



# Potential of Sugar Industry

Half Yearly Report  
March 2023



# Potential of Sugar Industry

Recent spike in prices of Sugar in the global commodity markets have brought back focus on sugar sector. Thus, 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 Methane for their requirements. There is further Potential to use this technology and reduce reliance on imported fuels.



# COMPANY INFORMATION

## Board of Directors

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

## Legal Advisor

Sayeed & Sayeed  
Advocate & Legal Consultants  
  
KMS Law Associates  
Advocates & Corporate Consultants

## Management Team

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

## Share Registrar

CDC Share Registrar Services Limited  
CDC House, 99-B , Block B S.M.C.H.S ,  
Main Shakra-e-Faisal Karachi  
Near Metropole Hotel, Karachi  
Ph: +92 - 21 -35687839, 35685930

## Audit Committee

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

## Bankers

Bank Al Habib Limited  
Meezan Bank Limited  
MCB Bank Limited  
Bank Alfalah Limited  
Habib Metropolitan Bank Limited  
Askari Bank Limited  
Allied Bank Limited  
BankIslami Pakistan Limited  
Bank of Punjab Limited

## Human Resource & Remuneration Committee

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

## Management Committee

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

## 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

## Auditors

Grant Thornton Anjum Rahman  
Chartered Accountants

## 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, 2023.

Operational Highlights	March 2023	March 2022
Crushing – M. Tons	<b>804,872</b>	856,944
Sucrose Recovery	<b>10.66%</b>	11.16%
Sugar Production – M. Tons	<b>85,796</b>	95,642
Molasses production – M. Tons	<b>37,867</b>	40,185
Molasses Recovery	<b>4.70</b>	4.69%

Financial Highlights	March 2023	March 2022
(Rupees in Thousand)		
Turnover	<b>3,571,490</b>	2,591,242
Sales tax	<b>400,413</b>	271,764
Gross Profit	<b>380,581</b>	668,157
Gross Profit margin	<b>12.00%</b>	28.81%
Finance cost	<b>305,007</b>	195,068
Profit before tax	<b>766,973</b>	298,187
Profit before tax margin	<b>24.19%</b>	12.86%
Net Profit after tax	<b>396,993</b>	173,626
Net Profit margin	<b>12.52%</b>	7.49%
Earnings per share – Rs.	<b>5.83</b>	2.55

Following are the key highlights on the operational and financial results for this period.

- Our sugar production was 10.3% less than last year, while Pakistan production was 17.5% less than last year and Sind 25.76% less than last year. Sucrose recovery declined marginally to 10.66% from 10.72% the previous year. This was largely due to a shorter crushing season whereby large quantities of cane were crushed before the month of March when recoveries increase substantially. The effects of the devastating floods prior to start of crushing season meant the quality of sugarcane in some regions had deteriorated.
- Turnover increased by 37% from previous year. However, this was attributed to the large carryover of sugar stocks from the previous year since sales were difficult due to the huge glut of sugar in the country.
- Profit before tax increased by 157%. This was largely due to other income from Unicol and sales proceeds of Unifoods investments. We must point out that this does include sugar sales of the previous year, which were at a low GP margin due to the depressed sugar market. Also the huge burden of carrying this sugar and paying extremely high financial costs as been absorbed in these results.
- The one major difference in comparative financial results is the huge finance cost borne by the company. Finance cost increased from Rs. 195 million to Rs. 305 million. This was a 56% increase from the previous corresponding period.



Cost of borrowing has increased from below 10% to above 20%, which is over 100% within an extremely short period of time.

- We have evaluated the reasons for the higher financial costs. A major factor remains the company's business decision to make prompt sugarcane payments. Since sugarcane is a long duration crop, we believe it is imperative to pay for the farmer's crop as soon as he delivers it to the mills to ensure he sees value and sustainability in planting year on year.

Keeping this scenario in mind and the huge variability of interest rates year on year we have taken some decisions. One of our primary goals for this financial year is to use most of our cash flow generated to reduce our financial borrowings.

- Gross profit margin went down as most of the sugar sales related to last year's unsold stock. The huge nationwide carryover of sugar from the previous year meant that sales took place during this financial year. Large amounts of financial expenses were borne to carry this sugar without any substantial revenue gains. The Sugar price continually remained depressed during the season however, post season, we have seen improvement. Continual improvement would allow prices to come in line with the huge increase in sugarcane prices.
- Unicol's share of profit continue to remain impressive and amounted to Rs. 768.61 million during this period.
- Dividend income from equity investments during this period was Rs. 21.59 million. We have budgeted a similar dividend for the next half of the year.
- Loss on revaluation of equity investment amounted to Rs.38.75 million. These investments have been difficult for the company and we have to have continually make provisions on them. We have also substantially reduced the portfolio simply due to the high finance cost and lack of long-term visibility. However, we continually see long-term value in our investments and are optimistic on improvements whenever there is macroeconomic clarity.
- Our investment in Unifoods Limited was disposed during this period. We had always prudently provided for our losses at Unifoods thus with the final disposal it has resulted in a nice gain of Rs. 92.06 million which is reflected in other income. The Unifoods investment was also a difficult one for the company. We believed that the project would create long-term shareholders value but it was otherwise. Our decision to sell the shares should allow this continual drag on Mehran's profitability in the prior years to be reduced going ahead.

### **SEASON 2022-2023**

Season 2022-2023 was expected to again be one of the largest crops in the country's history. However, effects of floods forced growers to start the harvest early resulting in reduction in farm yields and recovery. The lower yields, which were factored in mid way into the season, took the sugar industry by surprise. With the Mills sensing a shorter crop due to lower arrivals at their mills, resulted in an unfortunate price war.

This resulted in rise of procurement price and subsequently production cost. Govt. of Sindh had already increased the minimum support price to Rs.302/40 kgs from the previous year's price of Rs.250/40kgs plus QP. This 20% increase over previous year had also increased cost of production significantly.

Prompt payments to growers continued to create large requirement of liquidity. This along with sharp increase in mark up rates has increased our finance cost and thus the overall cost of sugar production. The finance cost due to short-term working capital requirements has now become a critical cost component and needs to be carefully considered while allocating future capital.

In season 2022-2023, the production of sugar closed at 6.6 million tons, which was down from 7.9 million tons the previous year showing a decline of 16%. The overall industry consensus was a crop of 8.0 Million tons so this took everyone by surprise.

Despite the lower crop, the sugar stocks may be sufficient from annual requirements since we had such a large carryover from the previous year. However, the country sadly lost the huge potential for exports, which would have allowed 1.0 million tons of further exports allowing USD 550-650 million in valuable foreign exchange.

At the start of the season, the government seeing the carryover and large expected crop agreed to start exports but initially decided on a relatively small quantity of 250,000 tons from what than looked like a 1.0 million tons export potential. While Punjab and KP were able to implement their exports, sadly, the matter went into litigation in Sind and presently only 1,500 Tons has been allowed to be exported by each mill from their 2,500 tons Quota. We hope an early settlement of the matter would allow mills to fulfil their quotas. The Pakistan sugar industry today has become globally competitive largely due to the world sugar market trading at a 10 years high (due to structural changes in the sugar industry predominantly due to the use of sugarcane to directly produce ethanol over sugar) and also because of the recent currency devaluation. The scenario is such that exports today allow sales proceeds 50 percent higher than local sales, which has never been the case in the last two decades.

## **UNICOL LIMITED**

The Company has achieved an all-time record performance during the period. Profits have increased to Rs. 2.3 Billion for the half year While Unicol remains continually profitable due to its strong product distribution in the export markets this years profit being higher than usual is predominantly due to a few one off reasons.

In the first half of the year, the excessive demand of the European markets to secure winter fuel meant that prices of alternative fuels were very high. This concurrently led to alternative products like ethanol being in high demand with strong pricing power. Another reason being that due to logistical reasons certain export shipments were pushed ahead into the next quarter thus showing higher sales year on year as would usually be the case.

In the second half of the year while global prices have come back to their mean, the currency devaluation is expected to have a substantial impact on our bottom line.

In view of above factors, we hope Unicol will Insha Allah outperform this year.

## FUTURE OUTLOOK

As we usually 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. We have earlier explained that Pakistan domestic prices trade at almost half of world prices. Also, most domestic countries protect their sugar industries and thus have higher than International prices. This means that presently sugar in Pakistan is one of the cheapest in the world.

The only logical conclusion is that with Sugarcane prices increasing at 20-25 percentage annually since the last few years how can sugar prices not move in the same bandwidth. We feel that prices of sugarcane need to move even higher so that other competing crops don't take up the land on which sugarcane is planted (sugarcane is already planted on less than 5 percent of our countries agriculture land).

Any major shift away from planting sugarcane would lead to Pakistan importing sugar, which would be disastrous as prices for imports are over Rs. 200/- kg today.

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 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.

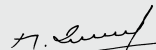
In order to keep profitability from core operations intact, sugar price stability is vital. Unicol's profitability will contribute positively to the bottom line in the upcoming financial year ending.

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



Ahmed Ebrahim Hasham  
Chief Executive officer



Mohammed Kasim Hasham  
Chairman

Karachi: May 26, 2023



فضلیں اس زمین کو حاصل نہ کر لیں کہ جس پر گنے کاشت کیا جاتا ہے (گنا پہلے ہی ہمارے ملک کے 5 فیصد سے بھی کم زرعی اراضی پر لگایا جاتا ہے)۔

پاکستان میں گنے کی فصل میں کمی انتہائی نقصان دہ ہوگی کیونکہ یہ پاکستان میں چینی درآمد کرنے کا باعث بنے گی، جو تباہ کن ہوگی کیونکہ درآمدات کی قیمتیں آج کل 200 روپے فی کلو سے بھی زیادہ ہیں۔

صنعت کی سطح پر ہمیں فارم کی پیداواری صلاحیت اور پیداوار کو بہتر بنانے کے لیے بڑے پیمانے پر کام کرنے کی ضرورت ہے کیونکہ کاشتکاری کے لیے اضافی زمین کی دستیابی محدود ہے اور مسابقتی فصلوں پر منافع زیادہ ہے۔ صرف فارم کی بہتر پیداوار ہی گنے کی زیادہ مقدار کی اجازت دے گی۔ اس سے کسانوں 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 توازن ایک ایسا معاملہ ہے، جو پچھلے کئی سالوں سے التوا کاشتکار ہے اور اس شعبے کی ترقی میں رکاوٹ بنتا جا رہا ہے۔ اس معاملے کے خوش اسلوبی سے انجام پانے سے حکومت، کاشتکاروں، ملز 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۔

چینی کی فروخت سے منافع حاصل کرنے کے لئے اس کی قیمتوں میں استحکام بہت ضروری ہے، یونیکول کا منافع ہمارے کھاتوں میں نفع کو مستحکم رکھنے میں مثبت کردار ادا کرتا رہے گا۔

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 Elshah

احمد ابراہیم ہاشم

چیف ایگزیکٹو آفیسر

محمد قاسم ہاشم

چیرمین

کراچی - 26 مئی 2023

سیزن 2022-2023 میں چینی کی پیداوار 6.6 ملین ٹن رہی، جبکہ پچھلے سال 7.9 ملین ٹن تھی اس طرح پیداوار میں 16 فیصد کمی واقع ہوئی۔ جبکہ مجموعی اندازہ 8 ملین ٹن تھا پیداوار میں ہونے والی کمی غیر متوقع تھی جس نے سب کو حیرت میں ڈال دیا۔ کم فصل کے باوجود، چینی کا ذخیرہ ہماری سالانہ ضروریات سے اضافی ہو سکتا ہے کیونکہ ہمارے پاس پچھلے سال کا چینی کا ذخیرہ بھی موجود تھا۔ تاہم افسوسناک طور پر ملک پر آمدات کا موقع کھو بیٹھا، اگر 1.0 ملین ٹن مزید برآمدات کی اجازت ہوتی اس سے ملک کو 650-550 ملین امریکی ڈالر کا قیمتی زرمبادلہ حاصل ہو سکتا تھا۔

سیزن کے آغاز میں، حکومت نے پچھلے سال کے وافر ذخائر اور بڑی متوقع فصل کو دیکھتے ہوئے چینی برآمد کرنے کی اجازت دی لیکن ابتدائی طور پر 250,000 ٹن کی نسبتاً کم مقدار کا فیصلہ کیا جبکہ 1.0 ملین ٹن برآمدی صلاحیت کی گنجائش تھی۔ پنجاب اور کے پی کے اپنی برآمدات کا کوہ پورا کرنے میں کامیاب رہے، افسوس کی بات یہ ہے کہ معاملہ سندھ میں قانونی چارہ جوئی میں چلا گیا اور فی الحال ہر مل کو ان کے 2500 ٹن کوٹے میں سے صرف 1500 ٹن برآمد کرنے کی اجازت ملی۔ ہمیں امید ہے کہ اس معاملے کا جلد از جلد حل نکلے گا اور ملوں کو اپنا کوہ پورا کرنے کی اجازت مل جائے گی۔ پاکستان کی شوگر انڈسٹری آج عالمی سطح پر مسابقتی بن چکی ہے جس کی وجہ عالمی مارکیٹ میں چینی کی قیمت کا پچھلے 10 سال کی بلند ترین سطح پر ہونا (جس کی بنیادی وجہ کئی ممالک میں گنے سے چینی کے بجائے براہ راست ہتھنول بنانا ہے) اور روپے کی قدر میں حالیہ کمی ہے کرنسی کی قدر میں حالیہ کمی کے باعث چینی کی برآمدی قیمت، مقامی مارکیٹ سے 50 فیصد زیادہ ہے ایسا گذشتہ دو دہائیوں میں کبھی نہیں ہوا تھا

## یونی کول

کمپنی کا ششماہی منافع اب تک کا سب سے زیادہ نفع ہے۔ اس ششماہی میں کمپنی کا منافع 2.3 ارب روپے رہا جس کی وجہ کمپنی کی برآمدی مارکیٹ میں اس کا پائیدار اور مستحکم وجود ہے۔ اس سال منافع میں اضافے کی کچھ خاص وجوہات بھی ہیں۔ سال کی پہلی ششماہی میں یورپ میں سردی کے لئے ایندھن کی مانگ میں اضافے کی وجہ سے متبادل توانائی / ایندھن کی قیمت میں اضافہ ہوا۔ سال کی دوسری ششماہی میں جبکہ ہتھنول کی عالمی قیمتیں دوبارہ نیچے آجائیں گی تو ہمیں توقع ہے کہ کرنسی کی قدر میں کمی کی وجہ سے کمپنی کے منافع میں خاطر خواہ اضافہ ہو گا۔

مندرجہ بالا عوامل کے پیش نظر، ہمیں امید ہے کہ یونی کول اس سال انشاء اللہ بہتر کارکردگی کا مظاہرہ کرے گا۔

## مستقبل کا منظر نامہ

باقی دو ماہوں کے منافع کا انحصار چینی کی قیمتوں پر ہو گا۔ ہم پہلے بتا چکے ہیں کہ پاکستان کی مقامی قیمتیں عالمی قیمتوں کے تقریباً نصف پر ہیں۔ اس کا مطلب ہے کہ اس وقت پاکستان میں چینی دنیا میں سستی ترین ہے۔

ایک منطقی بات یہ ہے کہ پچھلے کچھ سالوں سے گنے کی قیمتوں میں سالانہ 20-25 فیصد اضافہ ہو رہا ہے تو چینی کی قیمت میں اس کے مطابق اضافہ کیوں نہیں ہو رہا۔ ہم محسوس کرتے ہیں کہ گنے کی قیمتوں کو مزید بڑھنے کی ضرورت ہے تاکہ دوسری مسابقتی

- اس مدت کے دوران حصص سے حاصل ہونے والے منافع منقسمہ (Dividend) سے 21.59 ملین روپے کی آمدنی ہوئی۔ جبکہ سال کے اگلے نصف کے لئے اسی طرح کے منافع کی اُمید ہے۔
- حصص میں سرمایہ کاری پر نقصان 38.75 ملین روپے ہوا۔ بھاری مالیاتی لاگت اور طویل مدتی حالات کے مد نظر ہم نے حصص میں سرمایہ کاری میں بھی کافی حد تک کمی کی ہے۔ تاہم، جب بھی معاشی حالات بہتر ہونگے تو ہم اپنی سرمایہ کاری میں مسلسل طویل المدتی قدر دیکھتے ہیں اور بہتری کے لیے پُر اُمید ہیں۔
- اس دوران یونی فوڈ لمیٹڈ میں کی گئی سرمایہ کاری فروخت کر دی گئی۔ پچھلے کچھ سالوں میں ہونے والے نقصانات کو اپنے کھاتے میں پہلے ہی ریکارڈ کرنے کی وجہ سے یونی فوڈز کی فروخت سے حاصل ہونے والی رقم سے ہمیں 92.06 ملین روپے کا نفع ہوا۔ جو کہ منفرد آمدن میں ظاہر کیا گیا ہے یونی فوڈز کی سرمایہ کاری کمپنی کے لیے مشکل تھی۔ ہمارا خیال تھا کہ یہ پروجیکٹ حصص یافتگان کے لئے طویل مدتی قدر پیدا کرے گا لیکن اس کے برعکس ثابت ہوا۔ اس کی فروخت سے ہمیں اُمید ہے کہ مستقبل میں مہران شوگر کے کھاتوں میں پچھلے کچھ سالوں سے ریکارڈ کئے جانے والا نقصان اور نقد ادائیگی رک جائے گی۔

## سیزن 2022-2023

سیزن 2022-2023 کے لئے ملک کی تاریخ کی سب سے بڑی فصلوں میں سے ایک فصل ہونے کی اُمید تھی۔ تاہم، سیلاب کے اثرات نے کاشتکاروں کو فصل کی جلد کٹائی شروع کرنے پر مجبور کیا جس کے نتیجے میں پیداوار اور سکروزر بیکوری میں کمی واقع ہوئی۔ گنے کی ترسیل میں کمی کا سامنا عموماً ملوں کو سیزن کے آخر میں ہوتا تھا تاہم اس مرتبہ سیزن کے شروع ہی میں ملوں کو یہ احساس ہو گیا تھا جس کے باعث ملوں کے درمیان مسابقت کا رجحان پیدا ہوا اور گنے کی قیمتوں بہت زیادہ اضافہ ہو گیا۔

اس کے نتیجے میں گنے کی قیمت خرید اور بعد میں پیداواری لاگت میں اضافہ ہوا۔ حکومت سندھ نے کم از کم امدادی قیمت کو 302 روپے فی 40 کلوگرام تک بڑھا دیا جبکہ یہ پچھلے سال 250 روپے فی 40 کلوگرام تھی۔ پچھلے سال کے مقابلے میں اس 20 فیصد اضافے نے پیداواری لاگت میں بھاری اضافہ کیا اور اس پر مستزاد یہ کہ ملوں کے درمیان مسابقت نے اس لاگت کو مزید بڑھا دیا جو کہ سیزن کے آخری نصف میں 400 روپے فی 40 کلوگرام تک ہو گئیں تھیں۔

گنے کے کاشتکاروں کو فوری ادائیگی کی وجہ سے نقد رقم کی شدید ضرورت پیش آئی، نیز سود کی شرح میں ہونے والے بڑے اضافے نے مالیاتی لاگت میں اضافہ کیا جس کا اثر چینی کی مجموعی لاگت میں اضافے کی صورت میں سانسے آیا۔ قلیل مدتی ورکنگ سرمایہ کی ضروریات کی وجہ سے مالیاتی لاگت اب گنے اور تنخواہوں کے بعد مجموعی لاگت کا ایک بڑا حصہ بن گئی ہے جس پر احتیاط سے غور کرنے کی ضرورت ہے دیکھنا ہو گا کہ ہم کس طرح مستقبل میں اس کے لئے سرمایہ مختص کر سکتے ہیں۔

بہتر ہو جاتی ہے۔ کرشنگ سیزن شروع ہونے سے قبل آنے والے تباہ کن سیلاب نے گنے کی کوالٹی کو متاثر کیا جس کے اثرات ریکوری میں کمی کی صورت میں سامنے آئے۔

- متذکرہ عرصہ کے دوران چینی کی فروخت میں گذشتہ سال کے مقابلے میں 37 فیصد اضافہ ہوا، جس کی وجہ پچھلے سال کے غیر فروخت شدہ چینی کی وافر مقدار ہے جو کہ مارکیٹ میں چینی کی کثیر مقدار کی وجہ سے فروخت نہیں ہو سکی تھی
- قبل از ٹیکس منافع میں 157 فیصد اضافہ ہوا ہے۔ جس کی بڑی وجہ یونیکول سے ہونے والا منافع اور یونی فوڈز میں کمی گئی سرمایہ کاری کی فروخت سے حاصل ہونے والا نفع تھا۔ واضح رہے کہ ان مالیاتی نتائج میں پچھلے سال کی اضافی چینی کی فروخت بھی شامل ہے جس پر منافع کی شرح بہت کم تھی اور جسے فروخت نہ کر سکنے کی وجہ سے ہمارے مالیاتی اخراجات میں بھی اضافہ ہوا۔

- اس سال کے مالیاتی نتائج میں قرضوں کے مالیاتی اخراجات میں پچھلے سال کی نسبت بڑا اضافہ دیکھنے میں آ رہا ہے۔ مالیاتی لاگت 195 ملین روپے سے بڑھ کر 305 ملین روپے ہو گئی۔ یہ پچھلے سال کے مقابلے میں 56 فیصد زائد ہے۔ شرح سود جو کہ پچھلے سال 10 فیصد سے بھی نیچے تھی وہ اب بڑھ کر 20 فیصد سے اوپر ہو گئی ہے، جو کہ بہت کم وقت میں 100 فیصد سے زیادہ اضافہ ہے۔

- جب ہم نے مالی اخراجات میں اضافے کی وجوہات کا جائزہ لیا تو سامنے آیا کہ اس اضافہ میں ایک بڑا عنصر گنے کی قیمت کی فوری ادائیگی کا فیصلہ ہے، چونکہ گنا ایک طویل دورانیے کی فصل ہے، اس لیے ہمارا ماننا ہے کہ کسان کو اس کی فصل کی بروقت ادائیگی بہت ضروری ہے تاکہ گنے کی فصل میں اس کی دلچسپی برقرار رہے اور وہ تسلسل سے فصل کاشت کرتا رہے، تاکہ مستقبل میں ملزوم مطلوبہ مقدار میں گنے کی دستیابی جاری رہے۔
- اس بات کو مد نظر رکھتے ہوئے اور بڑھتی ہوئی شرح سود کی وجہ سے ہم نے یہ فیصلہ کیا ہے کہ اس سال کمپنی میں ہونے والے نقد منافع کو ہم اپنے مالی قرضوں کو کم کرنے کے لئے استعمال کریں گے۔

- خالص منافع کی شرح پچھلے سال کی نسبت کم رہی جس کی وجہ چینی کی زیادہ تر فروخت گزشتہ سال کے غیر فروخت شدہ اسٹاک پر مبنی تھی۔ ملک بھر میں اس چینی کی ترسیل کا مطلب یہ تھا کہ چونکہ یہ پچھلے سال کی چینی تھی لیکن اس مالی سال کے دوران فروخت ہوئی، بغیر کسی خاطر خواہ آمدنی کے، اور چینی کی فروخت نہ ہونے کی وجہ سے ہماری مالیاتی اخراجات برداشت کرنا پڑے۔ چینی کی قیمت سیزن کے دوران مسلسل دباؤ میں رہی تاہم سیزن کے بعد، اس میں بہتری کا رجحان ہے۔ مسلسل بہتری سے قیمتیں گنے کی قیمتوں میں ہونے والے زبردست اضافے کے مطابق آسکیں گی۔

- یونیکول کی جانب سے موصول ہونے والا منافع 768.61 ملین روپے رہا جو کہ حوصلہ افزا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2023 کو ختم ہونے والی ششماہی کے مالی نتائج آپ کی خدمت میں پیش ہیں۔

آپریشنل معلومات	مارچ 2023	مارچ 2022
کرشنگ (میٹرک ٹن)	804,872	856,944
سکروز ریکوری	10.66%	11.16%
چینی کی پیداوار (میٹرک ٹن)	85,796	95,642
مولیسس کی پیداوار (میٹرک ٹن)	37,867	40,185
مولیسس ریکوری	4.70%	4.69%

مالیاتی معلومات (فنانشل ہائی لائٹس)	مارچ 2023	مارچ 2022
مجموعی فروخت (ٹوٹل ٹرن اوور)	روپے ہزاروں میں	3,571,490
سیلز ٹیکس	روپے ہزاروں میں	271,764
خالص منافع	روپے ہزاروں میں	668,157
خالص منافع کی شرح	(%)	12.00%
مالیاتی اخراجات	روپے ہزاروں میں	195,068
قبل از ٹیکس منافع	روپے ہزاروں میں	298,187
قبل از ٹیکس منافع کی شرح	(%)	24.19%
بعد از ٹیکس منافع	روپے ہزاروں میں	173,626
بعد از ٹیکس منافع کی شرح	(%)	12.52%
فی حصص آمدنی	روپے	2.55

آپریشنل / مالیاتی نتائج کے حوالے سے چیدہ چیدہ معلومات:

- ہماری چینی کی پیداوار گزشتہ سال کے مقابلے میں 10.3 فیصد کم تھی، جبکہ پاکستان کی پیداوار گزشتہ سال کے مقابلے میں 17.5 فیصد اور سندھ میں گزشتہ سال کے مقابلے میں 25.76 فیصد کم تھی۔ سکروز کی ریکوری پچھلے سال کے 10.72 فیصد سے معمولی کم ہو کر 10.66 پر رہی جس کی بڑی وجہ کرشنگ سیزن کے دوران یہ میں کمی تھی جس کے تحت مارچ کے مہینے سے قبل ہی سیزن کا اختتام ہو گیا جبکہ مارچ کے مہینے میں سکروز کی ریکوری میں بہتری آتی ہے جس سے مجموعی ریکوری

## **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 2023 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year 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 Information 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 review resulting in this independent auditor's review report is Khurram Jameel.



Grant Thornton Chartered Accountants  
Place: Karachi  
Date: 29 May 2023  
UDIN: RR202310093E3ZUIR05X



# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		31 March 2023 (Un-audited) Rupees	30 September 2022 (Audited) Rupees
<b>ASSETS</b>	Note		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2,500,943,348	2,447,675,227
Right-of-use assets		59,348,098	49,943,215
Long-term receivable		160,173,441	160,173,441
Long-term investments	6	1,760,894,862	1,166,906,145
Long-term deposits		3,436,400	3,436,400
		<u>4,484,796,149</u>	<u>3,828,134,429</u>
<b>CURRENT ASSETS</b>			
Biological assets		519,977	24,556,050
Stores and spare parts		185,138,897	144,306,826
Stock-in-trade	7	5,983,277,824	1,553,309,866
Trade debts		97,045,740	100,420,895
Loans and advances		43,068,281	63,262,744
Trade deposits and short-term prepayments		13,661,332	11,341,092
Other receivables		-	100,469
Short-term investments	8	523,854,977	732,422,221
Taxation - net		57,986,535	58,423,416
Cash and bank balances		17,588,640	33,265,542
		<u>6,922,142,203</u>	<u>2,721,409,121</u>
Non-current assets held for sale	9	-	46,349,034
<b>TOTAL ASSETS</b>		<u><b>11,406,938,352</b></u>	<u><b>6,595,892,584</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
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			
68,116,008 (2022: 60,547,564) ordinary shares of Rs.10/- each		681,160,080	605,475,641
Reserves		<u>2,478,734,839</u>	<u>2,144,175,312</u>
		<u>3,159,894,919</u>	<u>2,749,650,953</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		510,669,509	642,015,721
Lease Liabilities		41,531,956	33,550,788
Market committee fee payable		47,124,463	49,451,951
Deferred liabilities		3,534,173	3,971,207
Deferred Income-Government Grant		95,948,740	103,369,766
Deferred taxation		<u>346,252,046</u>	<u>47,087,847</u>
		<u>1,045,060,887</u>	<u>879,447,280</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		548,105,893	456,871,134
Contract liabilities		642,862,753	505,943,198
Unclaimed dividend		19,707,001	19,707,001
Accrued mark-up		158,337,810	96,518,298
Short term borrowings	10	5,371,145,798	1,258,052,978
Provision for market committee fee		23,440,688	15,391,972
Current portion of non-current liabilities		399,768,373	408,198,116
Sales tax and federal excise duty payable		<u>38,614,230</u>	<u>206,111,655</u>
		<u>7,201,982,546</u>	<u>2,966,794,351</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	11	<u><b>11,406,938,352</b></u>	<u><b>6,595,892,584</b></u>

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Ahmed Ebrahim

CHIEF EXECUTIVE OFFICER

Muhammad

CHIEF FINANCIAL OFFICER

Muhammad


DIRECTOR

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

FOR THE HALF YEAR ENDED 31 MARCH 2023

	Half year ended		Quarter ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Note	Rupees	Rupees	Rupees	Rupees
Sales	3,571,489,923	2,591,242,489	1,249,587,113	1,100,272,364
Less : Sales tax	(400,412,729)	(271,763,937)	(117,140,522)	(78,950,071)
<b>Sales - net</b>	<b>3,171,077,194</b>	<b>2,319,478,552</b>	<b>1,132,446,591</b>	<b>1,021,322,293</b>
Cost of sales	(2,790,496,629)	(1,651,321,987)	(853,982,349)	(587,895,630)
<b>Gross profit</b>	<b>380,580,565</b>	<b>668,156,566</b>	<b>278,464,242</b>	<b>433,426,663</b>
Distribution costs	(39,466,783)	(30,631,164)	(23,647,702)	(17,973,375)
Administrative expenses	(127,637,785)	(126,160,670)	(72,477,113)	(66,648,110)
Other expenses	(45,758,466)	(256,189,503)	(12,609,006)	(195,800,473)
Other income	135,274,306	70,342,299	100,264,247	32,170,419
	(77,588,728)	(342,639,038)	(8,469,575)	(248,251,539)
<b>Operating profit</b>	<b>302,991,837</b>	<b>325,517,527</b>	<b>269,994,667</b>	<b>185,175,124</b>
Share of profit from associates – net	768,988,707	167,736,987	418,912,061	144,400,322
Finance costs	(305,007,210)	(195,067,943)	(238,989,094)	(145,820,955)
<b>Profit before taxation</b>	<b>766,973,334</b>	<b>298,186,571</b>	<b>449,917,634</b>	<b>183,754,491</b>
Taxation				
- Current	(70,816,443)	(59,966,578)	(43,123,306)	(35,848,300)
- Deferred	(299,164,198)	(64,594,343)	(299,164,198)	(55,770,224)
<b>Net profit for the period</b>	<b>396,992,693</b>	<b>173,625,650</b>	<b>107,630,130</b>	<b>92,135,966</b>
		<b>Restated</b>		<b>Restated</b>
<b>Earnings per share- Basic and diluted (Rupees)</b>	<b>5.83</b>	<b>2.55</b>	<b>1.58</b>	<b>1.35</b>

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

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

FOR THE HALF YEAR ENDED 31 MARCH 2023

	Half year ended		Quarter ended	
	31 March 2023 Rupees	31 March 2022 Rupees	31 March 2023 Rupees	31 March 2022 Rupees
<b>Net profit for the period</b>	<b>396,992,693</b>	173,625,650	<b>107,630,130</b>	92,135,966

## Other comprehensive income

### Items that will not be re-classified to statement of profit or loss in subsequent periods

Gain / (loss) on disposal of equity instruments designated at fair value through other comprehensive income (net of tax)

13,251,269

(2,873,404)

10,163,713

-

Unrealised gain / (loss) on remeasurement of equity instruments designated at fair value through other comprehensive income (net of tax)

-

360,800

(10,092,600)

1,312,641

13,251,269

(2,512,604)

71,112

1,312,641

### Total comprehensive income for the period

410,243,962

171,113,046

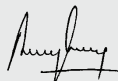
107,701,242

93,448,607

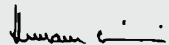
The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Ahmed Ebrahim

CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER




DIRECTOR

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 MARCH 2023

	Reserve						Sub-total	Total equity
	Capital	Revenue			Other components of equity			
	Share Premium	General Reserve	Unappropriated profits	FV reserve of financial assets at FVOCI	Actuarial gains on defined benefit plan			
	-----Rupees-----							
Balance as at 01 October 2021 (Audited)	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
Bonus shares issued for the year ended 30 September 2021 in the ratio of 100 ordinary share for every 10 shares held	48,927,325	-	-	(48,927,325)	-	-	(48,927,325)	-
Interim dividend for the period ended 31 March 2022 @ Re.0.75 per share	-	-	-	(40,365,273)	-	-	(40,365,273)	(40,365,273)
Net profit for the period	-	-	-	173,625,650	-	-	173,625,650	173,625,650
Other comprehensive loss	-	-	-	-	(2,512,604)	-	(2,512,604)	(2,512,604)
Total comprehensive income / (loss)	-	-	-	173,625,650	(2,512,604)	-	171,113,046	171,113,046
Transfer of realised loss on disposal of equity investments	-	-	-	(5,763,525)	5,763,525	-	-	-
Balance as at 31 March 2022 (Un-audited)	<u>538,200,570</u>	<u>63,281,250</u>	<u>85,000,000</u>	<u>1,942,570,738</u>	<u>(5,345,186)</u>	<u>2,867,529</u>	<u>2,088,374,331</u>	<u>2,626,574,901</u>
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 30 September 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 loss	-	-	-	-	13,251,269	-	13,251,269	13,251,269
Total comprehensive income	-	-	-	396,992,693	13,251,269	-	410,243,962	410,243,962
Transfer of realised loss on disposal of equity investments	-	-	-	13,580,369	(13,580,369)	-	-	-
Balance as at 31 March 2023 (Un-audited)	<u>681,160,080</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>

The annexed notes from 1 to 17 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 2023

	Note	31 March 2023 Rupees	31 March 2022 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>		<b>766,973,334</b>	298,186,571
<b>Adjustment for:</b>			
Depreciation		93,847,148	91,985,578
Ammortization of deferred income - government grant		(11,423,222)	(10,431,607)
Share of profit from associates		(768,988,707)	(167,736,987)
Gain on disposal of operating fixed assets and right-of-use assets		(2,292,835)	(1,813,594)
Finance costs		305,007,210	195,067,943
Provision for gratuity		-	-
Provision for market committee fee		8,048,716	8,569,439
Gain on disposal of Non-current assets held for sale		(92,056,444)	-
Allowance for expected credit loss on long-term receivables		-	102,330,438
Gain on disposal of equity instruments at fair value through profit or loss		33,891,486	109,110,706
Write down of stock-in-trade to net realizable value		-	332,536,822
Provision for impairment of long term investment		-	22,500,000
		(433,966,648)	682,118,738
Working capital changes	13	(4,364,757,220)	(5,398,324,011)
		<b>(4,031,750,534)</b>	<b>(4,418,018,702)</b>
Gratuity paid		(437,034)	-
Taxes paid		(70,379,562)	(76,450,709)
Finance costs paid		(229,873,208)	(1,577,652)
Market committee fee paid		(4,009,153)	(109,307,916)
Long-term deposits		-	(2,834,000)
<b>Net cash used in operating activities</b>		<b>(4,336,449,490)</b>	<b>(4,608,188,979)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(137,129,819)	(162,334,022)
Proceeds from disposal of operating fixed assets and right-of-use assets		3,740,000	1,871,885
Investments made		(191,226,035)	(1,701,960,576)
Proceeds from disposal of short-term investments		379,153,064	1,589,827,428
Proceeds from disposal of Non-current assets held for sale		138,405,484	-
Dividend received		174,999,990	100,098,994
<b>Net cash generated from / (used) in financing activities</b>		<b>367,942,684</b>	<b>(172,496,291)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing - net		(149,694,834)	146,752,450
Lease rentals paid		(10,568,082)	(14,248,042)
Short term borrowing - net		4,113,092,820	4,688,650,477
Dividend paid		-	(40,365,273)
<b>Net cash generated from financing activities</b>		<b>3,952,829,904</b>	<b>4,780,789,612</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(15,676,902)</b>	104,342
Cash and cash equivalents at beginning of the period		33,265,542	10,848,736
<b>Cash and cash equivalents at end of the period</b>		<b>17,588,640</b>	<b>10,953,078</b>

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Ahmed Ebrahim

CHIEF EXECUTIVE OFFICER

Amey Jeyaraj

CHIEF FINANCIAL OFFICER

Shamir E. S.

DIRECTOR

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2023

## 1. THE COMPANY AND ITS OPERATIONS

**1.1** Mehran Sugar Mills Limited (the Company) was incorporated in Pakistan as a public limited company on December 22, 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 unconsolidated financial statements are 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 2023 and 2022) 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 2022.

## 3. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and methods of computations 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 2022.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of unconsolidated condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the



# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2023

application of policies and the reported amount of assets and liabilities and income and expenses. Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are same as those applied in the Company's annual unconsolidated financial statements for the year ended 30 September 2022.

		<b>31 March 2023 (Un-audited) Rupees</b>	30 September 2022 (Audited) Rupees
<b>5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	5.1 <b>2,155,211,837</b>	2,213,684,001
	Capital work-in-progress (CWIP)	5.2 <b>345,731,511</b>	233,991,226
		<u><b>2,500,943,348</b></u>	<u>2,447,675,227</u>

## 5.1 Operating fixed assets

Book value at the beginning of the period / year	<b>2,213,684,001</b>	1,969,321,508
Additions during the period / year	<b>23,684,436</b>	23,440,347
Transfer from CWIP during the period / year	-	386,557,456
	<u><b>2,237,368,437</b></u>	<u>2,379,319,311</u>
Disposal during the period / year	<b>(103,210)</b>	(58,291)
Depreciation charged during the period / year	<b>(82,053,390)</b>	(165,577,019)
	<u><b>(82,156,600)</b></u>	<u>(165,635,310)</u>
	<u><b>2,155,211,837</b></u>	<u>2,213,684,001</u>

	Opening balance	Additions during the period / year	Transfers to operating fixed assets	Closing balance
<b>5.2</b>				
Civil works	<b>10,833,701</b>	3,699,462	-	14,533,163
Plant, machinery and equipment	<b>223,157,525</b>	108,040,823	-	331,198,348
<b>31 March 2023</b>	<u><b>233,991,226</b></u>	<u>111,740,285</u>	<u>-</u>	<u>345,731,511</u>
30 September 2022	<u><b>403,489,421</b></u>	<u>217,059,261</u>	<u><b>(386,557,456)</b></u>	<u>233,991,226</u>

	<b>31 March 2023 (Un-audited) Rupees</b>	30 September 2022 (Audited) Rupees
<b>6</b>		
<b>LONG-TERM INVESTMENTS</b>		
<b>Subsidiary</b>		
<b>Mehran Energy Limited (MEL)</b>		
4,000,000 Ordinary shares of Rs. 10 each	<b>40,000,000</b>	40,000,000
% of holding: 100%	<b>2,596,739</b>	2,596,739
Advance against right issue of shares	<b>(42,596,739)</b>	(42,596,739)
Provision for impairment	-	-

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2023

	31 March 2023 (Un-audited) Rupees	30 September 2022 (Audited) Rupees
<b>Associates</b>		
Unicol Limited (UL) 49,999,997 Ordinary shares of Rs. 10 each % of holding: 33.33%	1,740,132,513	1,146,523,931
UniEnergy Limited (UEL) 1,999,998 Ordinary shares of Rs. 10 each % of holding: 20%	20,762,349	20,382,214
	<u>1,760,894,862</u>	<u>1,166,906,145</u>
	<u>1,760,894,862</u>	<u>1,166,906,145</u>
	31 March 2023 (Un-audited) Rupees	30 September 2022 (Audited) Rupees
<b>7 STOCK-IN-TRADE</b>		
Work-in-process	4,885,130	4,726,932
Finished goods	5,978,392,694	1,548,582,934
	<u>5,983,277,824</u>	<u>1,553,309,866</u>
<b>8 SHORT-TERM INVESTMENTS</b>		
<b>Amortised cost</b>		
Term deposit certificates	3,654,000	3,654,000
Allowance for expected credit loss	(3,654,000)	(3,654,000)
	-	-
<b>Fair value through other comprehensive income</b>		
Equity securities	-	20,059,000
<b>Fair value through profit or loss</b>		
Equity securities	523,854,977	712,363,221
	<u>523,854,977</u>	<u>732,422,221</u>
<b>9 NON-CURRENT ASSETS HELD FOR SALE</b>		

During the year ended 30 September 2022, the Company entered into an agreement with an independent party to dispose off its investment in associate amounting to Rs. 46 million and reclassified the said investment as non-current assets held for sale. During the current period, the Company has disposed off the said investment and has received full consideration there against, amounting to Rs. 138.4 million, resulting in a gain of Rs. 92 million.

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2023

	<b>31 March 2023 (Un-audited) Rupees</b>	30 September 2022 (Audited) Rupees
<b>10 SHORT-TERM BORROWINGS – secured</b>		
Running finance under markup arrangements	<b>438,553,430</b>	724,313,577
Short-term finance	<b>4,932,592,368</b>	533,739,401
	<b><u>5,371,145,798</u></b>	<u>1,258,052,978</u>

**10.1** The aggregate facilities for short term borrowings from various banks amounted to Rs. 6,375 million (2022: Rs. 5,350 million). These carry mark-up ranging between 0.35% to 0.75% (2022: 0.35% to 0.75%) per annum above one to six months KIBOR. These are secured against pledge of stock-in-trade and plant & machinery.

## 11 CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

There has been no change in the status of contingencies as disclosed in note 33 to the annual financial statements of the Company for the year ended 30 September 2022.

	<b>31 March 2023 (Un-audited) Rupees</b>	30 September 2022 (Audited) Rupees
<b>11.2 Commitments</b>		
Capital commitments	<u>-</u>	18,379,148
Letter of guarantee	<u>-</u>	15,420,375

	<b>Half year ended</b>		<b>Quarter ended</b>	
	<b>31 March 2023</b>	31 March 2022	<b>31 March 2023</b>	31 March 2022
Note	-----Rupees-----			
<b>12 OTHER INCOME</b>				
Dividend Income	<b>21,585,032</b>	58,058,166	<b>5,300,000</b>	27,405,722
Amortization of deferred income - government grant	<b>11,423,222</b>	10,431,607	<b>6,497,597</b>	5,039,204
Gain on disposal of non-current asset held for sale	<b>92,056,444</b>	-	<b>92,056,444</b>	-
Others	<b>10,209,608</b>	1,852,526	<b>(3,589,794)</b>	(274,507)
	<b><u>135,274,306</u></b>	<u>70,342,299</u>	<b><u>100,264,247</u></b>	<u>32,170,419</u>

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2023

	<b>31 March 2023 (Un-audited) Rupees</b>	31 March 2022 (Un-audited) Rupees
<b>13 WORKING CAPITAL CHANGES</b>		
(Increase) / decrease in current assets		
Biological assets	<b>24,036,073</b>	18,772,393
Stores and spare parts	<b>(40,832,071)</b>	1,600,780
Stock-in-trade	<b>(4,429,967,958)</b>	(5,441,021,358)
Trade debts	<b>3,375,155</b>	(3,185,801)
Loans and advances	<b>20,194,463</b>	19,941,250
Trade deposits and short-term prepayments	<b>(2,320,240)</b>	(12,716,124)
Other receivables	<b>100,469</b>	(102,343,347)
	<b>(4,425,414,109)</b>	(5,518,952,207)
Increase / (decrease) in current liabilities		
Trade and other payables	<b>91,234,759</b>	26,628,723
Contract liabilities (advances from customers - unsecured)	<b>136,919,555</b>	155,105,449
Unclaimed dividend	<b>-</b>	496,166
Sales tax and federal excise duty payable	<b>(167,497,425)</b>	(61,602,142)
	<b>60,656,889</b>	120,628,196
	<b>(4,364,757,220)</b>	(5,398,324,011)

## 14 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary, associated entities, entities with common directorship, directors, key management personnel and Employees Retirement Benefits Funds. Material transactions with related parties during the period and balances at the end of the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

<b>Nature of Relationship</b>	<b>Nature of Transaction</b>	<b>Half year ended</b>	
		<b>31 March 2023 (Un-audited) -----Rupees-----</b>	<b>31 March 2022 (Un-audited)</b>
<b>Associates</b>	Sales	<b>878,119,066</b>	785,350,002
	Donations	<b>1,912,763</b>	1,500,000
	Expenses shared	<b>-</b>	408,429
<b>Key management personnel</b>	Salaries & allowances	<b>39,846,000</b>	50,871,810
	Bonus	<b>2,823,200</b>	4,970,640
<b>Retirement benefit funds</b>	Provident fund contribution	<b>2,865,351</b>	1,760,256

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2023

	<b>31 March 2023 (Un-audited) Rupees</b>	30 September 2022 (Audited) Rupees
<b>14.1 Balances with related parties</b>		
Contract liabilities (advance from customers)	<u>287,059,909</u>	<u>2,793,976</u>
Other receivables	<u>-</u>	<u>100,469</u>

## 15 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 Company's annual financial statements for the year ended 30 September 2022. There have been no changes in any risk management policies since the year-end.

## 16 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 2022: 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 74% of the Company's total sales during the current period (31 March 2022: 70%).

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.

## 17 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on May 26, 2023 by the Board of Directors of the Company.

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



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