

2021  
HALF YEARLY  
REPORT MARCH



# NAVIGATING CHALLENGES

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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, 2021.

Operational Highlights	March 2021	March 2020
Crushing - M. Tons	<b>682,253</b>	654,339
Sucrose Recovery	<b>10.72%</b>	11.13%
Sugar Production - M. Tons	<b>73,092</b>	72,821
Molasses production - M. Tons	<b>31,880</b>	29,550
Molasses Recovery	<b>4.67%</b>	4.50%

Financial Highlights	March 2021	March 2020
Turnover	<b>2,785,581</b>	3,538,839
Sales tax / federal excise duty	<b>302,968</b>	426,741
Gross Profit	<b>567,413</b>	600,483
Gross Profit margin	<b>22.86%</b>	19.30%
Profit before tax	<b>406,856</b>	261,286
Profit before tax margin	<b>16.39%</b>	8.40%
Net Profit after tax	<b>298,909</b>	110,497
Net Profit margin	<b>12.04%</b>	3.55%
Earnings per share	<b>6.11</b>	2.26

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

- Sucrose recovery went down to 10.72% from 11.13% of previous year. Primary reason for reduction in recovery was early start of the season and intermittent crushing due to slow arrivals of sugarcane.
- Gross profit margin is 23%, which is 4% higher than last year's margin of 19%.
- Selling price of molasses substantially improved by 29% as compared to last year due to shorter molasses production due to lower yields of sugarcane and a lower cane crop as earlier expected. This production was lower than the requirements of the ethanol industry.
- The Bagasse savings improved as compared to last year. The company's investment in energy efficiency and bagasse saving projects is paying dividends and shall continue to make the process more cost efficient.
- Unicol's contribution amounted to Rs.148.36 million.
- Unifoods share of loss stood at Rs. 129.12 million.

- Capital gains and Dividend income from equity investments amounted to Rs. 91.48 million.
- Finance costs declined by 39% due to the SBP's proactive policy decisions and the overall reduction in policy rate.

## SEASON 2020-2021

Season 2020-2021 had forecasted to be an improved crop as plantation estimates reflected an increase. However, with the start of harvesting lower crop yields in certain areas were reflected which revised the crop number lower.

Your mills was able to crush 4.27 % more cane than last year however the overall crop was still lower than the national requirement. This meant that sugarcane prices demanded by the farmer and eventually paid were on average approximately 40-50% higher than the support price announced by the government at Rs.202/40 kgs plus QP. Your company paid in excess of Rs. 1.7 billion over the notified price to farmers with the total payment being in excess of Rs. 5.0 billion.

Higher cane price trend should help the farmer earn handsome return on their investment and subsequently allow cane plantation to flourish again, which would cope with the national requirement of sugar for season 2022. For Mills these high cane prices and the prompt payment to the farmer has meant huge liquidity requirements. It has also been difficult to pass though to the consumer in the form of higher sugar prices since the government has taken notice and is skeptical on any price increases. However, it is seen as a positive to higher cane crops in the subsequent years, which would allow better overhead absorption and lower cane prices.

The production of sugar for season 2021 is 5.65 million tons as compared to 4.88 million tons last season. With estimated consumption close to 6.0 million tons and in order to address possible shortage of sugar, government has allowed TCP to import sugar.

For the mutual benefit of industry and growers, it is important for sugar prices to remain competitive and compatible in relation to cane prices both during short and bumper crops.

## UNICOL LIMITED

The Company's performance remained positive and satisfactory during the period. Both Ethanol and CO2 plants ran as per expectations. Prices for molasses however continued to increase whereas ethanol prices have reduced gradually.

Reduction in sugarcane yield has reduced availability of molasses, which lead to a severe price war with prices increasing from Rs. 15,000 to Rs. 24,000/- Ton. This trend is expected to reverse in the coming season as we expect better sugarcane crop. Therefore, it will be important to ensure molasses buying at competitive prices to remain viable in the international market.

In a post-pandemic world it is expected that ethanol prices would further fall. Thus for season 2022 the molasses prices would also need to correct which could be possible due to the higher sugarcane crop estimates.

Profit before tax for Unicol was Rs. 485.94 million as compared to Rs.194.77 million in the same period last year. This improvement is mainly on account of higher ethanol prices in the first quarter. Overall profitability for the year is expected to remain comparable to the previous year due to a strong first quarter.

Following are the key data related to Unicol Ltd:

Financial Highlights	Units	March 2021	March 2020
Sales	Rs. in '000	<b>4,046,217</b>	2,942,002
Gross profit	Rs. in '000	<b>764,538</b>	482,731
Gross profit %	%	<b>18.90%</b>	16.41%
Profit before tax	Rs. in '000	<b>485,943</b>	194,769
Profit after tax	Rs. in '000	<b>445,087</b>	165,059
Net profit %	%	<b>11%</b>	5.61%
Earnings per share	Rs.	<b>2.97</b>	1.10

## UNI-FOOD INDUSTRIES LIMITED

The cake plant has been passing through tough time ever since the emergence of Covid. The demand has been severely affected due to closure of educational institutions, malls and shopping centres. This has affected the sales turnover and profitability. The company is working hard to rationalise the operations to keep itself afloat. The shareholders are still committed with the project and believe it has long-term value. Our equity investment in Unifoods has reached Rs. 353 million until this period. It is vital for the Company that operations are brought back to normalcy and its market potential is fully explored to increase volumes and market share, which is essential to absorb marketing and distribution costs and ultimately bring back profits to the company.

## FUTURE OUTLOOK

In view of better returns to growers during last two years, we have already seen some improvement in September 2020 and February 2021 plantation of sugarcane. We expect further improvement in this trend in September 2021 plantation. This augurs well for industry as it may allow mills to attain better capacity utilisation in the next couple of years. There has been no headway on the Policy framework regarding sugarcane and sugar pricing linkage. This matter has been in limbo since last few years and is proving detrimental to the development of this sector. An early solution to this will prove beneficial to the government, growers, millers and consumer in the long run. We continue to propose that any of the big 4 audit firms locally or internationally be hired to work out the costs of the entire chain and fix a reasonable margin for all.

Due to continual investment in electrical and steam efficiency measures, our bagasse saving has improved and is accordingly contributing to the bottom line.

The initial crop survey shows that sugarcane output is expected to improve further in our area in terms of better yields and plantation due to higher returns to our farmers on the previous year's sugarcane crop. We expect supply and demand equilibrium to improve for the next year whereby local production should cater to the national sugar needs of the country. This would provide level playing field for stakeholders. The industry is still uncertain about Subsidy payment pending since the last three years. As of today our pending subsidy amount is Rs. 302 million which is creating strain on our liquidity and capital allocation.

In spite of all these challenges, we remain committed and sincerely look forward to navigate through these tough times

For and on behalf of the Board of Directors



Mohammed Ebrahim Hasham  
Chief Executive Officer

Karachi: May 29, 2021

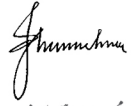
کاشتکاروں، ملرز اور صارفین کے لئے فائدہ مند ثابت ہوگا۔ ہم نے یہ تجویز دی ہے کہ مقامی یا بین الاقوامی سطح پر کوئی بھی 4 بڑی آڈٹ فرموں کی خدمات حاصل کی جائیں تاکہ وہ اس ضمن میں ہونے والے تمام احراجات اور چینی کی پیداواری لاگت کا تعین کر کے چینی کی مناسب قیمت پر اتفاق ہو سکے۔

برقی اور بھساپ کے استعمال میں بہتری کے لئے کی گئی سرمایہ کاری کی وجہ سے بگاس کی پچھت میں بھی نمایاں اضافہ ہوا ہے۔ مہران کے لئے توانائی کی پچھت کے لئے مزید مواقع موجود ہیں اور ہم اس سلسلے میں مسلسل کام کر رہے ہیں۔

فصل کے ابتدائی سروے سے ظاہر ہوتا ہے کہ اس سال کاشت میں مزید بہتری کی توقع ہے جس کی بنیادی وجہ گذشتہ سال کاشتکار کو ملنے والی گنے کی عمدہ قیمت ہے اور اسی لئے آئندہ سال رسد اور طلب کے توازن میں بھی بہتری آئے گی جس کے تحت مقامی پیداوار کو ملک کی چینی کی قومی ضروریات کو پورا کرنے میں بڑی مدد ملے گی۔ تاہم، چینی کی صنعت کو حکومت سندھ کی جانب سے گذشتہ تین سالوں سے اتنا کاشتکار سبزی کی ادائیگی کے بارے میں ابھی تک غیر یقینی ہے۔ اس سلسلے میں مہران شوگر ملز کے 30 کروڑ سے زائد روپے واجب الوصول ہیں جس کے باعث ہمارے مالیاتی احراجات میں اضافہ ہوا ہے۔

از طرف

یورڈ آف ڈائریکٹرز



محمد ازیہم ہاشمی  
چیف ایگزیکٹو آفیسر

کراچی - 29 مئی 2021

وبائی سرخ کے بعد دنیا میں یہ توقع کی جا رہی ہے کہ ہتھنوں کی قیمتوں میں مزید کمی واقع ہوگی۔ اس طرح سیزن 2022 کے لئے مولیس کی مناسب قیمتوں پر خریداری کرنا ہوگی جو گنے کی فصل میں بہتری کی وجہ سے ممکن ہو سکتی ہے۔

یونیکول کا قبل از ٹیکس منافع 485.94 ملین روپے رہا جبکہ گذشتہ اسی عرصہ کے دوران یہ 194.77 تھا۔ یہ بہتری پہلی سہ ماہی میں ہتھنوں کی زیادہ قیمتوں کی وجہ سے رہی، اس سال کے لئے مجموعی طور پر منافع گذشتہ سال کے برابر رہنے کی توقع ہے۔

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

مالیاتی معلومات (فنانشل ہائی لائٹس)			
مارچ 2020	مارچ 2021		
2,942,002	4,046,217	روپے ہزاروں میں	مجموعی مندرجہ ذیل (ٹرن اوور)
482,731	764,538	روپے ہزاروں میں	خالص منافع
16.41%	18.90%	(%)	خالص منافع کی شرح
194,769	485,943	روپے ہزاروں میں	قبل از ٹیکس منافع
165,059	445,087	روپے ہزاروں میں	بعد از ٹیکس منافع
5.61%	11%	(%)	بعد از ٹیکس منافع کی شرح
1.10	2.97	روپے	فی شخص آمدنی

### یونی فوڈز انڈسٹری لمیٹڈ

گورنواہ کے شروع ہونے کے بعد ایک پلانٹ مشکل وقت سے گذر رہا ہے، تقابلی اداروں، مالز اور خریداری سرگرمیوں کی بندش کے وجہ سے ایک کی طلب میں شدید کمی واقع ہوئی ہے۔ اس نے سیلز کے منافع کو متاثر کیا ہے۔ کمپنی ان مسائل سے نمٹنے کے لئے سخت کوشش کر رہی ہے، اس منصوبہ کے تمام شرائط دار منصوبہ کے طویل مدتی ویلیو پر یقین رکھتے ہیں۔ اس منصوبہ میں ہماری سرمایہ کاری اب تک 353 ملین روپے ہے۔ کمپنی کے لئے یہ ضروری ہے کہ آپریشنز کو معمول پر لایا جائے اور اس کی مارکیٹ کی صلاحیت کو حجم اور مارکیٹ میں اپنے ٹھیر کو بڑھانے کے لئے راستہ تلاش کئے جائیں۔ یہ تقسیم کے احراجات کو برداشت کرنے اور کمپنی کو منافع بخش بنانے کے لئے ضروری ہیں۔

### مستقبل کا منظر نامہ

پچھلے دو سالوں کے دوران چونکہ کانوں کو گنے کی فصل کی بہتر قیمت ملی ہے جس کی بنا پر ہم نے ستمبر 2020 کی کاشت میں بہتری دیکھی اور مندرجہ ذیل 2021 کی کاشت میں مزید بہتری دیکھی ہے، ستمبر 2021 میں گنے کی کاشت میں اضافے کا یہ رجحان جاری رہنے کی توقع ہے۔ چینی کی صنعت کے لئے بہتر ہے کیونکہ اس سے ملوں کو آئندہ آنے والے دو سالوں تک اپنی مکمل پیداواری صلاحیت کا استعمال کرنے کا موقع ملے گا۔

اب تک گنے اور چینی کی قیمتوں سے متعلق پالیسی مندرجہ ذیل میں کوئی تبدیلی پیش رفت نہیں ہو سکی ہے۔ یہ معاملہ پچھلے کئی سالوں سے توجہ طلب ہے اور یہ چینی کے شعبے میں ترقی کے لئے رکاوٹ ثابت ہو رہا ہے۔ اس کا ابتدائی حل حکومت،

- یونی فوڈز سے 129.12 ملین روپے کا نقصان ریکارڈ کیا گیا۔
- حصص میں سرمایہ کاری سے حاصل شدہ منافع اور اس سے حاصل ہونے والا (Dividend) 91.48 ملین روپے رہا۔
- اسٹیٹ بینک کی فعال پالیسی فیصلوں اور پالیسی کی شرح میں مجموعی طور پر کمی کی وجہ سے مالیاتی اخراجات کی مدد میں 39% کمی واقع ہوئی۔

## سیزن 2020-21

سیزن 2020-21 میں گئے کی بہتر فصل کی توقع تھی جس کی بنیادی وجہ گئے کی کاشت کے رقبے میں اضافہ تھا تاہم، کٹائی کے دوران فی ایکڑ پیداوار میں کمی کی وجہ سے گئے کی مقدار میں کمی واقع ہوئی۔

ہر چند کہ گزشتہ سال کے مقابلے میں آپ کی فصل نے 4.27% زیادہ گٹا کرشش کیا لیکن مجموعی طور پر فصل قومی ضرورت سے کہیں کم رہی۔ گئے کی کمی کے باعث کاشتکار کو حکومت کی جانب سے مقرر کردہ امدادی قیمت 202 روپے فی 40 کلوگرام سے 40% سے 50% زیادہ قیمتیں ادا کی گئیں۔ آپ کی کمپنی نے کاشتکار کو 1.7 ارب روپے سے زائد امدادی قیمت کے علاوہ رقم ادا کی ہے۔ مجموعی طور پر کمپنی نے 5 ارب روپے سے زیادہ رقم کاشتکار کو گئے کی مدد میں ادا کی ہے۔

گئے کی قیمت میں اضافے کے رجحان سے کٹائی کو ان کی سرمایہ کاری پر بہترین اور پرکشش منافع وصول ہوا ہے جس کے نتیجے میں گئے کی پیداوار کے رقبے میں اضافہ ہوگا، جس سے سیزن 2022 میں چینی کی قومی ضرورت کو پورا کرنے میں مدد ملے گی۔ ملوں کے لئے کاشتکار کو گئے کی اضافی قیمت اور فوری نقد ادا کیگی کے لئے نقد رقم کی ضرورت ہوتی ہے۔ گئے کی اس اضافی قیمت کو چینی کے صارفین سے قیمتیں بڑھا کر وصول کرنا بہت مشکل ہے کیونکہ حکومت نے چینی کی قیمتوں میں اضافے کا نوٹس لیا ہوا ہے۔ تاہم، گئے کی فصل میں اضافے کے سبب آئندہ آنے والے چند سالوں میں گئے کی قیمت اعتدال میں رہے گی جس کے سبب صورتحال میں بہتری کی توقع ہے۔

سیزن 2021 میں چینی کی پیداوار 5.65 ملین ٹن رہی جبکہ گزشتہ سال یہ 4.88 ملین ٹن تھی۔ تخمینے کے مطابق ملک میں چینی کی کھپت 6.0 ملین ٹن کے قریب ہے اس ممکنہ کمی کو دور کرنے کے لئے، حکومت نے نی سپلی کو چینی درآمد کرنے کی اجازت دی ہے۔ صنعت اور کاشتکاروں کے باہمی مفائد کے لئے ضروری ہے کہ مختصر یا لمبہ فصل کے دوران گئے کی قیمت اور چینی کی قیمتوں کے درمیان مناسب توازن برقرار رہے۔

## یونی کول

اس عرصہ کے دوران کمپنی کی کارکردگی مثبت اور اطمینان بخش رہی۔ اینتھونول اور CO<sub>2</sub> کے پلانٹس نے اچھی کارکردگی کا مظاہرہ کیا جبکہ مولیس کی قیمتوں میں اضافہ اور اینتھونول کی قیمتوں میں بتدریج کمی واقع ہوئی ہے۔

گئے کی پیداوار میں کمی نے مولیس کی دستیابی کو مشکل بنا دیا ہے، جس کی وجہ سے اس کی قیمتوں میں بھی مسلسل اضافہ ہوا ہے اور قیمتیں 15,000 ہزار روپے فی ٹن سے لے 24,000 ہزار روپے فی ٹن تک پہنچ چکی ہیں۔ امید ہے کہ آنے والے سیزن میں یہ رجحان الٹا ہو جائے گا کیونکہ آنے والے سیزن میں گئے کی بہتر فصل متوقع ہے۔ بین الاقوامی مارکیٹ میں متبادل عمل رہنے کے لئے ضروری ہے کہ مولیس کی مستقبل کی قیمتوں پر حشریڈری کو یقینی بنانا اہم ہوگا۔

# ڈائریکٹرز رپورٹ

میں 31 مارچ 2021 کو ختم ہونے والی دوسری سہ ماہی کے مالی نتائج کو آپ کی خدمت میں پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

مارچ 2020	مارچ 2021	آپریشنل معلومات
654,339	682,253	کرنٹنگ (میٹرک ٹن)
11.13%	10.72%	سکروزر ریکوری
72,821	73,092	چینی کی پیداوار (میٹرک ٹن)
29,550	31,880	مولیس کی پیداوار (میٹرک ٹن)
4.50%	4.67%	مولیس ریکوری

مارچ 2020	مارچ 2021	مالیاتی معلومات (فنانشل ہائی لائٹس)	
3,538,839	2,785,581	روپے ہزاروں میں	مجموعی فنروخت (ٹرن اوور)
426,741	302,968	روپے ہزاروں میں	سیلز ٹیکس
600,483	567,413	روپے ہزاروں میں	خالص منافع
19.30%	22.86%	(%)	خالص منافع کی شرح
261,286	406,856	روپے ہزاروں میں	قبل از ٹیکس منافع
8.40%	16.39%	(%)	قبل از ٹیکس منافع کی شرح
110,497	298,909	روپے ہزاروں میں	بعد از ٹیکس منافع
3.55%	12.04%	(%)	بعد از ٹیکس منافع کی شرح
2.26	6.11	روپے	فی حصص آمدنی

بنیادی عوامل جو ان نتائج کے حصول میں کارفرما ہے:

- گذشتہ سال سکروزر ریکوری %11.13 تھی جو کہ اس سال کم ہو کر %10.72 ہو گئی جس کی بنیادی وجہ سیزن کی حبلہ شروعیات اور گئے کی دستیابی میں وقفہ تھا۔
- خالص منافع %23 رہا جو کہ گذشتہ سالوں سے %4 زیادہ رہا جو کہ %19 تھا۔
- مولیس کی قیمت میں %29 اضافہ ہوا جس کی وجہ گئے کی فی ایکڑ پیداوار میں کمی کی وجہ سے مولیس کی پیداوار میں کمی کا سبب بنا۔ مولیس کی پیداوار انڈسٹری کی طلب کے مقابلے میں کم تھی۔
- پچھلے سال کے مقابلے میں بگا س کی قیمت میں بہتری آئی، توانائی کی استعداد کار کو بہتر بنانے کے لئے کمپنی مسلسل سرمایہ کاری کر رہی ہے اور اس عمل میں مسزید بہتری کے لئے پڑے عزم ہے۔
- یونیکول کی جانب سے حاصل شدہ منافع 148.36 ملین روپے رہا۔

## **INDEPENDENT AUDITORS' REVIEW REPORT**

### **To the members of Mehran Sugar Mills Limited**

### **Report on review of Interim Financial Statements**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Mehran Sugar Mills Limited (the Company) as at 31 March 2021 and the related condensed interim statement of profit or loss, the condensed interim statement of other comprehensive income, the condensed interim statement of cash flows, the condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this 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 interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income and notes forming part thereof for the quarters ended 31 March 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 March 2021.

#### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information 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 interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' report is Mr. Arif Nazeer.



Chartered Accountants

Place: Karachi

Date: 02 June 2021

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

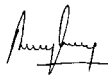
As at March 31, 2021

		March 31, 2021 (Un-audited) Rupees	September 30, 2020 (Audited) Rupees
<b>ASSETS</b>	Note		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	2,134,117,533	2,191,140,553
Right-of-use assets	8	72,425,394	80,522,018
Long-term receivable	9	-	-
Long-term investments	10	1,175,178,503	1,235,646,845
Long-term deposits		852,400	852,400
		<u>3,382,573,830</u>	<u>3,508,161,816</u>
<b>CURRENT ASSETS</b>			
Biological assets		2,805,501	16,621,474
Stores and spare parts		116,193,540	110,342,728
Stock-in-trade	11	3,817,048,590	60,781,473
Trade debts		294,302,038	18,205,601
Loans and advances		65,036,944	46,274,164
Trade deposits and short-term prepayments		22,250,101	4,358,221
Other receivables		345,455,687	278,392,666
Short-term investments	12	1,323,946,880	1,108,082,670
Taxation – net		3,133,158	39,360,993
Cash and bank balances		233,516,779	10,140,845
		<u>6,223,689,218</u>	<u>1,692,560,835</u>
<b>TOTAL ASSETS</b>		<u>9,606,263,048</u>	<u>5,200,722,651</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 50,000,000 (2020: 50,000,000) ordinary shares of Rs.10/- each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital 48,927,325 (2020: 46,597,452) ordinary shares of Rs.10/- each		<u>489,273,246</u>	<u>465,974,520</u>
Reserves		<u>2,407,695,539</u>	<u>2,141,532,310</u>
		<u>2,896,968,785</u>	<u>2,607,506,830</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	13	931,374,067	1,125,818,640
Lease liabilities	8	21,174,174	29,257,534
Market committee fee payable		25,819,319	28,676,760
Deferred liabilities		4,445,294	4,445,294
Deferred income - government grant		2,832,733	3,614,418
Deferred taxation		202,908,926	170,970,925
Provision for quality premium		119,290,919	119,290,919
		<u>1,307,845,432</u>	<u>1,482,074,490</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		525,310,248	454,312,396
Contract liabilities (advances from customers)		1,052,018,517	36,489,970
Unclaimed dividend		18,683,001	18,648,988
Accrued mark up		76,779,530	20,338,515
Short-term borrowings	14	3,224,403,196	297,981,575
Current portion of long-term financing	13	308,560,304	112,811,399
Current portion of lease liabilities	8	13,202,673	13,014,176
Current portion of market committee fee payable		3,757,652	3,757,652
Current portion of deferred income - government grant		3,776,979	2,409,613
Provision for market committee fee		50,789,547	43,967,017
Sales tax and federal excise duty payable		124,167,184	107,410,029
		<u>5,401,448,831</u>	<u>1,111,141,330</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>9,606,263,048</u>	<u>5,200,722,651</u>

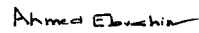
The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Managing Director

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

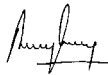
FOR THE HALF YEAR ENDED MARCH 31, 2021

	Half year ended		Quarter ended	
	March 31, 2021 Rupees	March 31, 2020 Rupees	March 31, 2021 Rupees	March 31, 2020 Rupees
Turnover	2,785,581,438	3,538,839,401	1,813,063,312	1,920,468,715
Sales tax	(302,968,262)	(426,740,867)	(192,743,456)	(213,512,528)
<b>Turnover - net</b>	<b>2,482,613,176</b>	<b>3,112,098,534</b>	<b>1,620,319,856</b>	<b>1,706,956,187</b>
Cost of sales	(1,915,200,021)	(2,511,615,114)	(1,148,842,500)	(1,181,854,418)
<b>Gross profit</b>	<b>567,413,155</b>	<b>600,483,420</b>	<b>471,477,356</b>	<b>525,101,769</b>
Distribution costs	(25,403,077)	(25,852,326)	(15,733,130)	(18,265,529)
Administrative expenses	(112,420,348)	(112,041,334)	(56,938,520)	(61,889,404)
Other expenses	(76,785,699)	(18,998,127)	(76,032,729)	(18,998,127)
Other income	105,155,913	37,908,384	68,269,382	4,294,664
	(109,453,211)	(118,983,403)	(80,434,997)	(94,858,396)
<b>Operating profit</b>	<b>457,959,944</b>	<b>481,500,017</b>	<b>391,042,359</b>	<b>430,243,373</b>
Share of profit / (loss) from associates – net	75,695,917	(13,255,923)	(2,713,075)	(58,148,439)
Finance costs	(126,799,529)	(206,957,605)	(89,801,703)	(152,072,324)
<b>Profit before taxation</b>	<b>406,856,332</b>	<b>261,286,489</b>	<b>298,527,581</b>	<b>220,022,610</b>
Taxation				
Current	(74,393,673)	(64,903,733)	(60,743,398)	(41,486,402)
Deferred	(33,554,082)	(85,885,742)	(22,336,307)	(108,602,260)
	(107,947,755)	(150,789,475)	(83,079,705)	(150,088,662)
<b>Net profit for the period</b>	<b>298,908,577</b>	<b>110,497,014</b>	<b>215,447,876</b>	<b>69,933,948</b>
		Restated		Restated
<b>Earnings per share- Basic and diluted (Rupees)</b>	<b>6.11</b>	2.26	<b>4.40</b>	1.43

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Managing Director

# CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

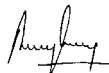
FOR THE HALF YEAR ENDED MARCH 31, 2021

	Half year ended		Quarter ended	
	March 31, 2021 Rupees	March 31, 2020 Rupees	March 31, 2021 Rupees	March 31, 2020 Rupees
<b>Net profit for the period</b>	<b>298,908,577</b>	110,497,014	<b>215,447,876</b>	69,933,948
<b>Other comprehensive income</b>				
<b>Other comprehensive income that will not be re-classified to statement of profit or loss in subsequent periods</b>				
(Loss) / gain on disposal of equity instruments designated at fair value through other comprehensive income (net of current tax)	(288,810)	180,436,872	(256,921)	79,290,155
Unrealised (loss) / gain on remeasurement of equity instruments designated at fair value through other comprehensive income (net of deferred tax)	(9,157,812)	(163,640,163)	(8,261,875)	(418,831,482)
	(9,446,621)	16,796,709	(8,518,795)	(339,541,327)
<b>Total comprehensive income / (loss) for the period</b>	<b>289,461,955</b>	127,293,723	<b>206,929,081</b>	(269,607,379)

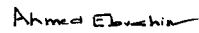
The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Managing Director

# CONDENSED INTERIM STATEMENT OF CASH FLOWS

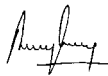
FOR THE HALF YEAR ENDED MARCH 31, 2021

	Note	March 31, 2021 Rupees	March 31, 2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>		<b>406,856,332</b>	261,286,489
<b>Adjustment for:</b>			
Depreciation		87,217,851	85,607,715
Amortization of deferred income - government grant		(1,697,249)	-
Share of (profit) / loss from associates		(75,695,917)	13,255,923
Provision for market committee fee		6,822,530	6,543,390
Gain on disposal of fixed assets		(4,806,332)	(561,937)
Provision for impairment of long-term-investment		56,462,716	-
Gain on sale of short-term investments		(64,252,431)	-
Write down of stock-in-trade to net realizable value		198,703,448	-
Finance costs		126,799,529	206,957,605
		329,554,145	311,802,696
Working capital changes	16	(3,223,501,955)	(1,823,122,889)
		(2,487,091,478)	(1,250,033,704)
Gratuity paid		-	(550,538)
Taxes paid		(38,114,872)	(49,451,957)
Finance costs paid		(63,686,024)	(221,839,797)
Market committee fee paid		(4,009,154)	(1,577,652)
Long-term deposits		-	10,000
<b>Net cash used in operating activities</b>		<b>(2,592,901,528)</b>	(1,523,443,648)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(21,488,784)	(206,079,053)
Investment made in subsidiary during the period – net		(198,450)	-
Investment made in associate during the period – net		(32,600,000)	(42,584,000)
Short-term investments made during the period - net		(2,626,659,238)	(1,194,404,603)
Proceeds from disposal of short-term investments		2,463,933,787	1,355,545,692
Dividend received from associates		112,499,993	99,999,994
Proceeds from disposal of operating fixed assets		8,441,909	891,404
<b>Net cash (used in) / generated from investing activities</b>		<b>(96,070,783)</b>	13,369,434
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing – net		-	(29,166,666)
Short-term borrowings – net		2,926,421,621	1,007,890,343
Lease rentals paid		(14,073,376)	(16,424,235)
Dividends paid		-	(74,599,618)
<b>Net cash generated from financing activities</b>		<b>2,912,348,245</b>	887,699,824
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>223,375,934</b>	(622,374,390)
Cash and cash equivalents at beginning of the period		10,140,845	672,983,635
<b>Cash and cash equivalents at end of the period</b>		<b>233,516,779</b>	50,609,245

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Managing Director

# CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

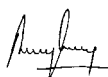
FOR THE HALF YEAR ENDED MARCH 31, 2021

	Reserves						Total Equity	
	Capital	Revenue		FV reserve of financial assets at FVOCI	Actuarial gain on defined benefit plan	Sub-Total		
	Share Premium	General Reserve	Unappropriated Profit					
	----- Rupees -----							
Balance as at October 01, 2019 (Audited)	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 @ Rs. 1 per share for the year September 30, 2019	-	-	-	(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 share for every 100 shares held	60,779,286	-	-	(60,779,286)	-	-	(60,779,286)	-
Interim dividend @ Re. 0.75 per share for the quarter ended December 31, 2019	-	-	-	(34,948,089)	-	-	(34,948,089)	(34,948,089)
Net profit for the period				110,497,014			110,497,014	110,497,014
Other comprehensive loss					16,796,709		16,796,709	16,796,709
Total comprehensive Income				110,497,014	16,796,709		127,293,723	127,293,723
Transfer of realised loss on disposal of equity investments	-	-	-	(42,573,302)	42,573,302	-	-	-
Balance as at March 31, 2020 (Un-audited)	<u>465,974,526</u>	<u>63,281,250</u>	<u>85,000,000</u>	<u>2,030,825,589</u>	<u>(181,054,136)</u>	<u>2,695,731</u>	<u>2,000,748,434</u>	<u>2,466,722,960</u>
Balance as at October 01, 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				298,908,577			298,908,577	298,908,577
Other comprehensive income					(9,446,621)		(9,446,621)	(9,446,621)
Total comprehensive income				298,908,577	(9,446,621)		289,461,955	289,461,955
Transfer of realised loss on disposal of equity investments	-	-	-	(1,684,188)	1,684,188	-	-	-
Balance as at March 31, 2021 (Un-audited)	<u>489,273,246</u>	<u>63,281,250</u>	<u>85,000,000</u>	<u>2,254,175,404</u>	<u>2,215,618</u>	<u>3,023,268</u>	<u>2,407,695,539</u>	<u>2,896,968,785</u>

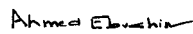
The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Managing Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED MARCH 31, 2021

## 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 condensed interim financial statements (the condensed interim financial statements) are separate interim financial statements of the Company in which investments in subsidiary and associates are accounted for on the basis of cost less impairment losses, if any and equity method respectively.
- 1.3 The outbreak of the Novel Coronavirus (Covid-19) has disrupted commercial and economic activities all around the world and has impacted almost every organization and industry. The outbreak still continues to progress and evolve, therefore, it is challenging now to predict the full extent and duration of its business and economic impact. However, up to the date of authorisation of these condensed interim financial statements, the operations and results of the Company have not been materially impacted by the Covid-19 since the Company is involved in the manufacture and sale of sugar which is an essential good.
- 1.4 The Board of Directors has proposed and approved an interim cash dividend of Rs. 1.5/- per share for the half year ended March 31, 2021, in its meeting held on May 29, 2021.

## 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Act and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirement of IAS 34, the provisions of and directives issued under the Act have been followed.

## 3. BASIS OF PREPARATION

These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Companies Act, 2017. These 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 annual financial statements of the Company for the year ended September 30, 2020.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended March 31, 2021 and March 31, 2020 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the half year ended March 31, 2021 and March 31, 2020.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended September 30, 2020, except for new standard, amendments and improvements to International Financial Reporting Standards (IFRSs) issued during the period, the adoption of which did not have any material impact on Company's condensed interim financial statements.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED MARCH 31, 2021

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

5.1 The preparation of condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended September 30, 2020.

## 6. SEASONALITY OF OPERATIONS

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.

	Note	March 31, 2021 (Un-audited) Rupees	September 30, 2020 (Audited) Rupees
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	<b>2,027,576,519</b>	2,098,419,192
Capital work-in-progress (CWIP)	7.2	<b>106,541,014</b>	92,721,361
		<b><u>2,134,117,533</u></b>	<b><u>2,191,140,553</u></b>
<b>7.1 Operating fixed assets</b>			
Book value at the beginning of the period / year		<b>2,098,419,192</b>	2,064,953,414
Impact of initial application of IFRS 16 as at October 01, 2020		-	(73,528,534)
Additions during the period / year	7.1.1	<b>7,669,131</b>	33,950,007
Transfer from ROUA assets during the period / year	8.1	<b>2,677,462</b>	5,010,692
Transfer from CWIP during the period / year	7.2	-	233,695,642
		<b><u>2,108,765,785</u></b>	<b><u>2,264,081,221</u></b>
Disposal during the period / year		<b>(3,635,577)</b>	(8,742,242)
Depreciation charged during the period / year		<b>(77,553,689)</b>	(156,919,787)
		<b><u>(81,189,266)</u></b>	<b><u>(165,662,029)</u></b>
		<b><u>2,027,576,519</u></b>	<b><u>2,098,419,192</u></b>
<b>7.1.1 Additions during the period / year</b>			
Buildings on freehold land		-	627,225
Plant, machinery and equipment		<b>4,771,400</b>	22,999,894
Furniture and fittings		<b>487,000</b>	200,000
Vehicles		<b>322,481</b>	202,000
Office equipment		-	170,000
Electric installation		<b>1,116,846</b>	4,877,540
Computers		<b>971,404</b>	1,809,901
Air-conditioners and refrigerators		-	3,063,447
		<b><u>7,669,131</u></b>	<b><u>33,950,007</u></b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED MARCH 31, 2021

	Opening balance	Additions during the period / year	Transfers to operating fixed assets	Closing balance
<b>7.2 Capital work-in-progress</b>	----- Rupees -----			
Civil works	22,819,314	482,474	-	23,301,788
Plant, machinery and equipment	69,902,047	13,337,179	-	83,239,226
<b>March 31, 2021</b>	<u>92,721,361</u>	<u>13,819,653</u>	-	<u>106,541,014</u>
September 30, 2020	<u>125,729,954</u>	<u>200,687,049</u>	<u>(233,695,642)</u>	<u>92,721,361</u>

## 8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

8.1 Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Note	March 31, 2021 (Un-audited) Rupees	September 30, 2020 (Audited) Rupees
Balance at the beginning of the period		80,522,018	-
Impact of initial application of IFRS 16 as at October 01, 2020		-	92,152,845
Additions during the period		4,245,000	14,284,100
Transfer to operating fixed assets during the period	7.1	(2,677,462)	(5,010,693)
Depreciation charged during the period / year		(9,664,162)	(20,904,234)
Balance at the end of the period		<u>72,425,394</u>	<u>80,522,018</u>

8.2 Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liabilities - secured		34,376,847	42,271,710
Current portion of lease liabilities		(13,202,673)	(13,014,176)
	8.2.1	<u>21,174,174</u>	<u>29,257,534</u>

	March 31, 2021			September 30, 2020		
	(Un-audited) Rupees			(Audited) Rupees		
<b>8.2.1 Movement of lease liabilities:</b>	<b>Vehicles</b>	<b>Farms</b>	<b>Total</b>	<b>Vehicle</b>	<b>Farms</b>	<b>Total</b>
Balance at the beginning of the period / year	32,772,196	9,499,514	42,271,710	30,365,193	-	30,365,193
Impact of initial application of IFRS 16 as at October 01, 2020	-	-	-	-	13,393,395	13,393,395
Additions during the period / year	4,245,000	-	4,245,000	14,284,100	-	14,284,100
Finance cost during the period / year	1,464,445	469,068	1,933,513	4,449,705	1,335,119	5,784,824
Payments during the period / year	(8,844,376)	(5,229,000)	(14,073,376)	(16,326,802)	(5,229,000)	(21,555,802)
Balance at the end of the year	<u>29,637,265</u>	<u>4,739,582</u>	<u>34,376,847</u>	<u>32,772,196</u>	<u>9,499,514</u>	<u>42,271,710</u>
Current portion of lease liabilities	(8,463,091)	(4,739,582)	(13,202,673)	(8,575,151)	(4,439,025)	(13,014,176)
	<u>21,174,174</u>	-	<u>21,174,174</u>	<u>24,197,045</u>	<u>5,060,489</u>	<u>29,257,534</u>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED MARCH 31, 2021

**8.2.2** Expenses relating to short-term leases amounted to Nil (March 31, 2020: Rs.174,760).

	<b>March 31, 2021 (Un-audited) Rupees</b>	September 30, 2020 (Audited) Rupees
<b>9. LONG-TERM RECEIVABLE</b>		
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
	<u>42,510,996</u>	42,510,996
Allowance for expected credit loss (ECL)	<u>(42,510,996)</u>	(42,510,996)
	<u>-</u>	<u>-</u>

**9.1** 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.

	<b>March 31, 2021 (Un-audited) Rupees</b>	September 30, 2020 (Audited) Rupees
<b>10. LONG-TERM INVESTMENTS</b>		
<b>Subsidiary</b>		
<b>Mehran Energy Limited (MEL)</b>		
4,000,000 (2020: 4,000,000) Ordinary shares of Rs. 10 each		
<b>% of holding: 100% (2020: 100%)</b>		
Advance against right issue of shares	10.1 <u>2,596,739</u>	<u>2,398,289</u>
	<u>42,596,739</u>	42,398,289
<b>Associates</b>		
<b>Unicol Limited (UL)</b>		
49,999,997 (2020: 49,999,997) Ordinary shares of Rs. 10 each		
<b>% of holding: 33.33% (2020: 33.33%)</b>		
	1,112,438,266	1,076,575,935
<b>UniEnergy Limited (UEL)</b>		
1,999,998 (2020: 1,999,998) Ordinary shares of Rs. 10 each		
<b>% of holding: 20% (2020: 20%)</b>		
	20,143,498	20,059,665
UniFoods Industries Limited (UFL)		
34,334,560 (2020: 31,074,560) Ordinary shares of Rs. 10 each		
<b>% of holding: 24% (2020: 24%)</b>		
	-	96,612,956
	<u>1,132,581,764</u>	<u>1,193,248,556</u>
	<u>1,175,178,503</u>	<u>1,235,646,845</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED MARCH 31, 2021

- 10.1 During the current period, the Company has paid further advance against issue of right shares amounting to Rs. 198,450 (September 30, 2020 : Rs. 198,450)

Note	March 31, 2021 (Un-audited) Rupees	September 30, 2020 (Audited) Rupees
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- 10.2 Movement of investment is as follows:

Opening balance	96,612,956	123,335,715
Investment made during the year - right issue	32,600,000	71,153,600
Share of loss – net	(72,750,240)	(97,876,359)
	<u>56,462,716</u>	<u>96,612,956</u>
Impairment loss recognized during the period	(56,462,716)	-
	<u>-</u>	<u>96,612,956</u>

### 11. STOCK-IN-TRADE

Work-in-process	5,435,206	3,832,446
Finished goods	3,811,613,384	56,949,027
	<u>3,817,048,590</u>	<u>60,781,473</u>

- 11.1 Includes write down of finished goods costing Rs. 3,998 million (September 30, 2020: Nil), to their net realizable value of Rs. Rs. 3,797 million (September 30, 2020: Nil).

Note	March 31, 2021 (Un-audited) Rupees	September 30, 2020 (Audited) Rupees
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### 12. SHORT-TERM INVESTMENTS

Amortised cost		
Term deposit certificates	3,654,000	3,654,000
Allowance for expected credit loss	(3,654,000)	(3,654,000)
	<u>-</u>	<u>-</u>

Fair value through other comprehensive income Equity securities	84,226,817	144,174,790
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Fair value through profit or loss Equity securities	1,239,720,063	963,907,880
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	<u>1,323,946,880</u>	<u>1,108,082,670</u>
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### 13. LONG-TERM FINANCING – secured

Long-term financing	1,239,934,371	1,238,630,039
Current portion of long-term financing	(308,560,304)	(112,811,399)
	<u>931,374,067</u>	<u>1,125,818,640</u>

13.1		
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# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED MARCH 31, 2021

- 13.1 There is no material change in the terms and conditions of long term financing as disclosed in the Company's annual audited financial statements for the year ended September 30, 2020.

	March 31, 2021 (Un-audited) Rupees	September 30, 2020 (Audited) Rupees
<b>14. SHORT-TERM BORROWINGS – secured</b>		
Running finance under markup arrangements	79,202,573	297,981,575
Short-term finance	<u>3,145,200,623</u>	-
	<u>3,224,403,196</u>	<u>297,981,575</u>

- 14.1 The aggregate facilities for short term cash finance available from various banks amounted to Rs. 4,700 million (2020: Rs. 4,450 million). These carry mark-up ranging between 0.40% to 0.75% (2020: 0.50% to 0.75%) per annum above one to six months KIBOR. These are secured against pledge of stock-in-trade and plant & machinery.

## 15. CONTINGENCIES AND COMMITMENTS

### 15.1 Contingencies

There has been no material change in the status of contingencies as disclosed in note 31 to the annual financial statements of the Company for the year ended September 30, 2020 except for below:

- 15.1.1 During the current period, the Deputy Commissioner Inland Revenue (DCIR) had passed an order dated March 31, 2021 with respect to tax year 2015 raising demand of Rs. 3,565.76 million on various matters. A stay order dated May 03, 2021 has been granted by the Honorable High Court of Sindh and simultaneously the case is also pending adjudication with CIT appeals. Whereas for tax year 2016, 2017, 2018, 2019 and 2020, show cause notices had been issued and compliances made. Based on the advice of the tax advisor, the management is confident of favorable outcome and hence, no provision has been made in these condensed interim financial statements.
- 15.1.2 Subsequent to the period end, the Deputy Commissioner Inland Revenue (DCIR) also passed an order dated April 01, 2021 with respect to tax year 2016 raising demand of Rs. 6,703.69 million on various matters. A stay order dated May 03, 2021 has been granted by the Honorable High Court of Sindh and simultaneously the case is also pending adjudication with CIT appeals. Based on the advice of the tax advisor, the management is confident of favorable outcome and hence, no provision has been made in these condensed interim financial statements.

	March 31, 2021 (Un-audited) Rupees	September 30, 2020 (Audited) Rupees
<b>15.2 Commitments</b>		
Capital commitments	<u>89,933,123</u>	10,942,770
Letter of credit - sight (foreign)	<u>4,501,028</u>	3,287,600
Letter of guarantee	<u>11,181,375</u>	<u>11,181,375</u>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED MARCH 31, 2021

	March 31, 2021 (Un-audited) Rupees	March 31, 2020 (Un-audited) Rupees
<b>16. WORKING CAPITAL CHANGES</b>		
Increase in current assets		
Biological assets	13,815,973	12,924,227
Stores and spare parts	(5,850,812)	(3,434,603)
Stock-in-trade	(3,954,970,565)	(2,249,687,388)
Trade debts	(276,096,437)	(286,027,855)
Loans and advances	(18,762,780)	50,454,330
Trade deposits and short-term prepayments	(17,891,880)	(9,510,558)
Other receivables	(67,063,021)	(12,113,796)
	<u>(4,326,819,522)</u>	<u>(2,497,395,643)</u>
Increase in current liabilities		
Trade and other payables	70,997,852	(15,368,278)
Contract liabilities (advances from customers - unsecured)	1,015,528,547	601,326,178
Unclaimed dividend	34,013	-
Sales tax and federal excise duty payable	16,757,155	88,314,854
	<u>1,103,317,567</u>	<u>674,272,754</u>
	<u>(3,223,501,955)</u>	<u>(1,823,122,889)</u>

## 17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of subsidiaries, 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. Transactions and balances with related parties, other than those disclosed elsewhere in the condensed interim financial statements, are as follows:

	March 31, 2021 (Un-audited) Rupees	September 30, 2020 (Audited) Rupees
<b>17.1 Transactions with related parties</b>		
<b>Associates</b>		
Sales	<u>726,657,376</u>	<u>538,683,995</u>
Expenses shared	<u>612,878</u>	<u>587,449</u>
Donations paid	<u>2,000,000</u>	<u>4,500,000</u>
<b>Key management personnel</b>		
Salaries and allowances	<u>10,312,805</u>	<u>35,851,533</u>
Bonus	<u>13,477,193</u>	<u>3,619,950</u>
<b>Retirement benefit plans</b>		
Contribution to provident fund	<u>2,998,038</u>	<u>4,097,004</u>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED MARCH 31, 2021

	March 31, 2021 (Un-audited) Rupees	September 30, 2020 (Audited) Rupees
<b>17.2 Balances with related parties</b>		
Trade debts	<u>80,851,283</u>	<u>51,819,026</u>
Other receivables	<u>877,250</u>	<u>686,134</u>

## 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

These 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, 2020. There have been no changes in any risk management policies since the year-end.

## 19. OPERATING SEGMENTS

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

Total sales of the Company relating to customers in Pakistan were 100% during the current period (March 31, 2020: 94%).

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

Sales to 10 major customers of the Company are around 79% of the Company's total sales during the current period (March 31, 2020: 70%).

## 20. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on May 29, 2021 by the Board of Directors of the Company.

## 21. GENERAL

**21.1** Figures presented in these condensed interim financial statements have been rounded off to the nearest rupees, unless otherwise stated.

**21.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, there has been no material reclassification to report.

Chief Executive Officer

Chief Financial Officer

Managing Director





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