



Potential of Sugar Industry

Quarterly Report
December 2022



Potential of Sugar Industry

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



Export Potential

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

Energy Potential

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



Ethanol Potential

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



By-Products Potential

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



DIRECTORS' REPORT

On behalf of the Board, I am pleased to present financial results for the first quarter ended December 31, 2022.

Operational Highlights	December 2022	December 2021
Crushing - M.Tons	335,080	248,891
Sucrose Recovery	10.17%	10.33%
Sugar Production-M.Tons	32,458	23,875
Molasses production-M.Tons	14,048	9,280
Molasses Recovery	4.67%	4.52%

Financial Highlights	December 2022	December 2021
(Rupees in Thousand except EPS)		
Turnover	2,321,903	1,490,970
Sales tax	283,272	192,814
Gross Profit	102,116	234,730
Gross Profit margin	5.00%	18.08%
Finance Cost	66,018	49,247
Profit before tax	317,056	114,432
Profit before tax margin	15.55%	8.81%
Net Profit after tax	289,363	81,490
Net Profit margin	14.19%	6.28%
Earnings per share	4.78	1.35

As the crushing campaign commenced in late November 2022, thus, the results of the quarter are not true reflection of ongoing crushing campaign and situation will become clear in the second half of the financial year.

Following factors were primarily responsible for these results:

- Turnover showed improvement compared to same quarter last year largely due to increase in dispatches of sugar. We were carrying a large opening inventory, which could not sell previously due to the glut of sugar in the open market.
- Sucrose recovery was 10.17% compared to 10.33% of same period last year. The slight reduction is due to the effect of damaged sugarcane arrivals due to the floods.
- Selling price of molasses has improved as compared to last year due to strong demand from ethanol producers. However, selling price of sugar and bagasse decreased due to abundant availability.
- Dividend income from equity investments reduced to Rs.16.29 million as compared to Rs. 30.66 million last year mainly since the overall portfolio was reduced.
- Company booked an overall capital loss from equity portfolio amounting to Rs. 32.72 million as compared to 56.46 million last year. Tough equity market conditions have continually strained our financial results over the years. However, we feel the worst is over at this time.

- Finance costs increased because of increase in discount rates and seasonal borrowings.
- Unicol Limited contributed Rs.350 million during the quarter, which played a significant role in the overall profitability of the company.

SEASON 2022-2023

Season 2022-23 began with of one of the largest sugar surplus in the country. The high surplus should have been exported however despite there being no export policy on excess sugar stocks the Minimum Support Price was increased to Rs.302/- from Rs.250/-40 Kgs. The price announced in Punjab and KP was Rs. 300/- 40 Kgs. This reduced the anomaly of differential pricing between the provinces, which was substantial last year.

According to our cane survey, the total area under cultivation in our planted region has increased by approximately 10 percentage. However, the affects and devastation caused by floods was expected to have an effect on farm yields. Presently however the crushing momentum has been smooth and a minimum crush level similar to last year is anticipated.

If the prediction of a similar crop to last year would be correct than another year with surplus production is expected.

In a painstakingly late decision the Federal Government has in January announced export of sugar totaling 250,000 metric tons, the sugar industry had anticipated a 1.0 Million Tons carryover, which should have already been exported.

Despite the export announcement, the delay in announcing modus operandi has meant that we have nearly crushed 50 percent of the new season crop and no exports have taken place. We feel continual export policies would allow there to be an equilibrium between sugarcane prices announced and market sugar prices.

A bullish international market would easily absorb 1.0 Million Tons of Pakistan sugar without any subsidy since there is tight availability until the Brazilian crop comes online in May. Artificially low domestic prices have meant that the local sugar industry is forced to subsidize the consumer despite paying record sugarcane prices.

We as a mill expect to crush a minimum crop similar to last year, which will help us absorb our fixed costs. In addition, improvement in by-products pricing and volume should help to boost the bottom line. However as explained earlier financial results especially from the sugar division will depend largely on an export policy thus allowing better revenue streams since export prices today without any subsidy are 50 percent higher than domestic prices.

UNICOL LIMITED

During the period, the Company had record profits. It was the first time the company was able to earn a profit for the quarter of over Rs. One Billion.

Unicol's profit before tax was Rs. 1.09 Billion for the quarter. This increase is attributable to high selling prices, which was a result of strong demand into Europe due to the need for energy molecule over the winter season.

While we expect a strong second quarter, however the results for the second half of the year could remain volatile since ethanol prices seem to be falling. The strategic European buying over the winter has subsided and prices are reversing to their mean. In addition, the news of a global recession might weaken demand for the rest of the year.

The company is ensuring that molasses supplies are secured for the full year at competitive costs. However, a clear idea of profitability shall only be clearer with time.

However, any further local currency depreciation would be favorable for the company since feedstock close to 70 percent have been covered for the year.

FUTURE OUTLOOK

Due to the flash floods during 2022, the September plantation which constitutes a majority of our plantation timing was badly effected. However, we are motivating our farmers to improve the plantation in February 2023 by providing them seed and fertilizer inputs on interest free loans. This will mitigate reduced plantation in September 2022 to an extent.

We sincerely look forward to timely sugar exports this year to create a demand-supply balance

Mehran's production as mentioned earlier is expected to improve marginally. However, our sucrose recovery may reduce slightly in the wake of floods. We shall endure to keep the reduction at minimal level in view of higher contribution by early maturing varieties and procurement of sugarcane within close proximity of the mills thereby reducing cut to crush time.

Unicol Limited continues to make a good contribution. We anticipate Unicol to pay healthy dividends throughout the year.

The increasing interest rate scenario is extremely concerning, especially because we make regular cane payments during the 100-120 days crushing period. However, since sugar sales are spread throughout the year the financial expenses last year and again this year are expected to increase tremendously. This has become the single largest cost element for the sugar industry after sugarcane.

Our season will be better assessed in the coming quarters, but at the time of writing this report, our January crushing appears to be on track, and we anticipate to meet our sugar production targets for the year. As mentioned previously the government announced a favorable sugarcane policy and now it is critical to announce a favorable export policy to create an equilibrium between sugarcane prices and sugar prices.

We remain cautiously optimistic for the year ahead.

For and on behalf of the Board of Directors



Ahmed Ebrahim Hasham
Chief Executive officer

Karachi: January 28, 2023

مزید یہ کہ روپے کی قدر میں کمی بھی کمپنی کے لئے سازگار ثابت ہوگی جبکہ ہم نے اپنی ستر فیصد مولیس کی خریداری کر لی ہے۔

مستقبل کا منظر نامہ

سال 2022 میں تباہ کن بارشوں کے نتیجے میں پیدا ہونے والی سیلابی صورتحال نے گنے کی ستمبر کاشت کو ناممکن بنا دیا یہ وقت علاقے میں گنے کی کاشت کے حوالے سے بہت بہتر ہوتا ہے۔ تاہم، ہم اپنے کسانوں کو بلاسود قرضوں پر بیج اور کھاد فراہم کر کے فروری 2023 میں گنے کی کاشت کاری کو بہتر بنانے کی ترغیب دے رہے ہیں۔

ہم خلوص نیت سے اس سال چینی کی بروقت برآمدات کے منظر ہیں تاکہ طلب اور رسد میں توازن پیدا ہو سکے۔

جیسا کہ پہلے ذکر کیا گیا ہے کہ اس سال مہران کی پیداوار میں پچھلے سال کی نسبت، معمولی اضافہ متوقع ہے۔ تاہم، سیلاب کے نقصان دہ اثرات کے پیش نظر ہماری سکروز کی ریکوری میں قدرے کمی واقع ہو سکتی ہے۔ ہم گنے کی جلد پکنے والی اقسام اور ملز کے قریب کے علاقوں سے گنے کی خریداری کو فوقیت دے رہے تاکہ بہتر نتائج حاصل کر سکیں اور اس سے گنے کی کٹائی اور کرشنگ کا درمیانی وقت بھی کم ہوگا۔

یونیکول لمیٹڈ کے بہتر منافع کی صورت میں کمپنی کے منافع میں بہتری آ رہی ہے، یونیکول سے امسال بہتر منافع منقسمہ (Dividend) کی توقع ہے۔

بڑھتی ہوئی شرح سود ہمارے لئے تشویش ناک ہے خاص طور پر جب ہم 100 سے 120 دنوں کی کرشنگ کے دوران نقد ادائیگیاں کرتے ہیں جبکہ چینی کی فروخت پورے سال جاری رہتی ہے۔ گذشتہ سال کی نسبت اس سال مالی اخراجات میں زبردست اضافہ متوقع ہے سود کی ادائیگی، گنے کے بعد چینی کی صنعت کے لئے سب سے بڑی لاگت بن گیا ہے۔

آنے والی سہ ماہی میں، سیزن کا بہتر اندازہ لگایا جاسکے گا، تاہم اس رپورٹ کو لکھنے کے وقت، ہمارا جنوری کرشنگ ہدف ٹریک پر ہے، اور ہم چینی کی پیداوار کے اہداف کو پورا کرنے کی راہ پر گامزن ہیں۔ جیسا کہ پہلے ذکر کیا گیا ہے حکومت کی طرف سے گنے کی سازگار پالیسی کا اعلان کیا گیا تھا اور اب گنے کی قیمتوں اور چینی کی قیمتوں کے درمیان توازن پیدا کرنے کے لیے سازگار برآمدی پالیسی کا اعلان کرنا اہم اور حوصلہ افزا ہے۔ تاہم، برآمدات کی عملی پالیسی کی فی الفور ضرورت ہے

از طرف:

بورڈ آف ڈائریکٹرز

Ahmed Ebrahim

احمد ابراہیم ہاشم

چیف ایگزیکٹو آفیسر

کراچی 28- جنوری 2023

اگر پچھلے سال کی طرح اس سال بھی فصل کی پیش گوئی کے اعداد و شمار درست ثابت ہوتے ہیں تو ہم اضافی چینی کے ایک اور سرپلس سال کی توقع رکھ سکتے ہیں۔

ایک طویل تکلیف دہ انتظار کے بعد وفاقی حکومت نے جنوری 2023 میں کل 250,000 میٹرک ٹن چینی برآمد کرنے کی اجازت دی ہے، جبکہ دس لاکھ ٹن جو کہ پچھلے سال کا اضافی ذخیرہ موجود تھا اس کو برآمد کرنے کی اجازت پہلے ہی دی جانی چاہئے تھی۔

حکومت کی جانب سے برآمدات کے اعلان کے باوجود، برآمدات کے طریقہ کار میں تاخیر کے نتیجے میں ہم سیزن 2022-23 کا بھی آدھا سیزن گزار چکے ہیں اور اب تک کوئی برآمدات نہیں ہو سکیں ہیں جبکہ ہمیں گنے کی اعلان کردہ قیمتوں کی ادائیگی اور مارکیٹ میں چینی کے نرخ کو متوازن رکھنے کے لئے مسلسل برآمدی پالیسی کی اشد ضرورت ہے۔

بین الاقوامی مارکیٹ بغیر کسی سبسڈی کے 1.0 ملین ٹن پاکستانی چینی کو آسانی سے جذب کر لے گی کیونکہ مئی میں برازیل کی چینی کی آمد متوقع ہے۔ اس کی آمد کے بعد مارکیٹ میں مقابلہ نسبتاً سخت ہو جائے گا مصنوعی طور پر مقامی کم قیمتوں کا مطلب یہ ہے کہ مقامی چینی کی صنعت، گنے کی ریکارڈ قیمت ادا کرنے کے باوجود صارفین کو سبسڈی دینے پر مجبور ہے۔

ہم پچھلے سال جتنی کرسنگ کی توقع رکھتے ہیں، جو ہمیں اپنے مقررہ اخراجات کو جذب کرنے میں مددگار ثابت ہوگی۔ مزید برآں، ضمنی مصنوعات (بگاس اور مولاسس) کی قیمتوں اور حجم میں بہتری بے حد ضروری ہے۔ تاہم، جیسا کہ پہلے بیان کیا گیا ہے خاص طور پر شوگر ڈویژن کے مالیاتی نتائج بڑی حد تک برآمدی پالیسی پر منحصر ہوں گے کیونکہ آج برآمدی قیمتیں بغیر کسی سبسڈی کے ملکی قیمتوں سے 50 فیصد تک زیادہ ہیں۔

یونی کول

اس عرصے کے دوران کمپنی کو ریکارڈ منافع ہوا۔ یہ پہلا موقع تھا جب کمپنی ایک ارب روپے سے زیادہ کا، ایک سہ ماہی میں منافع کمانے میں کامیاب ہوئی۔

اس سہ ماہی کے لئے یونی کول کا قبل از ٹیکس منافع 1 ارب 9 کروڑ روپے رہا، اس اضافے کی بنیادی وجہ یورپ میں سردیوں کی آمد کے ساتھ ہی توانائی کے طور پر ہیتھنول کا استعمال تھا۔

ہم دوسری منافع بخش سہ ماہی کی توقع رکھتے ہیں۔ تاہم، سال کی دوسری ششماہی کے نتائج غیر مستحکم ہو سکتے ہیں کیونکہ ہیتھنول کی قیمتیں گر رہی ہیں۔ موسم سرما کے دوران یورپی خریداری میں بھی کمی آئی ہے اور قیمتیں دوبارہ اپنے اوسط کی جانب جا رہی ہیں۔ اس کے علاوہ، عالمی کساد بازاری کی خبریں بھی سال کے بقیہ حصے میں طلب کو کم کر سکتی ہیں۔

کمپنی اس بات کو یقینی بنا رہی ہے کہ مویسیس کی پورے سال کی ضرورت کو بہتر قیمتوں پر خریداری کر لی جائے۔ تاہم، منافع کا تعین وقت کے ساتھ ممکن ہو سکے گا۔

بنیادی عوامل جو مندرجہ بالا نتائج کے حصول میں کارفرما رہے:

- مجموعی فروخت پچھلے سال کی سہ ماہی کے مقابلے میں زیادہ رہی جس وجہ چینی کی زیادہ مقدار میں فروخت ہے۔ ہمارے پاس پچھلے سال کا ذخیرہ بھی وافر مقدار میں تھا جس کو ہم پہلے مارکیٹ میں چینی کی فراوانی کی وجہ سے فروخت نہیں کر سکے تھے۔
- سکروز کی ریکوری 10.17 فی صد رہی جبکہ پچھلے سال کی اسی مدت کے دوران 10.33 فیصد تھی اس کمی کی بنیادی وجہ سیلاب کی وجہ سے تباہ حال گنے کی فراہمی تھی۔
- استھنوں بنانے والی کمپنیوں کی طرف سے زبردست مانگ کی وجہ سے مولا سس کی قیمت فروخت میں بہتری آئی، تاہم زیادہ پیداوار کے باعث چینی اور بگا س کی قیمت فروخت میں کمی واقع ہوئی۔
- حصص سے حاصل ہونے والے منافع منقسمہ (Dividend) سے 16.29 ملین روپے کی آمدنی ہوئی۔ جبکہ یہ پچھلے سال 30.66 ملین روپے تھی۔ حصص میں سرمایہ کاری میں کمی گئی کمی اس کی بنیادی وجہ ہے۔
- کمپنی کو حصص میں سرمایہ کاری سے 32.72 ملین روپے کا نقصان ہوا جبکہ پچھلے سال یہ نقصان 56.46 ملین روپے تھا۔
- مرکزی بینک کی جانب سے بنیادی شرح سود میں اضافہ کے باعث کمپنی کے مالیاتی اخراجات میں اضافہ ہوا۔
- مذکورہ مدت میں یونیکول سے حاصل شدہ منافع 350 ملین روپے رہا۔ جس نے کمپنی کے مجموعی منافع میں اہم کردار ادا کیا۔

سیزن 2022-2023

سیزن 2022-23 کے آغاز کے وقت ملک میں پچھلے سال کی چینی کا اب تک کا سب سے زیادہ اضافی ذخیرہ موجود تھا جب کہ اس کو بروقت برآمد کر دیا جانا چاہیے تھا۔ تاہم، اس اضافی چینی کے ذخیرے کی کوئی برآمدی پالیسی نہ ہونے کے باوجود بھی گنے کی کم از کم امدادی قیمت جو کہ 250 روپے فی 40 کلو گرام تھی اس کو مزید بڑھاتے ہوئے 302 روپے فی 40 کلو گرام کر دیا گیا تاہم پنجاب اور خیبر پختونخواہ میں 300 روپے فی 40 کلو گرام کا اعلان کر کے صوبوں کے مابین قیمتوں میں امتیازی فرق، جیسا کہ پچھلے سال کیا گیا تھا کو ختم کیا گیا جو کہ پچھلے سال بہت زیادہ تھی۔

گنے کے سروے کے مطابق، ہمارے علاقے میں زیر کاشت رقبے میں تقریباً 10 فیصد اضافہ ہوا ہے، تاہم، سیلاب کے تباہ کن اثرات نے فصل کی فی ایکڑ پیداوار اور سکروز کی ریکوری کو کم کر دیا ہے۔ تاہم، گنے کی مسلسل فراہمی کے باعث ہمیں اپنی پوری کرشنگ صلاحیت کے استعمال کا موقع مل رہا ہے جس کے نتیجے میں توقع ہے کہ ہم کم از کم پچھلے سال جتنی کرشنگ کے اہداف حاصل کر لیں گے۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کے مالی نتائج کو آپ کی خدمت میں پیش ہیں۔

دسمبر 2021	دسمبر 2022	آپریٹل معلومات
248,891	335,080	کرشنگ (میٹرک ٹن)
10.33%	10.17%	سکروز کی ریکوری
23,875	32,458	(پھین کی پیداوار) (میٹرک ٹن)
9,280	14,048	(مولیسس کی پیداوار) (میٹرک ٹن)

دسمبر 2021	دسمبر 2022	مالیاتی معلومات (فنانشل ہائی لائٹس)
1,490,970	2,321,903	مجموعی فروخت روپے ہزاروں میں
192,814	283,272	سیلز ٹیکس روپے ہزاروں میں
234,730	102,116	خالص منافع روپے ہزاروں میں
18.08%	5.00%	خالص منافع کی شرح (%)
49,247	66,018	مالیاتی اخراجات روپے ہزاروں میں
114,432	317,056	قبل از ٹیکس منافع روپے ہزاروں میں
8.81%	15.55%	قبل از ٹیکس منافع کی شرح (%)
81,490	289,363	بعد از ٹیکس منافع روپے ہزاروں میں
6.28%	14.19%	بعد از ٹیکس منافع کی شرح (%)
1.35	4.78	فی حصص آمدنی روپے

سیزن 2022-23 کا آغاز نومبر 2022 کے آخری ہفتہ میں ہوا، اس لئے پہلی سہ ماہی میں حاصل ہونے والے اعداد و شمار پورے سیزن کی درست عکاسی کرنے کے لئے ناکافی ہیں، البتہ ششماہی میں صورتحال کی درست عکاسی کی جاسکے گی۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	Dec 31, 2022 (Un-audited) Rupees	Sep 30, 2022 (Audited) Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,519,075,056	2,447,675,227
Right-of-Use-Assets		51,377,017	49,943,215
Long term receivable		160,173,441	160,173,441
Long term investment	5	1,516,982,791	1,166,906,145
Long term deposits		3,436,400	3,436,400
		4,251,044,705	3,828,134,428
CURRENT ASSETS			
Biological assets		25,771,473	24,556,050
Stores and spare parts		221,481,714	144,306,826
Stock-in-trade		2,413,993,242	1,553,309,866
Trade debts		138,079,211	100,420,895
Loans and advances		138,989,334	63,262,744
Trade deposits and short term prepayments		18,288,317	11,341,092
Other receivables		100,469	100,469
Short term investments		539,333,143	732,422,221
Taxation - net		51,318,254	58,423,416
Cash and bank balances		73,907,161	33,265,542
		3,621,262,318	2,721,409,121
Non current assets held for sale	6	46,349,034	46,349,034
TOTAL ASSETS		<u>7,918,656,057</u>	<u>6,595,892,583</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
75,000,000 (2022: 75,000,000) ordinary shares of Rs.10/- each		<u>750,000,000</u>	<u>750,000,000</u>
Issued, subscribed and paid-up share capital		605,475,641	605,475,641
Reserves		<u>2,446,718,030</u>	<u>2,144,175,312</u>
		3,052,193,671	2,749,650,953
NON-CURRENT LIABILITIES			
Long-term financing		617,094,848	642,015,721
Lease Liabilities		47,711,328	33,550,788
Market committee fee payable		50,372,782	49,451,951
Deferred liabilities		4,140,831	3,971,207
Deferred income - government grant		98,444,141	103,369,766
Deferred taxation - net		47,087,847	47,087,847
		864,851,777	879,447,280
CURRENT LIABILITIES			
Trade and other payables		1,071,387,801	456,871,134
Contract liabilities (advances from customers)		462,339,544	505,943,198
Unclaimed dividends		19,707,001	19,707,001
Accrued mark-up		57,546,254	96,518,297
Short-term borrowings		1,979,640,132	1,258,052,977
Provision for market committee fee		18,742,773	15,391,972
Current portion of non-current liabilities		325,720,462	408,198,116
Sales tax and federal excise duty payable		66,526,642	206,111,655
		4,001,610,609	2,966,794,350
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>7,918,656,057</u>	<u>6,595,892,583</u>

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

Ahmed Elshah

Chief Executive Officer

Muhammad

Chief Financial Officer

M. Hussain

Director

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS

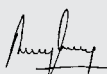
for the period ended December 31, 2022 (un-audited)

	Dec 31, 2022 Rupees	Dec 31, 2021 Rupees
Turnover - gross	2,321,902,810	1,490,970,125
Sales Tax	(283,272,207)	(192,813,866)
Turnover - net	2,038,630,603	1,298,156,259
Cost of Sales	(1,936,514,280)	(1,063,426,357)
GROSS PROFIT	102,116,323	234,729,902
Distribution costs	(15,819,081)	(12,657,789)
Administrative expenses	(55,160,672)	(59,512,560)
Other expenses	(33,149,460)	(60,389,030)
Other income	35,010,059	38,171,880
	(69,119,154)	(94,387,499)
OPERATING PROFIT	32,997,169	140,342,403
Share of profits from associates - net	350,076,646	23,336,665
Finance costs	(66,018,116)	(49,246,988)
PFOT BEFORE TAXATION	317,055,699	114,432,080
Taxation	(27,693,137)	(32,942,396)
NET PROFIT FOR THE PERIOD	289,362,562	81,489,684
		Restated
Earnings per share - basic and diluted	4.78	1.35

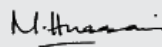
The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

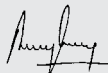
for the period ended December 31, 2022 (un-audited)

	Dec 31, 2022 Rupees	Dec 31, 2021 Rupees
Net profit for the period	284,436,937	81,489,684
Other comprehensive income		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		
Gain on disposal of equity instruments designated at fair value through other comprehensive income (net of current tax)	3,087,556	(2,873,404)
Unrealised gain on remeasurement of equity instruments designated at fair value through other comprehensive income (net of deferred tax)	10,092,600	(951,836)
	13,180,156	(3,825,240)
Total comprehensive income for the period	297,617,093	77,664,445

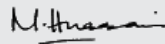
The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

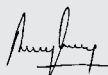
for the period ended December 31, 2022 (un-audited)

	Issued, Subscribed and Paid-up Capital	Reserves					Sub-total	Total equity
		Capital	Revenue		Other components of equity			
		Share Premium	General Reerve	Unappropriated profits	FV reserve of financial assets at FVOCI	Actuarial gains on defined benefit plan		
Balance as at October 01, 2021	489,273,246	63,281,250	85,000,000	1,864,001,210	(8,596,106)	2,867,529	2,006,553,883	2,495,827,129
Profit for the period	-	-	-	81,489,684	-	-	81,489,684	81,489,684
Other comprehensive loss for the period	-	-	-	-	(3,825,240)	-	(3,825,240)	(3,825,240)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	(5,763,525)	5,763,525	-	-	-
Total comprehensive income for the Period	-	-	-	75,726,159	1,938,285	-	77,664,444	77,664,444
Balance as at December 31, 2021 (un-audited)	489,273,246	63,281,250	85,000,000	1,939,727,369	(6,657,821)	2,867,529	2,084,218,327	2,573,491,573
Balance as at October 01, 2022 (audited)	605,475,641	63,281,250	85,000,000	1,992,080,223	329,100	3,484,739	2,144,175,312	2,749,650,953
Profit for the period	-	-	-	289,362,562	-	-	289,362,562	289,362,562
Other comprehensive loss for the period	-	-	-	-	13,180,156	-	13,180,156	13,180,156
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-	-	-	-	-
Total comprehensive income for the Period	-	-	-	289,362,562	13,180,156	-	302,542,718	302,542,718
Balance as at December 31, 2022 (Un-audited)	605,475,641	63,281,250	85,000,000	2,281,442,785	13,509,256	3,484,739	2,446,718,030	3,052,193,671

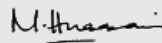
The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

for the period ended December 31, 2022 (un-audited)

	Note	Dec 31, 2022 Rupees	Dec 31, 2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		317,055,699	114,432,080
Adjustments for non-cash charges and other items:			
Depreciation			
- Operating fixed assets		40,908,117	36,707,995
- Right of use assets		4,105,402	8,440,732
Amortization of deferred income - government grant		(4,925,625)	(5,392,403)
Share of profit from associates - net		(350,076,646)	(23,336,665)
Gain on disposal of operating fixed assets		(1,436,794)	(53,459)
Finance costs		66,018,116	49,246,988
Provision for gratuity		230,486	
Provision for market committee fee		4,271,632	2,488,910
Loss on disposal of equity instruments at fair value through profit or loss		13,139,522	41,738,802
Unrealised loss on remeasurement of equity instruments at fair value through profit or loss		19,581,851	15,077,740
Working Capital Changes	8	(605,462,936)	(826,555,249)
		(813,646,875)	(701,636,609)
Gratuity paid		(60,862)	-
Income taxes paid		(34,798,299)	(36,028,895)
Finance costs paid		(104,990,160)	(57,670,588)
Market committee fee paid		-	(1,577,652)
Long term deposits - net		-	(450,000)
Cash used in operating activities		(636,440,497)	(682,931,664)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(117,950,356)	(68,428,359)
Proceeds from disposal of operating fixed assets		1,540,000	111,750
Equity investments - Net		165,143,305	58,994,652
Cash generated from / (used in) investing activities		48,732,949	(9,321,957)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(107,398,527)	84,004,037
Receipt of short term loans (net)		721,587,154	630,779,821
Lease rentals paid		14,160,540	(10,867,345)
Cash generated from financing activities		628,349,167	703,916,513
Net increase in cash and cash equivalents		40,641,619	11,662,892
Cash and cash equivalent at the beginning of the period		33,265,542	10,848,736
Cash and cash equivalents at the end of the period		73,907,161	22,511,628

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

Ahmed Elshikh

Chief Executive Officer

Amr Elshikh

Chief Financial Officer

M. Hussaini

Director

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the period ended December 31, 2022 (un-audited)

1. THE COMPANY AND ITS OPERATIONS

Mehran Sugar Mills Limited (the Company) was incorporated in Pakistan as a public limited company in December, 1965 under the repealed Companies Act, 1912. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the manufacturing and sale of sugar and its by-products. 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 Distt. Tando Allahyar, Sindh.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

2.2 ACCOUNTING CONVENTION

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended September 30, 2022.

	Dec 31, 2022 (Un-audited) Rupess	Sep 30, 2022 (Audited) Rupess
4. PROPERTY, PLANT AND EQUIPMENT		
4.1 OPERATING FIXED ASSETS		
Opening written down value	2,213,684,001	1,969,321,508
Additions during the period	13,482,900	409,997,803
Disposal during the period (WDV)	(134,410)	(58,291)
	2,227,032,491	2,379,261,020
Depreciation charged during the period	(40,908,117)	(165,577,019)
	2,186,124,374	2,213,684,001
4.2 CAPITAL WORK-IN-PROGRESS		
Buildings - Civil Works	14,380,527	10,833,704
Plant and Machinery	291,363,669	193,979,278
Advance against capital expenditure	27,206,486	29,178,244
	332,950,682	233,991,226
	2,519,075,056	2,447,675,227

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the period ended December 31, 2022 (un-audited)

5. LONG TERM INVESTMENT

		Dec 31, 2022 (Un-audited) Rupess	Sep 30, 2022 (Audited) Rupess
Subsidiary			
Mehran Energy Limited	5.1	40,000,000	40,000,000
Advance against Right issue of shares		2,596,739	2,596,739
Provision for impairment		<u>(42,596,739)</u>	<u>(42,596,739)</u>
		-	-
Associates			
Unicol Limited	5.2	1,496,600,577	1,146,523,931
UniEnergy Limited	5.3	20,382,214	20,382,214
		<u>1,516,982,791</u>	<u>1,166,906,145</u>

5.1 The Company holds 4,000,000 (Sep 30, 2022: 4,000,000) shares representing 100 (Sep 30, 2022: 100) percent of the total equity of Mehran Energy Limited.

5.2 The Company holds 49,999,997 (Sep 30, 2022: 49,999,997) shares representing 33.33 (Sep 30, 2022: 33.33) percent of the total equity of Unicol Limited.

5.3 The Company holds 1,999,998 (Sep 30, 2022: 1,999,998) shares representing 20 (Sep 30, 2022: 20) percent of the total equity of UniEnergy Limited.

6. NON CURRENT ASSET HELD FOR SALE

The Board of Directors of the Company has decided to dispose off its investment in associate to an independent buyer. The said transfer is expected to be completed by January 2023. In accordance with the requirements of IFRS 05 "Non-current Assets Held for Sale and Discontinued Operations", the Company has reclassified the said investment to non current assets held for sale.

7. CONTINGENCIES & COMMITMENTS

There is no significant change in the contingencies & commitments since the last audited annual financial statements for the year ended September 30, 2022.

8. WORKING CAPITAL CHANGES

	Dec 31, 2022 (Un-audited) Rupess	Dec 31, 2021 (Un-audited) Rupess
(Increase) / decrease in current assets		
Biological assets	(1,215,423)	(2,216,774)
Stores and spare parts	(77,174,888)	(56,729,644)
Stock-in-trade	(860,683,376)	(1,008,956,654)
Trade debts	(37,658,316)	(132,616,685)
Loans and advances	(75,726,590)	(99,805,626)
Trade deposits and short-term prepayments	(6,947,225)	(18,060,682)
Other receivables	-	197,760
	<u>(1,059,405,818)</u>	<u>(1,318,188,305)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	637,131,549	287,904,873
Contract liabilities	(43,603,654)	193,849,150
Sales tax payable	(139,585,013)	9,879,033
	<u>453,942,882</u>	<u>491,633,056</u>
	<u>(605,462,936)</u>	<u>(826,555,249)</u>

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the period ended December 31, 2022 (un-audited)

8. TRANSACTIONS WITH RELATED PARTIES	Dec 31, 2022 (Un-audited) Rupees	Dec 31, 2021 (Un-audited) Rupees
Associates		
Sales	344,854,140	180,540,244
Expenses shared	-	265,650
Donation	1,162,763	750,000
Retirement benefits Plan		
Provident fund contribution	1,358,798	1,555,135

9. GENERAL

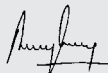
These financial statements were authorized for issue on January 28, 2023 by the Board of Directors of the Company.

Previous period figures have been rearranged / regrouped wherever necessary to facilitate comparison.

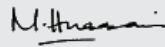
Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Chief Financial Officer



Director



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info@mehransugar.com