

Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company

Sweet Notes of the east

Annual Report 2021

CHAPTER

03	Organizational Overview and External Environment
37	Strategy and Resource Allocation
45	Risks and Opportunities
49	Governance
89	Performance and Position
117	Outlook
121	Stakeholders' Relationship & Engagement
125	Sustainability & Corporate Social Responsibility
135	Business Model
139	Excellence in Corporate Reporting
143	Glossary of Terms
144	BCR Criteria Index
149	Financial Statements
200	Pattern of Shareholding
201	Categories of Shareholders
204	Notice of AGM-Urdu
211	Directors' Report-Urdu
200	Proxy Form-English Proxy Form-Urdu E-Dividend Mandate Form



Introduction

Eastern music has diverse as its multiethnic population, ranges from Qawwali, a popular brand of music branched from Sufi Islam, to good ol' fashioned rock 'n' roll. It includes diverse elements ranging from music of various parts of South Asia as well as modern day Western popular music influences.

Along with this Pakistan has also rich culture of folk and traditional music from Sindh, Punjab, KPK and Blochistan. We will endeavour to look at some instruments which give our music that distinct sound from our Sindh province: which we call "Sweet Notes".

Organizational Overview and External Environment

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





Music in Sindh

Music in Sindh displays diverse forms, trends and styles of performance, instruments, context, content and repertoire. It also embraces various song styles, musician families and traditions such as ceremonial, classical, semi-classical, folk and Sufi music schools. There are thus many singers, musicians and instrumentalists associated with these particular styles and forms

6 Mirpurkhas Sugar Mills Limited

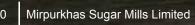
Kombu

It is one of the few melody instruments which is like C-shaped trumpet. The kombu is regarded as a rhythm instrument by its players, with the function of embellishing the beats of the drums. The kombu can only produce three notes (sa, pa, and higher sa). The genre is played by a group of kombu players (3, 5, 7, or 9), led by the kombu leader. Within a given tala (rhythmic cycle), the leader improvises kombu patterns on the spot to be repeated by the chorus players.

8 Mirpurkhas Sugar Mills Limited

The Danbora

Damburag also Tanburaq, dambiro, is a two to four stringed long-necked flute that is played in the folk music. The Damburag is similar to the Tanburo played in Sindh. It has no frets in some regions. While the Tanburo only accompanies the religious chants of the Sufis, the Damburag plays for rhythmic accompaniment of the melody leading strings suroz (sorud) and as a melody instrument in small ensembles in light music.



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 395 acres experimental farms and in adjoining areas of mills.

Our Certifications



Vision

We aim to be a leading producer and supplier of high quality sugar 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 sugar 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.









OWNERSHIP is our way to success



QUALITY is our legacy







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 to 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.



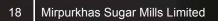


35



CODE OF CONDUCT





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; and all group Companies are working under common directorship / management. Details and brief profile of other leading group companies / ventures are as follows:



Cherat Cement Company Ltd Manufacturer of Ordinary Portland Cement

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's annual installed capacity is around of 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 and also a recipient of the 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.



Cherat Packaging Ltd

Manufacturer of Kraft Paper, Polypropylene Bags and Printing of Flexible Packaging Materials

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 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, 195 million PP bags and 12.6 million kg flexible packaging products per annum. The Company is in process of expanding its PP line which will enhance its PP bags capacity to 260 million bags per annum. It caters to the domestic as well as export markets and is also a recipient of the prestigious Pakistan Stock Exchange "Top Companies" Award and Management Association of Pakistan's Best Company Award several times.

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.

GROUP

GHULAM FARUQUE



UniEnergy Limited Joint Venture for Renewable Wind Energy MADIAN Madian Hydropower Ltd Joint Venture for Establishing 148 MW Hydro Power Plant.



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 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 and Escalators 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 equipments 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 Sales 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

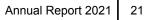
Established in 2003, its principal activity is to provide services associated with Airconditioning, installation and maintenance of central and packaged units.



Unicol Ltd

Joint Venture Distillery Producing Ethanol and Liquid Carbon Dioxide (CO₂)

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 18,000MT per annum. Unicol exports its complete production of ethanol to various regions across the globe. 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 Export Award Certificate from FPCCI in the year 2020-21.





Company Information

Board of Directors

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

Audit Committee

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

Human Resource and

Remuneration Committee

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

Chief Operating Officer & Chief Financial Officer Mr. Wasif Khalid

IVIR. Wasif Khalid

Company Secretary Ms. Hina Mir

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).



2007-08 Plant capacity enhanced to 5,500 TCD.

1968-69 Cane crushing capacity increased to 2,000 TCD



2008-09 Achieved sales revenue of over Rs. 2 billion.





1984-85 Process converted to DRCS (Defecation Remelt Carbonation and Sulphitation) with addition of

and Sulphitation) with addition of complete juice/melt clarification, are refined sugar crystallization, separation, drying and grading processes. Crushing increased to 3,500 TCD.



2009–10 SAP (ERP) implemented across the Company.

2001-02 Plant capacity enhanced to 4,500 TCD.



2010-11 Plant capacity enhanced to 6,200 TCD.





2005-06 Plant capacity enhanced to 5,000 TCD.



Achieved sales revenue of over

Rs. 3 billion.

2011–12 Company started corporate farming activities in 871 acres land area.



2006-07 Unicol Ltd, joint venture distillery producing Ethanol and Liquid Carbon Dioxide (LCO2) commenced its production operations.



2015-16

Company farming operations

extended to 1,700 acres land

area and achieved improved

farms as a result of applying

and skills of agronomists and

sucrose recovery through

latest farming techniques

skilled workers.

improved varieties in its

2013-14 Plant capacity enhanced to 7,000 TCD.



2016-17 Plant capacity enhanced to 8,500 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.



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.





2020-2

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%

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.





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 210 acres plot, had a designed capacity of 200,000 liters or 160 metric tons per day. 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.

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). Unicol has an installed ethanol capacity of 56,000 MT per annum while LCO2 installed capacity of 18,000MT per annum. Unicol exports its complete production of ethanol to various regions across the globe. 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.

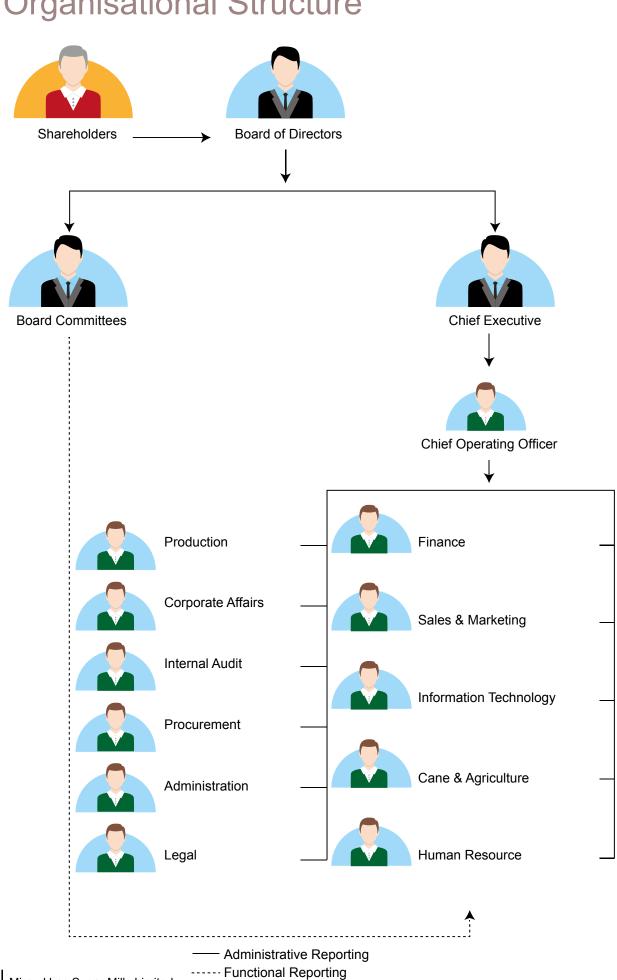
Awards and Recognition

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 Export Award Certificate from FPCCI in the year 2020-21.

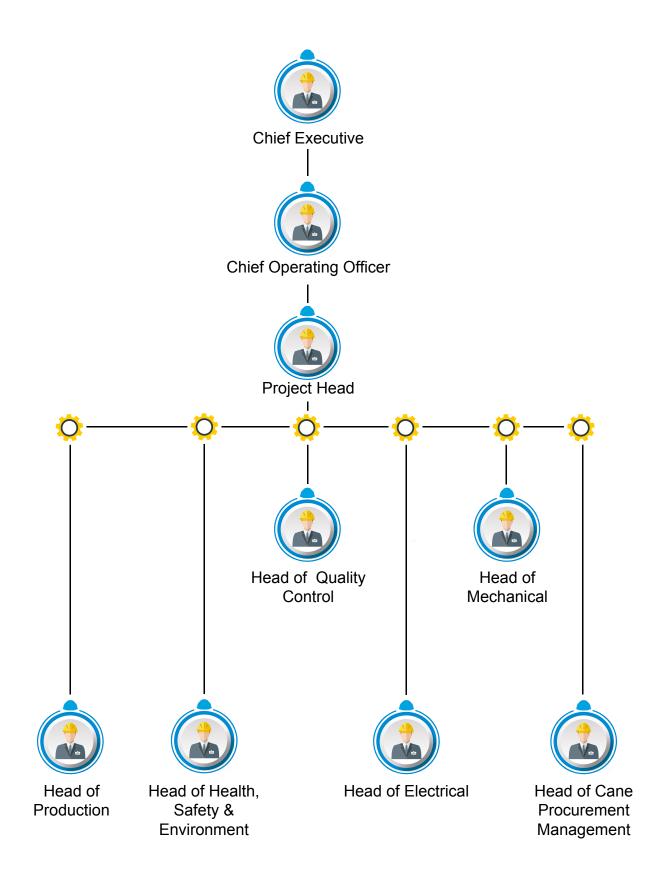


Geographical Presence

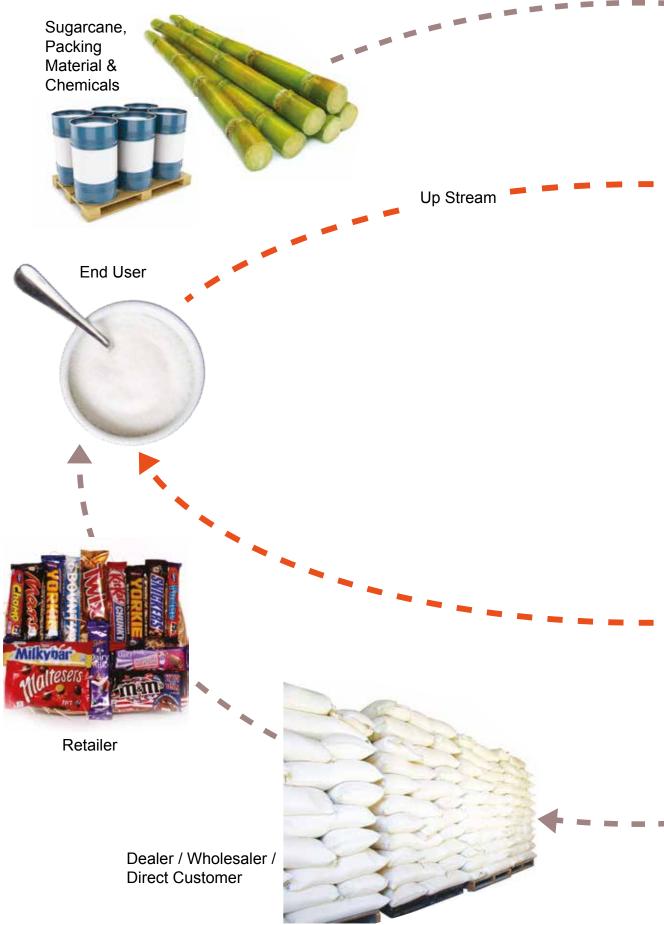


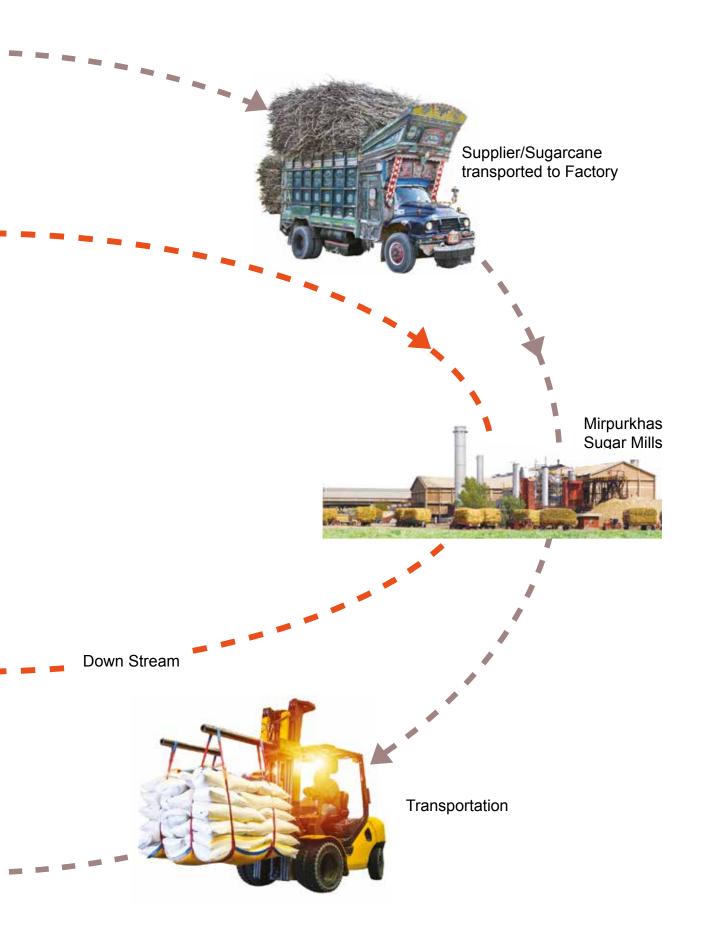


Factory Site Organizational Structure



Position within the Value Chain





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:

r	Р	E	S
Factor	Political	Economic	Social
Description	 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. 	Economic factors are connected with goods, services, and money. These variables refer to financial state of the economy on a macro level. - Interest rates - Exchange rates - Recession / Pandemic - Inflation - Taxes - Demand / Supply - Low economic growth impacts the Organization negatively	 Corporate Social Responsibility factors: Providing safe and clean work environment Charity and donation Supporting the local community in healthcare and education Safe and healthy envoirnment Social impact of COVID-19 in Pakistan Demographic change
Significant change from last year	- Political uncertainty	 Loss of business and demand due to pandemic owing to lockdown and other suppression measures. Increase in Raw Material Cost Increase in Labor Cost Devaluation of PKR against USD Unstable discount rate Decelerated economy Increased inflation 	 Make HSE department more rigorous Pandemic pushed more people into poverty Mitigating spread of COVID-19 through effective HSE as well as social responsibility measures
Organization's response	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. Industry issues are dealt through the association.	The lockdown effects have been curtailed through remote working measures for employees so that operations can continue while ensuring safety of employees. The Company also availed the relief measures announced by the Government to help sustain post COVID effects including salary finance, TERF and deferment of long term loans. The Company is also bearing expenses for lab testing of employees, provision of sanitizers, PPEs and periodic fumigation of office premises. Sugarcane is a major raw material for sugar production and constitutes 85% 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.	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. HSE department priorities have been realigned post COVID and effective HSE measures such as temperature monitoring, mandatory wearing of masks and social distancing are ensured for all employees and guests. All common places are regularly fumigated and disinfected. The Company also ensured almost 100% vaccination of it's head office and factory employees. The Company has participated in various relief measures in the locality of its mill post COVID-19. The Company has also implemented ISO 45001 (Occupational Health and Safety) to comply with HSE international standards.

	т	1 I I I I I I I I I I I I I I I I I I I	E
Factor	Technological	Legal	Environmental
Description	 Risk of technical obsolescence Introduction of new technology by competitors Primitive farming techniques 	Companies are required to abide by various laws and regulations. Every responsible company must follow all rules and regulations laid by the Government.	 Adverse weather condition Growing attention to environmental protection Climate changes Natural Disasters Implementation of proper HSE and Environment Standards within an organisation. Pandemic
Significant change from last year	 Revamping network system Product Innovation. 	 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. 	Implementation of proper HSE and Environment Standards within an organization.
Organization's response	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. Further, the Company invests in robust hardware and software as and when needed and is running world renowned SAP (ERP system). This year, the company's Board also approved implementation of SAP success factor system for better human resource management. 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.	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.	 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 (physiochemical 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 uninterruptable 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 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.

Reviewing the customer's demand and overall market gap, MSM launched a FMCG sugar brand "Sugarella". The product is available in 1 kg and half kg SKU's of various types of sugars. The sugar dealers who purchase sugar for further sales are also engaged with the company for several years.

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.

The company has well positioned itself by selling substitute products (brown sugar and caster sugar) through its FMCG sugar brand "Sugarella".

Key Elements of Business Model

The key elements of business model of the Company includes:

Key Inputs

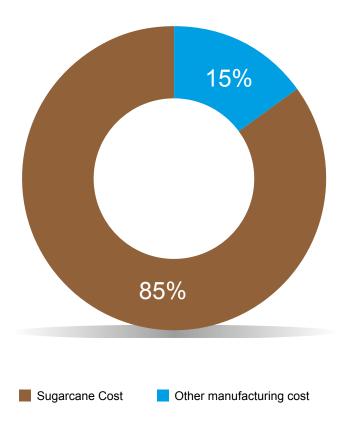
• **Our Value Chain**

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, 2021



Sugarcane cost and other manufacturing cost represents 85% and 15% 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 10.63%.
- During the year 2020/21, the Company contributed approximately Rs.538 million to the national exchequer in the form of taxes and levies.
- In order to further diversify its operations, the Company has decided to set up a 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. Currently the project is expected to be commissioned in approx. 15 months.
- 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.
- Certificate of HALAL Food from Al-Waiz Certification and Training Services Pvt. Ltd. (ACTS).

Recognition

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

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



Strategy and Resource Allocation

- 38 Strategic Objectives
- 39 Management Strategies and Resource Allocation Plan
- 40 Liquidity Strategy
- 40 Significant Plans and Decisions
- 41 Effect of technological changes, societal issues and environmental challenges
- 43 Specific Processes used to Make Strategic Decisions
- 44 SWOT Analysis

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 Board of Directors of the Company has also approved to setup 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 to sugar manufacturing sector.

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 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 2020/21. 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.

Management Strategies and Resource Allocation Plan

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.1,797.63 million and long term loans of Rs.1,485.33 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 decided to set up a 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. Currently the project is expected to be commissioned in approx. 15 months.

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 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.

Mirpurkhas sugar mills limited has taken various initiatives to minimize the social issues by supporting

ENVIRONMENTAL SOCIETAL CHALLENGES ISSUES

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.

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 an 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

Mirpurkhas Sugar Mills Limited culture 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.

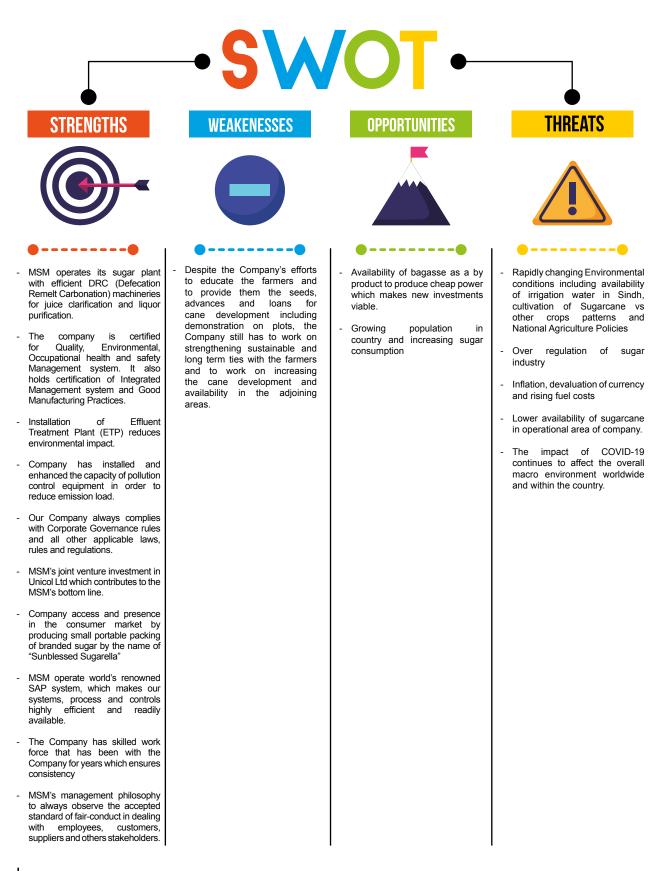
Company's Attitude to Risk and Mechanisms for Addressing Integrity and Ethical Issues

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

- 46 Risk Management Framework
- 48 Opportunities
- 48 Materiality Approach
- 48 The initiatives taken by the company in promoting and enabling innovation

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

Opportunity	Area of Impact	Source	Key Source Opportunity	Strategies to materialize
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, this 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's technical team is also working on developing the bio fertilizer through sugar mill waste products and trial batch has also been developed and under use of growers for their feedback.

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

Governance

- 50 Notice of Annual General Meeting
- 52 Directors' Profiles
- 55 Chairman's Review
- 56 Directors' Report to the Members
- 62 Board Meetings Held Outside Pakistan
- 62 Annual Evaluation of Board, Committees and Individual Members
- 62 Matters Delegated to the Management
- 62 Directors' Orientation and Training
- 62 Governance Practices Exceeding Legal Requirements
- 63 Female Director
- 63 Independent Directors
- 63 Investors' Grievance Policy
- 63 Statement of Managements Responsibility towards the Preparation and Presentation of Financial Statements and Directors Compliance Statements
- 63 Diversity Policy
- 64 Policy on Non-Executive and Independent Directors' Remuneration
- 64 Understanding Shareholders' Views
- 65 Business Continuity and Disaster Recovery Policy
- 66 Related Party Transactions Policy
- 70 IT Governance Policy
- 71 Social and Environmental Responsibility Policy
- 72 Human Resource Policies
- 73 Safety of Records Policy
- 74 Conflict of Interest Policy
- 75 Whistle Blower Policy
- 76 Insider Trading Policy
- 77 Information Systems Security Policy
- 79 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
- 82 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
- 85 Report of the Audit Committee
- 86 Pandemic Recovery Plan

Notice of Annual General Meeting

Notice is hereby given that the 57th Annual General Meeting of Mirpurkhas Sugar Mills Limited will be held on Thursday, January 27, 2022 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 receive and consider the Audited Accounts of the Company for the year ended September 30, 2021 with the Directors' and the Auditors' Reports thereon.
- 2. To appoint Auditors for the year 2021/22 and to fix their remuneration.
- 3. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

- 4 To consider and approve the following resolution 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 40 of the Financial Statements during the year ended September 30, 2021, 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, 2022."

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, 2021

NOTES:

- 1. The register of members of the Company will be closed from Thursday, January 20, 2022 to Thursday, January 27, 2022 (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 Shahrah-e-Faisal, Karachi-74400 at the close of business on Wednesday, January 19, 2022 will be treated in time.
- 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. In compliance of directives issued by SECP with respect to COVID-19 situation and wellbeing of the shareholders, 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.
- 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.
- 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. 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.
- 8. 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 Shareholder 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 script less 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.

- 9. 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.
- 10. 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 remain their unclaimed dividend/shares are advised to contact our 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 Shahrah-e-Faisal, Karachi-74400 to collect/inquire about their unclaimed dividend or shares, if any.
- 11. 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 the Company's Head Office to update our 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.
- 12. 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 _____

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 Thursday, January 27, 2022. The approval of the Members of the Company will be sought for:

During the financial year ended September 30, 2021, 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. 40 of the Financial Statements for the year ended September 30, 2021 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending September 30, 2022.

Party wise breakup of transactions as disclosed in Note no. 40 of the Financial Statements for the year ended September 30, 2021 is given below:

Name of Related Party	Nature of Transaction	Amount (Rs.)
Zensoft (Pvt.) Ltd.	Service paid	(9,758,457)
Greaves Airconditioning (Pvt.) Ltd.	Service paid	(1,937,755)
Greaves Pakistan (Pvt.) Ltd.	Service paid	(171,062)
Greaves Airconditioning (Pvt.) Ltd.	Purchase made	(125,000)
Greaves Pakistan (Pvt.) Ltd.	Purchase made	(1,889,331)
Cherat Cement Co. Ltd.	Dividend Income received	3,847,277
Cherat Packaging Ltd.	Purchase made	(3,193,121)
Cherat Packaging Ltd.	Dividend Income received	4,220,980
Unicol Ltd.	Sales made	557,495,183
Unicol Ltd.	Dividend Income received	212,499,987
P.F/ G.F	Charge for staff Provident and Gratuity Funds	(14,145,815)

Directors' Profile

Mr. Arif Faruque Chairman

Mr. Arif Faruque is a Swiss - qualified Attorney-at-Law and also holds Masters Degrees in both Law and Business Administration from the USA. 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. 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.

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., Greaves Modaraba Management Company (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.

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 pasion 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. Muhammad Izqar Khan Director (NIT)

Mr. Muhammad Izqar Khan is presently working as Executive Director, State Life Insurance Corporation of Pakistan. He looks after portfolio of Takaful, Policyholders Service and Human Resources Development Divisions.

His is a professional Accountant. He is an ACMA from Chartered Institute of Management Accountants, London. He is also the member of Institute of Cost & Executive Accountants, London. He is also Master in Business Administration from Clyton University, London.

He has contributed immensely towards development of Financial Analysis, Planning & Financial Reporting, Project Elevation and Information Technology.

He holds the Directorship of Alpha Insurance Company Limited, Karachi.

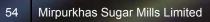
Mr. Wasif Khalid Director

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 21 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.



Chairman's Review

Dear Shareholders,

I am pleased to present my review as Chairman of the Company for the financial year ended September 30, 2021.

This past year has been a testing time for everyone, but particularly for those who have lost loved ones or have otherwise struggled with the health impacts of COVID-19, and my thoughts go out especially to them. At MSM we have supported, and continue to support, not just our people but also the communities in which we live and work, to get through these difficult times. While the disruption caused by the COVID-19 pandemic has brought many challenges, as an organization we have also learned valuable lessons. I therefore believe that MSM will emerge from the pandemic stronger, more focused and better positioned than ever to ensure the long-term success of the Company and meet the expectations of our stakeholders.

Let me briefly highlight the macro-economic environment the Company operates in. The economy has witnessed a V-shaped recovery with 3.94 percent growth in FY2021 against the negative growth of 0.47 percent last year. Sugarcane is a high value cash crop of Pakistan, is of great significance for sugar-related industries and the second largest agro-industry after textiles. It accounts for 3.4 percent of agriculture's value addition and 0.7 percent of GDP. During 2020/21, the crop was cultivated on 1.165 million hectares, an increase of 12 percent compared to last year's 1.04 million hectares, which constitutes a significant increase in area 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; given the long-standing issue of the sugar industry being highly politicized, there continues to be a lack of correlation between the price of sugarcane and that of sugar. During the year 2020/21, sugarcane crushed increased by 20.18 percent to 58.55 million tons, while production of sugar increased by 16.58 percent to 5.62 million tons, up from 4.82 million tons during the previous financial year. The majority of the additional production occurred in Punjab, which registered an increase of 22.17 percent over last year, while in Sindh, the sugar production rose only by 6.65 percent.

Unsurprisingly, the financial year 2020/21 was once again, even without the COVID-19 pandemic, an extremely challenging year for the sugar industry, and specially for Mirpurkhas Sugar Mills. Although the sugarcane crushed increased by 8.57 percent, late rains in Sindh and heavy rains at the mill gates and other operational areas resulted in damage to the crop, impacting both yield and recovery. While sugar prices remained depressed throughout the year, they showed some sign of improvement during the last quarter of the financial year, which in turn helped the company improve its cash flows. The company produced 51,909 metric tons of sugar, with a sucrose recovery of 10.63%. However, during the financial year 2020/2021 there was a decrease of Rs. 776 million in the turnover of the company compared to the previous year due mainly to lower production of sugar as a result of the lower yields and recoveries. The company's share of profit from Unicol amounted to Rs. 167.51 million, which permitted the company to make an after tax profit of Rs. 140.32 million for the year. As a result, earnings per share increased to Rs. 10.40.

The Board of Directors performed its duties and responsibilities diligently, continuing to guide the company in its strategic affairs in accordance with applicable regulations. In today's volatile macroeconomic environment, it is focussed on potentially significant risk areas and is involved in the strategic planning process of the company, as, e.g., is evidenced by the paper project. 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 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.

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 paper and board project and the success of Unicol. While the macro-economic environment has led to cost escalations beyond the Company's reasonable control on the paper project, Management continues to believe in the viability of this venture, which is currently estimated to achieve commissioning in 12 to 15 months. The Company also continues to extend support to its farmers, by providing them with fertilizer and pesticide loans as well as high quality seeds to improve the quality of their sugarcane.

While the year ahead will once again be one of challenges and opportunities, our stakeholders provide us with motivation to succeed, and our experience helps us to continue to deliver an essential product of the highest quality in a sustainable manner for the Company. The Board and Management also remain committed to improve shareholder value through various initiatives, including further efficiency enhancement and diversification initiatives, as well as contribute towards the development of the farming community.

Let me end by extending my sincere appreciation to all our stakeholders, including our customers, suppliers, bankers and shareholders for their trust in the company as well as our employees and my board colleagues for their commitment and hard work under difficult circumstances.

A. Farmeria Arif Faruque Chairman

Karachi: December 16, 2021



Directors' Report to the Members

for the year ended September 30, 2021

The Board of Directors are pleased to present its report along with the annual audited financial statements of your company for the year ended September 30, 2021.

OVERVIEW

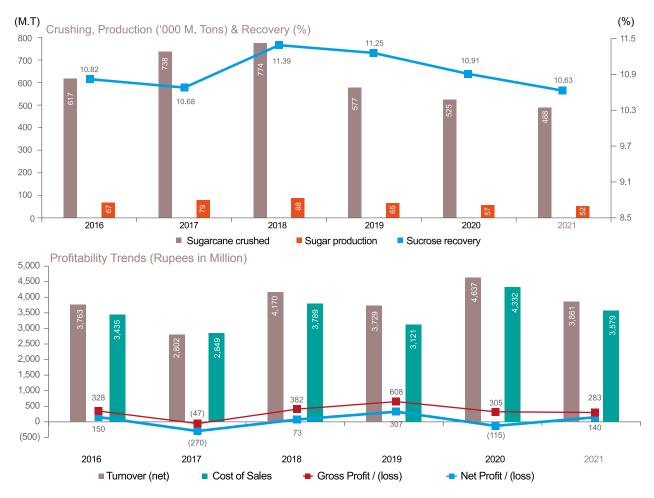
FY 2021 may be remembered as a year of resilience and initial recovery in the face of COVID-19's volatility and challenges. The economy was supported through favorable, pro-active policies implemented by the Federal and Provincial Governments to mitigate the pandemic impacts. Similarly, the Large-Scale Manufacturing segment showed a rebound with the first nine months of the FY 2021, recording the highest period-wise growth of 8.99 % since the FY 2007. During the year, the State Bank's monetary policy aimed at maintaining financial stability also supported the economic recovery. This growth is certainly being reflected in the demand for commodities in general, so including sugar. The Company recognises that growth 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.

CRUSHIUNG SEASON 2021

The region where the Company operates has shown a steady growth in sugarcane plantation, but also 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: 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 FY 2020/21, the sugarcane crushed increased by 20.18% to 58.55 million tons while production of sugar increased by 16% to 5.62 million tons over the previous financial year.

OPERATING PERFORMANCE

The FY 2020/21 was once again a challenging year for the sugar industry, and specially for the Company. Despite sugarcane crushing having increased by 8.57 percent, late rains in Sindh and heavy rains at the mill gates and other operational areas resulted in damages to the sugarcane crop that significantly impacted both yield and recovery. During the crushing season 2020/21, the plant operated for 98 days as against 107 days the previous year. The factory crushed 488,464 metric tons of sugarcane to produce 51,909 metric tons of sugar compared to 525,201 metric tons of sugarcane crushed to produce 57,286 metric tons of sugar during the corresponding season last year. The reasons for the lower production compared to last year were primarily due to late rains, resulting in stale and dry cane in the majority of the operational areas. This resulted in lower yields and recoveries of sugarcane. The sucrose recovery declined to 10.63%, from 10.91% from the previous season, primarily due to lower sugar content in the sugarcane and intermittent crushing due to slow arrivals of sugarcane. The Company also produced 24,296 metric tons of molasses during the year, compared to 25,133 metric tons produced during the corresponding period last year, due to increased competition for molasses.



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

		2021	2020
•	Season start date	Nov. 20, 2020	Nov. 25, 2019
•	Days operated	98	107
•	Sugarcane crushed (metric tons)	488,464	525,201
•	Sugar production (metric tons)	51,909	57,286
•	Molasses production (metric tons)	24,296	25,133
•	Sucrose recovery (%)	10.63	10.91
•	Sugar Sold (metric tons)	49,376	73,735

FINANCIAL HIGHLIGHTS

During the year under review the Company sold 49,376 metric tons of sugar compared to 73,735 metric tons last year including 22,418 tons of opening stock sold in 2019/20. The decrease in sales was due to lower production during the crushing season 2020/21. While the prices of sugar improved by 23.5% compared to previous year, there was a significant increase in the cost of production due to a substantial increase in the cost of sugarcane owing to higher competition amongst the sugar mills to procure sugarcane. During the year ended, the Company had other income of Rs. 213.59 million from gain of derivative instruments, government grants, reversal of provisions and receipt of dividends on investments made in various shares. Furthermore, there was a decline in finance cost by 32.9% due to the reduction in the discount rate by the State Bank of Pakistan. The share of profit in Unicol Limited decreased to Rs. 167.50 million primarily due to an increase in the cost of molasses. This helped the Company make a profit for the year, as evidenced by the following key financial data:

	2021	2020
	(Rs. in m	nillion)
	3,861	4,637
	(3,578)	(4,332)
	283	305
	214	26
	168	175
	(525)	(621)
	140	(115)

UNICOL LIMITED

The joint venture distillery project continues to operate at optimal capacity, and both Ethanol and CO₂ operations remained satisfactory during the year. Profitability of Unicol remained unchanged despite better selling prices, mainly due to the reduction in sugarcane yield. This led to a reduced availability of molasses and severe price competition among distilleries, resulting in an increase of nearly 60% in the average price of molasses during the year. Management expects that the price of molasses will remain in the same range due to the high cost of sugarcane anticipated during the 2021/22 crushing season. Management is nevertheless 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, has been granted a Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made an initial equity investment in the Company to meet the ongoing financial requirements for the project. In this regard, Mirpurkhas Sugar Mills has 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 2020/21.

PAPER AND BOARD PROJECT

In order to further diversify its operations, the Company has decided to set up a paper and board project, as already communicated. 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 Company has already placed the order for import of plant and machinery. While some shipments have already been received, the worldwide congestion at ports in the wake of COVID-19 has led to delays. Nevertheless, civil and erection works have commenced at site, and currently the project is expected to be commissioned in approx. 15 months.

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

Businesses face numerous uncertainties that might pose threats to its objectives that if not addressed may cause preventable losses. The Board of Directors therefore carries out appropriate assessments of both internal and external risks that the Company might face.

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. Presently, the Company is not exposed to any significant foreign currency risk.

Debt Repayment

The Company continues to pay off its debts on time, in line with contractual commitments and regulations. During the FY 2019/20, the State Bank of Pakistan allowed companies to defer principal payments of their long term loans. The Company availed this facility for deferment of long term finance offered by the State Bank of Pakistan through BPRD circular no. 13 of 2020 to dampen adverse effects of the COVID-19 and to provide relief to the businesses. The principal amount deferred under the said facility was Rs. 216 million, the repayments have already been started for the deferred amount from July 2021. Furthermore, the Company also utilized the wage financing scheme for Rs. 143 million, offered by State Bank of Pakistan at extremely competitive interest rates.

• 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 debt to equity ratio is 0.46:1. The Board of Directors and management are confident that the capital structure of the Company will strengthen further in the coming years.

DIVIDEND

As part of diversification, the company decided to put up paper and board project. Since the project is in construction phase and to meet the capital requirements of the same, the Board of Directors at its meeting has decided against declaring a dividend for the year.

CORPORATE SOCIAL RESPONSIBILITY

The Company has always strived to play its due role in the society and fulfill its responsibility towards the country and its people. In line with its corporate social responsibility policies, the Company endeavors to improve the living conditions of the people living in the surrounding areas of the manufacturing plant. In light of the ongoing Covid-19 pandemic, the Company has supported sanitization drives, distribution of masks, hand sanitizers and oxygen cylinders. Free of cost COVID-19 lab tests were also arranged. The company has also provided support to the poorest segments of society. Furthermore, it contributed to various reputable charitable organizations and will continue to do so.

SAFETY, HEALTH AND ENVIRONMENT

Following the outbreak of the COVID-19 pandemic, measures were and are being taken by your Company, including strict implementation of protocols on health and employee safety, to ensure all staff members are protected as best possible from the virus. The Company follows applicable laws and regulations. The safety of staff remains a top priority for the Company, and it therefore has a firm policy on staff health and safety. Appropriate personal protection equipment was and is provided to all levels of staff, and steps like social distancing, contact tracing, random testing, etc. are applied not only to ensure the wellbeing of employees but also the continuity of the business. The Company, at its own cost, conducts COVID-19 testing of its staff as appropriate and allows them to work from home as required.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the financial year 2020/21, the Company contributed approximately Rs. 538 million to the national exchequer in the form of taxes and levies.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by management present its 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, 2021:

•	Provident Fund	Rs. 554.29 million
•	Gratuity Fund	Rs. 302.58 million

BOARD OF DIRECTORS

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

	le Directors male Directors	6 1
a.	Independent Directors	2

- i. Mr. Samir Mustapha Chinoy
- ii. 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.

2

b. Non-Executive Directors

- i. Mr. Arif Faruque
- ii. Mr. Amer Faruque
- iii. Ms. Farzana Faruque

c. Executive Directors

- i. Mr. Aslam Faruque
- ii. Mr. Wasif Khalid
- d. Female Director
- i. Ms. Farzana Faruque

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

	Name of Directors	Meetings Attended
•	Mr. Arif Faruque	7
•	Mr. Aslam Faruque	7
•	Mr. Amer Faruque	6
•	Mr. Samir Mustapha Chinoy	4
•	Mr. Muhammad Izqar Khan	7
•	Mr. Wasif Khalid	7
•	Ms. Farzana Faruque	5

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

	Name of Directors	Meetings Attended
•	Mr. Samir Mustapha Chinoy	4
•	Mr. Arif Faruque Mr. Muhammad Izqar Khan	4 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 Directors	Meetings Attended
• •	Mr. Muhammad Izqar Khan Mr. Aslam Faruque Mr. Amer Faruque	2 1 1

• Pattern of shareholding is annexed with the report.

• Earnings per share during the financial year 2020/21 were Rs. 10.40 per share as against Rs. (8.58) 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 39 of the Financial Statements for the year ended September 30, 2021.

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 will like to once again take this opportunity to continue to request the government to take necessary steps to ensure that the price of sugar is reflective of price of sugarcane being paid to the growers. For the crushing season 2021/22, the Sindh government has 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 boarders, a difference of Rs. 25 per maund, in addition to the quality premium, in the sugarcane price results in a higher cost of sugar produced in Sindh of approx. Rs. 9.50 per kg of refined sugar compared to Punjab. This makes sugar mills in Sindh uncompetitive. Furthermore, the recent registering of cases against sugar brokers/dealers by government agencies regarding an increase in sugar prices have a negative impact on both the sale price and quantity. 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.

FUTURE PROSPECTS

Better returns to the growers during the last two crushing seasons have resulted in improvements in both autumn and spring plantation of sugarcane. Surveys have shown improvements in yield as well as area of cultivation. The overall crop of sugarcane in Pakistan is therefore expected to increase by 20 percent, while in Sindh it is expected to improve by only 10 percent due to a lesser availability of canal water. While the Company expects ongoing competition among the sugar mills for sugarcane, it believes the aforementioned factors will reduce the severity of such competition. Unicol's consistent profitability and its ability to pay regular dividends should also continue to contribute positively to the bottom line. The Board of Directors and management remain optimistic that they will continue to successfully navigate the Company through the new and old challenges facing the industry.

In order to safeguard the interest of the Company and its staff during COVID-19 pandemic, also in light of the emerging Omicron variant, the Company continues to take appropriate measures, including strict implementation of protocols on health and employee safety. These measures have so far permitted the continuity of practically normal operations of the Company. We would also like to take this opportunity to appreciate the various relief measures initiated by the government and the State Bank of Pakistan to support the business industry in mitigating the adverse impact of COVID-19.

APOINTMENT 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 particularly extend our deepest appreciation to our staff for their dedication, loyalty and hard work during these challenging times.

For and on behalf of the Board of Directors

A fame

Arif Faruque Chairman

Aslam Faruque Chief Executive

Karachi: December 16, 2021

Board Meetings Held Outside Pakistan

During the year, 7 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.

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.

Business Continuity and Disaster Recovery Policy

Introduction

The concept of Business Continuity Planning has over the past few years, become a major business management requirement. Business Continuity Planning is a process used to develop a practical plan for how a business could 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.

Business Continuity Plan

Manufacturing Facilities

Manufacturing facility of the Company is in Sub Post Office Sugar Mills Jamrao, Umerkot Mirpurkhas, Sindh Province of Pakistan. The building is fire resilient and is fully equipped with modern firefighting equipment. It also meets HSE requirements at all levels. Despite of all these arrangements, Insurance coverage is made at the maximum level. 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 operations. Moreover, other locations of the 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 such identification, independent studies are conducted and drills are carried out. Plans are updated based on the results of the studies and drills.

Disaster Recovery Plan and IT Infrastructure

The Company has its production server facility 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 any glitches in case of any infrastructural damage at any one location. Moreover, the Company has multiple locations within Pakistan. Operations can be carried through all of the locations situated in Pakistan.

Key Management Personnel

Being a part of Ghulam Faruque Group, the Company's Senior management is located throughout Pakistan and not at any one location. In case of any mishap, operations can be taken over and continued from other location.



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, 2017 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 its 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.



IT Governance Policy

Mirpurkhas Sugar Mills Limited has a well-conceived and implemented IT Governance Policy which seeks to ensure that IT is aligned with Mirpurkhas Sugar Mills Limited's organizational goals and strategies and delivers value to the organization. The policy is designed to promote effective, efficient, timely, and informed decision-making concerning Mirpurkhas Sugar Mills Limited'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 Mirpurkhas Sugar Mills Limited.

Mirpurkhas Sugar Mills Limited'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.



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

The Company hires energetic, talented, and motivated human resources and provides them a congenial and healthy working environment to utilize their capabilities efficiently. The Company believes that its core strength is its people, who strive every day to meet individual challenges and help the Company to achieve its collective targets. The Company has in place a Performance Review Process in order to recognize employees' contribution and reward them according to their performances. The Company also inducts apprentices & trainees through which graduates from reputable institutions are regularly inducted. Future leadership program is also in place to meet the future requirement.

Industrial Relations Policy

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 Policy

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:

- · Talent Assessment is conducted based on achievements, competencies and Core 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 viz a viz leadership;
- On-going coaching/ rotation/ training and developmental plans are in place to bring out best in class talent for succession; and
- To reach successors at all levels, upward mobility is a pre-requisite in the hiring program.

Core Values

Values are what support the vision and shape the culture of an organisation. They are the essence of the organization's identity – the principles, beliefs and philosophies of values. Our values are what our culture is built on and bind us into a world class team, yearning to outperform the competition. We have embedded our core values in our recruitment process, appraisal process and recognition initiatives.

Other Policies

The Company process complete set of other HR policies for recruitment and selection, training and development, tardiness, harassment policy, overtime and compensation etc.

Safety of Records Policy

Mirpurkhas Sugar Mills Limited 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:

255

The main purposes of the Company Policy are:

D) (D)

- 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.

1



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.

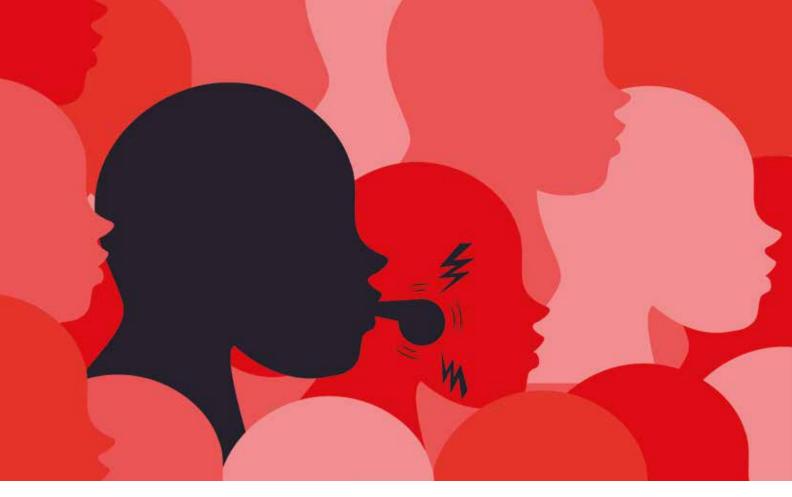
The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

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 nonpublic 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.



Information Systems 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

- 1. The purpose of the Policy is to protect company information assets from all threats, whether internal or external, deliberate or accidental. These assets relate to information stored and processed electronically.
- 2. It is the Policy of GFG to ensure that:
 - a. Information is protected against unauthorized access;
 - b. Confidentiality of information is assured, by protection from unauthorized disclosure or intelligible interruption;
 - c. Integrity of information (its accuracy and completeness) is maintained by protecting against unauthorized modification;
 - d. Regulatory and legislative requirements are met, including record keeping, according to Information Security Management System standard;
 - e. Disaster Recovery plans is produced, maintained and tested, to ensure that information and vital services are available to GFG when needed;
 - f. Information on security matters is made available to all staff; and
 - g. All breaches of information security, actual or suspected, are reported to and investigated by the Information Security Officer / Internal Audit.
- 3. Standards operating procedures are intact to support the policy. These standards includes regulations, guidelines and procedures covering matters such as (not limited to) data security, backup, virus control and passwords.
- 4. Business requirements for the availability of information and information system is met.
- The role and responsibility for managing information security is assigned to a designated Information Security Officer / Internal Audit.
- 6. The Information Security Officer / Internal Audit is responsible for maintaining the Policy and providing advice and guidance on its implementation.
- 7. All managers are responsible for implementing the Policy within their business areas, and for adherence by their staff.
- 8. It is the responsibility of each employee to adhere to the Policy.



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, 2021 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, 2021.

Knestran Hyder Betring: & Co CHARTERED ACCOUNTANTS

Karachi: December 16, 2021

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050 to 53 Website : www.krestonhb.com Email: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

OTHER OFFICES LAHORE - FAISALABAD - ISLAMABAD

A member of kreston international A global network of independent accounting firms

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 For the year ended September 30, 2021

6

1

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:
 - b. Female:
- 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

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

- 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 mandatory requirements of Regulations have been complied with.

On behalf of the Board of Directors

Arif Faruque Chairman

Aslam[|]Faruque Chief Executive

Karachi: December 16, 2021

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 an 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 2020-21, 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;
- 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;
- 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;
- consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- 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;
- I) 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;

 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;

- 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;
- 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 2020-21. 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

- 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, 2022 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 15, 2021



PANDEMIC RECOVERY PLAN

The Pandemic gained a significant attention around the world, while creating a major impact on businesses, human lives and overall economic activity. Businesses and economic environment were adversely affected due to global lockdowns and Pakistan was no exception in it. In response to the uncertain situation, the company developed a Pandemic Recovery Plan (PRP) in order to combat the challenges and build a strategy to counter any such event in future.

The Company developed PRP by focusing preventive measures and response measures. Key elements of these measures are mentioned hereunder, which aims at restoring economic viability under stress situation

A. FORMATION OF COVID RESPONSE TEAM

The Company formed COVID Response Team, which included Key Management Personnel from all departments. The Key function of the team is to develop organization response, provide guidance, and monitor pandemic response implementation.

B. AWARENESS

COVID-19 presented a significant risk towards employees who were working tirelessly to achieve their goals.

Over 500 participants were given briefs and training sessions to strengthen themselves against the virus without crippling their ability to continue working.

Positive ideology and mindset during these uncertain times in a work environment is known to improve individual performance of employees as well as impact the productivity of the entire team. It's essential to motivate people towards a positive mindset so that their presence and work ethic can lead to a positive outcome. Banner hosted one of these events to ensure as many participants as possible.

These Awareness Sessions are planned and underway for the latter half of this year.



C. IMPACT

The Company's operations are not impacted by the continuing wave of COVID-19. With regard to HSE protocols, the Company is operating at 100% staff strength while following all COVID related SOPs of the group.

Staff who had become eligible for vaccination were encouraged and advised to get themselves registered with Government's inoculation program. To date, almost 100% of the staff are fully vaccinated. Awareness campaign and monitoring is being done by HR and Admin Department on a continuous basis.

Moreover staff who are over 50 years of age and have been vaccinated for more than 6 months are being advised to get their booster shots.

D. CROSS TRAINING

The Company fosters cross training of employees to ensure that business functions can be performed in the absence of essential personnel for the successful continuance of operations. Cross training processes protect against single point of failure in knowledge in the event that the only person trained to perform a task is unavailable.

E. REMOTE CAPABILITIES

Planning for personnel to work from home can be an option during a pandemic episode. However, it is important that this recovery solution is thoroughly tested to ensure its viability. Several measures are integrated and implemented with respect to employees working environment including appropriate tools (VPN, remote access IDs) for users to work successfully from home and enough bandwidth to adequately support the number of remote users that may be necessary during different situations.

F. CRITICAL SUPPLIERS AND VENDORS

It is also important to remember that a pandemic outbreak could be widespread and not just affect a single business – third party providers on which company depends on for goods and services could also be affected. Therefore, incorporating backup plans for key suppliers and vendors must be a part of planning.

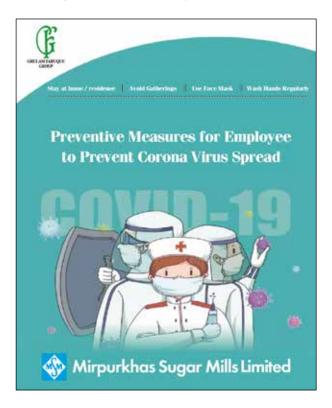
G. COMMUNICATION

It is necessary to ensure that critical information can be exchanged so employees are kept abreast of any developments or changes in requirements as the situation progresses. We ensure that our organization has incorporated these focus areas into its planning and it assist in preparedness to respond to a pandemic.

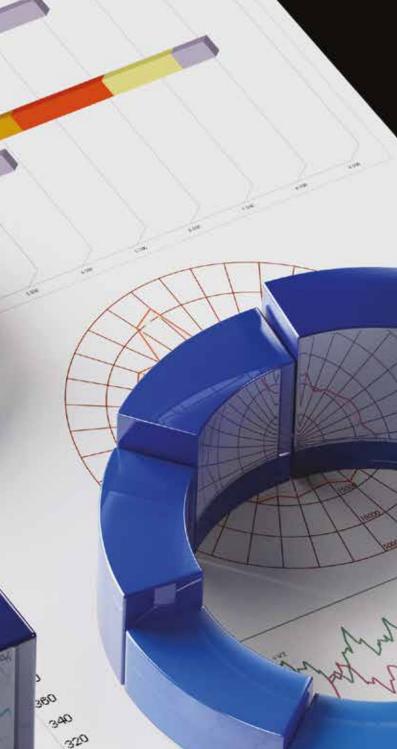
H. SPECIFIC PREVENTION MEASURES

All steps were taken for the health and safety of our employees at Head Office, Sales Offices and factory Site. Following basic Protective Measures taken against Corona Virus are as follows:

- · Provide disinfectant at business premises
- Intensify e-meetings and teleworking
- Adjusting leave policies to enable employees to stay home when ill, undergoing Covid-19 testing, in quarantine (self-isolation)
- Post accessible signage to discourage employees
 / clients who are ill from entering the workplace / business setting
- Reinforce general practices to maintain physical distancing, wearing masks, temperature checking and avoiding greetings like handshakes
- Restricting travelling between Head Office and Factory Site
- Promote and facilitate 'respiratory hygiene'
- Oblige the clean desk policy



12% -20 SOND IN FM AMJ 88 Mirpurkhas Sugar Mills Limited N 0 13 F M A M J P. ASONDIAF



005 085

30

20

0A

0

0

69

0.7

3

弊.

Performance and Position

- 90 Financial Indicators
- 91 Key Performance Indicators
- 91 Methods and Assumptions in Compiling Indicators
- 93 Non-Financial Indicators
- 94 Quarterly Performance Analysis
- 95 Comments on Quarterly Performance Analysis
- 96 Six Years Statistics and Ratios
- 98 Comments on Ratios
- 99 Key Operating Highlights
- 102 DuPont Analysis
- 103 DuPont Chart
- 104 Free Cash Flows

20

- 105 Economic Value Added
- 106 Horizontal Analysis Last Six Years
- 108 Vertical Analysis Last Six Years
- 110 Summary of Cash Flow Last Six Years
- 111 Cash Flow Statement Direct Method
- 112 Share Price Sensitivity Analysis
- 113 Calendar of Notable Events
- 114 SAP Success Factors Implementation at GFG
- 115 Business rationale of major capital expenditure /projects during the year and for those planned for next year

P

Geo

Financial Indicators

Actual Results

The FY 2020/21 was once again a challenging year for the sugar industry, and specially for the Company. Despite sugarcane crushing having increased by 8.57 percent, late rains in Sindh and heavy rains at the mill gates and other operational areas resulted in damages to the sugarcane crop that significantly impacted both yield and recovery. During the crushing season 2020/21, the plant operated for 98 days as against 107 days the previous year. The factory crushed 488,464 metric tons of sugarcane to produce 51,909 metric tons of sugar compared to 525,201 metric tons of sugarcane crushed to produce 57,286 metric tons of sugar during the corresponding season last year. The reasons for the lower production compared to last year were primarily due to late rains, resulting in stale and dry cane in the majority of the operational areas. This resulted in lower yields and recoveries of sugarcane. The sucrose recovery declined to 10.63%, from 10.91% from the previous season, primarily due to lower sugar content in the sugarcane and intermittent crushing due to slow arrivals of sugarcane. The Company also produced 24,296 metric tons of molasses during the year, compared to 25,133 metric tons produced during the corresponding period last year, due to increased competition for molasses.

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

	2021	2020
	(Rupees in '000)	
Net sales	3,861,442	4,637,141
Cost of sales	(3,578,666)	(4,332,418)
Gross profit	282,776	304,723
Expenses & taxes	(142,456)	(420,456)
Net profit / (loss)	140,320	(115,733)

0001

2024

For the period ended September 2021, company reported a net turnover of Rs. 3,861 million against Rs. 4,637 million last year, marking a decrease in turnover by 16.7% (Rs. 775.7 million). Quantitative data of sales of current and last year is as follows:

	2021	2020
	(In t	ons)
Local sales	49,376	72,943
Export sales	-	792
Total sales	49,376	73,735

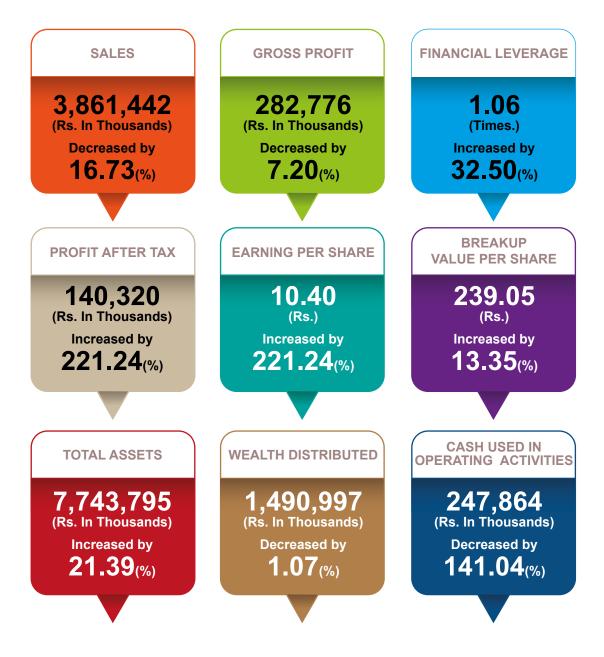
Budgeted Results

The planned/budgeted sugarcane crushing was 624,000 MT, however, due to tough competition amongst mills and higher rates, the company managed to crush 488,464 MT of sugarcane. Further the planned sucrose recovery percentage was 10.78% as against actual of 10.63% resulting in reduction of production by 15,352 MT. Ultimately MSM had to sell lower quantities of 49,376 MT as against 64,260 MT which resulted in decrease in gross profit by Rs. 223 million. However, increased share of profit from associate than budgeted and other income led to the positive bottom line of Rs.140 million as against the planned profit of Rs. 64 million.

	2021	
	Actual	Budgeted
	(In t	ons)
Total sales volume Actual vs budget figure under respective head is as follows:	49,376	64,260
	20	21
	Actual	Budgeted
	(Rupees	s in '000)
Net sales	3,861,442	4,469,782
Cost of sales	(3,578,666)	(3,964,140)
Gross profit	282,776	505,642
Expenses & taxes	(142,456)	(442,114)
Net profit	140,320	63,528

Key Performance Indicators

FINANCIAL 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.



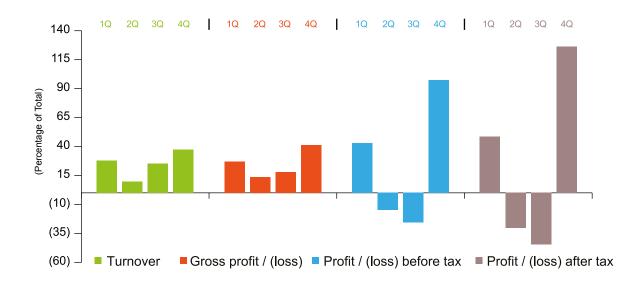
Non-Financial Indicators

	(49)	KNC19		
Capital forms	Objective	KPI Monitored	Future Relevance	
	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.	
Manufactured Capital	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.		
	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	
Human Capital	Training and Education	Continuous training of employees and workers. Monitor training need analysis with special focus on health and safety at work.	higher productivity.	
	Shareholder Value	EPS, ROE, Asset Turnover and DPS	We value our relationship with all our stakeholders therefore, we	
Relationship Capital	Stock Value	Analyse market price as a measure of relationship capital	will continue to strive to improve shareholders' value. Improve our customer services and maintain	
	Suppliers and Customers Relationships	Assess the payment stream and ensure timely payment. Provide customer with maximum support beyond customer -supplier relationship.	timely payments.	
Intellectual capital	Highest product strength at lowest cost in industry Maintain industry leadership	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.	

Quarterly Performance Analysis

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Fatticulars			(Rupees in '000)		
Turnover-net	1,079,061	378,366	968,012	1,436,003	3,861,442
Cost of sales	(1,002,924)	(339,536)	(917,284)	(1,318,922)	(3,578,666)
Gross profit	76,137	38,830	50,728	117,081	282,776
Distribution cost	(3,779)	(7,248)	(6,450)	(6,997)	(24,474)
Administrative expenses	(45,969)	(25,210)	(35,582)	(46,106)	(152,867)
Other operating expenses	(163)	(27,987)	9,685	(6,619)	(25,084)
L	(49,911)	(60,445)	(32,347)	(59,722)	(202,425)
Other income	6,471	9,046	7,734	190,336	213,587
Operating profit / (loss)	32,697	(12,569)	26,115	247,695	293,938
Finance cost	(40,438)	(67,168)	(81,060)	(57,044)	(245,710)
	(7,741)	(79,737)	(54,945)	190,651	48,228
Share of profit/ (loss) in an associate	100,409	47,977	(330)	19,489	167,545
Profit / (loss) before taxation	92,668	(31,760)	(55,275)	210,140	215,773
Taxation	(24,492)	(10,851)	(7,155)	(32,955)	(75,453)
Profit / (loss) after tax	68,176	(42,611)	(62,430)	177,185	140,320

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
		(F	Percentage of Total)	
Turnover	27.94	9.80	25.07	37.19	100
Gross Profit	26.92	13.73	17.94	41.40	100
Profit / (Loss) before tax	42.95	(14.72)	(25.62)	97.39	100
Profit / (Loss) after tax	48.59	(30.37)	(44.49)	126.27	100



Comments Quarterly Performance Analysis

Quarter 1

- Turnover was on higher side during the quarter due to higher sales quantity of last year carried over stock at improved prices.
- Cost of sales was higher due to higher sugarcane procurement cost resulting in increase in total cost of production of Sugar.
- Operating profit and net profit was reported due to efficient operation management and higher share of profit from Associate than Q4 last year.

Quarter 2

- Low sugar production as compared to last season primarily due to lower yield and recovery of sugarcane. The sucrose recovery declined to 10.63% compared to 10.91% in last season. This led to higher sale prices but sales volumes remained depressed which eventually shrank turnover by almost 65% as compared to the Q1.
- Cost of sales per ton remained almost same as of first quarter which increased the gross profit percentage.
- Operating loss occurred due to increase in other operating expenses because of write-off of subsidiary loan and fair value adjustment on agricultural produce.
- Other factors that contributed to the loss were higher finance cost due to higher working capital requirements on account of lower sales in the quarter.

Quarter 3

- Turnover increased significantly by Rs. 590 million as the Company sold 7,562 tons more volume than Q2 at better prices as prices of sugar in local market got improved on the back of a rise in demand.
- Gross profit and operating profit was reported in Q3 due to efficient operation management and decrease in other operating expenses
- Net loss reported in Q3 increased compared to Q2 due to higher finance cost and reduction in Associate's profitability.

Quarter 4

- Turnover increased by Rs.468 million from Q3 due to high demand of local sugar at attractive prices which improved by 9% from Q3. The company sold 35% of the total volume in last quarter.
- Cost of sales per ton increased due to accumulation of overheads.
- The Company's GP percentage increased from 5% in Q3 to 8% in Q4. Gross and net profit was reported in Q4 due to translation of efficient operational measures taken by the management in financial year and other income from reversal of deferred cane liability and gain on derivative instrument.

Six Years Statistics and Ratios

		2021	2020	2019	2018	2017	2016
Production Data		400 404	505 004	F77 000	774 474	700 070	040 740
Sugarcane crushed	(M. Tons)	488,464	525,201 10.91	577,396 11.25	774,171 11.39	738,378	616,716
Sucrose recovery Sugar production	(%) (M. Tons)	10.63 51,909	57,286	64,935	88,183	10.68 78,897	10.82 66,753
Molasses production	(M. Tons) (M. Tons)	24,296	25,133	26,445	38,725	34,860	28,325
Molasses production	(111. 10115)	24,290	25,155	20,443	50,725	54,800	20,325
Sales & Profitability				(Rupees	in '000)		
Turnover - net		3,861,442	4,637,141	3,728,986	4,170,397	2,802,150	3,762,892
Cost of sales		3,578,666	4,332,418	3,121,032	3,788,510	2,849,191	3,434,737
Gross profit		282,776	304,723	607,954	381,887	(47,041)	328,155
Operating profit / (Loss)		293,938	143,475	452,101	(82,596)	(173,588)	253,674
Profit / (Loss) before taxation		215,773	(48,005)	417,669	111,649	(292,927)	225,560
Profit / (Loss) for the year		140,320	(115,733)	307,188	73,244	(270,044)	150,069
Financial Position							
Fixed assets - net		3,469,425	2,618,489	2,482,420	2,416,009	2,366,349	2,036,694
Other Non-current assets		1,838,439	1,795,644	1,491,021	1,812,593	882,594	752,876
	А	5,307,864	4,414,133	3,973,441	4,228,602	3,248,943	2,789,570
Current assets		2,435,931	1,965,049	1,827,130	2,276,581	4,131,912	2,472,894
Current liabilities		(2,779,786)	(1,848,653)	(2,547,469)	(2,914,100)	(3,495,721)	(1,465,464)
Working capital	В	(343,855)	116,396	(720,339)	(637,519)	636,191	1,007,430
Capital employed	(A+B)	4,964,009	4,530,529	3,253,102	3,591,083	3,885,134	3,797,000
Less: Non-current liabilities	()	(1,738,025)	(1,684,659)	(1,269,197)	(1,340,778)	(1,377,166)	(856,347)
Shareholders' equity		3,225,984	2,845,870	1,983,905	2,250,305	2,507,968	2,940,653
Represented by:							
Share capital		134,950	134,950	122,682	122,682	122,682	122,682
Reserves		2,246,775	1,866,661	1,045,158	1,311,052	1,568,715	2,262,222
Surplus on revaluation of fixed a	issets	844,259	844,259	816,065	816,571	816,571	555,749
		3,225,984	2,845,870	1,983,905	2,250,305	2,507,968	2,940,653
Performance indicators							
Profitability Ratios							
Gross profit / (loss) ratio	(%)	7.32	6.57	16.30	9.16	(1.68)	8.72
Net profit to sales	(%)	3.63	(2.50)	8.24	1.76	(9.64)	3.99
EBITDA margin to sales	(%)	10.45	5.28	14.68	0.21	(3.43)	8.43
Operating leverage ratio	(times)	2.26	5.41	2.68	(12.90)	2.15	2.72
Return on equity	(%)	4.35	(4.07)	15.48	3.25	(10.77)	5.10
Return on capital employed	(%)	9.50	7.93	29.77	9.99	(1.75)	10.02
Shareholders' Funds	(%)	41.66	44.61	34.20	34.59	33.98	55.88
Return on Shareholders' Funds	(%)	4.35	(4.07)	15.48	3.25	(10.77)	5.10
Liquidity Potico							
Liquidity Ratios Current ratio	(times)	0.88	1.06	0.72	0.78	1.18	1.69
Quick/ acid test ratio	(times)	0.88	0.59	0.72	0.78	0.53	1.09
Cash to current liabilities	(times)	0.34	0.59	0.24	0.32	0.53	0.01
Cashflow from operations	(unes)	0.01	0.02	0.02	0.01	0.01	0.01
to sales	(times)	(0.02)	0.15	0.22	0.16	(0.78)	0.12
	(unico)	(0.02)	0.10	0.22	0.10	(0.70)	0.12

		2021	2020	2019	2018	2017	2016
		2021	2020	(Rupees in		2011	2010
Activity/ Turnover Ratios				(,		
Inventory turnover ratio	(times)	4.37	5.32	3.04	2.44	2.53	11.34
No. of days in inventory	(days)	83.49	68.66	119.96	149.55	144.02	32.18
Debtor turnover ratio	(times)	16.83	17.86	18.23	9.21	10.99	14.34
No. of days in receivables	(days)	21.69	20.44	20.02	39.63	33.20	25.46
Creditor turnover ratio	(times)	46.44	47.07	25.56	29.00	28.38	15.50
No. of days in creditors	(days)	7.86	7.75	14.28	12.59	12.86	23.55
Total assets turnover ratio	(times)	0.50	0.73	0.64	0.64	0.38	0.72
Fixed assets turnover ratio	(times)	1.11	1.77	1.50	1.73	1.18	1.85
Operating cycle	(days)	97.32	81.35	125.70	176.58	164.37	34.09
Investment/ Market Ratios							
Earnings per share - basic **,**	* (rupees)	10.40	(8.58)	22.76	5.43	(20.01)	11.12
Price earning ratio **	(times)	9.42	(9.56)	2.72	23.95	(7.10)	15.77
Price to Book ratio	(%)	17.08	17.35	14.44	24.54	23.63	40.89
Cash Dividend yield ratio	(%)	-	-	-	1.15	-	2.85
Dividend payout ratio	(%)	-	-	3.99	25.12	-	40.88
Dividend cover ratio	(times)	-	-	25.04	3.98	-	2.45
Cash dividend per share*	(rupees)	-	-	-	1.50	-	5.00
Bonus Share*	(%)	-	-	10.00	-	-	-
Market price per share:							
- Closing	(Rupees)	98.00	82.00	62.00	130.00	142.00	175.40
- High	(Rupees)	129.00	114.36	130.00	157.44	262.00	176.30
- Low	(Rupees)	68.01	47.53	62.00	114.00	136.30	72.25
Break-up value per share**	(Rupees)	239.05	210.88	147.01	166.75	185.84	217.91
Break-up value per share							
without surplus on revaluation*	* (Rupees)	176.49	148.32	86.54	106.24	125.34	176.73
Capital Structure Ratios							
Financial leverage ratio	(times)	1.06	0.80	1.30	1.39	1.54	0.46
Weighted average cost of debt	(%)	6.73	11.93	11.87	6.71	6.18	7.02
Debt to equity ratio	(<i>)</i>	52:48	44:56	56:44	58:42	61:39	32:68
Interest cover ratio	(times)	1.88	0.87	2.03	1.53	(0.28)	2.69
Employee Productivity Ratios	5						
Production per employee	(M. Tons)	66	56	86	117	79	71
Revenue per employee	(Rupees)	16,023	20,518	15,283	17,746	12,454	17,027
Staff turnover ratio	(%)	7.90	4.86	11.07	9.36	5.78	7.23
Non Financial Ratio							
% of Plant Availability	(%)	81.67	105.94	72.73	117.21	91.60	83.46
Customer satisfation Index	(%)	99.99	99.99	99.99	99.99	99.99	99.99
Others							
Spare Inventory as % of							
Assets Cost	(%)	2.66	3.32	3.37	3.50	2.65	3.43
Maintenance Cost as % of							
Operaing Expenses	(%)	7.04	8.93	13.65	4.69	21.95	12.84
	. /						

* 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 decreased by 17% as compared to year 2020 due to lower production during the crushing season 2020/21 and lower opening stocks which resulted in reduced sales and gross profit from last year. The Company was also affected by the exorbitant increase in sugarcane cost due to intense competition witnessed in all operational areas and cane cost increased from Rs. 270 per maund in 2020 to Rs. 312 per maund in 2021. However, gross profit as percentage remained almost same as the prices improved by 23.5% which compensated for decrease in quantity sold and higher cane cost. Despite increase in distribution cost and other operating expenses, Company reported a net profit ratio of 3.63% as against negative (2.5) % last year primarily on account of reduction in finance cost and higher other income. Operating leverage reduced due to 15.65% increase in variable cost and 33% decline in quantity sold as against 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 significantly as compared to last year owing to lower sales and higher closing stock. The allowed deferment period of long term loan also completed this year which increased current maturity of long term loans and hence affected the liquidity ratios. However, the Company has been able to manage a positive trend of current asset ratios and acid test ratio for last many years.

Activity / Turnover Ratios

Despite rising cost of sales, efficient operations management resulted in maintaining the activity ratios. The increase in operating cycle was mainly due to lower sales and higher closing stock. Asset turnover ratios 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 prices and reduction in finance cost 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. Weighted average cost of debt of the Company reduced significantly because of reduction in discount rates by the State Bank which remained effective throughout the year. Financial leverage and debt to equity ratio increased owing to increase in short term borrowings as well as long term borrowings under TERF scheme for paper project.

Employee Productivity Ratios

Company has always strived to provide better working environment for its employees to keep its employees motivated for better productivity and performance. Employee productivity has increased due to company's efficient manpower management and recruitment process.

Non-Financial Ratios

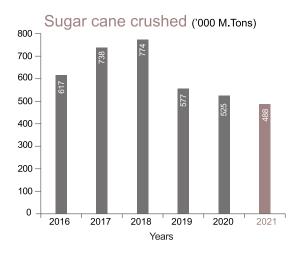
Percent of plant availability is dependent on availability of sugarcane for crushing and expectations about sugarcane crop.

Others

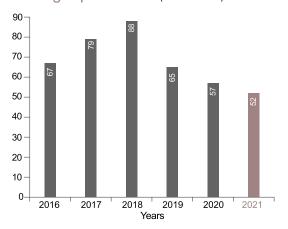
Spares inventory percentage has decreased owing to increase in asset base because of ongoing paper project.

Key Operating Highlights

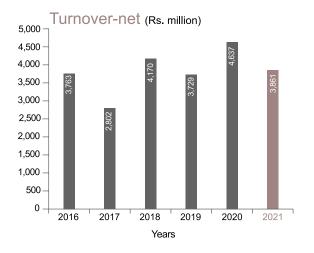
Production Highlights

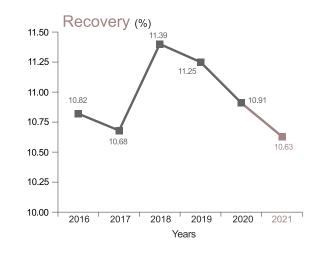


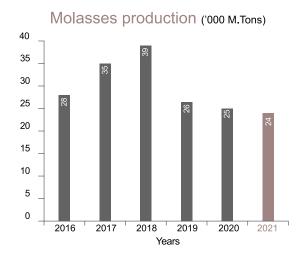
Sugar production ('000 M.Tons)

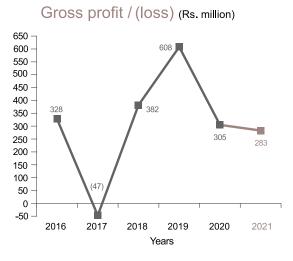


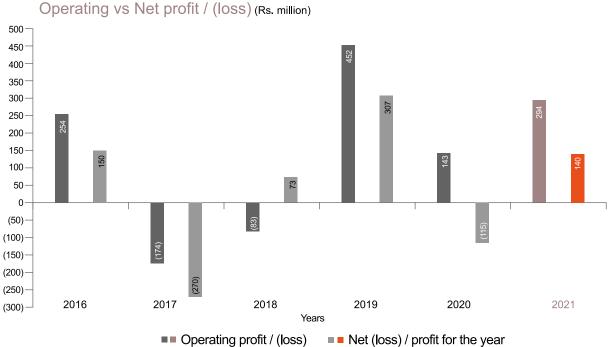








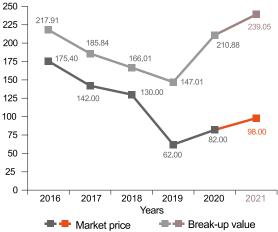


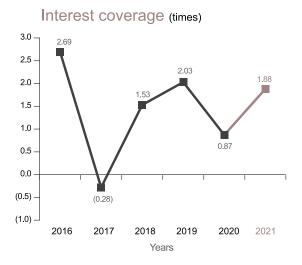


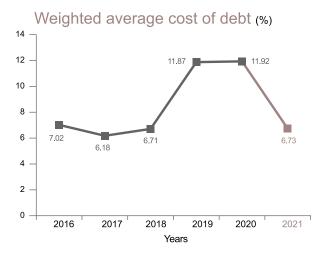


Earnings per share (Rupees) 30 22.76 25 20 15 11.12 10.40 10 5 5.43 0 (5) (10) (8.58) (15) (20) (20.01) (25) – 2016 2017 2018 2019 2020 2021 Years

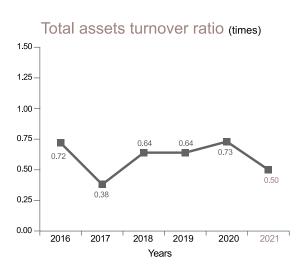


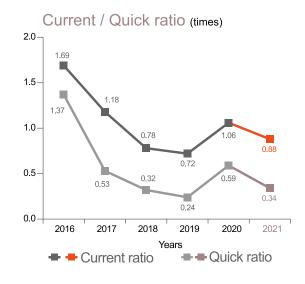


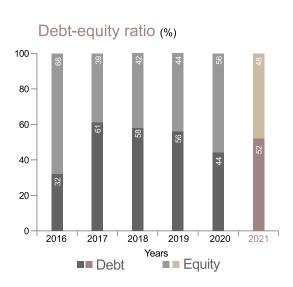




EBITDA margin to turnover (%) 16 14.68 14 12 10.45 10 8.43 8 6 4 5.28 2 -0.21 0 (3.43) (2) (4) 2016 2017 2018 2019 2020 2021 Years



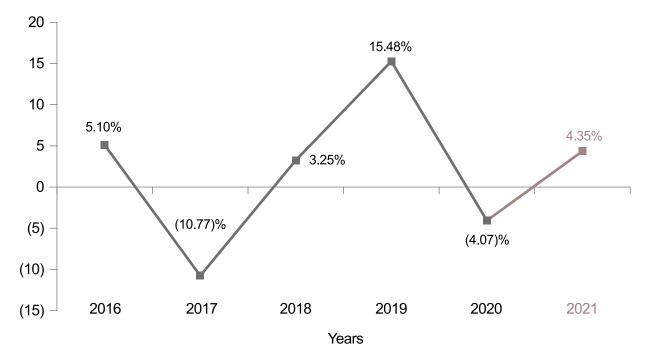




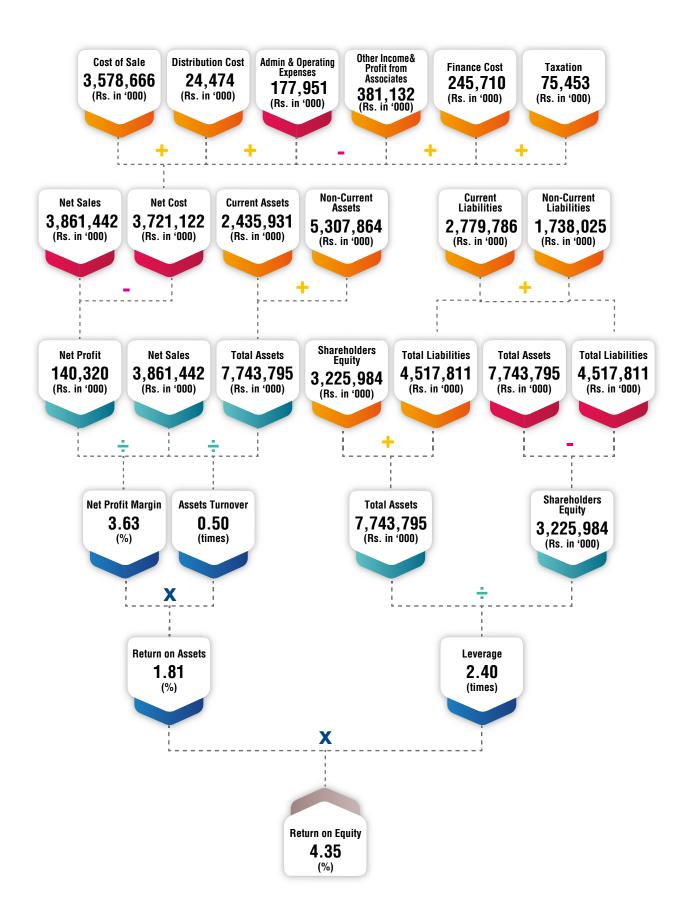
DuPont Analysis

Description	2021	2020	2019	2018	2017	2016
Operating margin (%)	7.61	3.09	12.12	(1.98)	(6.19)	6.74
Asset turnover (times)	0.50	0.73	0.64	0.64	0.38	0.72
Interest burden / efficency (%)	73.41	(33.46)	92.38	135.17	(168.75)	88.92
Tax burden / efficiency (%)	65.03	241.09	73.55	65.60	92.19	66.53
Leverage (Equity Multiplier)	2.40	2.24	2.92	2.89	2.94	1.79
Return on Equity (%)	4.35	(4.07)	15.48	3.25	(10.77)	5.10

Graphical Presentation of DuPont Analysis -ROE (%)



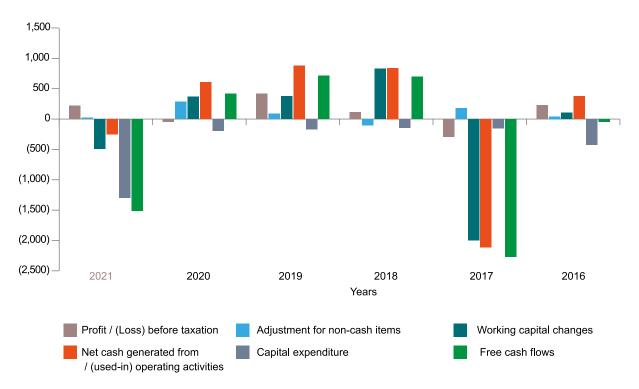
DuPont Chart



Free Cash Flows

	2021	2020	2019	2018	2017	2016
			(Rupees i	n '000)		
Profit / (Loss) before taxation	215,773	(48,005)	417,669	111,649	(292,927)	225,560
Adjustment for non-cash items	24,291	285,740	89,476	(100,911)	176,416	42,414
Working capital changes	(487,928)	366,244	374,864	829,639	(1,998,954)	106,212
Net cash (Used in) / generated from operating activities	(247,864)	603,979	882,009	840,379	(2,115,465)	374,186
Capital expenditure	(1,259,975)	(190,395)	(167,757)	(144,761)	(156,016)	(419,983)
Free cash flows	(1,507,839)	413,584	714,252	695,618	(2,271,481)	(45,797)

Graphical Presentation of Free Cash Flows (Rs.in Million)

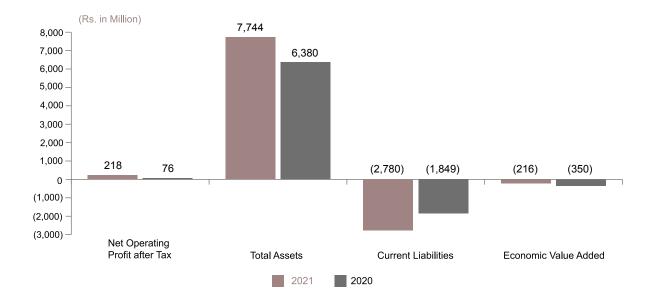


Economic Value Added

	2021	2020
	(Rupees	s in '000)
Net Operating Profit After Tax	218,485	75,747
Cost of Capital	(434,138)	(426,154)
Economic Value Added	(215,653)	(350,407)
Cost of Capital		
Total Assets	7,743,795	6,379,182
Current Liabilities	(2,779,786)	(1,848,653)
Invested Capital	4,964,009	4,530,529
Weighted Average Cost of Capital	8.75%	9.41%
Cost of Capital	434,138	426,154

2004

.....



Horizontal Analysis - Last Six Years

	2021		202	:0
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
Assets				
Non-current assets	5,307,864	20	4,414,133	11
Current assets	2,435,931	24	1,965,049	8
Total Assets	7,743,795	21	6,379,182	10
Equity & Liabilities				
Shareholders' equity	3,225,984	13	2,845,870	43
Non-current liabilities	1,738,025	3	1,684,659	33
Current liabilities	2,779,786	50	1,848,653	(27)
Equity & Liabilities	7,743,795	21	6,379,182	10
Turnover & Profit				
Turnover-net	3,861,442	(17)	4,637,141	24
Gross profit/(loss)	282,776	(7)	304,723	(50)
Operating profit/(loss)	293,938	105	143,475	(68)
Profit/(loss) before taxation	215,773	549	(48,005)	(111)
Profit/(loss) for the year	140,320	221	(115,733)	(138)

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 and higher fair value of investment of shares in related parties routed through other Comprehensive Income and long term loan for cane development whereas decreased due to free hold land having book value of Rs. 301 million being transferred to assets held for sale under the requirements of IFRS and write off of long term loan to subsidiary.

Current assets increased due increased sugar stock as compared to last year, receivable from gratuity fund as a result of actuarial valuation, recording of derivative asset on account of gain on forward contract and transfer of freehold land to held for sale but decreased due to decrease in trade debts and sale of shares of related party.

Shareholders' equity increased due to profit for the year, fair value gain on investment in securities through other comprehensive Income and actuarial gain on defined benefit plan.

Non current liabilities increased mainly due to additional long term financing during the year under TERF scheme for paper and board project and related government grant at low markup rates. It decreased due to repayment of long term loan principal and reversal of deferred cane liability.

Increase in short term borrowings and current maturity of long term loans due to end of principal deferment facility period resulted in increasing current liabilities.

2019)	2018		2017	7	2016		
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	
3,973,441	(6)	4,228,602	30	3,248,943	16	2,789,570	19	
1,827,130	(20)	2,276,581	(45)	4,131,912	67	2,472,894	31	
5,800,571	(11)	6,505,183	(12)	7,380,855	40	5,262,464	24	
1,983,905	(12)	2,250,305	(10)	2,507,968	(15)	2,940,653	31	
1,269,197	(5)	1,340,778	(3)	1,377,166	61	856,347	11	
2,547,469	(13)	2,914,100	(17)	3,495,721	139	1,465,464	20	
5,800,571	(11)	6,505,183	(12)	7,380,855	40	5,262,464	24	
3,728,986	(11)	4,170,397	49	2,802,150	(26)	3,762,892	23	
607,954	59	381,887	912	(47,041)	(114)	328,155	1	
452,101	647	(82,596)	(52)	(173,588)	(168)	253,674	28	
417,669	274	111,649	138	(292,927)	(230)	225,560	53	
307,188	319	73,244	127	(270,044)	(280)	150,069	44	

Profit and Loss Account

Turnover has decreased by 17% as compared to year 2020 due to lower production during the crushing season 2020/21 and lower opening stocks which resulted in reduced sales and gross profit.

Operating profit increased due to higher other income owing to reversal of deferred cane liability and gain on derivative instrument but decreased by loan write-off of Mirpurkhas Energy, provision for WPPF, WWF and effects of fair value adjustments on agricultural produce.

Finance cost decreased during the year due to decrease in discount rates by the State Bank of Pakistan that remained effective throughout the year.

Overall impact was profit for the year of Rs. 140.32 million.

Vertical Analysis - Last Six Years

	2021		202	0
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
Assets				
Non-current assets	5,307,864	69	4,414,133	69
Current assets	2,435,931	31	1,965,049	31
Total Assets	7,743,795	100	6,379,182	100
Equity & Liabilities				
Shareholders' equity	3,225,984	42	2,845,870	45
Non-current liabilities	1,738,025	22	1,684,659	26
Current liabilities	2,779,786	36	1,848,653	29
Equity & Liabilities	7,743,795	100	6,379,182	100
Turnover & Profit				
Turnover-net	3,861,442	100	4,637,141	100
Gross profit / (loss)	282,776	7	304,723	7
Operating profit / (loss)	293,938	8	143,475	3
Profit / (loss) before taxation	215,773	5.59	(48,005)	(1.04)
Profit / (loss) for the year	140,320	3.63	(115,733)	(2.50)

Comments on Vertical Analysis:

Statement of Financial Position

Non current assets and current assets remained same with no effective change.

Despite increase in long term financing, non current liabilities as percentage of equity and liabilities have decreased from last year mainly due to reversal of deferred cane liability and increase in short term liabilities by Rs. 931 million on account of increased short term borrowings and current maturity of long term loans due to end of principal deferment facility period.

Shareholders' equity as percentage reduced due to increase in short term and long term liabilities.

2019)	2018		201	2017		2016		
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%		
3,973,441	69	4,228,602	65	3,248,943	44	2,789,570	53		
1,827,130	31	2,276,581	35	4,131,912	56	2,472,894	47		
5,800,571	100	6,505,183	100	7,380,855	100	5,262,464	100		
1,983,905	34	2,250,305	35	2,507,968	34	2,940,653	56		
1,269,197	22	1,340,778	21	1,377,166	19	856,347	16		
2,547,469	44	2,914,100	45	3,495,721	47	1,465,464	28		
5,800,571	100	6,505,183	100	7,380,855	100	5,262,464	100		
3,728,986	100	4,170,397	100	2,802,150	100	3,762,892	100		
607,954	16	381,887	9	(47,041)	(2)	328,155	9		
452,101	12	(82,596)	(2)	(173,588)	(6)	253,674	7		
417,669	11.20	111,649	2.68	(292,927)	(10.45)	225,560	5.99		
307,188	8.24	73,244	1.76	(270,044)	(9.64)	150,069	3.99		

Profit and Loss Account

Turnover has decreased by 17% as compared to year 2020 which resulted in reduced gross profit in absolute terms. However, gross profit as percentage remained almost same as the prices improved by 23.5% which compensated for decrease in quantity sold and higher cane cost.

Operating profit increased to 8% of sales as against 3% last year mainly because of other income from reversal of deferred cane liability and gain on derivative instrument. The operating profit was supported by reduction in finance cost by 33% from last year which contributed to the Company achieving net profit ratio of 3.63% as against negative 2.5% last year.

Summary of Cash Flow - Last Six Years

	2021	2020	2019 (Rupees i	2018 in '000)	2017	2016
Summary of Cash flows			(
Net cash (used in)/generated from operating activities	(247,864)	603,979	882,009	840,340	(2,115,465)	374,186
Net cash (used in)/generated from investing activities	(662,148)	99,472	105,853	102,251	(133,105)	(379,821)
Net cash generated from / (used in) financing activities	910,188	(710,678)	(963,778)	(946,904)	2,250,160	(29,488)
Change in cash and cash equivalents	176	(7,227)	24,084	(4,312)	1,590	(35,123)
Cash and cash equivalents - beginning of the year	35,168	42,395	18,311	22,623	21,033	56,156
Cash and cash equivalents - Year end	35,344	35,168	42,395	18,311	22,623	21,033

Comments on Cash Flow

Cash flows from operating activities steeply declined because of higher payments to sugar cane growers owing to almost 15.5% rise in cane cost from last year and holding more closing stock than last year at higher value. Management is fully committed for managing operations efficiently and managed to pay its creditors well on time.

In order to diversify the business of the Company, ground work on paper project has commenced and is progressing at full swing. Cash flows from investing activities mainly represent the payment of capital work in progress related to the project and sale of equity investment for the same project. Company also invested in its capital assets to modernise its existing plant. Besides this, cash was generated as a result of dividend received from an associate.

Cash flows from financing activities were positive as the company borrowed short term and long term financing from various banks. Long term financing was obtained under TERF scheme for paper and board project whereas some principal repayments were also made falling due after end of principal deferment facility. Short term borrowings were needed to fulfil working capital requirements owing to lower sales and higher closing stock than last year.

Cash Flow Statement - Direct Method

for the year ended September 30, 2021

ior the year chaed deptember 30, 2021		
	2021	2020
	(Rupee	s in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	3,655,221	4,659,594
Cash paid to suppliers and employees	(3,737,556)	(3,982,348)
Cash (used in) / generated from operations	(82,335)	677,246
Long-term deposits - net	(14,144)	(154)
Deferred liability	-	-
Income tax paid	(151,385)	(73,113)
Net cash (used in) / generated from operating activities	(247,864)	603,979
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,259,975)	(190,395)
Sale proceeds of operating property, plant and equipment	559	4,090
Sale proceeds of short term investment - net	376,647	-
Profit realised on term deposits	53	210
Dividend received from an associate	212,500	275,000
Dividend received from related parties	8,068	10,567
Net cash (used in) / generated from investing activities	(662,148)	99,472
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(245,607)	(398,358)
Short-term borrowings-net	698,352	(699,054)
Long-term financing-net	462,466	390,604
Payment of lease liability	(4,544)	(3,817)
Payment of dividend	(479)	(53)
Net cash generated from / (used in) financing activities	910,188	(710,678)
Net increase / (decrease) in cash and cash equivalents	176	(7,227)
Cash and cash equivalents at the beginning of the year	35,168	42,395
Cash and cash equivalents at the end of the year	35,344	35,168

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 ndustry 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.



Calendar of Notable Events

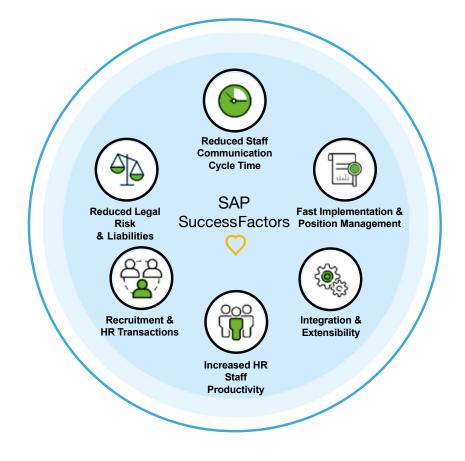


SAP Success Factors Implementation at GFG

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

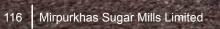
The Company continues to incur capital expenditure to enhance the plant efficiency and improved storage capacity for sugar and by products.

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. Currently the project is expected to be commissioned in approx. 15 months.





and the

Outlook

118 Forward Looking Statement

Forward Looking Statement

Pakistan is currently undergoing one of the most challenging economic situations that has affected almost all the sectors negatively. The outbreak of Covid-19 last year resulted in suppressing the demands because of lock down measures such as restrictions on air travel, inter-city public transport, religious/social gatherings and the closure of all schools and non-essential businesses. This resulted in businesses being badly affected overall production activities halted and consumers curbed expenditures. This was compounded by the new waves and variants of COVID-19 during the current year. The situation improved to some extent on the backdrop of actions taken by the Federal and Provincial Governments including the State Bank of Pakistan such as focus on getting the population vaccinated, smart lock downs, reduction in discount rates, wage financing scheme and Temporary Economic Refinance Facility (TERF) scheme at low rates and deferment of principal repayments. The TERF scheme was intended to pave way for new industrial investments and stimulating economic growth in the wake of COVID 19. The Large-Scale Manufacturing segment showed a rebound with the first nine months of the FY 2021, recording the highest period-wise growth of 8.99 % since the FY 2007. SBP has initially raised the policy rate by 150 basis points to 8.75 percent on 19 November 2021 and thereafter by 100 basis points to 9.75 on 14 December 2021 owing to associated risks related to inflation. Inflation rate is driven by the demand factors, international commodity prices, exchange rate, seasonal factors and economic agents' expectations concerning the future. At present government aims to increase agriculture productivity and food safety to counter the food inflation.

Mirpurkhas Sugar Mills Limited 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. However, the State Bank's monetary policy aimed at maintaining financial stability supported the economic recovery. This growth is certainly being reflected in the demand for commodities in general, so including sugar. It is expected that economy in general will continue the growth momentum owing to the continued focus on the initiatives mentioned and the demand for sugar is expected to increase or at least remain stable.

The company kept its finance cost at minimum levels in these times by taking timely operational decisions and better cash flow management. The company availed the SBP wage financing facility, deferment of principal payments for a year and also opted for TERF financing to invest in the paper and board project which aims for business diversification while creating job opportunities and supporting economic growth in the area.

Global sugar production in the 2020/21 season was around 179 million metric tons which is forecasted to remain stable. Production is forecast to reduce in Brazil due to lesser rains across Brazil and it is expected that their production for year 2021/22 will be around 31.2 million metric tons, a reduction of about 7.3 million metric tons. However, the improved crop in Thailand, Russia and EU will result in additional production of 4.4 million metric tons. As current international prices are not encouraging it is expected that there will be improvement in coming days as regular buyers like China, Algeria, Bangladesh, Iraq, Saudi Arabia will come to market as regular buyers, coupled with Ramzan demand in the coming months. India will continue to be exporter, as of Dec 2021 they have already contracted 3.7 million metric tons and their production will continue in coming months with Indian Government support incentives to the sugar millers to export throughout the year.

Consumption is forecasted to recover slowly, due to the impact of the coronavirus on economies of different countries. Sugar consumption is forecast to increase in India, Russia, Pakistan, and Egypt to approximately 28.5 MMT, 6.2 MMT, 5.8 MMT, and 3.3 MMT respectively. Consumption in the U.S and Mexico is forecast to increase slightly to 11.1 MMT and 4.38 MMT respectively. China, E.U, and Brazil's consumption forecasts are projected to remain unchanged.

The impact of the pandemic on disruptions in global supply chains, trade flows, and economies due to restrictions in movement has had an impact on global sugar demand in the 2020/21 season and will continue to impact due to port congestion and availability of bulk and containerized cargo. Slowly, governments globally are easing lockdown measures and implementing strategies that will assist in economic recovery and strategies to prevent further infections or waves, as countries adjust to the new "normal". We believe economies will recover and a solution will be found for the virus thus positively impacting demand in the 2021/22 season.

The government of Sindh has increased the minimum support price for the season 2021/22 to Rs. 250 per maund as against Rs. 202 per maund for the previous season. Whereas, in Punjab, season 2021/22 minimum support price is Rs. 225 per maund. 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 results in a higher cost of sugar produced in Sindh of approx. Rs. 9.50 per kg of refined sugar compared to Punjab. This makes sugar mills in Sindh uncompetitive.

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.

Better returns to the growers during the last two crushing seasons have resulted in improvements in both autumn and spring plantation of sugarcane. Surveys have shown improvements in yield as well as area of cultivation. The overall crop of sugarcane in Pakistan is therefore expected to increase by 20 percent, while in Sindh it is expected to improve by only 10 percent due to a lesser availability of canal water. A sustainable (and growing) pipeline of cane availability is critical to the Company's competitiveness: enhance capacity utilization and revenue on the one hand while effectively amortizing fixed costs and moderating costs on the other.

Over regulation of sugar industry, registering of cases against sugar brokers/dealers regarding an increase in sugar prices by government agencies, and non-clarity regarding sales tax charging mechanism of sugar can adversely impact the sale price and quantity. The proper documentation of the sugar production through the complete implementation of Track and Trace system is likely to have a positive impact. In a challenged economy, the Company expects demand for sugar to be flat till the time pandemic improves. If the government takes a prudent view of the situation, Pakistan can return to being a regular exporter of sugar.

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.

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 has decided to implement 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.

The external environment including political, economic, social, technological, environmental and legal environment It has been covered in detail in the section 'Organizational Overview and External Environment'

Revenue Projections

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.

Inflationary pressure and devaluation of Pakistani Rupee against USD is expected to continue owing to various imports and specially plant and machinery under TERF scheme. The likely increase of discount rate by the State Bank to curb inflationary pressure will impact the finance cost negatively. Demand compression measures to curb imbalances, along with unfavorable external conditions, all weigh on the outlook. FY 2022 is expected to remain a challenging one. However, considering the available information and management best judgement, revenue projections for sugar business are as follows:

Year	Revenue - net (Rs. in '000)
2021-22	4,866,546
2022-23	5,220,000
2023-24	5,564,737

Sources of Information used for projections of future revenues

The Company with its departments adopts and practices meaningful budgetary exercises for various areas of company 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.

Company performance against last year projection

FY 2020/21 was once again a challenging year for the sugar industry, and specially for the Company. Despite sugarcane crushing having increased, late rains in Sindh and heavy rains at the mill gates and other operational areas resulted in damages to the sugarcane crop that significantly impacted both yield and recovery. During the crushing season 2020/21, the plant operated for 98 days as against 107 days the previous year and crushed lesser quantities than expected. The factory crushed 488,464 metric tons of sugarcane to produce 51,909 metric tons of sugar as against 57,286 metric tons of sugar production last year. The reasons for the lower production were primarily due to late rains, resulting in stale and dry cane in the majority of the operational areas. This resulted in lower yields and recoveries of sugarcane.

Revenue projected last year of Rs. 4.5 billion could not be achieved due to lower production and opening stocks which resulted in 28% less quantities being sold than last year's projections. However, revenue in value terms declined only by 15% due to improved prices.

Despite increase in distribution cost and other operating expenses, Company reported a net profit ratio of 3.63% primarily on account of reduction in finance cost and other income.

Status of the projects/Upcoming Projects

Paper and Board Project

In order to further diversify its operations, the Company had decided to set up a 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. The Company has already placed the order for import of plant and machinery. While some shipments have already been received, the worldwide congestion at ports in the wake of COVID-19 has led to delays. Civil and erection works have already commenced at site, and currently the project is expected to be commissioned in approx. 15 months. 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.

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. The company has recently developed a Pandemic recovery plan and already has in place a 'business continuity plan' to ensure smooth and timely response towards various upcoming challenges. All of the Company's staff is also vaccinated and the Company is following the Government's directives in this regard.

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.

Additional Disclosures

Fair Value and Forced Sales Value of Property, Plant and Equipment

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 civil buildings, PEB structures and Boiler equipment. While plant and machinery is being received from China for onward installation.

Plant Capacity

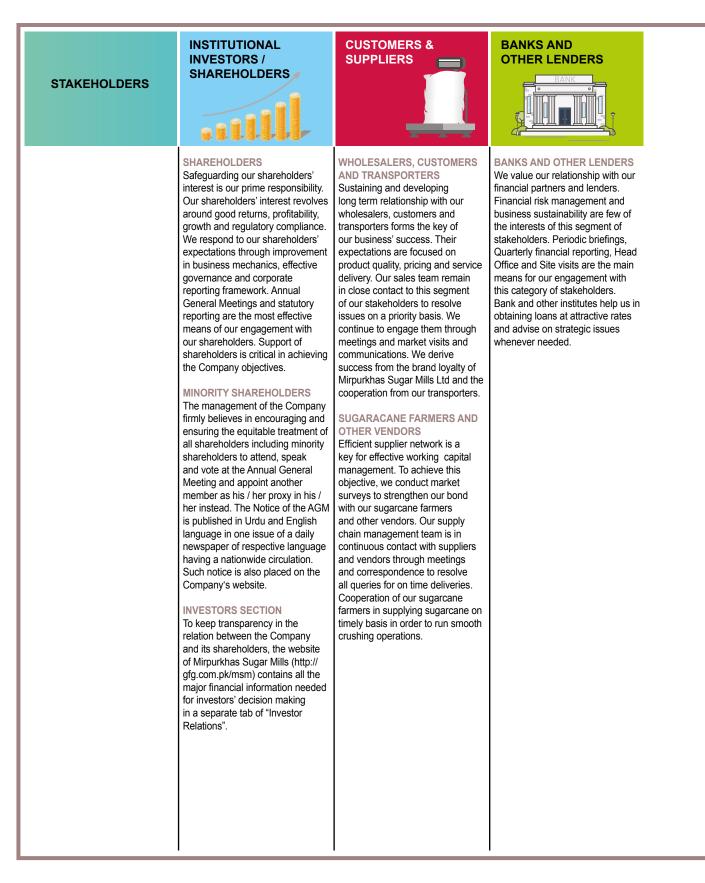
The Company has Mills Crushing Capacity of 12,500 MT per day.

Stakeholders' Relationship and Engagement

122 Stakeholders' Engagement124 Statement of Value Addition and Distribution of Wealth

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.



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 Wednesday, January 27, 2021 at 12:30 p.m. The meeting was well organized and well attended by the Shareholders. Shareholders asked different guestions 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.

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 a formal Corporate Briefing Session at our head office via zoom on February 23, 2021 to apprise the stakeholders about the Company's operational and financial performance during the year 2019-2020. 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

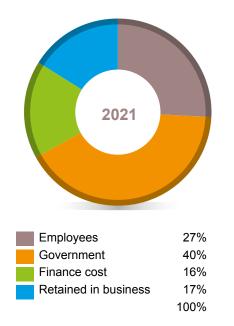
Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. We have educational loan schemes, in-house and outside training programs and long-term employment reward schemes in place to value our employees 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.

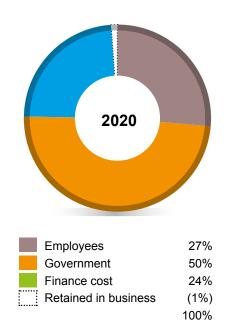
Statement of Value Addition and Distribution of Wealth

	2021	2021		2020	
	(Rupees in '000)	%	(Rupees in '000)	%	
Wealth Generated					
Gross Sales	4,380,977		5,314,686		
Material and Services	(3,271,112)		(4,008,145)		
	1,109,865		1,306,541		
Other income	213,587		26,017		
Share of profit in an associate	167,545		174,668		
	1,490,997		1,507,226		
	286 282	070/	200.220	070/	
EMPLOYEES REMUNERATION	386,283	27%	398,230	27%	
GOVERNMENT AS:					
Direct & Indirect taxes	605,471]	756,536		
Workers' Funds	3,574		-		
	609,045	40%	756,536	50%	
	,		,		
CHARITY & DONATIONS	235	*	894	*	
SHAREHOLDERS AS DIVIDEND					
Cash dividend**	-		-		
Bonus Share**	-		-		
FINANCE COST	245,710	16%	366,148	24%	
FINANCE COST	245,710	10 /0	500,140	24 /0	
RETAINED IN BUSINESS					
Depreciation & Amortisation	109,404		101,151		
Retained profit	140,320		(115,733)		
	249,724	17%	(14,582)	(1)%	
	1,490,997	100%	1,507,226	100%	
* nogligiblo					

* negligible

** post balance sheet event





Sustainability and Corporate Social Responsibility

126 Sustainability Highlights133 Corporate Social ResponsibilityHighlights

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).

Furthermore, in future we are planning for endorsement of Food safety system certification (FSSC 22000).

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:

1. ENVIRONMENTAL

Successfully managing an 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.

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 two 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.

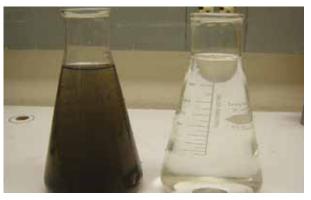


All of our emission parameters monitored from power generation and sugar manufacturing process are well below their respective limits as specified in the National Environmental Quality Standards (NEQS).

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.

Untreated and Treated Water



Treated water is used in agriculture farms



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.



Quality and Food Safety Management System includes

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:

- Designed, 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.

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.

 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.
- As per markets requirements and needs of customer producing different sort packaging i.e. Sugarella white refined, brown & caster sugar in and 1 & half kg packing, One Ton Jumbo bags as well as 50 kg bags.
- Successful packaging operation & Launching Sugarella Sugar small packing for consumer division.
- 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, Mechanical & Power shared his point of view on energy saving techniques through planetary drives at Mills.



Upcoming Quality Planning:

- MSM is planning for endorsement of Food safety system certification (FSSC 22000).
- Marketing of Bio Fertilizer after successful trial.

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.



Plantation at MSM & Surrounding Area

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. For further compliance, MSM plans for implementation of Food safety system certification 22000.

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

MSM ripples in the consumer market by producing portable packing and launching our branded sugar in small packing named as;

a) Sunblessed Sugarella (For Retail Packaging)

Packets of White Refined Granular Sugar in 1 Kg pack, Brown Sugar Crystal in ½ Kg, Caster Sugar in ½ Kg pack are readily available in market for end user consumption.

In retail market, we have covered super stores & marts to reach our customers in best affordable prices.

b) Organic / Bio Fertilizer

The cost of an agricultural inputs is increasing dayby-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.

MSM is now going to introduce alternate resources i.e. Organic Fertilizer in order to decrease the production cost of sugarcane's growers and increase the profitability of growers as well as sugar mills. MSM is converting sugar mill's waste product into valuable co-product, like sugar mill press mud, effluent etc. This Organic Fertilizer will be the best alternative of chemical fertilizers particularly DAP and SoP. The organic fertilizer will not only replace these chemical fertilizers but will also provide the required micro nutrients and organic matters to the soil. In this way growers can reduce 20% of their fertilizer expenses, resultantly lower crop production cost will positively boost the sugar industry in future.

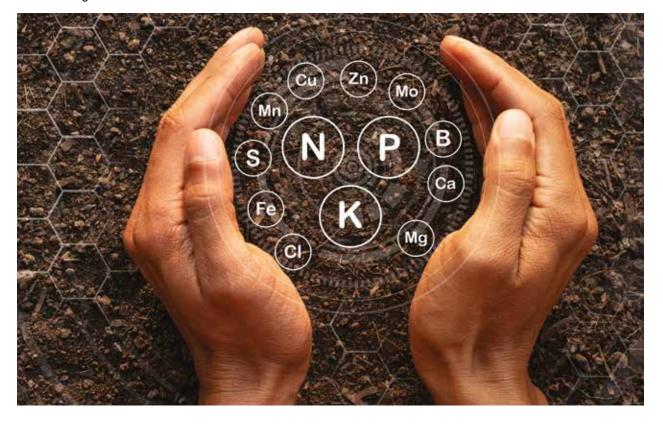
Plan for the grower's adoptability for the use of Organic Fertilizer. The following stepwise strategies can be helpful to convince the growers for the use of Organic Fertilizer as alternative inputs.

- Initially 30% of total requirement use of Organic fertilizer at MSM farms
- MSM have about 100 demo plots, here replace 30% of chemical fertilizer with organic fertilizer
- MSM will provide organic fertilizer to growers instead of yearly loan to purchase chemical fertilizer

Experimental / Trial Batch of Organic Fertilizer

On an experimental basis, a batch of organic fertilizer has been produced and ready to release for Market. As per plan target deputed to concern to introduce Organic fertilizer at MSM farms, demo plots as per procedure which is based on research, SOP for soil reclamations and general uses is established and circulated with concerned.

After successful trial and convincing the growers, we will be able to produce organic fertilizer on large scale.



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. A Free Medical Camp had been arranged at MSM Factory Site for employees and their families in collaboration with M/S Getz Pharma.

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
- Mango Festival Mirpurkhas
- Flower Show Mirpurkhas.

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 and Compliance of SEPA rules and regulations.



BUSINESS MODEL

A

C

134 Mirpurkhas Sugar Mills Limited

-0

BUSINESS MODEL

136 Business Model

C

•00

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: 12.212 million maunds costing approx. Rs. 3.8 Billion
- Retail brand Sugarella Packing Plant

FINANCIAL CAPITAL

- From equity of Rs. Rs. 2.85 Billion in 2020 to Rs. 3.23 in 2021
- Total assets Rs. 7.7 billion
- Strong Credit Rating
 - Long Term A-
 - Short Term A2
- Credit lines of Rs. 5.9 billion at September 2021.

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
- Operates a FMCG sugar brand "Sugarella"
- SAP ECC 6.0

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
- More than 100 outlets in Karachi selling "Sugarella"
- 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.

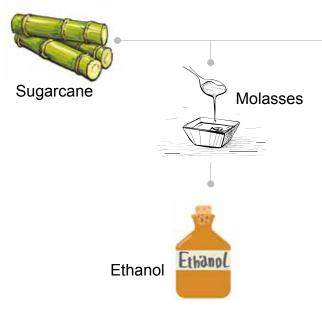
BUSINESS ACTIVITIES/ DIFFERENTIATION

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.

The company is one of few sugar mills who have introduced the sugar in retail packaging of 1 KG and 500 grams.

PROCESS FLOW



OUTPUT

MSM manufactures the following varieties of Sugar:

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

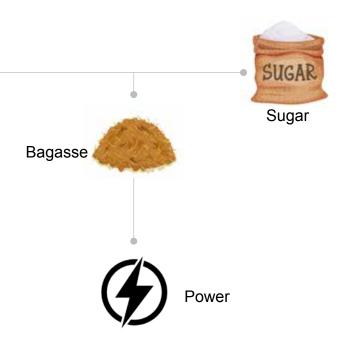
OUTCOME

During the year MSM's revenue was Rs. 3.86 billion. Covid-19 pandemic plan charted out and implemented. Almost all staff vaccinated.

The company conducted various trainings for its human resource to equip them with Digital skills and Covid19 survival techniques.

Despite the lockdowns and uncertainty, company managed to get the positive bottom line.

The Company contributed Rs. 538 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: 51,909 tons
- Molasses produced: 24,296 tons
- Investment in latest manufacturing technology
- Waste water which is processed in Strainers for usage in agriculture farms.

FINANCIAL CAPITAL

- Profit of Rs. 140.32 million for the year ended Sep 2021
- Share price increased from Rs. 82 per share at Sep 2020 to Rs. 98 per share at Sep 2021.

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

138 Mirpurkhas Sugar Mills Limited

Excellence in Corporate Reporting

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

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	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

In addition to this, note 41 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 41 does not have any material impact to the Financial Statements.

Arif Faruque Chairman

Karachi: December 16, 2021

Ratios in respect of Companies listed on the Islamic indices

Ratios	Unit	2021	2020
Interest-taking deposits to market capitalization	%	1.12	1.06
Income generated from prohibited component to total income	%	1.21	(5.91)
Net liquid assets per share to market value per share	%	(42.55)	(9.73)

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 aim 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 57 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 widenge 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, 2020 till September 30, 2021.

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
 - Performance and position
- Outlook

•

- Stakeholder's relationship and engagement
- Sustainability and corporate social responsibility
- Business Model
- Striving for Excellence in corporate reporting

Karachi: December 16, 2021

Arif Faruque Chairman

Mirpurkhas Sugar Mills Limited

142

Glossary of Terms

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 2021	Page No.
1	ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT	
1.01	Principal business activities and markets local and international including key brands, products and services.	11
1.02	Geographical location and address of all business units including sales units and plants.	27, 159
1.03	Mission, vision, code of conduct, culture, ethics and values.	12-19
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.	20-21
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	28-29
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.	34, 136
1.07	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).	199
1.08	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	30-31
1.09	Significant factors effecting the external environment and the associated organization's response	32-33
1.10	Significant changes from prior years (regarding the information disclosed in this section).	36
1.11	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	N/A
1.12	Competitive landscape and market positioning	34
2	STRATEGY AND RESOURCE ALLOCATION	
2.01	Short, medium and long term strategic objectives.	38
2.02	Strategies in place or intended to be implemented to achieve those strategic objectives.	39-40
2.03	Resource allocation plans to implement the strategy and financial capital structure.	39-40
2.04	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.	41
2.05	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.	43
2.06	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.	91
2.07	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses.	40
2.08	Significant plans and decisions such as corporate restructuring, business expansion and discontinuance of operations etc.	40
2.09	Significant changes in objectives and strategies from prior years.	40
3	RISKS AND OPPORTUNITIES	
3.01	Key risks and opportunities effecting availability, quality and affordability of CAPITALS in the short, medium and long term.	46-48
3.02	Description of the Risk Management Framework including risk management methodology.	46-48
3.03	Sources of risks and opportunities (internal and external).	46-48
3.04	The initiatives taken by the company in promoting and enabling innovation.	48
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	46-48, 85
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.	46-48
3.07	Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.	58, 190-194, 196
3.08	A statement from the board of directors 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.	46-48, 56-61
3.09	Inadequacy in the capital structure and plans to address such inadequacy.	58-59, 196
4	GOVERNANCE	
4.01	Board composition:	
	a) Leadership structure of those charged with governance.	23
	b) Name of independent directors indicating justification for their independence.	60, 63, 80-81
	 Profile of each director including education, experience and involvement / engagement of in other entities as CEO, Director, CFO or Trustee etc. 	52-53
4.02	Review Report by the Chairman of the company on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	55
4.03	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.	56-64
4.04	Shariah Advisor Report and Profile of the Shariah Advisor / Members' of the Shariah Board.	N/A
4.05	Annual evaluation of performance, along with description of criteria used for the members of the board and its committees, CEO and the Chairman.	62
4.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	62
4.07	Details of formal orientation courses for directors.	62, 80
4.08	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.	62, 80
4.09	Description of external oversight of various functions like systems audit / internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	83-85
4.10	Policy for remuneration to non-executive directors including independent directors.	64
4.11	Policy for security clearance of foreign directors.	N/A

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2021	Page No.
4.12	How the organization's implemented governance practices exceeding legal requirements.	62
4.13	Board's policy on diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	63
4.14	No. of companies in which the executive director of the reporting organization is serving as non-executive director.	52-53
4.15	a) Names of related parties in Pakistan and outside Pakistan, with whom the company had entered into transactions or had agreements and / or arrangements in place during the financial year, along with the basis of relationship describing common directorship and percentage of shareholding.	51, 197
	b) 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.	N/A
4.40	 Approved policy for related party transactions including policy for disclosure of interest by directors in this regard. Details of board meetings held outside Pakistan during the year. 	66 62
4.16 4.17	Disclosure of policy for actual and perceived conflicts of interest relating to members of the board of directors and a disclosure that how such a conflict is managed and monitored.	74
4.18	Investors' grievance policy.	63
4.19	Policy for safety records of the company.	73
4.20	Disclosure of IT Governance Policy.	70
4.21	Disclosure of Whistle blowing policy established to receive, handle complains in a fair and transparent manner and providing protection to the complainant against victimization, and disclosure of the number of such incidences reported to the Audit Committee during the year.	75
4.22	Human resource management policies including preparation of a succession plan.	72
4.23	Social and environmental responsibility policy.	71
4.24	Review by the board of the organization's business continuity plan or disaster recovery plan.	65
4.25	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	20-21, 180, 197
4.26	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance). A brief description about role of the Chairman and the CEO.	79-81
4.27	Shares held by Sponsors / Directors / Executives.	180, 201
4.29	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	83-85
4.30	Timely Communication Date of authorization of financial statements by the board of directors: within 40 days6 marks within 60 days3 marks	199
4.31	Report of the Audit Committee	85
4.32	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.	123
4.33	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
4.34	Chairman's significant commitments and any changes thereto.	55
4.35	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.	61
4.36 5	Pandemic Recovery Plan by the management and policy statement. PERFORMANCE AND POSITION	86-87
5.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators	90-93
5.02	Analysis of financial statements:	00 101
	 a) Financial Ratios (Refer Annexure 'l') b) DuPont Analysis 	96-101
	b) DuPont Analysis c) Free Cash Flow	102-103
	d) Economic Value Added (EVA)	104
5.03	Combined analysis both vertical and horizontal of the Balance Sheet and Profit and Loss Account for last 6 years.	106-109
5.04	Summary of Cash Flow Statement for last 6 years.	110
5.05	Graphical presentation of the Balance Sheet, Profit & Loss Account and analysis in 5.02, 5.03 and 5.04 above.	94, 99-102, 104-10
5.06	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 as per 5.02, 5.03 and 5.04 above.	94-95
5.07	Information about defaults in payment of any debts and reasons thereof period.	N/A
5.08	Methods and assumptions used in compiling the indicators.	91
5.09	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	111
5.10 5.11	Segmental review of business performance. Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the concerning and the company's company.	N/A 112
5.12	with the consequent impact on the company's earning. History of major events during the year.	113
5.12	Business rationale of major capital expenditure /projects during the year and for those planned for next year.	113
5.14	Brief description and reasons;	59
	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."	183

S.No.	Framework for Annual Reporting Best Corporate Report Awards 2021	Page No.
5.15	CEO presentation video on the organization's website explaining the business overview, performance, strategy and outlook. (Please provide reference / web link on company's annual report).	N/A
6	OUTLOOK	
6.01	Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the entity's resources, revenues and operations	118-120
6.02	Explanation as to how the performance of the entity meets the forward looking disclosures made in the previous year.	118-120
6.03	Status of the projects in progress and were disclosed in the forward looking statement in the previous year.	118-120
6.04	Sources of information and assumptions used for projections / forecasts in the forward looking statement and assistance taken by any external consultant.	118-120
6.05	How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise.	118-120
7	STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT	
7.01	How the company has identified its stakeholders.	122-123
7.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these r elationships are likely to affect the performance and value of the entity, and how those relationships are managed.	122-123
7.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	122-123
7.04	Investors' Relations section on the corporate website.	122-123
7.05	Issues raised in the last AGM, decisions taken and their implementation status.	122-123
7.06	Statement of value added and its distribution with graphical presentation:	124
	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	
7.07	Stakeholders engagement policy and 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.	122-123
7.08	Highlights about redressal of investors' complaints.	122-123
8	SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS	
8.01	For Specific Disclosures of the Financial Statements please refer Annexure 'II'.	147
8.02	Industry specific additional disclosures (if applicable):	
	a) Insurance Company - Annexure 'III'	N/A
	b) Banking Company - Annexure 'IV'	N/A
	c) Shariah compliant companies/ companies listed on the Islamic Indices - Annexure 'V'"	147
9	SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY	
9.01	Highlights of the entity's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility (including environment related obligation applicable on the company and initiatives taken to fulfil during the year and company's responsibility towards the staff, their health & safety).	126-133
9.02 10	Certifications acquired and international standards adopted for best sustainability and CSR practices. BUSINESS MODEL	11, 126-133
10.1	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance	136-137
	as set out under section 4C of the International Integrated Reporting Framework <ir>.</ir>	
11	STRIVING FOR EXCELLENCE IN CORPORATE REPORTING	
11.01	Statement by management of unreserved compliance of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).	140
11.02	Adoption of International Integrated Reporting Framework <ir> by fully applying the 'Fundamental Concepts' and 'Guiding Principles' of <ir> into their corporate reporting in addition to the 'Content Elements' (disclosures) of <ir>, as covered in this criteria.</ir></ir></ir>	141-142
11.03	Disclosures beyond BCR criteria (Note: The participating organization to send the list of additional disclosures to BCR Committee).	24-26, 35, 62, 76-77
13	OTHERS	
13.01	BCR criteria cross referred with page numbers of the annual report.	144-147
13.02	Brief about contents, scope and boundaries of the annual report.	1
13.03	SWOT analysis.	44
ANNEXUR	E fl' - FINANCIAL RATIOS - Financial Sector	00.00
Oleaniat	Profitability, Liquidity, investment, Employee producitivity and Capital Ratios	96-98
	mpliant companies and the companies listed on the Islamic Indices	
-	dditional ratios are required for Shariah compliant companies and the companies listed on the Islamic Indices.	
	isted companies:	1
a)	Loan on interest to market capitalization of the company; (loan on interest whether longterm or short-term debt should not exceed thirty percent of the market capitalization of the company).	
		4
b)	Total interest-taking deposits to market capitalization of Total Equity; (total interest-taking deposits whether short-, medium- or long-term, should not exceed thirty percent of the market capitalization of total equity).	140
C)	Income generated from prohibited component to Total Income (income generated from prohibited component should not	
d)	exceed five percent of the total income of the company). Net liquid assets per share to market value per share; (should be at least twenty-five percent) (Net Liquid Assets is	-
-,	calculated as = Liquid Assets – Current Liabilities).	

S.No.

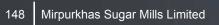
i)

Profits earned or interest paid on any conventional loan or advance.

Framework for Annual Reporting Best Corporate Report Awards 2021

Page No.

1	E 'II' – SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS Fair value of Property, Plant and Equipment.	120
2	Segment analysis of segment revenue, segment results and profit before tax.	N/A
3	Reconciliation of weighted average number of shares for calculating EPS and diluted EPS.	190
4	Particulars of significant/ material assets and immovable property including location and area of land.	120, 159
5	Disclosure of product wise data mentioning, product revenue, profit etc.	N/A
6	Disclosure of discounts on revenue.	188
7	Sector wise analysis of deposits and advances.	N/A
8	Complete set of financial statements (Balance sheet, Income statement & Cash flow) for Islamic banking operations.	N/A
9	Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP.	159-160
10	Summary of significant transactions and events that have affected the company's financial position and performance during the year.	90-91, 95, 98, 106-
11	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	120
12	Distribution of shareholders (Number of shares as well as category wise, e.g. Promoter, Directors/Executives or close family member of Directors/Executives etc.).	201
13	Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital in the company in Pattern of Shareholding.	200-201
14	Particulars where company has given loans or advances or has made investments in foreign companies or undertakings.	N/A
15	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
16	Treasury shares in respect of issued share capital of a company.	N/A
17	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.	184-187
18	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.	N/A
19	Income tax reconciliation as required by IFRS and applicable tax regime for the year.	190
20	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.	177-178
21	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).	N/A
22	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
23	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
24	Standards, amendments and interpretations adopted during the current year along with their impact on the company's financial statements.	160
25	Standards, amendments and interpretations, not yet effective and not adopted along with their impact on the company's financial statements.	198
NEXUF	E 'V' - SPECIFIC DISCLOSURES REQUIRED FOR SHARIAH COMPLIANT COMPANIES AND THE COMPANIES LISTED ON THE	SLAMIC INDICES
llowing o amic ind	lisclosures are required under clause 10 of the Fourth Schedule of the Companies Act, 2017 for Sharia complaint companies and the com ex:	panies listed on
a)	Loans/advances obtained as per Islamic mode;	
b)	Shariah compliant bank deposits/bank balances;	
C)	Profit earned from shariah compliant bank deposits/bank balances;	
d)	Revenue earned from a shariah compliant business segment;	
e)	Gain/loss or dividend earned from shariah compliant investments;	199
f)	Exchange gain earned from actual currency;]
g)	Mark up paid on Islamic mode of financing;	
h)	Relationship with shariah compliant banks; and]
i)	Profits earned or interest paid on any conventional loan or advance	1



Financial Statements

- 150 Independent Auditor's Report to the Members of Mirpurkhas Sugar Mills Limited -Report on the Audit of Financial Statements
- 154 Statement of Financial Position
- 155 Statement of Profit or Loss
- 156 Statement of Comprehensive Income
- 157 Statement of Cash Flows

345

5

2345

746

RFTHFGHFGN

C

00

- 158 Statement of Changes in Equity
- 159 Notes to the Financial Statements

Independent Auditor's 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, 2021, 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, 2021 and of the profit, comprehensive income, 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.

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050 to 53 Website : www.krestonhb.com Email: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

OTHER OFFICES LAHORE - FAISALABAD - ISLAMABAD

A member of Kreston International A global network of independent accounting firms



Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	Contingencies:	
	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 28 to the annexed financial statements. 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.	 Our audit procedures included the following: 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.	Recognition of Revenue:	
	The company is engaged in the production and sale of sugar and recognized revenue there from for the year ended September 30, 2021. 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.	 Our audit procedures to assess the recognition of revenue included the following: 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. 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.

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 Faiza Muhammad Usman.

Knestrin Hyder Bering: & Co.

Chartered Accountants Karachi Dated: December 16, 2021

Statement of Financial Position As at September 30, 2021

ASSETS	Note	2021	2020
NON-CURRENT ASSETS		(Rupees i	n '000)
Property, plant and equipment	4	3,469,425	2,618,489
Intangible asset	5	1,018	2,828
Long-term investments	6	1,810,999	1,780,538
Long-term loan and deposits	7	26,422	12,278
		5,307,864	4,414,133
CURRENT ASSETS		, ,	, ,
Stores, spare parts and loose tools	8	206,239	211,757
Stock-in-trade	9	984,208	652,878
Biological assets	10	8,306	8,760
Trade debts	11	61,059	90,703
Loans and advances	12	70,041	72,686
Trade deposits and short-term prepayments	13	4,381	6,430
Other receivables	14	420,650	341,814
Short-term investments	15	159,103	421,952
Tax refunds due from the Government	1.0	185,336	122,901
Cash and bank balances	16	35,344	35,168
Non-Current Asset held for sale	17	2,134,667	1,965,049
Non-Current Asset field for sale	17	301,264	-
TOTAL ASSETS	-	7,743,795	6,379,182
EQUITY AND LIABILITIES			
	40	424.050	424.050
Share capital Reserves	18	134,950	134,950
	19 19	2,246,775 844,259	1,866,661 844,259
Surplus on revaluation of property, plant & equipment	19	3,225,984	2,845,870
		0,220,004	2,040,070
NON-CURRENT LIABILITIES			
Long-term financing	20	1,137,734	1,028,809
Long-term lease liabilities	21	9,060	12,168
Deferred liabilities	22	468,610	616,114
Deferred tax liability-net	23	11,441	24,939
Government grant	24	111,180	2,629
		1,738,025	1,684,659
CURRENT LIABILITIES	05	FEO 070	500 454
Trade and other payables	25	553,672	563,154
Accrued mark-up	26	31,797	36,545
Short-term borrowings	27	1,797,631	1,099,279
Current maturity of long-term lease liabilities Current portion of government grant	21 24	5,340	4,906
Current portion of long-term financing	24 20	35,772 347,593	6,588 129,721
Unclaimed dividend	20	7,981	8,460
	L	2,779,786	1,848,653
CONTINGENCIES AND COMMITMENTS	28		
	-		
TOTAL EQUITY AND LIABILITIES	=	7,743,795	6,379,182

Aslam Faruque Chief Executive



Samir Mustapha Chinoy Director

Wasif Khalid Director & Chief Financial Officer

Statement of Profit or Loss

For the year ended September 30, 2021

Note	2021	2020
	(Rupees	in '000)
29	3,861,442	4,637,141
30	(3,578,666)	(4,332,418)
	282,776	304,723
31	(24,474)	(16,934)
32	(152,867)	(168,213)
33	(25,084)	(2,118)
	(202,425)	(187,265)
34	213,587	26,017
	293,938	143,475
35	(245,710)	(366,148)
	48,228	(222,673)
6	167,545	174,668
	215,773	(48,005)
36	(75,453)	(67,728)
	140,320	(115,733)
37	10.40	(8.58)
	29 30 31 32 33 34 35 6 36	(Rupees 29 3,861,442 30 (3,578,666) 282,776 282,776 31 (24,474) 32 (152,867) 33 (25,084) (202,425) 34 34 213,587 293,938 35 35 (245,710) 48,228 6 6 167,545 215,773 36 (75,453) 140,320

Aslam Faruque Chief Executive



Wasif Khalid Director & Chief Financial Officer

Statement of Comprehensive Income

For the year ended September 30, 2021

	2021 (Rupees	2020 in '000)
Profit / (loss) after taxation	140,320	(115,733)
Other Comprehensive income		
Items that may not be reclassified subsequently to statement of profit or loss		
Actuarial gain on defined benefit plan	49,673	122,557
Unrealised gain on remeasurement of equity investment at fair value through other comprehensive income	104,540	826,947
Realised gain on disposal of equity instruments	85,581	-
Surplus on revaluation of land	-	28,194
	239,794	977,698
Total comprehensive income	380,114	861,965

Aslam Faruque

Aslam Faruque Chief Executive



Wasif Khalid Director & Chief Financial Officer

Statement of Cash Flows

For the year ended September 30, 2021

	Note	2021	2020
		(Rupees ir	n '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		215,773	(48,005)
Adjustments for : Depreciation	4.1	102 520	06 200
Depreciation right-of-use asset	4.1	103,539 4,055	96,300 3,041
Amortization		1,810	1,810
Provision for market committee fee	22.1	4,888	5,253
Accrued profit term deposit		(61)	(116)
Fair value adjustment of biological assets	10	(7,266)	`190 ´
Dividend income from related parties	34	(8,068)	(10,567)
Share of profit in associates	6	(167,545)	(174,668)
Gain on disposal of property, plant and equipment	34	(378)	(1,651)
Reversal of provision of deferred liabilities		(152,393)	-
Finance cost	35	245,710	366,148
	-	24,291	285,740
Werking equitel changes		240,064	237,735
Working capital changes (Increase) / decrease in current assets:			
Stores, spare parts and loose tools	Γ	5,518	(4,881)
Stock-in-trade		(331,330)	324,094
Biological assets		7,720	25,542
Trade debts		29,644	(62,863)
Loans and advances		2,645	62,626
Trade deposits and Short-term prepayments		2,049	(1,720)
Other receivables		(29,163)	8,083
		(312,917)	350,881
(Decrease) / increase in current liabilities:		(0,400)	00.000
Trade and other payables Cash (used in) / generated from operations	-	(9,482) (82,335)	<u> </u>
Cash (used in) / generated noni operations		(02,335)	077,240
Long-term loans and deposits		(14,144)	(154)
Income tax paid		(151,385)	(73,113)
	-	(165,529)	(73,267)
Net cash (used in) / generated from operating activities		(247,864)	603,979
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(1,259,975)	(190,395)
Sale proceeds of property, plant and equipment	4.2	559	4,090
Profit realised on term deposits		53	210
Sale proceeds of short term investment - net		376,647	-
Dividend received from an associate	6	212,500	275,000
Dividend received from related parties	34	8,068	10,567
Net cash (used in) / generated from investing activities		(662,148)	99,472
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid	Γ	(245,607)	(398,358)
Short-term borrowings-net		698,352	(699,054)
Long-term financing-net		462,466	390,604
Payment of lease liability	21	(4,544)	(3,817)
Payment of dividend		(479)	(53)
Net cash generated from / (used in) financing activities	L	910,188	(710,678)
Net increase / (decrease) in cash and cash equivalents	-	176	(7,227)
Cash and cash equivalents at the beginning of the year	-	35,168	42,395
Cash and cash equivalents at the end of the year	16	35,344	35,168
	=		

Aslam Faruque Chief Executive

Samir Mustapha Chinoy Director

Wasif Khalid Director & Chief Financial Officer

Statement of Changes in Equity

For the year ended September 30, 2021

				Rese	erves				
Description	lssued, subscribed and paid-up capital	General reserve	Unappropriated profit	Actuarial gain / (loss) on defined benefit plan net-off tax	Unrealised gain / (loss) on investment at fair value through other comp. income	Surplus on Revaluation of property, plant and equipment	Total reserves	Total	
				(Rupees	s in '000)				
Balance as at October 01, 2019	122,682	34,250	847,836	(1,670)	164,742	816,065	1,861,223	1,983,905	
Loss after taxation	-	-	(115,733)	-	-	-	(115,733)	(115,733)	
Other comprehensive income	-	-	-	122,557	826,947	28,194	977,698	977,698	
Total comprehensive (loss) / income	-	-	(115,733)	122,557	826,947	28,194	861,965	861,965	
Transaction with owners									
Issuance of Bonus shares September 30, 2019 @ 10%	12,268	-	(12,268)	-	-	-	(12,268)	-	
Balance as at September 30, 2020	134,950	34,250	719,835	120,887	991,689	844,259	2,710,920	2,845,870	
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	

Aslam Faruque Chief Executive



Wasif Khalid Director & Chief Financial Officer

Notes to the Financial Statements

For the year ended September 30, 2021

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	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh.
(Immovable assets)	(Land measuring 602.60 acres and covered area 562,609 sq.ft)
Residential land	Jiryan No.218, Deh 109, Taluqa Mirpurkhas, Hyderabad Road
(Immovable assets)	Mirpurkhas Sindh. (Land measuring 3.45 acres and covered area 6,825 sg.ft)

1.2 Impact of COVID-19 on the financial statements

COVID-19 is a global pandemic, which has affected the whole world and Pakistan is not an exception. However, the Company's operations are not affected by continuing wave of COVID-19 & there is no significant accounting impact of the effects of COVID-19 in these financial statements. Introduction of salary refinancing scheme and deferment of loan principal repayment reflect Government's priority to support economy in general. All steps were taken for the health and safety of our employees. Almost all our staff was vaccinated by the reporting date. The Company's management is fully cognisant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity position and believe that its current policies for managing credit, liquidity and market risk are adequate in response to the current situation.

1.3 Paper and board mill

In order to diversify the business of the Company, the Board of Directors had decided to establish a paper and board mill with an estimated cost of project at approximately Rs 1.1 billion. However, in view of the revision in the scope of the project and resultant increase in production capacity along with efficiency as well as the impact of rise in global logistic cost and devaluation of Pakistani Rupee, the project cost was revised to Rs. 3.2 Billion. The project is expected to take 12 to 15 months to become operational from reporting date.

1.4 Voluntary winding up of subsidiary company

In view of the unfavorable policies of the Government towards bagasse based power projects, the Board of Directors of the subsidiary company 'Mirpurkhas Energy Limited' decided to close down the Company through Members' Voluntary Winding Up on March 15, 2021. All legal compliances and filings of statutory forms/ returns have been completed and the company has been wound up as at September 30, 2021.

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 IFRS, 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; and
- 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 discounted at present value & related Government grant.

3.1.1 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting amendments and improvements to IFRS and the framework for financial reporting which became effective for the current year:

Amendments / Framework

IFRS 3 - Business Combinations - Definition of a Business (Amendments)

IFRS 9 / IAS 39 / IFRS 7 - Interest rate Benchmark Reform (Amendments)

IAS 1 / IAS 8 - Definition of Material (Amendments)

Conceptual Framework for Financial Reporting

The adoption of above amendments to the approved accounting standards and the framework for financial reporting did not have any material impact on the Company's financial statements.

3.2 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with the approved accounting standards requires management to make judgments, 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 3.4(b) 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 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 decisions 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 assets recoverable amount 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 and tax under normal tax regime, 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 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.

3.4 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.

	2021	2020
	(Rupees in '000)	
Size of the trust Cost of investments made Fair value of investments	574,874 388,011 554,285	497,496 370,802 490,282
	(Perce	ntage)
Percentage of investments made Loans to employees on mark-up	96.42 3.58 100	98.55 1.45 100
The major categories of investments	(Rupees in '000)	
Government securities Listed securities Units of collective investment scheme Banks	352,693 171,262 10,569 19,761 554,285	304,730 148,802 26,184 10,566 490,282

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.

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.

The PUC method used the following significant assumptions for the valuation of the scheme.

Dringing actuarial accumultions used are as follows:	2021	2020	
Principal actuarial assumptions used are as follows:	(% per annum)		
Valuation discount rate	10.50	9.75	
Expected rate of return on plan assets	10.50	9.75	
Expected rate of salary increase	15.00	8.75	

The fair value of scheme's assets and the present value of obligation under the scheme at the statement of financial position date were as follows:

	2021	2020
Staff gratuity fund (Asset) / Liability:	(Rupees i	in '000)
Present value of defined benefit obligation	130,554	150,178
Fair value of plan assets	(302,575)	(272,498)
Asset recognized as at September 30	(172,021)	(122,320)
Amounts charged to statement of profit or loss:		
Current service cost	11,905	11,867
Interest cost	14,447	17,060
Expected return on plan assets	(26,380)	(18,596)
	(28)	10,331
Total re-measurements chargeable in other comprehensive income:		
Remeasurement gain on obligations	42,109	14,733
Remeasurement gain on plan assets	7,564	107,824
	49,673	122,557
Movement in (Net Assets) / Liability recognized in		
the statement of financial position: Balance as at October 1	(122,320)	(10,094)
Net (income) / charge for the year	(122,320) (28)	10,331
Actuarial (gain) charged to other comprehensive income	(49,673)	(122,557)
Balance as at September 30	(172,021)	(122,320)
Movement in the present value of defined benefit obligation:		
Balance as at October 1	150,178	140,391
Current service cost	11,905	11,867
Interest cost	14,447	17,060
Benefits paid during the year	(3,867)	(4,407)
Actuarial gain	(42,109)	(14,733)
Balance as at September 30	130,554	150,178
Movement in the fair value of plan assets:		
Balance as at October 1	272,498	150,485
Expected return	26,380	18,596
Benefits paid	(3,867)	(4,407)
Actuarial gain	7,564	107,824
Balance as at September 30	302,575	272,498
Composition of plan assets is as follows		
Government securities	112,956	111,915
Mutual funds	11,469	10,998
Listed shares	176,623	148,166
Bank Balances	1,527	1,419
	302,575	272,498

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.

The return on plan assets was assumed to equal the discount rate. Return on plan assets on September 30, 2021 was Rs.33.94 million (2020: Rs.126.42 million), calculated on the basis of market conditions as allowed under IAS-19.

Expected gratuity expense for the year ending September 30, 2022 is Rs. (7.72) million.

Sensitivity Analysis

PV	PVDBO (Rupees in 000)			Percentage Change		
130,554 125,989 135,687 136,242 125,393 130,535			e125,989(3.50%)e135,6873.93%ase rate136,2424.36%ase rate125,393(3.95%)			% % %)
	130,535 130,573 130,549 130,559			130,5730.01%130,5490.00%		% %
2021	2020	2019	2018	2017		
	((Rupees in 000)				
130,554 (302,575) (172,021)	150,178 (272,498) (122,320)	140,390 (150,485) (10,095)	124,340 (227,757) (103,417)	95,468 (266,682) (171,214)		
(42,109)	(14,733) (107,824) (122,557)	4,623 (95,957)	(18,211)	(3,704) (36,394) (40,098)		
	2021 130,554 (302,575) (172,021) (42,109)	130,554 125,989 135,687 136,242 125,393 130,535 130,573 130,554 130,559 2021 2020 130,554 (302,575) (272,498) (172,021) (122,320) (42,109) (14,733) (7,564) (107,824)	130,554 125,989 135,687 136,242 125,393 130,535 130,573 130,549 130,559 2021 2020 2019 (Rupees in 000) 130,554 150,178 140,390 (302,575) (272,498) (150,485) (172,021) (122,320) (10,095) (42,109) (14,733) 4,623 (7,564) (107,824) (95,957)	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		

Maturity Profile

Particulars	Undiscounted Payments (Rupees in 000)
Year 1	77,103
Year 2	4,872
Year 3	4,383
Year 4	4,331
Year 5	10,367
Year 6 to 10	33,187
Year 11 and above	111,027

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.

3.5 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 income, 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.

3.6 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.

3.7 Investments

a) In Subsidiary

Investment in Subsidiary is initially recognized at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount is exceeding its recoverable amount. Impairment losses are recognized in the statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

b) 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.

c) 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.

d) 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.

3.8 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.

3.9 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.

3.10 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.

3.11 Trade debts, loans, advances and receivables

Trade debts, loans, 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.

3.12 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.

3.13 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 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. Nonmonetary 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.

3.14 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.

3.15 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 adoption of 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.

3.16 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.

3.17 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.

3.18 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated as given in note 40 to the financial statements.

3.19 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.

3.20 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 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.

3.21 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.

3.22 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.

3.23 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.

3.24 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.

3.25 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.

3.26 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 shareholders and the weighted average number of ordinary shares outstanding shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.27 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.

3.28 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. I	PROPERTY, PLANT AND EQUIPMENT	Note	2021	2020
			(Rupees	s in '000)
F	Property, plant and equipment - owned	4.1	2,270,333	2,478,428
(Capital work in progress	4.5	1,186,928	123,842
F	Right-of-use asset	4.6	12,164	16,219
			3,469,425	2,618,489

4.1 Following are the statements of property, plant and equipment for current and prior year:

		CO S T			Deprec	iation			
2021	As at Oct. 01, 2020	Additions/ transfer from CWIP/ (disposals) / (transfer to held for sale)	As at Sep. 30, 2021	As at Oct. 01, 2020	Adjustment on disposals / (transfer to held for sale)	For the year	As at Sep. 30, 2021	Book value as at Sep. 30, 2021	Depreciation rate per annum / Life
Description				(Rupee	s in '000)				
Free hold land (Note 4.3)	905,451	-	604,887	-	-	-	-	604,887	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	(300,564)	-	-	-	-	-	-	
Building on free hold land:									
-Factory	71,916	-	168,330	35,703	-	8,883	44,586	123,744	10%
		96,414	-	-	-	-	-	-	
-Non factory	33,492	1,540	34,227	22,854	-	1,264	21,518	12,709	10%
	-	2,495	-	-	(2,600)	-	-	-	
	-	-	-	-	-	-	-	-	
Lease hold improvements:	-	(3,300)	-	-	-	-	-	-	
-Non factory	15.211	-	15.211	1.563	-	507	2,070	13,141	30 Years
-NUT Idelory	13,211	-	13,211	1,505	-	507	2,070	15,141	JU TEals
Plant & machinery	2,343,989	7,240	2,386,372	887,908	-	73,869	961,777	1,424,595	5%
	2,010,000	35,143	-	-		-	-	-	0,0
Furniture & fittings	10,471	-	10,471	3,596	-	1,967	5,563	4,908	5 Years
	,		,	-,		.,	-,	.,	
Vehicles	118,424	45,995	163,797	77,227	(458)	11,439	88,208	75,589	20%
	-	-	-	-	-	-	-	-	
	-	(622)	-	-	-	-	-	-	
Office & other equipment	16,177	1,561	20,556	13,122	-	1,527	14,649	5,907	5 Years
	-	2,818	-	-	-	-	-	-	
Computers & accessories	23,120	3,683	25,456	17,850	(1,330)	4,083	20,603	4,853	3 Years
	-	-	-	-	-	-	-	-	
	-	(1,347)	-	-	-	-	-	-	
	3,538,251	60,019	3,429,307	1,059,823	(1,788)	103,539	1,158,974	2,270,333	
		136,870			(2,600)				
		(1,969)							
		(303,864)							

	COST Depreciation								
2020	As at Oct. 01, 2019	Additions/ transfer from CWIP/ revaluation/ (disposals)	As at Sep. 30, 2020	As at Oct. 01, 2019	Adjustment on disposals	For the year	As at Sep. 30, 2020	Book value as at Sep. 30, 2020	Depreciation rate per annum / Life
Description				(Rupee	s in '000)				
Free hold land (Note 4.3)	877,257	-	905,451	-	-	-	-	905,451	
	-	- 28,194		-	-	-		-	
Building on free hold land:	-	20,194	-	-	-	-	-	-	
-Factory	71,916	-	71,916	31,679	-	4,024	35,703	36,213	10%
-Non factory	32,959	- 533	33,492	21,717	-	1,137	22,854	10,638	10%
Lease hold improvements:	-	555	-	-	-	-	-	-	
-Non factory	15,211	-	15,211	1,056	-	507	1,563	13,648	30 Years
Plant & machinery	2,219,058	1,595	2,343,989	814,848	-	73,060	887,908	1,456,081	5%
Furniture & fittings	- 7,515	123,336 2,956	- 10,471	- 1,872	-	- 1,724	3,596	6,875	5 Years
Vehicles	118,191	5,835	118,424	70,165	(3,195)	10,257	77,227	41,197	20%
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
Office & other equipment	- 15,539	(5,602) 638	- 16,177	- 11,963	-	- 1,159	- 13,122	- 3,055	5 Years
Computers & accessories	20,132	3,083	23,120	13,481	(63)	4,432	17,850	5,270	3 Years
	-	-		-	-	-	-	-	e reale
	-	-	-	-	-	-	-	-	
	-	(95)	-	-	-	-	-	-	
	3,377,778	14,107 123,869 28,194 (5,697)	3,538,251	966,781	(3,258)	96,300	1,059,823	2,478,428	

4.1.1 Depreciation charged for the year has been allocated as follows:

	Note	2021	2020
		(Rupees in '000)	
Cost of sales	30	94,568	87,994
Distribution cost	31	250	47
Administrative expenses (including depreciation on			
right-of-use asset of Rs. 4.055 million (2020: Rs.3.041 million)	32	12,776	11,300
-		107,594	99,341
Reconciliation of carrying amount:			
Carrying amount at beginning of the year		2,478,428	2,410,997
Addition during the year		60,019	14,107
Transfers from CWIP during the year		136,870	123,869
Transferred to held for sale at carrying value		(301,264)	-
Revaluation of freehold land during the year		-	28,194
Depreciation for the year		(103,539)	(96,300)
Disposal during the year at carrying amount		(181)	(2,439)
		2,270,333	2,478,428

4.2 Disposal of property, plant and equipment

4.1.2

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (Loss)	
(Rupees in '000)						
Aggregate of appared dispaged off/M/ritten off baying back yolug balow Ba 500,000 each:						

Aggregate of assets disposed-off/Written-off having book value below Rs.500,000 each:

Vehicles - Motor Cycles Computers & accessories	622 1,347	458 1,330	164 17	559 -	395 (17)
2021	1,969	1,788	181	559	378
2020	5,697	3,258	2,439	4,090	1,651

- **4.2.1** None of the buyers had any relationship with the directors of the Company.
- **4.3** This includes Rs.543.695 million (2020 : Rs. 844.259 million) in respect of revaluation surplus (Refer note no.19.1). Had the revaluation not been carried out the freehold land would have been stated at Rs.60.192 million (2020: Rs.61.192 million).
- **4.4** Forced sale value of freehold land is Rs. 481.60 million.

4.5 Capital work in progress:

4.0	oupliar work in progress.	2021	2020
		(Rupees	s in '000)
	Civil works	325,680	100,800
	Plant and machinery	860,902	20,977
	Equipments	346	2,065
		1,186,928	123,842
4.5.1	Movement in Capital work in progress:		

Opening	123,842	71,423
Add: Addition during the year	1,199,956	176,288
	1,323,798	247,711
Less: Transferred during the year	(136,870)	(123,869)
	1,186,928	123,842

During the year, borrowing costs have been capitalised amounting to Rs.22.41 million (2020: Rs.Nil) on account of financing obtained specifically for this purpose.

4.6 Right-of-use asset

Opening	16,219	-
Add: Impact of initial application of IFRS 16	-	19,260
Less: Depreciation during the year	(4,055)	(3,041)
	12,164	16,219

4.6.1 The Depreciation charge for the year on right-of-use asset pertains to rental payments of Head office.

5. INTANGIBLE ASSET

ERP		COST AMORTIZATION		N				
System & Software	As at Oct. 01	Additions	As at Sep. 30	As at Oct. 01	For the year	As at Sep. 30	Book value as at Sep. 30,	Life
Licence			(Rupees	; in '000)			oep. 00,	
2021	14,548	-	14,548	11,720	1,810	13,530	1,018	5 Years
2020	14,548	-	14,548	9,910	1,810	11,720	2,828	5 Years

5.1 Amortization charged for the year has been allocated as follows:

	Note	2021	2020
		(Rupees	s in '000)
Cost of sales	30	1,086	1,086
Distribution cost	31	181	181
Administrative expenses	32	543	543
	_	1,810	1,810

5.2 Intangible assets as at September 30, 2021 include items having aggregate cost of Rs. 5.50 million (2020: Rs. 5.50 million) that have been fully amortized and still in use of the Company.

6. LONG TERM INVESTMENT

In Associate	Note	2021	2020
Unicol Limited		(Rupees in '000)	
50,000,000 (2020: 50,000,000)		(Rupees	11 000)
fully paid ordinary shares			
of Rs.10/- each			
Equity held : 33.33 % (2020 : 33.33%)	6.1.1	1,076,577	1,176,988
Dividend received		(212,500)	(275,000)
	-	864,077	901,988
Share of profit	6.1.2	167,515	174,589
	-	1,031,592	1,076,577
UniEnergy Limited			
768,999 (2020:768,999)			
fully paid ordinary shares			
of Rs.10/- each	_		
Equity held : 7.69 % (2020: 7.69%)	6.2.1	7,712	7,633
Share of profit	6.2.2	30	79
		7,742	7,712
		1,039,334	1,084,289
In Subsidiary			
Mirpurkhas Energy Limited			
Nil (2020:1,100,000)			
fully paid ordinary shares			
of Rs.10/- each			
Equity held : Nil % (2020: 100%)	1.4	-	11,000
Less: Impairment loss		-	(11,000)
In Related Parties			
At fair value through other comprehensive income			
Cherat Cement Company Limited	[
3,847,277 (2020: 6,347,277)			
fully paid ordinary shares			
of Rs.10/- each		551,007	741,108
Cherat Packaging Limited			
2,110,490 (2020: 2,110,490)			
fully paid ordinary shares			
of Rs.10/- each		378,200	375,477
-	L	929,207	1,116,585
Less: classified as short term	15	(157,542)	(420,336)
	-	771,665	696,249
	-	1,810,999	1,780,538
	-		

6.1 Unicol Limited

The Company holds 33.33 % (2020: 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.3.7(b) to the annual audited financial statements for the year ended September 30, 2021. The share of Company in the net assets has been determined on the basis of the audited financial statements for the year ended September 30, 2021.

6.1.1 The Company's interest in assets & liabilities of Unicol Limited:

	Note	2021	2020
		(Rupees in '000)	
Non-current assets	Γ	828,139	868,344
Current assets		925,744	1,032,127
	<u> </u>	1,753,883	1,900,471
Long-term liabilities		(23,838)	(42,849)
Current liabilities		(698,453)	(781,045)
		(722,291)	(823,894)
Net assets	_	1,031,592	1,076,577

6.1.2 The Company's share in profit and loss of Unicol Limited:

Sales Cost of sales	2,794,056 (2,409,507)	1,941,112 (1,567,774)
	384,549	373,338
Other expenses, income and taxes	(217,034)	(198,749)
	167,515	174,589

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% (2020: 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.3.7(b) to the annual audited financial statements for the year ended September 30, 2021. The share of Company in the net assets has been determined on the basis of the Un-audited financial statements as of June 30, 2021.

6.2.1 The Company's interest in assets & liabilities of UniEnergy Limited:

	Non-current assets		4,079	4,163
	Current assets		3,878	3,804
			7,957	7,967
	Current liabilities		(215)	(255)
	Net assets		7,742	7,712
6.2.2	The Company's share in profit and loss of UniEnergy	Limited:		
	Administrative Expenses		(110)	(112)
	Other Expenses, income & taxes	_	140	191
		_	30	79
7.	LONG-TERM LOAN AND DEPOSITS			
	Financial assets at amortised cost			
	Loan:			0.070
	Loan to subsidiary Company	7.1	-	9,979
	Loan for cane development		28,966	-
	Less: current maturity	12	(5,343)	-
	- <i>u</i>		23,623	-
	Deposits:			
	Deposits against ijarah contracts		1,100	1,100
	Others	7.2	1,699	1,199
		7.3	26,422	12,278

- **7.1** This represents an interest bearing loan for the cane development, repayable in five years in 15 quarterly installments, 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** These 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	2021	2020
8.	STORES, SPARE PARTS AND LOOSE TOOLS		(Rupees	in '000)
	Stores		78,433	75,673
	Spare parts		135,245	143,379
	Loose tools		2,066	2,210
		-	215,744	221,262
	Provision for obsolescence		(9,505)	(9,505)
		_	206,239	211,757
9.	STOCK-IN-TRADE	_		
	Sugar	30	978,637	648,091
	Sugar in process	30	5,571	4,787
	5	_	984,208	652,878
10.	BIOLOGICAL ASSETS	_		
	Sugarcane	10.1	7,020	6,969
	Others	10.2	1,286	1,791
		_	8,306	8,760
	Movement during the year	_		
	As at October 01		8,760	34,492
	Addition due to cultivation		8,255	40,808
	Gain / (loss) arising from initial recognition of standing			
	crop less cost to sell		7,266	(190)
	Decrease due to harvest sales		(15,975)	(66,350)
		_	8,306	8,760

- **10.1** The value of sugarcane crop is based on estimated average yield of 500 maunds per acre (2020: 600 maunds) on cultivated area of 94 acres (2020: 103 acres).
- **10.2** This includes crops of onion, cotton, rice, chilli & lady finger. The value of these crops is based on an estimated average yield of 28.6 maunds per acres on a cultivated area of 50 acres.
- 11. TRADE DEBTS unsecured, considered good

	Neither past due nor impaired Domestic Sales		61,059	90,703
12.	LOANS AND ADVANCES	=	61,059	90,703
	Current portion of loan for sugar development	7	5,343	-
	Considered good: - Unsecured			
	To suppliers		45,034	41,077
	To employees classified as recoverable			
	within next twelve months		576	732
	To sugar cane growers		16,316	27,932
	To transport contractors		2,772	2,945
		_	70,041	72,686

10		Note	2021	2020
13.	TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		(Rupees	s in '000)
	Prepaid insurance		3,262	1,937
	Prepaid rent		327	191
	Other prepayments		792	1,449
	Trade Deposits		-	2,853
			4,381	6,430
14.	OTHER RECEIVABLES			
	Sales tax on unlifted sugar		453	14,333
	Freight subsidy	14.1 / 28.1.10	199,056	199,056
	Staff Gratuity fund	14.2	172,021	122,320
	Derivative Instrument	34.3	28,410	-
	Others	14.3	20,710	6,105
			420,650	341,814

14.1 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.

- 14.2 This represents amount determined on the basis of accounting policy as explained in note 3.4 (b)
- **14.3** This includes Rs.18.51 million related to adjustable input tax.

15. SHORT-TERM INVESTMENTS

In Term deposit One year Bank Alfalah Ltd,	15.1	1,561	1,616
In related parties: At fair value through other comprehensive income Cherat Cement Company Limited 1,100,000 fully paid ordinary shares (2020: 3,600,000 shares) of Rs.10/- each	6/15.2	157,542 159,103	420,336 421,952

- **15.1** The Company has invested a sum of Rs. 1.50 million in term deposit for a period of one year it caries markup @ 6.60% per annum, renewable on maturity (February 19, 2022).
- **15.2** During the year Company sold 2.50 million shares of Cherat Cement Company Limited at a fair value of Rs.377.50 million to inject equity for establishment of paper & board division. Cumulative gain on disposal of investment was Rs.354.35 million.

16. CASH AND BANK BALANCES

Islamic banks			
Current accounts		2,948	4,099
Saving accounts	16.1	2,232	4,633
	L	5,180	8,732
Conventional Banks			
Current accounts		12,397	13,025
Saving accounts	16.1	14,826	11,757
		27,223	24,782
	-	32,403	33,514
Cash in hand		2,941	1,654
	-	35,344	35,168

16.1 Effective profit rate in respect of PLS accounts is 5.50 % per annum (2020: 5.50 % per annum).

17. NON-CURRENT ASSETS HELD FOR SALE

		September 2021					
	Description	Carrying value at the end of the reporting period before classification as held for sale	Carrying amount as remeasured immediately before 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		

17.1 The management has entered into an agreement to sell its land (residential) measuring 3.45 Acres located at Mirpurkhas. Refer Note 1.1.

18. SHARE CAPITAL

18.1 Authorized capital

2021	2020		2021	2020
(Number o	of Shares)		(Rupees	; in '000)
150,000,000	150,000,000	Ordinary shares of Rs. 10/- each	1,500,000	1,500,000

18.2 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	10,498,219	-Opening balance	117,250	104,982
-	1,226,821	-Issued during the year	-	12,268
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

2021

0004

2020

2020

Following is the detail of shares held by the related parties. 18.3

Name of related parties

Name of related parties	(Number c	of Shares)
Forugue (Drivete) Limited	5.590.193	5.590.193
Faruque (Private) Limited	- , ,	- , ,
Greaves Pakistan (Private) Limited	322,008	322,008
Cherat Cement Company Limited	288,750	288,750
Mirpurkhas Sugar Mills Limited Employees' Provident Fund	2,737	2,737
Mirpurkhas Sugar Mills Limited Employees' Gratuity Fund	549,247	549,247
	6,752,935	6,752,935

18.4 Voting right, Board selection, right of first refusal and block voting are in proportion to the shareholding.

19. **RESERVES**

		2021	2020
Revenue reserves		(Rupees	in '000)
General reserve		34,250	34,250
Unappropriated profit		1,214,505	719,835
		1,248,755	754,085
Other components of equity			
Actuarial gain on defined benefit plan		170,560	120,887
Unrealised gain on investment at fair value through other			
comprehensive income		827,460	991,689
		998,020	1,112,576
		2,246,775	1,866,661
Surplus on revaluation of freehold land	19.1	844,259	844,259
		3,091,034	2,710,920

19.1 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.

20. LONG TERM FINANCINGS - secured

From Conventional /	Mode & commencement	O a sumitive	Mark up / profit rate	2021	2020
Islamic banks	of repayment	Security	per anum	(Rupees i	n 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%	60,000	67,500
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%	50,000	55,000
Finance 3	Ten Semi annual installments commencing from Sep. 2018	Joint pari-passu hypothecation charge over Fixed Assets (Excluding Land & Building)	6 months average KIBOR + 0.20%	150,000	180,000
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%	321,429	342,857
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%	380,000	400,000
Finance 6					
(salary refinance)	Eight quarterly installments commencing from April 2021.	Joint pari-passu hypothecation charge over Current Assets	Note 20.1	104,973	113,173
Finance 7 (TERF)	Thirty two quarterly installments commencing from February 2023.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding Land & Building)	Note 20.2	212,082	
Islamic Banks					
Finance 8 (ITERF)	Thirty two quarterly installments commencing from August 2023.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding Land & Building)	Note 20.3	107,293	-
Finance 9 (ITERF)	Thirty two quarterly installments commencing from August 2023.	Joint pari-passu hypothecation charge over Fixed Assets (Excluding Land & Building)	Note 20.4	99,550	-
Less: Current maturity	,			1,485,327 (347,593)	1,158,530 (129,721)
				1,137,734	1,028,809

20.1 It represents a long-term financing obtained from a conventional bank under the refinance scheme for payment of wages and salaries by State Bank of Pakistan. It carries flat average mark-up of 0.75% per annum. The SBP allowed spread under this scheme is up to 3% per annum. However, the effective interest rate is calculated at 6.86 % to 8.09% and the loan has been recognised at the present value. The loan is repayable in 8 equal quarterly installments commencing from April 2021 discounted at the effective rate of interest. The differential mark-up has been recognised as government grant (as mentioned in note 24) which will be amortised to interest income over the period of facility. The financing is secured against Joint pari-passu hypothecation charge over current assets.

- **20.2** It represents a long-term financing obtained from a conventional bank under the Temporary Economic Refinance Facility scheme by State Bank of Pakistan. It carries flat markup rate of 1.98% per annum. However, the effective interest rate is calculated at 7.68% and the loan has been recognized at the present value. The loan is repayable in 32 equal quarterly installments commencing from Feb, 2023. The differential mark-up has been recognized as government grant which will be amortized to interest income over the period of facility. The financing is secured against Joint pari-passu hypothecation charge over fixed assets (excluding Land & Building).
- **20.3** It represents a long-term financing obtained from a Islamic bank under the Islamic Temporary Economic Refinance Facility scheme by State Bank of Pakistan. It carries flat markup rate of 3% per annum. However, the effective interest rate is calculated at 8.06% and the loan has been recognized at the present value. The loan is repayable in 32 equal quarterly installments commencing from Aug, 2023. The differential mark-up has been recognized as government grant which will be amortized to interest income over the period of facility. The financing is secured against Joint pari-passu hypothecation charge over fixed assets (excluding Land & Building).
- 20.4 It represents a long-term financing obtained from a Islamic bank under the Islamic Temporary Economic Refinance Facility scheme by State Bank of Pakistan. It carries flat markup rate of 1.8% per annum. However, the effective interest rate is calculated at 8.06% and the loan has been recognized at the present value. The loan is repayable in 32 equal quarterly installments commencing from Aug, 2023. The differential mark-up has been recognized as government grant which will be amortized to interest income over the period of facility. The financing is secured against Joint pari-passu hypothecation charge over fixed assets (excluding Land & Building).

21. LONG TERM LEASE LIABILITIES - ROU ASSET

		2021			2020	
	Rental Payments	Financial Charges	Movement in lease liability	Rental Paymen		Movement in lease liability
Head office under			(Rupees	in '000)		
rental agreement	4,544	1,870	2,674	3,8	17 1,631	2,186
-						
			No	ote	2021	2020
Movement of Lease li	ability				(Rupees in	י '000)
As at October 01					17,074	-
Impact of initial applica	tion of IFRS 1	6			-	19,260
Accretions of interest					1,870	1,631
Payments				_	(4,544)	(3,817)
As at September 30				_	14,400	17,074
Current portion of lease	e liabilities			_	(5,340)	(4,906)
Long term portion of le	ase liabilities			_	9,060	12,168
DEFERRED LIABILIT	IES			-		
Market committee fee			22	2.1	87,242	82,354
Deferred Sugar cane li	ability and FE) / sales tax	28.1.7 8	& 28.1.8	381,368	533,760
				_	468,610	616,114
Reconciliation of Market Committee Fee						
Opening balance					82,354	77,101
Charge during the year	r				4,888	5,253
Closing balance				_	87,242	82,354

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.

22.

22.1

Note 2021	2020
23. DEFERRED TAX LIABILITY - NET (Rupees in	· '000)
Taxable temporary differences arising in respect of:- Accelerated tax depreciation allowance and investment550,828Deductible temporary differences arising in respect of:28.1.12- Unabsorbed tax losses and others28.1.12- Unpaid Liabilities(514,087)(25,300)(539,387)	507,757 (458,936) (23,882) (482,818)
11,441	24,939
24. GOVERNMENT GRANT As at October 1 9,217 Received during the year 155,372	- 11,142
Released to the statement of profit or loss(17,637)As at September 30146,952	<u>(1,925)</u> 9,217
Less: Current portion of government grant(35,772)Long-term portion of government grant111,180	(6,588) 2,629
25TRADE AND OTHER PAYABLESCreditors112,122Accrued liabilities72,316Advances from customers25.1Vithholding tax payable1,641Sales tax payable71,466Workers' profit participation fund25.2/33Vorkers' welfare fund1,959Other liabilities25.3131,723553,672	61,401 58,890 395,720 3,129 40,325 - 974 2,715 563,154
=======================================	
25.1 These include the following amounts of advances from related parties:	
Unicol Limited. 821	30,027
25.2 Workers' profit participation fund	
Opening balance	2,564 102 2,666
Less: Paid during the year	(2,666)
- Charge for the Year 2,590	-
Closing Balance 2,590	-
25.3 This includes advance of Rs. 130 million received against non-current asset held for sale as ap 1.1 & 17.1.	pearing in note
26 ACCRUED MARK-UP	
Islamic banks2,370Long-term financing2,370Short-term borrowings8,677Conventional banks8,677	- - 16.959
Islamic banks2,370Long-term financing2,370Short-term borrowings8,677	- - 16,959 19,586

27.	SHORT-TERM BORROWINGS-secured	Note	2021	2020
	Conventional banks		(Rupees	s in '000)
	Short-term	27.1	447,995	749,279
	Money market	27.1 & 27.2	850,000	350,000
	Islamic banks			
	Short-term	27.1	499,636	
			1,797,631	1,099,279

- 27.1 This represents utilized portion of short term finance facilities aggregating Rs.5,900 million (2020 : Rs.4,914 million) obtained from various conventional / Islamic banks. These carry mark-up ranging from 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.
- 27.2 This represents Money Market Loans obtained from commercial banks. These loans carry mark-up at KIBOR+0.14 % to KIBOR+0.35%.(2020 : KIBOR+0.15%) The money market loan facility is a sub-limit of regular running finance facility and hence secured against registered joint pari passu hypothecation charge over various assets of the Company.

28. CONTINGENCIES AND COMMITMENTS

28.1 CONTINGENCIES:

- 28.1.1 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.
- **28.1.2** 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 Honorable High Court 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.
- 28.1.3 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 Sindh High Court, for which relief was granted. Against the judgment, the department preferred appeal with the Honorable Supreme Court, 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 High Court 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.

- 28.1.4 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 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 show cause notice. The CCP filed an Appeal before Honorable Supreme Court of Pakistan, which was disposed of by Supreme Court dated 25-03-2010 on the ground that the matter was pending before the Honorable High Courts. There are no financial implications related to this at the moment.
 - b) The Competition Commission of Pakistan (CCP) in August 2021 passed an orders dated 13 August 2021 and imposed penalty on PSMA and member sugar mills alleging them to be guilty of collusive activities and cartelization. The penalty imposed on the Company is Rs.236 million. The PSMA and our Company along with other sugar mills filed the Suit against the order of the Competition Commission of Pakistan (CCP) at Sindh High Court (SHC). The Honorable Court passed the interim order on October 7, 2021 that the operation of impugned orders dated 06.08.2021 and 13.08.2021 shall remain suspended till the hearing is underway.
- **28.1.5** The Company in 2010, has filed a suit before the Honorable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs.1.40million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honorable High Court of Sindh has accepted the petition and termed that the impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. On December 4, 2012, the said petition filed in the Honorable High Court of Sindh has been allowed in favour of the Company. Furthermore, the Company has filed caveat in 2015 in respect of an appeal to be filed by PSQCA against the judgement in CP-2515 of 2010 in the Honourable Supreme Court of Pakistan. No Provision has been made in this regard since the management is confident that the outcome would be in Company's favour and the amount is insignificant and is not likely to be materialized.
- 28.1.6 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 6, 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.41.9 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.
- a) The company in 2014 has filed a petition vide CP No. D-759 of 2014, before the Honorable High Court of 28.1.7 Sindh against the order of Additional/ Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting 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. 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.
- 28.1.8 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. 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.
- **28.1.9** 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 which is unjustified, 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 (Appeals).
- **28.1.10** 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.
- 28.1.11 Area Water Boards (AWB) had been formed to provide water for irrigation and non-irrigation purposes under Sindh Water Management Ordinance, 2002. AWBs had been charging Re. 1 per 1,000 gallons to the Company and other concerned Mills. In 2010, AWBs illegally enhanced the water charges from Re. 1 per 1,000 gallons to Rs. 10 per 1,000 gallons without any justification or due process which they withdrew upon strong protest, Subsequently, in 2012, they revised the water charges to Rs. 3 per 1000 gallons whereas those sugar mills which were obtaining water from canals directly managed by irrigation department were being charged Rs. 1 per 1,000 gallons. The Company and other affected mills filed a petition vide CP No. 5125/13 before the Sindh High Court against this which has granted stay against any adverse action. The said Petition has been dismissed by the Hon'ble High Court in February 2021 observing that as the Petitioners have already entered into Bulk Supply Agreements with the AWBs, petition is not maintainable and the matter should be referred for Arbitration to the Director of the Left Bank Canal (AWB) Badin. As per direction of Honorable High Court, the Company has settled the matter with the relevant AWB by paying the arrears and the water charges will now be paid as per the revised rate of Rs. 3 per 1,000 gallons.

- **28.1.12** The Federal Board of Revenue (FBR) in the current financial year 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.
- **28.1.13** 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.
- **28.1.14** 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.5.115 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.

28.2	COMMITMENTS	2021	2020
		(Rupees	s in '000)
28.2.1	Letters of credit issued by commercial banks		
	against capital commitments	874,585	-

28.2.2 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

Year		
2020-21	-	5,948
2021-22	5,948	5,948
2022-23	5,609	5,609
2023-24	2,001	2,001
2024-25	71	71
	13,629	19,577
Payable not later than one year	5,948	5,948
Payable later than one year but not later than five years	7,681	13,629
	13,629	19,577

This represents commitments against ijarah contracts for vehicles acquired on ijarah financing repayable in 5 years at the rate of 6 month KIBOR + 1.25%.

00	TUDNOVED NE	-	Note	2021	2020
29.	TURNOVER -NE	1		(Rupees	in '000)
	Local sales - gros	SS		4,380,977	5,270,256
	Less: Sales tax			(519,535)	(677,545)
				3,861,442	4,592,711
	Export sales				44,430
				3,861,442	4,637,141
29.1	All revenue earne	ed by the Company is Shariah Compliant			
30.	COST OF SALES	S			
	Sugar cane cost			3,814,187	3,551,777
	Stores and spare			150,588	149,032
	Packing material			37,344	42,047
		and other benefits	30.1	304,747	305,732
	Water, fuel and p	ower		32,325	28,094
	Insurance			11,001	9,167
	Repairs and mair			14,248	16,732
	Vehicles expense			18,219	14,190
	Sugar handling e	xpenses		1,339	2,465
	Other expenses			12,376	9,267
	ljarah rentals			3,551	3,684
	Depreciation		4.1.1	94,568	87,994
	Amortization		5.1	1,086	1,086
				4,495,579	4,221,267
	Sugar-in-process			4,787	2,888
		- closing	9	(5,571)	(4,787)
				(784)	(1,899)
				4,494,795	4,219,368
	Less:	- sale of molasses	30.2	(542,995)	(437,788)
		- sale of bagasse	30.2	(42,588)	(46,655)
				(585,583)	(484,443)
	Cost of goods ma			3,909,212	3,734,925
	Purchase of suga			-	271,500
	Finished goods	- opening		648,091	974,084
		- closing	9	(978,637)	(648,091)
				(330,546)	325,993
				3,578,666	4,332,418

- **30.1** This includes Rs. 5.92 million (2020: Rs.11.07 million) in respect of staff retirement benefits.
- **30.2** These figures are net of sales tax of Rs. Nil (2020 : Rs. Nil) in respect of molasses and Rs. 7.43 million (2020 : Rs. 7.98 million) in respect of bagasse.

31. DISTRIBUTION COST

Salaries, wages and other benefits	31.1	6,490	5,630
Insurance		4,388	4,798
Sugar export freight & port handling expenses		-	451
Brokerage and commission		-	442
Distribution Expense		6,751	-
Other expenses		5,460	4,356
ljarah rentals		954	1,029
Depreciation	4.1.1	250	47
Amortization	5.1	181	181
		24,474	16,934

31.1 This includes Rs. 0.09 million (2020: Rs. 0.09 million) in respect of staff retirement benefits.

		Note	2021	2020	
32. ADMINISTRATIVE EXPENSES			(Rupees in '000)		
	Salaries, wages and other benefits	32.1	75,046	86,868	
	Directors' fee		1,760	1,600	
	Rent, rates and taxes		778	2,842	
	Communication expense		4,354	4,243	
	Conveyance and travelling		2,704	4,366	
	Printing and stationery		2,223	2,295	
	Entertainment		1,646	1,444	
	Vehicles expenses		6,336	6,565	
	Insurance		3,376	3,169	
	Repairs and maintenance		7,389	7,775	
	Subscription		3,850	3,384	
	Legal and professional charges		17,972	17,269	
	General expenses		7,550	10,385	
	Utilities		3,653	3,233	
	Ijarah rentals		911	932	
	Depreciation	4.1.1	8,721	8,259	
	Depreciation on right of use assets	4.1.1	4,055	3,041	
	Amortization	5.1	543	543	
			152,867	168,213	

32.1 This includes Rs. 0.99 million (2020: Rs. 7.71 million) in respect of staff retirement benefits.

33. OTHER OPERATING EXPENSES

	00.4	4 477	4 00 4
Auditors' remuneration	33.1	1,477	1,224
Write-off of loan to Subsidiary Company wound-up		10,195	-
Net loss from agriculture produce		9,603	-
Workers' profit participation fund		2,590	-
Workers' welfare fund		984	-
Charity and donation	33.2	235	894
	_	25,084	2,118
Auditors' Remuneration	_		

Annual audit and consolidation fee	906	725
Half yearly review fee & certification	382	227
Out of pocket expenses	189	272
	1,477	1,224

33.2 These include donation amounting to Rs.Nil (2020: Rs.0.50 million) to Ghulam Faruque Welfare Trust. Mr. Aslam Faruque, Chief Executive Officer & Mr.Amer Faruque, Director of the Company, are the trustees of Ghulam Faruque Welfare trust.

34. OTHER INCOME

33.1

Income from Financial Assets Dividend from related parties

Profit on PLS and deposit accounts	34.2
Exchange gain Gain on derivative instrument	34.3
Government grant	54.5
Mark-up on growers' loans	34.4
Income from non-financial assets Gain on disposal of operating property, plant and equipment Fair value adjustments / net gain or loss from agriculture produce Reversal of provision for sugarcane liability Miscellaneous	4.2

34.1	8,068	10,567
34.2	1,527	2,030
	813	-
34.3	28,410	-
	17,637	1,925
34.4	1,149	906
	57,604	15,428
4.2	378	1,651
	-	7,297
	152,392	-
	3,213	1,641
	155,983	10,589
	213,587	26,017

- **34.1** 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.
- 34.2 This includes Rs.0.06 million (2020: Rs.0.10 million) as profit from Islamic Banks.
- **34.3** 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.
- 34.4 Represents profit earned from conventional loan to growers

35. FINANCE COST

36.

	2021	2020
Islamic Banks	(Rupees i	n '000)
Profit on short-term borrowings	37,829	33,227
Bank charges	197	254
	38,026	33,481
Conventional Banks		·
Mark-up on long-term financing	99,406	115,559
Mark-up on short-term borrowings	105,260	213,011
Bank charges	1,148	2,365
	205,814	330,935
Others		
Interest on workers' profit participation fund	-	102
Right-of-use asset	1,870	1,630
	1,870	1,732
	245,710	366,148
TAXATION		
Current	88,950	119,697
Prior		- 110 607
Deferred	88,950	119,697
Deferred	(13,497)	(51,969)

0004 0000

75,453

67,728

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. Income from Export is subject to final tax. Therefore, reconciliation of accounting to tax profit has not been presented.

37. EARNINGS / (LOSS) PER SHARE- basic & diluted

Profit / (loss) after taxation	140,320	(115,733)
Weighted average number of ordinary shares in	Number	of Shares
issue during the year	13,495,040	13,495,040
Earnings / (loss) per share - basic (Rupees)	10.40	(8.58)

37.1 There is no dilutive effect on basic earnings per share of the Company

38. 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 :

38.1 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. 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.

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 one to 24 months.

		2021	2020
		(CNY	'000)
L/C Exposure	_	28,374	
Net exposure	_	28,374	-

The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

The following significant exchange rates were applied at reporting date:

	2021	2020
Rupee per CNY	(Rs./CNY)	
Reporting date rate (Buying/Selling)	26.62 / 26.70	-

Foreign currency sensitivity analysis

A ten percent strengthening / weakening of the PKR against the CNY as at September 30, 2021 would have increased / decreased the equity and profit/ loss after tax by Rs. Nil (2020: 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, 2020.

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:

	2021	2020
Financial assets:- Fixed rate instruments	(Rupees	s in '000)
Long-term loan - cane development	28,966	-
Short term investments - TDR	1,561	1,616
	30,527	1,616
Financial Liabilities:		
Variable rate instruments	2,759,060	2,144,636
Fixed rate instruments	523,899	113,173
	3,282,959	2,257,809

Cash flow sensitivity analysis for variable rate instruments

Change in interest rate by 2% may have a positive or negative impact of approximately Rs.55.181 million (2020: Rs. 63.16 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 then 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.929.21 million (2020: Rs.1,116.58 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs.92.92 million (2020: Rs.111.66 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.

Long term Investments Credit rating		2021	2020
		(Rupees	in '000)
Cherat Cement Company Limited Cherat Packaging Limited	A A	393,465 378,200	320,772 375,477
Short term Investment			
Cherat Cement Company Limited	A1	157,542 929,207	420,336 1,116,585

38.2 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.11 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:

Loans & Deposits	26,422	15,131
Trade debts	61,059	90,703
Advances	22,235	28,664
Short-term investment - TDR / Related Party	1,561	1,616
Bank balances	32,403	33,514
	143,680	169,628

38.2.1 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 Deposits against ijarah contracts (Credit rating "A")	25,322 1,100	14,031 1,100
Trade debts Customers with no default in the past one year	61,059	90,703
Advances Counter parties without credit rating	22,235	28,664
Short-term investment - TDR/ Related Party Counter parties with credit rating (A1+)	1,561	1,616
Cash at bank	25.007	
A1 + A1	25,867 325	-
A-1	188	212
A-1+	6,023	33,302
	32,403	33,514

38.3 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.4,102 million (2020 : Rs.3,815 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			2021		
	Less than one year	One to five years	Sub Total (a)	Less than one year	One to five years	Sub Total (b)	Total (a+b)	2020
				(Rupees	in '000)			
Financial liabilities:								
Long-term financing	347,593	1,137,734	1,485,327	-	-	-	1,485,327	1,158,530
Lease Liabilities	5,340	9,060	14,400	-	-	-	14,400	17,074
Deferred liabilities	-	-	-	-	468,610	468,610	468,610	616,114
Short-term borrowings	1,797,631	-	1,797,631	-	-	-	1,797,631	1,099,279
Trade & other payables	2,590	-	2,590	316,162	-	316,162	318,752	123,006
Accrued mark-up	-	-	-	31,797	-	31,797	31,797	36,545
Unclaimed dividend	-	-	-	-	7,981	7,981	7,981	8,460
	2,153,154	1,146,794	3,299,948	347,959	476,591	824,550	4,124,498	3,059,008

Effective interest rates for the monetary financial assets and liabilities are mentioned in the respective notes to the financial statements.

38.4 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 date (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

	Total	Level 1	Level 2	Level 3
30 September 2021		(Rupees	in '000)	
Investment at fair value through other comprehensive income	929,207	929,207		-
Derivative instruments (Note 34)	28,410	-	28,410	-
Biological Assets	8,306	-	8,306	-
30 September 2020				
Investment at fair value through other comprehensive income	1,116,585	1,116,585		-
Biological Assets	8,760	-	8,760	-

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.

38.4.1 Changes in liabilities to cashflows arising from financing activities

			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	600,201	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	(137,735)	-	- 1,870	-	- 243,840
	-	-	1,070	-	243,840 3,019
Borrowing costs	-	-	-	-	3,019
At the end of the year	1,630,213	1,797,631	14,400	7,981	37,797

	2020				
	Long term financing*	Short term borrowings	Lease liabilities	Un-claimed dividend	Accrued Mark-up
			(Rupees in '000)	1	
At the beginning of the year	777,143	1,798,333	-	8,513	70,386
Changes from financing cash flows					
Borrowings - net	399,821	(699,054)	-	-	-
Lease rentals paid	-	-	(3,817)	-	-
Dividend paid	-	-	-	(53)	-
Finance cost paid	-	-	-	-	(398,358)
Other changes					
Recognition of lease liability Recognition of government	-	-	19,260	-	-
grant - net	(9,217)	-	-	-	-
Finance cost - net	-	-	1,631	-	364,517
At the end of the year	1,167,747	1,099,279	17,074	8,460	36,545

*Includes the effect of government grant

38.5 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 shareholders 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.

2021 2020

The gearing ratios as at September 30, 2021 and 2020 were as follows:

	(Rupees	s in '000)
Total Long-term debt	1,485,327	1,158,530
Share Capital	134,950	134,950
Reserves	2,246,775	1,866,661
Surplus on revaluation of Property, plant & equipment	844,259	844,259
Total Equity	3,225,984	2,845,870
Total Equity and Long-term debt	4,711,311	4,004,400
Gearing ratio (%)	31.53%	28.93%

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.

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

		2021			2020		
Particulars	Chief Executive	Director	Executives	Chief Executive	Director	Executives	
	(Rupees			in '000)			
Remuneration & bonus	47,280	17,003	35,165	32,869	4,248	29,622	
Housing allowance	1,452	-	10,460	1,452	-	9,298	
Utilities	250	-	2,324	250	-	2,066	
Leave fare assistance	2,528	-	-	2,528	-	-	
Retirement benefits	5,610	-	1,641	5,057	-	1,355	
	57,120	17,003	49,590	42,156	4,248	42,341	
No. of persons	1	1	12	1	1	11	

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.

39.1 The aggregate amount charged in the financial statements for the year for meeting fee to five directors amounted to Rs.1.76 million (2020: 6 directors - Rs.1.60 million).

40. 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	2021	2020
		(Rupees	; in '000)
Group Companies	Services received Goods purchased Sale of fixed asset Dividend received from related party	11,867 5,207 - 8,068	12,582 3,426 2,000 10,567
Associated Company	Dividend received from associated company Sales made	212,500 557,495	275,000 468,705
Other related parties	Staff provident / gratuity fund	14,145	18,871

40.1 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. Cherat Cement Company Ltd. Greaves Pakistan (Pvt) Ltd. Cherat Packaging Ltd. Greaves Engineering Services (Pvt) Ltd. Greaves Air-conditioning (Pvt) Ltd. Madian Hydro Power Ltd.	Common directorship Common directorship / Share holding Common directorship Common directorship / Share holding Common directorship Common directorship Common directorship	1.98 - 4.97 - -
Unicol Ltd. UniEnergy Ltd. Zensoft (Pvt) Ltd.	Associated Company Associated Company Group Company	33.33 7.69 -

41. RECENT ACCOUNTING DEVELOPMENTS

Standards, interpretation, 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 standards or interpretation:

	Amendment or Improvement	Effective date (annual periods beginning on or after)
IFRS 9 / IAS 39 /		
IFRS 7 / IFRS 4 /		
IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendme	nt) 1-Jan-2021
IFRS 16	COVID-19 Related Rent Concessions beyond	
	30 June 2021 (Amendments)	1-Apr-2021
IFRS 3	Reference to the Conceptual Framework (Amendments	s) 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 a	ccounting standards issued by the IASB (2018 - 2020 cyc	le)
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		e dates (annual ning on or after)	
IFRS 1 IFRS 17	First time adoption of IFRSs Insurance Contracts		1-Jan-2004 1-Jan-2023	
CAPACITY AN	ND PRODUCTION			
		2021	2020	
No. of days mi	II operated	98	107	
	acity per day (M.tons)	12,500	12,500	
Total Crushing	capacity on the basis of no. of days (M.tons)	1,225,000	1,337,500	
Actual crushin	g (M.tons)	488,464	525,201	
Sugar product	ion (M.tons)	51,909	57,286	

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.

42.

43. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2021	2020
	(Nur	nber)
Total number of employees	198	200
Average number of employees during the year	206	202

44. 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, 2021 (2020: 99.20%).

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 79.76% of the Company's total sales during the year (2020: 81.10%).

45.	DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES	Note	2021	2020
	COMPENANT COMPANIES		(Rupees	in '000)
	Long term financing as per Islamic mode	20	206,844	-
	Short term borrowings as per Islamic mode	27	499,636	-
	Shariah Compliant bank balances	16	5,180	8,732
	Revenue earned from Shariah compliant business	29	3,861,442	4,637,141
	Dividend earned from Shariah compliant investment	34	8,068	10,567
	Finance cost on Islamic mode of financing	35	38,026	33,481
	Profit earned from any conventional loan / advances	34	1,149	906
	Finance cost on conventional mode of Financing	35	205,814	330,935
	Exchange Gain earned	34	813	-
	Profit earned from any Shariah compliant bank accounts	34	60	100

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.

46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on December 16, 2021 by the Board of Directors of the Company.

47. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassifications to these financial statements during the year.

48. GENERAL

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

Aslam Faruque Chief Executive

Samir Mustapha Chinoy Director

Wasif Khalid Director & Chief Financial Officer

Pattern of Shareholding as at September 30, 2021

Number of		Shareholding		Shares held
shareholders	From		То	
979	1	to	100	20,217
350	101	to	500	84,285
114	501	to	1000	82,907
193	1001	to	5000	448,164
48	5001	to	10000	349,733
21	10001	to	15000	258,694
11	15001	to	20000	186,292
7	20001	to	25000	154,379
6	25001	to	30000	167,568
2	30001	to	35000	61,515
1	35001	to	40000	38,110
4	40001	to	45000	170,754
5	45001	to	50000	237,470
2	50001	to	55000	109,120
1	55001	to	60000	60,000
3	65001	to	70000	196,927
1	70001	to	75000	75,000
4	105001	to	110000	440,000
1	135001	to	140000	137,687
1	205001	to	210000	206,300
1	240001	to	245000	243,227
1	270001	to	275000	272,900
1	285001	to	290000	288,750
1	320001	to	325000	322,008
1	345001	to	350000	345,985
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
1765				13,495,040

Categories of Shareholders as at September 30, 2021

Categories of shareholders	Number of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and m	inor 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
Insurance Companies	1	345,985	2.56
Banks, Development Finance Institutions and			
Non-banking Finance Companies,	13	57,356	0.43
Modarabas and Mutual Funds			
CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,250,467	9.27
General Public			
a. Local	1,702	3,940,981	29.20
b. Foreign	1	42,570	0.32
Others	36	1,599,660	11.85
Total	1,765	13,495,040	100.00
Shareholders holding 10% or more		Shares Held	Percentage
FARUQUE (PRIVATE) LIMITED		5,590,193	41.42

کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت اسٹیٹمنٹ

اسٹیٹنٹ میں" خصوصی امور" سے متعلق مادی حقائق بیان کئے گئے ہیں جو جمعرات 27 جنوری 2022 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں زیر بحث لایا جائیں گے۔ کمپنی کے ممبران سے اس کی منظوری حاصل کی جائے گی۔

مالی سال محتتمہ 30 ستمبر 2021 کے دوران میں نمپنی نے اپنی ایسوسی ایٹڈ کمپنیزاور متعلقہ پارٹیز کے ساتھ اپنی پالیسیز اور لاگو قوانین اور ضوابط کے مطابق لین دین کیا۔ متعلقہ پارٹیز کے ساتھ لین دین کے لئے کمپنیز ایکٹ 2017 کے سیکشنز 207 اور 208 کے تحت شیئر ہولڈرز کی منظوری حاصل کرنا لازمی ہے۔ ایسے لین دین کو شیئر ہولڈرز کی منظوری کے لئے خصوصی قرارداد کے ذریعے ان کے سامنے پیش کیاجارہاہے جو سالانہ اجلاس عام میں پاس کرنے کے لئے تجویز کی گئی ہے۔

شیئر ہولڈرزسے درخواست ہے کہ لین دین کی توثیق کریں جو مالیاتی اسٹیٹنٹس برائے سال محتتمہ 30 ستمبر 2021 کے نوٹ نمبر 40 میں واضح کی گئی ہے نیزبورڈ آف ڈائر یکٹرز کو متعلقہ پارٹیز یا ایسو سی ایٹڈ کمپنیز کے ساتھ سال مختتمہ 30 ستمبر 2022 کے لئے لین دین کی انجام دہی کا مجاز قرار دیں۔

لین دین کے لئے پارٹی کی لحاظ سے بریک اپ مالیاتی اسٹیٹمنٹس برائے سال مختتمہ 30 ستمبر 2021 کے نوٹ نمبر 40 میں واضح کیا گیا ہے جو درج ذیل ہے

ر قم(روپے)	لین دین کی نوعیت	متعلقه تمينى كانام
(9,758,457)	سروس کی ادائیگی	زین سوفٹ(پرائیویٹ) کمیٹڈ
(1,937,755)	سروس کی ادائیگی	گریوزائر کنڈیشننگ(پرائیویٹ)کمیٹڈ
(171,062)	سروس کی ادائیگی	گریوز پاکستان(پرائیویٹ)کمیٹڈ
(125,000)	سامان کی خریداری	گریوزائر کنڈیشننگ(پرائیویٹ)کمیٹڈ
(1,889,331)	سامان کی خریداری	گریوز پاکستان(پرائیویٹ)کمیٹڈ
3,847,277	وصول شده دْيويدْندْ	چیراٹ سیمنٹ کمپنی کمیٹڈ
(3,193,121)	سامان کی خریداری	چیراٹ پیکجنگ کمیٹڈ
4,220,980	وصول شده دْيويدْندْ	چیراٹ پیکجنگ کمیٹڈ
557,495,183	سامان بيچإ گيا	يونى كول لميثدُ
212,499,987	وصول شده دْيويدْندْ	یونی کول کمیٹڈ
(14,145,815)	فنڈز میں کنٹر ی بیوش	ایمیپلائز پرادیڈنٹ اینڈ گریجو کٹی فنڈ

- 4۔ شیئر ہولڈرزلو گن ہونے کے لئے اپنی ڈیوائس کے ذریعے شاخت کے لئے مطلوبہ ضروریات اور شیئر ہولڈر کی تصدیق کے بعد شر کت کر سکیں گے۔ویڈیو لنک اور لاگ ان کی تفصیلات صرف ان ممبرز کے ساتھ شیئر کی جائیں گی جن کے ای میل میں تمام مطلوبہ معلومات ہوں گی اور وہ اے جی ایم کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہوجائیں گی۔
- 5۔ جن شیئر ہولڈرز نے اپنے کارآمد کمپیوٹرائزڈ قومی شاختی کارڈ کی فوٹو کاپی ابھی تک جمع نہیں کرائی ہے، ان سے درخواست ہے کہ وہ یہ کاپی سمپنی کے شیئرر جسٹرار کو بھیج دیں۔
- 6۔ سمپنی کے فزیکل شیئرز کے حامل ممبرز سے درخواست ہے کہ وہ اپنے پند میں کسی تبدیلی کی صورت میں کمپنی کے شیئرر جسڑار کو مطلع کریں۔ جبکہ سی ڈی سی اکاو مٹس کے حامل شیئر ہولڈرز سے درخواست ہے کہ وہ فوری طور پراپنا پند اپنے مطلوبہ سی ڈی سی شریک / بروکر / سی ڈی سی انویسڑ اکاؤنٹ سروسز کو جمجوائیں۔
- 7۔ فزیکل شیئر کے حامل جن ممبرز نے ابھی تک اپنے کارآمد کمپیوٹرائزڈ قومی شاختی کارڈ (سی این آئی سی) کی فوٹو کاپی جمع تنہیں کرائی ہے، وہ کمپنی کے شیئر رجسٹرار کے پاس جمع کرادیں۔
- 8۔ کمپنیزایکٹ 2017 کے سیکشن 72 کے مطابق ہر موجودہ کسٹڈ سمپنی کو اپنے فزیکل شیئرز ایک مقررہ طریقے سے ایس ای سی پی کی مقرر کردہ تاریخ سے بک انٹری کی شکل میں تبدیل کرنا ہوں گے۔ اس لئے ان شیئر ہولڈرز سے جن کے پاس فزیکل شیئر ہیں، درخواست ہے کہ اپنے فزیکل شیئرز کو بنار سید (اسکرپ کیس) شکل میں تبدیل کرنے کے لئے کسی بھی بروکر کے ساتھ سی ڈی سی سب اکانونٹ یابراہ راست سی ڈی سی کے ساتھ انویسٹر اکانونٹ کھولیں تاکہ ان کے فزیکل شیئرز CDC میں براہر است بلا مسودہ شکل میں درج ہوجائیں۔
- 10۔ کمپنیز ایک 2017 کے سیکشن 244 کی پیرو کی میں جب سمپنی ایک مرتبہ مقررہ کارروائی کمل کرلے گی تو کسی غیر کلیم شدہ ڈیویڈنڈ اور / یا شیئرز جو واجب الادا تاریخ سے تین سال یااس سے زیادہ کی مدت گزرنے کے بعد بھی واجب الادا ہوں،اور قابل ادائیگی ہوں، تو وہ وفاقی حکومت کے پاس (ڈیویڈنڈ ہونے کی صورت میں) جمع کراد نے جائیں گے یا ایس ای سی پی کو (فزیکل شیئر ہونے کی صورت میں) بھواد نے جائیں گے۔ جو شیئر ہولڈرز کسی وجہ سے اپنے ڈیویڈنڈ /شیئرز حاصل نہ کر سکے ہوں، ان کوہدایت کی جاتی ہے کہ وہ اپنے میں شدہ ڈیویڈنڈ (س کی کرنے یا ان کے بارے میں معلومات حاصل نہ کر سکے ہوں، ان کوہدایت کی جاتی ہے کہ وہ اپنے میں ملیم شدہ ڈیویڈنڈ (سی ڈر کو کی سورت میں) جبواد ہے جائیں گے۔ جو شیئر کرنے یا ان کے بارے میں معلومات حاصل نہ کر کے لئے کمپنی کے شیئر رجسٹر ارمیسرز سی ڈی سی شیئر رجسٹرار سروسز کر میں
- 11۔ بحوالہ ایس ای سی پی کے جاری کردہ ایس آر 2014/(۱) 787 مورخہ 8 تنمبر 2014۔ شیئر ہولڈرز کویہ اختیار حاصل ہے کہ وہ سالانہ آڈٹ شدہ مالیاتی اسٹیٹنٹس اور اجلاس عام کی اطلاع بذریعہ ای میل منگوالیں۔ کمپنی کے شیئر ہولڈرز سے گزارش ہے کہ وہ ہمارے ریکارڈ کو اپ ڈیٹ رکھنے کے لئے کمپنی کے صدر دفتر کو اپنی رضامندی سے آگاہ کریں کہ آیا وہ سالانہ آڈٹ شدہ مالیاتی اسٹیٹنٹس اور اجلاس عام کا نوٹس ای میل کے ذریعے وصول کرنا چاہتے ہیں۔ تاہم اگر شیئر ہولڈرز اس کے علاوہ آڈٹ شدہ مالیاتی اسٹیٹنٹس کی ہارڈ کاپی بھی حاصل کرنا چاہتے ہیں تو وہ ان کو اس کے ذریعے تحریری درخواست موصول ہونے کے سات (7) دن کے اندر بھجوادی جائے گی۔
- 12۔ ممبران ویڈیوکا نفرنس کی سہولت بھی حاصل کر سکتے ہیں۔ اس سلسلے میں برائے مہرمانی درج ذیل معلومات پر کرکے شمینی کے صدر دفتر میں سالانہ اجلاس عام کے انعقاد سے سات (7) دن قبل جمع کرادیں۔ اگر شمینی ایسے ممبران سے جو پڑ10 یا اس سے زیادہ شیئرز کے حامل ہوں اور ایک ہی جغرافیائی مقام پر رہتے ہوں اور ویڈیو کا نفرنس کے ذریعے اجلاس میں شرکت کرنا چاہتے ہوں تو اجلاس کی تاریخ سے سات دن میں ویڈیوکا نفرنس کا انتظام کردے گی بشر طیکہ اس شہر میں یہ سہولت موجود ہو۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیاجاتا ہے کہ میر پورخاص شو گر ملز کمیٹڈ کا 57 وال سالانہ اجلاس عام بروز جعرات 27 جنوری 2022 صبح 10:00 بیج تمپنی کے رجسٹرڈ دفتر واقع فیکٹر ی کی حدود، جمراؤ،عمر کوٹ روڈ ، میر پورخاص ،سندھ میں درج ذیل امور کی انجام دہی کے لئے منعقد ہو گا

خصوصی امور 4۔ درج ذیل قرارداد پر بطور خصوصی قرارداد غور کرنا اور منظوری دینا۔

ب) مزید طے پایا کہ کمپنی کا بورڈاف ڈائر یکٹرز 30 تتمبر 2022 کو ختم ہونےوالے آئندہ سال کے دوران میں متعلقہ پارٹیز اور ایسو سی ایٹڈ کمپنیز کے ساتھ کاروبار کے معمولات میں کئے جانے والے لین دین کی منظوری کے لئے مجاز ہے اور ہو گا"

بحكم بورد آف دائر يكرز



كراچى 16 دسمبر 2021

- 1۔ سمبین نے ممبران کا رجسٹر جعرات 20جنوری 2022 تا جعرات 27 جنوری 2022(بشمول دونوں ایام) بند رہے گا اور اس وقت کے دوران میں کوئی ٹرانسفر رجسٹر نہیں کیا جائے گا۔ کمپنی نے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز کمیٹڈ (سی ڈی سی ایس آر ایس ایل) نے دفتر، سی ڈی سی ہاؤس، 99 بی، بلاک بی ، ایس ایم سی اینچ ایس مین شارع فیصل کراچی 74400 میں بدھ 19 جنوری2022 کو کاروباری او قات کے اختیام تک درست صورت میں موصول ہونےوالے شیئرز بروفت تصور ہوں گے۔
- 2۔ سمینی کا کوئی ممبر،جو سالانہ اجلاس عام میں شر کت کرنے، بولنے اور ووٹ دینے کا اہل ہے اپنی جگہ کسی دوسرے ممبر کو شر کت کرنے ، بولنے اور ووٹ دینے کے لئے اپنا پراکسی مقرر کر سکتا / سکتی ہے۔ پراکسیز کے موثر ہونے کے لئے لازمی ہے کہ وہ تحریری ہو اور سمینی کے صدر دفتر کو اجلاس شروع ہونے سے 48 گھٹنے پہلے موصول ہوجائے۔
- 3۔ ایس ای سی پی کی ہدایات کی بیروی میں کووڈ کی صور تحال اور شیئر ہولڈرز کی صحت کی خاطر اے جی ایم کی کارروائی ZOOM ایپلی کیشن کے ذریعے ویڈیو پر بھی (ویڈیو لنک کانفرنسنگ کی سہولت) جاری کی جائے گی ۔ میٹنگ میں شرکت کے خواہشمند شیئر ہولڈرز سے درخواست ہے کہ مطلوبہ معلومات "رجسٹریشن برائے میر پور خاص شو گر ملز کمیٹڈ اے جی ایم" کے ٹائٹل کے ساتھ مع کمپیوٹر انزڈ قومی شاختی کارڈ (سی این آئی سی) کی دونوں سائیڈ کی فوٹو کاپی ای میل کے پتے پر بھیجی دیں : cdcsr@cdcssl.com شیئر ہولڈرز کو ہدایت دی جاتی میں ان میں ڈی سی اکاؤنٹ نمبر، سی این آئی سی نمبر، کارآمد ای میل ایڈریس اور موبائل نمبرای میل کردیں۔ ویڈیو لنگ کی تفصیلات اور لاگ ان کی تک میں رز کو ان کے فراہم کردہ ای میل ایڈریس پر بھیجی دی جائیں گی جس سے وہ مقررہ تاریخ اور وقت پر میٹنگ میں شرکت کی تفصیلات اور لاگ ان کی تفصیلات میں د

کوڈ آف کارپوریٹ گور ننس کے ساتھ کمپلائنس کا اسٹیٹمنٹ تمپنی لسٹر کمپنیز (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 کی اگیا اہے۔

طومتی پالیسیز کا کاروبار بر انڑ ہم ایک بار پھراس موقع پر حکومت سے درخواست کرتے ہیں کہ چینی کی قیمت کا شتکار کو ادا کی گئی گئے کی قیمت کے مطابق کرنے کو یقینی بنانے کے لئے اقدامات اٹھائے۔ کر شنگ سیزن 22/2021 کے لئے سندھ حکومت نے پنجاب حکومت کی اعلان کردہ امدادی قیمت 25 روپے فی من کے مقابلے میں 250روپے فی من کا علان کیا ہے۔ چونکہ صوبوں کی سر حدوں نے پارچینی کی نقل وحمل پر کوئی پابندی نہیں ہے تو 25 روپے فی من کے فرق کے علاوہ اعلیٰ کوالٹی پر یمیٹم، نیز سندھ میں گئے کی زیادہ قیمت، ان کے سب یہاں تیار ہونے والی ریفائیڈ چینی کی قط من میں تقریبا 250 روپے فی کلوزیادہ ہوگئی ہے۔اس طرح سندھ میں شوگر ملز غیر مسابقی ہوگئی ہیں۔ اس کے علاوہ سرکاری ایخسین کی فرف سے مقابلے شوگر بروکرز / ڈیگرز کے خلاف چینی کی قیمتوں میں اضافے کے بارے میں حالیہ کسیز کی رجسٹریشن سے قومت اور مقدار دونوں پر منفی ان پڑا ہے۔آنڑ کار چینی کے برآمد کندگان نے حکومت کی جانب سے برآمدی سیسز کی رجسٹریشن سے قومت اور مقدار دونوں پر منفی ان پڑا ہے۔آنڑ کار چینی کے برآمد کندگان نے حکومت کی جانب سے برآمدی سیسز کی رخیز کی نیا پر چینی حکومت اور معانی کر اور میں امار

مستقبل کے امکانات گزشتہ دو کر شنگ سیز نز کے دوران میں کاشتکاروں کو بہتر آمدنی کے سبب خزاں اور بہار دونوں موسموں میں گنے کی بوائی میں بہتری آئی ہے۔ سروے سے معلوم ہوا ہے کہ فصل کے ساتھ ساتھ کاشت کے علاقے میں بھی بہتری نظر آئی ہے۔ مجموعی طور پر پاکستان میں گنے کی فصل میں 20 فیصد تک اضافے کی توقع ہے، جب کہ سندھ میں نہری پانی کی کم دستیابی کے باعث 10 فیصد اضافے کی امید ہے۔ سمبین کو شوگر ملز کے در میاں گنے کی خریداری میں مقابلہ جاری رہنے کی توقع ہے تاہم پہلے بیان کئے گئے عناصر کی روشن میں ایسے مقابلوں کی شدت میں کمی ہو سکتی ہے۔ یونی کول کی مسلسل منفعت اور اس کی ڈیویڈنڈ کی باقاعدہ ادائیگی سے بھی نچلی سطح کے لئے مثبت ابڑات کا سلسلہ جاری رہے گا۔ بورڈ آف ڈائر کیٹرز ادر انتظامیہ پر امید ہیں کہ دہ سمپنی کوئٹے اور پرانے چیلنجز سے نکالنے میں کامیاب ہوجائیں گے۔

کووڈ۔19کی وبا کے دوران میں اور ابھرتے ہوئے اومی کرون ویر نمینٹ کی روشنی میں کمپنی اور اس کے اسٹاف کے مفاد کے تحفظ کے لئے مناسب اقدام اٹھا رہی ہے جسمیں ملاز مین کی صحت اور تحفظ کے لئے پروٹو کول کا سخت نفاذ شامل ہے۔ ان اقدامات کے بنیج میں عملی طور پر کمپنی کے معمول کے آپریشز جاری رہنے میں مدد ملی ہے۔ ہم اس موقع پر حکومت کی جانب سے لئے گئے ریلیف کے مختلف اقدامات اور اسٹیٹ بینک آف پاکستان کی جانب سے کووڈ۔19 کے منفی اثرات کو ختم کرنے میں کاروباری صنعت کی مدد کرنے کے لئے ممنون ہیں۔

آڈیٹرز کا تقرر موجودہ آڈیٹرز میسرز کر سٹن حیدر تبھیم جی اینڈ سمپنی (چارٹرڈ اکاؤنٹنٹس) ریٹائر ہو گئے ہیں اور اہل ہونے کی بنیاد پرانہوں نے خود کو دوبارہ تقرر کے لئے پیش کیا ہے۔

اعتراف ہم اپنے تمام صارفین اورمالیاتی اداروں کے مسلسل سپورٹ اور تعاون کرنے پر شکریہ ادا کرتے ہیں۔ ہم خاص طور پر چیکنج کے اوقات میں اپنے اسٹاف کے خلوص، وفاداری اور سخت محنت سے کام کرنے کے دل کی گہرائیوں سے معترف ہیں۔

منجانب بورد آف دائر يكرز

Am

اسلم فاروق چیف ایگزیکٹسو مسیست . ۲۰۰۰ عارف فاروق چیئر مین

كراچى 16 د شمبر 2021

2	ج) ايگزيکٹو ڈائريکٹرز
	i) جناب اسلم فاروق ii) جناب واصف خالد
	ii) جناب واصف خالد
1	د) خاتون ڏائريگر:
	ا المحروفة الله الله الله الله الله الله الله الل

لمحترمه فرزانه فاروق

سال کے دوران میں بورڈ آف ڈائر یکٹرز کے سات اجلاس منعقد ہوئے۔ ہر ڈائر یکٹر کی حاضر ی کا ریکارڈ درج ذیل ہے:

اجلاس میں حاضر ی	ڈائر بیٹر کا نام
7	• جناب عارف فاروق
7	• جناب اسلم فاروق
6	• جناب عامر فاروق
4	• جناب سمير مصطفى چنائے
7	• جناب محمد اذکار خان
7	• جناب واصف خالد
5	• محترمه فرزانه فاروق
ہٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائر یکٹر کی حاضر ی کا ریکارڈ درج ذیل ہے:	سال کے دوران میں آڈٹ کیم

اجلاس میں حاضری	ڈائر یکٹر کا نام
4	• جناب سمیر مصطفیٰ چنائے
4	• جناب عارف فاروق
4	• جناب محمد اذکار خان
ئر کیلٹر کی حاضر کی کا ریکارڈ درج ذیل ہے:	سال کے دوران میں ہیو من ریسورس اینڈ ریموزیش کمیٹی کے دو اجلاس منعقد ہوئے۔ ہر ڈا

اجلاس میں حاضر ی	ڈائریکٹر کا نام
2	• جناب محمد اذ کارخان
1	• جناب اسلم فاروق
1	• جناب عامر فاروق
	• شیئر ہولڈنگ کا طرز ، رپورٹ کے ساتھ منسلک ہے۔
میں 10.40روپے فی شیئر ہوئی۔	• مالی سال 21/2020 کے لئے فی شیئر آمدنی گزشتہ سال (8.58)روپے کے مقابلے '

ڈائر کیٹرز کے معاوضے کمپنی کے آر ٹیکلزے مطابق نان ایگزیکٹو اور خود مختار ڈائر کیٹرز کے معاوضے بورڈ آف ڈائر کیٹرز نے طے کئے ہیں۔اس طنمن میں بورڈ آف ڈائر کیٹرزنے کمپنی کے نان ایگزیکٹو ڈائر کیٹرز اور خود مختار ڈائر کیٹرز کے ریمونریشن پالیسی وضع کی ہے۔ ڈائر کیٹرز کے مشاہروں کی تفصیل سال محتتمہ 30 ستمبر 2021 کے فنانشل اسٹیٹمنٹ کے نوٹ 39 میں درج ہے۔

کار کردگی کی سالانہ جائچ کوڈ آف کارپوریٹ گور ننس کے حصے کے طور پر تمپنی نے بورڈ آف ڈائر یکٹرز، اس کی کمیٹیز اور انفرادی طور پرڈائر یکٹر کی سالانہ جانچ کا اہتمام کیا گیا۔ طریقہ ء کار کی شفافیت کو یقینی بنانے کے لئے تمپنی نے M/s. Grant Thornton Anjum Rahman Chartered Accountants کی خدمات حاصل کی ہیں رپورٹ کے مواد کی جانچ کی گئی اوران ایریاز کی نشاندہی کی گئی جہاں بہتری کی ضرورت ہے۔

متعلقہ پارٹیز کے ساتھ لین دین متعلقہ پارٹیز کے ساتھ تمام لین دین مناسب انجام دئیے گئے ہیں اور کمپنی کے مالیاتی اسٹیٹمنٹس میں مناسب طور سے ظاہر کئے گئے ہیں۔

تحفظ، صحت اور ماحولیات کووڈ19- کی وبا پھوٹ پڑنے کے بعد آپ کی کمپنی نے مختلف اقدامات کئے اور کررہی ہے جن میں ملاز مین کی صحت اور تحفظ کے لئے سخت پروٹو کول کا نفاذ شامل ہے تا کہ تمام اسٹاف مبرز کو اس وائر س سے ہر مکنہ حد تک بچایا جاسکے۔ کمپنی تمام لا گو قوانین اور ضوابط کی یابندی کرتی ہے۔ کمپنی کے لئے اسٹاف کا تحفظ اولین ترجیح ہے اوراس لئے اسٹاف کی صحت اور تحفظ ٹی ٹھوس پالیسی تیار کی ہے۔ ہر سطح کے اسٹاف کو ذاتی تحفظ کا سامان فراہم کیا گیا ہے اور کیاجارہا ہے اور دیگر اقدامات جیسے ساجی فاصلہ، رابطے کی نیٹاندہی، بلا ترتیب ٹسٹنگ وغیرہ کا سلسلہ جاری کیا گیا جونہ صرف اسٹاف کی صحت کے لئے بلکہ کمپنی نے کاروبار کوجاری رکھنے کے لئے تبھی اہم ہے۔ کمپنی اپنے خرچ پر اپنے اسٹاف کے لئے کووڈ19-کی ٹیسٹنگ کا اہتمام کرتی ہے اور ضرورت کے مطابق ان کو گھر سے کام کرنے کی اجازت دیتی ہے۔ قومی خزانے میں حصہ مالی سال 21/2020 کے دوران میں کمپنی نے ٹیکسز اور محصولات کی شکل میں قومی خزانے میں تقریبا 538 ملین روپے جمع کرائے ہیں۔ اجتماعی اور مالیاتی ریور ٹنگ فریم ورک • انظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹنٹ میں اس کے کاروباری معاملات ،اس کے آیریشز کے نتائج، نقد کا بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طریقے سے ظاہر کیا گیا ہے۔ • تمینی کی جہابات کی کتابوں کو مناسب طریقے سے رکھا گیا ہے • مالیاتی اسٹیٹمنٹس کی تیاری میں درست اکاؤنٹ پالیسیز مستقل طور پرلاگو کی گئی ہیں اوراکاؤنٹس کے تخمینے موزوں اوردانشمندانہ انتظامی فیصلوں پر مبنی ہیں۔ • مالیاتی اسٹیٹمنٹس پاکستان میں لاگوانٹر نیشل فنانشل رپورٹنگ اسٹینڈرڈز کے مطابق تیار کئے گئے ہیں اور کسی انحراف کومناسب طریقے سے ظاہر اور واضح کیا گیا ہے۔ • اندرونی کنٹر ول کے نظام کا ڈیزائن منتخکم ہے اور موثر طور پر نافذالعمل اور زیر نگرانی رہتا ہے۔ • سمپنی کے کاروبار جاری رکھنے تک صلاحت پر کوئی نمایاں شبہ تنہیں ہے۔ • کارپوریٹ گورننس کے بہترین معمولات سے کوئی مادی اعراض نہیں کیا گیا ہے۔ • گزشتہ چھ(6) سال کا کلیدی آپریٹنگ اور فنانشل ڈیٹا مختصر صورت میں منسک ہے۔ • آپ کی ممپنی کے ذمے شیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی واجبات نہیں ہیں، سوائے اس کے جو عام کاروباری معمولات میں ادا کئے حاتے ہیں۔ • سمپنی آپنے اہل ملاز مین کے لئے پراویڈنٹ اور گریجویٹی فنڈ اکاؤنٹس قائم رکھے ہیں۔ متعلقہ فنڈز میں سرمایہ کاری ک قدر بسطابق 30 ستمبر 2021 درج ذيل ہے۔:

554.29 ملين روپ	پراویڈنٹ فنڈ
302.58 ملين روپ	گریجو یٹی فنڈ

بورڈ آف ڈائر یکٹرز بورڈ کے ڈائر یکٹرز کی کل تعداد 7 ہے اور تشکیل درج ذیل ہے: خاتون ڈائر یکٹرز الف) نحود مختار ڈائر یکٹرز: (ii) جناب محمد اذ کار خان •3/1 خود محتار ڈائر یکٹرز کی نثرط 2.33 بنتی ہے جس کی کسر5.5 ہے اور اس لئے لاگو ضوابط کے مطابق اسے مکمل عدد کرنے کے لئے 2 کر لیا گیا ہے۔ ب) نان ایگر یکٹیو ڈائر یکٹرز (i) جناب عارف فاروق

iii) محترمه فرزانه فاروق

ii) جناب عامر فاروق

• خدشات کی جائچ کاروبار کو کٹی طرح کی غیر یقینی صور تحال کا سامنا کرنا پڑتا ہے جو اس کے مقاصد کے لئے خطرہ ہو سکتے ہیں اور اگر ان کا سدباب نہ کیا جائے تو ایسے نقصانات ہو سکتے ہیں جن سے بچا جاسکتا تھا۔ لہٰذا بورڈ آف ڈائر یکٹرز نے اندرونی اور بیرونی دونوں طرح کے خدشات کی مناسب جاپنے کی جو کمپنی کو در پیش ہو سکتے ہیں۔

• کریڈٹ کا خدشہ کمپنی کے تمام مالیاتی اثاثہ جات کو، سوائے اپنے پاس موجود نقد رقم کے، کریڈٹ کا خدشہ ہو تا ہے لیکن کمپنی کو اطمینان ہے کہ ان کو کریڈٹ کا بڑا خدشہ نہیں ہے ۔ تاہم ان کو خدشہ کے امکان سے محفوظ رکھنے کے لئے اپنے صارفین اورکاشتکاروں کے لئے کریڈٹ کی حد مقرر کردی ہے اور اس کے ساتھ سرمایہ کاری میں بھی تنوع پیدا کیا ہے۔

• لیکویڈیٹی کا خدشہ لیکویڈیٹی کے خدشہ کا دانشمندانہ انتظام معاہدوں کے وعدوں کو پورا کرنے کے لئے خاطر خواہ فنڈز کی دستیابی کو یقینی بناتا ہے۔ کمپنی کی فنڈ مینتجنٹ اسٹریٹیجی کا مقصد اندرونی طور پر کیش میں اضافہ کر کے اور مالیاتی اداروں کے ساتھ کریڈیٹ لا کنز پر کام کرکے لیکویڈیٹی رسک کا مسئلہ حل کیا جاتا ہے۔

• زر مبادلہ کا خدشہ زر مبادلہ کا خدشہ وہاں ہوتا ہے جہاں بیرونی کرنسی میں لین دین کے سبب قابل وصولی اور قابل ادائیگی رقوم کا سلسلہ ہو۔ حال ہی میں کمپنی کو کوئی بڑا فارن کرنسی رسک ظاہر نہیں ہوا۔

• قرضوں کی واپس ادائیگی کمپنی نے ہمیشہ اپنے تمام قرضہ جات معاہدوں کے وعدوں اور ضوابط کے مطابق بروقت ادا کئے ہیں۔مالی سال 20/2019 کے دوران میں اسٹیٹ بینک آف پاکستان نے کمپنیز کواجازت دی تھی کہ وہ اپنے طویل المدت قرضہ جات کی اصل رقم کی ادائیگی کو موخر کردیں۔ کمپنی نے اسٹیٹ بینک آف پاکستان کے بی پی آرڈی سر کلر نمبر13 آف 2020 کے ذریعے دی گئی طویل مدت کی فنانس کو موخر کردیں۔ کمپنی نے اسٹیٹ سہولت کے تحت 216ملین روپے کی اصل رقم موخر کی گئی۔ جولائی 2011 اس موخر شدہ رقم کی واپس ادائیگی شروع کردی گئی جے س

• ایکو یٹی اینڈ کیپٹل منیجہنٹ کمپنی ایکو یٹی کا خاطر خواہ میں بر قرار رکھنے کی خواہاں ہے تاکہ انویسڑ، کریڈیٹر اور مارکیٹ کا اعتاد قائم رہے اور مستقبل میں کاروبار کی ترقی کا عمل جاری رہے۔ سال کے دوران میں کمپنی نے ایکو یٹی کی منیجہنٹ کے طریقہ کار میں کوئی تبدیلی نہیں کی ۔ کمپنی کے موجودہ قرضہ اور ایکو یٹی کا تناسب1:0.46 ہے۔ بورڈ آف ڈائر یکٹرز اور انتظامیہ کو بھروسہ ہے کہ کمپنی کے آنے والے برسوں میں کیپٹل کے ڈھانچ میں مزید مضبوطی آئے گی۔

ڈیویڈنڈ کمپنی نے تنوع لانے کے سلسلے میں پیر اینڈ بورڈ پروجیکٹ قائم کرنےکا فیصلہ کیا ہے۔ ابھی اس کا تعمیر اتی مرحلہ جاری ہے اور اس کے لئے سرمائے کی ضرورت ہے۔ اس کے لئے بورڈ آف ڈائر یکٹرز نے اپنی میٹنگ میں سال کے لئے ڈیویڈنڈ کا اعلان نہ کرنے کا فیصلہ کیا ہے۔

اجھا گی سابق ذمہ داری کمپنی نے ہمیشہ معاشرے میں اپنا کردار ادا کرنے اور اس ملک اوراس کے لوگوں کے لئے اپنی ذمہ داری پوری کرنے کی کو شش کی ہے۔ اس سلسلے میں اپنی اجھا گی سابق ذمہ داری کی پالیسیز کے مطابق ، کمپنی اپنے مینو فیکچرنگ پلانٹس اور اس کے گردونواح کے علاقوں میں رہنے والے لوگوں کی زندگیوں کو بہتر بنانے کا عزم رکھتی ہے۔

کووڈ۔19 کی وبا کے جاری رہنے کے دوران میں نمپنی نے سینیٹائزیشن کی مہم کی مدد کی ، ماسک ، ہینڈ سینی ٹائزر اور آنسیحن سلنڈر تقنیم کئے ہیں۔ نمپنی نے معاشرے کے نادار لوگوں کو مدد فراہم کی اور مختلف معروف فلاحی اداروں کو تعادن پیش کیا اور کرتی رہے گی۔

	2020	2021	کرنے سین مدد ملی جیسا درج ذیل مالیاتی ڈیٹا سے ظاہر ہے:
	(Rs. in	million)	
	4,637	3,861	خالص فروخت
	(4,332)	(3,578)	فروخت کی قیمت
_	305	283	مجموعي منافع
	26	214	ديگر آمدني
	175	168	ایسوسی ایٹس کے منافع میں حصہ
	(621)	(525)	ديگر اخراجات اور شيکسز
_	(115)	140	خالص منافع /(نقصان)
_			

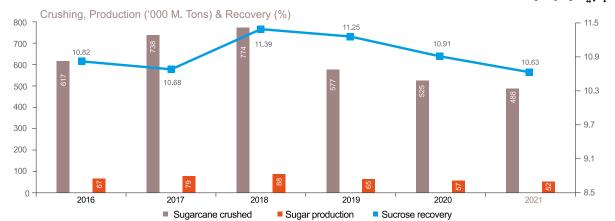
ہوئی۔ اس کے علاوہ اسٹیٹ بینک آف پاکستان کی جانب سے ڈسکاؤنٹ ریٹ میں کمی کے باعث مالیاتی قیمت میں بڑ32.5 کمی ہوئی۔ یونی کول کمیٹڈ کے منافع کا حصہ کم ہو کر 167.50 ملین روپے ہو گیا اس کی بنیادی وجہ راب کی قیمت میں اضافہ تھی۔اس سے کمپنی کو سال میں منافع حاصل کے بی مدیر ما

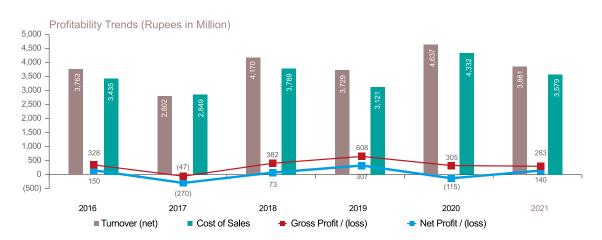
یونی کول کمیٹڑ سال کے دوران میں جوائنٹ وینچر ڈسٹلیری پروجیکٹ اپنی پوری گنجائش کے ساتھ کام کرتا رہا اور ایتھینول اور CO2 دونوں آپر پشنر تسلی بخش رہے۔ بہتر قیمت فروخت کے باوجود یونی کول کی منفعت میں کوئی تبدیلی نہیں ہوئی تاہم اس کی بڑی وجہ گنے کی فصل میں کی تھی۔ اس بناء پر راب بھی کم دستیاب ہوئی اور ڈسٹلیریز کے در میان قیمتوں کا شدید مقابلہ رہا جس کے نتیج میں سال کے دوران میں راب کی اوسط قیمت میں تقریباً 60 اضافہ ہوا۔ انتظامیہ کو توقع ہے کہ 222/2011 کے کر شنگ سیزن کے دوران میں گنے کی قیمت زیادہ ہونے کے سبب راب کی قیمت کم و بیش اتن ہی رہے گی۔ بہر حال انتظامیہ کو بھروسہ ہے کہ یونی کول مستقبل میں بھی کمپنی اور اس کے شیئر ہولڈرز کے لئے مالی منافع فراہم

پیپر اینڈ بورڈ پروجیکٹ جیسا کہ پہلے بھی مطلع کیا جادچکا ہے، اپنے آپریشز کو مزید متنوع کرنے کے لئے تمپنی نے ایک پیپر اینڈ بورڈ پروجیکٹ سیٹ کرنے کا فیصلہ کیا ہے۔ اس پروجیکٹ سے تمپنی کے کاروباری امکانات میں اضافہ ہو گااور چینی کی پیداوار پر کم انحصار کرنا پڑے گا جب کہ اس متحدہ عمل سے مزید فائدے بھی حاصل ہوں گے، مثلاً توانائی کی قیمت میں نمایاں کمی آئے گی۔ تمپنی نے پلانٹ اور مشیز کی کی درآمد کے لئے پہلے ہی اب تک کچھ شیمنٹس پینچ چکی ہیں اور کوڈ-19 کے باعث دنیا بھر میں بندر گاہوں پر رش ہونے سے بقیہ سامان آنے میں تاخیر ہور ہی ج۔ بہر حال سائٹ پر سول اور تعمیراتی کام شروع ہو گیا ہے اور توقع ہے کہ پروجیکٹ تقریبا 15 ماہ میں کام شروع کردے گا۔

خدشات اور مواقع

• خدشات اور ان کا سرباب بورڈ آف ڈائر یکٹرز ذمہ دارانہ طور پر ساجی معاشی ماحولیات اور اس کے نتیج میں ممکنہ اندرونی اور بیرونی خدشات پر گہری نظر رکھتا ہے جو تکمپنی کے محفوظ اور رواں آپریشنز اور کار کردگی پر اثر انداز ہو سکتے ہیں۔ اسٹیک ہولڈرز کے مفادات کے نگہباں کے طور پر ڈائر یکٹرز نے سال بھر خدشات کی نشانادہی کرنے اور ان کو ختم کرنے کے لئے چو کنا ہو کر کام کیا۔ بورڈ آف ڈائر یکٹرز نے ممکنہ خدشات کی نشاندہی کی اور تکمپنی پر ان کے اثرات کی جانچ کرنے کاروبار کے لئے خدشات کو ختم کرنے کی حکمت عملی تشکیل دی۔ اس حکمت عملی خدشات کی نشاندہی کی اور کمپنی پر ان نافذ کیا گیا۔ گزشتہ سال کے مقابلے میں پیداوار کم ہونے کی بنیادی وجہ تاخیر سے بار شیں ہونا تھی جس سے آپریشن کے علاقوں میں زیادہ تر گنا باسی اور خشک تھا۔ اس کے نتیج میں گنے کی فصل اور بحالی میں کمی آئی۔ گنے کی فصل اور حصول گزشتہ سیزن کے ×10.91 کے مقابلے میں کم ہو کر ×10.63 ہوئی۔ اس کی بنیادی وجہ گنے میں شوگر کم ہونا اور گنے کے دیر سے پہنچنے کی بناء پر در میانی عرصے میں کر شنگ ہونا ہے۔ کمپنی نے سال کے دوران میں24,296 میٹرک ٹن راب بھی پیدا کی جب کہ راب کی زیادہ مسابقت کے باعث گزشتہ سال اس مدت میں 25,133 میٹرک ٹن





حال ہی میں ختم ہونے والے مالی سال اور گزشتہ سال کی معلومات کا موازنہ درج ذیل ہے:

25 نومبر 2019	20 نومبر 2020
107	98
525,201	488,464
57,286	51,909
25,133	24,296
10.91	10.63
73,735	49,376

مالیاتی جھلکیاں زیرجائزہ سال کے دوران میں کمپنی نے 49,376 میٹرک ٹن چینی فروخت کی جب کہ اس کے مقابلے میں گزشتہ سال 73,735 میٹرک ٹن فروخت ہوئی بشمول 20/2019 میں اوپنگ اسٹاک 22,418 ٹن فروخت ہوا تھا۔ فروخت میں کمی کی وجہ کر شنگ سیزن 21/2020 کے دوران میں کم پیداوار ہوناتھی۔ اگرچہ گزشہ برسوں کے مقابلے میں چینی کی قیمت میں ×2.52 اضافہ ہوا لیکن شوگر ملز کے در میان گنے کی زیادہ خریداری کے مقابلے کے سبب پیداواری لاگت میں نمایاں اضافہ ہوا۔ ختم ہونے والے سال کے دوران میں مزید 215 ملین روپے کہ آمدنی ہوئی جو اخذ شدہ دستاویز کے فائدے، حکومتی گرانٹس، پروویڈن کی واپسی اور مختلف شیئر زمیں کی گئی سرمایہ کاری سے ڈیویڈ نڈ کی وصولی سے حاصل

2020



ڈائر یکٹرز کی رپورٹ برائے ممبر ان برائے سال مختتمہ 30 ستمبر 2021

بورڈ آف ڈائر یکٹرز بمسرت اپنی رپورٹ مع آپ کی تکمپنی کے سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس برائے سال مختتمہ 30 تتمبر 2021 پیش کرتا ہے۔

عمومي جائزه

مالی سال 2021 کوکام کے دوبارہ آغاز اور کووڈ 19 کے اتار چڑھاؤ اور چیلنج کے بعد بحالی کے سال کے طور پر یاد رکھا جائے گا۔ معیشت کو دفاقی اور صوبائی حکومتوں کی جانب سے وبا کے اثرات کے خاتمے کے لئے موافق اقدام، پالیسیز کے فوری نفاذ سے سہارا ملا۔ اس طرح بڑے پیانے ک مینو فیکچرنگ کے شعبہ نے مالی سال 2021 کے پہلے نو ماہ میں دوبارہ سر گرم عمل ہونے کا مظاہرہ کیا اوراس مدت کے لحاظ سے مالی سال 2007 کے بعد پر یو معن دوبارہ عمل ہونے کا مظاہرہ کیا اوراس مدت کے لحاظ سے مالی سال 2007 کے پہلے نو مالی سال 2007 کے معید بینی آف پاکستان کی مالیاتی استحکام بر قرار رکھنے کے مقصد مینو فیکچرنگ کے شعبہ نے مالی سال 2021 کے پہلے نو ماہ میں دوبارہ سر گرم عمل ہونے کا مظاہرہ کیا اوراس مدت کے لحاظ سے مالی سال 2007 کے بعد پہلی مرتبہ × 90.8 کا سب سے زیادہ اضافہ ریکارڈ کیا۔ سال کے دوران میں اسٹیٹ بینک آف پاکستان کی مالیاتی استحکام بر قرار رکھنے کے مقصد کے تحت مانیز کی پالیسی کے اجراء نے تحق معیشت کی بحالی میں مدد دی۔ عام اشیاء کی طلب میں اضافے کا رجمان پایا گیا جس میں چینی تحق مثال ہے ۔ کمپنی کا ماننا ہے کہ چینی کی صنعت میں اضافے کا انحصار گئے کی پیداوار میں اضافے پر ہے جو خاص طور پر سپلائی کے موجودہ ایریازاور ان کے علاوہ گئے کی جلد تیار ہونے والی درائی پر ہے جس سے سیزن میں زیادہ شکر حاصل کی جائے۔ بنیادی بات یہ جو خاص طور پر میلائی کے موجودہ ایریازاور ان المدت تعلق اور گفت وشنید ہو تاکہ ان کو زیادہ گنا اگانے پر راضی کیا جائے جس کے لئے کی اعلیٰ ترین ورائشین (یعنی زیادہ پیداوار اور زیادہ آمدنی والی) کا استعال، کاشت کے بروقت انتظامات (نیج، ملا سریز اور فصل کی حفاظت کے ایجنٹس) جس کے لئے کا شتکاروں کی مین پر ملی

کرشنگ سیزن 2021 جس ریجن میں کمپنی کام کرتی ہے ، وہاں گنے کی بوائی میں تیزی سے اضافہ ہوا ہے بلکہ گزشتہ چند سالوں میں ملز کے جانب سے گنے کی زیادہ قیمت پیش کرنے کے سبب زیادہ منافع حاصل ہوا۔ گنے کے ایک پائیدار (اوربڑ ھتی ہوئی) دستیابی ایک طرف کمپنی کی مسابقت، استعال کی گنجائش اورآ مدنی میں اضافے کا سبب ہے تو دوسری طرف موثر طور پر مقررہ لاگت میں کمی اور قیمتوں کو مناسب رکھنے کا سبب ہے۔ جیسا کہ پہلے بتایا گیا، اس کے لیئے کسانوں کو سمجھانے، ان کی حوصلہ افزائی کرنے اور گنا اگانے کے لئے تحریک دلانے کے لئے ان سے مسلسل رابطے کی ضرورت ہے۔ اس کے نتیج میں مالی سال 2020/21 کے دوران میں گنے کی کر شنگ ×20.18 اضافے کے ساتھ 58.55 ملین ٹن ہوئی جب کہ شکر کی پیداوار گزشتہ مال

آپریٹنگ کار کردگی چینی کی صنعت اور خاص طور پر کمپنی کے لئے مالی سال 2020/21 ایک اور چیلنج والا سال ثابت ہوا۔ اگرچہ گئے کی کر شنگ میں 15.% اضافہ ہوا تھا، مگر سندھ میں دیر سے بارشیں ہونے اور ملز کے گردونواح اور دوسرے آپریٹنگ ایریا ز میں شدید بار شوں سے فصل اور بحالی دونوں پر بہت برا اثر پڑا۔ کر شنگ سیزن21/2020 کے دوران میں پلانٹ نے گزشتہ سال کے 107دنوں کے مقابلے میں98 دن کام کیا۔ فیکٹر کی نے کرش ہوا تھا، جس سے 57,286 میٹرک ٹن چینی حاصل ہوئی تھی۔

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	Title of Bank Account (Mandatory)																						
Interr	International Bank Account Number (IBAN) - Mandatory (24 Digits)																						
Р	к																						

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:

M/s CDC Share Registrar Services Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi-74400, Pakistan Tel: 0800-23275, 111-111-500, Fax: 021-34326053

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:





I / We		
of		
being a member c	of MIRPURKHAS SUGAR MIL	LS LIMITED, hereby appoint
	of	another member of the Company as my / our
proxy to attend, s	peak & vote for me / us and o	on my / our behalf at the 57th Annual General Meeting of
the Company to k	be held on Thursday, Janua	ry 27, 2022 at 10:00 a.m. at the Registered Office of the
Company at Facto	ry premises, Jamrao, Umerko	t Road, Mirpurkhas, Sindh and at any adjournment thereof.

WITNESSES

1.	Signature:		Revenue		
	CNIC or	Signature of Shareholder	Stamp		
	Passport No.				
2.	Signature:				
	Name:				
	Address:				
	CNIC or Passport No	(Signature should specimen signa with the C	ture registered		

Important

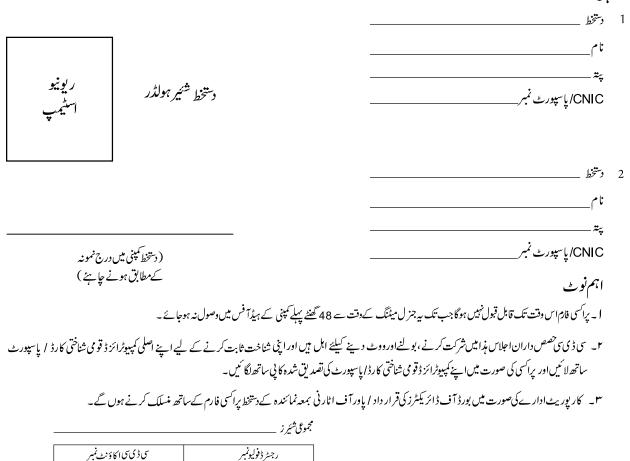
- 1. Instruments of Proxy will not be considered as valid unless deposited or received at the Company's Head Office at Modern Motors House, Beaumont Road, Karachi - 75530 notlaterthan 48 hours before the time of holding the meeting.
- 2. CDC Shareholders, entitled to attend, speak and vote at this meeting, must bring with them their Computerized National Identity Card (CNIC) / Passports in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his / her CNIC or Passport.
- 3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee should be attached with the proxy form.

Shares Held:

Folio No.	CDC Account No.								
	Participant I.D.	Account No.							
CNIC No.									



میں سیحی /مسما ۃ_ سكنه - بحثی**ت ممبر میر بورخاص شوگرملزلمیٹر مسمی / مسا**ق ضلع_____ _____ کوبطور مختار(پراکسی) مقرر کرتا / کرتی ہوں تا کہ وہ میر ی جگہ اور سک: میری طرف سے مپنی کے 57 ویں سالانہ اجلاسِ عام (یاجو بھی صورت حال ہو)، جو مورخہ 27 جنوری 2022 بروز جمعرات صبح 10:00 بے بیقام فیکٹری جمراؤ،عمر کوٹ روڈ، میر پورخاص،سندھ میں منعقد ہوگا، اس میں اوراس کے سی ملتو ی شدہ اجلاس میں شرکت کرے، پولے اور ووٹ ڈالے۔ گواہان



	كاؤنث نمبر	سى ڈى يى ا	رجسر ڈفولیونمبر
	اكاؤنث نمبر	شرائتی نمبر	
-		-	كمپيوٹرائز ڈشاختی كارڈنمبر

يراكسي فارم



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/

