



# **Habib Sugar Mills Limited**

**Report and Condensed Interim  
Financial Statements  
for the Half Year ended  
March 31, 2022  
(Unaudited)**



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## Company Information

<b>Board of Directors</b>	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)       Chief Executive (Resigned on January 31, 2022)  Chief Executive (Co-opted on February 01, 2022)
<b>Audit Committee</b>	Shams Muhammad Haji Farouq Habib Rahimtoola Tyaba Muslim Habib	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Tyaba Muslim Habib Shams Muhammad Haji Khursheed A. Jamal	Chairperson Member Member
<b>Chief Financial Officer</b>	Amir Bashir Ahmed	
<b>Company Secretary</b>	Imarn Amin Virani	
<b>Registered Office</b>	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	
<b>Mills</b>	<b>Sugar &amp; Distillery Division</b> Nawabshah District Shaheed Benazirabad Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314  <b>Textile Division</b> D-140/B-1 Mangopir Road S.I.T.E. Karachi-75700 Phones : (+92-21) 32571325, 32572119 Fax : (+92-21) 32572118	
<b>Bulk Storage</b>	<b>Terminal</b> 60/1-B Oil Installation Area Keamari Karachi-75620 Phones : (+92-21) 32852003-4 Fax : (+92-21) 32852005	
<b>Bankers</b>	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	
<b>Statutory Auditors</b>	Grant Thornton Anjum Rahman Chartered Accountants	
<b>Cost Auditors</b>	Haroon Zakaria & Co. Chartered Accountants	
<b>Share Registrar</b>	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	



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## **VISION STATEMENT**

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified carbon dioxide (CO<sub>2</sub>) and household textiles in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

## **MISSION STATEMENT**

As a prominent producer and supplier of sugar, ethanol, liquidified carbon dioxide (CO<sub>2</sub>) and household textiles, we shall continue to strive to achieve excellence in performance and aim to exceed the expectations of all stakeholders. We target to achieve technological advancements to inculcate the most efficient, ethical and time tested business practices in our management.



## Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, we are pleased to present you the unaudited consolidated and unconsolidated condensed interim financial statements duly reviewed by the auditors of the Company for the half year ended March 31, 2022. The Company has earned pre-tax profit of Rs. 905.71 million (March 31, 2021: Rs. 738.93 million). The financial results of the Company for the half year ended March 31, 2022 are summarized below:

### Financial Results

	Half year ended March 31, 2022	Half year ended March 31, 2021	Variance
	(Rupees in Million)		
Profit before taxation	905.71	738.92	166.78
Less: Taxation	(165.00)	(95.00)	(70.00)
Profit after taxation	740.71	643.92	96.78
Add: Realized gain on sale of investment	33.29	108.68	(75.39)
Unappropriated profit brought forward	5.11	1.59	3.52
Unappropriated profit carried forward	779.11	754.19	24.91
Earnings per share – Basic and diluted – Rs.	4.94	4.29	0.65

### Performance Review

#### Sugar Division

The crushing season 2021-22 commenced on November 17, 2021 and the plant operated upto March 19, 2022 for 123 days as against 108 days in the preceding season. Sugarcane crushed during the current season was 1,126,516 M. Tons with average sucrose recovery of 10.61 % and sugar production of 119,531 M. Tons as compared with sugarcane crushing of 761,667 M. Tons with average sucrose recovery of 10.36 % and sugar production of 78,910 M. Tons during the preceding season.

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 Re. 0.50 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.

The sugar division earned operating profit of Rs. 366.93 million (March 31, 2021: Rs. 102.95 million). The increase in operating profit was mainly due to increased production and sale, improved sucrose recovery and better sugar selling prices as compared with the corresponding period.



The consumption of sugar in the Country ranged from 6.3 to 6.5 million M. Tons as against total production of 8.0 million M. Tons of sugar, resulting in surplus of over 1.5 million M. Tons. Considering the surplus sugar in the Country, the Pakistan Sugar Mills Association (PSMA) has written a letter to the Ministry of Finance requesting to allow export of sugar which will help to stabilize the sugar prices in the local market and enable the sugar mills to clear growers' dues and repayment of bank loans.

#### **Distillery Division**

The ethanol production during the half year ended March 31, 2022 was 14,704 M. Tons (March 31, 2021: 10,783 M. Tons). The division earned operating profit of Rs.327.88 million (March 31, 2021: Rs. 418.83 million). The decrease in the profit of Rs. 90.95 million during the half year was mainly due to decline in ethanol prices in the international market.

The liquidified carbon dioxide (CO<sub>2</sub>) unit produced 3,134 M. Tons (March 31, 2021: 2,758 M. Tons). The contribution of the unit is included in the profit of the division.

#### **Textile Division**

The division suffered operating loss of Rs. 6.3 million during the half year under review (March 31, 2021: Rs.14.88 million). The loss suffered by the division was mainly due to reduced sale volume, higher cost of raw material and freight charges.

#### **Trading Division**

The Trading division earned operating profit of Rs. 0.97 million (March 31, 2021: Rs. 3.45 million). However, considering the export opportunity available to the Company, the management has planned to export molasses during the upcoming quarters, which will contribute to the profitability of the division.

#### **Acknowledgement**

The Directors 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

  
**Khursheed A. Jamal**  
Chief Executive

  
**Murtaza Habib**  
Director

Karachi: May 25, 2022

**INDEPENDENT AUDITORS' REVIEW REPORT  
TO THE MEMBERS OF HABIB SUGAR MILLS LIMITED  
REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**Introduction**

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

**Scope of Review**

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

**Conclusion**

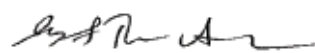
Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial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

**Other Matter**

The unconsolidated condensed interim financial statements for the six months period ended 31 March 2021 and unconsolidated financial statements for the year ended 30 September 2021 were reviewed and audited respectively by EY Ford Rhodes, Chartered Accountants who expressed an unqualified conclusion and unqualified opinion thereon dated 28 May 2021 and 03 January 2022, respectively.

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

Karachi: May 27, 2022  
UDIN: RR202210093gXpHNavRo

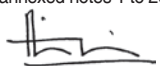
  
Chartered Accountants

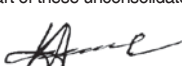


## Unconsolidated Condensed Interim Statement of Financial Position as at March 31, 2022 (Unaudited)

	Note	Unaudited March 31, 2022	Audited Sept. 30, 2021
(Rupees in thousands)			
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	2,439,118	2,496,633
Right-of-use assets		18,092	11,659
Long-term investments	6	2,795,234	2,806,226
Long-term loans		17,196	7,443
Long-term deposits		3,967	3,948
		5,273,607	5,325,909
<b>Current Assets</b>			
Stores and spare parts		215,431	195,024
Stock-in-trade	7	10,069,099	1,894,571
Trade debts		302,968	407,453
Loans and advances	8	509,108	50,430
Trade deposits and short-term prepayments		14,086	16,236
Profit accrued on bank deposits		757	21,721
Other receivables		20,062	25,841
Taxation - net		85,284	86,498
Short-term investments	9	954,064	3,542,585
Cash and bank balances	10	537,955	268,863
		12,708,814	6,509,222
<b>Total Assets</b>		17,982,421	11,835,131
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Authorised Capital 150,000,000 (September 30, 2021: 150,000,000)			
Ordinary shares of Rs. 5 each		750,000	750,000
Issued, subscribed and paid-up capital 150,000,000 (September 30, 2021: 150,000,000)			
Ordinary shares of Rs. 5 each		750,000	750,000
Reserves		8,750,956	8,510,094
<b>Total Equity</b>		9,500,956	9,260,094
<b>Non-Current Liabilities</b>			
Deferred taxation	11	123,500	83,000
Gas Infrastructure Development Cess	12	79,521	84,092
Lease liability		13,644	7,630
		216,665	174,722
<b>Current Liabilities</b>			
Trade and other payables	13	2,195,358	1,813,802
Advance from customers		1,748,462	482,464
Short-term borrowings	14	4,169,365	-
Unclaimed dividends		105,303	97,731
Accrued mark-up on short-term borrowings		39,118	-
Current portion of lease liability		7,194	6,318
		8,264,800	2,400,315
<b>Total Equity and Liabilities</b>		17,982,421	11,835,131
<b>Contingencies and Commitments</b>	15		

The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

  
**Amir Bashir Ahmed**  
 Chief Financial Officer

  
**Khursheed A. Jamal**  
 Chief Executive

  
**Murtaza Habib**  
 Director





## Unconsolidated Condensed Interim Statement of Profit or Loss for the half year ended March 31, 2022 (Unaudited)

	Note	Six month periods ended		Three months period ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(Rupees in thousands)			
<b>Segment operating results</b>	16				
Net sales and services		5,019,294	4,190,811	2,208,895	2,158,936
Cost of sales		(4,063,918)	(3,447,478)	(1,678,376)	(1,906,133)
<b>Gross profit</b>		955,376	743,333	530,519	252,803
Selling and distribution expenses		(130,853)	(99,585)	(68,736)	(62,150)
Administrative expenses		(135,072)	(103,644)	(77,575)	(51,721)
Other operating expenses	17	(72,254)	(50,927)	(44,056)	(19,726)
Other income	18	279,766	189,412	227,070	169,760
		(58,413)	(64,744)	36,703	36,163
<b>Operating profit</b>		896,963	678,589	567,222	288,966
Finance income / (cost) - net	19	8,745	60,336	(23,230)	(8,973)
<b>Profit before taxation</b>		905,708	738,925	543,992	279,993
Taxation					
- Current		(117,500)	(80,000)	(72,500)	(45,000)
- Deferred		(47,500)	(15,000)	(24,500)	(15,000)
		(165,000)	(95,000)	(97,000)	(60,000)
<b>Profit after taxation</b>		740,708	643,925	446,992	219,993
<b>Earnings per share - Basic and diluted</b>		4.94	4.29	2.98	1.47

The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

  
**Amir Bashir Ahmed**  
 Chief Financial Officer

  
**Khursheed A. Jamal**  
 Chief Executive

  
**Murtaza Habib**  
 Director




## Unconsolidated Condensed Interim Statement of Comprehensive Income for the half year ended March 31, 2022 (Unaudited)

	Six month periods ended		Three months period ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousands)			
<b>Profit after taxation</b>	740,708	643,925	446,992	219,993
<b>Other comprehensive income :</b>				
<b>Items that will not be reclassified to the statement of profit or loss:</b>				
Unrealised (loss) / Gain on re-measurement of long-term / short-term investment - net and related deferred tax credit there on	(49,846)	60,785	(40,865)	(174,229)
	<u>690,862</u>	<u>704,710</u>	<u>406,127</u>	<u>45,764</u>

The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

  
**Amir Bashir Ahmed**  
 Chief Financial Officer

  
**Khursheed A. Jamal**  
 Chief Executive

  
**Murtaza Habib**  
 Director



## Unconsolidated Condensed Interim Statement of Changes in Equity for the half year ended March 31, 2022 (Unaudited)

	Issued, Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserves		Unrealised gain/ (loss) on investments available for sale	Total Reserves	Total Equity
General Reserve			Unappro- priated Profit				
	(Rupees in 000)						
Balance as on October 1, 2020 (Audited)	750,000	34,000	5,448,500	714,092	1,676,370	7,872,962	8,622,962
Cash dividend for 2020 @ 55%	-	-	-	(412,500)	-	(412,500)	(412,500)
Transfer to general reserve	-	-	300,000	(300,000)	-	-	-
Total comprehensive income for the half year ended March 31, 2021	-	-	-	643,925	60,785	704,710	704,710
Realised gain on sale of investment	-	-	-	108,676	(108,676)	-	-
Balance as on March 31, 2021	750,000	34,000	5,748,500	754,193	1,628,479	8,165,172	8,915,172
Balance as on October 1, 2021 (Audited)	750,000	34,000	5,748,500	1,115,111	1,612,483	8,510,094	9,260,094
Cash dividend for 2021 @ 60%	-	-	-	(450,000)	-	(450,000)	(450,000)
Transfer to general reserve	-	-	660,000	(660,000)	-	-	-
Total comprehensive income for the half year ended March 31, 2022	-	-	-	740,708	(49,846)	690,862	690,862
Realised gain on sale of investment	-	-	-	33,288	(33,288)	-	-
Balance as on March 31, 2022	750,000	34,000	6,408,500	779,107	1,529,349	8,750,956	9,500,956

The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

  
**Amir Bashir Ahmed**  
Chief Financial Officer

  
**Khursheed A. Jamal**  
Chief Executive

  
**Murtaza Habib**  
Director



## Unconsolidated Condensed Interim Statement of Cash Flows for the half year ended March 31, 2022 (Unaudited)

	Note	Six months period ended March. 31, 2022	March. 31, 2021 (Rupees in thousands)
<b>Cash flows from operating activities</b>			
Cash used in operations	20	(6,144,621)	(3,851,570)
Finance income received - net		68,827	84,978
Income tax paid		(116,286)	(65,494)
Long-term loans		(9,753)	(1,527)
Long-term deposits		(19)	—
		(57,231)	17,957
Net cash used in operating activities		(6,201,852)	(3,833,613)
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(57,675)	(84,692)
Sale proceeds / redemption of investments		8,358,548	4,173,979
Dividend received		257,816	150,369
Purchase of investments		(5,815,881)	(5,148,207)
Sale proceeds of fixed assets		4,360	1,427
Net cash generated from / (used in) investing activities		2,747,168	(907,124)
<b>Cash flows from financing activities</b>			
Lease rentals paid		(3,161)	(2,519)
Dividend paid		(442,428)	(396,446)
Net cash used in financing activities		(445,589)	(398,965)
Net decrease in cash and cash equivalents		(3,900,273)	(5,139,702)
Cash and cash equivalents at the beginning of the period		268,863	4,071,821
Cash and cash equivalents at the end of the period	21	(3,631,410)	(1,067,881)

The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

  
**Amir Bashir Ahmed**  
Chief Financial Officer

  
**Khurshed A. Jamal**  
Chief Executive

  
**Murtaza Habib**  
Director



## **Notes to the Unconsolidated Condensed Interim Financial Statements for the half year ended 31 March 2022 (Unaudited)**

### **1. THE COMPANY AND ITS OPERATIONS**

- 1.1** Habib Sugar Mills Limited is a public limited Company incorporated in Pakistan, with its shares quoted on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquidified carbon dioxide (CO<sub>2</sub>), household textiles, providing bulk storage facilities and trading of commodities. The registered office of the Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.
- 1.2** These unconsolidated condensed interim financial statements are separate condensed interim financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest and are not consolidated.

### **2. STATEMENT OF COMPLIANCE**

- 2.1** These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standards 34; 'Interim Financial Reporting', (IAS 34) issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act),
  - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
  - Provisions of and directives issued under the Act.

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

- 2.2** These unconsolidated condensed interim financial statements are unaudited and subject to limited scope review by the auditors. These are being submitted to the members in accordance with Section 237 of the Act.
- 2.3** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 September 2021.

### **3. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES**

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



#### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are same as those applied in the Company's annual unconsolidated financial statements for the year ended 30 September 2021, except as disclosed otherwise.

	(Unaudited) March 31, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	2,439,118	2,319,798
Capital work-in-progress	—	166,699
Major stores and spare parts	—	10,136
	<u>2,439,118</u>	<u>2,496,633</u>

#### 5.1 Cost of additions to and written down value of deletions from fixed assets during the six months ended 31 March 2022 were as follows:

	(Unaudited) 31 March 2022 Additions	Deletions
	(Rupees in thousands)	
Plant and machinery		
Sugar	46,653	—
Distillery	750	—
Textile	175	—
Furniture, fittings and office equipment	9,813	7
Vehicles	284	28
	<u>57,675</u>	<u>35</u>
	(Unaudited) March 31, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021

#### 6. Long-term investments

Investments in subsidiary company - at cost

— —

#### Fair Value through Other Comprehensive Income

Investments in related parties – Quoted

1,677,393

1,706,867

Investments in related parties – Un-quoted

141,098

133,809

Investments in other companies – Quoted

976,743

965,550

2,795,234

2,806,226

2,795,234

2,806,226



- 6.1** The aggregate cost of these investments, net of impairment is Rs.1,279.54 (September 30, 2021: Rs.1,198.54) million.

	Note	(Unaudited) March 31, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
<b>7. Stock-in-trade</b>			
Raw materials		2,537,211	375,140
Work-in-process		77,833	50,710
Finished goods		7,322,868	1,457,584
Bagasse		108,984	10,050
Fertilizers		22,203	1,087
		<u>10,069,099</u>	<u>1,894,571</u>
<b>8. Loans and advances</b>			
Current maturity of long-term loans - secured			
Executives		20,700	—
Other Employees		5,543	6,304
		<u>26,243</u>	<u>6,304</u>
Advances - unsecured			
Suppliers		482,865	44,126
		<u>509,108</u>	<u>50,430</u>
<b>9. Short-term investments</b>			
Government Securities - At amortised cost			
Market Treasury Bills		—	2,002,775
Units of Mutual Fund - FVOCI			
First Habib Cash Fund - managed by wholly owned subsidiary of related party		585,836	1,288,833
ABL Cash Fund		315,103	200,000
NIT Money Market Fund		53,125	50,977
	9.1	<u>954,064</u>	<u>1,539,810</u>
		<u>954,064</u>	<u>3,542,585</u>

- 9.1** The aggregate cost of the units of mutual funds is Rs.948.41 million (30 September 2021: Rs.1,536.01 million).



	Note	(Unaudited) March 31, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
<b>10. Cash and bank balances</b>			
Cash in hand		389	148
Balances with banks in:			
Current accounts		11,179	5,305
Treasury call accounts	10.1	326,387	63,410
Term Deposit Receipts	10.2	200,000	200,000
	10.3	537,566	268,715
		<u>537,955</u>	<u>268,863</u>
<b>10.1</b>	Profit rates on Treasury call accounts ranged between 6.50% to 9.25% (30 September 2021: 5.50% to 6.50%) per annum.		
<b>10.2</b>	Profit rates on Term Deposit Receipts ranged between 6.70% to 9.45% (30 September 2021: 6.70%) per annum. Maturity of these Term Deposit Receipts are one month.		
<b>10.3</b>	Includes Rs.524.95 million (September 30, 2021: Rs.261.65 million) kept with Bank AL Habib Limited - a related party.		
		(Unaudited) March 31, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
<b>11. Deferred taxation</b>			
<b>Deferred tax liability on taxable temporary differences:</b>			
Accelerated tax depreciation allowance on operating fixed assets		211,500	211,000
<b>Deferred tax assets on deductible temporary differences:</b>			
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		(6,000)	(4,000)
Deferred tax credit on provision for GIDC		-	(7,000)
Deferred tax asset on re-measurement of investments		(8,000)	(1,000)
Unabsorbed tax depreciation allowance		(50,000)	(91,000)
		<u>(88,000)</u>	<u>(128,000)</u>
		<u>123,500</u>	<u>83,000</u>
<b>12. Gas Infrastructure Development Cess</b>		<u>79,521</u>	<u>84,092</u>

The Honourable Supreme Court of Pakistan on 13 August 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 shall pass on the burden to their customers and accordingly, have to pay the GID Cess that was 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 22 September 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 aggregate provision of Rs. 138.68 million for GID Cess in the financial statements for the year ended 30 September 2020.

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 30 September 2020 was re-measured at the present value which works out to Rs.112.49 million (30 September 2021: Rs. 117.41 million) including current maturity of Rs.32.97 million (30 September 2021: 33.32 million) as shown below resulting in re-measurement gain on discounting of GIDC of Rs.26.19 million (30 September 2021: Rs. 21.27 million) as disclosed in note 18 of these unconsolidated financial statements.

	Note	(Unaudited) March 31, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
Opening balance provision for GIDC		117,408	138,681
Less: Gain on re-measurement on discounting of GIDC		4,921	21,273
		<u>112,487</u>	<u>117,408</u>
Less: Payable within next twelve months shown under trade and other payable	13	32,966	33,316
Closing balance provision for GIDC		<u>79,521</u>	<u>84,092</u>
<b>13. Trade and other payables</b>			
Creditors		1,536,434	1,234,991
Accrued liabilities		522,074	415,554
Payable to Employees Gratuity Fund		—	809
Sales Tax Payable		32,272	44,914
Gas Infrastructure Development Cess	13	32,966	33,316
Workers' Profit Participation Fund (WPPF)		49,816	70,244
Workers' Welfare Fund		21,299	13,799
Income-tax deducted at source		497	175
		<u>2,195,358</u>	<u>1,813,802</u>
<b>14. Short-term borrowings - secured</b>		<u>4,169,365</u>	<u>—</u>



The aggregate financing facility available from commercial banks amounted to Rs.9,062 million (30 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% to 11.54% (30 September 2021: 3%) per annum.

## **15. CONTINGENCIES AND COMMITMENTS**

### **Contingencies**

- 15.1** During the financial year 2020-21, the Company was selected for audit by the 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.

Against the above orders, appeals have been filed by the Company before the Commissioner Inland Revenue (Appeals) which are pending. The Company also filed Constitutional petitions before the Honorable High Court of Sindh for stay against the recovery of above tax demands. The stay was granted by the High Court of Sindh vide order dated 28 June 2021 for Tax years 2015, 2016 and 2017 whereas the stay for remaining two years of 2018 and 2019 was granted on 06 August 2021.

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

The High Court of Sindh vide its order dated 14 February 2022 dismissed the stay petitions filed by the Company with the direction that proper and detailed reply be filed by the Company with tax authorities in response the above penalty notices. Consequent to the above order, the Company received notices from tax authorities for imposition of penalty which were duly responded by the Company. As a result of the above proceedings, penalty order for tax year 2015 was passed on 31 March 2022, levying penalty of Rs. 1,898 million. The Company has filed an appeal before the Commissioner (Appeals) where the matter is pending. No penalty orders have been passed as yet for Tax years 2016 and 2017.

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.

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 / order.

- 15.2** The tax authorities have also passed an order for Rs. 54.74 million on 04 March 2022 mainly disallowing legitimate input sales tax claimed by the Company during the period from July 2021 to November 2021. The Company has filed an appeal before the Commissioner (Appeals) where the matter is pending. Similar orders have also been passed in case of other sugar mills and the Company expects favourable outcome as the input tax disallowed by tax authorities was fully admissible to the Company as per the law being directly related to the taxable activities of the Company. Accordingly, based on the advice of the legal counsel, no provision has been made in these financial statements in respect the above-referred tax demand.



- 15.3** The Competition Commission of Pakistan (CCP) has passed a consolidated order on 06 August 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 12 August 2021 however, the Chairperson vide order dated 13 August 2021 by giving a casting vote confirmed the first opinion (whereby the penalties were levied).

Under the above-referred order, a penalty of Rs. 493.65 million has been 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 30 September 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 Company alongwith other sugar mills has filed a suit against the above-referred order dated 06 August 2021 through its legal counsel before the Honourable High Court of Sindh who vide its order dated 07 October 2021 has suspended the operation of above impugned orders. The hearing was last held on 16 April 2022 and the case was reserved for judgement.

The Company also filed an appeal before the Competition Appellate Tribunal against the order dated 06 August 2021. The hearing for pre-admission of appeal was held on 01 March 2022 but adjourned to 10 May 2022 as the matter is pending before the Honourable Sindh High Court.

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 08 October 2021 wherein identical issues are involved. The Company alongwith other sugar mills has filed a suit against the above show-cause notice and the Honourable Sindh High Court vide its order dated 14 October 2021 has suspended the operation of the above show-cause notice.

The legal counsel of the Company is of the view that penalty has been imposed on the 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 Company expects a favourable outcome and has not made any provision in these financial statements.

- 15.4** Except for the above, there were no other major changes in the status of contingencies as reported in the annual financial statements for the year ended 30 September 2021.

#### Commitments

- 15.5** The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.550 million (30 September 2021: Rs.400 million) against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.1,775.87 million (30 September 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.

- 15.6** Commitments for capital expenditure amounting to Rs.0.69 million (30 September 2021: 50.03 million).

	March 31, 2022	Sept. 30, 2021
	(Rupees in thousands)	
<b>15.7</b> Rentals payable over next four years under Ijarah agreements with First Habib Modaraba in respect of vehicles	56,775	62,021



## 16. Segment operating results

### 16.1 Segment operating results for the half year ended March 31, 2022 (Unaudited)

									(Rupees in thousands)		
		Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Net sales and services</b>											
Sales	- Local	2,663,975	2,014,398	266,503	280,391	2,780	2,864	4,077	26,713	2,937,335	2,324,366
	- Export	—	—	1,846,087	1,515,734	233,759	349,413	—	—	2,079,846	1,865,147
		2,663,975	2,014,398	2,112,590	1,796,125	236,539	352,277	4,077	26,713	5,017,181	4,189,513
Services - Storage income - net		—	—	2,113	1,298	—	—	—	—	2,113	1,298
		2,663,975	2,014,398	2,114,703	1,797,423	236,539	352,277	4,077	26,713	5,019,294	4,190,811
Less: Cost of sales		(2,138,791)	(1,791,039)	(1,693,686)	(1,316,544)	(228,475)	(316,914)	(2,966)	(22,981)	(4,063,918)	(3,447,478)
<b>Gross Profit / (loss)</b>		525,184	223,359	421,017	480,879	8,064	35,363	1,111	3,732	955,376	743,333
Less: Selling and distribution expenses		(37,642)	(29,244)	(82,462)	(52,944)	(10,749)	(17,397)	—	—	(130,853)	(99,585)
Administrative expenses		(120,617)	(91,169)	(10,673)	(9,109)	(3,637)	(3,087)	(145)	(279)	(135,072)	(103,644)
		(158,259)	(120,413)	(93,135)	(62,053)	(14,386)	(20,484)	(145)	(279)	(265,925)	(203,229)
<b>Profit / (loss) before other operating expenses and other income</b>		366,925	102,946	327,882	418,826	(6,322)	14,879	966	3,453	689,451	540,104
Other operating expenses -note 17										(72,254)	(50,927)
Other income - note 18										279,766	189,412
<b>Operating Profit</b>										896,963	678,589

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



### 16.3 Segment operating results for the three months period ended March 31, 2022 (Unaudited)

	Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Net sales and services</b>										
Sales - Local	1,063,066	1,416,391	152,921	165,347	2,649	1,442	—	19,334	1,218,636	1,602,514
- Export	—	—	893,098	407,548	96,285	148,360	—	—	989,383	555,908
	1,063,066	1,416,391	1,046,019	572,895	98,934	149,802	—	19,334	2,208,019	2,158,422
Services - Storage income - net	—	—	876	514	—	—	—	—	876	514
	1,063,066	1,416,391	1,046,895	573,409	98,934	149,802	—	19,334	2,208,895	2,158,936
Less: Cost of sales	(781,907)	(1,251,712)	(800,648)	(501,174)	(95,821)	(136,016)	—	(17,231)	(1,678,376)	(1,906,133)
<b>Gross profit / (loss)</b>	281,159	164,679	246,247	72,235	3,113	13,786	—	2,103	530,519	252,803
Less: Selling and distribution expenses	(17,275)	(20,721)	(46,057)	(33,643)	(5,404)	(7,786)	—	—	(68,736)	(62,150)
Administrative expenses	(72,464)	(48,155)	(3,089)	(1,894)	(2,022)	(1,527)	—	(145)	(77,575)	(51,721)
	(89,739)	(68,876)	(49,146)	(35,537)	(7,426)	(9,313)	—	(145)	(146,311)	(113,871)
<b>Profit / (loss) before other operating expenses and other income</b>	191,420	95,803	197,101	36,698	(4,313)	4,473	—	1,958	384,208	138,932
Other operating expenses - note 17									(44,056)	(19,726)
Other income - note 18									227,070	169,760
<b>Operating Profit</b>									567,222	288,966



	Six months period ended		Three months period ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
<b>17. Other operating expenses</b>				
Workers' Profit Participation Fund	49,816	44,927	30,155	16,326
Workers' Welfare Fund	7,500	6,000	5,000	3,400
Exchange loss - net	14,938	—	8,901	—
	<u>72,254</u>	<u>50,927</u>	<u>44,056</u>	<u>19,726</u>
<b>18. Other income</b>				
Dividend income	253,272	152,160	212,347	142,116
Scrap sales	16,548	10,596	10,165	2,776
Remeasurement gain on discounting of				
Provision for GIDC	4,921	22,100	321	22,100
Gain on disposal of fixed assets	4,325	1,277	4,325	1,274
Agriculture income / (loss)	700	452	(88)	(204)
Exchange gain - net	—	2,827	—	1,698
	<u>279,766</u>	<u>189,412</u>	<u>227,070</u>	<u>169,760</u>
<b>19. Finance income / (cost) - net</b>				
Profit / interest on:				
Treasury call accounts	15,458	6,047	10,453	3,321
Term deposit receipts	8,332	84,558	4,660	3,497
Government Securities	51,445	—	8,182	—
Loan to employees	876	87	585	45
	<u>76,111</u>	<u>90,692</u>	<u>23,880</u>	<u>6,863</u>
Less:				
Mark-up / interest on:				
Short-term borrowings	(51,925)	(21,162)	(41,322)	(10,794)
Workers' Profit Participation Fund	(1,217)	—	—	—
Lease liability	(1,092)	(870)	(807)	(435)
Bank charges	(13,132)	(8,324)	(4,981)	(4,607)
	<u>(67,366)</u>	<u>(30,356)</u>	<u>(47,110)</u>	<u>(15,836)</u>
	<u>8,745</u>	<u>60,336</u>	<u>(23,230)</u>	<u>(8,973)</u>



	(Unaudited)	
	March 31, 2022	March 31, 2021
	(Rupees in thousands)	
<b>20. Cash used in operations</b>		
Profit before taxation	905,708	738,925
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	118,773	118,326
Remeasurement gain on discounting of Provision for GIDC	(4,921)	(22,100)
Gain on disposal of fixed assets	(4,325)	(1,277)
Finance income / (cost) - net	(9,837)	(61,206)
Financial charges on lease liability	1,092	870
Dividend income	(253,272)	(152,160)
Working capital changes - note 20.1	(6,897,839)	(4,472,948)
	<u>(6,144,621)</u>	<u>(3,851,570)</u>
<b>20.1 Working capital changes</b>		
<b>Increase in current assets</b>		
Stores and spare parts	(20,407)	(4,037)
Stock-in-trade	(8,174,528)	(4,955,023)
Trade debts	104,485	(243,959)
Loans and advances	(458,678)	459,431
Trade deposits and short-term prepayments	2,150	2,615
Other receivables	1,235	18,357
	<u>(8,545,743)</u>	<u>(4,722,616)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	381,906	(150,696)
Advance from customers	1,265,998	400,364
	<u>1,647,904</u>	<u>249,668</u>
<b>Net changes in working capital</b>	<u>(6,897,839)</u>	<u>(4,472,948)</u>
<b>21. Cash and cash equivalents at the end of the period</b>		
These comprise of the following		
Cash and bank balances	537,955	391,269
Short-term borrowings	(4,169,365)	(1,459,150)
	<u>(3,631,410)</u>	<u>(1,067,881)</u>
<b>22. Financial Risk Management, Objectives and Policies</b>		

The Company's activities expose it to a variety of financial risks. These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company as at 30 September 2021. There has been no change in any risk management policies since the year end.



## 23. Fair values of Assets and Liabilities

There were no transfers amongst levels during the period.

## 24. Transactions with related parties

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

		Six months period ended		Three months period ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Rupees in thousands)			
Nature of Relationship	Nature of transactions				
Related parties	Investment in shares / units of mutual fund	2,764,680	3,246,800	1,445,000	733,185
	Sale of Shares / units of mutual fund	3,500,000	2,750,000	1,700,000	2,750,000
	Insurance premium paid	18,547	11,283	4,090	-
	Insurance claim received	1,700	935	-	22
	Profit on treasury call account / term deposits	19,403	90,409	10,835	6,709
	Capital Gain on sale of units of Mutual Funds	30,490	5,131	21,144	5,131
	Dividend income	195,689	118,730	195,689	118,730
	Dividend paid	44,688	40,964	44,688	40,964
	Bank charges	232	186	182	143
Key management personnel	Managerial remuneration	33,062	30,562	15,531	15,281
Retirement benefit funds	Contribution to retirement funds	9,770	8,638	4,737	4,640

24.1 Transactions with related parties are carried out under normal commercial term and condition.

## 25. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 25 May 2022 by the Board of Directors of the Company.


## 26. GENERAL

26.1 Figures for the quarters ended 31 March 2022 and 31 March 2021 have not been subjected to limited scope review by the external auditors.

26.2 Figures presented in these unconsolidated condensed interim financial statements have been rounded off to the nearest thousand rupees.

26.3 Corresponding figures have been reclassified wherever necessary for better presentation.

  
**Amir Bashir Ahmed**  
 Chief Financial Officer

  
**Khursheed A. Jamal**  
 Chief Executive

  
**Murtaza Habib**  
 Director






## Consolidated Condensed Interim Statement of Financial Position as at March 31, 2022

	Note	Unaudited March 31, 2022	Audited Sept. 30, 2021
(Rupees in thousands)			
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	2,439,118	2,496,633
Right-of-use assets		18,092	11,659
Long-term investments	6	2,795,234	2,806,226
Long-term loans		17,196	7,443
Long-term deposits		3,967	3,948
		5,273,607	5,325,909
<b>Current Assets</b>			
Stores and spare parts		215,431	195,024
Stock-in-trade	7	10,069,099	1,894,571
Trade debts		302,968	407,453
Loans and advances	8	509,108	50,430
Trade deposits and short-term prepayments		14,086	16,236
Profit accrued on bank deposits		757	21,721
Other receivables		20,062	25,841
Taxation - net		85,281	86,496
Short-term investments	9	954,064	3,542,585
Cash and bank balances	10	538,323	269,222
		12,709,179	6,509,579
<b>Total Assets</b>		17,982,786	11,835,488
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Authorised Capital 150,000,000 (September 30, 2021: 150,000,000)			
Ordinary shares of Rs. 5 each		750,000	750,000
Issued, subscribed and paid-up capital 150,000,000 (September 30, 2021: 150,000,000)			
Ordinary shares of Rs. 5 each		750,000	750,000
Reserves		8,751,111	8,510,271
<b>Total Equity</b>		9,501,111	9,260,271
<b>Non-Current Liabilities</b>			
Deferred taxation	11	123,500	83,000
Gas Infrastructure Development Cess	12	79,521	84,092
Lease liability		13,644	7,630
		216,665	174,722
<b>Current Liabilities</b>			
Trade and other payables	13	2,195,568	1,813,982
Advance from customers		1,748,462	482,464
Short-term borrowings	14	4,169,365	-
Unclaimed dividends		105,303	97,731
Accrued mark-up on short-term borrowings		39,118	-
Current portion of lease liability		7,194	6,318
		8,265,010	2,400,495
<b>Total Equity and Liabilities</b>		17,982,786	11,835,488
<b>Contingencies and Commitments</b>	15		

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

  
**Amir Bashir Ahmed**  
 Chief Financial Officer

  
**Khursheed A. Jamal**  
 Chief Executive

  
**Murtaza Habib**  
 Director



## Consolidated Condensed Interim Statement of Profit or Loss for the half year ended March 31, 2022 (Unaudited)

	Note	Six month periods ended		Three months period ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(Rupees in thousands)			
<b>Segment operating results</b>	16				
Net sales and services		5,019,294	4,190,811	2,208,895	2,158,936
Cost of sales		(4,063,918)	(3,447,478)	(1,678,376)	(1,906,133)
<b>Gross profit</b>		955,376	743,333	530,519	252,803
Selling and distribution expenses		(130,853)	(99,585)	(68,736)	(62,150)
Administrative expenses		(135,102)	(103,647)	(77,605)	(51,724)
Other operating expenses	17	(72,254)	(50,927)	(44,056)	(19,726)
Other income	18	279,766	189,412	227,070	169,760
		(58,443)	(64,747)	36,673	36,160
<b>Operating profit</b>		896,933	678,586	567,192	288,963
Finance income / (cost) - net	19	8,755	60,348	(23,229)	(8,973)
<b>Profit before taxation</b>		905,688	738,934	543,963	279,990
Taxation					
- Current		(117,502)	(80,002)	(72,500)	(45,000)
- Deferred		(47,500)	(15,000)	(24,500)	(15,000)
		(165,002)	(95,002)	(97,000)	(60,000)
<b>Profit after taxation</b>		740,686	643,932	446,963	219,990
<b>Earnings per share - Basic and diluted</b>		4.94	4.29	2.98	1.47

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

  
**Amir Bashir Ahmed**  
 Chief Financial Officer

  
**Khursheed A. Jamal**  
 Chief Executive

  
**Murtaza Habib**  
 Director




## Consolidated Condensed Interim Statement of Comprehensive Income for the half year ended March 31, 2022 (Unaudited)

	Six month periods ended		Three months period ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousands)			
<b>Profit after taxation</b>	740,686	643,932	446,963	219,990
<b>Other comprehensive income :</b>				
<b>Items that will not be reclassified to the statement of profit or loss:</b>				
Unrealised (loss) / Gain on re-measurement of long-term / short-term investment - net and related deferred tax credit there on	(49,846)	60,785	(40,865)	(174,229)
	<u>690,840</u>	<u>704,717</u>	<u>406,098</u>	<u>45,761</u>

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

  
**Amir Bashir Ahmed**  
 Chief Financial Officer

  
**Khursheed A. Jamal**  
 Chief Executive

  
**Murtaza Habib**  
 Director




## Consolidated Condensed Interim Statement of Changes in Equity for the half year ended March 31, 2022 (Unaudited)

	Issued, Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserves		Unrealised gain/ (loss) on investments available for sale	Total Reserves	Total Equity
			General Reserve	Unappro- priated Profit			
(Rupees in 000)							
Balance as on October 1, 2020 (Audited)	750,000	34,000	5,448,500	714,092	1,676,370	7,872,962	8,622,962
Cash dividend for 2020 @ 55%	-	-	-	(412,500)	-	(412,500)	(412,500)
Transfer to general reserve	-	-	300,000	(300,000)	-	-	-
Total comprehensive income for the half year ended March 31, 2021	-	-	-	643,925	60,785	704,710	704,710
Realised gain on sale of investments	-	-	-	108,676	(108,676)	-	-
Balance as on March 31, 2021	750,000	34,000	5,748,500	754,193	1,628,479	8,165,172	8,915,172
Balance as on October 1, 2021 (Audited)	750,000	34,000	5,748,500	1,115,288	1,612,483	8,510,271	9,260,271
Cash dividend for 2021 @ 60%	-	-	-	(450,000)	-	(450,000)	(450,000)
Transfer to general reserve	-	-	660,000	(660,000)	-	-	-
Total comprehensive income for the half year ended March 31, 2022	-	-	-	740,686	(49,846)	690,840	690,840
Realised gain on sale of investments	-	-	-	33,288	(33,288)	-	-
Balance as on March 31, 2022	750,000	34,000	6,408,500	779,262	1,529,349	8,751,111	9,501,111

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

  
**Amir Bashir Ahmed**  
Chief Financial Officer

  
**Khursheed A. Jamal**  
Chief Executive

  
**Murtaza Habib**  
Director



## Consolidated Condensed Interim Statement of Cash Flows for the half year ended March 31, 2022 (Unaudited)

	Note	Half year ended March. 31, 2022	March. 31, 2021
(Rupees in thousands)			
<b>Cash flows from operating activities</b>			
Cash used in operations	20	(6,144,621)	(3,851,663)
Finance income received - net		68,837	84,990
Income tax paid		(116,287)	(65,496)
Long-term loans		(9,753)	(1,527)
Long-term deposits		(19)	—
		(57,222)	17,967
Net cash used in operating activities		(6,201,843)	(3,833,696)
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(57,675)	(84,692)
Sale proceeds / redemption of investments		8,358,548	4,173,979
Dividend received		257,816	150,369
Purchase of investments		(5,815,881)	(5,148,207)
Sale proceeds of fixed assets		4,360	1,427
Net cash generated from / (used in) investing activities		2,747,168	(907,124)
<b>Cash flows from financing activities</b>			
Lease rentals paid		(3,161)	(2,519)
Dividend paid		(442,428)	(396,446)
Net cash used in financing activities		(445,589)	(398,965)
Net decrease in cash and cash equivalents		(3,900,264)	(5,139,785)
Cash and cash equivalents at the beginning of the period		269,222	4,072,254
Cash and cash equivalents at the end of the period	21	(3,631,042)	(1,067,531)

The annexed notes 1 to 26 form an integral part of these consolidated condensed interim financial statements.

  
**Amir Bashir Ahmed**  
 Chief Financial Officer

  
**Khursheed A. Jamal**  
 Chief Executive

  
**Murtaza Habib**  
 Director



## Notes to the Consolidated Condensed Interim Financial Statements for the half year ended March 31, 2022 (Unaudited)

1. 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 (CO<sub>2</sub>), 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

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

- International Accounting Standards 34; 'Interim Financial Reporting', (IAS 34) issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act),
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act.

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

- 2.2 These Consolidated condensed interim financial statements are unaudited and subject to limited scope review by the auditors. These are being submitted to the members in accordance with Section 237 of the Act.
- 2.3 These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 September 2021.



### 3. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and methods of computations followed for the preparation of these 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 30 September 2021.

### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgements and estimates made by the management in the preparation of these Consolidated condensed interim financial statements are same as those applied in the Company's annual Consolidated financial statements for the year ended 30 September 2021, except as disclosed otherwise.

	(Unaudited) March 31, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
<b>5. Property, plant and equipment</b>		
Operating fixed assets	2,439,118	2,319,798
Capital work-in-progress	—	166,699
Major stores and spare parts	—	10,136
	<u>2,439,118</u>	<u>2,496,633</u>

### 5.1 Cost of additions to and written down value of deletions from fixed assets during the six months ended March 31, 2022 were as follows:

	(Unaudited) March 31, 2022 Additions (Rupees in thousands)	Deletions
Plant and machinery		
Sugar	46,653	—
Distillery	750	—
Textile	175	—
Furniture, fittings and office equipment	9,813	7
Vehicles	284	28
	<u>57,675</u>	<u>35</u>

	(Unaudited) March 31, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
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### 6. Long-term investments

Investments in subsidiary company - at cost

— —

#### Fair Value through Other Comprehensive Income

Investments in related parties — Quoted	1,677,393	1,706,867
Investments in related parties — Un-quoted	141,098	133,809
Investments in other companies — Quoted	976,743	965,550
	<u>2,795,234</u>	<u>2,806,226</u>
	<u>2,795,234</u>	<u>2,806,226</u>



6.1 The aggregate cost of these investments, net of impairment is Rs. 1,279.54 (September 30, 2021: Rs.1,198.54) million.

		(Unaudited) March 31, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
<b>7. Stock-in-trade</b>			
Raw materials		2,537,211	375,140
Work-in-process		77,833	50,710
Finished goods		7,322,868	1,457,584
Bagasse		108,984	10,050
Fertilizers		22,203	1,087
		<u>10,069,099</u>	<u>1,894,571</u>
<b>8. Loans and advances</b>			
Current maturity of long-term loans - secured			
Executives		20,700	—
Other Employees		5,543	6,304
		<u>26,243</u>	<u>6,304</u>
Advances - unsecured			
Suppliers		482,865	44,126
		<u>509,108</u>	<u>50,430</u>
<b>9. Short-term investments</b>			
Government Securities - At amortised cost			
Market Treasury Bills		—	2,002,775
<b>Units of Mutual Fund - FVOCI</b>			
First Habib Cash Fund - managed by wholly owned subsidiary of related party		585,836	1,288,833
ABL Cash Fund		315,103	200,000
NIT Money Market Fund		53,125	50,977
	9.1	<u>954,064</u>	<u>1,539,810</u>
		<u>954,064</u>	<u>3,542,585</u>

9.1 The aggregate cost of the units of mutual funds is Rs.948.41 million (30 September 2021: Rs.1,536.01 million).

		(Unaudited) March 31, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
<b>10. Cash and bank balances</b>			
Cash in hand		389	148
Balances with banks in:			
Current accounts		11,179	5,305
Treasury call accounts	10.1	326,755	63,769
Term Deposit Receipts	10.2	200,000	200,000
	10.3	<u>537,934</u>	<u>269,074</u>
		<u>538,323</u>	<u>269,222</u>





- 10.1** Profit rates on Treasury call accounts ranged between 6.50% to 9.25% (September 2021: 5.50% to 6.50%) per annum.
- 10.2** Profit rates on Term Deposit Receipts ranged between 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.524.95 (September 30, 2021: Rs.261.65) million kept with Bank AL Habib Limited - a related party.

(Unaudited)	(Audited)
March 31,	Sept. 30,
2022	2021
(Rupees in thousands)	

#### 11. Deferred taxation

##### Deferred tax liability on taxable temporary differences:

Accelerated tax depreciation allowance on operating fixed assets:	211,500	211,000
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##### Deferred tax assets 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	(6,000)	(4,000)
Deferred tax credit on provision for GIDC	—	(7,000)
Deferred tax asset on re-measurement of investments	(8,000)	(1,000)
Unabsorbed tax depreciation allowance	(50,000)	(91,000)
	(88,000)	(128,000)
	<u>123,500</u>	<u>83,000</u>

#### 12. Gas Infrastructure Development Cess

<u>79,521</u>	<u>84,092</u>
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The Honourable Supreme Court of Pakistan on 13 August 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 shall pass on the burden to their customers and accordingly, have to pay the GID Cess that was 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 22 September 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 aggregate provision of Rs. 138.68 million for GID Cess in the financial statements for the year ended 30 September 2020.



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 30 September 2020 was re-measured at the present value which works out to Rs.112.49 million (30 September 2021: Rs. 117.41 million) including current maturity of Rs.32.97 million (30 September 2021: 33.32 million) as shown below resulting in re-measurement gain on discounting of GIDC of Rs.26.19 million (30 September 2021: Rs. 21.27 million) as disclosed in note 18 of these Consolidated financial statements.

	Note	(Unaudited) March 31, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
Opening balance provision for GIDC		117,408	138,681
Less: Gain on re-measurement on discounting of GIDC		4,921	21,273
		<u>112,487</u>	<u>117,408</u>
Less: Payable within next twelve months shown under trade and other payable	13	32,966	33,316
Closing balance provision for GIDC		<u>79,521</u>	<u>84,092</u>
<b>13. Trade and other payables</b>			
Creditors		1,536,434	1,234,991
Accrued liabilities		522,284	415,734
Payable to Employees Gratuity Fund		—	809
Sales Tax Payable		32,272	44,914
Gas Infrastructure Development Cess	13	32,966	33,316
Workers' Profit Participation Fund (WPPF)		49,816	70,244
Workers' Welfare Fund		21,299	13,799
Income-tax deducted at source		497	175
		<u>2,195,568</u>	<u>1,813,982</u>
<b>14. Short-term borrowings - secured</b>		<u>4,169,365</u>	<u>—</u>

The aggregate financing facility available from commercial banks amounted to Rs.9,062 million (30 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% to 11.54% (30 September 2021: 3%) per annum.

#### 15. CONTINGENCIES AND COMMITMENTS

##### Contingencies

- 15.1** During the financial year 2020-21, the Company was selected for audit by the 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.

Against the above orders, appeals have been filed by the Company before the Commissioner Inland Revenue (Appeals) which are pending. The Company also filed Constitutional petitions before the Honorable High Court of Sindh for stay against the recovery of above tax demands. The stay was granted by the High Court of Sindh vide order dated 28 June 2021 for Tax years 2015, 2016 and 2017 whereas the stay for remaining two years of 2018 and 2019 was granted on 06 August 2021.

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

The High Court of Sindh vide its order dated 14 February 2022 dismissed the stay petitions filed by the Company with the direction that proper and detailed reply be filed by the Company with tax authorities in response to the above penalty notices. Consequent to the above order, the Company received notices from tax authorities for imposition of penalty which were duly responded by the Company. As a result of the above proceedings, penalty order for tax year 2015 was passed on 31 March 2022, levying penalty of Rs. 1,898 million. The Company has filed an appeal before the Commissioner (Appeals) where the matter is pending. No penalty orders have been passed as yet for Tax years 2016 and 2017.

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.

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 / order.

- 15.2** The tax authorities have also passed an order for Rs. 54.74 million on 04 March 2022 mainly disallowing legitimate input sales tax claimed by the Company during the period from July 2021 to November 2021. The Company has filed an appeal before the Commissioner (Appeals) where the matter is pending. Similar orders have also been passed in case of other sugar mills and the Company expects favourable outcome as the input tax disallowed by tax authorities was fully admissible to the Company as per the law being directly related to the taxable activities of the Company. Accordingly, based on the advice of the legal counsel, no provision has been made in these financial statements in respect of the above-referred tax demand.
- 15.3** The Competition Commission of Pakistan (CCP) has passed a consolidated order on 06 August 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 12 August 2021 however, the Chairperson vide order dated 13 August 2021 by giving a casting vote confirmed the first opinion (whereby the penalties were levied).



Under the above-referred order, a penalty of Rs. 493.65 million has been 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 30 September 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 Company alongwith other sugar mills has filed a suit against the above-referred order dated 06 August 2021 through its legal counsel before the Honourable High Court of Sindh who vide its order dated 07 October 2021 has suspended the operation of above impugned orders. The hearing was last held on 16 April 2022 and the case was reserved for judgement.

The Company also filed an appeal before the Competition Appellate Tribunal against the order dated 06 August 2021. The hearing for pre-admission of appeal was held on 01 March 2022 but adjourned to 10 May 2022 as the matter is pending before the Honourable Sindh High Court.

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 08 October 2021 wherein identical issues are involved. The Company alongwith other sugar mills has filed a suit against the above show-cause notice and the Honourable Sindh High Court vide its order dated 14 October 2021 has suspended the operation of the above show-cause notice.

The legal counsel of the Company is of the view that penalty has been imposed on the 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 Company expects a favourable outcome and has not made any provision in these financial statements.

- 15.4** Except for the above, there were no other major changes in the status of contingencies as reported in the annual financial statements for the year ended 30 September 2021.

#### Commitments

- 15.5** The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.550 million (30 September 2021: Rs.400 million) against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.1,775.87 million (30 September 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.
- 15.6** Commitments for capital expenditure amounting to Rs.0.69 million (30 September 2021: 50.03 million).

	(Unaudited) March 31, 2022	(Audited) Sept. 30, 2021
	(Rupees in thousands)	
<b>15.7</b> Rentals payable over next four years under Ijarah agreements with First Habib Modaraba in respect of vehicles	56,775	62,021



## 16. Segment operating results

### 16.1 Segment operating results for the half year ended March 31, 2022 (Unaudited)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		(Rupees in thousands) Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Net sales and service</b>												
Sales - Local	2,663,975	2,014,398	266,503	280,391	2,780	2,864	4,077	26,713	-	-	2,937,335	2,324,366
- Export	-	-	1,846,087	1,515,734	233,759	349,413	-	-	-	-	2,079,846	1,865,147
	2,663,975	2,014,398	2,112,590	1,796,125	236,539	352,277	4,077	26,713	-	-	5,017,181	4,189,513
Services - Storage income - net	-	-	2,113	1,298	-	-	-	-	-	-	2,113	1,298
	2,663,975	2,014,398	2,114,703	1,797,423	236,539	352,277	4,077	26,713	-	-	5,019,294	4,190,811
Less: Cost of sales	(2,138,791)	(1,791,039)	(1,693,686)	(1,316,544)	(228,475)	(316,914)	(2,966)	(22,981)	-	-	(4,063,918)	(3,447,478)
<b>Gross profit / (loss)</b>	525,184	223,359	421,017	480,879	8,064	35,363	1,111	3,732	-	-	955,376	743,333
Less: Selling and distribution expenses	(37,642)	(29,244)	(82,462)	(52,944)	(10,749)	(17,397)	-	-	-	-	(130,853)	(99,585)
Administrative expenses	(120,617)	(91,169)	(10,673)	(9,109)	(3,637)	(3,087)	(145)	(279)	(30)	(3)	(135,102)	(103,647)
	(158,259)	(120,413)	(93,135)	(62,053)	(14,386)	(20,484)	(145)	(279)	(30)	(3)	(265,955)	(203,232)
<b>Profit / (loss) before other operating expenses and other income</b>	366,925	102,946	327,882	418,826	(6,322)	14,879	966	3,453	(30)	(3)	689,421	540,101
Other operating expenses - Note 17											(72,254)	(50,927)
Other income - Note 18											279,766	189,412
<b>Operating Profit</b>											896,933	678,586

**16.2** The Company's Sugar division production process is seasonal in nature because of the cultivation and reaping of sugarcane due to which production is carried out in the first six months of the financial year.



### 16.3 Segment operating results for the three months period ended March 31, 2022 (Unaudited)

											(Rupees in thousands)		
Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total			
March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021		
<b>Net sales and service</b>													
Sales	- Local	1,063,066	1,416,391	152,921	165,347	2,649	1,442	-	19,334	-	-	1,218,636	1,602,514
	- Export	-	-	893,098	407,548	96,285	148,360	-	-	-	-	989,383	555,908
Services - Storage income - net		1,063,066	1,416,391	1,046,019	572,895	98,934	149,802	-	19,334	-	-	2,208,019	2,158,422
		-	-	876	514	-	-	-	-	-	-	876	514
		1,063,066	1,416,391	1,046,895	573,409	98,934	149,802	-	19,334	-	-	2,208,895	2,158,936
Less: Cost of sales		(781,907)	(1,251,712)	(800,648)	(501,174)	(95,821)	(136,016)	-	(17,231)	-	-	(1,678,376)	(1,906,133)
<b>Gross profit / (loss)</b>		281,159	164,679	246,247	72,235	3,113	13,786	-	2,103	-	-	530,519	252,803
Less: Selling and distribution expenses		(17,275)	(20,721)	(46,057)	(33,643)	(5,404)	(7,786)	-	-	-	-	(68,736)	(62,150)
Administrative expenses		(72,464)	(48,155)	(3,089)	(1,894)	(2,022)	(1,527)	-	(145)	(30)	(3)	(77,605)	(51,724)
		(89,739)	(68,876)	(49,146)	(35,537)	(7,426)	(9,313)	-	(145)	(30)	(3)	(146,341)	(113,874)
<b>Profit / (loss) before other operating expenses and other income</b>													
		191,420	95,803	197,101	36,698	(4,313)	4,473	-	1,958	(30)	(3)	384,178	138,929
Other operating expenses - Note 17											(44,056)	(19,726)	
Other income - Note 18											227,070	169,760	
<b>Operating Profit</b>											567,192	288,963	



	Six months period ended		Three months period ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
<b>17. Other operating expenses</b>				
Workers' Profit Participation Fund	49,816	44,927	30,155	16,326
Workers' Welfare Fund	7,500	6,000	5,000	3,400
Exchange loss - net	14,938	—	8,901	—
	<u>72,254</u>	<u>50,927</u>	<u>44,056</u>	<u>19,726</u>
<b>18. Other income</b>				
Dividend income	253,272	152,160	212,347	142,116
Scrap sales	16,548	10,596	10,165	2,776
Remeasurement gain on discounting of				
Provision for GIDC	4,921	22,100	321	22,100
Gain on disposal of fixed assets	4,325	1,277	4,325	1,274
Agriculture income / (loss)	700	452	(88)	(204)
Exchange gain - net	—	2,827	—	1,698
	<u>279,766</u>	<u>189,412</u>	<u>227,070</u>	<u>169,760</u>
<b>19. Finance income / (cost) - net</b>				
Profit / interest on:				
Treasury call accounts	15,468	6,059	10,454	3,321
Term deposit receipts	8,332	84,558	4,660	3,497
Government Securities	51,445	—	8,182	—
Loan to employees	876	87	585	45
	<u>76,121</u>	<u>90,704</u>	<u>23,881</u>	<u>6,863</u>
Less:				
Mark-up / interest on:				
Short-term borrowings	(51,925)	(21,162)	(41,322)	(10,794)
Workers' Profit Participation Fund	(1,217)	—	—	—
Lease liability	(1,092)	(870)	(807)	(435)
Bank charges	(13,132)	(8,324)	(4,981)	(4,607)
	<u>(67,366)</u>	<u>(30,356)</u>	<u>(47,110)</u>	<u>(15,836)</u>
	<u>8,755</u>	<u>60,348</u>	<u>(23,229)</u>	<u>(8,973)</u>



	(Unaudited)	
	March 31, 2022	March 31, 2021
	(Rupees in thousands)	
<b>20. Cash used in operations</b>		
Profit before taxation	905,688	738,934
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	118,773	118,326
Remeasurement gain on discounting of Provision for GIDC	(4,921)	(22,100)
Gain on disposal of fixed assets	(4,325)	(1,277)
Finance income / (cost) - net	(9,847)	(61,218)
Financial charges on lease liability	1,092	870
Dividend income	(253,272)	(152,160)
Working capital changes - note 20.1	(6,897,809)	(4,473,038)
	<u>(6,144,621)</u>	<u>(3,851,663)</u>
<b>20.1 Working capital changes</b>		
<b>Increase in current assets</b>		
Stores and spare parts	(20,407)	(4,037)
Stock-in-trade	(8,174,528)	(4,955,023)
Trade debts	104,485	(243,959)
Loans and advances	(458,678)	459,431
Trade deposits and short-term prepayments	2,150	2,615
Other receivables	1,235	18,357
	<u>(8,545,743)</u>	<u>(4,722,616)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	381,936	(150,786)
Advance from customers	1,265,998	400,364
	<u>1,647,934</u>	<u>249,578</u>
<b>Net changes in working capital</b>	<u>(6,897,809)</u>	<u>(4,473,038)</u>
<b>21. Cash and cash equivalents at the end of the period</b>		
These comprise of the following:		
Cash and bank balances	538,323	391,619
Short-term borrowings	(4,169,365)	(1,459,150)
	<u>(3,631,042)</u>	<u>(1,067,531)</u>
<b>22. Financial Risk Management, Objectives and Policies</b>		
The Company's activities expose it to a variety of financial risks. These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company as at 30 September 2021. There has been no change in any risk management policies since the year end.		





## 23. Fair values of Assets and Liabilities

There were no transfers amongst levels during the period.

## 24. Transactions with related parties

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

		Six months period ended		Three months period ended	
		March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
		(Rupees in thousands)			
Nature of Relationship	Nature of transactions				
Related parties	Investment in shares / units of mutual fund	2,764,680	3,246,800	1,445,000	733,185
	Sale of Shares / units of mutual fund	3,500,000	2,750,000	1,700,000	2,750,000
	Insurance premium paid	18,547	11,283	4,090	-
	Insurance claim received	1,700	935	-	22
	Profit on treasury call accounts / term deposits	19,403	90,409	10,835	6,709
	Capital Gain on sale of units of Mutual Funds	30,490	5,131	21,144	5,131
	Dividend income	195,689	118,730	195,689	118,730
	Dividend paid	44,688	40,964	44,688	40,964
	Bank charges	232	186	182	143
Key management personnel	Managerial remuneration	33,062	30,562	15,531	15,281
Retirement benefit funds	Contribution to retirement funds	9,770	8,638	4,737	4,640

24.1 Transactions with related parties are carried out under normal commercial terms and conditions.

## 25. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on 25 May 2022 by the Board of Directors of the Company.

## 26. GENERAL

26.1 Figures for the quarters ended 31 March 2022 and 31 March 2021 have not been subjected to limited scope review by the external auditors.

26.2 Figures presented in these consolidated condensed interim financial statements have been rounded off to the nearest thousand rupees.

26.3 Corresponding figures have been reclassified wherever necessary for better presentation.

  
**Amir Bashir Ahmed**  
 Chief Financial Officer

  
**Khursheed A. Jamal**  
 Chief Executive

  
**Murtaza Habib**  
 Director



#### ڈسٹری ڈویژن:

31 مارچ 2022 کو ختم ہونے والی ششماہی کے دوران استھانول کی 14,704 میٹرک ٹن (31 مارچ 2021، 10,783 میٹرک ٹن) کی پیداوار ہوئی۔ ڈویژن نے 327.88 ملین روپے (31 مارچ 2021، 418.83 ملین روپے) کا آپریٹنگ منافع حاصل ہوا۔ منافع میں 90.95 ملین روپے کی اس ششماہی میں کمی کی بنیادی وجہ بین الاقوامی منڈی میں استھانول کی قیمت فروخت کے گرنے کی وجہ سے ہوا۔

لیکونیڈ کاربن ڈائی آکسائیڈ یونٹ کی پیداوار 3,134 میٹرک ٹن رہی (31 مارچ 2021، 2,758 میٹرک ٹن)۔ یونٹ کا منافع ڈویژن کے منافع میں شامل ہے۔

#### ٹیکسٹائل ڈویژن:

ڈویژن کو پیر جائزہ مدت کے دوران 6.3 ملین روپے کا آپریٹنگ خسارہ ہوا (31 مارچ 2021، 14.88 ملین روپے کا منافع ہوا تھا)۔ خسارہ کی بنیادی وجہ فروخت کے حجم میں کمی، خام مال کی زیادہ قیمت خرید اور مال برداری کے کرایہ میں اضافہ سے ہوا۔

#### ٹریڈنگ ڈویژن:


ٹریڈنگ ڈویژن کو 0.97 ملین روپے (31 مارچ 2021، 3.45 ملین روپے) منافع حاصل ہوا۔ انتظامیہ نے برآمدات کے مواقع کو دیکھتے ہوئے آئندہ آنے والی سہ ماہی میں شیرے کی برآمد کرنے کا پلان ہے جو کہ ڈویژن کے منافع کا حصہ ہوگا۔

#### اظہار تشکر:

کمپنی کے ڈائریکٹرز تمام اسٹاف، شیئرز، ہولڈرز، مالیاتی اداروں اور دوسرے حصہ داران کو ان کی مدد اور تعاون کا شکریہ ادا کرتے ہیں۔

از طرف بورڈ آف ڈائریکٹرز

  
**Murtaza Habib**  
Director

  
**Khursheed A. Jamal**  
Chief Executive

کراچی مورخہ 25 مئی 2022



## ڈائریکٹرز کی رپورٹ

محترم ممبران - السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2022 کو ختم ہونے والی ششماہی مدت کے کھپنی کے غیر آڈٹ شدہ مجموعی اور غیر مجموعی عبوری مالیاتی حسابات کھپنی کے آڈیٹرز کے مکمل جائزے کے بعد پیش کر رہے ہیں۔ کھپنی کا قبل از ٹیکس منافع 905.71 ملین روپے (31 مارچ 2021، 738.93 ملین روپے) ہوا۔ اس ششماہی مدت کے مالیاتی نتائج کا خلاصہ درج ذیل ہیں۔

ششماہی کی ختم ہونے والی مدت	ششماہی کی ختم ہونے والی مدت	اضافہ / (کمی)
31 مارچ، 2022	31 مارچ، 2021	
	(روپے ملین میں)	
منافع قبل از ٹیکس	905.71	166.78
ٹیکسیشن	(165.00)	(70.00)
منافع بعد از ٹیکسیشن	740.71	96.78
سرمایہ کاری کی فروخت پر منافع حاصل کیا	33.29	(75.39)
غیر منقسمہ منافع برائے فارورڈ	5.11	3.52
غیر منقسمہ منافع کی ریڈ فارورڈ	779.11	24.91
منافع فی شیئر - بنیادی اور معتدل - روپیہ	4.94	0.65

### شکر ڈویژن:

گئے کی کرشنگ کا سیزن 2021-2022 17 نومبر 2021 کو شروع ہوا اور پلانٹ کو 19 مارچ 2022 تک 123 دن چلایا گیا، اس کے مقابلے میں گزشتہ سیزن میں 108 دن چلایا گیا تھا۔ اس سیزن میں گئے کی کرشنگ 1,126,516 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 10.61 فیصد رہا اور شکر کی پیداوار 119,531 میٹرک ٹن ہوئی۔ مقابلے گزشتہ سیزن میں گئے کی کرشنگ 761,667 میٹرک ٹن رہی تھی جبکہ شکر کی اوسط ریکوری 10.36 فیصد تھی اور شکر کی پیداوار 78,910 میٹرک ٹن تھی۔

حکومت سندھ نے 04 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 اس کے مقابلے میں کرشنگ سیزن 2020-2021 کی -202 روپے فی 40 کلوگرام تھی۔ علاوہ ازیں ملز کو ایلی پریمیم 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 مقابلے 25 روپے فی 40 کلوگرام زیادہ ہے۔ پنجاب کی مقرر کردہ کم از کم سپورٹ پرائس 225 روپے فی 40 کلوگرام ہے۔

شکر ڈویژن نے آپریٹنگ منافع 366.93 ملین روپے (31 مارچ 2021، 102.95 ملین روپے) کمایا۔ منافع میں اضافہ زیادہ پیداوار اور فروخت میں اضافہ، بہتر ریکوری اور گزشتہ سال اسی مدت کے مقابلے میں بہتر قیمت فروخت کی وجہ سے ہوا۔

ملک میں شکر کی کھپت 6.3 ملین ٹن تا 6.5 ملین ٹن کے درمیان ہے۔ اور اس کے مقابلے میں پیداوار 8.0 ملین ٹن ہے جس کے نتیجے میں 1.5 ملین ٹن سے زیادہ فاصلہ مقدار کی پیداوار ہوئی۔ اس بات کو مد نظر رکھتے ہوئے پاکستان شوگر ملز ایسوسی ایشن نے ایک خط وزارت خزانہ کو لکھ کر گزارش کی ہے کہ چینی کی قیمتوں کو ملکی مارکیٹ میں مستحکم رکھنے کیلئے چینی برآمد کرنے کی اجازت دی جائے تاکہ شوگر ملز بینک کے قرضوں کی ادائیگی اور کسانوں کے واجبات دے سکیں۔