

Annual Report **2021**

mehransugar.com

Annual Report 2021

Contents

02 Key Figures
05 Vision & Mission
06 Company Information
08 SWOT Analysis
12 Code of Conduct and Ethical Values
14 Business Strategy & Goals
15 Management Committees
16 Board of Directors
18 Investor Relations
20 Management Team
22 Horizontal & Vertical Analysis
28 Factory Profile
29 Statement of Value Addition
30 Six Years' Review at a Glance
32 DuPont Analysis
33 Organogram
34 Chairman's Message
35 Directors' Report
42 Corporate Governance Framework
45 Corporate Social Responsibility
48 Pattern of Shareholding
61 Directors' Report (Urdu)
62 Notice of the Annual General Meeting
69 Notice of the Annual General Meeting (Urdu)
70 Statement of Compliance with the CCG
73 Review Report to the Members on Statement of Compliance with the Code of Corporate Governance
74 Unconsolidated Financial Statements
134 Consolidated Financial Statements
Proxy Form

KEY FIGURES

1 **Turnover (Rs.)**

6,974,385,062

2 **Sucrose Recovery**

10.72%

3 **Profit before tax (Rs.)**

17,887,380

4 **Sugar Production (M.Tons)**

73,092

5 **Molasses production (M. Tons)**

31,880

6 **Bagasse Sold (M. Tons)**

41,061



GGO

VISION

We remain focused on being one of Pakistan's leading and largest sugar producers. A modern sugar mill must utilise its raw materials efficiently to produce sugar, ethanol and power at the most competitive pricing. Our vision remains to be the most economical and energy efficient producer of sugar and to ensure that we utilise all our by-products as effectively as possible.

MISSION

Our Mission remains to ensure we can provide sustainable results and consistent growth to our shareholder. Our objective is to achieve this by utilising sugar and it's by products to add value and grow our business.

Basic Purpose: The basic purpose of our Enterprise is to perpetuate as a Public Limited Company engaged in manufacturing and marketing white refined cane sugar and brown sugar while utilising its sugar byproducts such as molasses and Baggasse to produce ethanol and power respectively. To ensure sustainability we also look to make long term investments in industries which we feel add value to our shareholder and to the country.

COMPANY INFORMATION

Board of Directors

Mr. Mohammed Kasim Hasham	Chairman
Mr. Mohammed Ebrahim Hasham	CEO
Mr. Mohammed Hussain Hasham	
Mr. Khurram Kasim	
Mr. Ahmed Ebrahim Hasham	Managing Director
Mrs. Anushey A. Hasham	
Ms. Sofia Kasim	
Mr. Muhammad Amin Mukaty	
Mr. Hasan Aziz Bilgrami	
Mr. Iftikhar Soomro	

Management Team

Mr. Mohammed Ebrahim Hasham	CEO
Mr. Ahmed Ebrahim Hasham	Managing Director
Mr. Muhammad Hanif Aziz	Chief Financial Officer
Mr. Syed Ehtesham-ud-din	Resident Director
Mr. Ubaid-ur-Rehman	GM Technical
Mr. Muhammad Shahid	DGM Production
Mr. Jaffer Hussain	DGM Technical
Mr. Shayan Saleem	Company Secretary

Auditors

EY Ford Rhodes
Chartered Accountants

Board Committees

Audit Committee

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

Management Committee

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

Human Resource & Remuneration Committee

Mr. Muhammad Amin Mukaty	Chairman
Mr. Mohammed Ebrahim Hasham	Member
Ms. Sofia Kasim	Member

Legal Advisor

KMS Law Associates
Advocates & Corporate Consultants

Sayeed & Sayeed
Advocate & Legal Consultants

Share Registrar

C & K Management Associates (Pvt.) Ltd.
404, Trade Tower,
Abdullah Haroon Road,
Near Metropole Hotel, Karachi
Ph: +92 - 21 -35687839, 35685930

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Ltd
Meezan Bank Limited
Standard Chartered Bank Limited

Registered Office

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

Mills

Tando Adam Road, Distt. Tando Allahyar.
Tel: (022) 3414501, 3414502, 3414503
Fax: (022) 3414504



SWOT ANALYSIS



S

STRENGTHS

- Over 95 percent of cane in Mehran's cane zone is early maturing and high yielding which allows the Company to achieve sucrose recoveries, which are approximately 10% higher than the national average. This gives the Company a comparative advantage as compared to most other sugar mills in Pakistan.
- Mehran's goodwill in the region for payment and commitment allows it to procure cane competitively. The Company is thus able to get a preference in terms of quality, quantity and pricing.
- Mehran's Investment in Unicol has diversified its income base and allowed it to add value to its by-product molasses. Unicol has doubled its ethanol capacity to 200,000 LPD and has set up a 72 Tons per day CO2 plant. The investment continues to pay regular dividends to Mehran.
- Mehran has diversified investments of over Rs. 1.25 Billion in the capital markets which also continue to contribute to the balance sheet in the form of dividends and capital gains.
- Mehran's investment in energy efficiency has meant that Baggasse savings continues to increase. This in the future shall become a source of energy for future growth into other industries.
- Mehran's strength lies in its policy to grow in a conservative yet sustainable manner. This has allowed it to establish a strong balance sheet, which is not heavily leveraged, hence allowing the Company to explore other business avenues to maximise Shareholder return.



W

WEAKNESS

- The nature of the sugar industry remains a controlled one. The provincial government sets cane prices, which at times are not in line with sugar sales prices. This reliance on government intervention especially considering cane and sugar can be politically sensitive can have a negative impact on the overall business.
- Change in the size of the sugarcane crop can have an effect on the financial results of the Company. Sugarcane crop sizes vary depending on the weather, water availability and pricing of competitive crops. Sugarcane disease can have a detrimental effect on both farmer and factory yields, which could also affect profitability.
- Since sugar is a commodity, the Company does not have much pricing power or any relative advantage as compared to its competitors. The only advantage the Company has is in timing its sales keeping in mind market movements.
- Sugar prices have continued to remain extremely volatile, which doesn't allow one to forecast future revenue streams. While sugar production is a seasonal operation, sales continue throughout the year, thus holding inventory is a risk, especially in a high interest rate environment like Pakistan.
- Sugar cane prices are set by the government on the basis of cost of sugarcane production. Low farmer yields have meant that this price is set higher than the global average. The high sugar cane price makes sugar production at times unviable for sale in the global market.
- With changing global environment, innovation is the need of hour to remain competitive, profitable and sustainable. Sugarcane required continuous research for development of new varieties, which are disease resistant and have high farm and factory yields. Sadly public or private institutions have not been able to establish any quality research institutes in the country, which could eventually make sugarcane farming and sugar milling globally in competitive.
- Countries law and order situation has at times created hindrances to attract foreign quality manpower in areas of innovation for farm and factory.
- Farm yields have not increased as much in Sind as Punjab. This means while recoveries are high the quantum of cane available to crush in our region needs to increase. The lower cane quantum increases cane prices which makes our cost uncompetitive.



OPPORTUNITIES

- A modern sugar complex is a sugar, ethanol and power producer. While we at Mehran have tapped sugar production and ethanol production, the opportunity to produce power remains a huge one.
- Pakistan remains a power deficit nation and the opportunity to produce power remains huge. The sugar industry has the potential to produce over 3,000 MW of power whereby individual mills can set up plants as large as 100 MW. Mehran has also stepped into power generation and its supply to the national grid by signing a 5 MW PPA with NEPRA. By realizing the further potential of generating power from our indigenous source of fuel i.e. bagasse, a by-product of sugar mill, we have embarked upon putting up a co-gen plant of 26.5 MW.
- The need of the time is to bring new varieties with high sucrose recovery to improve our overall sugar production. Therefore, research and development needs to be given preferred attention for continuous improvement. While Pakistan's national recovery remains between 9.50-10.50% there are varieties being developed which could fetch recoveries of 12.00% and higher. Such varieties would make Pakistan globally competitive thus enhancing both farmer and miller revenue. Mehran at its own has initiated a research project with the assistance of Mauritius Sugar Research Institute to study and suggest ways and means to increase farm yield.
- There also lies potential in increasing farm yields, which would reduce the cost of the farmer thus making sugar cane cheaper as a raw material.
- Pakistan has a large indigenous population of close to 200 Million. This population continues to grow at a healthy rate. The population growth along with income prosperity means that demand for sugar is expected to grow continually for the foreseeable future allowing for future growth in the industry. We foresee sugar demand growing at 4-5 percent annually while many developed countries are seeing stagnant growth.
- Growing awareness has paved the way for brand loyalty. Mehran has also ventured into retail segment by launching Branded Sugar through its two brands "Sugarie" and "Chashnik". These products are now showing their presence & potential in the niche market.
- A modern and energy efficient sugar mill should aim to save a minimum 10 percent of cane crushed in the form of Baggasse. We are presently at 6 percent and see this as a revenue opportunity.
- We are shifting our focus onto cane development where we feel the potential of cane yields increasing at farm level is tremendous. Once we work with our farmer, it will allow their sugarcane plantations revenue to compete with other crops. The larger cane crop will provide more feedstock for mills to crush.



THREATS

- Mehran has one of the most densely populated cane zones in Pakistan. The quantity of cane in the area allows the company to pay minimal transport costs for cane arrivals which gives it a comparative advantage, though frequent intervention by other sugar mills has somewhat diluted this advantage.
- Sugar mills are typically located in rural areas, which are more susceptible to Law and Order situation. The movement of our cane team as well as farming team in specific areas can also be difficult and restricted.
- Inflation affects the business due to cost increases. It also reduces the consumer buying power. Pakistan has been suffering from inflation since last few years. In order to curb inflation, State Bank of Pakistan regularly intervenes and revises interest rates, which affect the cost of doing business. A sudden surge in borrowing rates could adversely affect the Company's financials, though at present the rate has been declining. With increasing inflation, Sugar Mills have to produce specific quantity, which allows them to get benefit of economies of scale. It requires huge investment for expanding the capacity as well as robust maintenance activity, which may not be possible for every mill due to variety of factors. Hence, their competitiveness is affected.
- Proper maintenance during the off-season enables the plant to run smoothly during the season. Since the season is for a limited duration, a major breakdown could affect financial results for the entire year.
- In the last two decades, the industry has consistently increased its sugarcane crushing capacities without objectively ensuring an increase in the size of crop. A major challenge going ahead is to ensure increased sugarcane cultivation to match crushing capacity. This requires not only availability of sufficient water but also motivation to growers towards sugarcane crop.
- Sugar cane requires abundant quantity of water for cultivation. Pakistan with its growing population can in the future face such water constrains which could mitigate the growth of sugarcane and the industry.

CODE OF CONDUCT & ETHICAL VALUES

The Company's reputation and its actions as a legal entity depend on the conduct of its employees. Each employee must commit to act according to the highest ethical standards and to know and abide by applicable laws. We each must assure that our personal conduct is beyond doubt and complies with the highest standards of conduct and business ethics.

These principles highlight our responsibility to:

promote ethical business practices

respect the environment and communities in which we operate

assure equal employment opportunities

value dive rsity in the workplace

provide healthy and safe working environment

respect human rights and trade ethically



CONFIDENTIALITY

Confidential business information must not be shared with others outside the company or used for the personal gain of oneself or others. Employees, their family and close acquaintances should not buy or sell company shares if they have material information that has not been made public and could affect our share price.

We expect employees to keep all information confidential. This might include plans to buy or sell business, product formulation, manufacturing processes, advertising, marketing plans, concepts, research and development, suppliers, customers, financial information, personnel and employment matters, and other information which is not generally known to the public. We will make sure that they are aware of their obligations and also expect them to take steps to prevent unintentional disclosure. These obligations apply to all Employees, including those who leave the company.



HEALTH AND SAFETY

We recognize the importance of health and safety within our business. We seek to provide a healthy, safe and clean working environment in line with local laws, regulations and industrial practice. We measure, appraise and report performance, as part of our commitment to the health and safety of our employees, contractors and everyone who works on or visits our sites.



THE ENVIRONMENT

We recognize our environmental responsibilities and our contribution to sustainable development. Our environment policy and its management processes deal not only with the environmental issues connected to our manufacturing processes and facilities, but also with Protecting the ecosystems from which we derive our raw materials, management of our supply chain, and distributing, selling and consumption of our products.

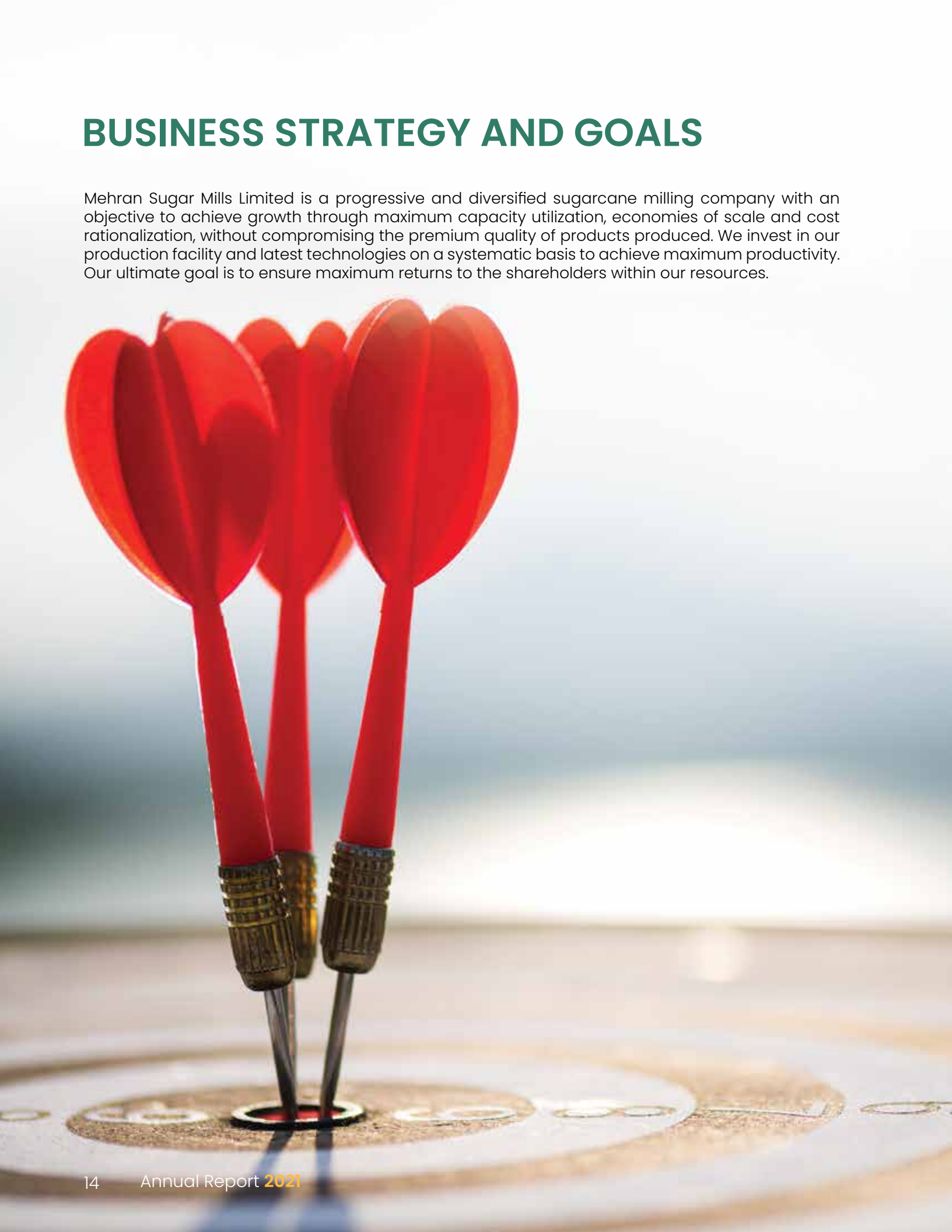


WORK ATMOSPHERE

MSML respects and highly values its diverse employee population. Accordingly, the company has an unwavering ethical commitment toward promoting a workplace that is respectful of personal differences and free of discrimination and harassment. This principle applies in our hiring and interviewing process as well as all aspects of our work environment.

BUSINESS STRATEGY AND GOALS

Mehran Sugar Mills Limited is a progressive and diversified sugarcane milling company with an objective to achieve growth through maximum capacity utilization, economies of scale and cost rationalization, without compromising the premium quality of products produced. We invest in our production facility and latest technologies on a systematic basis to achieve maximum productivity. Our ultimate goal is to ensure maximum returns to the shareholders within our resources.



MANAGEMENT COMMITTEES

Various committees have been formed to look after the operational and financial matters of the Company. A brief description of the composition and their related tasks are as follows:



Executive Committee

The Committee meets to discuss and coordinate various operational activities of the Company. The Chief Executive Officer of the Company is the Chairman of the Committee while Managing Director, Chief Financial Officer, Resident Director, Director Cane/ Development are the members of the Committee.



Human Resource & Remuneration Committee

The Human Resource Development Committee is responsible for necessary training and capacity building of staff at mill site as well as at Head office. It is also responsible for staff as well as execitive Directors' annual appraisal and compensation. The Committee comprises of a Chairman, an independent Director, Chief Executive Officer and a non-executive Director.



Audit Committee

It is a statutory Committee formed as per requirements of Code of Corporate Governance; it is responsible to ensure that all functions of the Company operations are regularly audited and their reports are reviewed regularly for ensuring the work as per Company policy. It consists of a Chairman, an independent Director and three other non-executive Directors.

BOARD OF DIRECTORS



Muhammad Kasim Hasham
Chairman

Bachelor's Degree

Karachi University



Muhammad Ebrahim Hasham
Chief Executive Officer

M.A (Management)

Chapman University, California, USA.



Muhammad Hussain Hasham
Director (Non-Executive)

B.A (Business)

Chapman University,
California, USA.



Ahmed Ebrahim Hasham
Managing Director

Bachelor of Arts
(Economics and IR)

Tufts University,
Medford MA, USA.



Khurram Kasim
Director (Non-Executive)

Bachelor of Science
(Marketing)

Babson College,
Massachusetts, USA.



Anushey A. Hasham
Director (Non-Executive)

B.A (Management and Marketing)

New York University (NYU)
New York, USA



Sofia Kasim
Director (Non-Executive)

Bachelor of Arts

Karachi University



Hasan Aziz Bilgrami
Director (Independent)

FCMA (Pak), CPA (Aus),

FCSI (Canada)



Iftikhar Soomro
Director (Independent)

Bachelor of Arts (Economics)

Karachi University



Muhammad Amin Mukaty
Director (Independent)

Masters in Business Administration

California State University, Fullerton, USA

INVESTOR RELATIONS

Share Registrar	C & K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi Ph: +92 - 21 -35687839, 35685930
Contact Person	Mr. Muhammad Zakir
Date of Annual General meeting	28/01/2022

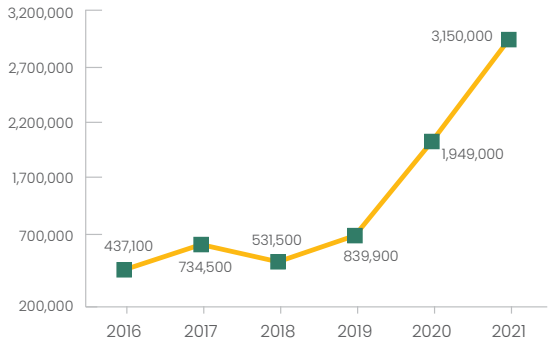
Date of Board of Directors meeting (Tentative)	1st Qtr	Half Year	3rd Qtr	Annual
	27/01/2022	25/05/2022	27/07/2022	21/12/2022

	2021	2020	2019	2018	2017	2016
Number of Shares (Issued / Paid-up)	48,927,325	46,597,452	40,519,524	32,031,245	32,031,245	32,031,245
(Loss) / Earning per share	(0.49)	1.01	9.97	12.89	4.11	16.91
Break-up value per share	51.01	55.96	59.60	81.46	69.25	72.54
Market Capitalization	2,250,656,932	3,455,201,066	2,329,872,630	3,387,304,159	4,498,147,735	5,767,225,662
Market value of share on 30th September	46.00	74.15	57.50	105.75	140.43	180.05
P/E Ratio	(93.88)	73.42	5.77	8.20	34.17	10.65
Cash Dividend %	15.00	12.50	32.50	30.00	32.50	65.00
Bonus Shares %	10.00	5.00	25.00	15.00	-	-
Number of shares Traded	3,150,000	1,949,000	839,900	531,500	734,500	437,100
Highest price during the year	73.00	91.44	122.88	140.00	241.50	210.00
Lowest price during the year	45.24	48.00	48.45	94.00	110.00	108.00

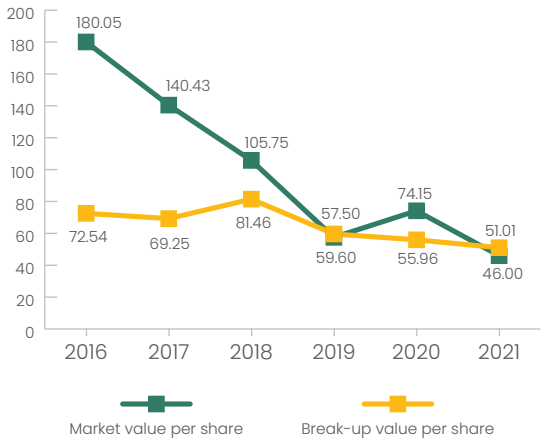
Share price trend



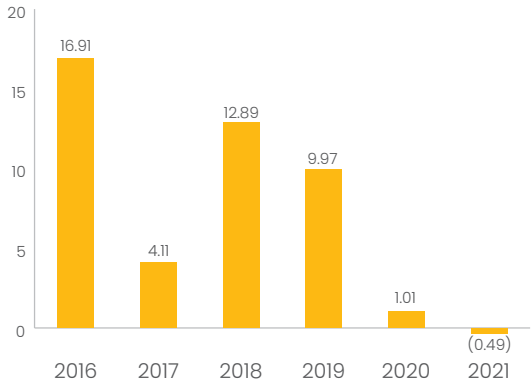
Mehran's Shares Turnover



Breakup vs Market value



Earnings per share



MANAGEMENT TEAM



Mr. Mohammed Ebrahim Hasham
Chief Executive Officer
Joined Mehran in 1973
M.A. (Management) Chapman University, California, USA

Work Experience:
48 years of practical experience in the sugar industry.



Mr. Ahmed Ebrahim Hasham
Managing Director
Joined Mehran in 2000
Bachelor of Arts (Economics and IR) Tufts University, Medford MA, USA

Work Experience:
21 years of practical experience in various sectors



Mr. Muhammad Hanif Aziz
Chief Financial Officer
Joined Mehran in 2004
FCMA - Institute of Cost & Management Accountants of Pakistan
FCIS - Institute of Corporate Secretaries of Pakistan

Work Experience:
37 years of practical experience with multinational and national companies.



Mr. Syed Ehtesham-ud-Din
Resident Director
Joined Mehran in 2004
Bachelor of Arts

Work Experience:
40 years of practical experience in the sugar Industry.



Mr. Ubaid-Ur-Rehman
GM Technical
Joined Mehran in 2012
B-Tech (Hons) in Mechanical Engineering from Mehran University of Engineering - Jamshoro

Work Experience:
39 years of practical experience in the sugar Industry.



Mr. Shayan Saleem
Company Secretary
Joined Mehran in 2012
ACMA - Institute of Cost & Management Accountants of Pakistan

Work Experience:
13 years of practical experience

HORIZONTAL & VERTICAL ANALYSIS

STATEMENT OF PROFIT OR LOSS

Rupees in thousand

HORIZONTAL ANALYSIS	2021		2020	
	Rs.	%	Rs.	%
Turnover	6,063.54	(5.62)	6,424.68	20.95
Cost of sales	(5,426.68)	(8.94)	(5,959.54)	32.69
Gross Profit	636.86	36.92	465.14	(43.30)
Distribution costs	(45.21)	(3.97)	(47.08)	(20.96)
Administrative expenses	(262.08)	19.71	(218.92)	(14.16)
Other expenses	(147.26)	2,311.60	(6.11)	(51.96)
Other income	233.87	(10.59)	261.56	231.00
Share of Profit from associates	61.60	(19.92)	76.92	(76.32)
Provision for impairment on long-term investment	(122.43)	(100.00)	-	-
Allowance for expected credit loss on long-term receivables	(72.92)	174.73	(26.54)	(100.00)
Finance costs	(264.55)	(22.72)	(342.32)	(11.03)
Profit before taxation	17.89	(89.00)	162.65	(68.24)
Taxation	(41.70)	(63.93)	(115.62)	6.75
Net (Loss) / Profit for the year	(23.82)	(150.64)	47.03	(88.36)

VERTICAL ANALYSIS	2021		2020	
	Rs.	%	Rs.	%
Turnover	6,063.54	100.00	6,424.68	100.00
Cost of sales	(5,426.68)	(89.50)	(5,959.54)	(92.76)
Gross Profit	636.86	10.50	465.14	7.24
Distribution costs	(45.21)	(0.75)	(47.08)	(0.73)
Administrative expenses	(262.08)	(4.32)	(218.92)	(3.41)
Other expenses	(147.26)	(2.43)	(6.11)	(0.10)
Other income	233.87	3.86	261.56	4.07
Share of Profit from associates	61.60	1.02	76.92	1.20
Provision for impairment on long-term investment	(122.43)	(2.02)	-	-
Allowance for expected credit loss on long-term receivables	(72.92)	(1.20)	(26.54)	(0.41)
Finance costs	(264.55)	(4.36)	(342.32)	(5.33)
Profit before taxation	17.89	0.30	162.65	2.53
Taxation	(41.70)	(0.69)	(115.62)	(1.80)
Net (Loss) / Profit for the year	(23.82)	(0.39)	47.03	0.73

2019		2018		2017		2016	
Rs.	%	Rs.	%	Rs.	%	Rs.	%
5,311.77	10.87	4,790.79	(12.91)	5,500.84	(22.67)	7,113.23	63.10
(4,491.46)	6.91	(4,201.11)	(19.72)	(5,232.83)	(17.86)	(6,370.35)	73.04
820.31	39.11	589.68	120.03	268.00	(63.92)	742.88	9.26
(59.56)	(46.56)	(111.45)	34.21	(83.04)	125.12	(36.89)	(8.90)
(255.03)	(7.69)	(276.26)	13.58	(243.24)	23.20	(197.44)	13.88
(12.71)	(81.68)	(69.39)	641.61	(9.36)	(77.29)	(41.21)	48.56
79.02	(53.39)	169.54	(53.26)	362.73	98.19	183.03	13.56
324.89	(4.45)	340.02	239.63	100.11	(13.89)	116.26	23.72
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(384.77)	81.15	(212.41)	8.00	(196.67)	99.41	(98.63)	(32.71)
512.15	19.18	429.72	116.43	198.55	(70.28)	668.01	22.15
(108.31)	543.77	(16.82)	(74.84)	(66.87)	(47.01)	(126.20)	8.01
403.83	(2.20)	412.90	213.57	131.68	(75.70)	541.81	25.99

2019		2018		2017		2016	
Rs.	%	Rs.	%	Rs.	%	Rs.	%
5,311.77	100.00	4,790.79	100.00	5,500.84	100.00	7,113.23	100.00
(4,491.46)	(84.56)	(4,201.11)	(87.69)	(5,232.83)	(95.13)	(6,370.35)	(89.56)
820.31	15.44	589.68	12.31	268.00	4.87	742.88	10.44
(59.56)	(1.12)	(111.45)	(2.33)	(83.04)	(1.51)	(36.89)	(0.52)
(255.03)	(4.80)	(276.26)	(5.77)	(243.24)	(4.42)	(197.44)	(2.78)
(12.71)	(0.24)	(69.39)	(1.45)	(9.36)	(0.17)	(41.21)	(0.58)
79.02	1.49	169.54	3.54	362.73	6.59	183.03	2.57
324.89	6.12	340.02	7.10	100.11	1.82	116.26	1.63
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(384.77)	(7.24)	(212.41)	(4.43)	(196.67)	(3.58)	(98.63)	(1.39)
512.15	9.64	429.72	8.97	198.55	3.61	668.01	9.39
(108.31)	(2.04)	(16.82)	(0.35)	(66.87)	(1.22)	(126.20)	(1.77)
403.83	7.60	412.90	8.62	131.68	2.39	541.81	7.62

HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

Rupees in thousand

	2021		2020	
	Rs.	%	Rs.	%
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	2,372.81	8.29	2,191.14	0.02
Right-of-Use-Assets	51.58	(35.94)	80.52	100.00
Long-term receivable	204.66	(26.27)	277.58	100.00
Long-term investment	1,051.77	(14.88)	1,235.65	(9.30)
Long-term deposits	0.85	-	0.85	(1.16)
	3,681.67	(2.75)	3,785.74	6.52
CURRENT ASSETS				
Biological assets	23.77	42.99	16.62	9.03
Stores and spare parts	110.50	0.14	110.34	7.73
Stock-in-trade	561.56	823.91	60.78	(94.27)
Trade debts	69.67	282.67	18.21	(76.99)
Loans and advances	54.98	18.80	46.27	(60.34)
Trade deposits and short-term prepayments	6.48	48.70	4.36	(52.93)
Other receivables	0.99	21.45	0.82	(99.74)
Short-term investments	1,317.09	18.86	1,108.08	11.32
Taxation – net	55.22	40.29	39.36	(2.21)
Cash and bank balances	10.85	6.98	10.14	(98.49)
	2,211.11	56.26	1,414.98	(58.50)
TOTAL ASSETS	5,892.78	13.31	5,200.72	(25.31)
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	489.27	5.00	465.97	15.00
Reserves	2,006.55	(6.30)	2,141.53	6.56
	2,495.83	(4.28)	2,607.51	7.98
NON-CURRENT LIABILITIES				
Long-term financing	922.59	(18.05)	1,125.82	53.00
Lease liabilities	30.60	4.60	29.26	42.08
Market committee fee payable	51.18	78.48	28.68	22.64
Deferred liabilities	4.30	(3.24)	4.45	(6.66)
Deferred income - government grant	70.76	1,857.80	3.61	100.00
Deferred taxation - net	79.58	(53.45)	170.97	(14.34)
Provision for quality premium	119.29	-	119.29	-
	1,278.31	(13.75)	1,482.07	34.31
CURRENT LIABILITIES				
Trade and other payables	471.46	3.77	454.31	(32.89)
Contract liabilities (advances from customers)	34.59	(5.20)	36.49	(91.22)
Unclaimed dividend	19.33	3.66	18.65	5.41
Accrued mark-up	50.68	149.20	20.34	(83.79)
Short-term borrowings	1,063.92	257.04	297.98	(82.98)
Provision for market committee fee	6.82	(84.48)	43.97	17.48
Current portion of non-current liabilities	394.93	199.21	131.99	(59.93)
Sales tax and federal excise duty payable	76.90	(28.41)	107.41	16.90
Income tax payable	-	-	-	-
	2,118.64	90.67	1,111.14	(67.75)
TOTAL EQUITY AND LIABILITIES	5,892.78	13.31	5,200.72	(25.31)

2019		2018		2017		2016	
Rs.	%	Rs.	%	Rs.	%	Rs.	%
2,190.68	1.03	2,168.33	(0.91)	2,188.13	12.04	1,952.92	18.43
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
1,362.37	14.46	1,190.22	21.74	977.68	27.71	765.56	17.35
0.86	(1.15)	0.87	(21.63)	1.11	30.47	0.85	(19.16)
3,553.92	5.79	3,359.42	6.08	3,166.92	16.46	2,719.34	18.10
15.25	73.52	8.79	(50.26)	17.66	(59.72)	43.85	(10.20)
102.42	0.74	101.67	21.21	83.88	16.09	72.25	(24.66)
1,060.60	(9.13)	1,167.16	(3.18)	1,205.46	192.56	412.04	(71.83)
79.13	(39.40)	130.58	(25.17)	174.51	1,552.61	10.56	(74.92)
116.69	0.54	116.07	(21.76)	148.34	37.08	108.22	205.89
9.26	(28.12)	12.88	66.13	7.75	18.94	6.52	(33.60)
317.56	(45.32)	580.80	12,824.15	4.49	20.89	3.72	(45.61)
995.38	(20.92)	1,258.74	51.60	830.32	(24.91)	1,105.80	52.44
40.25	(51.11)	82.33	50.75	54.62	100.00	-	(100.00)
672.98	4,118.22	15.95	(44.53)	28.76	(16.49)	34.44	(24.40)
3,409.53	(1.88)	3,474.98	35.96	2,555.80	42.19	1,797.40	(27.60)
6,963.45	1.89	6,834.40	19.43	5,722.73	26.70	4,516.74	(5.61)
405.20	26.50	320.31	-	320.31	-	320.31	-
2,009.70	(12.20)	2,289.01	20.60	1,897.94	(5.25)	2,003.10	29.95
2,414.90	(7.45)	2,609.32	17.63	2,218.25	(4.53)	2,323.42	24.80
735.83	(1.29)	745.41	66.11	448.75	47.20	304.85	11.57
20.59	13.10	18.21	(42.54)	31.69	49.39	21.21	15.30
23.38	(10.45)	26.11	(60.42)	65.97	(6.20)	70.33	168.86
4.76	(0.47)	4.79	(1.91)	4.88	4.98	4.65	(50.64)
–	–	–	–	–	–	–	–
199.58	(11.60)	225.77	(21.67)	288.21	(10.67)	322.64	11.55
119.29	–	119.29	–	119.29	–	119.29	–
1,103.44	(3.17)	1,139.58	18.86	958.79	13.74	842.97	14.57
676.96	50.93	448.53	0.77	445.09	(16.59)	533.59	44.91
415.59	46.99	282.73	(53.50)	608.07	9.42	555.70	(55.83)
17.69	(9.28)	19.50	(45.48)	35.77	49.98	23.85	(46.74)
125.50	154.80	49.25	52.37	32.32	265.60	8.84	(23.28)
1,750.71	(10.99)	1,966.89	76.08	1,117.04	100.00	-	(100.00)
37.42	23.10	30.40	52.25	19.97	112.29	9.41	(81.00)
329.36	44.53	227.88	23.70	184.22	(1.28)	186.60	12.49
91.88	52.36	60.31	(41.57)	103.20	915.64	10.16	(89.70)
–	–	–	–	–	(100.00)	22.20	100.00
3,445.11	11.66	3,085.50	21.21	2,545.68	88.52	1,350.35	(38.27)
6,963.45	1.89	6,834.40	19.43	5,722.73	26.70	4,516.74	(5.61)

VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

Rupees in thousand

	2021		2020	
	Rs.	%	Rs.	%
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	2,372.81	40.27	2,191.14	42.13
Right-of-Use-Assets	51.58	0.88	80.52	1.55
Long-term receivable	204.66	3.47	277.58	5.34
Long-term investment	1,051.77	17.85	1,235.65	23.76
Long-term deposits	0.85	0.01	0.85	0.02
	3,681.67	62.48	3,785.74	72.79
CURRENT ASSETS				
Biological assets	23.77	0.40	16.62	0.32
Stores and spare parts	110.50	1.88	110.34	2.12
Stock-in-trade	561.56	9.53	60.78	1.17
Trade debts	69.67	1.18	18.21	0.35
Loans and advances	54.98	0.93	46.27	0.89
Trade deposits and short-term prepayments	6.48	0.11	4.36	0.08
Other receivables	0.99	0.02	0.82	0.02
Short-term investments	1,317.09	22.35	1,108.08	21.31
Taxation – net	55.22	0.94	39.36	0.76
Cash and bank balances	10.85	0.18	10.14	0.20
	2,211.11	37.52	1,414.98	27.21
TOTAL ASSETS	5,892.78	100.00	5,200.72	100.00
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	489.27	8.30	465.97	8.96
Reserves	2,006.55	34.05	2,141.53	41.18
	2,495.83	42.35	2,607.51	50.14
NON-CURRENT LIABILITIES				
Long-term financing	922.59	15.66	1,125.82	21.65
Lease liabilities	30.60	0.52	29.26	0.56
Market committee fee payable	51.18	0.87	28.68	0.55
Deferred liabilities	4.30	0.07	4.45	0.09
Deferred income - government grant	70.76	1.20	3.61	0.07
Deferred taxation - net	79.58	1.35	170.97	3.29
Provision for quality premium	119.29	2.02	119.29	2.29
	1,278.31	21.69	1,482.07	28.50
CURRENT LIABILITIES				
Trade and other payables	471.46	8.00	454.31	8.74
Contract liabilities (advances from customers)	34.59	0.59	36.49	0.70
Unclaimed dividend	19.33	0.33	18.65	0.36
Accrued mark-up	50.68	0.86	20.34	0.39
Short-term borrowings	1,063.92	18.05	297.98	5.73
Provision for market committee fee	6.82	0.12	43.97	0.85
Current portion of non-current liabilities	394.93	6.70	131.99	2.54
Sales tax and federal excise duty payable	76.90	1.30	107.41	2.07
Income tax payable	–	–	–	–
	2,118.64	35.95	1,111.14	21.37
TOTAL EQUITY AND LIABILITIES	5,892.78	100.00	5,200.72	100.00

2019		2018		2017		2016	
Rs.	%	Rs.	%	Rs.	%	Rs.	%
2,190.68	31.46	2,168.33	31.73	2,188.13	38.24	1,952.92	43.24
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
1,362.37	19.56	1,190.22	17.42	977.68	17.08	765.56	16.95
0.86	0.01	0.87	0.01	1.11	0.02	0.85	0.02
3,553.92	51.04	3,359.42	49.15	3,166.92	55.34	2,719.34	60.21
15.25	0.22	8.79	0.13	17.66	0.31	43.85	0.97
102.42	1.47	101.67	1.49	83.88	1.47	72.25	1.60
1,060.60	15.23	1,167.16	17.08	1,205.46	21.06	412.04	9.12
79.13	1.14	130.58	1.91	174.51	3.05	10.56	0.23
116.69	1.68	116.07	1.70	148.34	2.59	108.22	2.40
9.26	0.13	12.88	0.19	7.75	0.14	6.52	0.14
317.56	4.56	580.80	8.50	4.49	0.08	3.72	0.08
995.38	14.29	1,258.74	18.42	830.32	14.51	1,105.80	24.48
40.25	0.58	82.33	1.20	54.62	0.95	–	–
672.98	9.66	15.95	0.23	28.76	0.50	34.44	0.76
3,409.53	48.96	3,474.98	50.85	2,555.80	44.66	1,797.40	39.79
6,963.45	100.00	6,834.40	100.00	5,722.73	100.00	4,516.74	100.00
405.20	5.82	320.31	4.69	320.31	5.60	320.31	7.09
2,009.70	28.86	2,289.01	33.49	1,897.94	33.17	2,003.10	44.35
2,414.90	34.68	2,609.32	38.18	2,218.25	38.76	2,323.42	51.44
735.83	10.57	745.41	10.91	448.75	7.84	304.85	6.75
20.59	0.30	18.21	0.27	31.69	0.55	21.21	0.47
23.38	0.34	26.11	0.38	65.97	1.15	70.33	1.56
4.76	0.07	4.79	0.07	4.88	0.09	4.65	0.10
–	–	–	–	–	–	–	–
199.58	2.87	225.77	3.30	288.21	5.04	322.64	7.14
119.29	1.71	119.29	1.75	119.29	2.08	119.29	2.64
1,103.44	15.85	1,139.58	16.67	958.79	16.75	842.97	18.66
676.96	9.72	448.53	6.56	445.09	7.78	533.59	11.81
415.59	5.97	282.73	4.14	608.07	10.63	555.70	12.30
17.69	0.25	19.50	0.29	35.77	0.63	23.85	0.53
125.50	1.80	49.25	0.72	32.32	0.56	8.84	0.20
1,750.71	25.14	1,966.89	28.78	1,117.04	19.52	–	–
37.42	0.54	30.40	0.44	19.97	0.35	9.41	0.21
329.36	4.73	227.88	3.33	184.22	3.22	186.60	4.13
91.88	1.32	60.31	0.88	103.20	1.80	10.16	0.23
–	–	–	–	–	–	22.20	0.49
3,445.11	49.47	3,085.50	45.15	2,545.68	44.48	1,350.35	29.90
6,963.45	100.00	6,834.40	100.00	5,722.73	100.00	4,516.74	100.00

FACTORY PROFILE

Date of Incorporation
December 22, 1965

Date of Commencement of Business
March 19, 1966

Start of Commercial Production
January 1969

Installed Capacity
12,500 Tons Cane Crushing Per Day

Total Land Area
127 Acres

Total Farming Area
152 Acres

Facilities at our Mills

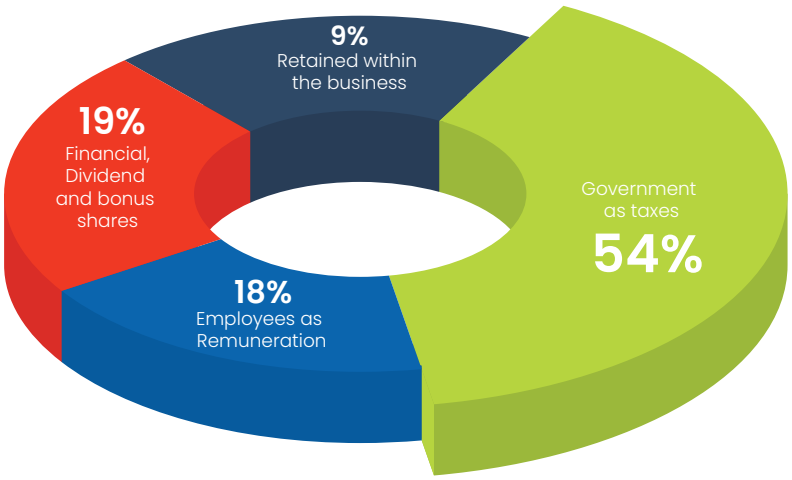
- Two Mosques - Factory & Colony.
- Recreation Centre at officers mess equipped with Indoor Games, TV, Videos and other facilities.
- Cricket Ground, Tennis Court, Park, School/ College Bus facility.
- Private Electric Generator for Uninterrupted Power Supply.
- Clean Water Supply with UV Filters.
- Transport Facility for City & Adjoining Areas.
- Accommodation for Officers and Company Guests with all facilities.
- Hostel of 36,000 sq.ft for accommodation for seasonal workers and staff of various contractors engaged during crushing season.



STATEMENT OF VALUE ADDITION

	2021 Rupees	%	2020 Rupees	%
WEALTH GENERATED				
Gross revenue	**6,974,385,062**		7,416,618,258	
Expenses	**5,013,794,443**		5,123,479,824	
Wealth generated	**1,960,590,619**	100	2,293,138,434	100
WEALTH DISTRIBUTED				
To Government				
Sales Tax, Income Tax, Road Cess, WWF	**1,049,595,677**	54	1,141,393,727	49
To Employees				
Salaries, WPPF, Benefits and Other related cost	**356,235,201**	18	340,224,935	15
To Providers of capital				
Mark-up on borrowed funds	**264,551,294**	13	342,318,751	15
Shareholders as Dividend/Bonus shares	**122,318,705**	6	224,699,299	10
	386,869,999	19	567,018,050	25
Retained with the business				
Depreciation	**206,067,210**	11	177,824,021	8
Retained profit	**(38,177,467)**	-2	66,677,701	3
	167,889,743	9	244,501,722	11
	1,960,590,619	100	2,293,138,434	100

Value addition and distribution during the year 2021 Rs. 1,960.60 million

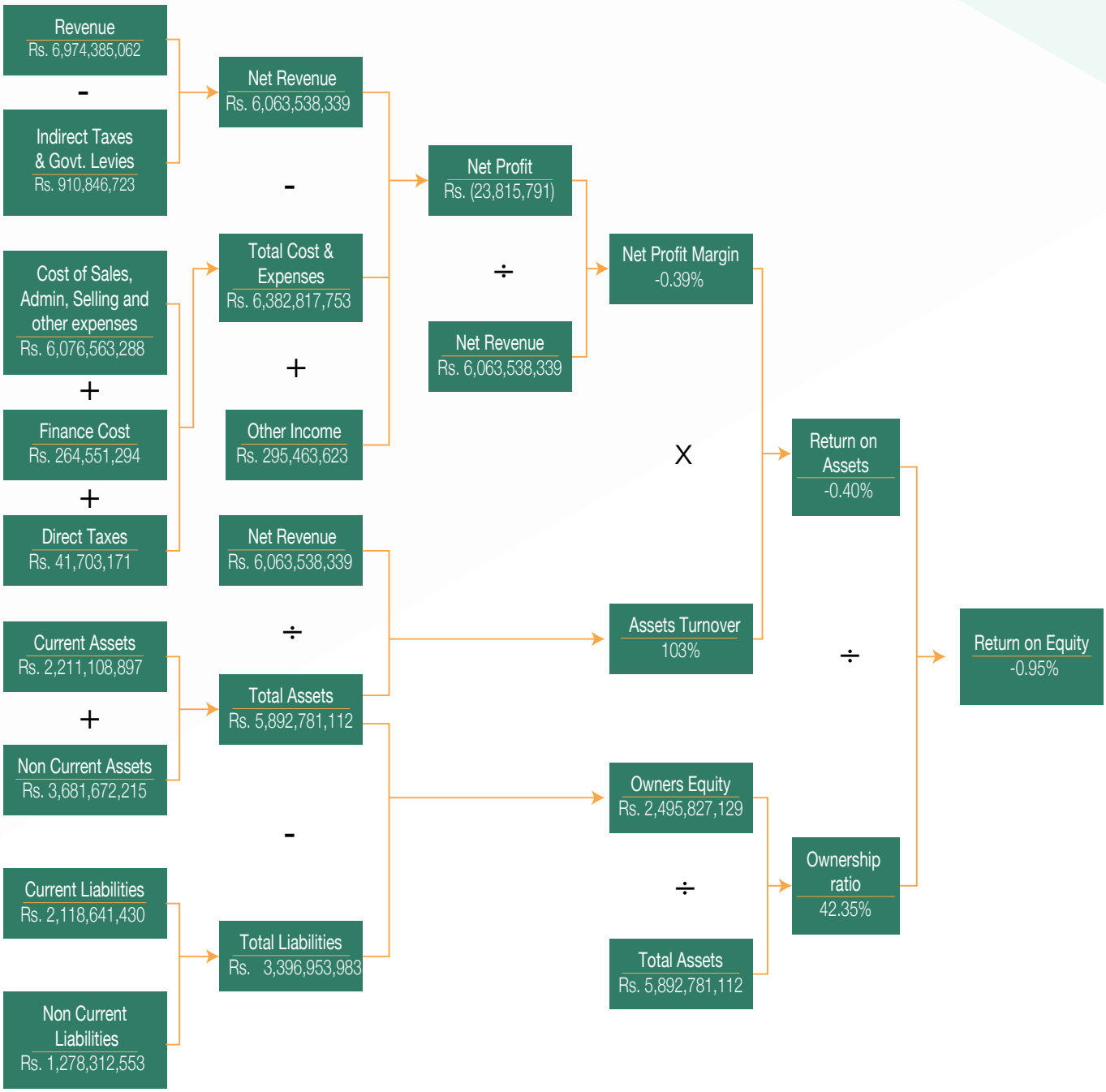


SIX YEARS' REVIEW AT A GLANCE

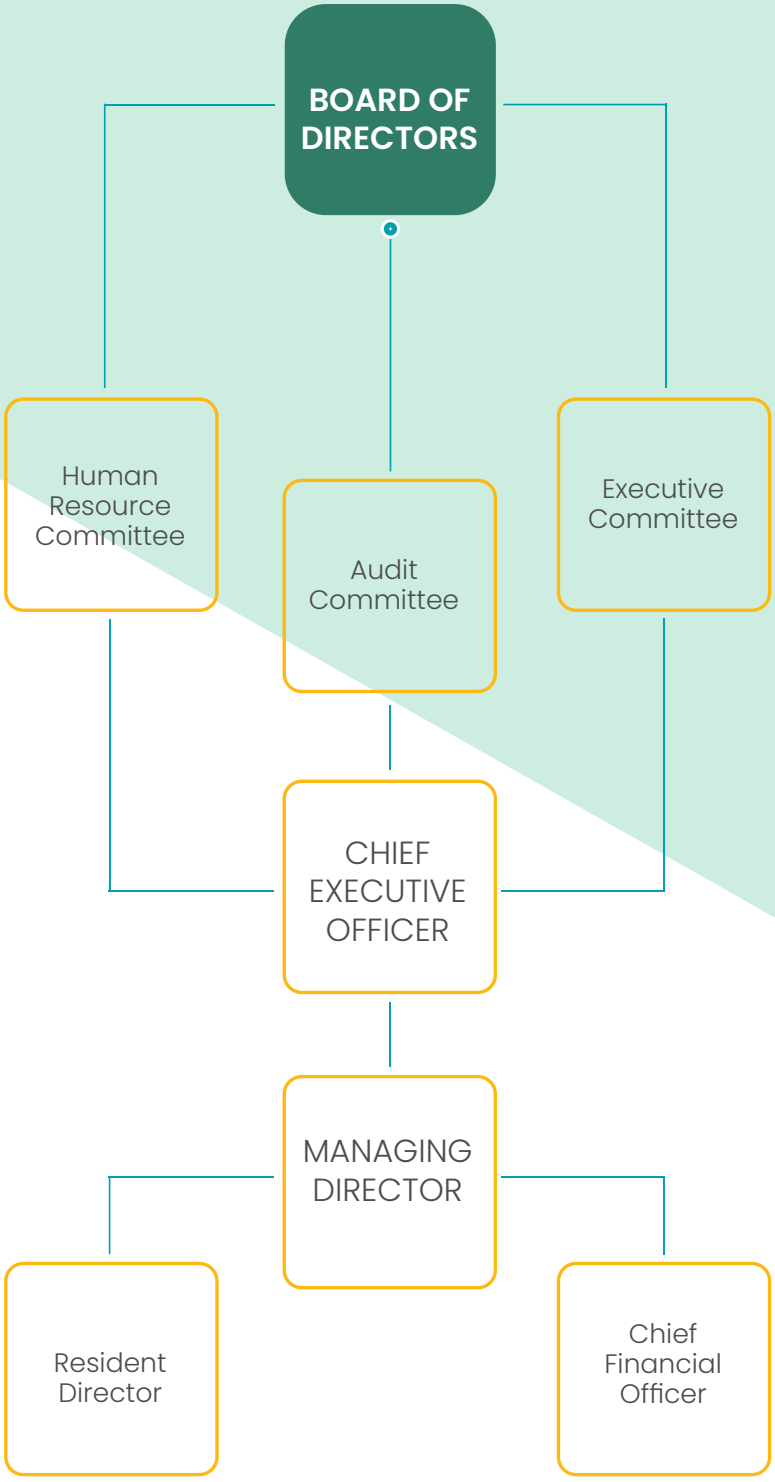
	2021	2020	2019	2018	2017	2016
Operational Trends						
Sugarcane crushed - M.Tons	**682,253**	654,339	702,259	1,043,279	1,056,198	940,626
Sugar produced - M.Tons	**73,092**	72,821	80,332	120,200	116,780	106,400
Sucrose recovery - %	**10.72**	11.13	11.44	11.52	11.06	11.31
Balance Sheet			Rupees in million			
Share capital	**489.27**	465.97	405.20	320.31	320.31	320.31
Reserves	**2,006.55**	2,141.53	2,009.70	2,289.01	1,897.94	2,003.10
Shareholders' equity	**2,495.82**	2,607.50	2,414.90	2,609.32	2,218.25	2,323.41
Non current liabilities	**1,278.32**	1,482.08	1,103.44	1,139.58	958.79	842.98
Current liabilities	**2,118.64**	1,111.14	3,445.11	3,085.50	2,545.68	1,350.35
Total Equity & Liabilities	**5,892.78**	5,200.72	6,963.45	6,834.40	5,722.72	4,516.74
Fixed Assets	**2,372.81**	2,191.14	2,190.68	2,168.33	2,188.13	1,952.92
Non current assets	**1,308.86**	1,594.60	1,363.24	1,191.09	978.79	766.42
Current assets	**2,211.11**	1,414.98	3,409.53	3,474.98	2,555.80	1,797.40
Total assets	**5,892.78**	5,200.72	6,963.45	6,834.40	5,722.72	4,516.74
Financial Trends			Rupees in million			
Turnover	**6,063.54**	6,424.68	5,311.77	4,790.79	5,500.84	7,113.23
Gross profit	**636.86**	465.14	820.31	589.68	268.00	742.88
Operating profit	**416.19**	454.59	572.03	302.12	295.11	650.37
EBITDA	**488.51**	682.79	1,067.79	808.84	548.14	904.04
EBIT	**282.44**	185.37	512.15	772.04	209.58	668.01
Pre-tax profit	**17.89**	162.65	512.15	429.72	198.55	668.01
After-tax profit / (loss)	**(23.82)**	47.03	403.83	412.90	131.68	541.81
Capital Expenditure	**28.54**	267.65	178.29	242.63	490.27	216.19
Cash Flows			Rupees in million			
Operating activities	**(341.22)**	440.52	1,149.39	(647.40)	(1,078.01)	993.36
Investing activities	**(447.70)**	276.15	(167.93)	(515.78)	16.98	(634.82)
Financing activities	**23.69**	73.21	(324.43)	1,150.37	1,055.36	(369.65)
Cash and Cash equivalents	**(1,053.07)**	(287.84)	672.98	15.95	28.76	34.44
Profitability Indicators			Percentage			
Grosss profit margin	**10.50**	7.24	15.44	12.31	4.87	10.44
Net profit margin	**(0.39)**	0.73	7.60	8.62	2.39	7.62
Return on shareholders' equity	**(0.95)**	1.80	16.72	15.82	5.94	23.32
Return on capital employed	**7.48**	4.53	14.56	20.59	6.60	21.10
Return on total assets	**(0.40)**	0.90	5.80	6.04	2.30	12.00
EBITDA margin	**8.06**	10.63	20.10	16.88	9.96	12.71

	2021	2020	2019	2018	2017	2016
Operating Performance						
Inventory turnover ratio	**17.44**	10.63	4.03	3.54	6.47	6.80
Inventory turnover in days	**21**	34	91	103	56	54
Debtors turnover ratio	**52.37**	42.58	15.72	20.24	31.74	12.96
Debtors turnover in days	**7**	9	23	18	11	28
Creditors turnover ratio	**34.52**	18.56	18.53	39.26	51.10	72.35
Creditors turnover in days	**11**	20	20	9	7	5
Operating cycle in days	**17**	23	94	112	60	77
Total assets turnover ratio	**1.09**	1.06	0.77	0.76	1.07	3.15
Fixed assets turnover ratio	**2.66**	2.93	2.44	2.20	2.66	7.28
Capital employed turnover ratio	**1.54**	1.69	1.46	1.38	1.73	4.49
Investment Valuation						
Earnings per share	**(0.49)**	1.01	9.97	12.89	4.11	16.91
Break-up value per share	**51.01**	55.96	59.60	81.46	69.25	72.54
Price earning ratio	**(93.88)**	73.42	5.77	8.20	34.17	10.65
Dividend yield (%)	**3.26**	1.69	5.65	2.84	2.31	3.61
Dividend payout (%)	**n/a**	123.76	32.60	23.27	79.08	38.44
Market value per share on 30th September	**46.00**	74.15	57.50	105.75	140.43	180.05
Cash Dividend (%)	**15.00**	12.50	32.50	30.00	32.50	65.00
Bonus Shares (%)	**10.00**	5.00	25.00	15.00	-	-
Financial gearing						
Debt Ratio	**0.58**	0.50	0.65	0.62	0.61	0.49
Debt : Equity Ratio	**1.36**	0.99	1.88	1.62	1.58	0.94
Interest cover ratio	**1.07**	1.48	2.33	3.02	2.01	7.77
Liquidity measurement						
Current ratio	**1.04**	1.27	0.99	1.13	1.00	1.33
Quick ratio/Acid test ratio	**0.91**	1.04	0.92	1.03	0.91	1.22
Value addition			Rupees in million			
Employees as remuneration	**356.24**	340.22	371.98	366.67	351.59	338.88
Government as taxes	**1,049.60**	1,141.39	752.42	313.94	496.57	662.49
Financial charges to providers of finance	**264.55**	342.32	384.78	212.41	196.67	98.63
Shareholders as dividend and bonus shares	**122.32**	81.55	224.70	144.14	104.10	208.20
Retained within the business	**167.89**	387.65	213.67	381.46	151.82	493.68

DUPONT ANALYSIS



ORGANOGRAM


BOARD OF DIRECTORS
Human Resource Committee
Audit Committee
Executive Committee
CHIEF EXECUTIVE OFFICER
MANAGING DIRECTOR
Resident Director
Chief Financial Officer

CHAIRMAN'S MESSAGE



Dear Shareholders,

Mehran Sugars history goes back more than five decades. That was an occasion to reflect not only on what had been built over more than 50 years, but also on the immense obstacles of the previous year and how everyone in the Mehran family had helped us navigate our way through one of the most difficult years in our history.

We didn't know the extent or duration of the COVID-19 economic crisis when it began. During the early stages of the epidemic, the prognosis for companies throughout the world was gloomy. Mehran was not immune to the calamities.

The corporate community has adapted well to these unusual challenges. Prudent and stern judgments on cost and financial management necessitated sacrifices on the part of many employees, owners, and other stakeholders. Our team has created industry-leading safe working methods that have kept our operations running smoothly.

Fortunately, the pandemic had a less significant influence on our earnings. While no chairman enjoys seeing earnings fall, I feel our performance in this scenario is adequate.

There is little question that Mehran, like other enterprises, confronts significant hurdles. While I am certain that our financial performance will soon return to pre-pandemic levels, the economic and geopolitical climate will remain turbulent, and the exact date of the comeback is unknown.

We will most certainly encounter significant challenges for some time. Higher taxes will be levied at some time as governments seek to repay debt and speed the debt-repayment process.

One of the company's key objectives, along with optimising returns, forming alliances, engaging farmers, assuring safety, and creating a cleaner environment, is corporate social responsibility. Despite the struggles of the previous year, we continue to assist the communities in which they live and work.

Mehran has withstood a difficult year. We were able to do so because of our teams devotion, skill, and resilience. We now turn to governments throughout the world to play a role in the post-Covid recovery and to foster trading conditions that allow businesses to flourish and succeed.

With clarity, focus and confidence in the future I am confident that we will emerge from the pandemic ready to build an even stronger Mehran.

Mohammed Kasim Hasham

Chairman

DIRECTORS' REPORT

On behalf of the Board, I am pleased to present financial results for the year ended September 30, 2021.

ABOUT THE COMPANY

In December 1965, under the abolished Companies Act, 1913, Mehran Sugar Mills Limited (the Company) was established as a public limited company. The company's core business is refined sugar manufacture, although it also has stakes in allied and other sectors. Our plant, which is in the Tando Allahyar area, has a total capacity of 12,500 TCD. We've worked with our farmer over the years to build a cane area with early maturing and high yielding varieties, which has proven to be a competitive advantage.

Presently, our focus is on making our facility one of Pakistan's most energy efficient manufacturers by investing in cutting-edge technologies.

Mehran established Unicol Limited in 2004 with the help of two joint venture partners. Unicol Limited began as a greenfield ethanol project and now has a daily ethanol capacity of 200,000 litres and a daily CO2 output capacity of 72 tonnes. Unicol has gradually grown to become Pakistan's dominant player in ethanol exports, earning the top 100 exporters prestigious award.

In the second half of this study, Mehran's investments in other enterprises are reviewed in depth.

ECONOMY

Despite a number of dangers and hurdles, Pakistan's economy is progressively moving toward a sustainable growth path as a consequence of various initiatives and accomplishments during the year. The following are notable achievements that highlight the economy's success in FY2021:

- Pakistan was adopting stability measures, but COVID-19 slowed the pace, which was initially restored, but the coming of the second and third waves caused significant barriers, which were overcome by timely prudent policies.

- The National Command and Operating Centre (NCOC) was founded as a unified authority tasked with making critical decisions in cooperation with the provinces. The government took significant decisions, including smart lockdowns, rapid vaccination, and monetary and economic measures.

- The employed population declined to 35.04 million as a result of individuals losing their jobs or being unable to work.

- FBR tax collection grew by approximately 18 percent in FY2021, owing to the revival of domestic economic activity and ongoing comprehensive tax policy and administrative changes.

- Pakistan successfully raised $ 2.5 billion in Euro bonds, resuming participation in the international capital market after a three-year hiatus.

- The policy rate remained unchanged at 7.0 percent, bolstering company confidence and stimulating economic activity, allowing employment to rebound. The policy rate scenario is now on an upward trajectory to combat the high current account deficit and inflation numbers.

- The Ehsaas Emergency Cash Program has distributed PKR 179.3 billion. Around 14.8 million families

- have benefited from the project. The World Bank rates the Ehsaas Plan as one of the top four social protection projects in the world in terms of the number of people covered.

- The Kamyab Jawan Young Entrepreneurship Scheme has awarded Rs 17 billion to young entrepreneurs for various businesses till June 2021.

The agriculture business appears positive for the year 2020-21, with growth of 2.77 percent compared to the target of 2.8 percent. Key crop yearly growth rates (wheat, rice, sugarcane, maize, and cotton) are 4.65 percent. Sugarcane output jumped 22.0 percent to 81.009 million tonnes from 66.380 million tonnes, rice output increased 13.6 percent to 8.419 million tonnes from 7.414 million tonnes, and maize output increased 7.4 percent to 8.465 million tonnes from 7.883 million tonnes. The cotton crop, on the other hand, suffered mostly as a result of less seeded area, heavy monsoon rains, and bug infestations.

The high number of initial public offerings (IPOs) this year was significant (IPOs). Despite the COVID-19 outbreak, the Pakistan Stock Exchange (PSX) had five initial public offers (IPOs) in fiscal year 2021.

Inflation in the Consumer Price Index (CPI) was 8.8 percent in FY2021, compared to 10.9 percent the previous year during the same time. Other inflationary indicators, such as the Sensitive Price Index (SPI), were estimated at 13.5 percent, down from 14.0 percent the previous year. In FY2021, the Wholesale Price Index (WPI) was 8.4 percent, down from 11.1 percent the previous year.

In response to COVID-19, tax relief measures in Budget FY2021 provided relief in the form of steady pricing for a wide range of products. Furthermore, administrative initiatives such as clamping down on speculative components and restarting seasonal perishable supplies contributed to a reduction in inflationary pressures.

The trade deficit expanded by 34 percent to $31.07 billion, up from $23.16 billion the previous year, resulting in 18 percent growth in goods exports to $ 25.30 billion, up from $21.39 billion in the same time the previous year. Product imports climbed by 26.55 percent to $56.38 billion, up from $44.55 billion the previous year. This deficit continues to be a huge economic challenge.

INDUSTRY REVIEW

Season 2020-21 was previously predicted to yield a better crop due to an increase in planting forecasts. The overall crop in some areas of Punjab showed improvement however decreased yields in some places owing to water scarcity and crop disease hampered overall availability and crop quantities. Sadly, the crop in Sindh is not growing as fast as the overall national growth largely due to pricing for competing crops and due to regional water scarcity.

Despite the fact that a few mills were able to crush more cane than the previous year, the overall harvest was still lower than the national need. This meant that sugarcane prices demanded by the farmer and set by the market subsequently were on average 40-50 percent higher than the government's support price of Rs.202/40 kgs + QP. Your Company spent more than Rs. 5.2 billion on sugarcane payments that includes Rs. 1.7 billion more to the farmer over the support price announced by the Government.

Higher cane prices over the past few years have allowed farmers to make a handsome return on their investment and allow cane plantations to thrive. The crop in central and lower Sindh where our mill is located has also increased but the estimation is for a 10 percent increase as compared to an estimated 20 percent increase across the country. The overall crop shall eventually meet the national sugar needs , which is a blessing as it will allow a stable sugar price.

The high cane prices have resulted in massive liquidity requirements for mills thus ballooning financial requirements, which would increase costs especially since the policy rate is increasing now.

Sugar output for season 2021 was 5.7 million tons, up from 4.88 million tons the previous season. The expected national consumption is between 6.0 - 6.2 million tons, and in order to satisfy this demand and bridge the deficit, the government had tasked TCP for importing sugar without any taxes. However, obtaining sugar from abroad at a reasonable price and in a timely manner has been challenging because Thailand also has a lower crop, and Brazilian sugar due to its finer grain and Lower whiteness is not favoured in our market.

If the government had opted to import raw sugar timely we feel this problem would have been resolved and the deficit would have been plugged in a timely manner. Raw sugar being cheaper than white sugar also saves valuable foreign exchange while allowing local value addition.

Sugar prices crashed in the season to as low as Rs. 70/- kg with sales tax and started increasing mid season as it was noticed that the crop was going to be lower than earlier anticipated. The rise was mostly caused by a decreased cane yield and a countrywide sugar shortage.

However, mills did not gain much from the increase since the market's uncertainty caused by continuing inspections and inquiries prompted market participants to dispose of their stockpiles without waiting for price increases, which would cover their higher cost of production due to the higher cane prices paid. As our mill paid over Rs. 1.7 Billion in excess to the farmers it is calculated that all across Pakistan farmers were paid in excess of Rs. 110 billion over the government support price.

These high cane prices should have been allowed to translate into higher sugar prices however due to a lack of understanding and linking the cane prices to sugar prices the same price increases were not allowed through administrative and price control measures. It is disheartening to notice that significant attempts have not been made to develop a long-term solution for sugarcane and sugar price equilibrium.

For season 2021-2022 the Punjab government has set the minimum support price at Rs.225/40 kg, while the Sindh government has set the price at Rs.250/40 kg while on top of this price they have also notified a quality premium. This gap puts Sindh industries at a competitive disadvantage, since they may be unable to compete with counterparts in Punjab and KPK due to a different raw material pricing. The Sindh industry has legally contested the matter.

The recently proposed federal budget has included sugar to the Third Schedule of Sales Tax, which charges sales tax on the Maximum Retail Price. However, no mechanism for determining/calculating the price has been established, preventing the measure from being properly implemented.

The Federal Budget also increased the minimum wage to Rs.20,000, which is followed by Punjab, KPK, and Baluchistan, however Sindh has increased the minimum wage to Rs.25,000. The provincial government›s 43 percent hike (from Rs.17,500 to Rs.25,000) is projected to dramatically enhance manufacturing expenses, which would be tough to pass on to end customers. The Supreme Court of Pakistan, in response to an appeal filed by the Employers Federation of Pakistan, has suspended the implementation of the Rs.25,000 minimum wage until the case is decided.

The much-anticipated Track and Trace System has been fully implemented in the sugar industry, with FBR monitoring the production and shipments through its Master Control Room. Field formations have been designed to ensure field alertness. Sugar mills around the country are having teething issues with the system›s implementation. This approach, on the other hand, would go a long way towards reducing revenue leakage and improvement in tax collection.

OPERATIONAL AND FINANCIAL REVIEW

Operational Highlights	Sep 2021	Sep 2020
Crushing - M. Tons	**682,253**	654,339
Sucrose Recovery	**10.72%**	11.13%
Sugar Production - M. Tons	**73,092**	72,821
Molasses production - M. Tons	**31,880**	29,550
Molasses Recovery	**4.67%**	4.52%

Financial Highlights	Sep 2021	Sep 2020
	(Rupees in Thousands except EPS)	
Turnover	**6,974,385**	7,416,618
Sales tax	**910,847**	991,943
Gross Profit	**636,863**	465,136
Gross Profit margin	**10.50%**	7.24%
Profit before tax	**17,887**	162,646
Profit before tax margin	**0.29%**	2.53%
Net (Loss) / Profit after tax	**(23,816)**	47,027
Net Profit margin	**(0.39%)**	0.73%
Earnings / (loss) per share	**(0.49)**	0.96

Following factors were primarily responsible for our operational and financial results:

- Gross profit margin is 10.50 percent, a 3.26 percent increase over the previous year's margin of 7.24 percent.
- Paid Rs. 1.75 billion more to the farmer over the support price announced by the Goverment.
- Capital loss from equity investments amounted to Rs. 36.38 million due to an extremely volatile market conditions.
- Dividend income from equity investments amounted to Rs. 63.57 million.
- Unicol's contribution amounted to Rs.167 million.
- Finance costs fell by 23% because of the SBP's proactive policy initiatives and the overall policy rate decrease.
- Molasses selling prices increased by 29 percent compared to previous year due to lower molasses output and sugarcane yields. The output was lower than the overall requirement of the ethanol industry.
- Bagasse savings increased over the previous year from 5.85 percentage to 6.00 percentage. We have been increasing our bagasse savings and will continue to do so with the addition of more energy saving measures during the upcoming crushing season.

- Sucrose recovery decreased from 11.13 percent the previous year to 10.72 percent this year. The primary cause for the decrease in recovery was the early start of the season when sugarcane was not completely ripe, inconsistent crushing owing to sluggish sugarcane arrivals and a shutdown of mills in early March which is a month of the highest recovery in the season.
- Allowance for expected credit loss (ECL) on subsidy receivable from Sindh government.
- Impairment of Long-term investment of Mehran Energy Ltd.
- Additional depreciation charge on account of change in calculation method for leased assets
- Unifoods share of loss stood at Rs. 106 million, while investment of Rs. 79.83 million was impaired.

UNICOL LIMITED

During the period, the Company›s activities were positive and stable. Both the ethanol and CO2 plants performed as expected. Molasses prices, on the other hand, have continued to rise, while ethanol prices have remained subdued. However, the currency devaluation led to a favourable gain in overall income.

Sugarcane yield reduction has restricted molasses supply, resulting in a severe price war, with prices soaring from Rs. 17,000 to Rs. 24,000/- per ton. This tendency is projected to shift somewhat in the next season due to a higher sugarcane yield. As a result, it will be critical to ensure molasses purchasing at competitive costs in order to remain competitive in the worldwide market.

It is projected that ethanol prices would stay constant as global economies consolidate and immunization rates gradually increase, stabilizing demand. Thus, molasses prices would need to adjust for season 2022, which might be doable owing to increased sugarcane production projections.

Unicol›s profit before tax was Rs. 502.55 million, compared to Rs.523.77 million in the same period previous year. This increase is mostly due to increased ethanol costs in the first quarter. Because of a good first quarter, overall profitability for the year is predicted to be comparable to the prior year.

Following are the key data related to Unicol Ltd:

Financial Highlights	Units	**Sep 2021**	Sep 2020
Sales	Rs. in '000	**8,382,169**	5,823,337
Gross profit	Rs. in '000	**1,153,649**	1,120,016
% Gross profit	%	**13.76%**	19.23%
Profit before tax	Rs. in '000	**587,127**	582,597
Profit after tax	Rs. in '000	**502,547**	523,767
% Net profit	%	**5.99%**	8.99%
Earnings per share	Rs.	**3.35**	2.77

UNI-FOOD INDUSTRIES LIMITED

Since the advent of Covid, the cake and rusk manufacturing plant has been going through a bad patch. The closing of educational institutions, malls, and retail centres has had a significant

impact on demand. This has had an impact on sales turnover and profitability. To stay solvent, the company is working hard to rationalise its operations by examining numerous solutions. To improve the product mix, a few additional varieties have been developed. The shareholders are solidly behind the management in their efforts to promote the project and produce long-term value. Until now, our equity investment in Unifoods has totaled Rs. 400 million. It is critical for the firm to achieve sustainable volumes and fully exploit its market potential in order to absorb marketing and distribution expenditures, which are important cost components, and ultimately return profits to the company.

CONSUMER DIVISION

The marketing of packaged brown and white sugar is the responsibility of our Consumer Division. It has been progressing steadily over the years. The premium brand market has taken notice of the 'Sugarie' and 'Chashnik' brands.

Volumes and turnover showed increase throughout the fiscal year under review. Market penetration has also risen, and the product is now accessible in all major cities in Punjab and Sindh, as well as in the KPK market, which has begun to adopt the product.

With a solely devoted sales staff in Karachi, Lahore, and Islamabad routinely touring neighbouring cities/towns and a social media exposure campaign, awareness has grown. With a greater emphasis on its quality, packaging, and health benefits, we are also investing in automation of the manufacturing process to make it safer and healthier, while also exploring the possibility of adding more products to our mix.

FUTURE OUTLOOK

We have already witnessed some improvement in sugarcane plantation over the last year as a result of higher returns to growers over the last two years. This tendency is expected to improve more in the 2022 planting. This bodes well for industry, since it may allow mills to crush more and achieve higher capacity utilization in the coming years. The crop this year should cover the countries national requirement.

As a long term policy to structurally resolve the issues of the sugar industry we continue to advocate for the hiring of any of the top four audit companies, either locally or worldwide, to calculate the expenses of the entire chain and establish a suitable margin for all parties in order to resolve the disagreement and misunderstanding over sugar selling prices and to establish a concurrent formula for sugarcane and sugar prices.

In this year we foresee that Sugar, molasses, and bagasse selling prices are expected to remain stable, supporting the company›s profitability. Our bagasse savings have increased as a result of ongoing investments in electrical and steam efficiency measures, and this is helping the bottom line.

According to the preliminary crop survey, sugarcane output in our area is likely to rise by around 10 percent in terms of yields and planting. We anticipate that supply and demand balance will improve over the next year, and that domestic production will meet the country's sugar demands while creating some excess. This will offer stakeholders with a level playing field. Sugarcane harvesting has been delayed since the start of the season, thus mills are unable to crush consistently. We predict that harvesting will return to normal by the end of December, when mills will have enough sugarcane for crushing. Provincial subsidy claims that have been pending for the previous three years are still unpaid. Our overdue subsidy payment is Rs. 302 million as of today, putting a burden on our liquidity and capital allocation. Mills have petitioned the Sindh High Court for directing the provincial government to reimburse these subsidies.

The State Bank of Pakistan has increased the Bank Rate from 7% to 8.75 % and hinted at future increases in the coming months. This rise will almost surely raise the cost of conducting business especially for a business like ours, which ensures prompt farmer payments and whereby all disbursements are done in a season while sugar is sold monthly all across the year.

Profitability from core activities is still dependent on favourable raw material prices. Our cost of sugarcane processed into sugar needs to be comparable to the national average. For this to be possible, the local cane crop needs to grow to a point where it meets the areas requirement. Sadly even with the growth this year in crop we are still 20-25 percent below this equilibrium. Thus, our main focus as a company now has to shift toward ensuring that sugarcane development is prioritised and promoted in our operating region.

Unicol's sustained earnings and capacity to pay regular dividends will benefit the company's bottom line. As the crushing campaign gains momentum, the profitability picture will become evident. It is critical to maintain profitability and to continue to invest in cane development and energy efficiency operations in order to boost minimize production costs.

We remain committed and sincerely look forward to navigate through these interesting times.

ACKNOWLEDGMENT

We're working hard to shape our future with a laser-like focus on increasing shareholder satisfaction. We appreciate the dedication and efforts of the employees, staff, and executives, and we anticipate that they will continue to contribute with more zeal and spirit to the Company's productivity and well-being in the future.

The Board also expresses its thanks to government officials, banks and financial institutions, shareholders and suppliers for their valuable support and cooperation in advancing the Company's success.

The report includes a detailed analysis on the company's CSR efforts and compliance with corporate governance standards, as well as a shareholding pattern as of September 30, 2021.

For and on behalf of the Board of Directors

Mohammed Ebrahim Hasham
Chief Executive Officer

Ahmed Ebrahim Hasham
Managing Director

Karachi: December 29, 2021

CORPORATE GOVERNANCE FRAMEWORK

Board of Directors

The Board of Directors of the Company consists of ten members (including two female members), comprising three independent, five nonexecutive (including the Chairman) and two executive Directors. The Board is responsible for independently and transparently monitoring the performance of the Company and taking strategic decisions to achieve sustainable growth in the Company operations. Written notices of the Board meetings were sent to the members seven days before the meetings.

During the year under review, four meetings of the Board convened and the attendance of the members was as follows:

.S. No	Name of Directors	Meetings attended
1	Mr. Mohammed Kasim Hasham – Chairman	4
2	Mr. Mohammed Ebrahim Hasham – Chief Executive Officer	2
3	Mr. Mohammed Hussain Hasham – Director (Non-Executive)	3
4	Mr. Khurram Kasim – Director (Non-Executive)	4
5	Mr. Ahmed Ebrahim Hasham – Managing Director	4
6	Mr. Muhammad Amin Mukaty – Director (Independent)	4
7	Dr. Amjad Waheed – Director (Independent)*	-
8	Mr. Muhammad Bashir - Director (Independent)*	1
9	Mr. Hasan Aziz Bilgrami**	2
10	Mr. Iftikhar Soomro**	2
11	Mrs. Anushey A. Hasham – Director (Non-Executive)	3
12	Ms. Sofia Kasim – Director (Non-Executive)	4

* Dr. Amjad Waheed and Mr. Muhammad Bashir resigned from directorship in February 2021.

** Mr. Hasan Aziz Bilgrami & Mr. iftikhar Soomro appointed to fill casual vacancies in the Board of directors.

The leave of absence granted to the directors who could not attend some of the meetings due to being out of country or ill health.

Directors' Remuneration

Company have a "Remuneration Policy for Directors" approved by the Board of Directors; the salient features of which are:

- The Company will not pay any remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings.
- The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by them for attending meetings of the Board, its Committees and / or General Meetings of the Company.

Statement of Ethics & Business Practices

The Board has adopted the statement of Ethics & business practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to customers, suppliers and regulations.

Audit Committee

The Audit Committee of the Company comprises of three non-executive and one independent (the Chairman) Directors. Four meetings of the audit committee were held during the year. Attendance of the members was as follows:

.S. No	Name of Directors	Meetings attended
1	Dr. Amjad Waheed (Chairman)*	1
2	Mr. Hasan Aziz bilgrami**	-
3	Mr. Mohammed Hussain Hasham	2
4	Mr. Khurram Kasim	4
5	Mrs. Anushey A. Hasham	4

* Dr. Amjad Waheed resigned from directorship in February 2021.

** Mr. Hasan Aziz Bilgrami appointed to fill casual vacancy in the Board of directors.

The leave of absence granted to the members who could not attend some of the meetings due to being out of country or ill health.

Human Resource and remuneration committee

The committee comprises of three members, the Chairman of the committee is an independent Director. During the year, two meetings of the committee were held. Attendance of the members was as follows:

.S. No	Name of Directors	Meetings attended
1	Mr. Muhammad Amin Mukaty (Chairman)	2
2	Mr. Mohammed Ebrahim Hasham	1
3	Mr. Ahmed Ebrahim Hasham*	2
4	Ms. Sofia Kasim	2

* Mr. Ahmed Ebrahim Hasham attended the meeting on invitation.

External Audit

The Company wishes to place on record its appreciation for the services rendered by the Company's auditors M/s. EY Ford Rhodes, Chartered Accountants, who have completed the audit of financial statements of the Company for the year ended September 30, 2021. M/s EY Ford Rhodes, Chartered Accountants, have not offered themselves for re-appointment for the year ending September 30, 2022, Audit Committee has recommended Grant Thornton Anjum Rahman; Chartered Accountants for appointment as external auditors of the company, however shareholders approval for the said appointment will be sought in AGM.

Corporate & Financial Reporting Framework

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- The financial statements, prepared by the management of the Company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity;
- The Company has maintained proper books of accounts as required under the law;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained;
- There are no significant doubts upon the Company's ability to continue as a going concern;
- The summary of key operating and financial data for last six years is annexed;
- The Company has made contribution towards the national exchequer in the form of Federal, Provincial and local taxes and levies; as disclosed in annexed Financial Statements.
- The Company is operating a Provident Fund Scheme for its permanent employees. The value of the fund as at September 30, 2021 was Rs. 171 million (un-audited);
- There is also an un-funded gratuity scheme. On the basis of actuarial valuation conducted during 2021, a net liability of Rs. 4.30 million as at September 30, 2021 has been provided;
- Mr. Mohammed Hassain Hasham (Non-Excutive Director) sold 350,000 shares of the company to Mogul Tabacoo Co. (Pvt) Ltd. an associated company by common directorship during the period under review.
- The Pattern of Shareholding as at 30th September, 2021 is annexed;

Adequacy of Internal Financial Controls

The system of internal control is sound in design and effectively implemented and monitored, we confirm compliance of Corporate Governance with highest standard.

Certificate of Related Parties Transactions

It is confirm that the transactions entered with related parties have been verified by the audit committee and the Board, and provides the information about the amount due from related parties at the balance sheet date, and the proportion of receivables from related parties provided as doubtful debts, if any.

Material Changes

There have been no material changes since September 30, 2021 and the Company has not entered into any commitment, which would affect its financial position at the date.

For and on behalf of the Board of Directors

Mohammed Ebrahim Hasham
Chief Executive Officer

Ahmed Ebrahim Hasham
Managing Director

Karachi: December 29, 2021

CORPORATE SOCIAL RESPONSIBILITY

RESPONSIBILITY TO STAKEHOLDERS

Investment in Human Capital

One of the cornerstones of our company strategy is a focus on human resources. The Company considers employee interactions to be considerably more vital than a mere legal and ethical requirement. We are devoted to developing a culture for our most valuable asset that includes competitive pay and benefits, a pleasant and safe working environment, job satisfaction, professional growth, development, and competitive career prospects.

Our staff training programme is always being improved to meet the changing demands of our company and industry. Our company's goal is to be the leader in sugar manufacturing technology, which requires a lot of automation and process flow improvements.

To meet our automation and technology demands, we continue to invest in our human resources through PIM, MAP, and in-house technical trainings through UIT and NED University, as well as other topresources.

Using the world's finest sugar technologists to interact with and teach our staff on new ideas is one of our primary goals in changing our work culture and raising the grade of work.

Investment in our Working Environment

A positive work atmosphere is still the foundation of an effective team. Our Management House and Technical House have been modernised at the mill. Because of our emphasis on the digital environment, our connectivity from plant site to the rest of the world is now outstanding.

With an annual budget, we also continue to invest in our Colony homes. One of the most important areas of investment has been the installation of cutting-edge drinking water filtration facilities in three distinct sites across the business. We continue to pave the colony on an annual basis, with the goal of paving all essential places within the next five years.

We have however spent Rs. 35 million on a water conservation EMP plan to preserve canal water and use sugarcane water in the plant process. Our ultimate objective is to establish an ecosystem with no water intake from the canal and 100 percent process water use straight from sugarcane.

Investment in employee HSE

MSML workers are at the centre of the company's corporate strategy. The primary goal of the Company is to establish a pleasant working environment that adheres to best industrial practices while also adhering to the requirements of health and safety standards. The HSE department is in charge of monitoring HSE compliance and ensuring that personnel are required to use suitable safety equipment at work. For the awareness of employees and contractors, Global Health and Safety/ Environmental Days were also observed during the year.

CONTRIBUTION TOWARDS EDUCATION IN RURAL PAKISTAN

We are adamant that every sugar mill play its part in improving the educational environment in its immediate surroundings. Because sugar mills are located in rural Pakistan, they have an excellent potential to assist where the demand for education is greatest.

One of the key efforts of our social development projects is to give education in rural regions, particularly those near our mill. As a result, three schools are in operation to provide our pupils with a high-quality education.

• Daood Memorial School (DMS)

The school is located on the mill grounds and serves primarily our employees as well as the youngsters of the neighbouring communities. Since its inception in 1998-99, the Company has provided the school with full operational, financial, and logistical assistance. By the grace of God and the constant efforts of the administration and instructors, the school is constantly expanding; today, 445 pupils are enrolled, and 19 staff members are tasked with providing quality education. With theses number of students, we have maintained to guarantee that school education standards are not compromised. This is measured through teacher training programmes as well as student performance.

• Collaboration with TCF

In collaboration with The Citizens Foundation (TCF - a well-known NGO), we built and financed three schools in rural Sindh. All of the teachers at this school are from the surrounding areas. These schools have created jobs for local women who wish to contribute to their education. MSM had donated Rs 36.96 million in addition to operational support to the building of such schools. These campuses now have more than 950 students enrolled, as well as over 40 faculty members. Our first sponsored school, located 13 kilometres from our production, has been in operation since 2011. The other two supported schools, located 12 to 18 kilometres from our factory, became active in 2016 and 2018.

• Vocational training

To empower women in the surrounding communities, a Vocational Instruction Centre has been constructed within the MSML Staff Colony, which provides basic sewing, embroidery, cooking, and stitching training to women in the colony and nearby areas. The whole complex has been updated throughout the years to give it a more contemporary appearance.

• Health services

We agreed in 2017 to help to the rehabilitation and overall improvement of Usman Memorial Hospital (UMH). UMH is presently a contemporary 100-bed hospital. It meets the requirements of our communities by offering high-quality care at reasonable prices. UMH has a superb team of doctors and surgeons on our panel that provide a wide range of services. Mehran was a huge supporter and contributor to this initiative.

Our efforts in this area were also acknowledged by the Pakistan Centre of Philanthropy, which bestowed an award to Mehran in the category of "Corporate Philanthropy and Sustainable Development Goals in Pakistan."

• Farmer support services

We consider that peasants are the facilitators of our long-term success. Throughout the year, Company officials meet with farmers to discuss the latest research and advancements in developing new sugarcane varieties, as well as to provide them with seeds to create high-yielding sugarcane crops. Our seed supply as a loan to producers has been incredibly helpful in assuring a better yield in our area.

We develop high-yielding varieties on our farms, and after three years of cultivation, we loan them to farmers for commercial use. This initiative has been a significant contributor to rural wealth creation in our region, benefiting both millers and farmers by improving farm and factory yields.

• Customer satisfaction

Mehran Sugar Mills Limited is constantly eager to manufacture premium grade sugar that meets both international and "PSQCA" requirements. As a result, the Company is in the process of implementing a Quality Management System based on ISO 9001:2015 standards. A specialised management representative is responsible with the execution and monitoring of necessary policies for quality assurances management.

RESPONSIBILITY TO SOCIETY

• Governance structure

The governance framework of the company has aided in achieving best practises and driving performance from the boardroom to our workers, customers, society, and the environment. Long-term success has resulted from corporate honesty, and we are committed to doing our company responsibly and with integrity in order to improve our reputation. We vow to follow all applicable laws in the country in which we operate, as well as the best practises outlined in the corporate governance code.

• Contribution towards economy

The Company is a significant contributor to the national economy, having paid Rs. 1.049 billion to the national exchequer in sales tax, income tax, and other statutory charges.

RESPONSIBILITY TO ENVIRONMENT

Mehran is very concerned with ensuring that its manufacturing plant is ecologically friendly in every way. We are aware that it is our job to guarantee compliance so that we are not a source of worry in the communities in which we operate. We work hard to ensure that our company's influence is long-lasting.

• Emission and discharges

Mehran is delighted to be one of the few mills in Pakistan that has installed a sophisticated fly ash system on all of its boilers, assuring zero fly ash output. In the previous five years, the company has invested around Rs. 80 million in establishing and maintaining this system to guarantee it works at capacity and functions properly.

• Waste Water Treatment

Mehran has been working for three years to develop an effective waste water management system. We just finished stage three of our water discharge system, achieving 90 percent waste water reuse at the facility. The remainder of the water is used on our fields adjacent to the facility. We spent Rs. 162 million on the project and are glad to say that our waste water system was designed in-house by our qualified engineering staff. This factory is presently operating and is just the second of its sort in the country's sugar sector.

• Plantation Drive

We, as a nation and responsible individuals, must recognise the value of agriculture and work to make our country more environmentally friendly. Furthermore, civic education and community awareness are urgently needed. We intend to pursue this goal indefinitely and with zeal.

For and on behalf of the Board of Directors

Mohammed Ebrahim Hasham
Chief Executive Officer

Ahmed Ebrahim Hasham
Managing Director

Karachi: December 29, 2021

PATTERN OF SHAREHOLDING

Number of Shareholders	Shareholdings			Total Number of Shares held
	From		To	
783	1	-	100	14,111
303	101	-	500	79,180
134	501	-	1,000	102,493
102	1,001	-	2,000	148,824
97	2,001	-	4,000	266,352
70	4,001	-	8,000	416,125
24	8,001	-	10,000	226,263
37	10,001	-	15,000	445,594
27	15,001	-	25,000	535,032
18	25,001	-	40,000	575,272
10	40,001	-	60,000	509,095
7	60,001	-	90,000	519,124
1	90,001	-	100,000	93,633
2	100,001	-	125,000	225,404
6	125,001	-	150,000	828,008
3	150,001	-	200,000	526,543
1	200,001	-	250,000	229,122
3	250,001	-	300,000	836,730
6	300,001	-	500,000	2,233,186
4	500,001	-	700,000	2,183,770
1	700,001	-	800,000	790,557
2	800,001	-	1,000,000	1,744,515
2	1,000,001	-	2,000,000	3,675,832
2	2,000,001	-	6,000,000	10,358,639
1	6,000,001	-	7,000,000	6,637,038
2	7,000,001	-	8,000,000	14,726,882
1,648		**Total**		**48,927,324**

Shareholders›s Category	Number of Shareholders	Number of Shares held	Percentage
Individuals	1,597	46,423,054	94.88%
Joint Stock Companies	30	1,857,441	3.80%
Insurance Companies	2	493,364	1.01%
Financial Institutions	3	2,144	0.00%
Gratuity/Pension/other retiremnt funds	8	71,192	0.15%
Charitable Trusts	6	79,078	0.16%
Others	2	1,051	0.00%
	1,648	**48,927,324**	

ADDITIONAL INFORMATION

	Categories	Number of Folios	Shares held
a)	**NIT & ICP**		
	Investment Corporation of Pakistan	1	1,573
		1	**1,573**
b)	**Directors / CEO and their spouse and minor children**		
	Mr. Mohammed Kasim Hasham	1	7,696,284
	Mr. Mohammed Ebrahim Hasham	1	6,637,038
	Mr. Mohammed Hussain Hasham	1	7,030,598
	Mr. Khurram Kasim	1	5,164,491
	Mr. Ahmed Ebrahim Hasham	1	5,194,148
	Mr. Muhammad Amin Mukaty	1	7,875
	Mr. Iftikhar Soomro	1	2,500
	Mr. Hasan Aziz Bilgrami	1	2,500
	Mrs. Anushey A. Hasham	1	229,122
	Mrs. Sofia Kasim	1	531,300
	Mrs. Kulsoom Kasim	1	943,057
	Mrs. Khursheed Ebrahim	1	1,842,847
	Mrs. Mary Hussain	1	1,832,985
		13	**37,114,745**
c)	**Executives**		
	Muhammad Hanif Aziz (Chief Financial Officer)	1	51,029
d)	**Public Sectors Companies and Corporations**		
	State Life Insurance Corp. of Pakistan	1	493,312
e)	**Bank, DFIs, NBFIs, Insurance Companies, Mudarbas & Mutual Funds**		
	EFU General Insurance Ltd.	1	52
	Habib Bank Limited	1	110
	Investment Corp. of Pakistan	1	1,651
	MCB Bank Limited - Treasury	1	383
	State Life Insurance Corp. of Pakistan	1	493,312
		5	**495,508**
f)	**General Public**		
	Physical	816	1,476,008
	CDC	832	47,451,316
		1648	**48,927,324**
g)	**Shareholders holding 5% or more voting interest**		
	Mr. Mohammed Kasim Hasham	1	7,696,284
	Mr. Mohammed Ebrahim Hasham	1	6,637,038
	Mr. Mohammed Hussain Hasham	1	7,030,598
	Mr. Khurram Kasim	1	5,164,491
	Mr. Ahmed Ebrahim Hasham	1	5,194,148
		5	**31,722,559**

اظہار تشکر

ہم اپنی پوری کوشش اور توجہ اس بات کی جانب مبذول کئے ہوئے ہیں کہ اسٹیک ہولڈر کو ایک ایسا بہتر ، محفوظ اور طویل المدتی مستقبل فراہم کر سکیں کہ جس پر وہ طمانیت محسوس کرے۔ اس مقصد کے حصول میں ، ہم کارکنوں ، عملے اور ایگزیکٹیوز کی انتھک کوششوں کو سراہتے ہیں اور مستقبل میں بھی ان سے ایسی ہی امید رکھتے ہیں کہ وہ مزید زیادہ جوش و جذبے کے ساتھ کمپنی کی بہتر پیداوار اور فلاح و بہبود کے لئے اپنا فعال کردار ادا کرتے رہیں گے۔

بورڈ اس اہم موقع پر حکومتی عہدیداران ، انجمنوں ، بینکاری اور مالیاتی ادارے، شیئر ہولڈرز اور گاہکوں کے قابل قدر تعاون کو کیسے نظر انداز کرسکتا ہے ، اس بھرپور تعاون پر ہم انہیں خراج تحسین پیش کرتے ہیں اور ان کا شکریہ ادا کرتے ہیں ۔

اس سالانہ رپورٹ میں کمپنی کی سماجی ذمہ داریوں اور کارپوریٹ گورننس اسٹینڈرڈ کے حوالے سے رپورٹ اور حصص یافتگان سے متعلق ایک رپورٹ جاری کی گئی ہے۔

حسب الحکم بورڈ آف ڈائریکٹرز

کراچی : 29دسمبر 2021

محمد ابراہیم ہاشم
چیف ایگزیکٹیو آفیسر

کاری کے نتائج حوصلہ افزر رہے ہیں اس سے ہماری بگاس کی بچت میں اضافہ ہوا ہے جو انڈسٹری کے استحکام کے لئے ضروری ہے ۔

فصل کے ابتدائی سروے سے ظاہر ہوتا ہے کہ گنے کی کاشت میں بہتری متوقع ہےتاہم، یہ اضافہ 10 فیصد سے زیادہ نہیں ہے لیکن اس سے کسی حد تک آئندہ سال رسد اور طلب کے توازن میں بھی بہتری آئے گی،اور مقامی پیداوار کو ملک کی چینی کی قومی ضروریات کو پورا کرنے میں بڑی مدد ملے گی۔ سیزن کے آغاز سے ہی گنے کی کٹائی میں سست روی کا رجحان رہا گنے کی اس کم دستیابی کے نتیجے میں ملیں اپنی کرشنگ صلاحیت کا بہتر استعمال نہیں کرپائیں۔ چینی کی صنعت، حکومت سندھ کی جانب سے گذشتہ تین سالوں سے التوا کا شکار سبسڈی کی ادائیگی کے بارے میں ابھی تک غیر یقینی میں ہے۔ اس سلسلے میں مہران شوگر ملز کے 302 ملین روپے واجب الوصول ہیں جس کے باعث ہمارے مالیاتی اخراجات میں اضافہ ہوا ہے۔ ملز نے سندھ ہائی کورٹ میں درخواست کی ہے کہ صوبائی حکومت کو ان سبسڈیز کی واپسی کی ہدایت کی جائے۔

اسٹیٹ بینک آف پاکستان نے شرح سود کو7 فیصد سے 8.75فیصد کر دیا ہے اور مستقبل میں اس میں مزید اضافے کا امکان ہے۔ یہ اضافہ یقینی طور پر کاروبار کرنے کی لاگت کو بڑھا دے گا خاص طور پر ہمارے جیسے کاروبار کے لیے، جو کسانوں کو فوری ادائیگی کرتا ہے اور ان کی تمام تر ادائیگیاں دوران سیزن میں ہی ہو جاتی ہیں جبکہ چینی سال بھر فروخت ہوتی رہتی ہے۔

منافع کا انحصار اب بھی گنے کی مناسب قیمت سے مشروط ہے۔ گنے اور چینی کی قیمتوں کے مابین درست تناسب بے حد ضروری ہے۔ اس سال گنے کی فصل میں کچھ اضافے کے باوجود ، چینی اور گنے کی قیمتوں کے مابین 20 تا 25 فیصد فرق ہے اس کے لئے ضروری ہے کہ مقامی سطح پر گنے کی کاشت میں اضافہ کے رجحان کو فروغ دیا جائے۔

یونیکول کی جانب سے تسلسل کے ساتھ منافع مل رہا ہے جو کہ ہمارے چینی کے کاروبار کو بڑا سہارا ہے ۔ جیسے ہی کرشنگ کی مقدار بڑھے گی تو صورتحال میں بہتری نمایاں ہو جائے گی۔ منافع کے لئے پیداواری لاگت کو کم سے کم سطح پر برقرار رکھنا اور گنے کی نشوونما اور توانائی کی کارکردگی کے کاموں میں سرمایہ کاری جاری رکھنا بہت ضروری ہے۔

ہم پُر عزم ہیں اور بہتر مستقبل کے لئے کوشاں ہیں ۔

اور گاہکوں کی توجہ اپنی جانب مبذول کرانے میں کامیاب رہے ہیں ۔

متذکرہ عرصے کے دوران ، حجم اور کاروبار دونوں میں اضافہ کا رجحان رہا۔ ملکی مارکیٹ میں یہ دونوں برانڈ ز استحکام حاصل کررہے ہیں ۔اور اب پنجاب اور سندھ کے تمام بڑے شہروں میں باآسانی دستیاب ہیں اس کے ساتھ ساتھ اب کے پی کے کی مارکیٹ میں بھی اس کی فروخت میں بہتری آ رہی ہے۔

ہماری پرعزم ، تجربہ کار اور کام کرنے کے جذبے سے سرشار سیلز ٹیم کراچی، لاہور اور اسلام آباد اور ان سے ملحقہ شہروں، قصبوں اور دیہاتوں کا باقاعدگی سے وزٹ کرتی ہے ۔ سوشل میڈیا سے بھی تشہیری مہم میں اضافہ کردیا گیا ہے تاکہ عام صارف کو ان سے متعارف کرایا جا سکے۔ ہمارے لئے انسانی صحت سب سے اہم ہے اس لئے ان اشیاء کو مزید مفید بنانے کے لئے ہم اس کے معیار اور پیکیجنگ کے لئے جدید ترین آٹو میشن کررہے ہیں جس کے لئے اس مد میں خطیر سرمایہ کاری کی جارہی ہے۔ نیز اس صنف میں مزید ورائٹیز شامل کرنے پر بھی غور جاری ہے۔

مستقبل کا منظر نامہ

کاشت کاروں کو پچھلے دو سالوں کے دوران اپنی فصل کا بہترین معاوضہ مل رہا ہے۔ لہذا ، گنے کی کاشت میں مسلسل اضافہ ہو رہا ہے۔ 2022 کےدوران مزید رقبے پر گنے کی کاشت کے روشن امکانات ہیں اوراس رجحان میں مزید بہتری کی امید ہے۔ یہ صنعت کے لیے اچھی بات ہے، کیونکہ اس سے ملوں کو آنے والے سالوں میں اپنی کرشنگ صلاحیت کو بہتر طور پر استعمال کرنے کا موقع ملے گا۔ امید ہے کہ اس سال گنے کی فصل ملک کی قومی ضرورت کو پورا کرلے گی۔

شوگر انڈسٹری کے مسائل کو حل کرنے کے لیے ایک طویل مدتی پالیسی کے طور پر ہم کاروبار کی پوری چین کے اخراجات کا حساب لگانے اور سب کے لیے ایک مناسب مارجن قائم کرنے کے لیے، مقامی طور پر یا دنیا بھر میں، سرفہرست چار آڈٹ کمپنیوں میں سے کسی ایک کی خدمات حاصل کرنے کو ترجیح دیتے ہیں۔ یہ فریقین کے مابین چینی کی فروخت کی قیمتوں پر اختلاف اور غلط فہمی کو دور کرنے اور گنے اور چینی کی قیمتوں کے لیے ایک ہم آہنگ فارمولہ قائم کرنے کے لیےاز حد ضروری ہے۔

اُمید ہے کہ اس سال چینی، مولیسس اور بگاس کی قیمتیں مستحکم رہیں گی، جس سے کمپنی کے منافع میں مدد ملے گی۔ بگاس کی کھپت کو کم کرنے کے لئے ، ہماری کی جانے والے سرمایہ

یونی کول سے متعلق اہم مالیاتی اعداد و شمار مندرجہ ذیل ہیں:

مالیاتی معلومات (فنانشل ہائی لائٹس)		ستمبر 2021	ستمبر 2020
مجموعی فروخت (ٹرن اوور)	روپے ہزاروں میں	8,382,169	5,823,337
خالص منافع	روپے ہزاروں میں	1,153,649	1,120,016
خالص منافع کی شرح	(%)	13.76%	19.23%
قبل از ٹیکس منافع	روپے ہزاروں میں	587,127	582,597
بعد از ٹیکس منافع	روپے ہزاروں میں	502,547	523,767
بعد از ٹیکس منافع کی شرح	(%)	5.99%	8.99%
فی حصص آمدنی	روپے	3.35	2.77

یونی فوڈ انڈسٹریز لمیٹڈ

کوویڈ کی آمد کے بعد سے اب تک ، کیک پلانٹ نامناسب کاروباری حالات سے گذر رہا ہے ۔ تعلیمی اداروں ، مالز ، اسکول اور دیگر ریٹیل مراکز کی بندش سے طلب میں نمایاں کمی واقع ہوئی ہے جس کے اثرات مجموعی ٹرن اوور اور منافع پر پڑے ہیں۔ کمپنی اپنے برانڈ کو مستحکم کرنےاور ترسیل کے نظام کو بہتر کرنے کے لئے سخت محنت کررہی ہے تاکہ فروخت کو مستحکم کیا جاسکے۔ اس کے علاوہ کمپنی مارکیٹ میں مزید جگہ حاصل کرنے کے لئے چند نئ اور جدید طرز کی مصنوعات کو شامل کردیا گیا ہے اس سے ہماری فروخت کے حجم اور مارکیٹ میں حصہ داری میں اضافہ ہوگا، اب تک یونی فوڈز میں ہماری ایکویٹی سرمایہ کاری 400 ملین روپے ہے ۔کمپنی کے منافع بخش رہنے کے لئے یہ بات اہم ہے کہ وہ پائیدار بنیادوں پر اپنے بزنس کو استوار کرے ، مارکیٹنگ اور تقسیم کے اخراجات کو جذب کرنے کے لیے اپنی مارکیٹ کی صلاحیت کو مکمل طور پر استعمال کرے، جو کہ لاگت کے اہم اجزاء ہیں، اور بالآخر کمپنی ایک منافع بخش کاروبار میں تبدیل ہوجائے ۔

کنزیومر ڈویژن

پیکجیڈ براون اور وائٹ شوگر کی مارکیٹنگ کنزیومر ڈویژن کے سپرد ہے جس نے گذشتہ برسوں مستقل ترقی کی ہے۔ ''شوگری ''اور ''چاشنک'' برانڈز نے مارکیٹ میں اپنی منفرد جگہ بنالی ہے

کہ مارچ ، سیزن میں سب سے زیادہ ریکوری حاصل کرنے کا مہینہ ہوتا ہے۔

سندھ حکومت سے واجب الوصول سبسڈی پر متوقع کریڈٹ نقصان (ECL) ریکارڈ کرنا۔

مہران انرجی لمیٹڈ میں کی گئی طویل مدتی سرمایہ کاری کو مکمل نقصان ریکارڈکرنا ۔

لیز پر لئے گئے اثاثوں کے فرسودگی (Depreciation) کے طریقہ کار میں تبدیلی ۔

یونی فوڈ کا نقصان 106 ملین روپے رہا جبکہ بقیہ 79.83 کی سرمایہ کاری کا مکمل نقصان ریکارڈ کیا گیا۔

یونی کول لمیٹڈ

متذکرہ عرصے کے دوران، کمپنی کی سرگرمیاں مثبت اور مستحکم رہیں ۔ ایتھنول اور CO_2 دونوں پلانٹس نے توقع کے مطابق کارکردگی کا مظاہرہ کیا۔ دوسری طرف، مولاسس کی قیمتوں میں مسلسل اضافہ ہوا ہے، جبکہ ایتھنول کی قیمتیں نیچے رہیں۔ تاہم، کرنسی کی قدر میں کمی کی وجہ سے مجموعی آمدنی میں ایک بہتر فائدہ حاصل ہوا۔

گنے کی پیداوار میں کمی نے مولیسس کی سپلائی کو محدود کر دیا ، جس کے نتیجے میں اس کی قیمتوں میں غیر معمولی اضافہ ہوا ہے، اس کی قیمتیں 17,000روپے فی ٹن سے بڑھ کر 24,000 فی ٹن ہوگئیں۔ گنے کی زیادہ پیداوار کی وجہ سے اگلے سیزن میں یہ رجحان کسی حد تک تبدیل ہونے کا امکان ہے۔ دنیا بھر کی مارکیٹ میں مسابقتی رہنے کے لیے مسابقتی قیمتوں پر مولیسس کی خریداری کو یقینی بنانا بہت اہم ہوگا۔

جیسا کہ دنیا کی معیشتیں کوویڈ کے بعد سنبھل رہی ہیں لہذا اُمید ہے کہ ایتھنول کی مانگ بھی مستحکم ہوجائے گی اس لئے مولیسس کی قیمتوں کو سیزن 2022 کے لیے کم کرنے کی ضرورت ہوگی، جو کہ گنے کی پیداوار میں اضافے کی وجہ سے قابل عمل ہو سکتی ہے۔

یونیکول کا قبل از ٹیکس منافع اس سال 502.55 ملین روپے تھا۔ جو کہ پچھلے سال کی اسی مدت میں 523.77 ملین روپے تھا۔ یہ اضافہ زیادہ تر پہلی سہ ماہی میں ایتھنول کی قیمتوں میں اضافے کی وجہ سے ہے۔ اسی طرح اس سال کی پہلی سہ ماہی کو دیکھتے ہوئے ہم توقع کرسکتے ہیں کہ اس سال کا منافع بھی پچھلے سال کی طرح ہوگا۔

بنیادی عوامل جو اِن نتائج کا سبب ہیں:

- مجموعی منافع کا مارجن 10.50 فیصد ہے، جو پچھلے سال کے 7.24 فیصد مارجن کے مقابلے میں 3.26 فیصد زیادہ ہے۔

- گنے کی اب تک کی سب سے زیادہ قیمت300روپے فی 40 کلو گرام ، جو کہ صوبائی حکومت کی کم از کم امدادی قیمت سے تقریباً 50%زیادہ ہے۔ آپ کی کمپنی نے ادا کیے ہیں ، حکومت کی طرف سے اعلان کردہ امدادی قیمت کے علاوہ ، کسانوں کو 1.7 ارب روپے اضافی ملے۔

- حصص میں کی گئی سرمایہ کاری سے 34.34 ملین روپے کا نقصان ہوا جس کی وجہ مارکیٹ میں عدم استحکام اور غیر یقینی حالات تھے۔

- حصص میں کی گئی سرمایہ کاری سےکمپنیوں کی طرف سے تقسیم کردہ منافع (منافع منقسمہ) 6 کروڑ 36 لاکھ روپے رہا۔

- یونیکول سے حاصل ہونے والا منافع16 کروڑ 70 لاکھ روپے رہا۔

- اسٹیٹ بینک کے فعال پالیسی اقدامات اور سود کی شرح میں کمی کی وجہ سے مالیاتی اخراجات میں 23 فیصد کمی واقع ہوئی۔

- گنے کی پیداوار میں کمی کی وجہ سے مولیسس کی پیداوار میں بھی کمی واقع ہوئی جس کی وجہ سے اس کی قیمت میں گزشتہ سال کے مقابلے میں 29 فیصد اضافہ ہوا۔ جبکہ پیداوار ایتھنول انڈسٹری کی مجموعی ضرورت سے کم تھی۔

- بگاس کی بچت پچھلے سال کے مقابلے میں 5.85 فیصد سے بڑھ کر 6.00 فیصد ہوگئی۔ ہم اپنی بگاس کی بچت میں مسلسل اضافہ کر رہے ہیں اوراس سلسلے میں مزید اقدامات مستقبل میں بھی جاری رکھنے کا اعادہ کرتے ہیں ۔

سکروز کی ریکوری گزشتہ سال کے 11.13 فیصد سے کم ہو کر اس سال 10.72 فیصد ہو گئی۔ ریکوری میں کمی کی بنیادی وجہ سیزن کا جلد آغاز تھا جب گنے کی فصل مکمل طور پر تیار نہیں تھی، چونکہ گنے کی فصل کم تھی اور اس کی کٹائی کا آغاز قبل از وقت کیا گیا اس لئے مارچ کے اوائل میں ملیں گنے کی عدم دستیابی کی وجہ سے کرشنگ کا عمل جاری نہیں رکھ سکیں ، یاد رہے

وفاقی بجٹ میں کم از کم اجرت بڑھا کر 20,000 روپے کر دی گئی جس کو پنجاب، کے پی کے اور بلوچستان نے بھی اختیار کیا، تاہم سندھ نے کم از کم اجرت بڑھا کر 25 ہزار روپے کر دی ہے۔ صوبائی حکومت کے اس 43 فیصد اضافے (17,500 روپے سے 25,000 روپے تک) سے مینوفیکچرنگ اخراجات میں بے پناہ اضافہ ہونے کا امکان ہے، جسے صارفین پر منتقل کرنا مشکل ہوگا۔ پاکستان کی سپریم کورٹ نے ایمپلائرز فیڈریشن آف پاکستان کی جانب سے دائر کی گئی اپیل کے جواب میں کیس کا فیصلہ آنے تک 25000 روپے کی کم از کم اجرت پر عمل درآمد روک دیا ہے۔

ٹریک اینڈ ٹریس سسٹم شوگر انڈسٹری میں مکمل طور پر نافذ کر دیا گیا ہے، ایف بی آر اپنے ماسٹر کنٹرول روم کے ذریعے پیداوار اور ترسیل کی نگرانی کر رہا ہے۔ فیلڈ فارمیشنز کو فیلڈ الرٹنس کو یقینی بنانے کے لیے ڈیزائن کیا گیا ہے۔ ملک بھر کی شوگر ملوں کو نظام کے نفاذ سے کچھ تیکنیکی مسائل درپیش ہیں جن کا ازالہ فوری درکار ہے۔ یہ آمدنی کے رساو کو کم کرنے اور ٹیکس کی وصولی میں بہتری کی جانب ایک طویل المدتی قدم ہے۔

آپریشنل اور مالی جائزہ

آپریشنل معلومات	ستمبر 2021	ستمبر 2020
کرشنگ (میٹرک ٹن)	682,253	654,339
سکروز کی ریکوری	10.72%	11.13%
چینی کی پیداوار (میٹرک ٹن)	73,092	72,821
مولیسس کی پیداوار (میٹرک ٹن)	31,880	29,550
مولیسس کی ریکوری	4.67%	4.52%

مالیاتی معلومات	ستمبر 2021	ستمبر 2020
روپے ہزاروں میں ماسوائے فی حصص آمدنی		
مجموعی فروخت	6,974,385	7,416,618
فیڈرل ایکسائز ڈیوٹی / سیلز ٹیکس	910,847	991,943
خالص منافع	636,863	465,136
خالص منافع کی شرح	10.50%	7.24%
قبل از ٹیکس منافع	17,887	162,646
قبل از ٹیکس منافع کی شرح	0.29%	2.53%
بعد از ٹیکس منافع	(23,816)	47,027
بعد از ٹیکس منافع کی شرح	(0.39%)	0.73%
فی حصص آمدنی	(0.49)	0.96

اگر حکومت بروقت خام چینی درآمد کرنے کافیصلہ کرتی توچینی کی کمی کا مسئلہ بروقت حل ہو جاتا اور خسارے کو بروقت پورا کر لیا جاتا۔ تیار چینی کے مقابلے خام چینی سستی ہونے کی وجہ سے قیمتی زرمبادلہ کی بھی بچت ہوتی اور مقامی طور پر روزگار کے مواقع بھی پیدا ہوتے۔

سیزن میں چینی کی قیمتیں گر کر سیلز ٹیکس کے ساتھ 70 روپے فی کلو ہو گئیں۔ وسط سیزن میں اضافہ ہونا شروع ہو گیا کیونکہ یہ دیکھا گیا کہ فصل توقع سے کم ہونے والی ہے۔ اضافہ زیادہ تر گنے کی پیداوار میں کمی اوراس کے نتیجے میں ملک بھر میں چینی کی کمی کی وجہ سے ہوا۔

تاہم، ملوں کو اس اضافہ میں زیادہ حصہ نہ مل سکا جو کہ گنے کی قیمت میں اضافہ کی وجہ سے (جس سے پیداواری لاگت میں اضافہ کا سبب بنا) ضروری تھا ۔ اس کی بنیادی وجہ سرکاری اداروں کی جانب سے مسلسل معائنوں اور پوچھ گچھ کی وجہ سے مارکیٹ میں غیر یقینی صورتحال رہی جس کی وجہ سے ملوں نے اپنے ذخائر کو جلد فروخت کرنے کو ترجیح دی، ہم نے کسانوں کو1 ارب ستر کروڑ روپے اضافی (مقرر کردہ امدای قیمت سے) زیادہ ادا کئے۔ اندازہ ہے کہ پورے ملک میں کسانوں کو گنے کی مد میں 110 ارب روپے اضافی ادا کئے گئے ہیں ۔

گنے کی بلند قیمتوں کی وجہ سے چینی کی بھی بہتر قیمتیں لازمی ہونی چاہیں تھیں تاہم گنے کی قیمت میں اس بہت بڑے ہونے والے اضافے کو چینی کی بہتر قیمت سے مشروط کرنا ازحد ضروری تھا ، لیکن مہنگائی پر قابو پانے کے نام پر چینی کی قیمتوں میں اضافہ کی اجازت نہیں دی گئی۔
مزید افسوسناک یہ ہے کہ گنے اور چینی کی قیمت میں توازن کے لیے طویل مدتی حل تیار کرنے کی خاطر خواہ کوششیں نہیں کی گئیں۔

سیزن 22-2021کے لیے پنجاب حکومت نے گنے کی کم از کم امدادی قیمت 225 فی 40 کلو گرام روپے مقرر کی ہے، جب کہ سندھ حکومت نے قیمت 250روپے فی 40 کلو گرام مقرر کی ہے جب کہ اس قیمت کے اوپر انہوں نے معیاری پریمیم(QP) بھی رکھا ہے۔ . یہ فرق سندھ کی صنعتوں کو مسابقتی نقصان میں ڈالتا ہے، کیونکہ وہ خام مال کی مختلف قیمتوں کی وجہ سے پنجاب اور کے پی کے، کی ملوں کا مقابلہ نہیں کر سکتیں۔ سندھ کی صنعت نے انصاف کے حصول کے لئے اس معاملے کے لئے عدالت سے رجوع کیا ہے۔

حال ہی میں مجوزہ وفاقی بجٹ میں چینی کو سیلز ٹیکس کے تیسرے شیڈول میں شامل کیا گیا ہے جو کہ زیادہ سے زیادہ خوردہ قیمت پر سیلز ٹیکس وصول کرتا ہے۔ تاہم، قیمت کے تعین/حساب کے لیے کوئی طریقہ کار قائم نہیں کیا گیا ہے، جس کی وجہ سے اس اقدام کو درست طریقے سے لاگو ہونے میں رکاوٹ ہے۔

چینی کی صنعت

سیزن 2020-21میں گنے کی کاشت میں اضافہ کے باعث پہلے بہتر فصل کی پیش گوئی کی گئی تھی۔ پنجاب کے کچھ علاقوں میں مجموعی طور پر فصل میں بہتری آئی تاہم کچھ جگہوں پر پانی کی کمی اور فصل کی بیماری کی وجہ سے پیداوار میں کمی واقع ہوئی جس کی وجہ سے فصل کی مجموعی مقدار متاثر ہوئی۔ افسوس کی بات یہ ہے کہ سندھ میں فصل اتنی تیزی سے نہیں بڑھی جتنی کہ مجموعی قومی پیداوار ، زیادہ تر سندھ میں گنے کی پیداوار میں کمی ، سابقہ فصلوں کی قیمتوں میں بہتری اور علاقہ میں پانی کی کمی کی وجہ سے ہے۔

اس حقیقت کے باوجود کہ چند ملیں پچھلے سال کی نسبت زیادہ گنے کی کرشنگ کرنے میں کامیاب ہوئیں، مجموعی طور پر فصل اب بھی قومی ضرورت سے کم تھی۔ جس کے باعث کسان کی طرف سے مانگ کی گئی گنے کی قیمتیں حکومت کی امدادی قیمت 40/202 کلو گرام + QP سے بھی اوسطاً 50 فیصد زیادہ تھیں۔ آپ کی کمپنی نے گنے کی ادائیگیوں پر 5.2 ارب روپے خرچ کئے ۔ حکومت کی طرف سے اعلان کردہ امدادی قیمت کے مقابلے میں کسانوں کو اضافی 1.7 ارب روپے ادائیگی کی گئی۔

پچھلے کچھ سالوں میں کاشتکار کو اپنی فصل کی طے شدہ قیمت سے زائد قیمت وصول ہوئی ہے جس نے دوبارہ گنے کی کاشت کو بہت منافع بخش بنا دیا ہے ۔ وسطی اور زیریں سندھ میں جہاں ہماری ملیں ہیں وہاں بھی فصل کا رقبہ بڑھا ہے لیکن تخمینہ 10 فیصد اضافے کا ہے جبکہ ملک بھر میں تخمینہ 20 فیصد اضافہ کا ہے۔ مجموعی طور پر فصل چینی کی قومی ضروریات کو پورا کرے گی، جو کہ ایک نعمت ہے کیونکہ اس سے چینی کی قیمت میں استحکام کا امکان ہے۔

گنے کی بھاری قیمت اور اس کی نقد ادائیگی کے نتیجے میں ملوں کے لیے بڑے پیمانے پر بینکوں سے مالیاتی قرضہ جات میں اضافہ ہوا ہے، جس سے مالی اخراجات بڑھیں گے خاص طور پر اب جبکہ شرح سود میں اضافے کا رجحان ہے ۔

سیزن 2021 کے لیے چینی کی پیداوار 5.7 ملین ٹن تھی، جو پچھلے سیزن میں 4.88 ملین ٹن تھی۔ متوقع قومی کھپت 60 سے 62 لاکھ ٹن کے درمیان ہے، طلب کے اس خسارے کو پورا کرنے کے لیے، حکومت نے TCP کو بغیر کسی ٹیکس کے چینی درآمد کرنے کا کام سونپا تھا۔ تاہم، بیرون ملک سے مناسب قیمت پر اور بروقت چینی حاصل کرنا ایک مشکل کام ہے کیونکہ تھائی لینڈ میں بھی فصل کم ہوئی ہے، اور برازیلین چینی اپنے باریک دانے اور کم سفیدی کی وجہ سے ہماری مارکیٹ میں پسند نہیں کی جاتی۔

کاروبار کرنے کے لئے 17 ارب روپے دیئے ہیں۔ جس سے کاروباری سرگرمیوں میں اضافہ ہوگا۔

سال 2020-21 کے لیے زراعت کے کاروبار میں مثبت ترقی ہوئی ، جس میں 2.8 فیصد کے ہدف کے مقابلے میں 2.77 فیصد اضافہ ہوا ہے۔ کلیدی فصلوں (گندم، چاول، گنا، مکئی اور کپاس) کی سالانہ ترقی کی شرح 4.65 فیصد ہے۔ گنے کی پیداوار 66.380 ملین ٹن سے 22.0 فیصد بڑھ کر 81.009 ملین ٹن، چاول کی پیداوار 7.414 ملین ٹن سے 13.6 فیصد بڑھ کر 8.419 ملین ٹن اور مکئی کی پیداوار 7.4 فیصد بڑھ کر 8.465 ملین ٹن سے 8.465 ملین ٹن ہو ئی ہے۔ دوسری طرف، کپاس کی فصل کو ناقص بیج، جعلی دوائیوں اور مون سون کی شدید بارشوں، اور کیڑے کے انفیکشن کے نتیجے میں نقصان اٹھانا پڑا۔

اس سال ابتدائی پبلک آفرنگ (آئی پی اوز) کی بڑی تعداد نمایاں تھی۔ COVID-19 پھیلنے کے باوجود، پاکستان اسٹاک ایکسچینج (PSX) کے پاس مالی سال 2021 میں پانچ ابتدائی پبلک آفرنگ (IPOs) تھیں۔

افراط زر مالی سال 2021 میں 8.8 فیصد تھی، جو پچھلے سال اسی وقت کے دوران 10.9 فیصد تھی۔ اس کے علاوہ حاس افراط زر (SPI) کا تخمینہ 13.5 فیصد لگایا گیا تھا، جو پچھلے سال کے 14.0 فیصد سے کم تھا۔ مالی سال 2021 میں، تھوک افراط زر (WPI 8.4 فیصد تھا، جو پچھلے سال کے 11.1 فیصد سے کم تھا۔

کرونا وائرس (Covid19) کی تباہ کاریوں کے جواب میں، مالی سال 2021 کے بجٹ میں ٹیکس میں ریلیف کے اقدامات نے مصنوعات کی وسیع رینج کے لیے مستحکم قیمتوں کی شکل میں ریلیف فراہم کیا۔ مزید برآں، نااُمیدی اور قیاس آرائیوں پر قابو پانے اور وقتی خراب ہونے والی سپلائیوں کو دوبارہ شروع کرنے جیسے انتظامی اقدامات نے افراط زر کے دباؤ میں کمی میں مدد کی۔

تجارتی خارہ 34 فیصد سے بڑھ کر 31.07 ارب ڈالر ہو گیا، جوکہ پچھلے سال 23.16ارب ڈالر تھا، جس کے نتیجے میں اشیاء کی برآمدات میں 18 فیصد اضافہ ہو کر 25.3ارب ڈالر ہو گیا، جو پچھلے سال کے اسی وقت میں 21.39 ارب ڈالر تھا۔ مصنوعات کی درآمدات 5 26.5 فیصد بڑھ کر 56.38 ارب ڈالر تک پہنچ گئیں، جو پچھلے سال 44.55 ارب ڈالر تھیں۔ یہ خارہ ایک بہت بڑا معاشی چیلنج بنا ہوا ہے۔

- پاکستان کی معیشت میں استحکام کے آثار نمایاں ہونے لگےتب ہی کوویڈ 19 کی آمد نے اس رفتار کو سُست کردیا ، جس کے بُرے اثرات کو حکومت کی جانب سے بہتر طریقے اپناتے ہوئے کم کرنے کی اچھی کوشش کی گئی لیکن لگا تار اس وبا کی دوسری اور تیسری لہر نےپوری دنیا کی معیشت کو تہہ و بالا کردیا جس کے بُرے اثرات پاکستان کی معیشت پر بھی پڑے لیکن بروقت بہتر پالیسیوں کے نتیجے میں پاکستان ان بُرے اثرات سے بہتر طور پر نبرد آزما ہے لیکن بہرحال اس سے معاشی ترقی کی رفتار میں کمی آئی ہے۔

- نیشنل کمانڈ اینڈ آپریٹنگ سینٹر (NCOC) کا قیام ایک مشترکہ اھتارٹی کے طور پر عمل میں لایا گیا جسے تمام صوبوں کے تعاون سے اہم فیصلے کرنے کا کام سونپا گیا تھا۔ حکومت نے اہم فیصلے کیے، جن میں سمارٹ لاک ڈاؤن، تیز رفتار ویکسینیشن، اور مالیاتی اور اقتصادی اقدامات شامل ہیں۔

- ان بُرے اثرات کے نتیجے میں بہت سے افراد کو اپنی ملازمتوں سے ہاتھ دھونے پڑے جس کی وجہ سے برسرروزگار افراد کی تعداد کم ہو کر صرف 35.04 ملین رہ گئی ۔

- ملک میں جاری اقتصادی سرگرمیوں کی بحالی ، جامع ٹیکس پالیسی اور بہتر انتظامی تبدیلیوں کی وجہ سے مالی سال 2021 میں ایف بی آر کی جانب سے ٹیکس وصولی میں تقریباً 18 فیصد کا اضافہ ہوا ہے۔

- پاکستان نے یورو بانڈز کی مد میں 2.5 بلین ڈالر کامیابی سے اکٹھے کر لیے اور تین سال کے وقفے کے بعد بین الاقوامی کیپٹل مارکیٹ میں دوبارہ شراکت داری شروع کی۔

- پالیسی کی شرح 7.0 فیصد پر برقرار رکھی گئی ، جس سے کمپنیز کے اعتماد کو تقویت ملی اور انہوں نے معاشی سرگرمیوں میں اضافہ کیا ہے جس سے بے روزگاری کے اثرات کو کم کرنے میں مدد مل رہی ہے۔ تاہم کرنٹ اکاونٹ کے بلند خسارے اور بڑھتے ہوئے افراط زر کا مقابلہ کرنے کے لیے پالیسی ریٹ اب اوپر کی طرف ہے۔

- احساس ایمرجنسی کیش پروگرام نے 179.3 بلین روپے تقسیم کیے ہیں۔ اس منصوبے سے تقریباً 14.8 ملین خاندان مستفید ہوئے ہیں۔ ورلڈ بینک نے احساس پروگرام کے تحت مستفید ہونے والے افراد کی تعداد کے لحاظ سے اسے دنیا کےچار بہترین سماجی تحفظ کے منصوبوں میں سے ایک قرار دیا ہے۔

- کامیاب جوان ینگ انٹرپرینیورشپ سکیم نےجون 2021 تک مختلف کاروباروں کے لیے نوجوانوں کو

ڈائریکٹر ز رپورٹ

میں 30 ستمبر 2021 کو ختم ہونے والے مالی سال کے نتائج کو آپ کی خدمت میں پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

تعارف

مہران شوگر ملز لمیٹڈ کو دسمبر 1965 میں پاکستان میں پبلک لمیٹڈ کمپنی کے طور پر متروکہ کمپنیز ایکٹ 1913 کے تحت رجسٹر کیا گیا ، کمپنی کا بُنیادی کاروبار چینی کی پیداوار ہے ۔ اس کے علاوہ دیگرمتعلقہ مصنوعات میں بھی کاروباری دلچسپی اور شراکت داری کی بنیاد پر سرمایہ کاری ہے کمپنی کی فیکٹری ضلع ٹنڈوالہیار میں واقع ہے اس کی کرشنگ کی صلاحیت 12,500ٹن روزانہ ہے۔ہم نے اپنے علاقے کے کسانوں کے ساتھ مل کر گنے کی جلد تیار ہونے اور زیادہ پیداوار دینے والی ورائیٹیز متعارف کروائیں اور ان کی ترویج کی ہے جو کہ مقابلتاً بہتر اقسام ہیں اس وقت ہماری تمام تر توجہ جدید ٹیکنالوجی کے استعمال کے ذریعے فیکٹری کو ملک کی سب سے زیادہ توانائی کی بچت کرنے والی صف اول کی فیکٹری بنانا ہے ۔

2004 میں کمپنی نے دیگر شراکت داران کے ساتھ مل کر یونی کول لمیٹڈ کے نام سے ایک کمپنی بنائی تھی ۔یونی کول لمیٹڈ کو گرین فیلڈ ایتھنول پروجیکٹ کے طورپر تشکیل دیا گیا ہے ۔ یونی کول میں ایتھنول کی پیداواری گنجائش 2 لاکھ لیٹر روزانہ اور CO_2 کی پیداواری صلاحیت 72 ٹن روزانہ ہے۔ وقت گذرنے کے ساتھ ساتھ یونی کول آج پاکستان میں ایتھنول کی برآمدات میں لیڈر کی حیثیت رکھتا ہے اور اسے برآمدات میں ٹاپ 100 ایکسپورٹر ز میں شامل کرتے ہوئے پاکستان ٹرافی سے نوازا گیا ہے۔

مہران نے کچھ اور منصوبوں میں بھی سرمایہ کاری کی ہے جن پر ہم آگے چل کر اسی رپورٹ میں تفصیلی بات کریں گے ۔

ملکی معیشت

متعدد خطرات، بڑے معاشی چیلنجوں اور رُکاوٹوں کے باوجود، حکومت کی جانب سے معاشی عدم استحکام کے حل اور معاشی ترقی کے حصول کے لئے کئے گئے اقدامات کی بدولت ، پاکستان کی معیشت بتدریج پائیدار ترقی کی جانب گامزن ہے ، اس ضمن میں مالی سال 2021 میں حاصل کی گئی درج ذیل کامیابیاں اس بات کی تصدیق کرتی ہیں ۔

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 56th Annual General Meeting of the members of the Company will be held at I.C.A.P. Auditorium, Chartered Accountants Avenue, Clifton, Karachi on Friday, January 28, 2022 at 1630 PST to transact the following business:

ORDINARY BUSINESS

To confirm the minutes of the Annual General Meeting held on February 12, 2021;

To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' Reports for the year ended September 30, 2021;

To consider and approve final Bonus @ 10% i.e. 10 shares for every 100 shares and interim dividend already issued @ 15% i.e. Rs. 1.50 per share for the year ended September 30, 2021 as recommended by the Board of Directors of the Company.

To appoint auditors for the year ending September 30, 2022 and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought appropriate, pass, with or without modification, the resolution, for investing an additional amount of Rs. 50 million as equity investment in M/s UNI-FOOD INDUSTRIES LIMITED- an associate joint venture unquoted public limited company, in compliance with the provisions of section 199 of the Companies Act, 2017.

A Statement under Section 134(3) of the Companies Act, 2017 containing material facts in respect of Investment in above company is attached herewith.

To apprise and review the status of investments in Associated Companies, for which statement as required by S.R.O 27(I)/2012 dated January 16, 2012 is annexed with this notice.

To transact any other business with the permission of the Chair.

By order of the of Board of Directors

Shayan Saleem
Company Secretary

Karachi: January 05, 2022

NOTES

1. The share transfer books of the Company will remain closed from January 22, 2022 to January 28, 2022 (both days inclusive).

2. Participation through video link

The meeting can be attended using computers / smart phones having internet link. The shareholders are requested to register themselves by providing the following information along with valid copy of CNIC with the subject "AGM" through e-mail at anwer.khatri@mehransugar.com by the close of business hours on January 26, 2022.

Name of Shareholder_____ Folio / CDC A/c #_____

CNIC No. _____ E-mail address _____

WhatsApp No._____

The shareholders who register themselves shall be provided (after due verification) a video link by the company on the same e-mail / WhatsApp No. they provided to the company. The login facility will remain open from start of the meeting till its proceedings are concluded.

3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her behalf. Proxies in order to be effective must be received by the Company at its Registered Office not later than 48 hours before the time fixed for holding the Annual General Meeting.

The shareholders are requested to notify the Company immediately the change in their address, if any.

The shareholders are also requested to intimate us their CNIC # to implement the requirements of Annual Returns (Form A) which the Company is required to file with the SECP under section 130 of the Companies Act 2017. It is also important to note that as per provision of Section 243 of the Companies Act 2017 Dividend shall not be transferred to such shareholders bank accounts.

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 designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to update their Bank Accounts with CDC or Share Registrar (in case of Physical shares). 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.

Statement as required by S.R.O 27(I)/2012 dated January 16, 2012

Associated Companies	Total Investment Approved	Amount of Investment made to date	Reasons for not having made complete investments so far	Material Change in financial Statements of associated company since resolution
Mehran Energy Limited	Million 750.00	Million 42.59	There is no progress in the project during the year.	No material change.
Uni-food Industries Limited	Million 400.00	Million 400.00	Complete investment made so far.	Financial position of the company disclosed in the statement attached u/s 134 (3) of the Companies Act 2017,
UniEnergy Limited	Million 650.00	Million 20.00	During the year under review, no progress was recorded on the wind power project. Management is keeping a close eye on NEPRA's policy in regards to assess its future prospects.	No material change.

Statement of Material Facts concerning Special Business pursuant to Section 134 sub clause (3) of the Companies Act 2017 read with S.R.O S.R.O. 1240(I)/2017 dated December 06, 2017

This statement sets out the material facts concerning the Special Business given in Agenda Item No. 5 of the Notice to be transacted in the Annual General Meeting of the members of Mehran Sugar Mills Limited (MSML) to be held on January 28, 2022 at 4:30 pm at The Institute of Chartered Accountants of Pakistan, Chartered Accountant Avenue, Clifton, Karachi.

The Company has received an offer to subscribe an additional 5.00 million ordinary shares of UNI-FOOD INDUSTRIES LIMITED (UFIL) - an associate joint venture unquoted public limited company, at par value of Rs. 10/- each. The Board of Directors in its meeting held on December 29, 2021 has recommended to subscribe the said number of shares as stated in para (a) below subject to the approval of the members through a Special Resolution under Section 199 of the Companies Act, 2017.

Item No. 5 of the agenda

In addition to the approval of subscribing 40,000,000 ordinary shares of Rs. 10/ - each at par for 24% of the equity, MSML intends to make further equity investment in the said Company in terms of Section 199 of the Companies Act, 2017 in one tranche or from time to time, as required by the Company, in fully paid-up ordinary shares of Rs.10/- each at par, not exceeding Rs. 50 million (Rupees fifty million only) to obtain 5,000,000 ordinary shares the equity stake after the fresh investment will remain at 24.00%.

UFIL's main business activity is to carry on business of manufacture, produce, branding, sell and distribution of confectionery and other baked / food products.

Primary purpose of the additional investment is, to meet working capital requirements so that operation can continue smoothly.

The Directors of the Company have an interest in UFIL as directors / shareholders of the UFIL.

Further information in terms of notification No. S.R.O. 1240(I) / 2017 dated December 06, 2017 are as follows:

A.	**MATERIAL FACTS ABOUT ASSOCIATED COMPANY**	
(i)	Name of the Associated Company	Unifoods Industries Ltd.
(ii)	Basis of Relationship	Common Directorship / Significant Shareholding Name of Common Directors 1. Mr. Khurram Kasim 2. Ahmed Ebrahim Hasham
(iii)	Earnings / (loss) per share for last three (3) years	2021 : Rs. (2.78) per share 2020 : Rs. (3.21) per share 2019 : Rs. (4.38) per share
(iv)	Break-up value per share, based on latest audited financial statements	Rs. 1.66 (as per un-audited financial statements for the quarter ended Sep 30, 2021)

(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	Statement of Financial Position As on June 30, 2021 Rs. in million Non-Current Asset : 869.050 Current Asset : 177.759 Total Assets : 1,046.809 Shareholder Equity : 246.506 Non-Current Liabilities : 412.823 Current Liabilities : 387.480 Total : 1,046.809 Statement of Profit and Loss For the period ended June 30, 2021 Revenue : Rs. 658.615 Million Gross Loss : Rs. 30.092 Million Net loss : Rs. 427.027 Million
B.	**GENERAL DISCLOSURE**	
(i)	Maximum amount of investment	MSML intends to make an equity investment of up to Rupees 450 million (including Rs. 400 million already approved by the shareholders)
(ii)	Purpose, benefits and period of investment	Purpose: to meet working capital requirements so that operation can continue smoothly. Benefits : Sustainability / Dividends / Capital gains Period : Strategic investment
(iii)	sources of funds to be utilized for investment	The investment will be made by MSML from its own resources.
(iv)	Direct or indirect interest of directors, sponsor, majority shareholders and their relatives, if any, in the Associated Company or Associated Undertaking or the transaction under consideration;	Mr. Khurram Kasim and Mr. Ahmed Ebrahim Hasham (Directors of MSML) are also directors in UFIL. However, they have no direct or indirect interest except in their capacity as director/shareholder of UFIL like any other shareholder to the extent of their shareholding in the proposed company.

(v)	Performance review of investment	UFIL commenced its commercial operation in March 2018. The brand 'Good Goodies' has made reasonable reach in major cities of Pakistan. The Company's future depends on volumetric growth which is necessary to absorb overheads.
(vi)	Any other important details necessary for the members to understand the .transaction	The funds raised will be used working capital requirements of the company, so that operations can run smoothly. Some business and market risk associated with the proposed investment are as follows: 1. Acceptance by the targeted customers: Taste, pricing and packaging etc. 2. Achievement of sales target. 3. Gaining market share from existing big players in industry. 4. Development of an effective sale and marketing strategy/team. 5. Law and order situation of the Country. 6. Variation in price or raw materials and packing material. 7. Another wave of Covid-19 and closure of Businesses.
Additional disclosure as per Regulation No. 3(1)(b)		
(i)	Maximum price at which securities will be acquired;	At the par value i.e. Rs. 10/- per ordinary share.
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	Being a strategic investor, the investment is required to meet working capital and keep sustainability.
(iii)	Maximum number of securities to be acquired;	Up to 45,000,000 ordinary shares of Rs.10/- will be acquired (including 40,000,000 ordinary shares already approved by the shareholders)
(iv)	Number of securities and percentage thereof held before and after the proposed investment;	No. of shares approved before investment: 40,000,000 i.e. 24% No. of shares after investment (max up to): 45,000,000 ordinary shares i.e. 24%

(v)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intend to be acquired;	Not applicable as UFIL is public unlisted company
(vi)	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;	Rs. 3.69 [based on the adjusted net asset (Sep 30, 2021) method.]
Regulation No. 3(3)		
	Description	Undertaking
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for proposed investment.	We, the directors of the Mehran Sugar Mills Limited, submit that we have carried out necessary due diligence based on our experience and professional judgment for the proposed transaction particularly the equity investment in the UFIL to the extent as mentioned above.

نوٹ

1. کمپنی کی سیئر منتقلی کتب مورخہ 22 جنوری 2022 تا 28 جنوری 2022 (بشمول دونوں ایام) بند رہیں گی۔
2. شرکت بذریعہ ویڈیو لنک:

اجلاس میں شرکت: کمپیوٹر / اسمارٹ فونز حامل انٹرنیٹ لنک کے استعمال سے کی جا سکتی ہے۔ حصص یافتگان سے استدعا ہے کہ مندرجہ ذیل معلومات بمع فعال CNIC کی نقل بعنوان "AGM" بذریعہ ای میل anwer.khatri@mehransugar.com مورخہ 26 فروری 2022 کاروباری اوقات کے اختتام تک فراہم کرکے اپنا اندراج کرائیں۔

شیئر ہولڈرز کا نام _____ فولیو / سی ڈی سی کھاتہ نمبر _____

CNIC نمبر _____ فولیو / سی ڈی سی کھاتہ نمبر _____

واٹس ایپ نمبر _____

3. وہ شیئر ہولڈرز جو خود کو رجسٹرڈ کرائیں گے انہیں (بعد از تصدیق) کمپنی کی جانب سے ای میل / واٹس ایپ نمبر پر جو انہوں نے کمپنی کو فراہم کیا تھا پر ویڈیو لنک فراہم کیا جائے گا۔ لاگ ان سہولت اجلاس کے آغاز سے اس کی کاروائی کی تکمیل تک کھلی رہے گی۔
4. سالانہ اجلاس عام میں شرکت اور رائے دہی کا اہل ممبر کسی دوسرے ممبر کو اپنا / اپنی پراکسی مقرر کر سکتا ہے تاکہ وہ اس کی جانب سے شرکت اور رائے دہی میں حصہ لے سکے۔ پراکسی کے موثر ہونے کے لئے لازم ہے کہ وہ سالانہ اجلاس عام کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کو اس کے پراکسی فارم، رجسٹرڈ آفس میں موصول ہو جائیں۔
5. شیئر ہولڈرز سے التماس ہے کہ اپنے موجودہ پتے کسی بھی قسم میں تبدیلی کی صورت میں فوری طور پر کمپنی ہذا کو فوری مطلع کریں۔
6. شیئر ہولڈرز سے یہ بھی استدعا ہے کہ وہ اپنے CNIC نمبر سے آگاہ کر دیں تاکہ سالانہ ریٹرنز (فارم A) کی ضروریات کی تعمیل کی جا سکے جو کہ کمپنی کے لئے SECP کمپنیز ایکٹ مجریہ 2017 کی دفعہ 130 کے تحت جمع کرانا لازم ہے۔ یہ بھی ضرور نوٹ فرمالیں کہ کمپنیز ایکٹ مجریہ 2017 کی دفعہ 243 کی شرائط کے مطابق منافع منقسمہ ایسے شیئر ہولڈرز کے لنک اکاونٹ میں منتقل نہیں کیا جا سکتا کہ جنہوں نے اپنا قومی شناختی کارڈ کی کاپی کمپنی کو جمع نہیں کرایا۔
7. کمپنیز ایکٹ، 2017 کا سیکشن 242 کے تحت کسی لسٹڈ کمپنی کی صورت میں، کمپنی کی طرف سے اعلان کردہ کوئی بھی نقد منافع براہ راست حقدار شیئر ہولڈرز کے نامزد کردہ بینک کھاتوں میں ادا کیا جانا چاہیے۔ براہ راست اپنے بینک اکاؤنٹ میں منافع حاصل کرنے کے لیے، حصص یافتگان سے درخواست کی جاتی ہے کہ وہ اپنے بینک اکاؤنٹس کو CDC یا شیئر رجسٹرار (فزیکل شیئرز کی صورت میں) کے ساتھ اپ ڈیٹ کریں۔ IBAN جمع نہ کروانے کی صورت میں، کمپنی کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈ) ریگولیشنز، 2017 کے تحت منافع منقسمہ کی ادائیگی روک دے گی۔ مزید برآں، مجموعی منافع منقسمہ، ٹیکس / زکوۃ کی کٹوتی اور منافع منقسمہ کی خالص رقم کے بارے میں معلومات سنٹرلائزڈ کیش ڈیویڈنڈ رجسٹر (CCDR) کے ذریعے فراہم کی جائیں گی لہذا، شیئر ہولڈرز خود کو CDC کے eServices پورٹل https://eservices.cdcaccess.com.pk پر رجسٹر کریں۔

مہران شوگر ملز لمیٹڈ

نوٹس برائے سالانہ اجلاس

بذریعہ ہذا کمپنی کے اراکین کو اطلاع دی جاتی ہے کہ 56واں سالانہ اجلاس عام، آئی سی اے پی ICAP آڈیٹوریم، چارٹرڈ اکاونٹنٹس ایونیو، کلفٹن کراچی میں بروز جمعہ مورخہ 28 جنوری 2022 کو بوقت 4:30 بجے مندرجہ ذیل امور کی انجام دہی کے لئے منعقد کیا جائے گا۔

عمومی معاملات

1. 12 فروری 2021 کو ہونے والے سالانہ اجلاس عام کی کاروائی کی توثیق کرنا۔

2. 30 ستمبر 2021 کو ختم ہونے والے کاروباری سال کے لئے کمپنی ہذا کے آڈٹ شدہ مالیاتی گوشواروں، ہمراہ ڈائریکٹرز اور آڈیٹرز رپورٹ کی وصولی، غور وخوض اور منظوری۔

3. 30 ستمبر 2021 کو ختم ہونے والے مالی سال کے لئے کمپنی کے بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 10 فیصد بونس شیئرز یعنی اراکین کی ملکیت میں ہر 100 حصص کے لئے 10 حصص، اس کے علاوہ پہلے سے جاری کردہ عبوری منافع منقسمہ بحساب 15 فیصد یعنی مبلغ 1.50 روپے فی حصص کی منظوری۔

4. 30 ستمبر 2022 کو ختم ہونے والے مالی سال کے لئے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین۔

خصوصی معاملات

5. اگر موزوں سمجھا جائے تو ترمیم کے ساتھ یا اس کے بغیر ایسوسی ایٹ کمپنی میسرز یونی فوڈ انڈسٹریز لمیٹڈ میں کمپنی ایکٹ 2017 کی شق 199 کے تحت 5 کروڑ روپے کی مزید سرمایہ کاری کی منظوری، متذکرہ سرمایہ کاری کے حوالے سے ضروری معلومات پر مشتمل ایک ضمیمہ کمپنی ایکٹ 2017 کی دفعہ 134 کی ذیلی شق 3 کے تحت اس نوٹس کے ساتھ منسلک ہے۔

6. ایسوسی ایٹڈ کمپنیوں میں سرمایہ کاری کی صورتحال اور اس کا جائزہ، جس کے لیے S.R.O 27(I)/2012 بمطابق 16 جنوری 2012 کے تحت خصوصی ضمیمہ منسلک ہے۔

صدر مجلس کی اجازت سے دیگر امور کی انجام دہی۔

حسب الحکم بورڈ آف ڈائریکٹرز
شایان سلیم، کمپنی سیکریٹری

کراچی، 05 جنوری 2022

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

FOR THE YEAR ENDED SEPTEMBER 30, 2021

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred as 'Regulations') in the following manner:

1. The total number of directors is ten (10) as per the following:

- Male : Eight (08)
- Female : Two (02)

2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Hasan Aziz Bilgrami Mr. Iftikhar Soomro Mr. Mohammad Amin Mukaty
Non-Executive Directors	Mr. Mohammed Kasim Hasham-Chairman Mr. Mohammed Hussain Hasham Mr. Khurram Kasim Ms. Sofia Kasim Mrs. Anushey A. Hasham
Executive Directors	Mr. Mohammed Ebrahim Hasham Mr. Ahmed Ebrahim Hasham

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 called "Business Conduct Guidelines" 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 Board / shareholders as empowered by the relevant provisions of the Act and the 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 Act, and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

9. The Board has duly complied with the Directors' Training Program requirements and the criteria as prescribed in the Regulations.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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

Members of Audit Committee	Designation
Mr. Hasan Aziz Bilgrami – Chairman	Independent Director
Mr. Khurram Kasim	Non-Executive Director
Mr. Mohammad Hussain Hasham	Non-Executive Director
Mrs. Anushey A. Hasham	Non-Executive Director

Members of Human Resource and Remuneration Committee	Designation
Mr. Muhammad Amin Mukaty – Chairman	Independent Director
Mr. Mohammad Ebrahim Hasham	Executive Director
Ms. Sofia Kasim	Non-Executive Director

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

14. The frequency of meetings of the Committees were as per following:

a. Audit Committee: (Four) Quarterly meetings during FY 2021 ended 30 September 2021

b. Human Resource and Remuneration Committee: (Two) Half yearly meetings during FY 2021 ended 30 September 2021

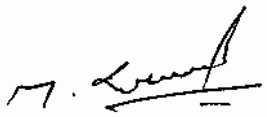
15. The Board has outsourced the internal audit function to Grant Thornton who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with; and

19. With regards to compliance with Regulation 6 of the CCG it may be noted that all possible steps for election of Directors were taken, but due to the paucity of time and logistic difficulties the Board of Directors, while fixing the number of Directors in their Board meeting held on December 20, 2019 discussed that it was difficult to persons with the requisite skill set and experience required in short period of time. Considering the same, the Board decided to take a cautious approach and had agreed to keep the number of Independent Directors at 3. The number of independent Directors should be reviewed after 3 years for the next election of Directors.



MOHAMMAD KASIM HASHAM

CHAIRMAN

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF MEHRAN SUGAR MILLS LIMITED
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN
THE 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 Mehran Sugar Mills Limited for the year ended 30 September 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. 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.

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 30 September 2021.

Chartered Accountants

Place: Karachi



UNCONSOLIDATED FINANCIAL STATEMENTS


مہران

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REPORT

To the members of Mehran Sugar Mills Limited

Report on the Audit of unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Mehran Sugar Mills Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 September 2021, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 30 September 2021 and of the loss, the other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated 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 Matters

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

Key audit matter	How the matter was addressed in our audit
1. Contingencies	
As disclosed in note 32.1 and 32.2 to the unconsolidated financial statements, the Company has contingent liabilities in respect of income tax, sales tax and other related matters, which are pending adjudication at various levels with the taxation and other authorities. Contingencies require management to make judgments and estimates in relation to the interpretation of different laws, rules and regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.	Our audit procedures in respect of contingencies included, amongst others, obtaining an understanding of the Company's processes and controls for identification of claims, litigations and contingent liabilities. We obtained and reviewed details of the pending matters and discussed the same with the Company's management, including review of minutes of the Board of Directors. We reviewed the correspondence of the Company with the relevant authorities and Company's tax and legal advisors including judgments or orders passed by the competent authorities in relation to the issues involved. We obtained and reviewed confirmations from the Company's external tax advisors and legal advisors for their views on the probable outcome of the contingent matters. We involved internal tax and legal professionals to assess reasonability of management's conclusions on tax and other related contingencies. We also evaluated the adequacy of disclosures made in respect of such contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

Key audit matter	How the matter was addressed in our audit
2. Expected credit loss on subsidy receivable	
As disclosed in note 8 to the unconsolidated financial statements, the Company has subsidy receivable from Provincial Government and Federal Government with respect to cash freight support on export sales which is subject to expected credit loss (ECL) under IFRS 9 – Financial Instruments. Determination of ECL requires significant judgements and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have identified this as a key audit matter due to the judgments and assumptions applied by the Company in determining the amount of ECL at reporting date.	Our audit procedures in respect of expected credit loss on subsidy receivable included, review of the methodology developed and applied by the Company to estimate the ECL in relation to subsidy receivable. We considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. We checked the mathematical accuracy of the ECL model by performing recalculation. We also assessed the adequacy of disclosures made in respect of expected credit loss on subsidy receivable in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

3. Impairment of long-term investments	
As disclosed in note 9 to the unconsolidated financial statements the Company has investment in subsidiary valued at cost less impairment, if any, and investment in associates valued under equity accounting method less impairment, if any. During the current year, the Company has recorded provision for impairment of long-term investments in subsidiary and an associate of Rs. 42.597 million and Rs. 79.833 million respectively. Due to significance of the event and management judgement involved in consideration of factors to determine the need for impairment of long-term investments, we have considered this to be a key audit matter.	Our audit procedures in respect of impairment of long-term investments include understanding of the rationale including facts and circumstances which led the management to carry out impairment testing and recording an impairment of long-term investments. We reviewed the management's assessment and board approval with respect to non-recoverability of long-term investments, including uncertainties associated with the underlying investments, future business viability, continuing losses and further business plans. We also assessed the adequacy of disclosures made in respect of investment in long-term investments in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

Information Other than the Unconsolidated 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 unconsolidated financial statements and our Auditor's report thereon.

Our opinion on the unconsolidated 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 the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

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

In preparing the unconsolidated 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 policiesused 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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. zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent Auditor's report is **Arif Nazeer.**

Chartered Accountants

Place: Karachi

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	**2,372,810,929**	2,191,140,553
Right-of-use assets	7	**51,579,492**	80,522,018
Long-term receivable	8	**204,660,877**	277,576,851
Long-term investments	9	**1,051,768,517**	1,235,646,845
Long-term deposits		**852,400**	852,400
		3,681,672,215	3,785,738,667
CURRENT ASSETS			
Biological assets	10	**23,767,355**	16,621,474
Stores and spare parts	11	**110,502,305**	110,342,728
Stock-in-trade	12	**561,564,239**	60,781,473
Trade debts	13	**69,668,130**	18,205,601
Loans and advances	14	**54,975,038**	46,274,164
Trade deposits and short-term prepayments	15	**6,480,747**	4,358,221
Other receivables	16	**990,764**	815,815
Short-term investments	17	**1,317,093,191**	1,108,082,670
Taxation – net		**55,218,392**	39,360,993
Cash and bank balances	18	**10,848,736**	10,140,845
		2,211,108,897	1,414,983,984
TOTAL ASSETS		**5,892,781,112**	5,200,722,651
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
75,000,000 (2020: 50,000,000) ordinary shares of Rs.10/- each		**750,000,000**	500,000,000
Issued, subscribed and paid-up share capital			
48,927,325 (2020: 46,597,452) ordinary shares of Rs.10/- each	19	**489,273,246**	465,974,520
Reserves	20	**2,006,553,883**	2,141,532,310
		2,495,827,129	2,607,506,830
NON-CURRENT LIABILITIES			
Long-term financing	21	**922,593,072**	1,125,818,640
Lease liabilities	22	**30,602,944**	29,257,534
Market committee fee payable	23	**51,182,345**	28,676,760
Deferred liabilities	24	**4,301,305**	4,445,294
Deferred income - government grant	25	**70,762,929**	3,614,418
Deferred taxation - net	26	**79,579,039**	170,970,925
Provision for quality premium	27	**119,290,919**	119,290,919
		1,278,312,553	1,482,074,490
CURRENT LIABILITIES			
Trade and other payables	28	**471,459,188**	454,312,396
Contract liabilities (advances from customers)		**34,592,406**	36,489,970
Unclaimed dividend		**19,331,423**	18,648,988
Accrued mark-up		**50,683,240**	20,338,515
Short-term borrowings	29	**1,063,921,237**	297,981,575
Provision for market committee fee	30	**6,822,533**	43,967,017
Current portion of non-current liabilities	31	**394,933,910**	131,992,840
Sales tax and federal excise duty payable		**76,897,493**	107,410,030
		2,118,641,430	1,111,141,331
CONTINGENCIES AND COMMITMENTS	32		
TOTAL EQUITY AND LIABILITIES		**5,892,781,112**	5,200,722,651

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended September 30, 2021

	Note	2021 Rupees	2020 Rupees
Turnover - gross	33	6,974,385,062	7,416,618,258
Sales tax		(910,846,723)	(991,942,663)
Turnover - net		6,063,538,339	6,424,675,595
Cost of sales	34	(5,426,675,320)	(5,959,539,781)
Gross profit		636,863,019	465,135,814
Distribution costs	35	(45,205,970)	(47,076,915)
Administrative expenses	36	(262,076,681)	(218,924,611)
Other expenses	37	(147,259,785)	(6,106,252)
Other income	38	233,865,256	261,557,732
		(220,677,180)	(10,550,046)
Operating profit		416,185,839	454,585,768
Share of profit / (loss) from associates – net		61,598,367	76,920,116
Provision for impairment on long-term investments		(122,429,558)	-
Allowance for expected credit loss on long-term receivables	8.3	(72,915,974)	(26,541,037)
Finance costs	39	(264,551,294)	(342,318,751)
Profit before taxation		17,887,380	162,646,096
Taxation	40	(41,703,171)	(115,619,362)
Net (loss) / profit for the year		(23,815,791)	47,026,734
			Restated
Basic and diluted (loss) / earning per share	41	(0.49)	0.96

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended September 30, 2021

	Note	2021 Rupees	2020 Rupees
Net (loss) / profit for the year		**(23,815,791)**	47,026,734
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods - net of tax			
Actuarial (loss) / gain on defined benefit plan		**(155,739)**	327,537
(Loss) / gain on disposal of equity instruments designated at fair value through other comprehensive income		**(107,989)**	234,060,428
Unrealised (loss) / gain on remeasurement of equity instruments designated at fair value through other comprehensive income		**(14,208,802)**	9,962,301
		(14,472,530)	244,350,266
Total comprehensive (loss) / income for the year - net of tax		**(38,288,321)**	291,377,000

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2021

	Issued, subscribed and paid-up capital	Reserves						Total equity
		Capital	Revenue		Other components of equity		Sub-total	
		Share Premium	General reserve	Unappropriated profits	FV reserve of financial assets at FVOCI	Actuarial gain / (loss) on defined benefit plan		
	Rupees							
Balance as at September 30, 2019	405,195,240	63,281,250	85,000,000	2,099,148,776	(240,424,147)	2,695,731	2,009,701,610	2,414,896,850
Final dividend for the year ended September 30, 2019 @ Re. 1 per share	-	-	-	(40,519,524)	-	-	(40,519,524)	(40,519,524)
Bonus shares issued for the year ended September 30, 2019 in the ratio of 15 ordinary shares for every 100 shares held	60,779,280	-	-	(60,779,280)	-	-	(60,779,280)	-
Interim dividend for the year ended September 30, 2020 @ Re.0.75 per share	-	-	-	(34,948,364)	-	-	(34,948,364)	(34,948,364)
Interim dividend for the year ended September 30, 2020 @ Re. 0.25 per share	-	-	-	(23,299,132)	-	-	(23,299,132)	(23,299,132)
Net profit for the year	-	-	-	47,026,734	-	-	47,026,734	47,026,734
Other comprehensive income for the year	-	-	-	-	244,022,729	327,537	244,350,266	244,350,266
Total comprehensive income for the year	-	-	-	47,026,734	244,022,729	327,537	291,377,000	291,377,000
Transfer of fair value reserve of equity instruments designated at FVOCI on account of disposal	-	-	-	(6,379,469)	6,379,469	-	-	-
Balance as at September 30, 2020	465,974,520	63,281,250	85,000,000	1,980,249,741	9,978,051	3,023,268	2,141,532,310	2,607,506,830
Bonus shares issued for the year ended September 30, 2020 in the ratio of 5 ordinary shares for every 100 shares held	23,298,726	-	-	(23,298,726)	-	-	(23,298,726)	-
Interim dividend for the year ended September 30, 2021 @ Re. 1.5 per share	-	-	-	(73,391,380)	-	-	(73,391,380)	(73,391,380)
Net loss for the year	-	-	-	(23,815,791)	-	-	(23,815,791)	(23,815,791)
Other comprehensive loss for the year	-	-	-	-	(14,316,791)	(155,739)	(14,472,530)	(14,472,530)
Total comprehensive loss for the year	-	-	-	(23,815,791)	(14,316,791)	(155,739)	(38,288,321)	(38,288,321)
Transfer of fair value reserve of equity instruments designated at FVOCI on account of disposal	-	-	-	4,257,366	(4,257,366)	-	-	-
Balance as at September 30, 2021	489,273,246	63,281,250	85,000,000	1,864,001,210	(8,596,106)	2,867,529	2,006,553,883	2,495,827,129

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**17,887,380**	162,646,096
Adjustments for non-cash charges and other items:			
Depreciation			
- Operating fixed assets	6.1.2	**155,516,133**	156,919,787
- Right-of-use assets	7.1	**50,551,076**	20,904,234
Amortization of deferred income - government grant	38	**(3,346,411)**	(945,064)
Share of (profit) / loss from associates - net		**(61,598,367)**	(76,920,116)
Gain on disposal of operating fixed assets and right-of-use assets	38	**(10,139,655)**	(26,385,910)
Finance costs	39	**264,551,294**	342,318,751
Provision for gratuity	24.1	**814,923**	560,900
Provision for market committee fee	34	**6,822,530**	6,543,390
Allowance for expected credit loss on long-term receivables	8.3	**72,915,974**	26,541,037
Allowance for expected credit loss on term deposit certificates	37	**-**	3,654,000
Allowance for expected credit loss on on short-term prepayments	37	**972,757**	-
Gain on disposal of equity instruments at fair value through profit or loss	38	**(109,047,937)**	(44,877,499)
Unrealised gain on remeasurement of equity instruments at fair value through profit or loss	38	**-**	(90,245,992)
Unrealised loss on remeasurement of equity instruments at fair value through profit or loss	37	**129,072,940**	-
Provision for impairment of long-term investment		**122,429,558**	-
Impact of discounting - market committee payable	38	**(19,877,054)**	-
Working capital changes	42	**(586,785,168)**	559,335,458
		12,852,593	877,402,976
Gratuity paid	24.1	**(1,178,263)**	(550,538)
Income taxes paid		**(146,859,015)**	(152,204,762)
Finance costs paid		**(217,732,924)**	(443,022,524)
Market committee fee paid	23	**(6,189,155)**	(3,757,652)
Long term deposits - net		**-**	10,000
Cash flows (used in) / generated from operating activities		**(341,219,384)**	440,523,596
CASH FLOWS FROM INVESTING ACTIVITIES*			
Fixed capital expenditure		**(339,361,799)**	(234,637,056)
Proceeds from disposal of operating fixed assets and right-of-use assets		**14,008,195**	35,128,152
Investments made		**(4,636,786,957)**	(2,894,979,049)
Proceeds from disposal of short-term investments		**4,301,936,194**	3,095,640,364
Dividend received	9.2	**212,499,987**	274,999,983
Cash flows (used in) / generated from investing activities		**(447,704,380)**	276,152,394
CASH FLOWS FROM FINANCING ACTIVITIES*			
Long term financing obtained		**115,148,937**	192,572,078
Lease rentals paid		**(18,747,999)**	(21,555,802)
Dividends paid		**(72,708,945)**	(97,810,957)
Cash flows generated from / (used in) financing activities		**23,691,993**	(73,205,319)
Net increase / (decrease) in cash and cash equivalents		**(765,231,771)**	(789,881,309)
Cash and cash equivalents at the beginning of the year		**(287,840,730)**	(1,077,722,039)
Cash and cash equivalents at the end of the year	18	**(1,053,072,501)**	(287,840,730)
Cash and cash equivalents			
Cash and bank balances	18	**10,848,736**	10,140,845
Short-term borrowings	29	**(1,063,921,237)**	(297,981,575)
		(1,053,072,501)	(287,840,730)

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.
*No non-cash item is included in investing and financing activities

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended September 30, 2021

1 THE COMPANY AND ITS OPERATIONS

1.1 Mehran Sugar Mills Limited (the Company) was incorporated in Pakistan as a public limited company in December 1965 under the repealed Companies Act, 1913. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the manufacturing and sale of sugar and its by-products. The registered office of the Company is situated at 14th floor, Dolmen City Executive Tower, Marine Drive, Block 4, Clifton, Karachi. The mill of the Company is located at Distt. Tando Allahyar, Sindh.

1.2 These unconsolidated financial statements are separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of cost less impairment losses, if any and investments in associates are accounted under equity method less impairment, if any.

1.3 Geographical location and addresses of all the business units are as under:

Location	Business unit
Karachi	
14th Floor Dolmen Executive Tower, Marine Drive, Clifton	Head office
Tando Allahyar, Sindh	
Tando Adam Road	Mill
Deh Rechal, P.O. Khokhar	Farm

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except for short-term investments which are carried at fair value, investment in associates calculated using equity method of accounting, biological assets carried at fair value less costs to sell and staff gratuity carried at present value of defined benefit obligation and market committee fee payable recorded at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupee unless otherwise stated.

3 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS ADOPTED DURING THE YEAR

3.1 Amendments and improvements to approved accounting standards and the framework for financial reporting that became effective during the year

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except for the following amendments to International Financial Reporting Standards (IFRSs) and the framework for financial reporting, that the Company has adpoted, which became effective for the current year:

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 these unconsolidated financial statements.

3.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

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

Amendments		Effective date (annual periods beginning on or after)
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	January 01, 2021
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	April 01, 2021
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022

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	January 01, 2022
IFRS 16	Leases: Lease incentives	January 01, 2022
IAS 41	Agriculture – Taxation in fair value measurements	January 01, 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 the International Accounting Standards Board (IASB) which are yet to be notified by the Securities and Exchange Commision of Pakistan (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.

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's unconsolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these judgments and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

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

4.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation and useful life used in the calculation of depreciation. 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 the 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, with corresponding effects on the depreciation charge and impairment.

4.2 Allowance for expected credit loss

The Company uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss pattern.

Considering the nature of the financial assets, the Company has applied the simplified approach as per IFRS 9 for trade debts and has calculated ECL based on life-time ECL. The Company has applied general approach for all other assets.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic condition. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in Note 46.1.

4.3 Inventories

The Company reviews the net realisable value (NRV) of stock-in-trade and stores and spare parts to assess any diminution in the 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.

4.4 Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

Deferred tax assets are recognised for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4.5 Employees' benefits

Certain actuarial assumptions have been adopted as disclosed in note 24.2 to the unconsolidated financial statement for valuation of present value of defined benefit obligation. 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.

4.6 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.

4.7 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).

4.8 Leases - Company as a lessee

4.8.1 Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

4.8.2 Estimating the incremental borrowing rate

Where the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates).

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses if any except for freehold land, which is stated at cost less any impairment value.

Depreciation is charged to the unconsolidated statement of profit or loss using the reducing balance method, at the rates specified in note 6.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the asset is in use.

The carrying values of the Company's operating fixed assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Repairs and maintenance cost is written off to the unconsolidated statement of profit or loss in the year in which it is incurred. Major renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the Company.

An item of operating fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of operating fixed assets is recognised in the period of disposal.

Capital work-in-progress

These are stated at cost less accumulated impairment, if any, and represent expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for their intended use.

5.2 Right-of-use assets

The Company recognizes 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. Unless, the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method. Right-of-use assets are subject to impairment.

5.3 Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments represent fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees wherever applicable. Wherever applicable, the lease payments may also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

5.4 Investments

Subsidiary

This is stated at cost. Provision is made for permanent impairment in the value of investment, if any.

Associates

Investment in associates are accounted for using equity method of accounting. Investments over which the Company has "significant influence" are accounted for under this method i.e., investments to be carried at the reporting date at cost plus post-acquisition changes in the share of net assets of associates, less any impairment in value, if material. The unconsolidated statement of profit or loss reflects the Company's share of the results of operations of associates after the date of acquisition.

As the financial statements of all the associates may not necessarily be available at the year end, the Company uses the financial statements of the associates with a lag of three months for applying the equity method of accounting. Further, the Company considers the investment in associates as strategic investment.

5.5 Biological assets

These are measured at fair value less costs to sell on initial recognition and at each reporting date. Gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset at the reporting date is included in the unconsolidated statement of profit or loss for the period in which it arises.

To ascertain the fair value of the biological assets, the fair value less estimated point-of-sale costs of crops at the end of each reporting period is determined using prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets. Since, there exists an active market for the agricultural produce, the estimated selling price is obtained using the observable inputs and the estimated selling costs are the harvesting charges farmer takes for cutting the crop.

5.6 Stores and spare parts

Stores, spares and consumables are stated cost less provision for slow moving and obsolete items, if any. Cost is determined by the weighted moving average cost method. Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date. Provision for slow moving, damaged and obsolete items are charged to profit or loss. Ageing and value of items of stores and spares are reviewed at each reporting date to record provision for any obsolete items

5.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost, determined on weighted moving average cost method, and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and sell.

Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

5.8 Trade debts, loans and advances, trade deposits and short-term prepayments and other receivables

Trade debts, loans and advances, trade deposits and short-term prepayments and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for expected credit losses where applicable, if any. Allowance for expected credit loss is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans and advances, trade deposits and short-term prepayments and other receivables. Bad debts, if any, are written off as and when considered irrecoverable.

5.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current accounts held with banks, which are subject to insignificant risk of change. These are carried at cost.

5.10 Employees' benefits

Gratuity

The Company operates an unfunded gratuity scheme for its permanent mill employees. An actuarial valuation of all defined benefit scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the unconsolidated statement of other comprehensive income.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

Provident fund

The Company operates a recognised provident fund for those permanent employees who have opted for it. Equal monthly contributions are made to the fund by the Company and employees in accordance with the fund's rules. Contributions are made by the employees at mill and the employees at head office at the rate of 11% and 10% respectively, of the aggregate of basic salary.

Investments made in provident fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder.

Compensated absences

The Company accrues its liability towards leaves accumulated by employees on an accrual basis using current salary level.

5.11 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to the unconsolidated statement of profit or loss except to the extent it relates to items recognised directly in other comprehensive income in which case it is recognised in the unconsolidated statement of comprehensive income.

Deferred

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

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside unconsolidated statement of profit or loss is recognised outside unconsolidated statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in unconsolidated statement of comprehensive income or directly in equity.

5.12 Trade and other payables

Liabilities for trade and other payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

5.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.14 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 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.

5.15 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate 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 of monetary assets and liabilities denominated in foreign currencies are recognised in the unconsolidated statement of profit or loss.

5.16 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

5.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the unconsolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. This category is applied to equity instruments disclosed in note 17.1 to these unconsolidated financial statements, where the Company elected the irrevocable option.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss. This category is applied to equity instruments disclosed in note 17.2 to these unconsolidated financial statements which are held for trading.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's unconsolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangementnd either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Allowance for expected credit loss - note 4.2
- Trade debts - note 13

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the unconsolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the unconsolidated statement of profit or loss. For more information, refer to notes 21 & 29.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When 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 or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the unconsolidated statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.18 Revenue from contracts with customers

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Performance obligations held by the Company are not separable, and are not partially satisfied, since they are satisfied at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Company recognizes trade debts when the performance obligations have been met, recognizing the corresponding revenue. Moreover, the considerations received before satisfying the performance obligations are recognized as contract liabilities (advances from customers).

5.19 Other revenues

Revenue from other sources is recognized on the following basis:

i) Dividend income is recognised when the right to receive dividend is established.

ii) Farm and other income is recognised on an accrual basis.

5.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the unconsolidated financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the unconsolidated financial statements are authorised for issue, disclosure is made in the unconsolidated financial statements.

5.21 Operating segment

Operating segments are reported in an manner consistent with the internal reporting provided to the Chief Operating Decision Maker (i.e. a singe segment at the Company level). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

5.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) 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 year. Whereas, diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.23 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 related to an expense item, it is recognised in the statement of profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

5.24 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset.

In determining fair value less costs to sell, the recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

6 PROPERTY, PLANT AND EQUIPMENT	Note	2021 Rupees	2020 Rupees
Operating fixed assets	6.1	**1,969,321,508**	2,098,419,192
Capital work-in-progress	6.2	**403,489,421**	92,721,361
		2,372,810,929	2,191,140,553

6.1 Operating fixed assets

Description	COST			ACCUMULATED DEPRECIATION			BOOK VALUE	
	At October 01, 2020	Additions / **transfers from right-of-use assets / (deletions)	At September 30, 2021	At October 01, 2020	Charge for the year (note 6.1.2) / **transfers from right-of-use assets / (deletions)	At September 30, 2021	At September 30, 2021	Rate %
	Rupees							
Owned								
Freehold land	83,394,207	-	83,394,207	-	-	-	83,394,207	-
Buildings on freehold land								
- Factory	317,098,063	-	317,098,063	176,748,561	14,034,950	190,783,511	126,314,552	10%
- Non-factory	51,623,372	-	51,623,372	21,104,374	1,525,950	22,630,324	28,993,048	5%
Plant, machinery and equipment (refer note 6.2)	3,118,331,019	19,139,522 (2,792,714) -	3,134,677,827	1,377,867,356	131,030,591 (1,138,780)	1,507,759,167	1,626,918,660	7.50%
Furniture and fittings	9,176,353	487,000	9,663,353	5,080,764	458,159	5,538,923	4,124,430	10%
Vehicles	17,400,433	322,481 **71,404,650 (12,158,700)	76,968,864	14,667,737	522,353 **71,404,650 (11,637,344)	74,957,396	2,011,468	20%
Office premises	85,022,551	-	85,022,551	29,196,515	2,791,302	31,987,817	53,034,734	5%
Office equipment	6,442,547	6,000	6,448,547	4,104,133	233,891	4,338,024	2,110,523	10%
Electric installation	32,473,619	7,103,332	39,576,951	11,781,824	2,260,978	14,042,802	25,534,149	10%
Weighbridge and scales	4,561,889	-	4,561,889	2,247,667	231,422	2,479,089	2,082,800	10%
Workshop tools and other equipment	6,341,923	-	6,341,923	5,268,140	107,378	5,375,518	966,405	10%
Computers	14,581,290	1,200,404	15,781,694	11,605,446	1,141,549	12,746,995	3,034,699	30%
Air conditioners and refrigerators	19,747,216	335,000	20,082,216	8,102,773	1,177,610	9,280,383	10,801,833	10%
	3,766,194,482	28,593,739 **71,404,650 (14,951,414)	3,851,241,457	1,667,775,290	155,516,133 **71,404,650 (12,776,124)	1,881,919,949	1,969,321,508	
2021	**3,766,194,482**	**85,046,975**	**3,851,241,457**	**1,667,775,290**	**214,144,659**	**1,881,919,949**	**1,969,321,508**	

Description	COST				ACCUMULATED DEPRECIATION				BOOK VALUE	Rate %
	At October 01, 2019	Impact of initial applicatio of IFRS 16	Additions / *transfers from capital work-in-progress/ **transfers from right-of-use assets / ((deletions	At September 30, 2020	At October 01, 2019	Impact of initial applicatio of IFRS 16	Charge for the year (note 6.1.2) / **transfers from right-of-use assets / ((deletions	At September 30, 2020	At September 30, 2020	
	Rupees									
Owned										
Freehold land	83,394,207	-	-	83,394,207	-	-	-	-	83,394,207	-
Buildings on freehold land										
- Factory	300,937,867	-	*16,160,196	317,098,063	162,051,959	-	14,696,602	176,748,561	140,349,502	10%
- Non-factory	50,996,147	-	627,225	51,623,372	19,528,372	-	1,576,002	21,104,374	30,518,998	5%
Plant, machinery and equipment (refer note 6.2)	2,897,670,979	-	22,999,894 *217,535,446 (19,875,300)	3,118,331,019	1,262,419,868	-	131,816,181 (16,368,693)	1,377,867,356	1,740,463,663	7.50%
Furniture and fittings	8,976,353	-	200,000	9,176,353	4,646,069	-	434,695	5,080,764	4,095,589	10%
Vehicles	17,642,933	-	202,000 **13,243,600 (13,688,100)	17,400,433	14,206,699	-	680,595 **8,232,908 (8,452,465)	14,667,737	2,732,696	20%
Office premises	85,022,551	-	-	85,022,551	26,258,303	-	2,938,212	29,196,515	55,826,036	5%
Office equipment	6,272,547	-	170,000	6,442,547	3,856,901	-	247,232	4,104,133	2,338,414	10%
Electric installation	27,596,079	-	4,877,540	32,473,619	9,648,037	-	2,133,787	11,781,824	20,691,795	10%
Weighbridge and scales	4,561,889	-	-	4,561,889	1,990,531	-	257,136	2,247,667	2,314,222	10%
Workshop tools and other equipment	6,341,923	-	-	6,341,923	5,148,831	-	119,309	5,268,140	1,073,783	10%
Computers	12,771,389	-	1,809,901	14,581,290	10,637,305	-	968,141	11,605,446	2,975,844	30%
Air conditioners and refrigerators	16,683,769	-	3,063,447	19,747,216	7,050,878	-	1,051,895	8,102,773	11,644,443	10%
	3,518,868,633	-	33,950,007 *233,695,642 ** 13,243,600 (33,563,400)	3,766,194,482	1,527,443,753	-	156,919,787 - **8,232,908 (24,821,158)	1,667,775,290	2,098,419,192	
Leased										
Vehicles	150,338,990	(150,338,990)	-	-	76,810,456	(76,810,456)	-	-	-	20%
	3,669,207,623	(150,338,990)	33,950,007 *233,695,642 **13,243,600 (33,563,400)	3,766,194,482	1,604,254,209	(76,810,456)	156,919,787 - 8,232,908 (24,821,158)	1,667,775,290	2,098,419,192	
2020	3,669,207,623	(150,338,990)	247,325,849	3,766,194,482	1,604,254,209	(76,810,456)	140,331,537	1,667,775,290	2,098,419,192	

6.1.2 Depreciation charge for the year has been allocated as follows:	Note	2021 Rupees	2020 Rupees
Cost of sales	34	**149,191,269**	150,599,017
Administrative expenses	36	**6,324,864**	6,320,770
		155,516,133	156,919,787

6.1.3 The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser	Relationship with purchaser
	----------(Rupees)----------							
Aggregate amount of assets disposed off not having WDV more than Rs. 5,000,000 each								
Plant,machinery and equipment	960,000	434,688	525,312	785,000	259,688	Negotiation	Adamjee Insurance	Vendor
Toyota Corolla	2,302,500	2,302,500	-	2,510,000	2,510,000	Company policy	Hanif Aziz	Employee
Toyota Corolla	1,842,500	1,842,500	-	1,453,398	1,453,398	Company policy	Syed Ehtishamuddin	Employee
Toyota Corolla	1,642,500	1,642,500	-	1,233,208	1,233,208	Company policy	Sumair Ali Khan	Employee
Toyota Corolla	1,752,500	1,752,500	-	1,276,123	1,276,123	Company policy	Gul Muhammad	Employee
Other assets with book value less then Rs. 500,000 each	6,451,414	4,801,436	1,649,978	4,250,466	2,600,488			
2021	**14,951,414**	**12,776,124**	**2,175,290**	**11,508,195**	**9,332,905**			
2020	33,563,400	24,821,158	8,742,242	35,128,152	26,385,910			

6.1.4 Particulars of immovable assets of the Company are as follows:

Particulars	Usage of Property	Address	Covered Area (.Sq. ft)
Freehold land	Mill	Tando Adam road , Tando Allahyar	5.5 million
Office premises	Registered Office	14th Floor Dolmen Executive Tower, Dolmen City, Marine Drive, Clifton, Karachi	5,850
Building on freehold land	Office at mill	Tando Adam road , Tando Allahyar	-

		Buildings on freehold land	Plant, machinery and equipment	Total
6.2	**Capital work-in-progress**	---------- Rupees ----------		
	Balance as at September 30, 2019	29,555,919	96,174,035	125,729,954
	Capital expenditure incurred / advances made during the year	9,423,591	191,263,458	200,687,049
	Transfered to operating fixed assets	**(16,160,196)**	**(217,535,446)**	**(233,695,642)**
	Balance as at September 30, 2020	**22,819,314**	**69,902,047**	**92,721,361**
	Capital expenditure incurred / advances made during the year	**21,405,722**	**289,362,338**	**310,768,060**
	Balance as at September 30, 2021	**44,225,036**	**359,264,385**	**403,489,421**

		Note	September 30, 2021			September 30, 2020		
			Vehicles	Farms	Total	Vehicles	Farms	Total
7	**RIGHT-OF-USE ASSETS**		---------- Rupees ----------			---------- Rupees ----------		
	As at October 01							
	Cost		**151,379,490**	**18,624,311**	**170,003,801**	-	-	-
	Accumulated depreciation		**(83,652,250)**	**(5,829,533)**	**(89,481,783)**	-	-	-
	Net book value		**67,727,240**	**12,794,778**	**80,522,018**	-	-	-
	Net carrying value basis							
	Opening net book value		**67,727,240**	**12,794,778**	**80,522,018**	-	-	-
	Impact of initial application of IFRS 16		**-**	**-**	**-**	73,528,534	18,624,311	92,152,845
	Additions during the year		**23,301,800**	**-**	**23,301,800**	14,284,100	-	14,284,100
	Transferred to operating fixed assets during the year		**-**	**-**	**-**	(5,010,693)	-	(5,010,693)
	Disposal of right-of-use assets		**(1,693,250)**	**-**	**(1,693,250)**	-	-	-
	Depreciation charged during the year		**(44,591,297)**	**(5,959,779)**	**(50,551,076)**	(15,074,701)	(5,829,533)	(20,904,234)
	Closing net book value		**44,744,493**	**6,834,999**	**51,579,492**	67,727,240	12,794,778	80,522,018
	As at September 30							
	Cost		**100,671,640**	**18,624,311**	**119,295,951**	151,379,490	18,624,311	170,003,801
	Accumulated depreciation		**(55,927,147)**	**(11,789,312)**	**(67,716,459)**	(83,652,250)	(5,829,533)	(89,481,783)
	Net book value		**44,744,493**	**6,834,999**	**51,579,492**	67,727,240	12,794,778	80,522,018
	Depreciation % per annum		**20%**	**32%**		20%	32%	
7.1	**Depreciation charge for the year has been allocated as follows:**							
	Administrative expenses	36	**44,591,297**	**5,959,779**	**50,551,076**	15,074,701	5,829,533	20,904,234

8 LONG-TERM RECEIVABLE

	Note	2021 Rupees	2020 Rupees
Tender earnest money	8.1	1,000,000	1,000,000
Down payment		33,125,000	33,125,000
Other costs	8.1	8,385,996	8,385,996
Subsidy receivable	8.2	304,117,888	304,117,888
		346,628,884	346,628,884
Allowance for expected credit losses	8.3	(141,968,007)	(69,052,033)
		204,660,877	277,576,851

8.1 Represents down payment made in respect of purchase of Thatta Sugar Mills (the Mill) and other costs incurred in running the Mill from November 1992 up to July 1993, when the Mill was forcibly taken over by the Government of Sindh (GoS) without paying any amount. The Company filed a law suit for Rs. 166 million being the amount of down payment, expenses incurred (including payment to workers) and loss of profits. The GoS made a counter claim of Rs. 402 million against the Company. The case is currently pending in the Honorable High Court of Sindh (the Court) for recording of evidences. While the Company's suit for recovery of compensation is pending in the Court, the GoS invited bids for the sale of the Mill through Sindh Privatization Commission but it could not succeed. The GoS is now trying to privatize it through the Federal Privatization Commission. The Company has made provision against the aforesaid receivable of Rs. 42.510 million as a matter of prudence and the fact that the debt is outstanding for a considerable period.

8.2 Represents subsidy receivable from Provincial Government amounting to Rs. 299.301 million (2020: Rs. 299.301 million) and Rs. 4.817 million (2020: Rs. 4.817 million) from Federal Government with respect to cash freight support on export sales.

8.3 Allowance for expected credit losses

	Note	2021 Rupees	2020 Rupees
Balance at beginning of the year		69,052,033	42,510,996
Charge for the year		72,915,974	26,541,037
Balance at end of the year		141,968,007	69,052,033

9 LONG-TERM INVESTMENTS

	Note	2021 Rupees	2020 Rupees
Subsidiary			
Mehran Energy Limited (MEL) - at cost			
4,000,000 (2020: 4,000,000) ordinary shares of Rs. 10 each			
% of holding: 100% (2020: 100%)	9.1	40,000,000	40,000,000
Advance against right issue of shares	9.1.1	2,596,739	2,398,289
Provision for impairment	9.1	(42,596,739)	-
		-	42,398,289
Associates			
Unicol Limited (UL)			
49,999,997 (2020: 49,999,997) ordinary shares of Rs.10 each			
% of holding: 33.33% (2020: 33.33%)	9.2	1,031,591,605	1,076,575,935
UniEnergy Limited (UEL)			
1,999,998 (2020: 1,999,998) ordinary shares of Rs. 10 each			
% of holding: 20% (2020: 20%)	9.3	20,176,912	20,059,665
UniFoods Industries Limited (UFL)			
35,734,561 (2020: 29,796,000) ordinary shares of Rs. 10 each			
% of holding: 24% (2020: 24%)	9.4	-	96,612,956
		1,051,768,517	1,193,248,556
		1,051,768,517	1,235,646,845

9.1 MEL is in a start-up phase and has not commenced its commercial operations. The principal activities of the MEL will be to build, operate and maintain a 26.5 MW high pressure co-generation bagasse based power plant for the generation and supply of electric power in relation thereof. MEL obtained letter of Intent (LOI) from the Government of Sindh (GOS) on November 07, 2016. The Company, along with other sugar based power projects are currently undergoing litigation at different levels. Central Power Purchasing Authority (CPPA) has also filed an appeal in Islamabad High Court against the decision of NEPRA, which is pending adjudication. The management of the Company is confident that petition will be decided in favour of the Company and MEL will secure the project on the allocated tariffs to start its commercial operations accordingly. The Company is committed to provide the support as and when required.

However, considering the unfavourable conditions, uncertainities involved and since the project was on hold for a long time, due to non-clarity on the policy of the Government for bagasse based energy projects, the management has on a prudent basis decided to record impairment loss on carrying value of investment.

9.1.1 During the current year, the Company has paid further advance against issue of right shares amounting to Rs. 198,450 (2020 : Rs. 198,450).

9.2 UL is incorporated in Pakistan as a public unlisted company with its registered office situated at Sub Post Office Sugar Mills, Umerkot Road, Mirpurkhas. The principal activity of the UL is to manufacture and sell ethanol and carbon dioxide (CO_2). The share of the Company in the net asset has been determined on the basis of audited financial statements as of September 30, 2021. The summarised financial information of UL is as follows:

Aggregate amount of:	**2021 Rupees**	2020 Rupees
- assets	**5,261,648,000**	5,701,410,000
- liabilities	**2,166,873,000**	2,471,682,000
- revenue	**8,382,169,000**	5,823,337,000
- profit after taxation	**502,547,000**	523,767,000
Movement of investment is as follows:		
Opening balance	**1,076,575,935**	1,176,986,929
Share of profit – net of tax	**167,515,657**	174,588,989
	1,244,091,592	1,351,575,918
Dividend received during the year	**(212,499,987)**	(274,999,983)
Closing Balance	**1,031,591,605**	1,076,575,935

9.3 UEL is incorporated in Pakistan as a public unlisted company with its registered office situated at 1st Floor, Modern Motors House, Beaumont Road, Karachi. The principal activity of UEL will be to build, operate and maintain wind power generating project of 50 Mega Watts for the generation and supply of electric power in relation thereof, however, it is in start-up phase and has not commenced its operations. The shares of the Company in the net asset has been determined on the basis of un-audited financial statements as of September 30, 2021. The summarised financial information of UEL is as follows:

Aggregate amount of:	2021 Rupees	2020 Rupees
- assets	**103,595,244**	103,608,226
- liabilities	**2,710,587**	3,309,805
- profit after taxation	**586,236**	1,037,430

Movement of investment is as follows:

Opening balance	**20,059,665**	19,852,179
Share of profit - net of tax	**117,247**	207,486
Closing Balance	**20,176,912**	20,059,665

9.4 UFL was incorporated in Pakistan as a public unlisted company on 01 September 2016 with its registered office situated at 2nd Floor, Bank House No. 1, Habib Square, M.A Jinnah Road, Karachi. The Company is still in its start-up phase and yet to achieve its full potential operational capacity. The principal activity is manufacture, sell and distribution of bakery and confectionery items. The shares of the Company in the net asset been determined on the basis of audited financial statements as of June 30, 2021. The summarised financial information of UFL is as follows:

Aggregate amount of:	Note	2021 Rupees	2020 Rupees
- assets		**1,046,808,867**	1,107,444,874
- liabilities		**800,302,845**	717,100,177
- revenue		**472,661,057**	657,203,820
- loss after taxation		**(427,027,105)**	(403,046,688)

Movement of investment is as follows:

Opening balance		**96,612,956**	123,335,715
Investment made during the year - right issue		**59,385,600**	7,785,600
Advance against issuance of shares		**29,868,800**	63,368,000
Share of loss – net of tax		**(106,034,537)**	(97,876,359)
		79,832,819	96,612,956
Provision for impairment	9.4.1	**(79,832,819)**	-
		-	96,612,956

9.4.1 During the the current year, investment in UFL has been impaired on prudent basis considering uncertainties associated with the investment, future business viability, continuing losses and further business plans.

9.5 The investments in associated companies or undertakings are strategic investments and have been made in accordance with the requirements under the Act.

10 BIOLOGICAL ASSETS

	Note	2021 Rupees	2020 Rupees
Carrying value at beginning of the year		**16,621,474**	15,245,232
Increase due to cultivation		**5,620,414**	4,889,654
Change in fair value less costs to sell of standing crop	38.1	**18,146,941**	11,731,820
		40,388,829	31,866,706
Reduction due to harvesting	38.1	**(16,621,474)**	(15,245,232)
Carrying value at the end of the year	10.1	**23,767,355**	16,621,474

10.1 The Company is engaged in cultivation of different sugarcane varieties. These varieties are then provided to growers for multiplication. During the year, the Company harvested 90,633 maunds (2020: 82,376 maunds) sugarcane at the yield of 596 maunds per acre of area under cultivation (2020: 465 maunds per acre). Approximately, 79,265 maunds (2020:57,640 maunds) were supplied to growers for variety multiplication while remaining sugarcane was used for crushing at mill.

11 STORES AND SPARE PARTS

	Note	2021 Rupees	2020 Rupees
Stores		**36,365,250**	33,955,679
Spare parts		**74,137,055**	76,387,049
		110,502,305	110,342,728

12 STOCK-IN-TRADE

Sugar			
- Work-in-process		**5,593,142**	3,832,446
- Finished goods	12.1	**543,321,642**	41,199,027
Bagasse			
- Finished goods	12.1	**12,649,455**	15,750,000
		561,564,239	60,781,473

12.1 As of the reporting date, all finished goods are carried at cost (being the lower of cost and NRV).

13 TRADE DEBTS – unsecured

	Note	2021 Rupees	2020 Rupees
Considered good		**69,668,130**	18,205,601
Considered doubtful		**16,987,867**	16,987,867
		86,655,997	35,193,468
Allowance for expected credit losses	13.1	**(16,987,867)**	(16,987,867)
	13.2	**69,668,130**	18,205,601

13.1 Includes an amount of Rs. 14.519 million due from the Government of Sindh (GoS) which was withheld by the GoS from the bills raised by the Company during the years 1981 to 1983, on account of a dispute regarding the quality of sugar. Consequently, the Company has withheld mark-up due to the GoS, amounting to Rs. 6.192 million. Since then, the matter is under litigation and pending before the Court. The said amount has been fully provided as a matter of prudence as the case is pending for a considerable long period.

		2021 Rupees	2020 Rupees
13.2	The aging of trade debts is as follows:		
	Neither past due nor impaired	**69,668,130**	14,285,254
	Past due but not impaired (within 90 days)	**-**	1,211,854
	Past due but not impaired (90 days - 210 days)	**-**	2,708,493
		69,668,130	18,205,601

13.3 The maximum aggregate amount due from related parties at any time during the year calculated by reference to month-end balances is as follows:

	2021 Rupees	2020 Rupees
Unicol Limited	**80,851,283**	51,819,026

	Note	2021 Rupees	2020 Rupees
14	**LOANS AND ADVANCES – considered good**		
	Loans to employees	**2,668,031**	3,297,329
	Advances		
	- to suppliers	**31,968,802**	31,823,464
	- to cane growers	**16,006,766**	8,207,008
	- to employees against expenses (as per HR policy)	**4,331,439**	2,946,363
		52,307,007	42,976,835
		54,975,038	46,274,164
15	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**		
	Trade deposits		
	Considered good	**2,397,900**	358,640
	Considered doubtful	**-**	8,196,113
		2,397,900	8,554,753
	Allowance for expected credit losses	15.1 **-**	(8,196,113)
		2,397,900	358,640
	Short-term prepayments		
	Considered good	**4,082,847**	3,999,581
	Considered doubtful	**1,536,198**	563,441
		5,619,045	4,563,022
	Allowance for expected credit losses	15.2 **(1,536,198)**	(563,441)
		4,082,847	3,999,581
		6,480,747	4,358,221

15.1 Allowance for expected credit losses - trade deposits

	2021 Rupees	2020 Rupees
Balance at beginning of the year	**8,196,113**	8,196,113
Write off during the year	**(8,196,113)**	-
Balance at end of the year	**-**	8,196,113

15.2 Allowance for expected credit losses - short-term prepayments

		2021 Rupees	2020 Rupees
Balance at beginning of the year		**563,441**	563,441
Charge for the year	37	**972,757**	-
Balance at end of the year		**1,536,198**	563,441

	Note	2021 Rupees	2020 Rupees
16 OTHER RECEIVABLES – considered good			
Due from related parties:			
Pakistan Molasses Company (Private) Limited		**851,086**	569,807
Mogul Tobacco Company (Private) Limited		**90,678**	197,008
	16.1	**941,764**	766,815
Others		**49,000**	49,000
		990,764	815,815

16.1 The ageing analysis of balances due from related parties is as follows:

	2021 Rupees	2020 Rupees
Neither past due nor impaired		
Pakistan Molasses Company (Private) Limited	**851,086**	569,807
Mogul Tobacco Company (Private) Limited	**90,678**	197,008

16.2 The maximum aggregate amount due from related parties at any time during the year calculated by reference to month-end balances is as follows:

	Note	2021 Rupees	2020 Rupees
Pakistan Molasses Company (Private) Limited		**851,086**	569,807
Mogul Tobacco Company (Private) Limited		**261,364**	360,340

17 SHORT-TERM INVESTMENTS			
Amortised cost			
Term deposit certificates		**3,654,000**	3,654,000
Allowance for expected credit losses	37	**(3,654,000)**	(3,654,000)
		-	-
Fair value through other comprehensive income (FVOCI)			
Equity securities	17.1	**50,677,453**	144,174,790
Fair value through profit or loss (FVPL)			
Equity securities	17.2	**1,266,415,738**	963,907,880
		1,317,093,191	1,108,082,670
		1,317,093,191	1,108,082,670

17.1 Fair value through other comprehensive income (FVOCI)

2021 Number of shares	2020 Number of shares	Quoted companies	2021 Rupees	2020 Rupees
-	765,000	Bank Al Habib Limited	**-**	49,396,050
-	130,000	Faran Sugar Mills Limited	**-**	6,500,000
77,150	77,150	JDW Sugar Mills Limited	**16,510,097**	16,756,980
86,480	134,580	Jubilee Life Insurance Company Ltd.	**23,539,856**	59,771,015
163,500	163,500	Noon Sugar Mills Limited	**10,627,500**	11,750,745
			50,677,453	144,174,790

17.2 Fair value through profit or loss (FVPL)

2021 Number of shares	2020 Number of shares	Quoted companies	2021 Rupees	2020 Rupees
1,200,000	560,000	Bank Al Habib Limited	82,980,000	36,159,200
499,700	400,000	Cherat Cement Company Limited	71,567,034	46,704,000
500,000	400,000	MCB Bank Limited	75,345,000	69,528,000
700,000	700,000	United Bank Limited	82,992,000	80,577,000
105,420	105,420	Jubilee Life Insurance Company Limited	28,695,324	46,820,185
100,000	200,000	Lucky Cement Limited	72,290,000	129,414,000
3,000,500	1,500,000	Aisha Steel Mills Limited	62,440,405	23,580,000
1,500,066	1,000,000	Maple Leaf Cement Factory Limited	52,802,323	35,890,000
500,000	700,000	Habib Bank Limited	54,675,000	91,518,000
676,917	825,000	Meezan Bank Limited	94,720,996	67,823,250
49,940	15,000	Indus Motors Limited	58,335,913	19,202,100
500,000	1,050,000	D.G.K.Cement Limited	44,210,000	108,265,500
450,500	100,000	Pioneer Cement Limited	39,783,655	9,070,000
1,250,000	500,000	Amreli Steel Limited	48,937,500	21,885,000
1,000,000	500,000	Gul Ahmed Textile Mills Limited	54,810,000	18,660,000
1,250,000	-	Agha Steel Industries Limited	34,362,500	-
100,000	-	Honda Atlas Cars Limited	26,346,000	-
100,000	-	Pak Suzuki Motors Limited	26,755,000	-
100,000	-	Engro Corporation Limited	27,975,000	-
300,011	50,000	International Steel Limited	22,863,838	3,852,000
300,000	-	Tariq Glass Limited	30,435,000	-
171,500	108,500	Noon Sugar Mills Limited	11,147,500	7,797,895
450,000	-	Nishat (Chunian) Limited	22,284,000	-
23,000	-	JDW Sugar Mills Limited	4,922,000	-
300,000	-	Interloop Limited	21,351,000	-
200,000	-	Frieslandcampina Engro Pakistan Limited	19,518,000	-
200,000	150,000	Nishat Mills Limited	18,172,000	15,160,500
25,000	5,000	Systems Limited	18,187,750	1,360,200
100,000	-	TRG Pakistan Limited	16,167,000	-
200,000	-	Hi-Tech Lubricants Limited	12,402,000	-
1,000,000	-	Bankislami Pakistan Limited	12,600,000	-
100,000	150,000	Mughal Iron & Steel Industries Limited	9,762,000	9,642,000
250,000	-	Faysal Bank Limited	6,580,000	-
-	40,000	Highnoon Laboratories Limited	-	24,560,000
-	250,000	Sui Northern Gas Pipelines Limited	-	15,452,500
-	200,000	Hub Power Company Limited	-	15,692,000
-	150,000	Pakistan Petroleum Limited	-	13,809,000
-	100,000	Kohinoor Textile Mills Limited	-	5,411,000
-	35,000	Thal Limited	-	14,711,550
-	2,000,000	Bank of Punjab Limited	-	19,760,000
-	100,000	Shahmurad Sugar Mills Limited	-	10,003,000
-	32,000	Faran Sugar Mills Limited	-	1,600,000
			1,266,415,738	963,907,880

18 CASH AND BANK BALANCES

	2021	2020
		Rupees
Cash in hand	77,689	66,813
Cash with banks - current accounts		
- Local	5,159,160	4,625,566
- Foreign	5,611,887	5,448,466
	10,771,047	10,074,032
	10,848,736	10,140,845

19 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2021 (Number of shares)	2020		2021 Rupees	2020 Rupees
		Ordinary shares of Rs.10/- each issued as:		
6,318,750	6,318,750	fully paid in cash	63,187,500	63,187,500
42,608,575	40,278,702	bonus shares	426,085,746	402,787,020
48,927,325	46,597,452		489,273,246	465,974,520

19.1 The voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of the shareholders.

20 RESERVES

	Note	2021 Rupees	2020 Rupees
Capital reserve			
Share premium		63,281,250	63,281,250
Revenue reserves			
General reserve		85,000,000	85,000,000
Unappropriated profits		1,864,001,210	1,980,249,741
		1,949,001,210	2,065,249,741
Other components of equity			
Actuarial gains on defined benefit plan		2,867,529	3,023,268
FV reserve of financial assets at FVOCI		(8,596,106)	9,978,051
		2,006,553,883	2,141,532,310

21 LONG-TERM FINANCING – secured

	Note	2021 Rupees	2020 Rupees
From banking companies	21.1 & 21.2	1,066,250,000	1,160,625,000
Financing under:			
- salary refinance scheme	21.1 & 21.3	60,595,943	78,005,039
- temporary economic refinance facility	21.1 & 21.4	168,008,687	-
		1,294,854,630	1,238,630,039
Current portion		(372,261,558)	(112,811,399)
		922,593,072	1,125,818,640

21.1 From banking companies	Installments		Mark-up	2021	2020
	Number	Commencing from		Rupees	Rupees
Bank Al Habib Limited	20 quarterly	Dec-15	3 months KIBOR plus 0.8% per annum	**50,000,000**	70,000,000
Bank Al Habib Limited	20 quarterly	Jan-19	3 months KIBOR plus 1% per annum	**218,750,000**	240,625,000
Bank Al Habib Limited	20 quarterly	Oct-19	3 months KIBOR plus 1% per annum	**150,000,000**	150,000,000
Bank Al Falah Limited	20 quarterly	Feb-18	6 months KIBOR plus 0.5% per annum	**135,000,000**	150,000,000
Allied Bank Limited	20 quarterly	Jul-19	3 months KIBOR plus 0.4% per annum	**325,000,000**	350,000,000
MCB Bank Limited	20 quarterly	Jul-19	3 months KIBOR plus 1.25% per annum	**187,500,000**	200,000,000
MCB Bank Limited	8 quarterly	Apr-21	SBP+1%	**60,595,943**	78,005,039
MCB Bank Limited	32 quarterly	Aug-23	SBP+3%	**168,008,687**	-
				1,294,854,630	1,238,630,039

21.2 The facility is secured by way of first pari passu charge over plant and machinery of the Company amounting to Rs. 1,700 million (2020: 1,935 million). The unutilized long term financing facility as at the reporting date is Rs. 634 million (2020: Rs. 696 million).

21.3 Represents financing obtained from a commercial bank under the refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of 1% per annum. The loan along with the markup is repayable in 8 equal quarterly installments commencing from April 2021. The facility is secured by way of first pari-passu hypothecation charge over current assets and fixed assets. The total facility of the loan amounted to Rs. 125 million (2020: 125 million) out of which Rs. 41.4 million (2020: Rs. 41.4 million) remained unutilized as at the reporting date.

This loan is initially recorded at present value discounted at the effective interest rate i.e. 3 months KIBOR + 1% and the difference of the actual proceeds and present value is recognized as a deferred income - government grant. The purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to their employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Company would not lay off, terminate employee or other wise dismiss any employee for a period of atleast three months from the date of receipt of the first tranche, except in the event of disciplinery action.

21.4 During the year, represents financing obtained from a commercial bank under the Temporary Economic Refinancing Facility (TERF) for plant and machinery introduced by State Bank of Pakistan (SBP). These loans are secured by a charge against the plant and machinery and carry mark-up at the rate of 3% per annum. Grace period for principal repayment has been availed which entails that the first principal repayment falls in August 2023 and the last repayment will be on February 2028. The principal repayments and mark-up will be made on quarterly basis. The loans are initially recorded at present value discounted at the effective interest rate i.e. 3 months KIBOR + 3% and the difference of the actual proceeds and present value is recognized as a deferred income - government grant.

21.5 Following are the changes in the long term finances for which cash flows have been classified as financing activities in the statement of cash flows:

	Note	2021 Rupees	2020 Rupees
Balance at beginning of the year		**1,238,630,039**	1,051,664,175
Adjustment / Proceeds from long-term financing		**232,855,084**	433,611,251
Amount recognized as government grant		**(69,898,460)**	(6,969,095)
Unwinding of finance cost		**12,618,840**	1,362,883
Long-term financing paid during the year		**(119,350,873)**	(241,039,175)
Balance at end of the year		**1,294,854,630**	1,238,630,039
Less: current portion of long-term financing	31	**(372,261,558)**	(112,811,399)
		922,593,072	1,125,818,640

22 LEASE LIABILITIES – secured

Lease liabilities		**46,825,511**	42,271,710
Current portion of lease liabilities	31	**(16,222,567)**	(13,014,176)
	22.1	**30,602,944**	29,257,534

22.1 Movement of lease liabilities:

	September 30, 2021			September 30, 2020		
	Vehicles	Farms	Total	Vehicle	Farms	Total
	---------- Rupees ----------			---------- Rupees ----------		
Balance at the beginning of the year	**32,772,196**	**9,499,514**	**42,271,710**	30,365,193	-	30,365,193
Impact of initial application of IFRS 16	**-**	**-**	**-**	-	13,393,395	13,393,395
Additions during the year	**23,301,800**	**-**	**23,301,800**	14,284,100	-	14,284,100
Finance cost during the year	**3,123,290**	**789,975**	**3,913,265**	4,449,705	1,335,119	5,784,824
Payments during the year*	**(17,432,264)**	**(5,229,000)**	**(22,661,264)**	(16,326,802)	(5,229,000)	(21,555,802)
Balance at the end of the year	**41,765,022**	**5,060,489**	**46,825,511**	32,772,196	9,499,514	42,271,710
Current portion of lease liabilities	**(11,162,078)**	**(5,060,489)**	**(16,222,567)**	(8,575,151)	(4,439,025)	(13,014,176)
	30,602,944	**-**	**30,602,944**	24,197,045	5,060,489	29,257,534

** Includes Rs. 2.04 million (2020: Nil) paid on early termination of lease on account of damage of vehicle*

22.2 The following are the amounts recognised in unconsolidated statement of profit or loss:

		2021 Rupees	2020 Rupees
Depreciation expense of right-of-use assets	7.1	**50,551,076**	20,904,234
Interest expense on leased liabilities	39	**3,913,265**	5,784,824
Total amount recognised in unconsolidated statement of profit or loss		**54,464,341**	26,689,058

22.3 Future period lease payments and interest expense:

	September 30, 2021			September 30, 2020		
	Minimum lease payments	Interest expense for the future periods	Present value of minimum lease payments	Minimum lease payments	Interest expense for the future periods	Present value of minimum lease payments
	---------- Rupees ----------			---------- Rupees ----------		
Not more than 1 year	**19,640,407**	**3,417,840**	**16,222,567**	16,239,160	3,224,984	13,014,176
Later than 1 year but not more than 5 years	**35,569,689**	**4,966,745**	**30,602,944**	33,298,793	4,041,259	29,257,534
	55,210,096	**8,384,585**	**46,825,511**	49,537,953	7,266,243	42,271,710

23 MARKET COMMITTEE FEE PAYABLE	Note	2021 Rupees	2020 Rupees
Balance at the beginning of the year		**32,434,412**	27,140,002
Additions during the year	23.1	**43,767,018**	32,535,657
Impact of discounting	38	**(19,877,054)**	(26,024,540)
Unwinding of finance cost	39	**4,039,032**	2,540,945
Payments during the year		**(6,189,155)**	(3,757,652)
Balance at the end of the year		**54,174,253**	32,434,412
Current portion of market committee fee payable	31	**(2,991,908)**	(3,757,652)
		51,182,345	28,676,760

23.1 During the year ended September 30, 2021, the Company entered into a settlement with the Market Committee against provision for market committee fee for the periods 2016 upto September 2020 amounting Rs. 43.8 million. Further Company also entered up to June 2008 amounting to Rs. 32.7 million and Rs. 47.329 million for the years 2008 to 2015 against provision for market committee fee. As per the settlement terms, the above amount is now payable in various yearly installments.

24 DEFERRED LIABILITIES	Note	2021 Rupees	2020 Rupees
Staff gratuity	24.1	**4,301,305**	4,445,294

24.1 Staff gratuity

Opening balance		**4,445,294**	4,762,469
Expense for the year	24.3	**814,923**	560,900
Benefits paid during the year		**(1,178,263)**	(550,538)
Actuarial loss / (gain) on remeasurement	24.4	**219,351**	(327,537)
Closing balance		**4,301,305**	4,445,294

24.2 Principal actuarial assumptions

	2021	2020
Financial assumptions		
Discount rate	**10.50%**	8.50%
Expected rate of increase in salary level	**13.00%**	8.00%
Demographic assumptions		
Expected mortality rate	**SLIC 2001-05**	SLIC 2001-05
Expected withdrawal rate	**High**	High
Long term salary increase rate	**10.50%**	8.50%

	Note	2021 Rupees	2020 Rupees
24.3 Expense recognised in profit or loss			
Current service cost		**487,149**	-
Interest cost on defined benefit obligation		**327,774**	560,900
		814,923	560,900
24.4 Actuarial loss / (gain) on remeasurement of obligation			
Finance assumptions		**278,917**	22,172
Experience adjustments		**(59,566)**	(349,709)
		219,351	(327,537)

24.5 Sensitivity analysis

	Change in assumption	Increase in defined benefit obligation	Decrease in defined benefit obligation
		2021 (Rupees)	
Discount rate	1%	**(187,392)**	209,154
Salary increase rate	1%	**216,466**	(197,546)

	2021	2020	2019	2018	2017
	(Rupees)				
Present value of defined benefit obligations	**4,301,305**	4,445,294	4,762,469	4,875,010	4,878,275

The amount of the defined benefit obligation after changes in the weighted principal assumptions is as follows:

	2021			
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	(Rupees)			
Present value of defined benefit obligation	**4,113,913**	**4,510,459**	**4,517,771**	**4,103,759**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligation to significant actuarial assumptions the same method (present value of the retirement benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

24.6 Maturity profile

Below is the maturity profile based on the undiscounted payments:	2021 Rupees	2020 Rupees
Year 1	**553,084**	760,952
Year 2	**1,151,502**	487,507
Year 3	**1,090,583**	997,675
Year 4	**670,098**	928,478
Year 5	**104,672**	598,594
Year 6 to Year 10	**1,728,086**	1,665,977
Year 11 and above	**3,559,975**	2,394,822

24.7 Risks associated with defined benefit plans

Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:

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 risk:

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.

24.8 The expected gratuity expense for the year ended September 30, 2022 works out to Rs. 910,275.

24.9 The weighted average duration of the defined benefit obligation at September 30, 2021 is 4.61 years (2020: 4.91 years).

	Note	2021 Rupees	2020 Rupees
25 DEFERRED INCOME - GOVERNMENT GRANT			
Balance at beginning of the year		**6,024,031**	-
Recognized / adjustment during the year	21.3 & 21.4	**71,543,186**	6,969,095
Amortization of deferred income - government grant	38	**(3,346,411)**	(945,064)
Balance at end of the year		**74,220,806**	6,024,031
Current portion of deferred income - government grant	31	**(3,457,877)**	(2,409,613)
		70,762,929	3,614,418

	Note	2021 Rupees	2020 Rupees
26 DEFERRED TAXATION - NET			
Credit balances arising due to:			
Accelerated tax depreciation		**311,735,137**	320,142,406
Lease liabilities - net		**1,426,928**	11,092,590
		313,162,065	331,234,996
Debit balances arising due to:			
Provisions / allowance, investments, reserves and others		**(55,440,277)**	(17,871,761)
Unused tax losses		**(48,069,158)**	(68,394,816)
Minimum tax		**(130,073,591)**	(73,997,494)
		(233,583,026)	(160,264,071)
	26.1	**79,579,039**	170,970,925

26.1 The movement of deferred taxation is as follows:

	2021 Rupees	2020 Rupees
As at October 01	**170,970,925**	199,581,276
Tax (income) / expense during the year recognised in profit or loss	**(89,298,445)**	(29,722,262)
Tax (income) / expense during the year recognised in OCI	**(2,093,441)**	1,111,911
As at September 30	**79,579,039**	170,970,925

26.2 The Company has not recognised deferred tax asset of Rs. 60 million in accordance with the accounting policy as disclosed in note 5.11 to these unconsolidated financial statements.

27 PROVISION FOR QUALITY PREMIUM

As required under the provisions of Sugar Factories Control Act, 1950, sugar mills in Sindh are required to pay quality premium to cane growers at the rate of 50 paisa per 40 Kg cane for each 0.1 percent of excess sucrose recovery above the benchmark of 8.7 percent, determined on the aggregate sucrose recovery of each mill. The Company along with other sugar mills had challenged the levy of quality premium through the Pakistan Sugar Mills Association (PSMA) – Sindh Zone before the Honorable High Court of Sindh, however, the matter was decided against the Company. Thereafter, the Company filed an appeal with the Honorable Supreme Court of Pakistan (SCP) which then granted stay to the Company, while admitting the appeal against the impugned judgment of the Court.

During the year ended September 30, 2019, the Honorable SCP has issued an order in this matter and has disposed the appeal filed by the sugar mills. Further, growers association have filed petition in Sindh High Court for execution and implementation of Apex Court Orders. The learned Sindh High Court through its order dated December 19, 2019 has disposed of the petition by laying down criteria for payment of quality premium. As no action was taken by relevant department in terms of learned court order, therefore as a matter of prudence the management has decided to retain the above referred provision in the these unconsolidated financial statements till further clarification.

28 TRADE AND OTHER PAYABLES

	Note	2021 Rupees	2020 Rupees
Creditors		**155,205,621**	157,083,216
Accrued expenses		**262,356,820**	249,006,231
Payable to provident fund		**962,620**	5,600
Workers' Profits Participation Fund	28.1	**-**	-
Workers' Welfare Fund		**17,494,548**	15,276,376
Advance from employees against purchase of vehicles - secured		**21,166,782**	19,084,772
Withholding tax payable		**2,784,128**	2,377,365
Others		**11,488,669**	11,478,836
		471,459,188	454,312,396

28.1 Workers' Profits Participation Fund

Opening balance	**-**	6,431,049
Allocation for the year	**-**	-
	-	6,431,049
Payments made during the year	**-**	(6,431,049)
Closing balance	**-**	-

29 SHORT-TERM BORROWINGS – secured

	Note	2021 Rupees	2020 Rupees
Running finance under markup arrangements	29.1	**588,921,237**	297,981,575
Short term cash finance	29.2	**475,000,000**	-
		1,063,921,237	297,981,575

29.1 The aggregate facilities for short term running finance available from various banks amounted to Rs. 950 million (2020: Rs. 2,817 million). These facilities are secured against hypothecation of stock-in-trade, plant & machinery, stores, spares & receivables of the Company. These carry mark-up ranging between 0.75% to 1% (2020: 0.35% to 1.25%) per annum above one to three months KIBOR payable quarterly. When there is a positive balance in BAHL running finance account, the said bank transfers the balance in a call treasury arrangement through which profit is credited. The profit range varies between 5.5% to 7.25% (2020: 5.5% to 11.25%).

29.2 The aggregate facilities for short term cash finance available from various banks amounted to Rs. 4,400 million (2020: Rs. 4,450 million). These carry mark-up ranging between 0.4% to 1.25% (2020: 0.50% to 0.75%) per annum above one to three months KIBOR. These are secured against pledge of stock-in-trade and plant & machinery.

30 PROVISION FOR MARKET COMMITTEE FEE

Represents provision made for market committee of Rs. 10 (2020: Rs. 10) per MT of sugar cane crushed for the latest crushing season.

31 CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2021 Rupees	2020 Rupees
Long-term financing	21	**372,261,558**	112,811,399
Lease liabilities	22	**16,222,567**	13,014,176
Market committee fee payable	23	**2,991,908**	3,757,652
Deferred income - government grant	25	**3,457,877**	2,409,613
		394,933,910	131,992,840

32 CONTINGENCIES AND COMMITMENTS

32.1 Tax Contingencies

(i) During the current year, the Deputy Commissioner Inland Revenue (DCIR) had passed an order with respect to tax years 2015, 2016, 2017, 2018 and 2019 u/s 122 of Income tax Ordinance 2001 raising a demand of Rs. 3.57 billion, Rs. 6.70 billion, Rs. 6.81 billion, Rs. 8.15 billion and Rs. 7.46 billion respectively by making additions / disallowances under various heads pertaining majorly to excess bank credit entries, purchase of sugar cane above minimum purchase price, excess usage of lime and difference in local sales from income tax and sales tax returns.

Appeals have been filed by the Company before the Commissioner Inland Revenue (Appeals) against the above assessment orders which is pending adjudication. The Company also filed Constitutional petitions before the honorable High Court of Sindh for stay against the recovery of tax demands. A stay order has been granted by the Honorable High Court of Sindh against Order issued by DCIR for the aforementioned tax years.

The tax advisor of the Company is of the view that the above demands have been created unlawfully on factual as well as legal plaint without any merit. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is required in these unconsolidated financial statements.

(ii) During the current year, the Deputy Commissioner Inland Revenue (DCIR) had passed an order with respect to tax years 2015, 2016 and 2019 u/s 161 of Income tax Ordinance 2001 raising demand of Rs. 37.115 million, Rs. 45.607 million and Rs. 18.936 million respectively pertaining to default surcharge for failure to collect / deduct tax at source.

Appeals have been filed by the Company before the Commissioner Inland Revenue (Appeals) against the above assessment orders which is pending adjudication. The Company also filed Constitutional petitions before the honorable High Court of Sindh for stay against the recovery of tax demands. A stay order has been granted by the Honorable High Court of Sindh against Order issued by DCIR for aforementioned tax years.

The tax advisor of the Company is of the view that the above demands have been created unlawfully on factual as well as legal plaint without any merit. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is required in these unconsolidated financial statements.

(iii) The Company filed Constitutional petition no. H-267/05 dated November 21, 2005 on before the Court and was granted a stay against the order number of Customs, Excise and Sales Tax Appellate Tribunal, Karachi, upholding allegation of non-payment of sales tax on advances etc., amounting to Rs. 11.087 million. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these unconsolidated financial statements.

(iv) The Company filed an appeal no. 99 dated September 28, 2015 before the Commissioner Appeals against the order-in-original no. 01/11/2015 dated August 19, 2015 whereby sales tax liability along with penalty amounting to Rs. 18 million has been established for claiming inadmissible input tax adjustment for the tax periods July 2012 to March 2015. The Commissioner Appeals has remanded back the case to Deputy Commissioner Enforcement and Collection which is pending for hearing. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these unconsolidated financial statements.

32.2 Others

(i) Competition Commission of Pakistan (CCP) has passed a consolidated order on August 6, 2021 whereby penalties have been levied on 84 sugar mills. The penalty of Rs.265,588,657/- has been levied on the Company equivalent to 5% of the total turnover of Rs. 5,311,733,145 as per the audited financial statements for the period ended September 2019. The Company along with 18 other sugar mills has filed a suit against the above order . The SHC has suspended the operation of CCP's order.

However, the CCP, in contravention of the above restraining order of the High Court, has issued a show-cause notice under section 30 of the Competition Act, 2010 on October 8, 2021, wherein identical issues are involved. The Company, along with 18 other sugar mills, has filed a suit against the above show-cause notice and the Sindh High Court, vide its order No. 2381 dated October 14, 2021, has suspended the operation of the above show-cause notice dated October 8, 2021.

The legal counsel of the Company is of the view that penalty being imposed on the Company was irrational and unlawful and is expected to be annulled.

Based on the advice of the legal advisor, the management is confident of a favorable outcome and hence, no provision is required in these unconsolidated financial statements.

(ii) DGDP's risk purchase claim amounting to Rs. 33.582 million, was disputed by the Company on the grounds that the goods were delivered in time further the risk and rewards as per the contract duly transferred to the buyer, however, the DGDP failed to lift the goods thereby indulging in breach of the contract. DGDP also withheld tender money paid by the Company amounting to Rs. 8.19 million (note 15.1) during the year 1995 and 1996. The said case filed by the Federation of Pakistan – Suit 158/03 is pending before Civil Judge 1st Class, Rawalpindi. Based on the grounds of suit, recent hearing held at aforementioned court and advise of our Legal Counsel, the management is confident of a favorable outcome and hence, no provision is required in these unconsolidated financial statements.

32.3 Commitments

	Note	2021 Rupees	2020 Rupees
Capital commitments		67,791,092	10,942,770
Letter of credit - sight (foreign)		-	3,287,600
Letter of guarantee	32.2.1	11,520,225	11,181,375

32.3.1 Represents guarantee given to Alternate Energy Development Board on behalf of the subsidiary company against issuance of letter of support.

33 TURNOVER – gross

	Note	2021 Rupees	2020 Rupees
Sales			
- Sugar – local		**6,095,561,691**	6,568,810,964
– exports		**-**	159,351,623
- Molasses		**709,692,373**	511,600,000
- Bagasse		**167,084,236**	174,095,676
- Mud		**2,046,762**	2,759,995
	33.1	**6,974,385,062**	7,416,618,258

33.1 Revenue recognised from amounts included in advance from customers at beginning of the year amounted to Rs. 31.433 million (2020: Rs. 413.854 million).

34 COST OF SALES

	Note	2021 Rupees	2020 Rupees
Manufactured sugar:			
Cost of sugarcane consumed [Including procurement and other related expenses]		**5,216,981,994**	4,271,331,117
Provision for market committee fee		**6,822,530**	6,543,390
Road cess on sugarcane		**4,264,168**	4,089,722
Salaries, wages and other benefits	34.1	**222,711,498**	205,118,960
Stores and spare parts consumed		**209,430,822**	201,119,495
Repairs and maintenance		**39,438,440**	46,042,480
Fuel, electricity and water charges		**14,319,627**	17,417,795
Vehicle running and maintenance expenses		**2,355,506**	4,223,578
Insurance		**36,396,509**	27,720,792
Depreciation on operating fixed assets	6.1.2	**149,191,269**	150,599,017
Others		**25,545,723**	25,518,965
		5,927,458,086	4,959,725,311
Opening stock of work-in-process		**3,832,446**	2,589,011
Closing stock of work-in-process	12	**(5,593,142)**	(3,832,446)
		(1,760,696)	(1,243,435)
Cost of goods manufactured		**5,925,697,390**	4,958,481,876
Opening stock of finished goods		**56,949,027**	1,058,006,932
Closing stock of finished goods	12	**(555,971,097)**	(56,949,027)
		(499,022,070)	1,001,057,905
		5,426,675,320	5,959,539,781

34.1 Include gratuity expense of Rs. 0.815 million (2020: Rs. 0.561 million) and contribution to provident fund of Rs. 3.698 million (2020: Rs. 4.934 million).

35 DISTRIBUTION COSTS

	Note	2021 Rupees	2020 Rupees
Salaries and other benefits	35.1	**3,011,512**	2,445,871
Insurance		**39,693**	32,444
Stacking and loading		**11,521,111**	10,464,686
Export expenses		**-**	1,012,750
Others		**30,633,654**	33,121,164
		45,205,970	47,076,915

35.1 Include contribution to provident fund of Rs. 0.067 millon (2020: Rs. 0.069 million).

		Note	2021 Rupees	2020 Rupees
36	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	36.1	**130,512,191**	132,660,104
	Rent, rates and taxes		**433,722**	-
	Electricity, telephone, fax and postage		**8,624,371**	9,884,182
	Printing and stationery		**655,900**	873,046
	Travelling and conveyance		**10,244,809**	4,465,656
	Vehicle running and maintenance expenses		**9,357,981**	9,878,946
	Auditor's remuneration	36.2	**2,929,401**	2,484,925
	Legal and professional		**14,747,154**	5,686,209
	Fees and subscription		**3,562,246**	3,526,550
	Insurance		**396,934**	324,443
	Repairs and maintenance		**11,742,463**	7,507,897
	Advertising		**110,500**	129,500
	Donations	36.3	**9,317,000**	11,445,048
	Depreciation			
	- Operating fixed assets	6.1.2	**6,324,864**	6,320,770
	- Right-of-use assets	7.1	**50,551,076**	20,904,234
	Others		**2,566,069**	2,833,101
			262,076,681	218,924,611

36.1 Include contribution to provident fund of Rs. 2.254 million (2020: Rs. 3.414 million).

		2021 Rupees	2020 Rupees
36.2	**Auditor's remuneration**		
	Statutory audit fee	**1,750,000**	1,620,000
	Fee for audit of consolidated financial statements	**189,000**	189,000
	Review of half yearly unconsolidated financial information	**425,000**	425,000
	Review of compliance with Code of Corporate Governance	**175,000**	175,000
	Certifications	**162,000**	-
	Out of pocket expenses	**228,401**	75,925
		2,929,401	2,484,925

36.3 Include Rs.Nil (2020: Rs. 9 million) and Rs. 9 Million (2020: Nil) paid to Usman Memorial Hospital Foundation and Hasham Foundation (related parties) respectively which are the projects of Hasham Group. Usman Memorial Hospital Foundation includes directors namely Mr. Mohammed Hussain Hasham and Mr. Ahmed Ebrahim Hasham who are the trustees of the said Foundation. Hasham Foundation includes directors namely Mr. Mohammed Kasim Hasham, Mr. Mohammed Ebrahim Hasham, Mr. Mohammed Hussain Hasham, Mr. Khurram Kasim and Mr. Ahmed Ebrahim Hasham who are the trustees of the said Foundation. No other directors or their spouses have any interest in any donee's fund to which donation was made in both foundations.

		Note	2021 Rupees	2020 Rupees
37	**OTHER EXPENSES**			
	Loss on exchange rate difference - net		-	2,443,238
	Allowance for expected credit losses on term deposit certificates	17	-	3,654,000
	Allowance for expected credit losses on short-term prepayments	15.2	972,757	-
	Workers' Profits Participation Fund		-	-
	Workers' Welfare Fund		3,483,170	-
	Unrealised loss on remeasurement of equity instruments at fair value through profit or loss		129,072,940	-
	Others		13,730,918	9,014
			147,259,785	6,106,252
38	**OTHER INCOME**			
	Income from financial assets			
	Dividend income		63,571,333	48,611,935
	Profit on call treasury arrangement	29.1	1,376,194	8,493,522
	Gain on exchange rate difference - net		163,421	-
	Gain on disposal of equity instruments at fair value through profit or loss		109,047,937	44,877,499
	Unrealised gain on remeasurement of equity instruments at fair value through profit or loss		-	90,245,992
	Impact of discounting - market committee payable	23	19,877,054	26,024,540
			194,035,939	218,253,488
	Income from non-financial assets			
	Farm income – net	38.1	20,432,051	15,973,270
	Scrap sales		5,911,200	-
	Gain on disposal of operating fixed assets and right-of-use assets		10,139,655	26,385,910
			36,482,906	42,359,180
	Amortisation of deferred income - government grant	25	3,346,411	945,064
			233,865,256	261,557,732
38.1	**Farm income – net**			
	Revenue from farms		19,075,208	21,522,005
	Fair value of harvested crop	10	(16,621,474)	(15,245,232)
	Harvesting and other charges		(168,624)	(886,866)
			2,285,110	11,083,616
	Change in fair value less cost to sell of standing crop		18,146,941	11,731,820
	Farm income		20,432,051	15,973,270

		Note	2021 Rupees	2020 Rupees
39	**FINANCE COSTS**			
	Markup / interest on:			
	Long-term financing		**106,473,391**	127,819,351
	Short-term borrowings		**147,707,113**	202,374,322
	Lease liabilities	22.2	**3,913,265**	5,784,824
	Market Committee	23	**4,039,032**	2,540,945
	Workers' Profits Participation Fund		**-**	699,046
			262,132,801	339,218,488
	Bank charges		**2,418,493**	3,100,263
			264,551,294	342,318,751
40	**TAXATION**			
	Current		**123,247,186**	145,341,624
	Prior		**7,754,430**	-
			131,001,616	145,341,624
	Deferred		**(89,298,445)**	(29,722,262)
			41,703,171	115,619,362
	Deferred tax related to items recognised in OCI:			
	(Relief) / charge on equity instruments designated at fair value through other comprehensive income		**(2,093,441)**	1,111,911
	Current tax related to items recognised in OCI:			
	(Relief) / charge on equity instruments designated at fair value through other comprehensive income		**(6,564)**	7,754,431

40.1 As the charge for current tax is based on minimum taxation and taxation under final tax regime, reconciliation of tax expense with accounting profit is not presented.

40.2 Income tax assessments of the Company have been completed up to the tax year 2021 (accounting year ended September 30, 2020).

During the year, proceedings under section 122 of the Income tax Ordinance, 2001 have been initiated for the tax year 2015, 2016, 2017, 2018 and 2019 whereby requisite details have been furnished by the Company. (Refer note 32.1)

41 BASIC AND DILUTED (LOSS) / EARNING PER SHARE

There is no dilutive effect on the basic (loss) / earnings per share of the Company, which is based on:

	Note	2021	2020
Net (loss) / profit after taxation attributable to ordinary shares - (Rupees)		**(23,815,791)**	47,026,734
Weighted average number of ordinary shares	19	**48,927,325**	48,927,325
			Restated
(Loss) / earning per share - (Rupees)		**(0.49)**	0.96

42 WORKING CAPITAL CHANGES

	2021 Rupees	2020 Rupees
(Increase) / decrease in current assets		
Biological assets	**(7,145,881)**	(1,376,242)
Stores and spare parts	**(159,577)**	(7,919,547)
Stock-in-trade	**(500,782,766)**	999,814,470
Trade debts	**(51,462,529)**	60,928,652
Loans and advances	**(8,700,874)**	70,416,476
Trade deposits and short-term prepayments	**(3,095,283)**	4,901,303
Other receivables	**(174,949)**	12,627,472
	(571,521,859)	1,139,392,584
Increase / (decrease) in current liabilities		
Trade and other payables	**17,146,792**	(216,487,058)
Contract liabilities (advances from customers)	**(1,897,564)**	(379,097,330)
Sales tax and federal excise duty payable	**(30,512,537)**	15,527,262
	(15,263,309)	(580,057,126)
	(586,785,168)	559,335,458

43 TRANSACTIONS WITH RELATED PARTIES

43.1 Related parties of the Company comprise of subsidiary, associates, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. Balances with related parties at reporting date are disclosed in respective notes to these unconsolidated financial statements. Transactions with related parties during the year other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

	2021 Rupees	2020 Rupees
Subsidiary		
Advance against right issuance of shares	**198,450**	198,450
Associates		
Investment made during the year - right issue	**59,385,600**	7,785,600
Advance against issuance of shares	**29,868,800**	63,368,000
Dividend received during the year	**212,499,987**	274,999,983
Sales	**726,657,376**	545,464,997
Donations	**9,000,000**	9,000,000
Other related parties / associated companies (common directorship)		
Expenses paid on behalf of associated companies	**1,273,446**	899,733
Amount received from associated companies	**1,098,497**	1,158,640
Key management personnel		
Salaries & allowances	**94,784,271**	66,942,395
Bonus	**5,352,460**	3,788,720
Employees' benefits		
Provident fund contribution	**6,018,763**	8,417,793

43.2 Details of related parties

Name of related parties	Basis of relationship	Percentage of shareholding by the Company
Mehran Energy Limited	Subsidiary	100%
Unicol Limited	Associate	33.33%
UniFoods Industries Limited	Associate	24%
Unienergy Limited	Associate	20%
Pakistan Molasses Company (Private) Limited	Common directorship	-
Mogul Tobacco Company (Private) Limited	Common directorship	-
Hasham Foundation	Common directorship	-
Usman Memorial Hospital Foundation	Common directorship	-
Hasham (Private) Limited	Common directorship	-
MCB Islamic Bank Limited	Common directorship	-
Mr. Mohammed Kasim Hashim - Chairman	Key management personnel	-
Mr. Mohammed Ebrahim Hasham - Chief exceutive officer	Key management personnel	-
Mr. Ahmed Ebrahim Hasham - Managing director	Key management personnel	-
Mr. Mohammed Hussain Hasham - Director	Key management personnel	-
Mr. Khurram Kasim - Director	Key management personnel	-
Ms. Sofia Kasim - Director	Key management personnel	-
Mrs. Anushey A. Hasham - Director	Key management personnel	-
Mr. Hasan Aziz Bilgrami - Director	Key management personnel	-
Mr. Mohammad Amin Mukaty - Director	Key management personnel	-
Mr. Iftikhar Soomro - Director	Key management personnel	-
Mr. Muhammad Hanif Aziz - Chief financial officer	Key management personnel	-
Mr. Shayan Muhammad Saleem - Company secretary	Key management personnel	-
MSML Provident Fund	Retirement Fund	-

44 CAPACITY AND PRODUCTION

	Tons of Cane crushing per Day (TCD)	
	Rated Capacity	Average Capacity utilisation
Season 2020-2021	12,500 TCD	6,038 TCD
Season 2019-2020	12,500 TCD	6,232 TCD

The short fall in crushing is due to the scarcity of sugarcane in the market.

45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

45.1 The aggregate amount, charged in the unconsolidated financial statements for the year are as follows:

	2021					2020				
	Chief Executive Officer	Executive Director	Non-Executive Directors	Executives	Total	Chief Executive Officer	Executive Director	Non-Executive Directors	Executives	Total
	Rupees									
Fee	-	-	1,900,000	-	1,900,000	-	-	1,610,000	-	1,610,000
Basic salary	4,560,000	4,560,000	-	26,686,080	35,806,080	6,846,000	6,846,000	-	19,275,870	32,967,870
House rent allowance	5,928,000	5,928,000	-	39,960,575	51,816,575	3,184,800	3,184,800	-	11,459,420	17,829,020
Utility allowance	456,000	456,000	-	2,668,808	3,580,808	684,600	684,600	-	1,927,587	3,296,787
Medical allowance	456,000	456,000	-	2,668,808	3,580,808	684,600	684,600	-	1,927,587	3,296,787
Retirement benefits		456,000	-	2,071,680	2,527,680	684,600	-	-	1,282,629	1,967,229
Bonus	570,000	570,000	-	4,212,460	5,352,460	634,000	634,000	-	1,986,270	3,254,270
	11,970,000	12,426,000	1,900,000	78,268,411	104,564,411	12,718,600	12,034,000	1,610,000	37,859,363	64,221,963
Number of persons	1	1	10	32	44	1	1	9	8	19

45.2 In addition, the Chief Executive Officer and Executive Director are provided with free use of the Company maintained cars, in accordance with their terms of service.

45.3 As per requirements of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

46.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties and continually assessing the creditworthiness of counter-parties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The maximum exposure to credit risk at the reporting date is:

	2021 Rupees	2020 Rupees
Long term deposits	**852,400**	852,400
Trade debts	**69,668,130**	18,205,601
Trade deposits	**2,397,900**	358,640
Loans	**2,668,031**	3,297,329
Other receivables	**990,764**	278,392,666
Short-term investments	**1,317,093,191**	1,108,082,670
Bank balances	**10,771,047**	10,074,032
	1,404,441,463	1,419,263,338

Quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

46.1.1 Trade debts

There are no customers with defaults as at the current and prior year reporting date.

46.1.2 Bank balances

		2021 Rupees	2020 Rupees
With external credit rating:			
A1+	PACRA	**537,770**	474,171
A-1+	PACRA	**1,472,313**	-
A-1+	JCR – VIS	**8,222,731**	9,401,107
A1	PACRA	**538,233**	198,754
		10,771,046	10,074,032

46.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----------	----------	Rupees	----------	----------
At amortised cost					
Long-term financing	-	-	372,261,558	922,593,072	1,294,854,630
Lease liabilities	-	-	16,222,567	30,602,944	46,825,511
Trade and other payables	33,618,071	417,562,441	-	-	451,180,512
Unclaimed dividend	19,331,423	-	-	-	19,331,423
Accrued markup	-	50,683,240	-	-	50,683,240
Market committee fee payable	-	-	2,991,908	51,182,345	54,174,253
Short term borrowings	1,063,921,237	-	-	-	1,063,921,237
2021	1,116,870,731	468,245,681	391,476,033	1,004,378,361	2,980,970,806

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----------	----------	Rupees	----------	----------
At amortised cost					
Long-term financing	-	-	112,811,399	1,125,818,640	1,238,630,039
Lease liabilities	-	-	13,014,176	29,257,534	42,271,710
Trade and other payables	98,826,237	24,620,711	-	236,717,710	360,164,658
Unclaimed dividend	18,648,988	-	-	-	18,648,988
Accrued markup	-	20,338,515	-	-	20,338,515
Market committee fee payable	-	-	-	28,676,760	28,676,760
Short term borrowings	297,981,575	-	-	-	297,981,575
2020	415,456,800	44,959,226	125,825,575	1,420,470,644	2,006,712,245

46.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices.

46.3.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates mainly relates to long-term financing, short-term borrowings and lease obligations. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's profit before tax by Rs. 21.3 million (2020: Rs. 15.8 million) and a 1% decrease would result in the increase in the Company's profit before tax by the same amount.

46.3.2 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company's exposure to equity price mainly relates to equity securities - fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The management of the Company manages the above market risks through diversification of investment portfolio. The management estimates that, as at the reporting date, a 10% decrease in the overall share prices in the market with all of the factors remaining constant would decrease the Company's equity by Rs. 5.1 million (2020: Rs. 14.4 million) and Company's assets by Rs. 126.6 million (2020: Rs. 96.4 million), and 10% decrease would result in a decrease in the Company's other comprehensive income and profit or loss, respectively by the same amount.

46.3.3 Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist made in foreign currency at the reporting date. Financial assets of the Company include Rs. 5.6 million (2020: 5.4 million) in foreign currency which is subject to currency risk exposure.

	2021 Rupees	2020 Rupees
The following exchange rate has been applied at the reporting date:		
Pakistani Rupees to US Dollars	171	166

The following figures demonstrate the sensitivity to a reasonably possible change in exchange rates, with all variables held constant, of the Company's profit before tax:

	Changes in exchange rate	Effect on profit before tax Rupees
2021	± 5%	280,594
2020	± 5%	272,423

47 CAPITAL RISK MANAGEMENT

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. The Company monitors capital using a debt equity ratio as follows:

	2021 Rupees	2020 Rupees
Long-term financing	1,294,854,630	1,238,630,039
Short-term borrowings	1,063,921,237	297,981,575
Total debt	2,358,775,867	1,536,611,614
Share capital	489,273,246	465,974,520
Reserves	2,006,553,883	2,141,532,310
Total equity	2,495,827,129	2,607,506,830
Capital (Debt + equity)	4,854,602,996	4,144,118,444
Gearing ratio	49%	37%

48 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

The following table shows financial instruments recognised at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices (unadjusted) 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).

As of the reporting date, the Company has financial instruments designated at FVOCI and FVPL using level 1 valuation technique and the biological assets measured at fair value using level 2 valuation technique. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

49 COVID-19 OUTBREAK AND ITS IMPACT ON FINANCIAL STATEMENTS

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

Despite the challenging operating environment, the Company has been able to continue its operations by implementing strict measures at its offices to combat and reduce the spread of virus as the health and well-being of the staff is of paramount importance to Company.

The Company expects that like other sectors of the economy, the sugar and allied products also to be under pressure, However, the business and financial strategies, and the operational decision are designed to move the Company from strength to strength, and to ensure operations in a sustainable way during these economic crisis. The management has assessed the accounting implications of these developments on these unconsolidated financial statements, including but not limited to expected credit losses and modification of financial liability under IFRS 9, 'Financial Instruments', the impairment of tangible assets under IAS 36, 'Impairment of non-financial assets'.

The Company carried out an assessment including financial and non-financial consideration such as liquidity and funding concerns, disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issues.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in the unconsolidated financial statements.

50 OPERATING SEGMENTS

For management purposes, the activities of the Company are organized into one operating segment i.e. manufacture and sale of sugar and its by-products. 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 these unconsolidated financial statements are related to the Company's only reportable segment.

50.1 The details of customers with whom the revenue from sales transactions amount to 10% or more of the Company's overall revenue is as follows:

	2021 Rupees	2020 Rupees
English Biscuits Manufacturers (Private) Limited	**636,128,177**	164,386,922
Unicol Limited - a related party	**724,192,373**	511,600,000

50.2 Geographical information

50.2.1 Revenues - based on the location of customers

	2021 Rupees	2020 Rupees
Pakistan	**6,974,385,062**	7,257,266,635
Afghanistan	**-**	159,351,623
	6,974,385,062	7,416,618,258

50.2.2 Non-current assets

Non-current assets of the Company are confined within Pakistan and consist of property, plant and equipment, right-of-use assets, long-term receivables, long-term investments and long-term deposits.

51 NUMBER OF EMPLOYEES

	2021	2020
Total number of permanent employees as at reporting date	**324**	**329**
Average number of permanent employees during the year	**327**	**334**

52 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on December 29, 2021 by the Board of Directors of the Company.

53 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

53.1 Subsequent to the year end, the Board of Directors of the Company in their meeting held on December 29, 2021 have proposed a final cash dividend of Rs. Nil (2020: Nil) per share and issue of bonus shares in the proportion of 10 (2020:5) ordinary shares for every hundred (100) ordinary shares held for the year ended September 30, 2021.

53.2 The approval of the members for the proposed final cash dividend and the proposed bonus issue will be obtained at the Annual General Meeting of the Company to be held on January 28, 2022. These unconsolidated financial statements for the year ended September 30, 2021 do not include the effect of the final cash dividend and proposed bonus issue which will be accounted for in the unconsolidated financial statements for the year ending September 30, 2022.

54 GENERAL

54.1 Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions/ better presentation. However, there are no reclassifications to report except subsidy receivable amounting to Rs. 277.58 million which has been reclassified to non-current assets.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR



CONSOLIDATED FINANCIAL STATEMENTS


مہران

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REPORT

To the members of Mehran Sugar Mills Limited

Opinion

We have audited the annexed consolidated financial statements of **Mehran Sugar Mills Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at **30 September 2021,** and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the 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 Matters

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

Following is the Key audit matter:

Key audit matter	How our audit addressed the key audit matter
1. Contingencies	
As disclosed in note 32.1 and 32.2 to the consolidated financial statements, the Group has contingent liabilities in respect of income tax, sales tax and other related matters, which are pending adjudication at various levels with the taxation and other authorities. Contingencies require management to make judgments and estimates in relation to the interpretation of different laws, rules and regulations, and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provisions that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.	Our audit procedures in respect of contingencies included, amongst others, obtaining an understanding of the Group's processes and controls for identification of claims, litigations and contingent liabilities. We obtained and reviewed details of the pending matters and discussed the same with the Group's management, including review of minutes of the Board of Directors. We reviewed the correspondence of the Group with the relevant authorities and Group's tax and legal advisors including judgments or orders passed by the competent authorities in relation to the issues involved. We obtained and reviewed confirmations from the Group's external tax advisors and legal advisors for their views on the probable outcome of the contingent matters. We involved internal tax and legal professionals to assess reasonability of management's conclusions on tax and other related contingencies. We also evaluated the adequacy of disclosures made in respect of such contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

Key audit matter	How our audit addressed the key audit matter
2. Expected credit loss on subsidy receivable	
As disclosed in note 8 to the consolidated financial statements, the Group has subsidy receivable from Provincial Government and Federal Government with respect to cash freight support on export sales which is subject to expected credit loss (ECL) under IFRS 9 – Financial Instruments. Determination of ECL requires significant judgements and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have identified this as a key audit matter due to the judgments and assumptions applied by the Group in determining the amount of ECL at reporting date.	Our audit procedures in respect of expected credit loss on subsidy receivable included, review of the methodology developed and applied by the Group to estimate the ECL in relation to subsidy receivable. We considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. We checked the mathematical accuracy of the ECL model by performing recalculation. We also assessed the adequacy of disclosures made in respect of expected credit loss on subsidy receivable in accordance with the requirements of the financial reporting standards as applicable in Pakistan.
3. Impairment of long-term investments	
As disclosed in note 9 to the consolidated financial statements the Holding Company has investment in associates valued under equity accounting method less impairment, if any. During the current year, the Group has recorded provision for impairment of long-term investments in an associate of Rs. 79.833 million. Due to significance of the event and management judgement involved in consideration of factors to determine the need for impairment of long-term investments, we have considered this to be a key audit matter.	Our audit procedures in respect of impairment of long-term investments include understanding of the rationale including facts and circumstances which led the management to carry out impairment testing and recording an impairment of long-term investments. We reviewed the management's assessment and board approval with respect to non- recoverability of long-term investments, including uncertainties associated with the underlying investments, future business viability, continuing losses and further business plans. We also assessed the adequacy of disclosures made in respect of investment in long-term investments in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

Information Other than the Consolidated 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is **Arif Nazeer.**

Chartered Accountants

Place: Karachi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	**2,372,810,929**	2,224,779,619
Right-of-use assets	7	**51,579,492**	80,522,018
Long-term receivable	8	**204,660,877**	277,576,851
Long-term investments	9	**1,051,768,517**	1,193,248,556
Long-term deposits		**852,400**	852,400
		3,681,672,215	3,776,979,444
CURRENT ASSETS			
Biological assets	10	**23,767,355**	16,621,474
Stores and spare parts	11	**110,502,305**	110,342,728
Stock-in-trade	12	**561,564,239**	60,781,473
Trade debts	13	**69,668,130**	18,205,601
Loans and advances	14	**54,975,038**	46,274,164
Trade deposits and short-term prepayments	15	**6,480,747**	4,358,221
Other receivables	16	**990,764**	815,815
Short-term investments	17	**1,317,093,191**	1,108,082,670
Taxation – net		**55,222,389**	39,364,990
Cash and bank balances	18	**10,926,980**	10,269,325
		2,211,191,138	1,415,116,461
TOTAL ASSETS		**5,892,863,353**	5,192,095,905
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
75,000,000 (2020: 50,000,000) ordinary shares of Rs.10/- each		**750,000,000**	500,000,000
Issued, subscribed and paid-up share capital			
48,927,325 (2020: 46,597,452) ordinary shares of Rs.10/- each	19	**489,273,246**	465,974,520
Reserves	20	**2,006,437,674**	2,132,713,065
		2,495,710,920	2,598,687,585
NON-CURRENT LIABILITIES			
Long-term financing	21	**922,593,072**	1,125,818,640
Lease liabilities	22	**30,602,944**	29,257,534
Market committee fee payable	23	**51,182,345**	28,676,760
Deferred liabilities	24	**4,301,305**	4,445,294
Deferred income - government grant	25	**70,762,929**	3,614,418
Deferred taxation - net	26	**79,579,039**	170,970,925
Provision for quality premium	27	**119,290,919**	119,290,919
		1,278,312,553	1,482,074,490
CURRENT LIABILITIES			
Trade and other payables	28	**471,657,638**	454,504,895
Contract liabilities (advances from customers)		**34,592,406**	36,489,970
Unclaimed dividend		**19,331,423**	18,648,988
Accrued mark-up		**50,683,240**	20,338,515
Short-term borrowings	29	**1,063,921,237**	297,981,575
Provision for market committee fee	30	**6,822,533**	43,967,017
Current portion of non-current liabilities	31	**394,933,910**	131,992,840
Sales tax and federal excise duty payable		**76,897,493**	107,410,030
		2,118,839,880	1,111,333,830
CONTINGENCIES AND COMMITMENTS	32		
TOTAL EQUITY AND LIABILITIES		**5,892,863,353**	5,192,095,905

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended September 30, 2021

	Note	2021 Rupees	2020 Rupees
Turnover - gross	33	**6,974,385,062**	7,416,618,258
Sales tax		**(910,846,723)**	(991,942,663)
Turnover - net		**6,063,538,339**	6,424,675,595
Cost of sales	34	**(5,426,675,320)**	(5,959,539,781)
Gross profit		**636,863,019**	465,135,814
Distribution costs	35	**(45,205,970)**	(47,076,915)
Administrative expenses	36	**(262,331,081)**	(219,210,011)
Other expenses	37	**(180,898,851)**	(6,106,252)
Other income	38	**233,865,256**	261,557,732
		(254,570,646)	(10,835,446)
Operating profit		**382,292,373**	454,300,368
Share of profit / (loss) from associates – net		**61,598,367**	76,920,116
Provision for impairment on long-term investment	9.3	**(79,832,819)**	-
Allowance for expected credit loss on long-term receivables	8.3	**(72,915,974)**	(26,541,037)
Finance costs	39	**(264,551,531)**	(342,318,880)
Profit before taxation		**26,590,416**	162,360,567
Taxation	40	**(41,703,171)**	(115,619,362)
Net (loss) / profit for the year		**(15,112,755)**	46,741,205
Net (loss) / profit attributable to owners of the Holding Company		**(15,112,755)**	46,741,205
			Restated
Basic and diluted (loss) / earning per share	41	**(0.31)**	0.96

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended September 30, 2021

	Note	2021 Rupees	2020 Rupees
Net (loss) / profit for the year		**(15,112,755)**	46,741,205
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods - net of tax			
Actuarial (loss) / gain on defined benefit plan		**(155,739)**	327,537
(Loss) / gain on disposal of equity instruments designated at fair value through other comprehensive income		**(107,989)**	234,060,428
Unrealised (loss) / gain on remeasurement of equity instruments designated at fair value through other comprehensive income		**(14,208,802)**	9,962,301
		(14,472,530)	244,350,266
Total comprehensive (loss) / income for the year - net of tax		**(29,585,285)**	291,091,471
Total comprehensive (loss) / income attributable to owners of the Holding company		**(29,585,285)**	291,091,471

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2021

	Issued, subscribed and paid-up capital	Reserves						Total equity
		Capital	Revenue		Other components of equity		Sub-total	
		Share Premium	General reserve	Unappropriated profits	FV reserve of financial assets at FVOCI	Actuarial gain / (loss) on defined benefit plan		
	Rupees							
Balance as at September 30, 2019	405,195,240	63,281,250	85,000,000	2,090,615,060	(240,424,147)	2,695,731	2,001,167,894	2,406,363,134
Final dividend for the year ended September 30, 2019 @ Re. 1 per share	-	-	-	(40,519,524)	-	-	(40,519,524)	(40,519,524)
Bonus shares issued for the year ended September 30, 2019 in the ratio of 15 ordinary shares for every 100 shares held	60,779,280	-	-	(60,779,280)	-	-	(60,779,280)	-
Interim dividend for the year ended September 30, 2020 @ Re.0.75 per share	-	-	-	(34,948,364)	-	-	(34,948,364)	(34,948,364)
Interim dividend for the year ended September 30, 2020 @ Re. 0.25 per share	-	-	-	(23,299,132)	-	-	(23,299,132)	(23,299,132)
Net profit for the year	-	-	-	46,741,205	-	-	46,741,205	46,741,205
Other comprehensive income for the year	-	-	-	-	244,022,729	327,537	244,350,266	244,350,266
Total comprehensive income for the year	-	-	-	46,741,205	244,022,729	327,537	291,091,471	291,091,471
Transfer of fair value reserve of equity instruments designated at FVOCI on account of disposal	-	-	-	(6,379,469)	6,379,469	-	-	-
Balance as at September 30, 2020	**465,974,520**	**63,281,250**	**85,000,000**	**1,971,430,496**	**9,978,051**	**3,023,268**	**2,132,713,065**	**2,598,687,585**
Bonus shares issued for the year ended September 30, 2020 in the ratio of 5 ordinary shares for every 100 shares held	**23,298,726**	**-**	**-**	**(23,298,726)**	**-**	**-**	**(23,298,726)**	**-**
Interim dividend for the year ended September 30, 2021 @ Re. 1.5 per share	**-**	**-**	**-**	**(73,391,380)**	**-**	**-**	**(73,391,380)**	**(73,391,380)**
Net loss for the year	**-**	**-**	**-**	**(15,112,755)**	**-**	**-**	**(15,112,755)**	**(15,112,755)**
Other comprehensive loss for the year	**-**	**-**	**-**	**-**	**(14,316,791)**	**(155,739)**	**(14,472,530)**	**(14,472,530)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(15,112,755)**	**(14,316,791)**	**(155,739)**	**(29,585,285)**	**(29,585,285)**
Transfer of fair value reserve of equity instruments designated at FVOCI on account of disposal	**-**	**-**	**-**	**4,257,366**	**(4,257,366)**	**-**	**-**	**-**
Balance as at September 30, 2021	**489,273,246**	**63,281,250**	**85,000,000**	**1,863,885,001**	**(8,596,106)**	**2,867,529**	**2,006,437,674**	**2,495,710,920**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**26,590,416**	162,360,567
Adjustments for non-cash charges and other items:			
Depreciation			
- Operating fixed assets	6.1.2	**155,516,133**	156,919,787
- Right-of-use assets	7.1	**50,551,076**	20,904,234
Amortization of deferred income - government grant	38	**(3,346,411)**	(945,064)
Share of (profit) / loss from associates - net		**(61,598,367)**	(76,920,116)
Gain on disposal of operating fixed assets and right-of-use assets	38	**(10,139,655)**	(26,385,910)
Finance costs	39	**264,551,531**	342,318,880
Provision for gratuity	24.1	**814,923**	560,900
Provision for market committee fee	34	**6,822,530**	6,543,390
Allowance for expected credit loss on long-term receivables	8.3	**72,915,974**	26,541,037
Allowance for expected credit loss on term deposit certificates	37	**-**	3,654,000
Allowance for expected credit loss on on short-term prepayments	37	**972,757**	-
Gain on disposal of equity instruments at fair value through profit or loss	38	**(109,047,937)**	(44,877,499)
Unrealised gain on remeasurement of equity instruments at fair value through profit or loss	38	**-**	(90,245,992)
Unrealised loss on remeasurement of equity instruments at fair value through profit or loss	37	**129,072,940**	-
Provision for impairment of long-term investment	9.3	**79,832,819**	-
Provision for impairment of capital-work-in progress	6.2	**33,639,066**	-
Impact of discounting - market committee payable	38	**(19,877,054)**	-
Working capital changes	42	**(586,779,217)**	559,332,957
		3,901,108	877,400,604
Gratuity paid	24.1	**(1,178,263)**	(550,538)
Income taxes paid		**(146,859,015)**	(152,204,762)
Finance costs paid		**(217,733,161)**	(443,022,653)
Market committee fee paid	23	**(6,189,155)**	(3,757,652)
Long term deposits - net		**-**	10,000
Cash flows (used in) / generated from operating activities		**(341,468,072)**	440,235,566
CASH FLOWS FROM INVESTING ACTIVITIES*			
Fixed capital expenditure		**(339,361,799)**	(234,637,056)
Proceeds from disposal of operating fixed assets and right-of-use assets		**14,008,195**	35,128,152
Investments made		**(4,636,588,505)**	(2,894,761,099)
Proceeds from disposal of short-term investments		**4,301,936,194**	3,095,640,364
Dividend received	9.1	**212,499,987**	274,999,983
Cash flows (used in) / generated from investing activities		**(447,505,928)**	276,370,344
CASH FLOWS FROM FINANCING ACTIVITIES*			
Long term financing obtained		**115,148,937**	192,572,078
Lease rentals paid		**(18,747,999)**	(21,555,802)
Dividends paid		**(72,708,945)**	(97,810,957)
Cash flows generated from / (used in) financing activities		**23,691,993**	73,205,319
Net increase / (decrease) in cash and cash equivalents		**(765,282,007)**	789,811,229
Cash and cash equivalents at the beginning of the year		**(287,712,250)**	(1,077,523,479)
Cash and cash equivalents at the end of the year	18	**(1,052,994,257)**	(287,712,250)
Cash and cash equivalents			
Cash and bank balances	18	**10,926,980**	10,269,325
Short-term borrowings	29	**(1,063,921,237)**	(297,981,575)
		(1,052,994,257)	(287,712,250)

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.
*No non-cash item is included in investing and financing activities

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended September 30, 2021

1 THE COMPANY AND ITS OPERATIONS

1.1 The Holding Company

Mehran Sugar Mills Limited (the Holding Company) was incorporated in Pakistan as a public limited company in December 1965 under the repealed Companies Act, 1913. The shares of the Holding Company are quoted on Pakistan Stock Exchange Limited. The Holding Company is principally engaged in the manufacturing and sale of sugar and its by-products. The registered office of the Holding Company is situated at 14th floor, Dolmen City Executive Tower, Marine Drive, Block 4, Clifton, Karachi. The mill of the Holding Company is located at Distt. Tando Allahyar, Sindh.

1.2 The Subsidiary Company

Mehran Energy Limited (the Subsidiary), a wholly owned subsidiary of Mehran Sugar Mills Limited (the Holding Company) was incorporated in Pakistan as a public unlisted company in October 2016. The Subsidiary is in start-up phase and has not commenced its operations. The principal activities of the Subsidiary will be to build, operate and maintain a 26.5 MW high pressure co-generation bagasse based power plant for the generation and supply of electric power in relation thereof. The Subsidiary obtained letter of intent (LOI) from the Government of Sindh (GoS) on November 07, 2016. However, the Subsidiary will commence its operations upon signing of Energy Purchase Agreement with Central Power Purchasing Agency (CPPA). The EPA has been delayed to a mutual disagreement of terms and conditions between the Subsidiary and CPPA. As the offered terms and conditions of the EPA are not in general acceptable to the electricity producing companies, the matter in dispute is pending before the Islamabad High Court in form of a petition.

The management of the Group is confident that petition will be decided in favour of the subsidiary company and the subsidiary company will secure the project on the allocated tariffs to start its commercial operations accordingly. The Parent Company is committed to provide financial and operational support to the subsidiary company as and when required.

1.3 Geographical location and addresses of all the business units are as under:

Location	Business unit
Karachi 14th Floor Dolmen Executive Tower, Marine Drive, Clifton	Head office of the Group
Tando Allahyar, Sindh Tando Adam Road Deh Rechal, P.O. Khokhar	 Mill Farm

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for short-term investments which are carried at fair value, investment in associates calculated using equity method of accounting, biological assets carried at fair value less costs to sell and staff gratuity carried at present value of defined benefit obligation and market committee fee payable recorded at present value.

2.3 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Holding Company and the Subsidiary Company as at the reporting date, here-in-after referred to as 'the Group'.

2.3.1 Subsidiary

Subsidiary is the entity over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- 'power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Holding Company meets all the above conditions and hence has power over the subsidiary.

Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the profit and loss account from the date the Group gains control until the date the Group ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognised in consolidated statement of profit or loss and is not reversed in future periods.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary shareholders' equity in the consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full.

The Subsidiary has same reporting period as that of the Holding Company. The accounting policies of the Subsidiary are consistent with the accounting policies of the Group.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is the Group's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupee unless otherwise stated.

3 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS ADOPTED DURING THE YEAR

3.1 Amendments and improvements to approved accounting standards and the framework for financial reporting that became effective during the year

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except for the following amendments to International Financial Reporting Standards (IFRSs) and the framework for financial reporting, that the Group has adpoted, which became effective for the current year:

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 these consolidated financial statements.

3.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

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

		Effective date (annual periods beginning on or after)
Amendments		
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	January 01, 2021
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	April 01, 2021
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
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	January 01, 2022
IFRS 16	Leases: Lease incentives	January 01, 2022
IAS 41	Agriculture – Taxation in fair value measurements	January 01, 2022

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

Further, the following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the Securities and Exchange Commision of Pakistan (SECP) for the purpose of applicability in Pakistan and are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these judgments and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

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

4.1 Property, plant and equipment

The Group reviews appropriateness of the rate of depreciation and useful life used in the calculation of depreciation. 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 Group uses the technical resources available with the Group. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

4.2 Allowance for expected credit loss

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss pattern.

Considering the nature of the financial assets, the Group has applied the simplified approach as per IFRS 9 for trade debts and has calculated ECL based on life-time ECL. The Group has applied general approach for all other assets.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic condition. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in future. The information about the ECLs on the Group's financial assets exposed to credit risk is disclosed in Note 46.1.

4.3 Inventories

The Group reviews the net realisable value (NRV) of stock-in-trade and stores and spare parts to assess any diminution in the 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.

4.4 Taxation

In making the estimate for income tax payable by the Group, the Group takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

Deferred tax assets are recognised for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4.5 Employees' benefits

Certain actuarial assumptions have been adopted as disclosed in note 24.2 to the consolidated financial statement for valuation of present value of defined benefit obligation. 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.

4.6 Biological assets

The Group 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.

4.7 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 Group, 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).

4.8 Leases - Group as a lessee

4.8.1 Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

4.8.2 Estimating the incremental borrowing rate

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Cpompany 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates).

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses if any except for freehold land, which is stated at cost less any impairment value.

Depreciation is charged to the consolidated statement of profit or loss using the reducing balance method, at the rates specified in note 6.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the asset is in use.

The carrying values of the Group's operating fixed assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Repairs and maintenance cost is written off to the consolidated statement of profit or loss in the year in which it is incurred. Major renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the Group.

An item of operating fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of operating fixed assets is recognised in the period of disposal.

Capital work-in-progress

These are stated at cost less accumulated impairment, if any, and represent expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for their intended use.

5.2 Right-of-use assets

The Group recognizes 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. Unless, the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method. Right-of-use assets are subject to impairment.

5.3 Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments represent fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees wherever applicable. Wherever applicable, the lease payments may also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

5.4 Investments

Associates

Investment in associates are accounted for using equity method of accounting. Investments over which the Group has "significant influence" are accounted for under this method i.e., investments to be carried at the reporting date at cost plus post-acquisition changes in the share of net assets of associates, less any impairment in value, if material. The consolidated statement of profit or loss reflects the Group's share of the results of operations of associates after the date of acquisition.

As the financial statements of all the associates may not necessarily be available at the year end, the Group uses the financial statements of the associates with a lag of three months for applying the equity method of accounting. Further, the Group considers the investment in associates as strategic investment.

5.5 Biological assets

These are measured at fair value less costs to sell on initial recognition and at each reporting date. Gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset at the reporting date is included in the consolidated statement of profit or loss for the period in which it arises.

To ascertain the fair value of the biological assets, the fair value less estimated point-of-sale costs of crops at the end of each reporting period is determined using prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets. Since, there exists an active market for the agricultural produce, the estimated selling price is obtained using the observable inputs and the estimated selling costs are the harvesting charges farmer takes for cutting the crop.

5.6 Stores and spare parts

Stores, spares and consumables are stated cost less provision for slow moving and obsolete items, if any. Cost is determined by the weighted moving average cost method. Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date. Provision for slow moving, damaged and obsolete items are charged to consolidated statement of profit or loss. Ageing and value of items of stores and spares are reviewed at each reporting date to record provision for any obsolete items

5.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost, determined on weighted moving average cost method, and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and sell.

Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

5.8 Trade debts, loans and advances, trade deposits and short-term prepayments and other receivables

Trade debts, loans and advances, trade deposits and short-term prepayments and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for expected credit losses where applicable, if any. Allowance for expected credit loss is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans and advances, trade deposits and short-term prepayments and other receivables. Bad debts, if any, are written off as and when considered irrecoverable.

5.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current accounts held with banks, which are subject to insignificant risk of change. These are carried at cost.

5.10 Employees' benefits

Gratuity

The Group operates an unfunded gratuity scheme for its permanent mill employees. An actuarial valuation of all defined benefit scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the consolidated statement of other comprehensive income.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Group has recognised related restructuring or termination benefits.

Provident fund

The Group operates a recognised provident fund for those permanent employees who have opted for it. Equal monthly contributions are made to the fund by the Group and employees in accordance with the fund's rules. Contributions are made by the employees at mill and the employees at head office at the rate of 11% and 10% respectively, of the aggregate of basic salary.

Investments made in provident fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder.

Compensated absences

The Group accrues its liability towards leaves accumulated by employees on an accrual basis using current salary level.

5.11 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to the consolidated statement of profit or loss except to the extent it relates to items recognised directly in other comprehensive income in which case it is recognised in the consolidated statement of other comprehensive income.

Deferred

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

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside consolidated statement of profit or loss is recognised outside consolidated statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in consolidated statement of other comprehensive income or directly in equity.

5.12 Trade and other payables

Liabilities for trade and other payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

5.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.14 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 Group; or

- there is 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.

5.15 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate 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 of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

5.16 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

5.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. This category is applied to equity instruments disclosed in note 17.1 to these consolidated financial statements, where the Group elected the irrevocable option.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. This category is applied to equity instruments disclosed in note 17.2 to these consolidated financial statements which are held for trading.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

• The rights to receive cash flows from the asset have expired; or

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

• Allowance for expected credit loss - note 4.2
• Trade debts - note 13

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade debts, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss. For more information, refer to notes 21 & 29.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When 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 or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.18 Revenue from contracts with customers

The Group is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Performance obligations held by the Group are not separable, and are not partially satisfied, since they are satisfied at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Group recognizes trade debts when the performance obligations have been met, recognizing the corresponding revenue. Moreover, the considerations received before satisfying the performance obligations are recognized as contract liabilities (advances from customers).

5.19 Other revenues

Revenue from other sources is recognized on the following basis:

i) Dividend income is recognised when the right to receive dividend is established.

ii) Farm and other income is recognised on an accrual basis.

5.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the consolidated financial statements are authorised for issue, disclosure is made in the consolidated financial statements.

5.21 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (i.e. a singe segment at the Group level). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

5.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Whereas, diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.23 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 related to an expense item, it is recognised in the consolidated statement of profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

5.24 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset.

In determining fair value less costs to sell, the recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

6 PROPERTY, PLANT AND EQUIPMENT	Note	2021 Rupees	2020 Rupees
Operating fixed assets	6.1	**1,969,321,508**	2,098,419,192
Capital work-in-progress	6.2	**403,489,421**	126,360,427
		2,372,810,929	2,224,779,619

6.1 Operating fixed assets

Description	COST			ACCUMULATED DEPRECIATION			BOOK VALUE	
	At October 01, 2020	Additions / **transfers from right-of-use assets / (deletions)	At September 30, 2021	At October 01, 2020	Charge for the year (note 6.1.2) / **transfers from right-of-use assets / (deletions)	At September 30, 2021	At September 30, 2021	Rate
	---------- Rupees ----------							%
Owned								
Freehold land	83,394,207	-	83,394,207	-	-	-	83,394,207	-
Buildings on freehold land								
- Factory	317,098,063	-	317,098,063	176,748,561	14,034,950	190,783,511	126,314,552	10%
- Non-factory	51,623,372	-	51,623,372	21,104,374	1,525,950	22,630,324	28,993,048	5%
Plant, machinery and equipment (refer note 6.2)	3,118,331,019	19,139,522 (2,792,714) -	3,134,677,827	1,377,867,356	131,030,591 (1,138,780)	1,507,759,167	1,626,918,660	7.50%
Furniture and fittings	9,176,353	487,000	9,663,353	5,080,764	458,159	5,538,923	4,124,430	10%
Vehicles	17,400,433	322,481 **71,404,650 (12,158,700)	76,968,864	14,667,737	522,353 ** 71,404,650 (11,637,344)	74,957,396	2,011,468	20%
Office premises	85,022,551	-	85,022,551	29,196,515	2,791,302	31,987,817	53,034,734	5%
Office equipment	6,442,547	6,000	6,448,547	4,104,133	233,891	4,338,024	2,110,523	10%
Electric installation	32,473,619	7,103,332	39,576,951	11,781,824	2,260,978	14,042,802	25,534,149	10%
Weighbridge and scales	4,561,889	-	4,561,889	2,247,667	231,422	2,479,089	2,082,800	10%
Workshop tools and other equipment	6,341,923	-	6,341,923	5,268,140	107,378	5,375,518	966,405	10%
Computers	14,581,290	1,200,404	15,781,694	11,605,446	1,141,549	12,746,995	3,034,699	30%
Air conditioners and refrigerators	19,747,216	335,000	20,082,216	8,102,773	1,177,610	9,280,383	10,801,833	10%
	3,766,194,482	28,593,739 **71,404,650 (14,951,414)	3,851,241,457	1,667,775,290	155,516,133 **71,404,650 (12,776,124)	1,881,919,949	1,969,321,508	
2021	**3,766,194,482**	**85,046,975**	**3,851,241,457**	**1,667,775,290**	**214,144,659**	**1,881,919,949**	**1,969,321,508**	

Description	COST				ACCUMULATED DEPRECIATION				BOOK VALUE	
	At October 01, 2019	Impact of initial application of IFRS 16	Additions / *transfers from capital work-in-progress/ **transfers from right-of-use assets / (deletions)	At September 30, 2020	At October 01, 2019	Impact of initial application of IFRS 16	Charge for the year (note 6.1.2) / **transfers from right-of-use assets / (deletions)	At September 30, 2020	At September 30, 2020	Rate
	---------- Rupees ----------									%
Owned										
Freehold land	83,394,207	-	-	83,394,207	-	-	-	-	83,394,207	-
Buildings on freehold land										
- Factory	300,937,867	-	*16,160,196	317,098,063	162,051,959	-	14,696,602	176,748,561	140,349,502	10%
- Non-factory	50,996,147	-	627,225	51,623,372	19,528,372	-	1,576,002	21,104,374	30,518,998	5%
Plant, machinery and equipment (refer note 6.2)	2,897,670,979	-	22,999,894 *217,535,446 (19,875,300)	3,118,331,019	1,262,419,868	-	131,816,181 (16,368,693)	1,377,867,356	1,740,463,663	7.50%
Furniture and fittings	8,976,353	-	200,000	9,176,353	4,646,069	-	434,695	5,080,764	4,095,589	10%
Vehicles	17,642,933	-	202,000 **13,243,600 (13,688,100)	17,400,433	14,206,699	-	680,595 **8,232,908 (8,452,465)	14,667,737	2,732,696	20%
Office premises	85,022,551	-	-	85,022,551	26,258,303	-	2,938,212	29,196,515	55,826,036	5%
Office equipment	6,272,547	-	170,000	6,442,547	3,856,901	-	247,232	4,104,133	2,338,414	10%
Electric installation	27,596,079	-	4,877,540	32,473,619	9,648,037	-	2,133,787	11,781,824	20,691,795	10%
Weighbridge and scales	4,561,889	-	-	4,561,889	1,990,531	-	257,136	2,247,667	2,314,222	10%
Workshop tools and other equipment	6,341,923	-	-	6,341,923	5,148,831	-	119,309	5,268,140	1,073,783	10%
Computers	12,771,389	-	1,809,901	14,581,290	10,637,305	-	968,141	11,605,446	2,975,844	30%
Air conditioners and refrigerators	16,683,769	-	3,063,447	19,747,216	7,050,878	-	1,051,895	8,102,773	11,644,443	10%
	3,518,868,633	-	33,950,007 *233,695,642 **13,243,600 (33,563,400)	3,766,194,482	1,527,443,753	-	156,919,787 - **8,232,908 (24,821,158)	1,667,775,290	2,098,419,192	
Leased										
Vehicles	150,338,990	(150,338,990)	-	-	76,810,456	(76,810,456)	-	-	-	20%
	3,669,207,623	(150,338,990)	33,950,007 *233,695,642 **13,243,600 (33,563,400)	3,766,194,482	1,604,254,209	(76,810,456)	156,919,787 - **8,232,908 (24,821,158)	1,667,775,290	2,098,419,192	
2020	3,669,207,623	(150,338,990)	247,325,849	3,766,194,482	1,604,254,209	(76,810,456)	140,331,537	1,667,775,290	2,098,419,192	

6.1.2 Depreciation charge for the year has been allocated as follows:

	Note	2021 Rupees	2020 Rupees
Cost of sales	34	**149,191,269**	150,599,017
Administrative expenses	36	**6,324,864**	6,320,770
		155,516,133	156,919,787

6.1.3 The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser	Relationship with purchaser
	----------	----------	(Rupees)	----------	----------			
Aggregate amount of assets disposed off not having WDV more than Rs. 5,000,000 each								
Plant,machinery and equipment	960,000	434,688	525,312	785,000	259,688	Negotiation	Adamjee Insurance	Vendor
Toyota Corolla	2,302,500	2,302,500	-	2,510,000	2,510,000	Company policy	Hanif Aziz	Employee
Toyota Corolla	1,842,500	1,842,500	-	1,453,398	1,453,398	Company policy	Syed Ehtishamuddin	Employee
Toyota Corolla	1,642,500	1,642,500	-	1,233,208	1,233,208	Company policy	Sumair Ali Khan	Employee
Toyota Corolla	1,752,500	1,752,500	-	1,276,123	1,276,123	Company policy	Gul Muhammad	Employee
Other assets with book value less then Rs. 500,000 each	6,451,414	4,801,436	1,649,978	4,250,466	2,600,488			
2021	**14,951,414**	**12,776,124**	**2,175,290**	**11,508,195**	**9,332,905**			
2020	33,563,400	24,821,158	8,742,242	35,128,152	26,385,910			

6.1.4 Particulars of immovable assets of the **Group** are as follows:

Particulars	Usage of Property	Address	Covered Area (Sq. ft.)
Freehold land	Mill	Tando Adam road, Tando Allahyar	5.5 million
Office premises	Registered Office	14th Floor Dolmen Executive Tower, Dolmen City, Marine Drive, Clifton, Karachi	5,850
Building on freehold land	Office at mill	Tando Adam road, Tando Allahyar	-

6.2 Capital work-in-progress

	Note	Buildings on freehold land	Plant, machinery and equipment	Total
		---------- Rupees ----------		
Balance as at September 30, 2019		**29,555,919**	**129,813,101**	**159,369,020**
Capital expenditure incurred / advances made during the year		9,423,591	191,263,458	200,687,049
Transfered to operating fixed assets		(16,160,196)	(217,535,446)	(233,695,642)
Balance as at September 30, 2020		**22,819,314**	**103,541,113**	**126,360,427**
Capital expenditure incurred / advances made during the year		21,405,722	289,362,338	310,768,060
Provision for impairment	6.2.1	-	(33,639,066)	(33,639,066)
Balance as at September 30, 2021		**44,225,036**	**359,264,385**	**403,489,421**

6.2.1 Considering the unfavourable conditions, uncertainties involved and since the project was on hold for a long time, due to non-clarity on the policy of the Government for bagasse based energy projects, the management has on a prudent basis decided to record provision for impairment during the current year.

7 RIGHT-OF-USE ASSETS

	Note	September 30, 2021 Vehicles	Farms	Total	September 30, 2020 Vehicles	Farms	Total
		---------- Rupees ----------			---------- Rupees ----------		
As at October 01							
Cost		151,379,490	18,624,311	170,003,801	-	-	-
Accumulated depreciation		(83,652,250)	(5,829,533)	(89,481,783)	-	-	-
Net book value		67,727,240	12,794,778	80,522,018	-	-	-
Net carrying value basis							
Opening net book value		67,727,240	12,794,778	80,522,018	-	-	-
Impact of initial application of IFRS 16		-	-	-	73,528,534	18,624,311	92,152,845
Additions during the year		23,301,800	-	23,301,800	14,284,100	-	14,284,100
Transferred to operating fixed assets during the year		-	-	-	(5,010,693)	-	(5,010,693)
Disposal of right-of-use assets		(1,693,250)	-	(1,693,250)	-	-	-
Depreciation charged during the year		(44,591,297)	(5,959,779)	(50,551,076)	(15,074,701)	(5,829,533)	(20,904,234)
Closing net book value		44,744,493	6,834,999	51,579,492	67,727,240	12,794,778	80,522,018
As at September 30							
Cost		100,671,640	18,624,311	119,295,951	151,379,490	18,624,311	170,003,801
Accumulated depreciation		(55,927,147)	(11,789,312)	(67,716,459)	(83,652,250)	(5,829,533)	(89,481,783)
Net book value		44,744,493	6,834,999	51,579,492	67,727,240	12,794,778	80,522,018
Depreciation % per annum		20%	32%		20%	32%	

7.1 Depreciation charge for the year has been allocated as follows:

	Note	Vehicles	Farms	Total	Vehicles	Farms	Total
Administrative expenses	36	44,591,297	5,959,779	50,551,076	15,074,701	5,829,533	20,904,234

8 LONG-TERM RECEIVABLE

	Note	2021 Rupees	2020 Rupees
Tender earnest money	8.1	1,000,000	1,000,000
Down payment		33,125,000	33,125,000
Other costs	8.1	8,385,996	8,385,996
Subsidy receivable	8.2	304,117,888	304,117,888
		346,628,884	346,628,884
Allowance for expected credit losses	8.3	(141,968,007)	(69,052,033)
		204,660,877	277,576,851

8.1 Represents down payment made in respect of purchase of Thatta Sugar Mills (the Mill) and other costs incurred in running the Mill from November 1992 up to July 1993, when the Mill was forcibly taken over by the Government of Sindh (GoS) without paying any amount. The Group filed a law suit for Rs. 166 million being the amount of down payment, expenses incurred (including payment to workers) and loss of profits. The GoS made a counter claim of Rs. 402 million against the Group. The case is currently pending in the Honorable High Court of Sindh (the Court) for recording of evidences. While the Group's suit for recovery of compensation is pending in the Court, the GoS invited bids for the sale of the Mill through Sindh Privatization Commission but it could not succeed. The GoS is now trying to privatize it through the Federal Privatization Commission. The Group has made provision against the aforesaid receivable of Rs. 42.510 million as a matter of prudence and the fact that the debt is outstanding for a considerable period.

8.2 Represents subsidy receivable from Provincial Government amounting to Rs. 299.301 million (2020: Rs. 299.301 million) and Rs. 4.817 million (2020: Rs. 4.817 million) from Federal Government with respect to cash freight support on export sales.

		Note	2021 Rupees	2020 Rupees
8.3	**Allowance for expected credit losses**			
	Balance at beginning of the year		**69,052,033**	42,510,996
	Charge for the year		**72,915,974**	26,541,037
	Balance at end of the year		**141,968,007**	69,052,033
9	**LONG-TERM INVESTMENTS**			
	Associates			
	Unicol Limited (UL)			
	49,999,997 (2020: 49,999,997) ordinary shares of Rs.10 each			
	% of holding: 33.33% (2020: 33.33%)	9.1	**1,031,591,605**	1,076,575,935
	UniEnergy Limited (UEL)			
	1,999,998 (2020: 1,999,998) ordinary shares of Rs. 10 each			
	% of holding: 20% (2020: 20%)	9.2	**20,176,912**	20,059,665
	UniFoods Industries Limited (UFL)			
	35,734,561 (2020: 29,796,000) ordinary shares of Rs. 10 each			
	% of holding: 24% (2020: 24%)	9.3	**-**	96,612,956
			1,051,768,517	1,193,248,556

9.1 UL is incorporated in Pakistan as a public unlisted company with its registered office situated at Sub Post Office Sugar Mills, Umerkot Road, Mirpurkhas. The principal activity of the UL is to manufacture and sell ethanol and carbon dioxide (Co2). The share of the Group in the net asset has been determined on the basis of audited financial statements as of September 30, 2021. The summarised financial information of UL is as follows:

Aggregate amount of:	2021 Rupees	2020 Rupees
- non-current assets	**2,484,416,000**	2,605,031,000
- current assets	**2,777,232,000**	3,096,379,000
- non-current liabilities	**71,514,000**	128,548,000
- current liabilities	**2,095,359,000**	2,343,134,000
- revenue	**8,382,169,000**	5,823,337,000
- profit after taxation	**502,547,000**	523,767,000
Movement of investment is as follows:		
Opening balance	**1,076,575,935**	1,176,986,929
Share of profit – net of tax	**167,515,657**	174,588,989
	1,244,091,592	1,351,575,918
Dividend received during the year	**(212,499,987)**	(274,999,983)
Closing Balance	**1,031,591,605**	1,076,575,935

9.2 UEL is incorporated in Pakistan as a public unlisted company with its registered office situated at 1st Floor, Modern Motors House, Beaumont Road, Karachi. The principal activity of UEL will be to build, operate and maintain wind power generating project of 50 Mega Watts for the generation and supply of electric power in relation thereof, however, it is in start-up phase and has not commenced its operations. The share of the Group in the net asset has been determined on the

basis of un-audited financial statements as of September 30, 2021. The summarised financial information of UEL is as follows:

Aggregate amount of:	2021 Rupees	2020 Rupees
- non-current assets	52,759,401	54,138,304
- current assets	50,835,843	49,469,921
- current liabilities	2,710,587	3,309,805
- profit after taxation	586,236	1,037,430

Movement of investment is as follows:

Opening balance	20,059,665	19,852,179
Share of profit - net of tax	117,247	207,486
Closing Balance	20,176,912	20,059,665

9.3 UFL was incorporated in Pakistan as a public unlisted company on 01 September 2016 with its registered office situated at 2nd Floor, Bank House No. 1, Habib Square, M.A Jinnah Road, Karachi. The principal activity is manufacture, sell and distribution of bakery and confectionery items. The share of the Group in the net asset has been determined on the basis of audited financial statements as of June 30, 2021 in accordance with the acccounting policy as disclosed in note 5.4 to these consolidated financial statements. The summarised financial information of UFL is as follows:

Aggregate amount of:	2021 Rupees	2020 Rupees
- non-current assets	869,049,578	869,228,041
- current assets	177,759,289	238,216,833
- non-current liabilities	412,822,852	471,712,345
- current liabilities	387,479,993	245,387,832
- revenue	472,661,057	657,203,820
- loss after taxation	(427,027,105)	(403,046,688)

Movement of investment is as follows:

Opening balance	96,612,956	123,335,715
Investment made during the year - right issue	59,385,600	7,785,600
Advance against issuance of shares	29,868,800	63,368,000
Share of loss – net of tax	(106,034,537)	(97,876,359)
	79,832,819	96,612,956
Provision for impairment	(79,832,819)	-
	-	96,612,956

9.3.1 During the the current year, investment in UFL has been impaired on prudent basis considering continuing losses including factors relating to ongoing COVID-19 situation.

9.4 The investments in associated companies or undertakings are strategic investments and have been made in accordance with the requirements under the Act.

10 BIOLOGICAL ASSETS	Note	2021 Rupees	2020 Rupees
Carrying value at beginning of the year		**16,621,474**	15,245,232
Increase due to cultivation		**5,620,414**	4,889,654
Change in fair value less costs to sell of standing crop	38.1	**18,146,941**	11,731,820
		40,388,829	31,866,706
Reduction due to harvesting	38.1	**(16,621,474)**	(15,245,232)
Carrying value at the end of the year	10.1	**23,767,355**	16,621,474

10.1 The Group is engaged in cultivation of different sugarcane varieties. These varieties are then provided to growers for multiplication. During the year, the Group harvested 90,633 (2020: 82,376 maunds) sugarcane at the yield of 596 maunds per acre of area under cultivation (2020: 465 maunds per acre). Approximately, 79,265 maunds (2020:57,640 maunds) were supplied to growers for variety multiplication while remaining sugarcane was used for crushing at mill.

11 STORES AND SPARE PARTS	Note	2021 Rupees	2020 Rupees
Stores		**36,365,250**	33,955,679
Spare parts		**74,137,055**	76,387,049
		110,502,305	110,342,728

12 STOCK-IN-TRADE			
Sugar			
- Work-in-process		**5,593,142**	3,832,446
- Finished goods	12.1	**543,321,642**	41,199,027
Bagasse			
- Finished goods	12.1	**12,649,455**	15,750,000
		561,564,239	60,781,473

12.1 As of the reporting date, all finished goods are carried at cost (being the lower of cost and NRV).

13 TRADE DEBTS – unsecured	Note	2021 Rupees	2020 Rupees
Considered good		**69,668,130**	18,205,601
Considered doubtful		**16,987,867**	16,987,867
		86,655,997	35,193,468
Allowance for expected credit losses	13.1	**(16,987,867)**	(16,987,867)
	13.2	**69,668,130**	18,205,601

13.1 Includes an amount of Rs. 14.519 million due from the Government of Sindh (GoS) which was withheld by the GoS from the bills raised by the holding Company during the years 1981 to 1983, on account of a dispute regarding the quality of sugar. Consequently, the Group has withheld mark-up due to the GoS, amounting to Rs. 6.192 million. Since then, the matter is under litigation and pending before the Court. The said amount has been fully provided as a matter of prudence as the case is pending for a considerable long period.

		Note	2021 Rupees	2020 Rupees
13.2	**The aging of trade debts is as follows:**			
	Neither past due nor impaired		**69,668,130**	14,285,254
	Past due but not impaired (within 90 days)		**-**	1,211,854
	Past due but not impaired (90 days - 210 days)		**-**	2,708,493
			69,668,130	18,205,601

13.3 The maximum aggregate amount due from related parties at any time during the year calculated by reference to month-end balances is as follows:

	2021 Rupees	2020 Rupees
Unicol Limited	**80,851,283**	51,819,026

		Note	2021 Rupees	2020 Rupees
14	**LOANS AND ADVANCES – considered good**			
	Loans to employees		**2,668,031**	3,297,329
	Advances			
	- to suppliers		**31,968,802**	31,823,464
	- to cane growers		**16,006,766**	8,207,008
	- to employees against expenses (as per HR policy)		**4,331,439**	2,946,363
			52,307,007	42,976,835
			54,975,038	46,274,164
15	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Trade deposits			
	Considered good		**2,397,900**	358,640
	Considered doubtful		**-**	8,196,113
			2,397,900	8,554,753
	Allowance for expected credit losses	15.1	**-**	(8,196,113)
			2,397,900	358,640
	Short-term prepayments			
	Considered good		**4,082,847**	3,999,581
	Considered doubtful		**1,536,198**	563,441
			5,619,045	4,563,022
	Allowance for expected credit losses	15.2	**(1,536,198)**	(563,441)
			4,082,847	3,999,581
			6,480,747	4,358,221

		2021 Rupees	2020 Rupees
15.1	**Allowance for expected credit losses - trade deposits**		
	Balance at beginning of the year	**8,196,113**	8,196,113
	Write off during the year	**(8,196,113)**	-
	Balance at end of the year	**-**	8,196,113

			2021 Rupees	2020 Rupees
15.2	**Allowance for expected credit losses - short-term prepayments**			
	Balance at beginning of the year		**563,441**	563,441
	Charge for the year	37	**972,757**	-
	Balance at end of the year		**1,536,198**	563,441

16 OTHER RECEIVABLES – considered good	Note	2021 Rupees	2020 Rupees
Due from related parties:			
Pakistan Molasses Company (Private) Limited		**851,086**	569,807
Mogul Tobacco Company (Private) Limited		**90,678**	197,008
	16.1	**941,764**	766,815
Others		**49,000**	49,000
		990,764	815,815

16.1 The ageing analysis of balances due from related parties is as follows:

Neither past due nor impaired		
Pakistan Molasses Company (Private) Limited	**851,086**	569,807
Mogul Tobacco Company (Private) Limited	**90,678**	197,008

16.2 The maximum aggregate amount due from related parties at any time during the year calculated by reference to month-end balances is as follows:

	Note	2021 Rupees	2020 Rupees
Pakistan Molasses Company (Private) Limited		**851,086**	569,807
Mogul Tobacco Company (Private) Limited		**261,364**	360,340

17 SHORT-TERM INVESTMENTS			
Amortised cost			
Term deposit certificates		**3,654,000**	3,654,000
Allowance for expected credit losses	37	**(3,654,000)**	(3,654,000)
		-	-
Fair value through other comprehensive income (FVOCI)			
Equity securities	17.1	**50,677,453**	144,174,790
Fair value through profit or loss (FVPL)			
Equity securities	17.2	**1,266,415,738**	963,907,880
		1,317,093,191	1,108,082,670
		1,317,093,191	1,108,082,670

17.1 Fair value through other comprehensive income (FVOCI)

2021 Number of shares	2020	Quoted companies	2021 Rupees	2020 Rupees
-	765,000	Bank Al Habib Limited	**-**	49,396,050
-	130,000	Faran Sugar Mills Limited	**-**	6,500,000
77,150	77,150	JDW Sugar Mills Limited	**16,510,097**	16,756,980
86,480	134,580	Jubilee Life Insurance Company Limited	**23,539,856**	59,771,015
163,500	163,500	Noon Sugar Mills Limited	**10,627,500**	11,750,745
			50,677,453	144,174,790

17.2 Fair value through profit or loss (FVPL)

2021 Number of shares	2020	Quoted companies	2021 Rupees	2020 Rupees
1,200,000	560,000	Bank Al Habib Limited	82,980,000	36,159,200
499,700	400,000	Cherat Cement Company Limited	71,567,034	46,704,000
500,000	400,000	MCB Bank Limited	75,345,000	69,528,000
700,000	700,000	United Bank Limited	82,992,000	80,577,000
105,420	105,420	Jubilee Life Insurance Company Limited	28,695,324	46,820,185
100,000	200,000	Lucky Cement Limited	72,290,000	129,414,000
3,000,500	1,500,000	Aisha Steel Mills Limited	62,440,405	23,580,000
1,500,066	1,000,000	Maple Leaf Cement Factory Limited	52,802,323	35,890,000
500,000	700,000	Habib Bank Limited	54,675,000	91,518,000
676,917	825,000	Meezan Bank Limited	94,720,996	67,823,250
49,940	15,000	Indus Motors Limited	58,335,913	19,202,100
500,000	1,050,000	D.G.K.Cement Limited	44,210,000	108,265,500
450,500	100,000	Pioneer Cement Limited	39,783,655	9,070,000
1,250,000	500,000	Amreli Steel Limited	48,937,500	21,885,000
1,000,000	500,000	Gul Ahmed Textile Mills Limited	54,810,000	18,660,000
1,250,000	-	Agha Steel Industries Limited	34,362,500	-
100,000	-	Honda Atlas Cars Limited	26,346,000	-
100,000	-	Pak Suzuki Motors Limited	26,755,000	-
100,000	-	Engro Corporation Limited	27,975,000	-
300,011	50,000	International Steel Limited	22,863,838	3,852,000
300,000	-	Tariq Glass Limited	30,435,000	-
171,500	108,500	Noon Sugar Mills Limited	11,147,500	7,797,895
450,000	-	Nishat (Chunian) Limited	22,284,000	-
23,000	-	JDW Sugar Mills Limited	4,922,000	-
300,000	-	Interloop Limited	21,351,000	-
200,000	-	Frieslandcampina Engro Pakistan Limited	19,518,000	-
200,000	150,000	Nishat Mills Limited	18,172,000	15,160,500
25,000	5,000	Systems Limited	18,187,750	1,360,200
100,000	-	TRG Pakistan Limited	16,167,000	-
200,000	-	Hi-Tech Lubricants Limited	12,402,000	-
1,000,000	-	Bankislami Pakistan Limited	12,600,000	-
100,000	150,000	Mughal Iron & Steel Industries Limited	9,762,000	9,642,000
250,000	-	Faysal Bank Limited	6,580,000	-
-	40,000	Highnoon Laboratories Limited	-	24,560,000
-	250,000	Sui Northern Gas Pipelines Limited	-	15,452,500
-	200,000	Hub Power Company Limited	-	15,692,000
-	150,000	Pakistan Petroleum Limited	-	13,809,000
-	100,000	Kohinoor Textile Mills Limited	-	5,411,000
-	35,000	Thal Limited	-	14,711,550
-	2,000,000	Bank of Punjab Limited	-	19,760,000
-	100,000	Shahmurad Sugar Mills Limited	-	10,003,000
-	32,000	Faran Sugar Mills Limited	-	1,600,000
			1,266,415,738	963,907,880

		Note	2021 Rupees	2020 Rupees
18	**CASH AND BANK BALANCES**			
	Cash in hand		**77,689**	66,813
	Cash with banks - current accounts			
	- Local		**5,237,403**	4,754,046
	- Foreign		**5,611,887**	5,448,466
			10,849,291	10,202,512
			10,926,980	10,269,325

19 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2021 (Number of shares)	2020		2021 Rupees	2020 Rupees
		Ordinary shares of Rs.10/- each issued as:		
6,318,750	6,318,750	fully paid in cash	**63,187,500**	63,187,500
42,608,575	40,278,702	bonus shares	**426,085,746**	402,787,020
48,927,325	46,597,452		**489,273,246**	465,974,520

19.1 The voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of the shareholders.

		Note	2021 Rupees	2020 Rupees
20	**RESERVES**			
	Capital reserve			
	Share premium		**63,281,250**	63,281,250
	Revenue reserves			
	General reserve		**85,000,000**	85,000,000
	Unappropriated profits		**1,863,885,001**	1,971,430,496
			1,948,885,001	2,056,430,496
	Other components of equity			
	Actuarial gains on defined benefit plan		**2,867,529**	3,023,268
	FV reserve of financial assets at FVOCI		**(8,596,106)**	9,978,051
			2,006,437,674	2,132,713,065
21	**LONG-TERM FINANCING – secured**			
	From banking companies	21.1 & 21.2	**1,066,250,000**	1,160,625,000
	Financing under:			
	- salary refinance scheme	21.1 & 21.3	**60,595,943**	78,005,039
	- temporary economic refinance facility	21.1 & 21.4	**168,008,687**	-
			1,294,854,630	1,238,630,039
	Current portion		**(372,261,558)**	(112,811,399)
			922,593,072	1,125,818,640

21.1 From banking companies	Installments		Mark-up	2021 Rupees	2020 Rupees
	Number	Commencing from			
Bank Al Habib Limited	20 quarterly	Dec-15	3 months KIBOR plus 0.8% per annum	**50,000,000**	70,000,000
Bank Al Habib Limited	20 quarterly	Jan-19	3 months KIBOR plus 1% per annum	**218,750,000**	240,625,000
Bank Al Habib Limited	20 quarterly	Oct-19	3 months KIBOR plus 1% per annum	**150,000,000**	150,000,000
Bank Al Falah Limited	20 quarterly	Feb-18	6 months KIBOR plus 0.5% per annum	**135,000,000**	150,000,000
Allied Bank Limited	20 quarterly	Jul-19	3 months KIBOR plus 0.4% per annum	**325,000,000**	350,000,000
MCB Bank Limited	20 quarterly	Jul-19	3 months KIBOR plus 1.25% per annum	**187,500,000**	200,000,000
MCB Bank Limited	8 quarterly	Apr-21	SBP+1%	**60,595,943**	78,005,039
MCB Bank Limited	32 quarterly	Aug-23	SBP+3%	**168,008,687**	-
				1,294,854,630	1,238,630,039

21.2 The facility is secured by way of first pari passu charge over plant and machinery of the Holding Company amounting to Rs. 1,700 million (2020: 1,935 million). The unutilized long term financing facility as at the reporting date is Rs. 634 million (2020: Rs. 696 million).

21.3 Represents financing obtained from a commercial bank under the refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of 1% per annum. The loan along with the markup is repayable in 8 equal quarterly installments commencing from April 2021. The facility is secured by way of first pari-passu hypothecation charge over current assets and fixed assets. The total facility of the loan amounted to Rs. 125 million (2020: 125 million) out of which Rs. 41.4 million (2020: Rs. 41.4 million) remained unutilized as at the reporting date.

This loan is initially recorded at present value discounted at the effective interest rate i.e. 3 months KIBOR + 1% and the difference of the actual proceeds and present value is recognized as a deferred income - government grant. The purpose of the government grant is to facilitate the Holding Company in making timely payments of salaries and wages to their employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Hold would not lay off, terminate employee or other wise dismiss any employee for a period of atleast three months from the date of receipt of the first tranche, except in the event of disciplinery action.

21.4 During the year, represents financing obtained from a commercial bank under the Temporary Economic Refinancing Facility (TERF) for plant and machinery introduced by State Bank of Pakistan (SBP). These loans are secured by a charge against the plant and machinery and carry mark-up at the rate of 3% per annum. Grace period for principal repayment has been availed which entails that the first principal repayment falls in August 2023 and the last repayment will be on February 2028. The principal repayments and mark-up will be made on quarterly basis. The loans are initially recorded at present value discounted at the effective interest rate i.e. 3 months KIBOR + 3% and the difference of the actual proceeds and present value is recognized as a deferred income - government grant.

21.5 Following are the changes in the long term financing for which cash flows have been classified as financing activities in the consolidated statement of cash flows:

	Note	2021 Rupees	2020 Rupees
Balance at beginning of the year		**1,238,630,039**	1,051,664,175
Adjustment / proceeds from long-term financing		**232,855,084**	433,611,251
Amount recognized as government grant		**(69,898,460)**	(6,969,095)
Unwinding of finance cost		**12,618,840**	1,362,883
Long-term financing paid during the year		**(119,350,873)**	(241,039,175)
Balance at end of the year		**1,294,854,630**	1,238,630,039
Less: current portion of long-term financing	31	**(372,261,558)**	(112,811,399)
		922,593,072	1,125,818,640

22 LEASE LIABILITIES – secured

	Note	2021 Rupees	2020 Rupees
Lease liabilities		**46,825,511**	42,271,710
Current portion of lease liabilities	31	**(16,222,567)**	(13,014,176)
	22.1	**30,602,944**	29,257,534

22.1 Movement of lease liabilities:

	September 30, 2021			September 30, 2020		
	Vehicles	Farms	Total	Vehicle	Farms	Total
	Rupees			Rupees		
Balance at the beginning of the year	**32,772,196**	**9,499,514**	**42,271,710**	30,365,193	-	30,365,193
Impact of initial application of IFRS 16	**-**	**-**	**-**	-	13,393,395	13,393,395
Additions during the year	**23,301,800**	**-**	**23,301,800**	14,284,100	-	14,284,100
Finance cost during the year	**3,123,290**	**789,975**	**3,913,265**	4,449,705	1,335,119	5,784,824
Payments during the year*	**(17,432,264)**	**(5,229,000)**	**(22,661,264)**	(16,326,802)	(5,229,000)	(21,555,802)
Balance at the end of the year	**41,765,022**	**5,060,489**	**46,825,511**	32,772,196	9,499,514	42,271,710
Current portion of lease liabilities	**(11,162,078)**	**(5,060,489)**	**(16,222,567)**	(8,575,151)	(4,439,025)	(13,014,176)
	30,602,944	**-**	**30,602,944**	24,197,045	5,060,489	29,257,534

* Includes Rs. 2.04 million (2020: Nil) paid on early termination of lease on account of damage of vehicle

22.2 The following are the amounts recognised in unconsolidated statement of profit or loss:

	Note	2021 Rupees	2020 Rupees
Depreciation expense of right-of-use assets	7.1	**50,551,076**	20,904,234
Interest expense on lease liabilities	39	**3,913,265**	5,784,824
Total amount recognised in unconsolidated statement of profit or loss		**54,464,341**	26,689,058

22.3 Future period lease payments and interest expense:

	September 30, 2021			September 30, 2020		
	Minimum lease payments	Interest expense for the future periods	Present value of minimum lease payments	Minimum lease payments	Interest expense for the future periods	Present value of minimum lease payments
	Rupees			Rupees		
Not more than 1 year	**19,640,407**	**3,417,840**	**16,222,567**	16,239,160	3,224,984	13,014,176
Later than 1 year but not more than 5 years	**35,569,689**	**4,966,745**	**30,602,944**	33,298,793	4,041,259	29,257,534
	55,210,096	**8,384,585**	**46,825,511**	49,537,953	7,266,243	42,271,710

23 MARKET COMMITTEE FEE PAYABLE

	Note	2021 Rupees	2020 Rupees
Balance at the beginning of the year		**32,434,412**	27,140,002
Additions during the year	23.1	**43,767,018**	32,535,657
Impact of discounting	38	**(19,877,054)**	(26,024,540)
unwinding of finance cost	39	**4,039,032**	2,540,945
Payments during the year		**(6,189,155)**	(3,757,652)
Balance at the end of the year		**54,174,253**	32,434,412
Current portion of market committee fee payable	31	**(2,991,908)**	(3,757,652)
		51,182,345	28,676,760

23.1 During the year ended September 30, 2021, the HoI entered into a settlement with the Market Committee against provision for market committee fee for the periods 2016 upto September 2020 amounting Rs. 43.8 million. Further Holding Company also entered up to June 2008 amounting to Rs. 32.7 million and Rs. 47.329 million for the years 2008 to 2015 against provision for market committee fee. As per the settlement terms, the above amount is now payable in various yearly installments.

24 DEFERRED LIABILITIES

	Note	2021 Rupees	2020 Rupees
Staff gratuity	24.1	**4,301,305**	4,445,294

24.1 Staff gratuity

Opening balance		**4,445,294**	4,762,469
Expense for the year	24.3	**814,923**	560,900
Benefits paid during the year		**(1,178,263)**	(550,538)
Actuarial loss / (gain) on remeasurement	24.4	**219,351**	(327,537)
Closing balance		**4,301,305**	4,445,294

24.2 Principal actuarial assumptions

Financial assumptions		
Discount rate	**10.50%**	8.50%
Expected rate of increase in salary level	**13.00%**	8.00%
Demographic assumptions		
Expected mortality rate	**SLIC 2001-05**	SLIC 2001-05
Expected withdrawal rate	**High**	High
Long term salary increase rate	**10.50%**	8.50%

24.3 Expense recognised in profit or loss

	2021 Rupees	2020 Rupees
Current service cost	**487,149**	-
Interest cost on defined benefit obligation	**327,774**	560,900
	814,923	560,900

24.4 Actuarial loss / (gain) on remeasurement of obligation

Financial assumptions	**278,917**	22,172
Experience adjustments	**(59,566)**	(349,709)
	219,351	(327,537)

		Change in assumption	Increase in defined benefit obligation	Decrease in defined benefit obligation
24.5	**Sensitivity analysis**		2021 -------(Rupees)-------	
	Discount rate	1%	(187,392)	209,154
	Salary increase rate	1%	216,466	(197,546)

	2021	2020	2019	2018	2017
	---------- (Rupees) ----------				
Present value of defined benefit obligations	4,301,305	4,445,294	4,762,469	4,875,010	4,878,275

	2021			
The amount of the defined benefit obligation after changes in the weighted principal assumptions is as follows:	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	----------(Rupees)----------			
Present value of defined benefit obligation	4,113,913	4,510,459	4,517,771	4,103,759

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligation to significant actuarial assumptions the same method (present value of the retirement benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the consolidated statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

24.6 Maturity profile

Below is the maturity profile based on the undiscounted payments:	2021 Rupees	2020 Rupees
Year 1	553,084	760,952
Year 2	1,151,502	487,507
Year 3	1,090,583	997,675
Year 4	670,098	928,478
Year 5	104,672	598,594
Year 6 to Year 10	1,728,086	1,665,977
Year 11 and above	3,559,975	2,394,822

24.7 Risks associated with defined benefit plans

Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:

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 risk:

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.

24.8 The expected gratuity expense for the year ended September 30, 2022 works out to Rs. 910,275.

24.9 The weighted average duration of the defined benefit obligation at September 30, 2021 is 4.61 years (2020: 4.91 years).

25 DEFERRED INCOME - GOVERNMENT GRANT	Note	2021 Rupees	2020 Rupees
Balance at beginning of the year		**6,024,031**	-
Recognized / adjustment during the year	21.3 & 21.4	**71,543,186**	6,969,095
Amortization of deferred income - government grant	38	**(3,346,411)**	(945,064)
Balance at end of the year		**74,220,806**	6,024,031
Current portion of deferred income - government grant	31	**(3,457,877)**	(2,409,613)
		70,762,929	3,614,418

26 DEFERRED TAXATION - NET

Credit balances arising due to:			
Accelerated tax depreciation		**311,735,137**	320,142,406
Lease liabilities - net		**1,426,928**	11,092,590
		313,162,065	331,234,996
Debit balances arising due to:			
Provisions, allowances, investments, reserves and others		**(55,440,277)**	(17,871,761)
Unused tax losses		**(48,069,158)**	(68,394,816)
Minimum tax		**(130,073,591)**	(73,997,494)
		(233,583,026)	(160,264,071)
	26.1	**79,579,039**	170,970,925

26.1 The movement of deferred taxation is as follows:

As at October 01	**170,970,925**	199,581,276
Tax (income) / expense during the year recognised in profit or loss	**(89,298,445)**	(29,722,262)
Tax (income) / expense during the year recognised in OCI	**(2,093,441)**	1,111,911
As at September 30	**79,579,039**	170,970,925

26.2 The Group has not recognised deferred tax asset of Rs. 53.6 million in accordance with the accounting policy as disclosed in note 5.11 to these consolidated financial statements.

27 PROVISION FOR QUALITY PREMIUM

As required under the provisions of Sugar Factories Control Act, 1950, sugar mills in Sindh are required to pay quality premium to cane growers at the rate of 50 paisa per 40 Kg cane for each 0.1 percent of excess sucrose recovery above the benchmark of 8.7 percent, determined on the aggregate sucrose recovery of each mill. The Holding Company along with other sugar mills had challenged the levy of quality premium through the Pakistan Sugar Mills Association (PSMA) – Sindh Zone before the Honorable High Court of Sindh, however, the matter was decided against the Holding Company. Thereafter, the Holding Company filed an appeal with the Honorable Supreme Court of Pakistan (SCP) which then granted stay to the Holding Company, while admitting the appeal against the impugned judgment of the Court.

During the year ended September 30, 2019, the Honorable SCP has issued an order in this matter and has disposed the appeal filed by the sugar mills. Further, growers association have filed petition in Sindh High Court for execution and implementation of Apex Court Orders. The learned Sindh High Court through its order dated December 19, 2019 has disposed of the petition by laying down criteria for payment of quality premium. As no action was taken by relevant department in terms of learned court order, therefore as a matter of prudence the management has decided to retain the above referred provision in the these consolidated financial statements till further clarification.

28 TRADE AND OTHER PAYABLES

	Note	2021 Rupees	2020 Rupees
Creditors		**155,205,621**	157,083,216
Accrued expenses		**262,555,270**	249,198,731
Payable to provident fund		**962,620**	5,600
Workers' Profits Participation Fund	28.1	**-**	-
Workers' Welfare Fund		**17,494,548**	15,276,376
Advance from employees against purchase of vehicles - secured		**21,166,782**	19,084,772
Withholding tax payable		**2,784,128**	2,377,365
Others		**11,488,669**	11,478,835
		471,657,638	454,504,895

28.1 Workers' Profits Participation Fund

Opening balance	**-**	6,431,049
Allocation for the year	**-**	-
	-	6,431,049
Payments made during the year	**-**	(6,431,049)
Closing balance	**-**	-

29 SHORT-TERM BORROWINGS – secured

	Note	2021 Rupees	2020 Rupees
Running finance under markup arrangements	29.1	**588,921,237**	297,981,575
Short term cash finance	29.2	**475,000,000**	-
		1,063,921,237	297,981,575

29.1 The aggregate facilities for short term running finance available from various banks amounted to Rs. 950 million (2020: Rs. 2,817 million). These facilities are secured against hypothecation of stock-in-trade, plant & machinery, stores, spares & receivables of the Group. These carry mark-up ranging between 0.75% to 1% (2020: 0.35% to 1.25%) per annum above one to three months KIBOR payable quarterly. When there is a positive balance in BAHL running finance account, the said bank transfers the balance in a call treasury arrangement through which profit is credited. The profit range varies between 5.5% to 7.25% (2020: 5.5% to 11.25%).

29.2 The aggregate facilities for short term cash finance available from various banks amounted to Rs. 4,400 million (2020: Rs. 4,450 million). These carry mark-up ranging between 0.4% to 1.25% (2020: 0.50% to 0.75%) per annum above one to three months KIBOR. These are secured against pledge of stock-in-trade and plant & machinery.

30 PROVISION FOR MARKET COMMITTEE FEE

Represents provision made for market committee of Rs. 10 (2020: Rs. 10) per MT of sugar cane crushed for the latest crushing season.

31 CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2021 Rupees	2020 Rupees
Long-term financing	21	**372,261,558**	112,811,399
Lease liabilities	22	**16,222,567**	13,014,176
Market committee fee payable	23	**2,991,908**	3,757,652
Deferred income - government grant	25	**3,457,877**	2,409,613
		394,933,910	131,992,840

32 CONTINGENCIES AND COMMITMENTS

32.1 Tax Contingencies

(i) During the current year, the Deputy Commissioner Inland Revenue (DCIR) had passed an order with respect to tax years 2015, 2016, 2017, 2018 and 2019 u/s 122 of Income tax Ordinance 2001 raising a demand of Rs. 3.57 billion, Rs. 6.70 billion, Rs. 6.81 billion, Rs. 8.15 billion and Rs. 7.46 billion respectively by making additions / disallowances under various heads pertaining majorly to excess bank credit entries, purchase of sugar cane above minimum purchase price, excess usage of lime and difference in local sales from income tax and sales tax returns.

Appeals have been filed by the Holding Company before the Commissioner Inland Revenue (Appeals) against the above assessment orders which is pending adjudication. The Holding Company also filed Constitutional petitions before the honorable High Court of Sindh for stay against the recovery of tax demands. A stay order has been granted by the Honorable High Court of Sindh against Order issued by DCIR for the aforementioned tax years.

The tax advisor of the Holding Company is of the view that the above demands have been created unlawfully on factual as well as legal plaint without any merit. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is required in these consolidated financial statements.

(ii) During the current year, the Deputy Commissioner Inland Revenue (DCIR) had passed an order with respect to tax years 2015, 2016 and 2019 u/s 161 of Income tax Ordinance 2001 raising demand of Rs. 37.115 million, Rs. 45.607 million and Rs. 18.936 million respectively pertaining to default surcharge for failure to collect / deduct tax at source.

Appeals have been filed by the Holding Company before the Commissioner Inland Revenue (Appeals) against the above assessment orders which is pending adjudication. The Holding Company also filed Constitutional petitions before the honorable High Court of Sindh for stay against the recovery of tax demands. A stay order has been granted by the Honorable High Court of Sindh against Order issued by DCIR for aforementioned tax years.

The tax advisor of the Holding Company is of the view that the above demands have been created unlawfully on factual as well as legal plaint without any merit. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is required in these consolidated financial statements.

(iii) The Holding Company filed Constitutional petition no. H-267/05 dated November 21, 2005 on before the Court and was granted a stay against the order number of Customs, Excise and Sales Tax Appellate Tribunal, Karachi, upholding allegation of non-payment of sales tax on advances etc., amounting to Rs. 11.087 million. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these consolidated financial statements.

(iv) The Holding Company filed an appeal no. 99 dated September 28, 2015 before the Commissioner Appeals against the order-in-original no. 01/11/2015 dated August 19, 2015 whereby sales tax liability along with penalty amounting to Rs. 18 million has been established for claiming inadmissible input tax adjustment for the tax periods July 2012 to March 2015. The Commissioner Appeals has remanded back the case to Deputy Commissioner Enforcement and Collection which is pending for hearing. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these consolidated financial statements.

32.2 Others

(i) Competition Commission of Pakistan (CCP) has passed a consolidated order on August 6, 2021 whereby penalties have been levied on 84 sugar mills. The penalty of Rs.265,588,657/- has been levied on the Holding Company equivalent to 5% of the total turnover of Rs. 5,311,733,145 as per the audited unconsolidated financial statements for the period ended September 2019. The Holding Company along with 18 other sugar mills has filed a suit against the above order . The SHC has suspended the operation of CCP's order.

However, the CCP, in contravention of the above restraining order of the High Court, has issued a show-cause notice under section 30 of the Competition Act, 2010 on October 8, 2021, wherein identical issues are involved. The Holding Company, along with 18 other sugar mills, has filed a suit against the above show-cause notice and the Sindh High Court, vide its order No. 2381 dated October 14, 2021, has suspended the operation of the above show-cause notice dated October 8, 2021.

The legal counsel of the Holding Company is of the view that penalty being imposed on the Company was irrational and unlawful and is expected to be annulled.

(ii) DGDP's risk purchase claim amounting to Rs. 33.582 million, was disputed by the Holding Company on the grounds that the goods were delivered in time further the risk and rewards as per the contract duly transferred to the buyer, however, the DGDP failed to lift the goods thereby indulging in breach of the contract. DGDP also withheld tender money paid by the Holding Company amounting to Rs. 8.19 million (note 15.1) during the year 1995 and 1996. The said case filed by the Federation of Pakistan – Suit 158/03 is pending before Civil Judge 1st Class, Rawalpindi. Based on the grounds of suit, recent hearing held at aforementioned court and advise of our legal counsel, the management is confident of a favorable outcome and hence, no provision is required in these consolidated financial statements.

32.3 Commitments

	Note	2021 Rupees	2020 Rupees
Capital commitments		**67,791,092**	10,942,770
Letter of credit - sight (foreign)		**-**	3,287,600

33 TURNOVER – gross	Note	2021 Rupees	2020 Rupees
Sales			
- Sugar – local		**6,095,561,691**	6,568,810,964
– exports		**-**	159,351,623
- Molasses		**709,692,373**	511,600,000
- Bagasse		**167,084,236**	174,095,676
- Mud		**2,046,762**	2,759,995
	33.1	**6,974,385,062**	7,416,618,258

33.1 Revenue recognised from amounts included in advance from customers at beginning of the year amounted to Rs. 31.433 million (2020: Rs. 413.854 million).

34 COST OF SALES	Note	2021 Rupees	2020 Rupees
Manufactured sugar:			
Cost of sugarcane consumed [Including procurement and other related expenses]		**5,216,981,994**	4,271,331,117
Provision for market committee fee		**6,822,530**	6,543,390
Road cess on sugarcane		**4,264,168**	4,089,722
Salaries, wages and other benefits	34.1	**222,711,498**	205,118,960
Stores and spare parts consumed		**209,430,822**	201,119,495
Repairs and maintenance		**39,438,440**	46,042,480
Fuel, electricity and water charges		**14,319,627**	17,417,795
Vehicle running and maintenance expenses		**2,355,506**	4,223,578
Insurance		**36,396,509**	27,720,792
Depreciation on operating fixed assets		**149,191,269**	150,599,017
Others		**25,545,723**	25,518,965
		5,927,458,086	4,959,725,311
Opening stock of work-in-process		**3,832,446**	2,589,011
Closing stock of work-in-process	12	**(5,593,142)**	(3,832,446)
		(1,760,696)	(1,243,435)
Cost of goods manufactured		**5,925,697,390**	4,958,481,876
Opening stock of finished goods		**56,949,027**	1,058,006,932
Closing stock of finished goods	12	**(555,971,097)**	(56,949,027)
		(499,022,070)	1,001,057,905
		5,426,675,320	5,959,539,781

34.1 Includes gratuity expense of Rs. 0.815 million (2020: Rs. 0.561 million) and contribution to provident fund of Rs. 3.698 million (2020: Rs. 4.934 million).

35 DISTRIBUTION COSTS	Note	2021 Rupees	2020 Rupees
Salaries and other benefits	35.1	**3,011,512**	2,445,871
Insurance		**39,693**	32,444
Stacking and loading		**11,521,111**	10,464,686
Export expenses		**-**	1,012,750
Others		**30,633,654**	33,121,164
		45,205,970	47,076,915

35.1 Includes contribution to provident fund of Rs. 0.067 millon (2020: Rs. 0.069 million).

	Note	2021 Rupees	2020 Rupees
36 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	36.1	**130,512,191**	132,660,104
Rent, rates and taxes		**433,722**	-
Electricity, telephone, fax and postage		**8,624,371**	9,884,182
Printing and stationery		**655,900**	873,046
Travelling and conveyance		**10,244,809**	4,465,656
Vehicle running and maintenance expenses		**9,357,981**	9,878,946
Auditor's remuneration	36.2	**3,133,801**	2,659,925
Legal and professional		**14,797,154**	5,796,609
Fees and subscription		**3,562,246**	3,526,550
Insurance		**396,934**	324,443
Repairs and maintenance		**11,742,463**	7,507,897
Advertising		**110,500**	129,500
Donations	36.3	**9,317,000**	11,445,048
Depreciation			
- Operating fixed assets	6.1.2	**6,324,864**	6,320,770
- Right-of-use assets	7.1	**50,551,076**	20,904,234
Others		**2,566,069**	2,833,101
		262,331,081	219,210,011

36.1 Includes contribution to provident fund of Rs. 2.254 million (2020: Rs. 3.414 million).

	2021 Rupees	2020 Rupees
36.2 Auditor's remuneration		
Statutory audit fee	**1,954,400**	1,795,000
Fee for audit of consolidated financial statements	**189,000**	189,000
Review of half yearly unconsolidated financial information	**425,000**	425,000
Review of compliance with Code of Corporate Governance	**175,000**	175,000
Certifications	**162,000**	-
Out of pocket expenses	**228,401**	75,925
	3,133,801	2,659,925

36.3 Includes Nil (2020: Rs. 9 million) and Rs. 9 million (2020: Nil) paid to Usman Memorial Hospital Foundation and Hasham Foundation (related parties) respectively which are the projects of Hasham Group. Usman Memorial Hospital Foundation includes directors namely Mr. Mohammed Hussain Hasham and Mr. Ahmed Ebrahim Hasham who are the trustees of the said Foundation. Hasham Foundation includes directors namely Mr. Mohammed Kasim Hasham, Mr. Mohammed Ebrahim Hasham, Mr. Mohammed Hussain Hasham, Mr. Khurram Kasim and Mr. Ahmed Ebrahim Hasham who are the trustees of the said Foundation. No other directors or their spouses have any interest in any donee's fund to which donation was made in both foundations.

		Note	2021 Rupees	2020 Rupees
37	**OTHER EXPENSES**			
	Loss on exchange rate difference - net		-	2,443,238
	Allowance for expected credit losses on term deposit certificates	17	-	3,654,000
	Allowance for expected credit losses on short-term prepayments	15.2	972,757	-
	Workers' Welfare Fund		3,483,170	-
	Unrealised loss on remeasurement of equity instruments at fair value through profit or loss		129,072,940	-
	Provision for impairment of capital-work-in progress	6.2	33,639,066	-
	Others		13,730,918	9,014
			180,898,851	6,106,252
38	**OTHER INCOME**			
	Income from financial assets			
	Dividend income		63,571,333	48,611,935
	Profit on call treasury arrangement	29.1	1,376,194	8,493,522
	Gain on exchange rate difference - net		163,421	-
	Gain on disposal of equity instruments at fair value through profit or loss		109,047,937	44,877,499
	Unrealised gain on remeasurement of equity instruments at fair value through profit or loss		-	90,245,992
	Impact of discounting - market committee payable	23	19,877,054	26,024,540
			194,035,939	218,253,488
	Income from non-financial assets			
	Farm income – net	38.1	20,432,051	15,973,270
	Scrap sales		5,911,200	-
	Gain on disposal of operating fixed assets and right-of-use assets		10,139,655	26,385,910
			36,482,906	42,359,180
	Amortisation of deferred income - government grant	25	3,346,411	945,064
			233,865,256	261,557,732
38.1	**Farm income – net**			
	Revenue from farms		19,075,208	21,522,005
	Fair value of harvested crop	10	(16,621,474)	(15,245,232)
	Harvesting and other charges		(168,624)	(886,866)
			2,285,110	11,083,616
	Change in fair value less cost to sell of standing crop		18,146,941	11,731,820
	Farm income		20,432,051	15,973,270
39	**FINANCE COSTS**			
	Markup / interest on:			
	- Long-term financing		106,473,391	127,819,351
	- Short-term borrowings		147,707,113	202,374,322
	- Lease liabilities	22.2	3,913,265	5,784,824
	- Market Committee	23	4,039,032	2,540,945
	- Workers' Profits Participation Fund		-	699,046
			262,132,801	339,218,488
	Bank charges		2,418,730	3,100,392
			264,551,531	342,318,880

40 TAXATION

	2021 Rupees	2020 Rupees
Current	**123,247,186**	145,341,624
Prior	**7,754,430**	–
	131,001,616	145,341,624
Deferred	**(89,298,445)**	(29,722,262)
	41,703,171	115,619,362
Deferred tax related to items recognised in OCI:		
(Relief) / charge on equity instruments designated at fair value through other comprehensive income	**(2,093,441)**	1,111,911
Current tax related to items recognised in OCI:		
(Relief) / charge on equity instruments designated at fair value through other comprehensive income	**(6,564)**	7,754,431

40.1 As the charge for current tax is based on minimum taxation and taxation under final tax regime, reconciliation of tax expense with accounting profit is not presented.

40.2 Income tax assessments of the Holding Company have been completed up to the tax year 2021 (accounting year ended September 30, 2020).

During the year, proceedings under section 122 of the Income tax Ordinance, 2001 have been initiated for the tax year 2015, 2016, 2017, 2018 and 2019 whereby requisite details have been furnished by the Holding Company. (Refer note 32.1)

41 BASIC AND DILUTED (LOSS) / EARNING PER SHARE

There is no dilutive effect on the basic (loss) / earnings per share of the Group, which is based on:

	Note	2021	2020
Net (loss) / profit after taxation attributable to ordinary shares - (Rupees)		**(15,112,755)**	46,741,205
Weighted average number of ordinary shares	19	**48,927,325**	48,927,325
			Restated
(Loss) / earning per share - (Rupees)		**(0.31)**	0.96

42 WORKING CAPITAL CHANGES

	2021 Rupees	2020 Rupees
(Increase) / decrease in current assets		
Biological assets	**(7,145,881)**	(1,376,242)
Stores and spare parts	**(159,577)**	(7,919,547)
Stock-in-trade	**(500,782,766)**	999,814,470
Trade debts	**(51,462,529)**	60,928,652
Loans and advances	**(8,700,874)**	70,416,476
Trade deposits and short-term prepayments	**(3,095,283)**	4,901,303
Other receivables	**(174,949)**	12,627,472
	(571,521,859)	1,139,392,584
Increase / (decrease) in current liabilities		
Trade and other payables	**17,152,743**	(216,489,559)
Contract liabilities (advances from customers)	**(1,897,564)**	(379,097,330)
Sales tax and federal excise duty payable	**(30,512,537)**	15,527,262
	(15,257,358)	(580,059,627)
	(586,779,217)	559,332,957

43 TRANSACTIONS WITH RELATED PARTIES

43.1 Related parties of the Group comprise of associates, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Group. Balances with related parties at reporting date are disclosed in respective notes to these consolidated financial statements. Transactions with related parties during the year other than those disclosed elsewhere in these consolidated financial statements, are as follows:

	2021 Rupees	2020 Rupees
Associates		
Investment made during the year - right issue	59,385,600	7,785,600
Advance against issuance of shares	29,868,800	63,368,000
Dividend received during the year	212,499,987	274,999,983
Sales	726,657,376	545,464,997
Donations	9,000,000	9,000,000
Other related parties / associated companies (common directorship)		
Expenses paid on behalf of associated companies	1,273,446	899,733
Amount received from associated companies	1,098,497	1,158,640
Key management personnel		
Salaries & allowances	94,784,271	66,942,395
Bonus	5,352,460	3,788,720
Employees' benefits		
Provident fund contribution	6,018,763	8,417,793

43.2 Details of related parties

Name of related parties	Basis of relationship	Percentage of shareholding by the Holding Company
Unicol Limited	Associate	33.33%
UniFoods Industries Limited	Associate	24%
Unienergy Limited	Associate	20%
Pakistan Molasses Company (Private) Limited	Common directorship	-
Mogul Tobacco Company (Private) Limited	Common directorship	-
Hasham Foundation	Common directorship	-
Usman Memorial Hospital Foundation	Common directorship	-
Hasham (Private) Limited	Common directorship	-
MCB Islamic Bank Limited	Common directorship	-
Mr. Mohammed Kasim Hashim - Chairman	Key management personnel	-
Mr. Mohammed Ebrahim Hasham - Chief exceutive officer	Key management personnel	-
Mr. Ahmed Ebrahim Hasham - Managing director	Key management personnel	-
Mr. Mohammed Hussain Hasham - Director	Key management personnel	-
Mr. Khurram Kasim - Director	Key management personnel	-
Ms. Sofia Kasim - Director	Key management personnel	-
Mrs. Anushey A. Hasham - Director	Key management personnel	-
Mr. Hasan Aziz Bilgrami - Director	Key management personnel	-
Mr. Mohammad Amin Mukaty - Director	Key management personnel	-
Mr. Iftikhar Soomro - Director	Key management personnel	-
Mr. Muhammad Hanif Aziz - Chief financial officer	Key management personnel	-
Mr. Shayan Muhammad Saleem - Company secretary	Key management personnel	-
MSML Provident Fund	Retirement Fund	-

44 CAPACITY AND PRODUCTION

	Tons of Cane crushing per Day (TCD)	
	Rated Capacity	Average Capacity utilisation
Season 2020-2021	**12,500 TCD**	**6,038 TCD**
Season 2019-2020	12,500 TCD	6,232 TCD

The short fall in crushing is due to the scarcity of sugarcane in the market.

45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

45.1 The aggregate amount, charged in the consolidated financial statements for the year are as follows:

	2021					2020				
	Chief Executive Officer	Executive Director	Non-Executive Directors	Executives	Total	Chief Executive Officer	Executive Director	Non-Executive Directors	Executives	Total
	Rupees									
Fee	-	-	1,900,000	-	1,900,000	-	-	1,610,000	-	1,610,000
Basic salary	4,560,000	4,560,000	-	26,686,080	35,806,080	6,846,000	6,846,000	-	19,275,870	32,967,870
House rent allowance	5,928,000	5,928,000	-	39,960,575	51,816,575	3,184,800	3,184,800	-	11,459,420	17,829,020
Utility allowance	456,000	456,000	-	2,668,808	3,580,808	684,600	684,600	-	1,927,587	3,296,787
Medical allowance	456,000	456,000	-	2,668,808	3,580,808	684,600	684,600	-	1,927,587	3,296,787
Retirement benefits		456,000	-	2,071,680	2,527,680	684,600	-	-	1,282,629	1,967,229
Bonus	570,000	570,000	-	4,212,460	5,352,460	634,000	634,000	-	1,986,270	3,254,270
	11,970,000	12,426,000	1,900,000	78,268,411	104,564,411	12,718,600	12,034,000	1,610,000	37,859,363	64,221,963
Number of persons	1	1	10	32	44	1	1	9	8	19

45.2 In addition, the Chief Executive Officer and Executive Director are provided with free use of the Holding Company maintained cars, in accordance with their terms of service.

45.3 As per requirements of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

46.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties and continually assessing the creditworthiness of counter-parties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The maximum exposure to credit risk at the reporting date is:

	2021 Rupees	2020 Rupees
Long term deposits	**852,400**	852,400
Trade debts	**69,668,130**	18,205,601
Trade deposits	**2,397,900**	358,640
Loans	**2,668,031**	3,297,329
Other receivables	**990,764**	278,392,666
Short-term investments	**1,317,093,191**	1,108,082,670
Bank balances	**10,849,291**	10,074,032
	1,404,519,707	1,419,263,338

Quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

46.1.1 Trade debts

There are no customers with defaults as at the current and prior year reporting date.

46.1.2 Bank balances

		2021 Rupees	2020 Rupees
With external credit rating:			
A1+	PACRA	**661,015**	474,171
A-1+	PACRA	**1,472,313**	-
A-1+	JCR – VIS	**8,222,731**	9,401,107
A1	PACRA	**538,233**	198,754
		10,849,291	10,074,032

46.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Group's financial liabilities at the following reporting dates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	---------- Rupees ----------				
At amortised cost					
Long-term financing	**-**	**-**	**372,261,558**	**922,593,072**	**1,294,854,630**
Lease liabilities	**-**	**-**	**16,222,567**	**30,602,944**	**46,825,511**
Trade and other payables	**33,618,071**	**417,760,891**	**-**	**-**	**451,378,962**
Unclaimed dividend	**19,331,423**	**-**	**-**	**-**	**19,331,423**
Accrued markup	**-**	**50,683,240**	**-**	**-**	**50,683,240**
Market committee fee payable	**-**	**-**	**2,991,908**	**51,182,345**	**54,174,253**
Short term borrowings	**1,063,921,237**	**-**	**-**	**-**	**1,063,921,237**
2021	**1,116,870,731**	**468,444,131**	**391,476,033**	**1,004,378,361**	**2,981,169,256**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	---------- Rupees ----------				
At amortised cost					
Long-term financing	-	-	112,811,399	1,125,818,640	1,238,630,039
Lease liabilities	-	-	13,014,176	29,257,534	42,271,710
Trade and other payables	98,826,237	24,620,711	-	236,717,710	360,164,658
Unclaimed dividend	18,648,988	-	-	-	18,648,988
Accrued markup	-	20,338,515	-	-	20,338,515
Market committee fee payable	-	-	-	28,676,760	28,676,760
Short term borrowings	297,981,575	-	-	-	297,981,575
2020	415,456,800	44,959,226	125,825,575	1,420,470,644	2,006,712,245

46.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices.

46.3.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates mainly relates to long-term financing, short-term borrowings and lease obligations. Management of the Group estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Group's profit before tax by Rs. 21.3 million (2020: Rs. 15.8 million) and a 1% decrease would result in the increase in the Group's profit before tax by the same amount.

46.3.2 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Group's exposure to equity price mainly relates to equity securities - fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The management of the Group manages the above market risks through diversification of investment portfolio. The management estimates that, as at the reporting date, a 10% decrease in the overall share prices in the market with all of the factors remaining constant would decrease the Company's equity by Rs. 5.1 million (2020: Rs. 14.4 million) and Group's assets by Rs. 126.6 million (2020: Rs. 96.4 million), and 10% decrease would result in a decrease in the Group's other comprehensive income and profit or loss, respectively by the same amount.

46.3.3 Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist made in foreign currency at the reporting date. Financial assets of the Group include Rs. 5.6 million (2020: Rs. 5.4 million) in foreign currency which is subject to currency risk exposure.

	2021 Rupees	2020 Rupees
The following exchange rate has been applied at the reporting date:		
Pakistani Rupees to US Dollars	**171**	166

The following figures demonstrate the sensitivity to a reasonably possible change in exchange rates, with all variables held constant, of the Group's profit before tax:

	Changes in exchange rate	Effect on profit before tax Rupees
2021	**± 5%**	280,594
2020	**± 5%**	272,423

47 CAPITAL RISK MANAGEMENT

The Group finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. The Group monitors capital using a debt equity ratio as follows:

	2021 Rupees	2020 Rupees
Long-term financing	**1,294,854,630**	1,238,630,039
Short-term borrowings	**1,063,921,237**	297,981,575
Total debt	**2,358,775,867**	1,536,611,614
Share capital	**489,273,246**	465,974,520
Reserves	**2,006,437,674**	2,141,532,310
Total equity	**2,495,710,920**	2,607,506,830
Capital (Debt + equity)	**4,854,486,787**	4,144,118,444
Gearing ratio	**49%**	37%

48 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair values.

The following table shows financial instruments recognised at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices (unadjusted) 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).

As of the reporting date, the Group has financial instruments designated at FVOCI and FVPL using level 1 valuation technique and the biological assets measured at fair value using level 2 valuation technique. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

49 COVID-19 OUTBREAK AND ITS IMPACT ON CONSOLIDATED FINANCIAL STATEMENTS

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

Despite the challenging operating environment, the Group has been able to continue its operations by implementing strict measures at its offices to combat and reduce the spread of virus as the health and well-being of the staff is of paramount importance to Group.

The Group expects that like other sectors of the economy, the sugar and allied products also to be under pressure, However, the business and financial strategies, and the operational decision are designed to move the Group from strength to strength, and to ensure operations in a sustainable way during these economic crisis. The management has assessed the accounting implications of these developments on these unconsolidated financial statements, including but not limited to expected credit losses and modification of financial liability under IFRS 9, 'Financial Instruments', the impairment of tangible assets under IAS 36, 'Impairment of non-financial assets'.

The Group carried out an assessment including financial and non-financial consideration such as liquidity and funding concerns, disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issues.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in the consolidated financial statements.

50 OPERATING SEGMENTS

For management purposes, the activities of the Group are organized into one operating segment i.e. manufacture and sale of sugar and its by-products. The Group 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 these consolidated financial statements are related to the Group's only reportable segment.

50.1 The details of customers with whom the revenue from sales transactions amount to 10% or more of the Group's overall revenue is as follows:

	2021	2020
	Rupees	Rupees
English Biscuits Manufacturers (Private) Limited	**636,128,177**	164,386,922
Unicol Limited - a related party	**724,192,373**	511,600,000

50.2 Geographical information	2021 Rupees	2020 Rupees
Revenue - based on the location of customers		
Pakistan	**6,974,385,062**	7,257,266,635
Afghanistan	**-**	159,351,623
	6,974,385,062	7,416,618,258

50.2.2 Non-current assets

Non-current assets of the Group are confined within Pakistan and consist of property, plant and equipment, right-of-use assets, long-term receivables, long-term investments and long-term deposits.

51 NUMBER OF EMPLOYEES	2021	2020
Total number of permanent employees as at reporting date	**324**	329
Average number of permanent employees during the year	**327**	334

52 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on December 29, 2021 by the Board of Directors of the Company.

53 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

53.1 Subsequent to the year end, the Board of Directors of the Group in their meeting held on December 29, 2021 have proposed a final cash dividend of Rs. Nil (2020: Nil) per share and issue of bonus shares in the proportion of 10 (2020:5) ordinary shares for every hundred (100) ordinary shares held for the year ended September 30, 2021.

53.2 The approval of the members for the proposed final cash dividend and the proposed bonus issue will be obtained at the Annual General Meeting of the Group to be held on January 28, 2022. These consolidated financial statements for the year ended September 30, 2021 do not include the effect of the final cash dividend and proposed bonus issue which will be accounted for in the consolidated financial statements for the year ending September 30, 2022.

54 GENERAL

54.1 Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions/ better presentation. However, there are no reclassifications to report except subsidy receivable amounting to Rs. 277.58 million which has been reclassified to non-current assets.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

FORM OF PROXY

I/We_____of_____
_____being member of Mehran Sugar Mills Limited, holding _____Ordinary Shares as per Registered Folio No. / CDC A/c No. (for members who have shares in CDS)_____ hereby appoint Mr./Mrs./Miss_____of (full address)_____ or failing him / her Mr./Mrs./ Miss_____of (full address) _____ (being member of the company) as my/our Proxy to attend, act and vote for me/us and behalf at the 56th Annual General Meeting of the Company to be held on January 28, 2022 at 4:30 pm and /or any adjournment thereof.

As witness my/our hands seal this _____day of _____2022.

Signed by _____ in the presence of

1. Witness

Signature _____

Name _____

Address: _____

_____

CNIC No._____

2. Witness

Signature_____

Name _____

Address: _____

_____

CNIC No._____

Signature on Rs. 5/-
Revenue Stamp

Important:

1. This form of proxy, duly completed and signed, must be deposited at the office of the Company's Shares Registrar, not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is a Member.

For CDC Account Holders / Corporate Entitles:

In Addition to the above following requirements have to be met:

i. The Proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.

ii. Attested copies of CNIC or Passport of the beneficial owners and proxy shall be furnished with the proxy form.

iii. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

iv. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form.

پراکسی فارم

میں / ہم: _____

_____

بطور رُکن (حصص دار) مہران شوگر ملز لمیٹڈ (حصص کی تعداد) _____ جو کہ رجسٹرڈ ہیں بذریعہ فولیو نمبر سی ڈی سی / اکاونٹ نمبر (اُن اراکین کے لئے جن کے حصص سی ڈی ایس میں ہیں) _____

بذریعہ ہذا تقرر کرتا ہوں جناب / محترمہ _____

مکمل پتہ _____

میری / ہماری غیر موجودگی میں میرے / ہمارے **پراکسی** (نمائندے) کے طور پر کمپنی کی 56 ویں سالانہ جنرل میٹنگ 28 جنوری 2022 بروز جمعہ دن 4:30 بجے، بذریعہ ویڈیو لنک میٹنگ میں شرکت کرے گا اور میری / ہماری جگہ ووٹ استعمال کرے گا۔

میں بطور گواہ اس _____ دن _____ 2022

دستخط منظور کُنندہ _____

ریونیو
مُہر

دستخط کمپنی کے **پاس** موجود نمونے کے دستخط کے مطابق ہونا چاہیئے

گواہان

دستخط _____	دستخط _____
نام _____	**نام** _____
پتہ _____	پتہ _____
_____	_____
شناختی کارڈ / **پاسپورٹ** نمبر _____	شناختی کارڈ / **پاسپورٹ** نمبر _____
_____	_____

ضروری:

1۔ **پروکسی** فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرآفس میں جمع کرادیا جائے۔

2۔ فارم **پر** نمبر **یا** اس کا تحریراً مقرر کردہ **اٹارنی** دستخط کرے گا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مُہر فارم **پر** ثبت کرنی ہوگی۔

3۔ اجلاس میں **شرکت** اور رائے دہی کا اہل ممبر اپنی جانب **شرکت** اور رائے دہی کے لئے دوسرے ممبر کو اپنا **پروکسی** مقرر کرسکتا ہے **تاہم** کارپوریشن کسی بھی غیر ممبر کو اپنا **پروکسی** مقرر کرسکتی ہے۔

برائے سی ڈی سی اکاونٹ ہولڈرز / کارپوریشن اینٹٹی

مزید براں مندرجہ ذیل شرائط پر عمل کرنا ہوگا:

(i) **پروکسی** فارم **پر** دو افراد کی گواہی ہونی چاہیئے جن کے **نام**، پتے اور سی این آئی سی **یا یا** سپورٹ نمبر فارم میں درج ہوں۔

(ii) ممبر اور **پروکسی** کے سی این آئی سی **یا یا** سپورٹ کی تصدیق شدہ کاپیاں **پروکسی** فارم کے ہمراہ منسلک کرنی ہونگی۔

(iii) **پروکسی** کو اجلاس کے وقت اپنا اصل سی این آئی سی **یا** اصل **پاسپورٹ** پیش کرنا ہوگا۔

(iv) کارپوریٹ اینٹٹی کی صورت میں ڈائریکٹرز کی قرارداد / **پاور** آف **اٹارنی** معہ نامزد فرد کے دستخط کا نمونہ (**اگر** پہلے فراہم نہ کئے گئے ہوں) **پروکسی** فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔

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

infiniti.com.pk 35301852