



Habib Sugar Mills Limited

**Report and Condensed Interim
Financial Statements
for the Half Year ended
March 31, 2023
(Unaudited)**



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Company Information

Board of Directors	Asgar D. Habib Murtaza Habib Hasnain Habib Farouq Habib Rahimtoola Sohail Hussain Haji Muhammad Salman Husain Chawala Tyaba Muslim Habib Khursheed A. Jamal	Chairman Chief Executive
Audit Committee	Farouq Habib Rahimtoola Tyaba Muslim Habib Sohail Hussain Haji	Chairman Member Member
Human Resource & Remuneration Committee	Tyaba Muslim Habib Hasnain Habib Khursheed A. Jamal	Chairperson Member Member
Chief Financial Officer	Amir Bashir Ahmed	
Company Secretary	Imran Amin Virani	
Registered Office	3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 35680036- 5 Lines Fax : (+92-21) 35684086 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	Reanda 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 - 755600 UAN : (+92-21) 111-000-322 Phone : (+92-21) 35310191-93 E-mail : stc@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 consolidated and unconsolidated condensed interim financial statements duly reviewed by the auditors of the Company for the half year ended March 31, 2023. The Company has earned pre-tax profit of Rs. 1,008.56 million (2022: Rs. 905.71 million). The financial results of the Company for the half year are summarized below:

Financial Results

	Half year ended		Variance
	31 March 2023	31 March 2022	
	Rupees in Million		
Profit before taxation	1,008.56	905.71	102.85
Less: Taxation	(160.00)	(165.00)	5.00
Profit after taxation	<u>848.56</u>	<u>740.71</u>	<u>107.85</u>
Add: Realized (loss)/gain on sale of investments	(229.11)	33.29	(262.40)
Unappropriated profit brought forward	5.19	5.11	0.08
Unappropriated profit carried forward	<u>624.64</u>	<u>779.11</u>	<u>(154.47)</u>
Earnings per share – Basic and diluted – Rs.	<u>5.66</u>	<u>4.94</u>	<u>0.72</u>

Sugar Division

The crushing season 2022-23 commenced on November 29, 2022 and the plant operated upto February 26, 2023 for 89 days as against 125 days in the preceding season. Sugarcane crushed during the current season was 844,841 M. Tons with average sucrose recovery of 10.96 % and sugar production of 92,595 M. Tons as compared with sugarcane crushing of 1,126,516 M. Tons with average sucrose recovery of 10.61 % and sugar production of 119,531 M. Tons during the preceding season.

The Government of Sindh on November 23, 2022 issued a notification fixing the minimum sugarcane support price at Rs.302 per 40 kgs for the crushing season 2022 - 23 as against Rs.250 per 40 kgs for the crushing season 2021 - 2022. 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 sugar division earned operating profit of Rs. 223.32 million (2022: Rs. 366.93 million). The decrease in operating profit was mainly due to higher cost of production on account of lower quantum of crushing and production.

Considering the surplus quantity of sugar in the Country, the Sugar advisory Board (SAB) in principal recommended the Economic Coordination Committee (ECC) to allow export of 500,000 M. Tons of sugar. The ECC in their meeting had allowed and approved export of 250,000 M. Tons in phases.



Thereafter, the Cane Commissioner-Sindh vide his letter dated January 25, 2023 allocated equal Quota of 2,500 M. Tons for export of sugar to each of the 32 operational sugar mills in Sindh (i.e., 80,000 M. tons representing Sindh's share of 32% out of total 250,000 M. Tons of export allowed by the ECC) without taking into account the crushing capacity of Sindh sugar mills.

The above allocation was challenged by certain sugar mills before the Sindh High Court who suspended the above allocation and declared the same as illegal and unlawful. Against the above order, the sugar mills preferred an appeal before the High Court who vide order dated March 9, 2023 allowed the quota of 1,500 M. Tons to each sugar mill till further orders/final outcome of the appeal. The Company exported 1,500 M. Tons of sugar in the month of April 2023 in accordance with the High Court's order.

Distillery Division

The ethanol production during the half year ended March 31, 2023 was 15,923 M. Tons (2022: 14,704 M. Tons). The division earned operating profit of Rs. 764.85 million (2022: Rs. 327.88 million). The increase in the profit of Rs. 436.97 million during the half year was mainly due to better Ethanol selling prices in the international market and devaluation of Pakistani Rupee against foreign currencies.

The liquidified carbon dioxide (CO₂) unit produced 4,501 M. Tons (2022: 3,134 M. Tons). The contribution of the unit is included in the profit of the division.

Textile Division

The division earned profit of Rs. 11.54 million during the half year under review (2022: loss of Rs. 6.32 million). The increase in profit was mainly attributable to better selling prices and devaluation of Pakistani Rupee against foreign currencies.

Trading Division

Trading division earned operating profit of Rs. 3.35 million (March 31, 2022: Rs. 0.97 million).

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 16, 2023

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 as at 31 March 2023 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, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year 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.

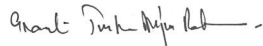
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of unconsolidated condensed 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.

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



Chartered Accountants

Place: Karachi

Date: 22 May 2023

UDIN: RR202310093p7jzSo0mb




**Unconsolidated Condensed Interim Statement of Financial Position
As at 31 March 2023 (Unaudited)**

	Note	(Unaudited) 31 March 2023	(Audited) 30 September 2022
(Rupees in thousands)			
Assets			
Non-Current Assets			
Property, plant and equipment	5	2,292,190	2,357,465
Right-of-use assets		10,855	14,474
Long-term investments	6	1,742,069	2,155,805
Long-term loans		13,706	14,828
Long-term deposits		3,972	3,972
		<u>4,062,792</u>	<u>4,546,544</u>
Current Assets			
Stores and spare parts		344,329	274,960
Stock-in-trade	7	11,106,802	5,004,293
Trade debts		708,222	324,143
Loans and advances	8	1,450,956	76,069
Trade deposits and short-term prepayments		20,079	20,483
Profit accrued on bank deposits		37,688	23,964
Other receivables		19,242	11,277
Taxation - net		19,477	-
Short-term investments	9	569,602	2,705,738
Cash and bank balances	10	420,164	545,972
		<u>14,696,561</u>	<u>8,986,899</u>
Total Assets		<u>18,759,353</u>	<u>13,533,443</u>
Equity and Liabilities			
Share Capital and Reserves			
Authorised Capital 150,000,000 (September 30, 2022: 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 (September 30, 2022: 150,000,000) Ordinary shares of Rs.5 each		750,000	750,000
Reserves		<u>8,697,052</u>	<u>8,770,002</u>
Total Equity		<u>9,447,052</u>	<u>9,520,002</u>
Non-Current Liabilities			
Deferred taxation	11	67,000	92,000
Gas Infrastructure Development Cess		69,493	76,822
Lease liability		4,915	9,573
		<u>141,408</u>	<u>178,395</u>
Current Liabilities			
Trade and other payables	12	2,094,544	1,890,513
Advance from customers		2,179,973	1,810,835
Short-term borrowings	13	4,664,975	-
Unclaimed dividends		196,985	105,162
Accrued mark-up on short-term borrowings		25,687	-
Taxation		-	20,607
Current portion of lease liability		8,729	7,929
		<u>9,170,893</u>	<u>3,835,046</u>
Contingencies and Commitments	14		
Total Equity and Liabilities		<u>18,759,353</u>	<u>13,533,443</u>

The annexed notes 1 to 25 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 31 March 2023 (Unaudited)**

Note	Half year ended		Quarter ended		
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	
	(Rupees in thousands)				
Segment operating results	15				
Net sales and services	7,340,802	5,019,294	4,079,398	2,208,895	
Cost of sales	(6,015,120)	(4,063,918)	(3,230,630)	(1,678,376)	
Gross Profit	1,325,682	955,376	848,768	530,519	
Selling and distribution expenses	(171,252)	(130,853)	(96,579)	(68,736)	
Administrative expenses	(151,373)	(135,072)	(78,712)	(77,575)	
Other operating expenses	(250,560)	(72,254)	(147,993)	(44,056)	
Other income	385,803	279,766	245,971	227,070	
	(187,382)	(58,413)	(77,313)	36,703	
Operating profit	1,138,300	896,963	771,455	567,222	
Finance (cost) / income - net	(129,740)	8,745	(117,224)	(23,230)	
Profit before taxation	1,008,560	905,708	654,231	543,992	
Taxation					
- Current	(165,000)	(117,500)	(95,000)	(72,500)	
- Deferred	5,000	(47,500)	5,000	(24,500)	
	(160,000)	(165,000)	(90,000)	(97,000)	
Profit after taxation	848,560	740,708	564,231	446,992	
Earnings per share - basic and diluted	Rs.	5.66	4.94	3.76	2.98

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Khurshheed A. Jamal
Chief Executive


Murtaza Habib
Director




**Unconsolidated Condensed Interim Statement of Statement of Comprehensive Income
For the half year ended 31 March 2023 (Unaudited)**

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Rupees in thousands)			
Profit after taxation	848,560	740,708	564,231	446,992
Other comprehensive income :				
Items that will not be reclassified to the statement of profit or loss :				
Unrealised (Loss) on re-measurement of equity investments classified as fair value through other comprehensive income (FVOCI) - net of tax	(396,510)	(49,846)	(322,171)	(40,865)
Total comprehensive income	<u>452,050</u>	<u>690,862</u>	<u>242,060</u>	<u>406,127</u>

The annexed notes 1 to 25 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 31 March 2023 (Unaudited)**

	Issued Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserves			Total Reserves	Total Equity
			General Reserve	Unappro- priated Profit	Unrealised gain / (loss) on re-measure- ment of FVOCI investment		
	(Rupees in thousands)						
Balance as on 01 October 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 31 March 2022	-	-	-	740,708	(49,846)	690,862	690,862
Realised gain on sale of investments - Net	-	-	-	33,288	(33,288)	-	-
Balance as on 31 March 2022	<u>750,000</u>	<u>34,000</u>	<u>6,408,500</u>	<u>779,107</u>	<u>1,529,349</u>	<u>8,750,956</u>	<u>9,500,956</u>
Balance as on 01 October 2022 (Audited)	750,000	34,000	6,408,500	1,340,185	987,317	8,770,002	9,520,002
Cash dividend for 2022 @ 70%	-	-	-	(525,000)	-	(525,000)	(525,000)
Transfer to general reserve	-	-	810,000	(810,000)	-	-	-
Total comprehensive income for the half year ended 31 March 2023	-	-	-	848,560	(396,510)	452,050	452,050
Realised loss on sale of investments - Net	-	-	-	(229,108)	229,108	-	-
Balance as on 31 March 2023	<u>750,000</u>	<u>34,000</u>	<u>7,218,500</u>	<u>624,637</u>	<u>819,915</u>	<u>8,697,052</u>	<u>9,447,052</u>

The annexed notes 1 to 25 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 31 March 2023 (Unaudited)

	Note	Six months period ended	
		31 March 2023	31 March 2022
(Rupees in thousands)			
Cash flows from operating activities			
Cash used in operations	19	(6,480,328)	(6,144,621)
Finance (cost paid) / income received - net		(117,777)	68,827
Income tax paid		(205,084)	(116,286)
Long-term loans		1,122	(9,753)
Long-term deposits		-	(19)
Net cash used in operating activities		(6,802,067)	(6,201,852)
Cash flows from investing activities			
Fixed capital expenditure		(42,780)	(57,675)
Sale proceeds / redemption of investments		7,040,607	8,358,548
Dividend received		354,115	257,816
Purchase of investments		(4,907,245)	(5,815,881)
Sale proceeds of fixed assets		3,622	4,360
Net cash generated from investing activities		2,448,319	2,747,168
Cash flows from financing activities			
Lease rentals paid		(3,858)	(3,161)
Dividend paid		(433,177)	(442,428)
Net cash used in financing activities		(437,035)	(445,589)
Net decrease in cash and cash equivalents		(4,790,783)	(3,900,273)
Cash and cash equivalents at the beginning of the period		545,972	268,863
Cash and cash equivalents at the end of the period	20	<u>(4,244,811)</u>	<u>(3,631,410)</u>

The annexed notes 1 to 25 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



**Notes to The Unconsolidated Condensed Interim Financial Statements
For the half year ended 31 March 2023 (Unaudited)**

1. The company and its operations

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 (CO₂), 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.

2. Statement of compliance

2.1 These unconsolidated condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors and are being submitted to the shareholders as required by the Pakistan stock Exchange Regulations and Section 237 of the Companies Act, 2017.

- 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 represent the condensed interim financial statements of the Company on a standalone basis. The consolidated condensed interim financial statements of the Company and its subsidiary companies are presented separately. The cumulative figures for the half year ended 31 March 2023 presented in these unconsolidated condensed interim financial statements have been subjected to limited scope review by the auditors of the Company (except for the figures for the quarters ended 31 March 2023 and 2022) as required under section 237 of the Act. These unconsolidated condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 September 2022.

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 2022.

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 2022.



	(Unaudited) 31 March 2023	(Audited) 30 September 2022
	(Rupees in thousands)	
5 Property, plant and equipment		
Operating fixed assets	2,231,784	2,333,899
Capital work-in-progress	<u>60,406</u>	<u>23,566</u>
	<u>2,292,190</u>	<u>2,357,465</u>
5.1 Cost of additions to and written down value of deletions from fixed assets during the half year ended 31 March 2023 were as follows:		
	(Unaudited) 31 March 2023	
	Additions	Deletions
	(Rupees in thousands)	
Plant and machinery - Sugar Division	36,839	-
Furniture, fittings and office equipment	3,497	6
Vehicles	<u>2,444</u>	<u>28</u>
	<u>42,780</u>	<u>34</u>
	(Unaudited) 31 March 2023	(Audited) 30 September 2022
	(Rupees in thousands)	
6. Long-term investments		
Investments in subsidiary company	-	-
At FVOCI		
Investments in related parties - Quoted	1,057,670	1,335,617
Investments in related parties - Un-Quoted	12,976	12,788
Investments in other companies - Quoted	<u>671,423</u>	<u>807,400</u>
	<u>1,742,069</u>	<u>2,155,805</u>
6.1 The aggregate cost of these investments, net of impairment is Rs.949.52 (30 September 2022: Rs.1,315.53) million.		
	(Unaudited) 31 March 2023	(Audited) 30 September 2022
	(Rupees in thousands)	
7. Stock-in-trade		
Raw materials	3,258,866	966,348
Work-in-process	64,363	78,367
Finished goods	7,705,436	3,922,681
Bagasse	<u>78,137</u>	<u>36,897</u>
	<u>11,106,802</u>	<u>5,004,293</u>



	Note	(Unaudited) 31 March 2023	(Audited) 30 September 2022
(Rupees in thousands)			
8. Loans and advances - considered good			
Current maturity of long-term loans - secured			
Executives		14,700	17,700
Other Employees		4,721	6,723
		19,421	24,423
Advances - unsecured			
Suppliers		1,431,535	51,646
		1,450,956	76,069
9. Short-term investments			
At amortised cost			
Government Securities			
Market Treasury Bills	9.1	248,974	248,974
Pakistan Investment Bond		101,641	101,641
		350,615	350,615
At FVOCI			
Uni Food Industries Limited - (Unquoted related party)		-	116,391
Units of Mutual Funds	9.2	218,987	2,238,732
		569,602	2,705,738
9.1	These carry effective yield of 13.23% to 14.47% (30 September 2022: 7.57% to 14.47%) per annum, having maturity latest by January 2022.		
9.2	The aggregate cost of the units of mutual funds is Rs.567.22 (30 September 2022 : Rs.2,213.06) million.		
	Note	(Unaudited) 31 March 2023	(Audited) 30 September 2022
(Rupees in thousands)			
10. Cash and bank balances			
Cash in hand		1,180	392
Balances with banks in :			
Current accounts		34,874	52,386
Treasury call accounts	10.1	164,110	243,194
Term Deposit Receipts	10.2	220,000	250,000
	10.3	418,984	545,580
		420,164	545,972
10.1	Profit rates on Treasury call accounts ranged between 14.50% to 18.60% (September 2022: 6.50% to 13.25%) per annum.		
10.2	Profit rates on Term Deposit Receipts ranged between 14.50% (September 2022: 6.70% to 14.50%) per annum. Maturity of these Term Deposit Receipts are one month.		
10.3	Includes Rs.167.69 (September 2022: Rs.244.36) million kept with Bank AL Habib Limited - a related party.		



	(Unaudited) 31 March 2023	(Audited) 30 September 2022
	(Rupees in thousands)	
11. Deferred taxation		
Deferred tax liability on taxable temporary difference:		
- accelerated tax depreciation allowance on operating fixed assets	228,500	235,000
Deferred tax asset on deductible temporary difference:		
- provision for obsolescence and slow moving stores & spare parts	(12,000)	(12,000)
- provision for impairment of investment in subsidiary	(16,500)	(16,500)
- lease liability	(4,500)	(6,000)
- unused tax losses	(5,000)	(5,000)
- re-measurement of investments	(123,500)	(103,500)
	<u>(161,500)</u>	<u>(143,000)</u>
	<u>67,000</u>	<u>92,000</u>
12. Trade and other payables		
Creditors	1,433,229	1,305,142
Accrued liabilities	466,049	394,003
Payable to Employees Gratuity Fund	-	1,573
Sales Tax Payable	93,328	41,382
Gas Infrastructure Development Cess	32,134	32,751
Workers' Profit Participation Fund (WPPF)	41,366	88,508
Workers' Welfare Fund	19,731	23,799
Income-tax deducted at source	8,707	3,355
	<u>2,094,544</u>	<u>1,890,513</u>
13. Short-term borrowings - secured	<u>4,664,975</u>	<u>-</u>
<p>The aggregate financing facility available from commercial banks amounted to Rs.9,562 (September 2022: Rs.7,898) 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 7.50% to 20.36% (September 2022: 3% to 13.14%) per annum.</p>		
14. Contingencies and commitments		
<p>14.1 There has been no significant change in the status of contingencies as reported in Note 21 of the audited annual financial statements of the Company for the year ended 30 September 2022.</p>		
<p>14.2 "The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.250 (30 September 2022: Rs.500) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.2,765.19 (30 September 2022: Rs.1,529.25) 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."</p>		
<p>14.3 Commitments for capital expenditure amounting to Rs.3.67 (30 September 2022: 3.67) million.</p>		
	(Unaudited) 31 March 2023	(Audited) 30 September 2022
	(Rupees in thousands)	
14.4 Rentals payable over next four years under Ijarah agreements with First Habib Modaraba in respect of vehicles	<u>124,832</u>	<u>148,568</u>

15 Segment operating results

15.1 Segment operating results for the half year ended 31 March 2023 (Unaudited)

(Rupees in thousands]

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Net sales and services										
Sales - Local	3,768,573	2,663,975	339,004	266,503	1,792	2,780	6,558	4,077	4,115,927	2,937,335
- Export	-	-	2,965,489	1,846,087	256,946	233,759	-	-	3,222,435	2,079,846
	3,768,573	2,663,975	3,304,493	2,112,590	258,738	236,539	6,558	4,077	7,338,362	5,017,181
Services - Storage income - net	-	-	2,440	2,113	-	-	-	-	2,440	2,113
	3,768,573	2,663,975	3,306,933	2,114,703	258,738	236,539	6,558	4,077	7,340,802	5,019,294
Less: Cost of sales	(3,368,264)	(2,138,791)	(2,413,741)	(1,693,686)	(230,197)	(228,475)	(2,918)	(2,966)	(6,015,120)	(4,063,918)
Gross profit	400,309	525,184	893,192	421,017	28,541	8,064	3,640	1,111	1,325,682	955,376
Less: Selling and distribution expenses	(45,330)	(37,642)	(113,541)	(82,462)	(12,381)	(10,749)	-	-	(171,252)	(130,853)
Administrative expenses	(131,810)	(120,617)	(14,805)	(10,673)	(4,621)	(3,637)	(137)	(145)	(151,373)	(135,072)
	(177,140)	(158,259)	(128,346)	(93,135)	(17,002)	(14,386)	(137)	(145)	(322,625)	(265,925)
Profit / (loss) before other operating expenses and other income	223,169	366,925	764,846	327,882	11,539	(6,322)	3,503	966	1,003,057	689,451
Other operating expenses - Note 16									(250,560)	(72,254)
Other income - Note 17									385,803	279,766
Operating Profit									1,138,300	896,963

15.2 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 half of the financial year.




15.3 Segment operating results for the three months period ended March 31, 2023 (Unaudited)

	Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	Net sales and services									
Sales - Local	1,841,858	1,063,066	195,852	152,921	1,425	2,649	-	-	2,039,135	1,218,636
- Export	-	-	1,921,576	893,098	118,189	96,285	-	-	2,039,765	989,383
	1,841,858	1,063,066	2,117,428	1,046,019	119,614	98,934	-	-	4,078,900	2,208,019
Services - Storage income - net	-	-	498	876	-	-	-	-	498	876
	1,841,858	1,063,066	2,117,926	1,046,895	119,614	98,934	-	-	4,079,398	2,208,895
Less: Cost of sales	(1,587,233)	(781,907)	(1,538,465)	(800,648)	(104,932)	(95,821)	-	-	(3,230,630)	(1,678,376)
Gross profit	254,625	281,159	579,461	246,247	14,682	3,113	-	-	848,768	530,519
Less: Selling and distribution expenses	(21,638)	(17,275)	(69,447)	(46,057)	(5,494)	(5,404)	-	-	(96,579)	(68,736)
Administrative expenses	(70,591)	(72,464)	(5,928)	(3,089)	(2,193)	(2,022)	-	-	(78,712)	(77,575)
	(92,229)	(89,739)	(75,375)	(49,146)	(7,687)	(7,426)	-	-	(175,291)	(146,311)
Profit / (loss) before other operating expenses and other income	162,396	191,420	504,086	197,101	6,995	(4,313)	-	-	673,477	384,208
Other operating expenses - Note 16									(147,993)	(44,056)
Other income - Note 17									245,971	227,070
Operating Profit									771,455	567,222



	Half year ended		Quarter ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022

(Rupees in thousands)

16. Other operating expenses

Workers' Profit Participation Fund	41,366	49,816	22,373	30,155
Workers' Welfare Fund	6,500	7,500	4,100	5,000
Exchange loss	202,694	14,938	121,520	8,901
	<u>250,560</u>	<u>72,254</u>	<u>147,993</u>	<u>44,056</u>

17. Other income

Dividend income	353,197	253,272	228,877	212,347
Scrap sales	17,443	16,548	3,304	10,165
Remeasurement gain on discounting of Provision for GIDC	7,946	4,921	8,072	321
Gain on disposal of fixed assets	3,588	4,325	2,930	4,325
Agriculture income / (loss)	3,629	700	2,788	(88)
	<u>385,803</u>	<u>279,766</u>	<u>245,971</u>	<u>227,070</u>

18. Finance income / (cost) - net

Profit / interest on :

Treasury call accounts	27,868	15,458	15,624	10,453
Term deposit receipts	17,607	8,332	8,470	4,660
Government Securities	24,905	51,445	11,830	8,182
Loan to employees	1,018	876	429	585
	<u>71,398</u>	<u>76,111</u>	<u>36,353</u>	<u>23,880</u>

Mark-up / interest on:

Short-term borrowings	(187,136)	(51,925)	(148,755)	(41,322)
Workers' Profit Participation Fund	(1,175)	(1,217)	(10)	-
Lease liability	(715)	(1,092)	(358)	(807)
	<u>(189,026)</u>	<u>(54,234)</u>	<u>(149,123)</u>	<u>(42,129)</u>
Bank charges	(12,112)	(13,132)	(4,454)	(4,981)
	<u>(129,740)</u>	<u>8,745</u>	<u>(117,224)</u>	<u>(23,230)</u>



	Half year ended	
	31 March 2023	31 March 2022 Unaudited
(Rupees in thousands)		
19. Cash used in operations		
Profit before taxation	1,008,560	905,708
Adjustment for non-cash charges and other items		
Depreciation	111,640	118,773
Remeasurement gain on discounting of Provision for GIDC	(7,946)	(4,921)
Gain on disposal of fixed assets	(3,588)	(4,325)
Finance cost / (income) - net	129,740	(8,745)
Dividend income	(353,197)	(253,272)
Working capital changes - note 19.1	(7,365,537)	(6,897,839)
	<u>(6,480,328)</u>	<u>(6,144,621)</u>
19.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(69,369)	(20,407)
Stock-in-trade	(6,102,509)	(8,174,528)
Trade debts	(384,079)	104,485
Loans and advances	(1,374,887)	(458,678)
Trade deposits and short term prepayments	404	2,150
Other receivables	(8,883)	1,235
	(7,939,323)	(8,545,743)
Increase in current liabilities		
Trade and other payables	204,678	381,936
Advance from customers	369,138	1,265,998
Net changes in working capital	<u>(7,365,507)</u>	<u>(6,897,809)</u>
20. Cash and cash equivalents at the end of the period		
These comprise of the following :		
Cash and bank balances	420,164	537,955
Short-term borrowings	(4,664,975)	(4,169,365)
	<u>(4,244,811)</u>	<u>(3,631,410)</u>

21. Financial risk management, objectives and policies

The Company's activities expose it to a variety of financial risks. These 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 2022. There has been no change in any risk management policies since the year end.

22. Fair values of assets and liabilities

There were no transfers amongst levels during the period.



23. 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:

Nature of Relationship	Nature of transactions	Half year ended	
		31 March 2023	31 March 2022
		Unaudited	
		(Rupees in thousands)	
Related parties	Investment in shares / units of mutual fund	1,800,000	2,764,680
	Sale of Shares / units of mutual fund	3,188,622	3,500,000
	Insurance premium paid	19,144	18,547
	Insurance claim received	24,200	1,700
	Profit on treasury call accounts / term deposits	27,304	19,403
	Capital Gain on sale of units of Mutual Funds	20,162	30,490
	Dividend income	242,065	195,689
	Dividend paid	52,136	44,688
	Bank charges	261	232
Key management personnel	Managerial remuneration	34,432	33,062
Retirement benefit funds	Contribution to retirement funds	10,747	9,770

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

24. Date of authorisation for Issue


These consolidated condensed interim financial statements were authorised for issue on 16, May 2023 by the Board of Directors of the Company.

25. General

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

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


Amir Bashir Ahmed
Chief Financial Officer


Khursheed A. Jamal
Chief Executive

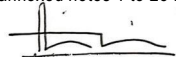

Murtaza Habib
Director




**Consolidated Condensed Interim Statement of Financial Position
As at 31 March 2023 (Unaudited)**

	Note	(Unaudited) 31 March 2023	(Audited) 30 September 2022
(Rupees in thousands)			
Assets			
Non-Current Assets			
Property, plant and equipment	5	2,292,190	2,357,465
Right-of-use assets		10,855	14,474
Long-term investments	6	1,742,069	2,155,805
Long-term loans		13,706	14,828
Long-term deposits		3,972	3,972
		<u>4,062,792</u>	<u>4,546,544</u>
Current Assets			
Stores and spare parts		344,329	274,960
Stock-in-trade	7	11,106,802	5,004,293
Trade debts		708,222	324,143
Loans and advances	8	1,450,956	76,069
Trade deposits and short-term prepayments		20,079	20,483
Profit accrued on bank deposits		37,688	23,964
Other receivables		19,242	11,277
Taxation - net	9	19,470	-
Short-term investments	10	569,602	2,705,738
Cash and bank balances		420,294	546,095
		<u>14,696,684</u>	<u>8,987,022</u>
Total Assets		<u>18,759,476</u>	<u>13,533,566</u>
Equity and Liabilities			
Share Capital and Reserves			
Authorised Capital 150,000,000 (September 30, 2022: 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 (September 30, 2022: 150,000,000) Ordinary shares of Rs.5 each		750,000	750,000
Reserves		<u>8,696,840</u>	<u>8,769,814</u>
Total Equity		<u>9,446,840</u>	<u>9,519,814</u>
Non-Current Liabilities			
Deferred taxation	11	67,000	92,000
Gas Infrastructure Development Cess		69,493	76,822
Lease liability		4,915	9,573
		<u>141,408</u>	<u>178,395</u>
Current Liabilities			
Trade and other payables	12	2,094,879	1,890,818
Advance from customers		2,179,973	1,810,835
Short-term borrowings	13	4,664,975	-
Unclaimed dividends		196,985	105,162
Accrued mark-up on short-term borrowings		25,687	-
Taxation		-	20,613
Current portion of lease liability		8,729	7,929
		<u>9,171,228</u>	<u>3,835,357</u>
Contingencies and Commitments	14		
Total Equity and Liabilities		<u>18,759,476</u>	<u>13,533,566</u>

The annexed notes 1 to 25 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 31 March 2023 (Unaudited)**

	Note	Half year ended		Quarter ended	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
(Rupees in thousands)					
Segment operating results	15				
Net sales and services		7,340,802	5,019,294	4,079,398	2,208,895
Cost of sales		(6,015,120)	(4,063,918)	(3,230,630)	(1,678,376)
Gross Profit		1,325,682	955,376	848,768	530,519
Selling and distribution expenses		(171,252)	(130,853)	(96,579)	(68,736)
Administrative expenses		(151,403)	(135,102)	(78,727)	(77,605)
Other operating expenses	16	(250,560)	(72,254)	(147,993)	(44,056)
Other income	17	385,803	279,766	245,971	227,070
		(187,412)	(58,443)	(77,328)	36,673
Operating profit		1,138,270	896,933	771,440	567,192
Finance income / (cost) - net	18	(129,732)	8,755	(117,224)	(23,229)
Profit before taxation		1,008,538	905,688	654,216	543,963
Taxation					
- Current		(165,002)	(117,502)	(95,000)	(72,500)
- Deferred		5,000	(47,500)	5,000	(24,500)
		(160,002)	(165,002)	(90,000)	(97,000)
Profit after taxation		848,536	740,686	564,216	446,963
Earnings per share - basic and diluted	Rs.	5.66	4.94	3.76	2.98

The annexed notes 1 to 25 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Khurshheed A. Jamal
Chief Executive


Murtaza Habib
Director



**Consolidated Condensed Interim Statement of Comprehensive Income
For the half year ended 31 March 2023 (Unaudited)**

	Half year ended		Quarter ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	(Rupees in thousands)			
Profit after taxation	848,536	740,686	564,216	446,963
Other comprehensive income :				
Items that will not be reclassified to the statement of profit or loss :				
Unrealised (Loss) on re-measurement of equity investments classified as fair value through other comprehensive income (FVOCI) - net of tax	(396,510)	(49,846)	(322,171)	(40,865)
Total comprehensive income	<u>452,026</u>	<u>690,840</u>	<u>242,045</u>	<u>406,098</u>

The annexed notes 1 to 25 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 31 March 2023 (Unaudited)**

	Issued Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserves		Unrealised gain / (loss) on re-measure- ment of FVOCI investment	Total Reserves	Total Equity
			General Reserve	Unappro- priated Profit			
(Rupees in thousands)							
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 - Net	-	-	-	33,288	(33,288)	-	-
Balance as on March 31, 2022	<u>750,000</u>	<u>34,000</u>	<u>6,408,500</u>	<u>779,262</u>	<u>1,529,349</u>	<u>8,751,111</u>	<u>9,501,111</u>
Balance as on October 1, 2022 (Audited)	750,000	34,000	6,408,500	1,339,997	987,317	8,769,814	9,519,814
Cash dividend for 2022 @ 70%	-	-	-	(525,000)	-	(525,000)	(525,000)
Transfer to general reserve	-	-	810,000	(810,000)	-	-	-
Total comprehensive income for the half year ended March 31, 2023	-	-	-	848,536	(396,510)	452,026	452,026
Realised loss on sale of investments - Net	-	-	-	(229,108)	229,108	-	-
Balance as on March 31, 2023	<u>750,000</u>	<u>34,000</u>	<u>7,218,500</u>	<u>624,425</u>	<u>819,915</u>	<u>8,696,840</u>	<u>9,446,840</u>

The annexed notes 1 to 25 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 31 March 2023 (Unaudited)

	Note	Six months period ended	
		31 March 2023	31 March 2022
(Rupees in thousands)			
Cash flows from operating activities			
Cash used in operations	19	(6,480,328)	(6,144,621)
Finance (cost paid) / income received - net		(117,770)	68,837
Income tax paid		(205,085)	(116,287)
Long-term loans		1,122	(9,753)
Long-term deposits		-	(19)
Net cash used in operating activities		(6,802,061)	(6,201,843)
Cash flows from investing activities			
Fixed capital expenditure		(42,780)	(57,675)
Sale proceeds / redemption of investments		7,040,607	8,358,548
Dividend received		354,115	257,816
Purchase of investments		(4,907,245)	(5,815,881)
Sale proceeds of fixed assets		3,622	4,360
Net cash generated from investing activities		2,448,319	2,747,168
Cash flows from financing activities			
Lease rentals paid		(3,857)	(3,161)
Dividend paid		(433,177)	(442,428)
Net cash used in financing activities		(437,034)	(445,589)
Net decrease in cash and cash equivalents		(4,790,776)	(3,900,264)
Cash and cash equivalents at the beginning of the period		546,095	269,222
Cash and cash equivalents at the end of the period	20	<u>(4,244,681)</u>	<u>(3,631,042)</u>

The annexed notes 1 to 25 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 31 March 2023 (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 (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

- 2.1 These consolidated condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors and are being submitted to the shareholders are required by the Pakistan stock Exchange Regulations and Section 237 of the Companies Act, 2017.

- 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 represent the condensed interim financial statements of the Company on a standalone basis. The consolidated condensed interim financial statements of the Company and its subsidiary company are presented separately. The cumulative figures for the half year ended 31 March 2023 presented in these consolidated condensed interim financial statements have been subjected to limited scope review by the auditors of the Company (except for the figures for the quarters ended 31 March 2023 and 2022) as required under section 237 of the Act. These consolidated condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 September 2022.



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 September 30, 2022.

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 September 30, 2022, except as disclosed otherwise.

	(Unaudited) 31 March 2023	(Audited) 30 September 2022
	(Rupees in thousands)	
5 Property, plant and equipment		
Operating fixed assets	2,231,784	2,333,899
Capital work-in-progress	<u>60,406</u>	<u>23,566</u>
	<u>2,292,190</u>	<u>2,357,465</u>
5.1 Cost of additions to and written down value of deletions from fixed assets during the half year ended 31 March 2023 were as follows:		
	(Unaudited)	
	March 31, 2023	
	Additions	Deletions
	(Rupees in thousands)	
Plant and machinery - Sugar Division	36,839	-
Furniture, fittings and office equipment	3,497	6
Vehicles	<u>2,444</u>	<u>28</u>
	<u>42,780</u>	<u>34</u>
6. Long-term investments		
Investments in subsidiary company	-	-
At FVOCI		
Investments in related parties - Quoted	1,057,670	1,335,617
Investments in related parties - Un-Quoted	12,976	12,788
Investments in other companies - Quoted	<u>671,423</u>	<u>807,400</u>
	<u>1,742,069</u>	<u>2,155,805</u>
6.1 The aggregate cost of these investments, net of impairment is Rs.949.52 (30 September 2022: Rs.1,315.53) million.		



	(Unaudited) 31 March 2023	(Audited) 30 September 2022
7. Stock-in-trade	(Rupees in thousands)	
Raw materials	3,258,866	966,348
Work-in-process	64,363	78,367
Finished goods	7,705,436	3,922,681
Bagasse	<u>78,137</u>	<u>36,897</u>
	<u>11,106,802</u>	<u>5,004,293</u>
8. Loans and advances - considered good		
Current maturity of long-term loans - secured		
Executives	14,700	17,700
Other Employees	4,721	6,723
	19,421	24,423
Advances - unsecured		
Suppliers	<u>1,431,535</u>	<u>51,646</u>
	<u>1,450,956</u>	<u>76,069</u>
9. Short-term investments		
At amortised cost		
Government Securities		
Market Treasury Bills	9.1 248,974	248,974
Pakistan Investment Bond	<u>101,641</u>	<u>101,641</u>
	350,615	350,615
At FVOCI		
Investment in related parties - Unquoted		
Uni Food Industries Limited	-	116,391
Units of Mutual Funds - FVOCI	9.2 218,987	2,238,732
	<u>569,602</u>	<u>2,705,738</u>
9.1	These carry effective yield of 13.23% to 14.47% (September 30, 2022: 7.57% to 14.47%) per annum, having maturity latest by May 2023.	
9.2	The aggregate cost of the units of mutual funds is Rs.567.22 (September 30, 2022: Rs. 2,213.08) million.	
10. Cash and bank balances	(Unaudited) 31 March 2023	(Audited) 30 September 2022
	(Rupees in thousands)	
Cash in hand	1,180	392
Balances with banks in :		
Current accounts	35,004	52,386
Treasury call accounts	10.1 164,110	243,317
Term Deposit Receipts	10.2 <u>220,000</u>	<u>250,000</u>
	10.3 419,114	545,703
	<u>420,294</u>	<u>546,095</u>



10.1 Profit rates on Treasury call accounts ranged between 14.50% to 18.60% (September 2022: 6.50% to 13.75%) per annum.

10.2 Profit rates on Term Deposit Receipts ranged between 14.50% (September 2022: 6.70% to 14.50%) per annum. Maturity of these Term Deposit Receipts are one month.

10.3 Includes Rs.167.69 (September 2022: Rs.244.30) million kept with Bank AL Habib Limited - a related party.

11. Deferred taxation	(Unaudited) 31 March 2023	(Audited) 30 September 2022
	(Rupees in thousands)	
Deferred tax liability on taxable temporary difference:		
- accelerated tax depreciation allowance on operating fixed assets	228,500	235,000
Deferred tax asset on deductible temporary difference:		
- provision for obsolescence and slow moving stores & spare parts	(12,000)	(12,000)
- provision for impairment of investment in subsidiary	(16,500)	(16,500)
- lease liability	(4,500)	(6,000)
- re-measurement of investments	(5,000)	(5,000)
- unused tax losses	(123,500)	(103,500)
	<u>(161,500)</u>	<u>(143,000)</u>
	<u>67,000</u>	<u>92,000</u>
 12. Trade and other payables		
Creditors	1,433,229	1,305,142
Accrued liabilities	466,384	394,308
Payable to Employees Gratuity Fund	-	1,573
Sales Tax Payable	93,328	41,382
Gas Infrastructure Development Cess	32,134	32,751
Workers' Profit Participation Fund (WPPF)	41,366	88,508
Workers' Welfare Fund	19,731	23,799
Income-tax deducted at source	8,707	3,355
	<u>2,094,879</u>	<u>1,890,818</u>
 13. Short-term borrowings - secured	<u>4,664,975</u>	<u>-</u>

The aggregate financing facility available from commercial banks amounted to Rs.9,562 (September 2022: Rs.7,898) 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 7.50% to 20.36% (September 2022: 3% to 13.14%) per annum.



14. Contingencies and commitments

14.1 There has been no significant change in the status of contingencies as reported in Note 21 of the audited annual financial statements of the Company for the year ended 30 September 2022.

14.2 The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.250 (September 30, 2022: Rs.500) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.2,765.19 (September 30, 2022: Rs.1,529.25) 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.

14.3 Commitments for capital expenditure amounting to Rs.3.67 (September 2022: 3.67) million.

	(Unaudited) 31 March 2023	(Audited) 30 September 2022
	(Rupees in thousands)	
14.4 Rentals payable over next four years under Ijarah agreements with First Habib Modraba in respect of vehicles	<u>124,832</u>	<u>148,568</u>



15. Segment operating results

15.1 Segment operating results for the half year ended 31 March 2023 (Unaudited)

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	March 31, 2023	March 31, 2022
Net sales and services												
Sales - Local	3,768,573	2,663,975	339,004	266,503	1,792	2,780	6,558	4,077	-	-	4,115,927	2,937,335
- Export	-	-	2,965,489	1,846,087	256,946	233,759	-	-	-	-	3,222,435	2,079,846
	3,768,573	2,663,975	3,304,493	2,112,590	258,738	236,539	6,558	4,077	-	-	7,338,362	5,017,181
Services - Storage income - net	-	-	2,440	2,113	-	-	-	-	-	-	2,440	2,113
	3,768,573	2,663,975	3,306,933	2,114,703	258,738	236,539	6,558	4,077	-	-	7,340,802	5,019,294
Less: Cost of sales	(3,368,264)	(2,138,791)	(2,413,741)	(1,693,686)	(230,197)	(228,475)	(2,918)	(2,966)	-	-	(6,015,120)	(4,063,918)
Gross profit / (loss)	400,309	525,184	893,192	421,017	28,541	8,064	3,640	1,111	-	-	1,325,682	955,376
Less : Selling and distribution expenses	(45,330)	(37,642)	(113,541)	(82,462)	(12,381)	(10,749)	-	-	-	-	(171,252)	(130,853)
Administrative expenses	(131,810)	(120,617)	(14,805)	(10,673)	(4,621)	(3,637)	(137)	(145)	(30)	(30)	(151,403)	(135,102)
	(177,140)	(158,259)	(128,346)	(93,135)	(17,002)	(14,386)	(137)	(145)	(30)	(30)	(322,655)	(265,955)
Profit / (loss) before other operating expenses and other income	223,169	366,925	764,846	327,882	11,539	(6,322)	3,503	966	(30)	(30)	1,003,027	689,421
Other operating expenses - Note 16											(250,560)	(72,254)
Other income - Note 17											385,803	279,766
Operating Profit											1,138,270	896,933

15.2 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 half of the financial year.

15.3 Segment operating results for the three months period ended March 31, 2023 (Unaudited)

(Rupees in thousands)



	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	March 31, 2023	March 31, 2022
Net sales and services												
Sales - Local	1,841,858	1,063,066	195,852	152,921	1,425	2,649	-	-	-	-	2,039,135	1,218,636
Export	-	-	1,921,576	893,098	118,189	96,285	-	-	-	-	2,039,765	989,383
	1,841,858	1,063,066	2,117,428	1,046,019	119,614	98,934	-	-	-	-	4,078,900	2,208,019
Services - Storage income - net	-	-	498	876	-	-	-	-	-	-	498	876
	1,841,858	1,063,066	2,117,926	1,046,895	119,614	98,934	-	-	-	-	4,079,398	2,208,895
Less: Cost of sales	(1,587,233)	(781,907)	(1,538,465)	(800,648)	(104,932)	(95,821)	-	-	-	-	(3,230,630)	(1,678,376)
Gross profit	254,625	281,159	579,461	246,247	14,682	3,113	-	-	-	-	848,768	530,519
Less : Selling and distribution expenses	(21,638)	(17,275)	(69,447)	(46,057)	(5,494)	(5,404)	-	-	-	-	(96,579)	(68,736)
Administrative expenses	(70,591)	(72,464)	(5,928)	(3,089)	(2,193)	(2,022)	-	-	(15)	(30)	(78,727)	(77,605)
	(92,229)	(89,739)	(75,375)	(49,146)	(7,687)	(7,426)	-	-	(15)	(30)	(175,306)	(146,341)
Profit / (loss) before other operating expenses and other income	162,396	191,420	504,086	197,101	6,995	(4,313)	-	-	(15)	(30)	673,462	384,178
Other operating expenses - Note 16											(147,993)	(44,056)
Other income - Note 17											245,971	227,070
Operating Profit											771,440	567,192



	Half year ended		Quarter ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
(Rupees in thousands)				
16. Other operating expenses				
Workers' Profit Participation Fund	41,366	49,816	22,373	30,155
Workers' Welfare Fund	6,500	7,500	4,100	5,000
Exchange loss	202,694	14,938	121,520	8,901
	<u>250,560</u>	<u>72,254</u>	<u>147,993</u>	<u>44,056</u>
17. Other income				
Dividend income	353,197	253,272	228,877	212,347
Scrap sales	17,443	16,548	3,304	10,165
Remeasurement gain on discounting of Provision for GIDC	7,946	4,921	8,072	321
Gain on disposal of fixed assets	3,588	4,325	2,930	4,325
Agriculture income / (loss)	3,629	700	2,788	(88)
	<u>385,803</u>	<u>279,766</u>	<u>245,971</u>	<u>227,070</u>
18. Finance income / (cost) - net				
Profit / interest on :				
Treasury call accounts	27,876	15,468	15,624	10,454
Term deposit receipts	17,607	8,332	8,470	4,660
Government Securities	24,905	51,445	11,830	8,182
Loan to employees	1,018	876	429	585
	71,398	76,121	36,353	23,881
Less:				
Mark-up / interest on:				
Short-term borrowings	(187,136)	(51,925)	(148,755)	(41,322)
Workers' Profit Participation Fund	(1,175)	(1,217)	(10)	-
Lease liability	(715)	(1,092)	(358)	(807)
	(189,026)	(54,234)	(149,123)	(42,129)
Bank charges	(12,112)	(13,132)	(4,454)	(4,981)
	<u>(129,732)</u>	<u>8,755</u>	<u>(117,224)</u>	<u>(23,229)</u>



	Half year ended	
	31 March 2023	31 March 2022 Unaudited
	(Rupees in thousands)	
19. Cash used in operations		
Profit before taxation	1,008,538	905,688
Adjustment for non-cash charges and other items		
Depreciation	111,640	118,773
Remeasurement gain on discounting of Provision for GIDC	(7,946)	(4,921)
Gain on disposal of fixed assets	(3,588)	(4,325)
Finance cost / (income) - net	129,732	(8,755)
Dividend income	(353,197)	(253,272)
Working capital changes - note 19.1	(7,365,507)	(6,897,809)
	<u>(6,480,328)</u>	<u>(6,144,621)</u>
19.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(69,369)	(20,407)
Stock-in-trade	(6,102,509)	(8,174,528)
Trade debts	(384,079)	104,485
Loans and advances	(1,374,887)	(458,678)
Trade deposits and short term prepayments	404	2,150
Other receivables	(8,883)	1,235
	<u>(7,939,323)</u>	<u>(8,545,743)</u>
Increase in current liabilities		
Trade and other payables	204,678	381,936
Advance from customers	369,138	1,265,998
Net changes in working capital	<u>(7,365,507)</u>	<u>(6,897,809)</u>
20. Cash and cash equivalents at the end of the period		
These comprise of the following :		
Cash and bank balances	420,294	538,323
Short-term borrowings	(4,664,975)	(4,169,365)
	<u>(4,244,681)</u>	<u>(3,631,042)</u>
21. Financial risk management, objectives and policies		
The Company's activities expose it to a variety of financial risks. These 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 2022. There has been no change in any risk management policies since the year end.		
22. Fair values of assets and liabilities		
There were no transfers amongst levels during the period.		



23. 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:

Nature of Relationship	Nature of transactions	Half year ended	
		31 March 2023	31 March 2022
		Unaudited	
		(Rupees in thousands)	
Other related parties	Investment in shares / units of mutual fund	1,800,000	2,764,680
	Sale of Shares / units of mutual fund	3,188,622	3,500,000
	Insurance premium paid	19,144	18,547
	Insurance claim received	24,200	1,700
	Profit on treasury call accounts / term deposits	27,304	19,403
	Capital Gain on sale of units of Mutual Funds	20,162	30,490
	Dividend income	242,065	195,689
	Dividend paid	52,136	44,688
	Bank charges	261	232
Key management personnel	Managerial remuneration	34,432	33,062
Retirement benefit funds	Contribution to retirement funds	10,747	9,770

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

24. Date of authorisation for issue


These consolidated condensed interim financial statements were authorised for issue on May 16, 2023 by the Board of Directors of the Company.

25. General

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

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


Amir Bashir Ahmed
Chief Financial Officer


Khursheed A. Jamal
Chief Executive


Murtaza Habib
Director



بعد ازاں، کمیشنر سندھ نے 25 جنوری 2023 کو ایک خط کے ذریعے سندھ کی 32 آپریٹنگ شکر کی ملوں کو ان کی کرشنگ کی صلاحیت پر غور کیے بغیر ہر ایک مل کو شکر کی برآمد کیلئے 2500 ٹن کا مسادہ کی کوئی (یعنی ای سی ایس کی جانب سے 250,000 ٹن میں سے سندھ کو 80,000 ٹن جو کہ 32% حصہ ظاہر کرتی ہے) بخش کیا تھا۔

اوپر بخش کیے گئے کوئی کو کچھ ملوں نے سندھ ہائی کورٹ میں چیلنج کر دیا، جسے غیر قانونی اور خلاف قانون اعلان کر کے معطل کر دیا گیا۔ اس فیصلے کے خلاف چینی کی ملوں نے ہائی کورٹ میں درخواست کو ترجیح دی، جس نے اپنے 9 مارچ 2023 کے حکم نامہ میں 1500 ٹن کا کوئی ہر چینی کی ملوں کو اس وقت تک کیلئے اجازت دی جب تک کہ کوئی مزید فیصلہ اپیل کا کوئی حتمی نتیجہ نہ آ جائے۔ کمپنی نے ہائی کورٹ کے فیصلے کے مطابق 1500 ٹن چینی اپریل 2023 کے مہینے میں برآمد کر دی۔

ڈسٹری ڈیویشن

31 مارچ 2023 کو ختم ہونے والی ششماہی کے دوران اہتما نول کی 15,923 میٹرک ٹن (2022، 14,704 میٹرک ٹن) کی پیداوار ہوئی تھی۔ ڈیویشن نے 764.85 ملین روپے (2022، 327.88 ملین روپے) کا آپریٹنگ منافع حاصل کیا۔ اسی مدت میں منافع میں 436.97 ملین روپے کے اضافے کی بنیادی وجہ بین الاقوامی منڈی میں اہتما نول کی بہتر قیمت فروخت اور غیر ملکی زر مبادلہ کے مقابلے میں پاکستانی روپے کی قدر میں کمی تھی۔

کیوڈ کاربن ڈائی آکسائیڈ (CO2) یونٹ کی پیداوار 4,501 میٹرک ٹن رہی (2022، 3,134 میٹرک ٹن تھی)۔ یونٹ کا منافع ڈیویشن کے منافع میں شامل ہے۔

ٹیکسٹائل ڈیویشن

زیر جائزہ ششماہی کے دوران ڈیویشن کو 11.54 ملین روپے کا آپریٹنگ منافع حاصل ہوا (2022، 6.32 ملین روپے کا خسارہ ہوا تھا)۔ منافع میں اضافے کی بنیادی وجہ بہتر قیمت فروخت اور پاکستانی روپے کی قدر میں کمی کی وجہ سے ہوا۔

ٹریڈنگ ڈیویشن

ٹریڈنگ ڈیویشن کو 3.35 ملین (31 مارچ 2022، 0.97 ملین روپے) منافع حاصل ہوا۔

اظہار تشکر

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

از طرف بورڈ آف ڈائریکٹرز

مرضی حبیب
ڈائریکٹر

خورشید اے جمال
چیف ایگزیکٹو

کراچی، 16 مئی 2023



ڈائریکٹرز کی رپورٹ

محترم ممبران، السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے، ہم آپ کو 31 مارچ 2023 کو ختم ہونے والی ششماہی مدت کے کھٹی کے غیر آڈٹ شدہ مجموعی اور غیر مجموعی عبوری مالیاتی حسابات کھٹی کے آڈیٹرز کے عمل جائزے کے بعد پیش کر رہے ہیں۔ کھٹی کا قبل ازنگس منافع 1,008.56 ملین روپے (2022، 905.71 ملین روپے) ہوا۔ اس ششماہی مدت کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

مالیاتی نتائج

اضافہ (کی)	ششماہی کی ختم ہونے والی مدت 31 مارچ 2022	ششماہی کی ختم ہونے والی مدت 31 مارچ 2023	
	(روپے ملین میں)		
102.85	905.71	1,008.56	منافع قبل ازنگس
5.00	(165.00)	(160.00)	ٹیکسیشن
107.85	740.71	848.56	منافع بعد از ٹیکسیشن
(262.40)	33.29	(229.11)	سرمایہ کاری کی فروخت پر (نقصان)/ منافع حاصل کیا
0.08	5.11	5.19	غیر منقسمہ منافع برائے فارورڈ
(154.47)	779.11	624.64	غیر منقسمہ منافع کیریڈ فارورڈ
0.72	4.94	5.66	منافع فی شیئر - بنیادی اور مختل - روپیہ

شکر ڈویژن

2022-23 کا کرشنگ سیزن 29 نومبر 2022 کو شروع ہوا اور پلانٹ کو 26 فروری 2023 تک 89 دن چلایا گیا۔ اس کے مقابلے میں گزشتہ سیزن میں 125 دن چلایا گیا تھا۔ اس سیزن میں گنے کی کرشنگ 844,841 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 10.96 فیصد رہا اور شکر کی پیداوار 92,595 میٹرک ٹن ہوئی۔ مقابلے گزشتہ سیزن میں گنے کی کرشنگ 1,126,516 میٹرک ٹن رہی تھی جبکہ شکر کی اوسط ریکوری 10.61 فیصد اور شکر کی پیداوار 119,531 میٹرک ٹن تھی۔

حکومت سندھ نے 23 نومبر 2022 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2022-23 کے نوٹیفیکیشن کا اجراء کیا جس میں گنے کی قیمت 302 روپے پی 40 کلوگرام مقرر کی گئی اس کے مقابلے میں کرشنگ سیزن 2021-22 میں 250 روپے پی 40 کلوگرام تھی۔ علاوہ ازیں، بلز کو الٹی پریٹیم شکر کی اوسط ریکوری کے بیچ مارک 8.7% سے زائد ہر 0.1% پر 0.50 روپے پی 40 کلوگرام ادا کرے گی۔

شکر ڈویژن نے آپریٹنگ منافع 223.32 ملین روپے (2022، 366.93 ملین روپے) کمایا۔ منافع میں کمی کی بنیادی وجہ پیداواری لاگت میں کرشنگ کی مقدار میں کمی کی وجہ سے اضافہ ہوا۔

ملک میں چھٹی کی زیادہ مقدار کو مد نظر رکھتے ہوئے، شوگر اینڈ ڈائری بورڈ (ایس اے بی) نے اصولی طور پر آرنیکا کو آرڈینیشن کمیٹی (ای سی سی) کو 500,000 ٹن چھٹی مراحل میں برآمد کرنے کی اجازت دے دی۔