



Half Yearly Report
March 31, **2022**

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DIRECTORS' REPORT

On behalf of the Board, I am pleased to present financial results for the half year ended March 31, 2022.

| Operational Highlights | March 2022 | March 2021 |
|-------------------------------|----------------|------------|
| Crushing – M. Tons | 856,944 | 682,253 |
| Sucrose Recovery | 11.16% | 10.72% |
| Sugar Production – M. Tons | 95,642 | 73,092 |
| Molasses production – M. Tons | 40,185 | 31,880 |
| Molasses Recovery | 4.69% | 4.67% |

| Financial Highlights | March 2022 | March 2021 |
|--------------------------|---------------------------------|------------|
| | (Rupees in Thousand except EPS) | |
| Turnover | 2,591,242 | 2,785,581 |
| Sales tax | 271,764 | 302,968 |
| Gross Profit | 668,157 | 567,413 |
| Gross Profit margin | 28.81% | 22.86% |
| Profit before tax | 298,187 | 406,856 |
| Profit before tax margin | 12.86% | 16.39% |
| Net Profit after tax | 173,626 | 298,909 |
| Net Profit margin | 7.49% | 12.04% |
| Earnings per share | 3.23 | 6.11 |

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

- Sucrose recovery improved to 11.16% from 10.72% of previous year. Primary reason for improvement was relatively better and consistent crushing. In addition, prudent cane procurement with improvement in gate area supplies also accounted for improvement in recovery. Due to the larger crop, mills were able to crush cane in March, which allowed for more mature cane with higher sucrose recovery to be crushed.
- Gross profit margin increased due to lower cane procurement cost and better sucrose recovery. Good volume of molasses and Bagasse sales also allowed for this contribution.
- The Bagasse savings improved substantially as compared to last year because of further investments made in steam efficiency and electrical savings. The company continues to invest in efficiency with the goal to saving large volumes of bagasse, which is now an important feedstock for other industries.
- Unicol's share of profit continue to remain impressive and amounted to Rs.167.59 million during this period.
- Dividend income from equity investments amounted to Rs. 58.06 million which more than doubled as compared to corresponding period of last year. This was larger due to the defensive nature of investments, which were switched to higher yielding investments. However, a large loss of Rs. 109 Million was booked

on account of lower valuations of investments due to the prevailing economic condition.

- Finance costs also increased substantially due to a higher utilisation of short-term borrowings as our quantity of sugarcane crushed increased. An approximate 75 percent increase in the cost of borrowing from last year also played a major impact.

SEASON 2021-2022

Season 2021-2022 was expected to be a larger crop compared to the previous 3 years. However, the GoS increased the minimum support price by 24 percentage from the previous year to Rs.250/40kgs plus QP. This became an anomaly since the price of sugar cane in Punjab was notified at Rs. 225/- 40 Kgs. Such a large price difference of 10 percentage in one country created difficulty for mills in Sind.

Despite the higher crop expectations sugarcane harvesting remained slow in the first month as growers were used to price wars in the previous 3 years and thus expected favorable prices. This prompted an unusual and abnormal increase in sugarcane price up to 30 percentage higher than the support price announced by the government.

This initial increase in pricing subsided as the season progressed. An improved supply brought stabilization in sugarcane price. However, due to the higher notified price and initial market buying the overall cost of cane in Sind remained higher than Punjab.

Further prompt payments to growers created large requirement of liquidity. This along with increase in mark up rates has increased our finance cost and thus the overall cost of sugar production. The finance cost due to short-term working capital requirements has now become a major cost component after sugarcane and salaries.

In season 2021-2022, the production of sugar closed at 7.9 million Tons as compared to 5.7 million Tons last season. The final sugar production was 38 percentage higher than the previous year. This production has been recorded as the highest ever in the history of sugar production in Pakistan. Pakistan's sugar consumption is expected at approximately 6.5 million Tons.

The highest ever production has created a surplus of approx. 1.5 Million Tons. Sadly timely export permission is not being given due to the political uncertainty in the country. The exports of sugar can not only bring in valuable foreign exchange of approximately USD 1.0 Billion but also more importantly stabilise sugar prices at Rs. 90/ kg, which are important to allow an equilibrium pricing between sugarcane and sugar prices for this year.

Rebalancing the requirement of sugar and thus stabilising the market is also imperative considering that the season 2023 initial survey points to a slightly larger crop size, which would again mean a surplus. In such a season ensuring sustainable sugarcane prices to the farmer are critical so that overall sugar production numbers do not reduce in Pakistan.

Your mill was able to produce 95,642 Tons as compared to 73,092 Tons which was 31 percent higher than the year before.

UNICOL LIMITED

The Company's performance continued to be robust and satisfactory during the period. Both Ethanol and CO2 plants remained efficient. Due to the initial European gas crisis followed by the political turmoil in Ukraine and sky rocketing oil prices, demand for ethanol has remained strong which has improved selling price of ethanol.

The larger sugarcane allowed Molasses purchases at competitive prices during the season. This phenomenon enabled the company to secure its sales commitments for the entire year.

Profit before tax for Unicol was Rs. 585 million as compared to Rs.485 million in the same period last year. The profitability for the remaining half of the year is expected to substantially improve considering higher ethanol pricing and better currency valuations.

Unicol continues to pay a quarterly dividend, which augurs well for our cash flows.

Following are the key data related to Unicol Ltd:

| Financial Highlights | Units | March 2022 | March 2021 |
|----------------------|-------------|------------|------------|
| Sales | Rs. in '000 | 3,898,256 | 4,046,217 |
| Gross profit | Rs. in '000 | 780,969 | 764,538 |
| Gross profit % | % | 20.03% | 18.90% |
| Profit before tax | Rs. in '000 | 585,097 | 485,943 |
| Profit after tax | Rs. in '000 | 502,784 | 445,087 |
| Net profit % | % | 12.90% | 11% |
| Earnings per share | Rs. | 3.35 | 2.97 |

UNI-FOOD INDUSTRIES LIMITED

The FMCG business has been badly hit since the emergence of Covid and subsequent inflation and currency devaluations. Lower demand due to closure of educational institutions, malls and shopping centres and consequent non-absorption of fixed overheads has put the company in continued losses. Also lower ability to pass through costs due to a competitive marker have been a major challenge.

Despite the challenges, sales have shown an encouraging trend in the last six months. Presently the board in coordination with the management is considering various options for the future of the company. Our equity investment in Unifoods has reached to Rs. 446.35 million. All options are being reviewed for the future of the company and our investment.

FUTURE OUTLOOK

Grower friendly policies during last three years have resulted in better returns on the crop. Hence, we are seeing continuous improvement in plantation of sugarcane. This trend is welcoming and needs to be continued. However, the major focus of the industry has to be towards improving farm productivity and yields as availability of additional land for farming is limited. An improved farm yield will allow larger volume of sugarcane. This would improve farmer economics and allow mills to attain better capacity utilization in years to come.

While cane development is of utmost importance to the industry. We also feel that the government intervention has to reduce. Importantly, we are yet to see any development on the Policy framework from Governments regarding sugarcane and sugar pricing. This matter is under discussion for the last few years and due to inaction, is proving detrimental to the development of this sector. Resolution of this matter will bring multifold benefits to the Government, growers, millers and consumer in the long run.

During the present financial year, our biggest challenge is to get sustainable realised values for the sugar produced. Sadly, the sugar market has fallen by 10 percent since the close of the season predominantly due to the surplus production as well as the inaction of the government to allow much needed sugar exports. This coupled with the borrowing costs nearing doubling from 7.50 percent last year to 14.00 percentage presently is causing a severe financial strain and could have a negative impact on financial results.

Timely action thus on exports is imperative to allows mills to off load sugar at sustainable valuations and allow cane pricing for next season to remain economically viable.

Thus in order to ensure that profitability from core operations remains intact, sugar price stability is vital. Unicol's consistent profitability and its ability to pay regular dividends will contribute positively to the bottom line.

We hope timely decisions are taken during the remaining half of the year, which would be important for the entire sugar industry.

For and on behalf of the Board of Directors



Ahmed Ebrahim Hasham
Chief Executive Officer

Karachi: May 26, 2022

سے ہی کسانوں کی اقتصادی حالت بہتر ہو سکتی ہے یہ چین کی صنعت کے لئے بہتر ہے کیونکہ اس سے ملوں کو آئندہ آنے والے سالوں میں اپنی مکمل پیداواری صلاحیت کے استعمال کا موقع ملے گا۔

گنے کی اچھی پیداوار صنعت کے لئے انتہائی اہمیت کی حامل ہے اس سلسلے میں حکومتی مداخلت کو کم کرنے کی ضرورت ہے، گنے اور چین کی قیمتوں کے حوالے سے حکومتوں کی جانب سے پالیسی فریم ورک پر کوئی پیش رفت نظر نہیں آتی، یہ معاملہ پچھلے کئی سالوں سے زیر بحث رہا ہے اور تنازع کا سبب بھی بنتا رہا ہے لیکن عدم توجہی اور بے عملی کے سبب چین کے شعبے کی ترقی کے لئے نقصان دہ ثابت ہو رہا ہے۔ اس معاملے کے پائیدار حل سے حکومت، کاشتکار، ملرز اور صارفین کو طویل المدتی فوائد حاصل ہو سکتے ہیں۔

موجودہ مالی سال کے دوران، ہمارے سب سے بڑا چیلنج، پیدا ہونے والی اضافی چین کی کھپت کے لئے بہتر راستہ تلاش کرنا ہے افسوس کی بات ہے کہ سیزن کے اختتام کے بعد سے اب تک چین کی مارکیٹ میں 10 فیصد کمی واقع ہو چکی ہے جس کی بنیادی وجہ اضافی پیداوار کے ساتھ ساتھ حکومت کی جانب سے اضافی چین کے لئے برآمدات کی اجازت دینے میں عدم فعالیت ہے جبکہ شرح سود گزشتہ سال کے 7.5 فیصد سے دگنی ہو کر اس وقت 14 فیصد تک پہنچ گئی ہے جو کہ مالیاتی نتائج پر منفی اثر ڈال سکتی ہے۔ برآمدات کی بروقت اجازت بے حد ضروری ہے اس سے ملوں کو اپنی پروڈکٹ کی بہتر اور بروقت قیمت مل پائے گی جس سے وہ آنے والے سیزن لئے معاشی طور پر اس قابل ہو سکیں گی کہ گنے کی بہتر قیمتوں کی ادائیگی، کسانوں کو بروقت کر سکیں۔

منافع بخش زون میں رہنے کے لئے چین کی قیمت میں استحکام اشد ضروری ہے یونی کول سے پورے سال اچھے منافع منقسمہ (Dividend) کی توقع ہے جس سے ہم اپنے حصص یافتگان کو منافع کی تقسیم (Dividend) دے سکیں گے اور اپنے پلانٹ کی کارکردگی کو بہتر کر سکیں گے جس سے ہماری پیداواری لاگت میں بھی کمی واقع ہوگی۔ ہم امید کرتے ہیں کہ سال کے بقیہ نصف میں بروقت فیصلے کیے جائیں گے، جو پوری شوگر انڈسٹری کے لیے اہم ہوں گے۔

از طرف

بورڈ آف ڈائریکٹرز

Ahmed Ebrahim

احمد براہیم ہاشم

چیف ایگزیکٹو آفیسر

کراچی-26 مئی 2022

قبل از ٹیکس منافع، پچھلے سال کی اسی مدت کے دوران 485 ملین روپے کے مقابلے میں اس سال 585 ملین روپے ہے جبکہ ہتھسول کی بڑھتی ہوئی قیمتوں کو دیکھتے ہوئے سال کے بقیہ نصف کے منافع میں مزید بہتری کی توقع ہے۔
یونیٹوں، سہ ماہی ڈیویڈنڈ کی ادائیگی جاری رکھے ہوئے ہے، جو کہ ہمارے کیش فلو کے لیے بہت مددگار ہے۔

یونیٹوں سے متعلق اہم مالیاتی اعداد و شمار مندرجہ ذیل ہیں:

| مارچ 2021 | مارچ 2022 | مالیاتی معلومات (فنانشل ہائی لائٹس) | |
|-----------|-----------|-------------------------------------|--------------------------|
| 3,898,256 | 4,046,217 | روپے ہزاروں میں | مجموعی فروخت (ٹرن اوور) |
| 780,969 | 764,538 | روپے ہزاروں میں | خالص منافع |
| 20.03% | 18.90% | (%) | خالص منافع کی شرح |
| 585,097 | 485,943 | روپے ہزاروں میں | قبل از ٹیکس منافع |
| 502,784 | 445,087 | روپے ہزاروں میں | بعد از ٹیکس منافع |
| 12.90% | 11% | (%) | بعد از ٹیکس منافع کی شرح |
| 3.35 | 2.97 | روپے | فی حصص آمدنی |

یونیٹوں اور انڈسٹری لمیٹڈ

FMCG کے کاروبار کے شروع میں ہی کورونا وبا اور اس کے نتیجے میں ہونے والے افراط زر اور کرنسی کی قدر میں مسلسل کمی کے نتیجے میں بری طرح متاثر ہوا۔ تعلیمی اداروں، مالز اور خریداری مراکز کی بندش کے وجہ سے کیک کی طلب میں شدید کمی واقع ہوئی ہے۔ جس کی وجہ سے مقررہ اخراجات کو جذب کرنا ممکن نہیں اسکی وجہ سے اب تک کمپنی مسلسل خسارے میں جا رہی ہے۔

چیلنجوں کے باوجود، پچھلے چھ مہینوں کی فروخت نے حوصلہ افزا رجحان دکھایا ہے۔ فی الحال بورڈ، انتظامیہ کے ساتھ مل کر کمپنی کے مستقبل کے لیے مختلف آپشنز پر غور کر رہا ہے۔ یونیٹوں میں ہماری ایکویٹی سرمایہ کاری 446.35 ملین روپے تک پہنچ گئی ہے۔ کمپنی کے مستقبل اور ہماری سرمایہ کاری کے لیے تمام ممکنہ چیزوں کا جائزہ لیا جا رہا ہے۔

مستقبل کا منظر نامہ

گذشتہ تین سالوں کے دوران کسان دوست پالیسیوں کی بدولت کسانوں کو گنے کی فصل کی بہتر قیمت ملی ہے جس کی بناء پر ہم کی کاشت میں مسلسل بہتری دیکھ رہے ہیں یہ رجحان خوش آئند ہے اور اسے جاری رکھنے کی ضرورت ہے، صنعت کی توجہ کھیتی کی پیداواری صلاحیت میں اضافے کی جانب ہے کیونکہ کاشتکاری کے لئے زمین کی دستیابی محدود ہے، فی ایکڑ بہتر پیداوار کے حصول

کی نسبت سندھ کی شوگر ملز کو گنے کی زائد قیمت ادا کرنی پڑی، جس کی وجہ سے سندھ میں گنے کی مجموعی قیمت خرید پنجاب سے زیادہ رہی۔

گنے کے کاشتکاروں کو فوری ادائیگی کی وجہ سے لیکویڈٹی کی شدید ضرورت پیش آئی، نیز سود کی شرح میں ہونے والے بڑے اضافے نے مالیاتی لاگت میں اضافہ کیا جس کا اثر چینی کی مجموعی لاگت میں اضافے کی صورت میں سامنے آیا۔ قلیل مدتی ورکنگ سرمایہ کی ضروریات کی وجہ سے مالیاتی لاگت اب گنے اور تنخواہوں کے بعد مجموعی لاگت کا ایک بڑا حصہ بن گئی ہے۔

ملک میں سیزن 2021-22 میں چینی کی پیداوار گذشتہ سیزن کے 5.7 ملین ٹن کے مقابلے میں 7.9 ملین ٹن حاصل ہوئی، یہ پیداوار گذشتہ سال کے مقابلے میں 38 فیصد زیادہ ہے، یہ پیداوار پاکستان میں چینی کی پیداوار کی تاریخ میں اب تک سب سے زیادہ ہے پاکستان میں چینی کی متوقع کھپت تقریباً 6.5 ملین ٹن ہے۔

ملکی تاریخ کی اس اب تک کی سب سے زیادہ پیداوار کی وجہ سے تقریباً 1.5 ملین ٹن، ملکی کھپت سے اضافی چینی کا ذخیرہ موجود ہے، افسوس کی بات یہ ہے کہ ملک میں جاری سیاسی غیر یقینی کی وجہ سے ملوں کو بروقت برآمدات کی اجازت نہیں دی جا رہی، جبکہ اضافی چینی کی برآمدات سے نہ صرف 1 ارب امریکی ڈالر کا زر مبادلہ حاصل کیا جاسکتا ہے بلکہ اس سے چینی کی قیمت 90 روپے فی کلو گرام پر مستحکم ہو سکتی ہے جو کہ گنے اور چینی کی قیمتوں کے درمیان توازن کے لئے انتہائی ضروری ہے۔

چینی کی طلب کا برقرار رہنا ہی اس کی قیمت میں استحکام کی ضمانت ہے، سیزن 2023 کا ابتدائی سروے گنے کی فصل میں مزید اضافے کا اشارہ دے رہا ہے اس کا مطلب یہ ہے کہ چینی، ایک مرتبہ پھر ملکی ضروریات سے زائد پیدا ہوگی جبکہ ابھی 1.5 ملین ٹن کا اضافی ذخیرہ موجود ہے۔ جبکہ مستقبل میں بھی کسان کو گنے کی فصل کا مناسب معاوضہ ملنا اشد ضروری ہے تاکہ اس کی گنے کی فصل میں دلچسپی برقرار رہے اور پاکستان میں چینی کی مجموعی پیداوار میں کمی کا سبب نہ بنے۔ اور یہ تب ہی ممکن ہے جب مارکیٹ میں اضافی چینی موجود نہ ہو، بلکہ عین ملکی ضرورت کے مطابق چینی کا ذخیرہ موجود ہو، صرف اسی طرح سے گنے اور چینی کی قیمتوں میں تناسب ممکن ہے۔

یونی کول

متذکرہ عرصہ کے دوران کمپنی کی کارکردگی مثبت اور اطمینان بخش رہی۔ ایٹھونول اور CO₂ کے پلانٹس نے اچھی کارکردگی کا مظاہرہ کیا۔ روس اور یوکرین میں تنازع کی وجہ سے تیل کی قیمتوں میں بہت زیادہ اضافہ ہوا ہے اور یورپ میں گیس بحران پیدا ہوا ہے جس کی وجہ سے اینتھونول کی طلب اور قیمت فروخت میں بہتری آئی ہے

گنے کی اچھی اور زائد فصل کی بدولت، دوران سیزن اپنے مستقبل کے لئے فروخت کے سودوں کو یقینی بنانے کے لئے، مسابقتی قیمتوں پر یونی کول نے سال بھر کے لئے مولیسس کی خریداری کر لی۔

ملین مارچ تک گنے کی کرشنگ کرنے کے قابل ہو پائیں، چونکہ فروری اور مارچ تک گنے کی فصل مکمل طور پر پیک جاتی ہے جس کی وجہ سے بہتر ریکوری حاصل ہوتی ہے۔

• گنے کی خریداری کی لاگت میں کمی اور نسبتاً بہتر سنکروز ریکوری کی وجہ سے خالص منافع کی شرح میں اضافہ ہوا، مولیسس اور بگاس کی بہتر مقدار اور ان کی فروخت سے حاصل ہونے والی رقم نے مجموعی منافع کے مارجن میں مثبت کردار ادا کیا۔

• بھاپ اور بجلی کی بچت میں کمی جانے والی مزید سرمایہ کاری کی وجہ سے بگاس کی بچت میں پچھلے سال کے مقابلے میں کافی بہتری آئی ہے۔ کمپنی بگاس کی بڑی مقدار کو بچانے کے لئے اس ضمن میں سرمایہ کاری جاری رکھے ہوئے ہے، گذشتہ کچھ عرصہ سے بگاس کی اہمیت میں مزید اضافہ ہوا ہے اور اب یہ دیگر صنعتوں کے لیے ایک اہم فیڈ اسٹاک ہے۔

• اس مدت کے دوران یونیکول سے حاصل شدہ منافع کا حصہ 167.59 ملین روپے رہا۔
 • حصص سے حاصل ہونے والا نقد منافع (Dividend) 58.06 ملین روپے رہا جو پچھلے سال کی اسی مدت کے مقابلے میں گنے سے بھی زیادہ ہے، اس کی وجہ زیادہ منافع تقسیم کرنے والی کمپنیوں میں سرمایہ کاری ہے، تاہم ملک کے موجودہ معاشی حالات کی وجہ سے حصص کی قیمتوں میں ہونے والی گراوٹ کی وجہ سے کمپنی نے 10.9 کروڑ روپے کا نقصان ریکارڈ کیا۔

• گنے کی زائد مقدار اور اس کے حصول کے لئے، نقد ادائیگی کی پالیسی کی وجہ سے قلیل مدتی قرضوں میں بھی اضافہ ہوا، یہ اضافہ پچھلے سال کی نسبت 75 فیصد زائد ہے اور ہمارے مالیاتی اخراجات میں اضافے کا سبب ہے۔

سیزن 2021-2022

سیزن 2021-22 میں پچھلے 3 سالوں کے مقابلے میں گنے کی بہتر فصل کی توقع تھی تاہم سندھ حکومت کی جانب سے فی من قیمت میں 24 فیصد اضافہ یعنی فی من قیمت 250 روپے علاوہ کوالٹی پریمیئم کر دیا گیا جب کہ پنجاب حکومت نے امدادی قیمت 225 روپے فی 40 کلو گرام کانوٹیشن جاری کیا، 10 فیصد کے اس بڑے فرق کی وجہ سے سندھ کی شوگر ملز کے لئے مشکلات بڑھ گئی ہیں۔

فصل کے حجم میں اضافہ کے باوجود ابتدا میں گنے کی کٹائی سست روی کا شکار رہی جس کی وجہ کاٹنگ کاروں کی جانب سے اعلان کردہ قیمت سے بھی کہیں زیادہ قیمت کی توقعات تھیں لیکن پھر کٹائی میں بدستور بہتری آتی رہی سندھ حکومت کی جانب سے گنے کی قیمت میں غیر معمولی اضافے کی بدولت مجموعی امدادی قیمت میں 30 فیصد تک اضافہ ہوا۔

قیمتوں میں یہ ابتدائی اضافہ سیزن کے آگے بڑھنے کے ساتھ ہی کم ہو گیا، گنے کی بہتر فراہمی سے قیمت میں استحکام آیا، تاہم پنجاب

میں 31 مارچ کو ختم ہونے والی ششماہی کے مالی نتائج کو آپ کی خدمت میں پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

| اپریل 2021 | اپریل 2022 | اپریل 2022 |
|------------|------------|------------------------------|
| 682,253 | 856,944 | کرشنگ (میٹرک ٹن) |
| 10.72% | 11.16% | سکرور کی ریکوری |
| 73,092 | 95,642 | چینی کی پیداوار (میٹرک ٹن) |
| 31,880 | 40,185 | مولیسس کی پیداوار (میٹرک ٹن) |
| 4.67% | 4.69% | مولیسس کی ریکوری |

| اپریل 2021 | اپریل 2022 | مالیاتی معلومات (نفاذ ہائی لائٹس) | |
|------------|------------|-----------------------------------|------------------------------|
| 2,785,581 | 2,591,242 | روپے ہزاروں میں | مجموعی فروخت (ٹوٹل ٹرن اوور) |
| 302,968 | 271,764 | روپے ہزاروں میں | بیلز ٹیکس |
| 567,413 | 668,157 | روپے ہزاروں میں | خالص منافع |
| 22.86% | 28.81% | (%) | خالص منافع کی شرح |
| 406,856 | 298,187 | روپے ہزاروں میں | قبل از ٹیکس منافع |
| 16.39% | 12.86% | (%) | قبل از ٹیکس منافع کی شرح |
| 298,909 | 173,626 | روپے ہزاروں میں | بعد از ٹیکس منافع |
| 12.04% | 7.49% | (%) | بعد از ٹیکس منافع کی شرح |
| 6.11 | 3.23 | روپے | فی حصص آمدنی |

بنیادی عوامل جو مندرجہ بالا نتائج کے حصول میں کار فرما رہے:

- سکرور کی ریکوری گذشتہ سال 10.72 فیصد تھی جو کہ امسال بہتری کے ساتھ 11.16 فیصد رہی، اس بہتری کی بنیادی وجہ نسبتاً بہتر اور مسلسل کرشنگ تھی۔ اس کے علاوہ گیٹ ایریا کی سپلائی میں بہتری کے ساتھ بہتر اقسام کے گنے کی خریداری بھی ریکوری میں بہتری کا باعث بنی، فصل کے حجم میں گذشتہ سال کی نسبت بہتری رہی جس کی وجہ سے

INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of Mehran Sugar Mills Limited

Report on review of unconsolidated condensed interim financial statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Mehran Sugar Mills Limited (the Company) as at 31 March 2022 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of other comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows and notes to the unconsolidated condensed interim financial statements for the six months period then ended (here-in-after referred to as the 'unconsolidated condensed interim financial statements'). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The unconsolidated condensed interim financial statements for the six months period ended 31 March 2021 and unconsolidated financial statements for the year ended 30 September 2021 were reviewed and audited respectively by EY Ford Rhodes, Chartered Accountants who expressed an unqualified conclusion and unqualified opinion thereon dated 29 May 2021 and 29 December 2021, respectively.

The engagement partner on the engagement resulting in this independent auditors' review report is Khurram Jameel.



Chartered Accountants

Place: Karachi

Date: 27 May 2022

UDIN: RR202210093XeR2xYDw3

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

| ASSETS | Note | March 31, 2021 (Un-audited) Rupees | September 30, 2021 (Audited) Rupees |
|---|------|---|--|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 2,453,793,385 | 2,372,810,929 |
| Right-of-use assets | | 54,369,498 | 51,579,492 |
| Long-term receivable | 6 | 102,330,439 | 204,660,877 |
| Long-term investments | 7 | 1,119,406,510 | 1,051,768,517 |
| Long-term deposits | | 3,686,400 | 852,400 |
| | | 3,733,586,232 | 3,681,672,215 |
| CURRENT ASSETS | | | |
| Biological assets | | 4,994,962 | 23,767,355 |
| Stores and spare parts | | 108,901,525 | 110,502,305 |
| Stock-in-trade | 8 | 5,670,048,775 | 561,564,239 |
| Trade debts | | 72,853,931 | 69,668,130 |
| Loans and advances | | 35,033,788 | 54,975,038 |
| Trade deposits and short-term prepayments | | 19,196,871 | 6,480,747 |
| Other receivables | | 1,003,673 | 990,764 |
| Short-term investments | 9 | 1,227,934,276 | 1,317,093,191 |
| Taxation – net | | 71,702,523 | 55,218,392 |
| Cash and bank balances | | 10,953,078 | 10,848,736 |
| | | 7,222,623,402 | 2,211,108,897 |
| TOTAL ASSETS | | 10,956,209,634 | 5,892,781,112 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital 75,000,000 (2021: 75,000,000) ordinary shares of Rs.10/- each | | 750,000,000 | 750,000,000 |
| Issued, subscribed and paid-up share capital 53,820,057 (2020: 48,927,325) ordinary shares of Rs.10/- each | | 538,200,570 | 489,273,246 |
| Reserves | | 2,088,374,331 | 2,006,553,883 |
| | | 2,626,574,901 | 2,495,827,129 |
| NON-CURRENT LIABILITIES | | | |
| Long-term financing | | 844,902,635 | 922,593,072 |
| Lease liabilities | | 28,167,533 | 30,602,944 |
| Market committee fee payable | | 49,107,405 | 51,182,345 |
| Deferred liabilities | | 4,301,305 | 4,301,305 |
| Deferred income – government grant | | 121,018,195 | 70,762,929 |
| Deferred taxation | | 143,814,441 | 79,579,039 |
| Provision for quality premium | | 119,290,919 | 119,290,919 |
| | | 1,310,602,433 | 1,278,312,553 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 498,087,910 | 471,459,188 |
| Contract liabilities (advances from customers) | | 189,697,855 | 34,592,406 |
| Unclaimed dividend | | 19,827,589 | 19,331,423 |
| Accrued mark up | | 118,887,244 | 50,683,240 |
| Short-term borrowings | 10 | 5,752,571,714 | 1,063,921,237 |
| Current portion of long-term financing | | 384,930,628 | 372,261,558 |
| Current portion of lease liabilities | | 17,892,252 | 16,222,567 |
| Current portion of market committee fee payable | | 2,991,908 | 2,991,908 |
| Current portion of deferred income – government grant | | 3,457,877 | 3,457,877 |
| Provision for market committee fee | | 15,391,972 | 6,822,533 |
| Sales tax and federal excise duty payable | | 15,295,351 | 76,897,493 |
| | | 7,019,032,300 | 2,118,641,430 |
| CONTINGENCIES AND COMMITMENTS | 11 | | |
| TOTAL EQUITY AND LIABILITIES | | 10,956,209,634 | 5,892,781,112 |

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

for the half year ended 31 March 2022 (UN-AUDITED)

| | Half year ended | | Quarter ended | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | March 31, 2022 Rupees | March 31, 2021 Rupees | March 31, 2022 Rupees | March 31, 2021 Rupees |
| Sales | 2,591,242,489 | 2,785,581,438 | 1,100,272,364 | 1,813,063,312 |
| Less : Sales tax | (271,763,937) | (302,968,262) | (78,950,071) | (192,743,456) |
| Sales - net | 2,319,478,552 | 2,482,613,176 | 1,021,322,293 | 1,620,319,856 |
| Cost of sales | (1,651,321,987) | (1,915,200,021) | (587,895,630) | (1,148,842,500) |
| Gross profit | 668,156,565 | 567,413,155 | 433,426,663 | 471,477,356 |
| Distribution costs | (30,631,164) | (25,403,077) | (17,973,375) | (15,733,130) |
| Administrative expenses | (126,160,670) | (112,420,348) | (66,648,110) | (56,938,520) |
| Other expenses | (256,189,503) | (76,785,699) | (195,800,473) | (76,032,729) |
| Other income | 70,342,299 | 105,155,913 | 32,170,419 | 68,269,382 |
| | (342,639,038) | (109,453,212) | (248,251,539) | (80,434,997) |
| Operating profit | 325,517,527 | 457,959,943 | 185,175,124 | 391,042,359 |
| Share of profit / (loss) from associates - net | 167,736,987 | 75,695,917 | 144,400,322 | (2,713,075) |
| Finance costs | (195,067,943) | (126,799,529) | (145,820,955) | (89,801,703) |
| Profit before taxation | 298,186,571 | 406,856,331 | 183,754,491 | 298,527,581 |
| Taxation | | | | |
| Current | (59,966,578) | (74,393,673) | (35,848,301) | (60,743,398) |
| Deferred | (64,594,343) | (33,554,082) | (55,770,224) | (22,336,307) |
| | (124,560,921) | (107,947,755) | (91,618,525) | (83,079,705) |
| Net profit for the period | 173,625,650 | 298,908,576 | 92,135,966 | 215,447,876 |
| Earnings per share- Basic and diluted (Rupees) | 3.23 | 6.11 | 1.86 | 4.30 |

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 31 March 2022 (UN-AUDITED)

| | Half year ended | | Quarter ended | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | March 31, 2022 Rupees | March 31, 2021 Rupees | March 31, 2022 Rupees | March 31, 2021 Rupees |
| Net profit for the period | 173,625,650 | 298,908,576 | 92,135,966 | 215,447,876 |
| Other comprehensive income | | | | |
| Other comprehensive income that will not be re-classified to statement of profit or loss in subsequent periods | | | | |
| Loss on disposal of equity instruments designated at fair value through other comprehensive income (net of tax) | (2,873,404) | (288,810) | - | (256,921) |
| Unrealised (loss) / gain on remeasurement of equity instruments designated at fair value through other comprehensive income (net of tax) | 360,800 | (9,157,812) | 1,312,642 | (8,261,875) |
| | (2,512,605) | (9,446,622) | 1,312,641 | (8,518,795) |
| Total comprehensive income for the period | 171,113,046 | 289,461,954 | 93,448,607 | 206,929,081 |

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Ahmed Elouadi

CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER




DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

for the half year ended 31 March 2022 (UN-AUDITED)

| | Note | March 31, 2022 Rupees | March 31, 2021 Rupees |
|---|------|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 298,186,571 | 406,856,331 |
| Adjustment for: | | | |
| Depreciation | | 91,985,578 | 87,217,851 |
| Amortization of deferred income - government grant | | (10,431,607) | (1,697,249) |
| Share of profit from associates | | (167,736,987) | (75,695,917) |
| Provision for market committee fee | | 8,569,439 | 6,822,530 |
| Gain on disposal of fixed assets | | (1,813,594) | (4,806,332) |
| Provision for impairment of long-term-investment | | 22,500,000 | 56,462,716 |
| Allowance for expected credit loss on other receivables | | 102,330,438 | - |
| (Loss) / gain on sale of short-term investments | | 109,110,706 | (64,252,431) |
| Write down of stock-in-trade to net realizable value | | 332,536,822 | 198,703,448 |
| Finance costs | | 195,067,943 | 126,799,529 |
| | | 682,118,737 | 329,554,145 |
| Working capital changes | 13 | (5,398,324,011) | (3,223,501,955) |
| | | <u>(4,418,018,702)</u> | <u>(2,487,091,479)</u> |
| Gratuity paid | | - | - |
| Taxes paid | | (76,450,709) | (38,114,872) |
| Finance costs paid | | (109,307,916) | (63,686,024) |
| Market committee fee paid | | (1,577,652) | (4,009,154) |
| Long-term deposits | | (2,834,000) | - |
| Net cash used in operating activities | | <u>(4,608,188,979)</u> | <u>(2,592,901,529)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (162,334,022) | (21,488,784) |
| Investment made during the period | | (1,701,960,576) | (2,659,457,688) |
| Proceeds from disposal of short-term investments | | 1,589,827,428 | 2,463,933,787 |
| Dividend received from associates | | 100,098,994 | 112,499,993 |
| Proceeds from disposal of operating fixed assets | | 1,871,885 | 8,441,909 |
| Net cash (used in) investing activities | | <u>(172,496,291)</u> | <u>(96,070,783)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long-term financing - net | | 146,752,450 | - |
| Short-term borrowings - net | | 4,688,650,477 | 2,926,421,621 |
| Lease rentals paid | | (14,248,042) | (14,073,376) |
| Dividends paid | | (40,365,273) | - |
| Net cash generated from financing activities | | <u>4,780,789,612</u> | <u>2,912,348,245</u> |
| Net increase in cash and cash equivalents | | <u>104,342</u> | <u>223,375,933</u> |
| Cash and cash equivalents at beginning of the period | | <u>10,848,736</u> | <u>10,140,845</u> |
| Cash and cash equivalents at end of the period | | <u>10,953,078</u> | <u>233,516,778</u> |

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER



DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 March 2022 (UN-AUDITED)

| | Reserve | | | | | | | Total equity |
|--|--------------------|-------------------|-------------------|------------------------|---|---|----------------------|----------------------|
| | Capital | Revenue | | | Other components of equity | | Sub-total | |
| | | Share Premium | General Reserve | Unappropriated profits | FV reserve of financial assets at FVOCI | Actuarial gains on defined benefit plan | | |
| | -----Rupees----- | | | | | | | |
| Balance as at 01 October 2020 (Audited) | 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 share for every 100 shares held | 23,298,726 | - | - | (23,298,726) | - | - | (23,298,726) | - |
| Net profit for the period | - | - | - | 298,908,576 | - | - | 298,908,576 | 298,908,576 |
| Other comprehensive loss | - | - | - | - | (9,446,622) | - | (9,446,622) | (9,446,622) |
| Total comprehensive income / (loss) | - | - | - | 298,908,576 | (9,446,622) | - | 289,461,954 | 289,461,954 |
| Transfer of realised loss on disposal of equity investments | - | - | - | (1,684,188) | 1,684,188 | - | - | - |
| Balance as at 31 March 2021 (Un-audited) | 489,273,246 | 63,281,250 | 85,000,000 | 2,254,175,403 | 2,215,617 | 3,023,268 | 2,407,895,538 | 2,896,968,784 |
| Balance as at 01 October 2021 (Audited) | 489,273,246 | 63,281,250 | 85,000,000 | 1,884,001,210 | (8,596,106) | 2,867,529 | 2,008,553,883 | 2,495,827,129 |
| Bonus shares issued for the year ended 30 September 2021 in the ratio of 10 ordinary share for every 100 shares held | 48,927,325 | - | - | (48,927,325) | - | - | (48,927,325) | - |
| Interim dividend @ Re. 0.75 per share for the quarter ended 31 December 2021 | - | - | - | (40,365,273) | - | - | (40,365,273) | (40,365,273) |
| Net profit for the period | - | - | - | 173,625,650 | - | - | 173,625,650 | 173,625,650 |
| Other comprehensive loss | - | - | - | - | (2,512,605) | - | (2,512,605) | (2,512,605) |
| Total comprehensive income / (loss) | - | - | - | 173,625,650 | (2,512,605) | - | 171,113,046 | 171,113,046 |
| Transfer of realised loss on disposal of equity investments | - | - | - | (5,763,525) | 5,763,525 | - | - | - |
| Balance as at 31 March 2022 (Un-audited) | 538,200,570 | 63,281,250 | 85,000,000 | 1,942,570,738 | (5,345,186) | 2,867,529 | 2,088,374,331 | 2,626,574,901 |

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half year ended 31 March 2022 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

1.1 Mehran Sugar Mills Limited (the Company) was incorporated in Pakistan as a public limited company on December 22, 1965 under the Companies Act, 1913 and then under the Companies Ordinance, 1984, which is now superseded by the Companies Act, 2017 (the Act). The shares of the Company are quoted on Pakistan Stock Exchange. 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 District 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.

2. STATEMENT OF COMPLIANCE

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

- International Accounting Standards 34; 'Interim Financial Reporting', (IAS 34) issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act),

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and

- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act and IFAS differ with the requirements of IAS 34, the provisions of and directives issued under the Act and IFAS have been followed.

2.2 These unconsolidated condensed interim financial statements are unaudited and subject to limited scope review by the auditors. These are being submitted to the members in accordance with Section 237 of the Act.

2.3 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 September 2021.

3. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and methods of computations followed for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended 30 September 2021.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of unconsolidated condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses. Judgements and estimates made by the management in the

UNCONSOLIDATED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half year ended 31 March 2022 (UN-AUDITED)

preparation of these unconsolidated condensed interim financial statements are same as those applied in the Company's annual unconsolidated financial statements for the year ended 30 September 2021.

| | Note | March 31, 2022 (Un-audited) Rupees | September 30, 2021 (Audited) Rupees |
|--|------|---|--|
| 5. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 5.1 | 2,404,301,701 | 1,969,321,508 |
| Capital work-in-progress (CWIP) | 5.2 | 49,491,684 | 403,489,421 |
| | | <u>2,453,793,385</u> | <u>2,372,810,929</u> |
| | | | |
| | Note | 31 March 2022 (Un-audited) Rupees | 30 September 2021 (Audited) Rupees |
| 5.1 Operating fixed assets | | | |
| Book value at the beginning of the period / year | | 1,969,321,508 | 2,098,419,192 |
| Additions during the period / year | 5.1 | 19,642,855 | 28,593,739 |
| Transfer from ROUA assets during the period / year | 5.2 | 38,574,740 | 71,404,650 |
| Transfer from CWIP during the period / year | | 496,688,904 | - |
| | | <u>2,524,228,007</u> | <u>2,198,417,581</u> |
| Disposal during the period / year | | (38,694,722) | (14,951,414) |
| Depreciation charged during the period / year | | (81,231,584) | (214,144,659) |
| | | <u>(119,926,306)</u> | <u>(229,096,073)</u> |
| | | <u>2,404,301,701</u> | <u>1,969,321,508</u> |
| | | | |
| | | March 31, 2022 (Un-audited) Rupees | September 30, 2021 (Audited) Rupees |
| 5.1.1 Additions during the period / year | | | |
| Plant, machinery and equipment | | | |
| Furniture and fittings | | 9,655,500 | 19,139,522 |
| Vehicles | | 313,500 | 487,000 |
| Office equipment | | 118,603 | 322,481 |
| Electric installation | | 683,610 | 6,000 |
| Weighbridge & Scales | | 8,081,642 | 7,103,332 |
| Computers | | 220,000 | - |
| Air Conditioner & Refrigerators | | 494,000 | 1,200,404 |
| | | <u>76,000</u> | <u>335,000</u> |
| | | <u>19,642,855</u> | <u>28,593,739</u> |

UNCONSOLIDATED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half year ended 31 March 2022 (UN-AUDITED)

| | Opening balance | Additions during the period / year | Transfers to operating fixed assets | Closing balance |
|--|--------------------|------------------------------------|---|-------------------------------------|
| 5.2 Capital work-in-progress | | | | |
| Civil works | 44,225,039 | 1,315,308 | (17,880,418) | 27,659,929 |
| Plant, machinery and equipment | 359,264,382 | 141,375,859 | (478,808,486) | 21,831,755 |
| 31 March 2022 | 403,489,421 | 142,691,167 | (496,688,904) | 49,491,684 |
| 30 September 2021 | 92,721,361 | 310,768,060 | - | 403,489,421 |
| | | | | |
| | | | March 31, 2022 (Un-audited) Rupees | September 30, 2021 (Audited) Rupees |
| 6. LONG-TERM RECEIVABLE | Note | | | |
| Tender earnest money | | 1,000,000 | | 1,000,000 |
| Down payment | | 33,125,000 | | 33,125,000 |
| Other costs | | 8,385,996 | | 8,385,996 |
| Subsidy receivable | | 304,117,888 | | 304,117,888 |
| | | 346,628,884 | | 346,628,884 |
| Allowance for expected credit loss (ECL) | 6.1 | (244,298,445) | | (141,968,007) |
| | | 102,330,439 | | 204,660,877 |
| | | | | |
| | | | March 31, 2022 (Un-audited) Rupees | September 30, 2021 (Audited) Rupees |
| 6.1 Allowance for expected credit losses | Note | | | |
| Balance at beginning of the year | | | | |
| Charge for the year | 12 | 141,968,007 | | 69,052,033 |
| Balance at end of the year | | 102,330,438 | | 72,915,974 |
| | | 244,298,445 | | 141,968,007 |
| | | | | |
| | | | March 31, 2022 (Un-audited) Rupees | September 30, 2021 (Audited) Rupees |
| 7. LONG-TERM INVESTMENTS | Note | | | |
| Subsidiary | | | | |
| | 12 | | | |
| Mehran Energy Limited (MEL) | | | | |
| 4,000,000 (2020: 4,000,000) Ordinary shares of Rs. 10 each | | | | |
| % of holding: 100% (2020: 100%) | | 40,000,000 | | 40,000,000 |
| Advance against right issue of shares | | 2,596,739 | | 2,596,739 |
| Provision for investment impairment | | (42,596,739) | | (42,596,739) |
| | | | | |

UNCONSOLIDATED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half year ended 31 March 2022 (UN-AUDITED)

| | Note | March 31, 2022 (Un-audited) Rupees | September 30, 2021 (Audited) Rupees |
|---|------|---|--|
| Associates | | | |
| Unicol Limited (UL) | | | |
| 49,999,997 (2020: 49,999,997) Ordinary shares of Rs. 10 each | | | |
| % of holding: 33.33% (2020: 33.33%) | | | |
| | | 1,099,087,268 | 1,031,591,605 |
| UniEnergy Limited (UEL) | | | |
| 1,999,998 (2020: 1,999,998) Ordinary shares of Rs. 10 each | | | |
| % of holding: 20% (2020: 20%) | | | |
| | | 20,319,242 | 20,176,912 |
| UniFoods Industries Limited (UFL) | | | |
| 34,334,560 (2020: 31,745,600) Ordinary shares of Rs. 10 each | | | |
| % of holding: 24% (2020: 24%) | | | |
| | 7.1 | - | - |
| | | 1,119,406,510 | 1,051,768,517 |
| | | 1,119,406,510 | 1,051,768,517 |
| 7.1 Movement of investment is as follows: | | | |
| | | - | 96,612,956 |
| | | 22,500,000 | 59,385,600 |
| | | - | 29,868,800 |
| | | - | (106,034,537) |
| | | 22,500,000 | 79,832,819 |
| | | (22,500,000) | (79,832,819) |
| | | - | - |
| 8. STOCK-IN-TRADE | | | |
| | | 4,579,004 | 5,593,142 |
| | 8.1 | 5,665,469,771 | 555,971,097 |
| | | 5,670,048,775 | 561,564,239 |
| 8.1 Includes write down of finished goods costing Rs. 6,002 million (30 September 2021: 3,998 million), to their net realizable value of Rs. Rs. 5,349 million (30 September 2021: 3,797 million). | | | |

UNCONSOLIDATED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half year ended 31 March 2022 (UN-AUDITED)

| | Note | March 31, 2022 (Un-audited) Rupees | September 30, 2021 (Audited) Rupees |
|---|------|---|--|
| 9. SHORT-TERM INVESTMENTS | | | |
| Amortised cost | | | |
| Term deposit certificates | | 3,654,000 | 3,654,000 |
| Allowance for expected credit loss | | <u>(3,654,000)</u> | <u>(3,654,000)</u> |
| | | - | - |
| Fair value through other comprehensive income | | | |
| Equity securities | | 27,137,597 | 50,677,453 |
| Fair value through profit or loss | | | |
| Equity securities | | 1,200,796,679 | 1,266,415,738 |
| | | <u>1,227,934,276</u> | <u>1,317,093,191</u> |
| 10. SHORT-TERM BORROWINGS – secured | | | |
| Running finance under markup arrangements | | 395,568,934 | 588,921,237 |
| Short-term finance | | 5,357,002,780 | 475,000,000 |
| | | <u>5,752,571,714</u> | <u>1,063,921,237</u> |
| 10.1 | | | |
| | | | |
| The aggregate facilities for short term borrowings from various banks amounted to Rs. 5,675 million (2021: Rs. 4,700 million). These carry mark-up ranging between 0.35% to 0.75% (2021: 0.40% to 0.75%) per annum above one to six months KIBOR. These are secured against pledge of stock-in-trade and plant & machinery. | | | |
| 11. CONTINGENCIES AND COMMITMENTS | | | |
| 11.1 Contingencies | | | |
| | | | |
| There has been no change in the status of contingencies as disclosed in note 32 to the annual financial statements of the Company for the year ended 30 September 2021. | | | |
| 11.2 Commitments | Note | March 31, 2022 (Un-audited) Rupees | September 30, 2021 (Audited) Rupees |
| Capital commitments | | 10,000,000 | 89,933,123 |
| Letter of credit - sight (foreign) | | - | 4,501,028 |
| Letter of guarantee | | <u>11,181,375</u> | <u>11,181,375</u> |

UNCONSOLIDATED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half year ended 31 March 2022 (UN-AUDITED)

| 12. OTHER EXPENSES | Note | Six months period ended | | Three months period ended | |
|---|------|-------------------------|-------------------|---------------------------|-------------------|
| | | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| | | -----Rupees----- | | | |
| Worker's Profit Participation fund | | 3,948,109 | 13,045,408 | 3,948,109 | 12,905,893 |
| Worker's Welfare fund | | 2,740,407 | 7,032,864 | 1,593,411 | 6,419,409 |
| Provision for impairment of long term Investment | | 22,500,000 | 56,462,716 | 22,500,000 | 56,462,716 |
| Loss on disposal of equity instruments at fair value through profit or loss | | 53,942,472 | - | 12,563,670 | - |
| Unrealised loss on remeasurement of equity instruments at fair value through profit or loss | | 55,168,234 | - | 40,090,494 | - |
| Allowance for expected credit loss - Other Receivable | 6.1 | 102,330,438 | - | 102,330,438 | - |
| Mehran Farms | | 10,848,756 | 244,711 | 10,848,756 | 244,711 |
| Others | | 4,711,087 | - | 1,925,595 | - |
| | | <u>256,189,503</u> | <u>76,785,699</u> | <u>195,800,473</u> | <u>76,032,729</u> |

| 13. WORKING CAPITAL CHANGES | Note | March 31, | September 30, |
|--|------|--------------------------------|-----------------------------|
| | | 2022 (Un-audited) Rupees | 2021 (Audited) Rupees |
| Increase in current assets | | | |
| Biological assets | | 18,772,393 | 13,815,973 |
| Stores and spare parts | | 1,600,780 | (5,850,812) |
| Stock-in-trade | | (5,441,021,358) | (3,954,970,565) |
| Trade debts | | (3,185,801) | (276,096,437) |
| Loans and advances | | 19,941,250 | (18,762,780) |
| Trade deposits and short-term prepayments | | (12,716,124) | (17,891,880) |
| Other receivables | | (102,343,347) | (67,063,021) |
| | | <u>(5,518,952,207)</u> | <u>(4,326,819,522)</u> |
| Increase / (decrease) in current liabilities | | | |
| Trade and other payables | | 26,628,723 | 70,997,852 |
| Contract liabilities (advances from customers - unsecured) | | 155,105,449 | 1,015,528,547 |
| Unclaimed dividend | | 496,166 | 34,013 |
| Sales tax and federal excise duty payable | | (61,602,142) | 16,757,155 |
| | | <u>120,628,196</u> | <u>1,103,317,567</u> |
| | | <u>(5,398,324,011)</u> | <u>(3,223,501,955)</u> |

14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary, associated entities, entities with common directorship, directors, key management personnel and Employees Retirement Benefits Funds. Material transactions with related parties during the period and balances at the end of the period, other than those which have been disclosed

UNCONSOLIDATED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half year ended 31 March 2022 (UN-AUDITED)

elsewhere in these unconsolidated unconsolidated condensed interim financial statements, are as follows:

| Nature of Relationship | Nature of transactions | Six months period ended | | Three months period ended | |
|---------------------------------|---|-------------------------|---------------|---------------------------|---------------|
| | | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| ----- Rupees ----- | | | | | |
| Associates | Sales | 785,350,002 | 726,657,376 | 604,809,758 | 501,840,988 |
| | Expenses shared | 408,429 | 612,878 | 142,779 | 291,099 |
| | Donations paid | 1,500,000 | 2,000,000 | 750,000 | 1,500,000 |
| Key management personnel | Salaries and allowances | 50,871,810 | 10,312,805 | 25,435,905 | 5,156,403 |
| | Bonus | 4,970,640 | 13,477,193 | 4,970,640 | 13,477,193 |
| Retirement benefit funds | Contribution to retirement funds | 1,760,256 | 2,998,038 | 205,121 | 1,449,114 |

| | | Note | March 31, 2022 (Un-audited) Rupees | September 30, 2021 (Audited) Rupees |
|-------------|--------------------------------------|------|---|--|
| 14.1 | Balances with related parties | | | |
| | Trade debts | | - | 726,657,376 |
| | Other receivables | | 954,673 | 1,273,446 |

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements of the Company and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2021. There have been no changes in any risk management policies since the year-end.

16. OPERATING SEGMENTS

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

Total sales of the Company relating to customers in Pakistan were 100% during the current period (31 March 2021: 100%).

All non-current assets of the Company at the end of the current and preceding period are located in Pakistan.

Sales to 10 major customers of the Company are around 70% of the Company's total

UNCONSOLIDATED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half year ended 31 March 2022 (UN-AUDITED)

sales during the current period (31 March 2021: 79%).

The Company's production process is seasonal in nature because of the cultivation and reaping of sugarcane due to which production is carried out in the first half of the financial year.

17. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on May 26 2022 by the Board of Directors of the Company.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



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