



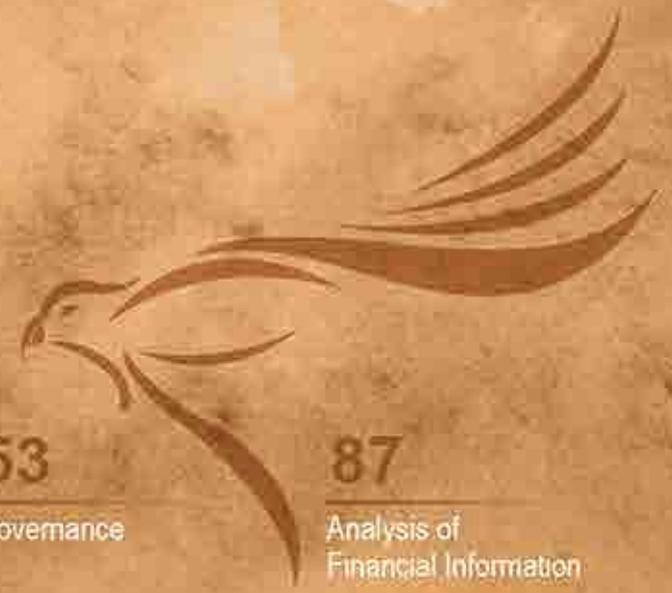
Annual Report 2022

Heading to New Heights of Success



Mirpurkhas Sugar Mills Limited
A Ghulam Faruque Group Company

Chapters



3

Organizational
Overview and
External Environment

39

Strategy and
Resource Allocation

49

Risks and
Opportunities

53

Governance

87

Analysis of
Financial Information

116

IT Governance
and Cybersecurity

121

Outlook

125

Stakeholders
Relationship &
Engagement

129

Sustainability and
Corporate Social
Responsibility

139

Business Model

143

Excellence in
Corporate Reporting

147

Glossary of Terms

148

BCR Criteria Index

152

Financial Statements

224

Pattern of
Shareholding

225

Categories of
Shareholders

227

Notice of AGM-Urdu

232

Directors'
Report-Urdu

234

E-Dividend
Mandate Form

236

Proxy Form-English

237

Proxy Form-Urdu



Flying True, Soaring Strong

In his famous verses, Allama Muhammad Iqbal painted the "Shaheen", or falcon, in the truest of colours. Gliding loftily across the blue expanse of sky, Iqbal's Shaheen is no ordinary creature; it is a magnificent embodiment of confidence, vision, and focus.

As a premier contributor to Pakistan's sugar industry and expanding further into new projects, these are the same qualities we uphold. Confident in our abilities to produce superior sugar and paper products courtesy our own sugarcane farms, technologically advanced manufacturing process and experienced & competent human resource, we intend to remain a world-class operator, responsible corporate citizen and employer of choice.

Just like Iqbal's Shaheen, we take pride in who we are.
Of our capacity to go above the ordinary.
Of our ability to go beyond expectations.

Organizational overview and external environment

Our Certifications	12
Nature of Business	13
Vision	15
Mission	15
Our Values	17
Culture	19
Ethics	19
Code of Conduct	20
Group Structure	22
Company Information	25
The Journey so Far	26
Unicol	28
Geographical Presence	29
Organizational Structure	30
Factory Site Organizational Structure	31
Position within the Value Chain	32
Significant Factors Affecting the External Environment and the Organization's Response	34
Seasonality of Business	35
Competitive Landscape & Market Positioning	36
Key Elements of Business Model	36
Composition of Sugarcane Cost vs other Manufacturing Cost	37
Significant Development & Changes Recognition	38





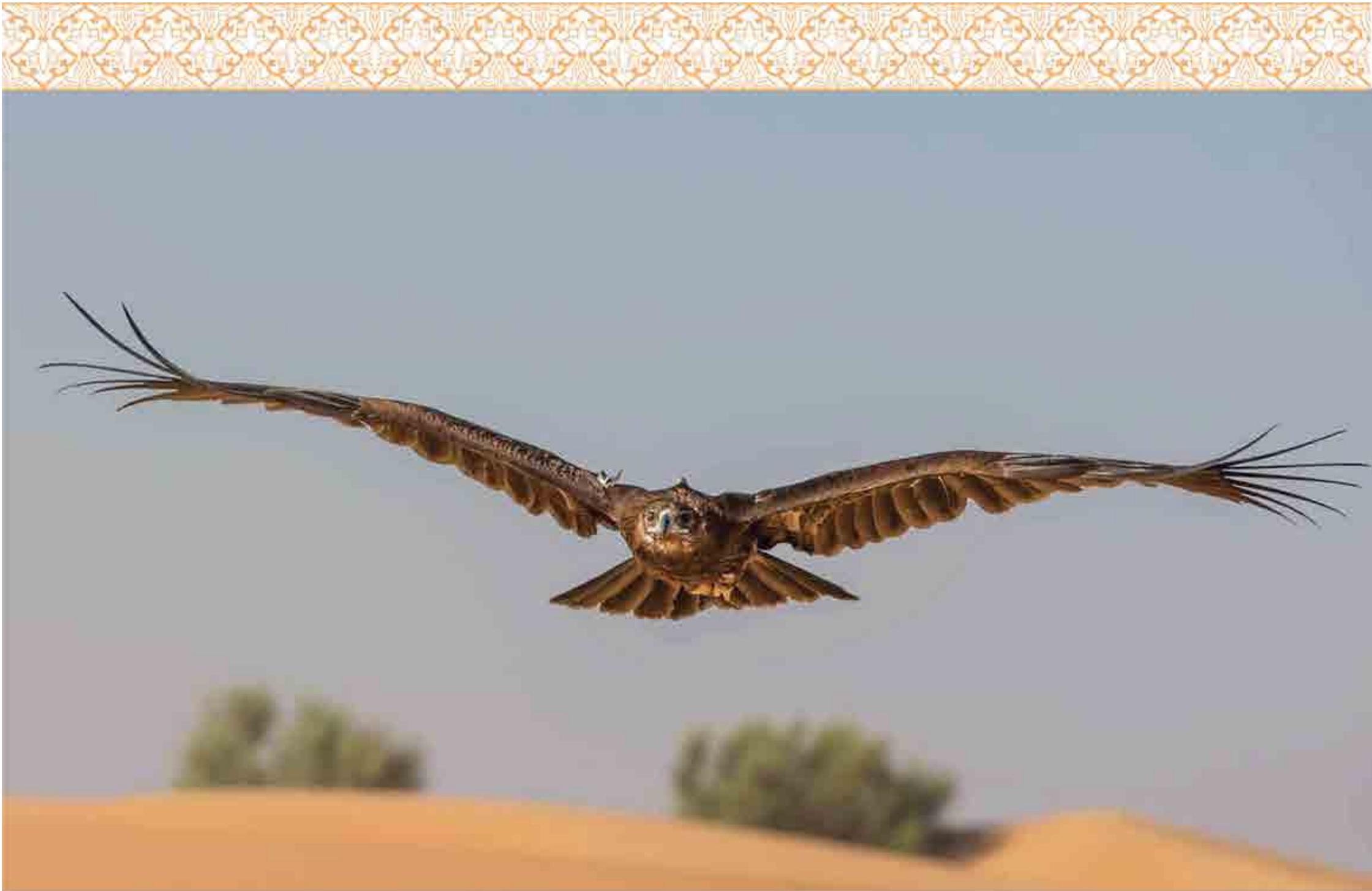
نہیں تیرے نہیں قصہ سطر لکھانی کے آگے نہیں پیر
تو غائب ہیں جیسے آگے پہاڑوں کی چٹانوں میں





کھول آنکھ، زمیں دیکھ، فلک دیکھ، فضا دیکھ،
مشرق سے ابھرتے ہوئے سورج کو ذرا دیکھ،







پرانے میں ایسٹائٹ فلکس بھی فرسودہ
ہر سال چاہیے مگر کو کہ ہوا بھی نوخرین
میرپورکھاس





ثقی حقیقت سے نہ غفلت فکر کی پرواز میں
آنکھ طائر کی نہیں پر رہی پرواز میں
—————



Our Certifications



Nature of Business

The Company has a sugar cane crushing capacity of 12,500 M.Tons per day.

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







Vision

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

Mission

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

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

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





Our Values



Respect
is our way of life



Ownership
is our way to success



Quality
is our legacy



Fairness
is our way of work

*Live Values
Build Culture*





Culture

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

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

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

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

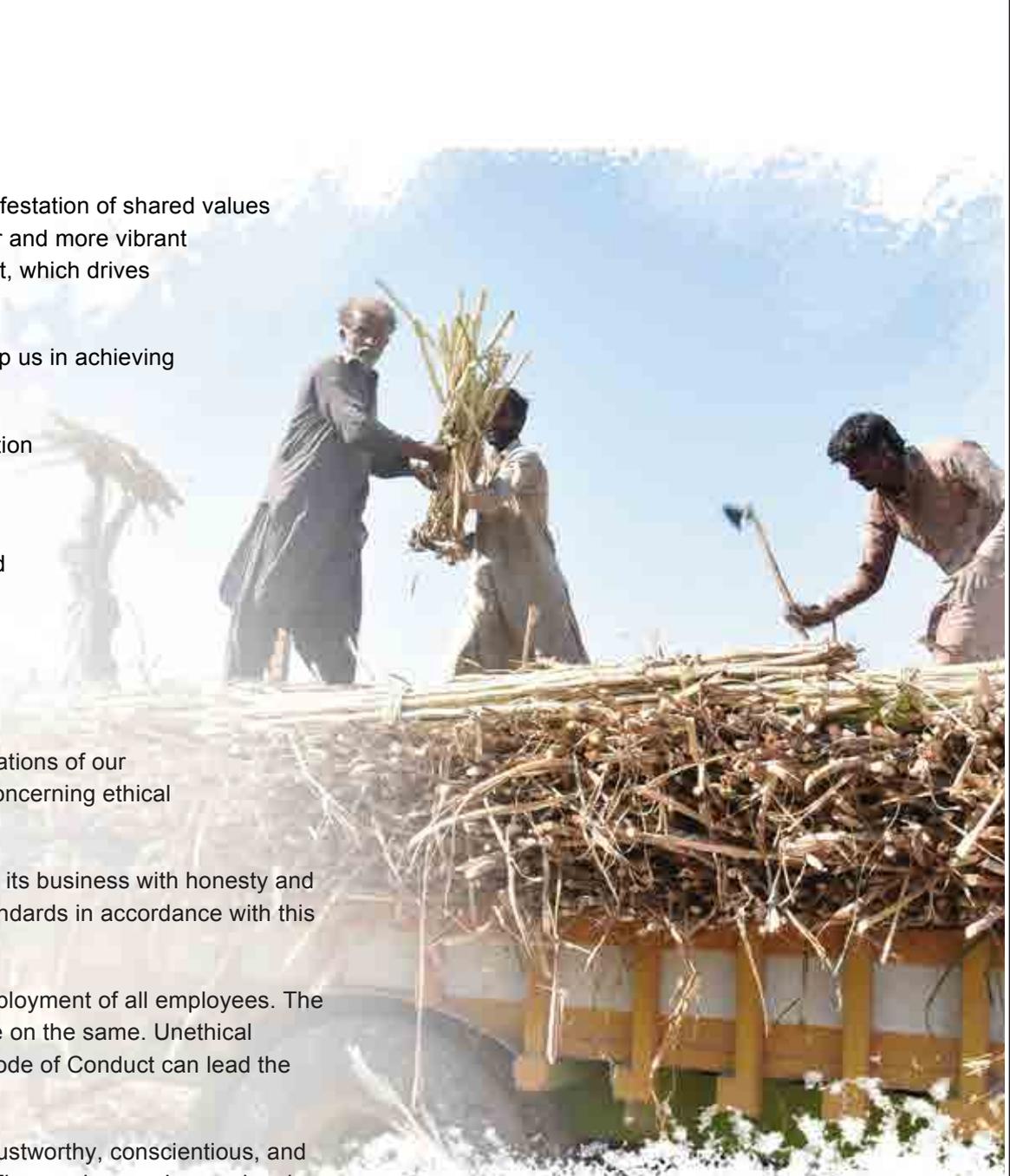
Ethics

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

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

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

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



Code of Conduct

The Code of Conduct of the Company is based on the principles of honesty, integrity and professionalism at every stage.

SCOPE

The code of conduct policy is applicable to every individual working in the Company and its locations.

COMPLIANCE COMMITTEE AND REPORTING OF VIOLATIONS

Mirpurkhas Sugar Mills has established a Compliance Committee to provide advice concerning compliance with the code of conduct. All employees are encouraged to report any suspected violation of this Code of Conduct to their Line Managers (Functional Heads) or Compliance Committee or their respective Executive Director.

Compliance with the Law

The observance of the laws and regulations of the legal systems in which we operate is mandatory for all employees in their dealings with customers, suppliers, competitors, other employees, government bodies and officials.

Competition and Anti-trust Law

Mirpurkhas Sugar Mills obligates its employees for strict compliance with Competition and Anti-trust Laws wherever it operates.

Bribery and Corruption

Mirpurkhas Sugar Mills is committed to conducting its business in an open, honest and ethical manner in all the jurisdictions in which it operates and will not engage in any form of bribery or corruption in order to secure any kind of business advantage.

Money Laundering

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

Product Quality

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

BOOKS, RECORDS AND FINANCIAL REPORTING

The accuracy and completeness of our books, records and financial reporting is of critical importance for Mirpurkhas Sugar Mills. We fulfill all applicable legal obligations with regards to public filings and reporting.

CONFIDENTIALITY

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

DATA PROTECTION AND INFORMATION SECURITY

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

HANDLING AND SAFEGUARDING OF MSM'S PROPERTY

Employees must handle MSM's property (including both tangible & intangible) with due care and in a responsible manner. Mirpurkhas Sugar Mills does not tolerate any unauthorized use or misappropriation of its property or services.

EQUAL TREATMENT AND FAIR WORKING CONDITIONS

Mirpurkhas Sugar Mills is committed to promoting equality of opportunity for all staff and job applicants.

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

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

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

entire value chain of our products and services. We make efficient use of natural resources and minimize the environmental impact of our activities and products over their life cycle.

CONFLICT OF INTEREST

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



Group Structure

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



**Faruque
(Private)
Limited**

Faruque (Pvt.) Ltd

Parent Company

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



**CHERAT
CP
PACKAGING**

Cherat Packaging Ltd

Manufacturer of Kraft Paper, Polypropylene Bags and Flexible Packaging Products

Established in 1991, it is the largest producer and supplier of paper sack and polypropylene (PP) bags to the cement industry in Pakistan. CPL also produces and provides bags to other industries such as sugar, rice and chemical etc. It also produces flexible packing material as through its state-of-the-art facilities. CPL is listed on Pakistan Stock Exchange. The Company has a production capacity of 400 million paper bags, 260 million PP bags and 12.6 million kg flexible packaging products per annum. The Company is in process of expanding its Roto printing capacity to meet increasing customer demands. CPL caters to the domestic as well as export markets and is also a recipient of the prestigious Pakistan Stock Exchange "TopCompanies" Award and Management Association of Pakistan's Best Company Award several times.



**CHERAT
C
CEMENT**

Cherat Cement Company Ltd

Manufacturer of Ordinary Portland Cement

Incorporated in 1981 and its main business activity is manufacturing, marketing and sale of Ordinary Portland Cement. The Company is amongst the pioneers of the cement industry in Pakistan and is the number 1 cement in its region. The Company has an annual installed capacity of around 4.5 million tons. The plant is located at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK) province. Due to plant's geographical position, it is ideally located to export cement to Afghanistan as well as cater the local market needs. The Company is registered on Pakistan Stock Exchange Limited and is also an ISO 9001 and 14001 certified. It is also a recipient of several prestigious awards like South Asian Federation of Accountants (SAFA) Award, Business Excellence award in Export category, Pakistan Stock Exchange Top Companies Award, Management Association of Pakistan's Best Company Award and Best Corporate and Sustainability Report Award. The Company has planned to establish a green field cement plant at D.I.Khan. Recently, the Company has successfully commissioned the state-of-the-art 13.05 MW Solar Power Project at the Plant.

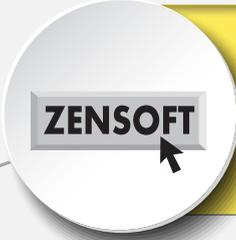


MADIAN

Madian Hydropower Ltd

Joint Venture for establishing 148 MW hydropower plant





ZENSOFT

Zensoft (Pvt.) Ltd

Information Systems Services provider specializing in business software solutions

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

Greaves Pakistan (Pvt.) Ltd

Providing Specialized Engineering Sales and Services

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

Greaves Airconditioning (Pvt.) Ltd

Equipment Suppliers and HVAC Solution Provider

Commencing operations in 1975, this Company is the only HVAC solution provider of its kind and is the sole distributor of York (JCI) products in Pakistan. It is involved in providing a wide array of services related to HVAC equipment that includes designing, installation and maintenance of central and packaged units. Moreover, it has also launched residential light air conditioning units under the brand name of Euro Aire.

Greaves CNG (Pvt.) Ltd

Retail Sale of CNG to end consumers

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

Greaves Engineering Services (Pvt.) Ltd

HVAC Contractors

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



UNICOL
UNICOL LIMITED

Unicol Ltd

Joint Venture Distillery producing Ethanol and Liquid Carbon Dioxide (LCO2)

Unicol was incorporated in 2003 as a public unlisted company having a joint venture with equal shareholding between Faran Sugar Mills Limited, Mehran Sugar Mills Limited, and Mirpurkhas Sugar Mills Limited. All three sponsor companies are listed at the Pakistan Stock Exchange Limited. It is engaged in the production and marketing of the finest quality superfine ethanol being produced from molasses. Unicol produces various grades of ethanol including super fine ENA Anhydrous (99.9%), ENA (>96%), and B Grade (>92%). It is also engaged in the production and marketing of food-grade liquid carbon dioxide (LCO2). Unicol has an installed ethanol capacity of 56,000 MT per annum while LCO2 installed capacity of 18,000 MT per annum, Unicol exports its complete production of ethanol to various regions across the globe. Unicol is the proud recipient of the FPCCI Best Export Performance Award for 2020-21 and 2021-2022.



UniEnergy
Harnessing Nature

UNIENERGY LTD

Joint Venture for Renewable Wind Energy



Company Information

● BOARD OF DIRECTORS

Mr. Arif Faruque
Mr. Aslam Faruque
Mr. Amer Faruque
Ms. Farzana Faruque
Mr. Samir Mustapha Chinoy
Mr. Muhammad Izqar Khan (NIT)
Mr. Wasif Khalid

Chairman
Chief Executive
Director
Director
Director
Director
Director

● AUDIT COMMITTEE

Mr. Samir Mustapha Chinoy
Mr. Arif Faruque
Mr. Muhammad Izqar Khan (NIT)

Chairman
Member
Member

● HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Izqar Khan (NIT)
Mr. Aslam Faruque
Mr. Amer Faruque

Chairman
Member
Member

● CHIEF OPERATING OFFICER & CHIEF FINANCIAL OFFICER

Mr. Wasif Khalid

● COMPANY SECRETARY

Ms. Hina Mir

● HEAD OF INTERNAL AUDIT

Mr. Aamir Saleem

● SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House, 99 - B, Block - B, S.M.C.H.S.
Main Shahrah-e-Faisal Karachi – 74400
Tel: 0800-23275 UAN: 111-111-500
Email: info@cdcsrsl.com

● BANKERS (ISLAMIC)

Askari Bank Ltd.
Al Baraka Bank (Pakistan) Ltd.
Bank Alfalah Ltd.
Bank Islami Pakistan Ltd.
Dubai Islamic Bank Pakistan Ltd.
Faysal Bank Ltd.
Meezan Bank Ltd.
MCB Islamic Bank Ltd.

● BANKERS (CONVENTIONAL)

Allied Bank Ltd.
Bank Al Habib Ltd.
Bank Alfalah Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Samba Bank Ltd.
Soneri Bank Ltd.
United Bank Ltd.

● REGISTERED OFFICE / FACTORY

Sub Post Office Sugar Mill
Jamrao, Umerkot Road
Mirpurkhas, Sindh

● HEAD OFFICE

Modern Motors House
Beaumont Road
Karachi-75530 Pakistan
UAN: +92 - 21-111- 354 -111
Fax: + 92 - 21- 35688036
Web: www.gfg.com.pk/msm/

● EXTERNAL AUDITORS

Kreston Hyder Bhimji & Co.
Chartered Accountants

● COST AUDITORS

UHY Hassan Naeem & Co.
Chartered Accountants

● LEGAL ADVISOR

K.M.S. Law Associates

The Journey so Far



1965-66

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



1968-69

Cane crushing capacity increased to 2,000 TCD



1984-85

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



2001-02

Plant capacity enhanced to 4,500 TCD.



2005-06

Plant capacity enhanced to 5,000 TCD.



2006-07

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



2007-08

Plant capacity enhanced to 5,500 TCD.



2008-09

Achieved sales revenue of over Rs. 2 billion.



2009-10

SAP (ERP) implemented across the Company.



2010-11

Plant capacity enhanced to 6,200 TCD.



2011-12

Company started corporate farming activities in 871 acres land area.



2012-13

Achieved sales revenue of over Rs. 3 billion.



2016-17

Plant capacity enhanced to 8,500 TCD.



2019-20

Effluent Treatment Plant (ETP) successfully in operation resulting in reducing environmental impacts. The Company again secured First position in the Best Corporate and Sustainability Report Award in the sugar sector for 2019 report.

Installed a prefab godown covering 77,000 square feet in area capable of storing 40,000 MT of sugar. Certificate of continued satisfactory operation of the Organization's Management System ISO 9001:2015. Certificate of Compliance with standard of Good Manufacturing Practices (GMP).

Achieved sales revenue of over Rs. 4.5 billion.



2013-14

Plant capacity enhanced to 7,000 TCD.



2017-18

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



2020-21

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

Achieved sucrose recovery of 10.63%



2015-16

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



2018-19

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

Implemented Occupational Health & Safety Management System ISO 45001:2018 certified.



2021-22

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



UNICOL LIMITED HAS A PRODUCTION CAPACITY OF 200,000 LITERS PER DAY

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

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

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

Furthermore, Unicol has invested in purification and liquification of CO₂ which is a by-product. This plant, designed by Tecno Project Industriale,

Italy, (www.technoproject.com) is in production since June 2014. The CO₂ plant has a capacity of 72 metric tons per day (18000 metric tons annually).

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

PRODUCTS

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

Awards and Recognition

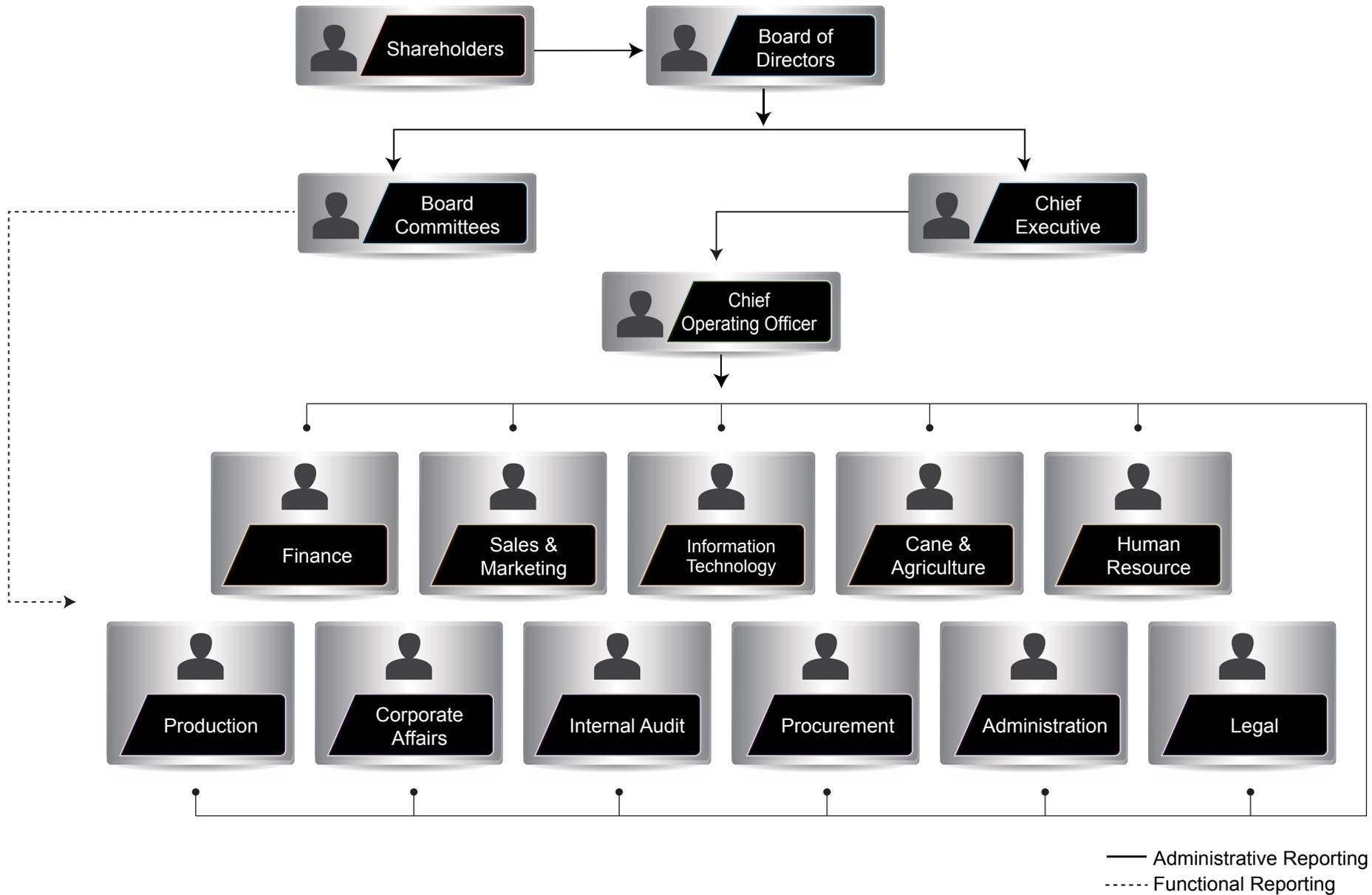
Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18. The Company was also awarded with 44th & 45th Export Award Certificate from FPCCI in the year 2020-21 & 2021-22.



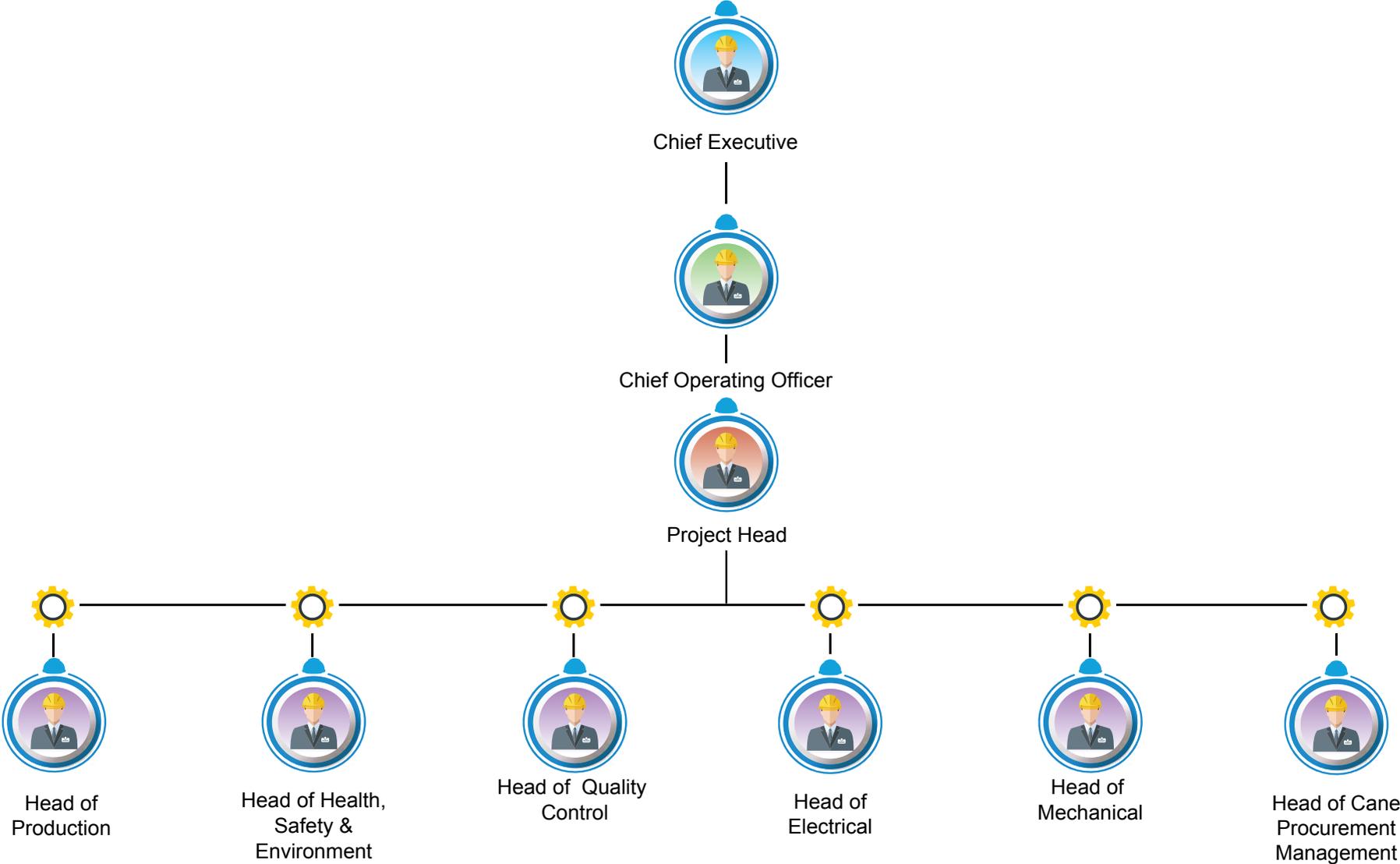
Geographical Presence



Organisational Structure

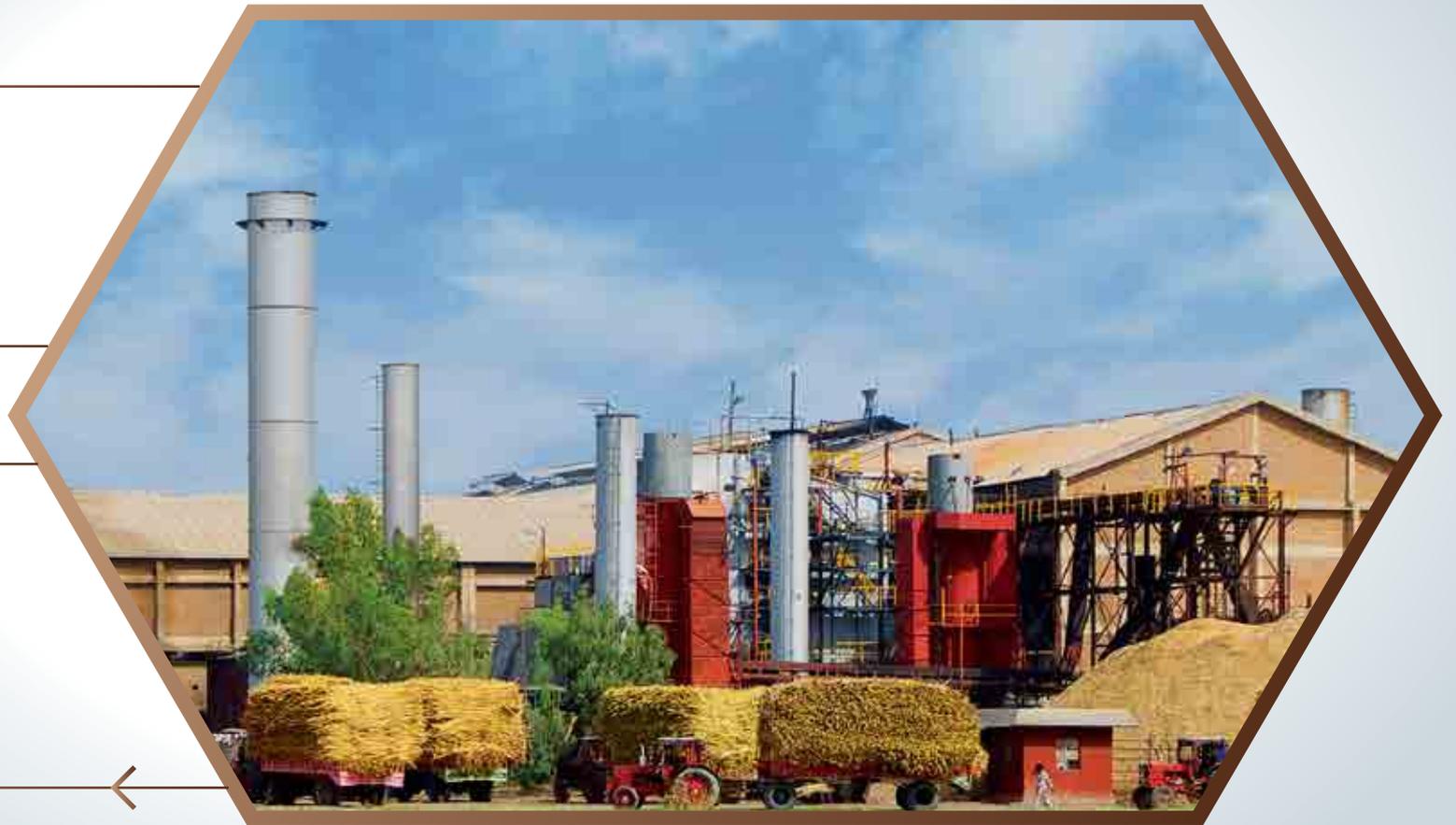


Factory Site Organizational Structure



Position within the Value Chain





Mirpurkhas Sugar Mills Limited

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

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

Factor	POLITICAL	ECONOMIC	SOCIAL
Description	<ul style="list-style-type: none"> - Political factors determine the extent to which government may influence the economy or a certain industry. - Political uncertainty and inconsistent policies generally impact organizations negatively. 	<p>Economic factors are connected with goods, services, and money. These variables refer to financial state of the economy on a macro level.</p> <ul style="list-style-type: none"> - Interest rates - Exchange rates - Recession / Pandemic - Inflation - Taxes - Demand / Supply - Low economic growth impacts the Organization negatively 	<p>Corporate Social Responsibility factors:</p> <ul style="list-style-type: none"> - Providing safe and clean work environment - Charity and donation - Supporting the local community in healthcare and education - Safe and healthy environment - Demographic change - Devastating flood that caused massive damage to the properties and displacement of people.
Significant Change From Last Year	<ul style="list-style-type: none"> - Political uncertainty 	<ul style="list-style-type: none"> - Increase in raw material cost - Increase in labor cost - Devaluation of PKR against USD - Unstable discount rate - Decelerated economy - Increased inflation 	<ul style="list-style-type: none"> - Make HSE department more rigorous - Effects of flood resulting in increase in poverty
Organization's Response	<p>Management keeps a close eye on the political developments through discussion and engagement with relevant authorities on future policies and measures including changes in duty structures, taxes and other levies to mitigate any unwarranted affect.</p> <p>Industry issues are dealt through the association.</p>	<p>Sugarcane is a major raw material for sugar production and constitutes 82% of manufacturing cost. Sugarcane price is regulated by Provincial Government. Higher cost of sugarcane makes the sugar mills less competitive to operate. Company is utilizing its capacity at optimum level and produce sugar at high recovery. However, devaluation of currency, inflation factor and increased variable costs impact the bottom line of the Company. Company keeps on applying cost effective measures to manage inflationary pressure.</p>	<p>Company donates to various social and charitable causes including towards health, education and social sectors. The Company actively participates in various social work initiatives as part of its corporate social responsibility.</p> <p>The Company has also implemented ISO 45001 (Occupational Health and Safety) to comply with HSE international standards.</p> <p>The Company has participated in various post flood relief measures in the locality of its mill.</p>

Factor	 TECHNOLOGICAL
Description	<ul style="list-style-type: none"> - Risk of technical obsolescence - Introduction of new technology by competitors - Primitive farming techniques
Significant Change From Last Year	<ul style="list-style-type: none"> - Revamping network system - Product Innovation.
Organization's Response	<p>Keeping in view the technological advancements, the Company has always given priority to latest developments to improve efficiency and build capacity. The Company has installed latest machinery at its production site and keeps it updated to meet the latest technological standards.</p> <p>Further, the Company invests in robust hardware and software as and when needed and is running world renowned SAP (ERP system). The company is in the process of implementing SAP success factor system for better human resource management.</p> <p>The Company is also in the process of conversion to SAP S4 Hana system from current SAP ECC 6 version. SAP S/4HANA is designed with SAP HANA database and its in-memory computing capabilities in mind and provides multiple benefits that will improve the system efficiency. The high speed of transaction processing and reporting will benefit the Company in achieving its objectives in a better way.</p> <p>The Company is focused on helping the farming community to improve crop yields ensuring better returns and is also working on experimental farms with different seeds.</p>

Factor	 LEGAL
Description	Companies are required to abide by various laws and regulations. Every responsible company must follow all rules and regulations laid by the Government.
Significant Change From Last Year	<ul style="list-style-type: none"> - Companies Act - Income Tax Ordinance - Sales Tax Act - Pakistan Stock Exchange listing regulations - Acts, Rules and Regulations issued by SECP - Code of Corporate Governance - IFRS Amendments - Sugar Factories Control Act 1950. - Industrial relations laws etc.
Organization's Response	The Company strongly abides by all Acts, listing rules and regulations applicable on it. In this connection consistent efforts are put by the management to fulfill every legal aspect.

Factor	 ENVIRONMENTAL
Description	<ul style="list-style-type: none"> - Adverse weather condition - Growing attention to environmental protection - Climate changes - Natural Disasters - Implementation of proper HSE and Environment Standards within an organisation. - Floods
Significant Change From Last Year	Implementation of proper HSE and Environment Standards within an organization.
Organization's Response	<ul style="list-style-type: none"> - The Company has strived to work for the betterment of the environment. - The Company has complied with NEQS as required in SEPA Act and has also implemented ISO 14001 (Environmental Management). - The effluent is being treated by successful installation and operation of effluent treatment plant (physicochemical and biological, activated sludge process). - Pre-treatment of effluent, oil skimmer followed by gravity oil separator at drain are installed to remove oil contamination from waste water - The plant is equipped with bagasse consumption boilers in order to minimize air pollution. - Further plant is equipped with bagasse dryers, Ash removing and collecting system for energy conservation and improvement of air quality. - Every year 2,000 to 3,000 trees planted in mills area & surrounding to improve shared environment

Seasonality of Business

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

Competitive Landscape & Market Positioning

Over the decades, Mirpurkhas Sugar Mills Limited (MSM) has evolved itself as one of the top quality sugar producer in Pakistan. With the daily crushing capacity of 12,500 MT, MSM is among the top sugar mills of Sindh Province.

POWER OF SUPPLIERS

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

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

POWER OF CUSTOMERS

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

COMPETITION

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

THREAT OF NEW ENTRANTS

There is a low risk of new entrant in domestic sugar industry due to the fact that it is capital intensive industry. Less availability of sugarcane

with already large number of sugar mills in Pakistan makes the market unattractive for new players. The sugar sector production capacity is already under-utilized and new entrants would have to face extensive regulatory requirements / approvals.

THREAT OF SUBSTITUTE PRODUCT

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

Key Elements of Business Model

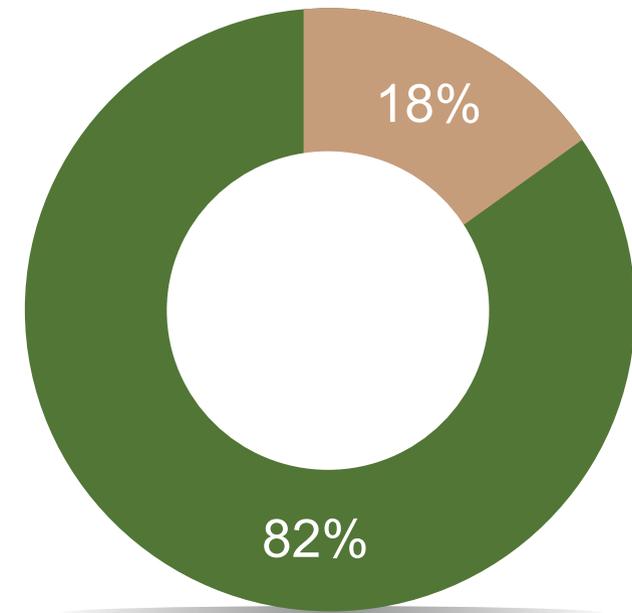
The key elements of business model of the Company includes:

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

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

Composition of Sugarcane Cost vs. Other Manufacturing Cost

for the year ended September 30, 2022



■ Sugarcane Cost ■ Other manufacturing cost

Sugarcane cost and other manufacturing cost represents 82% and 18% of total cost of production respectively.

Significant Development and Changes

Following significant developments took place during the year:

- The Company has achieved Sucrose Recovery of 10.85%.
- During the year 2021/22, the Company contributed approximately Rs.576 million to the national exchequer in the form of taxes and levies.
- In order to further diversify its operations, the Company has invested in paper and board project. The project will serve to enhance the business prospects of the Company by making it even less reliant on sugar production, while benefiting from the synergies with the same. All the machine installation and machine related civil works are completed. The trials will be completed by December 2022 and commercial production is expected to be commenced from March 2023.
- From the start of crushing season 2021-22, Track and Trace System has been implemented by FBR on sugar sector to ensure electronic monitoring of manufacturing and sales of sugar. Through this, tax stamps will be placed on every sugar bag produced and no dispatch can be made from sugar mill without affixing the stamps. The company was among first few mills in Sindh that implemented the Track and Trace System. The system is being followed for current season as well.

Recognition

**Best Corporate and Sustainability Report Award
ICAP, ICMAP for 2018, 2019, 2020 and 2021.**

The Company secured First position in Best Corporate and Sustainability Report Award in the Sugar sector for 2018, 2019, 2020 and 2021 consecutively, jointly organized by Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.



A hand holding a gear against a blue sky background. The gear is dark and the hand is in silhouette. The background is a clear blue sky with a bright light source, possibly the sun, creating a lens flare effect. The overall image has a warm, golden-brown tint at the bottom.

Strategy and Resource Allocation

Strategic Objectives	40
Management Strategies and Resource Allocation Plan	41
Liquidity Strategy	42
Significant Plans and Decisions	42
Political environment where the organization operates	43
Legitimate needs, Interest of Key Stakeholders, Industry trends	43
The legislative and regulatory environment in which the organization operates	43
Key Resources and Capabilities	44
Effect of technological changes, societal issues and environmental challenges	46
Specific Processes used to Make Strategic Decisions	47
SWOT Analysis	48

Strategic Objectives

CORE OBJECTIVE

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

SHORT TERM, MEDIUM TERM AND LONG TERM OBJECTIVES

Following are the main strategic objectives of the Company:

SHORT TERM OBJECTIVES

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

MEDIUM TERM OBJECTIVES

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

LONG TERM OBJECTIVES

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



Management Strategies and Resource Allocation Plan

CORE STRATEGY

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

STAKEHOLDERS VALUE

Resource Allocated

Human Capital

Manufactured Capital

Intellectual Capital

Financial Capital

Social and Relationship Capital

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

MARKETING TARGETS

Resource Allocated : Financial Capital

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

STAKEHOLDERS RELATIONSHIPS AND SOCIAL RESPONSIBILITY

Resource Allocated : Social and Relationship Capital

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

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

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

FINANCING FACILITIES

Resource Allocated : Financial Capital

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

HUMAN RESOURCE EXCELLENCE

Resource Allocated : Human Capital

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

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

SAP ERP SOLUTION

Resource Allocated : Intellect Capital

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

EFFICIENCIES

Resource Allocated : Manufactured and Financial Capital

Lower availability of sugarcane in operational area of our Company resulted in higher procurement cost. Company was able to control its procurement costs at an optimum level and resulted to close its procurement price at a minimum level for the Season 2021/22. On the other hand, Company proved successful in utilizing its plant capacity during the peak crushing periods, which resulted in effective cost control and higher production of sugar.

EFFECTIVENESS

Resource Allocated : Human Capital

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

CUSTOMERS SATISFACTION

Resource Allocated : Social and Relationship Capital

Another prime objective of the management is customer satisfaction for which management takes every step to ensure high quality customer care and product quality. The Company has secured GMP-21 CFR 110 that covers the standards of manufacturing, packing and handling of Food / White Refined Sugar. Moreover, Company has successfully implemented Quality Management System (QMS) ISO 9001-2015, Environment Management System ISO 14001-2015 and HALAL Food Certification.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES

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

Liquidity Strategy

CURRENT LIQUIDITY POSITION

The Company has a legacy of making timely payments to all its vendors, especially sugarcane growers, in order to ensure smooth supply of sugarcane during the season. Company has financing arrangements with leading conventional and Islamic Banks of Pakistan at very competitive rates. The Company reviews its liquidity position on a daily basis for

effective fund utilization, and to keep finance cost at minimum possible levels. Due to the seasonal nature of sugar industry, Sugar is produced during the Season of four months and sold during season and off season. Company endeavors to achieve better sugar prices in order to maintain its gross margins.

The Company has short term financing facilities of Rs.5,650 million and long term loans of Rs.2,578.83 million. The gearing of the Company is maintained at satisfactory level. The Company has a sustainable growth and business stability. Company was able to achieve cash flow savings during the current financial year due to effective cash flow management and minimizing operational costs. Adequate debt and equity ratio is maintained.

FINANCIAL ARRANGEMENTS

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

Significant Plans and Decisions

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

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

PAPER AND BOARD MILL

In order to further diversify its operations, the Company has invested in paper and board project. The project will serve to enhance the business prospects of the Company by making it even less reliant on sugar production, while benefiting from the synergies with the same, e.g., significantly lower energy costs. The trials will be completed by December, 2022 and commercial production is expected to be commenced from March, 2023.



Political environment where the organization operates

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

Legitimate needs, interest of key stakeholders, industry trends

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

The legislative and regulatory environment in which the organization operates:

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

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

Key Resources and Capabilities:

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

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

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



Value Created by The Business using These Resources and Capabilities:

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

Values



Effect of Technological Changes, Societal Issues and Environmental Challenges



TECHNOLOGICAL CHANGES

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



SOCIETAL ISSUES

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



ENVIRONMENTAL CHALLENGES

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

Specific Processes used to Make Strategic Decisions

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

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

SPECIFIC PROCESSES USED TO ESTABLISH AND MONITOR CULTURE OF THE ORGANIZATION

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

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

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability,

political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

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

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

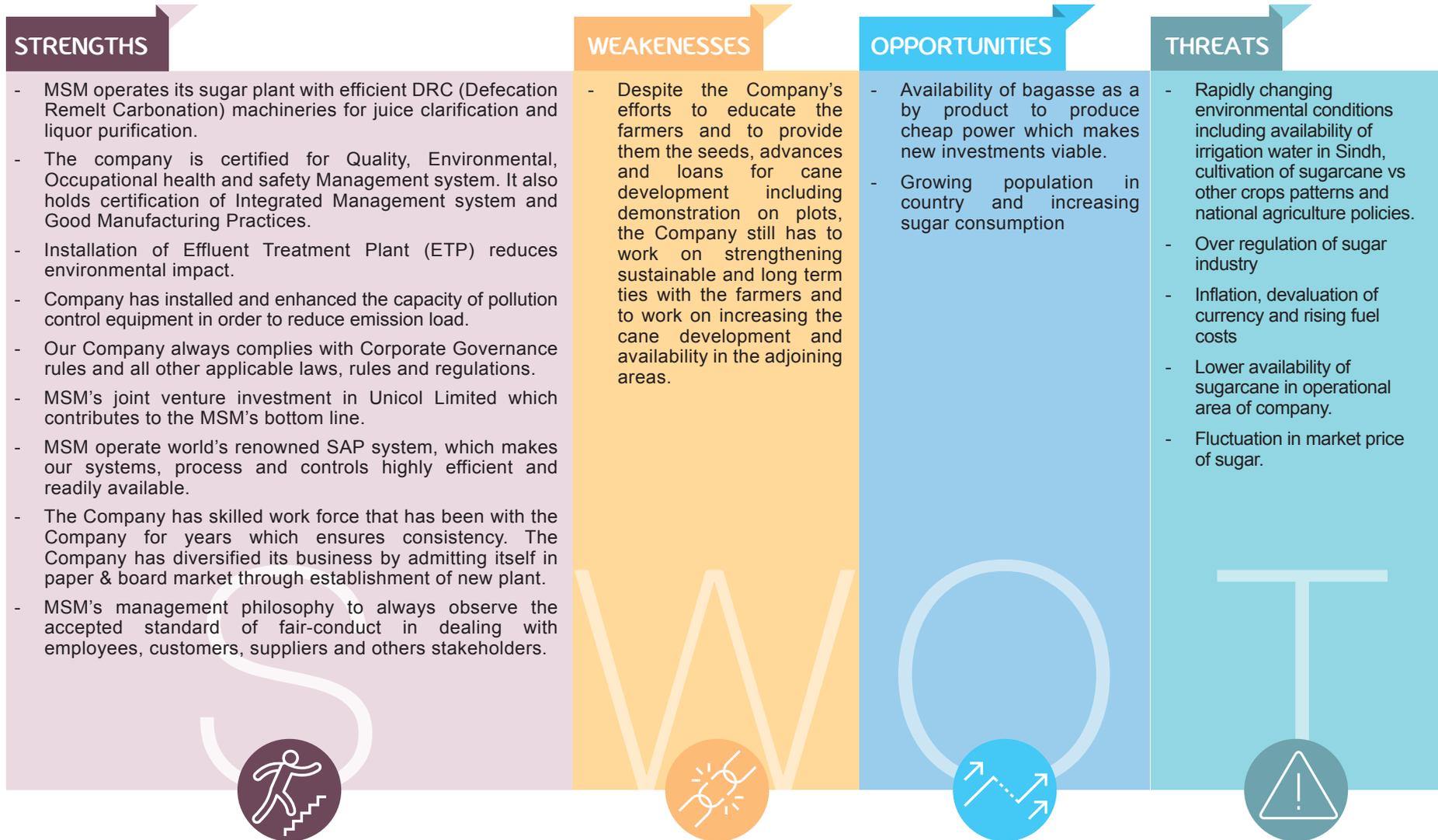
COMPANY'S ATTITUDE TO RISK AND MECHANISMS FOR ADDRESSING INTEGRITY AND ETHICAL ISSUES

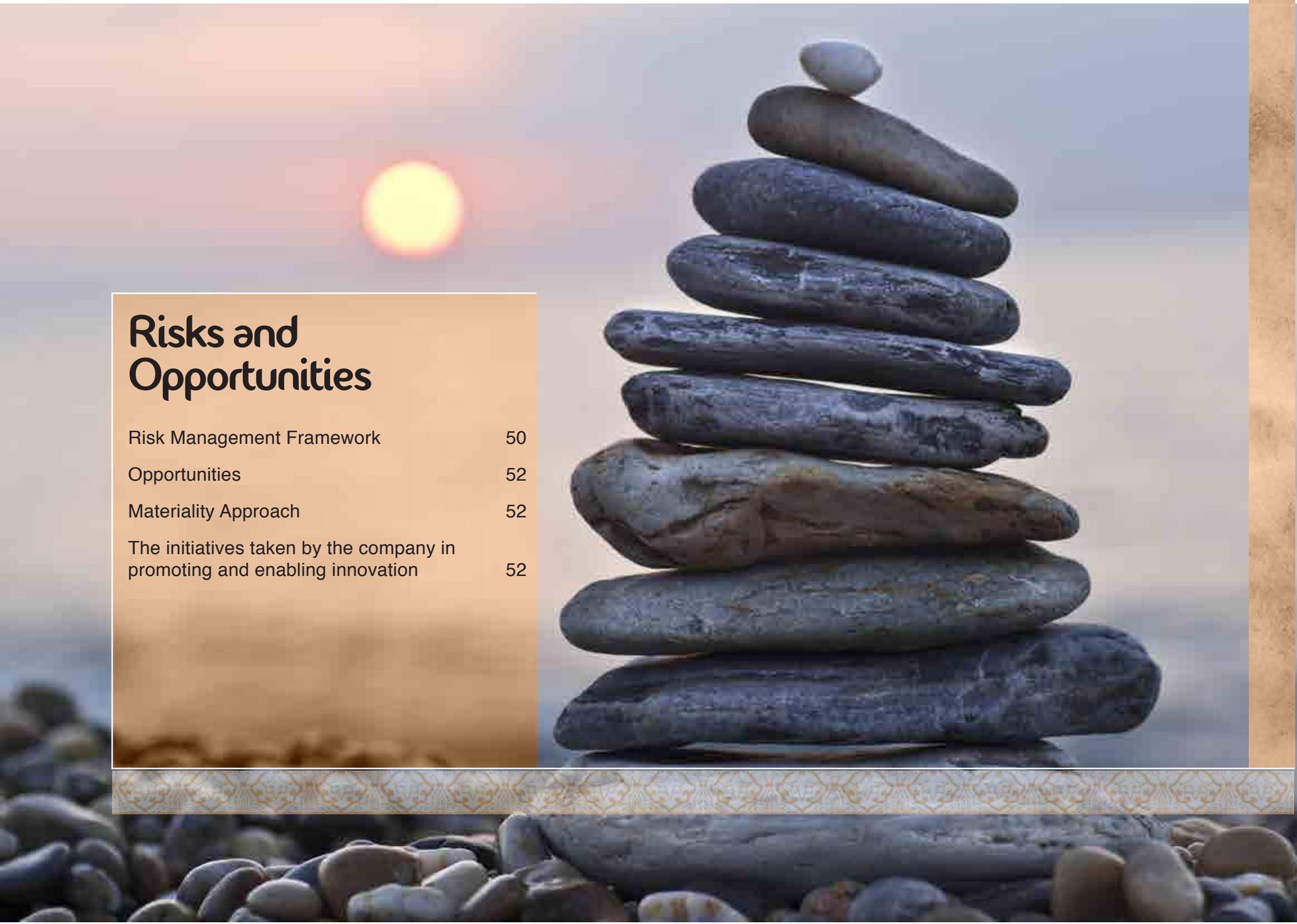
Mirpurkhas Sugar Mills Limited has developed robust policy of addressing integrity and ethical issues in shape of its Whistle Blowing Policy.



SWOT Analysis

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





Risks and Opportunities

Risk Management Framework	50
Opportunities	52
Materiality Approach	52
The initiatives taken by the company in promoting and enabling innovation	52

Risk Management Framework

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

RISKS

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

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

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

Risk & Risk level	Area of Impact	Source	Risk Description	Risk Mitigating Controls
Relationship with farmers Risk Level : High	Financial capital Relationship Capital	External	Sugarcane is the main raw material for sugar production and contributes approx. 82% to 90% of the total cost of production. Any disturbance in its timely availability will have a substantial impact on the operational cost. This in turn has a significant adverse effect on costs since the market value does not factor the variable cost determined by the climatic conditions and the sugarcane economics. The extent of volatility in raw material quality is another key element.	The Company always maintains healthy relationship with its farmers. The risk of raw material short supply and quality is mitigated to a large extent by educating farmers with latest sugarcane cultivating techniques, practical application by demonstration plot at farmer's lands combined with Company's goodwill, long term relationship and reputation for ethical dealings earned by the Company since inception. The Company also provides harvesting advance to growers.
Government Policy Risk Risk Level : High	Relationship Capital Financial Capital	External	Provincial government regulates the sugarcane policies and it has a larger control on this industry by determining the raw material price and also influence the sugar mills operational commencement through various statutes. The Federal government regulates the export of sugar. Hence, a sugar company's credit risk profile is vulnerable to government policies. These policies influence cost of production of sugar through regulated sugarcane pricing and revenue through its regulated export / import permissions.	The Company works closely with the association developing appropriate policy recommendations to represent the industry needs to the Federal and Provincial governments.
Commodity Risk Risk Level : High	Financial Capital Manufactured Capital	External	The sugar price is determined by the market forces through demand and supply both in domestic and international markets. Hence due to cyclical nature of sugar business gluts and shortages affect revenues.	The Company insulates itself against price risk by diversifying its revenue sources. While adding more value added products like Ethanol production as value added downstream products being produced from by-products of sugar production i.e. molasses and exploring the alternate use of energy through bagasse that is available with the sugar mill after meeting its own production requirement.

Risk & Risk level	Area of Impact	Source	Risk Description	Risk Mitigating Controls
Location Risk Level : Moderate	Financial Capital	Internal	Freight is an important cost element. Factories close to high-yielding sugarcane farms are in a better position to procure sugarcane at minimum freight cost.	Company always endeavors to procure sugarcane first from its close proximity areas and maintains an optimum supply mix from subsidy and non-subsidy areas in order to minimize the procurement cost.
Credit Risk Risk Level : Moderate	Customer relationship	External	Traditionally, sugar sales have been routed through dealers on advance terms of payment. In order to pursue the objective of market penetration, Institution buyers are extended credits. There is a risk factor of default in payments by customers thus could cause a financial loss.	The Company regularly analyzes the Credit risk worthiness of the Customers and extends credit accordingly. Where necessary postdated cheques are taken from credit customers. The Company has fromal credit policy in place.
Working capital management Risk Level : High	Financial Capital	Internal	While sugarcane procurement is concentrated between November to April every year, whereas, the sale of sugar lasts throughout the year. Therefore, Company needs to efficiently manage its working capital requirements considering the sugarcane procurement price and fluctuating prices of sugar.	Company effectively manages its Credit lines with the banks and retains sufficient financing arrangements with banks at the minimal borrowing costs in order to manage its working capital requirements.
Employee Turnover Risk Level : Moderate	Human Capital	Internal	Key employees and workers are the most important Corporate Assets. Frequent turnover affects Company's operating performance significantly.	Company values its employees as essential human assets and provides congenial environment and growth opportunities. Company has robust succession plan in place to effectively manage employee turnover rate.
Natural Catastrophe Risk Level : Low	Manufactured Capital	External	Destruction of manufactured facility due to natural disaster.	The Company has comprehensive Insurance cover in case of any catastrophic event. Further, the Company has taken into account every possible aspect of safety measures during construction and erection of building and plant. Company has well established disaster recovery plan and data backup facility to cope-up uncertain events.

Opportunities

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

Materiality Approach

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

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

The initiatives taken by the company in promoting and enabling innovation

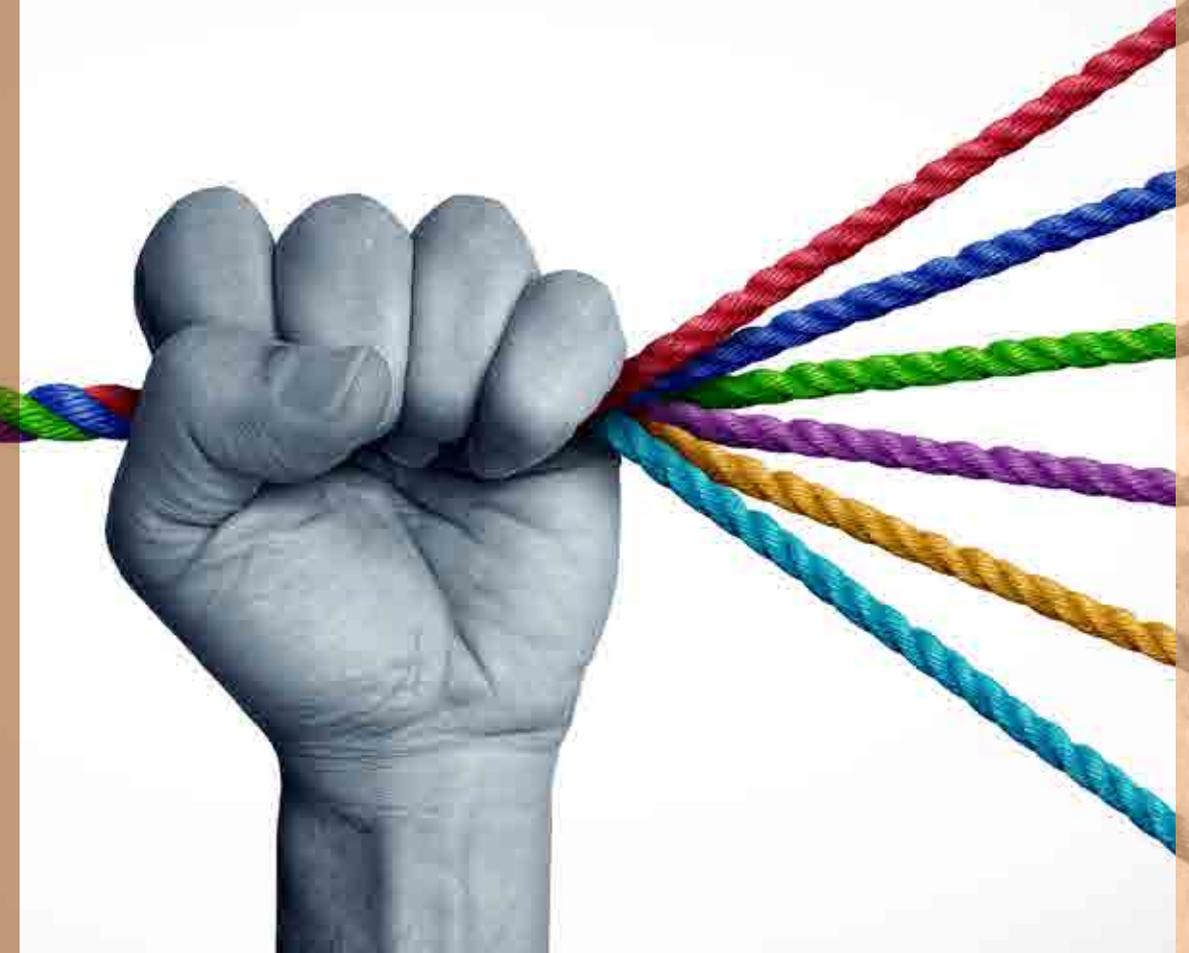
Mirpurkhas Sugar Mills has been a front runner in innovation. Historically, the cane survey was done through visits of various circles and gathering the data manually to assess the cane crop. However, since last year, management has taken the initiative to conduct cane crop survey through drone technology.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

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

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

Governance

Notice of Annual General Meeting	54
Directors' Profiles	56
Chairman's Review.....	59
Directors' Report to the Members.....	61
Board Meetings Held Outside Pakistan.....	66
Annual Evaluation of Board, Committees and Individual Members.....	66
Matters Delegated to the Management	66
Directors' Orientation and Training	66
Governance Practices Exceeding Legal Requirements	66
Female Director.....	67
Independent Directors	67
Investors' Grievance Policy	67
Statement of Managements Responsibility towards the Preparation and Presentation of Financial Statements and Directors Compliance Statements	67
Diversity Policy.....	67
Governance of Risk Internal Control	67
Policy on Non-Executive and Independent Directors' Remuneration	68
Understanding Shareholders' Views.....	68
Related Party Transactions Policy.....	69
Social and Environmental Responsibility Policy.....	73
Human Resource Policies	74
Safety of Records Policy	75
Conflict of Interest Policy.....	76
Whistle Blower Policy.....	77
Insider Trading Policy.....	78
Independent Auditors' Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019	80
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	81
Role and Responsibilities of the Chairman and the Chief Executive Officer.....	83
Salient Features of Terms of Reference of the Audit Committee and the Human Resource & Remuneration Committee	84
Report of the Audit Committee	86



Notice of Annual General Meeting

Notice is hereby given that the 58th Annual General Meeting of Mirpurkhas Sugar Mills Limited will be held on Saturday, January 21, 2023 at 10:00 a.m. at the Registered Office of the Company at Factory premises, Jamrao, Umerkot Road, Mirpurkhas, Sindh to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the annual general meeting held on January 27, 2022.
2. To receive and consider the Audited Accounts of the Company for the year ended September 30, 2022 with the Directors' and the Auditors' Reports thereon.
3. To consider and approve the issuance of Bonus Shares in proportion of 15 shares for every 100 shares held i.e. 15% for the financial year September 30, 2022 as recommended by the Board of Directors. Further, all fractions of bonus shares shall be consolidated and disposed of in the stock market and the proceeds of the same shall be paid to a charitable institution.
4. To appoint Auditors for the year 2022/23 and to fix their remuneration.
5. To elect seven (7) Directors of the Company as fixed by the Board of Directors u/s 159(1) of the Companies Act, 2017. The names of retiring Directors are (1) Mr. Arif Faruque (2) Mr. Aslam Faruque (3) Mr. Amer Faruque (4) Ms. Farzana Faruque (5) Mr. Muhammad Izqar Khan (6) Mr. Samir Mustapha Chinoy (7) Mr. Wasif Khalid.
6. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

7. To consider and approve the following resolutions as Special Resolution:
 - a) "RESOLVED that the transactions carried out in the normal course of business with related parties and associated companies as disclosed in Note 42 of the Financial Statements during the year ended September 30, 2022, be and are hereby ratified and approved."
 - b) "FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve all transactions to be carried out in the normal course of business with related parties and associated companies during the ensuing year ending September 30, 2023."

A statement under section 134 of the Companies Act, 2017, pertaining to the above-mentioned Special Business, is attached with the notice.

By Order of the Board of Directors



Hina Mir

Company Secretary

Karachi: December 16, 2022

NOTES:

1. The register of members of the Company will be closed from Friday, January 13, 2023 to Saturday, January 21, 2023 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Share Registrar of the Company, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 at the close of business on Thursday, January 12, 2023 will be treated in time for the above entitlement.

2. A member of the Company eligible to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.
3. The AGM proceedings will also be held via video through ZOOM application (a video link conferencing facility). Shareholders interested to participate in the meeting are requested to email required information with subject "Registration for Mirpurkhas Sugar Mills Limited AGM" along with valid copy of both sides of Computerized National Identity Card (CNIC) at cdcsr@cdcsrsl.com Shareholders are advised to mention their Full Name, Folio/CDC Account Number, CNIC Number, active email address and mobile number. Video link details and login credentials will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.
4. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.
5. Members of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original Computerized National Identity Card along with their account number in CDS and participant's ID number for verification.
6. Members of physical shares are requested to notify any change in their addresses to the Company's Share Registrar. Whereas, shareholders of CDC Accounts are requested to immediately notify any change in their addresses to their respective CDC Participant / Broker / CDC Investor Account Services.
7. According to Section 119 of the Companies Act, 2017, and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile / telephone numbers, occupation, etc. to CDC Share Registrar Services Limited immediately to avoid any non-compliance of law or any inconvenience in future.
8. Members of physical shares who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.
9. As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP. The Shareholders having physical shareholding are accordingly required to open their account with investors account services of CDC or sub account with any of the brokers and convert their physical shares in book entry form. This will facilitate the shareholder in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.
10. Shareholders are hereby reminded that Section 242 of the Companies Act, 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into the bank accounts of the shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in E-Dividend Mandate Form available on the Company's website i.e. www.gfg.com.pk/msm/ and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. CDC Share Registrar Services Limited in case of physical shares. In case shares are held in CDC, then E-Dividend Mandate Form must be submitted directly to shareholder's broker/participant/CDC investor account services. In case of non-submission of IBAN, the Company will withhold the payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017. Further, the

information regarding gross dividend, tax/zakat deduction and net amount of dividend will be provided through the Centralized Cash Dividend Register (CCDR), therefore, shareholders should register themselves to CDC's eServices Portal at <https://eservices.cdcaccess.com.pk>.

11. In compliance of Section 244 of the Companies Act 2017, once the Company has completed stipulated formalities, any unclaimed dividend and /or shares that have remained outstanding for a period of three years from the date of becoming due and payable or more shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares). Shareholders who by any reason could not collect and remained their unclaimed dividend/shares are advised to contact our Share Registrar of the company to collect/inquire about their unclaimed dividend or shares, if any.
12. With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP; shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to our Share Registrar to update the record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if shareholders, in addition, request for hard copy of Audited Financial Statements, the same shall be provided free of cost within seven (7) days of receipt of such written request.
13. Members can also avail video conference facility, in this regard, please fill the following and submit to the Head Office of the Company seven (7) days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least seven (7) days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, _____ of _____, being a member of Mirpurkhas Sugar Mills Limited, holder of _____ ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____".

14. Members may exercise their right to vote by means of postal ballot i.e. by post or through electronic mode subject to the requirements of section 143 and 144 of the Companies Act, 2017. Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of Special Business and election of directors, if the number of persons who offer themselves to be elected is more than the number of directors fixed under section 159(1) of the Companies Act, 2017, members will be allowed to exercise their right to vote through postal ballot / electronic mode in accordance with the requirement and procedures contained in the aforesaid Regulations. The schedule and procedure of postal ballot/electronic voting shall be placed on the Company's website i.e. www.gfg.com.pk/msm/ seven (7) days before the meeting.
15. Any member who intends to contest the election for the office of the Directors or otherwise, shall file with the Company at its Head Office not later than fourteen (14) days before the date of the Annual General Meeting, a notice of his/her intention to offer himself/herself for election as Director in terms of Section 159(3) of the Companies Act, 2017 along with (a) consent to act as director on Form 28, duly completed and signed by the candidate; (b) a detailed profile along with office address for placement on the Company's website seven (7) days prior to the date of the AGM, in terms of SRO 1196(I) of 3rd October 2019; and (c) declaration / undertaking in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017.

Statement Under Section 166 of the Companies Act, 2017 - Regarding Independent Directors

Independent Directors shall be selected in accordance with the applicable criteria set out for independence under section 166 of the Companies Act, 2017 and the Companies (matters and selection of independent directors) Regulations, 2018. Further, the Regulations issued there under and their names should be listed on the databank of independent directors maintained by Pakistan Institute of Corporate Governance. However, the Candidate shall be elected in the same manner as other directors are elected in terms of Section 159 of the Companies Act, 2017.

Statement Under Section 134 of the Companies Act, 2017

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on Saturday, January 21, 2023. The approval of the Members of the Company will be sought for:

During the financial year ended September 30, 2022, the Company carried out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulation. Related party transactions require shareholders' approval under sections 207 and 208 of the Companies Act, 2017. Such transactions are being placed before the shareholders for their approval through special resolution proposed to be passed in the Annual General Meeting.

The shareholders are requested to ratify the transactions which have been disclosed in Note no. 42 of the Financial Statements for the year ended September 30, 2022 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending September 30, 2023.

Party wise breakup of transactions as disclosed in Note no. 42 of the Financial Statements for the year ended September 30, 2022 is given below:

Name of Related Party	Nature of Transaction	Amount (Rs.)
Zensoft (Private) Limited	Services paid	10,236,060
Greaves Airconditioning (Private) Limited	Services paid	1,986,311
Greaves Airconditioning (Private) Limited	Purchase made	2,224,585
Greaves Pakistan (Private) Limited	Services paid	1,268,199
Greaves Pakistan (Private) Limited	Purchase made	3,504,344
Cherat Cement Company Limited	Dividend Income	4,809,096
Cherat Packaging Limited	Purchase made	58,959,439
Cherat Packaging Limited	Dividend Income	10,552,450
Unicol Limited	Sales made	716,470,093
Unicol Limited	Dividend Income	325,000,000
P.F/G.F	Charge for staff Provident and Gratuity Fund	9,679,348

Directors' Profile

Mr. Arif Faruque Chairman

Mr. Arif Faruque is a Swiss - qualified Attorney-at-Law, also holds Masters Degrees in both Law and Business Administration from the USA and is currently enrolled in the OPM Program at Harvard Business School. He is the Chief Executive of Faruque (Pvt.) Ltd. as well as Madian Hydro Power Ltd. He is on the Board of Directors of Cherat Packaging Ltd., Cherat Cement Company Ltd. and UniEnergy Ltd. Besides the above, he is also a member of the Board of Governors of Lahore University of Management Sciences.

Mr. Amer Faruque Director

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

Mr. Muhammad Izqar Khan Director (NIT)

Mr. Muhammad Izqar Khan presently posted as Executive Director, State Life Insurance Corporation of Pakistan.

Mr. Izqar joined State Life in 1995. He has vast professional experience in Senior Management positions in diversified field such as Administration, Marketing, Audit & Accounts, Investment, Real Estate and Financial matter. He possesses degrees acquired from UK London i.e. MBA, ACMA & ACEA.

He holds the Directorship of the following company;

- Pak Datacom Limited, Islamabad.

He has also served on the Board of 786 Investments (formerly Dowood Capital Investment Company), Alpha Insurance Company Limited, Pakistan Cables Limited and also CEO of Abdullah Haroon properties (Private) Limited and Lackie Road Properties (Private) Limited.

Mr. Aslam Faruque Chief Executive

Mr. Aslam Faruque is a graduate with a major in Marketing. He is the Chief Executive of Mirpurkhas Sugar Mills Ltd., Unicol Ltd. and UniEnergy Ltd. He is on the Board of Directors of Cherat Packaging Ltd., Greaves Airconditioning (Pvt.) Ltd. and Greaves Engineering Services (Pvt.) Ltd. In the past, he has served as the Chairman and Senior Vice Chairman of Pakistan Sugar Mills Association - Center. He also served as Chairman of Pakistan Sugar Mills Association Sindh Zone, and Director of Sui Southern Gas Company Ltd., State Life Insurance Corporation of Pakistan and Pakistan Industrial Development Corporation.

Ms. Farzana Faruque Director

Ms. Farzana Faruque graduated from Chelsea College of Art and Design with a BA (Hons) in Graphic Design and Communications. She later pursued her passion for nutrition and fitness and got certified as a Health Coach and Fitness Trainer. Ms. Farzana, founded an indoor cycling fitness studio and co-founded a Health and Detox food brand in 2015. She is also the social media and marketing manager for Studio X. Her expertise allow her to be able to grow her brands and become a known name throughout Pakistan.

Mr. Samir Mustapha Chinoy Director

Mr. Samir M. Chinoy is currently serving as Director and Chief Operating Officer at International Steels Ltd. Mr. Chinoy is a graduate of Babson College, USA with a Bachelors of Science in Finance and Entrepreneurship and a minor in Human Communication. Prior to International Steels Limited, Mr. Chinoy worked at Pakistan Cables, Deloitte & Touche, New York and Foothill Capital (a Wells Fargo Company), Boston.

Mr. Chinoy has served on the management committee of Landhi Association of Trade and Industry and has held the position of Vice Chairman. In addition to being a director of Mirpurkhas Sugar Mills Ltd., IIL Australia Pty Ltd., International Steels Ltd., Pakgen Power Ltd., Haball (Private) Limited and Intermark (Private) Ltd. He is Chairman of The Amir Sultan Chinoy Foundation. Mr. Chinoy is a certified Director from the Pakistan Institute of Corporate Governance.

Mr. Wasif Khalid

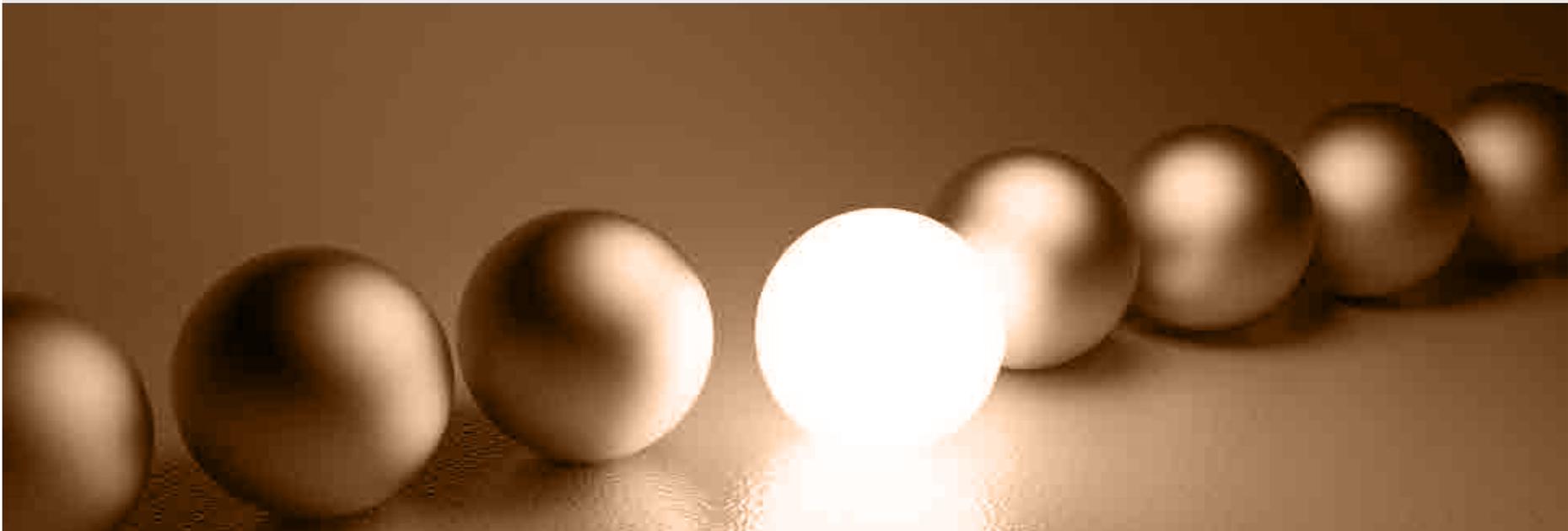
Director

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

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

He has contributed immensely towards development of financial models and implementation of new projects. He has been actively involved with the regulators, practitioners and leading Shariah scholars of the industry for developing the commercial industry transactions. Prior to Ghulam Faruque Group, Mr. Khalid was associated with various companies in Middle East. In Pakistan, he worked with one of Big 4 audit firms. He has over 22 years' worth of rich experience in financial restructuring and modeling, project financings, operational management and internal audit.

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





Chairman's Review

During the FY2022, real GDP growth remained around 5.97 percent. However, underlying macroeconomic imbalances and associated domestic and international risks have continued to hurt the economy. While the economy of Pakistan rebounded from the pandemic and posted a V-Shaped economic recovery (GDP growth was 5.74 percent during the FY2021), this growth was accompanied by external and internal economic imbalances. While this has often been the case with Pakistan's economy, external circumstances played a critical role this time. These circumstances are challenging for almost all economies of the world. A highly transmissible COVID-19 variant prolonged the effects of the pandemic, and the Russia-Ukraine conflict started in February 2022 has also upended the global recovery. Financial and commodity markets have felt shockwaves. As a result, energy and food prices have surged rapidly and threaten to remain highly elevated, driving significant inflation. This highly challenging, uncertain environment poses particular problems for developing economies like Pakistan. The State Bank of Pakistan has taken monetary policy measures to avert an economic crisis, leading to significant increases in the policy rate, which reached 16 percent in November 2022, compared to 7.25 percent in September 2021 (an extraordinary increase of 875 basis points).

In line with the increase in sugarcane production, the Company crushed 33 percent more sugarcane compared to the previous year. During FY2022 the plant crushed 649,557 metric tons of sugarcane to produce 70,460 metric tons of sugar, compared to 488,464 metric tons of sugarcane crushed to produce 51,909 metric tons of sugar during the corresponding season last year. The sucrose recovery increased to 10.85 percent from 10.63 percent during the comparable periods. The Company also produced 33,080 metric tons of molasses during the year, compared to 24,296 metric tons produced during the corresponding period last year.

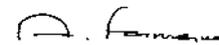
Sugar prices continued to remain depressed throughout the year due to the excessive sugar stock of approx. one million tons in the Country and the lack of permission to export. Furthermore, the Government imposed further taxes, including a super tax, which will also have a negative impact on the Company. In order to further diversify its operations, the Company had decided to set up a 250 TPD paper and board project to enhance its business prospects, by making the Company less reliant on sugar production while benefiting from the synergies of the same. The cost of the project is estimated at Rs. 3.7 billion. Work on the paper project is progressing satisfactorily.

All the machine installation and machine-related civil works are completed. At present, a joint team of in-house and external engineers is carrying out the startup of the equipment, which is expected to be completed by the middle of December 2022. Commercial production is expected to commence by March 2023.

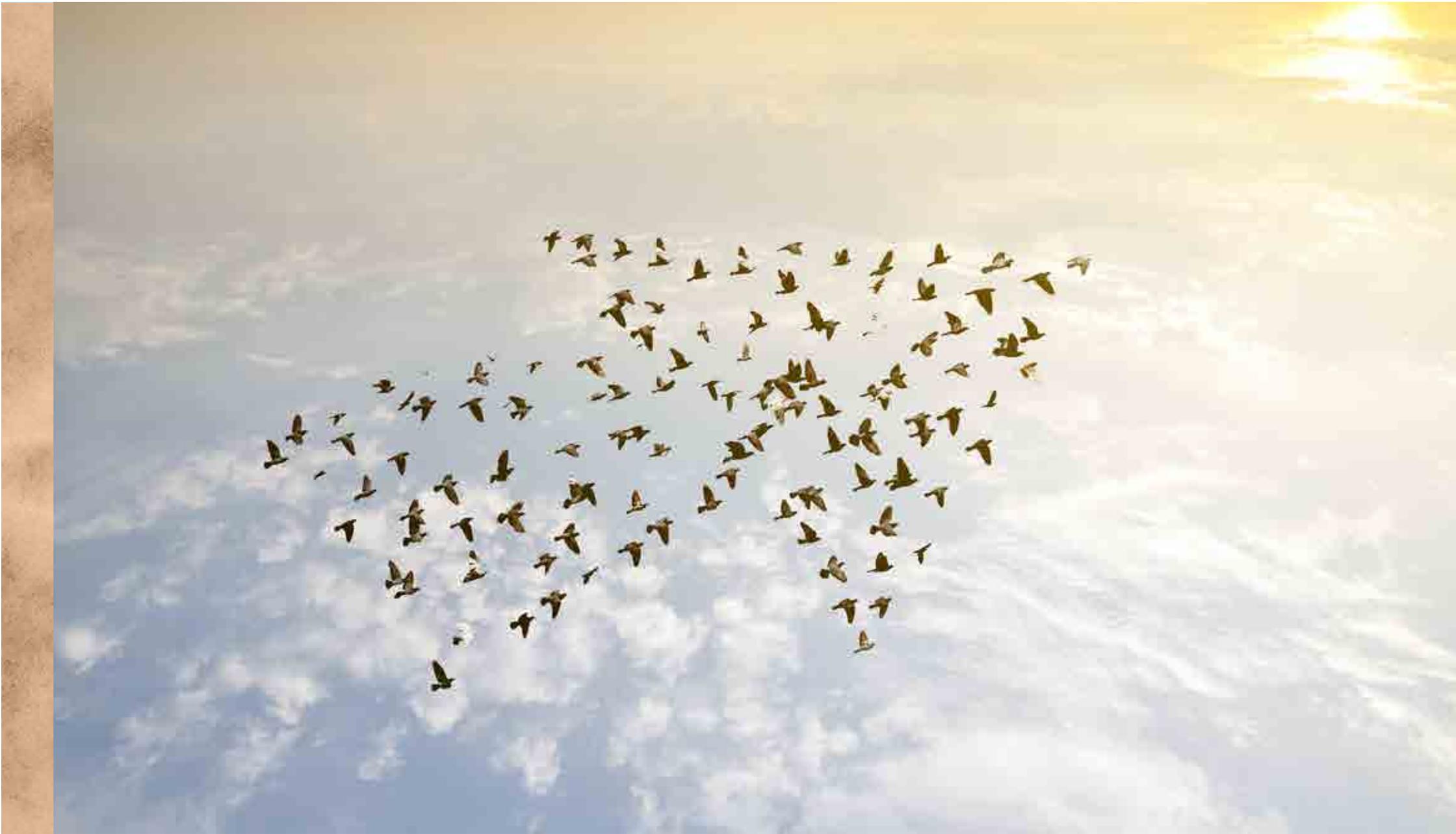
I would like to report that the Board duly performed its duties during the year. The Board recognizes the importance of well-defined corporate governance and other processes for the success of the Company. Accordingly, the Company has an independent Internal Audit Department that follows a risk-based audit methodology. Internal Audit reports are presented to the Board Audit Committee on a quarterly basis, and areas of improvement are highlighted and methodically followed up on. All Directors, including the Independent Directors, participated in and contributed to the discussions and the decision-making process. The Board also carried out the annual self-evaluation in line with the requirements of the Code of Corporate Governance. Management kept the Board apprised of the Company's affairs.

Growers are one of the main factors of the Company's success, and therefore remain a top priority. They are regularly provided financial and technical assistance, so that they are able to produce quality sugarcane. Despite the difficult economic environment, the Company continues to strive to improve financial results and increase overall profitability. As already mentioned, and despite the challenging conditions, the Company remains positive in its outlook as it continues its strategy to leverage synergies and diversify its operations to enhance its revenues from avenues other than sugar, as is demonstrated by the investment in the paper and board project and the ongoing success of Unicol.

While the year ahead will once again be challenging, our stakeholders provide us with the motivation to succeed, and our experience helps us to continue to deliver an essential product of the highest quality in a manner sustainable for the Company. The Board and Management remain committed to not only continuing to improve shareholder value through further efficiency enhancements and diversification initiatives, but also contributing towards the development of the communities the Company operates in. I would like to close by extending my sincere personal thanks and appreciation to our customers, suppliers, bankers and shareholders for their continued trust in the Company, as well as to all our employees and my colleagues on the Board for their continued support, commitment and hard work.



Arif Faruque
Chairman
Karachi: December 16, 2022



Directors' Report to The Members

For The Year Ended September 30, 2022

The Directors are pleased to present their report along with the annual audited financial statements of your company for the year ended September 30, 2022.

OVERVIEW

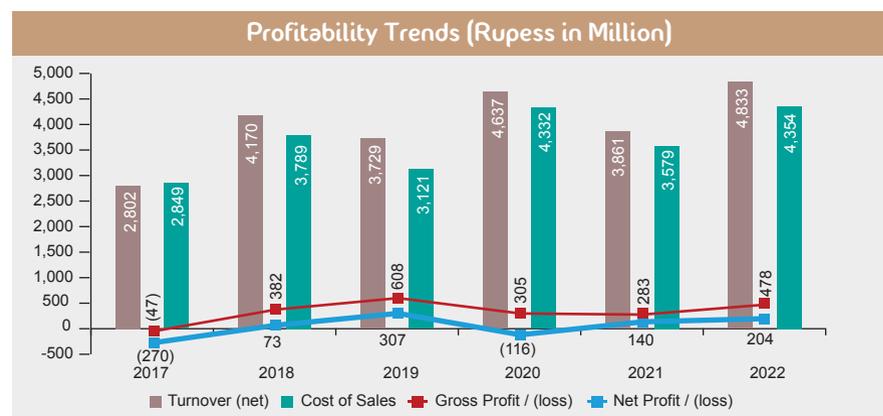
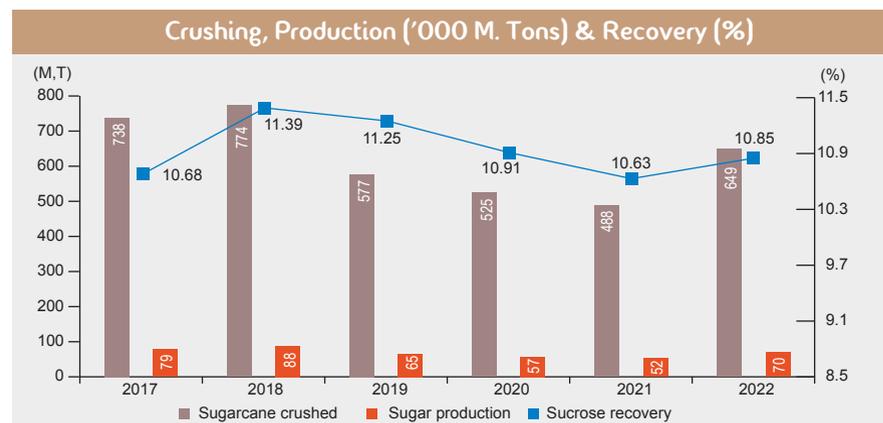
During the FY2022, the agriculture sector recorded a remarkable growth of 4.40 percent and surpassed both the target of 3.50 percent and last year's growth of 3.48 percent. This growth was mainly driven by high yields, attractive output prices, supportive government policies and better availability of certified seeds, pesticides and agriculture credit. The crops sector posted a growth of 6.58 percent during the FY2022 against 5.96 percent last year. The growth in production of sugarcane was recorded at 9.50 percent, taking the total sugarcane produced from 81 million tons to 88.70 million tons, which constitutes a significant increase in both areas under cultivation and yield. This was mainly due to the high economic returns offered to farmers by the sugar mills in comparison to other crops. Unfortunately, such returns did not materialize for the mills, as given the long-standing issue of the sugar industry being highly politicized, there continues to be a lack of adequate correlation between the price of sugarcane and that of sugar.

CRUSHING SEASON 2022

The region where the Company operates has shown a steady growth in sugarcane plantation and higher yields, owing to the high cane prices offered by the mills during the last few years. A sustainable (and growing) pipeline of cane availability is critical to the Company's competitiveness to enhance capacity utilization and revenue on the one hand while effectively amortizing fixed costs and moderating costs on the other. As mentioned, this requires continuous engagement with farmers to educate, encourage and incentivize cane planting. As a result, during the FY2022, total sugarcane crushed in Pakistan was recorded at 79.95 million tons, posting a substantial increase of 36.55 percent over the previous FY2021. This led to the production of sugar increasing by 39.96 percent to 7.88 million tons, up from 5.63 million tons during the previous FY2021. Due to better crop and weather conditions, sugar production in Sindh increased to 2.29 million tons (FY2021: 1.56 million tons). During the year, the country witnessed surplus production of sugar of approx. one million tons beyond domestic consumption. This demand and supply imbalance continued to maintain pressure on domestic pricing, resulting in sugar prices remaining low.

OPERATING PERFORMANCE

During the crushing season 2021/22 that started on November 19, 2021, the plant operated for 124 days compared to 98 days the previous year. This resulted in the factory being able to crush 649,557 metric tons of sugarcane to produce 70,460 metric tons of sugar as compared to 488,464 metric tons of sugarcane to produce 51,909 metric tons of sugar during the corresponding period last year. The plant operated efficiently throughout the crushing season. The increase in sucrose recovery to 10.85% from 10.63% last season was due to the better quality of sugarcane. The Company also produced 33,080 metric tons of molasses during the period, compared to 24,296 metric tons produced during the corresponding period last year.



Key comparative data for the financial year just ended and that of the previous year is as follows:

	2021/22	2020/21
• Season start date	Nov. 19, 2021	Nov 20, 2020
• Days operated	124	98
• Sugarcane crushed (metric tons)	649,557	488,464
• Sugar production (metric tons)	70,460	51,909
• Molasses production (metric tons)	33,080	24,296
• Sucrose recovery (%)	10.85	10.63
• Sugar sold (metric tons)	63,583	49,376

FINANCIAL HIGHLIGHTS

During the year under review, the Company sold 63,583 tons of sugar compared to 49,376 tons last year. This increase in sales was due to higher production while the average price of sugar marginally decreased compared to the previous year. During the year ended, the Company had other income of Rs. 68.145 million, mainly from gains on derivative instruments, profit on debt and receipt of dividends on investments made in various shares. Furthermore, there was a substantial increase of 88% in financial charges to Rs. 429 million (FY 2021: Rs. 228 million) due to the recurring increases in the discount rate by the State Bank of Pakistan. The share of profit in Unicol Limited rose to Rs. 439.93 million, primarily due to better operational performance and rupee devaluation. This helped the Company to again record a profit for the year.

The key comparative financial data is as under:

	2021/22	2020/21
	(Rs. in million)	
Net Sales	4,832.646	3,861.442
Cost of Sales	(4,354.653)	(3,578.666)
Gross Profit	477.993	282.776
Other Income	68.145	195.950
Share of profit in associates-net	440.059	167.545
Other expenses & taxes	(782.571)	(505.951)
Net Profit	203.626	140.32

UNICOL LIMITED

The joint venture distillery project continues to operate at optimal capacity, and both Ethanol and CO2 operations remained satisfactory during the year. The profitability of Unicol has improved due to better operational efficiency, improved margins and rupee devaluation. Management expects that due to bumper

sugarcane crop in Punjab, there will be sufficient availability of molasses to enable the company to also operate smoothly throughout the coming year. Management is also confident that Unicol will continue to bring financial benefits to the Company and its shareholders for the foreseeable future.

UNIENERGY LIMITED

UniEnergy, a joint venture wind power project, had been granted a Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners made an initial equity investment in this company to meet the ongoing financial requirements for the project. In this regard, Mirpurkhas Sugar Mills Limited had also made an equity investment of Rs. 7.69 million following the approval of the shareholders. The Government has, so far, not notified a tariff for the project, as a result of which there was no further development of the project during the FY 2022.

PAPER AND BOARD PROJECT

The Company had decided to set up a 250 TPD paper and board project to diversify and enhance its business prospects, by making the Company less reliant on sugar production while benefiting from the synergies of the same. The cost of the project is currently estimated at Rs. 3.7 billion. Work on the paper project is progressing well. All the machine installation and machine related civil works are completed. At present, a joint team of in-house and external engineers is carrying out startup and debugging of individual equipment, which is expected to be completed by December 2022. Commercial production is expected to commence by March 2023.

RISKS AND OPPORTUNITIES

• Risk Management

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

• Risk Assessment

The Board of Directors of the Company carries out both internal and external risks that the Company might face. The Board of Directors recognize the importance of cybersecurity. The Company has an in-house IT department and its related security in order to avoid any mishap.

• Credit Risk

While all financial assets of the Company, except cash in hand, are subject to

credit risk, the Company does not believe that it is exposed to a major concentration of credit risk. Exposure is managed through the application of credit limits to its customers and growers as well as diversification of investments.

- **Liquidity Risk**

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

- **Foreign Exchange Risk**

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

- **Debt Repayment**

The Company has paid off all its due debts on time. During the year, the Company has made repayment of Rs. 347.593 million. Furthermore, the Company has also obtained Temporary Economic Refinance Facility (TERF) during the year for its paper project. KIBOR-based financing from different banks was also obtained to cover cost escalations of such project.

- **Equity and Capital Management**

The Company's aim is to maintain an adequate equity base, so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes to the Company's approach to equity management during the year. The Company's current gearing ratio is 45%. The Board of Directors and management are confident that the capital structure of the Company may be strengthened further in the coming years.

DIVIDEND

The Company has always strived towards an appropriate distribution of profits. The decision on dividend payout is made after taking into consideration various parameters like Company's financial performance, its business needs, growth prospects and expansion plans. The Board of Directors is pleased to recommend the issuance of 15% bonus shares for the year ended September 30, 2022.

SOLAR POWER

The Company has entered into an agreement for the installation of a 2 MW solar power project. This initiative will enable the company to improve its operational efficiency and reduce energy costs. The project is expected to be completed in first half of the year 2023.

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to playing its due role in society in the interest of all stakeholders, particularly towards its employees and the environment. Following the outbreak of COVID-19, the Company reached out and provided support to those people who required help. Furthermore, it contributed to various reputable charitable organizations and will continue to do so. We believe that all these measures will go a long way in the economic and social development of the areas where the Company does business.

SAFETY, HEALTH AND ENVIRONMENT

The Company strongly believes in maintaining high standards of health and safety. Appropriate measures were taken by the Company to respond to the changing business needs due to the outbreak of COVID-19, such as the implementation of protocols on health and employee safety to protect all staff members in best possible way from this virus. e.g., all our employees are fully vaccinated, and most of them have received a booster dose also. Personal protection equipment was provided to all levels of staff and measures like social distancing, contact tracing, random testing etc., were introduced by the Company to ensure not only the well-being of employees but also the continuity of business. Whenever the need arose, the Company tested its staff for COVID at its cost, and also allowed them to work from home.

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

CONTRIBUTION TO NATIONAL EXCHEQUER

During FY2022, the Company contributed approximately Rs. 576 million to the national exchequer in the form of taxes, duties and levies.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by management present the Company's state of affairs fairly, including the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements, and accounting estimates are based on reasonable and prudent management judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements, and any departure therefrom has been adequately disclosed and explained.

- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance.
- Key operating and financial data for last six (6) years in summarized form is annexed.
- There is nothing outstanding against the Company on account of taxes, duties, levies and charges except for those which are being made in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its eligible employees. Stated below are the values of the investments of the respective funds as on September 30, 2022:

• Provident Fund	Rs. 547.993 million
• Gratuity Fund	Rs. 276.470 million

BOARD OF DIRECTORS

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

- Male Directors 6
- Female Director 1

a. Independent Directors 2

- Mr. Samir Mustapha Chinoy
- Mr. Muhammad Izqar Khan

- The requirement of 1/3 independent Directors equals to 2.33, fraction of which is less than 0.5 and therefore, as per the applicable regulations, is rounded down to 2.

b. Non-Executive Directors 3

- Mr. Arif Faruque
- Mr. Amer Faruque
- Ms. Farzana Faruque

c. Executive Directors 2

- Mr. Aslam Faruque
- Mr. Wasif Khalid

d. Female Director 1

- Ms. Farzana Faruque

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

Name of Director	Meetings Attended
• Mr. Arif Faruque	5
• Mr. Aslam Faruque	5
• Mr. Amer Faruque	5
• Mr. Samir Mustapha Chinoy	5
• Mr. Muhammad Izqar Khan	5
• Mr. Wasif Khalid	5
• Ms. Farzana Faruque	4

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

Name of Director	Meetings Attended
• Mr. Samir Mustapha Chinoy	2
• Mr. Arif Faruque	4
• Mr. Muhammad Izqar Khan	4

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

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

- The pattern of shareholding is annexed with the report.
- Earnings per share during the financial year 2021/22 were Rs. 15.09 per share as against Rs. 10.4 last year.

DIRECTORS' REMUNERATION

As per the Articles of the Company, the remuneration of Non-Executive and Independent Directors is fixed by the Board of Directors. In this regard, the Board of Directors has developed a Remuneration policy for Non-Executive and Independent Directors of the Company. The detail of Directors' remuneration is disclosed in Note 40 of the Financial Statements for the year ended September 30, 2022.

ANNUAL EVALUATION OF PERFORMANCE

As part of the Code of Corporate Governance, an annual evaluation of the Board of Directors, Committees and Individual Directors is carried out by the Company.

The Company has engaged M/s. Grant Thornton Anjum Rahman, Chartered Accountants to ensure transparency of this process. The contents of the report are evaluated and areas that require improvement are identified.

RELATED PARTIES TRANSACTIONS

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

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

BUSINESS IMPACT OF GOVERNMENT POLICIES

We would like to once again take this opportunity to continue to request the Government to take the necessary steps to ensure that the price of sugar is reflective of the price of sugarcane being paid to the growers. For the crushing season 2021/22, the Sindh Government had announced a minimum support price of Rs. 250 per maund, in comparison to Rs. 225 per maund announced by the Punjab Government. As there is no restriction on the movement of sugar across provincial borders, a difference of Rs. 25 per maund, in addition to the quality premium, in the sugarcane price resulted in a higher cost of sugar produced in Sindh by approx. Rs. 9.50 per kg of refined sugar compared to Punjab. This makes sugar mills in Sindh uncompetitive. Furthermore, not allowing the sugar industry to export surplus sugar has a negative impact on both the sale price and high financial charges incurred by the Company.

Lastly, sugar exports were carried out on the basis of export subsidies being offered by the Government. However, these subsidies have not yet been paid, and we therefore request the federal and provincial governments, as applicable, to urgently release the pending subsidy of Rs. 199.05 million, as this is instrumental to the Company's liquidity and the amount of its financial charges that are incurred by the Company over last many years, especially with the discount rate standing at 16% per annum.

FUTURE PROSPECTS

The coordinated monetary-fiscal policy approach after the COVID-19 outbreak has succeeded in reviving economic activity. Specifically, the fiscal-monetary stimulus packages through the Temporary Economic Refinance Facility (TERF) have a cascading effect on growth through a revival in private investment. But the growth momentum that was observed last year on account of a broad-based expansion in large-scale manufacturing (LSM) and improved crop production has started to show signs of slowing down. The economy has started to show signs of excess demand and overheating through an increase in the import volume of capital and consumer goods, energy, and non-energy imports.

In the coming year, overall production of sugarcane in Pakistan is expected to rise by a further 15-20 percent due to better and timely payment to the farmers by the sugar industry in the last few years. While large parts of the crop were affected by floods from June to August 2022, the areas where sugarcane is cultivated in Punjab were largely safe. The monsoon rains had a devastating impact on the agriculture sector in Sindh, with most of the short-term crops like cotton, onion, chili and wheat being completely destroyed, while the sugarcane crop was only partially affected in terms of productivity and recovery. The Company expects ongoing competition among the sugar mills for sugarcane to meet its capacity requirements. To ensure timely payment to growers and meeting the financial commitments by the sugar industry, the Government must allow surplus sugar exports. However, despite numerous approaches by the PSMA, no positive development has occurred so far. For the crushing season 2022/23 the production of sugar is expected to surpass the previous year's production, adding further to the surplus. We would like to therefore again request the Government to allow timely exports of sugar to ease pressure on the sugar mills for sugarcane payments for the upcoming season and enable the country to earn valuable foreign exchange. Furthermore, in order to manage the fiscal deficit, the Government has imposed a super tax, thus increasing the tax burden of an industry already subject to high taxation. We therefore also request the Government to consider rescinding this tax as and when reasonably possible.

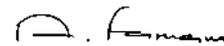
APPOINTMENT OF AUDITORS

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

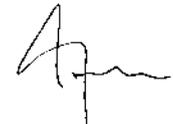
ACKNOWLEDGMENT

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

On behalf of the Board of Directors



Arif Faruque
Chairman



Aslam Faruque
Chief Executive

Karachi: December 16, 2022

Board Meetings Held Outside Pakistan

During the year, 5 meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control, the management has conducted all meetings in Pakistan.

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

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

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

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

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

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

Matters Delegated to the Management

Management is primarily responsible for implementing the strategies as approved by the Board of Directors. It is the responsibility of management to conduct the

routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals as approved by the Board and to identify and administer the key risks and opportunities which could impact the Company in the ordinary course of execution of its business.

Directors' Orientation and Training

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

Governance Practices Exceeding Legal Requirements

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

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

Female Director

Ms. Farzana Faruque was elected as female Director on January 21, 2020 on the Board and the requirement for a female director on the Board of a listed company has been complied.

Independent Directors

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

Investors' Grievance Policy

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

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

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

Diversity Policy

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

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

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

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

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

Governance of Risk and Internal Control

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

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

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

Policy on Non-Executive & Independent Directors' Remuneration

PREAMBLE

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

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

SCOPE AND APPLICABILITY

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

TERMS OF THE POLICY

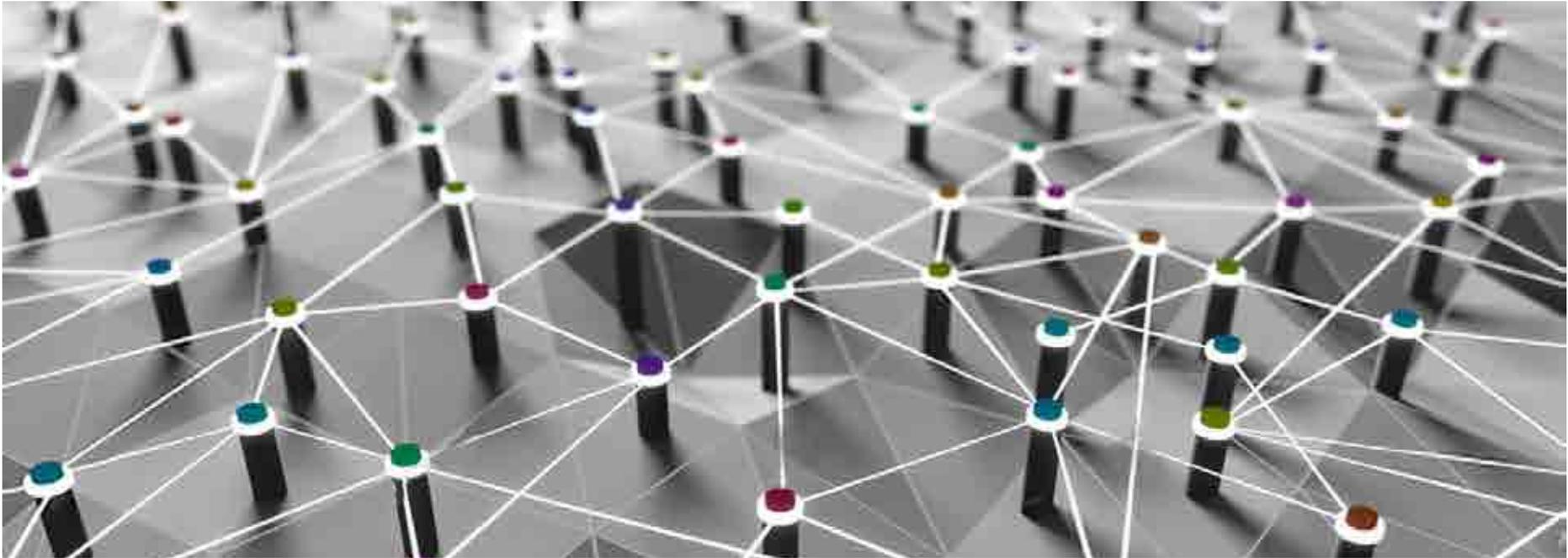
Through the Articles of the Company, the Board is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company shall be as determined by the Board of Directors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

Understanding Shareholders' Views

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

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

Policy on Related Party Transactions



PREAMBLE

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

SCOPE OF THE POLICY

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

responsible to initiate, authorize, record and report related party transactions.

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

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

DEFINITIONS

- (i) Arm's length transaction means a transaction which is subject to such terms and conditions as if it is carried out in a way, as if:
- a) the parties to the transaction were unrelated in any way;
 - b) the parties were free from any undue influence, control or pressure;
 - c) through its relevant decision-makers, each party was sufficiently knowledgeable about the circumstances of the transaction, sufficiently experienced in business and sufficiently well advised to be able to form a sound business judgment as to what was in its interests; and
 - d) each party was concerned only to achieve the best available commercial result for itself in all the circumstances.
- (ii) Office of profit means any office:
- a) where such office is held by a Director, if the Director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
 - b) where such office is held by an individual other than a Director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it

receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

(iii) Related party includes

- (a) A Director or his / her relative;
- (b) a key managerial personnel or his relative; a key managerial person shall mean the following;
 - the Chief Executive Officer of the Company;
 - the Company Secretary of the Company;
 - the whole time Directors on the Board of the Company; and
 - the Chief Financial Officer of the Company.
- c) a firm, in which a Director, manager or his relative is a partner;
- d) a private company in which a Director or manager is a member or director;
- e) a public company in which a Director or manager is a Director or holds along with his relatives, any shares of vits paid up share capital;
- f) anybody corporate whose Chief Executive or manager is accustomed to act in accordance with the advice, directions or instructions of a Director or manager;
- g) any person on whose advice, directions or instructions, a Director or manager is accustomed to act;
- h) any company which is:
 - a holding, subsidiary or an associated company of such company; or
 - a subsidiary of a holding company to which it is also a subsidiary

- i) such other person as may be specified.
- j) relative means spouse, siblings and lineal ascendants and descendants of a person.

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

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

Types of Related Party Transactions

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

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

Disclosure and Approval of Related Party Transactions

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

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

Identification of Related Party Transactions

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

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

Terms of the policy

The terms of reference for the Policy are as follows;

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

Maintenance of Record

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

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

Pricing Methodology

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

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

Scope of Limitation

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

Social and Environmental Responsibility Policy

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

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

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

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





Human Resource Policies

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

ATTRACTING THE BEST TALENT

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

INDUSTRIAL RELATIONS

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

SUCCESSION PLANNING

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

The salient features of this policy are detailed as under:

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

CORE VALUES

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

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

Safety of Records Policy

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

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



Conflict of Interest Policy

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

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

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

Management of Conflict of Interest

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

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



Whistle Blower Policy

An important aspect of accountability and transparency is a mechanism to enable all individuals to voice concerns internally in a responsible and effective manner when they discover information which they believe shows serious malpractice.

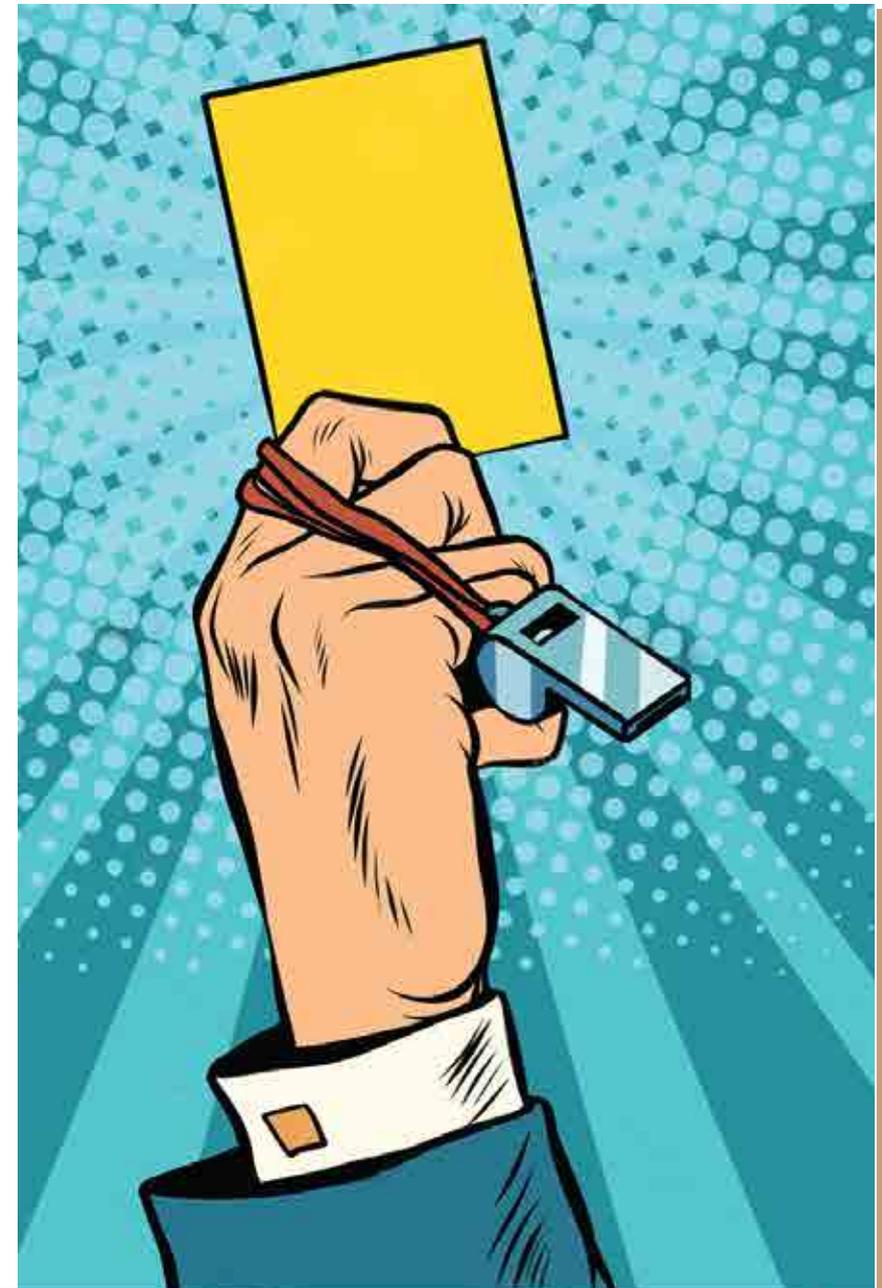
Our whistle blowing policy is therefore fundamental to the organization's professional integrity. In addition, it reinforces the value of the organization places on staff to be honest and respected members of their individual professions. It provides a method of properly addressing bona fide concerns that individuals within the organization might have, while also offering whistle blowers protection from victimization, harassment or disciplinary proceedings.

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

Fundamental elements of our Whistle Blower Policy are highlighted below:

- All staff are protected from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain;
- All disclosures are required to be made in writing;
- Disclosures made anonymously are not entertained;
- Disclosures made are investigated fully including interviews with all the witnesses and other parties involved;
- All whistle blowing disclosures made are treated as confidential and the identity of the whistle blower is protected at all stages in any internal matter or investigation;
- Disciplinary action (up to and including dismissal) may be taken against the wrongdoer dependent on the results of the investigation; and
- There are no adverse consequences for anyone who reports a whistle blowing concern in good faith. However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action.

During the year no whistle blowing incidence was reported under the mentioned procedure.



Insider Trading Policy

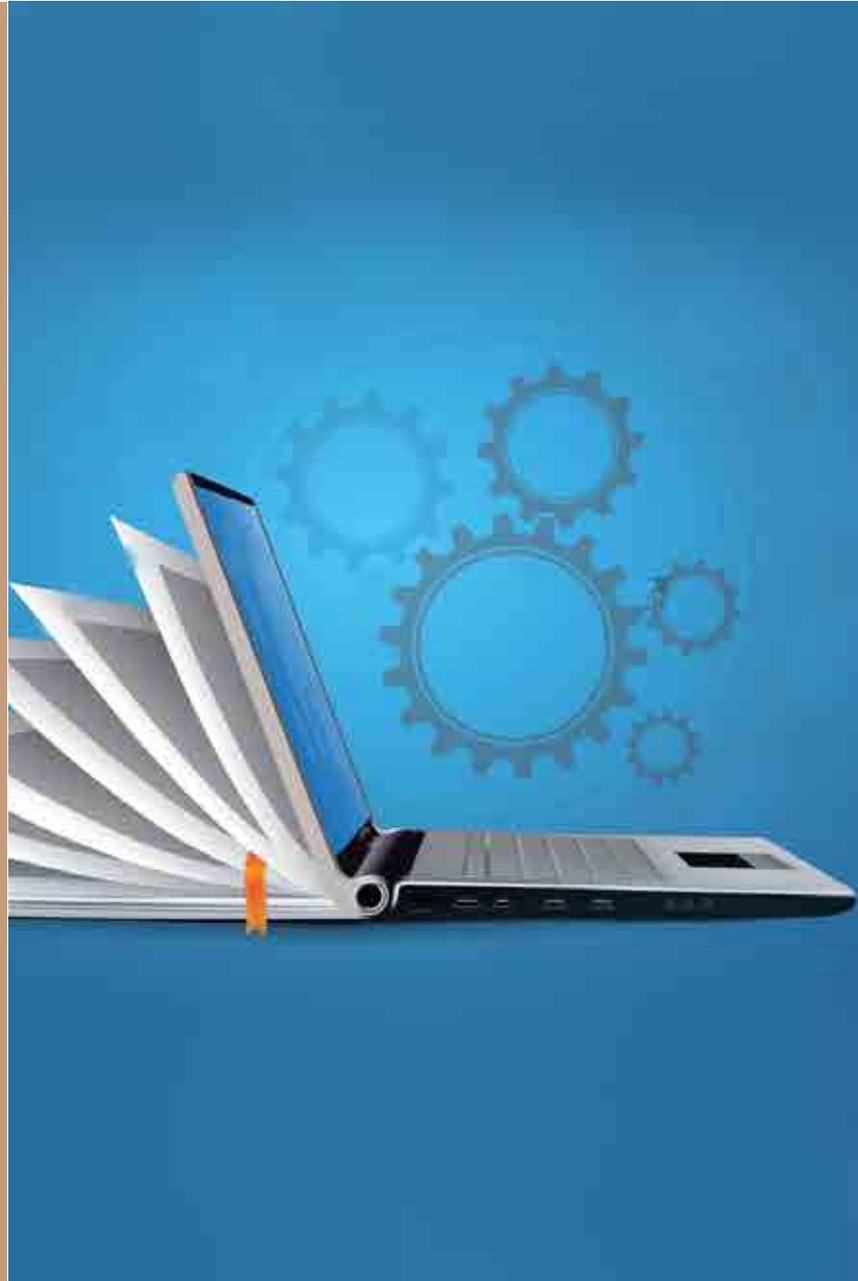
Mirpurkhas Sugar Mills Limited has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the Company. The Insider Trading Policy codifies the Company's standards on trading and enabling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

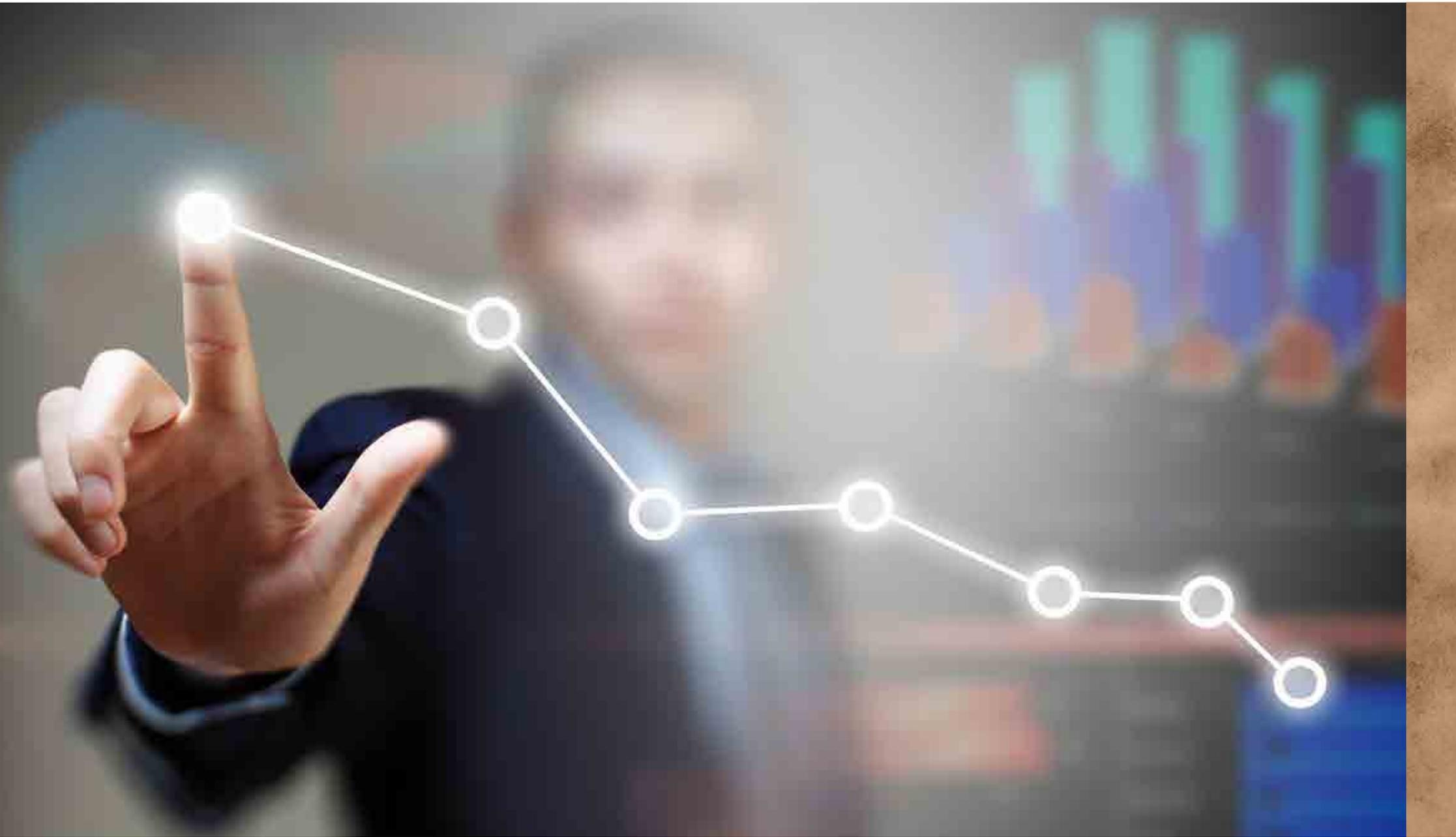
The general guidelines within the policy state that:

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

The Company's Responsibility to Disclose Inside Information

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





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

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



We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Mirpurkhas Sugar Mills Limited (the Company) for the year ended September 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2022.

Kreston Hyder Bhimji & Co.

Chartered Accountants
Karachi: December 16, 2022
UDIN: CR20221022232mbqiNIP

Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2019

For the year ended 30.09.2022

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

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

Category	Names
Independent Directors	Mr. Samir Mustapha Chinoy Mr. Muhammad Izqar Khan
Non - Executive Directors	Mr. Arif Faruque Mr. Amer Faruque Ms. Farzana Faruque
Executive Directors	Mr. Aslam Faruque Mr. Wasif Khalid
Female Director	Ms. Farzana Faruque

- a. Fraction (0.33) related to the requirement for number of independent directors is less than 0.5 and therefore, has not been rounded up as one.
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The directors are well aware of their duties and responsibilities under the Code. Further following directors and executive have attended Directors' Training program:

Name of Directors:

Mr. Samir Mustapha Chinoy	Director
Mr. Muhammad Izqar Khan	Director

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Samir Mustapha Chinoy	Chairman
Mr. Arif Faruque	Member
Mr. Muhammad Izqar Khan	Member

b) HR and Remuneration Committee

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

a) Audit Committee.	-	Quarterly
b) HR and Remuneration Committee.	-	Half Yearly

15. The Board has set up an effective internal audit function supervised by a Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

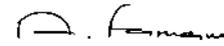
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are

not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

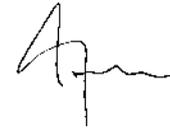
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

On behalf of the Board of Directors



Arif Faruque
Chairman



Aslam Faruque
Chief Executive

Karachi: December 16, 2022

Role and Responsibilities of Chairman and Chief Executive Officer

OFFICES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

CHAIRMAN

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

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

- determining the date, time and location of the annual or extraordinary general meetings of shareholders and to develop the agenda for the meeting;
- presiding as chairman at every General Meeting of the Company;
- recommending to the Board, after consultation with the Directors and management, the appointment of members of the Committees of the Board;
- assessing and making recommendations to the Board annually regarding the effectiveness of the Board.

CHIEF EXECUTIVE OFFICER

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

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

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

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

AUDIT COMMITTEE

Mr. Samir Mustapha Chinoy	Chairman
Mr. Arif Faruque	Member
Mr. Muhammad Izqar Khan	Member

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

Meetings of the Audit Committee are held at least once in every quarter. The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2021-22, the Audit Committee held Four [4] meetings. The minutes of the meetings of the Audit Committee are provided to all the Members, Directors and the Chief Financial Officer. The Head of Internal Auditor attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and mitigating actions are then implemented.

Terms of reference of Audit Committee

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

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

The Committee shall;

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

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

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

TERMS OF REFERENCE

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

The Committee shall;

- i. recommend to the Board for consideration and approval a policy framework for determining remuneration of Directors (both executive

and non-executive Directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer level;

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

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

STRATEGY AND PERFORMANCE

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

Report of the Audit Committee

AUDIT COMMITTEE

Mr. Samir Mustapha Chinoy	Chairman
Mr. Arif Faruque	Member
Mr. Muhammad Izqar Khan	Member

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

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2021-22. Based on reviews and discussions in these meetings, the Audit Committee reports that:

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

INTERNAL AUDIT AND RISK MANAGEMENT

For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Internal Audit department. The Audit Committee reviewed the resources and performance of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function. Head of Internal Audit Department has direct access to the Audit Committee.

2. An Internal Audit Risk Assessment document is submitted to the Audit Committee and based on that an Audit Plan is prepared to mitigate the risks involved in the Company's operations. Further, on the basis of this plan, audits

are conducted and reports are submitted. The Committee on the basis of the said reports reviews the adequacy of controls and compliance shortcomings in areas audited and discuss corrective actions in the light of management responses. Regular follow ups of these reports are also taken. This ensures the continual evaluation of controls and improved compliance. Minutes of Audit Committee meetings are timely circulated to the Board of Directors.

3. For continuous improvement of internal controls, the Committee also discussed the internal controls and the management letter with the external auditors.

EXTERNAL AUDIT

1. The external auditors M/s. Kreston Hyder Bhimji & Co. Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.
2. The Audit Committee has reviewed and discussed with the external auditors and management, all the Key Audit Matters and other issues identified during the external audit along with the methods used to address the same.
3. Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s. Kreston Hyder Bhimji & Co. Chartered Accountants as External Auditors of the Company for the year ending September 30, 2023 as it is one of the reputable audit firms and has thorough knowledge of the Company's business and industry due to long association with the Company.
4. The Company also obtains taxation related services from M/s. Bhimji Gardezi & Co. (Pvt.) Ltd.

By order of the
Audit Committee



Samir Mustapha Chinoy
Chairman
December 14, 2022

Analysis of Financial Information

Financial Indicators	88
Key Performance Indicators	89
Methods and Assumptions in Compiling Indicators	89
Non-Financial Indicators	91
Quarterly Performance Analysis	92
Comments on Quarterly Performance Analysis	93
Six Years Statistics and Ratios	94
Comments on Ratios	96
Key Operating Highlights	97
DuPont Analysis	100
DuPont Chart	101
Free Cash Flows	102
Economic Value Added	103
Horizontal Analysis - Last Six Years	104
Vertical Analysis - Last Six Years	106
Summary of Cash Flow - Last Six Years	108
Cash Flow Statement - Direct Method	109
Share Price Sensitivity Analysis	110
Calendar of Notable Events	111
ERP Upgradation to Meet Modern Business Essentials	112
SAP Success Factors Implementation at GFG	114
Business rationale of major capital expenditure /projects during the year and for those planned for next year	115

Financial Indicators

Actual Results

During the crushing season 2021/22 that started on November 19, 2021, the plant operated for 124 days compared to 98 days the previous year. This resulted in the factory being able to crush 649,557 metric tons of sugarcane to produce 70,460 metric tons of sugar as compared to 488,464 metric tons of sugarcane to produce 51,909 metric tons of sugar during the corresponding period last year. The plant operated efficiently throughout the crushing season. The increase in sucrose recovery to 10.85% from 10.63% last season was due to the better quality of sugarcane. The Company also produced 33,080 metric tons of molasses during the period, compared to 24,296 metric tons produced during the corresponding period last year.

The Company sold 63,583 tons of sugar compared to 49,376 tons last year. This increase in sales was due to higher production while the average price of sugar marginally decreased compared to the previous year. During the year ended, the Company had other income of Rs. 68.145 million, mainly from gains on derivative instruments, profit on debt and receipt of dividends on investments made in various shares. Furthermore, there was a substantial increase of 88% in financial charges to Rs. 429 million (FY 2021: Rs. 228 million) due to the recurring increases in the discount rate by the State Bank of Pakistan. The share of profit in Unicol Limited rose to Rs. 439.93 million, primarily due to better operational performance and rupee devaluation.

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

	2022	2021
	Rupees in '000	
Net sales	4,832,646	3,861,442
Cost of sales	(4,354,653)	(3,578,666)
Gross profit	477,993	282,776
Other income and expenses	(274,367)	(142,456)
Net profit	203,626	140,320

For the period ended September 2022, company reported a net turnover of Rs. 4,832 million against Rs. 3,861 million last year, marking a increase in turnover by 25% (Rs. 971 million). Quantitative data of sales of current and last year is as follows:

	2022	2021
	Rupees in '000	
Local sales	63,583	49,376
Total sales	63,583	49,376

Budgeted Results

The planned/budgeted sugarcane crushing was 520,000 MT, however, due to bumper crop and supply being more than last year as well as efficient procurement of cane, the Company managed to crush 649,557 MT of sugarcane.

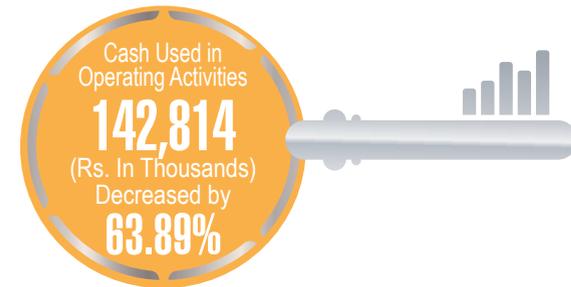
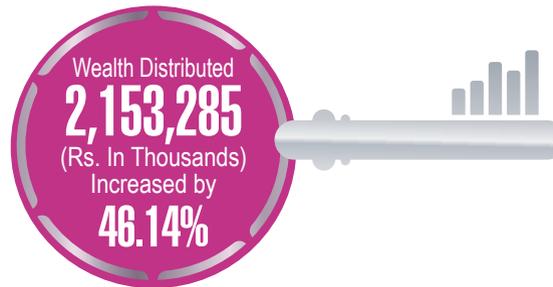
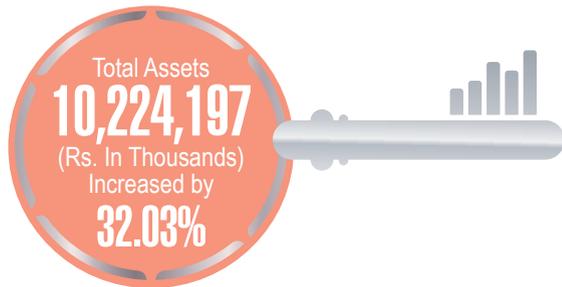
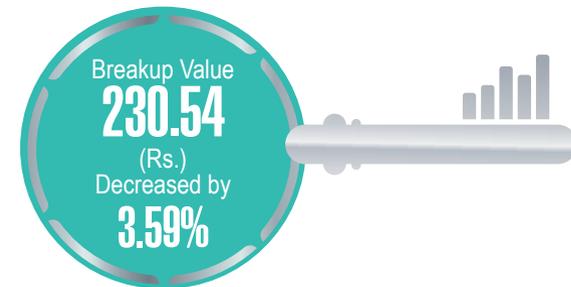
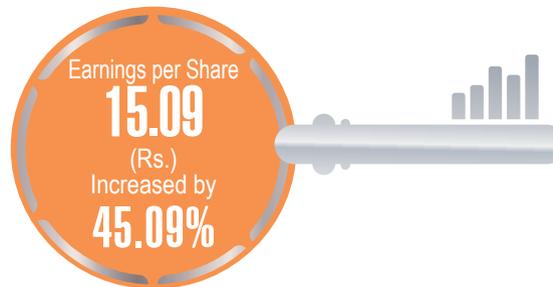
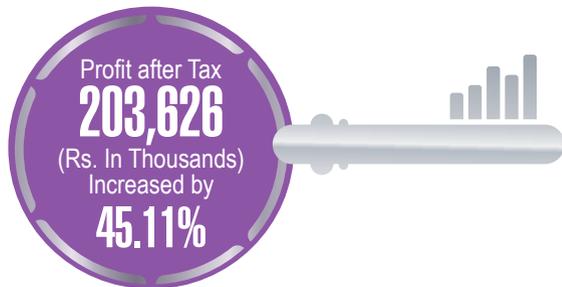
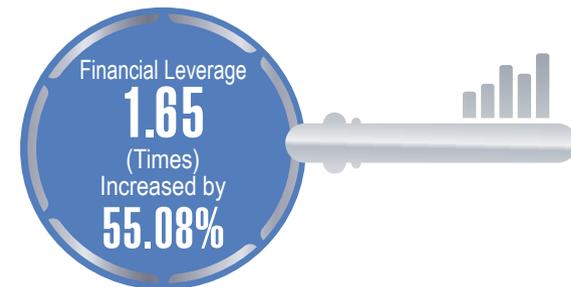
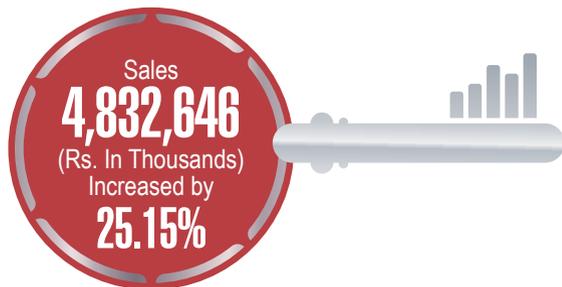
Further the planned sucrose recovery percentage was 10.70% as against actual of 10.85% resulting in higher production of sugar by 14,812 MT against the budget. Ultimately, MSM was able to sell higher quantities of 63,583 MT as against 59,043 MT and that too at lower cost of sales which resulted in increase in gross profit by Rs. 102 million against the budget. However, increased financial charges and decrease in other income affected the actual profit negatively whereas higher share of profit from associate contributed positively. The Company was able to achieve net profit of Rs. 204 million as against the planned profit of Rs. 408 million.

	Actual	Budgeted
	Rupees in '000	
Total sales volume	63,583	59,043

Actual vs budget figure under respective head is as follows:

	Actual	Budgeted
	Rupees in '000	
Net sales	4,832,646	5,038,400
Cost of sales	(4,354,653)	(4,661,929)
Gross profit	477,993	376,471
Other income and expenses	(274,367)	31,531
Net profit	203,626	408,002

Key Performance Indicators



Methods and Assumptions in Compiling Indicators

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



Non-Financial Indicators

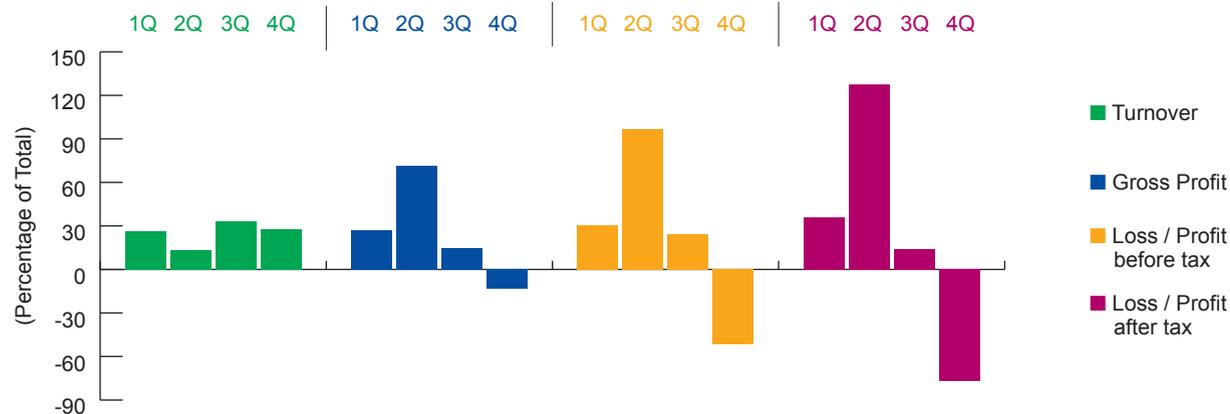
			
Capital forms	Objective	KPI Monitored	Future Relevance
Manufactured Capital	Product development	Produce high quality sugar for various industries including FMCG and Pharmaceuticals.	The Company believes in innovation and introducing new varieties of sugar in Pakistan.
	Business Diversification	Analyze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

Quarterly Performance Analysis

Particulars

	1st Quarter	2nd Quarter	3rd Quarter	4th quarter	Total
Rupees in '000					
Turnover-net	1,268,138	642,606	1,593,739	1,328,163	4,832,646
Cost of sales	(1,138,924)	(300,450)	(1,523,226)	(1,392,053)	(4,354,653)
Gross profit	129,214	342,156	70,513	(63,890)	477,993
Distribution cost	(4,314)	(7,021)	(13,724)	(11,376)	(36,435)
Administrative expenses	(53,805)	(54,165)	(87,132)	(15,064)	(210,166)
Other operating expenses	(6,868)	(16,216)	8,168	4,765	(10,151)
	(64,987)	(77,402)	(92,688)	(21,675)	(256,752)
Other income	58,841	(7,696)	7,840	9,160	68,145
Operating profit / (loss)	123,068	257,058	(14,335)	(76,405)	289,386
Finance cost	(54,449)	(110,313)	(134,163)	(130,498)	(429,423)
	68,619	146,745	(148,498)	(206,903)	(140,037)
Share of profit in an associate	23,367	144,258	220,603	51,831	440,059
Profit / (Loss) before taxation	91,986	291,003	72,105	(155,072)	300,022
Taxation	(19,529)	(31,510)	(43,561)	(1,796)	(96,396)
Profit / (Loss) after tax	72,457	259,493	28,544	(156,868)	203,626

	1st Quarter	2nd Quarter	3rd Quarter	4th quarter	Total
Percentage					
Turnover	26.24	13.30	32.98	27.48	100.00
Gross Profit	27.03	71.58	14.75	(13.37)	100.00
Profit / (Loss) before tax	30.66	96.99	24.03	(51.69)	100.00
Profit / (Loss) after tax	35.58	127.44	14.02	(77.04)	100.00



Comments Quarterly Performance Analysis

QUARTER 1

- Turnover remained higher due to improved sugar prices in Q1 due to supply & demand gap created before start of season although volume declined to some extent from Q4 of 2021.
- Cost of goods sold increased due higher procurement cost of sugarcane which resulted in higher production cost of sugar.
- Operating Profit and net profit was reported due to efficient Operations and share of profit from associates.

QUARTER 2

- Higher sugar production as compared to last year, mainly due to better yields & recovery of sugarcane. The sucrose recovery increased to 10.85% compared to 10.63% in last season.
- Sales volumes, however, remained depressed due to declining prices.
- Cost of sales per ton decreased due to better recovery & stable cane cost owing to efficient cane purchases.
- Other Expenses increased due to provision of WPPF & WWF and store obsolescence during the period.
- Share of profit from associate also increased during the period.
- Finance cost almost doubled from Q1 due to impact of policy rate increases by SBP that materialised in the second quarter.

QUARTER 3

- During the quarter turnover increased significantly by Rs. 951 million from Q2, the Company sold 22,536 tons sugar. However, due to significantly lower prices, GP declined from Q2 and operating loss was reported.
- Net profit reported in 3rd quarter due to higher share of profits from associates.

QUARTER 4

- During 4th quarter, The Company has sold 18,610.73 m.tons of sugar, but price remained depressed during the period.
- Cost of sales per ton increased to accumulation of overheads.
- The Company's gross & net profit remained negative due to higher production cost, financial charges & depressed sale price of sugar.

Six Years Statistics

		2022	2021	2020	2019	2018	2017
Production Data							
Sugarcane crushed	(M. Tons)	649,557	488,464	525,201	577,396	774,171	738,378
Sucrose recovery	(%)	10.85	10.63	10.91	11.25	11.39	10.68
Sugar production	(M. Tons)	70,460	51,909	57,286	64,935	88,183	78,897
Molasses production	(M. Tons)	33,080	24,296	25,133	26,445	38,725	34,860
(Rupees in '000)							
Sales & Profitability							
Turnover - net		4,832,646	3,861,442	4,637,141	3,728,986	4,170,397	2,802,150
Cost of sales		4,354,653	3,578,666	4,332,418	3,121,032	3,788,510	2,849,191
Gross profit		477,993	282,776	304,723	607,954	381,887	(47,041)
Operating profit / (Loss)		289,386	276,301	143,475	452,101	(82,596)	(173,588)
Profit / (Loss) before taxation		300,022	215,773	(48,005)	417,669	111,649	(292,927)
Profit / (Loss) for the year		203,626	140,320	(115,733)	307,188	73,244	(270,044)
Financial Position							
Fixed assets - net		5,781,475	3,469,425	2,618,489	2,482,420	2,416,009	2,366,349
Other non-current assets		1,779,820	1,838,439	1,795,644	1,491,021	1,812,593	882,594
	A	<u>7,561,295</u>	<u>5,307,864</u>	<u>4,414,133</u>	<u>3,973,441</u>	<u>4,228,602</u>	<u>3,248,943</u>
Current assets		2,361,638	2,134,667	1,965,049	1,827,130	2,276,581	4,131,912
Non-current asset held for sale		301,264	301,264	-	-	-	-
Current liabilities		(3,381,611)	(2,649,786)	(1,848,653)	(2,547,469)	(2,914,100)	(3,495,721)
Liabilities associate with non-current asset held for sale		(750,000)	(130,000)	-	-	-	-
Working capital	B	<u>(1,468,709)</u>	<u>(343,855)</u>	<u>116,396</u>	<u>(720,339)</u>	<u>(637,519)</u>	<u>636,191</u>
Capital employed	(A+B)	<u>6,092,58</u>	<u>4,964,009</u>	<u>4,530,529</u>	<u>3,253,102</u>	<u>3,591,083</u>	<u>3,885,134</u>
Less: Non current liabilities		<u>(2,981,386)</u>	<u>(1,738,025)</u>	<u>(1,684,659)</u>	<u>(1,269,197)</u>	<u>(1,340,778)</u>	<u>(1,377,166)</u>
Shareholders' equity		<u><u>3,111,200</u></u>	<u><u>3,225,984</u></u>	<u><u>2,845,870</u></u>	<u><u>1,983,905</u></u>	<u><u>2,250,305</u></u>	<u><u>2,507,968</u></u>
Represented by:							
Share capital		134,950	134,950	134,950	122,682	122,682	122,682
Reserves		2,131,991	2,246,775	1,866,661	1,045,158	1,311,052	1,568,715
Surplus on revaluation of fixed assets		844,259	844,259	844,259	816,065	816,571	816,571
		<u>3,111,200</u>	<u>3,225,984</u>	<u>2,845,870</u>	<u>1,983,905</u>	<u>2,250,305</u>	<u>2,507,968</u>
Performance indicators							
Profitability Ratios							
Gross profit ratio	(%)	9.89	7.32	6.57	16.30	9.16	(1.68)
Net profit to sales	(%)	4.21	3.63	(2.50)	8.24	1.76	(9.64)
EBITDA margin to sales	(%)	8.40	9.99	5.28	14.68	0.21	(3.43)
Operating leverage ratio	(times)	3.18	2.41	5.41	2.68	(12.90)	2.15
Return on equity	(%)	6.54	4.35	(4.07)	15.48	3.25	(10.77)
Return on capital employed	(%)	12.08	9.14	7.93	29.77	9.99	(1.75)
Shareholders' Funds	(%)	30.43	41.66	44.61	34.20	34.59	33.98
Return on Shareholders' Funds	(%)	6.54	4.35	(4.07)	15.48	3.25	(10.77)
Liquidity Ratios							
Current ratio	(times)	0.70	0.81	1.06	0.72	0.78	1.18
Quick/ acid test ratio	(times)	0.20	0.35	0.59	0.24	0.32	0.53
Cash to current liabilities	(times)	0.006	0.01	0.02	0.02	0.01	0.01
Cash flow to capital expenditure	(times)	0.584	0.55	(0.18)	(0.75)	(1.96)	0.35
Cash flow coverage ratio	(times)	0.002	(0.04)	0.30	0.33	0.21	(0.57)
Cash flow from operations to sales	(times)	0.002	(0.04)	0.15	0.22	0.16	(0.78)

		2022	2021	2020	2019	2018	2017
		(Rupees in '000)					
Activity/ Turnover Ratios							
Inventory turnover ratio	(times)	3.65	4.37	5.32	3.04	2.44	2.53
No. of days in inventory	(days)	99.95	83.49	68.66	119.96	149.55	144.02
Debtor turnover ratio	(times)	18.45	16.83	17.86	18.23	9.21	10.99
No. of days in receivables	(days)	19.78	21.69	20.44	20.02	39.63	33.20
Creditor turnover ratio	(times)	41.37	46.44	47.07	25.56	29.00	28.38
No. of days in creditors	(days)	8.82	7.86	7.75	14.28	12.59	12.86
Total assets turnover ratio	(times)	0.47	0.50	0.73	0.64	0.64	0.38
Fixed assets turnover ratio	(times)	0.84	1.11	1.77	1.50	1.73	1.18
Operating cycle	(days)	110.91	97.32	81.35	125.70	176.59	164.36
Investment/ Market Ratios							
Earnings per share - basic **	(rupees)	15.09	10.40	(8.58)	22.76	5.43	(20.01)
Price earning ratio **	(times)	8.58	9.42	(9.56)	2.72	23.95	(7.10)
Price to Book ratio	(%)	17.09	17.08	17.35	14.44	24.54	23.63
Cash Dividend yield ratio	(%)	-	-	-	-	1.15	-
Dividend payout ratio	(%)	-	-	-	3.99	25.12	-
Dividend cover ratio	(times)	-	-	-	25.04	3.98	-
Cash dividend per share*	(rupees)	-	-	-	-	1.50	-
Bonus Share*	(%)	15.00	-	-	10.00	-	-
Market price per share:							
- Closing	(Rupees)	129.50	98.00	82.00	62.00	130.00	142.00
- High	(Rupees)	175.00	129.00	114.00	130.00	157.44	262.00
- Low	(Rupees)	91.75	68.01	47.53	62.00	114.00	136.30
Break-up value per share**:	(Rupees)	230.54	239.05	210.88	147.01	166.75	185.84
Break-up value per share without surplus on revaluation**:	(Rupees)	167.98	176.49	148.32	86.54	106.24	125.34
Capital Structure Ratios							
Financial leverage ratio	(times)	1.65	1.06	0.80	1.30	1.39	1.54
Weighted average cost of debt	(%)	7.66	6.25	11.92	11.87	6.71	6.18
Debt to equity ratio		62:38	52:48	44:56	56:44	58:42	61:39
Interest cover ratio	(times)	1.70	1.95	0.87	2.03	1.53	(0.28)
Net asset per share		230.54	239.05	210.88	161.71	183.43	204.43
Employee Productivity Ratios							
Production per employee	(M. Tons)	80.07	66	56	86	117	79
Revenue per employee		22,168	16,023	20,518	15,283	17,746	12,454
Staff turnover ratio	(%)	8.70	7.90	4.86	11.07	9.36	5.78
Non Financial Ratio							
% of Plant Availability	(%)	113.76	81.67	105.94	72.73	117.21	91.60
Customer satisfaction Index	(%)	100	100	100	100	100	100
Others							
Spare Inventory as % of Assets Cost	(%)	2.82	2.66	3.32	3.57	3.50	2.65
Maintenance Cost as % of Operating Expenses	(%)	9.28	7.04	8.93	13.65	4.69	21.95

* post balance sheet event

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

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

Comments on Ratios

Profitability Ratios

Turnover increased by 25% as compared to year 2021 due to higher production during the crushing season 2021/22 and higher opening stocks which resulted increase in sales. Decrease in sugarcane cost also contributed in higher gross profit which as percentage rose by 69%. Despite increase in distribution cost, admin, other operating expenses and finance cost, Company reported a net profit ratio of 4.21% as against 3.63 % last year primarily on account of increase in share of profit in associates. Positive change in operating leverage is due to 38% rise in CM compared to last year and 29 % rise in quantity sold respective to last year. Improved return on equity and return on capital employed was on account of profit for the year.

Liquidity Ratios

Short-term borrowing increased as compared to last year due to increase in sugarcane crushed by 33%, which unfortunately could not be translated into improved selling price. However, the Company's ability to generate cash flows from operations is positive compared to last year and is able to manage a positive trend of current asset ratios and acid test ratio for last many years.

Activity / Turnover Ratios

Efficient operations management resulted in improved debtors turnover. Consistent selling throughout the year and timely recoveries resulted in better cash flows and timely payment to suppliers. Inventory levels increased due to higher production during the season. Fixed asset turnover ratio reduced due to investment in assets of paper project for which revenue is expected to generate in upcoming years.

Investment / Market Ratios

Investment / Market ratios reflect the performance of the Company. Better sales, reduction in cost of sales and higher share of profit improved the profitability of the Company and so the EPS, PE ratios and the market price. Other factors that affect the market price include inflation rates, discount rates, devaluation of Pak Rupee and general economic and market conditions.

Capital Structure Ratios

The Company managed its gearing by effectively utilizing bank financing obtained at very competitive rates which resulted in a well-managed finance cost. Financial leverage and debt to equity ratio increased owing to increase in short term borrowings as well as long term borrowings for paper project.

Employee Productivity Ratios

Production per employee increased due to company's efficient manpower management and rightsizing of employees during the season.

Revenue per employee increased owing to overall increase in revenue.

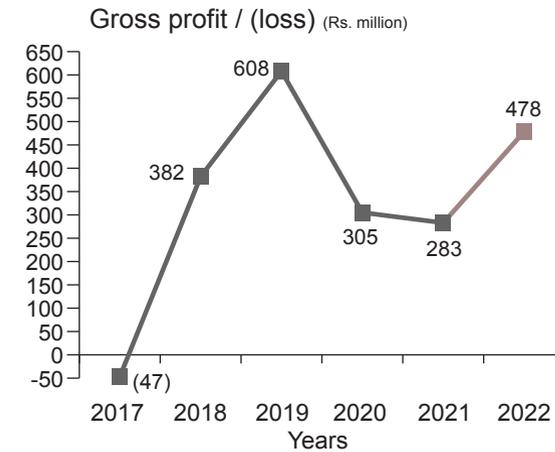
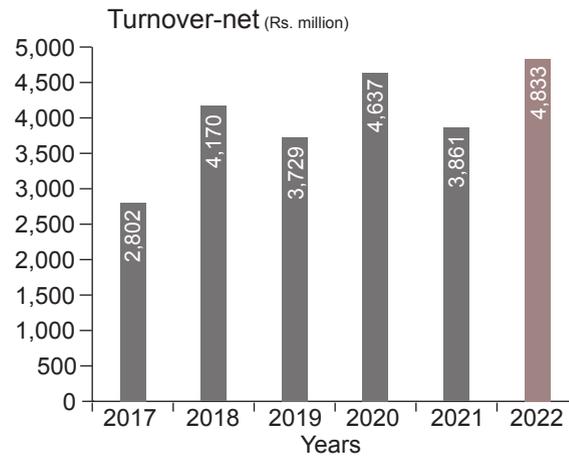
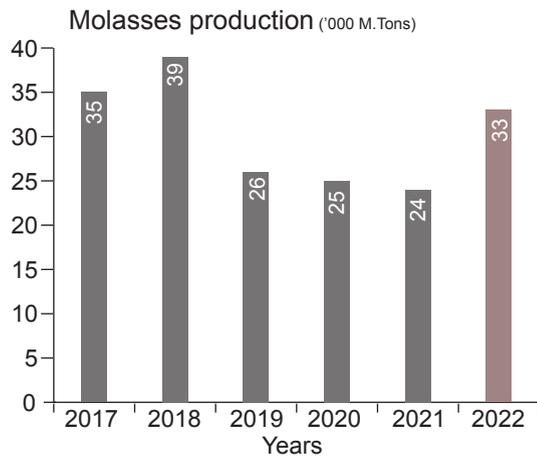
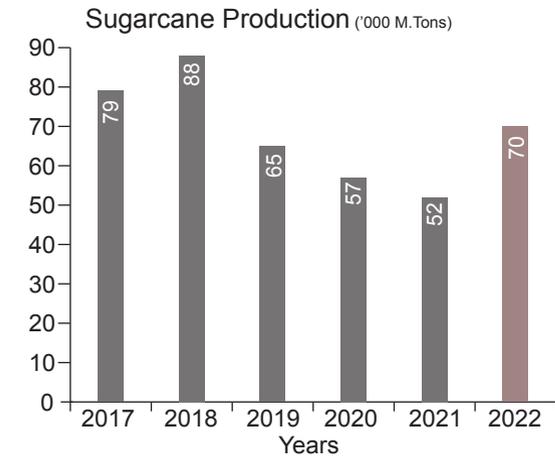
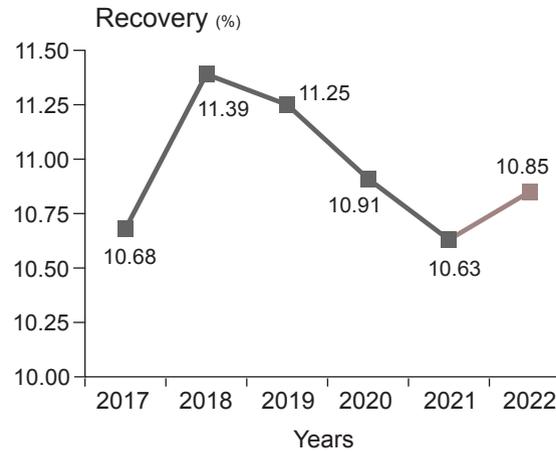
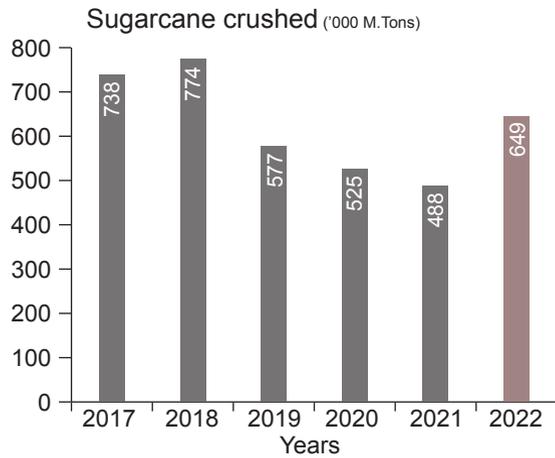
Non-Financial Ratios

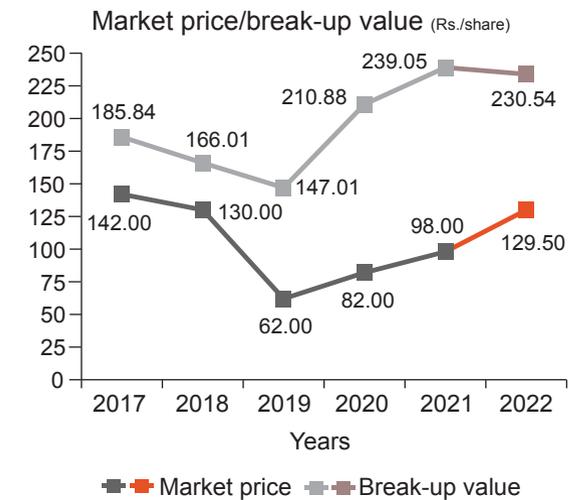
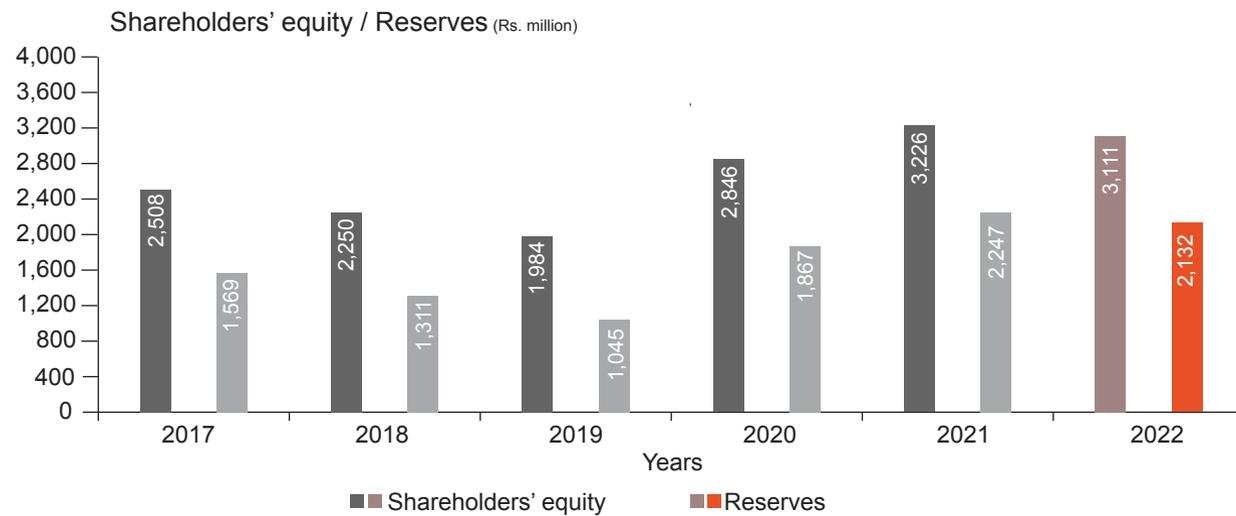
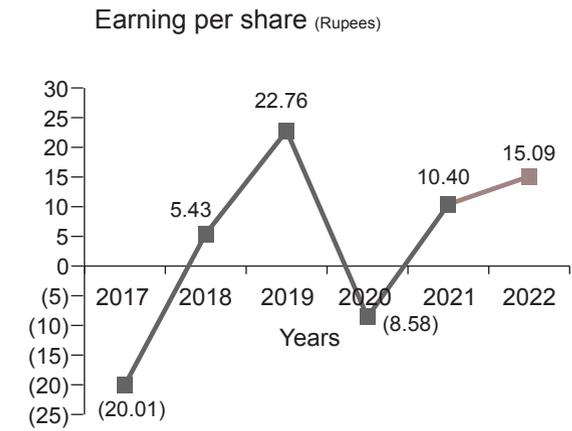
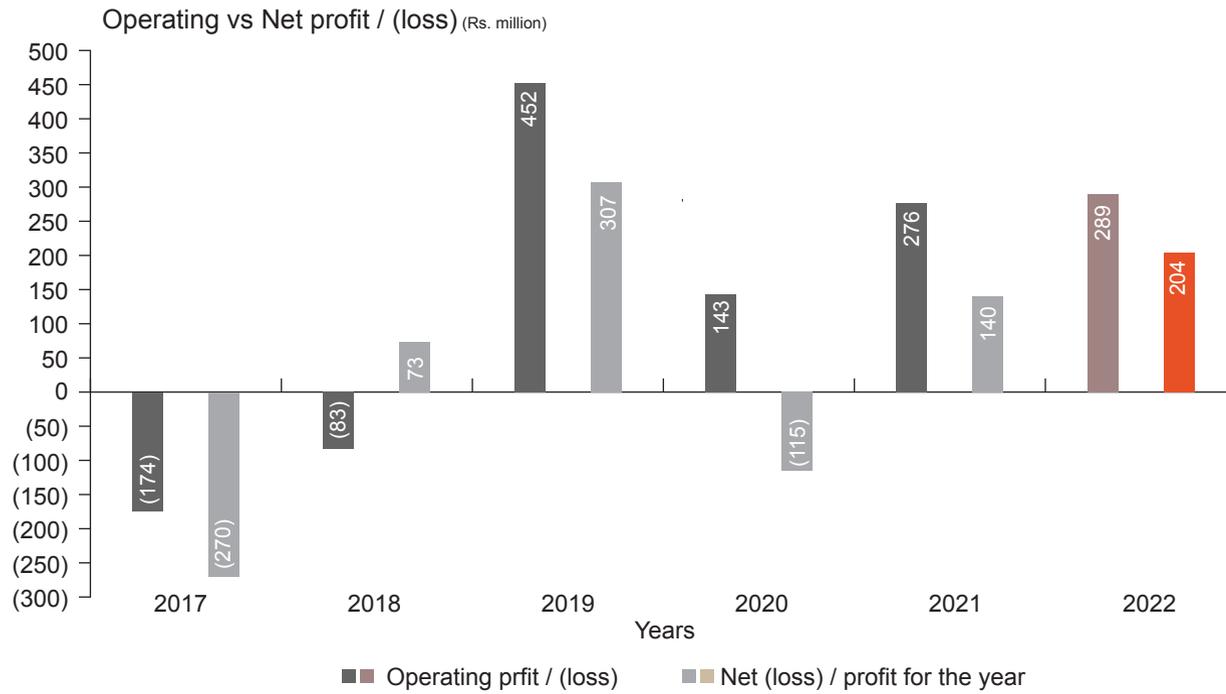
Percent of plant availability is dependent on availability of sugar cane for crushing and expectations about sugarcane crop. The Company was able to crush for more days as against the budget and hence an improvement in the ratio.

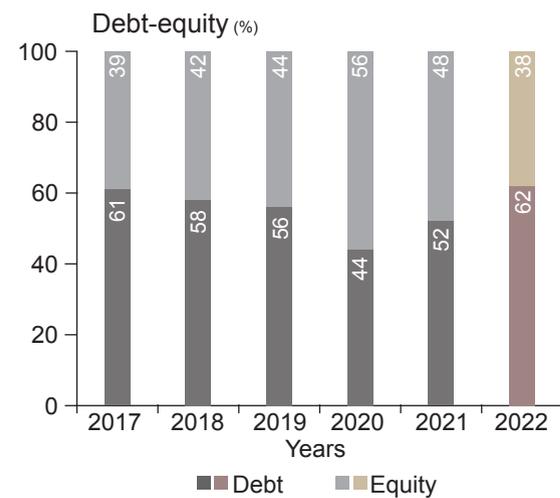
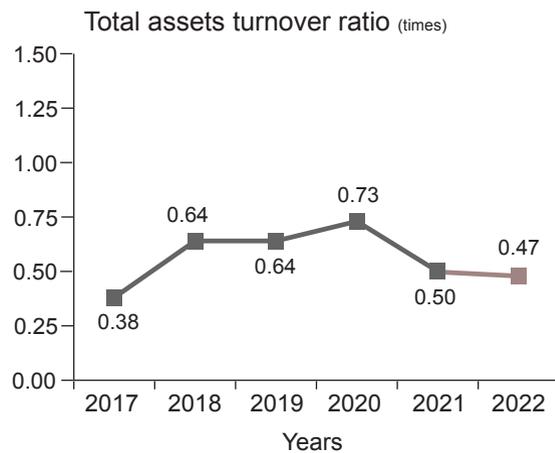
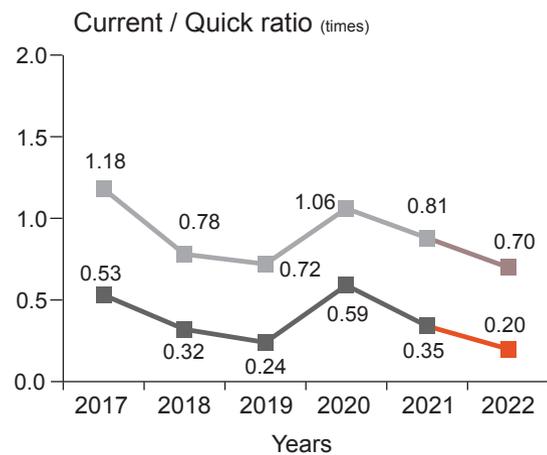
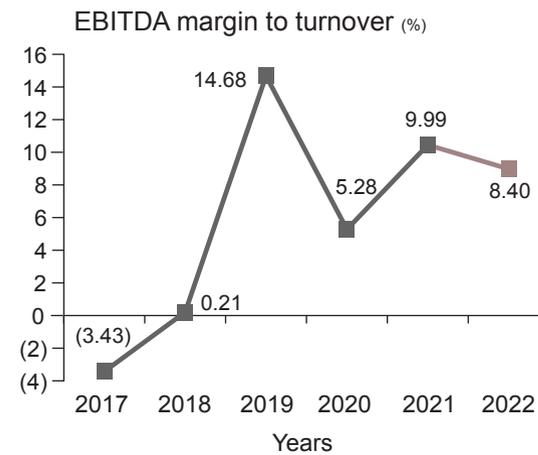
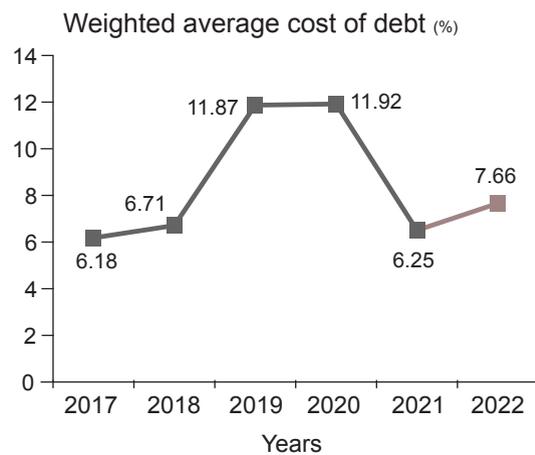
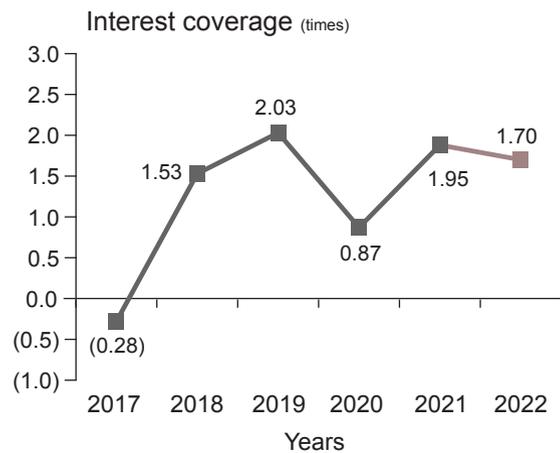
Others

Spares inventory percentage has increased owing to increase in spares because of ongoing paper project.

Key Operating Highlights

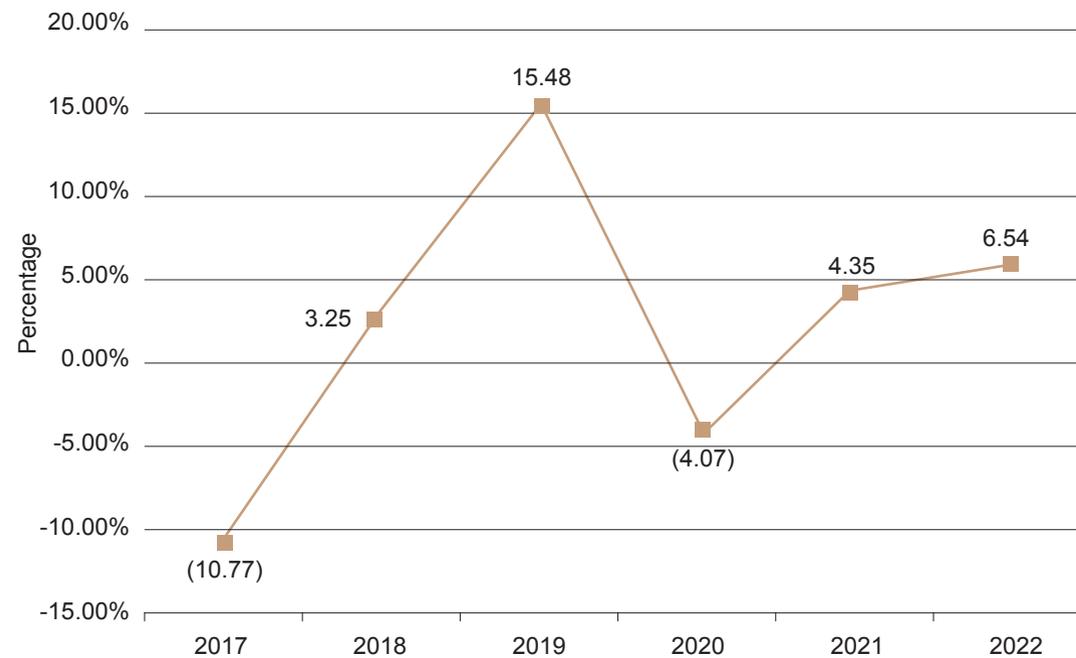




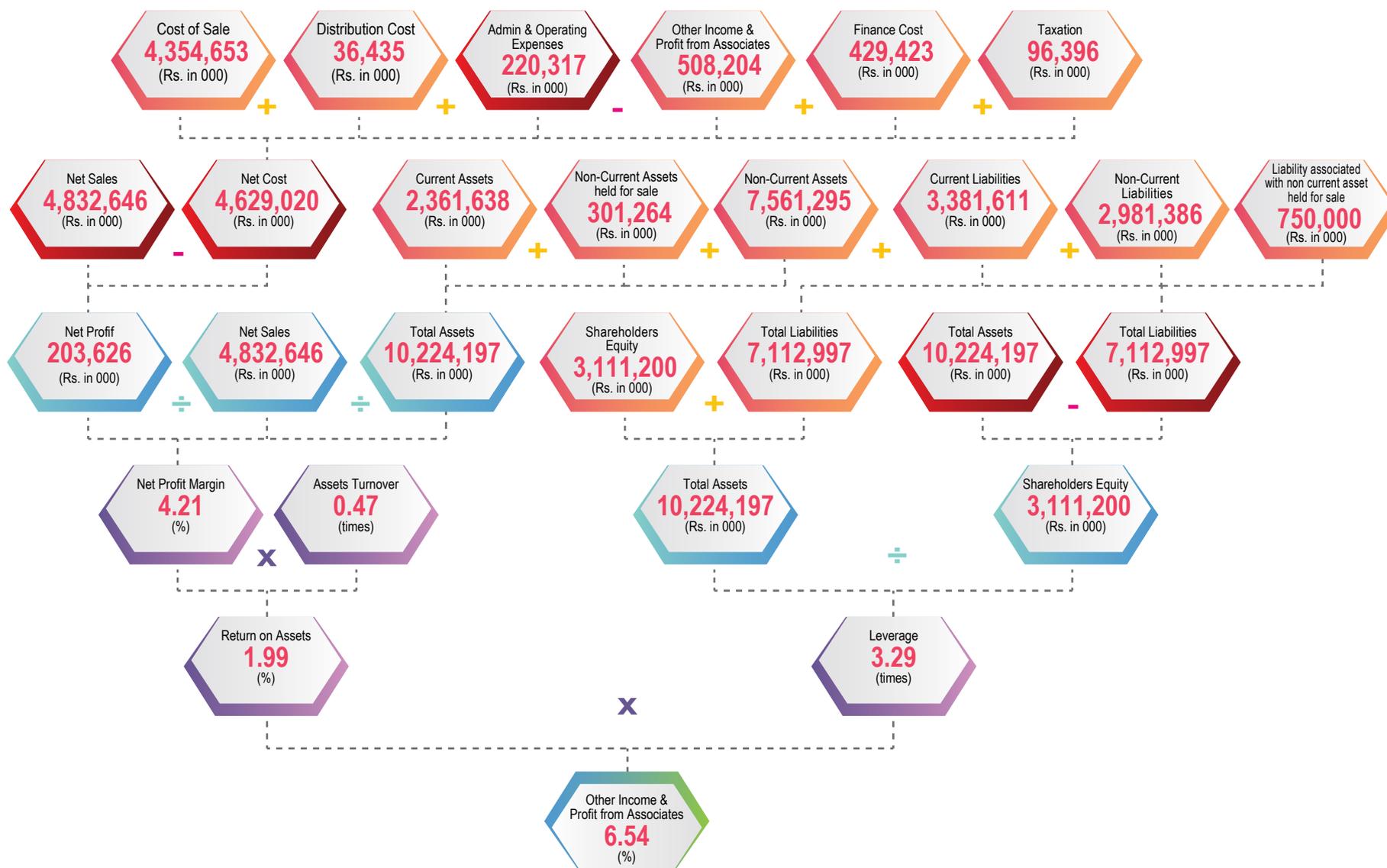


DuPont Analysis

	2022	2021	2020	2019	2018	2017
Operating margin (%)	5.99	7.16	3.09	12.12	(1.98)	(6.19)
Asset turnover (times)	0.47	0.50	0.73	0.64	0.64	0.38
Interest burden / efficiency (%)	103.68	78.09	(33.46)	92.38	135.17	(168.75)
Tax burden / efficiency (%)	67.87	65.03	241.09	73.55	65.60	92.19
Leverage (Equity Multiplier)	3.29	2.40	2.24	2.92	2.89	2.94
Return on Equity (%)	<u>6.54</u>	<u>4.35</u>	<u>(4.07)</u>	<u>15.48</u>	<u>3.25</u>	<u>(10.77)</u>

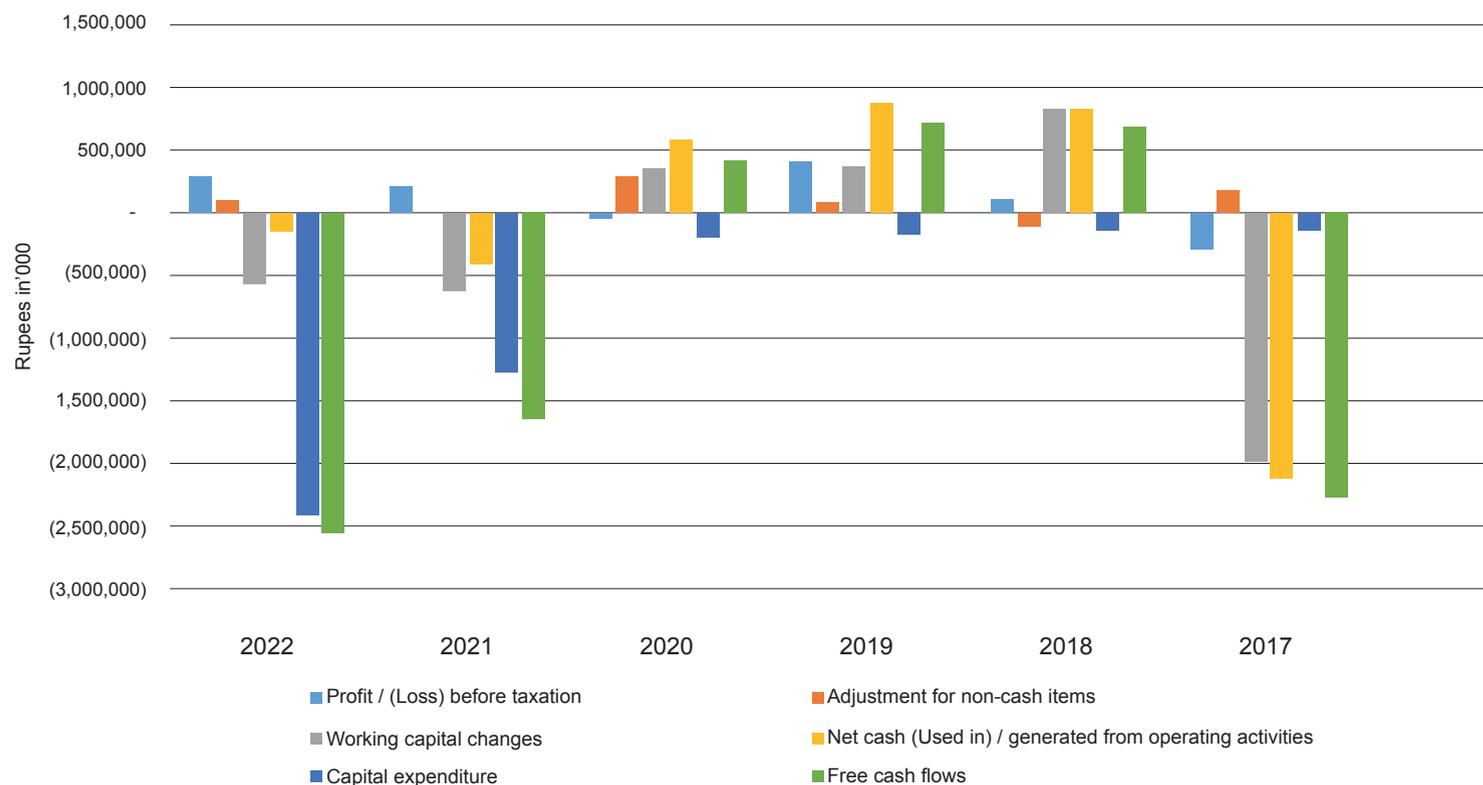


Dupont Chart



Statement of Free Cash Flows

	2022	2021	2020	2019	2018	2017
	(Rupees in '000)					
Profit / (Loss) before taxation	300,022	215,773	(48,005)	417,669	111,649	(292,927)
Adjustment for non-cash items	107,631	6,627	285,740	89,476	(100,911)	176,416
Working capital changes	(550,467)	(617,900)	366,244	374,864	829,639	(1,998,954)
Net cash (Used in) / generated from operating activities	(142,814)	(395,500)	603,979	882,009	840,379	(2,115,465)
Capital expenditure	(2,408,574)	(1,259,975)	(190,395)	(167,757)	(144,761)	(156,016)
Free cash flows	<u>(2,551,388)</u>	<u>(1,655,475)</u>	<u>413,584</u>	<u>714,252</u>	<u>695,618</u>	<u>(2,271,481)</u>



Economic Value Added

Net Operating Profit After Tax

Cost of Capital

Economic Value Added

Cost of Capital

Total Assets

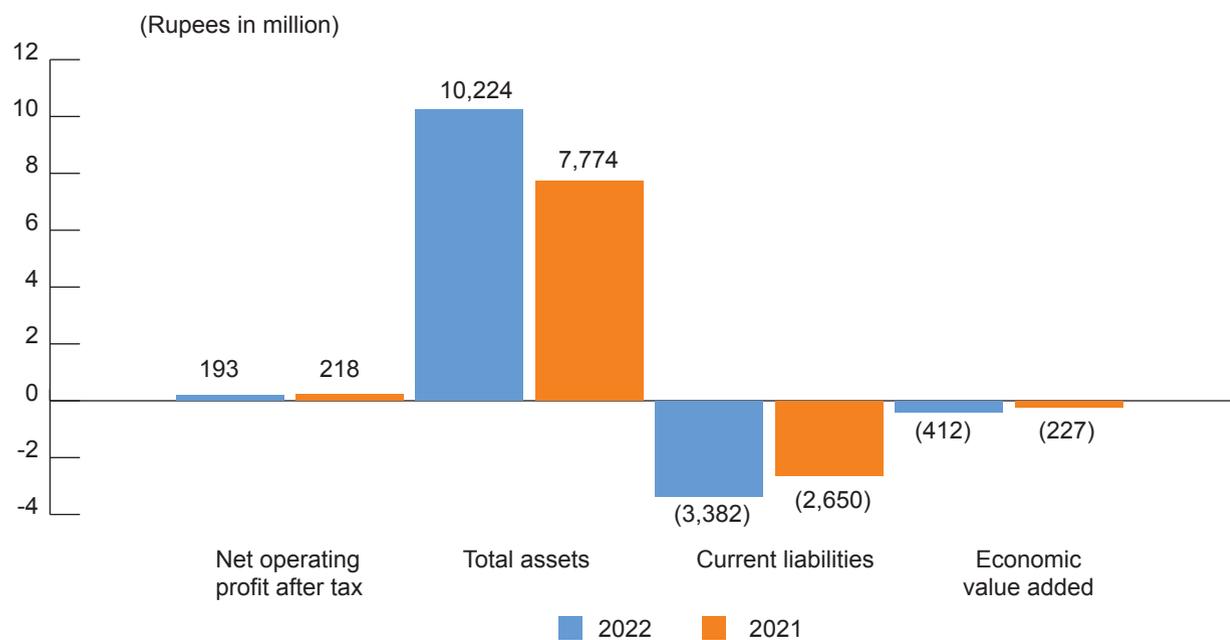
Currents Liabilities

Invested Capital

Weighted Average Cost of Capital

Cost of Capital

2022	2021
(Rupees in '000)	
192,990	218,485
(605,317)	(445,507)
<u>(412,327)</u>	<u>(227,022)</u>
10,224,197	7,743,795
(3,381,611)	(2,649,786)
6,842,586	5,094,009
8.85%	8.75%
<u>605,317</u>	<u>445,507</u>



Horizontal Analysis-Last Six Years

	2022		2021		2020		2019		2018		2017	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Balance Sheet												
Assets												
Non current assets	7,561,295	42	5,307,864	20	4,414,133	11	3,973,441	(6)	4,228,602	30	3,248,943	16
Current assets	2,361,638	11	2,134,667	9	1,965,049	8	1,827,130	(20)	2,276,581	(45)	4,131,912	67
Non current asset held for sale	301,264	-	301,264	100	-	-	-	-	-	-	-	-
Total Assets	10,224,197	32	7,743,795	21	6,379,182	10	5,800,571	(11)	6,505,183	(12)	7,380,855	40
Equity & Liabilities												
Shareholders equity	3,111,200	(4)	3,225,984	13	2,845,870	43	1,983,905	(12)	2,250,305	(10)	2,507,968	(15)
Non current liabilities	2,981,386	72	1,738,025	3	1,684,659	33	1,269,197	(5)	1,340,778	(3)	1,377,166	61
Current liabilities	3,381,611	28	2,649,786	43	1,848,653	(27)	2,547,469	(13)	2,914,100	(17)	3,495,721	139
Liabilities associated with non current asset held for sale	750,000	477	130,000	100	-	-	-	-	-	-	-	-
Equity & Liabilities	10,224,197	32	7,743,795	21	6,379,182	10	5,800,571	(11)	6,505,183	(12)	7,380,855	40
Turnover & Profit												
Turnover-net	4,832,646	25	3,861,442	(17)	4,637,141	24	3,728,986	(11)	4,170,397	49	2,802,150	(26)
Gross profit/(Loss)	477,993	69	282,776	(7)	304,723	(50)	607,954	59	381,887	912	(47,041)	(114)
Operating profit/(Loss)	289,386	5	276,301	93	143,475	(68)	452,101	647	(82,596)	(52)	(173,588)	(168)
Profit/(Loss) before taxation	300,022	39	215,773	549	(48,005)	(111)	417,669	274	111,649	138	(292,927)	(230)
Profit/(Loss) for the year	203,626	45	140,320	221	(115,733)	(138)	307,188	319	73,244	127	(270,044)	(280)

COMMENTS ON HORIZONTAL ANALYSIS:

Statement of Financial Position



Non-current assets increased due to additions to capital work in progress on account of paper and board project.

Current assets increased due to increased sugar stock as compared to last year, increase in trade debts and stores and spares but decreased due to decrease in other receivables and sale of shares of related party.

Shareholders' equity decreased due fair value loss on investment in securities through other comprehensive Income and actuarial loss on defined benefit plan.

Non current liabilities increased mainly due to additional long term financing during the year for paper and board project and related government grant. Increase in short term borrowings, accrued markup and trade and other payables resulted in increasing current liabilities.



Profit and Loss Account



Turnover has increased by 25% as compared to year 2021 due to higher production during the crushing season 2021/22 and higher opening stocks which resulted in increase sales. Decrease in sugarcane cost also contributed in higher gross profit which as percentage rose by 69%.

Finance cost increased during the year due to multiple increase in discount rates by the State Bank of Pakistan during the year.

Share of profit in associate increase by 163% due to improved profitability of associate on account of rupee devaluation. Overall impact was profit for the year of Rs. 203.626 million.



Vertical Analysis-Last Six Years

	2022		2021		2020		2019		2018		2017	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Balance Sheet												
Assets												
Non current assets	7,561,295	74	5,307,864	69	4,414,133	69	3,973,441	69	4,228,602	65	3,248,943	44
Current assets	2,361,638	23	2,134,667	28	1,965,049	31	1,827,130	31	2,276,581	35	4,131,912	56
Non current asset held for sale	301,264	3	301,264	3	-	-	-	-	-	-	-	-
Total Assets	10,224,197	100	7,743,795	100	6,379,182	100	5,800,571	100	6,505,183	100	7,380,855	100
Equity & Liabilities												
Shareholders equity	3,111,200	31	3,225,984	42	2,845,870	45	1,983,905	34	2,250,305	35	2,507,968	34
Non current liabilities	2,981,386	29	1,738,025	22	1,684,659	26	1,269,197	22	1,340,778	21	1,377,166	19
Current liabilities	3,381,611	33	2,649,786	34	1,848,653	29	2,547,469	44	2,914,100	45	3,495,721	47
Liabilities associated with non current asset held for sale	750,000	7	130,000	2	-	-	-	-	-	-	-	-
Equity & Liabilities	10,224,197	100	7,743,795	100	6,379,182	100	5,800,571	100	6,505,183	100	7,380,855	100
Turnover & Profit												
Turnover-net	4,832,646	100	3,861,442	100	4,637,141	100	3,728,986	100	4,170,397	100	2,802,150	100
Gross profit/(Loss)	477,993	10	282,776	7	304,723	7	607,954	16	381,887	9	(47,041)	(2)
Operating profit	289,386	6	276,301	7	143,475	3	452,101	12	(82,596)	(2)	(173,588)	(6)
Profit/(Loss) before taxation	300,022	6.21	215,773	5.59	(48,005)	(1.04)	417,669	11.20	111,649	2.68	(292,927)	(10.45)
Profit/(Loss) for the year	203,626	4.21	140,320	3.63	(115,733)	(2.50)	307,188	8.24	73,244	1.76	(270,044)	(9.64)

COMMENTS ON VERTICAL ANALYSIS:

Statement of Financial Position



Total asset base increased mainly due to additions to capital work in progress on account of paper and board project. Non current assets as percentage of total assets increased whereas current assets and shareholders' equity decreased due to higher asset base.

Due to increase in long term financing, non current liabilities as percentage of equity and liabilities have increased from last year.

Liabilities against non current asset held for sale reflects additional proceeds received during the year against the sale of the asset.



Profit and Loss Account



Turnover has increased by 25% as compared to year 2021 which resulted in increased gross profit in absolute terms. Gross profit as percentage also increased as the cost of sales per ton declined by 6% as compared to 2021.

Operating profit remained to 6% of sales as against 7% last year mainly because of decline in other income. Profit before tax was supported by income from associates which increased by 163% from last year which contributed to the Company achieving net profit ratio of 4.21% as against 3.63% last year .



Summary of Cash Flow Statement - Last Six Years

	2022	2021	2020	2019	2018	2017
	(Rupees in '000)					
Summary of Cash flows						
Net cash (used in)/generated from operating activities	(142,814)	(395,500)	603,979	882,009	840,340	(2,115,465)
Net cash (used in)/generated from investing activities	(1,271,580)	(532,148)	99,472	105,853	102,251	(133,105)
Net cash generated from / (used in) financing activities	<u>1,398,620</u>	<u>927,824</u>	<u>(710,678)</u>	<u>(963,778)</u>	<u>(946,904)</u>	<u>2,250,160</u>
Change in cash and cash equivalents	(15,774)	176	(7,227)	24,084	(4,312)	1,590
Cash and cash equivalents - beginning of the year	35,344	35,168	42,395	18,311	22,623	21,033
Cash and cash equivalents - Year end	<u><u>19,570</u></u>	<u><u>35,344</u></u>	<u><u>35,168</u></u>	<u><u>42,395</u></u>	<u><u>18,311</u></u>	<u><u>22,623</u></u>

Comments on Cash Flow

Net cash flows from operating activities improved from last year because of 29% increase in sales owing to higher production. Whereas more quantity of cane was crushed at comparatively lower rates than last year. Further, the Company held more closing stock than last year. The Company managed to pay its creditors well on time and also secure advance payments against sale. Management is fully committed for managing operations efficiently

In order to diversify the business of the Company, work on paper project is progressing at full swing. Cash flows from investing activities mainly represent the payment of capital work in progress related to paper plant as the work is near completion & sale of equity investment for the same purpose, The Company also invested in its capital assets to modernize its existing plant. Besides this, cash was generated as a result of dividend received from associates & sale proceeds of non-current asset held for sale.

Cash flows from financing activities improved due to borrowing of short term & long term finance from various banks. Long term finance was obtained during the year for capex of paper plant, whereas some principal payments were also made falling due in current period. Short term borrowings were needed to fulfil working capital requirements owing to higher crushing, lower sugar prices & higher closing stock than last year.

Statement of Cash Flows-direct Method

For the Year Ended September 30, 2022

	2022	2021
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	4,886,338	3,655,221
Cash paid to suppliers and employees	(4,878,350)	(3,885,192)
Cash generated from / (used in) operations	7,988	(229,971)
Long-term deposits - net	(2,928)	(14,144)
Income tax paid	(147,874)	(151,385)
Net cash (used in) / generated from operating activities	(142,814)	(395,500)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(2,408,574)	(1,259,975)
Sale proceeds of operating property, plant and equipment	955	559
Sale proceeds of short term investment - net	175,592	376,647
Sale proceeds against Non-current asset held for sale	620,000	130,000
Profit realised on term deposits	85	53
Dividend received from an associate	325,000	212,500
Dividend received from related parties	15,362	8,068
Net cash used in investing activities	(1,271,580)	(532,148)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(295,125)	(227,971)
Short-term borrowings-net	404,510	698,352
Long-term financing-net	1,295,438	462,466
Payment of lease liability	(6,198)	(4,544)
Payment of dividend	(5)	(479)
Net cash generated from financing activities	1,398,620	927,824
Net (decrease) / increase in cash and cash equivalents	(15,774)	176
Cash and cash equivalents at the beginning of the year	35,344	35,168
Cash and cash equivalents at the end of the year	19,570	35,344

Share Price Sensitivity Analysis

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

Industry Performance:

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

Selling Price:

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

Raw Material Costs:

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

Government Policies and Regulations:

The policies adopted and regulations promulgated by the Government have a direct association with share prices. Any policy that will result in increased demand, improved tax rates, reducing production costs, the better economic environment may positively influence the Sensitivity Analysis of Change in Market Capitalization share price. Whereas the policies that create hindrances for the sugar industry and for the overall business environment will adversely impact the share price.

Law and Order:

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

Economic Conditions:

The Company's performance has a direct relationship with economic conditions so as the share price. The factors that contribute to economic conditions include the discount rate, currency devaluation, and inflation. Increased in the discount rate will

expose the Company to higher cost of debts. Currency devaluations will benefit the Company in terms of exports however, on the other hand, will result in a higher cost of imported stores and spares and plant and machinery. However, all these factors will improve the performance of the company if contribute positively to the economic conditions.

Operational Efficiencies:

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

Investor Sentiments:

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

Sensitivity Analysis of Change in Market Capitalization

Share Price of 30.09.2022	:	Rs. 129.5
Market Capitalization as of 30.09.2022	:	1,747,607,680
Change in Share Price by	:	Change in Market Capitalization
+10%	:	Rs. 174,760,768
-10%	:	Rs. (174,760,768)



Calendar of Notable Events

OCTOBER 2021
29th Breast Cancer Awareness Day

NOVEMBER 2021
19th GFG Newsletter 4th Editions

DECEMBER 2021
15th Audit committee meeting for the financial year 2021
16th Board of Director Meeting for the financial year 2021

JANUARY 2022
26th Audit committee meeting - 1st Quarter
27th 57th Annual General Meeting for the financial year 2021
27th Board of Director Meeting - 1st Quarter

FEBRUARY 2022
23rd Corporate Briefing Session at our head office via zoom

MARCH 2022
8th International Women's Day Celebration

MAY 2022
23rd Audit committee meeting - 2nd Quarter
25th Board of Director Meeting - 2nd Quarter

JULY 2022
26th Audit committee meeting - 3rd Quarter
28th Board of Director Meeting - 3rd Quarter
27th 1st meeting of Human Resource Remuneration Committee

AUGUST 2022
14th Independence Day Celebration

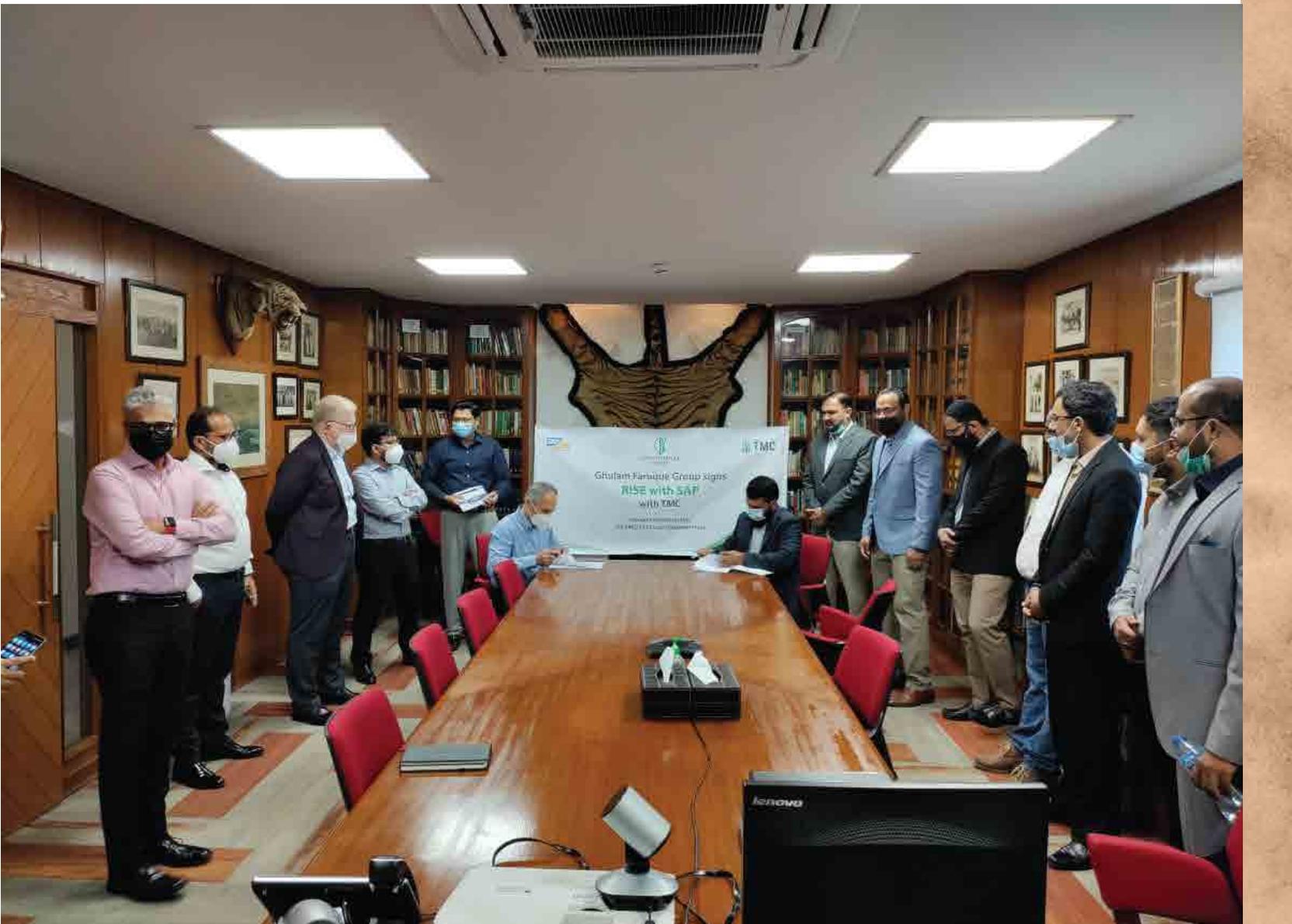
SEPTEMBER 2022
27th Recieved 1st prize in best corporate & sustainability report award 2021
27th 2nd meeting of human resource remuneration committee
30th Year End Closing

ERP Upgradation to Meet Modern Business Essentials

Mirpurkhas Sugar Mills Limited always made sure to match the pace of technological advancement. It can be seen in its production facilities and implementation of world renowned ERP SAP. The SAP ERP was implemented in the Company in the year 2010. It was upgraded and reconfigured from time to time as per the changing needs of the Company. Since SAP has announced that it will stop providing support for the legacy ECC System from 2025, the Company had to take this inevitable decision timely. Moreover, viewing the promising potential of SAP S/4HANA the company has decided to convert its current SAP version into SAP S/4HANA. The Company has engaged a renowned SAP consultant for the project. SAP S/4HANA's major benefits are detailed below:

- **Simplification:** Simplicity is one of the key features of SAP S/4HANA application. It brings about great simplification to the management and administration of the IT landscape. It allows the centralizing of hardware and network resources, and serves as the digital core for business processes.
- **Cost Effectiveness:** As far as cost efficiency is considered, it brings together all the analytical and transactional capabilities of a variety of systems onto one location. This enhances the decision making process immensely. It also enables to provide better service for customer-centric applications
- **Innovation :** The company wants to stay ahead of the curve and make decisions that are future ready. SAP S/4HANA sets the stage for future innovation as the technology is evolving rapidly, which means merely 'keeping up' doesn't connect it anymore.





Contract signing for SAP S/4HANA implementation

SAP SuccessFactors Implementation at GFG

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

GFG is implementing SAP SuccessFactors with following objectives:

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

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

Growth

The company has always strived for growth and diversification to enhance the returns for the stakeholders. During last many years, the company increased its crushing capacity to reach the level of 12,500 TCD. It has also worked on diversification projects in the past and is continuing its effort to generate revenues from avenues other than sugar.

Sugar

The company continues to incur capital expenditure to enhance the plant efficiency and improved storage capacity for sugar and by products. During the year, falling film evaporators were successfully commissioned that allow advanced steam-saving concepts to be implemented for sugar production resulting in efficient production process.

Paper and Board project

Considering the opportunity of bagasse availability as a by product of sugar operations which can produce cheap power to make new investments viable and in order to increase the shareholders wealth by diversification, the company has decided to set up a paper and board project. The size of the sector is large enough to accommodate new entrants. The sustainable nature of the product (necessity, no substitute, recycling element) also reflects good prospects for long-term investment in this sector.

The project will serve to enhance the business prospects of the company by making it even less reliant on sugar production, while benefiting from the synergies with the same, e.g., significantly lower energy costs. Major capex incurred during the year pertained to Paper project. Currently the project is expected to be commissioned by March 2023.

Solar Power

The Company has entered into an agreement for the installation of a 2 MW solar power project. This initiative will enable the company to improve its operational efficiency and reduce energy costs.



IT Governance and Cybersecurity

IT Governance Policy	117
IT Security Policy	117
Board's Risk Oversight Function for Cybersecurity	118
IT System Security Logs and Analysis	118
Comprehensive Security Assessment of Technology Environment	118
Business Continuity and Disaster Recovery Policy	119
Business Continuity and Disaster Recovery Plan	119
Advancement in Digital Transformation	120
Staff Training to Avoid Cybersecurity Threat and Risks	120

IT Governance Policy

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

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

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

INFORMATION SYSTEM SECURITY POLICY

Objective

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

Policy

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

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

Industry Specific Requirements for Cybersecurity And Strategy

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

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

BOARD'S RISK OVERSIGHT FUNCTION FOR CYBERSECURITY

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

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

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

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

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

IT SYSTEM SECURITY LOGS AND ANALYSIS

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

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

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

COMPREHENSIVE SECURITY ASSESSMENT OF TECHNOLOGY ENVIRONMENT

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

In the fiscal year 2021-22 the Board has approved and executed Vulnerability Assessment and Penetration Testing (VAPT) of IT assets from third party which provides enterprises with a more comprehensive application evaluation than any single test alone. Using the VAPT approach gives an organization a more detailed view of the threats facing its applications, enabling the business to better protect its systems and data from malicious attacks. Vulnerabilities can be found in applications from third-party vendors and

internally made software, but most of these flaws are easily fixed once found. Using a VAPT provider enables IT security teams to focus on mitigating critical vulnerabilities while the VAPT provider continues to discover and classify vulnerabilities.

VAPT report was submitted by third party and has been reviewed by the IT steering committee members who have directed the management / IT Security teams to do measures against the gaps identified in the report.

BUSINESS CONTINUITY AND DISASTER RECOVERY POLICY

The Board of Directors has approved and continuously reviews the IT Policy and Business Continuity Plan of the Company. The management has arranged offsite data storage facilities. All the key records are being maintained at different locations. Employees are aware of the steps required to be taken in case of any emergency.

BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

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

Business Continuity Plan

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

Manufacturing Facilities

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

Identification of Potential Issues and The Plan Update

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

Disaster Recovery Plan and IT Infrastructure

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

Cyber Insurance

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

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

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

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

ADVANCEMENT IN DIGITAL TRANSFORMATION

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

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

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

Marketing and Other Staff

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

Cloud Computing

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

scale as your business needs change.

The Board of Directors has decided to migrate company's on premises SAP ERP solution to S4/HANA on cloud in IT steering committee. Company is now moving towards S4/HANA and Success Factors on cloud. Multiple cloud service provider solutions have been reviewed and evaluated in IT steering committee and finalized one cloud service provider. S4/HANA and Success factor on cloud is on execution phase and expected to be live by the end of year 2023.

STAFF TRAINING TO AVOID CYBERSECURITY THREAT AND RISKS

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

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



Outlook

Forward Looking Statement 122

Forward Looking Statement

During the FY2022, real GDP growth remained around 5.97 percent. However, underlying macroeconomic imbalances and associated domestic and international risks have continued to hurt the economy. While the economy of Pakistan rebounded from the pandemic and posted a V-Shaped economic recovery (GDP growth was 5.74 percent during the FY2021), this growth was accompanied by external and internal economic imbalances. While this has often been the case with Pakistan's economy, external circumstances played a critical role this time. These circumstances are challenging for almost all economies of the world. A highly transmissible COVID-19 variant prolonged the effects of the pandemic, and the Russia-Ukraine conflict started in February 2022 has also upended the global recovery. Financial and commodity markets have felt shockwaves. As a result, energy and food prices have surged rapidly and threaten to remain highly elevated, driving significant inflation. This highly challenging, uncertain environment poses particular problems for developing economies like Pakistan and the GDP growth is expected to be between 2 to 3 percent in the FY 2023. The State Bank of Pakistan has taken monetary policy measures to avert an economic crisis, leading to significant increases in the policy rate, which reached 16 percent in November 2022, compared to 7.25 percent in September 2021 (an extraordinary increase of 875 basis points).

Mirpurkhas Sugar Mills Limited has also faced the same. Suppressed demand, high inflation and fuel prices and Pakistan Rupee devaluation against the dollar has all affected the economy, and the company as well. The cost of production has risen whereas sales prices continue to be depressed. Despite the bumper cane crop which resulted in higher production, the Company is incurring a high finance cost due to the lower selling prices and continued borrowing during the crushing season. After constant follow up by sugar mills to allow export, the ECC has agreed to allow export for 100,000 tons and it will continue to allow the permission while reviewing the country stock position. The sugar industry on multiple occasions informed the government that Pakistan has a surplus of one million tons however, till now only 100,000 tons is allowed to be exported. We hope that permission for more exports will continue to allow the sugar mills to make timely payment and help the country to earn much needed foreign exchange. To keep its finance cost at minimum levels, the Company took timely operational decisions for better cash flow management. The company availed the major portion of its paper project financing under TERF scheme which will provide business diversification while creating job opportunities and supporting economic growth in the area.

With regards to global sugar industry, global production is estimated up 2.8 million tons to 183.2 million as higher production in Brazil, China, and Russia is expected to more than offset declines in the European Union, India, and Ukraine. Consumption is anticipated to rise to a new record due to growth in markets such as China, Indonesia, and Russia. Exports are projected higher as the drop in India is more than offset by

higher exports from Brazil and Thailand. Stocks are estimated lower as growth in global consumption exceeds the rise in production. Concerning key exporters, China is anticipated to import less in favor of drawing down stocks for its consumption, reduced production in India is expected to lower stocks, and Thailand is expected to draw down stocks in order to support higher exports driven by strong global demand.

Coming to Pakistan, overall production of sugarcane in Pakistan is expected to rise by a further 15-20 percent due to better and timely payment to the farmers by the sugar industry in the last few years. While large parts of the crop were affected by floods from June to August 2022, the areas where sugarcane is cultivated in Punjab were largely safe. The monsoon rains had a devastating impact on the agriculture sector in Sindh, with most of the short-term crops like cotton, onion, chili and wheat being completely destroyed, while the sugarcane crop was only partially affected in terms of productivity and recovery. Consumption continues to grow with a rising population and demand from the expanding food processing sector. The government of Sindh has increased the minimum support price for the season 2022/23 to Rs. 302 per maund as against Rs. 250 per maund for the previous season. This in addition to the quality premium will increase the cost of production in the season 2022/23.

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

The Company recognizes that growth and sustainability in the sugar industry is also dependent on access to a growing volume of sugar cane, particularly from within existing areas of supply, and on promoting early maturing cane variety alongside the existing ones, to have a more even sucrose recovery throughout the season. The key here lies in long-term engagement with farmers, so as to convince them to plant more cane, demonstrating the use of superior cane varieties (higher yield and hence higher income), timely growing support (provision of seeds, fertilizers and crop protecting agents) and prompt payment. Over the years, the Company has attempted to deepen this bond by assuming the role of friend and guide. e.g., the Company continuously develops model demonstration plots on the farmers' land and educates farmers that better results ultimately mean better financial returns to them. The company is consistently making efforts to increase the cane cultivation area and yield per acre. In this regard, a cane development team comprises of experts in sugarcane farming has been formed. Sugarcane department along with sugarcane development team continuously performs different activities, seminars and workshops during the year to ensure sound and healthy relationships with farmers and educate them about the latest development in the field. Sugarcane development team is working very hard to improve the situation in our areas of sugarcane procurement.

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

The region where the Company operates has shown a steady growth in sugarcane plantation and higher yields, owing to the high cane prices offered by the mills during the last few years. Unfortunately, such returns did not materialize for the mills, as given the long-standing issue of the sugar industry being highly politicized and over regulated, there continues to be a lack of adequate correlation between the price of sugarcane and that of sugar.

Sugar prices continued to remain depressed throughout the year due to the excessive sugar stock of approx. one million tons in the Country (November 2022). Furthermore, the Government imposed further taxes, including a super tax, which will also have a negative impact on the Company. For the crushing season 2022/23, the production of sugar in Pakistan is expected to surpass the previous year's production, adding further to the surplus. Not allowing the sugar industry to export all the surplus sugar has a negative impact on both the sale price and high financial charges incurred by the Company. The proper documentation of the sugar production through the complete implementation of Track and Trace system is likely to have a positive impact. If the government takes a prudent view of the situation, Pakistan can return to being a regular exporter of sugar.

Despite the difficult economic environment, the Company continues to strive to improve financial results and increase overall profitability. As already mentioned, and despite the challenging conditions, the Company remains positive in its outlook as it continues its strategy to leverage synergies and diversify its operations to enhance its revenues from avenues other than sugar, as is demonstrated by the investment in the paper and board project and the ongoing success of Unicol.

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

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

Revenue Projections combined (Sugar and Paper divisions)

The Company on an annual basis sets sales, crushing, production and other targets in the form of a budget which is duly approved by the Board of Directors. In FY 2022-23, the company expects to start the commercial production of paper as well and has also formulated the paper sales, production and raw material budget.

Inflationary pressure and devaluation of Pakistani Rupee against USD is expected to continue owing to depleting forex reserves and continuous demand for energy payments. The Company's overall finance cost is expected to increase significantly during the upcoming financial year owing to the effect of increased discount rate as announced by SBP being materialized.

FY 2023 is expected to remain a challenging one. However, considering the available information and management best judgement, revenue projections for sugar and paper business are as follows:

Year	Revenue - net (Rs. in '000)
2022-23	8,436,289
2023-24	10,447,877
2024-25	12,327,357

Sources of Information used for projections of future revenues

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

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

Our 2023 outlook anticipates weaker economic growth and stronger markets. Although we believe a historic global central bank tightening cycle will rein in inflation, recessions are likely in the United States and Europe. Growth will continue to be challenged in China and Latin America. Pakistan's economy is expected to grow by only 2 percent in the current fiscal year ending June 2023. State Bank of Pakistan continue to monitor the economic conditions prevailing in the market and it is expected that it will further tighten the monetary policy with further enhancement of lending rates.

Company performance against last year projection

FY 2021/22 was once again a challenging year for the sugar industry, and specially for the Company. Despite sugarcane crushing having increased, coupled with improved recovery, which resulted in higher production of sugar, the sugar prices remain suppressed.

During the crushing season 2021/22, the plant operated for 124 days compared to 98 days the previous year. This resulted in the factory being able to crush 649,557 metric tons of sugarcane to produce 70,460 metric tons of sugar as compared to 488,464 metric tons of sugarcane to produce 51,909 metric tons of sugar during the corresponding period last year. The increase in production was due to steady growth in sugarcane plantation and higher yields, owing to the high cane prices offered by the mills. As a result, during the FY2022, total sugarcane crushed in Pakistan was recorded at 79.95 million tons, posting a substantial increase of 36.55 percent over the previous FY2021.

The Company was almost able to achieve the revenue projected last year due to higher sales quantity than expected but the prices remained substantially on a lower side due to excess production and ban on exports of sugar.

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

Status of the projects/Upcoming Projects

Paper and Board Project

The Company had decided to set up a 250 TPD paper and board project to diversify and enhance its business prospects, by making the Company less reliant on sugar production while benefiting from the synergies of the same. The cost of the project is currently estimated at Rs. 3.7 billion. Work on the paper project is progressing well. All the machine installation and machine related civil works are completed. At present, a joint team of in-house and external engineers is carrying out startup and debugging of individual equipment, which is expected to be completed by December 2022. Commercial production is expected to commence by March 2023. It is expected that the project will support the Company in improving the financial performance of the Company and meeting its long- term objective of diversification.

Solar Power

The Company has entered into an agreement for the installation of a 2 MW solar power project. This initiative will enable the company to improve its operational efficiency and reduce energy costs. The project is expected to be complete in first half of the year 2023.

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

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

In order to respond to uncertainty, embracing the uncertain environment is critical, otherwise the Company would be ignorant of its surrounding and such changes may catch the Company off-guard during impact. As a responsibility towards its stakeholders, company regularly assesses risks and opportunity profile to identify any disruption. Post COVID-19 situation, all of the Company's staff had been vaccinated and the Company is following the Government's directives in this regard. The Company continues to monitor the possible impact not just on staff health, but also on the Company's operations and liquidity position, and remains prepared to respond as the situation develops. The Company has practically demonstrated its business continuity during pandemic by managing its operations on reduced strength while rest of staff working from home. The Company has ensured that necessary IT infrastructure is available which facilitates employees in remote working and performing their tasks from home.

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

Additional Disclosures

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

Total Assessed Present Market Value of existing plant, machinery, building and land is over Rs. 4.2 billion however, the company has only accounted for revaluation in respect of land in its financial statements.

Forced sales value of plant, machinery, building and land is Rs. 3.16 billion.

Significant Material Assets

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

Plant Capacity

The Company has Mills Crushing Capacity of 12,500 MT per day



Stakeholders' Relationship and Engagement

Stakeholders' Engagement 126

Statement of Value Addition and Distribution of Wealth 128

Stakeholders' Engagement

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



STAKEHOLDERS



Online
Corporate Briefing Session

Institutional Investors / Shareholders

SHAREHOLDERS

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

MINORITY SHAREHOLDERS

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

INVESTORS SECTION

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

Customers & Suppliers

WHOLESALE, CUSTOMERS AND TRANSPORTERS

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

SUGARCANE FARMERS AND OTHER VENDORS

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

Banks and Other Lenders

BANKS AND OTHER LENDERS

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



Media

MEDIA

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



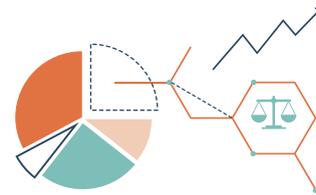
Regulators

GOVERNMENT AND REGULATORY BODIES

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

AGM PROCEEDINGS

The last AGM was conducted at Mirpurkhas Sugar Mills Site on Thursday, January 27, 2022 at 10:00 a.m. The meeting was well organized and well attended by the Shareholders. Shareholders asked different questions regarding Company's market share and exploring new markets and avenues to sustain. Shareholders also raised questions on the Company's cost saving strategy. Shareholders approved the Financial Statements and also gave approval for appointment of M/s. Kreston Hyder Bhimji & Co, Chartered Accountants as external auditors. Further, the Chairman & Members of the Audit Committee had Participated in the Annual General Meeting of the Company and responded to queries of Shareholders.



Analysts

INSTITUTIONAL INVESTORS AND ANALYSTS BRIEFING

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

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

Apart from these regular meetings, the Company also conducted formal Corporate Briefing Session at our head office via zoom on February 23, 2022 to apprise the stakeholders about the Company's operational and financial performance during the year 2020-2021. The Director and Chief Financial Officer of the Company summarized the Company's performance and progress highlighted the growth, diversification and challenges regarding the sugar sector. A Question & Answer session was also held in order to provide further explanation that shown the commitment of the Company towards continuous evolving stakeholders 'engagement.



Employees

EMPLOYEES

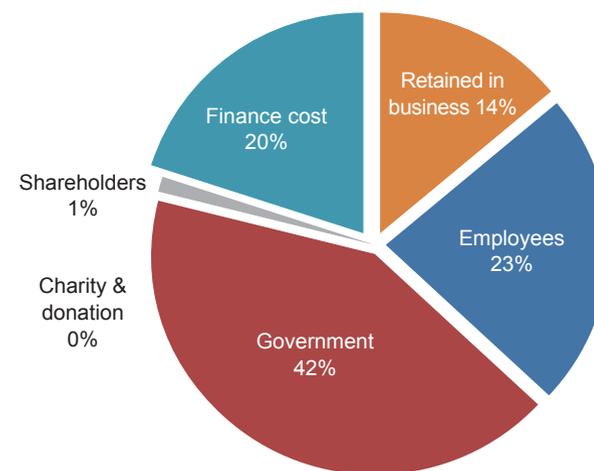
Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. We have educational loan schemes, in-house and outside training programs and long-term employment reward schemes in place to value our employees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



International Women's Day Celebration

Statement of Value Addition and Distribution of Wealth

	2022		2021	
	Rupees in '000	%	Rupees in '000	%
Wealth Generated				
Gross Sales	5,638,596		4,380,977	
Material and Services	(3,993,515)		(3,271,111)	
	<u>1,645,081</u>		<u>1,109,866</u>	
Other income	68,145		195,950	
Share of profit in an associate	440,059		167,545	
	<u><u>2,153,285</u></u>		<u><u>1,473,361</u></u>	
Wealth Distributed				
EMPLOYEES REMUNERATION	496,775	23%	386,283	27%
GOVERNMENT AS:				
Direct & Indirect taxes	906,406		605,471	
Workers' Funds	-		3,574	
	906,406	42%	609,045	40%
CHARITY & DONATIONS				
	413	*	235	*
SHAREHOLDERS AS DIVIDEND				
Cash dividend**	-		-	
Bonus Share**	20,243	1%		
FINANCE COST				
	429,423	20%	245,710	16%
RETAINED IN BUSINESS				
Depreciation & Amortisation	116,642		109,404	
Retained profit	183,383		140,320	
	<u>300,025</u>	14%	<u>249,724</u>	17%
	<u><u>2,153,285</u></u>	100%	<u><u>1,490,997</u></u>	100



* negligible

** post balance sheet event

A pair of hands is shown in a close-up shot. The left hand is holding a small green seedling with two leaves, while the right hand is holding a single water droplet just above it. The background is a soft, out-of-focus green, suggesting a natural setting. The overall image conveys a sense of nurturing and environmental care.

Sustainability and Corporate Social Responsibility

Sustainability Highlights 130

Corporate Social Responsibility Highlights 136

Sustainability Highlights

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

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

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

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

System Certification and Accreditation.

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

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

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

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

Certifications are benchmark



Our standards your guarantee

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



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

Environmental

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

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

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



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

a. Energy

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



Captive Power Plant

The company has steam turbines of 14.5 MW, which can run on steam. This reduces the environmental impact on our society and attaining steam economy through efficient use of bagasse in steam generation Process.

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

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

Energy Conservation Drive at Head Office

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



b. Emissions and Effluents

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

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

Water Conservation Plan

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



Achievements

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

Air Emission

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

Pollution Control Equipment

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

- Bagasse Dryers: About 80% Flue gasses are used in these dryers to dry wet Bagasse.
- Ash removing and collecting system: Ash Removed / Collected from Flue gasses.
- Dust Catcher: Dusted Extracted.

- Oil Skimmer / gravity separation chamber: Oil and Grease Collected from wastewater.
- Strainers: About 90% of total suspended solid collected from waste water drain.
- Automated DCS Boiler system and I-Boilers: To reduce fuel consumption and flue gases emission.
- Pan automation project: Overall 2% of steam has been saved as a result of fuel burning and its emission level is also reduced.
- Energy saving project through installation of VFDs.
- Major quantity of CO₂ is reused at carbonation process, which also reduces the emission load in the ambient environment.

Products

Our food product i.e. sugar, by-products Molasses, Bagasse, Mud and Effluents are of organic nature and do not have any harmful effect on environment.

c Quality Operations

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

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

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

- Design, installation, operation and performance qualification of all manufacturing equipment and testing instruments as part of Quality Assurance.
- Manufacturing Process Validation & Analytical Test Methods as part of Quality Assurance.
- Timely and Accurate testing of incoming materials raw/packaging, in-process, final product.
- Performing concurrent and accelerated stability studies for shelf life determination in order to monitor preservation of quality characteristics within shelf life.
- Implementation of Good Manufacturing Practices (GMP) & HALAL Food production with respect to housekeeping & HALAL controlling points at mill, boiler and process house, yards and Godowns, workers' hygiene, pest management and documentation.

- Formal Risk Assessment before any Change and Change Control Mechanism during Change Implementation.
- Formal Deviation Management related to suppliers, mill and process house including customer complaints investigation / root cause analysis and implementation of Corrective & Preventive Action (CAPA).
- Planning and conducting all inspection and testing activities as per Good Laboratory Practices.
- Monitoring of whole sugar manufacturing process against the standard of GMP and HALAL Food.
- Use of Statistical Process Control Tools to monitor the process capability.

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

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

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

Our Quality operation work facility

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

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

Major Quality Achievements:

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

d. Transport

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

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

e. Tree Plantation Drive and Zoo

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



2. SOCIAL

a. Employment

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

b. Labour / Management Relations

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

c. Occupational Health and Safety

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

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

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

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

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

d. Training and Education

The training, education and development of our people is a topic of critical importance to us. We have the long-standing ambition to be an employer

of choice and to be known as a “Talent factory”, recruiting and retaining the best and the brightest. We work towards this goal on a continuous basis, with formal training, development and growth opportunities, effective and timely performance appraisal and feedback systems, and by creating an open culture that encourages feedback and discussion. Moreover, Apprenticeship and Management Trainee Programs are also in place.

e. Diversity and Equal Opportunity

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

f. Non-discrimination

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

g. Child Labor

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

h. Forced or Compulsory Labor

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

i. Consumer Protection Measures

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

j. Business Ethics and Anti-Corruption Measures

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

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

k. Local Communities

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

3. Raising the Bar

a) Organic / Bio Fertilizer

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

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

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

Corporate Social Responsibility Highlights

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

DONATIONS

Health

Support extended to health-related initiatives includes funding for hospitals and different medical centers such as:

a) The Marie Adelaide Leprosy Centre

The Company promotes well-being of society by becoming a part of medical and health related initiatives. In lieu of promoting better health, the Company has made donations during the year.

b) Treatment Supports

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

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

Development and Community Support

Our operations are supported by our communities, both directly and indirectly. And we know that giving back to them and helping them develop simply makes good

sense in the long run for them and for us. In this regard, the Company has made donations to:

a) Local Government and Bodies

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

- Independence Day Ceremony
- Shaheed Mehmood Sultan T10 Cricket League.

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

Cleaning of drainage system:

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



Relief work for Flood Victims

During the recent flood, MSM distributed the ration bags among the needy people of Mirpurkhas and its surroundings.



Tribute to Shuhada's

Shuhada's are the ones who sacrifice their lives for the national cause; Being the responsible organization, we have included the activity of helping the Shuhada's families. On the sixth of every September, we visit their homes along with flowers and financial help. The aim is to remind them that we have not forgotten their loved ones.



T-10 Cricket League

The Shaheed Mehmood Sultan T-10 Cricket League was held at PCB Ground, Mirpurkhas, under the administrative control of the Mirpurkhas Press Club. MSM, being the only industry in the area, not only provided moral support for the same but also helped the press club by means of financial support.







Business Model

Business Model

140

Our Business Model

Key Resources

INPUTS:

HUMAN CAPITAL

206 Employees

MANUFACTURED CAPITAL

- 4 process lines
- Plant capacity of 12,500 Metric Tons per day
- Effluent Treatment Plant
- 14.5 MW Power Generation Plant
- Sugar cane procured and crushed: 16.239 million maunds costing approx. Rs. 4.7 Billion

FINANCIAL CAPITAL

- From equity of Rs. Rs. 3.23 Billion in 2021 to Rs. 3.11 in 2022
- Total assets Rs. 10.22 billion
- Strong Credit Rating
 - Long Term A-
 - Short Term A2
- Credit lines of Rs. 5.65 billion at September 2022.

INTELLECTUAL CAPITAL

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

SOCIAL & RELATIONSHIP CAPITAL

- Cane team educated farmers and growers on best farming techniques
- Financial support to growers for sugarcane Farming
- Specialized data driven cane procurement team
- Relationship with all reputable local banks

NATURAL CAPITAL

- 100% production on power plants fueled by bagasse.
- Planted large number of trees for environment Protection
- Certifications of
 - Implemented Environmental Management System ISO 14001:2015 certified
 - Implemented Occupational Health & Safety Management System ISO 45001:2018 certified

Our Integrated Value Chain

INPUTS:

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

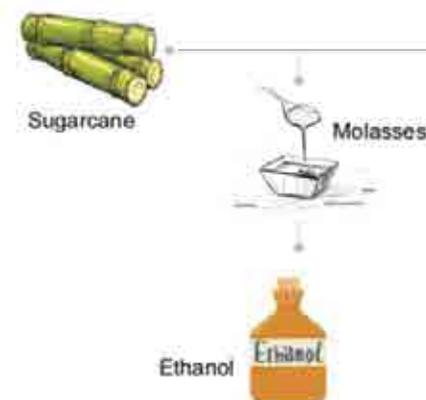
A dedicated Cane procurement team performs a data driven survey throughout the year and take best sugarcane growers onboard for smooth supply in Season at optimum cost. The Company has long association with many growers.

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

BUSINESS ACTIVITIES/ DIFFERENTIATION

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

Post sales of sugar to pharma and food sector, the company supports them in case of any complaints and addresses their concerns.



OUTPUT

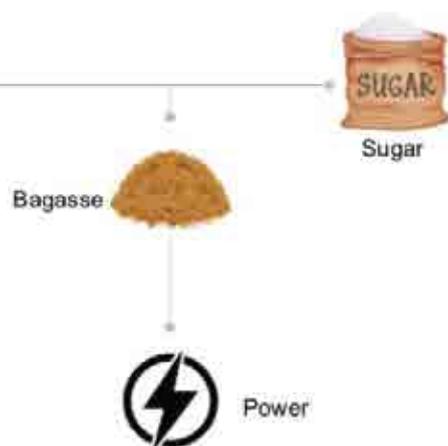
MSM manufactures the following varieties of Sugar:

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

OUTCOME

During the year MSM's net revenue was Rs. 4.83 billion.

The Company contributed Rs. 576 million to the National Exchequer during the year.



KEY OUTPUTS

HUMAN CAPITAL

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

MANUFACTURED CAPITAL

- Sugar Produced: 70,460 tons
- Molasses produced: 33,080 tons
- Investment in latest manufacturing technology
- Waste water which is processed in Strainers for usage in agriculture farms.

FINANCIAL CAPITAL

- Profit of Rs. 203.63 million for the year ended Sep 2022
- Share price increased from Rs. 98 per share at Sep 2021 to Rs. 129.5 per share at Sep 2022.

INTELLECTUAL CAPITAL

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

SOCIAL & RELATIONSHIP CAPITAL

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

NATURAL CAPITAL

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



Excellence in Corporate Reporting

Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs) Issued by International Accounting Standard Board (IASB)	144
Adoption and Statement of Adherence with the International Integrated Reporting Framework (IIRF)	145

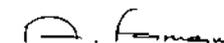
Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB)

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

However, SECP has not notified adoption of following IFRS:

Standards / Amendments	IASB Effective dates (annual periods beginning on or after)
IFRS 1 - First time adoption of IFRSs	1-Jan-2004
IFRS 17 - Insurance Contracts	1-Jan-2023
IFRS 16 - Lease Liability in a Sale an Leaseback	1-Jan-2024

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



Arif Faruque
Chairman

Karachi: December 16, 2022

Ratios in respect of Companies listed on the Islamic indices

Ratios	Unit	2022	2021
Interest-taking deposits to market capitalization	%	0.29	1.12
Income generated from prohibited component to total income	%	4.00	1.21
Net liquid assets per share to market value per share	times	(75.19)	(55.50)

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

Overview:

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

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

Business operations:

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

Objectives and Contents:

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

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

Methodologies:

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

Role of the Board:

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

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

Role of Management:

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

Financial and Non-Financial Information:

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

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

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

Connectivity, Monitoring and Control:

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

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

Other factors:

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

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

Users:

This report intended to address the needs of users, investors, stakeholders, suppliers, employee, regulators and society to provide view of value creation potential taking into account risks and opportunities. The Company believes that to the stakeholders provide better understanding of its business strategies, opportunities & risks, business model, governance, performance which creates

value to the Company and its shareholders. The Company shall continue to improve the information produced to make it even easier to understand.

Materiality:

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

Reporting period:

This report of the Company is published annually and covers period beginning from October 01, 2021 till September 30, 2022.

Our Report:

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

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



Arif Faruque
Chairman

Karachi: December 16, 2022

Glossary of Term

Acid Test Ratio:

The ratio of liquid assets to current liabilities.

AGM:

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

Amortization:

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

Borrowing Cost:

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

Current Ratio:

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

Dividend Payout Ratio:

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

Earnings Per Share:

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

EBITDA:

Earnings before Interest, Taxes, Depreciation and Amortization.

Financial leverage Ratio:

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

Gearing Ratio:

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

HR & RC:

Human Resource and Remuneration Committee.

HS&E:

Health, Safety and Environment.

IAS:

International Accounting Standards.

IASB:

International Accounting Standards Board.

IFRIC:

International Financial Reporting Issues Committee.

IIRF:

International Integrated Reporting Framework.

IFRS:

International Financial Reporting Standard.

Joint Venture:

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

KIBOR:

Karachi Inter Bank Offer Rate.

MSM:

Mirpurkhas Sugar Mills Limited

Price-Earnings Ratio (P/E):

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

Principal:

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

Qualifying Asset:

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

Return on Equity (ROE):

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

Security:

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

Spread:

Rate charged by the bank over KIBOR.

Term:

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

BCR Criteria Index

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2022	Page No.
1	Organizational Overview and External Environment	
1.01	Principal business activities and markets (local and international) including key brands, products and services.	13
1.02	Geographical location and address of all business units including sales units and plants.	29,165
1.03	Mission, vision, code of conduct, culture, ethics and values.	15-20
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Also name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	22-23
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	30,31
1.06	Identification of the key elements of the business model of the company through simple diagram supported by a clear explanation of the relevance of those elements to the organization. (The key elements of business model are Inputs, Business activities, Outputs and Outcomes).	36,140
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain. (This disclosure shall be provided by the companies in service and non-service sector organizations through graphical presentation).	32,33
1.08	Significant factors effecting the external environment and the associated organization's response. Also describe the effect of seasonality on business in terms of production and sales. (External environment includes commercial, political, economic, social, technological, environmental and legal environment).	34,35
1.09	The legitimate needs, interests of key stakeholders and industry trends.	43
1.10	SWOT Analysis of the company.	48
1.11	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	36
1.12	The legislative and regulatory environment in which the organization operates.	43
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	43
1.14	Significant changes from prior years (regarding the information disclosed in this section).	38
1.15	History of major events.	111
1.16	Details of significant events occurred during the year and after the reporting period.	111,165,223
2	Strategy and Resource Allocation	
2.01	Short, medium and long term strategic objectives.	40
2.02	Strategies in place or intended to be implemented to achieve the strategic objectives.	41
2.03	Resource allocation plans to implement the strategy and financial capital structure.	41,42
2.04	Key resources and capabilities of the company which provide sustainable competitive advantage.	44
2.05	Value created by the business, and for whom, using these resources and capabilities.	45
2.06	The effect of technological change, societal issues such as population and demographic changes, human rights, health, poverty, collective values and educational systems, environmental challenges, such as climate change, the loss of ecosystems, and resource shortages on the company strategy and resource allocation.	46
2.07	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues.	47
2.08	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	89

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2022	Page No.
2.09	Board's statement on the following: a) significant plans and decisions such as corporate restructuring, business expansion, or discontinuance of operations; b) business rationale of major capital expenditure or projects started during the year and those planned for next year etc.	42 115
2.10	Significant changes in objectives and strategies from prior years.	42
3	Risks and Opportunities	
3.01	Key risks and opportunities effecting availability, quality and affordability of CAPITALS in the short, medium and long term.	50-52
3.02	Risk Management Framework including risk management methodology and principal risk and uncertainties facing the company.	50-52
3.03	Sources of risks and opportunities (internal and external).	50-52
3.04	The initiatives taken by the company in promoting and enabling innovation.	52
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	50-52,86
3.06	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	50-52
3.07	Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.	62,209-218
3.08	Statement from the board that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	50-52,61-65
3.09	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses.	42,63
3.10	Inadequacy in the capital structure and plans to address such inadequacy.	63
4	Sustainability and Corporate Social Responsibility	
4.01	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility as per best business practices including: a) environment related obligation applicable on the company b) company progress towards environmental, social and & governance initiatives during the year c) company's responsibility towards the staff, health & safety.	130-137
4.02	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	N/A
4.03	Certifications acquired and international standards adopted for best sustainability and CSR practices.	130,137
5	Governance	
5.01	Board composition: a) Leadership structure of those charged with governance. b) Name of independent directors indicating justification for their independence. c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience. d) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc. e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	25,30 64,67,81-82 56-57 56-57 56-57
5.02	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	59

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2022	Page No.
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	61-68
5.04	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	66
5.05	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	66
5.06	Details of formal orientation courses for directors.	66
5.07	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	66,81
5.08	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	84-86
5.09	a) Approved policy for related party transactions. b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding. c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement. d) Disclosure of director's interest in related party transactions. e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	69 221-55 221-55 221-55 221-55
5.10	Disclosure of Board's Policy on the following significant matters: a) Governance of risk and internal controls. b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. c) Disclosure of director's interest in significant contracts and arrangements. d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings. e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. f) Security clearance of foreign directors. g) Board meetings held outside Pakistan. h) Human resource management including preparation of succession plan. i) Social and environmental responsibility. j) Communication with stakeholders. k) Investors' relationship and grievances. l) Employee health, safety and protection. m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report. n) Safety of records of the company. o) Providing reasonable opportunity to the shareholder for participation in the AGM.	67 67 61-65 68,219 N/A N/A 66 74 73 126-127 126-127,67 130-137 77 75 127
5.11	Board review statement of the organization's business continuity plan or disaster recovery plan.	119
5.12	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	22-23,194,221
5.13	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	65,80-82
5.14	A brief description about role of the Chairman and the CEO.	83

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2022	Page No.
5.15	Shares held by Sponsors / Directors / Executives.	225,194
5.16	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	84-85
5.17	Timely Communication: Date of authorization of financial statements by the board of directors: within 40 days ---6 marks within 60 days ---3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).	223
5.18	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as "financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Role of the committee in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed with details where particular attention was paid in this regard. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance. e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current statutory auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded. g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported. h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information for shareholders to assess the company's position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance. j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	86
5.19	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	127
5.20	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: a) how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system; b) management support in the effective implementation and continuous updation; c) details about user training of ERP software; d) how the company manages risks or control risk factors on ERP projects; e) how the company assesses system security, access to sensitive data and segregation of duties.	117-120,112-114

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2022	Page No.
5.21	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, it should be disclosed if it has any other connection with the company.	N/A
5.22	Chairman's significant commitments and any changes thereto.	59,83
5.23	Disclosure about the Government of Pakistan policies related to company's business/ sector in Directors' Report and their impact on the company business and performance.	65
5.24	How the organization's implemented governance practices have been exceeding legal requirements.	66
6	Analysis of the Financial Information	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: (a) Past and current performance; (b) Performance against targets /budget; and (c) Objectives to assess stewardship of management. The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	88-110
6.02	Analysis of financial ratios (this includes marks of ratios for Shariah compliant companies and companies listed on Islamic indices)	94-95,144
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	104-108
6.04	Graphical presentation of 6.02 and 6.03 above.	92,97-100,102-103
6.05	Explanation of negative change in the performance against prior year including analysis of variation in results reported in interim reports with the final accounts, including comments on the results disclosed in 6.02 and 6.03 above.	88,92,104-107
6.06	Any significant change in accounting policies, judgments, estimates and assumptions with rationale.	166-169
6.07	Information about defaults in payment of any debts and reasons thereof period.	N/A
6.08	Methods and assumptions used in compiling the indicators.	89
6.09	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	109
6.10	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	N/A
6.11	a) Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning. b) Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	110 37
6.12	Brief description and reasons: a) for not declaring dividend despite earning profits and future prospects of dividend. b) where any payment on account of taxes, duties, levies etc. is overdue or outstanding.	63 198
6.13	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report)	N/A
7	Disclosures on IT Governance and Cybersecurity	
7.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	117-120
7.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	117-120

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2022	Page No.
7.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	117-120
7.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	117-120
7.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	117-120
7.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	117-120
7.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	117-120
7.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	117-120
7.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks. Companies are recommended to assess the risks related to the potential theft or compromise of their technology, data or intellectual property in connection with their operations, as well as how the recognition of these risks may impact their business, including their financial condition and results of operations, and any effects on their reputation, stock price and long-term value. Where these risks are material to investment and voting decisions, they should be disclosed, and we encourage companies to provide disclosure that allows investors to evaluate these risks through the eyes of management. Please note that disclosure about these risks should be specifically fit to a company's unique facts and circumstances. We trust that corporations should continue to consider this growing area of risk and evaluate its materiality on an ongoing basis. Further, the Company should not make such detailed disclosures that could compromise its cybersecurity efforts – for example, by providing a "roadmap or product details" for those who seek to penetrate a company's security protections. However, companies should disclose IT governance and cybersecurity risks and incidents that are material to investors, including the associated financial, legal, or reputational consequences, if any.	117-120
8	Future Outlook	
8.01	Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	122-124
8.02	Explanation of the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and how it will affect the organization in terms of its business performance, strategic objectives and availability, quality and affordability of capitals.	122-124
8.03	Explanation as to how the performance of the company meets the forward looking disclosures made in the previous year.	122-124
8.04	Status of the projects in progress and were disclosed in the forward looking statement in the previous year.	122-124
8.05	Sources of information and assumptions used for projections / forecasts in the forward looking statement and assistance taken by any external consultant.	122-124
8.06	How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise.	122-124

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2022	Page No.
9	Stakeholders Relationship and Engagement	
9.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	126-127
9.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees and g) Analysts.	126-127
9.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	126-127
9.04	Investors' Relations section on the corporate website.	126-127
9.05	Issues raised in the last AGM, decisions taken and their implementation status.	126-127
9.06	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	128
9.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	126-127
9.08	Highlights about redressal of investors' complaints.	126-127
10	Business Model	
10.01	10.01 Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework (IR Framework).	140-141
11	Striving for Excellence in Corporate Reporting	
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	144
11.02	Adoption of IR Framework by fully applying the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles' in the IR Framework.	145
11.03	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	148-151
11.04	Disclosures beyond BCR criteria (The participating organization to send the list of additional disclosures to BCR Committee).	26-27,66-68
	Specific disclosures of the Financial Statements	124
1	Fair value of Property, Plant and Equipment.	
2	Reconciliation of weighted average number of shares for calculating EPS and diluted EPS.	209
3	Particulars of significant/ material assets and immovable property including location and area of land.	124,209,193
4	Key quantitative information (Number of persons employed as on the date of financial statements and average number of employees during the year, separately disclosing factory employees).	222
5	Disclosure of product wise data mentioning, product revenue, profit etc.	N/A
6	Capacity of an industrial unit, actual production and the reasons for shortfall.	222
7	Disclosure of discounts on revenue.	204
8	Sector wise analysis of deposits and advances.	N/A
9	Complete set of financial statements (Balance sheet, Income statement & Cash flow) for Islamic banking operations.	N/A
10	Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP.	165
11	Summary of significant transactions and events that have affected the company's financial position and performance during the year.	165

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2022	Page No.
12	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	124
13	Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors / Executives or close family member of Directors/Executives etc.).	225
14	Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital in the company in Pattern of Shareholding.	224-225
15	Particulars where company has given loans or advances or has made investments in foreign companies or undertakings.	N/A
16	Accounts Receivable in respect of Export Sales - Name of company or undertaking in case of related party and in case of default brief description of any legal action taken against the defaulting parties.	N/A
17	Treasury shares in respect of issued share capital of a company.	N/A
18	In describing legal proceedings, under any court, agency or government authority, whether local or foreign, include name of the court, agency or authority in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis of the proceeding and the relief sought.	200-204
19	Management assessment of sufficiency of tax provision made in the company's financial statements shall be stated along with comparisons of tax provision as per accounts vis a vis tax assessment for last three years.	209
20	Income tax reconciliation as required by IFRS and applicable tax regime for the year.	208
21	In respect of loans and advances, other than those to the suppliers of goods or services, the name of the borrower and terms of repayment if the loan or advance exceeds rupees one million, together with the collateral security, if any.	185
22	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	222
23	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/ offering document with regards to utilization of proceeds raised till full implementation of such plans.	N/A
24	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A
25	Standards, amendments and interpretations adopted during the current year along with their impact on the company's financial statements.	166,167
26	Standards, amendments and interpretations, not yet effective and not adopted along with their impact on the company's financial statements.	166,167
	Specific Disclosures required for Shariah Compliant Companies and the Companies Listed on the Islamic Indices	
1	Loans/advances obtained as per Islamic mode	
2	Shariah compliant bank deposits/bank balances	
3	Profit earned from shariah compliant bank deposits/bank balances	
4	Revenue earned from a shariah compliant business segment	
5	Gain/loss or dividend earned from shariah compliant investments	
6	Exchange gain earned from actual currency	
7	Mark up paid on Islamic mode of financing	
8	Relationship with shariah compliant banks	
9	Profits earned or interest paid on any conventional loan or advance.	

A pair of black-rimmed glasses is positioned over a document. The document has the words 'Financial Statement' printed on it in a large, bold, serif font. The background is a warm, golden-brown color, suggesting a desk or a lamp. The glasses are slightly out of focus, with the focus on the document and the text within the table of contents.

Financial Statements

Independent Auditor's Report to the Members of Mirpurkhas Sugar Mills Limited - Report on the Audit of Financial Statements	153
Statement of Financial Position	158
Statement of Profit or Loss	160
Statement of Comprehensive Income	161
Statement of Cash Flows	162
Statement of Changes in Equity	164
Notes to the Financial Statements	165

Independent Auditors' Report

To the members of Mirpurkhas Sugar Mills Limited

Report on the Audit of Financial Statements



Opinion

We have audited the annexed financial statements of Mirpurkhas Sugar Mills Limited, ("the Company") which comprise the statement of financial position as at September 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2022 and of the profit, comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

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

Following are key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p>Contingencies:</p> <p>The Company is under litigation cases in respect of various matters including the matter of fixation of minimum price of sugarcane for crushing season 2017-18 and other miscellaneous cases as disclosed in note 29 to the annexed financial statements.</p> <p>Given the nature and amounts involved in such contingencies and the appellate forums at which these are pending, the probability of the related payments and the appropriate accounting in the financial statements require significant professional judgments. These judgments can change over time as new facts emerge and as the case progresses. Therefore, we have identified this matter as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ■ Evaluating management’s processes and controls to identify new possible obligations and changes in existing obligations through meetings with the management and review of the minutes of meetings of the Board of Directors and Audit Committee. ■ Review of the relevant information including case proceedings and correspondences with regulatory authorities and company’s external counsel in respect of the ongoing litigations. ■ Circularizing confirmations to the legal counsels of the Company to evaluate the status of the pending litigations and view point of any Company’s legal counsels thereon. ■ Verifying legal and professional expenses to confirm that all pending legal matters are identified and disclosed. ■ Re-computing the amounts of obligations based on available underlying information and confronted parameters. ■ Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.
2.	<p>Recognition of Revenue:</p> <p>The company is engaged in the production and sale of sugar and recognized revenue there from for the year ended September 30, 2022.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that it could be subject to misstatement to meet expectations or targets.</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none"> ■ Obtaining an understanding of the process relating to recognition of revenue and assessing the design, implementation and operating effectiveness of key internal controls over recording of revenue. ■ Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards. ■ Obtaining an understanding of the nature of the revenue, testing a sample of sales contracts to confirm our understanding and assessing whether or not management's application of IFRS 15 requirements was in accordance with the standard.

S. No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> ■ Performing analytical procedures and test of details by selecting sample of transactions for comparing with sales orders, sales invoices, delivery orders and other underlying records. ■ Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery orders and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. ■ Reviewing the adequacy of disclosure as required under applicable financial reporting framework.
3.	<p>Capital Expenditure and related financing.</p> <p>As disclosed in note 4 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure mainly on account of Paper Project which amounted to Rs. 2,408.574 million. To finance the above capital expenditures, the Company has obtained long-term borrowings as disclosed in note 21 to the accompanying financial statements.</p> <p>Capital expenditures incurred during the year represent a significant transaction and involves significant judgments in respect of capitalisation of elements of eligible components of costs, including borrowing costs, as per the applicable reporting standards in determining, when the assets are available for use and estimation of their useful lives and residual value. Further, financing agreements entail financial and non-financial covenants that the Company is subject to compliance.</p> <p>Accordingly, we have identified the capital expenditure and related financing as a key audit matter.</p>	<p>Our procedures, amongst others, included obtaining an understanding of the Company's process with respect to capital expenditure including determination of useful lives and testing the Company's controls in this area relevant to our audit</p> <ul style="list-style-type: none"> ■ We considered whether the items of cost capitalised, including borrowing cost, meet the recognition criteria of an assets in accordance with the applicable financial reporting standards. ■ We checked the timing of capitalisation by examining, on a sample basis, the completion certificates from the Company's technical departments. ■ We also evaluated the basis used by the management for determining the useful lives of the new assets and the depreciation charged in relation thereto, by considering factors such as the current depreciation, estimates for similar or comparable assets, expected utilization of the assets and the estimated residual value at the end of the useful lives. ■ We checked the relevant contracts and documents, including but not limited to, suppliers' invoices, delivery notes, international LC and shipping documentation supporting various components of the capitalised cost. ■ We obtained and checked the financing agreements and circularized confirmations to the financing banks to confirm outstanding loan balances and other related terms at year end. ■ We checked compliance of the covenants and their implications. We also checked the maturity analysis of the financing to ascertain the classification of loans as per their remaining maturities. ■ We assessed the adequacy of the Company's disclosures in accordance with the applicable financial reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Kweshan Hyder Bhatia & Co.

Chartered Accountants

Karachi:

Dated: December 16, 2022

UDIN AR20221022253G6yCPxk

Statement of Financial Position

As at September 30, 2022

ASSETS

NON-CURRENT ASSETS

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

CURRENT ASSETS

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

TOTAL CURRENT ASSETS

Non-current asset held for sale

TOTAL ASSETS

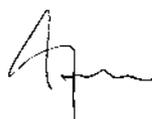
Note	2022	2021
	(Rupees in '000)	
4	5,781,475	3,469,425
5	-	1,018
6	1,698,668	1,810,999
7	29,350	26,422
8	51,802	-
	7,561,295	5,307,864
9	287,970	206,239
10	1,400,800	984,208
11	4,140	8,306
12	113,229	61,059
13	87,244	70,041
14	2,030	4,381
15	268,335	420,650
16	1,578	159,103
	176,742	185,336
17	19,570	35,344
	2,361,638	2,134,667
18	301,264	301,264
	10,224,197	7,743,795

Statement of Financial Position

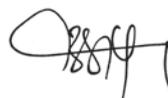
As at September 30, 2022

	Note	2022	2021
(Rupees in '000)			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	134,950	134,950
Reserves	20	2,131,991	2,246,775
Surplus on revaluation of property, plant & equipment	20	844,259	844,259
		3,111,200	3,225,984
NON-CURRENT LIABILITIES			
Long-term financing	21	2,198,425	1,137,734
Long-term lease liabilities	22	19,530	9,060
Deferred liabilities	23	475,106	468,610
Deferred tax liability-net	8	-	11,441
Government grant	24	288,325	111,180
		2,981,386	1,738,025
CURRENT LIABILITIES			
Trade and other payables	25	553,432	423,672
Accrued mark-up	26	166,095	31,797
Short-term borrowings	27	2,202,141	1,797,631
Current portion of long-term financing	21	380,404	347,593
Current portion of long-term lease liabilities	22	11,000	5,340
Current portion of government grant	24	60,563	35,772
Unclaimed dividend		7,976	7,981
		3,381,611	2,649,786
TOTAL CURRENT LIABILITIES			
Liabilities associated with non-current asset held for sale	28	750,000	130,000
	29		
TOTAL EQUITY AND LIABILITIES		10,224,197	7,743,795

The annexed notes from 1 to 49 form an integral part of these financial statements.



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



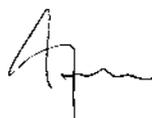
Wasif Khalid
Director & Chief Financial Officer

Statement of Profit or Loss

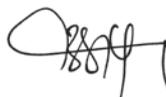
For the Year Ended September 30, 2022

	Note	2022	2021
(Rupees in '000)			
Turnover - net	30	4,832,646	3,861,442
Cost of sales	31	(4,354,653)	(3,578,666)
Gross profit		477,993	282,776
Distribution cost	32	(36,435)	(24,474)
Administrative expenses	33	(210,166)	(152,867)
Other operating expenses	34	(10,151)	(25,084)
Other income	35	68,145	195,950
Operating profit		289,386	276,301
Finance cost	36	(429,423)	(228,073)
Share of profit in associates - net	6	440,059	167,545
Profit before taxation		300,022	215,773
Taxation	37	(96,396)	(75,453)
Profit after taxation		203,626	140,320
Earnings per share - basic & diluted (Rupees)	38	15.09	10.40

The annexed notes from 1 to 49 form an integral part of these financial statements.



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Statement of Comprehensive Income

For the Year Ended September 30, 2022

Profit after taxation

Other Comprehensive (loss) / income

Items that will not be subsequently reclassified to statement of profit or loss:

Actuarial (loss) / gain on defined benefit plan

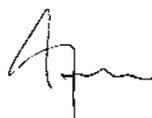
Unrealised (loss) / gain on remeasurement of equity investment at fair value through other comprehensive income

Realised gain on disposal of equity instruments

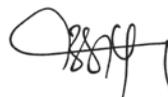
Total comprehensive (loss) / income

2022	2021
(Rupees in '000)	
203,626	140,320
(109,369)	49,673
(227,389)	104,540
18,348	85,581
(318,410)	239,794
(114,784)	380,114

The annexed notes from 1 to 49 form an integral part of these financial statements.



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Statement of Cash Flows

For the Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2022	2021
(Rupees in '000)			
Profit before taxation		300,022	215,773
Adjustments for:			
Depreciation	4.1	110,569	103,539
Depreciation on right-of-use asset	4.6	5,055	4,055
Amortization	5	1,018	1,810
Provision for market committee fee	23.1	6,496	4,888
Provision against receivable	34	2,124	-
Provision against growers loan	34	593	-
Provision for store obsolescence	34	5,438	-
Accrued profit term deposit		(78)	(61)
Fair value adjustment of biological assets		5,643	(7,266)
Dividend income from related parties	35	(15,362)	(8,068)
Share of profit in associates	6	(440,059)	(167,545)
Exchange gain on currency revaluation		(569)	-
Gain on disposal of property, plant and equipment	35	(54)	(378)
Gratuity recognised during the year		(2,606)	(28)
Reversal of provision of deferred liabilities		-	(152,393)
Finance cost	36	429,423	228,073
		107,631	6,627
		407,653	222,400
Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(87,169)	5,518
Stock-in-trade		(416,592)	(331,330)
Biological assets		(1,477)	7,720
Trade debts		(54,294)	29,644
Loans and advances		(17,796)	2,645
Trade deposits and Short-term prepayments		2,351	2,049
Other receivables		45,552	(29,135)
		(529,425)	(312,889)
Increase / (decrease) in current liabilities:			
Trade and other payables		129,760	(139,482)
		7,988	(229,971)
Cash generated from / (used in) operations			
Long-term loans and deposits-net		(2,928)	(14,144)
Income tax paid		(147,874)	(151,385)
		(150,802)	(165,529)
Net cash used in operating activities		(142,814)	(395,500)

Statement of Cash Flows

For the Year Ended September 30, 2022

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property, plant and equipment
 Sale proceeds of property, plant and equipment
 Profit realised on term deposits
 Sale proceeds against non-current asset held for sale
 Sale proceeds of short term investment - net
 Dividend received from an associate
 Dividend received from related parties

Net cash (used in) investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Finance cost paid
 Short-term borrowings-net
 Long-term financing-net
 Payment of lease liability-net
 Payment of dividend

Net cash generated from financing activities

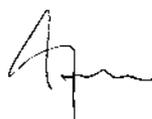
Net (decrease) / increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

Note	2022	2021
	(Rupees in '000)	
4	(2,408,574)	(1,259,975)
4.2	955	559
	85	53
	620,000	130,000
	175,592	376,647
6	325,000	212,500
35	15,362	8,068
	(1,271,580)	(532,148)
	(295,125)	(227,971)
	404,510	698,352
	1,295,438	462,466
22	(6,198)	(4,544)
	(5)	(479)
	1,398,620	927,824
	(15,774)	176
	35,344	35,168
17	19,570	35,344

The annexed notes from 1 to 49 form an integral part of these financial statements.



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



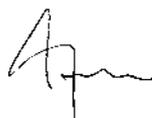
Wasif Khalid
Director & Chief Financial Officer

Statement of Changes In Equity

For the Year Ended September 30, 2022

Description	Issued, subscribed and paid-up capital	RESERVES					Total reserves	Total
		General reserves	Unappropriated profit	Actuarial gain / (loss) on defined benefit plan net-off tax	Unrealised/ realised gain / (loss) on investment at fair value through other comp. income	Surplus on Revaluation of property, plant and equipment		
(Rupees in '000)								
Balance as at October 01, 2020	134,950	34,250	719,835	120,887	991,689	844,259	2,710,920	2,845,870
Profit after taxation	-	-	140,320	-	-	-	140,320	140,320
Other comprehensive income (disposal of shares)	-	-	354,350	-	(354,350)	-	-	-
Other comprehensive income	-	-	-	49,673	190,121	-	239,794	239,794
Total comprehensive income / (loss)	-	-	494,670	49,673	(164,229)	-	380,114	380,114
Balance as at September 30, 2021	134,950	34,250	1,214,505	170,560	827,460	844,259	3,091,034	3,225,984
Balance as at October 01, 2021	134,950	34,250	1,214,505	170,560	827,460	844,259	3,091,034	3,225,984
Profit after taxation	-	-	203,626	-	-	-	203,626	203,626
Other comprehensive income (disposal of shares)	-	-	165,704	-	(165,704)	-	-	-
Other comprehensive loss	-	-	-	(109,369)	(209,041)	-	(318,410)	(318,410)
Total comprehensive income / (loss)	-	-	369,330	(109,369)	(374,745)	-	(114,784)	(114,784)
Balance as at September 30, 2022	134,950	34,250	1,583,835	61,191	452,715	844,259	2,976,250	3,111,200

The annexed notes from 1 to 49 form an integral part of these financial statements.



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Notes to the Financial Statements

For the Year Ended September 30, 2022

1. STATUS AND NATURE OF BUSINESS

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

The geographical location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
Head Office	Modern Motors House, Beaumont Road, Karachi.
Registered Office / Factory (Immovable assets)	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh.(Land measuring 602.60 acres and covered area 562,609 sq.ft)
Residential land (Immovable assets)	Jiryan No.218, Deh 109, Taluqa Mirpurkhas, Hyderabad Road Mirpurkhas (Land measuring 3.45 acres and covered area 6,825 sq.ft)
Land for drainage (Immovable assets)	Deh 245, Tapo Butto Kot. Taluqa Shujaabad, Mirpurkhas. (Land measuring 1.49 acres)

1.2 Summary of significant transactions and events that have affected Company's financial position and performance during the year

1.2.1 Paper and board mill

In order to further diversify its operations, the Company had decided to set up a 250 TPD paper and board project to enhance its business prospects by making the Company less reliant on sugar production while benefiting from the synergies of the same. The cost of the project is estimated at Rs. 3.7 billion. Work on the paper project is progressing in full swing. All the machine installation and machine related civil works are completed. At present a joint team of Chinese and local engineers is carrying out startup and debugging of individual equipment which is expected to be completed by December 2022, thereafter complete water trials of the plant and machinery will be carried out followed by trial & commercial production which is expected to be completed by March 2023.

2. STATEMENT OF COMPLIANCE

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

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

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

- a) Derivative financial instruments and investments which are stated at their fair values in accordance with IFRS-9;
- b) Inventories which are valued at lower of weighted / moving average cost or Net Realizable Value (NRV) in accordance with IAS 2;
- c) Biological assets that are valued at fair value less estimated cost to sell in accordance with IAS 41;
- d) Obligation under certain employees retirement benefits that are based on actuarial valuation in accordance with IAS 19;
- e) Free hold land which stands at revalued amount in accordance with IAS 16;
- f) Right-of-use assets and corresponding lease liabilities in accordance with IFRS-16; and
- g) Long-term loan under TERF and wage financing facility discounted at present value & related Government grant.

3.1.1 Amendments and improvements applicable to financial statements

There are certain amendments and interpretations to the accounting and reporting standards that are mandatory for Company's accounting periods beginning on or after October 01, 2021 but are considered not to be relevant or do not have any significant effect on the Company's financial statements and therefore not detailed in these financial statements.

3.1.2 Amendments and improvements issued but not yet effective.

The following amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvement.

Amendment or Improvement		Effective date (annual periods beginning on or after)
IFRS 3	Reference to the Conceptual Framework (Amendments)	1-Jan-2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	1-Jan-2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	1-Jan-2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	1-Jan-2023
IAS 1	Disclosure of Accounting Policies (Amendments)	1-Jan-2023
IAS 8	Definition of Accounting Estimates (Amendments)	1-Jan-2023

IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	1-Jan-2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

Improvements to accounting standards issued by the IASB (2018 - 2020 cycle)

IFRS 9	Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities	1-Jan-2022
IAS 41	Agriculture - Taxation in fair value measurement	1-Jan-2022
IFRS 16	Leases: Lease incentives	1-Jan-2022

The above amendments and improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

Standards / Amendments		IASB Effective dates (annual periods beginning on or after)
IFRS 1	First time adoption of International Financial Reporting Standards	1-Jan-2004
IFRS 17	Insurance Contracts	1-Jan-2023
IFRS 16	Lease Liability in a Sale and Leaseback	1-Jan-2024

3.2 Significant accounting judgements, estimates and assumptions

The preparation of these financial statements in conformity with the approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the disclosures of contingent liabilities at the end of reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources.

However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and any future periods affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

In the process of applying the accounting policies, management has made the following estimates, judgments and assumptions which are significant to the financial statements:

a) Employees retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 14.2 to the financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rate of return on plan assets, future salary increases and mortality rates.

b) Property, plant and equipment and intangible assets

The Company reviews appropriateness of the rate of depreciation / amortization, useful life and residual value used in the calculation of depreciation / amortization. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and intangible assets, with corresponding effects on the depreciation / amortization charge and impairment. As of the year end the Company estimates that there is no impairment on any of its assets.

c) Classification of investments

The management has exercised its judgment in respect of classification of investments as disclosed in note 6 to the financial statements. Any change in such judgment might materially affect the accounting policy applied in respect of such investments.

d) Stock-in-trade

The Company reviews Net Realizable Value (NRV) of stock in trade, to assess any diminution in their respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost of completion and the cost necessary to make the sale.

e) Stores, spare parts and loose tools

These are valued at cost determined on weighted average basis less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

f) Biological assets

The Company reviews the fair value of biological assets to assess changes in fair value less cost to sell during a period. Agriculture produce is measured at fair value less cost to sell at the point of harvest because harvested produce is a marketable commodity as there is no "measurement reliability" exception for produce.

g) Taxation

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

Deferred tax is provided using the statement of financial position liability method on all temporary differences arising at reporting date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilised.

h) Provision for impairment

The Company reviews the carrying amount of assets except deferred tax assets and inventories at the reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of assets is estimated and impairment losses are recognized in the statement of profit or loss.

i) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgement as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

j) Leases

The Company uses judgments and estimates in the measurement of right of-use assets and corresponding lease liabilities with respect to discount rates, lease terms including exercise of renewal and termination options etc.

3.3 Summary of significant accounting policies

3.3.1 Taxation

a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with 1.25% of turnover tax, calculated at applicable tax rates under section 113 & alternate corporate tax U/s 113C of the Income Tax Ordinance, 2001, whichever is higher is provided in the financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax is recognized using the statement of financial position liability method, on all temporary differences arising at the statement of financial position date between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred income tax relating to items recognized directly in other comprehensive income is recognized in other comprehensive income and not in statement of profit or loss.

c) Sales tax and Government duties

Revenues, expenses and assets are recognized net of amount of sales tax and government duties except:

- Where amount incurred on a purchase of asset or service is not recoverable from the taxation authority, the tax / duties is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- Receivables or payables that are stated with the amount of sales tax and government duties included.

The net amount of sales tax and government duties recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.3.2 Employees' retirement benefits

a) Provident fund scheme

The Company operates an approved defined contribution provident fund scheme for its eligible permanent employees who opted for the benefits. Equal monthly contributions are made, both by the Company and the employees to the fund at the rate of 8.33 % of basic salary.

b) Gratuity scheme

The Company operates an approved and funded gratuity scheme for all of its eligible permanent employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with the actuarial valuation using Projected Unit Credit (PUC) method.

3.3.3 Property, plant and equipment

a) Owned assets

These are stated at cost less accumulated depreciation except for freehold land which is stated at revalued amount and capital work-in-progress, which is stated at cost. The revaluation of freehold land is carried out once in every three years.

Assets having cost exceeding the minimum threshold as determined by the management are capitalized. All other assets are charged to income in the year when acquired.

Depreciation is charged, on a systematic basis over the useful life of the assets, to income applying reducing balance method, except for building on leasehold land, furniture and fittings, office and other equipment and computer and accessories which are depreciated using straight line method at the rates mentioned in note 4 to the financial statements, which reflects the patterns in which the assets' economic benefits are consumed by the Company. Rate of Building on leased hold land is determined on the basis of lease tenure. Additions to assets are depreciated from the month of addition while no depreciation is charged on assets disposed off during the month.

Maintenance and normal repairs are charged to statement of profit or loss, when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets, if any, are recognized in the statement of profit or loss when incurred.

The carrying values of owned assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

b) Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets become available for use.

c) Ijarah contracts

Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under Ijarah contracts (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

d) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease i.e., the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the lower of the lease term and the estimated useful lives of the assets.

3.3.4 Intangible assets

An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of such asset can also be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible assets.

Intangible assets are stated at cost less accumulated amortization and any impairment loss. Intangible assets are amortized when assets are available for use on straight line method. Amortization is charged from the month of the year in which addition / capitalization occurs while no amortization is charged in the month in which an asset is disposed off.

Useful lives of intangible assets are reviewed, at each financial year end and adjusted if appropriate.

The carrying values of intangible assets are reviewed for impairment at each financial year end when events or changes in circumstances, indicate that carrying value may not be recoverable. An impairment loss is recognized in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognized in the statement of profit or loss, however, it is restricted to the original cost of the asset.

3.3.5 Investments

a) In associate

Investment in an associate is accounted for using the equity method. Under this method, the investment is initially recognized at cost as adjusted for post acquisition changes in the Company's share of net assets of the associate and impairment in the value of investment and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition which is recognized in the statement of profit or loss. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held. Profit / loss from material transactions with associate is eliminated. The reporting dates of the associate and the Company are identical except for UniEnergy Limited and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

b) At fair value through other comprehensive income

Equity investments are initially recognised at cost, being the fair value of the consideration paid including transaction costs. Subsequent to the initial recognition these are measured at fair value, with any resultant gain or loss being recognized in the other comprehensive income. Gains or losses on fair value through other comprehensive income are recognized in the other comprehensive income and are never reclassified to the statement of profit or loss.

c) At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category. These investments are initially recognized at fair value, relevant transaction costs are taken directly to statement of profit or loss and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the statement of profit or loss in the period in which they arise.

3.3.6 Stores, spare parts and loose tools

These are valued at moving average cost. Provision / write-off if required is made for slow moving items, where necessary and recognized in statement of profit or loss.

Items in transit are valued at invoice plus other charges incurred thereon.

3.3.7 Biological Assets

Biological assets comprise of crop in field. These assets are measured at fair value less estimated point of sale costs, with changes in the fair value during the period recognized in the statement of profit or loss.

Costs of harvested and consumed biological assets are charged to statement of profit or loss.

The fair value is determined using the present value of expected net cash-flow from the asset based on significant assumptions stated in note 3.2(f). Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material.

Biological assets are categorized as mature or immature. Mature biological assets are those that have attained harvestable specifications.

3.3.8 Stock-in-trade

Stock-in-trade is valued at the lower of average manufacturing cost or NRV. The cost of sugar in process includes cost of sugarcane and proportionate manufacturing expenses.

NRV signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.3.9 Trade debts, loans, advances, deposits and receivables

Trade debts, loans, advances, deposits and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime Expected Credit Losses (ECLs) that result from all possible default events over the expected life of the trade debts, loans and other receivables. Bad debts are written off when considered irrecoverable.

3.3.10 Trade and other payables

Liabilities for trade and other payables are recognized initially at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company and subsequently measured at amortised cost.

3.3.11 Revenue recognition

- a) Revenue from sale of goods is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are dispatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.
- b) Income / return on investments, loans, advances and bank deposits are recognized on an accrual basis.
- c) Dividend income on equity investment is recognized, when the right to receive the same is established.
- d) Capital gains or losses on sale of investments and disposal of Property, plant and equipment are recognized in the period in which they arise.
- e) Mark-up on growers' loans is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters.
- f) Profit / (loss) on biological assets is recognized at actual and fair value gain / (loss) is recognized on standing crops.
- g) Unrealized gains / (losses) arising on revaluation of securities classified as 'at fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.
- h) Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees (reporting currency) at the rates of exchange prevailing at the date of statement of financial position. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Any resulting gain or loss from change in exchange rates is recognized in the statement of profit or loss.

3.3.12 Foreign currency transactions and translations

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are translated into Pak Rupees at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates to monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

3.3.13 Impairment of assets

Financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balance for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The expected loss approach has not resulted in any material change in impairment provision for any financial asset.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

3.3.14 Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest / profit on loan and other costs that an entity incurs in connection with the borrowing of funds.

3.3.16 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated as given in note 42 to the financial statements.

3.3.17 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

3.3.18 Financial instruments

Financial Asset

The Company classifies its financial assets in to following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement of profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

Offsetting of financial assets and liabilities

A financial asset and financial liability is only offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

3.3.19 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances in current, deposit and PLS accounts with the conventional and Islamic banks.

3.3.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

3.3.21 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.3.22 Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

3.3.23 Operating segment

For management purposes, the activities of the Company are organized into one operating segment i.e., manufacturing, marketing and sale of sugar. The Company operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure, and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

3.3.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.3.25 Government grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed out.

The benefit of a long-term finance at a below-market rate of interest is treated as a deferred grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Grants related to long-term finances are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as finance cost related to long-term finances at market rate of interest.

3.3.26 Derivative financial instruments

Derivative financial instruments are measured at fair value with value changes being recognized in the statement of profit or loss. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		(Rupees in '000)	
Property, plant and equipment - owned	4.1	2,383,890	2,270,333
Capital work in progress	4.5	3,370,475	1,186,928
Right-of-use asset	4.6	27,110	12,164
		<u>5,781,475</u>	<u>3,469,425</u>

4.1 Following are the statements of property, plant and equipment for current and prior years:

2022

	Free hold land (Note 4.3)	Building on free hold land:		Lease hold improvements: Non Factory	Plant & machinery	Furniture & fittings	Vehicles	Office & other equipment	Computers & accessories	Total
		Factory	Non Factory							
(Rupees in '000)										
As at September 30, 2022										
Cost / Revalued amount	610,271	168,330	48,133	15,211	2,508,295	10,607	235,388	23,800	30,478	3,650,513
Accumulated depreciation and impairment	-	(56,960)	(23,177)	(2,577)	(1,033,921)	(7,521)	(101,917)	(16,778)	(23,772)	(1,266,623)
Carrying amount	610,271	111,370	24,956	12,634	1,474,374	3,086	133,471	7,022	6,706	2,383,890
Year ended September 30, 2022										
Opening carrying amount	604,887	123,744	12,709	13,141	1,424,595	4,908	75,589	5,907	4,853	2,270,333
Additions / Transfers:										
- Additions	5,384	-	-	-	1,727	136	75,412	3,244	5,022	90,925
- Transfers from CWIP	-	-	13,906	-	120,196	-	-	-	-	134,102
	5,384	-	13,906	-	121,923	136	75,412	3,244	5,022	225,027
Disposals:										
- Cost	-	-	-	-	-	-	(3,821)	-	-	(3,821)
- Accumulated depreciation	-	-	-	-	-	-	2,920	-	-	2,920
	-	-	-	-	-	-	(901)	-	-	(901)
Depreciation for the year	-	(12,374)	(1,659)	(507)	(72,144)	(1,958)	(16,629)	(2,129)	(3,169)	(110,569)
	610,271	111,370	24,956	12,634	1,474,374	3,086	133,471	7,022	6,706	2,383,890
Depreciation rate per annum / useful life	-	10%	10%	30 Years	5%	5 Years	20%	5 Years	3 Years	

2021

	Free hold land (Note 4.3)	Building on free hold land:		Lease hold improvements:	Plant & machinery	Furniture & fittings	Vehicles	Office & other equipment	Computers & accessories	Total
		Factory	Non Factory	Non Factory						
(Rupees in '000)										
As at September 30, 2021										
Cost / Revalued amount	604,887	168,330	34,227	15,211	2,386,372	10,471	163,797	20,556	25,456	3,429,307
Accumulated depreciation and impairment	-	(44,586)	(21,518)	(2,070)	(961,777)	(5,563)	(88,208)	(14,649)	(20,603)	(1,158,974)
Carrying amount	604,887	123,744	12,709	13,141	1,424,595	4,908	75,589	5,907	4,853	2,270,333
Year ended September 30, 2021										
Opening carrying amount	905,451	36,213	10,638	13,648	1,456,081	6,875	41,197	3,055	5,270	2,478,428
Additions / Transfers:										
- Additions	-	-	1,540	-	7,240	-	45,995	1,561	3,683	60,019
- Transfers from CWIP	-	96,414	2,495	-	35,143	-	-	2,818	-	136,870
	-	96,414	4,035	-	42,383	-	45,995	4,379	3,683	196,889
Disposals:										
- Cost	-	-	-	-	-	-	(622)	-	(1,347)	(1,969)
- Accumulated depreciation	-	-	-	-	-	-	458	-	1,330	1,788
	-	-	-	-	-	-	(164)	-	(17)	(181)
Assets classified as held for sale:										
- Cost	(300,564)	-	(3,300)	-	-	-	-	-	-	(303,864)
- Accumulated depreciation	-	-	2,600	-	-	-	-	-	-	2,600
	(300,564)	-	(700)	-	-	-	-	-	-	(301,264)
Depreciation for the year	-	(8,883)	(1,264)	(507)	(73,869)	(1,967)	(11,439)	(1,527)	(4,083)	(103,539)
Closing carrying amount	604,887	123,744	12,709	13,141	1,424,595	4,908	75,589	5,907	4,853	2,270,333
Depreciation rate per annum / useful life	-	10%	10%	30 Years	5%	5 Years	20%	5 Years	3 Years	

4.1.1 Operating assets as at September 30, 2022 include items having aggregate cost of Rs. 28.98 million (2021: Rs.20.63 million) which have been fully depreciated and are still in use of the Company.

	Note	2022	2021
(Rupees in '000)			
4.1.2 Depreciation charged for the year has been allocated as follows:			
Cost of sales	31	97,502	94,568
Distribution cost	32	498	250
Administrative expenses	33	12,569	8,721
		110,569	103,539
4.1.3 Reconciliation of carrying amount:			
Carrying amount at beginning of the year		2,270,333	2,478,428
Addition during the year		90,925	60,019
Transfers from CWIP during the year		134,102	136,870
Transferred to held for sale at carrying value		-	(301,264)
Depreciation for the year		(110,569)	(103,539)
Disposal during the year at carrying amount		(901)	(181)
		2,383,890	2,270,333

4.2 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain
(Rupees in '000)					
Aggregate of assets disposed-off/Written-off having book value below Rs.500,000 each:					
Vehicles - cars	3,821	2,920	901	955	54
2022	3,821	2,920	901	955	54
2021	1,969	1,788	181	559	378

4.3 This includes Rs.543.69 million (2021 : Rs. 543.69 million) in respect of revaluation surplus (Refer note no.20.1). Had the revaluation not been carried out the freehold land would have been stated at Rs.66.58 million (2021: Rs.61.19 million).

4.4 Forced sale value of freehold land is Rs. 481.60 million.



	2022	2021
	(Rupees in '000)	
4.5 Capital work in progress:		
Civil works	655,841	325,680
Plant and machinery	2,677,472	860,902
Advance against vehicles	28,597	-
Equipments	8,565	346
	3,370,475	1,186,928
4.5.1 Movement in Capital work in progress:		
Opening	1,186,928	123,842
Add: Addition during the year	2,317,649	1,199,956
	3,504,577	1,323,798
Less: Transferred to fixed assets during the year	(134,102)	(136,870)
	3,370,475	1,186,928
4.5.2 During the year, borrowing costs have been capitalised amounting to Rs. 86.67 million (2021: Rs. 22.41) on account of financing obtained specifically for this purpose.		
4.6 Right-of-use asset		
Opening net book value	12,164	16,219
Add: Additions during the year	20,001	-
Less: Depreciation during the year	(5,055)	(4,055)
Closing net book value	27,110	12,164
4.6.1 The Depreciation charge for the year on right-of-use asset pertains to rental payments of Head office & Godown for paper & board.		
4.6.2 Depreciation charged for the year has been allocated as follows:		
Cost of sales	31	1,000
Administrative expenses	33	4,055
		5,055
		4,055

5. INTANGIBLE ASSET

ERP System & Software Licences	COST			AMORTISATION			Book value as at Sep. 30	Life
	As at Oct. 01	Additions	As at Sep. 30	As at Oct. 01	For the year	As at Sep. 30		
(Rupees in '000)								
2022	14,548	-	14,548	13,530	1,018	14,548	-	5 Years
2021	14,548	-	14,548	11,720	1,810	13,530	1,018	5 Years

5.1 Amortization charged for the year has been allocated as follows:	Note	2022	2021
		(Rupees in '000)	
Cost of sales	31	610	1,086
Distribution cost	32	102	181
Administrative expenses	33	306	543
		1,018	1,810

5.2 Intangible assets as at September 30, 2022 include items having aggregate cost of Rs. 14.55 million (2021: Rs. 5.50 million) that have been fully amortized and still in use of the Company.

6. LONG TERM INVESTMENTS

In Associate

Unicol Limited

50,000,000 (2021: 50,000,000) fully paid ordinary shares of Rs.10/- each

Equity held : 33.33 % (2021 : 33.33%)

Dividend received

Share of profit

UniEnergy Limited

768,999 (2021:768,999) fully paid ordinary shares of Rs.10/- each

Equity held : 7.69 % (2021: 7.69%)

Share of profit

In Related Parties

At fair value through other comprehensive income

Cherat Cement Company Limited

2,747,277 (2021: 3,847,277) fully paid ordinary shares of Rs.10/- each

Cherat Packaging Limited

2,110,490 (2021: 2,110,490) fully paid ordinary shares of Rs.10/- each

Less: classified as short term

Note	2022	2021
	(Rupees in '000)	
6.1.1	1,031,592	1,076,577
	(325,000)	(212,500)
	706,592	864,077
6.1.2	439,934	167,515
	1,146,526	1,031,592
6.2.1	7,742	7,712
6.2.2	125	30
	7,867	7,742
	1,154,393	1,039,334
	317,503	551,007
	226,772	378,200
	544,275	929,207
16	-	(157,542)
	544,275	771,665
	1,698,668	1,810,999

6.1 Unicol Limited

The Company holds 33.33 % (2021: 33.33 %) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to the statement of profit or loss in accordance with the accounting policy as mentioned in note no.3.3.5(a) to the annual audited financial statements for the year ended September 30, 2022 . The share of Company in the net assets has been determined on the basis of the audited financial statements of Unicol Limited for the year ended September 30, 2022.

6.1.1 The Company's interest in assets & liabilities of Unicol Limited:

Non-current assets
Current assets

Long-term liabilities
Current liabilities

Net assets

2022	2021
(Rupees in '000)	
774,658	828,139
1,573,105	925,744
2,347,763	1,753,883
(3,810)	(23,838)
(1,197,427)	(698,453)
(1,201,237)	(722,291)
1,146,526	1,031,592

6.1.2 The Company's share in profit and loss of Unicol Limited:

Sales
Cost of sales

Other expenses, income and taxes

2,972,275	2,794,056
(2,152,150)	(2,409,507)
820,125	384,549
(380,191)	(217,034)
439,934	167,515

6.2 UniEnergy Limited

The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2021: 7.69%) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture 50MW wind power project. This investment in UniEnergy Limited has been accounted for using the Equity method. Share of profit arising from the associate has been taken to statement of profit or loss in accordance with the accounting policy as mentioned in note no.3.3.5 (a) to the annual audited financial statements for the year ended September 30, 2022. The share of Company in the net assets has been determined on the basis of the un-audited financial statements as of September 30, 2022.

6.2.1 The Company's interest in assets & liabilities of UniEnergy Limited:

Non-current assets
Current assets

Current liabilities
Net assets

3,965	4,079
4,134	3,878
8,099	7,957
(232)	(215)
7,867	7,742



	Note	2022	2021
(Rupees in '000)			
6.2.2 The Company's share in profit and loss of UniEnergy Limited:			
Administrative Expenses		(128)	(110)
Other Expenses, income & taxes		253	140
		125	30

7. LONG-TERM LOAN AND DEPOSITS

Financial assets at amortised cost Loan:

Loan for cane development	7.1	25,932	28,966
Less: current maturity	13	(1,811)	(5,343)
		24,121	23,623

Deposits:

Deposits against ijarah contracts		1,100	1,100
Others	7.2	4,129	1,699
		29,350	26,422

7.1 This represents an interest bearing loan for the cane development, remaining amount is repayable in 15 quadrimester installments (revised), secured by the retention of title documents of borrower's land.

7.2 These represent non-interest bearing deposits paid by the Company for obtaining various services.

7.3 Long-term loans & deposits have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements.

	Note	2022	2021
		(Rupees in '000)	
8. DEFERRED TAX ASSET / (LIABILITY) - NET			
Taxable temporary differences arising in respect of :			
- Accelerated tax depreciation allowance and investment		(691,056)	(550,828)
Deductible temporary differences arising in respect of :			
- Unabsorbed tax losses and others		711,925	514,087
- Unpaid Liabilities		30,933	25,300
		742,858	539,387
Deferred tax asset / (liability)		51,802	(11,441)
9. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		163,564	78,433
Spare parts		137,194	135,245
Loose tools		2,155	2,066
		302,913	215,744
Provision for obsolescence		(14,943)	(9,505)
		287,970	206,239
10. STOCK-IN-TRADE			
Raw material-OCC		555	-
Work-in-process- Sugar in process	31	4,512	5,571
Finished goods - Sugar	31	1,395,733	978,637
		1,400,800	984,208
11. BIOLOGICAL ASSETS			
Sugarcane	11.1	4,140	7,020
Others		-	1,286
		4,140	8,306

	Note	2022	2021
(Rupees in '000)			
11.1 Movement during the year			
As at October 01		8,306	8,760
Addition due to cultivation		7,088	8,255
(Loss) / gain arising from initial recognition of standing crop less cost to sell		(898)	7,266
Decrease due to harvest sales		(10,356)	(15,975)
		4,140	8,306
		4,140	8,306

11.2 The value of sugarcane crop is based on estimated average yield of 600 maunds per acre (2021: 500 maunds) on cultivated area of 59 acres (2021: 94 acres).

12. TRADE DEBTS - Unsecured

Considered good

Neither past due nor impaired

Domestic Sales

113,229	61,059
113,229	61,059

Considered doubtful

Domestic Sales

Provision thereagainst

2,124	-
(2,124)	-
-	-
-	-
113,229	61,059

13. LOANS AND ADVANCES

Current portion of loan for sugar development

7	1,811	5,343
---	-------	-------

Considered good: Unsecured

To suppliers

71,021	45,034
--------	--------

To employees classified as recoverable within next twelve months

827	576
-----	-----

To related parties

13.1	326	-
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To sugar cane growers

13,102	16,316
--------	--------

To transport contractors

157	2,772
-----	-------

87,244	70,041
--------	--------

Considered doubtful: Unsecured

Sugar cane growers

593	-
-----	---

Provision thereagainst

(593)	-
-------	---

-	-
---	---

87,244	70,041
87,244	70,041

13.1 This includes the following amounts from related parties:

Cherat Packaging Limited

Note	2022	2021
	(Rupees in '000)	
	326	-

The maximum aggregate amount outstanding at any time during the year from the above related party calculated by reference to month-end balance is Rs. 0.33 million (2021: Nil)

14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Prepaid insurance	622	3,262
Prepaid rent	280	327
Other prepayments	1,128	792
	2,030	4,381

15. OTHER RECEIVABLES

Sales tax on unlifted sugar		-	453
Freight subsidy	15.1/ 29.1.9	199,056	199,056
Staff Gratuity fund	15.2.1	65,258	172,021
Derivative Instrument	35.3	-	28,410
Others		4,021	20,710
		268,335	420,650

15.1 This amount relates to freight subsidy on sugar exports receivable from State Bank of Pakistan. A cash freight subsidy of Rs. 10.70/ kg was announced by Ministry of Commerce vide letter No.7(2)/ 2012-Exp.III in lieu of which, the Company exported 74,021 M.tons of sugar during 2018 and submitted the total claim of subsidy of Rs. 754.34 million with State Bank of Pakistan. Out of the subsidy claimed, the Company has received Rs. 555.28 million till date. This remaining subsidy amount relates to the share of provincial government whereas the share pertaining to the federal government has been realized in full.

15.2 This represents amount determined on the basis of accounting policy as explained in note 3.3.2 (b)

15.2.1 Amount recognized in statement of financial position as follows:

Present value of defined benefit obligation	15.2.3	211,212	130,554
Fair value of plan assets	15.2.4	(276,470)	(302,575)
Asset recognized as at September 30		(65,258)	(172,021)

15.2.2 Movement in (Net Assets) / Liability recognized in the statement of financial position:

	2022	2021
	(Rupees in '000)	
Balance as at October 1	(172,021)	(122,320)
Net income for the year	(2,606)	(28)
Actuarial loss / (gain) charged to other comprehensive income	109,369	(49,673)
Balance as at September 30	<u>(65,258)</u>	<u>(172,021)</u>

15.2.3 Movement in the present value of defined benefit obligation:

Balance as at October 1	130,554	150,178
Current service cost	15,571	11,905
Interest cost	13,100	14,447
Benefits paid during the year	(9,401)	(3,867)
Actuarial loss / (gain)	61,388	(42,109)
Balance as at September 30	<u>211,212</u>	<u>130,554</u>

15.2.4 Movement in the fair value of plan assets:

Balance as at October 1	302,575	272,498
Expected return	31,277	26,380
Benefits paid	(9,401)	(3,867)
Actuarial (loss) / gain	(47,981)	7,564
Balance as at September 30	<u>276,470</u>	<u>302,575</u>

15.2.5 Amounts charged to statement of profit or loss:

Current service cost	15,571	11,905
Interest cost	13,100	14,447
Expected return on plan assets	(31,277)	(26,380)
	<u>(2,606)</u>	<u>(28)</u>

15.2.6 Total re-measurements chargeable in other comprehensive income:

Remeasurement (loss) / gain on obligations	(61,388)	42,109
Remeasurement (loss) / gain on plan assets	(47,981)	7,564
	<u>(109,369)</u>	<u>49,673</u>

15.2.7 Composition of plan assets is as follows:

Government securities
Mutual funds
Listed shares
Certificates of investments
Bank Balances

2022	2021
(Rupees in '000)	
57,001	112,956
20,070	11,469
189,517	176,623
8,398	-
1,484	1,527
<u>276,470</u>	<u>302,575</u>

15.2.8 Principal actuarial assumptions used are as follows:

Valuation discount rate (%)
Expected rate of return on plan assets (%)
Expected rate of salary increase (%)

13.25	10.50
13.25	10.50
15.00	15.00

15.2.9 The expected return on plan assets was based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation.

15.2.10 The return on plan assets was assumed to equal the discount rate. (Loss) / Return on plan assets on September 30, 2022 was Rs.(16.70) million (2021: Rs.33.94 million), calculated on the basis of market conditions as allowed under IAS-19.

15.2.11 Expected gratuity expense for the year ending September 30, 2023 is Rs. 5.74 million.

15.2.12 Sensitivity Analysis**Particulars**

Current Liability
+1% Discount rate
- 1% Discount rate
+1% Salary increase rate
- 1% Salary increase rate
+ 10% withdrawal rates
- 10% withdrawal rates
1 Year mortality age set back
1 Year mortality age set forward

PVDBO (Rupees in 000)	Percentage Change
211,212	-
201,738	-4.49%
221,713	4.97%
222,629	5.41%
200,743	-4.96%
211,205	0.00%
211,220	0.00%
211,188	-0.01%
211,236	0.01%

15.2.13 Comparisons with past years :

	2022	2021	2020	2019	2018
	(Rupees in '000)				
Present value of defined benefit obligation	211,212	130,554	150,178	140,390	124,340
Fair value of plan assets	(276,470)	(302,575)	(272,498)	(150,485)	(227,757)
Surplus	(65,258)	(172,021)	(122,320)	(10,095)	(103,417)
Experience adjustments arising on plan liabilities	61,388	(42,109)	(14,733)	4,623	(18,211)
Experience adjustments arising on plan assets	47,981	(7,654)	(107,824)	(95,957)	(55,079)
	109,369	(49,763)	(122,557)	(91,334)	(73,290)

15.2.14 Maturity Profile:

Particulars	Undiscounted Payments (Rupees in 000)
Year 1	8,836
Year 2	5,631
Year 3	5,191
Year 4	13,951
Year 5	18,255
Year 6 to 10	214,918
Year 11 and above	193,391

15.2.15 Risks associated with defined benefit plans

Investment Risks:

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Salary Increase Risks:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risks:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

16. SHORT-TERM INVESTMENTS

In Term deposit One year

Bank Alfalah Ltd.

Note	2022	2021
	(Rupees in '000)	
16.1	1,578	1,561
In related parties:		
At fair value through other comprehensive income		
Cherat Cement Company Limited		
6 / 16.2	-	157,542
	1,578	159,103
	1,578	159,103

Nil (2021: 1,100,000) shares of Rs.10/- each

16.1 The Company has invested a sum of Rs. 1.50 million in term deposit for a period of one year It carries markup @ 10.25% per annum, renewable on maturity (March 31, 2023).

16.2 During the year Company sold 1.10 million shares of Cherat Cement Company Limited at a fair value of Rs.175.89 million to inject equity for establishment of paper & board division. Cumulative gain on disposal of investment was Rs.165.70 million.

17. CASH AND BANK BALANCES

Islamic banks

Current accounts

Saving accounts

17.1	4,496	2,948
	24	2,232
	4,520	5,180

Conventional Banks

Current accounts

Saving accounts

17.1	6,549	12,397
	5,115	14,826
	11,664	27,223

Cash in hand

	16,184	32,403
	3,386	2,941
	19,570	35,344

17.1 Effective profit rate in respect of PLS accounts is 9.50% (2021: 5.50%) per annum.

18. NON-CURRENT ASSETS HELD FOR SALE

Description	Sep-22 / 21			
	Carrying value at the end of the reporting period before classification as held for sale.	Carrying amount as remeasured immediately after classification as held for sale	Allocated impairment loss	Carrying amount after allocation of impairment loss
	(Rupees in '000)			
Land & Building	301,264	301,264	-	301,264

18.1 The management had entered into an agreement to sell its land (residential) measuring 3.45 Acres located at Mirpurkhas. (Refer Note 1.1) against which during the year ended September 30, 2022, the Company received entire sales consideration of Rs.750 million (Refer note 28) from the ultimate buyer. However, the title of the land is still with the Company owing to the performance suit application filed by the original buyer as disclosed in note 29.1.13.

19. SHARE CAPITAL

19.1 Authorized capital

2022	2021		2022	2021
Number of Shares			(Rupees in '000)	
150,000,000	150,000,000	Ordinary shares of Rs. 10/- each	1,500,000	1,500,000

19.2 Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

1,770,000	1,770,000	Allotted for consideration paid in cash	17,700	17,700
11,725,040	11,725,040	Issued as fully paid bonus shares	117,250	117,250
13,495,040	13,495,040		134,950	134,950

19.3 Following is the detail of shares held by the related parties.

Name of related parties

Faruque (Private) Limited

Greaves Pakistan (Private) Limited

Cherat Cement Company Limited

Mirpurkhas Sugar Mills Limited Employees' Provident Fund

Mirpurkhas Sugar Mills Limited Employees' Gratuity Fund

Note	2022	2021
	Number of shares	
	5,590,193	5,590,193
	322,008	322,008
	288,750	288,750
	2,737	2,737
	549,247	549,247
	<u>6,752,935</u>	<u>6,752,935</u>

19.4 Voting right, Board selection, right of first refusal and block voting are in proportion to the shareholding.

20. RESERVES

Revenue reserves

General reserve

Unappropriated profit

Other components of equity

Actuarial gain on defined benefit plan

Net gain on investment at fair value through other comprehensive income

Surplus on revaluation of freehold land

	2022	2021
	(Rupees in '000)	
	34,250	34,250
	1,583,835	1,214,505
	1,618,085	1,248,755
	61,191	170,560
	452,715	827,460
	513,906	998,020
	2,131,991	2,246,775
20.1	844,259	844,259
	<u>2,976,250</u>	<u>3,091,034</u>

20.1 It represents revaluation of freehold land which had been carried out by independent valuers M/s. K.G. Traders (Pvt.) Limited, on September 30, 2020 to determine the present (realizable) market value by enquiring from local active realtors. Surplus on revaluation of property, plant and equipment has been disclosed as per requirement and mentioned in note. 4.3 of the financial statements.

21. LONG TERM FINANCINGS - Secured

From Conventional /Islamic banks	Mode & commencement of repayment	Security	Mark up / profit rate per annum	2022	2021
				(Rupees in '000)	
Conventional Banks					
Finance 1	Twenty quarterly installments commencing from December, 2017	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	3 months average KIBOR + 0.60%	30,000	60,000
Finance 2	Twenty quarterly installments commencing from May, 2018	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	3 months average KIBOR + 0.60%	30,000	50,000
Finance 3	Ten Semi annual installments commencing from September 2018	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	6 months average KIBOR + 0.20%	90,000	150,000
Finance 4	Twenty eight quarterly installments commencing from July, 2017	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	3 months average KIBOR + 0.20%	235,714	321,429
Finance 5	Twenty quarterly installments commencing from August, 2021	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	3 months average KIBOR + 0.85%	300,000	380,000
Finance 6 (salary refinance)	Eight quarterly installments commencing from April 2021.	Joint pari-passu hypothecation charge over Current Assets	Ranging 0.5% to 1% per annum, recognized at present value as per note 3.3.25	35,939	104,973
Finance 7 (TERF)	Thirty two quarterly installments commencing from February 2023.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	Flat 1.98% per annum, recognized at present value as per note 3.3.25	259,365	212,082

From Conventional /Islamic banks	Mode & commencement of repayment	Security	Mark up / profit rate per annum	2022	2021
				(Rupees in '000)	
Finance 11	Twenty four quarterly installments commencing from March 2024.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	3 months average KIBOR + 0.85%	500,000	-
Islamic Banks					
Finance 8 (ITERF)	Thirty two quarterly installments commencing from August 2023.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	Flat 3.00% per annum, recognized at present value as per note 3.3.25	384,105	107,293
Finance 9 (ITERF)	Thirty two quarterly installments commencing from August 2023.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	Flat 1.80% per annum, recognized at present value as per note 3.3.25	363,706	99,550
Finance 10	Twelve semi annual installments commencing from February 2025.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding land & Building)	6 months average KIBOR + 0.80%	350,000	-
				2,578,829	1,485,327
Less: Current portion				(380,404)	(347,593)
				2,198,425	1,137,734

	Note	2022	2021
(Rupees in '000)			
22. LONG TERM LEASE LIABILITIES - ROU ASSET			
As at October 01		14,400	17,074
Addition during the year		20,001	-
Accretions of interest		2,327	1,870
Rental Payments		(6,198)	(4,544)
As at September 30		30,530	14,400
Less: Current portion of lease liabilities		(11,000)	(5,340)
Long term portion of lease liabilities		19,530	9,060
23. DEFERRED LIABILITIES			
Market committee fee	23.1	93,738	87,242
Deferred Sugar cane liability and FED / sales tax	29.1.6 / 29.1.7	381,368	381,368
		475,106	468,610
23.1 Reconciliation of Market Committee Fee			
Opening balance		87,242	82,354
Charge during the year		6,496	4,888
Closing balance		93,738	87,242

The Company has filed a suit in the Honourable High Court of Sindh against the levy of market committee fee by the Government of Sindh on sugarcane purchases at the factory. The Sindh High Court has granted status quo. Full provision has been made as a matter of prudence.

24. GOVERNMENT GRANT

As at October 1
 Received during the year
 Released during the year
 As at September 30

Less: Current portion of government grant
 Long-term portion of government grant

Note	2022	2021
	(Rupees in '000)	
	146,952	9,217
	255,700	155,372
	(53,764)	(17,637)
	<u>348,888</u>	<u>146,952</u>
	(60,563)	(35,772)
	<u>288,325</u>	<u>111,180</u>

25. TRADE AND OTHER PAYABLES

Creditors
 Accrued liabilities
 Advances from customers
 Withholding tax payable
 Sales tax payable
 Workers' profit participation fund
 Workers' welfare fund
 Other liabilities

25.1	89,433	112,122
	104,277	72,316
25.2	265,717	159,855
	6,242	1,641
	81,864	71,466
25.3 / 34	-	2,590
	1,959	1,959
	3,940	1,723
	<u>553,432</u>	<u>423,672</u>

25.1 This includes the following amounts from related parties:

Greaves Pakistan (Private) Limited
 Greave Air Conditioning (Private) Limited

38	-
513	-
<u>551</u>	<u>-</u>

The maximum aggregate amount outstanding at any time during the year from the above related parties calculated by reference to month-end balance is Rs. 0.55 million (2021: Nil)

25.2 These include the following amounts of advances from related parties:

Unicol Limited.

-	821
---	-----

The maximum aggregate amount outstanding at any time during the year from Unicol Limited calculated by reference to month-end balance is Rs. Nil (2021: 0.82 million)



	Note	2022	2021
(Rupees in '000)			
25.3 Workers' profit participation fund			
Opening balance		2,590	-
Interest thereon		141	-
		2,731	-
Less: Paid during the year		(2,731)	-
Charge for the Year		-	2,590
Closing Balance		-	2,590
26. ACCRUED MARK-UP			
Islamic banks			
Long-term financing		-	2,370
Short-term borrowings		56,195	8,677
Conventional banks			
Long-term financing		52,564	14,654
Short-term borrowings		57,336	6,096
		166,095	31,797
27. SHORT-TERM BORROWINGS-SECURED			
Conventional banks			
Short-term	27.1	1,368,271	447,995
Money market		-	850,000
Islamic banks			
Short-term	27.1	833,870	499,636
		2,202,141	1,797,631

27.1 This represents utilized portion of short term finance facilities aggregating Rs.5,650 million (2021 : Rs.5,900 million) obtained from various conventional / Islamic banks. These carry mark-up ranging from KIBOR+0.10% to KIBOR + 1.25% per annum (2021: KIBOR +0.25% to KIBOR + 1.25% per annum). The facilities are secured against registered joint pari-passu hypothecation charge over various assets of the Company. These facilities are renewable annually.

28. LIABILITIES ASSOCIATED WITH NON-CURRENT ASSET HELD FOR SALE

Liabilities associated with non-current asset held for sale

Note	2022	2021
	(Rupees in '000)	
18 / 29.1.13	750,000	130,000

29. CONTINGENCIES AND COMMITMENTS

29.1 CONTINGENCIES:

- 29.1.1** The Company had filed suits before the Honorable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. The Company is entitled to get 50% rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Company had paid the entire amount as per Law. The amount has already been charged off in the financial statements. The petition for leave to appeal against the impugned judgement of Honorable High Court of Sindh was filed in Honorable Supreme Court of Pakistan in 2006. The proceeding were carried out from time to time and finally the Honorable Supreme Court of Pakistan vide its judgment dated February 26, 2018, allowed both appeals filed in Honorable High Court of Sindh with a direction that the Company shall be entitled to exemption under the terms and conditions of SRO 505(I)/90 dated June 7, 1990 for the respective financial years and if any, taxes that are collected by the Excise Authorities, the same should be refunded or adjusted as the case may be subject to determination by the competent forum that burden of such taxes have not been passed on to the general public. In light of the aforesaid judgment, the Company has filed a refund application through tax consultants in Excise and Taxation Department. The application is pending before the department.
- 29.1.2** The Company has filed a petition No. 3475 of 2020 before Honorable High Court of Sindh at Karachi challenging the showcause Notice (SCN) dated June 01, 2020 of Sindh Revenue Board (SRB) whereby SRB has held the company liable for not withholding Sindh Sales Tax on various services obtained from foreign consultants claiming withholding of sales tax amounting to Rs.12.64 million. The company's assertion is that such services were performed by non-resident person and hence are outside the purview of SRB. The Honourable High Court of Sindh granted stay on taking adverse action against SCN till the matter is subjudice. No provision is being made in this regard since the management is confident that the outcome would be in Company's favour.
- 29.1.3 a)** The Company challenged levy of further sales tax @1.5 % under the Sales Tax Act 1990, amounting to Rs.4.89 million in the Honourable High Court of Sindh, for which relief was granted. Against the judgment, the department preferred appeal with the Honorable Supreme Court of Pakistan, and got stay order. The Honorable Supreme Court of Pakistan has set aside the case and referred it to the lower level. No provision is made in this regard since the management is confident that the outcome would be in Company's favour.
- b)** The amendment brought through Finance Ordinance 2001 in the Sales Tax Act with the intention to nullify the decision of the Honourable High Court of Sindh on levy of further tax @3% w.e.f June 18, 2001 does not change the legal position of further tax. However, the Company made the payment of 3% further tax under protest in order to avoid the Additional Tax and penalties. In previous years, Honorable Supreme Court of Pakistan had set aside the case and referred it to the tribunal level, where the Company's appeal is pending. In view of the contingencies involved in this case, the Company has not accounted for as refund an amount of Rs.50.97 million being the further sales tax paid in this behalf.

29.1.4 a) The company in 2010 received a show cause notice from the Competition Commission of Pakistan (CCP) for violation of the Competition Ordinance 2009. The Company along with other sugar mills filed a CP before the Sindh High Court challenging the Ordinance. The Honourable High Court of Sindh, granted a stay against the proceedings of the CCP and restrained the CCP to pass the final order in respect of the showcause notice. The CCP filed an Appeal before Honorable Supreme Court of Pakistan, which was disposed off by Honourable Supreme Court of Pakistan dated March 25, 2010 on the ground that the matter was pending before the Honorable High Courts. After several hearings and arguments for last many years, on January 17, 2022, the petition was dismissed by the Honorable High Court of Sindh. Against the dismissal order of Honorable Sindh High Court, Mirpurkhas Sugar Mills and other Sugar Mills have filed the Civil Petitions for Leave to Appeal before the Honorable Supreme Court of Pakistan. There are no financial implications related to this at the moment.

b) The Competition Commission of Pakistan (CCP) in August 2021 passed an order dated 13 August 2021 and imposed a penalty on PSMA and member sugar mills finding them to be guilty of collusive activities and cartelization. The penalty imposed on the Company was Rs.236 million. PSMA and our Company along with other sugar mills filed the Suit against the order of the CCP at Sindh High Court (SHC). The Honorable Court passed an interim order on 7, October 2021 that the operation of impugned orders dated 06 August 2021 and 13 August 2021 shall remain suspended till the hearing is underway. On June 13, 2022, the Single bench of the Honorable Court passed an order in which stay was granted on injunction application subject to securing 50% of the penalty amount recommended by the CCP through a bank guarantee with the Nazir SHC within two weeks. In order to ensure procedural compliance with the court order, the Company submitted a bank guarantee of Rs. 118 million with Nazir High Court of Sindh in July, 2022. Meanwhile, the Company also filed an appeal against the said order with the division bench of the Honourable SHC. On 25, August 2022, Division bench of the Honorable Court passed the order that impugned order dated June 13, 2022 passed by the learned Single Judge in Suit Nos. 2272,2455 and 2474 of 2021 be set aside. Resultantly, the bank guarantee submitted was returned. It was further directed that the CCP shall not initiate any recovery proceeding against the plaintiffs in Suit Nos. 2272, 2273, 2455 and 2474 of 2021 until the final decision of the appeals pending before the Competition Appellate Tribunal and the appeals were disposed off by the Division Bench of the SHC.

29.1.5 The Company in 2011, filed a petition vide CP no. D-2130 of 2011, before the Honorable High Court of Sindh against Federation of Pakistan and Large Taxpayer Unit, Inland Revenue challenging the vires of Section 3A of the Federal Excise Act 2005 and SRO 655(1)/2007 dated June 29, 2007 said to have been issued in terms thereof. Company submitted that this SRO was a nullity in law and without any legal effect or force whatsoever. Company prayed for suitable declaratory and injunctive relief as well as a refund of all the duty that had been collected for the period from July 2007 to June 2011 amounting to Rs.41.90 million under this section and notification. On February 22, 2013. The Honorable High Court of Sindh has accepted the said petition and termed that the section 3A was void ab initio, a nullity in law and no legal effect and SRO 655(1)/2007 dated June 29, 2007. It follows the suspension of the said notification and refund of the collected amount by way of direct repayment or adjustment (against any tax or duty). However, due to the contingent nature, the Company has not accounted for any revenue in this regard in its financial statements. The department has filed CPLA before the Honorable Supreme Court of Pakistan, against the judgement passed by Honorable High Court of Sindh in Company's favour and the Company is contesting the same.

29.1.6 a) The Company in 2014 has filed a petition vide CP No. D-759 of 2014, before the Honorable High Court of Sindh against the order of Additional/ Deputy Commissioner, Inland Revenue, on which the stay had been granted till the matter is disposed off. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting to Rs. 81.32 million on local sales equivalent to exported quantity, on which the Company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated February 7, 2013. Aggrieved with the order passed by Additional / Deputy Commissioner Inland Revenue, Company filed an appeal with Commissioner Inland Revenue Appeals, where relief was granted against the order passed by Additional/ Deputy Commissioner Inland Revenue. Tax Department filed an appeal in an Appellate Tribunal Inland Revenue against the judgement passed by Commissioner Inland Revenue Appeals. Appellate Tribunal Inland Revenue maintained the order of Commissioner Inland Revenue Appeals and directed that DCIR to follow the principle decided by this forum in the referred appeals. The department has filed a reference against the order of the Appellate Tribunal Inland Revenue in the Honorable High Court of Sindh, and Company is contesting the same, However, Company has made provision in its financial statements as a matter of prudence.

- b) The Company in 2015 has filed a petition vide CP No. D-2040 of 2015, before the Honorable High Court of Sindh against the orders of Additional / Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed off. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 15.75 million on local sales equivalent to exported quantity, on which the Company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated February 7, 2013. The matter was in adjudication at Appellate Tribunal level. As a result of efforts made by the Company, Appellate Tribunal decided the matter in favour of the Company and remanded back to the concerned Commissioner Inland Revenue level for further verification and reconciliation. The effect of the order is that alleged demand of Rs.15.75 million along with penalty and default surcharge stands deleted. However, as a matter of prudence, the provision has been made in this financial statements.
- 29.1.7** The matter of fixation of minimum price of sugarcane fixed under two different notifications for crushing season 2014-15 issued by the Government of Sindh is still subjudice before Honorable High Court of Sindh and Honorable Supreme Court of Pakistan. Further, the matter of fixation of minimum price of sugarcane fixed under notification for crushing season 2017-18 issued by the Government of Sindh was challenged in Honorable High Court of Sindh. Honorable High Court vide its decision passed in C.P No. 8666 of 2017 and 7951 of 2017 dated January 30, 2018, after taking consent of all the stakeholder / petitioners of the aforesaid petitions, directed the Sugar mills to pay sugarcane at Rs.160/- per 40kg to the growers for crushing season 2017-18. The matter is still subjudice before Honorable Supreme Court of Pakistan. Therefore, considering the nature of liability as contingent which is dependent upon any directive of Honorable Supreme Court of Pakistan revising the already paid price to the cane growers, the Company earlier recorded provision however classified the same as a deferred liability of sugarcane cost amounting to Rs.266.05 million under impugned notification number 8(142)/S.O(Ext)/2017-18 dated December 5, 2017.
- 29.1.8** The Company being aggrieved and dissatisfied with impugned order-in-original No. 05/58/2019 dated February 20, 2020 for TY 2017 under section 45B of the Sales Tax Act, 1990 passed by Deputy Commissioner Audit creating a demand of Rs.22 million, filed an instant Appeal before Commissioner Inland Revenue (Appeal II) Karachi and paid Rs.2.2 million as 10% demand under protest to get stay order against coercive action that might be taken by the department. The matter is still pending before CIR (A).
- 29.1.9** A cash freight subsidy of Rs.10.70/ kg was announced by Ministry of Commerce vide letter No.7(2)/ 2012-Exp.III in lieu of which, the Company exported 74,021 M.tons of sugar during 2018 and submitted the total claim of subsidy of Rs. 754.34 million with State Bank of Pakistan. Out of the subsidy claimed, the Company has received Rs. 555.28 million till date. This remaining subsidy amount relates to the provincial government whereas the share pertaining to the federal government has been realized in full. The Company despite every effort to recover the subsidy amount of Rs.199 million from the Sindh Government via State Bank of Pakistan has been unable to get the same. Consequently the Company has filed a petition No. 5409 of 2021 in the Sindh High Court against the Sindh Government and the SBP for recovery of entitlement. In view of management, the outcome will be favourable.
- 29.1.10(a)** The Federal Board of Revenue (FBR) in the FY 2021 issued notices for conducting tax audits for multiple years commencing from 2015 to 2019 under section 177 of the Income Tax Ordinance, 2001 and despite provision of all records, submission of evidences and details, audit proceedings were concluded by passing detrimental orders under section 122(1)/(5) of the Income Tax Ordinance 2001 whereby frivolous tax demand of Rs. 16.4 billion for these tax years has been created. The demand is based on arbitrary and illogical observations against which the Company has preferred appeals to the Commissioner Inland Revenue [Appeals-I], Karachi which is pending for hearing. In the meanwhile, the Company also got stay orders from the Honorable Sindh High Court for refraining the department to take coercive measures for recovery of the demand during the pendency of the Appeal. Since the demanded tax is not based on fact and records and in the view of tax advisor, these orders are unlikely to pass test of appeal, hence no provision has been made in the financial statements against said demands.

(b) In February 2022, the Deputy Commissioner Inland Revenue issued show cause notices under section 182 (2) of Income Tax Ordinance (ITO), 2001 alleging concealment of income / unexplained income / assets u/s 111 of ITO 2001 based on surmises and relating the same to biased conclusion made during tax audits carried out u/s 177 of ITO 2001 for Tax Year 2015 to Tax Year 2019 and proposed charging 100% penalty of approx. Rs.13 billion on the alleged concealed amount for the five tax years which are sub-judice in legal course. These show cause notices are baseless and connected with the demand already raised in the order for audit which is being contested at various forums for being frivolous. Management had accordingly replied to the notices in consultation with the tax advisor and had disclosed the same on prudence basis in the half yearly financial statements of March 2022. Subsequently, orders have been passed for the tax years 2015 and 2016 based on the above show cause notices. Currently, these orders are in Commissioner Inland Revenue (Appeals) [CIR (A)]. Stay orders have been obtained from SHC for demand recovery till the cases are decided in CIR (A). No provision has been made as the Company expects favourable outcome.

29.1.11 For the tax year 2015, the Deputy Commissioner Inland Revenue passed an order under section 161 (1) of the Income Tax Ordinance, 2001 raising a demand of Rs. 314 million alleging default of tax withholding on entire amount of payments/expenses taken from the tax return / financial statements which is unwarranted and illogical as this included tax withholding on purchase of sugarcane which being agriculture produce and procured directly from the growers, do not require tax withholding. Proceedings are underway before the Commissioner Inland Revenue [Appeals-I] while management has taken stay order for recovery of demand from Honorable Sindh High Court vide CP 5742/2021 till the decision of CIR Appeals. No provision is made in this regard since the management is confident that the outcome would be in Company's favour.

29.1.12 For the tax year 2018, the Deputy Commissioner Inland Revenue passed an order under section 161 (1) of the Income Tax Ordinance, 2001 raising a demand of Rs. 5.11 million alleging default of tax withholding on certain payments/expenses taken from the tax return / financial statements which is unwarranted and illogical as the Company provided complete supporting detail and evidences of tax withholding which have not been considered by the Deputy Commissioner as well as the Commissioner Appeals which carried out hearing of the matter summarily and passed order. The tax demand has already been adjusted from the Company's determined tax refunds, however appeal has been preferred before the Appellate Tribunal Inland Revenue for redressal of the grievance.

29.1.13 With regards to Land bearing Serial No 173 and 173 A sold by the Company, a performance suit application was filed by original buyer Mr. Muhammad Waqas Khan, in the Court of Senior Civil Judge, Mirpurkhas. The agreement to sell was novated by him to another party. The Company has received full consideration after novation and is confident of a positive outcome of the case upon which the land will be transferred.

29.1.14 The Deputy Commissioner Inland Revenue passed an order in March 2022 disallowing input tax adjustment for the period from July 2021 to November 2021 amounting to Rs. 86.60 million mainly on account of not charging further tax on sales to unregistered buyers. This contention of department is erroneous as sugar has been excluded from the purview of further tax as per SRO 648(I)/2013 as amended through SRO 692(1)/2019 dated June 29, 2019. The company is contesting the same in appellate forums. Meanwhile, stay has been obtained from CIR (A) for demand recovery.

29.1.15 The Deputy Commissioner Inland Revenue passed as order for Tax Year 2020 in April 2022 demanding Rs.42.55 million u/s 161(1) of Income Tax Ordinance 2001 by charging tax u/s 236H of the Income Tax Ordinance 2001 on sale to unregistered buyers and treated them as retailers instead of distributor/whole seller under 236G. However, keeping in view the definition given in the Sales Tax Act 1990 for distributor, whole seller and retailers, the company has collected the tax and deposited in government treasury accordingly. The case is under review in CIR (A), meanwhile stay orders have been obtained from SHC for demand recovery till the matter is decided in CIR (A). No provision has been made as the Company expects a favourable outcome.

31. COST OF SALES

	Note	2022	2021
(Rupees in '000)			
Sugar cane cost		4,676,745	3,814,187
Stores and spare parts consumed		203,224	150,588
Packing material and expenses		62,779	37,344
Salaries, wages and other benefits	31.1	376,464	304,747
Water, fuel and power		48,553	32,325
Insurance		12,081	11,001
Repairs and maintenance		23,839	14,248
Vehicles expenses		25,713	18,219
Sugar handling expenses		2,775	1,339
Other expenses		17,454	12,376
Ijarah rentals		3,676	3,551
Depreciation	4.1.2	97,502	94,568
Depreciation on right of use assets	4.6.2	1,000	-
Amortization	5.1	610	1,086
		5,552,415	4,495,579
Sugar-in-process - opening		5,571	4,787
- closing	10	(4,512)	(5,571)
		1,059	(784)
		5,553,474	4,494,795
Less: - sale of molasses	31.2	(716,470)	(542,995)
- stock adjustment		(65,255)	-
- sale of bagasse	31.2	-	(42,588)
		(781,725)	(585,583)
Cost of goods manufactured		4,771,749	3,909,212
Finished goods - opening		978,637	648,091
- closing	10	(1,395,733)	(978,637)
		(417,096)	(330,546)
		4,354,653	3,578,666

31.1 This includes Rs. 4.04 million (2021: Rs.5.92 million) in respect of staff retirement benefits.

31.2 These figures are net of sales tax of Rs. Nil (2021 : Rs. Nil) in respect of molasses and Rs. Nil (2021 : Rs. 7.43 million) in respect of bagasse.

32. DISTRIBUTION COST

Note	2022	2021
(Rupees in '000)		
Salaries, wages and other benefits	7,473	6,490
Insurance	7,639	4,388
Distribution Expense	4,534	6,751
Sugar dispatch expense	10,553	1,832
Vehicles expenses	1,279	509
Other expenses	3,381	3,119
Ijarah rentals	976	954
Depreciation	498	250
Amortization	102	181
	<u>36,435</u>	<u>24,474</u>

32.1 This includes Rs. 0.02 million (2021: Rs. 0.09 million) in respect of staff retirement benefits.

33. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	33.1	112,838	75,046
Directors' fee		2,280	1,760
Rent, rates and taxes		561	778
Communication expense		4,779	4,354
Conveyance and travelling		5,025	2,704
Printing and stationery		2,111	2,223
Entertainment		2,290	1,646
Vehicles expenses		10,541	6,336
Insurance		3,951	3,376
Repairs and maintenance		4,048	7,389
Subscription		3,829	3,850
Legal and professional charges		23,908	17,972
General expenses		11,581	7,550
Utilities		4,560	3,653
Ijarah rentals		934	911
Depreciation	4.1.2	12,569	8,721
Depreciation on right of use assets	4.6.2	4,055	4,055
Amortization	5.1	306	543
		<u>210,166</u>	<u>152,867</u>

33.1 This includes Rs.3.02 million (2021: Rs. 0.99 million) in respect of staff retirement benefits.

34. OTHER OPERATING EXPENSES

	Note	2022	2021
(Rupees in '000)			
Auditors' remuneration	34.1	1,583	1,477
Provision against receivable		2,124	-
Provision for stores obsolescence		5,438	-
Write-off of loan to Subsidiary Company wound-up		-	10,195
Provision against growers loan		593	-
Net loss from agriculture produce		-	9,603
Workers' profit participation fund	25	-	2,590
Workers' welfare fund		-	984
Corporate social responsibility costs / donations	34.2	413	235
		10,151	25,084
34.1 Auditors' Remuneration			
Annual audit and consolidation fee		1,023	906
Half yearly review fee & certification		397	382
Out of pocket expenses		163	189
		1,583	1,477

34.2 Corporate social responsibility costs do not include any amount paid to any person or organization exceeding Rs.1 million and in which any director or their spouse had any interest.

35. OTHER INCOME

Income from Financial Assets

Dividend from related parties	35.1	15,362	8,068
Profit on PLS and deposit accounts	35.2	9,496	1,527
Exchange gain		569	813
Gain on derivative instrument	35.3	28,320	28,410
Mark-up on growers' loans	35.4	3,778	1,149
		57,525	39,967

Income from non-financial assets

Gain on disposal of operating property, plant and equipment	4.2	54	378
Fair value adjustments / net gain or loss from agriculture produce		1,809	-
Reversal of provision for sugarcane liability		-	152,392
Miscellaneous		8,757	3,213
		10,620	155,983
		68,145	195,950

35.1 Represents dividend income from Cherat Cement Company Limited & Cherat Packaging Limited, listed as Shariah compliant company at Pakistan Stock Exchange under KMIALLSHR index and KMI-30 index.

35.2 This includes Rs.1.27 million (2021: Rs.0.06 million) as profit from Islamic Banks.

35.3 Represents net gain on derivative instrument at fair value through profit or loss which relates to foreign exchange forward contracts that did not qualify for hedge accounting.

35.4 Represents profit earned from conventional loan to growers.

	Note	2022	2021
(Rupees in '000)			
36. FINANCE COST			
Islamic Banks			
Profit on short-term borrowings		135,460	37,829
Bank charges		774	197
		136,234	38,026
Conventional Banks			
Mark-up on long-term financing	36.1	96,816	81,769
Mark-up on short-term borrowings		192,286	105,260
Bank charges		1,618	1,148
		290,720	188,177
Others			
Interest on workers' profit participation fund		142	-
Interest on lease liabilities		2,327	1,870
		2,469	1,870
		429,423	228,073

36.1 Includes the effect of amortization of government grant.

37. TAXATION

Current	151,286	88,950
Prior	8,353	-
	159,639	88,950
Deferred	(63,243)	(13,497)
	96,396	75,453

37.1 In view of unabsorbed tax losses, the Company is only liable to pay minimum tax in the current year at the rate of 1.25% under section 113 of the Income Tax Ordinance, 2001. Provision for current taxation is based on Minimum Tax at the current rates of taxation. Therefore, reconciliation of accounting to tax profit has not been presented.

37.2 The Company records tax expense based on generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation is available in these financial statements. Following analysis shows the comparison of last three years between tax provision and tax assessment.

Tax year	Provision for tax as per financial statements	Tax assessed as per income tax return
	(Rupees in '000)	
2022	88,950	-
2021	119,697	-
2020	100,037	-

38. EARNINGS PER SHARE- BASIC & DILUTED

Profit after taxation

2022	2021
(Rupees in '000)	
203,626	140,320

Weighted average number of ordinary shares in issue during the year

Number of Shares	
13,495,040	13,495,040

Earnings per share - basic (Rupees)

15.09	10.40
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38.1 There is no dilutive effect on basic earnings per share of the Company

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but are not limited to, market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are as follows:

- Market risk including currency risk, interest rate risk and price risk.
- Credit risk
- Liquidity risk.

This note presents information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, financial instruments and investment of excess liquidity.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below :

39.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. The Company is exposed to market risks such as currency risk, interest rate risk and price risk.

Financial instruments affected by market risk include investments (investments at fair value through other comprehensive income), long-term financing, short-term borrowings and foreign currency payments against letters of credit opened.

a) Foreign currency risk

Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the change in foreign exchange rates. The Company's exposure to this risk arises mainly from future economic transactions or receivables and payables that exist due to transactions entered into foreign currencies.

Exposure to foreign currency risk

The Company is exposed to foreign currency risk arising from foreign exchange fluctuations primarily with respect to the CNY and USD. The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary. Presently Company is exposed to foreign currency risk, in respect of L/Cs opened for import of paper project plant and machinery and raw materials.

The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 24 months.

	2022	2021
	Amount of net Exposure	
CNY (In thousands)	3,138	28,374
USD (In thousands)	207	-

The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

2022

2021

The following significant exchange rates were applied at reporting date:

Rupee per CNY

Reporting date rate (Buying/Selling)

32.43 / 32.50 26.62 / 26.70

Rupee per USD

Reporting date rate (Buying/Selling)

229.45 / 229.95 170.45 / 170.95

Foreign currency sensitivity analysis

A ten percent strengthening / weakening of the PKR against the CNY and USD as at September 30, 2022 would have increased / decreased the equity and profit/ loss after tax by Rs. Nil (2021: Rs. Nil). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for September 30, 2021.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

b) **Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of the financial instruments will fluctuate due to change in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in functional currencies. Applicable interest rates of financial instruments are given in respective notes.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instrument is:

Financial assets:-

Variable rate instruments

Long-term loan - cane development

25,932 28,966

Fixed rate instruments

Short term investments - TDR

1,578 1,561

27,510 30,527

Financial Liabilities:

Variable rate instruments

3,737,855 2,759,060

Fixed rate instruments

1,043,115 523,899

4,780,970 3,282,959

Cash flow sensitivity analysis for variable rate instruments

Change in interest rate by 2% may have a positive or negative impact of approximately Rs.74.76 million (2021: Rs. 55.18 million) in the statement of profit or loss account before taxation. This analysis has been made based on the assumption that all the other variables remain constant.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in markup at the reporting date would not affect the statement of profit or loss of the Company.

c) Other price risk

Other Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk). The Company is currently exposed to the other price risk like equity price risk that arise from Company's investment in listed securities that are classified as investments at fair value through other comprehensive income. Listed securities are susceptible to market price risk arising from uncertainties about future returns on the investment securities.

At the reporting date, the exposure to listed equity securities at fair value was Rs.544.27 million (2021: Rs.929.21 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs.54.42 million (2021: Rs.92.92 million) on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the same would impact equity by a similar amount but will not have an effect on income unless there is an impairment charge associated with it.

	Credit rating	2022	2021
(Rupees in '000)			
Long term Investments			
Cherat Cement Company Limited	A+	317,503	393,465
Cherat Packaging Limited	A	226,772	378,200
Short term Investment			
Cherat Cement Company Limited	A1	-	157,542
		544,275	929,207

39.2 Credit Risk

Credit risk is the risk of financial loss to the Company if counter parties to a financial instrument fail to meet their contractual obligations. The Company does not have significant exposure in relation to individual customers. Aging analysis of trade debts is disclosed in note no.12 of this financial statements. The Company exposure to credit risk is minimal as the Company mostly receives advance against sale of goods to customers.

The maximum exposure to credit risk at the reporting date is as follows :

	2022	2021
	(Rupees in '000)	
Loans & Deposits	29,350	26,422
Trade debts	113,229	61,059
Advances	16,066	22,235
Short-term investment - TDR / Related Party	1,578	1,561
Bank balances	16,184	32,403
	<u>176,407</u>	<u>143,680</u>

39.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates :

Loans & Deposits

Parties with no default in the past one year	28,250	25,322
Deposits against ijarah contracts (Credit rating "A")	<u>1,100</u>	<u>1,100</u>

Trade debts

Customers with no default in the past one year	<u>113,229</u>	<u>61,059</u>
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Advances

Counter parties without credit rating	<u>16,066</u>	<u>22,235</u>
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Short-term investment - TDR/ Related Party

Counter parties with credit rating (A1+)	<u>1,578</u>	<u>1,561</u>
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Cash at bank

A1 +	13,094	31,890
A1	<u>3,090</u>	<u>513</u>
	<u>16,184</u>	<u>32,403</u>

39.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the reporting date, the Company has unused credit facilities of Rs.3,448 million (2021 : Rs.4,102 million).

Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	INTEREST BEARING			NON-INTEREST BEARING			2022 Total (a+b)	2021
	Less than one year	one to five years	Sub Total (a)	Less than one year	one to five years	Sub Total (b)		
(Rupees in '000)								
Financial liabilities:								
Long-term financing	380,404	2,198,425	2,578,829	-	-	-	2,578,829	1,485,327
Lease Liabilities	11,000	19,530	30,530	-	-	-	30,530	14,400
Deferred liabilities	-	-	-	-	475,106	475,106	475,106	468,610
Short-term borrowings	2,202,141	-	2,202,141	-	-	-	2,202,141	1,797,631
Trade & other payables	-	-	-	197,650	-	197,650	197,650	318,752
Accrued mark-up	-	-	-	166,095	-	166,095	166,095	31,797
Unclaimed dividend	-	-	-	-	7,976	7,976	7,976	7,981
	<u>2,593,545</u>	<u>2,217,955</u>	<u>4,811,500</u>	<u>363,745</u>	<u>483,082</u>	<u>846,827</u>	<u>5,658,327</u>	<u>4,124,498</u>

Effective interest rates for the monetary financial assets and liabilities are mentioned in the respective notes to the financial statements.

39.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

Management assessed that the fair values of cash & cash equivalents and short term deposits, other receivables, trade debts, trade and other payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term deposits being asset and long term liabilities, management considers that their carrying values approximates their fair value.

The fair value of land is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer.

Land	The valuation is considered on the factors of location, needs of the buyers, the overall prevailing market situation and other considerations linked with this.
Biological assets	The valuation model considers the present value of the net cash flows expected to be generated by the standing crops at maturity, in its most relevant market, and includes the potential biological transformation and related risks associated with the asset.
Forward exchange contracts	Valuation of the foreign currency forward contracts is based on foreign currency exchange rates in active markets, thus the Company measures the fair value of these contracts under a Level 2 input.

Financial assets measured at fair value	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
(Rupees in '000)				
September 30, 2022				
Investment at fair value through other comprehensive income	544,275	544,275	-	-
Derivative instruments (Note 35)	-	-	-	-
Biological Assets	4,140	-	4,140	-
September 30, 2021				
Investment at fair value through other comprehensive income	929,207	929,207	-	-
Derivative instruments (Note 35)	28,410	-	28,410	-
Biological Assets	8,306	-	8,306	-

As at the reporting date, the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land and capital work in progress. Free hold land which is stated at a revalued amount, it's revaluation has been carried out by independent valuers. Capital Work in progress is stated at cost. Long term investments in associates is carried at equity method. The Company does not expect that unobservable inputs may have significant effect on fair values.

39.4.1 Changes in Liabilities to cash flows arising from financing activities

	2022				
	Long term financing*	Short term borrowings	Lease liabilities	Un-claimed dividend	Accrued Mark-up
	(Rupees in '000)				
At the beginning of the year	1,632,273	1,797,631	14,400	7,981	31,797
Changes from financing cash flows					
Borrowings - net	1,497,379	404,510			
Lease rentals paid	-		(6,198)		
Dividend paid				(5)	
Finance cost paid					(295,125)
Other changes					
Addition of lease liability			20,001		
Recognition of government grant - net	(201,936)				
Finance cost - net of borrowing cost			2,327		427,096
Borrowing costs					2,327
At the end of the year	2,927,716	2,202,141	30,530	7,976	166,095

	2021				
	Long term financing*	Short term borrowings	Lease liabilities	Un-claimed dividend	Accrued Mark-up
	(Rupees in '000)				
At the beginning of the year	1,167,747	1,099,279	17,074	8,460	36,545
Changes from financing cash flows					
Borrowings - net	602,261	698,352		-	-
Lease rentals paid	-	-	(4,544)	-	-
Dividend paid	-	-		(479)	
Finance cost paid	-	-			(245,607)
Other changes					
Recognition of lease liability	-	-	-	-	-
Recognition of government grant - net	(137,735)				
Finance cost - net of borrowing cost	-	-	1,870	-	237,840
Borrowing costs					3,019
At the end of the year	1,632,273	1,797,631	14,400	7,981	31,797

*Includes the effect of government grant

39.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as going concern in order to provide returns for share holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The gearing ratios as at September 30, 2022 and 2021 were as follows:

Total Long-term debt

Share Capital

Reserves

Surplus on revaluation of Property, plant & equipment

Total Equity

Total Equity and Long-term debt

Gearing ratio

2022	2021
(Rupees in '000)	
2,578,829	1,485,327
134,950	134,950
2,131,991	2,246,775
844,259	844,259
3,111,200	3,225,984
5,690,029	4,711,311
45.32%	31.53%

Risk management strategy related to agricultural activities

Regulatory and environmental risks

The Company is subject to various laws and regulations in Pakistan. The Company has established environmental policies and procedures aimed at ensuring compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Climate and other risks

Due to inherent nature of the agricultural assets, it contains elements of significant risks and uncertainties which may adversely affect business and resultant profitability, including but not limited to the following:

- i) adverse weather conditions such as floods etc. affecting the quality and quantity of production; and
- ii) potential insect, fungal and weed infestations resulting in crop failure and reduced yields.

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Particulars	2022			2021		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	(Rupees in '000)					
Remuneration & bonus	55,020	19,829	48,486	47,280	17,003	35,165
Housing allowance	1,452	5,800	14,251	1,452	-	10,460
Utilities	250	1,288	3,166	250	-	2,324
Leave fare assistance	2,971	1,907	-	2,528	-	-
Retirement benefits	6,424	2,148	2,266	5,610	-	1,641
	<u>66,117</u>	<u>30,972</u>	<u>68,169</u>	<u>57,120</u>	<u>17,003</u>	<u>49,590</u>
No. of persons	<u>1</u>	<u>1</u>	<u>15</u>	<u>1</u>	<u>1</u>	<u>12</u>

The Chief Executive, Director and Executives are provided with the use of Company maintained cars and mobile phone facility which is reimbursed at actual to the extent of their entitlements.

40.1 The aggregate amount charged in the financial statements for the year for meeting fee to five directors amounted to Rs. 2.28 million (2021: five directors - Rs.1.76 million).

41. PROVIDENT FUND RELATED DISCLOSURE

41.1 The following information is based on un-audited financial statements of the fund.

	Note	2022	2021
		(Rupees in '000)	
Size of the trust		602,190	574,874
Cost of investments made		407,615	388,011
Fair value of investments	41.2	547,993	554,285
		(Percentage)	
Percentage of investments made		90.98	96.42
Loans to employees on mark-up		9.02	3.58
		100	100

41.2 The major categories of investments

	2022	2021
	(Rupees in '000)	
Government	276,539	352,693
Listed securities	128,714	171,262
Units of collective investment scheme	93,719	10,569
Banks	49,021	19,761
	547,993	554,285

41.3 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

42. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, associated companies, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, contribution to staff benefit funds, mark-up on loans, amount due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below:

Relationship	Nature of transactions	2022	2021
		(Rupees in '000)	
Group Companies	Services received	13,490	11,867
	Goods purchased	64,688	5,207
	Dividend received from related party	15,361	8,068
Associated Company	Dividend received from associated company	325,000	212,500
	Sales made	716,470	557,495
Other related parties	Staff provident / gratuity fund	9,679	14,145

42.1 In addition, certain actual administrative expenses are being shared amongst the group companies. Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length.

Following are the related parties with whom the Company had entered into transactions or has arrangements / agreements in place.

Name	Basis of association	Aggregate % of Shareholding
Faruque (Pvt) Ltd.	Common directorship	-
Cherat Cement Company Ltd.	Common directorship / Share holding	1.41
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship / Share holding	4.97
Greaves Engineering Services (Pvt) Ltd.	Common directorship	-
Greaves Air-conditioning (Pvt) Ltd.	Common directorship	-
Madian Hydro Power Ltd.	Common directorship	-
Unicol Ltd.	Associated Company	33.33
UniEnergy Ltd.	Associated Company	7.69
Zensoft (Pvt) Ltd.	Group Company	-

43. CAPACITY AND PRODUCTION

	2022	2021
No. of days mill operated	124	98
Crushing Capacity per day (M.tons)	12,500	12,500
Total Crushing capacity on the basis of no. of days (M.tons)	1,550,000	1,225,000
Actual crushing (M.tons)	649,557	488,464
Sugar production (M.tons)	70,460	51,909

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include sucrose recovery percentage and availability of sugar cane for crushing.

44. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

Total number of employees as at September 30,	240	198
Total number of employees at Factory as at September 30,	206	171
Average number of employees during the year	218	206
Average number of employees at Factory during the year	191	181

44.1 During the year the cost of the Company to recruit, select, hire, train, develop, allocate, conserve, reward & utilize human assets was Rs.130.85 million

45. OPERATING SEGMENTS

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

All sales of the Company comprise of sugar.

Total sales of the Company relating to customers in Pakistan were 100% during the year ended September 30, 2022 (2021: 100%).

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

Sales to 10 major customers of the Company are around 79.41% of the Company's total sales during the year (2021: 79.76%).

46. DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

	Note	2022	2021
(Rupees in '000)			
Long term financing as per Islamic mode	21	1,097,811	206,844
Short term borrowings as per Islamic mode	27	833,870	499,636
Shariah Compliant bank balances	17	4,520	5,180
Revenue earned from Shariah compliant business	30	4,832,646	3,861,442
Dividend earned from Shariah compliant investment	35	15,362	8,068
Finance cost on Islamic mode of financing	36	136,234	38,026
Profit earned from any conventional loan / advances	35	3,778	1,149
Finance cost on conventional mode of Financing	36	290,720	205,814
Exchange Gain earned	35	569	813
Profit earned from any Shariah compliant bank accounts	35	1,270	60

The Company has relationship with Askari Bank Limited, Al Baraka Bank (Pakistan) Limited, Bank Al-falah Limited, Dubai Islamic Bank Limited, Meezan Bank Limited, MCB Islamic Bank Limited, Faysal Bank Limited & Bank Islami (Pakistan) Limited.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on December 16, 2022 by the Board of Directors of the Company.

47.1 DIVIDEND AND APPROPRIATIONS

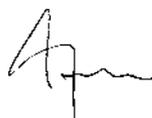
Subsequent to year ended September 30, 2022, the Board of Directors in its meeting held on December 16, 2022, has proposed bonus shares @ 15% (2021: Nil) for approval of the members at the Annual General Meeting.

48. CORRESPONDING FIGURES

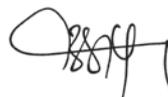
Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation. There were no significant reclassifications to these financial statements during the year.

49. GENERAL

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Pattern of Shareholding

as at September 30, 2022

Number of shareholders	Shareholding			Total Shares Held
	From		To	
982	1	to	100	20,002
340	101	to	500	81,542
115	501	to	1000	84,452
187	1001	to	5000	438,382
43	5001	to	10000	309,872
19	10001	to	15000	226,884
9	15001	to	20000	153,692
6	20001	to	25000	135,174
6	25001	to	30000	166,769
4	30001	to	35000	127,515
4	35001	to	40000	152,611
4	40001	to	45000	171,784
3	45001	to	50000	144,120
3	50001	to	55000	156,503
1	60001	to	65000	62,605
3	65001	to	70000	196,927
1	75001	to	80000	80,000
4	105001	to	110000	440,000
1	125001	to	130000	125,001
1	135001	to	140000	137,687
1	240001	to	245000	243,227
1	285001	to	290000	288,750
1	320001	to	325000	322,008
2	345001	to	350000	692,485
1	365001	to	370000	365,750
1	370001	to	375000	373,444
1	405001	to	410000	407,947
1	545001	to	550000	549,247
1	1250001	to	1255000	1,250,467
1	5590001	to	5595000	5,590,193
1747				13,495,040

Categories of Shareholders

as at September 30, 2022

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children			
MR. ARIF DINO FARUQUE	1	29,762	0.22
MR. ASLAM FARUQUE	1	17,732	0.13
MR. AMER FARUQUE	1	8,727	0.06
MR. SAMIR MUSTAPHA CHINOY	1	110	0.00
MR. WASIF KHALID	1	55	0.00
Associated Companies, undertakings and related parties			
FARUQUE (PRIVATE) LIMITED	1	5,590,193	41.42
CHERAT CEMENT COMPANY LIMITED	1	288,750	2.14
GREAVES PAKISTAN (PRIVATE) LIMITED	1	322,008	2.39
NIT and ICP			
	3	684	0.01
Banks, Development Financial Institutions, Non Banking Financial Institutions.			
	12	29,840	0.22
Insurance Companies			
	1	345,985	2.56
Modarabas and Mutual Funds			
	1	1,250,467	9.27
General Public			
a) Local	1,688	4,049,184	30.00
b) Foreign	2	94,171	0.70
Others			
	32	1,467,372	10.87
Total	1,747	13,495,040	100.00
Shareholders holding 10% or more		Shares Held	Percentage
FARUQUE (PRIVATE) LIMITED		5,590,193	41.42

سنٹرلائزڈ کیش یو بی ڈی جسر (CCDR) کے ذریعے فراہم کی جائے گی۔ لہذا، شیئرز ہولڈرز کیلئے لازمی ہے کہ وہ خود کو ڈی سی کے سرورسز پورٹل <https://eservices.cdcaccess.com.pk> پر رجسٹر کروالیں۔

11۔ کمپنیز ایکٹ 2017 کے سیکشن 244 کی تعمیل میں، جب ایک باریک بینی مقررہ رہی کارروائی مکمل کرنے کی تو کسی بھی غیر معمولی یا غیر معمولی یا شیئرز جو واجب الادا تاریخ سے تین سال یا اس سے زائد مدت گزرنے کے بعد بھی واجب الادا ہوں، اور قابل ادائیگی ہوں تو وفاقی حکومت کے پاس (ڈیویڈنڈ کی صورت میں) جمع کروائے جائیں گے یا ایس ای سی پی کو (فزیکل شیئرز کی صورت میں) بھجوادے جائیں گے۔ جو شیئرز ہولڈرز کسی بھی وجہ سے اپنے ڈیویڈنڈ/شیئرز حاصل نہ کر سکے ہوں، ان کو ہدایت کی جاتی ہے کہ وہ اپنے غیر معمولی یا غیر معمولی یا شیئرز، اگر کوئی ہے، حاصل کرنے یا ان کے بارے میں معلومات حاصل کرنے کیلئے کمپنی کے شیئرز جسر سے رابطہ کریں۔

12۔ بحوالہ ایس ای سی پی کے جاری کردہ ایس آر اے 2014/1787(1) مورخہ 8 ستمبر 2014 شیئرز ہولڈرز کے پاس ای میل کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشوارے اور اجلاس عام کی اطلاع وصول کرنے کا اختیار ہے۔ کمپنی کے شیئرز ہولڈرز سے درخواست ہے کہ اگر وہ ای میل کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشوارے اور اجلاس عام کی اطلاع حاصل کرنا چاہتے ہیں تو وہ ہمارے شیئرز جسر آرکائیوڈ ڈیویڈنڈ کے لیے اپنی رضامندی سے آگاہ کریں۔ تاہم، اگر شیئرز ہولڈرز، اس کے علاوہ، آڈٹ شدہ مالیاتی گوشواروں کی بارڈر کا پی کی بھی حاصل کرنا چاہتے ہیں تو وہ اس کیلئے تحریری درخواست کر سکتے ہیں، اور ان کی ایسی تحریری درخواست کی وصولی کے ساتھ (7) دن کے اندر اسے مفت فراہم کر دیا جائے گا۔

13۔ ممبران ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں، اس سلسلے میں، براہ کرم درج ذیل معلومات کو نوٹ کر کے سالانہ اجلاس عام کے انعقاد سے سات (7) دن قبل کمپنی کے صدر دفتر میں جمع کروادیں۔ اگر کمپنی ایسے ممبران سے جو 10% یا اس سے زیادہ شیئرز کے حامل ہوں اور ایسے جسر افیائی مقام پر ہائش پذیر ہوں اور ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کرنا چاہتے ہوں تو اجلاس کی تاریخ سے کم از کم سات (7) قبل ویڈیو کانفرنس کے ذریعے مینٹگ میں شرکت کیلئے رضامندی حاصل کرتے ہیں، تو کمپنی ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی بشرطیکہ اس شہر میں یہ سہولت دستیاب ہو۔

"میں/ہم، _____ سکنہ _____ بحیثیت ممبر میر پور خاص شوگر مل لمیٹڈ حامل _____ عمومی شیئر (ز)،
برطانیہ رجسٹرڈ فوئیو نمبر _____ پر ویڈیو کانفرنس کی سہولت کا انتخاب کرتا ہوں / کرتے ہیں۔"

14۔ کمپنیز ایکٹ 2017 کے سیکشن 143 اور 144 کے تقاضوں کے مطابق کمپنیز (پوشل بیلت) ریگولیشنز کے تحت ڈائریکٹرز کے انتخاب کیلئے مقصد کے ممبران اپنے ووٹ کا حق پوشل بیلت یعنی ڈاک کے ذریعے یا الیکٹرانک موڈ کے ذریعے استعمال کر سکتے ہیں کمپنیز (پوشل بیلت) ریگولیشنز 2018 کے مطابق اگر، خصوصی امور اور مقرر کردہ ڈائریکٹرز کی تعداد سے زیادہ افراد خود کو منتخب ہونے کی پیشکش کرتے ہیں، تو ممبران کو مذکورہ بالا ضابطوں میں موجود ضرورت اور طریقہ کار کے مطابق اپنے ووٹ کے حق کو بذریعہ پوشل بیلت/الیکٹرونک موڈ استعمال کرنے کی اجازت ہوگی۔ پوشل بیلت/الیکٹرانک ووٹنگ کا شیڈول اور طریقہ کار مینٹگ سے سات (7) دن پہلے کمپنی کی ویب سائٹ یعنی www.gfg.com.pk/msm پر شیئرز کو دیا جائے گا۔

15۔ کوئی بھی ممبر جو ڈائریکٹرز کی اسامی کیلئے انتخاب میں حصہ لینے کا ارادہ رکھتا ہے تو اسے کمپنیز ایکٹ، 2017 کے سیکشن 159(3) کے مطابق خود کو ڈائریکٹر کے طور پر انتخاب کے لیے پیش کرنے کے ارادے والے کاغذات کمپنی کے صدر دفتر میں سالانہ اجلاس عام کی تاریخ سے کم از کم چودہ (14) دن قبل جمع کروانے ہوں گے۔ کاغذات کے ہمراہ امیدوار کو (الف) ڈائریکٹر کے طور پر کام کرنے کی رضامندی کے ساتھ مکمل اور دستخط شدہ فارم 28: (ب) 13 اکتوبر 2019 کے ایس آر اے (1) 1196 کے مطابق اجلاس عام کی تاریخ سے سات (7) دن قبل کمپنی کی ویب سائٹ پر دفتر کے پتے کے ساتھ ایک تفصیلی پروفائل: اور (ج) لسٹڈ کمپنیز (کوڈ آف کارپوریشن گورنس) ریگولیشنز 2019 اور کمپنیز ایکٹ، 2017 میں متعین کردہ اہلیت کے معیار کے مطابق ڈیکلیمیشن انڈر ٹیکنگ، جمع کروانے ہوں گے۔

کمپنیز ایکٹ 2017 کے سیکشن 166 کے تحت اسٹیٹمنٹ - خود مختار ڈائریکٹرز کے بارے میں اسٹیٹمنٹ

خود مختار ڈائریکٹرز کا انتخاب کمپنیز ایکٹ 2017 کے سیکشن 166 اور آزاد ڈائریکٹرز کا انتخاب (ریگولیشنز 2018 کے تحت خود مختاری کیلئے وضع کردہ قابل اطلاق معیار کے مطابق کیا جائے گا۔ مزید یہ کہ جاری کردہ ضوابط کے تحت ان کے نام پاکستان انسٹی ٹیوٹ آف کارپوریشن گورنس کے زیر انتظام خود مختار ڈائریکٹرز کے ڈیٹا بیس میں لسٹڈ ہونے چاہئیں۔ تاہم، امیدوار کا انتخاب اسی طرح کیا جائے گا جس طرح کمپنیز ایکٹ، 2017 کے سیکشن 159 کے مطابق دیگر ڈائریکٹرز کا انتخاب کیا جاتا ہے۔

کمپنیز ایکٹ 2017 کی دفعہ 134 کے تحت اسٹیٹمنٹ

اسٹیٹمنٹ میں "خصوصی امور" سے متعلق مادی حقائق بیان کیے گئے ہیں جو ہفتہ 21 جنوری 2023 کو منعقد ہونے والی کمپنی کے سالانہ اجلاس عام میں زیر بحث لائے جائیں گے۔ کمپنی کے ممبران سے اس کی منظوری حاصل کی جائے گی۔

30 ستمبر 2022 کو ختم ہونے والے مالی سال کے دوران، کمپنی نے ان ایسوسی ایٹڈ کمپنیز اور متعلقہ پارٹیز کے ساتھ اپنی پالیسی اور لاگو قوانین اور ضوابط کے مطابق لین دین کیا۔ متعلقہ پارٹیز کے ساتھ لین دین کیلئے کمپنیز ایکٹ 2017 کے سیکشن 207 اور 208 کے تحت شیئرز ہولڈرز کی منظوری حاصل کرنا لازمی ہے۔ ایسے لین دین کو شیئرز ہولڈرز کی منظوری کیلئے خصوصی قرارداد کے ذریعے ان کے سامنے پیش کیا جا رہا ہے جو سالانہ اجلاس عام میں پاس کرنے کیلئے تجویز دی گئی ہے۔

شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ ان لین دین کی توثیق کریں جو 30 ستمبر 2022 کو ختم ہونے والے سال کے مالیاتی گوشواروں کے نوٹ 42 میں واضح کی گئی ہیں، مزید برآں بورڈ آف ڈائریکٹرز کو 30 ستمبر 2023 کو ختم ہونے والے سال کے لیے متعلقہ پارٹیز اور ایسوسی ایٹڈ کمپنیز کے ساتھ لین دین کرنے مجاز قرار دیں۔

لین دین کیلئے پارٹی کے لحاظ سے بریک اپ مالیاتی گوشواروں برائے سال ختم 30 ستمبر 2022 کے نوٹ نمبر 42 میں بیان کیا گیا ہے، جو درج ذیل ہے:

رقم (روپے)	لین دین کی نوعیت	متعلقہ کمپنی کا نام
(10,236,060)	سرورسز کی ادائیگی	زین سوٹ (پرائیویٹ) لمیٹڈ
(1,986,311)	سرورسز کی ادائیگی	گریوز اینڈ کنٹریٹس (پرائیویٹ) لمیٹڈ
(2,224,585)	سامان کی خریداری	گریوز اینڈ کنٹریٹس (پرائیویٹ) لمیٹڈ
(1,268,199)	سرورسز کی ادائیگی	گریوز پاکستان (پرائیویٹ) لمیٹڈ
(3,504,344)	سامان کی خریداری	گریوز پاکستان (پرائیویٹ) لمیٹڈ
4,809,096	ڈیویڈنڈ آمدنی	چیراٹ سینٹ کمپنی لمیٹڈ
(58,959,439)	سامان کی خریداری	چیراٹ پیکیجنگ لمیٹڈ
10,552,450	ڈیویڈنڈ آمدنی	چیراٹ پیکیجنگ لمیٹڈ
716,470,093	سامان بچا گیا	یونیکول لمیٹڈ
325,000,000	ڈیویڈنڈ آمدنی	یونیکول لمیٹڈ
(9,679,348)	فنز میں کنٹری بیوشن	ملازمین کے پروویڈنٹ اور گریجویٹ فنڈ

اطلاع برائے سالانہ عام اجلاس

بذریعہ اطلاع کیا جاتا ہے کہ میر پور خاص شوگر ملز لمیٹڈ کا 58 واں سالانہ اجلاس عام 21 جنوری 2023 بروز ہفتہ صبح 10:00 بجے کمپنی کے رجسٹرڈ دفتر واقع ٹیکسٹری کی حدود، حمرآء، عمرکوٹ روڈ، میر پور خاص، سندھ میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا:

عمومی امور

1- 27 جنوری 2022 کو ہونے والے سالانہ اجلاس عام کے منٹس کی توثیق کرنا۔

2- کمپنی کے آڈٹ شدہ حسابات برائے سال ختمہ 30 ستمبر 2022 مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس وصول کرنا اور ان پر غور کرنا۔

3- بورڈ آف ڈائریکٹرز کی سفارش کے مطابق مالی سال 30 ستمبر 2022 کیلئے ہر 100 شیئرز کیلئے 15% شیئر یعنی 15% کے تناسب سے بونس شیئرز کے اجراء پر غور اور منظوری دینا۔ مزید برآں، بونس شیئرز کی تمام کسوڑ کو جمع کیا جائے گا اور اسٹاک مارکیٹ میں بیچا جائے گا اور اس سے حاصل ہونے والی آمدنی ایک خیراتی ادارے کو ادا کی جائے گی۔

4- سال 2022/23 کیلئے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کرنا۔

5- کمپنیز ایکٹ 2017 کے 159(1) کے تحت بورڈ آف ڈائریکٹرز کی جانب سے مقرر کردہ کمپنی کے سات (7) ڈائریکٹرز کا انتخاب کرنا۔ ریٹائر ہونے والے ڈائریکٹرز کے نام یہ ہیں (1) جناب عارف فاروق (2) جناب الہم فاروق (3) جناب عامر فاروق (4) محترم فرزانہ فاروق (5) جناب محمد ذاکر خان (6) جناب سمیر مصطفیٰ چٹانے (7) جناب واصف خالد۔

6- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

خصوصی امور

7- درج ذیل عمومی قراردادوں کو خصوصی قرارداد کے طور پر منظور اور پر غور کرنا۔

(الف) ”طے پایا ہے کہ متعلقہ پارٹیز اور ایسوسی ایٹڈ کمپنیز کے ساتھ 30 ستمبر 2022 کو ختم ہونے والے سال کے دوران کاروباری معاملات میں کیے گئے لین

دین کی، جیسا کہ مالیاتی گوشواروں کے نوٹ 42 میں ظاہر کیا گیا ہے، توثیق کی جاتی ہے اور منظور کیا جاتا ہے۔“

(ب) ”مزید طے پایا گیا ہے کہ کمپنی کا بورڈ آف ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والے سال کے دوران متعلقہ پارٹیز اور ایسوسی ایٹڈ کمپنیز

کے ساتھ کاروباری معمولات میں کیے جانے والے لین دین کی منظوری کیلئے مجاز ہے اور ہوگا۔“

مذکورہ بالا خصوصی قرارداد سے متعلق کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت ایک اسٹیٹمنٹ اس نوٹس کے ساتھ منسلک ہے۔

محکم بورڈ آف ڈائریکٹرز

ذیل
میں
کمپنی سیکریٹری

کراچی، 16 دسمبر 2022

نوٹس:

1- کمپنی کے ممبران کا رجسٹر جمعہ 13 جنوری 2023 سے ہفتہ 21 جنوری 2023 (بشمول دونوں ایام) بند رہے گا اور اس دوران کوئی ٹرانسفر رجسٹرڈ نہیں کیا جائے گا۔ کمپنی کے شیئرز رجسٹر ایسوسی ایٹڈ کمپنی کے رجسٹرڈ دفتر ہی ڈی سی ہاؤس، 99-بی، بلاک 'بی'، ایس ایم ای ایچ

ایس، مین شاہراہ فیصل، کراچی-74400 میں جمعرات، 12 جنوری 2023 کو کاروباری اوقات کے اختتام تک درست صورت میں موصول ہونے والے شیئرز بروکرز پر منظور ہوں گے۔

2- کمپنی کا کوئی ممبر، جو سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل ہے، اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے، بولنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی کے موثر ہونے کیلئے لازمی ہے کہ وہ تحریری طور پر ہوا اور کمپنی کے صدر دفتر کو اجلاس شروع ہونے سے 48 گھنٹے قبل موصول ہو جائے۔

3- سالانہ اجلاس عام کی کارروائی ویڈیو کے ذریعے ZOOM آپلیکیشن (ایک ویڈیو لنک کا فرنٹنگ کی ہولڈر) کے ذریعے بھی منعقد کی جائے گی۔ اجلاس میں شرکت کیلئے دلچسپی رکھنے والے شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ "میر پور خاص شوگر ملز لمیٹڈ اجلاس عام کیلئے رجسٹریشن" کے موضوع کے ساتھ مطلوبہ معلومات اور کمپیوٹرائزڈ ذموی شناختی کارڈ (CNIC) کی دونوں جانب کی درست کاپی cdcsr@cdcsrsl.com پر ای میل کریں۔ شیئرز ہولڈرز کو ہدایت کی جاتی ہے کہ وہ اپنا پورا نام، فوٹو، ای سی سی کا ڈنٹ نمبر، CNIC نمبر، فعال ای میل ایڈریس اور موبائل نمبر ای میل کریں۔ ویڈیو لنک کی تفصیلات اور لاگ ان کی تفصیلات ممبران کو ان کے فراہم کردہ ای میل ایڈریس پر بھیج دی جائیں گی تاکہ وہ مقررہ تاریخ اور وقت پر اجلاس میں شرکت کر سکیں۔

4- شیئرز ہولڈرز لاگ ان ہونے کیلئے اپنی ڈیوائس کے ذریعے شناخت کیلئے مطلوبہ ضروریات اور شیئرز ہولڈرز کی تصدیق کر کے شرکت کر سکیں گے۔ ویڈیو لنک اور لاگ ان کی تفصیلات صرف ان ممبران کے ساتھ شیئرز کی جائیں گی جن کی ای میل میں تمام مطلوبہ معلومات ہوں گی اور وہ اجلاس عام کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہوتی ہوں گی۔

5- کمپنی کے ممبران جن کے شیئرز سینٹیل ڈیوائس (CDS) کے ساتھ ان کے اکاؤنٹ/سب اکاؤنٹ میں رجسٹرڈ ہیں ان سے درخواست کی جاتی ہے کہ وہ تصدیق کے لیے CDS میں اپنے اکاؤنٹ نمبر اور شرکت کنندہ کا شناختی نمبر کے ساتھ اصل کمپیوٹرائزڈ ذموی شناختی کارڈ لائیں۔

6- کمپنی کے فزیکل شیئرز کے حامل ممبران سے درخواست کی جاتی ہے کہ وہ اپنے پتوں میں کسی تبدیلی کی اطلاع کمپنی کے شیئرز رجسٹرار کو دیں۔ جبکہ، ای سی سی اکاؤنٹس کے حامل شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے پتوں میں کسی تبدیلی کی اطلاع اپنے متعلقہ ای سی سی شرکت کنندہ بروکر/ای سی سی انویسٹرا کا ڈنٹ سرورسز کو فوری طور پر بھیجیں۔

7- کمپنیز ایکٹ، 2017 کے سیکشن 119، اوکٹینیز (جنرل پروویڈنڈ اینڈ فارمز) ریگولیشنز، 2018 کی ریگولیشن 19 کے مطابق، تمام فزیکل شیئرز ہولڈرز کو جو یز کیا جاتا ہے کہ وہ اپنی لازمی معلومات جیسے کہ CNIC نمبر، پتہ، ای سی سی ایڈریس، رابطہ نمبر، پتہ وغیرہ ای سی سی شیئرز رجسٹرار سرورسز کو فوری طور پر فراہم کریں تاکہ قانون کی عدم تعمیل یا مستقبل میں کسی بھی قسم کی زحمت سے بچا جاسکے۔

8- فزیکل شیئرز کے ممبران جنہوں نے ابھی تک اپنے درست کمپیوٹرائزڈ ذموی شناختی کارڈ (CNIC) کی فوٹو کاپی جمع نہیں کروائی ہے ان سے درخواست کی جاتی ہے کہ وہ اسے کمپنی کے شیئرز رجسٹرار کے پاس جمع کروادیں۔

9- کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق ہر موجودہ سٹاک ہولڈر کمپنی کو اپنے فزیکل شیئرز ایک مقررہ طریقے سے ایس ای سی پی کی مقرر کردہ تاریخ سے ہجے انٹری کی شکل میں تبدیل کران لازمی ہوں گے۔ فزیکل شیئرز رکھنے والے شیئرز ہولڈرز کو ای سی سی کے انویسٹرا کا ڈنٹ سرورسز کے ساتھ اپنا اکاؤنٹ یا کسی بھی بروکر کے ساتھ ذیلی اکاؤنٹ کھولنے اور اپنے فزیکل شیئرز کو ہجے انٹری فارم میں تبدیل کرنے کی ضرورت ہے۔ شیئرز ہولڈرز کو کسی طریقوں سے ہولڈر فراہم کرے گا، جس کے تحت وہ اپنے شیئرز کو اپنی کھڈی میں رکھ سکتا/سکتی ہے اور جب چاہے فروخت کر سکتا/سکتی ہے، کیونکہ پاکستان اسٹاک ایکچینج لمیٹڈ کے موجودہ ضوابط کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہیں ہے۔

10- شیئرز ہولڈرز کو یاد دہانی کروائی جاتی ہے کہ کمپنیز ایکٹ، 2017 کے سیکشن 242 کے مطابق کسی سٹاک ہولڈر کی صورت میں، کمپنی کی جانب سے اعلان کردہ نقد منافع منقسمہ (ڈویڈنڈز) کی رقم لازمی طور پر الیکٹرانک ذریعے سے براہ راست شیئرز ہولڈر کے بینک اکاؤنٹ میں جمع کروائی جائے گی۔ اپنے بینک اکاؤنٹ میں منافع منقسمہ براہ راست حاصل کرنے کے لیے، شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ ای ڈویڈنڈ منیجمنٹ فارم کو پُر کریں جو کمپنی کی ویب سائٹ www.gfg.com.pk/msm/ پر دستیاب ہے اور اس پر دستخط کر کے CNIC کی کاپی کے ساتھ فزیکل شیئرز ہونے کی صورت میں کمپنی کے رجسٹرار میسرز ڈی سی سی شیئرز رجسٹرار سرورسز لمیٹڈ کو بھیجوا دیں۔ اگر ای سی سی میں شیئرز رکھے گئے ہیں، تو ای ڈویڈنڈ منیجمنٹ فارم براہ راست شیئرز ہولڈر کے بروکر/شرکت کنندہ/ای سی سی انویسٹرا کا ڈنٹ سرورسز کے پاس جمع کروادیں۔ IBAN جمع نہ کروانے کی صورت میں، کمپنیز (ڈیویڈنڈ پوزیشن آف ڈویڈنڈز) ریگولیشنز 2017 کے تحت کمپنی ڈویڈنڈ (منافع منقسمہ) کی ادائیگی روک لے گی۔ مزید برآں، مجموعی ڈویڈنڈ ٹیکس/زکوٰۃ کی ٹوٹی اور ڈویڈنڈ کی خالص رقم کے بارے میں معلومات

ہے۔ کمپنی کے طریقہ کار کی شفافیت کو یقینی بنانے کیلئے کمپنی نے M/s. Grant Thornton Anjum Rahman, Chartered Accountants کی خدمات حاصل کی ہیں۔ رپورٹ کے مواد کا جائزہ لیا جاتا ہے اور ان شعبوں کی نشاندہی کی جاتی ہے جن میں بہتری کی ضرورت ہوتی ہے۔

متعلقہ پارٹنرز کے ساتھ لین دین

متعلقہ پارٹنرز کے ساتھ تمام تر لین دین مناسب طور پر انجام دیے گئے ہیں اور کمپنی کے مالی گوشواروں میں مناسب طریقے سے ظاہر کیے گئے ہیں۔ کوڈ آف کارپوریٹ گورننس کے ساتھ کمپلائنس کا اسٹیٹمنٹ

کمپنی لیمیٹڈ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شرائط پر مکمل عمل درآمد کرتی ہے۔ کمپلائنس کا ایک اسٹیٹمنٹ رپورٹ کے متعلقہ سیکشن کے تحت فراہم کیا گیا ہے۔

حکومتی پالیسیز کا روبرو پر اثر

ہم ایک بار پھر اس موقع سے فائدہ اٹھاتے ہوئے حکومت سے یہ درخواست کرتے ہیں کہ چینی کی قیمت کا شنکارو ادا کی گئی قیمت کے مطابق کرنے کو یقینی بنانے کیلئے اقدامات کرے۔ کرشنگ سیزن 2021/22 کیلئے حکومت سندھ نے پنجاب حکومت کی اعلان کردہ امدادی قیمت 225 روپے فی من کے مقابلے میں 250 روپے فی من اعلان کیا تھا۔ چونکہ صوبائی سرحدوں کے پار چینی کی نقل و حرکت پر کوئی پابندی نہیں ہے، اس لیے 25 روپے فی من کیے فرق کے علاوہ اعلیٰ کوائٹی پر بیٹیم، نیز سندھ میں گئے کی زیادہ قیمت، ان کے سبب یہاں تیار ہونے والی ریفائنڈ چینی کی قیمت پنجاب کے مقابلے میں تقریباً 9.50 روپے فی کلو زیادہ ہو گئی ہے۔ اس طرح سندھ میں شوگر ملز غیر مسابقتی ہو گئی ہیں۔ مزید برآں، چینی کی صنعت کو اضافی چینی برآمد کرنے کی اجازت نہ دینے سے فروخت کی قیمت اور کمپنی کی طرف سے شامل کیے جانے والے اعلیٰ مالیاتی چارجز دونوں پر منفی اثر پڑتا ہے۔

آخر میں، چینی کی برآمدات حکومت کی طرف سے دی جانے والی ایکسپورٹ سبسڈی کی بنیاد پر کی گئیں۔ تاہم، یہ سبسڈی ابھی تک ادا نہیں کی گئی ہے، اور اس لیے ہم وفاقی اور صوبائی حکومتوں سے درخواست کرتے ہیں، جیسا کہ لاگو ہے کہ، فوری طور پر زیر التوا 199.05 ملین روپے کی سبسڈی جاری کی جائے کیونکہ یہ کمپنی کی لیکویڈیٹی اور اس کے مالیاتی چارجز کی رقم کے لیے اہم ہے جو کمپنی کی طرف سے گزشتہ کئی برسوں میں خرچ کیے گئے ہیں، خاص طور پر رعایت کی شرح کے ساتھ جو کہ 16% سالانہ بنتی ہے۔

مستقبل کے امکانات

کوڈ-19 کی وبا کے بعد مریوطہ مانیٹری مالیاتی پالیسی معاشی سرگرمیوں کو بحال کرنے میں کامیاب ہوئی ہے۔ خاص طور پر، ٹیمپری اکنامک ری فنانس فیٹیلیٹی (TERF) کے ذریعے مالیاتی مانیٹری کے محرک چیک کرنے نے فنی سرمایہ کاری میں ہونے والی بحالی کی پیش رفت پر اثر ڈالا ہے لیکن بڑے پیمانے پر مینوفیکچرنگ (LSM) میں وسیع البہا دو وسیع اور فصل کی بہتر پیداوار جو گزشتہ برس نظر آئی اس کی ترقی کی رفتار میں کمی کے آثار نظر آنے لگے ہیں۔ مرکزی سرمایہ (کمپیٹل) اور ایشیائے صرف، توانائی اور غیر توانائی والی درآمدات کی درآمدی حجم میں اضافے کے ذریعے معیشت نے ضرورت سے زیادہ مانگ اور مہنگائی کے آثار دکھانا شروع کر دیے ہیں۔

گزشتہ چند سالوں میں شوگر انڈسٹری کی جانب سے کسانوں کو بہتر اور بروقت ادائیگی کی وجہ سے آنے والے سال میں پاکستان میں گنے کی مجموعی پیداوار میں مزید 15 سے 20 فیصد اضافہ کی توقع ہے۔ جہاں فصل کا بڑا حصہ جون سے اگست 2022 تک سیلاب سے متاثر ہوا، وہیں پنجاب میں جن علاقوں میں گنے کی کاشت ہوتی ہے وہ بڑی حد تک محفوظ رہے۔ مون سون کی بارشوں نے سندھ میں زراعت کے شعبے پر تباہ کن اثرات مرتب کیے ہیں۔ کپاس، پیاز، مرچ اور گندم جیسی قلیل مدتی فصلیں مکمل طور پر تباہ ہو گئیں، جب کہ گنے کی فصل پیداواری اور بحالی کے لحاظ سے صرف جزوی طور پر متاثر ہوئی۔ کمپنی کو توقع ہے کہ شوگر ملوں کے درمیان جاری مسابقت کی وجہ سے گنے کی گنجائش ضروریات پوری کرنے کیلئے ہو جائے گی۔ کاشتکاروں کو بروقت ادائیگی کو یقینی بنانے اور شوگر انڈسٹری کے مالی وعدوں کو پورا کرنے کے لیے حکومت کو چاہیے کہ وہ اضافی چینی کی برآمدات کی اجازت دے۔ تاہم، PSMA کی طرف سے متعدد بار رسائی حاصل کرنے کے باوجود، ابھی تک کوئی مثبت پیش رفت نہیں ہوئی ہے۔ کرشنگ سیزن 2022/23 کے لیے چینی کی پیداوار گزشتہ برس کی پیداوار سے زیادہ ہونے کی توقع ہے، جس سے سربس میں مزید اضافہ ہوگا۔ اس لیے ہم حکومت سے دوبارہ درخواست کرنا چاہتے ہیں کہ چینی کی بروقت برآمدات کی اجازت دی جائے تاکہ آئندہ سیزن کے لیے گنے کی ادائیگیوں کے لیے شوگر ملوں پر دباؤ کم ہو اور ملک قیمتی زرمبادلہ کما سکے۔ مزید برآں، مالیاتی خسارے کو سنبھالنے کے لیے، حکومت نے ایک سپر ٹیکس نافذ کیا ہے، جس سے صنعت کے ٹیکس بوجھ میں اضافہ ہوا ہے جو پہلے ہی زیادہ ٹیکسوں سے مشروط ہے۔ لہذا ہم حکومت سے بھی درخواست کرتے ہیں کہ جہاں تک اور جب معقول حد تک ممکن ہو اس ٹیکس کو ختم کرنے پر غور کیا جائے۔

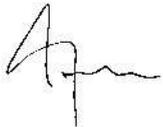
آڈیٹرز کی تقرری

موجودہ آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) ریٹائر ہو گئے ہیں اور اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

اعتراف

ہم اپنے تمام صارفین اور مالیاتی اداروں کا ان کی مسلسل حمایت اور تعاون کے لیے شکریہ ادا کرتے ہیں اور ہم خاص طور پر ان مشکل وقتوں کے دوران اپنے عملے کی لگن، وفاداری اور سخت محنت سے کام کرنے کے حوالے سے دل کی گہرائیوں سے معترف ہیں۔

منجانب بورڈ آف ڈائریکٹرز



اسلم فاروق

چیف ایگزیکٹو



عارف فاروق

چیئر مین

کراچی 16 دسمبر 2022

• سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کاریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری
• جناب عارف فاروق	5
• جناب اسلم فاروق	5
• جناب عامر فاروق	5
• جناب سمیر مصطفیٰ چنائے	5
• جناب محمد اذکار خان	5
• جناب واصف خالد	5
• محترمہ فرزانہ فاروق	4

* سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کاریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری
• جناب سمیر مصطفیٰ چنائے	2
• جناب عارف فاروق	4
• جناب محمد اذکار خان	4

* سال کے دوران، ہیومن ریسورس اور ریسورس مینجمنٹ کمیٹی کے دو اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کاریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری
• جناب محمد اذکار خان	2
• جناب اسلم فاروق	2
• جناب عامر فاروق	2

شیئر ہولڈنگ کا نمونہ رپورٹ کے ساتھ منسلک ہے۔

* مالی سال 2021/22 کے دوران فی شیئر آمدنی گزشتہ سال 10.4 روپے کے مقابلے میں 15.09 روپے فی شیئر ہوئی۔

ڈائریکٹرز کے معاوضے

کمپنی کے آرٹیکلز کے مطابق، نان ایگزیکٹو اور خود مختار ڈائریکٹرز کے معاوضے بورڈ آف ڈائریکٹرز طے کرتا ہے۔ اس ضمن میں، بورڈ آف ڈائریکٹرز نے کمپنی کے نان ایگزیکٹو اور خود مختار ڈائریکٹرز کے لیے معاوضے کی پالیسی وضع کی ہے۔ ڈائریکٹرز کے معاوضوں کی تفصیل 30 ستمبر 2022 کو ختم ہونے والے سال کے مالیاتی گوشوارے کے نوٹ 40 میں ظاہر کی گئی ہے۔

کارکردگی کا سالانہ جائزہ

کوڈ آف کارپوریٹ گورننس کے حصے کے طور پر، کمپنی نے بورڈ آف ڈائریکٹرز، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کے سالانہ جائزہ کا اہتمام کیا گیا

• کمپنی کے کاروبار کو جاری رکھنے کی صلاحیت پر کوئی نمایاں شبہ نہیں ہے۔

• کارپوریٹ گورننس کے بہترین معمولات سے کوئی مادی اعتراض نہیں کیا گیا ہے۔

• گزشتہ چھ (6) سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا اختصار کے ساتھ منسلک ہے۔

• آپ کی کمپنی کے ذمے ٹیکس، ڈیویڈنڈ، لیویز اور چارجز کی مد میں کوئی واجبات نہیں ہیں ماسوائے ان کے جو عام کاروباری معمولات میں ادا کیے جاتے ہیں۔

• کمپنی اپنے اہل ملازمین کے لیے پراویڈنٹ اور گریجویٹ فنڈ اکاؤنٹس برقرار رکھے ہوئے ہے۔ ذیل میں متعلقہ فنڈز کی سرمایہ کاری کی قدر بمطابق 30 ستمبر 2022 کو درج ذیل ہے:

• پروویڈنٹ فنڈ	547.993 ملین روپے
• گریجویٹ فنڈ	276.470 ملین روپے
بورڈ آف ڈائریکٹرز	

بورڈ میں ڈائریکٹرز کی کل تعداد 7 ہے اور تشکیل درج ذیل ہے:

• مرد ڈائریکٹرز	6
• خاتون ڈائریکٹر	1
(الف) خود مختار ڈائریکٹرز	2

(i) جناب سمیر مصطفیٰ چنائے

(ii) جناب محمد اذکار خان

* خود مختار ڈائریکٹرز کی شرط 2.33 بنتی ہے، جس کی کسر 0.5 ہے اور اس لیے، قابل اطلاق ضوابط کے مطابق اسے مکمل عدد کرنے کیلئے 2 کر لیا گیا ہے۔

(ب) نان ایگزیکٹو ڈائریکٹرز

(i) جناب عارف فاروق

(ii) جناب عامر فاروق

(iii) محترمہ فرزانہ فاروق

(ج) ایگزیکٹو ڈائریکٹرز

(i) جناب اسلم فاروق

(ii) جناب واصف خالد

(د) خاتون ڈائریکٹر

(i) محترمہ فرزانہ فاروق

اجتماعی سماجی ذمہ داری

کمپنی اپنے تمام اسٹیک ہولڈرز بالخصوص اپنے ملازمین اور ماحولیات کے مفاد میں معاشرے میں اپنا کردار ادا کرنے کے لیے پرعزم ہے۔ کووڈ-9 پھیلنے کے بعد، کمپنی ان لوگوں تک پہنچی اور مدد فراہم کی جن کو ضرورت تھی۔ مزید برآں، کمپنی نے مختلف نامور خیراتی اداروں میں تعاون کیا اور کثرت رہے گی۔ ہمیں یقین ہے کہ یہ تمام اقدامات ان علاقوں کی معاشی اور سماجی ترقی میں بہت کام آئیں گے جہاں کمپنی کاروبار کرتی ہے۔

تحفظ، صحت اور ماحولیات

کمپنی صحت اور تحفظ کے اعلیٰ معیار کو برقرار رکھنے پر پختہ یقین رکھتی ہے۔ کمپنی کی جانب سے کووڈ-19 کے پھیلاؤ کی وجہ سے بدلتی ہوئی کاروباری ضروریات کا جواب دینے کے لیے مناسب اقدامات کیے گئے، جیسے کہ صحت اور ملازمین کے تحفظ سے متعلق پروٹوکول کا نفاذ کیا تاکہ عملے کے تمام اراکین کو اس وائرس سے بہترین طریقے سے محفوظ رکھا جاسکے۔ مثال کے طور پر، ہمارے تمام ملازمین کی مکمل ویکسینیشن کی گئی ہے، اور ان میں سے اکثر کو بوسٹرز بھی لگ چکے ہیں۔ ہر سطح کے عملے کو ذاتی تحفظ کا سامان فراہم کیا گیا تھا اور کمپنی کی جانب سے نہ صرف ملازمین کی بہبود بلکہ کاروبار کے تسلسل کو یقینی بنانے کے لیے سماجی فاصلہ، میل جول کی نشاندہی، بے ترتیب ٹیسٹنگ وغیرہ جیسے اقدامات متعارف کروائے گئے تھے۔ جب بھی ضرورت پیش آئی، کمپنی نے اپنی اخراجات پر اپنے عملے کو کووڈ ٹیسٹ کروانے اور انہیں گھر سے کام کرنے کی اجازت بھی دی۔

کمپنی کی پیداواری سہولت ملک میں قابل نفاذ ماحولیاتی اور تحفظ کے معیارات سے پوری طرح مطابقت رکھتی ہے۔ کمپنی کے پاس HSE کی نگرانی کیلئے HSE کا ایک وقف محکمہ ہے، جس میں بہترین عملی اقدامات اور طریقہ کار کا نفاذ، مناسب عملدرآمد کو یقینی بنانا، عملے کی آگ سے بچاؤ اور دیگر باقاعدہ حفاظتی تربیت کرنا شامل ہے۔ ماحولیات کی مدد کیلئے، کمپنی نے اپنی سائٹ پر شجر کاری میں اضافہ کیا ہے، جبکہ اس وقت جو 2 میگا واٹ کا سولر پاور پلانٹ نصب کیا جا رہا ہے، جو فوئل فیول پراس کا انحصار کم کر دے گا۔

قومی خزانے میں حصہ

مالی سال 2022 کے دوران، کمپنی نے ٹیکسز اور محصولات کی شکل میں قومی خزانے میں تقریباً 576 ملین روپے جمع کروائے ہیں۔

اجتماعی اور ماحولیاتی رپورٹنگ فریم ورک

• انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشواروں میں کمپنی کے کاروباری معاملات، اس کے آپریشنز کے نتائج، نقد کا بہاؤ اور ایکویٹی میں تبدیلی کو شفاف طریقے سے ظاہر کیا گیا ہے۔

• کمپنی کے حسابات کی کتابوں کو مناسب طریقے سے برقرار رکھا گیا ہے۔

• مالیاتی گوشواروں کی تیاری میں اکاؤنٹ کی درست پالیسیوں کا مستقل طور پر اطلاق کیا گیا ہے اور اکاؤنٹس کے تخمینے موزوں اور دانشمندانہ ر انتظامی فیصلوں پر مبنی ہیں۔

• مالیاتی گوشوارے پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کے مطابق تیار کیے گئے ہیں اور کسی قسم کے انحراف کو مناسب طریقے سے ظاہر اور واضح کیا گیا ہے۔

• اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور موثر طور پر نافذ العمل اور نگرانی میں رہتا ہے۔

• کریڈٹ کا خدشہ

جبکہ کمپنی کے تمام مالیاتی اثاثے، سوائے نقد رقم کے، کریڈٹ رسک کے تابع ہیں، کمپنی اس بات پر یقین نہیں رکھتی کہ اسے کریڈٹ کے بڑے خدشے کا سامنا ہے۔ تاہم اپنے کسٹمرز اور کارکنوں کو اس خدشہ سے محفوظ رکھنے کیلئے کریڈٹ کی حد مقرر کر دی گئی ہے اور ساتھ ہی سرمایہ کاری میں بھی تنوع پیدا کیا گیا ہے۔

• لیکویڈٹی کا خدشہ

لیکویڈٹی کے خدشہ کا دانشمندانہ انتظام معاہدوں کے وعدوں کو پورا کرنے کیلئے خاطر خواہ فنڈز کی دستیابی کو یقینی بناتا ہے۔ کمپنی کی فنڈ مینجمنٹ حکمت عملی کا مقصد اندرونی طور پر کیش میں اضافہ کر کے اور مالیاتی اداروں کے ساتھ کریڈٹ لائنز پر کام کر کے لیکویڈٹی خدشے کا مسئلہ حل کیا جاتا ہے۔

• زرمبادلہ کا خدشہ

زرمبادلہ کا خدشہ وہاں ہوتا ہے جہاں غیر ملکی کرنسی میں لین دین کے سبب قابل وصولی اور قابل ادائیگی رقم کا سلسلہ ہو۔ کمپنی خام مال کی درآمد کیلئے کھولی گئی ایل بیز کی حد تک غیر ملکی کرنسی کے خطرات سے دوچار ہے۔ جہاں ضروری ہو کمپنی زرمبادلہ کی شرحوں کی مناسب نگرانی، نیٹ ایکویٹی کو ریویژ جٹ کرنے اور فارورڈنگ حاصل کرنے کے ذریعے زرمبادلہ کے خدشے کا انتظام کرتی ہے۔

• قرض کی واپس ادائیگی

کمپنی نے اپنے تمام واجب الادا قرض وقت پر ادا کر دیے ہیں۔ سال کے دوران، کمپنی نے 347.59 ملین روپے واپس ادا کیے ہیں۔ مزید برآں، کمپنی نے اپنے پیپر پروجیکٹ کیلئے سال کے دوران ٹیمپری اکنٹاک ری فنانس فیسلٹی (TERF) بھی حاصل کی ہے۔ اس طرح کے منصوبے کی لاگت میں اضافے کو پورا کرنے کے لیے مختلف بینکوں سے KIBOR پر فنانسنگ بھی حاصل کی گئی۔

• ایکویٹی اینڈ کیپٹل مینجمنٹ

کمپنی ایکویٹی کا خاطر خواہ ہیں برقرار رکھنے کی خواہاں ہے تاکہ انویسٹر، کریڈیٹرز اور مارکیٹ کا اعتماد قائم رہے اور مستقبل میں کاروباری ترقی کا عمل جاری رہے۔ سال کے دوران کمپنی نے ایکویٹی کی مینجمنٹ کے طریقہ کار میں کوئی تبدیلی نہیں کی۔ کمپنی کے موجودہ قرضہ اور ایکویٹی کا تناسب 45% ہے۔ بورڈ آف ڈائریکٹرز اور انتظامیہ کو بھروسہ ہے کہ کمپنی آنے والے برسوں میں کیپٹل کے ڈھانچے میں مزید مضبوطی آئے گی۔

ڈیویڈنڈ

کمپنی نے ہمیشہ منافع کی مناسب تقسیم کی کوشش کی ہے۔ ڈیویڈنڈ کی ادائیگی کا فیصلہ کمپنی کی مالی کارکردگی، اس کی کاروباری ضروریات، ترقی کے امکانات اور توسیعی منصوبوں جیسے مختلف عوامل کو مد نظر رکھتے ہوئے کیا جاتا ہے۔ بورڈ آف ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والے سال کیلئے 15% بونس شیئرز جاری کرنے کی سفارش کرتے ہوئے خوشی محسوس کرتے ہیں۔

شمسی توانائی

کمپنی نے 2 میگا واٹ کے شمسی توانائی کے منصوبے کی تنصیب کیلئے ایک معاہدہ کیا ہے۔ یہ اقدام کمپنی کو اپنی آپریشنز کا کردہ کو بہتر بنانے اور توانائی کے اخراجات کو کم کرنے کے قابل بنائے گا۔ یہ منصوبہ سال 2023 کی پہلی ششماہی میں مکمل ہونے کی امید ہے۔

حال ہی میں ختم ہونے والے مالی سال اور گزشتہ سال کی اہم تقابلی معلومات درج ذیل ہے:

2020/21	2021/22	
20 نومبر 2020	19 نومبر 2021	بیزنس کے آغاز کی تاریخ
98	124	آپریشن کے دن
488,464	649,557	• گنے کی کرشنگ (میٹرک ٹن)
51,909	70,460	• چینی کی پیداوار (میٹرک ٹن)
24,296	33,080	• راب کی پیداوار (میٹرک ٹن)
10.63	10.85	• سکروز کی وصولی (%)
49,376	63,583	• چینی فروخت (میٹرک ٹن)

مالیاتی جھلکیاں

زیر جائزہ سال کے دوران کمپنی نے 63,583 ٹن چینی فروخت کی، جو مقابلہ گزشتہ سال 49,376 ٹن تھی۔ فروخت میں یہ اضافہ زیادہ پیداوار کی وجہ سے ہوا جبکہ چینی کی اوسط قیمت میں پچھلے سال کے مقابلے میں معمولی کمی واقع ہوئی۔ ختم ہونے والے سال کے دوران، کمپنی کی دیگر آمدنی 68.145 ملین روپے ہوئی جو بنیادی طور پر اخذ شدہ دستاویز کے فوائد، گرانٹس اور قرض پر حاصل ہونے والے منافع اور مختلف شیئرز میں کی گئی سرمایہ سرمایہ کاری سے ڈیویڈنڈ وصولی سے حاصل ہوئی۔ مزید برآں، اسٹیٹ بینک آف پاکستان کی طرف سے رعایتی شرح میں بار بار اضافے کی وجہ سے مالیاتی چارجز میں 429 ملین روپے (مالی سال 2021-22 میں روپے) کے 88 فیصد کا خاطر خواہ اضافہ ہوا ہے۔ یونیکول لمیٹڈ میں منافع کا حصہ 439.93 ملین روپے بڑھ گیا، جس کی وجہ بنیادی طور پر بہتر آپریشنل کارکردگی اور روپے کی قدر میں کمی کی وجہ تھی۔ اس سے کمپنی کو دوبارہ سال کے لیے منافع ریکارڈ کرنے میں مدد ملی۔

اہم تقابلی مالیاتی اعداد و شمار درج ذیل ہیں:

2020/21	2021/22	
		روپے ملین میں
3,861.442	4,832.646	خالص فروخت
(3,578.666)	(4,354.653)	فروخت کی لاگت
282.776	477.993	مجموعی منافع
195.950	68.145	دیگر آمدنی
167.545	440.059	ایسوی ایٹس میں منافع کا حصہ
(505.951)	(782.571)	دیگر اخراجات اور ٹیکسز
140.32	203.626	خالص منافع

یونی کول لمیٹڈ

سال کے دوران جو انٹسٹیٹ ڈسٹری پروڈیکٹ اپنی پوری گنجائش کے ساتھ کام کرتا رہا اور اسٹیمول CO2 دونوں آپریشنز تسلی بخش رہے۔ بہتر آپریشنل کارکردگی، بہتر مارجن اور روپے کی قدر میں کمی کی وجہ سے یونی کول کے منافع میں بہتری آئی ہے۔ انتظامیہ کو توقع ہے کہ پنجاب میں

گنے کی بھر فصل کی وجہ سے راب کی کافی دستیابی ہوگی تاکہ کمپنی کو آنے والے سال کے دوران آسانی سے کارکردگی دکھانے کے قابل بنایا جاسکے۔ انتظامیہ کو یہ بھی یقین ہے کہ یونی کول مستقبل قریب میں کمپنی اور اس کے شیئرز ہولڈرز کیلئے مالی منافع فراہم کرتا رہے گا۔

یونی انرجی لمیٹڈ

یونی انرجی، ونڈ پروڈیکٹ کا ایک جو انٹسٹیٹ ڈسٹری ہے، جس کو لیٹر آف انٹینٹ عطا کیا گیا ہے اور پروڈیکٹ کے قیام کیلئے چھپچھپ، ضلع ٹھٹھہ میں باضابطہ طور پر زمین الاٹ کی گئی تھی۔ بے وی پارٹنرز نے پروڈیکٹ کی جاری مالیاتی ضروریات کو پورا کرنے کیلئے کمپنی میں ابتدائی ایکویٹی سرمایہ کاری کی ہے۔ اس سلسلے میں میر پور خاص شوگر ملز لمیٹڈ نے شیئرز ہولڈرز کی منظوری حاصل کر کے 7.69 ملین روپے کی ایکویٹی سرمایہ کاری کی۔ حکومت نے ابھی تک اس پروڈیکٹ کیلئے کسی نرخ نامے کا اعلان نہیں کیا ہے، جس کے نتیجے میں مالی سال 2022 کے دوران اس پروڈیکٹ میں کوئی پیش رفت نہیں ہوئی ہے۔

پیپر اور بورڈ پروڈیکٹ

کمپنی نے اپنے کاروباری امکانات کو متنوع بنانے اور ان میں اضافے کیلئے ایک 250 TPD پیپر اور بورڈ پروڈیکٹ قائم کرنے کا فیصلہ کیا تھا، جس سے کمپنی کو چینی کی پیداوار پر کم انحصار کرنا پڑے گا اور اس سے مزید فوائد بھی حاصل ہوں گے۔ اس پروڈیکٹ کی لاگت کا تخمینہ فی الحال 3.7 ارب روپے لگایا گیا ہے۔ پیپر پروڈیکٹ پر عہدگی سے کام جاری ہے۔ مشین کی تنصیب اور مشین سے متعلق تمام سول ورک مکمل ہو چکے ہیں۔ اس وقت اندرون خانہ اور بیرونی انجینئرز کی ایک مشترکہ ٹیم انفرادی آلات کی شروعات اور ڈی بلنگ کر رہی ہے، جس کے دسمبر 2022 تک مکمل ہونے کی توقع ہے۔ مارچ 2023 تک تجارتی پیداوار شروع ہونے کی امید ہے۔

خداشات اور مواقع

• خداشات اور ان کا سدباب

بورڈ آف ڈائریکٹرز ذمہ دارانہ طور پر سماجی معاشی ماحولیات اور اس کے نتیجے میں ممکنہ اندرونی اور بیرونی خداشات پر گہری نظر رکھتا ہے جو کمپنی کے محفوظ اور رواں آپریشنز کی کارکردگی پر اثر انداز ہو سکتے ہیں۔ اسٹیک ہولڈرز کے مفادات کے نگہبان کے طور پر ڈائریکٹرز نے سال بھر خداشات کی نشان دہی کرنے اور ان کا سدباب کرنے کیلئے چوکنا ہو کر کام کیا۔ بورڈ آف ڈائریکٹرز نے ممکنہ خداشات کی نشان دہی کی اور کمپنی پر ان کے اثرات کی جانچ کر کے کاروبار کیلئے خداشات کو ختم کرنے کی حکمت عملی تشکیل دی۔ اس حکمت عملی کو آڈٹ کمیٹی کے ذریعے کمپنی میں نافذ کیا گیا۔

• خطرے کا سدباب

کمپنی کا بورڈ آف ڈائریکٹرز اندرونی اور بیرونی دونوں خطرات پر نظر رکھتا ہے جن کا کمپنی کو سامنا ہو سکتا ہے۔ بورڈ آف ڈائریکٹرز ساہیبر سیکورٹی کی اہمیت کو تسلیم کرتے ہیں۔ کسی بھی قسم کی پریشانی سے بچنے کے لیے کمپنی کے پاس اندرون خانہ آئی ٹی ڈیپارٹمنٹ اور اس سے متعلقہ سیکورٹی موجود ہے۔

ڈائریکٹرز کی رپورٹ برائے ممبران

برائے سال ختمہ 30 ستمبر 2022

آپریٹنگ کارکردگی

کرشنگ ییزن 2021/22 کے دوران جو 19 نومبر 2021 کو شروع ہوا، پلانٹ نے گزشتہ سال 98 دنوں کے مقابلے 124 دن کام کیا۔ اس کے نتیجے میں فیکٹری 649,557 میٹرک ٹن گنے کی کرشنگ کرنے میں کامیاب رہی جس سے 70,460 میٹرک ٹن چینی حاصل ہوئی جبکہ گزشتہ سال کی اسی مدت کے دوران 488,464 میٹرک ٹن گنا کرش کیا گیا تھا اور 51,909 میٹرک ٹن چینی حاصل ہوئی تھی۔ پلانٹ پورے کرشنگ ییزن میں موثر طریقے سے چلتا رہا۔ سکروز کی وصولی میں پچھلے ییزن کے 10.63 فیصد کے مقابلے میں 10.85 فیصد تک اضافہ دیکھنے میں آیا جس کی وجہ گنے کا بہتر معیار تھا۔ کمپنی نے اس عرصے کے دوران 33,080 میٹرک ٹن راب بھی تیار کیا، جو کہ گزشتہ سال اسی مدت کے دوران 24,296 میٹرک ٹن تیار کیا گیا تھا۔

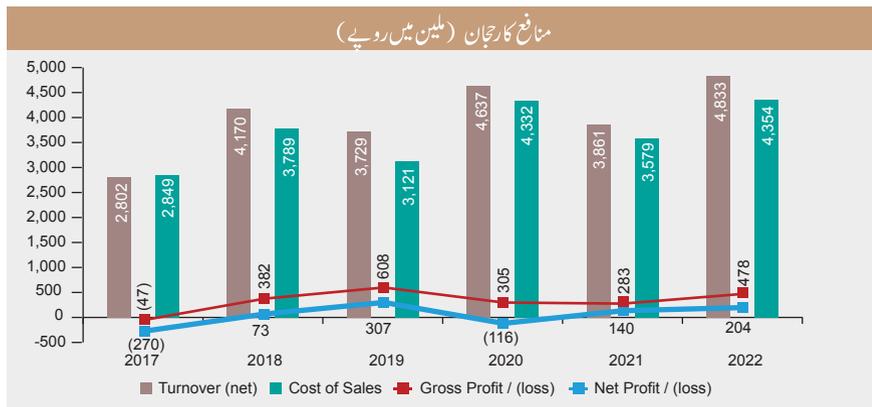
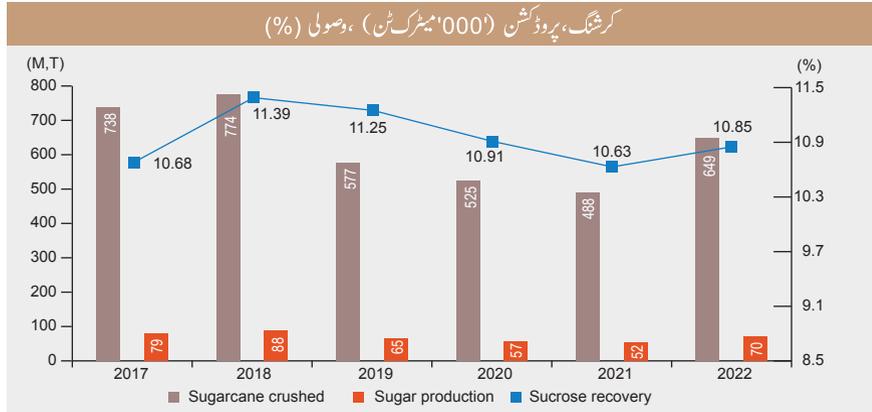
بورڈ آف ڈائریکٹرز اپنی رپورٹ مع آپ کی کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے برائے سال ختمہ 30 ستمبر 2022 پیش کرتے ہوئے مسرت محسوس کرتا ہے۔

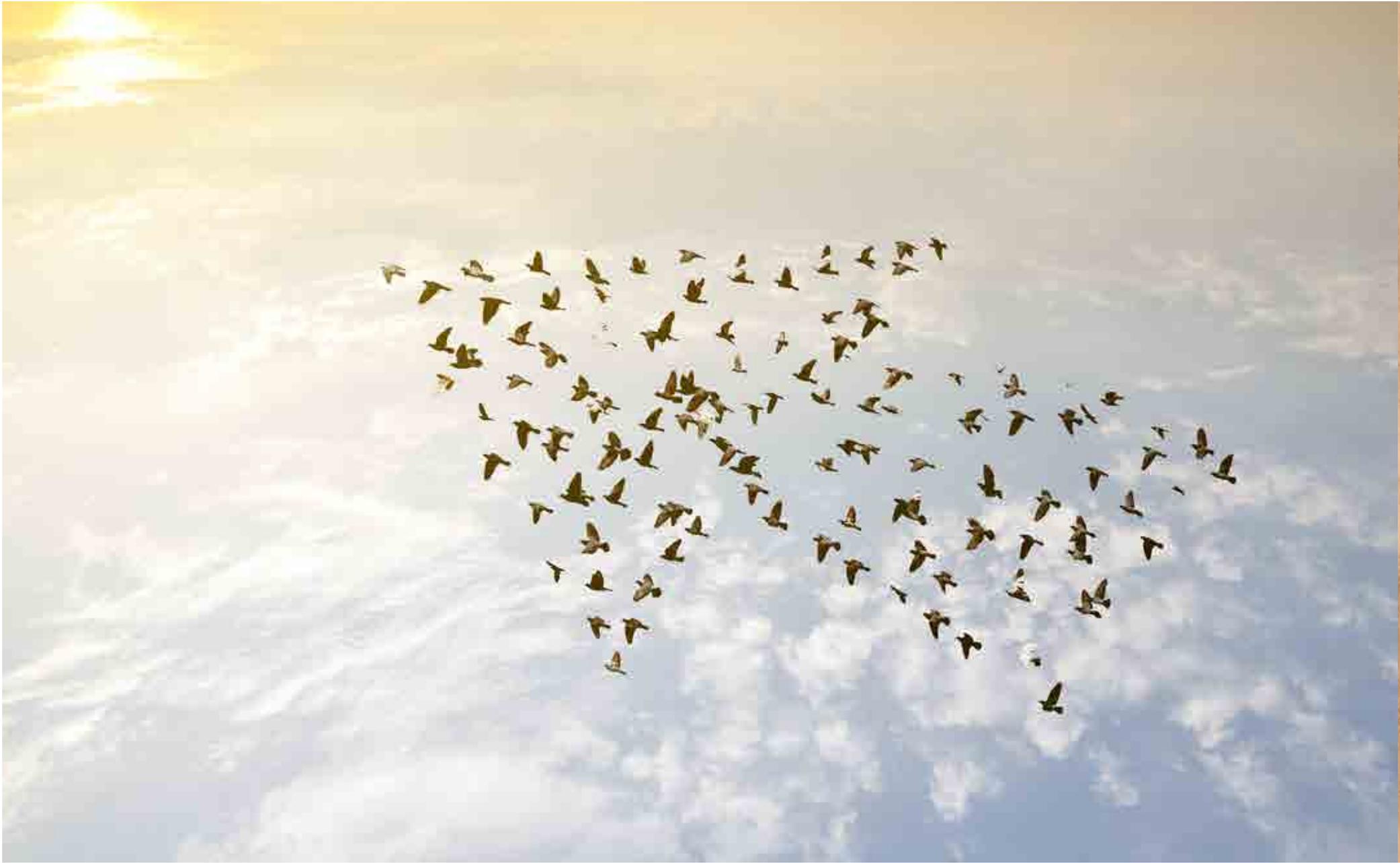
عمومی جائزہ

مالی سال 2022 کے دوران زرعی شعبے نے 4.40 فیصد کی شاندار نمو ریکارڈ کی اور 3.5 فیصد کے ہدف اور گزشتہ سال کی 3.48 فیصد نمو دونوں کو عبور کیا۔ یہ ترقی بنیادی طور پر زیادہ پیداوار، پرکشش پیداواری قیمتوں، معاون حکومتی پالیسیوں اور تصدیق شدہ بیجوں، کیڑے مار ادویات اور زرعی قرضوں کی بہتر دستیابی کی وجہ سے ممکن ہوئی۔ فصلوں کے شعبے میں مالی سال 2022 کے دوران 6.58 فیصد اضافہ ہوا جو گزشتہ سال 5.96 فیصد تھا۔ گنے کی پیداوار میں 9.5 فیصد اضافہ ریکارڈ کیا گیا، جس سے گنے کی کل پیداوار 81 ملین ٹن سے بڑھ کر 88.7 ملین ٹن ہو گئی، جو دونوں زیر کاشت اور پیداواری شعبوں میں نمایاں اضافہ ہے۔ یہ بنیادی طور پر دیگر فصلوں کے مقابلے میں شوگر ملوں کے ذریعہ کسانوں کو پیش کردہ اعلیٰ معاشی منافع کی وجہ سے ہوا۔ بد قسمتی سے، ہلوں کے لیے اس طرح کا منافع سامنے نہیں آیا کیونکہ شوگر انڈسٹری کے ذریعہ منسلک کو انتہائی سیاسی رنگ دینے کے پیش نظر، گنے اور چینی کی قیمت کے درمیان مناسب تعلق کا فقدان بدستور موجود ہے۔

کرشنگ ییزن 2022

جس خطے میں کمپنی کام کرتی ہے وہاں گزشتہ چند برسوں کے دوران ہلوں کی جانب سے گنے کی اعلیٰ قیمتوں کی وجہ سے گنے کے پودے لگانے اور زیادہ پیداوار کے حصول میں مسلسل اضافہ ہوا ہے۔ گنے کی دستیابی کی ایک پائیدار (اور ترقی کرتی ہوئی) دستیابی ایک طرف کمپنی کی مسابقت، استعمال کی گنجائش اور آمدنی میں اضافے کا باعث ہے تو دوسری طرف موثر طور پر مقررہ لاگت میں کمی اور قیمتوں کو مناسب رکھنے کا باعث ہے۔ جیسا کہ پہلے ذکر ہوا کہ اس کیلئے کسانوں کو آگے دینے، ان کی حوصلہ افزائی کرنے اور گناگانے کی تحریک دلانے کیلئے ان سے مسلسل رابطے کی ضرورت ہے۔ اس کے نتیجے میں مالی سال 2022 کے دوران گنے کی کرشنگ گزشتہ مالی سال 2021 کے مقابلے میں 36.55 فیصد اضافے کے ساتھ 79.95 ملین ٹن ہوئی۔ جس کی وجہ سے اس سال 39.96 فیصد اضافے کے ساتھ شکر کی پیداوار 7.88 ملین ٹن ہو گئی جو مالی سال 2021 میں 5.63 ملین ٹن تھی۔ بہتر فصل اور موسمی حالات کی وجہ سے سندھ میں شکر کی پیداوار (1.56 ملین ٹن: گزشتہ مالی سال 2021) بڑھ کر 2.29 ملین ٹن ہو گئی۔ سال کے دوران ملک میں چینی کی تقریباً ایک ملین ٹن ملکی کھپت سے زائد پیداوار دیکھنے میں آئی۔ طلب اور رسد کے اس عدم توازن نے ملکی قیمتوں پر دباؤ برقرار رکھا جس کے نتیجے میں چینی کی قیمتیں کم رہیں۔





E-Dividend Mandate Form



To:

Date: _____

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Shareholder's Detail	
Name of Company	Mirpurkhas Sugar Mills Limited
Name of shareholder	
Folio No./CDC Participants ID A/c No.	
CNIC No	
Passport No. (in case of foreign shareholder)	
Cell Number & Land Line Number	
Email Address (Mandatory)	

Shareholder's Bank Detail	
Title of Bank Account (Mandatory)	
International Bank Account Number (IBAN) - Mandatory (24 Digits)	P K <input type="text"/>
Bank's Name	
Branch Name and Address	

It is stated that the above mentioned information is correct and in case of any change therein, I will immediately intimate Participant / Share Registrar accordingly.

Yours sincerely,

Signature of Shareholder

(Please affix company stamp in case of corporate entity)

Notes:

COMPANY WITHHOLD THE PAYMENT OF DIVIDEND OF A MEMBER WHERE THE MEMBER HAS NOT PROVIDED THE COMPLETE INFORMATION OR DOCUMENTS AS SPECIFIED.

The shareholders who hold shares in Central Depository Company are requested to submit the above- mentioned Dividend Mandate Form, duly filled-in, to the relevant Broker/Participants/Investor Account Services of the Central Depository Company of Pakistan Limited where Member's CDC account is being dealt. The shareholders who hold shares in physical form are requested to submit the above mentioned Dividend Mandate Form, duly filled-in, to the share Registrar of the Company, as mentioned below:

M/s CDC Share Registrar Services Limited

CDC House, 99-B, Block-B, S.M.C.H.S, Main Shakra-e-Faisal, Karachi-74400, Pakistan Tel: 0800-23275, 111-111-500

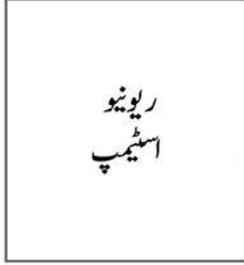


میں مسمیٰ اسماء _____ سنہ _____

ضلع _____ بحیثیت ممبر میرپور خاص شوگر ملز لمیٹڈ، مسمیٰ اسماء _____

سنہ _____ کو بطور مختار (پراکسی) مقرر کرتا کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 58 ویں سالانہ اجلاس عام ملتوی شدہ اجلاس میں شرکت (یا جو بھی صورت حال ہو)، جو مورخہ 21 جنوری 2023 بروز ہفتہ صبح 10:00 بجے بمقام فیکٹری جراؤ، عمرکوٹ روڈ، میرپور خاص، سندھ میں منعقد ہوگا، اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرنے، بولے اور ووٹ ڈالے۔

گواہان:



دستخط شیر ہولڈر

(دستخط کمپنی میں درج نمونہ کے مطابق ہونے چاہئے)

1. دستخط _____

نام _____

پتہ _____

_____ CNIC/پاسپورٹ نمبر

2. دستخط _____

نام _____

پتہ _____

_____ CNIC/پاسپورٹ نمبر

مجموعی شیرز

سی ڈی سی اکاؤنٹ نمبر		رجسٹرڈ فولیو نمبر
شراکتی نمبر	اکاؤنٹ نمبر	

اہم نوٹ

۱۔ پراکسی فارم اس وقت تک قابل قبول نہیں ہوگا جب تک یہ جزل میٹنگ کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس ماڈرن موٹرز ہاؤس میں وصول نہ ہو جائے۔

۲۔ سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ کی تصدیق شدہ کاپی ساتھ لگائیں۔

۳۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نمائندہ کے دستخط پراکسی فارم کے ساتھ منسلک کرنے ہوں گے۔

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____



Mirpurkhas Sugar Mills Limited

Registered Office / Factory

Sub Post Office Sugar Mill, Jamrao, Umerkot Road Mirpurkhas, Sindh

Head Office

Modern Motors House Beaumont Road Karachi-75530 Pakistan

UAN: +92 - 21-111- 354 -111 Fax: +92 - 21- 35688036 Web: www.gfg.com.pk/msm/

