



Half Yearly Report March 2024

20

**A YEAR OF
GROWTH & RESILIENCE**

24

mehransugar.com

Company Information

Board of Directors

Mr. Mohammed Kasim Hasham	Chairman
Mr. Iftikhar Soomro	Independent Director
Mr. Hasan Aziz Bilgrami	Independent Director
Mr. Mohammed Hussain Hasham	Director
Mr. Khurram Kasim	Director
Mr. Ahmed Ebrahim Hasham	Director/Chief Executive Officer
Mrs. Anushey A. Hasham	Director

Management Team

Mr. Ahmed Ebrahim Hasham	Chief Executive Officer
Mr. Muhammad Hanif Aziz	Chief Financial Officer
Mr. Syed Ehtesham-ud-din	Resident Director
Mr. Ubaid-ur-Rehman	Senior GM Technical
Mr. Ali Hassan	GM Finance & Company Secretary

Board Committees

Audit Committee

Mr. Hasan Aziz Bilgrami	Chairman
Mr. Khurram Kasim	Member
Mrs. Anushey A. Hasham	Member

Human Resource &

Remuneration Committee

Mr. Iftikhar Soomro	Chairman
Mr. Ahmed Ebrahim Hasham	Member
Mr. Khurram Kasim	Member



Executive Committee

Mr. Ahmed Ebrahim Hasham Chairman
Mr. Muhammad Hanif Aziz
Mr. Syed Ehtesham-ud-din
Mr. Ali Hassan

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor

Hafeez Pirzada Law Associates
Advocate & Legal Consultants
KMS Law Associates
Advocates & Corporate Consultants

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block B S.M.C.H.S,
Main Shahrah-e-Faisal, Karachi
Tel: (92-21) 111-111-500

Bankers

Bank Al Habib Limited.
Meezan Bank Limited.
MCB Bank Limited
Bank Islami Pakistan Limited.
Bank Alfalah Limited.
Habib Metropolitan Bank Limited.
Bank of Punjab Limited.
Askari Bank Limited.

Registered Office

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

Mills

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



DIRECTORS' REPORT

On behalf of the Board, I am pleased to present financial results for the half year ended March 31, 2024.

Operational Highlights	March 2024	March 2023
Crushing - M. Tons	902,931	804,872
Sucrose Recovery	10.79	10.66%
Sugar Production - M. Tons	97,384	85,796
Molasses production - M. Tons	39,993	37,867

Financial Highlights	March 2024	March 2023
	(Rupees in Thousand except EPS)	
Turnover	3,915,478	3,571,490
Sales tax	418,354	400,413
Gross Profit	942,241	380,581
Finance cost	535,498	305,007
Profit before tax	782,083	766,973
Net Profit after tax	709,800	396,993
Earnings per share- Rupees	9.47	5.30

Following are the key highlights on the operational and financial results for the half year period ended March 31, 2024.

- During the crushing season 2023-24, our sugar production increased by 13.5%, contributing to Pakistan's overall sugar production surpassing the previous year's figures, with a total output of 6.762 million tons (MT) from sugarcane. Marginal improvement in sucrose recovery was observed, rising to 10.79% from 10.66% the previous year.
- Contrary to earlier expectations of a shorter cane crop and lower yield, competition among millers intensified, resulting in a substantial increase in sugarcane prices—up by 50% compared to last season. This surge includes a 40% increase in the officially notified sugarcane price. Given that the cost of sugarcane constitutes approximately 80% - 85% of the total production cost of sugar, this significant price hike has markedly increased our overall production cost.
- Furthermore, the extended average holding period of finished goods, coupled with a higher policy rate of 22% since June 23, has led to an increase in our finance costs for the year. Consequently, we anticipate that financial charges will likely double compared to the previous year.
- The marginal increase in turnover from 3.5 billion to 3.9 billion is primarily due to the increased volume and price of byproducts, as well as the dispatches of carry-over stock. However, it is noteworthy that for the half-year period ended March 31, 2024, only 8.6% of the dispatches and sales have been recorded out of the overall production of 97,384 MT.
- Profit before tax increased by 80%. This was largely due to other income from equity market portfolio. Dividend income from equity investments during this period was Rs. 45 million. We foresee a similar dividend for the next half of the year.

- A significant difference in the comparative financial results is the substantial increase in the finance cost borne by the company. The finance cost rose from Rs. 305 million to Rs. 535 million, marking a 75% increase from the previous corresponding period. Given the current market conditions and the large inventory holdings, it is anticipated that the finance cost could double compared to last year.
- Unicol's share of profit for the half-year period was only Rs 0.471 million, compared to Rs 769 million in the same period last year. Both sugar and ethanol segments of Unicol are expected to face challenging conditions in the next half year.

SEASON 2023-2024

Season 2023-24 began with a 700,000 Tons carryover stock in the country. The minimum support price was increased to Rs.425 per 40 kgs from Rs.302 per 40 kgs showing an increase of 41%.

As an industry the price increase was welcomed to allow sugarcane to compete with other crop prices. However the price announced in Punjab and KP was Rs. 400 per 40 kgs which was 33% higher than last year. The difference of Rs.25 per 40 kgs in the same country puts the Sind industry at a natural disadvantage. Further, Punjab contributes 65% of overall production of Pakistan and out of which mainly lower to central Punjab contributes more than 50% so such price parity keeps Sindh at much tougher position comparatively.

Our cane survey suggested a 15-20 percent decline in the total area under cultivation in our planted region. This was primarily due to lower sugarcane plantation due to the devastating flood of 2022. However the farm yields have been good and much of this acreage decline has been compensated, in fact production figures of Sindh has increased much more as earlier anticipation as compared to Punjab. Overall sugar cane increase from 16.7 million MTs to 19.3 million MTs with an increase of 15.5% whereas recovery of Sindh remained more or less same around 10.4% thus overall Sindh production increased by same 15% from last year.

We have observed very good cane plantations in September/October 2023 and February 2024. As a result, a bumper crop and sugar production of around 8 million MTs are expected for the 2024-2025 season. To ensure smooth operations and procurements for the crushing season of 2024-2025, millers require support from federal government in the form of allowing the export of excess sugar. This would enable them to obtain margins from the international market, ensuring that all financial obligations, including principal and finance costs, are met on time. In addition much needed foreign exchange would also accumulate.

UNICOL LIMITED

The new segment of Unicol's Sugar division performed well, producing 60,481 M. Tons. However, the challenges of higher sugar prices, extended inventory holding periods, and increased kibar rates have led to a substantial rise in working capital requirements and costs. Consequently, the projected selling prices of the Sugar division appear insufficient to absorb the cost of production in the next half of the financial year ending September 30, 2024.

Similarly, the ethanol segment is also under pressure due to the higher cost of raw material molasses, lower selling prices of finished goods, and the strengthening of the PKR against the USD, which has significantly reduced margins. Furthermore, from a finance cost perspective, the advantage of availing reduced rate financing through the Export Refinance Facility (ERF) for exports has almost been eliminated.

FUTURE OUTLOOK

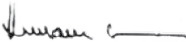
As we typically report at this time of the year, the major impact on profitability for the remaining two quarters will depend on the future pricing of sugar. Therefore, timely approval and allowance of sugar exports will help ease the current squeezed situation for the entire industry. We expect that GoP will allow first tranche of exports of sugar soon.

On an industry level we need to work extensively towards improving farm productivity and yields as availability of additional land for farming is limited and returns on competing crops are lucrative. Only improved farm yield along with intercropping will allow larger volume of sugarcane. This would improve farmer economics and allow mills to attain better capacity utilisation in years to come.

While cane development is of utmost importance to the industry. We also feel that the government intervention needs to be reduced. The linkage of sugarcane pricing with sugar prices is a matter, which has been lingering on for the last few years and is becoming a bottleneck in the development of this sector. Amicable conclusion of this matter will bring benefit to Government, growers, millers and consumer in the long run. We propose here too and continue to do so that a reputable local or international audit firm need to be hired who can create a framework for this development.

We hope timely decisions are taken during the remaining half of the year, which would be important for the entire sugar industry.

For and on behalf of the Board of Directors



Khurram Kasim
Director



Ahmed Ebrahim Hasham
Chief Executive Officer

Karachi: May 20, 2024

کی اقتصادیات میں بہتری آئے گی اور ملوں کو آنے والے سالوں میں بہتر پیداواری صلاحیت کے استعمال کا موقع ملے گا۔

گنے کی پیداوار میں بہتری، صنعت کے لیے انتہائی اہمیت کی حامل ہے۔ اس کے ساتھ ساتھ حکومتی مداخلت کو بھی کم کرنے کی ضرورت ہے۔ گنے کی قیمت کا چینی کی قیمتوں کے ساتھ جوڑنا ایک ایسا معاملہ ہے، جو پچھلے کئی سالوں سے التوا کا شکار ہے اور اس شعبے کی ترقی میں رکاوٹ بنتا جا رہا ہے۔ اس معاملے کے خوش اسلوبی سے انجام پانے سے حکومت، کاشتکاروں، ملرز اور صارفین کو طویل مدتی فائدہ پہنچے گا۔ ہم یہاں یہ بھی تجویز کرتے ہیں کہ ایک معروف مقامی یا بین الاقوامی آڈٹ فرم کی خدمات حاصل کی جائیں جو اس کے لیے ایک قابل عمل فریم ورک بنا سکے۔

ہم امید کرتے ہیں کہ سال کے بقیہ نصف میں بروقت فیصلے کیے جائیں گے، جو پوری شوگر انڈسٹری کے لیے اہم ہوں گے۔

از طرف

بورڈ آف ڈائریکٹرز

Ahmed Elashm

احمد ابراہیم ہاشم

چیف ایگزیکٹو آفیسر

Muhammad

خرم قاسم

ڈائریکٹر

کراچی - 20 مئی 2024

- چینی کی فروخت میں کمی کے باعث قرضہ جات (ورکنگ کیپیٹل) کے دورانیہ میں اضافہ ہوا جس کے باعث چینی کی لاگت میں مالیاتی اخراجات (جس کی شرح جون 2023 سے 22% ہے) میں اضافہ ہوا خدشہ ہے کہ ہمارے مالیاتی اخراجات، پچھلے سال کی نسبت دگنا ہو جائیں گے۔
- مجموعی فروخت میں 3.5 بلین سے 3.9 بلین تک کا اضافہ، بنیادی طور پر ضمنی مصنوعات کے حجم اور قیمتوں میں اضافہ کی وجہ سے اور پچھلے سال کے اضافی ذخائر کی فروخت سے ہوا۔ ہماری چینی کی مجموعی پیداوار 97,384 میٹرک ٹن میں سے 31 مارچ 2024 کو ختم ہونے والی ششماہی تک صرف 8.6 فیصد کی ترسیل اور فروخت ہوئی۔
- قبل از ٹیکس منافع میں 80 فیصد اضافہ ہوا جس کی بڑی وجہ اسٹاک مارکیٹ میں کمی کی جانے والی سرمایہ کاری سے حاصل ہونے والا منافع تھا سرمایہ کاری سے قابل تقسیم منافع کی مد میں 45 بلین روپے حاصل ہوئے۔ جبکہ ہم اگلی سہ ماہی کے لئے بھی کم و بیش اسی طرح کے منافع کی توقع رکھتے ہیں۔
- مالیاتی نتائج کے تقابلی جائزے کے مطابق مالیاتی اخراجات 305 ملین روپے سے بڑھ کر 535 ملین روپے ہو چکی ہے جو کہ گذشتہ اسی مدت کے مقابلے میں 75 فیصد زائد ہے۔ مارکیٹ کے موجودہ حالات اور بھاری ذخائر کو طویل المدت رکھنے کے لئے ہونے والے اخراجات کو دیکھتے ہوئے اندازہ ہے کہ یہ لاگت گذشتہ سال کے مقابلے میں دوگنا ہو سکتی ہے۔
- اس مدت کے دوران یونیکول سے صرف 0.471 ملین روپے منافع ہوا جبکہ پچھلے سال کی اسی مدت کے دوران 769 ملین روپے منافع ہوا تھا، یونیکول کے لئے چینی اور انتھنول دونوں حصوں کو اگلے نصف سال میں مشکل حالات کا سامنا ہو سکتا ہے۔

سیزن 2023-2024

سیزن 2023-2024 کا آغاز پچھلے سال کے 700,000 ٹن چینی کے بھاری ذخائر کے ساتھ ہوا۔ حکومت کی جانب سے گنے کی کم از کم امدادی قیمت 302 روپے فی 40 کلو گرام سے بڑھا کر 425 روپے فی 40 کلو گرام کر دی گئی یہ بھاری اضافہ گذشتہ سیزن کی نسبت 41 فیصد زیادہ تھا۔

اس بھاری اضافے کا بھی ہم نے بطور صنعت خوشدلی سے خیر مقدم کیا تاکہ گنے کی فصل دوسری فصلوں کے مقابلے میں کاشتکار کے لئے پرکشش رہے تاہم پنجاب اور کے پی کے حکومتوں نے گنے کی کم از کم امدادی قیمت 400 روپے فی 40 کلو گرام کر دی جو کہ پچھلے سال کے مقابلے میں 33 فیصد زائد تھی ایک ہی ملک میں 25 روپے فی 40 کلو گرام کے نمایاں فرق کی وجہ سے سندھ کی ملوں کی لاگت مقابلتاً زیادہ ہو گئی پنجاب کی پیداوار پاکستان کی مجموعی پیداوار کا 65 فیصد ہے اور اس میں مرکزی پنجاب کا حصہ 50 فیصد سے بھی زیادہ ہے، اسی لئے سندھ کی صنعت کو پنجاب کے مقابلے میں گنے کی قیمتوں کے واضح فرق نے، مارکیٹ میں چینی کی برابر کی قیمت پر فروخت کو مشکل ترین بنا دیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2024 کو ختم ہونے والی ششماہی کے مالی نتائج آپ کی خدمت میں پیش ہیں۔

مارچ 2023	مارچ 2024	آپریٹل جائزہ
804,872	902,931	کرسٹنگ (میٹرک ٹن)
10.66%	10.79	سکرورز کی ریکوری
85,796	97,384	چینی کی پیداوار (میٹرک ٹن)
37,867	39,993	مولیسس کی پیداوار (میٹرک ٹن)

مارچ 2023	مارچ 2024	مالیاتی جائزہ
3,571,490	3,915,478	مجموعی فروخت روپے ہزاروں میں
400,413	418,354	سیلز ٹیکس روپے ہزاروں میں
380,581	942,241	بنیادی منافع روپے ہزاروں میں
305,007	535,498	مالیاتی اخراجات روپے ہزاروں میں
766,973	782,083	قبل از ٹیکس منافع روپے ہزاروں میں
396,993	709,800	بعد از ٹیکس منافع روپے ہزاروں میں
5.30	9.47	فی ہیکٹر آمدنی روپے

31 مارچ 2024 کو ختم ہونے والی ششماہی کے آپریٹل مالیاتی نتائج کے حوالے سے چیدہ چیدہ معلومات:

- سیزن 2023-24 کے دوران چینی کی پیداوار میں، گذشتہ سیزن کے مقابلے میں 13.5 فیصد اضافہ ہوا۔ ملک میں چینی کی مجموعی پیداوار 6.672 ملین ٹن رہی جو کہ پچھلے سال سے زیادہ ہے، سکرورز ریکوری 10.79 فیصد رہی جو کہ گذشتہ سال 10.66 فیصد تھی۔
- ملک میں گنے کے کاشت شدہ رقبہ اور فی ایکڑ پیداوار میں کمی کی توقع کے پیش نظر گنے کے حصول کے لئے ملوں کے مابین مسابقت کے نتیجے میں گنے کی قیمتوں میں 50 فیصد تک اضافہ ہو گیا۔ گنے کے نرخ میں اس اضافہ میں حکومت کی جانب اعلان کردہ 40 فیصد کا اضافہ بھی شامل ہے چونکہ گنے کی لاگت، چینی کی کل پیداواری لاگت کا 80 سے 85 فیصد تک ہوتا ہے، لہذا چینی کی مجموعی پیداواری لاگت میں اضافہ ہوا۔

INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of Mehran Sugar Mills Limited

Report on review of unconsolidated condensed interim financial statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Mehran Sugar Mills Limited** as at 31 March 2024 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows and notes to the unconsolidated condensed interim financial statements for the six months period then ended (here-in-after referred to as the 'unconsolidated condensed interim financial statements'). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

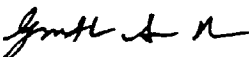
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 'Review of Interim Financial Statements Performed by the Independent Auditor of the Entity'. A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the engagement resulting in this independent auditors' review report is Khurram Jameel.



Chartered Accountants

Place: Karachi

Date: 23 May 2024

UDIN: RR202410093VJA4oLf06

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

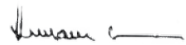
AS AT 31 MARCH 2024

		31 March 2024 (Unaudited)	30 September 2023 (Audited)
ASSETS	Note	Rupees	Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,374,534,049	2,397,952,211
Right-of-use assets		172,425,305	65,718,360
Long-term investments	5	1,779,168,787	1,803,697,500
Long-term deposits		3,436,400	3,436,400
		<u>4,329,564,541</u>	<u>4,270,804,471</u>
CURRENT ASSETS			
Biological assets		13,860,000	12,848,750
Stores and spare parts		152,936,634	151,581,936
Stock-in-trade	6	9,718,984,758	592,614,705
Trade debts		123,290,450	288,597,782
Loans and advances		84,603,727	129,276,926
Trade deposits and short-term prepayments		50,888,811	77,961,056
Other receivables		54,820,349	63,496,884
Short-term investments	7	1,454,449,786	913,979,145
Taxation – net		59,384,460	55,532,497
Cash and bank balances		111,211,386	46,795,976
		<u>11,824,430,361</u>	<u>2,332,685,658</u>
		<u>16,153,994,902</u>	<u>6,603,490,128</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>1,500,000,000</u>	1,500,000,000
Issued, subscribed and paid-up share capital		749,276,090	749,276,090
Reserves		<u>3,540,263,716</u>	<u>3,130,173,972</u>
		<u>4,289,539,806</u>	<u>3,879,450,062</u>
NON-CURRENT LIABILITIES			
Long-term financing		339,970,801	391,504,062
Lease Liabilities		109,946,738	48,601,679
Market committee fee payable		44,393,615	46,835,731
Deferred liabilities		2,851,429	3,280,132
Deferred income-Government Grant		86,610,453	98,724,221
Deferred taxation		<u>630,790,626</u>	<u>678,769,650</u>
		<u>1,214,563,662</u>	<u>1,267,715,475</u>
CURRENT LIABILITIES			
Trade and other payables		555,994,307	557,146,014
Contract liabilities		60,027,320	408,681,857
Unclaimed dividend		27,457,127	23,378,823
Accrued mark-up		447,246,269	27,520,528
Short term borrowings	8	9,288,567,034	14,213,010
Provision for market committee fee		32,470,011	23,440,691
Current portion of non-current liabilities		198,375,113	142,709,752
Sales tax and federal excise duty payable		<u>39,754,253</u>	<u>259,233,916</u>
		<u>10,649,891,434</u>	<u>1,456,324,591</u>
CONTINGENCIES AND COMMITMENTS			
	9	-	-
		<u>16,153,994,902</u>	<u>6,603,490,128</u>
TOTAL EQUITY AND LIABILITIES			

The annexed notes from 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS - (UN-AUDITED)

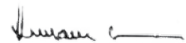
FOR THE HALF YEAR ENDED 31 MARCH 2024

	Half year ended		Quarter Ended	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	Rupees	Rupees	Rupees	Rupees
Turnover - gross	3,915,477,923	3,571,489,923	1,968,936,577	1,249,587,113
Sales tax	(418,354,470)	(400,412,729)	(176,864,684)	(117,140,522)
Turnover - net	3,497,123,453	3,171,077,194	1,792,071,893	1,132,446,591
Cost of sales	(2,554,882,837)	(2,790,496,629)	(1,143,857,111)	(853,982,349)
Gross profit	942,240,616	380,580,565	648,214,782	278,464,242
Distribution costs	(60,689,440)	(39,466,783)	(33,479,311)	(23,647,702)
Administrative expenses	(170,501,188)	(127,637,785)	(97,828,461)	(72,477,113)
Other expenses	(6,895,772)	(45,758,466)	13,225,854	(12,609,006)
Other income	612,955,353	135,274,306	208,357,461	100,264,247
	374,868,954	(77,588,728)	90,275,544	(8,469,575)
Operating profit	1,317,109,570	302,991,837	738,490,326	269,994,667
Share of profit from associates – net	471,286	768,988,707	(10,300,637)	418,912,061
Finance costs	(535,498,187)	(305,007,210)	(451,922,792)	(238,989,094)
Profit before taxation	782,082,669	766,973,334	276,266,896	449,917,634
Taxation				
-Current	(120,261,512)	(70,816,443)	(88,567,178)	(43,123,306)
-Deferred	47,979,024	(299,164,198)	47,979,024	(299,164,198)
	(72,282,488)	(369,980,641)	(40,588,154)	(342,287,504)
Net profit for the period	709,800,181	396,992,693	235,678,742	107,630,130
Earnings per share-				
Basic and diluted (Rupees)	9.47	5.30	3.15	1.44

The annexed notes from 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME - (UN-AUDITED)**

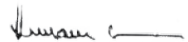
FOR THE HALF YEAR ENDED 31 MARCH 2024

	Half year ended		Quarter ended	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	Rupees	Rupees	Rupees	Rupees
Net profit for the period	709,800,181	396,992,693	235,678,742	107,630,130
Other comprehensive income				
Items that will not be re-classified to statement of profit or loss in subsequent periods				
Gain on disposal of investments at FVOCI (net of tax)	-	13,251,269	-	10,163,713
Unrealised loss on remeasurement of investments at FVOCI (net of tax)	-	-	-	(10,092,600)
	-	13,251,269	-	71,113
Total comprehensive income for the period	709,800,181	410,243,962	235,678,742	107,701,242

The annexed notes from 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY - (UN-AUDITED)**
FOR THE HALF YEAR ENDED 31 MARCH 2024

Issued, subscribed and paid-up capital	Reserves					Total Equity
	Capital		Revenue		Sub-Total	
	Share Premium	General Reserve	Unappropriated Profit	FV reserve of financial assets at FVOCI		

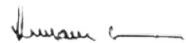
Rupees

Balance as at								
01 October 2022 (Audited)	605,475,641	63,281,250	85,000,000	1,992,080,225	329,100	3,484,751	2,144,175,312	2,749,650,953
Bonus shares issued for the year ended September 30, 2022 in the ratio of 12.5 ordinary share for every 100 shares held	75,684,450	-	-	(75,684,450)	-	-	(75,684,450)	-
Net profit for the period	-	-	-	396,992,693	-	-	396,992,693	396,992,693
Other comprehensive income	-	-	-	-	13,251,269	-	13,251,269	13,251,269
Total comprehensive income for the period	-	-	-	396,992,693	13,251,269	-	410,243,962	410,243,962
Transfer of realised gain on disposal of investments at FVOCI	-	-	-	13,580,369	(13,580,369)	-	-	-
Balance as at								
31 March 2023 (Un-audited)	<u>681,160,090</u>	<u>63,281,250</u>	<u>85,000,000</u>	<u>2,326,968,842</u>	<u>-</u>	<u>3,484,751</u>	<u>2,478,734,839</u>	<u>3,159,894,919</u>
Balance as at								
01 October 2023 (Audited)	749,276,090	63,281,250	85,000,000	2,977,852,332	-	4,040,389	3,130,173,972	3,879,450,062
Final dividend for the year ended 30 September 2023 @ Rs.3 per share	-	-	-	(224,782,827)	-	-	(224,782,827)	(224,782,827)
Interim dividend for the year ending 30 September 2024 @ Rs.1 per share	-	-	-	(74,927,609)	-	-	(74,927,609)	(74,927,609)
Net profit for the period	-	-	-	709,800,181	-	-	709,800,181	709,800,181
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	709,800,181	-	-	709,800,181	709,800,181
Balance as at								
31 March 2024 (Un-audited)	<u>749,276,090</u>	<u>63,281,250</u>	<u>85,000,000</u>	<u>3,387,942,077</u>	<u>-</u>	<u>4,040,389</u>	<u>3,540,263,716</u>	<u>4,289,539,806</u>

The annexed notes from 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS - (UN-AUDITED)

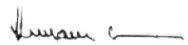
FOR THE HALF YEAR ENDED 31 MARCH 2024

	31 March 2024	31 March 2023
Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	782,082,669	766,973,334
Adjustment for:		
Depreciation	108,510,098	93,847,148
Ammortization of deferred income - government grant	(12,448,606)	(11,423,222)
Share of profit from associates	(471,286)	(768,988,707)
Gain on disposal of operating fixed assets and right-of-use assets	(3,000,000)	(2,292,835)
Finance costs	535,498,187	305,007,210
Provision for market committee fee	9,029,320	8,048,716
Gain on disposal of non-current assets held for sale	-	(92,056,444)
Realised gain on investments at FVTPL	(285,689,881)	33,891,486
Unrealised gain on remeasurement of investments at FVTPL	(257,376,072)	-
	94,051,759	(433,966,649)
Working capital changes	11 (9,452,292,596)	(4,364,757,220)
	(8,576,158,168)	(4,031,750,534)
Gratuity paid	(428,703)	(437,034)
Taxes paid	(124,113,474)	(70,379,562)
Finance costs paid	(101,534,852)	(229,873,208)
Market committee fee paid	(4,009,153)	(4,009,153)
Net cash used in operating activities	(8,806,244,350)	(4,336,449,491)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(58,865,882)	(137,129,818)
Proceeds from disposal of operating fixed assets and right-of-use assets	3,000,000	3,740,000
Short term investments made	(3,446,849,829)	(191,226,035)
Proceeds from disposal of short-term investments	3,449,445,141	379,153,064
Proceeds from disposal of non-current assets held for sale	-	138,405,484
Dividend received	24,999,999	174,999,990
Net cash (used in) / generated from financing activities	(28,270,571)	367,942,685
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(41,410,541)	(149,694,834)
Lease rentals paid	(38,381,019)	(10,568,082)
Short term borrowings - net	9,274,354,025	4,113,092,820
Dividend paid	(295,632,132)	-
Net cash generated from financing activities	8,898,930,333	3,952,829,904
Net increase / (decrease) in cash and cash equivalents	64,415,410	(15,676,902)
Cash and cash equivalents at beginning of the period	46,795,976	33,265,542
Cash and cash equivalents at end of the period	111,211,386	17,588,640

The annexed notes from 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

1 THE COMPANY AND ITS OPERATIONS

1.1 Mehran Sugar Mills Limited (the Company) was incorporated in Pakistan as a public limited company on 22 December 1965 under the Companies Act, 1913 and then under the Companies Ordinance, 1984, which is now superseded by the Companies Act, 2017 (the Act). The shares of the Company are quoted on Pakistan Stock Exchange. The Company is principally engaged in the manufacturing and sale of sugar and its by-products. The registered office of the Company is situated at 14th floor, Dolmen City Executive Tower, Marine Drive, Block 4, Clifton, Karachi. The mill of the Company is located at District Tando Allahyar, Sindh.

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

2 STATEMENT OF COMPLIANCE

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

2.2 These unconsolidated condensed interim financial statements are unaudited and subject to limited scope review by the auditors of the Company (except for the figures for the quarters ended 31 March 2024 and 2023) as required under section 237 of the Act.

2.3 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 September 2023.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, estimates and judgements followed for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended 30 September 2023.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 MARCH 2024

		31 March 2024 (Un-audited)	30 September 2023 (Audited)
	Note	Rupees	Rupees
4	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	2,149,459,578	2,209,371,259
	Capital work-in-progress (CWIP)	225,074,471	188,580,952
		<u>2,374,534,049</u>	<u>2,397,952,211</u>

4.1 Operating fixed assets

Book value at the beginning of the period / year	2,209,371,259	2,213,684,001
Additions during the period / year	22,372,362	25,560,872
Transfer from CWIP during the period / year	-	140,131,774
	<u>2,231,743,621</u>	<u>2,379,376,647</u>

Disposal during the period / year	-	(103,206)
Depreciation charged during the period / year	<u>(82,284,043)</u>	<u>(169,902,182)</u>
	<u>(82,284,043)</u>	<u>(170,005,388)</u>
	<u>2,149,459,578</u>	<u>2,209,371,259</u>

	Opening balance	Additions during the period / year	Transfers to operating fixed assets	Closing balance
4.2				
Capital work-in-progress			Rupees	
Civil works	37,786,109	8,063,656	-	45,849,765
Plant, machinery and equipment	150,794,843	28,429,863	-	179,224,706
31 March 2024	<u>188,580,952</u>	<u>36,493,519</u>	-	<u>225,074,471</u>
30 September 2023	<u>233,991,226</u>	<u>94,721,500</u>	<u>(140,131,774)</u>	<u>188,580,952</u>

		31 March 2024 (Un-audited)	30 September 2023 (Audited)
	Note	Rupees	Rupees
5	LONG-TERM INVESTMENTS		
	Subsidiary	-	-
	Associates	1,779,128,787	1,803,697,500
		<u>1,779,128,787</u>	<u>1,803,697,500</u>

5.1 Subsidiary

Mehran Energy Limited	(42,596,739)	(42,596,739)
Provision for impairment	<u>42,596,739</u>	<u>42,596,739</u>
	-	-

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 MARCH 2024

5.2 Associates

31 March 2024 (Un-audited)

	Unicol Limited	UniEnergy Limited	Total
	Rupees		
Opening balance	1,783,082,782	20,614,718	1,803,697,500
Share of profit from associates	431,286	-	431,286
Dividends received	(24,999,999)	-	(24,999,999)
Closing balance	<u>1,758,514,069</u>	<u>20,614,718</u>	<u>1,779,128,787</u>

	Unicol Limited	UniEnergy Limited	Total
	Rupees		
30 September 2023 (Audited)			
Opening balance	1,146,523,931	20,382,214	1,166,906,145
Share of profit from associates	911,558,835	232,504	911,791,339
Dividends received	(274,999,984)	-	(274,999,984)
Closing balance	<u>1,783,082,782</u>	<u>20,614,718</u>	<u>1,803,697,500</u>

31 March 2024 (Un-audited)
Rupees

30 September 2023 (Audited)
Rupees

6 STOCK-IN-TRADE

Work-in-process	7,115,958	4,822,450
Finished goods	9,711,868,800	587,792,255
	<u>9,718,984,758</u>	<u>592,614,705</u>

7 SHORT-TERM INVESTMENTS

Amortised cost

Term deposit certificates	3,654,000	3,654,000
Allowance for ECL	(3,654,000)	(3,654,000)
	-	-

Fair value through profit or loss

Equity securities	1,163,065,690	611,821,122
Mutual funds	291,384,096	302,158,023
	<u>1,454,449,786</u>	<u>913,979,145</u>

8 SHORT-TERM BORROWINGS

The aggregate facilities for short term borrowings from various banks amounted to Rs. 9,875 million (30 September 2023: Rs. 6,548 million). These carry mark-up ranging between 0.35% to 0.75% over one to six months KIBOR per annum. These are secured against pledge of stock-in-trade and plant and machinery of the Company.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There has been no change in the status of contingencies as disclosed in note 32 to the annual financial statements of the Company for the year ended 30 September 2023.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 MARCH 2024

Nature of Relationship	Nature of Transaction	Half year ended	
		31 March 2024	31 March 2023
		Rupees	
Associates	Sales	1,460,027,457	878,119,066
	Donations	5,882,000	1,912,763
Key management personnel	Salaries & allowances	72,936,778	39,846,000
	Bonus	3,033,890	2,823,200
Retirement benefit funds	Provident fund contribution	3,845,281	2,865,351
		31 March 2024 (Un-audited) Rupees	31 March 2023 (Un-audited) Rupees
12.1 Balances with related parties	Contract liabilities	6,746,951	4,999,409

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements of the Company and should be read in conjunction with the Companys annual financial statements for the year ended 30 September 2023. There have been no changes in any risk management policies since the year-end.

14 OPERATING SEGMENTS

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

Total sales of the Company relating to customers in Pakistan were 100% during the current period (31 March 2023: 100%).

All non-current assets of the Company at the end of the current and preceding period are located in Pakistan.

Sales to 10 major customers of the Company are around 72% of the Company's total sales during the current period (31 March 2023: 74%).

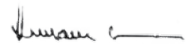
The Company's production process is seasonal in nature because of the cultivation and reaping of sugarcane due to which production is carried out in the first half of the financial year.

15 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 20 May 2024 by the Board of Directors of the Company.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR



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