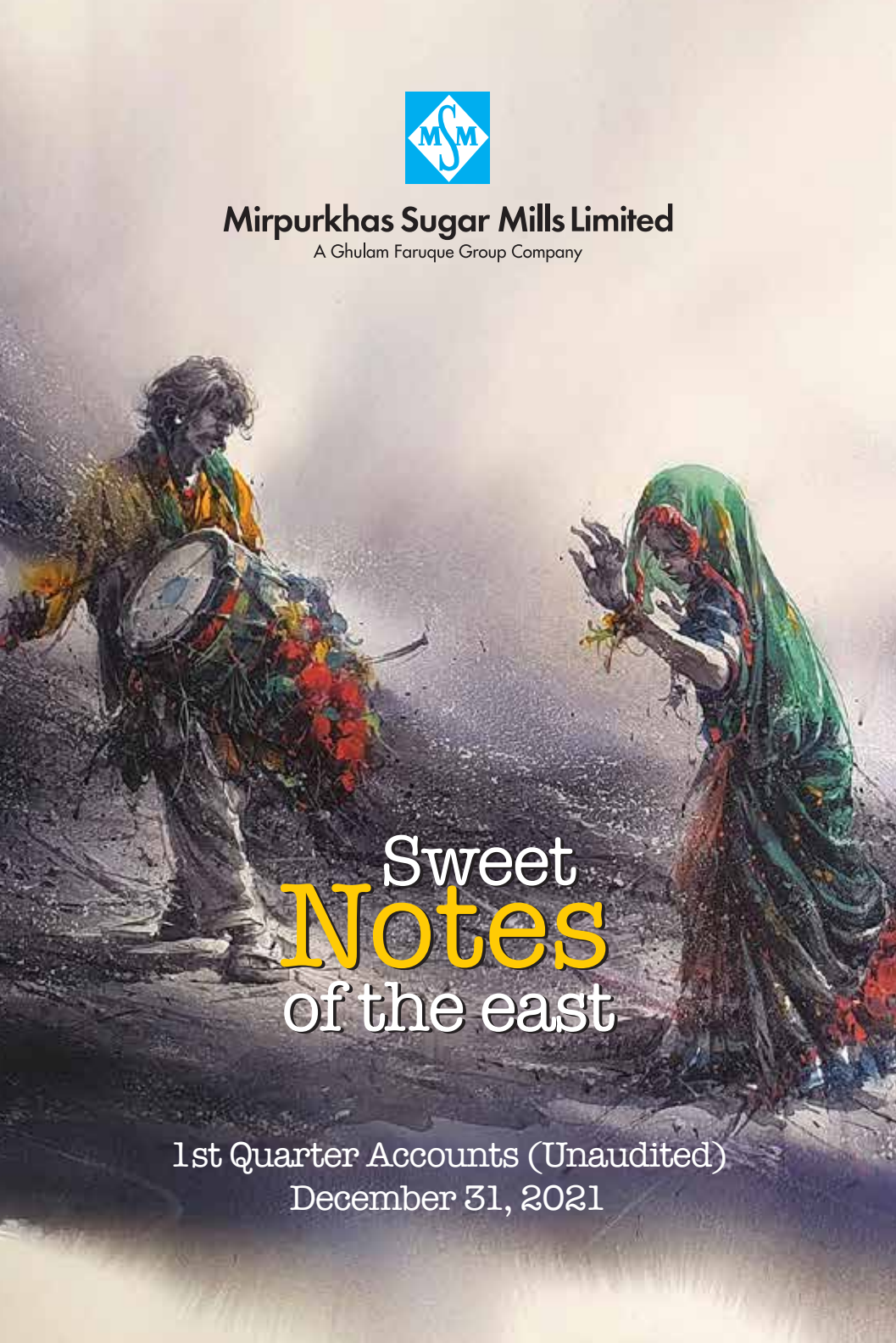




# Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company



## Sweet **Notes** of the east

1st Quarter Accounts (Unaudited)

December 31, 2021

## Contents

<b>02</b>	<b>Company Information</b>
<b>03</b>	<b>Directors' Review</b>
<b>05</b>	<b>Condensed Interim Statement of Financial Position</b>
<b>06</b>	<b>Condensed Interim Statement of Profit or Loss (Unaudited)</b>
<b>07</b>	<b>Condensed Interim Statement of Comprehensive Income (Unaudited)</b>
<b>08</b>	<b>Condensed Interim Statement of Cash Flows (Unaudited)</b>
<b>09</b>	<b>Condensed Interim Statement of Changes In Equity (Unaudited)</b>
<b>10</b>	<b>Notes to the Condensed Interim Financial Statements (Unaudited)</b>

# Company Information

## Board of Directors

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

## Audit Committee

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

## Human Resource and Remuneration Committee

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

## Chief Operating Officer & Chief Financial Officer

Mr. Wasif Khalid

## Company Secretary

Ms. Hina Mir

## Head of Internal Audit

Mr. Aamir Saleem

## Share Registrar

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

## BANKERS (Islamic)

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

## BANKERS (Conventional)

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

## Registered Office / Factory

Sub Post Office Sugar Mill  
Jamrao, Umerkot Road  
Mirpurkhas, Sindh

## Head Office

Modern Motors House  
Beaumont Road  
Karachi-75530 Pakistan  
UAN: +92 - 21-111- 354 -111  
Fax: + 92 - 21- 35688036  
Web: www.gfg.com.pk/msm/

## External Auditors

Kreston Hyder Bhimji & Co.  
Chartered Accountants

## Cost Auditors

UHY Hassan Naeem & Co.  
Chartered Accountants

## Legal Advisor

K.M.S. Law Associates

# Directors' Review

The Board of Directors presents the un-audited financial results of the Company for the first quarter ended December 31, 2021.

## Production

The crushing for the season 2021/22 started on November 19, 2021 as the plant operated for 43 days compared to 42 days during the same time last year. During this period, the factory crushed 226,548 metric tons of sugarcane to produce 21,530 metric tons of sugar compared to 195,717 metric tons of sugarcane crushed to produce 18,165 metric tons of sugar during the corresponding period last year. There was an increase in sucrose recovery to 10.08% compared to 9.87% during this time last year. The Company also produced 9,870 metric tons of molasses during the period under review compared to 8,130 metric tons produced during the corresponding period last year.

## Financial Performance

The Company sold most of its opening stock at the beginning of the period, due to higher prices at the time. During the period under review, the Company sold 14,322 metric tons of sugar compared to 14,849 metric tons during the corresponding period last year. During the current period the Company was able to fetch a higher price due to a supply and demand gap created before the start of crushing season. The opening stock mainly consists of sold quantity. Due to improved sugar prices, the Company was able to achieve an operational gross profit for the period ended December 31, 2021.

For the crushing season 2021/22, the Sindh government has announced a minimum support price of Rs. 250 per maund in comparison to Rs. 225 per maund announced by Punjab Government. This difference of Rs. 25 per maund, in addition to the quality premium, in sugarcane price will result in a higher cost of sugar produced in Sindh by approximately Rs. 9.50 per kg of refined sugar compared to other provinces, thus making the Sindh mills uncompetitive.

During the quarter under review, other income of the Company increased to Rs. 58.84 million mainly due to an increase in dividend income and gains on derivative financial instruments. Furthermore, the finance cost increased by Rs. 14.01 million due to several increases of the lending rate by the State Bank of Pakistan during the quarter under review. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 23.37 million, and adjusted its investment in the associate by the same amount.

	December 2021	December 2020
	(Rupees in million)	
Net Sales	1,268.13	1,079.06
Cost of Sales	(1,138.92)	(1,002.92)
Gross Profit	129.21	76.14
Other Income	58.84	6.47
Share of Profit in Associate	23.37	100.41
Other Expenses & Taxes	(138.97)	(114.84)
Net Profit	72.45	68.18

## Paper project:

In order to further diversify its operations, the Company had decided to set up a 250 TPD paper and board project at a currently projected cost of Rs. 3.20 billion. The project will serve to enhance the business prospects of the Company by making it less reliant on sugar production while benefiting from the synergies of the same. Work on the paper project is in full swing. Major civil

works required for machine installation are near completion, and the phase-wise erection of the plant has started. Part shipments containing plant and machinery from China are reaching every month. Delays are being faced due to higher freight costs and port congestion in China due to COVID-19. This has impacted the completion timeline, and the project is now expected to be commissioned in the next 12-14 months.

### **Future Prospects**

Overall the sugarcane crop has improved in Sindh, registering an increase of 10 percent. The Company also expects better sucrose recovery compared to last season, where lower sugar content in sugarcane and intermittent crushing due to slow arrivals of sugarcane during the season impacted the overall recovery. Although cane price competition among the sugar mills is again anticipated, the severity is likely to be reduced due to the improved availability of sugarcane in the Company's operational area. Total production for the country is expected to go up from 5.62 million tons to 6.75 million tons, an increase of 20 percent, due to an increase in the cultivation area and improved recoveries from the sugarcane across Pakistan. Once again the major quantum of increased production will come from Punjab. As already indicated, the declared minimum support price in Punjab of Rs. 225 per maund compared to Rs. 250 in Sindh will lead to increased sugar production. Excess production of sugar over national consumption coupled with the production cost difference between the provinces will be a challenging task for the Company during the current financial year. In light of the prevailing sugar prices, this will continue to result in significant pressure on the profitability of sugar producers, especially in Sindh. We therefore take this opportunity to continue to urge the government to take the necessary steps so that the price of sugar adequately reflects the cost of sugarcane to create a more conducive business environment for the industry, and to develop policies to promote yield and sucrose recovery. Unicol continues to operate smoothly and the company expects regular dividends this year as well that will contribute positively to the bottom line and cash flows. In spite of all these challenges, we remain committed to navigating through these tough times.

To safeguard the interest of all stakeholders during all the recent waves, and now the emerging variant of COVID-19, Omicron, the Company continues to take appropriate measures, including strict implementation of protocols on health and employee safety. These measures have so far permitted continuity of the operations of the Company. We would also like to take this opportunity to appreciate the various relief measures initiated by the government and the State Bank of Pakistan to support the business community to mitigate the adverse impact of COVID-19.

### **Acknowledgment**

The management of the company would like to thank all the staff, shareholders, financial institutions and other stakeholders of the company for their continued support and cooperation.

**On behalf of the Board of Directors**



**Arif Faruque**  
Chairman



**Aslam Faruque**  
Chief Executive

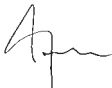
Karachi: January 27, 2022

# Condensed Interim Statement of Financial Position

As at December 31, 2021

	Note	December 31, 2021 (Unaudited)	September 30 2021 (Audited)
(Rupees '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	4,341,287	3,469,425
Intangible asset		567	1,018
Long-term investments		1,763,846	1,810,999
Long-term loans and deposits		23,209	26,422
		6,128,909	5,307,864
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		315,423	206,239
Stock-in-trade		1,841,724	984,208
Biological assets		4,277	8,306
Trade debts		56,544	61,059
Loans and advances		99,695	70,041
Trade deposits and short-term prepayments		20,533	4,381
Other receivables		428,714	420,650
Short-term investments		503,723	159,103
Tax refunds due from the Government		181,362	185,336
Cash and bank balances		151,277	35,344
		3,603,272	2,134,667
Non-Current Asset held for sale		301,264	301,264
		<u>10,033,445</u>	<u>7,743,795</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	134,950	134,950
Reserves		2,267,060	2,246,775
Surplus on revaluation of property, plant & equipment		844,259	844,259
		3,246,269	3,225,984
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		1,860,233	1,137,734
Long-term lease liabilities	8	8,053	9,060
Deferred liabilities		470,875	468,610
Deferred tax liability-net		11,441	11,441
Government grant		225,031	111,180
		2,575,633	1,738,025
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,363,388	553,672
Accrued mark-up		54,025	31,797
Short-term borrowings		2,383,568	1,797,631
Current maturity of long-term lease liabilities	8	5,473	5,340
Current portion of government grant		49,518	35,772
Current portion of long-term financing		347,593	347,593
Unclaimed dividend		7,978	7,981
		4,211,543	2,779,786
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<u>10,033,445</u>	<u>7,743,795</u>

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



**Aslam Faruque**  
Chief Executive



**Samir Mustapha Chinoy**  
Director



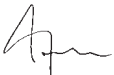
**Wasif Khalid**  
Director & Chief Financial Officer

# Condensed Interim Statement of Profit or Loss (Unaudited)

For the Quarter Ended December 31, 2021

	Note	December 31,	December 31,
		2021	2020
		(Rupees '000)	
<b>Turnover - net</b>		1,268,138	1,079,061
Cost of sales		(1,138,924)	(1,002,924)
<b>Gross profit</b>		129,214	76,137
Distribution cost		(4,314)	(3,779)
Administrative expenses		(53,805)	(45,969)
Other operating expenses		(6,868)	(163)
		(64,987)	(49,911)
Other income		58,841	6,471
<b>Operating profit</b>		123,068	32,697
Finance cost		(54,449)	(40,438)
		68,619	(7,741)
Share of profit in associates - net		23,367	100,409
<b>Profit before taxation</b>		91,986	92,668
Taxation		(19,529)	(24,492)
<b>Profit after taxation</b>		72,457	68,176
Earnings per share - basic & diluted (Rupees)	11	5.37	5.05

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



**Aslam Faruque**  
Chief Executive



**Samir Mustapha Chinoy**  
Director



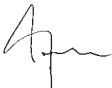
**Wasif Khalid**  
Director & Chief Financial Officer

# Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Quarter Ended December 31, 2021

	December 31, 2021	December 31, 2020
	(Rupees '000)	
<b>Profit after taxation for the quarter</b>	72,457	68,176
<b>Other Comprehensive income</b>		
<b>Items that may not be reclassified subsequently to statement of profit or loss</b>		
Unrealised (loss) / gain on remeasurement of equity investment at fair value through other comprehensive income	(70,520)	311,889
Realised gain on disposal of equity instruments	18,348	-
	(52,172)	311,889
<b>Total comprehensive income</b>	<u>20,285</u>	<u>380,065</u>

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



**Aslam Faruque**  
Chief Executive



**Samir Mustapha Chinoy**  
Director



**Wasif Khalid**  
Director & Chief Financial Officer

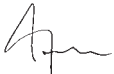


# Condensed Interim Statement of Cash Flows (Unaudited)

For the Quarter Ended December 31, 2021

	December 31, 2021	December 31, 2020
(Rupees '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	91,986	92,668
<b>Adjustments for :</b>		
Depreciation	26,855	23,464
Depreciation right-of-use asset	1,014	1,015
Amortization	451	452
Provision for market committee fee	2,265	1,985
Accrued profit term deposit	(2,162)	(46)
Fair value adjustment of biological assets	3,437	4,383
Dividend income from related parties	(13,251)	(2,110)
Share of profit in associates	(23,367)	(100,409)
Gain on disposal of property, plant and equipment	-	1
Finance cost	54,449	40,438
	<u>49,691</u>	<u>(30,827)</u>
	141,677	61,841
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	(109,184)	(17,776)
Stock-in-trade	(857,516)	(462,326)
Biological assets	592	1,336
Trade debts	4,515	5,702
Loans and advances	(29,654)	(6,764)
Trade deposits and Short-term prepayments	(16,152)	(14,062)
Other receivables	(8,064)	(13,187)
	(1,015,463)	(507,077)
<b>Increase in current liabilities:</b>		
Trade and other payables	809,716	533,647
<b>Cash (used in) / generated from operations</b>	<u>(64,070)</u>	<u>88,411</u>
Long-term loans and deposits-net	3,213	-
Income tax paid	(15,555)	(19,848)
	<u>(12,342)</u>	<u>(19,848)</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>(76,412)</u>	<u>68,563</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(899,731)	(97,654)
Investment in Term deposit receipt	(500,000)	-
Sale proceeds of short term investment - net	175,592	-
Dividend received from related parties	13,251	2,110
<b>Net cash (used in) investing activities</b>	<u>(1,210,888)</u>	<u>(95,544)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(31,923)	(45,277)
Short-term borrowings-net	585,937	(37,985)
Long-term financing-net	850,096	97,563
Payment of lease liability	(874)	(790)
Payment of dividend	(3)	(1)
<b>Net cash generated from financing activities</b>	<u>1,403,233</u>	<u>13,510</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>115,933</u>	<u>(13,471)</u>
<b>Cash and cash equivalents at the beginning of the quarter</b>	<u>35,344</u>	<u>35,168</u>
<b>Cash and cash equivalents at the end of the quarter</b>	<u>151,277</u>	<u>21,697</u>

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



**Aslam Faruque**  
Chief Executive



**Samir Mustapha Chinoy**  
Director



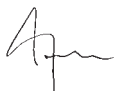
**Wasif Khalid**  
Director & Chief Financial Officer

# Condensed Interim Statement of Changes In Equity (Unaudited)

For the Quarter Ended December 31, 2021

Description	Issued, subscribed and paid up capital	Reserves					Total Reserves	TOTAL
		General reserve	Unappropriated profit	Actuarial gain on defined benefit plan net-of tax	Unrealised Gain on investment at fair value through other comp. income	Surplus on Revaluation of property, plant and equipment		
(Rupees '000)								
Balance as at October 01, 2020	134,950	34,250	719,835	120,887	991,689	844,259	2,710,920	2,845,870
Profit after taxation	-	-	68,176	-	-	-	68,176	68,176
Other comprehensive income	-	-	-	-	311,889	-	311,889	311,889
Total comprehensive income	-	-	68,176	-	311,889	-	380,065	380,065
<b>Balance as at December 31, 2020</b>	<u>134,950</u>	<u>34,250</u>	<u>788,011</u>	<u>120,887</u>	<u>1,303,578</u>	<u>844,259</u>	<u>3,090,985</u>	<u>3,225,935</u>
Balance as at October 01, 2021	134,950	34,250	1,214,505	170,560	827,460	844,259	3,091,034	3,225,984
Profit after taxation	-	-	72,457	-	-	-	72,457	72,457
Other comprehensive income (disposal of shares)	-	-	165,704	-	(165,704)	-	-	-
Other comprehensive income	-	-	-	-	(52,172)	-	(52,172)	(52,172)
Total comprehensive income	-	-	238,161	-	(217,876)	-	20,285	20,285
<b>Balance as at December 31, 2021</b>	<u>134,950</u>	<u>34,250</u>	<u>1,452,666</u>	<u>170,560</u>	<u>609,584</u>	<u>844,259</u>	<u>3,111,319</u>	<u>3,246,269</u>

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



**Aslam Faruque**  
Chief Executive



**Samir Mustapha Chinoy**  
Director



**Wasif Khalid**  
Director & Chief Financial Officer

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the Quarter Ended December 31, 2021

## 1. STATUS AND NATURE OF BUSINESS

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

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

<b>Business Unit</b>	<b>Address</b>
Head Office	Modern Motors House, Beaumont Road, Karachi.
<b>Registered Office / Factory</b> (Immovable assets)	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh.(Land measuring 602.60 acres and covered area 562,609 sq.ft)
<b>Residential land</b> (Immovable assets)	Jiryana No.218, Deh 109, Taluqa Mirpurkhas, Hyderabad Road Mirpurkhas (Land measuring 3.45 acres and covered area 6,825 sq.ft)

## 1.2 Impact of COVID-19 on the financial statements

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

## 1.3 Paper and board mill

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

## **2. STATEMENT OF COMPLIANCE**

These condensed interim financial statements of the Company for the period ended December 31, 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting & reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## **3. BASIS OF PRESENTATION**

These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2021.

## **4. ACCOUNTING POLICIES**

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2021.

## **5. SIGNIFICANT ACCOUNTING ESTIMATES & JUDGEMENTS**

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

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to annual financial statements as at and for the year ended September 30, 2021.

## 6. PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2021	September 30 2021 (Audited)
(Rupees '000)			
Opening book value		2,270,333	2,478,428
Additions / transfers during the period / year	6.1	2,178	196,889
		<u>2,272,511</u>	<u>2,675,317</u>
Transferred to held for sale at carrying value		-	(301,264)
Disposals during the period / year at book value	6.1	-	(181)
Depreciation charged during the period / year		(26,855)	(103,539)
		<u>2,245,656</u>	<u>2,270,333</u>
Opening: Capital work in progress		1,186,928	123,842
Addition to capital work in progress		897,553	1,199,956
Transferred to property plant & equipment		-	(136,870)
Closing: Capital work in progress	6.2	2,084,481	1,186,928
Right-of-use asset - net	6.3	11,150	12,164
		<u>4,341,287</u>	<u>3,469,425</u>

### 6.1 Additions & disposals in property, plant and equipment

	Additions at cost		Disposals at book value	
	December 31, 2021	September 30 2021 (Audited)	December 31, 2021	September 30 2021 (Audited)
(Rupees '000)				
Building on free hold land - factory	-	96,414	-	-
Building on free hold land – Non factory	-	4,035	-	-
Plant and machinery	879	42,383	-	-
Vehicles	-	45,995	-	164
Furniture & fixture	-	-	-	-
Office and other equipment	880	4,379	-	-
Computers & accessories	419	3,683	-	17
	<u>2,178</u>	<u>196,889</u>	<u>-</u>	<u>181</u>

### 6.2 Capital work in progress

	December 31, 2021	September 30 2021 (Audited)
(Rupees '000)		
Plant and machinery	1,657,797	860,902
Civil Works	426,338	325,680
Equipment	346	346
	<u>2,084,481</u>	<u>1,186,928</u>

**6.2.1** Balance as of quarter ended December 31, 2021 of plant and machinery includes mark-up on finance utilized amounting to Rs 12.69 million (Sep. 2021: Rs 22.41 million).

### 6.3 Right-of-use asset

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

## 7. SHARE CAPITAL

### 7.1 Authorized capital

December 31, 2021	September 30 2021 (Audited)		December 31, 2021	September 30 2021 (Audited)
Number of shares			(Rupees '000)	
150,000,000	150,000,000	Ordinary shares of Rs.10/- each	1,500,000	1,500,000

### 7.2 Issued subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

1,770,000	1,770,000	Issued for cash	17,700	17,700
11,725,040	11,725,040	Issued as fully paid bonus shares	117,250	117,250
13,495,040	13,495,040		134,950	134,950

## 8. LONG-TERM LEASE LIABILITIES (ROU ASSET)

	December 31, 2021			September 30, 2021 (Audited)		
	Current maturity of lease liabilities	Long-term lease liabilities	Total	Current maturity of lease liabilities	Long-term lease liabilities	Total
	(Rupees '000)					
Head office under rental agreement	5,473	8,053	13,526	5,340	9,060	14,400

## 9. CONTINGENCIES AND COMMITMENTS

	December 31, 2021	September 30 2021 (Audited)
	(Rupees '000)	
Letter of credit issued by commercial banks	618,833	874,585
Commitments for lease rentals under ijarah contracts	12,143	13,629

The status of other contingencies as at December 31, 2021 is the same as reported in the annual financial statements for the year ended September 30, 2021.

## 10. SEASONAL PRODUCTION

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

## 11. EARNINGS PER SHARE- Basic & Diluted

	December 31, 2021	December 31, 2020
	(Rupees '000)	
Profit after taxation (Rs.'000)	72,457	68,176
	Number of Shares	
Weighted average no. of ordinary shares in issue	13,495,040	13,495,040
Earnings per share-basic (Rupees.)	5.37	5.05

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

## 12. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

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

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

## 13. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of Transaction	Quarter ended	
		December 31, 2021	December 31, 2020
		(Rupees '000)	
Group companies / (Common directorship)	Goods purchased	697	369
	Services received	3,744	3,235
	Dividend received	13,251	2,110
Associated Company	Sales made	104,960	90,272
Other related parties	Charge for staff provident and gratuity funds	2,575	2,227
Key management personnel	Remuneration	21,095	18,487

In addition, certain actual administrative expenses are being shared amongst the group companies. Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length.

Following are the related parties with whom the Company has entered into transaction or have arrangement / agreement in place.

Name	Basis of association	Aggregate % of Shareholding
Faruque (Pvt) Ltd.	Common directorship	-
Cherat Cement Company Ltd.	Common directorship / Share holding	1.41
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship / Share holding	4.97
Greaves Engineering Services (Pvt) Ltd.	Common directorship	-
Greaves Airconditioning (Pvt) Ltd.	Common directorship	-
Madian Hydro Power Ltd.	Common directorship	-
Unicol Ltd.	Associated Company	33.33
UniEnergy Ltd.	Associated Company	7.69
Zensoft (Pvt) Ltd.	Group Company	-

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

	December 31, 2021	September 30, 2021 (Audited)
	(Rupees '000)	
<b>Associated Company</b>		
Trade and other payables	85,067	821
Loans & advances	209	-

#### 14. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on January 27, 2022 by the Board of Directors of the Company.

#### 15. GENERAL

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

  
**Aslam Faruque**  
 Chief Executive

  
**Samir Mustapha Chinoy**  
 Director

  
**Wasif Khalid**  
 Director & Chief Financial Officer





GHULAM FARUQUE  
GROUP

### **Mirpurkhas Sugar Mills Limited**

Registered Office / Factory  
Sub Post Office Sugar Mill  
Jamrao, Umerkot Road  
Mirpurkhas, Sindh

Head Office  
Modern Motors House  
Beaumont Road  
Karachi-75530 Pakistan  
UAN: +92 - 21-111- 354 -111  
Fax: +92 - 21- 35688036  
Web: [www.gfg.com.pk/msm/](http://www.gfg.com.pk/msm/)

