



Habib Sugar Mills Limited

**Report and Condensed Interim
Financial Statements
for the Quarter ended
December 31, 2021
(Unaudited)**



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Company Information

Board of Directors	Asghar D. Habib Ali Raza D. Habib Adnan Afridi Sheikh Asim Rafiq Murtaza Habib Tyaba Muslim Habib Shams Muhammad Haji Farouq Habib Rahimtoola Raeesul Hasan	<i>Chairman</i> (Resigned on January 26, 2022) (Co-opted on January 26, 2022)
Audit Committee	Shams Muhammad Haji Farouq Habib Rahimtoola Tyaba Muslim Habib	<i>Chief Executive</i> Chairman Member Member
Human Resource & Remuneration Committee	Tyaba Muslim Habib Shams Muhammad Haji Raeesul Hasan Member	Chairperson Member
COO & Company Secretary	Khursheed Anwer Jamal	
Chief Financial Officer	Amir Bashir Ahmed	
Registered Office	3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 35680036 - 5 Lines Fax : (+92-21) 35684086 www : habibsugar.com E-mail : sugar@habib.com	
Mills	Sugar & Distillery Division Nawabshah District Shaheed Benazirabad Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314 Textile Division D-140/B-1 Mangopir Road S.I.T.E. Karachi-75700 Phones : (+92-21) 32571325, 32572119 Fax : (+92-21) 32572118	
Bulk Storage	Terminal 60/1-B Oil Installation Area Keamari Karachi-75620 Phones : (+92-21) 32852003-4 Fax : (+92-21) 32852005	
Bankers	Allied Bank Limited Bank AL Habib Limited First Women Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan United Bank Limited	
Statutory Auditors	Grant Thornton Anjum Rahman Chartered Accountants	
Cost Auditors	Haroon Zakaria & Co. Chartered Accountants	
Share Registrar	THK Associates (Pvt.) Limited Plot No. C-32, Jami Commercial Street-2 D.H.A. Phase VII, Karachi. UAN : (+92-21) 111-000-322 Phone : (+92-21) 35310184 Fax : (+92-21) 35310191 E-mail : sfc@thk.com.pk	



Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, we are pleased to present you the unaudited unconsolidated and consolidated condensed interim financial statements of the Company for the first quarter ended on December 31, 2021.

Financial Results

During the period under review the operations of the Company resulted in pre-tax profit of Rs.361.72 million. The financial results for the quarter are as follows :

(Rupees in thousands)

Profit before taxation	361,716
Taxation	68,000
Profit after taxation	293,716
Add: Realized gain on sale of investment	9,346
Unappropriated profit brought forward	5,111
Unappropriated profit carried forward	308,173
Earnings per share – Basic and diluted	Rs. 1.96

Performance Review

Sugar Division

The crushing season 2021-22 commenced on November 17, 2021 and upto December 31, 2021 sugarcane of 389,656 M. Tons was crushed with average sucrose recovery of 9.73 % and sugar production of 37,908 M.Tons as compared with sugarcane crushing of 311,774 M. Tons with average sucrose recovery of 9.62 % and sugar production of 30,000 M. Tons during the corresponding quarter of the previous year.

The Government of Sindh on November 4, 2021 issued a notification fixing the minimum sugarcane support price at Rs.250 per 40 kgs for the crushing season 2021 - 22 as against Rs.202 per 40 kgs for the crushing season 2020 - 2021. In addition, the sugar mills in Sindh are also required to pay quality premium at the rate of paisas fifty for every 0.1 percent sucrose recovery in excess of the bench mark of 8.7%.

The minimum support price fixed by the Sindh government was higher by Rs. 25 per 40/kgs as compared with the minimum support price of Rs. 225 per 40 kgs fixed by the Punjab government. On November 24, 2021 majority of the sugar mills located in the province of Sindh challenged the minimum support price notification before the Honourable High Court of Sindh. The Honourable High Court of Sindh on November 25, 2021 suspended the operation of the impugned notification and restrained the defendants from taking any adverse / coercive action against the plaintiffs pursuant to the impugned Notification. Presently, the matter is pending adjudication before the Honourable High Court of Sindh.



The sugar division earned operating profit of Rs.175.51 million as against operating profit of Rs. 7.14 million during the corresponding quarter of the previous year. The increase in operating profit was mainly due to increased sale volume and better sugar selling prices as compared with the corresponding period of the previous year.

Distillery Division

The ethanol production during the quarter ended December 31, 2021 was 4,987 M. Tons as compared with 4,620 M. Tons during the corresponding period of the previous year. The division earned operating profit of Rs.130.78 million as compared with Rs.382.13 million during the corresponding quarter of previous year. The decrease in the profit of Rs. 251.35 million during the quarter is mainly due to higher profit on opening inventory of the previous year's quarter.

The liquidified carbon dioxide (CO₂) unit produced 1,407 M. Tons as compared with 988 M. Tons during the corresponding period of the previous year. The operating profit earned by the unit is included in the profit of the division.

Textile Division

The division suffered operating loss of Rs.2.01 million during the quarter under review, as against operating profit of Rs.10.41 million during the corresponding period of previous year. The division suffered loss due to reduced sale volume and higher raw material cost.

Trading Division

During the period under review, the division earned operating profit of Rs. 0.97 million as against operating profit of Rs.1.50 million. As regards the trading operations, the Company will avail the trading opportunity as and when available.

General

The Directors are pleased to place on record their appreciation of the devoted and dedicated services of the officers, staff and workers of the Company.

On behalf of the Board of Directors


Raeesul Hasan
Chief Executive


Murtaza Habib
Director

Karachi: January 26, 2022




Unconsolidated Condensed Interim Statement of Financial Position as at December 31, 2021 (Unaudited)

	Note	Unaudited Dec 31, 2021 (Rupees in thousands)	Audited Sept. 30, 2021
Assets			
Non-Current Assets			
Property, plant and equipment	4	2,505,263	2,496,633
Right-of-use assets		10,201	11,659
Long-term investments	5	2,836,725	2,806,226
Long-term loans		18,631	7,443
Long-term deposits		3,958	3,948
		<u>5,374,778</u>	<u>5,325,909</u>
Current Assets			
Stores and spare parts		251,231	195,024
Stock-in-trade	6	3,995,500	1,894,571
Trade debts		250,133	407,453
Loans and advances	7	546,414	50,430
Trade deposits and short-term prepayments		17,006	16,236
Accrued Profit on bank deposits and Government Securities		39,842	21,721
Other receivables	8	17,328	25,841
Taxation - net		70,077	86,498
Short-term investments	9	3,337,991	3,542,585
Cash and bank balances	10	1,427,509	268,863
		<u>9,953,031</u>	<u>6,509,222</u>
Total Assets		<u>15,327,809</u>	<u>11,835,131</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
150,000,000 Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>8,344,829</u>	<u>8,510,094</u>
Total Equity		<u>9,094,829</u>	<u>9,260,094</u>
Non-Current Liabilities			
Deferred taxation	11	102,500	83,000
Gas Infrastructure Development Cess	12	79,819	84,092
Lease liability		<u>5,773</u>	<u>7,630</u>
		<u>188,092</u>	<u>174,722</u>
Current Liabilities			
Trade and other payables	13	2,046,646	1,813,802
Advance from customers		1,934,441	482,464
Short-term borrowing	14	1,500,000	—
Unclaimed dividends		96,561	97,731
Accrued Mark-up on short-term borrowing		10,603	—
Current portion of lease liability		6,637	6,318
Proposed dividend		<u>450,000</u>	<u>—</u>
		<u>6,044,888</u>	<u>2,400,315</u>
Contingencies and Commitments	15		
Total Equity and Liabilities		<u>15,327,809</u>	<u>11,835,131</u>

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza Habib
 Director



Unconsolidated Condensed Interim Statement of Profit or Loss for the quarter ended December 31, 2021 (Unaudited)

	Note	Dec. 31, 2021 (Rupees in thousands)	Dec. 31, 2020
Segment operating results	16		
Net sales and services		2,810,399	2,031,875
Cost of sales		(2,384,567)	(1,541,345)
Gross Profit		425,832	490,530
Selling and distribution expenses		(63,092)	(37,435)
Administrative expenses		(57,497)	(51,923)
Other operating expenses	17	(28,198)	(31,201)
Other income	18	52,696	19,652
		(96,091)	(100,907)
Operating Profit		329,741	389,623
Finance income - net	19	31,975	69,309
Profit before taxation		361,716	458,932
Taxation		(68,000)	(35,000)
Profit after taxation		293,716	423,932
Earnings per share - Basic and diluted (Rupees)		1.96	2.83

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza Habib
Director



**Unconsolidated Condensed Interim Statement of Comprehensive Income
for the quarter ended December 31, 2021 (Unaudited)**

	Dec. 31, 2021	Dec. 31, 2020
	(Rupees in thousands)	
Profit after taxation	293,716	423,932
Other comprehensive income :		
Items that will not be reclassified subsequently to the statement of profit or loss:		
(Loss) / Gain on re-measurement of equity investments - net of tax classified as fair value through other comprehensive income (FVOCI)	(8,981)	235,014
Total Comprehensive income for the quarter ended December 31, 2021	<u>284,735</u>	<u>658,946</u>

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza Habib
Director



Unconsolidated Condensed Interim Statement of Changes in Equity for the quarter ended December 31, 2021 (Unaudited)

	Issued, Subscribed and Paid-up Capital	Capital Reserve	General Reserve	Revenue Reserves	Unrealised gain/ (loss) on re-measurement of AFS / FVOCI investments	Total Reserves	Total Equity
				Unappro- priated Profit			
	(Rupees in thousands)						
Balance as on October 1, 2020	750,000	34,000	5,448,500	714,092	1,676,370	7,872,962	8,622,962
Cash dividend for the year ended September 30, 2020 @ 55%	-	-	-	(412,500)	-	(412,500)	(412,500)
Transfer to general reserve	-	-	300,000	(300,000)	-	-	-
Realised gain on sale of investment	-	-	-	81,895	(81,895)	-	-
Total comprehensive income for the quarter ended December 31, 2020	-	-	-	423,932	235,014	658,946	658,946
Balance as on December 31, 2020	<u>750,000</u>	<u>34,000</u>	<u>5,748,500</u>	<u>507,419</u>	<u>1,829,489</u>	<u>8,119,408</u>	<u>8,869,408</u>
Balance as on October 1, 2021	750,000	34,000	5,748,500	1,115,111	1,612,483	8,510,094	9,260,094
Proposed cash dividend for the year ended September 30, 2021 @ 60%	-	-	-	(450,000)	-	(450,000)	(450,000)
Proposed transfer to general reserve	-	-	660,000	(660,000)	-	-	-
Realised gain on sale of investment	-	-	-	9,346	(9,346)	-	-
Total comprehensive income for the quarter ended December 31, 2021	-	-	-	293,716	(8,981)	284,735	284,735
Balance as on December 31, 2021	<u>750,000</u>	<u>34,000</u>	<u>6,408,500</u>	<u>308,173</u>	<u>1,594,156</u>	<u>8,344,829</u>	<u>9,094,829</u>

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director



Unconsolidated Condensed Interim Statement of Cash Flows for the quarter ended December 31, 2021 (Unaudited)

	Note	Dec. 31, 2021	Dec. 31, 2020
(Rupees in thousands)			
Cash flows from operating activities			
Cash generated from operations	20	(470,186)	(1,135,694)
Finance income received - net		24,457	91,929
Income tax paid		(28,579)	(33,775)
Long-term loans		(11,188)	(835)
Long-term deposits		(10)	—
Net cash generated from operating activities		(485,506)	(1,078,375)
Cash flows from investing activities			
Fixed capital expenditure		(65,064)	(25,068)
Sale proceeds of investments		3,963,568	128,089
Dividend received		50,310	9,965
Purchase of investments		(3,801,954)	(3,838,048)
Sale proceeds of fixed assets		—	42
Net cash used in investing activities		146,860	(3,725,020)
Cash flows from financing activities			
Lease rental paid		(1,538)	(2,954)
Dividend paid		(1,170)	(1,204)
Net cash used in financing activities		(2,708)	(4,158)
Net Decrease in cash and cash equivalents		(341,354)	(4,807,553)
Cash and cash equivalents at the beginning of the quarter		268,863	4,071,821
Cash and cash equivalents at the end of the quarter	21	(72,491)	(735,732)

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza Habib
Director



Notes to the Unconsolidated Condensed Interim Financial Statements for the quarter ended December 31, 2021 (Unaudited)

1. The Company and its operations

Habib Sugar Mills Limited is a public limited company incorporated in Pakistan on February 08, 1962, with its shares quoted on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and marketing of refined sugar, ethanol, liquidified carbon dioxide (CO₂), household textiles, providing bulk storage facilities and trading of commodities.

These are separate unconsolidated condensed interim financial statements of the Company in which investments in subsidiary is accounted for on the basis of direct equity interest.

2. Statement of compliance

These unconsolidated condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed.

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 September 30, 2021.

3. Significant accounting policies and disclosures

The accounting policies and methods of computation 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 September 30, 2021.

	(Unaudited) Dec. 31, 2021 (Rupees in thousands)	(Audited) Sept. 30, 2021
4. Property, plant and equipment		
4.1 Operating fixed assets	2,422,717	2,319,798
Capital work-in-progress	82,546	166,699
Major stores and spare parts	—	10,136
	<u>2,505,263</u>	<u>2,496,633</u>
4.2 Cost of additions to and written down value of deletions from fixed assets during the quarter ended December 31, 2021 were as follows:		
	Additions (Rupees in thousands)	Deletions
Plant and machinery		
Sugar	56,557	—
Textile	175	—
Furniture, fittings and office equipment	8,306	—
Vehicle	26	—
	<u>65,064</u>	<u>—</u>



	(Unaudited) Dec. 31, 2021 (Rupees in thousands)	(Audited) Sept. 30, 2021 (Rupees in thousands)
5. Long-term investments		
Investments in subsidiary company - at cost	–	–
Fair Value through Other Comprehensive Income		
Investments in related parties – Quoted - at fair value	1,703,058	1,706,867
– Un-Quoted - at fair value	141,098	133,809
Investments in other companies – Quoted - at fair value	992,569	965,550
	<u>2,836,725</u>	<u>2,806,226</u>
5.1 Investments in associated companies or undertakings have been made in accordance with the requirements under the Act.		
5.2 The aggregate cost of these investments, net of impairment is Rs.1,264.89 (September 30, 2021: Rs.1,198.54) million.		
	(Unaudited) Dec. 31, 2021 (Rupees in thousands)	(Audited) Sept. 30, 2021 (Rupees in thousands)
6. Stock-in-trade		
Raw materials	1,282,527	375,140
Work-in-process	159,167	50,710
Finished goods	2,509,714	1,457,584
Bagasse	37,996	10,050
Fertilizers	6,096	1,087
	<u>3,995,500</u>	<u>1,894,571</u>
7. Loans and advances		
Loans - secured		
Current maturity of long-term loans		
Executives	20,700	–
Other Employees	7,229	6,304
	<u>27,929</u>	<u>6,304</u>
Advances - unsecured		
Suppliers	518,485	44,126
	<u>546,414</u>	<u>50,430</u>
Short-term loans of Rs.27.93 (September 30, 2021: Rs.6.30) million, include loans of Rs.3.14 (September 30, 2021: Rs.2.79) million to workers which carry no interest as per Company policy and CBA agreement. The balance amount of loan carries interest @ 7% (September 30, 2021: 7%) per annum.		
8. Other receivables - Considered good		
Duty drawback and research & development support claim	12,773	13,855
Dividend receivable	–	9,385
Sales tax refundable / adjustable	869	–
Others	3,686	2,601
	<u>17,328</u>	<u>25,841</u>



	Note	(Unaudited) Dec. 31, 2021 (Rupees in thousands)	(Audited) Sept. 30, 2021
9. Short-term investments			
Governments Securities - at amortised cost			
Market Treasury Bills	9.1	2,060,238	2,002,775
Units of Mutual Funds - FVOCI			
First Habib Cash Fund - wholly owned subsidiary of related party		821,212	1,288,833
ABL Cash Fund		404,589	200,000
NIT Money Market Fund		51,952	50,977
	9.2	1,277,753	1,539,810
		<u>3,337,991</u>	<u>3,542,585</u>
9.1	These carry effective yield of 7.42% to 8.37% (September 30, 2021: 7.10% to 7.57%) per annum, having maturity latest by January 2022.		
9.2	The aggregate cost of the units of mutual funds is Rs.1,260.03 (September 30, 2021: Rs.1,536.01) million.		
10. Cash and bank balances			
Cash in hand		6,156	148
Balances with banks in:			
Current accounts		98,026	5,305
Treasury call accounts	10.1	1,123,327	63,410
Term Deposit Receipts	10.2	200,000	200,000
	10.3	1,421,353	268,715
		<u>1,427,509</u>	<u>268,863</u>
10.1	Profit rates on Treasury call accounts ranged between 6.50% to 10% (September 30, 2021: 5.50% to 6.50%) per annum.		
10.2	Profit rates on Term Deposit Receipts is 6.70% to 9.45% (September 30, 2021: 6.70%) per annum. Maturity of these Term Deposit Receipts are one month.		
10.3	Includes Rs.373.66 (September 30, 2021: Rs.261.65) million kept with Bank AL Habib Limited - a related party.		



	(Unaudited) Dec. 31, 2021	(Audited) Sept. 30, 2021
	(Rupees in thousands)	
11. Deferred taxation		
Deferred tax liability on taxable temporary differences:		
on accelerated tax depreciation allowance on operating fixed assets	205,500	211,000
Deferred tax asset on deductible temporary differences:		
Provision for obsolescence and slow moving stores & spare parts	(9,500)	(10,500)
Deferred tax asset on impairment of investments	(14,500)	(14,500)
Deferred tax asset on lease liability	(3,500)	(4,000)
Deferred tax credit on provision for GIDC	—	(7,000)
Unabsorbed tax depreciation allowance	(72,000)	(91,000)
Deferred tax asset on re-measurement of investments	(3,500)	(1,000)
	(103,000)	(128,000)
	<u>102,500</u>	<u>83,000</u>

12. Gas Infrastructure Development Cess

The Honourable Supreme Court of Pakistan on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional. The Apex court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers, have to pay the GID Cess that become due upto 31 July 2020 w.e.f 2011.

Subsequently to the Order passed by the Apex Court, the SSGC issued GIDC bill of Rs. 5.78 million being the first installment of total GIDC arrears of Rs. 138.68 million which are to be recovered in forty eight monthly installments.

The above demand of the SSGC was not acknowledged as liability by the Company as the company had not passed the burden to their customers/clients. The Company filed an appeal before the Honourable High court of Sindh on the ground that no burden of GIDC had been passed to its customers/clients and thus the company is not liable to pay GIDC under GIDC Act 2015.

The Court was pleased to grant stay vide order dated September 22, 2020 against the demand raised by the SSGC and restrained to take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company had made full provision of Rs. 138.68 million for GID Cess in the financial statements for the Quarter ended 31 December 2021.

In January 2021, the Institute of Chartered Accountants of Pakistan (ICAP), issued Technical Release (TR) on accounting of Gas Infrastructure Development Cess (GIDC). According to the TR, the provision of GIDC is to be re-measured on present value basis. The provision of GIDC of Rs.138.68 million accounted for in September 30, 2020 was re-measured at the present value which works out to Rs.112.81 (September 30, 2021 Rs. 117.41) million including current maturity of Rs.32.99 (September 30, 2021 33.32) million as shown below resulting in re-measurement gain on discounting of GIDC of Rs.4.60 (September 30, 2021 Rs. 21.27) million as disclosed in note 18 of these unconsolidated financial statements.



	Note	(Unaudited) Dec. 31, 2021 (Rupees in thousands)	(Audited) Sept. 30, 2021
Balance at the beginning of the period		117,408	138,681
Less: Gain on re-measurement on discounting of GIDC		4,600	21,273
Balance at the end of the period		<u>112,808</u>	<u>117,408</u>
GIDC shown under Non-current liabilities		79,819	84,092
Payable within next twelve months shown under trade and other payables	13	<u>32,989</u>	<u>33,316</u>
Balance at the end of the period		<u>112,808</u>	<u>117,408</u>
13. Trade and other payables			
Creditors		1,461,710	1,234,991
Accrued liabilities		514,984	415,554
Sales tax		—	44,914
Payable to Employees Gratuity Fund		—	809
Gas Infrastructure Development Cess	12	32,989	33,316
Workers' Profit Participation Fund (WPPF)		19,661	70,244
Workers' Welfare Fund		16,299	13,799
Income-tax deducted at source		<u>1,003</u>	<u>175</u>
		<u>2,046,646</u>	<u>1,813,802</u>
14. Short-term borrowings - secured		<u>1,500,000</u>	<u>—</u>

The aggregate financing facility available from commercial banks amounted to Rs.7,637 (September 30, 2021: Rs.7,637) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 3% (September 30, 2021: 3%) per annum.

15. Contingencies and commitments

Contingencies

- 15.1** The Company was selected for audit by tax authorities under section 177 of the Income Tax Ordinance, 2001 for five years (i.e., tax years 2015 to 2019). A detailed audit of Company's tax affairs was carried out by tax authorities and consequent to the audit, during the month of June 2021, the tax authorities passed assessment orders in terms of Section 122(1) of the Ordinance for the above five years whereby unlawful and arbitrary tax demands aggregating to Rs.12,436.71 million was raised by making additions/disallowances under various heads.

The additions/disallowances were generally of arbitrary nature, illegal and without basis. Similar approach was adopted while framing the assessment orders of other sugar mills in the province of Sindh.



Appeals have been filed by the Company before the Commissioner Inland Revenue (Appeals) against the above assessment orders but no order has yet been passed. The Company also filed Constitutional petitions before the honorable High Court of Sindh for stay against the recovery of tax demands. The stay was granted against the recovery of tax demands by the High Court of Sindh vide order dated June 28, 2021 for tax years 2015, 2016 and 2017 whereas the stay for remaining two years of 2018 and 2019 was granted on August 06, 2021.

Consequent to the above assessment orders, the Company also received the notices on account of penalty for tax years 2015, 2016 and 2017 aggregating to Rs. 5,858.46 million. The Company has also obtained stay against the above show cause notices from the High Court of Sindh vide orders dated July 07, 2021 .

In addition, in view of the above assessment orders, the tax authorities also passed an assessment order in relation to tax year 2020, whereby tax refund of prior year aggregating to Rs. 54.98 million claimed by the Company were held inadmissible. The Company filed a rectification application against the order before the tax authorities which is pending adjudication.

The legal counsel of the Company is of the view that the above assessments have been framed on frivolous and flimsy grounds without any merit. The Company, therefore, based on the advice of the legal counsel, expects a favourable outcome and has not made any provision in these financial statements in respect of the impugned assessment orders and penalty notices.

15.2 The Competition Commission of Pakistan (CCP) has passed a consolidated order on August 6, 2021 whereby penalties have been levied on 84 sugar mills (First Opinion) under the Competition Act, 2010 on account of alleged 'anti-competitive activities in the sugar industry'. The proceedings were heard by a four-member bench of CCP and the two members differed with the First Opinion and gave a second/opposite opinion on August 12, 2021 however, the Chairperson vide order dated August 13, 2021 confirmed the first opinion (whereby the penalties were levied) as a view of the CCP by giving a casting vote.

Under the above-referred order dated August 6, 2021, a penalty of Rs. 493.65 million was levied on the Company equivalent to 5% of the total turnover of Rs. 9,873.13 million as per the audited financial statements for the year ended September 30, 2019. The penalty levied was on account of alleged 'collective decision of export quantities' by fixing/controlling the supply of sugar and maintaining the desired price levels in the market during the period from the year 2012 to 2020.

The Company alongwith other sugar mills filed a suit against the above-referred order dated August 6, 2021 through its legal counsel before the Sindh High Court who vide its order No. 2273 of 2021 dated October 07, 2021 suspended the operation of above impugned order dated August 06, 2021 and August 13, 2021. The hearing was last held on January 12, 2022 and was adjourned as date in office.



However, the CCP in contravention of the above restraining order of the High Court has issued a show-cause notice under section 30 of the Competition Act, 2010 on October 08, 2021 wherein identical issues are involved. The Company alongwith other sugar mills filed a suit against the above show-cause notice and the Sindh High Court vide its order No. 2381 dated October 14, 2021 suspended the operation of the above show-cause notice dated October 08, 2021.

The legal counsel of the Company is of the view that penalty imposed on the Company alongwith other sugar mills is irrational and unlawful and the proceedings concluded by the Chairperson by giving a casting vote in an arbitrary and discriminatory manner without considering the merits of the case. On the basis of the advice of the legal counsel, the Company expects a favourable outcome and no provision is made in these financial statements in respect of the above penalty levied by CCP vide its order dated August 06, 2021.

- 15.3** Pursuant to the decision of ECC on January 10, 2013, the FBR vide its SRO No. 77(1)/2013 dated February 7, 2013, allowed benefit to sugar exporters by reducing FED rate from 8.0% to 0.5% on local sales, equivalent to quantity exported by the mills. The Company availed the benefit and claimed Rs.56.56 million on account of reduced rate of FED. Against the aforementioned claim, FBR disallowed an amount of Rs.7.0 million and also levied default surcharge of Rs.0.3 million. The disallowances was on the basis that the benefit of claim accrues and arises from February 7, 2013, the date of SRO No: 77(1)/2013 and not from January 10, 2013, the date of ECC meeting wherein the benefit was approved by ECC. The Company maintains that the sugar mills are entitled to avail the benefit of reduced rate of FED on sugar exported against the export quota allotted by ECC in its meeting held on January 10, 2013. Accordingly, the Company filed a suit before Honourable High Court of Sindh and the operations of the said order were suspended by the Honourable Court vide its order dated April 23, 2014. On November 14, 2018 the Company withdraw the suit & filed an appeal before Commissioner Inland Revenue (appeals) who vide order dated February 28, 2019 rejected the appeal. The Company then filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) where the appeal is pending. In view of the advice of legal counsel, the company is confident of a favourable outcome and accordingly no provision was made in these unconsolidated financial statements.
- 15.4** The Government of Sindh vide notification dated July 08, 2014 levied a fee of Rs.0.50 / litre for storage of rectified spirit in bonded warehouse at Terminal Keamari, Karachi. The Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on October 21, 2021 and was adjourned. The financial exposure as at December 31, 2021 is Rs.91.13 (September 30, 2021: Rs.88.94) million. In view of the advice of legal counsel, the Company is confident of a favourable outcome of the case and accordingly no provision has been made in these unconsolidated financial statements.
- 15.5** During the year 2009-10 the Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority - PSQCA challenging the notifications issued in respect of registration of the Standard Mark for refined sugar manufactured and sold by the Company and levy of marking fee at the rate of 0.1% of ex-factory price of sugar sold with effect from January 01, 2009.



On December 04, 2012 the Honourable High Court of Sindh decided the case in favour of the Company. Against the above order, PSQCA filed an appeal before the Honourable Supreme Court of Pakistan. On November 25, 2013 the Honourable Supreme Court of Pakistan passed an interim order against PSQCA restraining them from demanding any registration of standard marks / licensing fee from the sugar mills till further order and the case was adjourned to date in office.

According to the advice of legal counsel, the demand raised is without any lawful authority and is in violation of the Constitution, hence, no provision is made in these financial statement in this regard.

Commitments

15.6 The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.550 (September 30, 2021: Rs.400.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.1,951.37 (September 30, 2021: Rs.535.39) million against guarantees issued by banks in favour of third parties on behalf of the Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.

15.7 Commitments for capital expenditure amounting to Rs.6.90 (September 2021: Rs.50.03) million.

	(Unaudited) Dec. 31, 2021	(Audited) Sept. 30, 2021
Note		
	(Rupees in thousands)	
15.8 Rentals payable over next four years under operating lease agreements with First Habib Modraba in respect of vehicles	61,393	62,021



16. Unconsolidated Segment operating results and related information for the quarter ended December 31, 2021 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Net sales and services											
Sales	Local	1,600,909	598,007	113,582	115,044	131	1,422	4,077	7,379	1,718,699	721,852
	Export	–	–	952,989	1,108,186	137,474	201,053	–	–	1,090,463	1,309,239
		1,600,909	598,007	1,066,571	1,223,230	137,605	202,475	4,077	7,379	2,809,162	2,031,091
Services - Storage income - net		–	–	1,237	784	–	–	–	–	1,237	784
		1,600,909	598,007	1,067,808	1,224,014	137,605	202,475	4,077	7,379	2,810,399	2,031,875
Less: Cost of sales		(1,356,884)	(539,327)	(893,038)	(815,370)	(132,654)	(180,898)	(1,991)	(5,750)	(2,384,567)	(1,541,345)
Gross Profit		244,025	58,680	174,770	408,644	4,951	21,577	2,086	1,629	425,832	490,530
Less: Selling and distribution expenses		(20,367)	(8,523)	(36,405)	(19,301)	(5,345)	(9,611)	(975)	–	(63,092)	(37,435)
Administrative expenses		(48,153)	(43,014)	(7,584)	(7,215)	(1,615)	(1,560)	(145)	(134)	(57,497)	(51,923)
		(68,520)	(51,537)	(43,989)	(26,516)	(6,960)	(11,171)	(1,120)	(134)	(120,589)	(89,358)
Profit / (loss) before other operating expenses and other income		175,505	7,143	130,781	382,128	(2,009)	10,406	966	1,495	305,243	401,172
Other operating expenses - note 17										(28,198)	(31,201)
Other income - note 18										52,696	19,652
Operating Profit										329,741	389,623



	(Unaudited)	
	Dec. 31, 2021	Dec. 31, 2020
	(Rupees in thousands)	
17. Other operating expenses		
Workers' Profit Participation Fund	19,661	28,601
Workers' Welfare Fund	2,500	2,600
Exchange loss - net	6,037	—
	<u>28,198</u>	<u>31,201</u>
18. Other income		
Dividend income	40,925	10,044
Agriculture Income	788	656
Exchange gain - net	—	1,129
Gain on disposal of fixed assets	—	3
Remeasurement gain on discounting of provision for GIDC	4,600	—
Scrap sale	6,383	7,820
	<u>52,696</u>	<u>19,652</u>
19. Finance income / (cost) - net		
Profit / Interest on :		
Treasury call accounts	8,677	2,726
Term deposit receipts	—	81,061
Government Securities	43,263	—
Loan to employees	291	42
	<u>52,231</u>	<u>83,829</u>
Less:		
Mark-up / interest on:		
Short-term borrowings	(10,603)	(10,368)
Lease Liability	(285)	(435)
Workers' Profit Participation Fund	(1,217)	—
Bank charges	(8,151)	(3,717)
	<u>(20,256)</u>	<u>(14,520)</u>
	<u>31,975</u>	<u>69,309</u>



	(Unaudited)	
	Dec. 31, 2021	Dec. 31, 2020
	(Rupees in thousands)	
20. Cash generated from / (used in) operations		
Profit before taxation	361,716	458,932
Adjustment for non-cash charges and other items		
Depreciation	57,892	57,646
Gain on disposal of fixed assets	—	(3)
Finance income - net	(31,975)	(69,309)
Dividend income	(40,925)	(10,044)
Working capital changes - note 20.1	(816,894)	(1,572,916)
	<u>(470,186)</u>	<u>(1,135,694)</u>
20.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(56,207)	(30,318)
Stock-in-trade	(2,100,929)	(1,822,788)
Trade debts	157,320	(40,682)
Loans and advances	(495,984)	142,773
Trade deposits and short-term prepayments	(770)	(2,840)
Other receivables	(872)	992
	<u>(2,497,442)</u>	<u>(1,752,863)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	228,571	268,649
Advance from customers	1,451,977	(88,702)
	<u>1,680,548</u>	<u>179,947</u>
Net changes in working capital	<u>(816,894)</u>	<u>(1,572,916)</u>
21. Cash and cash equivalents at the end of the quarter		
These comprise of the following:		
Cash and bank balances	1,427,509	723,418
Short-term borrowings	(1,500,000)	(1,459,150)
	<u>(72,491)</u>	<u>(735,732)</u>



22. Transactions with related parties

Related parties comprise of subsidiary, associated entities, entities with common directorship, retirement benefit funds, directors and key management personnel. Material transactions with related parties during the period and balances at the end of the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

	(Unaudited)	
	Dec. 31, 2021	Dec. 31, 2020
	(Rupees in thousands)	
Insurance premium paid	14,457	11,283
Insurance claim received	1,700	913
Profit on treasury call accounts / term deposits	8,568	83,700
Investment in shares / units of mutual funds	1,319,680	2,513,615
Bank charges	50	43
Compensation of Key management personnel	17,531	15,281
Contribution to retirement funds	7,033	3,998

Transactions with related parties are carried out at arm's length.

23. Dividend

The Board of Directors of the Company in their meeting held on December 28, 2021 had proposed a final cash dividend of Rs.3.00 per share (60%) for the year ended September 30, 2021. The cash dividend as proposed by the Board of Directors of the Company was approved by the members at the Annual General Meeting of the Company held on January 26, 2022. The proposed cash dividend has been accounted for in these condensed interim financial statements.

24. General

- Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.
- These condensed interim financial statements were authorised for issue on January 26, 2022 by the Board of Directors of the Company.

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director



Consolidated Condensed Interim Statement of Financial Position as at December 31, 2021 (Unaudited)

	Note	Unaudited Dec. 31, 2021 (Rupees in thousands)	Audited Sept. 30, 2021
Assets			
Non-Current Assets			
Property, plant and equipment	4	2,505,263	2,496,633
Right-of-use assets		10,201	11,659
Long-term investments	5	2,836,725	2,806,226
Long-term loans		18,631	7,443
Long-term deposits		3,958	3,948
		<u>5,374,778</u>	<u>5,325,909</u>
Current Assets			
Stores and spare parts		251,231	195,024
Stock-in-trade	6	3,995,500	1,894,571
Trade debts		250,133	407,453
Loans and advances	7	546,414	50,430
Trade deposits and short-term prepayments		17,006	16,236
Accrued Profit on bank deposits and Government Securities		39,842	21,721
Other receivables	8	17,328	25,841
Taxation - net		70,074	86,496
Short-term investments	9	3,337,991	3,542,585
Cash and bank balances	10	1,427,877	269,222
		<u>9,953,396</u>	<u>6,509,579</u>
Total Assets		<u>15,328,174</u>	<u>11,835,488</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital			
150,000,000 Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>8,345,013</u>	<u>8,510,271</u>
Total Equity		<u>9,095,013</u>	<u>9,260,271</u>
Non-Current Liabilities			
Deferred taxation	11	102,500	83,000
Gas Infrastructure Development Cess	12	79,819	84,092
Lease liabilities		<u>5,773</u>	<u>7,630</u>
		<u>188,092</u>	<u>174,722</u>
Current Liabilities			
Trade and other payables	13	2,046,827	1,813,982
Advance from customers		1,934,441	482,464
Short-term borrowings	14	1,500,000	—
Unclaimed dividends		96,561	97,731
Accrued Mark-up on short-term borrowings		10,603	—
Current portion of Lease liability		6,637	6,318
Proposed dividend		<u>450,000</u>	<u>—</u>
		<u>6,045,069</u>	<u>2,400,495</u>
Contingencies and Commitments	15		
Total Equity and Liabilities		<u>15,328,174</u>	<u>11,835,488</u>

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director



**Consolidated Condensed Interim Statement of Profit or Loss
for the quarter ended December 31, 2021 (Unaudited)**

	Note	Dec. 31, 2021 (Rupees in thousands)	Dec. 31, 2020
Segment operating results	16		
Net sales and services		2,810,399	2,031,875
Cost of sales		(2,384,567)	(1,541,345)
Gross Profit		425,832	490,530
Selling and distribution expenses		(63,092)	(37,435)
Administrative expenses		(57,497)	(51,923)
Other operating expenses	17	(28,198)	(31,201)
Other income	18	52,696	19,652
		(96,091)	(100,907)
Operating profit		329,741	389,623
Finance income - net	19	31,985	69,321
Profit before taxation		361,726	458,944
Taxation		(68,003)	(35,002)
Profit after taxation		293,723	423,942
Earnings per share - Basic and diluted (Rupees)		1.96	2.83

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza Habib
Director



**Consolidated Condensed Interim Statement of Comprehensive Income
for the quarter ended December 31, 2021 (Unaudited)**

	Dec. 31, 2021 (Rupees in thousands)	Dec. 31, 2020
Profit after taxation	293,723	423,942
Other comprehensive income :		
Items that will not be reclassified subsequently to the statement of profit or loss:		
(Loss) / Gain on re-measurement of equity investments - net of tax classified as fair value through other comprehensive income (FVOCI)	(8,981)	235,014
Total Comprehensive income for the quarter ended December 31, 2021	<u>284,742</u>	<u>658,956</u>

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza Habib
Director



Consolidated Condensed Interim Statement of Changes in Equity for the quarter ended December 31, 2021 (Unaudited)

	Issued, Subscribed and Paid-up Capital	Capital Reserve	General Reserve	Revenue Reserves	Unrealised gain/ (loss) on re-measurement of AFS / FVOCI investments	Total Reserves	Total Equity
				Unappro- priated Profit			
	(Rupees in thousands)						
Balance as on October 1, 2020	750,000	34,000	5,448,500	714,316	1,676,370	7,873,186	8,623,186
Cash dividend for the year ended September 30, 2020 @ 55%	-	-	-	(412,500)	-	(412,500)	(412,500)
Transfer to general reserve	-	-	300,000	(300,000)	-	-	-
Realised gain on sale of investment	-	-	-	81,895	(81,895)	-	-
Total comprehensive income for the quarter ended December 31, 2020	-	-	-	423,942	235,014	658,956	658,956
Balance as on December 31, 2020	<u>750,000</u>	<u>34,000</u>	<u>5,748,500</u>	<u>507,653</u>	<u>1,829,489</u>	<u>8,119,642</u>	<u>8,869,642</u>
Balance as on October 1, 2021	750,000	34,000	5,748,500	1,115,288	1,612,483	8,510,271	9,260,271
Proposed cash dividend for the year ended September 30, 2021 @ 60%	-	-	-	(450,000)	-	(450,000)	(450,000)
Proposed transfer to general reserve	-	-	660,000	(660,000)	-	-	-
Realised gain on sale of investment	-	-	-	9,346	(9,346)	-	-
Total comprehensive income for the quarter ended December 31, 2021	-	-	-	293,723	(8,981)	284,742	284,742
Balance as on December 31, 2021	<u>750,000</u>	<u>34,000</u>	<u>6,408,500</u>	<u>308,357</u>	<u>1,594,156</u>	<u>8,345,013</u>	<u>9,095,013</u>

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza Habib
 Director



Consolidated Condensed Interim Statement of Cash Flows for the quarter ended December 31, 2021 (Unaudited)

	Note	Dec. 31, 2021	Dec. 31, 2020
(Rupees in thousands)			
Cash flows from operating activities			
Cash generated from operations	20	(470,185)	(1,135,784)
Finance income received - net		24,457	91,941
Income tax paid		(28,579)	(33,776)
Long-term loans		(11,188)	(835)
Long-term deposits		(10)	—
Net cash generated from operating activities		(485,505)	(1,078,454)
Cash flows from investing activities			
Fixed capital expenditure		(65,064)	(25,068)
Sale proceeds of investments		3,963,568	128,089
Dividend received		50,310	9,965
Purchase of investments		(3,801,954)	(3,838,048)
Sale proceeds of fixed assets		—	42
Net cash used in investing activities		146,860	(3,725,020)
Cash flows from financing activities			
Lease rental paid		(1,538)	(2,954)
Dividend paid		(1,170)	(1,204)
Net cash used in financing activities		(2,708)	(4,158)
Net Decrease in cash and cash equivalents		(341,353)	(4,807,632)
Cash and cash equivalents at the beginning of the quarter		269,222	4,072,254
Cash and cash equivalents at the end of the quarter	21	(72,131)	(735,378)

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza Habib
Director



Notes to the Consolidated Condensed Interim Financial Statements for the quarter ended December 31, 2021 (Unaudited)

1. Group and its Operations

The Group consists of Habib Sugar Mills Limited (the Holding Company) and HSM Energy Limited - a wholly owned Subsidiary Company (the Subsidiary Company). Brief profiles of Holding company and its subsidiary company are as follows :

1.1. Holding Company

The Holding Company is a public limited company incorporated in Pakistan, with its shares quoted on the Pakistan Stock Exchange Limited. The Holding Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquidified carbon dioxide (CO₂), household textiles, providing bulk storage facilities and trading of commodities. The registered office of the Holding Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

1.2. Subsidiary Company

HSM Energy Limited (the Company), a wholly owned subsidiary of Habib Sugar Mills Limited (the Parent Company) was incorporated in Pakistan as a public unlisted company on May 16, 2017. The Registered office of the Company is situated at 3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

The Bagasse Based project of the Company was on hold for a long time, due to non-clarity on the policy of the Government for bagasse based energy projects. The Board of Directors of Habib Sugar Mills Limited in their meeting held on July 29, 2020, reviewed the situation of these projects and after considering the uncertainty regarding the tariff and dispute over the power purchasing terms with CPPA, have decided to discontinue the project and wind up HSM Energy Limited.

2. Statement of compliance

These consolidated condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan and provisions of and directives issued under the Act. In case where requirements differ, the provisions of or directives issued under the Act have been followed.

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

3. Significant accounting policies and disclosures

The accounting policies and methods of computation followed for the preparation of these consolidated 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 September 30, 2021.

	(Unaudited) Dec. 31, 2021	(Audited) Sept. 30, 2021
	(Rupees in thousands)	
4. Property, plant and equipment		
4.1 Operating fixed assets	2,422,717	2,319,798
Capital work-in-progress	82,546	166,699
Major stores and spare parts	—	10,136
	<u>2,505,263</u>	<u>2,496,633</u>



4.2 Cost of additions to and written down value of deletions from fixed assets during the quarter ended December 31, 2021 were as follows:

	Additions (Rupees in thousands)	Deletions
Plant and machinery		
Sugar	56,557	—
Textile	175	—
Furniture, fittings and office equipment	8,306	—
Vehicle	26	—
	<u>65,064</u>	<u>—</u>
	(Unaudited) Dec. 31, 2021	(Audited) Sept. 30, 2021
	(Rupees in thousands)	

5. Long-term investments

Fair Value through Other Comprehensive Income

Investments in related parties	— Quoted - at fair value	1,703,058	1,706,867
	— Un-Quoted - at fair value	141,098	133,809
Investments in other companies	— Quoted - at fair value	992,569	965,550
		<u>2,836,725</u>	<u>2,806,226</u>

5.1 Investments in associated companies or undertakings have been made in accordance with the requirements under the Act.

5.2 The aggregate cost of these investments, net of impairment is Rs.1,264.89 (September 30, 2021: Rs.1,198.54) million.

	(Unaudited) Dec. 31, 2021	(Audited) Sept. 30, 2021
	(Rupees in thousands)	

6. Stock-in-trade

Raw materials	1,282,527	375,140
Work-in-process	159,167	50,710
Finished goods	2,509,714	1,457,584
Bagasse	37,996	10,050
Fertilizers	6,096	1,087
	<u>3,995,500</u>	<u>1,894,571</u>

7. Loans and advances

Loans - secured

Current maturity of long-term loans

Executives	20,700	—
Other Employees	7,229	6,304
	<u>27,929</u>	<u>6,304</u>

Advances - unsecured

Suppliers	518,485	44,126
	<u>546,414</u>	<u>50,430</u>



Short-term loans of Rs.27.93 (September 30, 2021: Rs.6.30) million, include loans of Rs.3.14 (September 30, 2021: Rs.2.79) million to workers which carry no interest as per Company policy and CBA agreement. The balance amount of loan carries interest @ 7% (September 30, 2021: 7%) per annum.

		(Unaudited) Dec. 31, 2021	(Audited) Sept. 30, 2021
		(Rupees in thousands)	
8. Other receivables - Considered good			
Duty drawback and research & development support claim		12,773	13,855
Dividend receivable		—	9,385
Sales tax refundable / adjustable		869	—
Others		3,686	2,601
		<u>17,328</u>	<u>25,841</u>
9. Short-term investments			
Governments Securities - at amortised cost			
Market Treasury Bills	9.1	2,060,238	2,002,775
Units of Mutual Funds - FVOCI			
First Habib Cash Fund - wholly owned subsidiary of related party		821,212	1,288,833
ABL Cash Fund		404,589	200,000
NIT Money Market Fund		51,952	50,977
	9.2	<u>1,277,753</u>	<u>1,539,810</u>
		<u>3,337,991</u>	<u>3,542,585</u>
9.1	These carry effective yield of 7.42% to 8.37% (September 30, 2021: 7.10% to 7.57%) per annum, having maturity latest by January 2022.		
9.2	The aggregate cost of the units of mutual funds is Rs.1,260.03 (September 30, 2021: Rs.1,536.01) million.		
		(Unaudited) Dec. 31, 2021	(Audited) Sept. 30, 2021
		(Rupees in thousands)	
10. Cash and bank balances			
Cash in hand		6,156	148
Balances with banks in:			
Current accounts		98,026	5,305
Treasury call accounts	10.1	1,123,695	63,769
Term Deposit Receipts	10.2	200,000	200,000
	10.3	<u>1,421,721</u>	<u>269,074</u>
		<u>1,427,877</u>	<u>269,222</u>
10.1	Profit rates on Treasury call accounts ranged between 6.50% to 10% (September 2021: 5.50% to 6.50%) per annum.		
10.2	Profit rates on Term Deposit Receipts is 6.70% to 9.45% (September 2021: 6.70%) per annum. Maturity of these Term Deposit Receipts are one month.		
10.3	Includes Rs.373.66 (September 2021: Rs.261.65) million kept with Bank AL Habib Limited - a related party.		



	(Unaudited) Dec. 31, 2021 (Rupees in thousands)	(Audited) Sept. 30, 2021 (Rupees in thousands)
11. Deferred taxation		
Deferred tax liability on taxable temporary differences:		
on accelerated tax depreciation allowance on operating fixed assets	205,500	211,000
Deferred tax asset on deductible temporary differences:		
Provision for obsolescence and slow moving stores & spare parts	(9,500)	(10,500)
Deferred tax asset on impairment of investments	(14,500)	(14,500)
Deferred tax asset on lease liability	(3,500)	(4,000)
Deferred tax credit on provision for GIDC	—	(7,000)
Unabsorbed tax depreciation allowance	(72,000)	(91,000)
Deferred tax asset on re-measurement of investments	(3,500)	(1,000)
	(103,000)	(128,000)
	<u>102,500</u>	<u>83,000</u>

12. Gas Infrastructure Development Cess

The Honourable Supreme Court of Pakistan on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act, 2015 is constitutional. The Apex court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers, have to pay the GID Cess that become due upto 31 July 2020 w.e.f 2011.

Subsequently to the Order passed by the Apex Court, the SSGC issued GIDC bill of Rs. 5.78 million being the first installment of total GIDC arrears of Rs. 138.68 million which are to be recovered in forty eight monthly installments.

The above demand of the SSGC was not acknowledged as liability by the Company as the Company had not passed the burden to their customers/clients. The Company filed an appeal before the Honourable High court of Sindh on the ground that no burden of GIDC had been passed to its customers/clients and thus the Company is not liable to pay GIDC under GIDC Act, 2015.

The Court was pleased to grant stay vide order dated September 22, 2020 against the demand raised by the SSGC and restrained to take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company had made full provision of Rs. 138.68 million for GID Cess in the financial statements for the Quarter ended 31 December 2021.

In January 2021, the Institute of Chartered Accountants of Pakistan (ICAP), issued Technical Release (TR) on accounting of Gas Infrastructure Development Cess (GIDC). According to the TR, the provision of GIDC is to be re-measured on present value basis. The provision of GIDC of Rs.138.68 million accounted for in September 30, 2020 was re-measured at the present value which works out to Rs.112.81 (September 30, 2021 Rs. 117.41) million including current maturity of Rs.32.99 (September 30, 2021 33.32) million as shown below resulting in re-measurement gain on discounting of GIDC of Rs.4.60 (September 30, 2021 Rs. 21.27) million as disclosed in note 18 of these consolidated financial statements.



	Note	(Unaudited) Dec. 31, 2021 (Rupees in thousands)	(Audited) Sept. 30, 2021
Balance at the beginning of the period		117,408	138,681
Less: Gain on re-measurement on discounting of GIDC		4,600	21,273
Balance at the end of the period		<u>112,808</u>	<u>117,408</u>
GIDC shown under Non-current liabilities		79,819	84,092
Payable within next twelve months shown under trade and other payable	13	<u>32,989</u>	<u>33,316</u>
Balance at the end of the period		<u>112,808</u>	<u>117,408</u>
13. Trade and other payables			
Creditors		1,461,710	1,234,991
Accrued liabilities		515,165	415,734
Sales tax		—	44,914
Payable to Employees Gratuity Fund		—	809
Gas Infrastructure Development Cess	12	32,989	33,316
Workers' Profit Participation Fund (WPPF)		19,661	70,244
Workers' Welfare Fund		16,299	13,799
Income-tax deducted at source		<u>1,003</u>	<u>175</u>
		<u>2,046,827</u>	<u>1,813,982</u>
14. Short-term borrowings - secured		<u>1,500,000</u>	<u>—</u>

The aggregate financing facility available from commercial banks amounted to Rs.7,637 (September 2021: Rs.7,637) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 3% (September 2021: 3%) per annum.

15. Contingencies and commitments

Contingencies

- 15.1** The Holding Company was selected for audit by tax authorities under section 177 of the Income Tax Ordinance, 2001 for five years (i.e., tax years 2015 to 2019). A detailed audit of Holding Company's tax affairs was carried out by tax authorities and consequent to the audit, during the month of June 2021, the tax authorities passed assessment orders in terms of Section 122(1) of the Ordinance for the above five years whereby unlawful and arbitrary tax demands aggregating to Rs.12,436.71 million was raised by making additions/ disallowances under various heads.

The additions/disallowances were generally of arbitrary nature, illegal and without basis. Similar approach was adopted while framing the assessment orders of other sugar mills in the province of Sindh.



Appeals have been filed by the Holding Company before the Commissioner Inland Revenue (Appeals) against the above assessment orders but no order has yet been passed. The Holding Company also filed Constitutional petitions before the honorable High Court of Sindh for stay against the recovery of tax demands. The stay was granted against the recovery of tax demands by the High Court of Sindh vide order dated June 28, 2021 for tax years 2015, 2016 and 2017 whereas the stay for remaining two years of 2018 and 2019 was granted on August 06, 2021.

Consequent to the above assessment orders, the Holding Company also received the notices on account of penalty for tax years 2015, 2016 and 2017 aggregating to Rs. 5,858.46 million. The Holding Company has also obtained stay against the above show cause notices from the High Court of Sindh vide orders dated July 07, 2021.

In addition, in view of the above assessment orders, the tax authorities also passed an assessment order in relation to tax year 2020, whereby tax refund of prior year aggregating to Rs. 54.98 million claimed by the Holding Company were held inadmissible. The Holding Company filed a rectification application against the order before the tax authorities which is pending adjudication.

The legal counsel of the Holding Company is of the view that the above assessments have been framed on frivolous and flimsy grounds without any merit. The Holding Company, therefore, based on the advice of the legal counsel, expects a favourable outcome and has not made any provision in these financial statements in respect of the impugned assessment orders and penalty notices.

- 15.2** The Competition Commission of Pakistan (CCP) has passed a consolidated order on August 6, 2021 whereby penalties have been levied on 84 sugar mills (First Opinion) under the Competition Act, 2010 on account of alleged 'anti-competitive activities in the sugar industry'. The proceedings were heard by a four-member bench of CCP and the two members differed with the First Opinion and gave a second/opposite opinion on August 12, 2021 however, the Chairperson vide order dated August 13, 2021 confirmed the first opinion (whereby the penalties were levied) as a view of the CCP by giving a casting vote.

Under the above-referred order dated August 6, 2021, penalty of Rs. 493.65 million has been levied on the Holding Company equivalent to 5% of the total turnover of Rs. 9,873.13 million as per the audited financial statements for the year ended September 30, 2019. The penalty has been levied on account of alleged 'collective decision of export quantities' by fixing/controlling the supply of sugar and maintaining the desired price levels in the market during the period from the year 2012 to 2020.

The Holding Company alongwith other sugar mills has filed a suit against the above-referred order dated August 6, 2021 through its legal counsel before the Sindh High Court who vide its order No. 2273 of 2021 dated October 07, 2021 has suspended the operation of above impugned order dated August 06, 2021 and August 13, 2021. The hearing was last held on January 12, 2022 and was adjourned as date in office.



However, the CCP in contravention of the above restraining order of the High Court has issued a show-cause notice under section 30 of the Competition Act, 2010 on October 08, 2021 wherein identical issues are involved. The Holding Company alongwith other sugar mills has filed a suit against the above show-cause notice and the Sindh High Court vide its order No. 2381 dated October 14, 2021 has suspended the operation of the above show-cause notice dated October 08, 2021.

The legal counsel of the Holding Company is of the view that penalty has been imposed on the Holding Company alongwith other sugar mills is irrational and unlawful and the proceedings have been concluded by the Chairperson by giving a casting vote in an arbitrary and discriminatory manner without considering the merits of the case. On the basis of the advice of the legal counsel, the Group Company expects a favourable outcome and has not made any provision in these consolidated financial statements in respect of the penalty levied by CCP vide its order dated August 06, 2021.

- 15.3** Pursuant to the decision of ECC on January 10, 2013, the FBR vide its SRO No. 77(1)/2013 dated February 7, 2013, allowed benefit to sugar exporters by reducing FED rate from 8.0% to 0.5% on local sales, equivalent to quantity exported by the mills. The Holding Company availed the benefit and claimed Rs.56.56 million on account of reduced rate of FED. Against the aforementioned claim, FBR disallowed an amount of Rs.7.0 million and also levied default surcharge of Rs.0.3 million. The disallowances was on the basis that the benefit of claim accrues and arises from February 7, 2013, the date of SRO No: 77(1) /2013 and not from January 10, 2013, the date of ECC meeting wherein the benefit was approved by ECC. The Holding Company maintains that the sugar mills are entitled to avail the benefit of reduced rate of FED on sugar exported against the export quota allotted by ECC in its meeting held on January 10, 2013. Accordingly, the Holding Company filed a suit before Honourable High Court of Sindh and the operations of the said order were suspended by the Honourable Court vide its order dated April 23, 2014. On November 14, 2018 the Holding Company withdraw the suit & filed an appeal before Commissioner Inland Revenue (appeals) who vide order dated February 28, 2019 rejected the appeal. The Holding Company then filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) where the appeal is pending. In view of the advice of legal counsel, the Group is confident of a favourable outcome and accordingly no provision has been made in these consolidated financial statements.
- 15.4** The Government of Sindh vide notification dated July 08, 2014 levied a fee of Rs.0.50 / litre for storage of rectified spirit in bonded warehouse at Terminal Keamari, Karachi. The Holding Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on October 21, 2021 and was adjourned. The financial exposure as at December 31, 2021 is Rs.91.13 (September 30, 2021: Rs.88.94) million. In view of the advice of legal counsel, the Group is confident of a favourable outcome of the case and accordingly no provision has been made in these consolidated financial statements.
- 15.5** During the year 2009-10 the Holding Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority - PSQCA challenging the notifications issued in respect of registration of the Standard Mark for refined sugar manufactured and sold by the Holding Company and levy of marking fee at the rate of 0.1% of ex-factory price of sugar sold with effect from January 01, 2009.



On December 04, 2012 the Honourable High Court of Sindh decided the case in favour of the Holding Company. Against the above order, PSQCA filed an appeal before the Honourable Supreme Court of Pakistan. On November 25, 2013 the Honourable Supreme Court of Pakistan passed an interim order against PSQCA restraining them from demanding any registration of standard marks / licensing fee from the sugar mills till further order and the case was adjourned to date in office.

According to the advice of legal counsel, the demand raised is without any lawful authority and is in violation of the Constitution, hence, no provision is made in these consolidated financial statements in this regard.

Commitments

- 15.6** The Group has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.550 (September 30, 2021: Rs.400.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.1,951.37 (September 30, 2021: Rs.535.39) million against guarantees issued by banks in favour of third parties on behalf of the Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.
- 15.7** Commitments for capital expenditure amounting to Rs.6.90 (September 2021: Rs.50.03) million.

	(Unaudited) Dec. 31, 2021	(Audited) Sept. 30, 2021
Note		
	(Rupees in thousands)	
15.8 Rentals payable over next four years under operating lease agreements with First Habib Modraba in respect of vehicles	61,393	62,021



16. Consolidated Segment operating results and related information for the quarter ended December 31, 2021 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Net sales and services											
Sales	Local	1,600,909	598,007	113,582	115,044	131	1,422	4,077	7,379	1,718,699	721,852
	Export	–	–	952,989	1,108,186	137,474	201,053	–	–	1,090,463	1,309,239
		1,600,909	598,007	1,066,571	1,223,230	137,605	202,475	4,077	7,379	2,809,162	2,031,091
Services - Storage income - net		–	–	1,237	784	–	–	–	–	1,237	784
		1,600,909	598,007	1,067,808	1,224,014	137,605	202,475	4,077	7,379	2,810,399	2,031,875
Less: Cost of sales		(1,356,884)	(539,327)	(893,038)	(815,370)	(132,654)	(180,898)	(1,991)	(5,750)	(2,384,567)	(1,541,345)
Gross Profit		244,025	58,680	174,770	408,644	4,951	21,577	2,086	1,629	425,832	490,530
Less: Selling and distribution expenses		(20,367)	(8,523)	(36,405)	(19,301)	(5,345)	(9,611)	(975)	–	(63,092)	(37,435)
	Administrative expenses	(48,153)	(43,014)	(7,584)	(7,215)	(1,615)	(1,560)	(145)	(134)	(57,497)	(51,923)
		(68,520)	(51,537)	(43,989)	(26,516)	(6,960)	(11,171)	(1,120)	(134)	(120,589)	(89,358)
Profit / (loss) before other operating expenses and other income		175,505	7,143	130,781	382,128	(2,009)	10,406	966	1,495	305,243	401,172
Other operating expenses -note 17										(28,198)	(31,201)
Other income - note 18										52,696	19,652
Operating Profit										329,741	389,623



	(Unaudited)	
	Dec. 31, 2021	Dec. 31, 2020
	(Rupees in thousands)	
17. Other operating expenses		
Workers' Profit Participation Fund	19,661	28,601
Workers' Welfare Fund	2,500	2,600
Exchange loss - net	6,037	—
	<u>28,198</u>	<u>31,201</u>
18. Other income		
Dividend income	40,925	10,044
Agriculture Income	788	656
Exchange gain - net	—	1,129
Gain on disposal of fixed assets	—	3
Remeasurement gain on discounting of provision for GIDC	4,600	—
Scrap sale	6,383	7,820
	<u>52,696</u>	<u>19,652</u>
19. Finance income / (cost) - net		
Profit / Interest on :		
Treasury call accounts	8,687	2,738
Term deposit receipts	—	81,061
Government Securities	43,263	—
Loan to employees	291	42
	<u>52,241</u>	<u>83,841</u>
Less:		
Mark-up / interest on:		
Short-term borrowings	(10,603)	(10,368)
Lease Liability	(285)	(435)
Workers' Profit Participation Fund	(1,217)	—
Bank charges	(8,151)	(3,717)
	<u>(20,256)</u>	<u>(14,520)</u>
	<u>31,985</u>	<u>69,321</u>



	(Unaudited)	
	Dec. 31, 2021	Dec. 31, 2020
	(Rupees in thousands)	
20. Cash generated from / (used in) operations		
Profit before taxation	361,726	458,944
Adjustment for non-cash charges and other items		
Depreciation	57,892	57,646
Gain on disposal of fixed assets	—	(3)
Finance income - net	(31,985)	(69,321)
Dividend income	(40,925)	(10,044)
Working capital changes - note 20.1	(816,893)	(1,573,006)
	<u>(470,185)</u>	<u>(1,135,784)</u>
20.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(56,207)	(30,318)
Stock-in-trade	(2,100,929)	(1,822,788)
Trade debts	157,320	(40,682)
Loans and advances	(495,984)	142,773
Trade deposits and prepayments	(770)	(2,840)
Other receivables	(872)	992
	<u>(2,497,442)</u>	<u>(1,752,863)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	228,572	268,559
Advance from customers	1,451,977	(88,702)
	<u>1,680,549</u>	<u>179,857</u>
Net changes in working capital	<u>(816,893)</u>	<u>(1,573,006)</u>
21. Cash and cash equivalents at the end of the quarter		
These comprise of the following:		
Cash and bank balances	1,427,877	723,772
Short-term borrowings	(1,500,000)	(1,459,150)
	<u>(72,123)</u>	<u>(735,378)</u>



22. Transactions with related parties

Related parties comprise of subsidiary, associated entities, entities with common directorship, retirement benefit funds, directors and key management personnel. Material transactions with related parties during the period and balances at the end of the period, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

	(Unaudited)	
	Dec. 31, 2021	Dec. 31, 2020
	(Rupees in thousands)	
Insurance premium paid	14,457	11,283
Insurance claim received	1,700	913
Profit on treasury call accounts / term deposits	8,568	83,700
Investment in shares / units of mutual funds	1,319,680	2,513,615
Bank charges	50	43
Compensation of Key management personnel	17,531	15,281
Contribution to retirement funds	7,033	3,998

Transactions with related parties are carried out at arm's length.

23. Dividend

The Board of Directors of the Holding Company in their meeting held on December 28, 2021 had proposed a final cash dividend of Rs.3.00 per share (60%) for the year ended September 30, 2021. The cash dividend as proposed by the Board of Directors of the Company was approved by the members at the Annual General Meeting of the Company held on January 26, 2022. The proposed cash dividend has been accounted for in these consolidated condensed interim financial statements.

24. General

- Figures presented in these consolidated condensed interim financial statements have been rounded off to the nearest thousand rupees.
- These consolidated condensed interim financial statements were authorised for issue on January 26, 2022 by the Board of Directors of the Holding Company.

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director



ڈیٹری ڈویژن:

اس سہ ماہی کی ختم ہونے والی مدت میں استھانول کی پیداوار 4,981 میٹرک ٹن ہوئی۔ گزشتہ سال اسی مدت کے دوران 4,620 میٹرک ٹن پیداوار ہوئی تھی۔ ڈویژن نے 130.78 ملین روپے کا آپریٹنگ منافع حاصل کیا۔ مقابلہ گزشتہ سال اس مدت کے دوران 382.13 ملین روپے منافع حاصل کیا تھا۔ اس مدت میں منافع میں 251.35 ملین روپے کمی کی بنیادی وجہ پچھلے سال کے سچے ہوئے اسٹاک پر زیادہ منافی حاصل کیا تھا۔

لیکونیڈ کاربن ڈائی آکسائیڈ (CO2) یونٹ کی پیداوار 1,407 میٹرک ٹن رہی۔ مقابلہ گزشتہ سال اس مدت میں 1,988 میٹرک ٹن تھی۔ یونٹ کا حاصل کردہ آپریٹنگ منافع ڈویژن کے منافع میں شامل ہے۔

ٹیکسٹائل ڈویژن:

ڈویژن نے زیر نظر سہ ماہی کے دوران 2.01 ملین روپے آپریٹنگ خسارہ حاصل کیا اس کے برعکس گزشتہ سال اسی سہ ماہی کے دوران 10.41 ملین روپے کا منافع تھا۔ خسارہ کی وجہ فروخت کے حجم میں کمی اور خام مال کی زیادہ قیمت خرید کی وجہ سے ہوا۔


ٹریڈنگ ڈویژن:

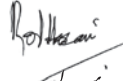
ڈویژن نے زیر جائزہ سہ ماہی کے دوران 0.97 ملین روپے کا آپریٹنگ منافع حاصل کیا۔ مقابلہ گزشتہ سال آپریٹنگ منافع 1.50 ملین تھا۔ تجارت کے نسبت کمپنی کو جب بھی موقع ملا وہ تجارت سے فائدہ حاصل کرے گی۔

عام امور:

ڈائریکٹرز اس امر پر اپنی خوشی کا اظہار کرتے ہوئے کمپنی کے افسران، اسٹاف اور ورکرز کی بہترین کارکردگی پر خراج تحسین پیش کرتے ہیں۔

از طرف بورڈ آف ڈائریکٹرز


مرتضیٰ حبیب
ڈائریکٹر


رئیس احسن
چیف ایگزیکٹو

کراچی مورخہ 26 جنوری 2022ء



ڈائریکٹر کی رپورٹ

محترم ممبران - السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2021 کو ختم ہونے والی پہلی سہ ماہی مدت کے لئے کمپنی کی غیر آڈٹ شدہ مجموعی اور غیر مجموعی عبوری مالیاتی حسابات پیش کر رہے ہیں۔

مالیاتی نتائج:

زیر جائزہ مدت کے دوران آپ کی کمپنی کا قبل از ٹیکس منافع کی رقم مبلغ 361.72 ملین روپے رہی۔ سہ ماہی کے مالیاتی نتائج درج ذیل ہیں۔
(روپے ہزاروں میں)

361,716	منافع قبل از ٹیکس
68,000	ٹیکس
293,716	منافع بعد از ٹیکس
9,346	جمع کریں: سرمایہ کاری کی فروخت پر منافع حاصل کیا
5,111	غیر منقسم منافع براؤ فارورڈ
308,173	غیر منقسم منافع کی برائے فارورڈ
1.96	منافع فی شیئر - بنیادی اور معتدل - روپیہ

کارکردگی کا جائزہ:

شکر ڈویژن:

گئے کی کرٹنگ کا سیزن 2021-2022 17 نومبر 2021 کو شروع ہوا اور 31 دسمبر 2021 تک گئے کی کرٹنگ 389,656 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 9.73 فیصد رہا اور شکر کی پیداوار 37,908 میٹرک ٹن ہوئی۔ مقابلہ گزشتہ سال اسی مدت کے دوران گئے کی کرٹنگ 311,774 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری 9.62 فیصد تھی اور شکر کی پیداوار 30,000 میٹرک ٹن تھی۔

حکومت سندھ نے 4 نومبر 2021 کو گئے کی کم از کم سپورٹ پرائس برائے سیزن 2021-2022 کے نوٹیفکیشن کا اجراء کیا جس میں گئے کی قیمت -/250 روپے فی 40 کلوگرام مقرر کی گئی۔ مقابلہ گزشتہ سیزن 2020-21 میں -/202 روپے فی 40 کلوگرام تھی۔ علاوہ ازیں ملز کو ای پریسٹیم شکر کی اوسط ریکوری کے شیڈ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 0.50 روپے فی 40 کلوگرام ادا کرے گی۔

حکومت سندھ کی مقرر کردہ کم از کم سپورٹ پرائس پنجاب کے مقابلہ 25 روپے فی 40 کلوگرام سے زیادہ ہے پنجاب کی مقرر کردہ کم از کم سپورٹ پرائس 225 روپے فی 40 کلوگرام ہے۔ نومبر 2021 کو سندھ میں قائم زیادہ تر چینی کی ملوں نے کم از کم سپورٹ پرائس کے نوٹیفکیشن کو عزت مآب ہائی کورٹ آف سندھ میں چیلنج کر دیا۔ عزت مآب ہائی کورٹ آف سندھ نے 25 نومبر 2021 کو اعتراض شدہ نوٹیفکیشن کے عمل کو معطل کر دیا اور مدعا علیہ کو مدعی کے خلاف اس نوٹیفکیشن کے بابت کسی بھی منفی اور زبردستی کارروائی سے منع کیا ہے۔ اس معاملے کی کارروائی عزت مآب ہائی کورٹ آف سندھ میں زیر التواء ہے۔

شکر ڈویژن نے آپریٹنگ منافع 175.51 ملین کیا اس کے مقابلہ گزشتہ سال اسی مدت کے سہ ماہی میں 7.14 ملین روپے کا منافع کیا تھا۔ آپریٹنگ منافع میں اضافہ فروخت کے حجم میں اور قیمت فروخت میں اضافہ کی وجہ سے ہوا۔