Contents

Company Information

Board of Directors	Asghar D. Habib Ali Raza D. Habib Murtaza Habib Shams Muhammad Haji Farouq Habib Rahimtoola Sheikh Asim Rafiq Tyaba Muslim Habib Khursheed A. Jamal	*Chairman* Chief Executive
Audit Committee	Shams Muhammad Haji Farouq Habib Rahimtoola Tyaba Muslim Habib	Chairman Member Member
Human Resource & Remuneration Committee	Tyaba Muslim Habib Shams Muhammad Haji 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 www : habibsugar.com E-mail : sugar@habib.com	
Mills	**Sugar & Distillery Division** Nawabshah District Shaheed Benazirabad Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314 **Textile Division** D-140/B-1 Mangopir Road S.I.T.E. Karachi-75700 Phones : (+92-21) 32571325, 32572119 Fax : (+92-21) 32572118	
Bulk Storage	**Terminal** 60/1-B Oil Installation Area Keamari Karachi-75620 Phones : (+92-21) 32852003-4 Fax : (+92-21) 32852005	
Bankers	Allied Bank Limited Bank AL Habib Limited First Women Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan United Bank Limited	
Statutory Auditors	Grant Thornton Anjum Rahman Chartered Accountants	
Cost Auditors	Haroon Zakaria & Co. Chartered Accountants	
Share Registrar	THK Associates (Pvt.) Limited Plot No. C-32, Jami Commercial Street-2 D.H.A. Phase VII, Karachi. UAN : (+92-21) 111-000-322 Phone : (+92-21) 35310184 Fax : (+92-21) 35310191 E-mail : sfc@thk.com.pk	

VISION STATEMENT

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified carbon dioxide (CO_2) and household textiles in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

MISSION STATEMENT

As a prominent producer and supplier of sugar, ethanol, liquidified carbon dioxide (CO_2) 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.

Code of Conduct

The founders of Habib Sugar Mills Limited were visionaries who established the company on very sound principles and envisioned its development and growth on the basis of making no compromises in any aspects of business practices. The company takes pride in adherence to its principles and continues to serve its customers, stakeholders and society based on the following guidelines:

Products

- To produce refined, high-grade sugar that is edible and hygienic and provides all the nutrition and food value at standards determined by the company, which would exceed industry norms and averages.
- To produce by-products and allied products including molasses, ethanol and liquidified carbon dioxide (CO_2).
- To diversify into other products such as home textiles thus consuming indigenous raw material and generating export earnings.

Systems & Processes

- To regularly update and upgrade manufacturing systems and processes so as to keep abreast with technological advancements, achieve economies of production and transfer knowledge and skill to workers.
- To develop and maintain the technical and professional standards, standard operating procedures and stringent quality control measures with on-line quality assurance at every stage of manufacture.
- To continuously conduct product research and develop new products, while improving upon the existing products, using ideal additives and packaging material.
- To regularly maintain, replace and upgrade all machinery and equipment for smooth working, optimum output and ensure safe working in all production units.
- To maintain a smooth work-flow in all departments with an effective communication system contained within the framework of principles yet allowing the required degree of autonomy for efficient functioning.

Management & Employees

- To employ only the appropriately suited human resource through the selection and recruitment process based on the commensurate qualifications and experience criteria without any non-professional considerations, without any bias or prejudice of race, cast, colour, creed or religious beliefs.
- To ensure that all management personnel are adequately qualified to perform management functions as assigned.
- To guide, direct and motivate employees to perform functions and to recognize and reward employees based on their performance outputs.
- To measure employee's performance by a pre-determined criteria so as to be fair and equitable towards every single employee.
- To ensure that all employees work towards achievement of corporate objectives, individually and collectively as a team and conduct themselves at work and in society as respectable employees and responsible citizens.

- To regularly train all employees at all levels to improve their knowledge and skill and provide employees with a career path whereby they can seek a planned betterment in their professional and personal life.
- To ensure that all employees and management personnel strictly adhere to the company rules and regulations and observe the best codes of conduct and abide by all laws of Pakistan.
- To make timely payment of salaries, wages and all allowances and benefits to all employees in line with their terms.
- To ensure all directors and employees of the company shall undertake such activities, whether personal or professional, that in no way conflicts with the interests of the company but contributes towards the betterment, development and growth of the organization in particular and the industry in general.

Financial

- To implement an effective, transparent and secure financial reporting and internal control system so as to ensure compliance with regulatory factors as well as meet all obligations of payable and receivables and keep investors, shareholders and management fully aware.
- To ensure effective utilization of all company resources and plan and operate resource utilization in order to produce better results and generate better yields and facilitate timely decisions.
- To place a strict Internal Audit system to study, analyze, review and report all company earning and spending and enhance reliability of all financial information and build shareholders confidence.
- To regularly prepare, as per pre-determined schedules, all financial reports and present accounts to the Board for review and analysis and show trends based on company income, revenues and expenses and industry trends.
- To ensure cost effectiveness and purchase goods and services based on developed criteria, vendor assessment and market competitiveness and evaluate options on prices, terms, products/services, substitute available, prior to purchase.
- To ensure timely and proper payments as per negotiated terms to all suppliers and deduct applicable taxes so as to enhance corporate credibility and image.
- To maintain an excellent relationship with bankers and utilize banking facilities in a manner to benefit company whilst making proper use of funding and facilities available and ensuring no defaults.

Adherence to Law

- The company shall at all times strictly adhere to all laws of the country and fulfill all statutory requirements and ensure timely, proper and full payment of all applicable taxes, rates, duties and/or any other levies as may be imposed from time to time.

Environment

- The company shall use all means to ensure a clean, safe, healthy and pollution free environment not only for its workers and employees but for the well being of all people who live in and around any of the production and manufacturing units and employ such technology as may be beneficial in maintaining a healthy and hygienic working and living environment.

Planning

- The company shall prepare an annual plan with clearly defined objectives, goals and strategies and implement those plans with a close watch on achievements and monitor and control measures shall be built in to ensure achievement of objectives and enhancement of corporate image.

Notice of Annual General Meeting

Notice is hereby given that the 61st Annual General Meeting of Habib Sugar Mills Limited will be held on Wednesday, January 25, 2023 at 11:00 a.m. at Auditorium Hall – The Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi to transact the following business:

Ordinary Business

1. To receive and consider the audited financial statements, the Directors' report and the Auditors' report for the year ended September 30, 2022.
2. To approve payment of cash dividend @ 70% i.e. Rs. 3.50 per share of Rs. 5 each for the year ended September 30, 2022 as recommended by the Board of Directors.
3. To appoint auditors of the Company for the year ending September 30, 2023 and fix their remuneration.
4. To elect directors of the Company in accordance with the provisions of Section 159 of the Companies Act, 2017. The number of elected directors of the Company fixed by the Board of Directors on December 20, 2022 is seven (7). The retiring Directors are Messrs. Asghar D. Habib, Ali Raza D. Habib, Murtaza Habib, Farouq Habib Rahimtoola, Shams Muhammad Haji, Sheikh Asim Rafiq and Ms. Tyaba Muslim Habib.

Special Business

5. To approve the remuneration of working Director of the Company.

A statement under section 134(3) of the Companies Act, 2017 in respect of the special business of the agenda at Item No. 5 to be considered at the meeting is being sent to the members alongwith a copy of the this notice.

By order of the Board

Imran Amin Virani
Company Secretary

Karachi: December 26, 2022

Notes:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from Monday, January 16, 2023 to Wednesday, January 25, 2023 both days inclusive.

2. Proxy

A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed at least 48 hours before the time of meeting. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be provided at least 48 hours before the time of the meeting. The Proxy Form in English and Urdu is enclosed with the CD of Annual Report and also available on the Company's website (www.habibsugar.com).

3. For Identification

Owners of the physical shares and CDC account holder should present Computerized National Identity Card (CNIC) along with participant ID number and CDC account number. In case of appointment of proxy by such account holder(s), the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.

4. Change of address

Members are requested to notify any change in their addresses and their contact numbers immediately to our Share Registrar, THK Associates (Pvt.) Limited, Karachi.

5. **Submission of Copies of Valid CNIC**

Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required for payment of dividend. Shareholders holding physical share certificate are therefore requested to submit a copy of their valid CNIC, if not already provided to THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street – 2, D.H.A., Phase VII, Karachi (the Share Registrar). In case of non-receipt of the copy of valid CNIC, Habib Sugar Mills Limited would be unable to comply with SRO 831(1)/2012 dated July 5, 2012 of SECP and therefore will be constrained under Regulation No. 6 of the companies (Distribution of dividend) Regulations, 2017 and section 243(2) of the Companies Act 2017 to pay dividend to such shareholder.

6. **Withholding Tax on Dividend**

As per Income Tax Ordinance 2001, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:

(i)	For filers of income tax returns	15 %
(ii)	For non-filers of income tax returns	30 %

Shareholders are advised to make sure that their names are entered into Active Tax-payers List (ATL) provided on the website of FBR before the book closure of the Company, otherwise tax on their cash dividend will be deducted @ 30% instead of 15 %.

For shareholders holding their shares jointly, as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on 'Filer/Non-Filer' status of Principle shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principle shareholder and Joint-holder(s) in respect of shares held by them to our share registrar, in writing as follows:

Company Name	Folio/CDC Account No.	Total shares	Priniciple Shareholder		Joint Shareholder(s)	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The Corporate shareholders having CDC account are required to have their National Tax number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN certificate to the company or Company's Share Registrar M/s THK Associates (Pvt.) Limited. The shareholders while sending NTN or NTN certificate, as the case may be, must quote company name and their respective Folio numbers.

7. **Valid tax Exemption Certificate for Exemption from Withholding Tax**

Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to Share Registrar before the Book Closure of the Company.

8. **Mandatory requirement of Bank details for payment of dividend**

Section 242 of the Companies Act, 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into the bank accounts of the shareholders. In order to receive dividends directly into their bank account, shareholders in case of physical shares, are requested to fill in E-Dividend Mandate Form available on the Company's website i.e. www.habibsugar.com and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. THK Associates (Pvt.) Limited. In case shares are held in CDC, E-Dividend Mandate Form must be submitted directly to shareholder's broker/participant/CDC investor account services. In-case of non-submission of IBAN, the Company will withhold the payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017. Further, the information regarding gross dividend, tax/zakat deduction and net amount of dividend will be provided through the Centralized Cash Dividend Register (CCDR), therefore, shareholders should register themselves to CDC's eServices Portal at https://eservices.cdcaccess.com.pk.

9. Participation in the Annual General Meeting via Video Conference Facility

In terms of section 134(1)(b) of the Companies Act, 2017, members holding in aggregate 10% or more shareholding can also avail video conference facility to attend the Annual General Meeting. In this regard, please fill the following information and share at companysecretary@habibsugar.com seven (7) days before holding the Annual General Meeting. If the Company receives consent from members residing at a geographical location, to participate in the meeting through video conference atleast seven (7) days prior to date of meeting, the Company will arrange video conference facility in the city subject to availability of such facility in the city.

"I/We_______________of __________________, being a member of Habib Sugar Mills Limited, holder of _______ordinary shares(s) as per Registered Folio No. ____________hereby opt for video conference facility at __________________".

Video conference link details and login credentials will be e-mailed to the registered members/proxies who have provided all the requested information. Shareholders can also provide their comments and questions for the agenda items of the AGM on companysecretary@habibsugar.com at least 48 hours before the time of the meeting.

10. Conversion of Physical Shares into Book Entry Form

As per Section 72 of the Companies Act, 2017 all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of Companies Act, 2017.

The Securities and Exchange Commission of Pakistan through its circular No. CSD/ED/Misc/2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form to convert their shares into book entry form.

We hereby request all members who are holding shares in physical form to convert their shares into book-entry form at the earliest.

11. Transmission of Financial Statements & Notices through email

Members are hereby informed that the Annual Financial Statements of the Company for the year ended September 30, 2022 can be downloaded from the Company's website www.habibsugar.com. Further, the Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are requested to send their consent and e-mail addresses for receiving Audited Financial Statements and Notices through e-mail. In order to avail this facility, a standard request form is available at the Company's website.

For any query / clarification / information, the shareholder may contact the company, and /or the share registrar at the following addresses;

Company Address:
Habib Sugar Mills Limited
3rd Floor, Imperial Court
Dr. Ziauddin Ahmed Road, Karachi-75530
Phones : (+92-21) 35680036 – 5 Lines
Fax : (+92-21) 35684086
e-mail : companysecretary@habibsugar.com

Share Registrar Address:
THK Associates (Pvt.) Limited
Plot No. 32-C, Jami Commercial Street-2, D.H.A.
Phase VII, Karachi-75500
UAN : (+92-21) 111-000-322,
Phone : (+92-21) 35310191-193
Fax : (+92-21) 35310190
e.mail: sfc@thk.com.pk

Statement under section 166(3) of the Companies Act, 2017

Persons eligible under section 166 of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Directors) Regulations, 2018, may submit their nominations to be elected as independent directors. However, it is noteworthy to mention that independent directors shall be elected in the same manner as other directors are elected in terms of Section 159 of the Companies Act, 2017.

Statement under section 134(3) of the Companies Act, 2017

This statement sets out the material facts concerning the Special Business to be transacted at the 61st Annual General Meeting of the Company to be held on January 25, 2023:

Item 5 of the agenda – Approval of remuneration of Director:
(Disclosure under section 213)

The Board of Directors in their Meeting held on December 26, 2022 have recommended payment of the following remuneration to the working Director of the Company, for a period of three years commencing from February 1, 2023, subject to an increment not exceeding 20% per annum.

	Remuneration per month
Mr. Murtaza Habib	1,035,000

In addition, he will be provided with two company maintained cars, reimbursement of utilities, entertainment at actuals and other benefits as per policy of the Company which in aggregate is estimated to be approximately 40% of his remuneration as stated above.

The above Director has interest in the aforesaid business to the extent of his remuneration and perquisites as mentioned above.

Six years' review at a glance

		2022	2021	2020	2019	2018	2017
Sugar Division							
Sugarcane crushed	M. Tons	1,126,516	761,667	620,425	771,864	1,028,901	865,530
Average sucrose recovery	%	10.61	10.36	9.91	10.87	10.30	9.97
Sugar produced	M. Tons	119,531	78,910	61,488	83,910	106,005	86,316
Distillery Division							
Ethanol							
Molasses processed	M. Tons	163,346	126,512	134,770	162,015	184,654	182,774
Average ethanol yield	%	18.95	19.17	18.70	18.38	18.76	18.43
Ethanol produced	M. Tons	30,956	24,251	25,206	29,786	34,643	33,687
Liquidified Carbon Dioxide (CO_2) produced	M. Tons	7,825	8,477	7,583	8,407	9,903	11,069
Textile Division							
Yarn / Semi finished goods consumed	Kgs.	514,355	850,107	716,804	907,431	1,074,066	584,310
Average yield	%	89.65	86.11	84.90	83.80	86.45	88.18
Finished product	Kgs.	461,114	732,011	608,561	760,385	928,557	515,253
Operating results							
Sales / Rental income	Rs. '000	13,006,818	9,912,679	10,138,211	9,873,134	7,758,520	7,134,930
Cost of sales	Rs. '000	10,796,106	8,552,280	9,038,874	8,381,862	6,484,368	6,544,790
Gross profit	Rs. '000	2,210,712	1,360,399	1,099,337	1,491,272	1,274,152	590,140
Profit before taxation	Rs. '000	1,624,761	1,199,736	804,295	1,342,276	958,776	497,417
Profit after taxation	Rs. '000	1,289,761	989,736	694,295	1,202,276	901,276	557,417
Shareholders' Equity							
Paid-up capital	Rs. '000	750,000	750,000	750,000	750,000	750,000	750,000
Reserves	Rs. '000	8,770,002	8,510,094	7,872,962	7,325,693	7,353,970	6,233,335
Shareholders' equity	Rs. '000	9,520,002	9,260,094	8,622,962	8,075,693	8,103,970	6,983,335
Break-up value per share	Rs.	63.47	61.73	57.49	53.84	54.03	46.56
Earnings per share	Rs.	8.60	6.60	4.63	8.02	6.01	3.72
Return on equity	%	13.55	10.69	8.05	14.89	11.12	7.98
Financial position - Assets							
Fixed assets	Rs. '000	2,357,465	2,496,633	2,478,359	2,478,920	2,645,188	2,692,170
Right-of-use assets	Rs. '000	14,474	11,659	17,488	–	–	–
Long–term investments	Rs. '000	2,155,805	2,806,226	2,696,602	2,299,658	2,948,619	2,403,065
Long–term loans and deposits	Rs. '000	18,800	11,391	9,402	10,717	8,727	10,598
Current assets	Rs. '000	8,986,899	6,509,222	5,904,354	5,959,710	4,857,577	4,036,776
Total assets	Rs. '000	13,533,443	11,835,131	11,106,205	10,749,005	10,460,111	9,142,609
Financial position - Liabilities							
Non-current liabilities	Rs. '000	178,395	174,722	146,959	69,000	86,000	98,500
Current liabilities	Rs '000	3,835,046	2,400,315	2,336,284	2,604,312	2,270,141	2,060,774
Total liabilities	Rs. '000	4,013,441	2,575,037	2,483,243	2,673,312	2,356,141	2,159,274
Ratios							
Current ratio		2.34	2.71	2.53	2.29	2.14	1.96
Dividends							
Cash	%	70	60	55	55	55	35

Chairman's Report

It is my pleasure to present this report to the shareholders of the Company pertaining to the overall performance of the Board of Directors and their effectiveness in guiding the Company towards accomplishing its aims and objectives.

Habib Sugar Mills Limited has implemented a strong governance framework that supports an effective and prudent management of business matters which is regarded as instrumental in achieving the long-term success of the Company.

During the financial year 2021-22 the Board met five (5) times. The Board has complied with all the regulatory requirements and acted in accordance with applicable laws and best practices.

As required under the Code of Corporate Governance, an annual evaluation of the Board of the Company was carried out. The purpose of this evaluation was to ensure that the overall performance and effectiveness of the Board is measured and benchmarked against expectations in the context of objectives set for the Company.

The Board ensured adequate representation of non-executive and independent directors on the Board and its Committees as required under the CCG. The members of the Board and its respective Committees possess adequate skills, experience and ability required to perform their responsibilities.

The Board has actively participated in strategic planning, risk management and policy development and ensured integration of all policies and convergence to company's vision and mission. The Board also sets annual budgets, targets and goals for the management.

The Board and its Committees have diligently performed their duties and remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management. The Board held extensive and fruitful discussions to arrive at decisions and appropriate direction and oversight is provided to the management on timely basis. Areas where improvements are required are duly considered and action plans are framed and implemented.

The Board has developed an environment of clear and transparent system of Governance by setting up an adequate and effective internal control system through self-assessment mechanism and internal audit activities. Further, the Board ensured compliance with the best practices of corporate governance.

Finally, I wish to acknowledge the commitment and diligence of my fellow directors, the executive team and all the employees of the Company for their hard work and contribution towards the growth of the Company.

Asghar D. Habib
Chairman

Karachi: December 26, 2022

Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, we are pleased to welcome you all to the 61st Annual General Meeting of the Company and present before you the Annual Report and Audited Financial Statements of the Company for the year ended September 30, 2022.

By the Grace of Allah, during the year under review, the operations of your Company resulted in after-tax profit of Rs. 1,289.76 million (September 30, 2021: Rs. 989.74 million). The operating results and appropriations as recommended by the Board are summarized below:

Financial Results

	September 30, 2022	September 30, 2021 (Rupees in Million)	Variance
Profit before taxation	1,624.76	1,199.74	425.02
Less: Taxation	(335.00)	(210.00)	(125.00)
Profit after taxation	1,289.76	989.74	300.02
Adjustments for:			
Actuarial loss on Gratuity Fund Valuation	(1.57)	(0.81)	(0.76)
Realized gain on sale of investment	46.89	124.59	(77.70)
	45.32	123.78	(78.46)
Unappropriated profit brought forward	5.11	1.59	3.52
Profit available for appropriation	1,340.19	1,115.11	225.08
Cash Dividend Proposed @ 70% (September 30, 2021: @ 60%)	525.00	450.00	75.00
Transfer to General Reserve	810.00	660.00	150.00
	1,335.00	1,110.00	225.00
Unappropriated profit carried forward	5.19	5.11	0.08
EPS – Basic and diluted	8.60	6.60	2.00

Sugar Division

The crushing season 2021-22 commenced on November 15, 2021 and the plant operated upto March 19, 2022 for 125 days as against 108 days in 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 comparative statistics of the division's operations are given below :

		2021-22	2020-21
Crushing duration	Days	125	108
Sugarcane crushed	M.Tons	1,126,516	761,667
Average sucrose recovery	%	10.61	10.36
Sugar production	M.Tons	119,531	78,910

The sugar division earned operating profit of Rs. 362.79 million (September 30, 2021: Rs. 243.91 million). The increase in operating profit was mainly due to increased quantum of production and sales.

The consumption of sugar in the Country is between 6.5 to 7.0 million M. Tons as against estimated total production of 8.0 million M. Tons of sugar, resulting in surplus of over 1.0 million M. Tons of sugar. Considering the surplus sugar in the Country, the Pakistan Sugar Mills Association (PSMA) had requested the Ministry of Finance to allow export of surplus sugar. The Sugar Advisory Board (SAB) in principle, recommended the Economic Coordination Committee (ECC) to allow export of 500,000 M. tons of sugar. The ECC in their meeting held on December 15, 2022 in the first phase has initially allowed and approved export of 100,000 M. Tons.

Distillery Division

The division earned operating profit of Rs.1,200.50 million (September 30, 2021: Rs.673.73 million). The increase in profit of the division during the period was mainly due to increased quantum of production and sales.

The contribution of the liquidified carbon dioxide (CO2) unit is included in the profit of the division.

The Comparative statistics of the division's operations are given below:

		2021-22	2020-21
Ethanol			
Days of operation		312	335
Molasses processed	M.Tons	163,346	126,512
Average recovery	(%)	18.95	19.17
Ethanol production	M.Tons	30,956	24,251
Liquidified Carbon Dioxide (CO_2)			
Days of operation		236	264
Liquidified Carbon Dioxide (CO_2) production	M. Tons	7,825	8,477

Textile Division

The division suffered operating loss of Rs. 22.26 million during the year ended September 30, 2022 under review (September 30, 2021: Profit of Rs. 2.18 million). The loss suffered by the division was mainly due to reduced sale volume, higher cost of raw material and freight charges.

The comparative statistics of the division's operations are given below:

		2021-22	2020-21
Days of operation		313	344
Yarn consumed	Kgs	514,355	850,107
Finished goods production	Kgs	461,114	732,011

Trading Division

The Trading division earned operating profit of Rs. 131.50 million (September 30, 2021: Rs. 3.23 million). The profit of the Division for the current period is mainly attributable to the exports.

Future Prospects

Sugar Division

The sugar division of the Company commenced crushing operations on November 29 2022 and upto December 25, 2022 crushed 256,648 M. Tons of sugarcane with average sucrose recovery of 10.39 % and sugar production of 26,690 M. Tons including stock in process.

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 are also required to pay quality premium at the rate of paisas fifty for every 0.1 percent sucrose recovery in excess of the bench mark of 8.7%.

The increase in Minimum Support Price of sugarcane in the crushing season of 2022-23 from Rs. 250 to Rs. 302 (representing increase of 20.8%) would be resulted in increased cost of production and may affect the profitability of the division.

Distillery Division

During the period upto December 25, 2022 the distillery division produced 7,553 M. Tons of ethanol and 1,813 M. Tons of liquidified carbon dioxide.

Textile Division

During the ongoing year of 2022-23, the volume of sales has improved and freight cost has also decreased. These favourable factors are likely to have a positive impact on the results of the division.

Super Tax

Through Finance Act, 2022, Super Tax was levied on companies for the Tax Year 2022 onwards. The levy of Super Tax was challenged by the Company alongwith other companies before the Sindh High Court who vide its order dated December 22, 2022 held that the Super Tax shall be applicable prospectively from the Tax Year 2023 and not from the Tax Year 2022. Since the FBR has a right to challenge the above High Court's order, as such the order has not attained the finality, hence provision for Super Tax for the years ended September 30, 2021 (Tax Year 2022) and September 30, 2022 (Tax Year 2023) has been made in the financial statements.

Investment in wholly owned subsidiary HSMEL (Bagasse Based Co-Generation Project of 26 MW)

As informed in the Annual Report 2020, the Board of directors of the Company had decided to terminate the project and windup HSM Energy Limited (HSMEL) due to uncertainty regarding the tariff and dispute over the power purchasing terms with CPPA. The Management is hopeful to get the final approvals from authorities in due course of time.

Investment in Wind Power Project

The Company had made equity investment of Rs.12.50 million in Uni Energy Limited, unlisted public company incorporated to undertake business activities related to generation and transmission of electric power generation through wind. The Government of Sindh has granted Letter of Intent (LOI) and allotted land for setting up the project at Jhimpir, district Thatta. Presently, the government is reviewing the Basis of Tariff determination and mechanism for purchase of energy from wind mill projects. The future course of action will be decided upon clarification from the government.

Investment in Food Business

UniFood Industries Limited was incorporated in September 2016 with an objective to make and market branded confectionary items and other allied products. The Company had made total equity investment aggregating to Rs. 366 million in the investee company. The Company in its meeting of Board of Directors held on June 8, 2022 had decided to dispose off its shareholding in UniFood Industries Limited to M/s. Sunridge Foods (Private) Limited at the rate of Rs. 3.18 per share as against the par value of Rs. 10 per share. The proceeds from disposal of shareholding in the investee company has not been received so far by the Company.

The above decision was taken collectively by all the shareholders of UniFood Industries Limited in order to avoid further losses due to immense competition in the market in presence of major competitors and higher cost of raw material and imported packing material.

Board and Management Committees

Audit Committee

The Company has established Audit Committee as required under the Code of Corporate Governance. The Audit Committee comprises of three members, all of them are independent non-executive directors. The attendance of the meetings was as follows:

		No. of meetings attended
Mr. Shams Muhammad Haji	Chairman	4
Mr. Farouq Habib Rahimtoola	Member	4
Ms. Tyaba Muslim Habib	Member	4

Human Resource (HR) and Remuneration Committee

The Company has established HR and Remuneration Committee as required under the Code of Corporate Governance. The HR and Remuneration Committee comprises of three members, two of whom are non-executive directors. The CEO of the Company is also member of the Committee. The Chairperson of the Committee is independent non-executive director. The HR and Remuneration Committee met once during the year. Attendance of the meeting was as follows:

		No. of meeting attended
Ms. Tyaba Muslim Habib	Chairperson	1
Mr. Shams Muhammad Haji	Member	1
Mr. Khursheed A. Jamal	Member	1

Corporate Social Responsibility

Habib Sugar Mills Limited Corporate Social Responsibility (CSR) programme dates back since its inception in 1962. Responding to the needs of local communities, government bodies and civil society organizations, the Company's CSR portfolio has widened over the years to include social welfare, education, healthcare, infrastructural development and livelihood generation.

Flood Relief Activities

During the recent floods in the country, the Company as a responsible corporate citizen, had launched various welfare activities for the flood affectees. These welfare activities encompasses free medical camps, free distribution of ration, food, household goods, medicines etc., among the flood affectees in order to help them to overcome their sufferings and support them during this natural catastrophe.

Community Investment and Welfare

As part of its core values, the Company places tremendous importance towards contributing to the well being of the communities surrounding the mills. As a responsible corporate citizen, the Company has, on regular basis, undertaken number of welfare activities viz., running of school upto secondary level, holding of eye camps, financial assistance to villagers in the surrounding area of the mills and supply of free ration, medical assistance and educational support to the needy people. The contribution of the Company in the social and economic uplift of the district has been acknowledged at all levels.

The Company has provided employment to physically handicapped persons in compliance with the Disabled Persons (Employment & Rehabilitation) Ordinance, 1981.

HSM school is running successfully for many years to impart quality education to the children of HSM employees. The school provides to its students a healthy, safe and conducive environment for learning. The school not only focuses on the academics but also aims the spiritual, social, moral and physical growth of its students.

During the year, the company continued its support to Family Education Services Foundation (FESF), a non-profitable organization, to run school for deaf children at Nawabshah. Your Company has donated Rs. 16.0 million during the year and at present, over 200 students are enrolled in the school. The campus is the first ever educational facility of its kind for the deaf in Nawabshah and will enable deaf students to receive education in an environment that maximizes their potential and enhances their quality of life.

The Company also donated Rs. 12.8 million to different recognized charitable institutions which are providing education and financial support to needy people and establishing positive social trends in the society.

Health, Safety and Environment

Being a responsible corporate citizen, the Company is fully committed to meet all the standards with respect to health, safety and environment.

The management of HSM believes that protection of environment is important for survival of every person and as such the Company attaches utmost importance to provide a healthy atmosphere to its employees and residents of Nawabshah. Your Company continued to be conscious of its social responsibility and the management has taken appropriate steps to achieve pollution free environment.

The fly ash removal systems installed in the boilers of the mills continue to operate satisfactorily and the spread of black soot particles has been completely eliminated. The Company has installed a sugar factory waste water treatment plant to remove oil, grease and total suspended solids from the waste water. The project has since been completed yielding satisfactory results.

The installation of slop treatment plant and carbon dioxide recovery plants are the manifestation of our social responsibility which has helped us to reduce greenhouse gases emission from our operations.

By the grace of Allah, the successful operations of these projects have helped us to achieve a pollution free environment for the residents of Nawabshah.

Continuing the efforts to contribute in conserving the environment, the tree plantation drive of the Company is continuing in the factory premises and surrounding areas to make the area greener and environment friendly. During this activity, people were also briefed about the significance and benefits of the tree plantation.

Contribution to the National Exchequer

Your Company contributed an amount of Rs. 1,454.08 million to the Government treasury in the shape of taxes, levies, sales-tax and excise duty in addition to precious foreign exchange earned, equivalent to Pak Rupees 6,131.57 million (US$ 32.40 million) during the year under review from exports of ethanol and household textiles.

Auditors

The auditors Messrs. Grant Thornton Anjum Rahman, Chartered Accountants, have completed their first statutory audit assignment for the year ended on September 30, 2022 and retiring at the conclusion of 61st Annual General Meeting. The retiring auditors Messrs. Grant Thornton Anjum Rahman, Chartered Accountants have offered themselves for re-appointment for the upcoming year.

The Audit Committee and the Board of Directors have recommended the appointment of Messrs. Grant Thornton Anjum Rahman, Chartered Accountants as auditors of the Company for the ensuing year for the consideration and approval of the members at the forth coming Annual General Meeting.

Statement on Corporate and Financial Reporting Framework

- The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements. Changes, if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgments.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and deviation there from if any, has been adequately disclosed.
- The system of internal controls is sound in design and has been effectively implemented and monitored regularly.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of the corporate governance, as detailed in the Listing Regulations.
- Key operating and financial data for last six years in summarized form is given on page 10.
- Information about the taxes and levies is given in the notes to the financial statements.

Value of investments including profit accrued thereon and balances in deposit / current accounts of Provident Fund and Gratuity Fund as at September 30, 2022 were as follows:

	Rs.'000
Provident Fund	316,776
Gratuity Fund	118,094

During the year five meetings were held and the attendance by each Director was as follows :

Name of Director	Number of meetings attended
Mr. Asghar D. Habib	3
Mr. Ali Raza D. Habib	–
Mr. Murtaza Habib	5
Mr. Shams Muhammad Haji	5
Mr. Farouq Habib Rahimtoola	5
Ms. Tyaba Muslim Habib	5
Mr. Sheikh Asim Rafiq	4 (Appointed on January 26, 2022)
Mr. Adnan Afridi	1 (Resigned on January 26, 2022)
Mr. Khursheed A. Jamal	2 (Appointed on February 1, 2022)
Mr. Raeesul Hasan	2 (Resigned on January 31, 2022)

The pattern of shareholding and additional information regarding pattern of shareholding is given on page 133 and 134.

Change in shareholding of the Directors, CEO, CFO, Company Secretary and their spouses and minor children is given in Pattern of Shareholding on Page 135.

Election of Directors

The tenure of existing directors will be completed on January 27, 2023 as such the election of directors for a term of three years will be held at the 61st Annual General Meeting of the Company on January 25, 2023. As required under section 159(I) of the Companies Act, 2017, the number of directors fixed by the Board of Directors is seven (7). The retiring directors are Messrs. Asghar D. Habib, Ali Raza D. Habib, Murtaza Habib, Shams Muhammad Haji, Farouq Habib Rahimtoola, Sheikh Asim Rafiq and Ms. Tyaba Muslim Habib.

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: December 26, 2022

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Year ended September 30, 2022

The Company has complied with the requirement of the Regulations in the following manner:

1. The total numbers of Directors are Eight (8) as per the following:

   a. Male: Seven (7)
   b. Female: One (1)

2. The Composition of the Board is as follows:

a. Independent Directors	Mr. Shams Muhammad Haji Mr. Farouq Habib Rahimtoola Ms. Tyaba Muslim Habib
b. Non-Executive Directors	Mr. Asghar D. Habib Mr. Ali Raza D. Habib Sheikh Asim Rafiq
c. Executive Directors	Mr. Murtaza Habib Mr. Khursheed A. Jamal

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of the significant policies along with the dates on which these were approved or amended have been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The following Directors have either obtained certificates of Directors' Training Program or are exempted from the requirement of Directors' Training Program as per the Listed Companies Code of Corporate Governance Regulations 2019:

   Mr. Asghar D. Habib
   Mr. Murtaza Habib
   Mr. Shams Muhammad Haji
   Mr. Farouq Habib Rahimtoola
   Sheikh Asim Rafiq
   Mr. Khursheed A. Jamal

10. The Board has approved appointment of Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed Committees comprising of members given below:

Audit Committee	**HR and Remuneration Committee**
Mr. Shams Muhammad Haji (Chairman)	Ms. Tyaba Muslim Habib (Chairperson)
Mr. Farouq Habib Rahimtoola	Mr. Shams Muhammad Haji
Ms. Tyaba Muslim Habib	Mr. Khursheed A. Jamal

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/halfyearly/yearly) of the committees were as per following :

    a. Audit committee: four (4) meetings held during the year ended September 30, 2022
    b. HR and Remuneration committee: one (1) meeting held during the year ended September 30, 2022

15. The Board has set up an effective internal audit function supervised by a person who is an associate member of the Institute of Chartered Certified Accountants (ACCA) – UK and who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Asghar D. Habib
Chairman

Karachi: December 26, 2022

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Beaumont Road,
Karachi, Pakistan.

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Independent Auditors' Review Report

To the members of Habib Sugar Mills Limited

Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of **Habib Sugar Mills Limited** (the Company) for the year ended 30 September 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2022.

Grant Thornton Anjum Rahman

Chartered Accountants

Place: Karachi

Date: 30 December 2022
UDIN: CR202210093vlmBKMxa8

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Beaumont Road,
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INDEPENDENT AUDITORS' REPORT

To the members of Habib Sugar Mills Limited
Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Habib Sugar Mills Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 September 2022, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current year. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in our audit
Investments	
As disclosed in notes 5 and 13 to the unconsolidated financial statements, the Company has investments carried at fair value through other comprehensive income (FVOCI) and amortized cost amounting to Rs. 4,862 which comprise of 36% of total assets of the Company. In view of the significance of the investments, we have identified the existence and valuation of Company's investments as a key audit matter.	Our key procedures amongst others included the following: - assessed the design and operating effectiveness of the financial reporting controls over acquisition, disposals and periodic valuation of investments; - evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 Financial Instruments; - In relation to investments in quoted equity instruments, we reviewed custodian's statement together with related reconciliation and recalculated investment valuations based on quoted market prices at the Pakistan Stock Exchange as at 30 September 2022;

Key audit matters	How the matter was addressed in our audit
	- In relation to investments in unquoted equity Instruments, we assessed the valuation methodology used by an independent professional valuer to estimate the fair value of the investments and considered whether the application of methodologies is consistent with generally accepted valuation methodologies and prior periods; - In relation to investment in government securities, we obtained purchase documents to trace key inputs including acquisition cost, face value, issue date and settlement date driving computation of amortized cost recognized as of the reporting date; - In relation to investment in units of mutual funds, we assessed whether investments were valued at fair value based on the last quoted market price by Mutual Fund Association of Pakistan (MUFAP) along with obtaining direct confirmations from investment managers regarding the units and net asset value of such investments; and - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.
2. Stock-in-trade	
As disclosed in the note 8 to the unconsolidated financial statements, stock-in-trade amounts to Rs. 5,004.29 million which constitutes 37% of total assets of the Company. The stock is measured at lower of weighted average cost and net realizable value. There is an element of judgement involved in determining an appropriate costing basis and assessing its valuation. Given the significance of stock-in-trade to the Company's total assets and the level of judgements and estimates involved, we have identified valuation of stock-in-trade as a key audit matter.	Our key procedures amongst others included the following: - obtained an understanding of controls over purchases and valuation of stock-in-trade and tested, on a sample basis, their design, implementation and operating effectiveness; - performed observation of inventory counts and physical inspection of the stock held at the premises of the Company; - assessed net realizable value (NRV) by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period; and - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.

Key audit matters	How the matter was addressed in our audit
3. Contingencies	
As disclosed in note 21 to the unconsolidated financial statements, the Company has contingent liabilities in respect of various matters, which are pending adjudication before respective authorities and courts of law. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules and regulations, probability of outcome and financial impact, and recognition and measurement of any provisions that may be required against such contingencies in accordance with applicable financial reporting standards. Due to significance of amounts involved, uncertainties with respect to the outcome of matters and use of significant management judgments and estimates, we considered this as a key audit matter.	Our key procedures amongst others included the following: - obtained and reviewed details of the pending matters and discussed the same with the Company's management; - reviewed the correspondences between the Company and the relevant authorities, and tax and legal advisors; - obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the probable outcome of the open tax assessments and other contingencies; - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.
4. First year audit	
We have been engaged to perform the audit of the Company for the first time i.e., for the year ended 30 September 2022. Initial audit engagements involve a number of considerations not associated with recurring audits. Additional planning activities and considerations necessary to establish an appropriate audit strategy and audit plan include gaining an initial understanding of the Company and its business, obtaining sufficient audit evidence regarding the opening balances including the selection and application of accounting principles and communicating with the previous auditors.	We performed various procedures to obtain sufficient appropriate audit evidence regarding opening balances including the following: - We reviewed the predecessor auditor's work paper files and made additional inquiries of the predecessor auditors about matters that may affect our audit in the current year. - We evaluated the key accounting position and matters from prior years. - We evaluated whether accounting policies reflected in the opening balances have been consistently applied in the current year's financial statements and adequately presented and disclosed in accordance with the applicable financial reporting framework.

Information Other than the Unconsolidated Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Company are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If

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we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The unconsolidated financial statements of the Company for the year ended 30 September 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements dated 03 January 2022.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Jameel.

Chartered Accountants
Place: Karachi
Date: 30, December 2022
UDIN: AR202210093GFmflK0Na

Unconsolidated Statement of Financial Position as at September 30, 2022

	Note	2022	2021
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Property, plant and equipment	3	2,357,465	2,496,633
Right-of-use assets	4	14,474	11,659
Long-term investments	5	2,155,805	2,806,226
Long-term loans	6	14,828	7,443
Long-term deposits		3,972	3,948
		4,546,544	5,325,909
Current Assets			
Stores and spare parts	7	274,960	195,024
Stock-in-trade	8	5,004,293	1,894,571
Trade debts	9	324,143	407,453
Loans and advances	10	76,069	50,430
Trade deposits and short-term prepayments	11	20,483	16,236
Profit accrued		23,964	21,721
Other receivables	12	11,277	25,841
Taxation - net		–	86,498
Short-term investments	13	2,705,738	3,542,585
Cash and bank balances	14	545,972	268,863
		8,986,899	6,509,222
Total Assets		13,533,443	11,835,131
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2021: 150,000,000) Ordinary shares of Rs. 5/- each		750,000	750,000
Issued, subscribed and paid-up capital	15	750,000	750,000
Reserves	16	8,770,002	8,510,094
Total Equity		9,520,002	9,260,094
Non-Current Liabilities			
Deferred taxation	17	92,000	83,000
Gas Infrastructure Development cess	18	76,822	84,092
Lease Liability	19	9,573	7,630
		178,395	174,722
Current Liabilities			
Trade and other payables	20	1,890,513	1,813,802
Advance from customers		1,810,835	482,464
Unclaimed dividends		105,162	97,731
Taxation		20,607	–
Current portion of lease Liability	19	7,929	6,318
		3,835,046	2,400,315
Contingencies and Commitments	21		
Total Equity and Liabilities		13,533,443	11,835,131

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed	**Khursheed A. Jamal**	**Murtaza Habib**
Chief Financial Officer	*Chief Executive*	Director

Unconsolidated Statement of Profit or Loss
for the year ended September 30, 2022

	Note	2022	2021
		(Rupees in thousands)	
Net sales and services	22	13,006,818	9,912,679
Cost of sales	23	(10,796,106)	(8,552,280)
Gross Profit		2,210,712	1,360,399
Selling and distribution expenses	24	(283,144)	(210,750)
Administrative expenses	25	(255,040)	(226,599)
Other operating expenses	26	(375,186)	(86,468)
Other income	27	393,920	268,007
		(519,450)	(255,810)
Operating Profit		1,691,262	1,104,589
Finance (cost) / income - net	28	(66,501)	95,147
Profit before taxation		1,624,761	1,199,736
Taxation	29	(335,000)	(210,000)
Profit after taxation		1,289,761	989,736
Earnings per share - Basic and diluted (Rupees)	30	8.60	6.60

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed
Chief Financial Officer

Khursheed A. Jamal
Chief Executive

Murtaza Habib
Director

Unconsolidated Statement of Comprehensive Income
for the year ended September 30, 2022

	2022	2021
	(Rupees in thousands)	
Profit for the year	1,289,761	989,736
Other comprehensive income :		
Items that will not be reclassified subsequently to the statement of profit or loss:		
Actuarial loss on defined benefit plan - net	(1,573)	(809)
	1,288,188	988,927
Unrealised (loss) / gain on re-measurement of equity investments classified as fair value through other comprehensive income (FVOCI) - net of tax	(578,280)	60,705
Total comprehensive income for the year	709,908	1,049,632

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed
Chief Financial Officer

Khursheed A. Jamal
Chief Executive

Murtaza Habib
Director

Unconsolidated Statement of Changes in Equity
for the year ended September 30, 2022

	Issued, subscribed and paid-up Capital	Capital Reserve	Revenue Reserves: General Reserve	Revenue Reserves: Unappropriated profit	Unrealised gain / (loss) on re-measurement of FVOCI investment	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 01, 2020	750,000	34,000	5,448,500	714,092	1,676,370	7,872,962	8,622,962
Cash dividend for the year ended September 30, 2020 @ 55%	–	–	–	(412,500)	–	(412,500)	(412,500)
Realised gain on sale of investment	–	–	–	124,592	(124,592)	–	–
Transfer to general reserve	–	–	300,000	(300,000)	–	–	–
Total comprehensive income for the year ended September 30, 2021	–	–	–	988,927	60,705	1,049,632	1,049,632
Balance as on September 30, 2021	750,000	34,000	5,748,500	1,115,111	1,612,483	8,510,094	9,260,094
Cash dividend for the year ended September 30, 2021 @ 60%	–	–	–	(450,000)	–	(450,000)	(450,000)
Realised gain on sale of investment	–	–	–	46,886	(46,886)	–	–
Transfer to general reserve	–	–	660,000	(660,000)	–	–	–
Total comprehensive income for the year ended September 30, 2022	–	–	–	1,288,188	(578,280)	709,908	709,908
Balance as on September 30, 2022	750,000	34,000	6,408,500	1,340,185	987,317	8,770,002	9,520,002

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed	**Khursheed A. Jamal**	**Murtaza Habib**
Chief Financial Officer	*Chief Executive*	Director

Unconsolidated Statement of Cash Flows for the year ended September 30, 2022

	Note	2022	2021
		(Rupees in thousands)	
Cash flows from operating activities			
Cash (used in) / generated from operations	31	(148,785)	356,470
Finance (cost paid) / income received - net	28.1	(68,744)	88,063
Income tax paid		(214,895)	(214,816)
Long-term loans		(7,385)	(1,969)
Long-term deposits		(24)	(20)
Net cash (used in) / generated from operating activities		(439,833)	227,728
Cash flows from investing activities			
Fixed capital expenditure		(105,944)	(253,867)
Redemption / sale proceeds of investments		9,945,593	7,553,039
Dividend received		349,190	219,147
Purchase of investments		(9,040,605)	(11,145,543)
Sale proceeds of fixed assets		7,724	4,811
Net cash generated form / (used in) investing activities		1,155,958	(3,622,413)
Cash flows from financing activities			
Lease rental		3,553	(6,779)
Dividend paid		(442,569)	(401,494)
Net cash used in financing activities		(439,016)	(408,273)
Net increase / (decrease) in cash and cash equivalents		277,109	(3,802,958)
Cash and cash equivalents at the beginning of the year		268,863	4,071,821
Cash and cash equivalents at the end of the year	14	545,972	268,863

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed	**Khursheed A. Jamal**	**Murtaza Habib**
Chief Financial Officer	*Chief Executive*	Director

Notes to the Unconsolidated Financial Statements for the year ended September 30, 2022

1. The Company and its operations

Habib Sugar Mills Limited is a public limited company incorporated in Pakistan on February 08, 1962, with its shares quoted on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and marketing of refined sugar, ethanol, liquidified carbon dioxide (CO_2), household textiles, providing bulk storage facilities and trading of commodities.

These are separate financial statements of the Company in which investments in subsidiary is accounted for on the basis of direct equity interest and is not consolidated.

1.1 Business Units

Registered office - 3rd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi.

Mills / Factory - Sugar and Distillery plants are located at District Shaheed Benazirabad, Nawabshah and Textile Division is located at D-140/B-1, Manghopir Road, S.I.T.E. Karachi.

Terminal - 60/1-B, Oil Installation Area, Keamari, Karachi.

2. Summary of significant accounting policies

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards 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 provisions of and directives issued under the Act differ from the IFRSs / IFAS, the provisions of and directives issued under the Act have been followed.

2.2 Basis of preparation

These unconsolidated financial statements have been prepared under historical cost convention, except for:

- staff retirement benefit plan which is carried at present value of defined benefit obligation net of fair value of plan assets as prescribed in IAS 19 "Employees Benefits". and
- investments which have been recognised at fair value in accordance with the requirements of IFRS-9 "Financial Instruments".

2.3 Significant accounting judgments, assumption and estimates

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates, assumption and judgments which are significant to the unconsolidated financial statements:

a) Determining the residual values and useful lives of property, plant and equipment (Note 2.7.1);
b) Classification and valuation of investments (Note 2.8);
c) Impairment / adjustment of inventories to their net realizable value (Notes 2.11);
d) Accounting for staff retirement benefits (Note 2.14);
e) Leases - determination of lease term for lease contracts with extension and termination option (Note 2.15) ;
f) Leases - estimating the incremental borrowing rate (Note 2.15);
g) Recognition of taxation and deferred tax (Note 2.21);
h) Impairment of financial and non financial assets (Note 2.28); and
i) Contingencies and commitments (Note 21).

2.4 NEW ACCOUNTING STANDARDS

2.4.1 Accounting standards effective for the year

There are certain new standards and amendments that are mandatory for the Company's accounting period beginning on 01 October 2021, but are considered either to be not relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated financial statements.

2.4.2 Accounting standards not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's accounting periods beginning on / after 01 October 2022. However, the Company expects that these standards will not have any material impact on the future unconsolidated financial statements of the Company.

2.5 Fixed Assets

2.5.1 Property, Plant and Equipment

Freehold land is stated at cost. Operating fixed assets, except for freehold land, are stated at cost less accumulated depreciation / amortization / impairment (if any).

Depreciation is charged to unconsolidated statement of profit or loss applying the reducing balance method. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the asset is in use. Assets residual values and useful lives are reviewed, and adjusted, if appropriate at each date of the unconsolidated statement of financial position date.

Maintenance and normal repairs are charged to unconsolidated statement of profit or loss as and when incurred. Major renewals and improvements are capitalised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use. Gain or loss on disposal of assets is included in unconsolidated statement of profit or loss in the year the assets is derecognised.

2.5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. Items are transferred to the respective assets when available for intended use.

Significant borrowing costs related to acquisition, construction and commissioning of a qualifying asset are capitalised.

2.5.3 Major stores and spare parts

Major stores and spare parts qualify for recognition as property, plant and equipment when the Company expects to use these for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are issued for use.

Major stores and spare parts are valued at cost less accumulated impairment, if any.

2.5.4 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentive received. Right-of-use assets are depreciated on straight-line basis over the period of lease term.

2.6 Investments

Investments acquired with the intention to be held for over one year are classified as long term investments. However, these can be sold earlier due to liquidity requirements. Short term investments are those which are acquired for a short period.

Investments are classified as follows:

2.6.1 Subsidiary

Investment in subsidiary are stated at cost less impairment loss, if any.

2.6.2 Fair value through other comprehensive income

Equity investments are initially recognised at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price).

All gains or losses from change in the fair value of equity investments are recognised directly in other comprehensive income.

2.6.3 Amortised cost

Investments in government securities are initially recognised at cost, excluding transaction cost. It represents the cost to purchase the security, adjusted for the accretion or amortization of discounts or premiums paid below or above par value, and accrued interest.

2.7 Deposits, advances, prepayments and other receivables

Deposits, advances, prepayments and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.8 Stores and spare parts

These are valued at the lower of moving average cost and net realisable value except for items in transit which are valued at cost. Provision is made for obsolescence and slow moving items.

2.9 Stock-in-trade

These are valued as follows:

Raw materials	At the lower of average cost and net realisable value
Work-in-process	At the lower of average cost and net realisable value
Finished goods	At the lower of average cost and net realisable value
Fertilizers	At the lower of cost on FIFO basis and net realisable value
Bagasse	At the lower of average cost and net realisable value

2.10 Trade debts

These are recognised and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credited losses (ECL) which uses the life time expected loss allowance for trade debts.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand, with banks on current, savings, treasury call and deposit accounts, net of short term borrowings under mark-up arrangements, if any.

2.12 Staff retirement benefits

2.12.1 Staff gratuity

The Company operates an approved defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Company. The scheme is funded and contributions to the fund are made in accordance with the recommendations of the actuary.

The latest actuarial valuation of the gratuity scheme was carried out as at September 30, 2022. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	13.25% per annum
Expected rate of increase in salaries	13.00% per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2022, the fair value of gratuity scheme assets and present value of liabilities were Rs.118.09 million and Rs.119.67 million respectively. The Company recognises the total actuarial gains and losses in the year in which they arise. The amounts recognised in the unconsolidated statement of financial position are as follows:

	2022	2021
	(Rupees in thousands)	
Net Employee Defined Benefit Obligation		
Present value of defined benefit obligation	119,666	124,275
Fair value of plan assets	(118,093)	(123,466)
Liability recognised in the unconsolidated statement of financial position	1,573	809

The movement in net defined benefit obligation is as follows:

	2022	2021
Net defined benefit obligation at the beginning of the year	809	158
Net charge for the year	5,275	4,829
Contribution	(6,084)	(4,987)
Remeasurement recognized in OCI during the year	1,573	809
Charge for the year	1,573	809

	2022	2021
	(Rupees in thousands)	
Salaries, wages and amenities include the following in respect of employees' gratuity fund:		
Current service cost	5,194	4,814
Interest cost	12,988	11,579
Expected return on plan assets	(12,907)	(11,564)
	5,275	4,829
Remeasurement recognised in OCI during the year:		
Actuarial gain on obligation	(1,186)	(3,966)
Actuarial loss on plan asset	2,759	4,775
	1,573	809
The movement in present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at the beginning of the year	124,275	120,325
Current service cost	5,194	4,814
Interest cost	12,988	11,579
Benefits paid	(21,605)	(8,477)
Actuarial gain	(1,186)	(3,966)
Present value of defined benefit obligation at the end of the year	119,666	124,275
The movement in fair value of plan assets is as follows:		
Fair value of plan assets at the beginning of the year	123,466	120,167
Expected return on assets	12,907	11,564
Contributions	6,084	4,987
Benefits paid	(21,605)	(8,477)
Actuarial loss	(2,760)	(4,775)
Fair value of plan assets at the end of the year	118,092	123,466
Actual return on plan assets	10,147	6,789
Plan assets comprise:		
Term deposit receipts	111,000	118,000
Term Finance Certificates	192	254
Balance with Banks	6,035	4,959
Accrued interest	865	253
	118,092	123,466

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

As at September 30,	2022	2021	2020	2019	2018
			(Rupees in thousands)		
Present value of defined benefit Obligation	119,666	124,275	120,325	110,118	107,017
Fair value of plan assets	(118,093)	(123,466)	(120,167)	(110,358)	(106,627)
(Surplus) / Deficit	1,573	809	158	(240)	390
Experience adjustment on obligation	(3,518)	(8,148)	(3,627)	(2,464)	10,051
Experience adjustment on plan assets	2,759	4,775	2,517	824	2,194

Sensitivity analysis

Significant assumption for the determination of the defined obligation are discount rate and expected salary increase. The possible changes in defined obligation due to change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant are as follows:

	(Rupees in thousand)
Discount Rate +1 %	109,897
Discount Rate -1 %	118,804
Long Term Salary Increases +1 %	117,294
Long Term Salary Increases -1 %	111,243

2.12.2 Provident fund

The Company operates a recognised provident fund scheme for all its permanent employees. Equal monthly contributions are made by the Company and the employees at the rate of 8.33% of basic salary plus applicable cost of living allowance.

2.13 Leases

Lease liability is initially measured at present value of the lease payments over the period of lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassess the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of right to-use asset has been reduced to zero.

A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

2.14 Borrowings and their cost

Borrowings are recorded at the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction and commissioning of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

2.15 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.16 Advance from customers

Advance from customers (contract liability) is an obligation of the Company to transfer goods and services to a customer for which the Company has received consideration from the customer. If the customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when payment is made. Contract liabilities are recognised in revenue when Company fulfils the performance obligation under the contract.

2.17 Ijarah

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's unconsolidated financial statements and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by the SECP vide S.R.O. 43(1) / 2007 dated May 22, 2007. Ijarah payments made under an Ijarah are charged to the unconsolidated profit or loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user's benefit even if the payment are not on that basis.

2.18 Unclaimed dividend

The Company recognises unclaimed dividend which was declared and remained unclaimed from the date it was due and payable. The dividend declared and remained unpaid from the date it was due and payable is recognised as unpaid dividend.

2.19 Taxation

2.19.1 Current

Provision for current taxation is computed in accordance with the provisions of the applicable income tax laws.

2.19.2 Deferred

Deferred tax is recognised using the statement of financial position liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the unconsolidated financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognised on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

The carrying amount of deferred tax assets is reviewed at each date of the unconsolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the unconsolidated statement of financial position date.

2.20 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimate.

2.21 Contingencies

Contingencies are disclosed when Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

2.22 Foreign currencies

Transactions in foreign currencies are translated into Pak Rupees which is the Company's functional and presentation currency, at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates ruling on the unconsolidated statement of financial position date. Exchange gains and losses are included in unconsolidated statement of profit or loss.

2.23 Revenue recognition

Revenue is recognised when control of the asset is transferred to the customer. Revenue is measured at fair value of the consideration received or receivable and is recognised on the following basis:

- Revenue from sale of goods is recognised when or as control of goods have been transferred to a customer and the performance obligations are met. The credit limit in contract with customers ranges from 2 to 90 days.
- Storage income is recorded when services are rendered.
- Profit on bank accounts / investments is recognised on accrual basis.
- Dividend income is recognised when the right to receive such payment is established.
- Other revenues are accounted when performance obligations are met.

2.24 Segment reporting

Segment reporting is based on operating (business) segments of the Company. These business segments are engaged in providing product or services which are subject to risks and rewards that are different from the risks and rewards of other segments.

2.25 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.25.1 **Financial assets**

Initial recognition and measurement

Financial assets are classified at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Company classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through Other Comprehensive Income (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss (FVPL).

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established. The Company has not designated any financial asset as at FVPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's unconsolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.25.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at FVPL.

Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.26 Impairment

2.26.1 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Company applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.26.2 Impairment of non-financial assets

The carrying amounts of the Company's non financial assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognised in the unconsolidated statement of profit or loss. The recoverable is the higher of an asset's fair value less cost to disposals and value in use.

2.27 Offsetting

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset or settle the liability simultaneously.

2.28 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the unconsolidated financial statements in the period in which these are approved.

2.29 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.30 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

	Note	2022	2021
		(Rupees in thousands)	
3. Property, plant and equipment:			
Operating fixed assets	3.1	2,333,899	2,319,798
Capital work-in-progress	3.5	23,566	166,699
Major stores and spare parts	3.6	–	10,136
		2,357,465	2,496,633

3.1 Operating fixed assets for 2022:

	Cost as at Oct. 1, 2021	Additions / (deletions)	Cost as at Sept. 30, 2022	Accum- ulated deprec- iation / amortization as at Oct. 1, 2021	Depre- ciation / amortization charge for the year & accum- lated deprec- iation on deletions	Accum- ulated deprec- iation / amortization as at Sept. 30, 2022	Written down value as at Sept. 30, 2022	Annual rate of deprec- iation / amortiz- ation %
	(Rupees in thousands)							
Land								
Freehold - Sugar / Distillery division	220,102	17,017	237,119	–	–	–	237,119	–
Leasehold - Textile division	489	–	489	261	5	266	223	1.01
Buildings on freehold land								
Sugar division	115,143	–	115,143	83,923	3,122	87,045	28,098	10
Distillery division	21,243	–	21,243	18,880	236	19,116	2,127	10
Non-factory buildings	30,228	–	30,228	24,659	278	24,937	5,291	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	17,692	164	17,856	1,479	10
Plant and machinery								
Sugar division	2,871,958	215,569 –	3,087,527	1,431,493	161,657 –	1,593,150	1,494,377	10
Distillery division - Note 3.1.1	1,383,591	750 –	1,384,341	841,309	54,279 –	895,588	488,753	10
Textile division	131,568	175	131,743	97,526	3,419	100,945	30,798	10
Railway siding - Sugar division	468	–	468	468	–	468	–	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,488	32	8,520	288	10
Textile division	3,601	–	3,601	3,174	43	3,217	384	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	100,837	12,824 (1,940)	111,721	79,483	7,610 (1,918)	85,175	26,546	25
Textile division	11,287	–	11,287	9,868	355	10,223	1,064	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,745	4	2,749	16	20
Motor cars / vehicles								
Sugar / Distillery division	48,633	2,825 (217)	51,241	30,405	3,718 (125)	33,998	17,243	20
Textile division	873	–	873	757	23	780	93	20
Total	4,970,929	249,160 (2,157)	5,217,932	2,651,131	234,945 (2,043)	2,884,033	2,333,899	

3.1.1 Plant and machinery of distillery division include storage tanks of the CO_2 unit having written down value of Rs. 10.08 (2021: Rs.11.20) million installed at Coca Cola Beverages Pakistan Limited and Pakistan Beverages Limited premises for storage of Liquidified Carbondioxide.

3.1.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Particulars	Location	Total Area
Land	Nawabshah, District Shaheed Benazirabad	345.95 Acre
Land	D-140/B-1, Mangopir Road, S.I.T.E. Karachi	1.12 Acre
Land	60/1-B Oil Installation Area, Keamari, Karachi	4000 Sqm

3.1.3 Reconciliation of carrying values for 2022

	Written down value as at Oct. 1, 2021	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Written down value as at Sept. 30, 2022
	(Rupees in thousands)			
Land	220,330	17,017	5	237,342
Buildings on freehold land	39,152	–	3,636	35,516
Buildings on leasehold land	1,643	–	164	1,479
Plant and machinery	2,016,789	216,494	219,355	2,013,928
		–	–	
Railway siding	–	–	–	–
Electric, gas and water installations	747	–	75	672
Furniture, fittings, electrical and office equipment	22,773	12,824	7,965	27,610
		(1,940)	(1,918)	
Tractors / trolleys and agriculture implements	20	–	4	16
Motor cars / vehicles	18,344	2,825	3,741	17,336
		(217)	(125)	
	2,319,798	249,160	234,945	2,333,899
		(2,157)	(2,043)	

3.2 Operating fixed assets for 2021:

	Cost as at Oct. 1, 2020	Additions / (deletions)	Cost as at Sept. 30, 2021	Accum-ulated deprec-iation / amortization as at Oct. 1, 2020	Depre-ciation / amortization charge for the year & accum-lated deprec-iation on deletions	Accum-ulated deprec-iation / amortization as at Sept. 30, 2021	Written down value as at Sept. 30, 2021	Annual rate of deprec-iation / amortiz-ation %
				(Rupees in thousands)				
Land								
Freehold - Sugar / Distillery division	188,980	31,122	220,102	–	–	–	220,102	–
Leasehold - Textile division	489	–	489	256	5	261	228	1.01
Buildings on freehold land								
Sugar division	115,143	–	115,143	80,454	3,469	83,923	31,220	10
Distillery division	21,243	–	21,243	18,617	263	18,880	2,363	10
Non-factory buildings	30,228	–	30,228	24,366	293	24,659	5,569	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	17,509	183	17,692	1,643	10
Plant and machinery								
Sugar division	2,678,295	193,663	2,871,958	1,276,040	155,453	1,431,493	1,440,465	10
		–			-			
Distillery division	1,389,836	–	1,383,591	787,103	60,266	841,309	542,282	10
		(6,245)			(6,060)			
Textile division	131,568	–	131,568	93,743	3,783	97,526	34,042	10
Railway siding - Sugar division	468	–	468	467	1	468	–	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,453	35	8,488	320	10
Textile division	3,601	–	3,601	3,127	47	3,174	427	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	98,985	3,197	100,837	74,049	6,640	79,483	21,354	25
		(1,345)			(1,206)			
Textile division	9,891	1,396	11,287	9,592	276	9,868	1,419	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,740	5	2,745	20	20
Motor cars / vehicles								
Sugar / Distillery division	48,668	319	48,633	26,234	4,426	30,405	18,228	20
		(354)			(255)			
Textile division	818	55	873	732	25	757	116	20
Total	4,749,121	229,752	4,970,929	2,423,482	235,170	2,651,131	2,319,798	
		(7,944)			(7,521)			

3.2.1 Reconciliation of carrying values for 2021

	Written down value as at Oct. 1, 2020	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Written down value as at Sept. 30, 2021
		(Rupees in thousands)		
Land	189,213	31,122	5	220,330
Buildings on freehold land	43,177	–	4,025	39,152
Buildings on leasehold land	1,826	–	183	1,643
Plant and machinery	2,042,813	193,663	219,502	2,016,789
		(6,245)	(6,060)	
Railway siding	1	–	1	–
Electric, gas and water installations	829	–	82	747
Furniture, fittings, electrical and office equipment	25,235	4,593	6,916	22,773
		(1,345)	(1,206)	
Tractors / trolleys and agriculture implements	25	–	5	20
Motor cars / vehicles	22,520	374	4,451	18,344
		(354)	(255)	
	2,325,639	229,752	235,170	2,319,798
		(7,944)	(7,521)	

3.3 Allocation of depreciation / amortization charge for the year:

	Note	2022	2021
		(Rupees in thousands)	
Cost of Sales			
Sugar division	23	169,098	162,746
Distillery division	23	58,189	64,792
Textile division	23	3,631	4,017
		230,918	231,555
Administrative expenses			
Sugar division	25	3,020	2,673
Distillery division	25	259	229
Textile division	25	378	301
Terminal	22.1	370	412
		4,027	3,615
		234,945	235,170

3.4 Details of operating fixed assets disposed off:

	Cost	Accumulated depreciation	written down value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of purchasers	Relationship with purchaser
			(Rupees in thousands)					
Furniture, fittings, electrical and office equipment	1,940	1,918	22	28	6	Negotiation	Various	None
Motor cars / vehicles	217	125	92	7,696	7,604	Tender	Various	None
2022	2,157	2,043	114	7,724	7,610			
2021	7,944	7,521	423	4,811	4,388			

	Note	2022	2021
		(Rupees in thousands)	
3.5 Capital work-in-progress			
Plant and machinery		23,566	101,634
Advance to suppliers		–	65,065
	3.5.1	23,566	166,699
3.5.1 Movement in capital work-in-progress			
Balance at the beginning of the year		166,699	151,115
Cost incurred during the year - net		62,300	106,525
Transfer from Major stores and spare parts		10,136	102,722
Transfer to operating fixed assets		(215,569)	(193,663)
		(143,133)	15,584
Balance at the end of the year		23,566	166,699
3.6 Major stores and spare parts			
Stores	3.6.1	–	10,136
3.6.1 Movement in major stores and spare parts			
Balance at the beginning of the year		10,136	1,605
Additions during the year		–	111,253
		10,136	112,858
Transfer to capital work-in-progress		(10,136)	(102,722)
Balance at the end of the year		–	10,136
4 Right-of-use assets		14,474	11,659

	Office Premises 2022	2021
	(Rupees in thousands)	
As at October 01		
Cost	17,488	23,317
Additions	10,052	–
Accumulated depreciation	(13,066)	(5,829)
Net book value	14,474	17,488
Net carrying value basis		
Opening net book value	11,659	17,488
Additions during the year	10,052	–
Depreciation charged during the year	(7,237)	(5,829)
Closing net book value	14,474	11,659
As at September 30		
Cost	33,369	23,317
Accumulated depreciation	(18,895)	(11,658)
Net book value	14,474	11,659
Depreciation % per annum	25%	25%

4.1 Allocation of depreciation charge for the year

	2022	2021
Administrative expenses		
Sugar division	7,237	5,829

5. Long-term investments

Number of shares 2022	2021	Face value Rs.	Company's Name	Note	2022	2021
5.1 Investments in subsidiary company - at cost						
5,000,000	5,000,000	10	HSM Energy Limited	5.3	50,000	50,000
			Provision for impairment		(50,000)	(50,000)
					–	–
5.2 Fair Value through Other Comprehensive Income						
5.2.1 Investments in related parties - Quoted						
24,136,691	24,136,691	10	Bank AL Habib Limited		1,303,381	1,669,052
5,363,772	5,363,772	5	Habib Insurance Company Limited		32,236	37,815
					1,335,617	1,706,867
5.2.2 Investments in related parties - Unquoted						
1,249,999	1,249,999	10	UniEnergy Limited	5.4	12,788	12,611
36,600,918	32,845,005	10	Uni Food Industries Limited	5.5	–	121,198
					12,788	133,809

Number of shares 2022	Number of shares 2021	Face value Rs.	Company's Name	2022 (Rupees in thousands)	2021 (Rupees in thousands)
5.2.3 Investments in other companies - Quoted					
340,000	340,000	10	Amreli Steels Limited	9,166	13,311
257,500	150,000	10	Agha Steels Limited	4,115	4,124
114,000	–	10	AirLink Communication	4,123	–
50,000	50,000	10	Bank Alfalah Limited	1,557	1,618
607,176	555,176	10	Cherat Cement Company Limited	70,171	79,512
38,000	38,000	10	Cherat Packaging Limited	4,083	6,809
26,478	26,478	10	Dawood Lawrencepur Limited	5,296	5,217
517,500	517,500	10	D.G. Khan Cement Company Limited	31,371	45,758
68,000	68,000	10	Engro Corporation Limited	15,743	19,023
12,500	12,500	10	Frieslandcampina Engro Pakistan Limited (formerly Engro Food Limited)	823	1,220
229,200	103,200	10	Engro Fertilizer Limited	17,882	7,253
441,098	341,098	10	Engro Polymer & Chemical Limited	24,185	18,784
90,600	90,600	10	Faran Sugar Mills Limited	4,757	3,700
100,885	100,885	10	Fauji Fertilizer Company Limited	10,220	10,296
200,000	200,000	10	Fauji Fertilizer Bin Qasim Limited	3,884	4,500
157,759	80,000	10	Fauji Foods Limited	1,000	1,242
–	100,000	10	Faysal Bank Limited	–	2,632
12,100	12,100	10	GlaxoSmithKline Pakistan Limited	1,441	1,789
3,630	3,630	10	GlaxoSmithKline Consumer Healthcare Pakistan Limited	714	926
45,000	–	10	Gul Ahmed Textile Mills Limited	1,355	–
882,500	845,000	10	Habib Metropolitan Bank Limited	30,067	36,758
421,213	421,213	10	Habib Bank Limited	29,363	46,060
12,350	12,350	10	Indus Motors Company Limited	11,646	14,426
126,100	126,100	10	International Industries Limited	12,691	21,030
1,083,481	675,000	10	International Steels Limited	59,732	51,442
384,500	300,000	10	Javedan Corporation Limited	19,610	17,967
1,810,000	1,810,000	10	K-Electric Limited	5,394	7,240
153,800	141,300	10	Lucky Cement Limited	78,854	102,146
250,000	–	10	Maple Leaf Cement Factory	6,965	–
185,837	185,837	10	MCB Bank Limited	22,209	28,004
342,228	276,549	10	Mehran Sugar Mills Limited	12,303	12,721
54,900	54,900	10	Mirpurkhas Sugar Mills Limited	7,110	5,380
30,468	24,375	5	National Food Limited	4,154	5,170
285,000	285,000	10	OGDCL	21,580	23,883
25,000	25,000	10	Packages Limited	10,201	11,734
200,000	200,000	10	Pakistan International Bulk Terminal Limited	1,148	1,782
30,000	30,000	10	Pakistan Oil Fields Limited	10,474	11,260
230,000	230,000	10	Power Cement Limited	1,118	1,615
711,503	711,503	5	Thal Limited	195,030	276,312
435,458	435,458	10	The Hub Power Company Limited	30,443	32,019
60,062	60,062	10	TPL Insurance Limited	1,539	2,398
76,710	59,008	10	The Searle Company Limited	7,798	11,891
140,000	140,000	10	United Bank Limited	16,085	16,598
				807,400	965,550
				2,155,805	2,806,226

5.3 HSM Energy Limited is a wholly owned subsidiary of the Habib Sugar Mills Limited which was formed to generate electricity from Bagasse and to sale electricity to company and National Grid. 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 members 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 Central Power Purchasing Agency, have decided to discontinue the project and wind up HSM Energy Limited.

	2022	2021
	(Rupees in thousands)	
5.4 UniEnergy Limited (UEL)		
Movement of Investment in UEL		
Balance at the beginning of the year	12,611	12,555
Unrealised gain on remeasurement recognised in other comprehensive income	177	56
Balance at the end of the year	12,788	12,611

The fair value of the investments in UniEnergy Limited has been determined on the net assets value due to the limited financial information available.

5.5 UniFoods Industries Limited (UFIL)

The Company in its meeting of Board of Directors held on June 8, 2022 had decided to dispose off its shareholding in UniFood Industries Limited to M/s. Sunridge Foods (Private) Limited at the rate of Rs.3.18 per share. As on the balance sheet date, the proceeds on account of disposal off shareholding in the investee company was not received.

Based on the above consideration, the Company has recorded an unrealised loss of Rs. 42.37 million in other comprehensive income for the year (2021: Rs.59.74 million).

	Note	2022	2021
		(Rupees in thousands)	
Movement of Investment in related party - Unifood			
Balance at the beginning of the year		121,198	109,032
Investment made during the year		37,559	71,905
Unrealised loss on remeasurement recognised in other comprehensive loss		(42,366)	(59,739)
Reclassified to short-term investment	13	(116,391)	–
Balance at end of the year		–	121,198

5.6 The aggregate cost of the above investments is Rs.1,315.53 (2021: Rs.1,198.54) million.

6. Long-term loans

	Note	2022	2021
		(Rupees in thousands)	
Secured - considered good			
Employees	6.1	25,605	13,747
Other Executive		13,646	–
		39,251	13,747
Receivable within next twelve months shown under current asset:			
Employees	10	(17,700)	–
Other Executive		(6,723)	(6,304)
		(24,423)	(6,304)
		14,828	7,443

6.1 Long-term loans include loans of Rs.5.09 (2021: Rs.5.91) million to workers which carry no interest as per Company policy and CBA agreement. The balance amount of loan carries interest @ 7% (2021: 7%) per annum. These are secured against property documents and retirements benefits. These loans are carried at cost due to materiality of amounts involved.

7. Stores and spare parts

	Note	2022	2021
		(Rupees in thousands)	
Stores		186,346	123,897
Provision for obsolescence and slow moving stores	7.1	(19,718)	(17,394)
		166,628	106,503
Spare parts		136,438	116,127
Provision for obsolescence and slow moving spare parts	7.2	(28,106)	(27,606)
		108,332	88,521
		274,960	195,024

7.1 Provision for obsolescence and slow moving stores

	2022	2021
Balance at the beginning of the year	17,394	13,694
Provision made during the year	3,500	3,700
Utilised during the year	(1,176)	–
Balance at the end of the year	19,718	17,394

7.2 Provision for obsolescence and slow moving spares

	2022	2021
Balance at the beginning of the year	27,606	25,306
Provision made during the year	500	2,300
Balance at the end of the year	28,106	27,606

	Note	2022	2021
		(Rupees in thousands)	
8. Stock-in-trade			
Raw materials			
Distillery division		947,014	358,459
Textile division		19,334	16,681
		966,348	375,140
Work-in-process			
Sugar division		1,223	629
Textile division		77,144	50,081
		78,367	50,710
Finished goods			
Sugar division		3,638,427	1,013,247
Distillery division		267,360	415,054
Textile division		16,894	29,282
		3,922,681	1,457,583
Bagasse		36,897	10,051
Fertilizers		–	1,087
		5,004,293	1,894,571

	Note	2022	2021
9. Trade debts - considered good			
Export – Secured against export documents		46,005	11,348
Local – Unsecured		278,138	396,105
	9.1	324,143	407,453

	2022	2021
9.1 The aging of trade debts at September 30, is as follows :		
Not yet due	46,733	386,480
up to 90 days	159,179	10,267
91 to 180 days	118,231	10,706
	324,143	407,453

	Note	2022	2021
10. Loans and advances - considered good			
Loans - secured			
Current maturity of long-term loans			
Executives	6	17,700	–
Other Employees		6,723	6,304
		24,423	6,304
Advances - unsecured			
Suppliers		51,646	44,126
		76,069	50,430

	2022	2021
11. Trade deposits and short-term prepayments		
Trade deposits	751	901
Short-term prepayments	19,732	15,335
	20,483	16,236

	Note	2022	2021
		(Rupees in thousands)	

12. Other receivables - considered good

Duty drawback and research & development support claim		3,953	13,855
Dividend receivable		7,210	9,385
Others		114	2,601
		11,277	25,841

13. Short-term investments

At amortised

	Note	2022	2021
Government Securities			
Market Treasury Bills	13.1	248,974	2,002,775
Pakistan Investment Bond	13.2	101,641	–
		350,615	2,002,775

At FVOCI

	Note	2022	2021
Investments in related parties - Unquoted:			
Uni Food Industries Limited	5.5	116,391	–

Investments in mutual fund:

Number of units 2022	Number of units 2021		Note	2022	2021
13,797,943	12,778,051	First Habib Cash Fund - wholly owned subsidiary of related party		1,426,017	1,288,833
78,805,061	19,580,967	ABL Cash Fund		812,701	200,000
143	5,255,556	NIT Money Market Fund		14	50,977
			13.3	2,238,732	1,539,810
				2,705,738	3,542,585

13.1 These carry effective yield of 7.57% to 14.47% (2021: 7.10% to 7.57%) per annum, having maturity latest by January 2022.

13.2 These carry effective yield of 13.23% (Nil) per annum.

13.3 The aggregate cost of the units of mutual funds is Rs. 2,213.08 (2021: Rs.1,536.01) million.

	Note	2022	2021
		(Rupees in thousands)	

14. Cash and bank balances

	Note	2022	2021
Cash in hand		392	148
Balances with banks in:			
Current accounts		52,386	5,305
Treasury call accounts	14.1	243,194	63,410
Term Deposit Receipts	14.2	250,000	200,000
	14.3	545,580	268,715
		545,972	268,863

14.1 Profit rates on treasury call accounts ranged between 6.50% to 13.75% (2021: 5.50% to 6.50%) per annum.

14.2 Profit rates on term deposit receipts ranged between 6.70% to 14.50% (2021: 6.70%) per annum. Maturity of these term deposit receipts are one month.

14.3 Includes Rs.244.30 (2021: Rs.261.65) million kept with Bank AL Habib Limited - a related party.

15. Issued, subscribed and paid-up capital

2022	2021		2022	2021
Number of shares			(Rupees in thousands)	
10,136,700	10,136,700	Ordinary shares of Rs. 5/- each fully paid in cash	50,684	50,684
139,863,300	139,863,300	Ordinary shares of Rs. 5/- each issued as bonus shares	699,316	699,316
150,000,000	150,000,000		750,000	750,000

15.1 Issued, subscribed and paid-up capital of the Company includes 14,896,001 (2021: 14,896,001) ordinary shares of Rs.5/- each held by related parties at the end of the year.

15.2 Voting rights, Board Selection, right of first refusal and block voting are in proportion to the shareholding.

16. Reserves

	Note	2022	2021
		(Rupees in thousands)	
Capital			
Share premium		34,000	34,000
Revenue			
General Reserve	16.1	6,408,500	5,748,500
Unappropriated profit		1,340,185	1,115,111
Unrealised gain on re-measurement of FVOCI investments		987,317	1,612,483
		8,736,002	8,476,094
		8,770,002	8,510,094

16.1

	2022	2021
At the beginning of the year	5,748,500	5,448,500
Transferred from unappropriated profit	660,000	300,000
	6,408,500	5,748,500

17. Deferred taxation

	2022	2021
Deferred tax liability on taxable temporary difference:		
- accelerated tax depreciation allowance on operating fixed assets	235,000	211,000
Deferred tax asset on deductible temporary difference:		
- provision for obsolescence and slow moving stores & spare parts	(12,000)	(10,500)
- provision for impairment of investment in subsidiary	(16,500)	(14,500)
- lease liability	(6,000)	(4,000)
- provision for GIDC	–	(7,000)
- unused tax losses	(103,500)	(91,000)
- re-measurement of investments	(5,000)	(1,000)
	(143,000)	(128,000)
	92,000	83,000

18. Gas Infrastructure Development Cess

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

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

The above demand of the SSGC was not acknowledged as liability as the Company had not passed the burden to their customers/clients. The Company filed an appeal before the Honourable High Court of Sindh ('the Court') on the ground that no burden of GIDC had been passed to its customers/clients and thus the Company is not liable to pay GIDC under GIDC Act 2015. The Court granted stay vide order dated September 22, 2020 against the demand raised by the SSGC and restrained to take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company had made aggregate provision of Rs.138.68 million for GID Cess in the unconsolidated financial statements for the year ended September 30, 2020.

In January 2021, the Institute of Chartered Accountants of Pakistan (ICAP), issued Technical Release (TR) on accounting of GIDC. According to the TR, the provision of GIDC is to be re-measured on present value basis. The provision of GIDC of Rs.138.68 million accounted for in September 30, 2020 was re-measured at the present value which works out to Rs.117.41 million (including current maturity of Rs.33.32 million) as shown below resulting in re-measurement gain on discounting of GIDC of Rs.21.27 million as disclosed in note 26 of these unconsolidated financial statements.

	Note	2022	2021
		(Rupees in thousands)	
Provision for GIDC as on October 01		117,408	138,681
Less: Gain on re-measurement on discounting of GIDC	27	7,835	21,273
Provision for GIDC as on September 30		109,573	117,408
GIDC shown under Non-current liabilities		76,822	84,092
Payable within next twelve months shown under trade and other payable		32,751	33,316
Provision for GIDC as on September 30		109,573	117,408

19. Lease Liability

		2022	2021
Balance at the beginning of the year		13,948	19,126
Additions		10,052	–
Mark-up on lease liability		2,008	1,601
Less: Lease rentals paid		(8,506)	(6,779)
Balance at the end of the year		17,502	13,948
Current portion of long-term lease liabiltiy		7,929	6,318
Long-term lease liability		9,573	7,630

	Note	2022	2021
		(Rupees in thousands)	

20. Trade and other payables

	Note	2022	2021
Creditors		1,305,142	1,234,991
Accrued liabilities		394,003	415,554
Sales tax		41,382	44,914
Payable to Employees Gratuity Fund		1,573	809
Gas Infrastructure Development Cess	18	32,751	33,316
Workers' Profit Participation Fund (WPPF)	20.1	88,508	70,244
Wokers; Welfare Fund		23,799	13,799
Income-tax deducted as source		3,355	175
		1,890,513	1,813,802

20.1 Workers' Profit Participation Fund (WPPF)

	Note	2022	2021
Balance at the beginning of the year		70,244	42,858
Interest on funds utilized in the Company's business		1,218	–
		71,462	42,858
Amount paid to the WPPF		(71,462)	(42,858)
		–	–
Allocation for the year	26	88,508	70,244
Balance at the end of the year		88,508	70,244

21. Contingencies and commitments

21.1 Under the sectorial audit, the Company's case was also selected for tax audit under section 177 of the Income tax Ordinance, 2001 for five years (i.e., tax years 2015 to 2019) during the year 2020.

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.12,440 million was raised by making additions / disallowances under various heads in line with other sugar mills. Consequent to the above assessment orders, the tax authorities also passed orders levying penalty for three tax years i.e., 2015, 2016 and 2017 aggregating to Rs. 5,860 million.

The Company filed appeals against the above assessment and penalty orders before the Commissioner Inland Revenue (Appeals) and simultaneously obtained stay from the Sindh High Court against the recovery of tax demands raised under the above orders. During the year, the Commissioner-Appeals upheld all the assessment and penalty orders passed by the tax authorities.

As a next remedy, the Company filed appeal before the Appellate Tribunal Inland Revenue who vide orders dated September 19 , 2022 substantially deleted all tax demands raised by tax authorities in assessment orders whereas the Tribunal vide its orders dated September 30, 2022 deleted penalties for all the above three tax years.

In light of the above-referred appellate orders passed by the Appellate Tribunal Inland Revenue, the above tax demands raised and penalties levied by tax authorities are no longer payable by the Company and accordingly, no provision has been made in this respect in these unconsolidated financial statements.

In addition, in view of the above assessment orders, the tax authorities also passed an assessment order in relation to tax year 2020, whereby tax refund of prior year aggregating to Rs. 54.98 million claimed by the Company were held inadmissible. The Company filed a rectification application against the order before the tax authorities which is pending adjudication. In view of the advice of Tax advisor, the loan is confident of a favourable out come of the case and accordingly no provision has been made in there unconsolidated account.

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

Under the above-referred order dated August 6, 2021, penalty of Rs. 493.66 million had 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 September 30, 2019. The penalty had been levied on account of alleged 'collective decision of export quantities' by fixing/controlling the supply of sugar and maintaining the desired price levels in the market during the period from the year 2012 to 2020.

The Company alongwith 17 other sugar mills had filed a suit against the above-referred order dated August 6, 2021 through its legal counsel before the Sindh High Court who vide its order No. 2273 of 2021 dated October 07, 2021 had suspended the operation of above impugned order dated August 06, 2021 and August 13, 2021.

However, the CCP in contravention of the above restraining order of the High Court has issued a show-cause notice under section 30 of the Competition Act, 2010 on October 08, 2021 wherein identical issues are involved. The Company alongwith 18 other sugar mills has filed a suit against the above show-cause notice and the Sindh High Court vide its order No. 2381 dated October 14, 2021 had suspended the operation of the above show-cause notice dated October 08, 2021.

The Sindh High Court had given an interim favorable order on June 13, 2022 whereby the Sindh High Court had granted injunction whereunder the casting vote of the Chairperson had 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 SHC. In light of the Court's order, the Company deposited the bank guarantees with the Nazir of the Court on July 22, 2022.

In the meantime, the Company alongwith other sugar mills filed an appeal before the Sindh High Court against the requirement of furnishing bank guarantees as directed in the Sindh High Court's order dated June 13, 2022. The aforesaid appeal was disposed off vide order dated August 25, 2022 in terms of joint statement filed by sugar mills and the CCP with the Court.

In terms of the above joint statement, it was agreed between the parties that the interim order dated June 13, 2022 shall set aside and the bank guarantees already submitted by sugar mills with the Nazir of the Court shall be returned back to sugar mills. It was further agreed under the joint statement that the CCP shall not initiate any recovery proceedings until the final decision in appeals which are pending before the Competition Appellate Tribunal. Further, the single judge of the Sindh High Court shall also decide the pending suits expeditiously.

The bank guarantees submitted by the Company with the Nazir of the Court on July 22, 2022 have been returned back to the Company. The date of hearing before the Competition Appellate Tribunal is fixed for October 25, 2022.

The legal counsel of the Company is of the view that in light of the observation of the Sindh High Court in its order dated June 13, 2022 that the casting was not lawfully exercised by the Chairperson, the favourable outcome is expected from the Sindh High Court as well as Competition Appellate Tribunal. The Company has therefore, not made any provision in these unconsolidated financial statements in respect of the penalty levied by CCP vide its order dated August 06, 2021.

21.3 Pursuant to the decision of ECC on January 10, 2013, the FBR vide its SRO No. 77(1)/2013 dated February 7, 2013, allowed benefit to sugar exporters by reducing FED rate from 8.0% to 0.5% on local sales, equivalent to quantity exported by the mills. The Company availed the benefit and claimed Rs.56.56 million on account of reduced rate of FED. Against the aforementioned claim, FBR disallowed an amount of Rs.7.0 million and also levied default surcharge of Rs.0.3 million. The disallowances was on the basis that the benefit of claim accrues and arises from February 7, 2013, the date of SRO No: 77(1) /2013 and not from January 10, 2013, the date of ECC meeting wherein the benefit was approved by ECC. The Company maintains that the sugar mills are entitled to avail the benefit of reduced rate of FED on sugar exported against the export quota allotted by ECC in its meeting held on January 10, 2013. Accordingly, the Company filed a suit before Honourable High Court of Sindh and the operations of the said order were suspended by the Honourable Court vide its order dated April 23, 2014. On November 14, 2018 the Company withdraw the suit & filed an appeal before commissioner inland revenue who vide order dated February 28, 2019 rejected the appeal. The Company then filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) where the appeal is pending. In view of the advice of legal counsel, the company is confident of a favourable outcome and accordingly no provision has been made in these unconsolidated financial statements.

21.4 The Government of Sindh vide notification dated July 08, 2014 levied a fee of Rs.0.50 / litre for storage of rectified spirit in bonded warehouse at Terminal Keamari, Karachi. The Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on October 21, 2021 and was adjourned till December 23, 2021. The financial exposure as at September 30, 2022 is Rs.88.94 (2021: Rs.81.41) million. In view of the advice of legal counsel, the Company is confident of a favourable outcome of the case and accordingly no provision has been made in these unconsolidated financial statements.

21.5 The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.500.00 (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.1,529.25 (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.

21.6 Commitments for capital expenditure amounted to Rs.3.67 (2021: Rs.50.03) million.

21.7 Lease rentals under Ijarah agreements in respect of vehicles, payable over the following next four years, are as follows:

	2022	2021
	(Rupees in thousands)	
Year ending September 30		
2022	–	23,215
2023	46,167	17,294
2024	42,520	12,732
2025	36,883	8,780
2026	22,998	–
	148,568	62,021

22. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division 2022	Sugar Division 2021	Distillery Division 2022	Distillery Division 2021	Textile Division 2022	Textile Division 2021	Trading Division 2022	Trading Division 2021	Total 2022	Total 2021
Net sales and services											
Local sales		7,317,625	6,240,800	735,621	613,839	6,358	6,727	7,562	31,254	8,067,166	6,892,620
Less: Sales tax / Federal excise duty		1,018,510	771,427	106,686	83,121	1,060	1,121	1,099	4,541	1,127,355	860,210
		6,299,115	5,469,373	628,935	530,718	5,298	5,606	6,463	26,713	6,939,811	6,032,410
Export sales		–	–	5,149,638	3,331,900	436,432	612,277	554,115	–	6,140,185	3,944,177
Less: Export duty, freight and commission		–	–	32,511	14,911	–	53,064	52,411	–	84,922	67,975
		–	–	5,117,127	3,316,989	436,432	559,213	501,704	–	6,055,263	3,876,202
Net sales		6,299,115	5,469,373	5,746,062	3,847,707	441,730	564,819	508,167	26,713	12,995,074	9,908,612
Services											
Terminal Storage income - net	22.1	–	–	11,744	4,067	–	–	–	–	11,744	4,067
		6,299,115	5,469,373	5,757,806	3,851,774	441,730	564,819	508,167	26,713	13,006,818	9,912,679
Less: Cost of sales	23	5,628,732	4,961,051	4,349,785	3,035,906	442,181	532,342	375,408	22,981	10,796,106	8,552,280
Gross profit / (loss)		670,383	508,322	1,408,021	815,868	(451)	32,477	132,759	3,732	2,210,712	1,360,399
Selling and distribution expenses	24	77,676	58,628	190,217	128,130	14,757	23,992	494	–	283,144	210,750
Administrative expenses	25	229,917	205,780	17,303	14,009	7,050	6,304	770	506	255,040	226,599
		307,593	264,408	207,520	142,139	21,807	30,296	1,264	506	538,184	437,349
Profit / (loss) before other operating expenses and other income		362,790	243,914	1,200,501	673,729	(22,258)	2,181	131,495	3,226	1,672,528	923,050
Other operating expenses	26									(375,186)	(86,468)
Other income	27									393,920	268,007
Operating profit										1,691,262	1,104,589

- Sugar division is engaged in manufacturing of refined sugar.
- Distillery division is engaged in manufacturing of ethanol, liquidified carbon dioxide (CO_2) and providing bulk storage facilities.
- Textile division is engaged in manufacturing of household textiles.
- Trading division is engaged in trading of commodities viz sugar / molasses / bagasse / liquidified carbon dioxide (CO_2) as and when opportunity occurs.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
22.1 Services										
Terminal storage income - net	–	–	24,521	10,409	–	–	–	–	24,521	10,409
Less: Terminal expenses										
Salaries, wages and other benefits - note 21.1.1	–	–	7,324	4,078	–	–	–	–	7,324	4,078
Repairs and maintenance	–	–	1,878	178	–	–	–	–	1,878	178
Water, electricity and gas	–	–	631	225	–	–	–	–	631	225
Rent, rates and taxes	–	–	1,749	974	–	–	–	–	1,749	974
Depreciation - note 3.3	–	–	370	412	–	–	–	–	370	412
Travelling and vehicle running expenses	–	–	207	118	–	–	–	–	207	118
Insurance	–	–	126	65	–	–	–	–	126	65
Other expenses	–	–	492	292	–	–	–	–	492	292
	–	–	12,777	6,342	–	–	–	–	12,777	6,342
	–	–	11,744	4,067	–	–	–	–	11,744	4,067

22.1.1 Salaries, wages and other benefits include a sum of Rs. 0.53 (2021: Rs. 0.45) million in respect of staff retirement benefits.

22.2 Geographical Information of customers

	2022	2021
	(Rupees in thousands)	
Revenues from customers (Country wise)		
Pakistan	6,805,088	6,036,476
South Korea	30,933	173,301
UAE	853,369	464,541
United kingdom	232,353	819,943
Singapore	–	209,921
Switzerland	–	1,796,010
Ireland	179,912	–
Italy	1,574,985	–
Netherland	2,262,821	–
South Africa	224,487	131,955
Taiwan	801,733	215,358
Holland	41,137	65,174
	13,006,818	9,912,679

The revenue information above is based on the location of customers

22.3 Of the Company's total revenue, three customer accounts for more than 10%.

(Rupees in thousands)

23. Cost of sales

	Sugar Division 2022	Sugar Division 2021	Distillery Division 2022	Distillery Division 2021	Textile Division 2022	Textile Division 2021	Trading Division 2022	Trading Division 2021	Total 2022	Total 2021
Raw material consumed	7,855,798	5,309,931	3,624,649	2,658,114	340,190	397,736	–	–	11,820,637	8,365,781
Salaries, wages and other benefits - note 23.1	409,950	352,393	121,650	105,470	17,611	15,601	–	–	549,211	473,464
Process chemicals	109,148	51,702	47,325	31,601	–	–	–	–	156,473	83,303
Packing material	119,283	52,306	–	–	19,881	25,319	–	–	139,164	77,625
Dyeing, weaving and other charges	–	–	–	–	38,172	74,282	–	–	38,172	74,282
Stores and spare parts consumed	134,278	96,082	50,883	41,265	–	–	–	–	185,161	137,347
Provision for obsolescence and slow moving stores & spares -note 7.1	3,500	6,000	500	–	–	–	–	–	4,000	6,000
Rent, rates, taxes and lease rentals	10,878	7,700	14,135	10,460	1,058	1,664	–	–	26,071	19,824
Water, fuel and power	94,794	63,059	129,147	91,179	40,924	47,734	–	–	264,865	201,972
Repairs and maintenance	271,866	142,745	130,896	89,215	2,876	5,496	–	–	405,638	237,456
Legal and professional charges	4,465	7,094	–	–	–	–	–	–	4,465	7,094
Insurance	9,050	7,320	10,080	7,251	691	1,007	–	–	19,821	15,578
Postage, telephone and stationery	9,593	5,861	–	–	–	–	–	–	9,593	5,861
Depreciation / amortization - note 3.3	169,098	162,746	58,189	64,792	3,631	4,017	–	–	230,918	231,555
Other manufacturing expenses	59,515	35,408	14,637	8,803	228	242	–	–	74,380	44,453
Duty drawback / Rebate	–	–	–	–	(8,407)	(20,292)	–	–	(8,407)	(20,292)
Bagasse sale	(29,021)	–	–	–	–	–	–	–	(29,021)	–
Bagasse transferred to distillery division	(121,131)	(59,723)	–	–	–	–	–	–	(121,131)	(59,723)
Molasses transferred to distillery division	(856,558)	(544,356)	–	–	–	–	–	–	(856,558)	(544,356)
	398,708	386,337	577,442	450,036	116,665	155,070	–	–	1,092,815	991,443
Manufacturing cost	8,254,506	5,696,268	4,202,091	3,108,150	456,855	552,806	–	–	12,913,452	9,357,224
Opening stock of work-in-process	629	1,211	–	–	50,081	28,930	–	–	50,710	30,141
Closing stock of work-in-process	(1,223)	(629)	–	–	(77,144)	(50,081)	–	–	(78,367)	(50,710)
	(594)	582	–	–	(27,063)	(21,151)	–	–	(27,657)	(20,569)
Cost of goods manufactured	8,253,912	5,696,850	4,202,091	3,108,150	429,792	531,655	–	–	12,885,795	9,336,655
Opening stock of finished goods	1,013,247	277,448	415,054	342,810	29,283	29,970	–	–	1,457,584	650,228
Purchases	–	–	–	–	–	–	375,408	22,981	375,408	22,981
Closing stock of finished goods	(3,638,427)	(1,013,247)	(267,360)	(415,054)	(16,894)	(29,283)	–	–	(3,922,681)	(1,457,584)
	(2,625,180)	(735,799)	147,694	(72,244)	12,389	687	375,408	22,981	(2,089,689)	(784,375)
	5,628,732	4,961,051	4,349,785	3,035,906	442,181	532,342	375,408	22,981	10,796,106	8,552,280

23.1 Salaries, wages and other benefits include a sum of Rs. 12.97 (2021: Rs. 11.72) million in respect of staff retirement benefits.

(Rupees in thousands)

24. Selling and distribution expenses

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Salaries, wages and other benefits - note 24.1	7,866	6,599	8,507	7,460	6,318	5,667	–	–	22,691	19,726
Insurance	4,963	2,700	2,732	3,046	48	50	–	–	7,743	5,796
Rent, rates, taxes and lease rentals	2,042	1,529	1,142	958	–	–	–	–	3,184	2,487
Transport, freight, handling and forwarding expenses	62,805	47,800	170,953	113,414	4,230	5,917	494	–	238,482	167,131
Other expenses	–	–	6,883	3,252	4,161	12,358	–	–	11,044	15,610
	77,676	58,628	190,217	128,130	14,757	23,992	494	–	283,144	210,750

24.1 Salaries, wages and other benefits include a sum of Rs. 1.43 (2021: Rs. 1.19) million in respect of staff retirement benefits.

25. Administrative expenses

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Salaries, wages and other benefits - note 25.1	121,786	118,961	8,750	7,460	4,971	4,693	605	462	136,112	131,576
Insurance	2,036	1,651	63	65	–	–	3	4	2,102	1,720
Repairs and maintenance	5,255	2,665	721	167	742	339	–	–	6,718	3,171
Postage, telephone and stationery	6,625	4,518	763	525	288	253	–	–	7,676	5,296
Travelling and vehicle running expenses	26,104	17,023	339	118	–	–	52	34	26,495	17,175
Rent, rates, taxes and lease rentals	2,471	2,307	3,449	2,098	–	–	–	–	5,920	4,405
Water, electricity and gas	5,111	3,840	316	226	83	72	–	–	5,510	4,138
Fees, subscription and periodicals	3,319	3,246	18	16	34	42	–	–	3,371	3,304
Legal and professional charges	5,324	2,744	940	1,900	–	–	–	–	6,264	4,644
Directors' meeting fee	755	655	–	–	–	–	–	–	755	655
Depreciation - note 3.3	3,020	2,673	259	229	378	301	–	–	3,657	3,203
Depreciation on Right-of-use assets - note 4.1	7,237	5,829	–	–	–	–	–	–	7,237	5,829
Auditors' remuneration - note 25.2	1,714	1,676	1,247	928	96	136	110	6	3,167	2,746
Other expenses - note 25.3	39,160	37,992	438	277	458	468	–	–	40,056	38,737
	229,917	205,780	17,303	14,009	7,050	6,304	770	506	255,040	226,599

25.1 Salaries, wages and other benefits include a sum of Rs. 4.31 (2021: Rs. 4.09) million in respect of staff retirement benefits.

25.2 Auditors' remuneration

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Statutory audit fee	863	982	789	692	61	101	70	5	1,782	1,780
Half yearly review fee	236	248	216	175	17	26	19	1	487	450
Cost audit	350	250	–	–	–	–	–	–	350	250
Tax / other services	182	109	166	–	13	–	15	–	376	109
Out of pocket expenses	83	87	76	61	6	9	7	0	172	157
	1,714	1,676	1,247	928	97	136	111	6	3,167	2,746

25.3 Sugar division's other expenses include donation of Rs.28.80 (2021: Rs. 29.30) million as per details below:

Name of Institution	2022	2021
	(Rupees in thousands)	
Al-Sayyeda Benevolent Trust	3,000	3,000
Rehmat Bai Widows & Orphanage Trust	3,000	3,000
Habib Medical Trust	3,000	3,000
Habib Poor Fund	3,000	3,000
Family Education Services Foundation	16,000	16,000
Markaz-e-umeed	800	800
Friend Educational & Medical Trust	–	500
	28,800	29,300

None of the Directors or their spouses had any interest in the above donee's fund.

25.4 Information on assets, liabilities and capital expenditure by segment is as follows:

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
25.4.1 Segment assets	5,705,958	3,197,626	1,864,553	1,449,561	481,842	426,933	–	–	8,052,353	5,074,120
Unallocated assets									5,481,090	6,735,720
									13,533,443	11,809,840
25.4.2 Segment liabilities	2,776,528	1,774,733	563,563	408,380	112,500	101,792	7,344	745	3,459,935	2,285,650
Unallocated liabilities									553,506	289,387
									4,013,441	2,575,037
25.4.3 Capital expenditure	105,019	253,867	750	–	175	–	–	–	105,944	253,867

	Note	2022	2021
		(Rupees in thousands)	

26. Other operating expenses

	Note	2022	2021
Workers' Profit Participation Fund	20.1	88,508	70,244
Workers' Welfare Fund		10,000	10,300
Rain Relief Expenses		61,611	–
Exchange loss - net		215,067	5,924
		375,186	86,468

27. Other income

	Note	2022	2021
Income from financial assets			
Dividend income	27.1	347,015	227,791
Income from non financial assets			
Gain on disposal of fixed assets		7,610	4,388
Remeasurement gain on discounting of provision for GIDC		7,835	21,273
Agricultural income		2,077	2,105
Scrap sale		29,383	12,450
		46,905	40,216
		393,920	268,007

27.1 Dividend income includes dividend received from the following related parties:

	Note	2022	2021
		(Rupees in thousands)	
Bank AL Habib Limited		168,957	108,715
Habib Insurance Company Limited		3,352	2,682
		172,309	111,397

28. Finance (cost) / income - net

	Note	2022	2021
Profit on treasury call accounts	14.1	26,655	13,966
Profit on term deposits receipts	14.2	22,460	91,166
Income on Government Securities		71,874	47,792
Interest on loan to employees		2,377	506
		123,366	153,430
Less:			
Mark-up / interest on:			
Short-term borrowings	28.2	(160,158)	(42,762)
Workers' Profit Participation Fund		(1,218)	–
Lease Liability		(2,008)	(1,601)
Bank charges		(26,483)	(13,920)
		(189,867)	(58,283)
		(66,501)	95,147

		2022	2021
		(Rupees in thousands)	
28.1	Finance income received	121,123	146,346
	Finance charges paid	(189,867)	(58,283)
	Finance (cost paid) / income received - net	(68,744)	88,063

28.3 The financial facilities from various commercial banks amounted to Rs.7,898 (2021: Rs.7,637) million. These 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 during the year was 3% to 13.14% (2021: 3%) per annum.

		Note	2022	2021
			(Rupees in thousands)	
29.	**Taxation**			
	Income tax - current		242,000	155,000
	- prior years		80,000	–
			322,000	155,000
	Deferred tax		13,000	55,000
		29.1	335,000	210,000

29.1 Reconciliation of tax charge for the year

	2022	2021
Accounting profit	1,624,761	1,199,736
Corporate tax rate	29%	29%
Tax on accounting profit at applicable rate	471,181	347,923
Tax effect of timing differences	13,000	55,000
Tax effect of lower tax rates on export and certain income	(306,851)	(209,501)
Tax effect of income exempt from tax	(2,874)	(6,780)
Tax effect of Super Tax	117,000	–
Tax effect of expenses that are inadmissible in determining taxable income	43,544	23,358
	(136,181)	(137,923)
	335,000	210,000

29.2 The income tax return for the Tax year 2022 (financial year ended September 30, 2021) has been filed.

		2022	2021
		(Rupees in thousands)	
30. Earnings per share - Basic and diluted			
Profit after taxation		1,289,761	989,736
		Number of shares	
Number of ordinary shares of Rs. 5/- each		150,000,000	150,000,000
Earnings per share - Basic and diluted (Rupees)		8.60	6.60
31. Cash (used in) / generated from operations			
Profit before taxation		1,624,761	1,199,736
Adjustment for non-cash charges and other items			
Depreciation / amortization		242,184	240,999
Provision for obsolescence and slow moving stores and spares		(4,000)	(6,000)
Gain on disposal of operating fixed assets		(7,610)	(4,388)
Finance (cost) / income - net		66,501	(93,546)
Dividend income		(347,015)	(227,791)
Remeasurement gain on discounting of provision for GIDC		(7,835)	(21,273)
		(57,775)	(111,999)
Working capital changes		(1,715,771)	(731,267)
	31.1	(148,785)	356,470

31.1 Working capital changes

	2022	2021
(Increase) / decrease in current assets		
Stores and spare parts	(75,936)	840
Stock-in-trade	(3,109,722)	(1,018,550)
Trade debts	83,310	(258,448)
Loans and advances	(25,639)	470,150
Trade deposits and short-term prepayments	(4,247)	(6,453)
Other receivables	12,389	28,764
	(3,119,845)	(783,697)
Increase / (decrease) in current liabilities		
Trade and other payables	75,703	(109,628)
Advance from customers	1,328,371	162,058
	1,404,074	52,430
Net changes in working capital	(1,715,771)	(731,267)

32. Remuneration of Chief Executive, Directors and Executives

	2022				2021			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	18,400	10,800	99,440	128,640	14,400	10,200	86,918	111,518
Perquisites								
Telephone	61	15	398	474	42	15	430	487
Bonus	3,290	–	16,444	19,734	–	–	13,193	13,193
Medical	713	175	3,719	4,607	119	398	2,772	3,289
Utilities	–	466	–	466	–	429	–	429
Entertainment	–	280	741	1,021	–	243	–	243
Retirement benefits	1,302	809	7,370	9,481	1,058	776	6,600	8,434
	23,766	12,545	128,112	164,423	15,619	12,061	109,913	137,593
Number of persons	1	1	28	30	1	1	24	26

32.1 Chief Executive, Directors and certain Executives are also provided with the Company maintained cars.

32.2 Five non-executive directors (2021: Six) have been paid fees of Rs.0.76 (2021: Rs.0.66) million for attending board and other meetings.

Note: Remuneration of Mr. Raeesul Hasan (Ex Ceo) has been taken till January 2022.
Mr. Khursheed A. Jamal has been appointed as CEO from February 2022.

33. Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit risk, market risk, liquidity risk, equity price risk and operational risk. The Board of Directors reviews and decides policies for managing each of these risks which are summarised below.

33.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on loans, deposits, trade debts, other receivables and bank balances and profit accrued thereon. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is as follows:

	2022	2021
	(Rupees in thousands)	
Long-term loans	14,828	7,443
Long-term deposits	3,972	3,948
Trade debts	324,143	407,453
Current maturity of long-term loans	24,423	6,304
Trade deposits	751	901
Profit accrued	23,964	14,637
Other receivables	11,277	25,841
Bank balances	545,580	268,715
	948,938	735,222

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	2022	2021
	(Rupees in thousands)	

33.1.1 Trade debts

Customers with no defaults in the past one year	324,143	407,453
Customers with some defaults in past one year which have been fully recovered	–	–
Customers with default in past one year which have not yet been recovered	–	–
	324,143	407,453

33.1.2 Bank Balances

A1+	542,579	4,070,708
A2	3,393	988
	545,972	4,071,696

33.2 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of the Company's Investments carried at fair value through other comprehensive income. Under market risk the Company is exposed to interest rate risk, currency risk and equity price risk.

33.2.1 Interest rate risk

This represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates.

At the date of the statement of financial position, the bank balances of Rs. 495.35 (2021: Rs.263.41) million are subject to interest rate risk. Applicable interest rates have been indicated in Note 13 to these unconsolidated financial statements. Company's profit after tax for the year would have been Rs. 3.51 (2021: Rs.1.87) million higher / lower if interest rates have been 1% higher / lower while holding all other variables constant.

33.2.2 Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

			2022	2021
			(Respective Currency)	
Trade debts		$	154,703	–
“		£	42,232	76,608
Advance from customers		$	1,274,040	969,418

The following significant exchange rates have been applied at the reporting dates:

Exchange rates	buying	$	227.80	165.90
	selling	$	228.30	166.10
	buying	£	253.04	213.00
	selling	£	253.60	213.26

The foreign currency exposure is partly covered as the outstanding balance at the year end is determined in respective currency which is converted into rupees at the exchange rate prevailing at the date of the statement of financial position.

Sensitivity analysis:

The following table demonstrates the sensitivity of the Company’s profit before tax and the Company’s equity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant.

	Change in Foreign Currency rate (%)	Effect on profit	Effect on equity
		(Rupees in thousands)	
September 30, 2022	+10	(24,486)	(24,241)
	-10	24,486	24,241
September 30, 2021	+10	10,073	10,085
	-10	(10,073)	(10,085)

33.2.3 Equity price risk

The Company's investments are susceptible to market price risk arising from uncertainties about future values of investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total investments. Reports on the investment portfolio are submitted to the Company's senior management on a regular basis. The Investment Committee of the Company reviews and approves policy decisions.

At the date of the statement of financial position, the exposure to investment at fair value through other comprehensive was Rs.2,672.42 (2021: Rs.2,575.02) million.

33.3 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company continually monitors its liquidity position and ensures availability of funds by maintaining flexibility by keeping committed credit lines available.

Year ended September 30, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Trade and other payables	–	725,845	1,164,668	–	–	1,890,513
Advance from customers	–	1,810,835	–	–	–	1,810,835
Lease Liability	–	7,929	–	9,573	–	17,502
	–	2,544,609	1,174,137	9,573	–	3,728,319

Year ended September 30, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Trade and other payables	–	416,538	1,397,264	–	–	1,813,802
Advance from customers	–	482,464	–	–	–	482,464
Lease Liability	–	6,318	–	7,630	–	13,948
	–	905,320	1,397,264	7,630	–	2,310,214

33.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

33.5 Capital risk management

The primary objective of the Company's capital management is to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The gearing ratio of the company is Nil (2021: Nil) and the company finances its investments portfolio through management of its working capital and equity with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

33.6 FINANCIAL INSTRUMENTS BY CATEGORY

33.6.1 Financial assets as per statement of financial position

	2022	2021
	(Rupees in thousands)	
Fair value through other comprehensive income		
Investments in related parties - Quoted	1,335,617	1,706,867
Investments in related parties - Unquoted	12,788	133,809
Investments in other companies - Quoted	807,400	965,550
Investments in units of mutual funds	2,238,732	1,539,810
	4,394,537	4,346,036
At amortised cost		
- Loans and advances	13,646	–
- Deposits	4,723	4,849
- Trade debts	324,143	407,453
- Profit accrued on bank deposits	23,964	21,721
- Other receivables	11,277	25,841
- Investment in Government Securities	467,006	2,002,775
- Cash and bank balance	545,972	268,863
	1,390,731	2,731,502
	7,175,999	7,077,538

33.6.2 Financial liabilities as per statement of financial position

	2022	2021
At amortised cost		
- Trade and other payables	1,890,513	1,813,802
- Unclaimed dividend	105,162	97,731
	1,995,675	1,911,533

33.6.3 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the date of the statement of financial position. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation techniques:

Level 1: Quoted prices in active markets for identical assets.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset either directly or indirectly.

Level 3: inputs for the asset that are not based on observable market data.

	2022			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)			
Long-term investments	2,143,017	–	12,788	2,155,805
Short-term investments: units of mutual funds	–	2,238,732	–	2,238,732
	2,143,017	2,238,732	12,788	4,394,537

	2021			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)			
Long-term investments	2,672,417	–	133,809	2,806,226
Short-term investments: units of mutual funds	–	1,539,810	–	1,539,810
	2,672,417	1,539,810	133,809	4,346,036

During the year, there were no transfers between levels.

The market prices of units of mutual funds are based on the declared Net Asset Values (NAV) on which redemptions can be made. NAVs have been obtained from the website of Mutual Fund Association of Pakistan (MUFAP).

34. Capacity and production

34.1 Sugar division

	2022 Quantity		2022 Working days	2021 Quantity		2021 Working days
Crushing capacity	11,000	M.Tons Per Day		11,000	M. Tons Per Day	
Crushing based on actual working days	1,375,000	M. Tons	125	1,188,000	M. Tons	108
Actual crushing	1,126,516	M. Tons	125	761,667	M. Tons	108
Sucrose recovery	10.61	%		10.36	%	
Sugar production	119,531	M. Tons		78,910	M. Tons	

Sugar unit operated below capacity due to lesser availability of sugarcane.

		2022			2021		
		Quantity		Working days	Quantity		Working days
34.2	**Distillery division**						
a)	**Ethanol**						
	Capacity	34,000	M. Tons	300	34,000	M. Tons	300
	Actual production	30,956	M. Tons	312	24,251	M. Tons	335
	During the year, plants operated below capacity due to lower availability of Molasses.						
b)	**Liquidified carbon dioxide (CO_2)**						
	Capacity	18,000	M. Tons	300	18,000	M. Tons	300
	Actual production	7,825	M. Tons	236	8,477	M. Tons	264

c) During the year CO_2 plants operated below capacity due to lower availability of raw gas.

34.3	**Textile division**						
	Capacity	560,000	Kgs.	300	560,000	Kgs.	300
	Actual production	461,114	Kgs.	313	732,011	Kgs.	344

The actual production of textile division was higher than the capacity due to weaving from outside source.

35. Provident Fund related disclosure

The following information is based on un-audited financial statements of the Fund as at September 30:

	2022	2021
	(Rupees in thousands)	
Size of the fund - Total assets	330,886	336,024
Fair value of investments	316,776	319,786
Percentage of investments made	95.74	95.17

35.1 The cost of above investments amounted to Rs. 274.30 million (2020: Rs. 290.71 million).

35.2 The break-up of fair value of investments is as follows:

	2022	2021	2022	2021
	(Percentage)		(Rupees in thousands)	
National savings scheme	90.52	89.21	286,750	285,288
Bank deposits	9.45	10.75	29,941	34,381
Debt securities	0.03	0.04	85	117
	100.00	100.00	316,776	319,786

35.3 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2022	2021
	(Number)	

36. Number of Employees

	2022	2021
Number of employees including contractual employees at September 30,	524	541
Average number of employees including contractual employees during the year	521	537

37. Transactions with related parties

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

Name of related parties and relationship with the Company	Nature of transactions	2022	2021
		(Rupees in thousands)	
Related Parties			
Bank Al Habib Limited	Profit on Treasury call account	39,394	104,765
	Dividend received	168,957	108,615
	Dividend paid	28,246	25,892
	Bank charges	271	244
Al Habib Assets Management subsidiary of Bank Al Habib Limited	Purchase of Investment	4,426,000	4,385,080
	Dividend received	59,352	32,705
	Sale of Investment	4,390,000	3,100,000
	Capital gain	35,584	6,318
Habib Insurance Company Limited	Insurance premium paid	32,643	17,162
	Insurance claim received	4,335	1,515
	Dividend received	3,352	2,682
	Dividend paid	13,346	12,234
Uni Food Industries Limited	Investment in shares	37,559	71,904
Habib Mercantile Company Limited	Dividend paid	1,532	1,404
Habib Sons (Pvt.) Limited	Dividend paid	1,564	1,433
Retirement benefit funds	Contribution to retirement funds	18,507	16,551

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

38. Dividend

The Board of Directors of the Company in their meeting held on December 26, 2020 have proposed a final cash dividend of Rs.3.50 per share (70%) for the year ended September 30, 2022. The approval of the members for the proposed final cash dividend will be obtained at the Annual General Meeting of the Company to be held on January 25, 2023.

39. General

39.1 Figures have been rounded off to the nearest thousand rupees.

39.2 These unconsolidated financial statements were authorised for issue on December 26, 2022 by the Board of Directors of the Company.

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

Amir Bashir Ahmed	**Khursheed A. Jamal**	**Murtaza Habib**
Chief Financial Officer	*Chief Executive*	Director

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INDEPENDENT AUDITORS' REPORT

To the members of Habib Sugar Mills Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Habib Sugar Mills Limited (the Holding Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 September 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Investments	
As disclosed in notes 5 and 13 to the consolidated financial statements, the Group has investments carried at fair value through other comprehensive income (FVOCI) and amortized cost amounting to Rs. 4,862 which comprise of 36% of total assets of the Group. In view of the significance of the investments, we have identified the existence and valuation of Group's investments as a key audit matter.	Our key procedures amongst others included the following: - assessed the design and operating effectiveness of the financial reporting controls over acquisition, disposals and periodic valuation of investments; - evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 Financial Instruments; - In relation to investments in quoted equity instruments, we reviewed custodian's statement together with related reconciliation and recalculated investment valuations based on quoted market prices at the Pakistan Stock Exchange as at 30 September 2022;

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Key audit matters	How the matter was addressed in our audit
	- In relation to investments in unquoted equity Instruments, we assessed the valuation methodology used by an independent professional valuer to estimate the fair value of the investments and considered whether the application of methodologies is consistent with generally accepted valuation methodologies and prior periods; - In relation to investment in government securities, we obtained purchase documents to trace key inputs including acquisition cost, face value, issue date and settlement date driving computation of amortized cost recognized as of the reporting date; - In relation to investment in units of mutual funds, we assessed whether investments were valued at fair value based on the last quoted market price by Mutual Fund Association of Pakistan (MUFAP) along with obtaining direct confirmations from investment managers regarding the units and net asset value of such investments; and - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.
2. Stock-in-trade	
As disclosed in the note 8 to the consolidated financial statements, stock-in-trade amounts to Rs. 5,004.29 million which constitutes 37% of total assets of the Group. The stock is measured at lower of weighted average cost and net realizable value. There is an element of judgement involved in determining an appropriate costing basis and assessing its valuation. Given the significance of stock-in-trade to the Group's total assets and the level of judgements and estimates involved, we have identified valuation of stock-in-trade as a key audit matter.	Our key procedures amongst others included the following: - obtained an understanding of controls over purchases and valuation of stock-in-trade and tested, on a sample basis, their design, implementation and operating effectiveness; - performed observation of inventory counts and physical inspection of the stock held at the premises of the Group; - assessed net realizable value by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period; and - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.

Key audit matters	How the matter was addressed in our audit
3. Contingencies	
As disclosed in note 21 to the consolidated financial statements, the Group has contingent liabilities in respect of various matters, which are pending adjudication before respective authorities and courts of law. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules and regulations, probability of outcome and financial impact, and recognition and measurement of any provisions that may be required against such contingencies in accordance with applicable financial reporting standards. Due to significance of amounts involved, uncertainties with respect to the outcome of matters and use of significant management judgments and estimates, we considered this as a key audit matter.	Our key procedures amongst others included the following: - obtained and reviewed details of the pending matters and discussed the same with the Group's management; - reviewed the correspondences between the Group and the relevant authorities, and tax and legal advisors; - obtained and reviewed confirmations from the Group's external tax and legal advisors for their views on the probable outcome of the open tax assessments and other contingencies; - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.
4. First year audit	
We have been engaged to perform the audit of the Group for the first time i.e., for the year ended 30 September 2022. Initial audit engagements involve a number of considerations not associated with recurring audits. Additional planning activities and considerations necessary to establish an appropriate audit strategy and audit plan include gaining an initial understanding of the Group and its business, obtaining sufficient audit evidence regarding the opening balances including the selection and application of accounting principles and communicating with the previous auditors.	We performed various procedures to obtain sufficient appropriate audit evidence regarding opening balances including the following: - We reviewed the predecessor auditor's work paper files and made additional inquiries of the predecessor auditors about matters that may affect our audit in the current year. - We evaluated the key accounting position and matters from prior years. - We evaluated whether accounting policies reflected in the opening balances have been consistently applied in the current year's financial statements and adequately presented and disclosed in accordance with the applicable financial reporting framework.

Information Other than the consolidated financial statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements of the Group for the year ended 30 September 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements dated 03 January 2022.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Jameel.

Chartered Accountants
Place: Karachi
Date: 30 December 2022
UDIN: AR202210093YSvhMnmzG

Consolidated Statement of Financial Position as at September 30, 2022

	Note	2022	2021
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Property, plant and equipment	3	2,357,465	2,496,633
Right-of-use assets	4	14,474	11,659
Long-term investments	5	2,155,805	2,806,226
Long-term loans	6	14,828	7,443
Long-term deposits		3,972	3,948
		4,546,544	5,325,909
Current Assets			
Stores and spare parts	7	274,960	195,024
Stock-in-trade	8	5,004,293	1,894,571
Trade debts	9	324,143	407,453
Loans and advances	10	76,069	50,430
Trade deposits and short-term prepayments	11	20,483	16,236
Profit accrued		23,964	21,721
Other receivables	12	11,277	25,841
Taxation - net		–	86,496
Short-term investments	13	2,705,738	3,542,585
Cash and bank balances	14	546,095	269,222
		8,987,022	6,509,579
Total Assets		13,533,566	11,835,488
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2021: 150,000,000) Ordinary shares of Rs. 5/- each		750,000	750,000
Issued, subscribed and paid-up capital	15	750,000	750,000
Reserves	16	8,769,814	8,510,271
Total Equity		9,519,814	9,260,271
Non-Current Liabilities			
Deferred taxation	17	92,000	83,000
Gas Infrastructure Development cess	18	76,822	84,092
Lease Liability	19	9,573	7,630
		178,395	174,722
Current Liabilities			
Trade and other payables	20	1,890,818	1,813,982
Advance from customers		1,810,835	482,464
Unclaimed dividends		105,162	97,731
Taxation		20,613	–
Current portion of lease Liability	19	7,929	6,318
		3,835,357	2,400,495
Contingencies and Commitments	21		
Total Equity and Liabilities		13,533,566	11,835,488

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed	**Khursheed A. Jamal**	**Murtaza Habib**
Chief Financial Officer	*Chief Executive*	Director

Consolidated Statement of Profit or Loss
for the year ended September 30, 2022

	Note	2022	2021
		(Rupees in thousands)	
Net sales and services	22	13,006,818	9,912,679
Cost of sales	23	(10,796,106)	(8,552,280)
Gross Profit		2,210,712	1,360,399
Selling and distribution expenses	24	(283,144)	(210,750)
Administrative expenses	25	(255,421)	(226,661)
Other operating expenses	26	(375,186)	(86,468)
Other income	27	393,920	268,007
		(519,831)	(255,872)
Operating Profit		1,690,881	1,104,527
Finance income - net	28	(66,478)	95,168
Profit before taxation		1,624,403	1,199,695
Taxation	29	(335,007)	(210,006)
Profit after taxation		1,289,396	989,689
Earnings per share - Basic and diluted (Rupees)	30	8.60	6.60

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed	**Khursheed A. Jamal**	**Murtaza Habib**
Chief Financial Officer	*Chief Executive*	Director

Consolidated Statement of Comprehensive Income
for the year ended September 30, 2022

	2022	2021
	(Rupees in thousands)	
Profit for the year	1,289,396	989,689
Other comprehensive income :		
Items that will not be reclassified subsequently to the statement of profit or loss:		
Actuarial loss on defined benefit plan - net	(1,573)	(809)
	1,287,823	988,880
Unrealised (loss) / profit on re-measurement of equity investments classified as fair value through other comprehensive income (FVOCI) - net of tax	(578,280)	60,705
Total comprehensive income for the year	709,543	1,049,585

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Amir Bashir Ahmed
Chief Financial Officer

Khursheed A. Jamal
Chief Executive

Murtaza Habib
Director

Consolidated Statement of Changes in Equity
for the year ended September 30, 2022

	Issued, subsc-ribed and paid-up Capital	Capital Reserve	Revenue Reserves		Unrealised gain / (loss) on re-measurement of FVOCI investment	Total Reserves	Total Equity
			General Reserve	Unappro-priated profit			
	(Rupees in thousands)						
Balance as on October 01, 2020	750,000	34,000	5,448,500	714,316	1,676,370	7,873,186	8,623,186
Cash dividend for the year ended September 30, 2020 @ 55%	–	–	–	(412,500)	–	(412,500)	(412,500)
Realised gain on sale of investment	–	–	–	124,592	(124,592)	–	–
Transfer to general reserve	–	–	300,000	(300,000)	–	–	–
Total comprehensive income for the year ended September 30, 2021	–	–	–	988,880	60,705	1,049,585	1,049,585
Balance as on September 30, 2021	750,000	34,000	5,748,500	1,115,288	1,612,483	8,510,271	9,260,271
Cash dividend for the year ended September 30, 2021 @ 60%	–	–	–	(450,000)	–	(450,000)	(450,000)
Realised gain on sale of investment	–	–	–	46,886	(46,886)	–	–
Transfer to general reserve	–	–	660,000	(660,000)	–	–	–
Total comprehensive income for the year ended September 30, 2022	–	–	–	1,287,823	(578,280)	709,543	709,543
Balance as on September 30, 2022	750,000	34,000	6,408,500	1,339,997	987,317	8,769,814	9,519,814

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed	**Khursheed A. Jamal**	**Murtaza Habib**
Chief Financial Officer	*Chief Executive*	Director

Consolidated Statement of Cash Flows
for the year ended September 30, 2022

	Note	2022	2021
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	31	(149,041)	356,378
Finance income received - net	28.1	(68,783)	88,084
Income tax paid		(214,836)	(214,819)
Long-term loans		(7,385)	(1,969)
Long-term deposits		(24)	(20)
Net cash (used in) / generated from operating activities		(440,069)	227,654
Cash flows from investing activities			
Fixed capital expenditure		(105,944)	(253,867)
Redemption / sale proceeds of investments		9,945,593	7,553,039
Dividend received		349,190	219,147
Purchase of investments		(9,040,605)	(11,145,543)
Sale proceeds of fixed assets		7,724	4,811
Net cash generated form / (used in) investing activities		1,155,958	(3,622,413)
Cash flows from financing activities			
Lease rental		3,553	(6,779)
Dividend paid		(442,569)	(401,494)
Net cash used in financing activities		(439,016)	(408,273)
Net increase / (decrease) in cash and cash equivalents		276,873	(3,803,032)
Cash and cash equivalents at the beginning of the year		269,222	4,072,254
Cash and cash equivalents at the end of the year	14	546,095	269,222

The annexed notes 1 to 39 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed	Khursheed A. Jamal	Murtaza Habib
Chief Financial Officer	*Chief Executive*	Director

Notes to the Consolidated Financial Statements for the year ended September 30, 2022

1. Group and its operations

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

1.1. Holding Company

The Holding Company is a public limited company incorporated in Pakistan on February 08, 1962, 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.

1.3. Business Units

Registered office - 3rd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi.

Mills / Factory - Sugar and Distillery plants are located at District Shaheed Benazirabad, Nawabshah and Textile Division is located at D-140/B-1, Manghopir Road, S.I.T.E. Karachi.

Terminal - 60/1-B, Oil Installation Area, Keamari, Karachi.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards 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 provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

2.2 Basis of preparation

These consolidated financial statements have been prepared under historical cost convention, except for:

- staff retirement benefit plan which is carried at present value of defined benefit obligation net of fair value of plan assets as prescribed in IAS 19 "Employees Benefits"; and
- investments which have been recognised at fair value in accordance with the requirements of IFRS-9 "Financial Instruments".

2.3 Significant accounting judgments, assumption and estimates

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates, assumption and judgments which are significant to the consolidated financial statements:

a) Determining the residual values and useful lives of property, plant and equipment (Note 2.7.1);
b) Classification and valuation of investments (Note 2.8);
c) Impairment / adjustment of inventories to their net realizable value (Notes 2.11);
d) Accounting for staff retirement benefits (Note 2.14);
e) Leases - determination of lease term for lease contracts with extension and termination option (Note 2.15).
f) Leases - estimating the incremental borrowing rate (Note 2.15).
g) Recognition of taxation and deferred tax (Note 2.21);
h) Impairment of financial and non financial assets (Note 2.28).
i) Contingencies and commitments (Note 21); and

2.4 New Accounting Standards

2.4.1 Accounting standards effective for the year

There are certain new standards and amendments that are mandatory for the Group's accounting period beginning on 01 October 2021, but are considered either to be not relevant or do not have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements.

2.4.1 Accounting standards not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Group's accounting periods beginning on / after 01 October 2022. However, the Group expects that these standards will not have any material impact on these consolidated financial statements.

2.5 Fixed Assets

2.5.1 Property, Plant and Equipment

These are stated at cost less accumulated depreciation / amortization / impairment (if any),

Depreciation is charged to consolidated statement of profit or loss applying the reducing balance method. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the asset is in use. Assets residual values and useful lives are reviewed, and adjusted, if appropriate at each date of the consolidated statement of financial position date.

Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred. Major renewals and improvements are capitalised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use. Gain or loss on disposal of assets is included in consolidated statement of profit or loss in the year the assets is derecognised.

2.5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. Items are transferred to the respective assets when available for intended use.

Significant borrowing costs related to acquisition, construction and commissioning of a qualifying asset are capitalised.

2.5.3 Major stores and spare parts

Major stores and spare parts qualify for recognition as property, plant and equipment when the Group expects to use these for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are issued for use.

Major stores and spare parts are valued at cost less accumulated impairment, if any.

2.5.4 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentive received. Right-of-use assets are depreciated on straight-line basis over the period of lease term.

2.6 Investments

Investments acquired with the intention to be held for over one year are classified as long term investments. However, these can be sold earlier due to liquidity requirements. Short term investments are those which are acquired for a short period.

Investments are classified as follows:

2.6.1 Subsidiary

Investment in subsidiary are stated at cost less impairment loss, if any.

2.6.2 Fair value through other comprehensive income

Equity investments are initially recognised at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price).

All gains or losses from change in the fair value of equity investments are recognised directly in other comprehensive income.

2.6.3 Amortised cost

Investments in government securities are initially recognised at cost, excluding transaction cost. It represents the cost to purchase the security, adjusted for the accretion or amortisation of discounts or premiums paid below or above par value, and accrued interest.

2.7 Deposits, advances, prepayments and other receivables

Deposits, advances, prepayments and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.8 Stores and spare parts

These are valued at the lower of moving average cost and net realisable value except for items in transit which are valued at cost. Provision is made for obsolescence and slow moving items.

2.9 Stock-in-trade

These are valued as follows:

Raw materials	At the lower of average cost and net realisable value
Work-in-process	At the lower of average cost and net realisable value
Finished goods	At the lower of average cost and net realisable value
Fertilizers	At the lower of cost on FIFO basis and net realisable value
Bagasse	At the lower of average cost and net realisable value

2.10 Trade debts

These are recognised and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. The Group applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses the life time expected loss allowance for trade debts.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand, with banks on current, savings, treasury call and deposit accounts, net of short term borrowings under mark-up arrangements, if any.

2.12 Staff retirement benefits

2.12.1 Staff gratuity

The Group operates an approved defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Group. The scheme is funded and contributions to the fund are made in accordance with the recommendations of the actuary.

The latest actuarial valuation of the gratuity scheme was carried out as at September 30, 2022. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	13.25 per annum
Expected rate of increase in salaries	13.00 per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2022, the fair value of gratuity scheme assets and present value of liabilities were Rs. 118.09 million and Rs. 119.67 million respectively. The Group recognises the total actuarial gains and losses in the year in which they arise. The amounts recognised in the unconsolidated statement of financial position are as follows:

	2022	2021
	(Rupees in thousands)	
Net Employee Defined Benefit obligation		
Present value of defined benefit obligation	119,666	124,275
Fair value of plan assets	(118,093)	(123,466)
Liability recognised in the consolidated statement of financial position	1,573	809
The movement in net defined benefit obligation is as follows:		
Net defined benefit obligation at the beginning of the year	809	158
Net charge for the year	5,275	4,829
Contribution	(6,084)	(4,987)
Remeasurement recognized in OCI during the year	1,573	809
Charge for the year	1,573	809
Salaries, wages and amenities include the following in respect of employees' gratuity fund:		
Current service cost	5,194	4,814
Interest cost	12,988	11,579
Expected return on plan assets	(12,907)	(11,564)
	5,275	4,829
Remeasurement recognised in OCI during the year:		
Actuarial gain on obligation	(1,186)	(3,966)
Actuarial loss on plan asset	2,759	4,775
	1,573	809

	2022	2021
	(Rupees in thousands)	
The movement in present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at the beginning of the year	124,275	120,325
Current service cost	5,194	4,814
Interest cost	12,988	11,579
Benefits paid	(21,605)	(8,477)
Actuarial gain	(1,186)	(3,966)
Present value of defined benefit obligation at the end of the year	119,666	124,275
The movement in fair value of plan assets is as follows:		
Fair value of plan assets at the beginning of the year	123,466	120,167
Expected return on assets	12,907	11,564
Contributions	6,084	4,987
Benefits paid	(21,605)	(8,477)
Actuarial loss	(2,760)	(4,775)
Fair value of plan assets at the end of the year	118,092	123,466
Actual return on plan assets	10,147	6,789
Plan assets comprise:		
Term deposit receipts	111,000	118,000
Term Finance Certificates	192	254
Balance with Banks	6,035	4,959
Accrued interest	865	253
	118,092	123,466

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

As at September 30,	2022	2021	2020	2019	2018
			(Rupees in thousands)		
Present value of defined benefit Obligation	119,666	124,275	120,325	110,118	107,017
Fair value of plan assets	(118,093)	(123,466)	(120,167)	(110,358)	(106,627)
(Surplus) / Deficit	1,573	809	158	(240)	390
Experience adjustment on obligation	(3,518)	(8,148)	(3,627)	(2,464)	10,051
Experience adjustment on plan assets	2,759	4,775	2,517	824	2,194

Sensitivity analysis

Significant assumption for the determination of the defined obligation are discount rate and expected salary increase. The possible changes in defined obligation due to change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant are as follows:

	(Rupees in thousand)
Discount Rate +1 %	109,897
Discount Rate -1 %	118,804
Long Term Salary Increases +1 %	117,294
Long Term Salary Increases -1 %	111,243

2.14.2 Provident fund

The Group operates a recognised provident fund scheme for all its permanent employees. Equal monthly contributions are made by the Group and the employees at the rate of 8.33% of basic salary plus applicable cost of living allowance.

2.13 Leases

Lease liability is initially measured at present value of the lease payments over the period of lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Group reassess the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of right to-use asset has been reduced to zero.

A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right of-use asset.

2.14 Borrowings and their cost

Borrowings are recorded at the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction and commissioning of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

2.15 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

2.16 Advance from customers

Advance from customers (Contract Liability) is an obligation of the Group to transfer goods and services to a customer for which the Group has received consideration from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when payment is made. Contract liabilities are recognised in revenue when Group fulfils the performance obligation under the contract.

2.17 Ijarah

Leased assets which are obtained under Ijarah agreement are not recognized in the Group's consolidated financial statements and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by the SECP vide S.R.O. 43(1) / 2007 dated May 22, 2007. Ijarah payments made under an Ijarah are charged to the consolidated profit or loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user's benefit even if the payment are not on that basis.

2.18 Unclaimed dividend

The Group recognises unclaimed dividend which was declared and remained unclaimed from the date it was due and payable. The dividend declared and remained unpaid from the date it was due and payable is recognised as unpaid dividend.

2.19 Taxation

2.19.1 Current

Provision for current taxation is computed in accordance with the provisions of the applicable income tax laws.

2.19.2 Deferred

Deferred tax is recognised using the statement of financial position liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the consolidated financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each date of the consolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognised on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the consolidated statement of financial position date.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimate.

2.21 Contingencies

Contingencies are disclosed when Group has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

2.22 Foreign currencies

Transactions in foreign currencies are translated into Pak Rupees which is the Group's functional and presentation currency, at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates ruling on the consolidated statement of financial position date. Exchange gains and losses are included in consolidated statement of profit or loss.

2.23 Revenue recognition

Revenue is recognised when control of the asset is transferred to the customer. Revenue is measured at fair value of the consideration received or receivable and is recognised on the following basis:

- Revenue from sale of goods is recognised when or as control of goods have been transferred to a customer and the performance obligations are met. The credit limit in contract with customers ranges from 2 to 90 days.
- Storage income is recorded when services are rendered.
- Profit on bank accounts is recognised on accrual basis.
- Dividend income is recognised when the right to receive such payment is established.
- Other revenues are accounted when performance obligations are met.

2.24 Segment reporting

Segment reporting is based on operating (business) segments of the Group. These business segments are engaged in providing product or services which are subject to risks and rewards that are different from the risks and rewards of other segments.

2.25 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.27.1 Financial assets

Initial recognition and measurement

Financial assets are classified at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Group classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through Other Comprehensive Income (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss (FVPL).

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established. The Group has not designated any financial asset as at FVPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.25.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.26 Impairment

2.26.1 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Group applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Group applies a simplified approach where applicable in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.26.2 Impairment of non-financial assets

The carrying amounts of the Group's non financial assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognised in the consolidated statement of profit or loss. The recoverable is the higher of an asset's fair value less cost to disposals and value in use.

2.27 Offsetting

Financial assets and liabilities are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset or settle the liability simultaneously.

2.28 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved.

2.29 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.30 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency.

	Note	2022	2021
		(Rupees in thousands)	
3. Property, plant and equipment:			
Operating fixed assets	3.1	2,333,899	2,319,798
Capital work-in-progress	3.5	23,566	166,699
Major stores and spare parts	3.6	–	10,136
		2,357,465	2,496,633

3.1 Operating fixed assets for 2022:

	Cost as at Oct. 1, 2021	Additions / (deletions)	Cost as at Sept. 30, 2022	Accum-ulated deprec-iation / amortization as at Oct. 1, 2021	Depre-ciation / amortization charge for the year & accum-lated deprec-iation on deletions	Accum-ulated deprec-iation / amortization as at Sept. 30, 2022	Written down value as at Sept. 30, 2022	Annual rate of deprec-iation / amortiz-ation %
				(Rupees in thousands)				
Land								
Freehold - Sugar / Distillery division	220,102	17,017	237,119	–	–	–	237,119	–
Leasehold - Textile division	489	–	489	261	5	266	223	1.01
Buildings on freehold land								
Sugar division	115,143	–	115,143	83,923	3,122	87,045	28,098	10
Distillery division	21,243	–	21,243	18,880	236	19,116	2,127	10
Non-factory buildings	30,228	–	30,228	24,659	278	24,937	5,291	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	17,692	164	17,856	1,479	10
Plant and machinery								
Sugar division	2,871,958	215,569	3,087,527	1,431,493	161,657	1,593,150	1,494,377	10
		–			–			
Distillery division - Note 3.1.1	1,383,591	750	1,384,341	841,309	54,279	895,588	488,753	10
		–			–			
Textile division	131,568	175	131,743	97,526	3,419	100,945	30,798	10
Railway siding - Sugar division	468	–	468	468	–	468	–	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,488	32	8,520	288	10
Textile division	3,601	–	3,601	3,174	43	3,217	384	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	100,837	12,824	111,721	79,483	7,610	85,175	26,546	25
		(1,940)			(1,918)			
Textile division	11,287	–	11,287	9,868	355	10,223	1,064	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,745	4	2,749	16	20
Motor cars / vehicles								
Sugar / Distillery division	48,633	2,825	51,241	30,405	3,718	33,998	17,243	20
		(217)			(125)			
Textile division	873	–	873	757	23	780	93	20
Total	4,970,929	249,160	5,217,932	2,651,131	234,945	2,884,033	2,333,899	
		(2,157)			(2,043)			

3.1.1 Plant and machinery of distillery division include storage tanks of the CO2 unit having written down value of Rs. 10.08 (2021: Rs.11.20) million installed at Coca Cola Beverages Pakistan Limited and Pakistan Beverages Limited premises for storage of Liquidified Carbondioxide.

3.1.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Particulars	Location	Total Area
Land	Nawabshah, District Shaheed Benazirabad	345.95 Acre
Land	D-140/B-1, Mangopir Road, S.I.T.E. Karachi	1.12 Acre
Land	60/1-B Oil Installation Area, Keamari, Karachi	4000 Sqm

3.1.3 Reconciliation of carrying values for 2021

	Written down value as at Oct. 1, 2021	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Written down value as at Sept. 30, 2022
		(Rupees in thousands)		
Land	220,330	17,017	5	237,342
Buildings on freehold land	39,152	–	3,636	35,516
Buildings on leasehold land	1,643	–	164	1,479
Plant and machinery	2,016,789	216,494	219,355	2,013,928
		–	–	
Railway siding	–	–	–	–
Electric, gas and water installations	747	–	75	670
Furniture, fittings, electrical and office equipment	22,773	12,824	7,965	27,610
		(1,940)	(1,918)	
Tractors / trolleys and agriculture implements	20	–	4	16
Motor cars / vehicles	18,344	2,825	3,741	17,336
		(217)	(125)	
	2,319,798	249,160	234,945	2,333,899
		(2,157)	(2,043)	

3.2 Operating fixed assets for 2021:

	Cost as at Oct. 1, 2020	Additions / (deletions)	Cost as at Sept. 30, 2021	Accumulated depreciation / amortization as at Oct. 1, 2020	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Accumulated depreciation / amortization as at Sept. 30, 2021	Written down value as at Sept. 30, 2021	Annual rate of depreciation / amortization %
	(Rupees in thousands)							
Land								
Freehold - Sugar / Distillery division	188,980	31,122	220,102	–	–	–	220,102	–
Leasehold - Textile division	489	–	489	256	5	261	228	1.01
Buildings on freehold land								
Sugar division	115,143	–	115,143	80,454	3,469	83,923	31,220	10
Distillery division	21,243	–	21,243	18,617	263	18,880	2,363	10
Non-factory buildings	30,228	–	30,228	24,366	293	24,659	5,569	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	17,509	183	17,692	1,643	10
Plant and machinery								
Sugar division	2,678,295	193,663	2,871,958	1,276,040	155,453	1,431,493	1,440,465	10
Distillery division - Note 3.2.1	1,389,836	– (6,245)	1,383,591	787,103	60,266 (6,060)	841,309	542,282	10
Textile division	131,568	–	131,568	93,743	3,783	97,526	34,042	10
Railway siding - Sugar division	468	–	468	467	1	468	–	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,453	35	8,488	320	10
Textile division	3,601	–	3,601	3,127	47	3,174	427	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	98,985	3,197 (1,345)	100,837	74,049	6,640 (1,206)	79,483	21,354	25
Textile division	9,891	1,396	11,287	9,592	276	9,868	1,419	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,740	5	2,745	20	20
Motor cars / vehicles								
Sugar / Distillery division	48,668	319 (354)	48,633	26,234	4,426 (255)	30,405	18,228	20
Textile division	818	55	873	732	25	757	116	20
Total	4,749,121	229,752 (7,944)	4,970,929	2,423,482	235,170 (7,521)	2,651,131	2,319,798	

3.2.1 Reconciliation of carrying values for 2021□ □ □ □ □ □

	Written down value as at Oct. 1, 2020	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Written down value as at Sept. 30, 2020
	(Rupees in thousands)			
Land	189,213	31,122	5	220,330
Buildings on freehold land	43,177	–	4,025	39,152
Buildings on leasehold land	1,826	–	183	1,643
Plant and machinery	2,042,813	193,663	219,502	2,016,789
		(6,245)	(6,060)	
Railway siding	1	–	1	–
Electric, gas and water installations	829	–	82	747
Furniture, fittings, electrical and office equipment	25,235	4,593	6,916	22,773
		(1,345)	(1,206)	
Tractors / trolleys and agriculture implements	25	–	5	20
Motor cars / vehicles	22,520	374	4,451	18,344
		(354)	(255)	
	2,325,639	229,752	235,170	2,319,798
		(7,944)	(7,521)	

3.3 Allocation of depreciation / amortization charge for the year:

	Note	2022	2021
		(Rupees in thousands)	
Cost of Sales			
Sugar division	23	169,098	162,746
Distillery division	23	58,189	64,792
Textile division	23	3,631	4,017
		230,918	231,555
Administrative expenses			
Sugar division	25	3,020	2,673
Distillery division	25	259	229
Textile division	25	378	301
Terminal	22.1	370	412
		4,027	3,615
		234,945	235,170

3.4 Details of operating fixed assets disposed off:

	Cost	Accumulated depreciation	written down value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of purchasers	Relationship with purchaser
			(Rupees in thousands)					
Plant and machinery Distillery division								
Furniture, fittings, electrical and office equipment	1,940	1,918	22	28	6	Negotiation	Various	None
Motor cars / vehicles	217	125	92	7,696	7,604	Tender	Various	None
2022	2,157	2,043	114	7,724	7,610			
2021	7,944	7,521	423	4,811	4,388			

	Note	2022	2021
		(Rupees in thousands)	
3.5 Capital work-in-progress			
Plant and machinery		23,566	101,634
Advance to suppliers		–	65,065
	3.5.1	23,566	166,699
3.5.1 Movement in capital work-in-progress			
Balance at the beginning of the year		166,699	151,115
Cost incurred during the year		77,213	106,525
Charged to statement of profit or loss		(14,913)	–
Transfer from Major stores and spare parts		10,136	102,722
Transfer to operating fixed assets		(215,569)	(193,663)
		(143,133)	15,584
Balance at the end of the year		23,566	166,699
3.6 Major stores and spare parts			
Stores	3.6.1	–	10,136
3.6.1 Movement in major stores and spare parts			
Balance at the beginning of the year		10,136	1,605
Additions during the year		–	111,253
		10,136	112,858
Transfer to capital work-in-progress		(10,136)	(102,722)
Balance at the end of the year		–	10,136

		2022	2021
		(Rupees in thousands)	
4.	**Right-of-use-assets**	14,474	11,659

	Office Premises	
As at October 01	2022	2021
	(Rupees in thousands)	
Cost	17,488	23,317
Additions	10,052	–
Accumulated depreciation	(13,066)	(5,829)
Net book value	14,474	17,488
Net carrying value basis		
Opening net book value	11,659	17,488
Additions during the year	10,052	–
Depreciatin charged during the year	(7,237)	(5,829)
Closing net book value	14,474	11,659
As at September 30		
Cost	33,369	23,317
Accumulated depreciation	(18,895)	(11,658)
Net book value	14,474	11,659
Depreciation % per annum	25%	25%

4.1 Allocation of depreciation charge for the year

	2022	2021
Administrative expenses		
Sugar division	7,237	5,829

5. Long-term investments

Number of shares 2022	Number of shares 2021	Face value Rs.	Company's Name	Note	2022 (Rupees in thousands)	2021 (Rupees in thousands)
5.1 Investments in Subsidiary company - at cost						
5,000,000	5,000,000	10	HSM Engergy Limited	5.3	50,000	50,000
			Impairment		(50,000)	(50,000)
					–	–
5.2 Fair Value through Other Comprehensive Income						
5.2.1 Investments in related parties - Quoted						
24,136,691	24,136,691	10	Bank AL Habib Limited		1,303,381	1,669,052
5,363,772	5,363,772	5	Habib Insurance Company Limited		32,236	37,815
					1,335,617	1,706,867
5.2.2 Investments in related parties - Unquoted						
1,249,999	1,249,999	10	UniEnergy Limited	5.4	12,788	12,611
32,600,918	32,845,005	10	Uni Food Industries Limited	5.5	–	121,198
					12,788	133,809

Number of shares 2022	Number of shares 2021	Face value Rs.	Company's Name	2021 (Rupees in thousands)	2020 (Rupees in thousands)
5.2.3	**Investments in other companies - Quoted**				
340,000	340,000	10	Amreli Steels Limited	9,166	13,311
257,500	150,000	10	Agha Steels Limited	4,115	4,124
114,000	–	10	AirLink Communication	4,123	–
50,000	50,000	10	Bank Alfalah Limited	1,557	1,618
607,176	555,176	10	Cherat Cement Company Limited	70,171	79,512
38,000	38,000	10	Cherat Packaging Limited	4,083	6,809
26,478	26,478	10	Dawood Lawrencepur Limited	5,296	5,217
517,500	517,500	10	D.G. Khan Cement Company Limited	31,371	45,758
68,000	68,000	10	Engro Corporation Limited	15,743	19,023
12,500	12,500	10	Frieslandcampina Engro Pakistan Limited Limited (formerly Engro Food Limited)	823	1,220
229,200	103,200	10	Engro Fertilizer Limited	17,882	7,253
441,098	341,098	10	Engro Polymer & Chemical Limited	24,185	18,784
90,600	90,600	10	Faran Sugar Mills Limited	4,757	3,700
100,885	100,885	10	Fauji Fertilizer Company Limited	10,220	10,296
200,000	200,000	10	Fauji Fertilizer Bin Qasim Limited	3,884	4,500
157,759	80,000	10	Fauji Foods Limited	1,000	1,242
–	100,000	10	Faysal Bank Limited	–	2,632
12,100	12,100	10	GlaxoSmithKline Pakistan Limited	1,441	1,789
3,630	3,630	10	GlaxoSmithKline Consumer Healthcare Pakistan Limited	714	926
45,000	–	10	Gul Ahmed Textile Mills Limited	1,355	–
882,500	845,000	10	Habib Metropolitan Bank Limited	30,067	36,758
421,213	421,213	10	Habib Bank Limited	29,363	46,060
12,350	12,350	10	Indus Motors Company Limited	11,646	14,426
126,100	126,100	10	International Industries Limited	12,691	21,030
1,083,481	675,000	10	International Steels Limited	59,732	51,442
384,500	300,000	10	Javedan Corporation Limited	19,610	17,967
1,810,000	1,810,000	10	K-Electric Limited	5,394	7,240
153,800	141,300	10	Lucky Cement Limited	78,854	102,146
250,000	–	10	Maple Leaf Cement Factory	6,965	–
185,837	185,837	10	MCB Bank Limited	22,209	28,004
342,228	276,549	10	Mehran Sugar Mills Limited	12,303	12,721
54,900	54,900	10	Mirpurkhas Sugar Mills Limited	7,110	5,380
30,468	24,375	5	National Food Limited	4,154	5,170
285,000	285,000	10	OGDCL	21,580	23,883
25,000	25,000	10	Packages Limited	10,201	11,734
200,000	200,000	10	Pakistan International Bulk Terminal Limited	1,148	1,782
30,000	30,000	10	Pakistan Oil Fields Limited	10,474	11,260
230,000	230,000	10	Power Cement Limited	1,118	1,615
711,503	711,503	5	Thal Limited	195,030	276,312
435,458	435,458	10	The Hub Power Company Limited	30,443	32,019
60,062	60,062	10	TPL Insurance Limited	1,539	2,398
76,710	59,008	10	The Searle Company Limited	7,798	11,891
140,000	140,000	10	United Bank Limited	16,085	16,598
				807,400	965,550
				2,155,805	2,806,226

5.3 HSM Energy Limited is a wholly owned subsidiary of the Habib Sugar Mills Limited which was formed to generate electricity from Bagasse and to sale electricity to company and National Grid. 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 members 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 Central Power Purchasing Agency, have decided to discontinue the project and wind up HSM Energy Limited.

	2022	2021
	(Rupees in thousands)	
5.4 UniEnergy Limited (UEL)		
Movement of Investment in UEL		
Balance at the beginning of the year	12,611	12,555
Gain on remeasurement recognised in other comprehensive income	177	56
Balance at the end of the year	12,788	12,611

The fair value of the investments in UniEnergy Limited has been determined on the net assets value due to the limited financial information available.

5.5 UniFoods Industries Limited (UFIL)

The Company in its meeting of Board of Directors held on June 8, 2022 had decided to dispose off its shareholding in UniFood Industries Limited to M/s. Sunridge Foods (Private) Limited at the rate of Rs.3.18 per share. As on the balance sheet date, the proceeds on account of disposal off shareholding in the investee company was not received.

Based on the above consideration, the Company has recorded an unrealised loss of Rs. 42.37 million in other comprehensive income for the year (2021: Rs.59.74 million).

		2022	2021
		(Rupees in thousands)	
Movement of Investment in related party - Unifood			
Balance at the beginning of the year		121,198	109,032
Investment made during the year		37,559	71,905
Loss on remeasurement recognised in other comprehensive loss		(42,366)	(59,739)
Reclassified to short-term investments	13	(116,391)	–
Balance at end of the year		–	121,198

5.6 The aggregate cost of the above investments is Rs.1,315.53 (2021: Rs.1,198.54) million.

6. Long-term loans

Secured - considered good			
Executive	6.1	25,605	13,747
Other Employees		13,646	–
		39,251	13,747
Receivable within next twelve months shown under current asset:			
Executive	10	(17,700)	–
Other Employees		(6,723)	(6,304)
		(24,423)	(6,304)
		14,828	7,443

6.1 Long-term loans include loans of Rs.5.09 (2021: Rs.5.91) million to workers which carry no interest as per Company policy and CBA agreement. The balance amount of loan carries interest @ 7% (2021: 7%) per annum. These are secured against property documents and retirements benefits. These loans are carried at cost due to materiality of amounts involved.

		Note	2022	2021
			(Rupees in thousands)	
7.	**Stores and spare parts**			
	Stores		186,346	123,897
	Provision for obsolescence and slow moving stores	7.1	(19,718)	(17,394)
			166,628	106,503
	Spare parts		136,438	116,127
	Provision for obsolescence and slow moving spare parts	7.2	(28,106)	(27,606)
			108,332	88,521
			274,960	195,024
7.1	**Provision for obsolescence and slow moving stores**			
	Balance at the beginning of the year		17,394	13,694
	Provision made during the year		3,500	3,700
	Deletion		(1,176)	–
	Balance at the end of the year		19,718	17,394
7.2	**Provision for obsolescence and slow moving spares**			
	Balance at the beginning of the year		27,606	25,306
	Provision made during the year		500	2,300
	Balance at the end of the year		28,106	27,606
8.	**Stock-in-trade**			
	Raw materials			
	Distillery division		947,014	358,459
	Textile division		19,334	16,681
			966,348	375,140
	Work-in-process			
	Sugar division		1,223	629
	Textile division		77,144	50,081
			78,367	50,710
	Finished goods			
	Sugar division		3,638,427	1,013,247
	Distillery division		267,360	415,054
	Textile division		16,894	29,282
			3,922,681	1,457,583
	Bagasse		36,897	10,051
	Fertilizers		–	1,087
			5,004,293	1,894,571

	Note	2022	2021
		(Rupees in thousands)	

9. Trade debts - considered good

	Note	2022	2021
Export – Secured against export documents		46,005	11,348
Local – Unsecured		278,138	396,105
	9.1	324,143	407,453

9.1 The aging of trade debts at September 30, is as follows :

	2022	2021
Not yet due	46,733	386,480
up to 90 days	159,179	10,267
91 to 180 days	118,231	10,706
	324,143	407,453

10. Loans and advances - considered good

	Note	2022	2021
Loans - secured			
Current maturity of long-term loans			
Executives	6	17,700	–
Other Employees		6,723	6,304
		24,423	6,304
Advances - unsecured			
Suppliers		51,646	44,126
		76,069	50,430

11. Trade deposits and short-term prepayments

	2022	2021
Trade deposits	751	901
Short-term prepayments	19,732	15,335
	20,483	16,236

12. Other receivables - considered good

	2022	2021
Duty drawback and research & development support claim	3,953	13,855
Dividend receivable	7,210	9,385
Others	114	2,601
	11,277	25,841

13. Short-term investments

At amortised

	Note	2022	2021
Government Securities			
Market Treasury Bills	13.1	248,974	2,002,775
Pakistan Investment Bond	13.2	101,641	–
		350,615	2,002,775
At FVOCI			
Investments in related parties - Unquoted:			
Uni Food Industries Limited		116,391	–

		Note	2022	2021
			(Rupees in thousands)	

Units of Mutual Funds - FVOCI

Number of shares 2022	Number of shares 2021		Note	2022	2021
13,797,943	12,778,051	First Habib Cash Fund - manged by subsidiary of related party		1,426,017	1,288,833
78,805,061	19,580,967	ABL Cash Fund		812,701	200,000
143	5,255,556	NIT Money Market Fund		14	50,977
			13.3	2,238,732	1,539,810
				2,705,738	3,542,585

13.1 These carry effective yield of 7.57% to 14.47% (2021: 7.10% to 7.57%) per annum, having maturity latest by January 2022.

13.2 These carry effective yield of 13.23% (Nil) per annum, having maturity latest by january 2022.

13.3 The aggregate cost of the units of mutual funds is Rs. 2,213.08 (2021: Rs. 1,536.01) million.

14. Cash and bank balances

	Note	2022	2021
Cash in hand		392	148
Balances with banks in:			
Current accounts		52,386	5,305
Treasury call accounts	14.1	243,317	63,769
Term Deposit Receipts	14.2	250,000	200,000
	14.3	545,703	269,074
		546,095	269,222

14.1 Profit rates on treasury call accounts ranged between 6.50% to 13.75% (2021: 5.50% to 6.50%) per annum.

14.2 Profit rates on term deposit receipts ranged between 6.70% to 14.50% (2021: 6.70%) per annum. Maturity of these term deposit receipts are one month.

14.3 Includes Rs.244.30 (2021: Rs.261.65) million kept with Bank AL Habib Limited - a related party.

15. Issued, subscribed and paid-up capital

2022 Number of shares	2021 Number of shares		2022	2021
10,136,700	10,136,700	Ordinary shares of Rs. 5/- each fully paid in cash	50,684	50,684
139,863,300	139,863,300	Ordinary shares of Rs. 5/- each issued as bonus shares	699,316	699,316
150,000,000	150,000,000		750,000	750,000

15.1 Issued, subscribed and paid-up capital of the Company includes 14,896,001 (2021: 14,896,001) ordinary shares of Rs.5/- each held by related parties at the end of the year.

15.2 Voting rights, Board Selection, right of first refusal and block voting are in proportion to the shareholding.

	Note	2022	2021
		(Rupees in thousands)	
16. Reserves			
Capital			
Share premium		34,000	34,000
Revenue			
General Reserve	16.1	6,408,500	5,748,500
Unappropriated profit		1,339,997	1,115,288
Unrealised gain on re-measurement of FVOCI investments		987,317	1,612,483
		8,735,814	8,476,271
		8,769,814	8,510,271

16.1 At the beginning of the year	5,748,500	5,448,500
Transferred from unappropriated profit	660,000	300,000
	6,408,500	5,748,500

17. Deferred taxation

	2022	2021
Deferred tax liability on taxable temporary difference:		
- accelerated tax depreciation allowance on operating fixed assets	235,000	211,000
Deferred tax asset on deductible temporary difference:		
- Provision for obsolescence and slow moving stores & spare parts	(12,000)	(10,500)
- Provision for impairment of investment in subsidiary	(16,500)	(14,500)
- Lease liability	(6,000)	(4,000)
- Provision for GIDC	–	(7,000)
- Unused tax losses	(103,500)	(91,000)
- Re-measurement of investments	(5,000)	(1,000)
	(143,000)	(128,000)
	92,000	83,000

18. Gas Infrastructure Development Cess

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

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

The above demand of the SSGC was not acknowledged as liability as the Company had not passed the burden to their customers/clients. The Company filed an appeal before the Honourable High Court of Sindh ('the Court') on the ground that no burden of GIDC had been passed to its customers/clients and thus the Company is not liable to pay GIDC under GIDC Act 2015. The Court granted stay vide order dated September 22, 2020 against the demand raised by the SSGC and restrained to take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company had made aggregate provision of Rs.138.68 million for GID Cess in the unconsolidated financial statements for the year ended September 30, 2020.

In January 2021, the Institute of Chartered Accountants of Pakistan (ICAP), issued Technical Release (TR) on accounting of GIDC. According to the TR, the provision of GIDC is to be re-measured on present value basis. The provision of GIDC of Rs.138.68 million accounted for in September 30, 2020 was re-measured at the present value which works out to Rs.117.41 million (including current maturity of Rs.33.32 million) as shown below resulting in re-measurement gain on discounting of GIDC of Rs.21.27 million as disclosed in note 26 of these unconsolidated financial statements.

	Note	2022	2021
		(Rupees in thousands)	
Provision for GIDC as on October 01		117,408	138,681
Less: Gain on re-measurement on discounting of GIDC	27	7,835	21,273
Provision for GIDC as on September 30		109,573	117,408
GIDC shown under Non-current liabilities		76,822	84,092
Payable within next twelve months shown under trade and other payable		32,751	33,316
Provision for GIDC as on September 30		109,573	117,408

19. Lease Liability

		2022	2021
Balance at the beginning of the year		13,948	19,126
Impact of initial application of IFRS 16		10,052	–
Mark-up on lease liability		2,008	1,601
Less: Lease rentals paid		(8,506)	(6,779)
Balance at the end of the year		17,502	13,948
Current portion of long-term lease liabiltiy		7,929	6,318
Long-term lease liability		9,573	7,630

20. Trade and other payables

	Note	2022	2021
Creditors		1,305,142	1,234,991
Accrued liabilities		394,308	415,734
Sales tax		41,382	44,914
Payable to Employees Gratuity Fund		1,573	809
Gas Infrastructure Development Cess	18	32,751	33,316
Workers' Profit Participation Fund (WPPF)	20.1	88,508	70,244
Wokers; Welfare Fund		23,799	13,799
Income-tax deducted as source		3,355	175
		1,890,818	1,813,982

20.1 Workers' Profit Participation Fund (WPPF)

	Note	2022	2021
Balance at the beginning of the year		70,244	42,858
Interest on funds utilized in the Company's business		1,218	–
		71,462	42,858
Amount paid to the WPPF		(71,462)	(42,858)
		–	–
Allocation for the year	26	88,508	70,244
Balance at the end of the year		88,508	70,244

21. Contingencies and commitments

21.1 Under the sectorial audit, the Company's case was also selected for tax audit under section 177 of the Income tax Ordinance, 2001 for five years (i.e., tax years 2015 to 2019) during the year 2020.

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.12,440 million was raised by making additions / disallowances under various heads in line with other sugar mills. Consequent to the above assessment orders, the tax authorities also passed orders levying penalty for three tax years i.e., 2015, 2016 and 2017 aggregating to Rs. 5,860 million.

The Company filed appeals against the above assessment and penalty orders before the Commissioner Inland Revenue (Appeals) and simultaneously obtained stay from the Sindh High Court against the recovery of tax demands raised under the above orders. During the year, the Commissioner-Appeals upheld all the assessment and penalty orders passed by the tax authorities.

As a next remedy, the Company filed appeal before the Appellate Tribunal Inland Revenue who vide orders dated September 19 , 2022 substantially deleted all tax demands raised by tax authorities in assessment orders whereas the Tribunal vide its orders dated September 30, 2022 deleted penalties for all the above three tax years.

In light of the above-referred appellate orders passed by the Appellate Tribunal Inland Revenue, the above tax demands raised and penalties levied by tax authorities are no longer payable by the Company and accordingly, no provision has been made in this respect in these unconsolidated financial statements.

In addition, in view of the above assessment orders, the tax authorities also passed an assessment order in relation to tax year 2020, whereby tax refund of prior year aggregating to Rs. 54.98 million claimed by the Company were held inadmissible. The Company filed a rectification application against the order before the tax authorities which is pending adjudication. In view of the advice of Tax advisor, the loan is confident of a favourable out come of the case and accordingly no provision has been made in there unconsolidated account.

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

Under the above-referred order dated August 6, 2021, penalty of Rs. 493.66 million had 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 September 30, 2019. The penalty had been levied on account of alleged 'collective decision of export quantities' by fixing/controlling the supply of sugar and maintaining the desired price levels in the market during the period from the year 2012 to 2020.

The Company alongwith 17 other sugar mills had filed a suit against the above-referred order dated August 6, 2021 through its legal counsel before the Sindh High Court who vide its order No. 2273 of 2021 dated October 07, 2021 had suspended the operation of above impugned order dated August 06, 2021 and August 13, 2021.

However, the CCP in contravention of the above restraining order of the High Court has issued a show-cause notice under section 30 of the Competition Act, 2010 on October 08, 2021 wherein identical issues are involved. The Company alongwith 18 other sugar mills has filed a suit against the above show-cause notice and the Sindh High Court vide its order No. 2381 dated October 14, 2021 had suspended the operation of the above show-cause notice dated October 08, 2021.

The Sindh High Court had given an interim favorable order on June 13, 2022 whereby the Sindh High Court had granted injunction whereunder the casting vote of the Chairperson had 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 SHC. In light of the Court's order, the Company deposited the bank guarantees with the Nazir of the Court on July 22, 2022.

In the meantime, the Company alongwith other sugar mills filed an appeal before the Sindh High Court against the requirement of furnishing bank guarantees as directed in the Sindh High Court's order dated June 13, 2022. The aforesaid appeal was disposed off vide order dated August 25, 2022 in terms of joint statement filed by sugar mills and the CCP with the Court.

In terms of the above joint statement, it was agreed between the parties that the interim order dated June 13, 2022 shall set aside and the bank guarantees already submitted by sugar mills with the Nazir of the Court shall be returned back to sugar mills. It was further agreed under the joint statement that the CCP shall not initiate any recovery proceedings until the final decision in appeals which are pending before the Competition Appellate Tribunal. Further, the single judge of the Sindh High Court shall also decide the pending suits expeditiously.

The bank guarantees submitted by the Company with the Nazir of the Court on July 22, 2022 have been returned back to the Company. The date of hearing before the Competition Appellate Tribunal is fixed for October 25, 2022.

The legal counsel of the Company is of the view that in light of the observation of the Sindh High Court in its order dated June 13, 2022 that the casting was not lawfully exercised by the Chairperson, the favourable outcome is expected from the Sindh High Court as well as Competition Appellate Tribunal. The Company has therefore, not made any provision in these unconsolidated financial statements in respect of the penalty levied by CCP vide its order dated August 06, 2021.

21.3 Pursuant to the decision of ECC on January 10, 2013, the FBR vide its SRO No. 77(1)/2013 dated February 7, 2013, allowed benefit to sugar exporters by reducing FED rate from 8.0% to 0.5% on local sales, equivalent to quantity exported by the mills. The Company availed the benefit and claimed Rs.56.56 million on account of reduced rate of FED. Against the aforementioned claim, FBR disallowed an amount of Rs.7.0 million and also levied default surcharge of Rs.0.3 million. The disallowances was on the basis that the benefit of claim accrues and arises from February 7, 2013, the date of SRO No: 77(1) /2013 and not from January 10, 2013, the date of ECC meeting wherein the benefit was approved by ECC. The Company maintains that the sugar mills are entitled to avail the benefit of reduced rate of FED on sugar exported against the export quota allotted by ECC in its meeting held on January 10, 2013. Accordingly, the Company filed a suit before Honourable High Court of Sindh and the operations of the said order were suspended by the Honourable Court vide its order dated April 23, 2014. On November 14, 2018 the Company withdraw the suit & filed an appeal before commissioner inland revenue who vide order dated February 28, 2019 rejected the appeal. The Company then filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) where the appeal is pending. In view of the advice of legal counsel, the company is confident of a favourable outcome and accordingly no provision has been made in these unconsolidated financial statements.

21.4 The Government of Sindh vide notification dated July 08, 2014 levied a fee of Rs.0.50 / litre for storage of rectified spirit in bonded warehouse at Terminal Keamari, Karachi. The Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on October 21, 2021 and was adjourned till December 23, 2021. The financial exposure as at September 30, 2022 is Rs.88.94 (2020: Rs.81.41) million. In view of the advice of legal counsel, the Company is confident of a favourable outcome of the case and accordingly no provision has been made in these unconsolidated financial statements.

21.5 The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.500.00 (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.1,529.25 (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.

21.6 Commitments for capital expenditure amounted to Rs.3.67 (2021: Rs.50.03) million.

21.7 Lease rentals under Ijarah agreements in respect of vehicles, payable over the following next four years, are as follows:

	2022	2021
	(Rupees in thousands)	
Year ending September 30		
2022	–	23,215
2023	46,167	17,294
2024	42,520	12,732
2025	36,883	8,780
2026	22,998	–
	148,568	62,021

22. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division 2022	Sugar Division 2021	Distillery Division 2022	Distillery Division 2021	Textile Division 2022	Textile Division 2021	Trading Division 2022	Trading Division 2021	Subsidiary Company 2022	Subsidiary Company 2021	Total 2022	Total 2021
Net sales and services													
Local sales		7,317,625	6,240,800	735,621	613,839	6,358	6,727	7,562	31,254	–	–	8,067,166	6,892,620
Less: Sales tax / Federal excise duty		1,018,510	771,427	106,686	83,121	1,060	1,121	1,099	4,541	–	–	1,127,355	860,210
		6,299,115	5,469,373	628,935	530,718	5,298	5,606	6,463	26,713	–	–	6,939,811	6,032,410
Export sales		–	–	5,149,638	3,331,900	436,432	612,277	554,115	–	–	–	6,140,185	3,944,177
Less: Export duty, freight and commission		–	–	32,511	14,911	–	53,064	52,411	–	–	–	84,922	67,975
		–	–	5,117,127	3,316,989	436,432	559,213	501,704	–	–	–	6,055,263	3,876,202
Net sales		6,299,115	5,469,373	5,746,062	3,847,707	441,730	564,819	508,167	26,713	–	–	12,995,074	9,908,612
Services													
Terminal Storage income - net	22.1	–	–	11,744	4,067	–	–	–	–	–	–	11,744	4,067
		6,299,115	5,469,373	5,757,806	3,851,774	441,730	564,819	508,167	26,713	–	–	13,006,818	9,912,679
Less: Cost of sales	23	5,628,732	4,961,051	4,349,785	3,035906	442,181	532,342	375,408	22,981	–	–	10,796,106	8,552,280
Gross profit / loss		670,383	508,322	1,408,021	815868	(451)	32,477	132,759	3,732	–	–	2,210,712	1,360,399
Selling and distribution expenses	24	77,676	58,628	190,217	128,130	14,757	23,992	494	–	–	–	283,144	210,750
Administrative expenses	25	229,917	205,780	17,303	14,009	7,050	6,304	770	506	381	62	255,421	226,661
		307,593	264,408	207,520	142,139	21,807	30,296	1,264	506	381	62	538,184	437,411
Profit / (loss) before other operating expenses and other income		362,790	243,914	1,200,501	673,729	(22,258)	2,181	131,495	3,226	(381)	(62)	1,672,528	922,988
Other operating expenses	26											(375,186)	(86,468)
Other income	27											393,920	268,007
Operating profit												1,691,262	1,104,527

- Sugar division is engaged in manufacturing of refined sugar.
- Distillery division is engaged in manufacturing of ethanol, liquidified carbon dioxide (CO_2) and providing bulk storage facilities.
- Textile division is engaged in manufacturing of household textiles.
- Trading division is engaged in trading of commodities viz sugar / molasses / bagasse / liquidified carbon dioxide (CO_2) as and when opportunity occurs.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
22.1 Services										
Terminal storage income - net	–	–	24,521	10,409	–	–	–	–	24,521	10,409
Less: Terminal expenses										
Salaries, wages and other benefits - note 21.1.1	–	–	7,324	4,078	–	–	–	–	7,324	4,078
Repairs and maintenance	–	–	1,878	178	–	–	–	–	1,878	178
Water, electricity and gas	–	–	631	225	–	–	–	–	631	225
Rent, rates and taxes	–	–	1,749	974	–	–	–	–	1,749	974
Depreciation - note 3.3	–	–	370	412	–	–	–	–	370	412
Travelling and vehicle running expenses	–	–	207	118	–	–	–	–	207	118
Insurance	–	–	126	65	–	–	–	–	126	65
Other expenses	–	–	492	292	–	–	–	–	492	292
	–	–	12,777	6,342	–	–	–	–	12,777	6,342
	–	–	11,744	4,067	–	–	–	–	11,744	4,067

22.1.1 Salaries, wages and other benefits include a sum of Rs. 0.53 (2021: Rs. 0.45) million in respect of staff retirement benefits.

22.2 Geographical Information of customers

	2022	2021
	(Rupees in thousands)	
Revenues from customers (Country wise)		
Pakistan	6,805,088	6,036,476
South Korea	30,933	173,301
UAE	853,369	464,541
United kingdom	232,353	819,943
Singapore	–	209,921
Switzerland	–	1,796,010
Ireland	179,912	–
Italy	1,574,985	–
Netherland	2,262,821	–
South Africa	224,487	131,955
Taiwan	801,733	215,358
Holland	41,137	65,174
	13,006,818	9,912,679

The revenue information above is based on the location of customers

22.3 Of the Company's total revenue, three customer accounts for more than 10%.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
23. Cost of sales												
Raw material consumed	7,855,798	5,309,931	3,624,649	2,658,114	340,190	397,736	–	–	–	–	11,820,637	8,365,781
Salaries, wages and other benefits - note 23.1	409,950	352,393	121,650	105,470	17,611	15,601	–	–	–	–	549,211	473,464
Process chemicals	109,148	51,702	47,325	31,601	–	–	–	–	–	–	156,473	83,303
Packing material	119,283	52,306	–	–	19,881	25,319	–	–	–	–	139,164	77,625
Dyeing, weaving and other charges	–	–	–	–	38,172	74,282	–	–	–	–	38,172	74,282
Stores and spare parts consumed	134,278	96,082	50,883	41,265	–	–	–	–	–	–	185,161	137,347
Provision for obsolescence and slow moving stores & spares -note 7.1	3,500	6,000	500	–	–	–	–	–	–	–	4,000	6,000
Rent, rates, taxes and lease rentals	10,878	7,700	14,135	10,460	1,058	1,664	–	–	–	–	26,071	19,824
Water, fuel and power	94,794	63,059	129,147	91,179	40,924	47,734	–	–	–	–	264,865	201,972
Repairs and maintenance	271,866	142,745	130,896	89,215	2,876	5,496	–	–	–	–	405,638	237,456
Legal and professional charges	4,465	7,094	–	–	–	–	–	–	–	–	4,465	7,094
Insurance	9,050	7,320	10,080	7,251	691	1,007	–	–	–	–	19,821	15,578
Postage, telephone and stationery	9,593	5,861	–	–	–	–	–	–	–	–	9,593	5,861
Depreciation / amortization - note 3.3	169,098	162,746	58,189	64,792	3,631	4,017	–	–	–	–	230,918	231,555
Other manufacturing expenses	59,515	35,408	14,637	8,803	228	242	–	–	–	–	74,380	44,453
Duty drawback / Rebate	–	–	–	–	(8,407)	(20,292)	–	–	–	–	(8,407)	(20,292)
Bagasse sale	(29,021)	–	–	–	–	–	–	–	–	–	(29,021)	–
Bagasse transferred to distillery division	(121,131)	(59,723)	–	–	–	–	–	–	–	–	(121,131)	(59,723)
Molasses transferred to distillery division	(856,558)	(544,356)	–	–	–	–	–	–	–	–	(856,558)	(544,356)
Sale of Electricity	–	–	–	–	–	–	–	–	–	–	–	–
	398,708	386,337	577,442	450,036	116,665	155,070	–	–	–	–	1,092,815	991,443
Manufacturing cost	8,254,506	5,696,268	4,202,091	3,108,150	456,855	552,806	–	–	–	–	12,913,452	9,357,224
Opening stock of work-in-process	629	1,211	–	–	50,081	28,930	–	–	–	–	50,710	30,141
Closing stock of work-in-process	(1,223)	(629)	–	–	(77,144)	(50,081)	–	–	–	–	(78,367)	(50,710)
	(594)	582	–	–	(27,063)	(21,151)	–	–	–	–	(27,657)	(20,569)
Cost of goods manufactured	8,253,912	5,696,850	4,202,091	3,108,150	429,792	531,655	–	–	–	–	12,885,795	9,336,655
Opening stock of finished goods	1,013,247	277,448	415,054	342,810	29,283	29,970	–	–	–	–	1,457,584	650,228
Purchases	–	–	–	–	–	–	375,408	22,981	–	–	375,408	22,981
Closing stock of finished goods	(3,638,427)	(1,013,247)	(267,360)	(415,054)	(16,894)	(29,283)	–	–	–	–	(3,922,681)	(1,457,584)
	(2,625,180)	(735,799)	147,694	(72,244)	12,389	687	375,408	22,981	–	–	(2,089,689)	(784,375)
	5,628,732	4,961,051	4,349,785	3,035,906	442,181	532,342	375,408	22,981	–	–	10,796,106	8,552,280

23.1 Salaries, wages and other benefits include a sum of Rs. 12.97 (2021: Rs. 11.72) million in respect of staff retirement benefits.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
24. Selling and distribution expenses												
Salaries, wages and other benefits - note 24.1	7,866	6,599	8,507	7,460	6,318	5,667	–	–	–	–	22,691	19,726
Insurance	4,963	2,700	2,732	3,046	48	50	–	–	–	–	7,743	5,796
Rent, rates, taxes and lease rentals	2,042	1,529	1,142	958	–	–	–	–	–	–	3,184	2,487
Transport, freight, handling and forwarding expenses	62,805	47,800	170,953	113,414	4,230	5,917	494	–	–	–	238,482	167,131
Other expenses	–	–	6,883	3,252	4,161	12,358	–	–	–	–	11,044	15,610
	77,676	58,628	190,217	128,130	14,757	23,992	494	–	–	–	283,144	210,750

24.1 Salaries, wages and other benefits include a sum of Rs. 1.43 (2021: Rs. 1.19) million in respect of staff retirement benefits.

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
25. Administrative expenses	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Salaries, wages and other benefits - note 25.1	121,786	118,961	8,750	7,460	4,971	4,693	605	462	–	–	136,112	131,576
Insurance	2,036	1,651	63	65	–	–	3	4	–	–	2,102	1,720
Repairs and maintenance	5,255	2,665	721	167	742	339	–	–	–	–	6,718	3,171
Postage, telephone and stationery	6,625	4,518	763	525	288	253	–	–	–	–	7,676	5,296
Travelling and vehicle running expenses	26,104	17,023	339	118	–	–	52	34	–	–	26,495	17,175
Rent, rates, taxes and lease rentals	2,471	2,307	3,449	2,098	–	–	–	–	–	–	5,920	4,405
Water, electricity and gas	5,111	3,840	316	226	83	72	–	–	–	–	5,510	4,138
Fees, subscription and periodicals	3,319	3,246	18	16	34	42	–	–	256	2	3,627	3,306
Legal and professional charges	5,324	2,744	940	1,900	–	–	–	–	–	–	6,264	4,644
Directors' meeting fee	755	655	–	–	–	–	–	–	–	–	755	655
Depreciation - note 3.3	3,020	2,673	259	229	378	301	–	–	–	–	3,657	3,203
Right-of-use assets - note 4.1	7,237	5,829	–	–	–	–	–	–	–	–	7,237	5,829
Auditors' remuneration - note 25.2	1,714	1,676	1,247	928	96	136	110	6	125	60	3,167	2,806
Other expenses - note 25.3	39,160	37,992	438	277	458	468	–	–	–	–	40,056	38,737
	229,917	205,780	17,303	14,009	7,050	6,304	770	506	381	62	255,296	226,661

25.1 Salaries, wages and other benefits include a sum of Rs. 4.31 (2021: Rs. 4.09) million in respect of staff retirement benefits.

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
25.2 Auditors' remuneration	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Statutory audit fee	863	982	789	692	61	101	70	5	–	–	1,782	1,780
Annual Audit fee - Subsidiary Company	–	–	–	–	–	–	–	–	125	60	125	60
Half yearly review fee	236	248	216	175	17	26	19	1	–	–	487	450
Cost audit	350	250	–	–	–	–	–	–	–	–	350	250
Tax / other services	182	109	166	–	13	–	15	–	–	–	376	109
Out of pocket expenses	83	87	76	61	6	9	7	–	–	–	172	157
	1,714	1,676	1,247	928	97	136	111	6	125	60	3,292	2,806

25.3 Sugar division's other expenses include donation of Rs.28.80 (2021: Rs. 29.30) million as per details below:

	2022	2021
	(Rupees in thousands)	
Name of Institution		
Al-Sayyeda Benevolent Trust	3,000	3,000
Rehmat Bai Widows & Orphange Trust	3,000	3,000
Habib Medical Trust	3,000	3,000
Habib Poor Fund	3,000	3,000
Family Education Services Foundation	16,000	16,000
Markaz-e-umeed	800	800
Friend Educational & Medical Trust	–	500
	28,800	29,300

None of the Directors or their spouses had any interest in the above donee's fund.

25.4 Information on assets, liabilities and capital expenditure by segment is as follows:

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
25.4.1 Segment assets	5,705,958	3,197,626	1,864,553	1,449,561	481,842	426,933	–	–	8,052,353	5,074,120
Unallocated assets									5,481,216	6,735,720
									13,533,569	11,809,840
25.4.2 Segment liabilities	2,776,528	1,774,733	563,563	408,380	112,500	101,792	7,344	745	3,459,935	2,285,650
Unallocated liabilities									553,817	289,387
									4,013,752	2,575,037
25.4.3 Capital expenditure	105,019	253,867	750	–	175	–	–	–	105,944	253,867

	Note	2022	2021
		(Rupees in thousands)	
26. Other operating expenses			
Workers' Profit Participation Fund	20.1	88,508	70,244
Workers' Welfare Fund		10,000	10,300
Rain Relief Expenses		61,611	–
Exchange loss - net		215,067	5,924
		375,186	86,468
27. Other income			
Income from financial assets			
Dividend income	27.1	347,015	227,791
Income from non financial assets			
Gain on disposal of fixed assets		7,610	4,388
Remeasurement gain on discounting of Provision for GIDC		7,835	21,273
Agricultural income		2,077	2,105
Scrap sale		29,383	12,450
		46,905	40,216
		393,920	268,007

27.1 Dividend income includes dividend received from the following related parties:

	Note	2022	2021
		(Rupees in thousands)	
Bank AL Habib Limited		168,957	108,715
Habib Insurance Company Limited		3,352	2,682
		172,309	111,397

	Note	2022	2021
28. Finance (cost) / income - net			
Profit on treasury call accounts	14.1	26,679	13,988
Profit on term deposits receipts	14.2	22,460	91,166
Interest on government Securities		71,874	47,792
Interest on loan to employees		2,377	506
		123,390	153,452
Less:			
Mark-up / interest on:			
Short-term borrowings	28.2 & 28.3	(160,158)	(42,762)
Workers' Profit Participation Fund		(1,218)	–
Lease Liability		(2,008)	(1,601)
Bank charges		(26,484)	(13,921)
		(189,868)	(58,284)
		(66,478)	95,168

		2022	2021
		(Rupees in thousands)	
28.1	Finance income received	121,061	146,368
	Finance charges paid	(189,867)	(58,284)
	Finance income received - net	(68,806)	88,084

28.2 The financial facilities from various commercial banks amounted to Rs.7,898 (2021: Rs.7,637) million. These 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 during the year was 3% to 13.14% (2021: 3%) per annum.

		Note	2022	2021
			(Rupees in thousands)	
29.	**Taxation**			
	Income tax - current		242,007	155,006
	- prior years		80,000	55,000
			322,007	210,006
	Deferred tax		13,000	–
		29.1	335,007	210,006

		2022	2021
29.1	**Reconciliation of tax charge for the year**		
	Accounting profit	1,624,403	1,199,695
	Corporate tax rate	29%	29%
	Tax on accounting profit at applicable rate	471,077	347,912
	Tax effect of timing differences	1,500	55,000
	Tax effect of lower tax rates on export and certain income	(302,387)	(209,501)
	Tax effect of income exempt from tax	(2,874)	(6,780)
	Tax effect of Super Tax	120,000	–
	Tax effect of expenses that are inadmissible in determining taxable income	47,691	23,358
		(136,070)	(137,923)
		337,007	209,989

29.2 The income tax return for the Tax year 2022 (financial year ended September 30, 2021) has been filed.

		2022	2021
		(Rupees in thousands)	
30.	**Earnings per share - Basic and diluted**		
	Profit after taxation	1,289,396	989,689
		Number of shares	
	Number of ordinary shares of Rs. 5 each	150,000,000	150,000,000
	Earnings per share - Basic and diluted (Rupees)	8.60	6.60

	2022	2021
	(Rupees in thousands)	

31. Cash generated from operations

	2022	2021
Profit before taxation	1,624,403	1,199,695
Adjustment for non-cash charges and other items		
Depreciation / amortization	242,184	240,999
Provision for obsolescence and slow moving stores	(4,000)	(6,000)
Gain on disposal of fixed assets	(7,610)	(4,388)
Finance income - net	64,470	(95,168)
Mark-up on lease liability	2,008	1,601
Dividend income	(347,015)	(227,791)
Remeasurement gain on discounting of provision for GIDC	(7,835)	(21,273)
	(57,798)	(112,020)
Working capital changes - note 31.1	(1,715,646)	(731,297)
	(149,041)	356,378

31.1 Working capital changes

	2022	2021
(Increase) / decrease in current assets		
Stores and spare parts	(75,936)	840
Stock-in-trade	(3,109,722)	(1,018,550)
Trade debts	83,310	(258,448)
Loans and advances	(25,639)	470,150
Trade deposits and short-term prepayments	(4,247)	(6,453)
Other receivables	12,389	28,764
	(3,119,845)	(783,697)
Increase / (decrease) in current liabilities		
Trade and other payables	75,828	(109,658)
Advance from customers	1,328,371	162,058
	1,404,199	52,400
Net changes in working capital	(1,715,646)	(731,297)

32. Remuneration of Chief Executive, Directors and Executives

	2022				2021			
	Chief Execu-tive	Direc-tors	Execu-tives	Total	Chief Execu-tive	Direc-tors	Execu-tives	Total
	(Rupees in thousands)							
Managerial remuneration	18,400	10,800	99,440	128,640	14,400	10,200	86,918	111,518
Perquisites								
Telephone	61	15	398	474	42	15	430	487
Bonus	3,290	–	16,444	19,734	–	–	13,193	13,193
Medical	713	175	3,719	4,607	119	398	2,772	3,289
Utilities	–	466	–	466	–	429	–	429
Entertainment	–	280	741	1,021	–	243	–	243
Retirement benefits	1,320	821	7,472	9,613	1,058	776	6,600	8,434
	23,784	12,557	128,214	164,555	15,619	12,061	109,913	137,593
Number of persons	1	1	28	30	1	1	24	26

32.1 Chief Executive, Directors and certain Executives are also provided with the Group maintained cars.

32.2 Five non-executive directors (2021: Six) have been paid fees of Rs.0.76 (2021: Rs.0.66) million for attending board and other meetings.

Note: Remuneration of Mr. Raeesul Hasan (Ex Ceo) has been taken till January 2022. Mr. Khursheed A. Jamal has been appointed as CEO from February 2022.

33. Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments are credit risk, market risk, liquidity risk, equity price risk and operational risk. The Board of Directors reviews and decides policies for managing each of these risks which are summarised below.

33.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group is exposed to credit risk on loans, deposits, trade debts, other receivables and bank balances and profit accrued thereon. The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is as follows:

	2022	2021
	(Rupees in thousands)	
Long-term loans	14,828	7,443
Long-term deposits	3,972	3,948
Trade debts	324,143	407,453
Loans	51,646	54, 430
Trade deposits	751	901
Profit accrued on bank deposits	23,964	21,721
Other receivables	11,277	25,841
Bank balances	545,703	269,074
	976,284	786,811

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	2022	2021
	(Rupees in thousands)	
33.1.1 Trade debts		
Customers with no defaults in the past one year	324,143	407,453
Customers with some defaults in past one year which have been fully recovered	–	–
Customers with default in past one year which have not yet been recovered	–	–
	324,143	407,453
33.1.2 Bank Balances		
A1+	542,579	4,070,708
A2	3,393	988
	545,972	4,071,696

33.2 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Group's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of the Group's Investments carried at fair value through other comprehensive income. Under market risk the Group is exposed to interest rate risk, currency risk and equity price risk.

33.2.1 Interest rate risk

This represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates.

At the date of the statement of financial position, the bank balances of Rs.495.35 (2021: Rs.263.41) million are subject to interest rate risk. Applicable interest rates have been indicated in Note 13 to these consolidated financial statements. Group's profit after tax for the year would have been Rs.3.51 (2021: Rs.1.87) million higher / lower if interest rates have been 1% higher / lower while holding all other variables constant.

33.2.2 Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Group's exposure to foreign currency risk is as follows:

		2022	2021
		(Respective Currency)	
Trade debts	$	154,703	–
	£	42,232	76,608
Advance from customers	$	1,274,040	969,418

The following significant exchange rates have been applied at the reporting dates:

		2022	2021
Exchange rates	buying $	227.80	165.90
	selling $	228.30	166.10
	buying £	253.04	213.00
	selling £	253.60	213.26

The foreign currency exposure is partly covered as the outstanding balance at the year end is determined in respective currency which is converted into rupees at the exchange rate prevailing at the date of the statement of financial position.

Sensitivity analysis:

The following table demonstrates the sensitivity of the Group's profit before tax and the Group's equity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant.

	Change in Foreign Currency rate (%)	Effect on profit	Effect on equity
		(Rupees in thousands)	
September 30, 2022	+10	(24,486)	(24,241)
	-10	24,486	24,241
September 30, 2021	+10	10,073	10,085
	-10	(10,073)	(10,085)

33.2.3 Equity price risk

The Group's investments are susceptible to market price risk arising from uncertainties about future values of investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total investments. Reports on the investment portfolio are submitted to the Group's senior management on a regular basis. The Investment Committee of the Group reviews and approves policy decisions.

At the date of the statement of financial position, the exposure to investment at fair value through other comprehensive was Rs.2,672.42 (2021: Rs.2,575.02) million.

33.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group continually monitors its liquidity position and ensures availability of funds by maintaining flexibility by keeping committed credit lines available.

Year ended September 30, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Trade and other payables	–	725,845	1,164,973	–	–	1,890,818
Advance from customers	–	1,810,835	–	–	–	1,810,835
Lease Liability	–	7,929	–	9,573	–	17,502
	–	2,544,609	1,174,137	9,573	–	3,728,319

Year ended September 30, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Trade and other payables	–	416,538	1,397,444	–	–	1,813,982
Advance from customers	–	482,464	–	–	–	482,464
Lease Liability	–	6,318	–	7,630	–	13,948
	–	905,320	1,397,264	7,630	–	2,310,214

33.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Group. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

33.5 Capital risk management

The primary objective of the Group's capital management is to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The gearing ratio of the Group is Nil (2021: Nil) and the Group finances its investments portfolio through management of its working capital and equity with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

33.6 FINANCIAL INSTRUMENTS BY CATEGORY

33.6.1 Financial assets as per statement of financial position

	2022	2021
	(Rupees in thousands)	
Fair value through other comprehensive income		
Investments in related parties - Quoted	1,335,617	1,706,867
Investments in related parties - Unquoted	12,788	133,809
Investments in other companies - Quoted	807,400	965,550
Investments in units of mutual funds	2,238,732	1,539,810
	4,394,537	4,346,036
At amortised cost		
- Loans and advances	39,251	13,747
- Deposits	4,723	4,849
- Trade debts	324,143	407,453
- Profit accrued on bank deposits	23,964	21,721
- Other receivables	11,277	25,841
- Investment in Government Securities	365,365	2,002,775
- Cash and bank balances	546,095	269,222
	1,314,878	2,745,608
	5,709,355	7,091,644

33.6.2 Financial liabilities as per statement of financial position

	2022	2021
At amortised cost		
- Trade and other payables	1,890,818	1,813,982
- Unclaimed dividend	105,162	97,731
	1,995,980	1,911,713

33.6.3 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the date of the statement of financial position. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The Group uses the following hierarchy for disclosure of the fair value of financial instruments by valuation techniques:

Level 1: Quoted prices in active markets for identical assets.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset either directly or indirectly.

Level 3: inputs for the asset that are not based on observable market data.

	2022			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)			
Long-term investments	4,381,749	–	12,788	4,394,537
Short-term investments: units of mutual funds	–	2,238,732	–	2,238,732
	4,381,749	2,238,732	12,788	6,633,269

	2021			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)			
Long-term investments	2,672,417	–	133,809	2,806,226
Short-term investments: units of mutual funds	–	1,539,810	–	1,539,810
	2,672,417	1,539,810	133,809	4,346,036

During the year, there were no transfers between levels.

The market prices of units of mutual funds are based on the declared Net Asset Values (NAV) on which redemptions can be made. NAVs have been obtained from the website of Mutual Fund Association of Pakistan (MUFAP).

34. Capacity and production

34.1 Sugar division

	2022			2021		
	Quantity		Working days	Quantity		Working days
Crushing capacity	11,000	M.Tons Per Day		11,000	M. Tons Per Day	
Crushing based on actual working days	1,375,000	M. Tons	125	1,188,000	M. Tons	108
Actual crushing	1,126,516	M. Tons	125	761,667	M. Tons	108
Sucrose recovery	10.61	%		10.36	%	
Sugar production	119,531	M. Tons		78,910	M. Tons	

Sugar unit operated below capacity due to lesser availability of sugarcane.

	2022 Quantity		2022 Working days	2021 Quantity		2021 Working days
34.2 Distillery division						
a) Ethanol						
Capacity	34,000	M. Tons	300	34,000	M. Tons	300
Actual production	30,956	M. Tons	312	24,251	M. Tons	335

During the year, plants operated below capacity due to lower availability of Molasses.

b) Liquidified carbon dioxide (CO_2)						
Capacity	18,000	M. Tons	300	18,000	M. Tons	300
Actual production	7,825	M. Tons	236	8,477	M. Tons	264

c) During the year CO_2 plants operated below capacity due to lower availability of raw gas.

34.3 Textile division						
Capacity	560,000	Kgs.	300	560,000	Kgs.	300
Actual production	461,114	Kgs.	313	732,011	Kgs.	344

The actual production of textile division was higher than the capacity due to weaving from outside source.

35. Provident Fund related disclosure

The following information is based on un-audited financial statements of the Fund as at September 30:

	2022 (Rupees in thousands)	2021 (Rupees in thousands)
Size of the fund - Total assets	330,886	336,039
Fair value of investments	316,776	320,834
Percentage of investments made	95.74	95.48

35.1 The cost of above investments amounted to Rs. 274.30 million (2021: Rs. 290.71 million).

35.2 The break-up of fair value of investments is as follows:

	2022 (Percentage)	2021 (Percentage)	2022 (Rupees in thousands)	2021 (Rupees in thousands)
National savings scheme	90.52	89.21	286,570	285,288
Bank deposits	9.45	10.75	29,941	34,381
Debt securities	0.03	0.04	85	117
	100.00	100.00	316,776	319,786

35.3 The investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act 2017 and the rules formulated for this purpose.

	2022	2021
	(Number)	

36. Number of Employees

	2022	2021
Number of employees including contractual employees at September 30,	524	541
Average number of employees including contractual employees during the year	521	537

37. Transactions with related parties

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

Name of related parties and relationship with the Company	Nature of transactions	2022	2021
		(Rupees in thousands)	
Related Parties			
Bank Al Habib Limited	Profit on Treasury call account	39,394	104,765
	Dividend received	168,957	108,615
	Dividend paid	28,246	25,892
	Bank charges	271	244
Al Habib Assets Management subsidiary of Bank AL Habib Limited	Purchase of Investment	4,426,000	4,385,080
	Dividend received	59,352	32,705
	Sale of Invesment	4,390,000	3,100,000
	Capital gain	35,584	6,318
Habib Insurance	Insurance premium paid	32,643	17,162
	Insurance claim received	4,335	1,515
	Dividend received	3,352	2,682
	Dividend paid	13,346	12,234
Uni Food Industries Limited	Investment in shares	37,559	71,904
Habib Mercantile Company Limited	Dividend paid	1,532	1,404
Habib Sons (Pvt.) Limited	Dividend paid	1,564	1,433
Retirement benefit funds	Contribution to retirement funds	18,507	16,551

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

38. Dividend

The Board of Directors of the Group in their meeting held on December 26, 2022 have proposed a final cash dividend of Rs. 3.50 per share (70%) for the year ended September 30, 2022. The approval of the members for the proposed final cash dividend will be obtained at the Annual General Meeting of the Group to be held on January 25, 2023.

39. General

39.1 Figures have been rounded off to the nearest thousand rupees.

39.2 These consolidated financial statements were authorised for issue on December 26, 2022 by the Board of Directors of the Group.

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

Amir Bashir Ahmed	**Khursheed A. Jamal**	**Murtaza Habib**
Chief Financial Officer	*Chief Executive*	Director

Pattern of Shareholding as at September 30, 2022

Number of Shareholders	Size of Shareholding From	To	Total Number of Shares held
1,452	1	100	33,879
806	101	500	234,697
459	501	1,000	353,530
1,250	1,001	5,000	2,909,496
252	5,001	10,000	1,850,313
105	10,001	15,000	1,296,427
59	15,001	20,000	1,042,076
46	20,001	25,000	1,032,004
26	25,001	30,000	717,828
19	30,001	35,000	612,136
13	35,001	40,000	493,788
20	40,001	45,000	854,783
15	45,001	50,000	728,131
12	50,001	55,000	633,726
5	55,001	60,000	286,373
8	60,001	65,000	505,048
5	65,001	70,000	336,598
8	70,001	75,000	580,716
4	75,001	80,000	315,274
4	80,001	85,000	333,988
4	85,001	90,000	345,858
5	90,001	95,000	458,769
3	95,001	100,000	298,000
1	100,001	105,000	100,403
1	105,001	110,000	109,877
3	110,001	115,000	338,875
2	115,001	120,000	236,500
1	125,001	130,000	125,757
3	130,001	135,000	397,174
1	135,001	140,000	138,002
3	140,001	145,000	425,385
2	150,001	155,000	309,348
1	155,001	160,000	159,720
1	160,001	165,000	162,000
1	175,001	180,000	176,251
1	185,001	190,000	185,779
1	190,001	195,000	193,086
3	200,001	205,000	602,347
2	205,001	210,000	413,156
1	225,001	230,000	226,846
1	245,001	250,000	250,000
1	280,001	285,000	283,665
1	285,001	290,000	289,337
2	295,001	300,000	600,000
1	300,001	305,000	304,940
1	305,001	310,000	306,990
1	320,001	325,000	320,446
2	325,001	330,000	657,539
1	355,001	360,000	359,970
1	365,001	370,000	368,825
1	380,001	385,000	384,500
1	390,001	395,000	390,045
1	395,001	400,000	397,377
1	405,001	410,000	409,546
1	415,001	420,000	416,500
1	420,001	425,000	421,146
3	445,001	450,000	1,343,676
2	460,001	465,000	926,233
1	510,001	515,000	510,668
2	520,001	525,000	1,046,263
1	570,001	575,000	572,918
1	580,001	585,000	584,000
1	585,001	590,000	588,000
2	595,001	600,000	1,195,532
1	735,001	740,000	740,000
1	800,001	805,000	804,500
1	845,001	850,000	850,000

Pattern of Shareholding as at September 30, 2022

Number of Shareholders	Size of Shareholding From	To	Total Number of Shares held
3	865,001	870,000	2,598,556
1	880,001	885,000	880,825
1	970,001	975,000	970,127
1	985,001	990,000	988,000
1	990,001	995,000	992,368
1	1,080,001	1,085,000	1,080,889
1	1,120,001	1,125,000	1,122,697
3	1,180,001	1,185,000	3,544,978
1	1,185,001	1,190,000	1,185,794
1	1,245,001	1,250,000	1,250,000
1	1,265,001	1,270,000	1,266,939
2	1,285,001	1,290,000	2,577,784
1	1,415,001	1,420,000	1,418,565
1	1,440,001	1,445,000	1,440,330
1	1,455,001	1,460,000	1,457,902
1	1,510,001	1,515,000	1,510,668
1	1,520,001	1,525,000	1,523,450
1	1,580,001	1,585,000	1,581,000
1	1,685,001	1,690,000	1,688,251
1	1,825,001	1,830,000	1,827,819
1	1,865,001	1,870,000	1,866,906
1	2,025,001	2,030,000	2,029,070
1	2,250,001	2,255,000	2,253,671
1	2,945,001	2,950,000	2,949,500
1	3,580,001	3,585,000	3,581,018
1	3,820,001	3,825,000	3,821,357
1	4,445,001	4,450,000	4,448,758
1	5,825,001	5,830,000	5,825,357
1	6,550,001	6,555,000	6,554,075
1	6,630,001	6,635,000	6,631,596
1	7,325,001	7,330,000	7,326,753
1	9,415,001	9,420,000	9,415,312
1	26,510,001	26,515,000	26,513,125
4,680			150,000,000

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
General Public (Local)	4,474	53,967,053	35.98
General Public (Forigen)	125	7,117,291	4.74
Insurance Companies	3	10,274,285	6.85
Joint Stock Companies	50	39,330,864	26.22
Financial Institutions	7	23,370,540	15.58
Modaraba Companies	2	1,521,068	1.01
Charitable Trust	16	14,408,922	9.61
Societies	2	9,976	0.01
Corporate Law Authority	1	1	0.00
	4,680	150,000,000	100.00

Pattern of Shareholding as at September 30, 2022

Additional Information

Shareholders' Category		Number of Shareholders	Number of Shares Held
Associated Companies, undertakings and related parties			
Habib Mercantile Company (Pvt) Limited		1	510,668
Habib & Sons (Pvt) Limited		1	521,263
Bank AL Habib Limited		1	9,415,312
Habib Insurance Co. Ltd.		1	4,448,758
NIT and ICP			
National Investment (Unit) Trust (NIT)		1	7,326,753
Investment Corporation of Pakistan		1	731
Directors, CEO and their spouses and minor children			
Asghar D. Habib	Chairman	1	3,821,357
Ali Raza D. Habib	Director	1	445,536
Sheikh Asim Rafiq (NIT Nominee)	"	–	–
Murtaza Habib	"	1	3,581,018
Shams Muhammad Haji	"	1	5,000
Farouq Habib Rahimtoola	"	1	5,000
Tyaba Muslim Habib	"	1	10,000
Mrs. Tahira Asghar D. Habib w/o Mr. Asghar D. Habib		1	2,253,671
Mrs. Razia w/o Mr. Ali Raza D. Habib		1	368,825
Executives		1	49
Public Sector Companies and Corporations		48	38,298,933
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful Modarabas and Pension Funds		8	13,974,339
General Public			
a) Local		4,465	43,476,597
b) Foreign		125	7,117,291
Others			
Charitable & Other Trusts		16	14,294,922
Socieities		2	9,976
Government Institution		1	1
		4,680	150,000,000

Shareholders holding 10% or more voting rights

ICOM Industrie Und Handels, Schaan Principality of Liechtenstein	26,513,125

The detail of transactions by the Company's Directors, Executive and their Spouses during the year:

Name	Date	Sale	No. of Shares Purchased
Mrs. Tahira Asghar D. Habib - Spouse of Chairman	27.05.2022	–	256,500

۱۲۔شیئر ہولڈنگ کے طریقہ اور اس سے متعلق اضافی معلومات صفحہ نمبر 133 اور 134 پر دی گئی ہے۔
۱۳۔ڈائریکٹرز CEO، CFO، کمپنی سیکریٹری اور ان کی فیملیز کے شیئر ہولڈنگ میں تبدیلی جو کہ شیئر ہولڈنگ کی نوعیت صفحہ نمبر 135 پر دی گئی ہے۔

ڈائریکٹرز کے الیکشن:

موجودہ ڈائریکٹرز کی مدت 27 جنوری 2023ء کو ختم ہو رہی ہے لہٰذا تین سالوں کے لئے ڈائریکٹرز کے الیکشن کمپنی کی 61 ویں سالانہ جنرل میٹنگ میں 25 جنوری 2023ء کو منعقد کی جائے گی جیسا کہ کمپنی ایکٹ 2017ء کے سیکشن (1)-159 کے تحت دیا گیا ہے۔ کمپنی کے ڈائریکٹرز کی تعداد جو کہ بورڈ آف ڈائریکٹرز نے 7 مقرر کی ہے۔ ریٹائر ہونے والے ڈائریکٹرز اصغر ڈی حبیب، علی رضا ڈی حبیب، مرتضیٰ حبیب، شمس محمد حاجی، فارق حبیب رحیم تولا، شیخ عاصم رفیق اور محترمہ طیبہ مسلم حبیب۔

اظہار تشکر:

ڈائریکٹران اپنے تمام عملے، سروسز خدمات اور سخت محنت سے کام کرنے کا اعتراف کرتے ہیں جس میں کمپنی کے آفیسر، اسٹاف اور ورکرز شامل ہیں اور ان مالیاتی اداروں کا شکریہ بھی ادا کیا ہے جن کے ساتھ ہمارے کاروباری تعلقات اور ہمارے کسٹمرز کا بھی جن کی سپورٹ اور تعاون حاصل رہا۔

بورڈ آف ڈائریکٹرز کی جانب سے

خورشید اے۔ جمال
چیف ایگزیکٹو

مرتضیٰ حبیب
ڈائریکٹر

کراچی مورخہ 26 دسمبر 2022ء

آڈیٹرز:

آڈیٹرز میسرز گرانٹ تھورن ٹن انجم رحمان چارٹرا کاؤنٹس نے اپنا پہلا قانونی آڈٹ کی ذمہ داری 30 ستمبر 2022 کو ختم ہونے والے سال مکمل کرلیا اور 61 واں سالانہ اجلاس عام کے ختم ہونے پر ریٹائر ہور ہے ہیں۔ ریٹائر ہونے والے گرانٹ تھورن ٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس نے ائندہ سال اپنی تقرری کے لئے پیشکش کی ہے۔

آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز گرانٹ تھورن ٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس کو آئندہ سال کے لئے کمپنی کے آڈیٹرز کے طور پر تقرری آئندہ ہونے والے اجلاس عام میں منظوری کی سفارش کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک سے متعلق اسٹیٹمنٹ:

۱۔ مالیاتی حسابات جو کہ کمپنی نے مرتب کئے ہیں یہ شفاف انداز میں کمپنی کی ضروری امور اور آپریشنز کے نتائج اور کیش فلو اور آپریشنز کے نتائج اور کیش فلو اور ایکویٹی میں تبدیلی کو ظاہر کرتے ہیں۔

۲۔ کمپنی کی بکس آف اکاؤنٹ مناسب طریقے سے ترتیب دیئے جاتے ہیں۔

۳۔ مالیاتی حسابات کی تیاری کے سلسلے میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور کسی بھی تبدیلی اور تخمینہ کو مناسب اور واضح طور پر ظاہر کیا جاتا ہے۔

۴۔ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز جو کہ پاکستان میں نافذ العمل ہے اس پر مالیاتی حسابات کی تیاری پر لاگو کیا گیا ہے اور کسی بھی تبدیلی اور تخمینہ کو مناسب طور پر وضاحت کی گئی ہے۔

۵۔ داخلی کنٹرول کا نظام مستحکم ہے اور مؤثر طور پر اس پر عمل درآمد اور نگرانی کی جاتی ہے۔

۶۔ کمپنی کی صلاحیت بطور چلتے ہوئے کاروبار پر کسی قسم کا شک نہیں ہے۔

۷۔ کارپوریٹ گورننس کے طریقے کا جیسا کہ لسٹنگ ریگولیشنز میں تفصیل دی گئی ہے جس کی کوئی خلاف ورزی نہیں کی گئی۔

۸۔ چھ سال کے مالیاتی اعداد و شمار اور آپریشن کے متعلق معلومات صفحہ نمبر 10 پر دی گئی ہے۔

۹۔ ٹیکسز اور محصولات سے متعلق معلومات مالیاتی اسٹیٹمنٹ کے نوٹس میں دی گئی ہے۔

۱۰۔ سرمایہ کاری کی ویلیو بشمول حاصل کردہ منافع اور پروویڈنٹ فنڈ اور گریجویٹی کا ڈیپازٹ / کرنٹ اکاؤنٹ میں بیلنس 30 ستمبر 2022 کو درج ذیل ہے۔

	(روپے ہزاروں میں)
پروویڈنٹ فنڈ	316,776
گریجویٹی فنڈ	118,094

۱۱۔ سال کے دوران بورڈ کے پانچ اجلاس منعقد کئے گئے اور ہر ڈائریکٹر کی حاضری کی تفصیلات درج ذیل ہیں:

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب اصغر ڈی حبیب	3
جناب علی رضا ڈی حبیب	-
جناب مرتضیٰ حبیب	5
جناب شمس محمد حاجی	5
جناب فاروق حبیب رحیم تولا	5
محترمہ طیبہ مسلم حبیب	5
جناب شیخ عاصم رفیق	4 (26 جنوری کو شامل ہوئے)
جناب عدنان آفریدی	1 (26 جنوری کو استعفیٰ دیا)
جناب خورشید اے۔ جمال	2 (1 فروری 2022 کو شامل ہوئے)
جناب رئیس الحسن	2 (31 جنوری کو استعفیٰ دیا)

گھریلو سامان، دوائیاں وغیرہ سیلاب متاثرین کو فراہم کیں تاکہ اس مشکل وقت میں قدرتی آفت کی وجہ سے ان کی مدد ہو سکے۔

کمیونٹی کی سرمایہ کاری اور ویلفیئر اسکیم:

کمپنی نے اپنی بنیادی اقدار کے حصے کے طور پر مل کے آس پاس کے رہنے والے لوگوں کی فلاح و بہبود میں اپنا حصہ ڈالنے کو بہت اہمیت دی ہے۔ ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے اور اس حوالے سے سیکنڈری سطح تک اسکول چلانا، آنکھوں کے کیمپ کا قیام، ملز کے آس پاس ایریا میں رہنے والوں کو مالی تعاون اور مفت راشن اور میڈیکل اور تعلیم کی معاونت ضرورت مند افراد کو کی جاتی ہے۔ معاشرتی اور اقتصادی امور میں کمپنی اپنا کردار ادا کرتی ہے اور ضلع میں تمام سطح پر سراہا جاتا ہے۔ کمپنی نے جسمانی طور پر معذور افراد کو ملازمت فراہم کی ہیں جو کہ معذور افراد (تقرری اور آبادکاری) آرڈیننس 1981 پر عمل کرتے ہوئے کیا ہے۔

گزشتہ کئی سالوں سے HSM اسکول اپنے ملازمین کے بچوں کو بہترین تعلیم فراہم کر رہا ہے۔ اسکول میں بہت صحتمندانہ، محفوظ اور تعلیمی فروغ کا ماحول ہے۔ اسکول میں طالب علموں کو نہ صرف تعلیم پر زور دیا جاتا ہے بلکہ معاشرتی تہذیب اور جسمانی افزائش کی بھی تربیت ہوتی ہے۔

اس سال کے دوران کمپنی نے فیملی ایجوکیشن سروسز فاؤنڈیشن (FESF) جو کہ ایک غیر منافع بخش ادارہ ہے اس کی مستقل معاونت کر رہا ہے جو کہ نواب شاہ میں بہروں کا اسکول چلا رہے ہیں۔ آپ کی کمپنی نے اس سال کے دوران مبلغ 16.0 ملین روپے کا عطیہ دیا ہے۔ اس وقت اسکول میں 200 طالب علم داخل ہیں اور یہ واحد ادارہ ہے جو کہ نواب شاہ میں بہرے افراد کے لئے بہترین تعلیمی سہولت فراہم کرتا ہے تاکہ ان کی طرز زندگی میں بہتری آئے اور تعلیمی ماحول سے اپنی اہلیت کو بڑھائیں۔

اس سال کے دوران کمپنی نے مزید 12.8 ملین روپے کا بھی عطیہ مختلف رجسٹرڈ خیراتی اداروں کو دیا۔ جو کہ تعلیم اور مالی تعاون اور ضرورت مند لوگوں کو مہیا کرتے ہیں جو کہ معاشرے میں خدمات کا مثبت رجحان ہے۔

صحت، حفاظت اور ماحولیات:

ایک ذمہ دار کارپوریٹ شہری ہوتے ہوئے صحت، حفاظت اور ماحولیاتی آلودگی کے تمام معیاری اقدامات کرنے کا عزم رکھتی ہے۔

HSML کی انتظامیہ اس بات پر یقین رکھتی ہے کہ ماحولیاتی آلودگی سے محفوظ رہنا ہر آدمی کے لئے ضروری ہے اور اس کے لئے کمپنی ضروری سمجھتے ہوئے اپنے ملازمین اور نواب شاہ کے رہائشی افراد کو صحت مند ماحول فراہم کرتی ہے اور آپ کی کمپنی مسلسل اس بات کو اپنی معاشرتی ذمہ داری سمجھتے ہوئے ضروری اقدامات کرتی ہے تاکہ اس بات کو یقینی بنایا جائے کہ آلودگی سے پاک ماحول فراہم کیا جائے۔

ملز کے بوائلر میں راکھ دور کرنے کے لئے سسٹم نصب کیا گیا ہے جو کہ مستقل طور پر کامیابی سے چل رہا ہے اور کالے ذرے مکمل طور پر غائب ہو گئے ہیں۔ کمپنی نے شوگر فیکٹری میں ایک آلودہ پانی کا ٹریٹمنٹ پلانٹ بھی لگایا ہے تاکہ آئل گریس اور دیگر سیال مادے کو اس پانی سے خارج کیا جا سکے۔ یہ پروجیکٹ مکمل ہونے کے بعد کامیابی سے اطمینان بخش نتائج حاصل کر رہا ہے۔

SLOP ٹریٹمنٹ پلانٹ اور کاربن ڈائی کسائیڈ ریکوری پلانٹس کی تنصیب ہماری معاشرتی ذمہ داری ہے جو کہ ہمارے نکاسی کے عمل سے ہمارے ڈسٹلری کے آپریشن سے گرین ہاؤس گیسز کو کم کرنے میں مددگار ہے۔

اللہ تعالیٰ کے کرم سے ان پروجیکٹس کے کامیاب آپریشن کے تحت نواب شاہ کے لوگوں کے لئے آلودگی سے پاک ماحول فراہم کرنے میں مدد ملی ہے۔

ماحول سے بچاؤ کے لئے مکمل جدوجہد کی جارہی ہے پچھلے سال سے فیکٹری کے احاطے اور اطراف میں درخت لگانے کی مہم جاری ہے۔ تاکہ علاقہ سرسبز اور دوستانہ ماحول پیدا ہو اس عمل کے دوران لوگوں کو درخت لگانے کی افادیت سے آگاہی دی گئی۔

قومی خزانے میں حصہ داری:

زیرہ جائزہ سال کے دوران آپ کی کمپنی نے ٹیکسز، محصولات، سیلز ٹیکس اور ایکسائز کی مد میں 1454.08 ملین روپے خزانے میں جمع کرائے ہیں اس کے علاوہ قیمتی زرمبادلہ بھی ایتھانول اور گھریلو ٹیکسٹائل کی ایکسپورٹ سے حاصل کیا جو کہ مبلغ 6131.57 ملین روپے (US $ 32.40 ملین) کے مساوی ہیں۔

متعلقہ کاروباری سرگرمیوں کو انجام دے گی۔ حکومت سندھ نے لیٹر آف انٹینٹ (LOI) جاری کیا ہے اور جھمپیر ضلع ٹھٹھہ میں پروجیکٹ لگانے کے لئے زمین الاٹ کی ہے۔ حکومت حالیہ طور پر ٹیرف کی بنیاد کے طریقہ کار پر نظر ثانی کر رہی ہے۔ آئندہ کا لائحہ عمل حکومت کی وضاحت کے بعد کیا جائے گا۔

فوڈ برنس میں سرمایہ کاری:

یونی فوڈ انڈسٹریز بینس 2016 کو قائم ہوئی۔ کمپنی کا مقصد کنفیکشنری آئٹمز اور دیگر متعلقہ پروڈکٹس کی برانڈ اور اس کی مینوفیکچرنگ ہے۔ کمپنی کے اثاثہ میں مجموعی سرمایہ کاری 366 ملین روپے کی ہوئی۔ کمپنی کے بورڈ آف ڈائریکٹرز کی 8 جون 2022 کی میٹنگ می یہ فیصلہ ہوا کہ یونی فوڈ انڈسٹریز میں ہوئے سرمایہ کو سنرج فوڈ (پرائیویٹ) لمیٹڈ کو 10 روپے مالیت کے فی شیئر 3.18 روپے فی شیئر میں بیچ دیے۔ فروخت کی رقم ابھی تک کمپنی کو نہیں ملی۔ اوپر بتایا ہوا فیصلہ یونی فوڈ لمیٹڈ کے تمام شیئر ہولڈرز کے متفقہ طور پر لیا تا کہ مزید نقصان اور مارکیٹ کے مدِ مقابل کی موجودگی میں مقابلے اور خام مال کی مہنگی قیمت اور درآمد پیکنگ میٹیریل کی وجہ سے کیا گیا۔

بورڈ اینڈ مینجمنٹ کمیٹی:

آڈٹ کمیٹی:

کمپنی نے کوڈ آف کارپوریٹ گورننس (تبدیل شدہ) کے تحت آڈٹ کمپنی تشکیل دی ہے۔ یہ آڈٹ کمپنی تین ممبران پر مشتمل ہے اور یہ سب انڈیپینڈینٹ نان ایگزیکٹیو ڈائریکٹرز ہیں۔ آڈٹ کمپنی سال کے دوران چار اجلاس منعقد کرتی ہے۔ ان اجلاسوں میں شرکت کی تعداد درج ذیل ہے:

		اجلاس میں شرکت کی تعداد
جناب شمس محمد حاجی	چیئر مین	4
جناب فاروق حبیب رحیم تولا	ممبر	4
محترم طیبہ مسلم حبیب	ممبر	4

HR اور معاوضہ کمیٹی:

کمپنی نے نظم وضبط کے تحت HR اور معاوضہ کمیٹی کوڈ آف کارپوریٹ (تبدیل شدہ) کے تحت قائم کی ہے۔ HR اور معاوضہ کمیٹی تین ممبران پر مشتمل ہے جن میں دو نان ایگزیکٹیو ڈائریکٹران ہیں اور CEO بھی کمیٹی کے ممبر ہیں۔ کمیٹی کی چیئرپرسن جو کہ انڈیپینڈینٹ نان ایگزیکٹیو ڈائریکٹر ہے۔
یہ کمیٹی سال کے دوران ایک میٹنگ کرتی ہے۔ اس میٹنگ میں شرکت کی تفصیل درج ذیل ہے:

		اجلاس میں شرکت کی تعداد
محترمہ طیبہ مسلم حبیب	چیئرپرسن	1
جناب شمس محمد حاجی	ممبر	1
جناب خورشید اے اجمل	ممبر	1

کارپوریٹ معاشرتی ذمہ داری:

حبیب شوگر ملز کارپوریٹ معاشرتی ذمہ داری (CSR) جو کہ 1962ء میں قائم ہونے کے سال سے ہی پروگرام مرتب کرتی ہے۔ مقامی کمیونٹیز، گورنمنٹ باڈیز اور سول سوسائٹی آرگنائزیشن کی ضروریات پر توجہ دیتی ہے۔ کمیٹی کا CSR پورٹ فولیو سالوں پر محیط ہے جس میں سوشل ویلفیئر، تعلیم صحت کی حفاظت، انفراسٹرکچر کی ترقی اور ذریعہ معاش کے دیگر امور شامل ہیں۔

سیلاب کی امدادی سرگرمیاں:

ملک میں حالیہ سیلاب میں کمپنی نے ایک ذمہ دار کارپوریٹ شہری کی طرح امدادی سرگرمیاں سیلاب کے متاثرہ علاقوں میں کیا ہے۔ یہ فلاحی سرگرمیوں میں مفت میڈیکل کمپنیوں، مفت راشن، کھانا، گھریلو سامان، دوائیاں وغیرہ سیلاب متاثرین کو فراہم کیں تا کہ اس مشکل وقت میں قدرتی آفت کی وجہ سے ان کی مدد ہو سکے۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2021-22	2020-21
آپریشن کے دن		313	344
سوت کی مقدار	کلوگرام	514,355	850,107
تیار مال کی پیداوار	"	461,114	732,011

ٹریڈنگ ڈویژن:

ڈویژن کا آپریٹنگ منافع 131.3 ملین روپے (30 ستمبر 2021 3.23 ملین روپے) ہوا۔ ڈویژن کا موجودہ سال کا منافع دراصل برآمدات کی وجہ سے حاصل ہوا۔

مستقبل کا پروگرام:

شوگر ڈویژن:

کمپنی کے شوگر ڈویژن نے کرشنگ 29 نومبر 2022 سے شروع کردی اور 25 دسمبر 2022 تک گنے کی کل کرشنگ 256,648 میٹرک ٹن تھی جبکہ اوسط ریکوری کا تناسب 10.39 فیصد اور شکر کی پیداوار 26,690 میٹرک ٹن بشمول شکران پروسیس تھی۔

حکومت سندھ نے 23 نومبر 2022 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 23-2022 کے نوٹیفکیشن کا اجراء کیا جس میں گنے کی قیمت 302 روپے فی 40 کلوگرام مقرر کی گئی۔ اس کے مقابلتاً سیزن 22-2021 کے 250 روپے فی 40 کلوگرام تھی۔ علاوہ ازیں ملز کوالٹی پریمیئم شکر کی اوسط ریکوری کے بنچ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 0.50 پیسے فی 40 کلو گرام ادا کرے گی۔

کم از کم سپورٹ پرائس سیزن 23-2022 میں 250 روپے سے 302 روپے (20.8% اضافہ ظاہر کرتا ہے) اضافہ کے باعث پیداواری لاگت میں اضافہ منافع پر اثر ہوگا۔

ڈسٹلری ڈویژن:

ڈسٹلری ڈویژن میں 25 دسمبر 2022 تک ایتھانول کی پیداوار 7,553 میٹرک ٹن ہوئی اور لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ کی پیداوار 1,813 میٹرک ٹن ہوئی۔

ٹیکسٹائل ڈویژن:

رواں مالی سال 23-2022 کے دوران فروخت کے حجم میں بہتری اور مال برداری کے کرایہ میں کمی ہوئی ہے۔ ان سازگار عوامل کی وجہ سے ڈویژن کے نتائج پر مثبت اثر ہو سکتے ہیں۔

سپر ٹیکس:

فنانس ایکٹ 2022 کے ذریعے کمپنیز پر ٹیکس سال 2022 اور آئندہ کیلئے سپر ٹیکس عائد کردیا۔ سپر ٹیکس عائد کرنے پر کمپنی نے دوسرے سندھ کی ملوں کے ساتھ مل کر ہائی کورٹ میں چیلنج کیا جس نے 22 دسمبر 2022 کو یہ فیصلہ کیا کہ سپر ٹیکس آنے والے سال 2023 سے اطلاق ہوگا تا کہ ٹیکس سال 2022 سے۔ FBR کو اس فیصلے پر ہائی کورٹ سے رجوع کرنے کا اختیار ہے۔ جو کہ ختم نہیں ہوا ہے اس وجہ سے 30 ستمبر 2021 (ٹیکس سال 2022) اور 30 ستمبر 2022 (ٹیکس سال 2023) میں سپر ٹیکس ان مالیاتی حسابات میں لے لیا گیا ہے۔

بگاس پر مبنی کوجنریشن 26 میگاواٹ (ایم ڈبلیو) منصوبہ میں سرمایہ کاری:

جیسا کہ 2020 کی سالانہ رپورٹ میں بتایا گیا تھا کہ بورڈ آف ڈائریکٹر کے فیصلے کے مطابق منصوبہ کو ختم کرنے اور ایچ ایس ایم انرجی لمیٹیڈ (HSMEL) کو تحلیل کرنے کا فیصلہ غیر واضح صورتحال اور بجلی خریدنے کے ٹیرف اور اس کے طریقہ کار پر CPPA سے اختلاف کی وجہ سے کیا گیا۔ انتظامیہ کو امید ہے حکام سے اس کا فیصلہ مناسب وقت پر مل جائے گا۔

ونڈ پاور پروجیکٹ میں سرمایہ کاری:

کمپنی نے یونی انرجی لمیٹڈ میں 12.5 ملین روپے کی سرمایہ کاری کی ہے اور یہ ایک غیر درج شدہ پبلک کمپنی ہے۔ جو کہ ہوا کو استعمال کرتے ہوئے بجلی پیدا کرے گی اور قومی گرڈ کو بیچے گی۔ اور

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2021-22	2020-21
کرشنگ کی مدت	ایام	125	108
گنے کی کرشنگ	میٹرک ٹن	1,126,516	761,667
شکر کی اوسط ریکوری	%	10.61	10.36
شکر کی پیداوار	میٹرک ٹن	119,531	78,910

زیرِ جائزہ سال کے دوران ڈویژن نے 362.79 ملین روپے کا منافع کیا (30 ستمبر، 2021: 243.91 ملین روپے)۔ منافع میں اضافہ چینی کی پیداوار اور فروخت کے حجم میں اضافے کی وجہ سے ہوا ہے۔

ملک میں چینی کی کھپت 6.5 ملین ٹن تا 7 ملین ٹن کے درمیان ہے۔ اور اس کے مقابلے میں چینی کی پیداوار اندازاً 8 ملین ٹن ہے جس کے نتیجے میں 1 ملین ٹن فاضل ہوگئی۔ اس فاضل مقدار کو مدِ نظر رکھتے ہوئے پاکستان شوگر ملز ایسوسی ایشن نے وزارت خزانہ کو گزارش کی کہ فاضل مقدار کو برآمد کرنے کی اجازت دی جائے۔ شوگر ایڈوائزری بورڈ نے (ایس اے بی) اصولی طور پر اکانومک کورڈینیشن کمیٹی کو 500,000 ٹن چینی برآمد کرنے کی سفارش کردی۔ ای سی سی نے اپنی 15 دسمبر، 2022 کی میٹنگ میں ابتدائی طور پر 100,000 ٹن برآمد کرنے کی منظوری دے دی۔

ڈسٹلری ڈویژن:

اس ڈویژن نے مبلغ 1,200.50 ملین روپے منافع حاصل کیا (30 ستمبر، 2021: 673.73 ملین روپے)۔ منافع میں اضافہ اس مدت کی پیداوار اور فروخت کی مقدار کے اضافے کی وجہ سے ہوا۔

لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ یونٹ کا حاصل کردہ آپریٹنگ منافع ڈویژن کے منافع میں شامل ہے۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2021-22	2020-21
ایتھانول			
آپریشن کے دن		312	335
شیرے کی پروسس	میٹرک ٹن	163,346	126,512
اوسط ریکوری	%	18.95	19.17
ایتھانول کی پیداوار	میٹرک ٹن	30,956	24,251
لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ (CO_2)			
آپریشن کی مدت	ایام	236	264
لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ (CO_2) کی پیداوار	میٹرک ٹن	7,825	8,477

ٹیکسٹائل ڈویژن:

ٹیکسٹائل ڈویژن کا خسارہ 22.26 ملین 30 ستمبر، 2022 کے ختم ہونے والے زیرِ جائزہ سال کے دوران ہوا۔ (30 ستمبر، 2021 منافع میں 2.18 ملین روپے)۔ ڈویژن کے خسارے کی بنیادی وجہ فروخت کے حجم میں کمی، خام مال کی زیادہ قیمت خرید اور مال برداری کے کرایہ میں اضافہ ہے۔

ڈائریکٹرز کی رپورٹ

محترم ممبران۔ السلام علیکم

بورڈ آف ڈائریکٹرز اور اپنی جانب سے ہم آپ لوگوں کو کمپنی کی 61 ویں سالانہ جنرل میٹنگ میں خوش آمدید کہتے ہیں اور 30 ستمبر 2022ء کو ختم ہونے والے سال کیلئے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

اللہ کے فضل و کرم سے زیرِ جائزہ سال کے دوران آپ کی کمپنی کے آپریشن کی وجہ سے منافع بعد از ٹیکس کی رقم مبلغ 1289.76 ملین روپے رہا۔ (30 ستمبر 2021: 989.74 ملین روپے) کمپنی کی کارکردگی کے نتائج اور بورڈ کی سفارش کے مطابق تصرفات درج ذیل ہیں۔

	30 ستمبر 2022	30 ستمبر 2021	اضافہ/(کمی)
		(روپے ملین میں)	
منافع قبل از ٹیکس	1,624.76	1,199.74	452.02
ٹیکس کی فراہمی	(335.00)	210.00	(125.00)
منافع بعد از ٹیکس	1,289.76	989.74	300.02
ایڈجسٹمنٹس			
ایکچوریئل خسارے گریچوئٹی فنڈ کے تخمینہ پر	(1.57)	(0.81)	(0.76)
سرمایہ کاری کی فروخت پر منافع حاصل کیا	46.89	124.59	(77.70)
	45.32	123.78	(78.46)
غیر منقسمہ منافع براڈ فارورڈ	5.11	1.59	3.52
تصرف کیلئے دستیاب منافع	1,340.19	1,115.11	225.08
کیش ڈویڈنڈ بحساب 70% (30 ستمبر 2021: 60%)	525.00	450.00	75.00
جنرل ریزرو کو منتقلی	810.00	660.00	150.00
	1,335.00	1,110.00	225.00
غیر منقسمہ منافع کیری فارورڈ	5.19	5.11	0.08
آمدنی فی شیئر۔ بنیادی اور معتدل	8.60	6.60	2.00

کارکردگی کا جائزہ:

ڈویژن وائز کارکردگی درج ذیل ہے:

شکر ڈویژن

گنے کی کرشنگ کا سیزن 2022-2021 15 نومبر، 2021 کو شروع ہوا اور 19 مارچ، 2022 تک 125 دن پلانٹ کو چلایا گیا۔ جبکہ گزشتہ سیزن 108 دن کا تھا۔

حکومت سندھ نے 4 نومبر، 2021 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2022-2021 کے نوٹفکیشن کا اجراء کیا جس میں گنے کی قیمت -/250 روپے فی 40 کلوگرام مقرر کی گئی۔ اس کے مقابلے میں سیزن 2021-2020 میں 202 روپے تھی علاوہ ازیں ملز کوالٹی پریمیئم شکر کی اوسط ریکوری کے بینچ 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 مقابلتاً 25 روپے فی 40 کلوگرام زیادہ تھی۔ پنجاب کی مقرر کردہ کم از کم سپورٹ پرائس 225 روپے فی 40 کلوگرام تھی۔

چیئرمین کی رپورٹ

میں بخوشی کمپنی کے شیئر ہولڈرز کو بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور انکی کمپنی کے مقصد اور نتائج حاصل کرنے میں رہنمائی کی رپورٹ پیش کر رہا ہوں۔
حبیب شوگر ملز نے ایک مضبوط اور منظم لائحہ عمل وضع کیا ہے جسکی وجہ سے انتظامیہ کمپنی کے معاملات بہتر طور پر انجام دینے میں مدد ملتی ہے اور کمپنی کی طویل المدت ترقی ممکن ہے۔
مالی سال 22-2021 کے دوران بورڈ نے **پانچ** (5) دفعہ ملاقات کی۔ بورڈ نے تمام ریگولیٹری ضروریات کے مطابق اور قابل اطلاق قوانین کو مدنظر رکھتے ہوئے بہترین طریقوں کے مطابق عمل کیا۔

کارپوریٹ گورنینس (سی سی جی) کے تحت کمپنی کے بورڈ کا سالانہ جائزہ لیا جاتا ہے۔ اس جائزے کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور اسکے مؤثر ہونے کو جانچا جائے اور کمپنی کے مقاصد کے تناظر میں توقعات کو پورا کیا جائے۔

بورڈ اپنے اور اپنی کمیٹیوں میں سی سی جی کے تحت نان ایگزیکٹو اور انڈیپنڈینٹ ڈائریکٹرز کی مناسب نمائندگی کو یقینی بناتا ہے۔ بورڈ کے ارکان اور اس کی متعلقہ کمیٹیاں اپنی ذمہ داریوں کو سر انجام دینے کے لئے ضروری صلاحیت اور تجربہ رکھتی ہے۔

بورڈ نے اسٹریٹجک منصوبہ بندی، خطروں کی تشخیص اور پالیسی بنانے کے عمل میں فعال طور پر حصہ لیا ہے۔ بورڈ نے اس بات کو یقینی بنایا کہ تمام پالیسیوں کو کمپنی کے وژن اور مشن کے تناظر میں بنایا جائے۔ بورڈ انتظامیہ کے لئے سالانہ بجٹ، مقاصد اور اہداف مقرر کرتا ہے۔

بورڈ اور اس کی کمیٹیوں نے اپنے فرائض تندہی کے ساتھ سرانجام دیئے اور انتظامیہ کے ذریعے کمپنی کے مقاصد، حکمت عملی اور مالیاتی اہداف کے حصول کے متعلق مکمل آگاہی رکھی۔ بورڈ نے فیصلوں پر پہنچنے کے لئے وسیع اور مفید بحث کی اور بروقت نگرانی کے ساتھ انتظامیہ کو مناسب ہدایات فراہم کیں۔ جن معاملات میں بہتری کی ضرورت تھی اسکو مدنظر رکھتے ہوئے لائحہ عمل اختیار کیا۔

بورڈ نے خود تشخیص کے طریقہ کار اور اندرونی آڈٹ کی سرگرمیوں کے ذریعہ مؤثر اندرونی کنٹرول سسٹم تشکیل کیا اور گورنینس کے مضبوط اور شفاف ماحول کو برقرار رکھا۔ اس کے علاوہ بورڈ نے کارپوریٹ گورنینس کے بہترین اصولوں پر عمل کیا۔

آخر میں، میں اپنے ساتھی ڈائریکٹرز، ایگزیکٹو ٹیم اور کمپنی کے تمام ملازمین کی کمپنی کی ترقی کے لئے کی گئی سخت محنت اور عزم کے لئے انکا مشکور ہوں۔

اصغر ڈی حبیب
چیئرمین

کراچی مورخہ 26 دسمبر 2022ء

Form of Proxy

The Company Secretary
Habib Sugar Mills Limited
Imperial Court, 3rd Floor
Dr. Ziauddin Ahmed Road
KARACHI – 75530

I/We .... of..
a member(s) of HABIB SUGAR MILLS LIMITED and holding ....
ordinary shares, as per Folio No. .... and /or CDC Participant's
I.D. Numbers ....
and Account / Sub-Account No. ....
hereby appoint ....of......................................
or failing him...of.......................................
another member of the Company to vote for me / us and on my / our behalf at the 61st Annual General Meeting of the Company to be held on Wednesday, January 25, 2023 and at any adjournment thereof.

As witness my / our hand this..day of..................................2023

Rs. Five
Revenue
Stamp

....
SIGNATURE OF MEMBER(S)

1. Witness Signature: ______________
   Name: ______________
   Address: ______________
   CNIC/Passport No: ______________

2. Witness Signature: ______________
   Name: ______________
   Address: ______________
   CNIC/Passport No: ______________

A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as a proxy to attend and vote on his / her behalf.

Any individual beneficial owner of CDC, entitled to attend and vote at this meeting must bring his / her National Identity Card, Account and Participant's ID Numbers to prove his / her identity, and in case of proxy, must enclose attested copies of his / her National Identity Card, Account and Participant's ID Numbers. Representatives of corporate members should bring the usual documents as required for such purpose.

The instrument appointing a proxy should be signed by the member or by his attorney duly authorised in writing. If the member is a corporation its common seal (if any) should be affixed to the instrument.

The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy thereof, should be deposited at the registered office of the Company at least 48 hours before the time of the meeting.

پراکسی فارم

کمپنی سیکریٹری
حبیب شوگر ملز لمیٹڈ
امپیریل کورٹ، تیسری منزل،
ڈاکٹر ضیاء الدین روڈ، کراچی ۔ ۷۵۵۳۰

میں / ہم ____________________
ساکن ____________________
میں بحیثیت ممبر حبیب شوگر ملز لمیٹڈ ____________________
عام شیئرز جن کے شیئر رجسٹر فولیو نمبر __________ اور / یا سی ڈی سی پارٹیسپینٹس آئی ڈی نمبر __________
اور ذیلی اکاؤنٹ نمبر __________ بذریعہ ہٰذا __________
ساکن ____________________
اور اگر ان کے لئے ممکن نہ ہو تو __________ ساکن __________
کو بطور اپنا / ہمارا پراکسی مقرر کرتا / کرتی ہوں تاکہ وہ ۲۵ جنوری ۲۰۲۳ء کو منعقد کئے جانے والے کمپنی کے ۶۱ ویں سالانہ اجلاسِ عام میں میری / ہماری جگہ ووٹ دے سکیں۔

دستخط __________ مورخہ __________

ممبر کے دستخط

دستخط
مبلغ ۵ روپے
کے ڈاک ٹکٹ

گواہان:

دستخط __________	دستخط __________
نام __________	نام __________
پتہ __________	پتہ __________
شناختی کارڈ نمبر __________	شناختی کارڈ نمبر __________
پاسپورٹ نمبر __________	پاسپورٹ نمبر __________

نوٹ:

۱) ہر وہ ممبر جسے اجلاسِ ہٰذا میں شرکت کرنے اور ووٹ دینے کا حق حاصل ہے اپنے بجائے شرکت کرنے اور ووٹ دینے کے لئے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا / کر سکتی ہے

۲) سی ڈی سی شیئر ہولڈرز اور ان کے پراکسیز لازمی طور پر اس پراکسی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔

۳) موثر العمل ہونے کے لئے پراکسیز اجلاس کے وقتِ انعقاد سے کم از کم ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔ پراکسی کو کمپنی کا رکن ہونا ضروری ہے۔

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Knowledge center
Risk profiler*
Financial calculator
Subscription to Alerts (event notifications, corporate and regulatory actions)
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