

Heading to New Heights of Success



Half Yearly Accounts (Unaudited)
March 31, 2023



Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company

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Company Information

BOARD OF DIRECTORS

Mr. Arif Faruque	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Amer Faruque	Director
Ms. Farzana Faruque	Director
Mr. Wasif Khalid	Director
Mr. Muhammad Izqar Khan (NIT)	Director
Mr. Hassan Reza ur Rahim	Director

AUDIT COMMITTEE

Mr. Hassan Reza ur Rahim	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

COMPANY SECRETARY

Ms. Hina Mir

HEAD OF INTERNAL AUDIT

Mr. Aamir Saleem

Share Registrar

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

BANKERS (Islamic)

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

BANKERS (Conventional)

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

Credit Rating

Long-term rating: A-
Short-term rating: A2
by The Pakistan Credit Rating Agency Limited (PACRA)

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

Directors' Review

The Board of Directors presents the un-audited financial results of the Company, as reviewed by the auditors, for the half year ended March 31, 2023. The Company has earned a pre-tax profit of Rs. 825.812 million (March 31, 2022 Rs. 382.989 million). The financial results of the Company for the half year ended March 31, 2023 are summarized as follows:

Financial Results:

	March 2023	March 2022
	(Rupees in million)	
Net Sales	2,213.73	1,910.74
Cost of Sales	(2,008.62)	(1,439.37)
Gross Profit	205.11	471.37
Other Income	470.42	51.15
Share of profit in associate	768.72	167.63
Other expenses & taxes	(810.93)	(358.20)
Net Profit	633.32	331.95

Sugar Division

The crushing season 2022/23 started on November 29, 2022, and the plant operated for 87 days compared to 124 days the previous year. This resulted in the factory being able to crush 562,641 metric tons of sugarcane to produce 59,325 metric tons of sugar as compared to 649,557 metric tons of sugarcane to produce 70,460 metric tons of sugar during the corresponding period last year. The plant operated efficiently throughout the crushing season. The shorter crushing season, reduced crushing and decrease in sucrose recovery to 10.55% compared to 10.85% last season was due to flooding in different areas of cane procurement, which also impacted plant health and sucrose content. The Company also produced 28,772 metric tons of molasses during the period under review, compared to 33,080 metric tons produced during the corresponding period last year. The Government of Sindh increased the minimum support price of sugarcane from Rs. 250 per maund to Rs. 302 per maund this year, an increase of approx. 21 percent over last year's cane price.

During the period under review, the Company sold 26,082 metric tons of sugar compared to 22,436 metric tons during the corresponding period last year. After the end of crushing season, exports from all over Pakistan were carried out including Sindh. The Company secured contracts for 1,500 tons of sugar exports. While improvement in prices was witnessed due to anticipated shortage of cane crop in the 2023/24 season, the Government has started taking action against various wholesalers and retailers for increase in sugar prices. In addition, the Government of Pakistan with an order dated April 20, 2023 fixed ex-mill maximum price of Rs. 95.57 per kg, inclusive of sales tax, and a maximum retail price of Rs. 98.82 per kg. The mills have taken a stay order against this in the Sindh High Court.

The country data show sugar production for crushing season 2022/2023 being slightly above 6.5 million tons in Pakistan, as opposed to an expected production of 7 million tons.

During the period under review, other income of the Company increased to Rs. 470.42 million, mainly due to the gain on disposal of a non-current real estate asset held for sale. Furthermore, finance costs increased by 122%, primarily due to significantly higher discount rates coupled with higher costs of sugarcane and other raw materials. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 768 million and adjusted its investment in the associate by the same amount. Unicol's profitability increased significantly due to rising foreign exchange rates.

Paper Division

The commissioning of the paper and board plant was completed on May 12, 2023. The plant is able to produce different varieties of paper, which includes fluting, test liner, white test liner and kraft liner. The Company has already started selling its products to leading corrugators of the industry.

Future Outlook

The deteriorating economic conditions and reduction in Country's forex reserves continue to put inflationary pressure on the economy, and it is therefore expected that the Company's operating environment will remain challenging.

Going forward, the Country's economic outlook is expected to be shaped largely by the revival of the much-awaited IMF program, restoration of political stability, and support from friendly countries along with the continued implementation of reforms aimed at stabilizing the economy. Given these challenges, the Company is focusing on strategies to reduce the negative impacts of higher interest rates, low economic growth and dollar rupee parity and maximize the shareholders' value by spreading borrowings amongst different banks, reducing inventory and managing trade debts, amongst other measures. In addition, the Company develops products for its customers from local sources of raw material.

Acknowledgment

The management of the Company would like to thank all its stakeholders, especially its customers and shareholders for their continued confidence in the Company, its staff for their hard work and loyalty and the financial institutions for their ongoing support.

On behalf of the Board of Directors



Arif Faruque
Chairman



Aslam Faruque
Chief Executive

Karachi, May 26, 2023

Auditor's Report to The Members on Review of Condensed Interim Financial Statements

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of **MIRPURKHAS SUGAR MILLS LIMITED** ("the Company") as at March 31, 2023, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the financial statements for the half year ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended March 31, 2023 and March 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2023.

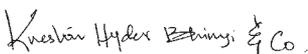
Scope of Review:

We conducted our review in accordance with the International Standard on Review engagements 2410, "Review of Condensed Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed Interim financial statements consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner of the review resulting in this independent auditor's report is Muhammad Hanif Razzak.



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Karachi: May 26, 2023
UDIN # RR202310222jGQMjXo9C

Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	March 31, 2023 (Unaudited)	September 30 2022 (Audited)
(Rupees '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	6,661,146	5,781,475
Long-term investments		2,254,735	1,698,668
Long-term loans and deposits		26,950	29,350
Deferred tax asset-net		-	51,802
		8,942,831	7,561,295
CURRENT ASSETS			
Stores, spare parts and loose tools		608,186	287,970
Stock-in-trade		4,724,733	1,400,800
Biological assets		-	4,140
Trade debts		457,832	113,229
Loans and advances		847,199	87,244
Trade deposits and short-term prepayments		11,116	2,030
Other receivables		266,514	268,335
Short-term investments		18,817	1,578
Tax refunds due from the Government		171,493	176,742
Cash and bank balances		32,629	19,570
TOTAL CURRENT ASSETS		7,138,519	2,361,638
Non-current asset held for sale	7	-	301,264
TOTAL ASSETS		16,081,350	10,224,197
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	155,193	134,950
Reserves		3,006,979	2,131,991
Surplus on revaluation of property, plant & equipment		544,695	844,259
		3,706,867	3,111,200
NON-CURRENT LIABILITIES			
Long-term financing		2,304,363	2,198,425
Long-term lease liabilities		15,834	19,530
Deferred liabilities		480,745	475,106
Deferred tax liability-net		47,599	-
Government grant		285,668	288,325
		3,134,209	2,981,386
CURRENT LIABILITIES			
Trade and other payables		2,100,541	553,432
Accrued mark-up		196,902	166,095
Short-term borrowings		6,399,843	2,202,141
Current portion of long-term financing		454,464	380,404
Current portion of long-term lease liabilities		11,490	11,000
Current portion of government grant		69,094	60,563
Unclaimed dividend		7,940	7,976
TOTAL CURRENT LIABILITIES		9,240,274	3,381,611
Liabilities associated with non-current asset held for sale	7	-	750,000
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		16,081,350	10,224,197

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



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For The Half Year Ended March 31, 2023

Note	Half year ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in '000)			
Turnover - net	2,213,730	1,910,744	1,354,770	642,606
Cost of sales	(2,008,622)	(1,439,374)	(1,213,844)	(300,450)
Gross profit	205,108	471,370	140,926	342,156
Distribution cost	(39,004)	(11,335)	(28,733)	(7,021)
Administrative expenses	(131,464)	(107,970)	(72,374)	(54,165)
Other operating expenses	(82,949)	(23,084)	(39,583)	(16,216)
	(253,417)	(142,389)	(140,690)	(77,402)
Other income / (expense)	470,424	51,145	7,561	(7,696)
Operating profit	422,115	380,126	7,797	257,058
Finance cost	(365,026)	(164,762)	(240,652)	(110,313)
	57,089	215,364	(232,855)	146,745
Share of profit in associates - net	768,723	167,625	418,646	144,258
Profit before taxation	825,812	382,989	185,791	291,003
Taxation	(192,489)	(51,039)	(176,377)	(31,510)
Profit after taxation	633,323	331,950	9,414	259,493
		(Re-stated)		(Re-stated)
Earnings per share - basic & diluted (Rupees)	11	40.81	21.39	0.61
				16.72

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


Aslam Faruque
 Chief Executive


Muhammad Izqar Khan
 Director


Wasif Khalid
 Director & Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For The Half Year Ended March 31, 2023

	Half year ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in '000)			
Profit after taxation	633,323	331,950	9,414	259,493
Other Comprehensive loss				
Items that will not be subsequently reclassified to statement of profit or loss:				
Unrealised loss on remeasurement of equity investment at fair value through other comprehensive income	(37,656)	(82,828)	(7,456)	(12,308)
Realised gain on disposal of equity instruments	-	18,348	-	-
	(37,656)	(64,480)	(7,456)	(12,308)
Total comprehensive income	595,667	267,470	1,958	247,185

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



Aslam Faruque
Chief Executive



Muhammad Izqar Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For The Half Year Ended March 31, 2023

	March 31, 2023	March 31, 2022
(Rupees '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	825,812	382,989
Adjustments for :		
Depreciation	65,914	53,835
Depreciation on right-of-use asset	4,027	2,027
Amortization	-	903
Provision for market committee fee	5,639	6,496
Provision for store obsolescence	-	5,438
Accrued profit term deposit	(391)	-
Fair value adjustment of biological assets	-	4,864
Dividend income from related parties	(11,408)	(15,362)
Share of profit in associates	(768,723)	(167,625)
Gain on disposal of property, plant and equipment / non-current asset held for sale	(451,788)	(35)
Finance cost	365,026	164,762
	<u>(791,704)</u>	<u>55,303</u>
	34,108	438,292
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(320,216)	(17,094)
Stock-in-trade	(3,323,933)	(3,028,117)
Biological assets	4,140	(1,405)
Trade debts	(344,603)	(161,246)
Loans and advances	(759,955)	(1,852)
Trade deposits and Short-term prepayments	(9,086)	(5,513)
Other receivables	1,821	27,004
	<u>(4,751,832)</u>	<u>(3,188,223)</u>
Increase in current liabilities:		
Trade and other payables	1,547,109	917,276
Cash used in operations	<u>(3,170,615)</u>	<u>(1,832,655)</u>
Long-term loans and deposits-net	2,400	3,035
Income tax paid	(87,839)	(59,768)
	<u>(85,439)</u>	<u>(56,733)</u>
Net cash used in operating activities	<u>(3,256,054)</u>	<u>(1,889,388)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(953,659)	(1,449,472)
Sale proceeds of property, plant and equipment	7,099	407
Investment in Term deposit receipt	(18,500)	-
Redemption on investment in term deposit receipt	1,500	-
Profit realised on term deposits	152	85
Sale proceeds of short term investment - net	-	175,592
Dividend received from an associate	175,000	100,000
Dividend received from related parties	11,408	15,362
Net cash (used in) investing activities	<u>(777,000)</u>	<u>(1,158,026)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(334,219)	(97,566)
Short-term borrowings-net	4,197,702	2,142,481
Long-term financing-net	185,872	1,011,506
Payment of lease liability-net	(3,206)	(2,637)
Payment of dividend	(36)	(3)
Net cash generated from financing activities	<u>4,046,113</u>	<u>3,053,781</u>
Net increase in cash and cash equivalents	13,059	6,367
Cash and cash equivalents at the beginning of the period	19,570	35,344
Cash and cash equivalents at the end of the period	<u>32,629</u>	<u>41,711</u>

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



Aslam Faruque
Chief Executive



Muhammad Iqzar Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Condensed Interim Statement of Changes In Equity

For The Half Year Ended March 31, 2023

Description	Issued, subscribed and paid up capital	Reserves					Total Reserves	TOTAL
		General reserve	Unappropriated profit	Actuarial gain on defined benefit plan net-off tax	Unrealised/ realised gain / (loss) on investment at fair value through other comp. income	Surplus on Revaluation of property, plant and equipment		
(Rupees '000)								
Balance as at October 01, 2021 (audited)	134,950	34,250	1,214,505	170,560	827,460	844,259	3,091,034	3,225,984
Profit after taxation	-	-	331,950	-	-	-	331,950	331,950
Other comprehensive income (disposal of shares)	-	-	165,704	-	(165,704)	-	-	-
Other comprehensive loss	-	-	-	-	(64,480)	-	(64,480)	(64,480)
Total comprehensive income / (loss)	-	-	497,654	-	(230,184)	-	267,470	267,470
Balance as at March 31, 2022 (unaudited)	<u>134,950</u>	<u>34,250</u>	<u>1,712,159</u>	<u>170,560</u>	<u>597,276</u>	<u>844,259</u>	<u>3,358,504</u>	<u>3,493,454</u>
Balance as at October 01, 2022 (audited)	134,950	34,250	1,583,835	61,191	452,715	844,259	2,976,250	3,111,200
Profit after taxation	-	-	633,323	-	-	-	633,323	633,323
Surplus on revaluation of land realized on account of disposal	-	-	299,564	-	-	(299,564)	-	-
Other comprehensive loss	-	-	-	-	(37,656)	-	(37,656)	(37,656)
Total comprehensive income / (loss)	-	-	932,887	-	(37,656)	(299,564)	595,667	595,667
Transaction with owners								
Bonus shares issued -15 ordinary shares for each 100 shares held for the year ended September 30, 2022	20,243	-	(20,243)	-	-	-	(20,243)	-
Balance as at March 31, 2023 (unaudited)	<u>155,193</u>	<u>34,250</u>	<u>2,496,479</u>	<u>61,191</u>	<u>415,059</u>	<u>544,695</u>	<u>3,551,674</u>	<u>3,706,867</u>

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



Aslam Faruque
Chief Executive



Muhammad Iqzar Khan
Director



Wasif Khalid
Director & Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For The Half Year Ended March 31, 2023

1. STATUS AND NATURE OF BUSINESS

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

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

Business Unit	Address
Head Office	Modern Motors House, Beaumont Road, Karachi.
Registered Office / Factory (Immovable assets)	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh. (Land measuring 602.60 acres and covered area 562,609 sq.ft)
Land for drainage (Immovable assets)	Deh 245, Tapo Butto Kot. Taluqa Shujaabad, Mirpurkhas. (Land measuring 1.49 acres)

1.2 Paper and board mill

With regards to the setting up of the 250 TPD paper and board project to diversify and enhance its business prospects, subsequent to the period end, the Company has successfully installed and commissioned the paper and board plant, with the commercial operations date effective from May 12, 2023.

2. STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are 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 IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PRESENTATION

- 3.1** These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2022.
- 3.2** The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended March 31, 2023 and March 31, 2022 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended March 31, 2023 and March 31, 2022.

4. ACCOUNTING POLICIES

- 4.1** These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2022, except for the adoption of amendments and improvements to approved accounting standards which became effective for the current period as disclosed in note 4.2 to these condensed interim financial statements.

4.2 Amendments and improvements to approved accounting standards adopted during the period:

The Company has adopted the following amendments and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current period:

Amendments

- | | |
|--------|--|
| IFRS 3 | Reference to the Conceptual Framework (Amendments) |
| IAS 16 | Property, Plant and Equipment: Proceeds before Intended Use (Amendments) |
| IAS 37 | Onerous Contracts – Costs of Fulfilling a Contract (Amendments) |

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

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

The adoption of above amendments and improvements to IFRSs did not have any material impact on the Company's condensed interim financial statements.

5. SIGNIFICANT ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to annual financial statements as at and for the year ended September 30, 2022.

6. PROPERTY, PLANT AND EQUIPMENT

		March 31, 2023 (Unaudited)	September 30 2022 (Audited)
	Note	(Rupees '000)	
Opening book value		2,383,890	2,270,333
Additions / transfers during the period / year	6.1	135,638	225,027
		<u>2,519,528</u>	<u>2,495,360</u>
Disposals during the period / year at book value	6.1	(4,047)	(901)
Depreciation charged during the period / year		(65,914)	(110,569)
		<u>2,449,567</u>	<u>2,383,890</u>
Opening: Capital work in progress		3,370,475	1,186,928
Addition to capital work in progress / advance made during the period / year		901,464	2,317,649
Transferred to property plant & equipment during the period / year		(83,443)	(134,102)
Closing: Capital work in progress	6.2	4,188,496	3,370,475
Right-of-use asset - net	6.3	23,083	27,110
		<u><u>6,661,146</u></u>	<u><u>5,781,475</u></u>

6.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	March 31, 2023 (Unaudited)	September 30 2022 (Audited)	March 31, 2023 (Unaudited)	September 30 2022 (Audited)
	(Rupees '000)			
Free hold land	-	5,384	-	-
Building on free hold land - factory	-	-	-	-
Building on free hold land - Non factory	75,588	13,906	-	-
Plant and machinery	7,855	121,923	-	-
Vehicles	33,558	75,412	4,047	901
Furniture & fittings	451	136	-	-
Office and other equipment	13,884	3,244	-	-
Computers & accessories	4,302	5,022	-	-
	<u>135,638</u>	<u>225,027</u>	<u>4,047</u>	<u>901</u>

6.2 Capital work in progress:

	March 31, 2023 (Unaudited)	September 30 2022 (Audited)
		(Rupees '000)
Plant and machinery	3,397,661	2,677,472
Civil Works	767,867	655,841
Equipment	-	8,565
Advance against vehicles	22,968	28,597
	<u>4,188,496</u>	<u>3,370,475</u>

6.2.1 As of period ended March 31, 2023, plant and machinery includes mark-up on financing utilized amounting to Rs 190.00 million (September 30, 2022: Rs 86.67 million).

6.3 Right-of-use asset

The Company has recognized a right-of-use asset in respect of head office and godown for OCC under rental agreement.

7. DISPOSAL OF NON-CURRENT ASSET HELD FOR SALE

Description	Carrying value at the time of disposal	Sales Proceeds	Gain
	(Rupees '000)		
Land & Building	301,264	750,000	448,736
Total	301,264	750,000	448,736

7.1 Gain on sales of non-current asset held for sale is included in other income.

8. SHARE CAPITAL

8.1 Authorized capital

March 31, 2023 (Unaudited)	September 30 2022 (Audited)		March 31, 2023 (Unaudited)	September 30 2022 (Audited)
Number of shares			(Rupees '000)	
<u>150,000,000</u>	<u>150,000,000</u>	Ordinary shares of Rs.10/- each	<u>1,500,000</u>	<u>1,500,000</u>

8.2 Issued subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each				
1,770,000	1,770,000	Issued for cash	17,700	17,700
<u>13,749,297</u>	<u>11,725,040</u>	Issued as fully paid bonus shares	<u>137,493</u>	<u>117,250</u>
<u>15,519,297</u>	<u>13,495,040</u>		<u>155,193</u>	<u>134,950</u>

9. CONTINGENCIES AND COMMITMENTS

Commitments against LCs

Capital Commitments	-	<u>189,417</u>
Other Commitments	<u>113,378</u>	<u>46,478</u>
Letter of guarantee issued by commercial bank for Excise & Taxation office	<u>10,000</u>	<u>10,000</u>
Capital Commitments against contracts	-	<u>292,500</u>
Commitments for lease rentals under ijarah contracts	<u>4,877</u>	<u>7,681</u>

- 9.1 As referred to in note 10.1 of the first quarter financial statements, the imposition of super tax for TY 2022 was challenged in the Sindh High Court in November 2022, which granted interim stay against the recovery of the same through submission of cheque in favour of Nazir High Court of Sindh. The amount in case of the Company was Rs. 8.35 million. The case had been disposed off in December 2022 by the Sindh High Court, with the time of 60 days.

Subsequently, the department challenged the matter in the Supreme Court which decided to maintain the 4% super tax in Feb 2023. The matter was followed by the High Court of Sindh which modified the earlier order of December 2022 in Feb 2023 and issued orders for encashment of securities in favour of the department to the extent of 4%.

- 9.2 As referred to in note 29.1.10 (a) and (b) of the annual financial statements, the Federal Board of Revenue (FBR) in the FY 2021 issued notices for conducting tax audits for multiple years commencing from 2015 to 2019 under section 177 of the Income Tax Ordinance, 2001 and despite provision of all records, submission of evidences and details, audit proceedings were concluded by passing detrimental orders under section 122(1)/(5) of the Income Tax

Ordinance 2001 whereby frivolous tax demand of Rs. 16.4 billion for these tax years had been created. The Company had preferred appeals to the Commissioner Inland Revenue [Appeals-I], Karachi and simultaneously, obtained stay orders from the Sindh High Court to refrain the department from taking coercive action. Subsequent to the period end in May 2023, Commissioner Inland Revenue [Appeals-I], [CIR (A)] Karachi decided the appeals in favour of the Company and deleted the tax demand created in the original orders. Similarly, the related penalty orders under section 182(2) of the Income Tax Ordinance, 2001 alleging concealment of income / unexplained income / assets u/s 111 of ITO 2001 for the tax years 2015 and 2016 have also been annulled.

- 9.3** As referred to in note 29.1.11 of the annual financial statements, 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. The company had preferred appeals to the [CIR (A)] against the aforesaid order. Subsequent to the period end in May 2023, [CIR (A)], Karachi decided the appeal in favour of the Company and deleted the demand made in the original order.
- 9.4** As referred to in note 29.1.14 of the annual financial statements, the Deputy Commissioner Inland Revenue (DCIR) passed an order in March 2022 disallowing input tax adjustment for the period from July 2021 to November 2021 amounting to Rs.86.60 million mainly on account of not charging further tax on sales to unregistered buyers. This contention of department is erroneous as sugar has been excluded from the purview of further tax as per SRO 648(l)/2013 as amended through SRO 692(1)/2019 dated June 29, 2019. The company preferred the appeal in CIR (Appeals) which was taken up and subsequent to the period end, the matter was decided in Company's favour whereby demand on account of further sales tax of Rs. 58.52 was deleted. The remaining points were remanded back to the DCIR. However, the FBR has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the aforesaid decision of CIR (Appeals) which is pending for adjudication.
- 9.5** As referred to in note 29.1.15 of the annual financial statements, the DCIR passed an order for Tax Year 2020 in April 2022 demanding Rs. 42.55 million u/s 161(1) of Income Tax Ordinance 2001 by charging tax u/s 236H of the Income Tax Ordinance 2001 on sale to unregistered buyers and treated them as retailers instead of distributor/whole seller under 236G. The Company made an appeal to the CIR(A) against the said order and subsequent to the period end in May 2023, the case has been decided in favour of the Company and CIR (A) has deleted the demand of entire amount of Rs. 42.55 million.
- 9.6** As explained in note 29.1.9 of the annual financial statements related to the subsidy receivable from the Provincial Government, the Honorable High Court passed the order in favor of the Company and the petitions stand

disposed off with the directions to the Finance Department, Government of Sindh to re-allocate funds in the budget and make payment to Sugar Mills within the first quarter of forthcoming Financial Year (by September 2023).

- 9.7** The Company filed the Constitutional Petition number 654/2023 in January, 2023 against the recovery of the Inland Freight Subsidy by the Trade Development Authority of Pakistan (TDAP) which advertised the grant of subsidy for export of sugar in accordance with the decision of the ECC in 2012. Pursuant to the decisions of the ECC, and the advertisements of the TDAP, the Company as per the requirements of TDAP, submitted 84 cases/claims through PSMA to the auditors i.e. NZAJ & Co. for the release of inland freight subsidy of Rupees 79.044 million in respect of export of 56,252 tons of sugar. The said cases/claims were submitted in accordance with the directives issued by the TDAP, however, the amount was not released to date citing the reason of a pending NAB inquiry whereas the Company could not get details of any such inquiry from NAB. The matter is still pending before the Honorable Sindh High Court.
- 9.8** Out of the total export approved by the ECC of 250,000 metric tons (MT) of sugar, Sindh was allocated 80,000 MT by the Ministry of Commerce to be distributed among the mills through the Cane Commissioner, Sindh. The Cane Commissioner equally distributed the quota as 2,500 MT to each of the 32 sugar mills in Sindh Province. Meanwhile, JDW Sugar Mills Ltd filed the suit against the equal distribution of export quota in February, 2023 in the Honourable High Court of Sindh. The Honorable Court stayed the export of sugar after which the Company and other sugar mills became party to the petition as defendants being aggrieved in Suit No. 145 of 2023 and Suit No. 149 of 2023. The single bench of the Honorable Court passed the judgement in March, 2023 and set aside Sindh Cane Commissioner's decision and directed to re-issue the quota in accordance with Federal Government policy. The Company and others Sugar Mills filed the High Court Appeal (HCA) before the Honorable Divisional Bench of Sindh High Court on March 9, 2023 vide HCA number 64 and 65/2023 against the judgment order of single judge. The Honorable Divisional Bench passed the interim Order and allowed to export 1,500 metric tons to each of Sugar Mills till further orders.

The status of other contingencies as at March 31, 2023 are the same as reported in the annual financial statements for the year ended September 30, 2022.

10. SEASONAL PRODUCTION

Due to the seasonal availability of sugarcane, the production of sugar is carried out during the period of availability of sugarcane and costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the subsequent financial statements.

11. EARNINGS PER SHARE- Basic & Diluted

	Half year ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in '000)			
Profit after taxation (Rs.'000)	633,323	331,950	9,414	259,493
Weighted average no. of ordinary shares in issue	15,519,297	15,519,297	15,519,297	15,519,297
	(Re-stated)		(Re-stated)	
Earnings per share-basic (Rupees.)	40.81	21.39	0.61	16.72

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

12. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2022. There have been no changes in any risk management policies since the year end.

The carrying values of all financial and non-financial assets and liabilities measured at other than amortized cost in these condensed interim financial statements approximate their fair values.

13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary companies, related group companies, associated companies, key management personnel and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties.

Relationship	Nature of Transaction	Half year ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		(Rupees in' 000)			
Group companies / (Common directorship)	Goods purchased	354,388	59,808	95,426	59,111
	Services received	9,414	6,782	6,030	3,038
	Dividend received	11,408	15,362	-	2,111
Associated Company	Sales made	867,281	716,470	655,205	611,510
	Dividend received	175,000	100,000	175,000	100,000
Other related parties	Charge for staff provident and gratuity funds	5,495	4,974	2,793	2,399
Key management personnel	Remuneration	60,633	46,988	31,647	25,893

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 has entered into transaction or have arrangement / agreement in place.

Name	Basis of association	Aggregate % of Shareholding
Faruque (Pvt) Ltd.	Common directorship	-
Cherat Cement Company Ltd.	Common directorship / Share holding	1.41
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship / Share holding	4.97
Greaves Engineering Services (Pvt) Ltd.	Common directorship	-
Greaves Airconditioning (Pvt) Ltd.	Common directorship	-
Madian Hydro Power Ltd.	Common directorship	-
Unicol Ltd.	Associated Company	33.33
UniEnergy Ltd.	Associated Company	7.69
Zensoft (Pvt) Ltd.	Group Company	-
Mirpurkhas Sugar Mills Ltd-Employee Provident Fund	Retirement benefit fund	-
Mirpurkhas Sugar Mills Ltd. Paper & Board division-Staff Provident Fund	Retirement benefit fund	-
Mirpurkhas Sugar Mills Limited-Employees Gratuity Fund	Retirement benefit fund	-

Outstanding balances, as at the reporting date, are disclosed as follows:

	March 31, 2023 (Unaudited)	September 30, 2022 (Audited)
	(Rupees '000)	
Associated Company		
Trade and other payables	8,257	-
Group Companies		
Loans advances	-	326
Trade and other payables	-	551

14. OPERATING SEGMENTS

These condensed interim financial statements have been prepared presently on the basis of a single reportable segment.

15. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on May 26, 2023 by the Board of Directors of the Company.

16. GENERAL

Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated. Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation.



Aslam Faruque
Chief Executive



Muhammad Iqzar Khan
Director



Wasif Khalid
Director & Chief Financial Officer



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GROUP

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