.71 ملین ٹن کے مقابلے میں 65.57 ملین ٹن گنے کی کرشنگ کی گئی، جو کہ گزشتہ مالی سال 2022 کے مقابلے میں 17.74 فیصد کی خاطر کرتی ہے۔ اس کی وجہ سے چینی کی پیداوار 14.45 فیصد کم ہو کر 6.74 ملین ٹن رہ گئی جو کہ گزشتہ مالی سال 2022 کے دوران 7.88 ملین ٹن تھی۔ سندھ میں ناموافق موٹی حالات کی وجہ سے چینی کی پیداوار گزشتہ مالی سال 2022 کے دوران 2.29 ملین ٹن سے مزید کم ہو کر 1.745 ملین ٹن ہوئی۔

آپریشننگ کارکردگی

کرشنگ سیزن 2022/23 کے دوران جو 29 نومبر 2022 کو شروع ہوا، پلانٹ نے پچھلے سال 124 دنوں کے مقابلے میں 87 دن تک کام کیا، جس کی وجہ کٹائی میں تاخیر اور گنے کی کم دستیابی تھی۔ اس کے نتیجے میں ٹیکٹری 562,641 میٹرک ٹن گنے کی کرشنگ کر کے 59,325 میٹرک ٹن چینی پیدا کرنے میں کامیاب رہی، جب کہ گزشتہ سال کی اسی مدت کے دوران 649,557 میٹرک ٹن گنے سے 70,460 میٹرک ٹن چینی پیدا کی گئی تھی۔ پلانٹ پورے کرشنگ سیزن میں موثر طریقے سے کام کرتا رہا۔ سکروڈ کی وصولی میں گزشتہ سیزن کے 10.85 فیصد کے مقابلے میں 10.55 فیصد کی واقع ہوئی۔ ایسا اس لیے ہوا کہ ہم جہاں سے گنا حاصل کرتے ہیں ان علاقوں میں سیلاب آ گیا، جس کی وجہ سے پودوں کی صحت اور ان میں موجود شکر کی مقدار متاثر ہو گئی تھی۔ کہنی نے اس عرصے کے دوران 28,772 میٹرک ٹن Molasses بھی تیار کیا، جو کہ گزشتہ سال اسی مدت کے دوران 33,080 میٹرک ٹن پیدا ہوا تھا۔ حال ہی میں ختم ہونے والے مالی سال اور گزشتہ سال کی اہم تقابلی معلومات درج ذیل ہے:

2021/22	2022/23
19 نومبر 2021	29 نومبر 2022
124	87
649,557	562,641
70,460	59,325
33,080	28,772
10.85	10.55
63,583	63,213

مالیاتی جھلکیاں

زر جائزہ سال کے دوران، کہنی نے 63,213 ٹن چینی فروخت کی، جس میں 2,500 ٹن کی برآمدات شامل ہیں، جو کہ گزشتہ سال 63,583 ٹن تھی۔ چینی کی مقامی قیمتوں اور چینی کی برآمدات کی وجہ سے فروخت کی اوسط قیمتوں میں بہتری آئی۔

زر نظر سال کے دوران، ملک کی معیشت بد حالی کا شکار رہی، جس کی بنیادی وجہ مسلسل سیاسی عدم استحکام اور سیلاب کے بعد پیدا ہونے والے حالات ہیں، اس کے علاوہ غیر ملکی ذخائر میں کمی، روپے کی قدر میں تنزل، توانائی کی قیمتوں میں نظر ثانی اور درآمدات پر پابندیاں شامل ہیں۔ نتیجتاً مہنگائی بھی تاریخ کی بلند ترین سطح پر پہنچ گئی اور ان کے نتائج چینی کی مقامی قیمت میں اضافے کی صورت میں سامنے آئے۔ سیزن 2023/24 کے آغاز سے پہلے، ملک میں اب بھی 900,000 ٹن چینی کا ذخیرہ موجود ہے۔

میں مسماة _____ سکنة _____

ضلع _____ بحیثیت ممبر میرپور خاص شوگر ملز لمیٹڈ، مسماة _____

سکنة _____ کو بطور مختار (پراکسی) مقرر کرتا کرتی ہوں تاکہ وہ میری جگہ اور

میری طرف سے کمپنی کے 59 ویں سالانہ اجلاس عام (یا جو بھی صورت حال ہو)، جو مورخہ 26 جنوری 2024 بروز جمعہ صبح

11:00 بجے بمقام فیکٹری، جمراؤ، عمرکوٹ روڈ، میرپور خاص، سندھ میں منعقد ہوگا، اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت

کرے، بولے اور ووٹ ڈالے۔

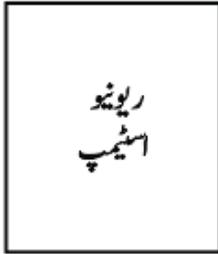
گولان

1 دستخط _____

نام _____

پتہ _____

_____ / CNIC پاسپورٹ نمبر



دستخط شیئر ہولڈر

ریونیو
اسٹیٹپ

2 دستخط _____

نام _____

پتہ _____

_____ / CNIC پاسپورٹ نمبر

(دستخط کمپنی میں درج نمونہ

کے مطابق ہونے چاہئے)

اہم نوٹ

1۔ پراکسی فارم اس وقت تک قابل قبول نہیں ہوگا جب تک یہ جزل میٹنگ کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں وصول نہ ہو جائے۔

2۔ سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ

ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ کاپی ساتھ لائیں۔

3۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نمائندہ کے دستخط پراکسی فارم کے ساتھ منسلک کرنے ہوں گے۔

مجموعی شیئرز

سی ڈی سی اکاؤنٹ نمبر		رجسٹرڈ فولیو نمبر
اکاؤنٹ نمبر	شراکتی نمبر	

کمپیوٹرائزڈ شناختی کارڈ نمبر _____



GHULAM FARUQUE
GROUP

Mirpurkhas Sugar Mills Limited

Registered Office / Factory

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

Head Office

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

