



Potential of Sugar Industry

Quarterly Report
June 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 period ended June 30, 2023.

Operational Highlights	June 2023	June 2022
Crushing – M. Tons	804,872	856,944
Sucrose Recovery	10.66%	11.16%
Sugar Production – M. Tons	85,796	95,642
Molasses production – M. Tons	37,867	39,811
Molasses Recovery	4.70%	4.65%

Financial Highlights	June 2023	June 2022
(Rupees in Thousand except EPS)		
Turnover	7,406,804	4,786,589
Sales tax	909,433	592,017
Gross Profit	1,277,409	866,353
Gross Profit margin	19.66%	20.65%
Finance cost	555,493	380,455
Profit before tax	1,440,693	344,828
Profit before tax margin	22.17%	8.22%
Net Profit after tax	1,045,766	259,422
Net Profit margin	16.10%	6.18%
Earnings per share	13.96	3.49

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

- Turnover increased by 55% from previous year. This was attributed to the large carryover of sugar stocks from the previous year as well as increase in selling price of sugar, molasses and bagasse.
- Profit before tax increased substantially. The main component of this was our profitability at Unicol Limited as well as a one time gain from the sale of Unifoods assets. Also after a few years, the sugar Division has performed well with reasonable margins attained from exports of sugar as well as domestic sales and production efficiencies.
- Finance cost has increased by 46% as compared to the previous period. While this is concerning the fact that it is lower than the percentage increase in turnover makes it manageable. Finance cost being high for the company is predominantly due to the higher cost of borrowing which has increased to 24 percent this year. The other major factor remains the company's business decision to make prompt sugarcane payments. Sugarcane is a long duration crop whereby farmers plant it for more than 12 months thus it is imperative to pay the farmer as soon as he delivers it to the mills to ensure he sees value and sustainability in planting it year on year.
- Gross profit margin have remained more or less constant to the previous period. The huge nationwide carryover of sugar from the previous year

meant that sales took place during this financial year mainly in Q1. Last years' sugar had a lower gross margin. Subsequently Sugar prices remained depressed during the season, however, post season, we have seen continuous improvement. This would allow prices to come in line with the huge increase in sugarcane prices which were seen in the latter part of the crushing season and enable the mill to generate positive cash flow and improved gross margins for the next two quarters.

- Unicol's share of profit continue to remain impressive and amounted to Rs. 867.89 million during this period.
- Dividend income from equity investments during this period was Rs. 49 million. Revenue stream from this head is expected to remain in line with the budget.
- However Loss on revaluation of equity investment amounted to Rs. 24.41 million. The Market has remain subdued during the past two years and we have had to continually make prudent provisions. We had also substantially reduced the portfolio simply due to the high finance cost and lack of long-term visibility. However, recently as there was visibility of the IMF programme going through we added to our portfolio due to the value available in the market. We are optimistic going ahead and feel our patience will pay us dividends in terms of improved valuations and capital gains.

SEASON 2022-2023

Season 2022-2023 was forecasted to again be one of the largest crops in the country's history with production numbers estimated at 8.0 Million Tons. 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 Mills sensing a shorter crop due to lower arrivals an unfortunate price war began resulting in increased cost of sugarcane and subsequent 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 require large amounts of liquidity. This along with a 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 factored in 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.

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. While Punjab and KP were able to implement their exports quota expediently, sadly, the matter went into litigation in Sind and took time for resolution through court intervention. 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. Today's exports fetch 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. 2.60 billion for nine months period. While Unicol remains continually profitable due to its strong product distribution in the export markets this year's profit being higher than usual is predominantly due to a few one off reasons.

The excessive demand of the European markets to secure winter fuel led to alternative products like ethanol being in high demand with strong pricing power. However, global prices have now come back to their mean, thus, Unicol is expected to maintain its normal profitability in the next two quarters.

The acquisition of assets of Popular Sugar Mills in Sarghoda are also nearly completed. Possession of the mill was taken during this period and Maintenance work is in progress and is expected to be ready by October 2023. This strategic investment is poised to diversify the company's profitability and augment molasses availability for ethanol production.

FUTURE OUTLOOK

The profitability for the remaining part of the year will depend on the future pricing of sugar. We have earlier explained that Pakistan domestic prices still trade at steep discounts to the world prices. This means that sugar available to the consumer in Pakistan remains one of the cheapest globally. It also means that the Pakistan sugar industry is globally competitive as it was able to export without any subsidies and works on zero import tariffs unlike many manufacturing industries in the country.

The only logical conclusion is that with Sugarcane prices increasing at 20-25 percentage annually since the last few years, sugar prices also need to move in the same direction. 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 only planted on less than 5 percent of our countries agriculture land and this number has remained constant for the less 2-3 decades).

Any major shift away from planting sugarcane would lead to Pakistan importing sugar, which would be disastrous as prices for imports are over Rs. 225- kg today including sales tax. This would also require a large quantum of Scarce foreign exchange.

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. We have started extending assistance to farmers in this direction by providing fertilizers, pesticides and allied products on an interest free loaning basis and intend to enhance the scope depending on the outcome of this year's investment.

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

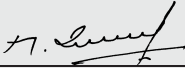
conclusion of this matter will bring benefit to Government, growers, millers and consumer in the long run. We propose here too and continue to do so that a reputable local or international audit firm need to be hired who can create a framework for this development.

Our solar project for 550 KW has been commissioned and is expected to reduce our off season billing substantially from next year once we get our net metering license. This project will also take our total solar capacity to nearly 1.0 MW which would bring us closer to our sustainable power mix of using only Baggasse based power in the season and solar in the off season.

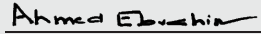
After gradually reducing our stock portfolio previously in view of uncertainties, we have now started to enhance our portfolio investment as the IMF program has been executed and we may have some positive cash flow by the end of the financial year.

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 September.

For and on behalf of the Board of Directors



Mohammed Kasim Hasham
Chairman



Ahmed Ebrahim Hasham
Chief Executive officer

Karachi: July 27, 2023

بڑھانا شروع کر دیا ہے اب چونکہ آئی ایم ایف کا پروگرام شروع ہو چکا ہے اس طرح ہمیں مالی سال کے اختتام تک کچھ مثبت کیش فلو متوقع ہے۔

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۔

از طرف

بورڈ آف ڈائریکٹرز

Ahmed Elshahin

احمد ابراہیم ہاشم

چیف ایگزیکٹو آفیسر

محمد قاسم ہاشم

چیرمین

کراچی - 27 جولائی 2023

یونیکول کی جانب سے پاپولر شوگر ملز کی خریداری کا مرحلہ مکمل ہوا چاہتا ہے اور اس کی میئنٹیننس پر کام جاری ہے اور توقع ہے کہ یہ اکتوبر 2023 تک تیار ہو جائے گی اور دوران سیزن 2023-2024 مولینیس کے حصول میں مددگار ثابت ہوگی نیز مشترکہ سرمایہ کاری کے اس منصوبے سے مستقبل میں مناسب منافع بھی حاصل ہوگا۔

مستقبل کا منظر نامہ

سال کے بقیہ حصے میں منافع کا انحصار چینی کی قیمتوں پر ہوگا۔ 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 گئے کی قیمتوں میں سالانہ 20-25 فیصد اضافہ ہو رہا ہے جبکہ چینی کی قیمت میں اس مناسبت سے اضافہ نہیں ہو رہا۔ ہم محسوس کرتے ہیں کہ گئے کی قیمتوں کو مزید بڑھنے کی ضرورت ہے تاکہ دوسری مسابقتی فصلیں اس زمین کو حاصل نہ کر لیں کہ جس پر گئے کا شت کیا جاتا ہے (گنا پہلے ہی ہمارے ملک کے 5 فیصد سے بھی کم زرعی اراضی پر لگایا جاتا ہے)۔

پاکستان میں گئے 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 گئے 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۔ ہم نے اس سمت میں مثبت اقدامات اٹھائے ہیں اور کسانوں کو کھاد، کیڑے ماراؤیٹ اور زراعت سے منسلک مصنوعات کی فراہمی شروع کر دی ہے اور اس ضمن میں اس سال کی گئی سرمایہ کاری کے نتائج کو مد نظر رکھتے ہوئے مستقبل میں اس کے دائرہ کار کو بڑھانے کا ارادہ رکھتے ہیں۔

گئے 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۔ گئے 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۔

ہمارا 550 کلوواٹ کا شمسی منصوبہ مکمل ہو چکا ہے اور توقع ہے کہ اگلے سال تک نیٹ میٹرنگ سے ہمارے آف سیزن بلنگ میں کافی حد تک کمی آئے گی۔ اس منصوبے کے بعد ہمارا مجموعی شمسی توانائی کا منصوبہ تقریباً ایک میگاواٹ کے قریب پہنچ جائے گا مارکیٹ کی غیر یقینی صورتحال کے پیش نظر ہم نے اپنے پورٹ فولیو کو ہنڈریج کم کرنے کے بعد، اپنے پورٹ فولیو میں سرمایہ کاری کو

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 کلو گرام تک بڑھا دیا جبکہ یہ پچھلے سال 250 روپے فی 40 کلو گرام تھا۔ پچھلے سال کے مقابلے میں اس میں 20 فیصد اضافے نے پیداواری لاگت میں بھاری اضافہ کر دیا۔

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 سامنے 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۔

سیزن 2022-2023 میں ملک 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۔

سیزن کے آغاز میں، حکومت نے پچھلے سال 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 کوٹہ کو لاگو کرنے میں کامیاب رہے، افسوس کی بات یہ ہے کہ معاملہ سندھ میں قانونی چارہ جوئی میں چلا گیا اور معاملہ حل ہونے میں کافی وقت لگ گیا۔ پاکستان کی شوگر انڈسٹری آج عالمی سطح پر مسابقتی بن چکی ہے جس کی وجہ عالمی مارکیٹ میں چینی کی قیمت 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 حالیہ قدر میں کمی کے باعث چینی کی برآمدی قیمت، مقامی مارکیٹ سے 50 فیصد زیادہ ہے ایسا گذشتہ دو دہائیوں میں کبھی نہیں ہوا تھا

پولی کول

کمپنی نے نوامہ کے عرصہ میں ریکارڈ منافع حاصل کیا جو کہ 2.6 ارب روپے رہا، جس کی وجہ کمپنی کی برآمدی مارکیٹ میں مستحکم تریل ہے۔ اس سال منافع میں غیر معمولی اضافے کی کچھ ایسی وجوہات ہیں جو صرف اس سال کے لئے مخصوص ہیں

سال کی پہلی ششماہی میں یورپ میں جاڑے کے لئے ایندھن کی مانگ میں اضافے کی وجہ سے متبادل توانائی / ایندھن کے طور پر ہتھنول جیسی پروڈکٹس کی مانگ اور قیمتوں میں اضافہ ہوا۔ تاہم، اب چونکہ عالمی قیمتیں دوبارہ اپنے اوسط پر واپس آچکی ہیں لہذا، اگلی دو سہ ماہی کا منافع دوبارہ نارمل ہو گا۔

- قبل از ٹیکس منافع میں نمایاں اضافہ ہوا ہے۔ جس کی بڑی وجہ یونیکول سے ہونے والا منافع اور یونی فوڈز کی فروخت سے ہونے والا یکمشت منافع ہے۔ اس کے علاوہ کئی سالوں بعد چینی سے حاصل ہونے والا منافع کی شرح میں بہتری آئی ہے جس کی وجہ برآمدی اور مقامی قیمتوں میں بہتری اور پیداواری کارکردگی میں بہتری ہے۔
- قرضوں کے مالیاتی اخراجات میں 46 فیصد اضافہ ہوا ہے قرض کی شرح 24 فیصد سے بھی زیادہ ہو گئی 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 ملز کو مطلوبہ مقدار میں گنے کی دستیابی جاری رہے۔
- 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۔ چینی کی قیمت میں ہونے والی بہتری سے یہ اُمید ہے کہ یہ گنے کی قیمت میں ہونے والے اضافے سے مطابقت کرے گی۔
- یونیکول کی جانب سے موصول ہونے والا منافع 867.89 ملین روپے رہا۔
- اس مدت کے دوران حصص سے حاصل ہونے والے منافع منقسمہ (Dividend) سے 49 ملین روپے کی آمدنی ہوئی۔ جو کہ عین بجٹ کے مطابق ہے۔
- حصص میں سرمایہ کاری پر نقصان 24.41 ملین روپے ہوا۔ پچھلے دو سالوں سے مارکیٹ دباؤ کا شکار ہے، ہماری مالیاتی لاگت اور طویل مدتی حالات کے مد نظر ہم نے حصص میں سرمایہ کاری میں بھی کافی حد تک کمی کی ہے، تاہم حالیہ ہونے والے آئی ایم ایف معاہدے کے بعد ہم نے حصص میں سرمایہ کاری کو بڑھایا ہے ہمیں اُمید ہے کہ مستقبل میں حصص کی قیمتوں میں بہتری آئے گی۔

سیزن 2022-2023

سیزن 2022-2023 کے لئے ملک کی تاریخ 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 سکرورزیکوری میں کمی واقع ہوئی۔ گنے کی ترسیل میں کمی کا سامنا 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 میں بہت زیادہ اضافہ ہو گیا۔

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2023 کو ختم ہونے والی تیسری سہ ماہی کے مالی نتائج آپ کی خدمت میں پیش ہیں۔

جون 2022	جون 2023	آپریٹنل معلومات
856,944	804,872	کرسٹنگ (میٹرک ٹن)
11.16%	10.66%	سکروز کی ریکوری
95,642	85,796	چینی کی پیداوار (میٹرک ٹن)
39,811	37,867	مولیسس کی پیداوار (میٹرک ٹن)
4.65%	4.70%	مولیسس کی ریکوری

جون 2022	جون 2023	مالیاتی معلومات (فنانشل ہائی لائنس)	
4,786,589	7,406,804	روپے ہزاروں میں	مجموعی فروخت (ٹوٹل ٹرن اوور)
592,017	909,433	روپے ہزاروں میں	سیلز ٹیکس
866,353	1,277,409	روپے ہزاروں میں	خالص منافع
20.65%	19.66%	(%)	خالص منافع کی شرح
380,455	555,493	روپے ہزاروں میں	مالیاتی اخراجات
344,828	1,440,693	روپے ہزاروں میں	قبل از ٹیکس منافع
8.22%	22.17%	(%)	قبل از ٹیکس منافع کی شرح
259,422	1,045,766	روپے ہزاروں میں	بعد از ٹیکس منافع
6.18%	16.10%	(%)	بعد از ٹیکس منافع کی شرح
3.49	13.96	روپے	فی حصص آمدنی

آپریٹنل / مالیاتی نتائج کے حوالے سے چیدہ چیدہ معلومات:


- ٹرن اوور میں پچھلے سال کے مقابلے 55 فیصد اضافہ ہوا جس کی وجہ پچھلے سال کی غیر فروخت شدہ چینی کی وافر مقدار اور چینی، مولیسس اور بگاس کی قیمت فروخت میں ہونے والا اضافہ ہے۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

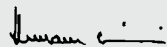
AS AT JUNE 30, 2023

ASSETS	Note	Un-audited Jun 30, 2023 Rupees	Audited Sep 30, 2022 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,456,725,194	2,447,675,227
Right-of-Use-Assets		59,770,979	49,943,215
Long term receivable		160,173,441	160,173,441
Long term investment	5	1,860,181,856	1,166,906,145
Long term deposits		3,436,400	3,436,400
		<u>4,540,287,870</u>	<u>3,828,134,428</u>
CURRENT ASSETS			
Biological assets		1,147,646	24,556,050
Stores and spare parts		205,352,626	144,306,826
Stock-in-trade		3,715,641,825	1,553,309,866
Trade debts		325,334,638	100,420,895
Loans and advances		76,813,707	63,262,744
Trade deposits and short term prepayments		12,030,215	11,341,092
Other receivables		100,469	100,469
Short term investments		638,573,305	732,422,221
Taxation - net		-	58,423,416
Cash and bank balances		40,991,802	33,265,542
		<u>5,015,986,233</u>	<u>2,721,409,121</u>
Non current assets held for sale	6	-	46,349,040
TOTAL ASSETS		<u>9,556,274,103</u>	<u>6,595,892,589</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		749,276,090	605,475,630
Reserves		<u>2,957,217,299</u>	<u>2,144,175,327</u>
		<u>3,706,493,389</u>	<u>2,749,650,957</u>
NON-CURRENT LIABILITIES			
Long-term financing		534,312,982	642,015,721
Lease Liabilities		42,147,914	33,550,788
Market committee fee payable		48,070,097	49,451,951
Deferred liabilities		3,534,173	3,971,207
Deferred income - government grant		101,414,251	103,369,766
Deferred taxation - net		<u>255,285,677</u>	<u>47,087,847</u>
		<u>984,765,094</u>	<u>879,447,280</u>
CURRENT LIABILITIES			
Trade and other payables		441,542,903	456,871,134
Contract liabilities		413,295,322	505,943,198
Unclaimed dividends		20,742,003	19,707,001
Accrued mark-up		246,970,811	96,518,298
Short-term borrowings		3,167,049,029	1,258,052,978
Provision for market committee fee		23,440,688	15,391,972
Current portion of non-current liabilities		320,908,180	408,198,116
Taxation - net		26,912,803	-
Sales tax and federal excise duty payable		<u>204,153,881</u>	<u>206,111,655</u>
		<u>4,865,015,620</u>	<u>2,966,794,352</u>
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>9,556,274,103</u>	<u>6,595,892,589</u>

The annexed notes from 1 to 10 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS

FOR THE PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)

	Nine Months Ended		Quarter ended	
	Jun 2023	Jun 2022	Jun 2023	Jun 2022
Turnover	7,406,804,141	4,786,588,974	3,835,314,218	2,195,346,485
Sales Tax	(909,433,014)	(592,016,587)	(509,020,285)	(320,252,650)
Turnover - net	6,497,371,127	4,194,572,387	3,326,293,933	1,875,093,835
Cost of sales	(5,219,962,268)	(3,328,219,316)	(2,429,465,639)	(1,676,897,329)
Gross profit	1,277,408,859	866,353,071	896,828,294	198,196,506
Distribution costs	(56,585,283)	(39,405,914)	(17,118,500)	(8,774,750)
Administrative expenses	(203,196,269)	(178,997,925)	(75,558,484)	(52,837,255)
Other operating expense	(57,698,817)	(413,873,426)	(11,940,351)	(157,683,923)
Other operating income	167,981,594	102,819,927	32,707,288	32,477,628
Operating profit	1,127,910,084	336,895,733	824,918,247	11,378,206
Share of profit from associates	868,275,701	388,387,084	99,286,994	220,650,097
Finance costs	(555,492,864)	(380,454,842)	(250,485,654)	(185,386,899)
Profit before tax	1,440,692,920	344,827,975	673,719,586	46,641,404
Taxation - Current	(186,729,480)	(75,235,011)	(115,913,037)	(15,268,433)
Taxation - Deferred	(394,927,310)	(10,171,060)	90,966,369	54,423,283
		(85,406,071)	(24,946,668)	39,154,849
Profit after tax	1,045,765,610	259,421,904	648,772,918	85,796,253
		Restated		Restated
Earnings per share-basic and diluted	13.96	3.49	8.66	1.16

The annexed notes from 1 to 10 form an integral part of these unconsolidated condensed interim financial statements.

Ahmed Elshahin

CHIEF EXECUTIVE OFFICER

Amr Elshahin

CHIEF FINANCIAL OFFICER

Amr Elshahin

DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)

	Nine Months Ended		Quarter Ended	
	Jun 2023	Jun 2022	Jun 2023	Jun 2022
Net profit for the period	1,045,765,610	259,421,904	648,772,918	85,796,253

Other comprehensive income

Other comprehensive income that will not be reclassified to profit or loss in subsequent periods

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

13,251,269

(2,873,404)

-

-

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

-

1,127,303

-

766,497

13,251,269

(1,746,101)

-

766,497

Total comprehensive income for the period

1,059,016,879

257,675,803

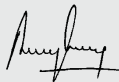
648,772,918

86,562,751

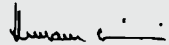
The annexed notes from 1 to 10 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER




DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY


FOR THE PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)

	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			
Balance as at October 01, 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
Final bonus issued for the year ended September 30, 2021 in the ratio of 10 Ordinary shares for every 100 shares held	48,927,320	-	-	(48,927,320)	-	-	(48,927,320)	-
Interim dividend for the year ended September 30, 2022 @ Re. 0.75 per share	-	-	-	(40,365,273)	-	-	(40,365,273)	(40,365,273)
Interim bonus issued for the year ended September 30, 2022 in the ratio of 12.5 Ordinary shares for every 100 shares held	67,275,070	-	-	(67,275,070)	-	-	(67,275,070)	-
Profit for the Period	-	-	-	259,421,904	-	-	259,421,904	259,421,904
Other comprehensive loss for the period	-	-	-	-	(1,746,101)	-	(1,746,101)	(1,746,101)
Total comprehensive income for the Period	-	-	-	259,421,904	(1,746,101)	-	257,675,803	257,675,803
Transfer of fair value reserve of equity instruments designated at FVOCI on account of disposal	-	-	-	(5,763,525)	5,763,525	-	-	-
Balance as at June 30, 2022 (Un-audited)	605,475,636	63,281,250	85,000,000	1,961,091,926	(4,578,682)	2,867,529	2,107,662,023	2,713,137,659
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
Final bonus issued for the year ended September 30, 2022 in the ratio of 12.5 Ordinary shares for every 100 shares held	75,684,450	-	-	(75,684,450)	-	-	(75,684,450)	-
Interim dividend for the year ended September 30, 2023 @ Re. 1.50 per share	-	-	-	(102,174,447)	-	-	(102,174,447)	(102,174,447)
Interim Bonus Issued for the year ending September 30, 2023 in the ratio of 10 Ordinary shares for every 100 shares held	68,116,009	-	-	(68,116,009)	-	-	(68,116,009)	-
Profit for the Period	-	-	-	1,045,765,610	-	-	1,045,765,610	1,045,765,610
Other comprehensive income for the period	-	-	-	-	13,251,269	-	13,251,269	13,251,269
Total comprehensive income	-	-	-	1,045,765,610	13,251,269	-	1,059,016,879	1,059,016,879
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	13,580,369	(13,580,369)	-	-	-
Balance as at June 30, 2023 (Un-audited)	749,276,090	63,281,250	85,000,000	2,805,451,296	-	3,484,739	2,957,217,285	3,706,493,389

The annexed notes from 1 to 10 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES	Note	Jun 30, 2023 Rupees	Jun 30, 2022 Rupees
Profit before taxation		1,440,692,920	344,827,975
Adjustments for non-cash charges and other items:			
Depreciation		126,991,905	126,416,311
- Operating fixed assets		16,652,827	11,689,894
- Right of use assets		(17,794,868)	(15,864,613)
Ammortization of deferred income - government grant		(868,275,701)	(388,387,084)
Share of profit from associates - net		(2,292,835)	(1,813,594)
Gain on disposal of operating fixed assets		555,492,864	380,454,842
Finance costs		-	-
Provision for gratuity		8,048,716	8,569,439
Provision for market committee fee		(92,056,444)	-
Gain on Disposal of Investment-Discontinued Operations		-	153,495,657
Allowance for expected credit loss on long-term receivables		-	-
loss/(gain) on disposal of equity instruments at fair value		(4,710,261)	198,104,695
through profit or loss		24,412,103	-
Unrealised loss on remeasurement of equity instruments at		-	-
fair value through profit or loss		-	46,349,040
Provision for Impairment of Long term Investment		(2,548,022,063)	(3,404,519,090)
Working Capital Changes	8	(2,801,553,757)	(2,885,504,503)
Gratuity paid		(437,034)	-
Income taxes paid		(101,393,261)	(98,853,829)
Finance costs paid		(384,408,581)	(253,471,180)
Market committee fee paid		(4,009,153)	(1,577,652)
Long term deposits - net		-	(2,844,000)
Cash used in operating activities		(1,851,108,866)	(2,897,423,189)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(135,238,278)	(196,228,551)
Proceeds from disposal of operating fixed assets and right-		3,740,000	1,871,885
of-use assets		(191,226,035)	(1,950,345,226)
Investments made		278,624,378	2,316,796,155
Proceeds from disposal of short-term investments		138,405,484	-
Proceeds from disposal of Discontinued Operations		174,999,990	200,098,988
Dividend received		269,305,539	372,193,251
Cash generated from investing activities		269,305,539	372,193,251
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained / (Repayment)		(199,703,907)	(122,163,019)
Lease rentals paid		(17,588,110)	(17,528,700)
Short term borrowing receipt/ (repayment)		1,908,996,051	2,772,426,972
Dividend paid		(102,174,447)	(39,870,128)
Cash generated from financing activities		1,589,529,587	2,592,865,125
Net increase in cash and cash equivalents		7,726,260	67,635,187
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		40,991,802	78,483,923

The annexed notes from 1 to 10 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2023 (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.

4. PROPERTY, PLANT AND EQUIPMENT	Un-audited Jun 30, 2023	Audited Sep 30, 2022
4.1 OPERATING FIXED ASSETS		
Opening written down value	2,213,684,001	1,969,321,508
Additions during the period	216,738,484	409,997,803
Disposal during the period (WDV)	(103,210)	(58,291)
	<u>2,430,319,275</u>	<u>2,379,261,020</u>
Depreciation charged during the period	<u>(126,991,905)</u>	<u>(165,577,019)</u>
	<u>2,303,327,370</u>	<u>2,213,684,001</u>
4.2 CAPITAL WORK-IN-PROGRESS		
Buildings - Civil Works	(4,150,410)	10,833,704
Plant and Machinery	123,296,194	193,979,278
Advance against capital expenditure	34,252,040	29,178,244
	<u>153,397,824</u>	<u>233,991,226</u>
	<u>2,456,725,194</u>	<u>2,447,675,227</u>

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)

5. LONG TERM INVESTMENT	Note	Un-audited Jun 30, 2023	Audited Sep 30, 2022
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	1,839,419,507	1,146,523,931
UniEnergy Limited	5.3	20,762,349	20,382,214
		<u>1,860,181,856</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

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 asset 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.

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	Un-audited Jun 30, 2023	Un-audited Jun 30, 2022
(Increase) / decrease in current assets		
Biological assets	23,408,404	17,275,461
Stores and spare parts	(61,045,800)	(36,210,628)
Stock-in-trade	(2,162,331,959)	(3,570,339,003)
Trade debts	(224,913,743)	(70,737,514)
Loans and advances	(13,550,963)	(6,961,948)
Trade deposits and short-term prepayments	(689,123)	(5,291,778)
Other receivables	-	841,295
	<u>(2,439,123,184)</u>	<u>(3,671,424,115)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(15,328,231)	(20,157,955)
Contract liabilities	(92,647,876)	224,386,415
Unclaimed Dividend	1,035,002	496,166
Sales tax payable	(1,957,774)	62,180,399
	<u>(108,898,879)</u>	<u>266,905,025</u>
	<u>(2,548,022,063)</u>	<u>(3,404,519,090)</u>

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2023 (UN-AUDITED)

9. TRANSACTIONS WITH RELATED PARTIES	Un-audited Jun 30, 2023	Un-audited Jun 30, 2022
Associates		
Sales	1,160,619,566	900,669,670
Donation	3,062,763	3,040,000
Retirement benefits Plan		
Provident fund contribution	4,333,961	4,498,221

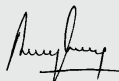
10 GENERAL

These financial statements were authorized for issue on July 27, 2023 by the Board of Directors of the Company.

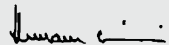
Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



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