



Habib Sugar Mills Limited

**Report and Condensed Interim
Financial Statements
for the Quarter and Nine months
ended June 30, 2022
(Unaudited)**



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VISION STATEMENT

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified carbon dioxide (CO₂) 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 (CO₂) 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

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 of the Company for the three quarters ended on June 30, 2022. The Company has earned pre-tax profit of Rs. 1,456.12 million (June 30, 2021: Rs. 995.27 million). The financial results of the Company for the three quarters ended June 30, 2022 are summarized below:

Financial Results

	Three Quarters ended June 30, 2022	Three Quarters ended June 30, 2021 (Rupees in Million)	Variance
Profit before taxation	1,456.12	995.27	460.85
Less: Taxation	(330.00)	(140.00)	(190.00)
Profit after taxation	1,126.12	855.27	270.85
Add: Realized gain on sale of investment	39.06	115.07	(76.01)
Unappropriated profit brought forward	5.11	1.59	3.52
Unappropriated profit carried forward	1,170.29	971.93	198.36
Earnings per share – Basic and diluted – Rs.	7.51	5.70	1.81

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. 416.91 million (June 30, 2021: Rs. 251.67 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 6.5 to 7.0 million M. Tons as against total production of 8.0 million M. Tons of sugar, resulting in surplus of over 1.0 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 three quarters ended June 30, 2022 was 25,299 M. Tons (June 30, 2021: 17,575 M. Tons). The division earned operating profit of Rs.892.82 million (June 30, 2021: Rs.502.21 million). The increase in profit of the division during the period was mainly due to increase in quantum of sales.

The liquidified carbon dioxide (CO₂) unit produced 6,342 M. Tons (June 30, 2021: 5,703 M. Tons). The contribution of the unit is included in the profit of the division.

Textile Division

The division suffered operating loss of Rs. (20.29) million during the three quarters under review (June 30, 2021: Rs.15.01 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. 75.99 million (June 30, 2021: Rs. 3.45 million). The profit of the Division for the current period is mainly attributable to the export of molasses.

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: July 29, 2022



Unconsolidated Condensed Interim Statement of Financial Position as at June 30, 2022 (Unaudited)

	Note	Unaudited June 30, 2022 (Rupees in thousands)	Audited Sept. 30, 2021
Assets			
Non-Current Assets			
Property, plant and equipment	5	2,388,982	2,496,633
Right-of-use assets		16,283	11,659
Long-term investments	6	2,490,430	2,806,226
Long-term loans		16,199	7,443
Long-term deposits		3,966	3,948
		<u>4,915,860</u>	<u>5,325,909</u>
Current Assets			
Stores and spare parts		217,446	195,024
Stock-in-trade	7	6,951,306	1,894,571
Trade debts		876,358	407,453
Loans and advances	8	85,490	50,430
Trade deposits and short-term prepayments		19,380	16,236
Profit accrued on bank deposits		8,142	21,721
Other receivables		3,068	25,841
Taxation - net		—	86,498
Short-term investments	9	1,506,983	3,542,585
Cash and bank balances	10	438,825	268,863
		<u>10,106,998</u>	<u>6,509,222</u>
Total Assets		<u>15,022,858</u>	<u>11,835,131</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (September 30, 2021: 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, 2021: 150,000,000)			
Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Reserves		<u>8,693,916</u>	<u>8,510,094</u>
		<u>9,443,916</u>	<u>9,260,094</u>
Non-Current Liabilities			
Deferred taxation	11	135,000	83,000
Gas Infrastructure Development Cess	12	77,159	84,092
Lease liability		<u>9,322</u>	<u>7,630</u>
		<u>221,481</u>	<u>174,722</u>
Current Liabilities			
Trade and other payables	13	2,025,211	1,813,802
Advance from customers		655,278	482,464
Short-term borrowing	14	2,469,364	—
Unclaimed dividends		105,259	97,731
Accrued mark-up on short-term borrowing		50,661	—
Taxation		43,967	—
Current portion of lease liability		<u>7,721</u>	<u>6,318</u>
		<u>5,357,461</u>	<u>2,400,315</u>
Contingencies and Commitments	15		
Total Equity and Liabilities		<u>15,022,858</u>	<u>11,835,131</u>

The annexed notes 1 to 27 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 quarter and cumulative for three quarters ended June 30, 2022 (Unaudited)

		Three quarter ended		Quarter ended	
	Note	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		(Rupees in thousands)			
Segment operating results	16				
Net sales and services		10,062,370	6,882,246	5,043,076	2,691,435
Cost of sales		(8,280,293)	(5,797,394)	(4,216,375)	(2,349,916)
Gross profit		<u>1,782,077</u>	<u>1,084,852</u>	<u>826,701</u>	<u>341,519</u>
Selling and distribution expenses		(219,122)	(153,410)	(88,269)	(53,825)
Administrative expenses		(197,524)	(159,106)	(62,452)	(55,462)
Other operating expenses	17	(175,522)	(70,018)	(103,268)	(19,091)
Other income	18	324,803	223,163	45,037	33,751
		<u>(267,365)</u>	<u>(159,371)</u>	<u>(208,952)</u>	<u>(94,627)</u>
Operating profit		<u>1,514,712</u>	<u>925,481</u>	<u>617,749</u>	<u>246,892</u>
Finance income / (cost) - net	19	(58,597)	69,789	(67,342)	9,453
Profit before taxation		<u>1,456,115</u>	<u>995,270</u>	<u>550,407</u>	<u>256,345</u>
Taxation	20	(330,000)	(140,000)	(165,000)	(45,000)
Profit after taxation		<u><u>1,126,115</u></u>	<u><u>855,270</u></u>	<u><u>385,407</u></u>	<u><u>211,345</u></u>
Earnings per share - Basic and diluted	Rs.	<u><u>7.51</u></u>	<u><u>5.70</u></u>	<u><u>2.57</u></u>	<u><u>1.41</u></u>

The annexed notes 1 to 27 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




Unconsolidated Condensed Interim Statement of Comprehensive Income for the quarter and cumulative for three quarters ended June 30, 2022 (Unaudited)

	Three quarter ended		Quarter ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees in thousands)			
Profit after taxation	1,126,115	855,270	385,407	211,345
Other comprehensive income :				
Items that will not be reclassified to the statement of profit or loss:				
Gain / (loss) on re-measurement of equity investments classified as fair value through other comprehensive income (FVOCI)	(492,293)	237,240	(442,447)	176,455
	633,822	1,092,510	(57,040)	387,800

The annexed notes 1 to 27 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 three quarters ended June 30, 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 thousands)						
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
Total comprehensive income for the period ended June 30, 2021	-	-	-	855,270	237,240	1,092,510	1,092,510
Realised gain on sale of investment	-	-	-	115,074	(115,074)	-	-
Transfer to general reserve	-	-	300,000	(300,000)	-	-	-
Cash dividend for 2020 @ 55%	-	-	-	(412,500)	-	(412,500)	(412,500)
Balance as on June 30, 2021	<u>750,000</u>	<u>34,000</u>	<u>5,748,500</u>	<u>971,936</u>	<u>1,798,536</u>	<u>8,552,972</u>	<u>9,302,972</u>
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
Total comprehensive income for the period ended June 30, 2022	-	-	-	1,126,115	(492,293)	633,822	633,822
Realised gain on sale of investment	-	-	-	39,057	(39,057)	-	-
Transfer to general reserve	-	-	660,000	(660,000)	-	-	-
Cash dividend for 2021 @ 60%	-	-	-	(450,000)	-	(450,000)	(450,000)
Balance as on June 30, 2022	<u>750,000</u>	<u>34,000</u>	<u>6,408,500</u>	<u>1,170,283</u>	<u>1,081,133</u>	<u>8,693,916</u>	<u>9,443,916</u>

The annexed notes 1 to 27 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 three quarters ended June 30, 2022 (Unaudited)

	Note	June 30, 2022	June 30, 2021
(Rupees in thousands)			
Cash flows from operating activities			
Cash (used) / generated in operations	21	(3,799,223)	(2,089,077)
Finance income received - net		5,643	83,353
Income tax paid		(146,535)	(80,175)
Long-term loans		(8,756)	(1,936)
Long-term deposits		(18)	—
Net cash (used) / generated operating activities		(3,948,889)	(2,087,835)
Cash flows from investing activities			
Fixed capital expenditure		(67,248)	(188,344)
Sale proceeds / redemption of investments		9,207,765	4,691,355
Dividend received		302,074	180,455
Purchase of investments		(7,349,660)	(7,236,454)
Sale proceeds of fixed assets		5,984	4,750
Net cash used in investing activities		2,098,915	(2,548,238)
Cash flows from financing activities			
Lease rental paid		(6,956)	(5,544)
Dividend paid		(442,472)	(401,501)
Net cash used in financing activities		(449,428)	(407,045)
Net Increase / (decrease) in cash and cash equivalents		(2,299,402)	(5,043,118)
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	22	(2,030,539)	(971,297)

The annexed notes 1 to 27 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 three quarters ended June 30, 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 (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.
- 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 or accounted for using equity method.

2. BASIS OF PREPARATION

- 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 are being submitted to the members in accordance with Section 237 of the Companies Act, 2017 (the Act) and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan and provisions of and directives issued under the Act. In case where requirements differ, the provisions of or directives issued under the Act have been followed.
- 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 September 30, 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 September 30, 2021.



4. ACCOUNTING ESTIMATES AND JUDGMENTS

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 September 30, 2021, except as disclosed otherwise.

	(Unaudited) June 30, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	2,388,982	2,319,798
Capital work-in-progress	—	166,699
Major stores and spare parts	—	10,136
	<u>2,388,982</u>	<u>2,496,633</u>

5.1 Cost of additions to and written down value of deletions from fixed assets during the three quarters ended 30 June 2022 were as follows:

	(Unaudited) 30 June 2022 Additions Deletions (Rupees in thousands)	
Land	17,018	—
Plant and machinery		
Sugar	38,734	—
Distillery	750	—
Textile	175	—
Furniture, fittings and office equipment	10,043	22
Vehicles	528	82
	<u>67,248</u>	<u>104</u>
	(Unaudited) June 30, 2022 Note (Rupees in thousands)	(Audited) Sept. 30, 2021

6. Long-term investments

6.1 Investments in subsidiary company - at cost

— —

6.2 Government Securities - At amortised cost

Pakistan Investment Bond

101,641 —

6.3 Fair Value through Other Comprehensive Income

Investments in related parties – Quoted

1,435,972 1,706,867

Investments in related parties – Un-quoted

129,029 133,809

Investments in other companies – Quoted

823,788 965,550

2,388,789 2,806,226

6.4 2,490,430 2,806,226



6.4 The aggregate cost of these investments, net of impairment is Rs.1,417.17 (September 30, 2021: Rs.1,198.54) million.

	Note	(Unaudited) June 30, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
7. Stock-in-trade			
Raw materials		1,779,977	375,140
Work-in-process		61,466	50,710
Finished goods		5,063,553	1,457,584
Bagasse		46,310	10,050
Fertilizers		—	1,087
		<u>6,951,306</u>	<u>1,894,571</u>
8. Loans and advances			
Loans - secured			
Current maturity of long-term loans - secured			
Executives		20,700	—
Other Employees		6,664	6,304
		<u>27,364</u>	<u>6,304</u>
Advances - unsecured			
Suppliers		58,126	44,126
		<u>85,490</u>	<u>50,430</u>
9. Short-term investments			
9.1 Government Securities - At amortised cost			
Market Treasury Bills		248,974	2,002,775
9.2 Units of Mutual Fund - FVOCI			
First Habib Cash Fund - managed by wholly owned subsidiary of related party		738,670	1,288,833
ABL Cash Fund		519,339	200,000
NIT Money Market Fund		—	50,977
	9.3	<u>1,258,009</u>	<u>1,539,810</u>
		<u>1,506,983</u>	<u>3,542,585</u>

9.3 The aggregate cost of the units of mutual funds is Rs.1,252.14 million (30 September 2021: Rs.1,536.01 million).



	Note	(Unaudited) June 30, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
10. Cash and bank balances			
Cash in hand		700	148
Balances with banks in:			
Current accounts		11,965	5,305
Treasury call accounts	10.1	226,160	63,410
Term Deposit Receipts	10.2	200,000	200,000
	10.3	438,125	268,715
		<u>438,825</u>	<u>268,863</u>

10.1 Profit rates on Treasury call accounts ranged between 6.50% to 13.00% (30 September 2021: 5.50% to 6.50%) per annum.

10.2 Profit rates on Term Deposit Receipts 6.70% to 13.20% (30 September 2021: 6.70%) per annum. Maturity of these Term Deposit Receipts is one month.

10.3 Includes Rs.526.35 million (September 30, 2021: Rs.261.65 million) kept with Bank AL Habib Limited - a related party.

	(Unaudited) June 30, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
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11. Deferred taxation

Deferred tax liability on taxable temporary differences:

Accelerated tax depreciation allowance on operating fixed assets	210,000	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	(5,000)	(4,000)
Deferred tax credit on provision for GIDC	—	(7,000)
Deferred tax asset on re-measurement of investments	(2,000)	(1,000)
Unabsorbed tax depreciation allowance	(44,000)	(91,000)
	<u>(75,000)</u>	<u>(128,000)</u>
	<u>135,000</u>	<u>83,000</u>

12. Gas Infrastructure Development Cess

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 bill including 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 Stay was granted by the Court vide its order dated September 22, 2020 against the demand raised by the SSGC and restrained to take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company had made 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 Sep 30, 2020 was re-measured at the present value which works out to Rs.109.94 million (September 30, 2021 Rs.117.41) including current maturity of Rs.32.78 million (September 30, 2021 Rs. 33.32) as shown below resulting in re-measurement gain on discounting of GIDC of Rs.7.47 (September 30, 2021 Rs. 21.27)million as disclosed in note 18 of these unconsolidated financial statements.

	Note	(Unaudited) June 30, 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		7,470	21,273
		<u>109,938</u>	<u>117,408</u>
Less: Payable within next twelve months shown under trade and other payable	13	32,779	33,316
Closing balance provision for GIDC		<u>77,159</u>	<u>84,092</u>
13. Trade and other payables			
Creditors		1,315,351	1,234,991
Accrued liabilities		434,233	415,554
Payable to Employees Gratuity Fund		—	809
Sales Tax Payable		139,561	44,914
Gas Infrastructure Development Cess	12	32,779	33,316
Workers' Profit Participation Fund (WPPF)		79,220	70,244
Workers' Welfare Fund		23,799	13,799
Income-tax deducted at source		268	175
		<u>2,025,211</u>	<u>1,813,802</u>
14. Short-term borrowings - secured		<u>2,469,364</u>	<u>—</u>

The aggregate financing facility available from commercial banks amounted to Rs.9,062 (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 13.14% (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 orders for tax years 2015, 2016 and 2017 were as passed on 31 March 2022, May 10, 2022 and May 27, 2022 respectively, whereby penalties aggregating to Rs. 5,858 million have been levied. The Company has filed appeals before the Commissioner (Appeals) against the above penalty orders, where the matter is pending. 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 and penalty orders.

15.2 The tax authorities have also passed orders for Rs. 54.74 and Rs. 129.69 million on 04 March 2022 and May 13, 2022 respectively mainly disallowing legitimate input sales tax claimed by the Company during the period from July 2021 to November 2021 and from July 2020 to June 2021 respectively. 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 demands.

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. 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.



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 had suspended the operation of above impugned orders. The Company also filed an appeal before the Competition Appellate Tribunal against the order dated 06 August 2021 where the matter is pending.

On June 13, 2022, the Sindh High Court (SHC) has given a favorable order granting injunction, whereunder the casting vote of the Chairperson has been suspended till the final decision of the Suit and subject to deposit of bank guarantees equivalent to 50% of amount of penalty with the Nazir of the Court. Due to the suspension of the casting vote, penalty is no longer payable by the sugar mills, subject to the deposit of bank guarantees.

On July 22, 2022 as per the advice of Legal counsel, the Company Submitted bank Guarantees of Rs.246.83 with the Nazir of the High Court.

The legal counsel of the Company is of the view that 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 hence the penalty imposed on the Company alongwith other sugar mills is irrational and unlawful. In view of the above order dated June 13, 2022 passed by the High Court and 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.

15.5 Commitments

The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rupees 550.00 (September 30, 2021: Rs. 400.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.1,011.87 (September 30, 2021: Rs.535.39) million against guarantees issued by banks in favour of third parties on behalf of the Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.

- 15.6** Commitments for capital expenditure amounting to Rs.3.67 (September 2021: 50.03) million.

	(Unaudited) June 30, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
15.7 Rentals payable over next four years under Ijarah agreements with First Habib Modaraba in respect of vehicles	50,994	62,021



16. Segment operating results

16.1 Segment operating results for the three quarters ended June 30, 2022 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net sales and services											
Sales	Local	5,017,464	3,771,177	507,458	412,125	3,208	5,308	4,077	26,713	5,532,207	4,215,323
	Export	–	–	3,836,568	2,181,681	362,879	483,579	328,333	–	4,527,780	2,665,260
		5,017,464	3,771,177	4,344,026	2,593,806	366,087	488,887	332,410	26,713	10,059,987	6,880,583
Services - Storage income - net		–	–	2,383	1,663	–	–	–	–	2,383	1,663
		5,017,464	3,771,177	4,346,409	2,595,469	366,087	488,887	332,410	26,713	10,062,370	6,882,246
Less: Cost of sales		(4,370,499)	(3,337,340)	(3,291,465)	(1,992,310)	(362,782)	(444,763)	(255,547)	(22,981)	(8,280,293)	(5,797,394)
Gross Profit / (loss)		646,965	433,837	1,054,944	603,159	3,305	44,124	76,863	3,732	1,782,077	1,084,852
Less: Selling and distribution expenses		(55,189)	(42,105)	(145,324)	(86,955)	(18,191)	(24,350)	(418)	–	(219,122)	(153,410)
Administrative expenses		(174,867)	(140,066)	(16,803)	(13,993)	(5,400)	(4,768)	(454)	(279)	(197,524)	(159,106)
		(230,056)	(182,171)	(162,127)	(100,948)	(23,591)	(29,118)	(872)	(279)	(416,646)	(312,516)
Profit / (loss) before other operating expenses and other income		416,909	251,666	892,817	502,211	(20,286)	15,006	75,991	3,453	1,365,431	772,336
Other operating expenses - note 17										(175,522)	(70,018)
Other income - note 18										324,803	223,163
Operating Profit										1,514,712	925,481



16.2 Segment operating results for the quarter ended June 30, 2022 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		(Rupees in thousands) Total	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net sales and services											
Sales	Local	2,353,489	1,756,779	240,955	131,734	428	2,444	–	–	2,594,872	1,890,957
	Export	–	–	1,990,481	665,947	129,120	134,166	328,333	–	2,447,934	800,113
		2,353,489	1,756,779	2,231,436	797,681	129,548	136,610	328,333	–	5,042,806	2,691,070
Services - Storage income - net		–	–	270	365	–	–	–	–	270	365
		2,353,489	1,756,779	2,231,706	798,046	129,548	136,610	328,333	–	5,043,076	2,691,435
Less: Cost of sales		(2,231,708)	(1,546,301)	(1,597,779)	(675,766)	(134,307)	(127,849)	(252,581)	–	(4,216,375)	(2,349,916)
Gross profit / (loss)		121,781	210,478	633,927	122,280	(4,759)	8,761	75,752	–	826,701	341,519
Less: Selling and distribution expenses		(17,547)	(12,861)	(62,862)	(34,011)	(7,442)	(6,953)	(418)	–	(88,269)	(53,825)
	Administrative expenses	(54,250)	(48,897)	(6,130)	(4,884)	(1,763)	(1,681)	(309)	–	(62,452)	(55,462)
		(71,797)	(61,758)	(68,992)	(38,895)	(9,205)	(8,634)	(727)	–	(150,721)	(109,287)
Profit / (loss) before other operating expenses and other income		49,984	148,720	564,935	83,385	(13,964)	127	75,025	–	675,980	232,232
Other operating expenses -note 17										(103,268)	(19,091)
Other income - note 18										45,037	33,751
Operating Profit										617,749	246,892



	Three quarters ended		Quarter ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
17. Other operating expenses				
Workers' Profit Participation Fund	79,220	59,018	29,404	14,091
Workers' Welfare Fund	10,000	11,000	2,500	5,000
Exchange Loss	86,302	–	71,364	–
	<u>175,522</u>	<u>70,018</u>	<u>103,268</u>	<u>19,091</u>
18. Other income				
Dividend income	292,689	180,634	39,417	28,474
Remeasurement gain on discounting of				
Provision for GIDC	7,470	21,348	2,549	(752)
Scrap sales	17,771	11,007	1,223	411
Gain on disposal of fixed assets	5,880	4,386	1,555	3,109
Agriculture income	993	665	293	213
Exchange gain - net	–	5,123	–	2,296
	<u>324,803</u>	<u>223,163</u>	<u>45,037</u>	<u>33,751</u>
19. Finance income / (cost) - net				
Profit / Interest on:				
Treasury call accounts	21,663	10,201	6,205	4,154
Term deposit receipts	14,007	87,788	5,675	3,230
Government Securities	59,271	15,338	7,826	15,338
Loan to employees	1,460	128	584	41
	<u>96,401</u>	<u>113,455</u>	<u>20,290</u>	<u>22,763</u>
Less: Mark-up / interest on:				
Short-term borrowings	(132,806)	(32,076)	(80,881)	(10,914)
Workers' Profit Participation Fund	(1,217)	–	–	–
Lease liability	(1,550)	(1,235)	(458)	(365)
Bank charges	(19,425)	(10,355)	(6,293)	(2,031)
	<u>(154,998)</u>	<u>(43,666)</u>	<u>(87,632)</u>	<u>(13,310)</u>
	<u>(58,597)</u>	<u>69,789</u>	<u>(67,342)</u>	<u>9,453</u>
20. Taxation				
Income tax - current	197,000	107,000	79,500	27,000
- prior	80,000	–	80,000	–
	<u>277,000</u>	<u>107,000</u>	<u>159,500</u>	<u>27,000</u>
Deferred tax	53,000	33,000	5,500	18,000
	<u>330,000</u>	<u>140,000</u>	<u>165,000</u>	<u>45,000</u>

20.1 Through the Finance Act, 2022, Super Tax has been levied at the rate of 10% for the Tax Year 2022 on the income exceeding Rs. 300 million. In light of the above, provision for Super Tax amounted to Rs. 80 million has been made in these financial statements relating to the prior year ended on September 30, 2021 (Tax Year 2022).



	(Unaudited)	
	June 30, 2022	June 30, 2021
	(Rupees in thousands)	
21. Cash generated from operations		
Profit before taxation	1,456,115	995,270
Adjustment for non-cash charges and other items		
Depreciation	180,222	179,851
Remeasurement gain on discounting of Provision for GIDC	(7,470)	—
Gain on disposal of fixed assets	(5,880)	(4,386)
Finance income - net	58,597	(69,789)
Dividend income	(292,689)	(180,634)
Working capital changes - note 21.1	(5,188,118)	(3,009,389)
	<u>(3,799,223)</u>	<u>(2,089,077)</u>
21.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(22,422)	(4,341)
Stock-in-trade	(5,056,735)	(3,184,526)
Trade debts	(468,905)	(325,323)
Loans and advances	(35,060)	470,944
Trade deposits and Short-term prepayments	(3,144)	(1,822)
Other receivables	13,388	22,282
	<u>(5,572,878)</u>	<u>(3,022,786)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	211,946	(214,113)
Advance from customers	172,814	227,510
Net changes in working capital	<u>(5,188,118)</u>	<u>(3,009,389)</u>
22. Cash and cash equivalents at the end of the period		
These comprise of the following		
Cash and bank balances	438,825	487,853
Short-term borrowings	(2,469,364)	(1,459,150)
	<u>(2,030,539)</u>	<u>(971,297)</u>
23. 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 September 30, 2021. There has been no change in any risk management policies since the year end.



24. Fair values of Assets and Liabilities

There were no transfers amongst levels during the period.

25. Transactions with related parties

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

		Three quarters ended		Quarter ended	
		June 30,	June 30,	June 30,	June 30,
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Rupees in thousands)					
Nature of Relationship	Nature of transactions				
Other related party	Investment in shares / units of mutual fund	3,480,559	3,546,870	715,879	300,070
	Sale of Shares / mutual fund	4,090,000	2,750,000	590,000	-
	Insurance premium paid	21,865	17,162	3,318	5,879
	Insurance claim received	4,185	1,515	2,485	780
	Profit on treasury call account / term deposits	31,189	97,808	11,786	7,399
	Capital Gain on sale of units of Mutual Funds	35,522	5,131	5,032	-
	Dividend income	211,250	129,248	15,561	10,518
	Dividend paid	44,688	40,964	-	-
	Bank charges	252	220	20	34
Key management personnel	Managerial remuneration	51,192	45,842	18,130	15,280
Retirement benefit funds	Contribution to retirement funds	14,491	12,875	4,721	4,237

25.1 Transactions with related parties are carried out under normal commercial term and conditions.

26. Date of authorisation for issue


These unconsolidated condensed interim financial statements were authorised for issue on July 29, 2022 by the Board of Directors of the Company.

27. General

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

27.2 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 June 30, 2022

	Note	Unaudited June 30, 2022	Audited Sept. 30, 2021
(Rupees in thousands)			
Assets			
Non-Current Assets			
Property, plant and equipment	5	2,388,982	2,496,633
Right-of-use assets		16,283	11,659
Long-term investments	6	2,490,430	2,806,226
Long-term loans		16,199	7,443
Long-term deposits		3,966	3,948
		4,915,860	5,325,909
Current Assets			
Stores and spare parts		217,446	195,024
Stock-in-trade	7	6,951,306	1,894,571
Trade debts		876,358	407,453
Loans and advances	8	85,490	50,430
Trade deposits and short-term prepayments		19,380	16,236
Profit accrued on bank deposits		8,142	21,721
Other receivables		3,068	25,841
Taxation - net		—	86,496
Short-term investments	9	1,506,983	3,542,585
Cash and bank balances	10	438,948	269,222
		10,107,121	6,509,579
Total Assets		15,022,981	11,835,488
Equity and Liabilities			
Share Capital and Reserves			
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		8,693,809	8,510,271
Total Equity		9,443,809	9,260,271
Non-Current Liabilities			
Deferred taxation	11	135,000	83,000
Gas Infrastructure Development Cess	12	77,159	84,092
Lease liability		9,322	7,630
		221,481	174,722
Current Liabilities			
Trade and other payables	13	2,025,436	1,813,982
Advance from customers		655,278	482,464
Short-term borrowings	14	2,469,364	—
Unclaimed dividends		105,259	97,731
Accrued mark-up on short-term borrowings		50,661	—
Taxation		43,972	—
Current portion of lease liability		7,721	6,318
		5,357,691	2,400,495
Contingencies and Commitments	15		
Total Equity and Liabilities		15,022,981	11,835,488

The annexed notes 1 to 27 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 quarter and cumulative for three quarters ended June 30, 2022 (Unaudited)

	Note	Three quarter ended		Quarter ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		(Rupees in thousands)			
Segment operating results	16				
Net sales and services		10,062,370	6,882,246	5,043,076	2,691,435
Cost of sales		(8,280,293)	(5,797,394)	(4,216,375)	(2,349,916)
Gross profit		1,782,077	1,084,852	826,701	341,519
Selling and distribution expenses		(219,122)	(153,410)	(88,269)	(53,825)
Administrative expenses		(197,825)	(159,109)	(62,723)	(55,462)
Other operating expenses	17	(175,522)	(70,018)	(103,268)	(19,091)
Other income	18	324,803	223,163	45,037	33,751
		(267,666)	(159,374)	(209,223)	(94,627)
Operating profit		1,514,411	925,478	617,478	246,892
Finance income / (cost) - net	19	(58,573)	69,811	(67,328)	9,463
Profit before taxation		1,455,838	995,289	550,150	256,355
Taxation	20	(330,007)	(140,006)	(165,005)	(45,004)
Profit after taxation		1,125,831	855,283	385,145	211,351
Earnings per share - Basic and diluted	Rs.	7.51	5.70	2.57	1.41

The annexed notes 1 to 27 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 quarter and cumulative for three quarters ended June 30, 2022 (Unaudited)

	<u>Three quarter ended</u>		<u>Quarter ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Rupees in thousands)			
Profit after taxation	1,125,831	855,283	385,145	211,351
Other comprehensive income :				
Items that will not be reclassified to the statement of profit or loss:				
Gain / (Loss) on re-measurement of equity investments classified as fair value through other comprehensive income (FVOCI)	(492,293)	237,240	(442,447)	176,455
	<u>633,538</u>	<u>1,092,523</u>	<u>(57,302)</u>	<u>387,806</u>

The annexed notes 1 to 27 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 three quarters ended June 30, 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 thousands)					
Balance as on October 1, 2020 (Audited)	750,000	34,000	5,448,500	714,316	1,676,370	8,623,186
Total comprehensive income for the period ended June 30, 2021	-	-	-	855,283	237,240	1,092,523
Realised gain on sale of investments	-	-	-	115,074	(115,074)	-
Transfer to general reserve	-	-	300,000	(300,000)	-	-
Cash dividend for 2020 @ 55%	-	-	-	(412,500)	(412,500)	(412,500)
Balance as on June 30, 2021	<u>750,000</u>	<u>34,000</u>	<u>5,748,500</u>	<u>972,1730</u>	<u>1,798,536</u>	<u>8,553,209</u>
Balance as on October 1, 2021 (Audited)	750,000	34,000	5,748,500	1,115,288	1,612,483	9,260,271
Total comprehensive income for the period ended June 30, 2022	-	-	-	1,125,831	(492,293)	633,538
Realised gain on sale of investments	-	-	-	39,057	(39,057)	-
Transfer to general reserve	-	-	660,000	(660,000)	-	-
Cash dividend for 2021 @ 60%	-	-	-	(450,000)	(450,000)	(450,000)
Balance as on June 30, 2022	<u>750,000</u>	<u>34,000</u>	<u>6,408,500</u>	<u>1,170,176</u>	<u>1,081,133</u>	<u>8,693,809</u>

The annexed notes 1 to 27 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 three quarters ended June 30, 2022 (Unaudited)

	Note	June 30, 2022	June 30, 2021
(Rupees in thousands)			
Cash flows from operating activities			
Cash (used) / generated in operations	21	(3,799,479)	(2,089,170)
Finance income received - net		5,667	83,375
Income tax paid		(146,539)	(80,178)
Long-term loans		(8,756)	(1,936)
Long-term deposits		(18)	—
Net cash (used) / generated operating activities		(3,949,125)	(2,087,909)
Cash flows from investing activities			
Fixed capital expenditure		(67,248)	(188,344)
Sale proceeds / redemption of investments		9,207,765	4,691,355
Dividend received		302,074	180,455
Purchase of investments		(7,349,660)	(7,236,454)
Sale proceeds of fixed assets		5,984	4,750
Net cash used in investing activities		2,098,915	(2,548,238)
Cash flows from financing activities			
Lease rental paid		(6,956)	(5,544)
Dividend paid		(442,472)	(401,501)
Net cash used in financing activities		(449,428)	(407,045)
Net Increase / (decrease) in cash and cash equivalents		(2,299,638)	(5,043,192)
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	22	(2,030,416)	(970,938)

The annexed notes 1 to 27 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 three quarters ended June 30, 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 (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 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 JUDGMENTS

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, 2021, except as disclosed otherwise.

	(Unaudited) June 30, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
5. Property, plant and equipment		
Operating fixed assets	2,388,982	2,319,798
Capital work-in-progress	—	166,699
Major stores and spare parts	—	10,136
	<u>2,388,982</u>	<u>2,496,633</u>

5.1 Cost of additions to and written down value of deletions from fixed assets during the three quarters ended June 30, 2022 were as follows:

	(Unaudited) June 30, 2022 Additions (Rupees in thousands)	Deletions
Land	17,018	—
Plant and machinery		
Sugar	38,734	—
Distillery	750	—
Textile	175	—
Furniture, fittings and office equipment	10,043	22
Vehicles	528	82
	<u>67,248</u>	<u>104</u>
	(Unaudited) June 30, 2022 Note	(Audited) Sept. 30, 2021
	(Rupees in thousands)	

6. Long-term investments

6.1 Government Securities - At amortised cost Pakistan Investment Bond

101,641 —

6.2 Fair Value through Other Comprehensive Income

Investments in related parties – Quoted
Investments in related parties – Un-quoted
Investments in other companies – Quoted

1,435,972	1,706,867
129,029	133,809
823,788	965,550

2,388,789 2,806,226

6.3 2,490,430 2,806,226



6.3 The aggregate cost of these investments, net of impairment is Rs.1,417.17 (September 30, 2021: Rs.1,198.54) million.

	Note	(Unaudited) June 30, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
7. Stock-in-trade			
Raw materials		1,779,977	375,140
Work-in-process		61,466	50,710
Finished goods		5,063,553	1,457,584
Bagasse		46,310	10,050
Fertilizers		—	1,087
		<u>6,951,306</u>	<u>1,894,571</u>
8. Loans and advances			
Loans - secured			
Current maturity of long-term loans - secured			
Executives		20,700	—
Other Employees		6,664	6,304
		<u>27,364</u>	<u>6,304</u>
Advances - unsecured			
Suppliers		58,126	44,126
		<u>85,490</u>	<u>50,430</u>
9. Short-term investments			
9.1 Government Securities - At amortised cost			
Market Treasury Bills		248,974	2,002,775
9.2 Units of Mutual Fund - FVOCI			
First Habib Cash Fund - managed by wholly owned subsidiary of related party		738,670	1,288,833
ABL Cash Fund		519,339	200,000
NIT Money Market Fund		—	50,977
	9.3	<u>1,258,009</u>	<u>1,539,810</u>
		<u>1,506,983</u>	<u>3,542,585</u>

9.3 The aggregate cost of the units of mutual funds is Rs.1,252.14 million (30 September 2021: Rs.1,536.01 million).

	Note	(Unaudited) June 30, 2022 (Rupees in thousands)	(Audited) Sept. 30, 2021
10. Cash and bank balances			
Cash in hand		700	148
Balances with banks in:			
Current accounts		12,088	5,305
Treasury call accounts	10.1	226,160	63,769
Term Deposit Receipts	10.2	200,000	200,000
	10.3	<u>438,248</u>	<u>269,074</u>
		<u>438,948</u>	<u>269,222</u>



- 10.1** Profit rates on Treasury call accounts ranged between 6.50% to 13.00% (30 September 2021: 5.50% to 6.50%) per annum.
- 10.2** Profit rates on Term Deposit Receipts 6.70% to 13.20% (30 September 2021: 6.70%) per annum. Maturity of these Term Deposit Receipts is one month.
- 10.3** Includes Rs.526.35 million (September 30, 2021: Rs.261.65 million) kept with Bank AL Habib Limited - a related party.

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

11. Deferred taxation

Deferred tax liability on taxable temporary difference:

Accelerated tax depreciation allowance on operating fixed assets	210,000	211,000
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Deferred tax asset on deductible temporary differences:

Provision for obsolescence and slow moving stores & spare parts	(9,500)	(10,500)
Deferred tax asset on impairment of investments	(14,500)	(14,500)
Deferred tax asset on lease liability	(5,000)	(4,000)
Deferred tax credit on provision for GIDC	—	(7,000)
Deferred tax asset on re-measurement of investments	(2,000)	(1,000)
Unabsorbed tax depreciation allowance	(44,000)	(91,000)
	(75,000)	(128,000)
	<u>135,000</u>	<u>83,000</u>

12. Gas Infrastructure Development Cess

The Honourable Supreme Court of Pakistan on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional. The Apex Court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers 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 bill including 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 Stay was granted by the Court vide its order dated September 22, 2020 against the demand raised by the SSGC and restrained to take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company had made 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 Sep 30, 2020 was re-measured at the present value which works out to Rs.109.94 million (September 30, 2021 Rs.117.41) including current maturity of Rs.32.78 million (September 30, 2021 Rs. 33.32) as shown below resulting in re-measurement gain on discounting of GIDC of Rs.7.47 (September 30, 2021 Rs. 21.27) million as disclosed in note 18 of these Consolidated financial statements.

	Note	(Unaudited) June 30, 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		7,470	21,273
		<u>109,938</u>	<u>117,408</u>
Less: Payable within next twelve months shown under trade and other payable	13	32,779	33,316
Closing balance provision for GIDC		<u>77,159</u>	<u>84,092</u>
13. Trade and other payables			
Creditors		1,315,351	1,234,991
Accrued liabilities		434,458	415,734
Payable to Employees Gratuity Fund		—	809
Sales Tax Payable		139,561	44,914
Gas Infrastructure Development Cess	12	32,779	33,316
Workers' Profit Participation Fund (WPPF)		79,220	70,244
Workers' Welfare Fund		23,799	13,799
Income-tax deducted at source		268	175
		<u>2,025,436</u>	<u>1,813,982</u>
14. Short-term borrowings - secured		<u>2,469,364</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 13.14% (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 orders for tax years 2015, 2016 and 2017 were as passed on 31 March 2022, May 10, 2022 and May 27, 2022 respectively, whereby penalties aggregating to Rs. 5,858 million have been levied. The Company has filed appeals before the Commissioner (Appeals) against the above penalty orders, where the matter is pending. 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 and penalty orders.

- 15.2** The tax authorities have also passed orders for Rs. 54.74 and Rs. 129.69 million on 04 March 2022 and May 13, 2022 respectively mainly disallowing legitimate input sales tax claimed by the Company during the period from July 2021 to November 2021 and from July 2020 to June 2021 respectively. 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 demands.

- 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. 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.

The Company along with 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 had suspended the operation of above impugned orders. The Company also filed an appeal before the Competition



Appellate Tribunal against the order dated 06 August 2021 where the matter is pending.

On June 13, 2022, the Sindh High Court (SHC) has given a favorable order granting injunction, whereunder the casting vote of the Chairperson has been suspended till the final decision of the Suit and subject to deposit of bank guarantees equivalent to 50% of amount of penalty with the Nazir of the Court. Due to the suspension of the casting vote, penalty is no longer payable by the sugar mills, subject to the deposit of bank guarantees.

On July 22, 2022 as per the advice of Legal counsel, the Company Submitted bank Guarantees of Rs.246.83 with the Nazir of the High Court.

The legal counsel of the Company is of the view that 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 hence the penalty imposed on the Company alongwith other sugar mills is irrational and unlawful. In view of the above order dated June 13, 2022 passed by the High Court and 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.1,011.87 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.3.67 million (30 September 2021: 50.03 million).

	(Unaudited) June 30, 2022	(Audited) Sept. 30, 2021
	(Rupees in thousands)	
15.7 Rentals payable over next four years under Ijarah agreements with First Habib Modaraba in respect of vehicles	50,994	62,021



16. Segment operating results

16.1 Segment operating results for the three quarters ended June 30, 2022 (Unaudited)

		Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		(Rupees in thousands) Total	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net sales and service													
Sales	Local	5,017,464	3,771,177	507,458	412,125	3,208	5,308	4,077	26,713	–	–	5,532,207	4,215,323
	Export	–	–	3,836,568	2,181,681	362,879	483,579	328,333	–	–	–	4,527,780	2,665,260
		5,017,464	3,771,177	4,344,026	2,593,806	366,087	488,887	332,410	26,713	–	–	10,059,987	6,880,583
Service - Storage income - net		–	–	2,383	1,663	–	–	–	–	–	–	2,383	1,663
		5,017,464	3,771,177	4,346,409	2,595,469	366,087	488,887	332,410	26,713	–	–	10,062,370	6,882,246
Less: Cost of sales		(4,370,499)	(3,337,340)	(3,291,465)	(1,992,310)	(362,782)	(444,763)	(255,547)	(22,981)	–	–	(8,280,293)	(5,797,394)
Gross profit / (loss)		646,965	433,837	1,054,944	603,159	3,305	44,124	76,863	3,732	–	–	1,782,077	1,084,852
Less: Selling and distribution expenses		(55,189)	(42,105)	(145,324)	(86,955)	(18,191)	(24,350)	(418)	–	–	–	(219,122)	(153,410)
Administrative expenses		(174,867)	(140,066)	(16,803)	(13,993)	(5,400)	(4,768)	(454)	(279)	(301)	(3)	(197,825)	(159,109)
		(230,056)	(182,171)	(162,127)	(100,948)	(23,591)	(29,118)	(872)	(279)	(301)	(3)	(416,947)	(312,519)
Profit / (Loss) before other operating expenses and other income		416,909	251,666	892,817	502,211	(20,286)	15,006	75,991	3,453	(301)	(3)	1,365,130	772,333
Other operating expenses - Note 17												(175,522)	(70,018)
Other income - Note 18												324,803	223,163
Operating Profit												1,514,411	925,478



16.2. Segment operating results for the quarter ended June 30, 2022 (Unaudited)

											(Rupees in thousands)		
		Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net sales and service													
Sales	Local	2,353,489	1,756,779	240,955	131,734	428	2,444	–	–	–	–	2,594,872	1,890,957
	Export	–	–	1,990,481	665,947	129,120	134,166	328,333	–	–	–	2,447,934	800,113
Service - Storage income - net		2,353,489	1,756,779	2,231,436	797,681	129,548	136,610	328,333	–	–	–	5,042,806	2,691,070
		–	–	270	365	–	–	–	–	–	–	270	365
		2,353,489	1,756,779	2,231,706	798,046	129,548	136,610	328,333	–	–	–	5,043,076	2,691,435
Less: Cost of sales		(2,231,708)	(1,546,301)	(1,597,779)	(675,766)	(134,307)	(127,849)	(252,581)	–	–	–	(4,216,375)	(2,349,916)
Gross profit / (loss)		121,781	210,478	633,927	122,280	(4,759)	8,761	75,752	–	–	–	826,701	341,519
Less: Selling and distribution expenses		(17,547)	(12,861)	(62,862)	(34,011)	(7,442)	(6,953)	(418)	–	–	–	(88,269)	(53,825)
Administrative expenses		(54,250)	(48,897)	(6,130)	(4,884)	(1,763)	(1,681)	(309)	–	(271)	–	(62,723)	(55,462)
		(71,797)	(61,758)	(68,992)	(38,895)	(9,205)	(8,634)	(727)	–	(271)	–	(150,992)	(109,287)
Profit / (loss) before other operating expenses and other income		49,984	148,720	564,935	83,385	(13,964)	127	75,025	–	(271)	–	675,709	232,232
Other operating expenses - Note 17												(103,268)	(19,091)
Other income - Note 18												45,037	33,751
Operating Profit												617,478	246,892



	Three quarters ended		Quarter ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Unaudited)		(Unaudited)	
	(Rupees in thousands)			
17. Other operating expenses				
Workers' Profit Participation Fund	79,220	59,018	29,404	14,091
Workers' Welfare Fund	10,000	11,000	2,500	5,000
Exchange Loss	86,302	—	71,364	—
	<u>175,522</u>	<u>70,018</u>	<u>103,268</u>	<u>19,091</u>
18. Other income				
Dividend income	292,689	180,634	39,417	28,474
Remeasurement gain on discounting of				
Provision for GIDC	7,470	21,348	2,549	(752)
Scrap sales	17,771	11,007	1,223	411
Gain on disposal of fixed assets	5,880	4,386	1,555	3,109
Agriculture income	993	665	293	213
Exchange gain - net	—	5,123	—	2,296
	<u>324,803</u>	<u>223,163</u>	<u>45,037</u>	<u>33,751</u>
19. Finance income / (cost) - net				
Profit / Interest on:				
Treasury call accounts	21,687	10,223	6,219	4,164
Term deposit receipts	14,007	87,788	5,675	3,230
Government Securities	59,271	15,338	7,826	15,338
Loan to employees	1,460	128	584	41
	<u>96,425</u>	<u>113,477</u>	<u>20,304</u>	<u>22,773</u>
Less: Mark-up / interest on:				
Short-term borrowings	(132,806)	(32,076)	(80,881)	(10,914)
Workers' Profit Participation Fund	(1,217)	—	—	—
Lease liability	(1,550)	(1,235)	(458)	(365)
Bank charges	(19,425)	(10,355)	(6,293)	(2,031)
	<u>(154,998)</u>	<u>(43,666)</u>	<u>(87,632)</u>	<u>(13,310)</u>
	<u>(58,573)</u>	<u>69,811</u>	<u>(67,328)</u>	<u>9,463</u>
20. Taxation				
Income tax - current	197,007	107,006	79,505	27,004
- prior	80,000	—	80,000	—
	<u>277,007</u>	<u>107,006</u>	<u>159,505</u>	<u>27,004</u>
Deferred tax	53,000	33,000	5,500	18,000
	<u>330,007</u>	<u>140,006</u>	<u>165,005</u>	<u>45,004</u>

20.1 Through the Finance Act, 2022, Super Tax has been levied at the rate of 10% for the Tax Year 2022 on the income exceeding Rs. 300 million. In light of the above, provision for Super Tax amounted to Rs. 80 million has been made in these financial statements relating to the prior year ended on September 30, 2021 (Tax Year 2022).



	(Unaudited)	
	June 30, 2022	June 30, 2021
	(Rupees in thousands)	
21. Cash generated from operations		
Profit before taxation	1,455,838	995,289
Adjustment for non-cash charges and other items		
Depreciation	180,222	179,851
Remeasurement gain on discounting of Provision for GIDC	(7,470)	—
Gain on disposal of fixed assets	(5,880)	(4,386)
Finance income - net	58,573	(69,811)
Dividend income	(292,689)	(180,634)
Working capital changes - note 21.1	(5,188,073)	(3,009,479)
	<u>(3,799,479)</u>	<u>(2,089,170)</u>
21.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(22,422)	(4,341)
Stock-in-trade	(5,056,735)	(3,184,526)
Trade debts	(468,905)	(325,323)
Loans and advances	(35,060)	470,944
Trade deposits and Short-term prepayments	(3,144)	(1,822)
Other receivables	13,388	22,282
	<u>(5,572,878)</u>	<u>(3,022,786)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	211,991	(214,203)
Advance from customers	172,814	227,510
Net changes in working capital	<u>(5,188,073)</u>	<u>(3,009,479)</u>
22. Cash and cash equivalents at the end of the period		
These comprise of the following		
Cash and bank balances	438,948	488,212
Short-term borrowings	(2,469,364)	(1,459,150)
	<u>(2,030,416)</u>	<u>(970,938)</u>
23. 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 September 30, 2021. There has been no change in any risk management policies since the year end.



24. Fair values of Assets and Liabilities

There were no transfers amongst levels during the period.

25. Transactions with related parties

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

Nature of Relationship	Nature of transactions	Three quarters ended		Quarter ended	
		June 30,	June 30,	June 30,	June 30,
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Rupees in thousands)			
Other related party	Investment in shares / units of mutual fund	3,480,559	3,546,870	715,879	300,070
	Sale of Shares / mutual fund	4,090,000	2,750,000	590,000	-
	Insurance premium paid	21,865	17,162	3,318	5,879
	Insurance claim received	4,185	1,715	2,485	780
	Profit on treasury call account / term deposits	31,189	97,808	11,786	7,399
	Capital Gain on sale of units of Mutual Funds	35,522	5,131	5,032	-
	Dividend income	211,250	129,248	15,561	10,518
	Dividend paid	44,688	40,964	-	-
	Bank charges	252	220	20	34
Key management personnel	Managerial remuneration	51,192	45,842	18,130	15,280
Retirement benefit funds	Contribution to retirement funds	14,491	12,875	4,721	4,237

25.1 Transactions with related parties are carried out under normal commercial term and conditions.

26. Date of authorisation for issue

These consolidated condensed interim financial statements were authorised for issue on July 29, 2022 by the Board of Directors of the Company.

27. General

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

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


Amir Bashir Ahmed
 Chief Financial Officer


Khursheed A. Jamal
 Chief Executive


Murtaza Habib
 Director



ڈسٹری ڈویشن:

30 جون 2022 کو ختم ہونے والی تیسری سہ ماہی کے دوران امتحانوں کی 25,299 میٹرک ٹن (30 جون 2021، 17,575 میٹرک ٹن) کی پیداوار ہوئی۔ ڈویشن نے 892.82 ملین روپے (30 جون 2021، 502.21 ملین روپے) کا آپریٹنگ منافع حاصل ہوا۔ اس مدت میں منافع میں اضافہ کی بنیادی وجہ فروخت کے حجم میں اضافہ سے ہوا۔

لیکویڈ کاربن ڈائی آکسائیڈ یونٹ کی پیداوار 6,342 میٹرک ٹن ری (30 جون 2021، 5,703 میٹرک ٹن تھی) یونٹ کا منافع ڈویشن کے منافع میں شامل ہے۔

فیکٹائل ڈویشن:

ڈویشن کو زبرد جائزہ تیسری سہ ماہی مدت کے دوران (20.29) ملین روپے کا آپریٹنگ خسارہ ہوا (30 جون 2021، 15.01 ملین روپے کا 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 ڈویشن:


ٹریڈنگ ڈویشن کو 75.99 ملین روپے (30 جون 2021، 3.45 ملین روپے) منافع حاصل ہوا۔ ڈویشن میں حالیہ مدت میں منافع شیرے کی برآمد کی وجہ سے ہوا۔

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 29 جولائی 2022



ڈائریکٹرز کی رپورٹ

محترم ممبران - السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2022 کو ختم ہونے والی تیسری سہ ماہی مدت کے کمپنی کے غیر آڈٹ شدہ مجموعی اور غیر مجموعی عبوری مالیاتی حسابات کمپنی پیش کر رہے ہیں۔ کمپنی کا قبل از ٹیکس منافع 1,456.12 ملین روپے (30 جون 2021، 995.27 ملین روپے) ہوا۔ اس تیسری سہ ماہی مدت کے مالیاتی نتائج کا خلاصہ درج ذیل ہیں۔

منافع قبل از ٹیکس ٹیکسیشن منافع بعد از ٹیکسیشن سرمایہ کاری کی فروخت پر منافع حاصل کیا غیر منقسمہ منافع برائے فارورڈ غیر منقسمہ منافع کیریڈ فارورڈ منافع فی شیئر - بنیادی اور محتمل - روپیہ	تیسری سہ ماہی کی ختم ہونے والی مدت		اضافہ / (کمی)
	30 جون 2022	30 جون 2021	
	(روپے ملین میں)		
1,456.12	995.27	460.85	
(330.00)	(140.00)	(190.00)	
1,126.12	855.27	270.85	
39.06	115.07	(76.01)	
5.11	1.59	3.52	
1,170.29	971.93	198.36	
7.51	5.70	1.81	

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 الٹی پریئم 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 416.91 ملین روپے (30 جون 2021، 251.67 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 6.5 ملین ٹن 7.0 ملین ٹن کے درمیان ہے۔ اور اس کے مقابلے میں پیداوار 8.0 ملین ٹن ہے جس کے نتیجے میں 1.0 ملین ٹن سے زیادہ فاضل 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۔