Habib Sugar Mills Limited

Annual Report 2021

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Company Information

Board of Directors	Asghar D. Habib	*Chairman*
	Ali Raza D. Habib	
	Adnan Afridi	
	Murtaza Habib	
	Tyaba Muslim Habib	
	Shams Muhammad Haji	
	Farouq Habib Rahimtoola	
	Raeesul Hasan	*Chief Executive*
Audit Committee	Shams Muhammad Haji	Chairman
	Farouq Habib Rahimtoola	Member
	Tyaba Muslim Habib	Member
Human Resource & Remuneration Committee	Tyaba Muslim Habib	Chairperson
	Shams Muhammad Haji	Member
	Raeesul Hasan	Member
COO & Company Secretary	Khursheed Anwer Jamal	
Chief Financial Officer	Amir Bashir Ahmed	

Registered Office

3rd Floor, Imperial Court,
Dr. Ziauddin Ahmed Road,
Karachi-75530
Phones : (+92-21) 35680036 - 5 Lines
Fax : (+92-21) 35684086
www : habibsugar.com
E-mail : sugar@habib.com

Mills

Sugar & Distillery Division
Nawabshah District Shaheed Benazirabad
Phones : (+92-244) 360751 - 5 Lines
Fax : (+92-244) 361314

Textile Division
D-140/B-1 Mangopir Road
S.I.T.E. Karachi-75700
Phones : (+92-21) 32571325, 32572119
Fax : (+92-21) 32572118

Bulk Storage

Terminal
60/1-B Oil Installation Area
Keamari Karachi-75620
Phones : (+92-21) 32852003-4
Fax : (+92-21) 32852005

Bankers

Allied Bank Limited
Bank AL Habib Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
United Bank Limited

Statutory Auditors

EY Ford Rhodes
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 60th Annual General Meeting of Habib Sugar Mills Limited will be held on Wednesday, January 26, 2022 at 11:00 a.m. at Jinnah Auditorium, The Institute of Banker's Pakistan (IBP) M.T Khan Road, 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, 2021.
2. To approve payment of cash dividend @ 60% i.e. Rs. 3.00 per share of Rs. 5 each for the year ended September 30, 2021 as recommended by the Board of Directors.
3. To appoint auditors of the Company for the year ending September 30, 2022 and fix their remuneration.

By order of the Board

Khursheed Anwer Jamal
Company Secretary

Karachi: December 28, 2021

Notes:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from Monday January 17, 2022 to Wednesday, January 26, 2022 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. Unclaimed/Unpaid Dividend and Share Certificates:

Shareholders who could not collect their dividend /physical shares are advised to contact Share Registrar or our Registered Office to enquire and collect their unclaimed dividend/shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such unclaimed dividend and shares for a period of 3 years or more from the date it is due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to Securities and Exchange Commission of Pakistan (SECP).

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

Shareholders interested in attending the AGM through video-link are hereby requested to get themselves registered by sharing following information at agm2022@habibsugar.com for their confirmation and proxy's verification at least 48 hours before the time of the meeting.

Name of Shareholder	CNIC No.	Folio No.	Cell. No.	Email Address

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 agm2022@habibsugar.com at least 48 hours before the time of the meeting.

11. 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.

12. Transmission of Financial Statements & Notices through email

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

Six years' review at a glance

		2021	2020	2019	2018	2017	2016
Sugar Division							
Sugarcane crushed	M. Tons	761,667	620,425	771,864	1,028,901	865,530	821,801
Average sucrose recovery	%	10.36	9.91	10.87	10.30	9.97	10.74
Sugar produced	M. Tons	78,910	61,488	83,910	106,005	86,316	88,271
Distillery Division							
Ethanol							
Molasses processed	M. Tons	126,512	134,770	162,015	184,654	182,774	175,538
Average ethanol yield	%	19.17	18.70	18.38	18.76	18.43	18.13
Ethanol produced	M. Tons	24,251	25,206	29,786	34,643	33,687	31,817
Liquidified Carbon dioxide (CO_2) produced	M. Tons	8,477	7,583	8,407	9,903	11,069	10,104
Textile Division							
Yarn / Semi finished goods consumed	Kgs.	850,107	716,804	907,431	1,074,066	584,310	650,892
Average yield	%	86.11	84.90	83.80	86.45	88.18	85.76
Finished product	Kgs.	732,011	608,561	760,385	928,557	515,253	558,194
Operating results							
Sales / Rental income	Rs. '000	9,912,679	10,138,211	9,873,134	7,758,520	7,134,930	8,517,094
Cost of sales	Rs. '000	8,552,280	9,038,874	8,381,862	6,484,368	6,544,790	7,499,710
Gross profit	Rs. '000	1,360,399	1,099,337	1,491,272	1,274,152	590,140	1,017,384
Profit before taxation	Rs. '000	1,199,736	804,295	1,342,276	958,776	497,417	970,962
Profit after taxation	Rs. '000	989,736	694,295	1,202,276	901,276	557,417	824,962
Shareholders' Equity							
Paid-up capital	Rs. '000	750,000	750,000	750,000	750,000	750,000	750,000
Reserves	Rs. '000	8,510,094	7,872,962	7,325,693	7,353,970	6,233,335	5,781,437
Shareholders' equity	Rs. '000	9,260,094	8,622,962	8,075,693	8,103,970	6,983,335	6,531,437
Break-up value per share	Rs. '000	61.73	57.49	53.84	54.03	46.56	43.54
Earnings per share	Rs.	6.60	4.63	8.02	6.01	3.72	5.50
Return on equity	%	10.69	8.05	14.89	11.12	7.98	12.63
Financial position - Assets							
Property, plant & equipment	Rs. '000	2,496,633	2,478,359	2,478,920	2,645,188	2,692,170	2,161,885
Right-of-use assets	Rs. '000	11,659	17,488	–	–	–	–
Long–term investments	Rs. '000	2,806,226	2,696,602	2,299,658	2,948,619	2,403,065	2,025,968
Long–term loans and deposits	Rs. '000	11,391	9,402	10,717	8,727	10,598	8,139
Current assets	Rs. '000	6,509,222	5,904,354	5,959,710	4,857,577	4,036,776	4,428,079
Total assets	Rs. '000	11,835,131	11,106,205	10,749,005	10,460,111	9,142,609	8,624,071
Financial position - Liabilities							
Non-current liabilities	Rs. '000	174,722	146,959	69,000	86,000	98,500	104,000
Current liabilities	Rs '000	2,400,315	2,336,284	2,604,312	2,270,141	2,060,774	1,988,634
Total liabilities	Rs. '000	2,575,037	2,483,243	2,673,312	2,356,141	2,159,274	2,092,634
Ratios							
Current ratio		2.71	2.53	2.29	2.14	1.96	2.23
Dividends							
Cash	%	60	55	55	55	35	55

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 2020-21 the Board met four (4) 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 robust 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.

Lastly, I would like 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 28, 2021

Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, we are pleased to welcome you all to the 60th 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, 2021.

By the Grace of Allah, during the year under review, the operations of your Company resulted in after-tax profit of Rs. 989.74 million. The operating results and appropriations as recommended by the Board are given below:

	(Rupees in thousands)
Profit after taxation	989,736
Adjustments for:	
Actuarial loss on Gratuity Fund Valuation	(809)
Realised gain on sale of invesments	124,592
	123,783
Unappropriated profit brought forward	1,592
Profit available for appropriation	1,115,111
Proposed – Cash Dividend @ 60% i.e. Rs.3.00 per ordinary share of Rs.5/- each	450,000
– Transfer to General Reserve	660,000
	1,110,000
Unappropriated profit carried forward	5,111
Earnings per share – Basic and diluted	Rs. 6.60

Performance Review

Division-wise performance of the Company is as follows :

Sugar Division

The crushing season 2020-21 commenced on November 10, 2020 and the plant operated upto February 25, 2021 for 108 days as against 101 days in the preceding season. Sugarcane crushed during the current season was 761,667 M. Tons with average sucrose recovery of 10.36 % and sugar production of 78,910 M.Tons as compared with crushing of 620,425 M. Tons with average sucrose recovery of 9.91 % and sugar production of 61,488 M. Tons during the preceding season.

The Government of Sindh on November 23, 2020 issued notification fixing the minimum support price of sugarcane for the crushing season 2020-21 at Rs.202 per 40 kgs as against Rs. 192 per 40 kgs for crushing season 2019-20. In addition, mills are also required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%.

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

		2020-21	2019-20
Crushing duration	Days	108	101
Sugarcane crushed	M.Tons	761,667	620,425
	Maunds	19,041,674	15,510,621
Average sucrose recovery	%	10.36	9.91
Sugar production	M.Tons	78,910	61,488

The sugar division earned operating profit of Rs.243.91 million as against operating loss of Rs.146.10 million during the corresponding period of the previous year. The improvement in operating profit was mainly due to increased quantum of sugarcane crushed, better sucrose recovery and sugar prices as compared with the previous year.

Distillery Division

The division earned operating profit of Rs.673.73 million as compared with the operating profit of Rs.633.65 million during the previous year.The increase in profit was due to better recovery and improved ethanol prices as compared with the previous year.

The liquidified carbon dioxide (CO2) unit produced 8,477 M.Tons as compared with 7,583 M. Tons during the previous year.The operating profit of the unit is included in the profit of the distillery division.

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

		2020-21	2019-20
Ethanol			
Days of operation		335	346
Molasses processed	M.Tons	126,512	134,770
Ethanol production	"	19.17	18.70
Average recovery	"	24,251	25,206
Liquidified Carbon dioxide (CO_2)			
Days of operation		264	255
Liquidified Carbon dioxide (CO_2) production	"	8,477	7,583

Textile Division

The textile division earned operating profit of Rs.2.18 million as compared with the operating profit of Rs.45.82 million during the previous year. The operating profit of the previous year included an amount of Rs. 13.45 million received from the government on account of export performance. The operating results of the current year was also affected due to increase in yarn prices and freight charges.

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

		2020-21	2019-20
Days of operation		344	293
Yarn consumed	Kgs	850,107	716,804
Finished goods production	"	732,011	608,561

Trading Division

During the year under review, no material trading activity was undertaken. The division earned operating profit of Rs.3.23 million on account of trading of sugar as against operating profit of Rs.133.18 million during the previous year.

Gas Infrastructure Development Cess (GIDC)

The Honourable Supreme Court of Pakistan on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy is constitutional and payable under the GIDC Act 2015. Accordingly, a provision of Rs. 138.68 million was made in September 30, 2020 (Refer Note No. 26 of the Notes to the Accounts). In January 2021, the Institute of Chartered Accountants of Pakistan (ICAP), issued a Technical

Release (TR) and directed that the provision in respect of GIDC is to be re-measured on present value on each balance sheet date and based on the directive, the re-measurement of provision of GIDC has resulted in gain of Rs. 21.27 million which has been recognized in these financial statements (Refer Note No. 27 of the Notes to the Accounts).

Future Prospects

Sugar Division

The sugar division of the Company commenced crushing operations on November 17, 2021and upto December 27, 2021crushed 349,778 M.Tons of sugarcane with average sucrose recovery of 9.67% and sugar production of 33,839 M.Tons including stock in process.

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

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

The hold back in supply of sugarcane by the growers has resulted unhealthy price competition amongst the mills and like other mills our mills is also paying high price to ensure smooth supply of sugar cane. The increase in sugarcane price will increase the cost of production and likely to affect the profitability of the sugar division.

Distillery Division

During the period upto December 27, 2021 the distillery division produced 4,664 M.Tons of ethanol and 1,310 M.Tons of liquidified carbon dioxide.

Textile Division

Efforts are being made to explore new export markets to achieve better sale volume and profitability.

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

As informed in the Annual Report 2020 and based on the decision of the Board of directors of the Company 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.

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

In line with the Company's Vision of diversification, the company upto September 30, 2021 invested Rs. 328.46million in Uni-Food Industries Limited, a public unlisted company. The core business of the Company is to make and market branded confectionary items and other allied products. Presently, the company is facing immense competition from the existing manufacturers and marketing challenges due to COVID/lockdown situation in the country, however, vigorous efforts are being made by the management of the company to achieve increase in sale volume and to reduce cost.

Board and Management Committees

Audit Committee

The Company has established Audit Committee as required under the Code of Corporate Governance (Revised). The Audit Committee comprises of three members all of them are independent non-executive directors. The Audit Committee met four times during the year. Attendance of the meetings was as follows:

		No. of meetings attended
Mr. Shams Mohammad Haji	Chairman	4
" Farouq Habib Rahimtoola*	Member	4
Mrs. 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 (Revised). 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 meeting was as follows:

		No. of meeting attended
Mrs. Tyaba Muslim Habib	Chairperson	1
Mr. Shams Mohammad Haji	Member	1
" Raeesul Hasan	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.

Community Investment and Welfare Scheme

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 persons.The contribution of the Company in the social and economic uplift of the district has been acknowledged at all levels.

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 190 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. 13.3 million to different recognized charitable institutions which are providing education and financial support to needy persons and establishing positive social trends in the society.

Environment

The management of HSML 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 distillery operations. The Slop treatment plant which has increased and improved the efficiency of the plant is working on the basis of continuous stirred tank reactor system (CSTR) with energy recovery in the form of biogas.

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

Continuing the efforts to contribute in conserving the environment, the tree plantation drive which was initiated last year 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.

Health, Safety and Security

Being a responsible corporate entity, the Company is fully committed to meet all the standards with respect to health, safety and security. The Company also contributes on a regular basis towards the medical needs and assistance of the people in the surrounding areas.

Employment of Special Persons

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

Industrial Relations

Harmonious working environment and atmosphere of cordial industrial relations prevailed within the Company.

Contribution to the National Exchequer

Your Company contributed an amount of Rs. 1,137.50 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 3,943.22 million (US$ 24.60 million) during the year under review from exports of ethanol and household textiles.

Auditors

The auditors Messrs. EY Ford Rhodes, Chartered Accountants, have completed their statutory audit assignment for the year ended on September 30, 2021and retiring at the conclusion of 60th Annual General Meeting. The retiring auditors Messrs. EY Ford Rhodes, Chartered Accountants have not offered themselves for re-appointment for the upcoming year. We place on record our sincere thanks and appreciation for their services.

The Audit Committee of the Board has recommended the appointment of 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

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of account of the Company have been maintained.

3. 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.

4. 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.

5. The system of internal controls is sound in design and has been effectively implemented and monitored regularly.

6. There are no significant doubts upon the Company's ability to continue as a going concern.

7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.

8. Key operating and financial data for last six years in summarized form is given on page 9.

9. Information about the taxes and levies is given in the notes to the financial statements.

10. Value of investments including profit accrued thereon and balances in deposit / current accounts of Provident Fund and Gratuity Fund as at September 30, 2021 were as follows:

	Rs.'000
Provident Fund	319,786
Gratuity Fund	123,466

11. During the year four Board meetings were held and the attendance by each Director was as follows :

Name of Director	Number of meetings attended
Mr. Asghar D. Habib	4
" Ali Raza D. Habib	1
" Adnan Afridi	3
" Murtaza Habib	4
Mrs. Tyaba Muslim Habib	4
Mr. Shams Mohammad Haji	4
" Farouq Habib Rahimtoola	4
" Raeesul Hasan	4

12. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 131 and 132.

13. Change in shareholding of the Directors, CEO, CFO, Company Secretary and their spouses and minor children is given in Pattern of Shareholding on Page 133.

General

The directors place on record their appreciation of the devoted services and hard work put in by the officers, staff and workers of the Company and to thank all the financial institutions having business relationship with the Company and our satisfied customers for their continued support and cooperation.

On behalf of the Board of Directors

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Karachi: December 28, 2021

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

Year ended September 30, 2021

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 Mrs. Tyaba Muslim Habib
b. Non-Executive Directors	Mr. Asghar D. Habib Mr. Ali Raza D. Habib Mr. Adnan Afridi
c. Executive Directors	Mr. Murtaza Habib Mr. Raeesul Hasan

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. Adnan Afridi
   Mr. Murtaza Habib
   Mr. Shams Muhammad Haji
   Mr. Farouq Habib Rahimtoola
   Mr. Raeesul Hasan

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)	Mrs. Tyaba Muslim Habib (Chairperson)
Mr. Farouq Habib Rahimtoola	Mr. Shams Muhammad Haji
Mrs. Tyaba Muslim Habib	Mr. Raeesul Hasan

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, 2021
    b. HR and Remuneration committee: one (1) meeting held during the year ended September 30, 2021

15. The Board has set up an effective internal audit function supervised by a Chartered Accountant who is considered suitably qualified and experienced for the purpose and are 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 28, 2021

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EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

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 2021 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 2021.

Chartered Accountants

Place: Karachi

Date: January 03, 2022

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EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REPORT

To the members of Habib Sugar Mills Limited

Report on the Audit of 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 2021 and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, 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 the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of 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 2021 and of the profit, other 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 period. 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.

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
1. Existence and valuation of investments	
As disclosed in Notes 5 and 13 to the accompanying unconsolidated financial statements, the Company has investments in quoted and unquoted equity instruments carried at Fair value through Other Comprehensive Income (FVOCI), Government Securities carried at amortised cost and units of mutual funds carried at FVOCI amounting to Rs. 2.806 billion, Rs. 2.003 billion and Rs. 1.540 billion respectively, which comprise of 54% of total assets of the Company	Our key procedures amongst others included the following: - assessed the design and operating effectiveness of the financial reporting controls over acquisition (including board approvals), disposals and periodic valuation including model approval process; - 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 performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement together with related reconciliation and reperformance of investment valuations based on quoted market prices at the Pakistan Stock Exchange as at 30 September 2021;

Key audit matters	How our audit addressed the key audit matter
In view of the significance of the investments, we have identified the existence and valuation of Company's investments as a key audit matter.	- In relation to investments in unquoted equity Instruments, we assessed the valuation methodology used by the Independent professional valuer (where required) to estimate the fair value of the Investment and considered whether the application of methodologies is consistent with generally accepted valuation methodologies and prior periods; - we challenged the key input and assumptions driving the valuation of unquoted equity instruments involving our valuation subject matter specialists for review of the same where required; - 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, 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. Contingencies	
As disclosed in Note 21 to the accompanying 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, and the probability of outcome and financial impact, if any, on the Company for disclosure 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, internet uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered this as a key audit matter.	Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have: - obtained and reviewed details of the pending matters and discussed the same with the Company's management; - revlewed the correspondence of the Company with the relevant authorities, tax and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; - 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. - involved internal tax professionals to assess reasonability of management's conclusions on such pending matters; and - reviewed and evaluated the adequacy of disclosures made in respect of such contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

Information Other than the Unconsolidated Financial Statements and Auditors' 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 auditors' 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) and 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 are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 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 period and are therefore the key audit matters. We describe these matters in our auditors' 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 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.

The engagement partner on the audit resulting in this independent auditors' report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date: January 03, 2022

Unconsolidated Statement of Financial Position as at September 30, 2021

	Note	2021	2020
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Property, plant and equipment	3	2,496,633	2,478,359
Right-of-use assets	4	11,659	17,488
Long-term investments	5	2,806,226	2,696,602
Long-term loans	6	7,443	5,474
Long-term deposits		3,948	3,928
		5,325,909	5,201,851
Current Assets			
Stores and spare parts	7	195,024	189,864
Stock-in-trade	8	1,894,571	876,021
Trade debts	9	407,453	149,005
Loans and advances	10	50,430	520,580
Trade deposits and short-term prepayments	11	16,236	9,783
Profit accrued on bank deposits		21,721	14,637
Other receivables	12	25,841	45,961
Taxation - net		86,498	26,682
Short-term investments	13	3,542,585	–
Cash and bank balances	14	268,863	4,071,821
		6,509,222	5,904,354
Total Assets		11,835,131	11,106,205
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2020: 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	8,510,094	7,872,962
Total Equity		9,260,094	8,622,962
Non-Current Liabilities			
Deferred taxation	17	83,000	29,000
Gas Infrastructure Development cess	18	84,092	104,011
Lease Liability	19	7,630	13,948
		174,722	146,959
Current Liabilities			
Trade and other payables	20	1,813,802	1,923,975
Advance from customers		482,464	320,406
Unclaimed dividends		97,731	86,725
Current portion of lease Liability	19	6,318	5,178
		2,400,315	2,336,284
Contingencies and Commitments	21		
Total Equity and Liabilities		11,835,131	11,106,205

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Unconsolidated Statement of Profit or Loss
for the year ended September 30, 2021

	Note	2021	2020
		(Rupees in thousands)	
Net sales and services	22	9,912,679	10,138,211
Cost of sales	23	(8,552,280)	(9,038,874)
Gross Profit		1,360,399	1,099,337
Selling and distribution expenses	24	(210,750)	(231,394)
Administrative expenses	25	(226,599)	(201,393)
Other operating expenses	26	(86,468)	(259,209)
Other income	27	268,007	122,951
		(255,810)	(569,045)
Operating Profit		1,104,589	530,292
Finance income - net	28	95,147	274,003
Profit before taxation		1,199,736	804,295
Taxation	29	(210,000)	(110,000)
Profit after taxation		989,736	694,295
Earnings per share - Basic and diluted (Rupees)	30	6.60	4.63

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Unconsolidated Statement of Comprehensive Income for the year ended September 30, 2021

	2021	2020
	(Rupees in thousands)	
Profit for the year	989,736	694,295
Other comprehensive income :		
Items that will not be reclassified subsequently to the statement of profit or loss:		
Actuarial loss on defined benefit plan - net	(809)	(158)
Profit on re-measurement of equity investments - net of tax classified as fair value through other comprehensive income (FVOCI)	60,705	265,632
Total comprehensive income for the year	1,049,632	959,769

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Unconsolidated Statement of Changes in Equity for the year ended September 30, 2021

	Issued, subscribed and paid-up Capital	Capital Reserve	Revenue Reserves: General Reserve	Revenue Reserves: Unappropriated profit	Revenue Reserves: Unrealised gain / (loss) on re-measurement of AFS / FVOCI investment	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 01, 2019	750,000	34,000	4,658,500	1,208,297	1,424,896	7,325,693	8,075,693
Cash dividend for the year ended September 30, 2019 @ 55%	–	–	–	(412,500)	–	(412,500)	(412,500)
Realised gain on sale of investment	–	–	–	14,158	(14,158)	–	–
Transfer to general reserve	–	–	790,000	(790,000)	–	–	–
Total comprehensive income for the year ended September 30, 2020	–	–	–	694,137	265,632	959,769	959,769
Balance as on September 30, 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

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Unconsolidated Statement of Cash Flows
for the year ended September 30, 2021

	Note	2021	2020
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	31	356,470	2,161,876
Finance income received - net	28.1	88,063	264,133
Income tax paid		(214,816)	(102,340)
Long-term loans		(1,969)	1,315
Long-term deposits		(20)	–
Net cash generated from operating activities		227,728	2,324,984
Cash flows from investing activities			
Fixed capital expenditure		(253,867)	(240,123)
Redemption / sale proceeds of investments		7,553,039	2,669,346
Dividend received		219,147	110,049
Purchase of investments		(11,145,543)	(2,850,658)
Sale proceeds of fixed assets		4,811	7,551
Net cash used in investing activities		(3,622,413)	(303,835)
Cash flows from financing activities			
Lease rental paid		(6,779)	(6,307)
Dividend paid		(401,494)	(407,605)
Net cash used in financing activities		(408,273)	(413,912)
Net (decrease) / increase in cash and cash equivalents		(3,802,958)	1,607,237
Cash and cash equivalents at the beginning of the year		4,071,821	2,464,584
Cash and cash equivalents at the end of the year	14	268,863	4,071,821

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Notes to the Unconsolidated Financial Statements for the year ended September 30, 2021

1. The Company and its operations

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

These are separate 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);
- slamic 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 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:t

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 (Note 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 Initial application of standards, amendments, improvements and or interpretation to existing standards

Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current years:

Amendment of Framework	
IFRS 3	Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)
IAS 1 / IAS 8	Definition of Material (Amendments)
Conceptual Framework for Financial Reporting	

The adoption of above amendments to the approved accounting standards and the framework for financial reporting did not have any material impact on the Company's unconsolidated financial statements.

2.5 Standards, interpretations, amendments and improvements to the approved accounting standards that are not yet effective

The following standards, amendments, improvements and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendment, interpretations or improvements:

Amendment or Improvement		Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	01 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	01 April 2021
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 10 / IAS 28	Sale or contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 16	Proceeds before Intended Use (Amendments)	01 January 2022
IAS 8	Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

The above standards and amendments and improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

2.6	**Standards**	**IASB Effective date (annual periods beginning on or after)**
IFRS 1	First time adoption of IFRSs	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

2.7 Fixed Assets

2.7.1 Property, Plant and Equipment

These 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.

2.7.2 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.

2.7.3 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.

2.7.4 Right-of-use assets

The Company recognises a 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 a straight-line basis over the period of lease term.

2.8 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:

2.8.1 Subsidiary

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

2.8.2 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.

2.8.3 Fair Value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category. These investments are initially recognized at fair value, relevant transaction costs are taken directly to profit or loss account and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the unconsolidated statement of profit or loss in the period in which they arise.

2.9 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.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to unconsolidated statement of profit or loss.

2.10 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.

2.11 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

2.12 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.

2.13 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.

2.14 Staff retirement benefits

2.14.1 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, 2021. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	10.50 per annum
Expected rate of increase in salaries	10.25 per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2021, the fair value of gratuity scheme assets and present value of liabilities were Rs.123.47 million and Rs.124.28 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:

	2021	2020
	(Rupees in thousands)	
Net Employee Defined Benefit Obligation		
Present value of defined benefit obligation	124,275	120,325
Fair value of plan assets	(123,466)	(120,167)
Liability recognised in the unconsolidated statement of financial position	809	158

The movement in net defined benefit obligation is as follows:

Net defined benefit obligation at the beginning of the year	158	(240)
Net charge for the year	4,829	4,394
Contribution	(4,987)	(4,154)
Remeasurement recognized in OCI during the year	809	158
Charge for the year	809	158

Salaries, wages and amenities include the following in respect of employees' gratuity fund:

Current service cost	4,814	4,422
Interest cost	11,579	13,466
Expected return on plan assets	(11,564)	(13,494)
	4,829	4,394

Remeasurement recognised in OCI during the year:

Actuarial gain on obligation	(3,966)	(2,359)
Actuarial loss on plan asset	4,775	2,517
	809	158

The movement in present value of defined benefit obligation is as follows:

Present value of defined benefit obligation at the beginning of the year	120,325	110,118
Current service cost	4,814	4,422
Interest cost	11,579	13,466
Benefits paid	(8,477)	(5,322)
Actuarial gain	(3,966)	(2,359)
Present value of defined benefit obligation at the end of the year	124,275	120,325

	2021	2020
	(Rupees in thousand)	
The movement in fair value of plan assets is as follows:		
Fair value of plan assets at the beginning of the year	120,167	110,358
Expected return on assets	11,564	13,494
Contributions	4,987	4,154
Benefits paid	(8,477)	(5,322)
Actuarial loss	(4,775)	(2,517)
Fair value of plan assets at the end of the year	123,466	120,167
Actual return on plan assets	6,789	10,977
Plan assets comprise:		
Term deposit receipts	118,000	100,000
Term Finance Certificates	254	254
Balance with Banks	4,959	19,645
Accrued interest	253	268
	123,466	120,167

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,	2021	2020	2019	2018	2017
	(Rupees in thousands)				
Present value of defined benefit Obligation	124,275	120,325	110,118	107,017	101,748
Fair value of plan assets	(123,466)	(120,167)	(110,358)	(106,627)	(101,472)
(Surplus) / Deficit	809	158	(240)	390	276
Experience adjustment on obligation	(8,148)	(3,627)	(2,464)	10,051	638
Experience adjustment on plan assets	4,775	2,517	824	2,194	88

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 %	118,833
Discount Rate -1 %	130,424
Long Term Salary Increases +1 %	128,754
Long Term Salary Increases -1 %	120,278

2.14.2 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.

2.15 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.

2.16 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.

2.17 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.

2.18 Advance from customers (Contract Liability)

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.

2.19 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.

2.20 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.

2.21 Taxation

2.21.1 Current

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

2.21.2 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.

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.

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 unconsolidated statement of financial position date.

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 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.

2.27 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 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.

2.27.2 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.

2.28 Impairment

2.28.1 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.

2.28.2 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.

2.29 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.

2.30 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.

2.31 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.

2.32 Functional and presentation currency

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

	Note	2021	2020
		(Rupees in thousands)	
3. Property, plant and equipment:			
Operating fixed assets	3.1	2,319,798	2,325,639
Capital work-in-progress	3.5	166,699	151,115
Major stores and spare parts	3.6	10,136	1,605
		2,496,633	2,478,359

3.1 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 3.1.1	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)			

3.1.1 Plant and machinery of distillery division include storage tanks of the CO2 unit having written down value of Rs.11.20 (2020: Rs.12.44) 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	341.95 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, 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)	

3.2 Operating fixed assets for 2020:

	Cost as at Oct. 1, 2019	Additions / (deletions)	Cost as at Sept. 30, 2020	Accumulated depreciation / amortization as at Oct. 1, 2019	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Accumulated depreciation / amortization as at Sept. 30, 2020	Written down value as at Sept. 30, 2020	Annual rate of depreciation / amortization %
	(Rupees in thousands)							
Land								
Freehold - Sugar / Distillery division	188,980	–	188,980	–	–	–	188,980	–
Leasehold - Textile division	489	–	489	251	5	256	233	1.01
Buildings on freehold land								
Sugar division	115,143	–	115,143	76,599	3,855	80,454	34,689	10
Distillery division	21,243	–	21,243	18,325	292	18,617	2,626	10
Non-factory buildings	30,228	–	30,228	24,057	309	24,366	5,862	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	17,306	203	17,509	1,826	10
Plant and machinery								
Sugar division	2,637,721	40,574	2,678,295	1,121,416	154,624	1,276,040	1,402,255	10
		–			-			
Distillery division - Note 3.2.1	1,306,955	82,881	1,389,836	722,511	64,592	787,103	602,733	10
		–			–			
Textile division	131,515	53	131,568	89,543	4,200	93,743	37,825	10
Railway siding - Sugar division	468	–	468	467	–	467	1	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,414	39	8,453	355	10
Textile division	3,601	–	3,601	3,074	53	3,127	474	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	91,289	7,801	98,985	66,836	7,283	74,049	24,936	25
		(105)			(70)			
Textile division	9,823	68	9,891	9,507	85	9,592	299	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,733	7	2,740	25	20
Motor cars / vehicles								
Sugar / Distillery division	46,093	2,860	48,668	21,427	5,023	26,234	22,434	20
		(285)			(216)			
Textile division	764	54	818	722	10	732	86	20
Total	4,615,220	134,291	4,749,121	2,183,188	240,580	2,423,482	2,325,639	
		(390)			(286)			

3.2.1 Plant and machinery of distillery division include storage tanks of the CO2 unit having written down value of Rs.12.44 (2019: Rs.13.82) million installed at Coca Cola Beverages Pakistan Limited and Pakistan Beverages Limited premises for storage of Liquidified Carbondioxide.

3.2.2 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	339.125 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

3.2.3 Reconciliation of carrying values for 2020

	Written down value as at Oct. 1, 2019	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Written down value as at Sept. 30, 2020
		(Rupees in thousands)		
Land	189,218	–	5	189,213
Buildings on freehold land	47,633	–	4,456	43,177
Buildings on leasehold land	2,029	–	203	1,826
Plant and machinery	2,142,721	123,508	223,416	2,042,813
Railway siding	1	–	–	1
Electric, gas and water installations	921	–	92	829
Furniture, fittings, electrical and office equipment	24,769	7,869	7,368	25,235
		(105)	(70)	
Tractors / trolleys and agriculture implements	32	–	7	25
Motor cars / vehicles	24,708	2,914	5,033	22,520
		(285)	(216)	
	2,432,032	134,291	240,580	2,325,639
		(390)	(286)	

3.3 Allocation of depreciation / amortization charge for the year:

	Note	2021	2020
		(Rupees in thousands)	
Cost of Sales			
Sugar division	23	162,746	162,462
Distillery division	23	64,792	70,080
Textile division	23	4,017	4,461
		231,555	237,003
Administrative expenses			
Sugar division	25	2,673	2,784
Distillery division	25	229	239
Textile division	25	301	95
Terminal	22.1	412	459
		3,615	3,577
		235,170	240,580

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	6,245	6,060	185	2,917	2,732	Negotiation	Saghir Ahmed Faisalabad	None
Furniture, fittings, electrical and office equipment	1,345	1,205	140	209	69	Negotiation	Various	None
Motor cars / vehicles	354	256	98	1,685	1,587	Tender	Various	None
2021	7,944	7,521	423	4,811	4,388			
2020	390	286	104	7,551	7,447			

	Note	2021	2020
		(Rupees in thousands)	
3.5 Capital work-in-progress			
Plant and machinery		101,634	146,906
Advance to suppliers		65,065	4,209
	3.5.1	166,699	151,115
3.5.1 Movement in capital work-in-progress			
Balance at the beginning of the year		151,115	45,756
Cost incurred during the year		106,525	26,061
Charged to statement of Profit / (loss)		–	(4,449)
Transfer from Major stores and spare parts		102,722	207,255
Transfer to operating fixed assets		(193,663)	(123,508)
		15,584	105,359
Balance at the end of the year		166,699	151,115
3.6 Major stores and spare parts			
Stores	3.6.1	10,136	1,605
3.6.1 Movement in major stores and spare parts			
Balance at the beginning of the year		1,605	1,132
Additions during the year		111,253	207,728
		112,858	208,860
Transfer to capital work-in-progress		(102,722)	(207,255)
Balance at the end of the year		10,136	1,605

		2021	2020
		(Rupees in thousands)	
4	**Right-of-use assets**	11,659	17,488

	Office Premises	
	2021	2020
	(Rupees in thousands)	
As at October 01		
Cost	23,317	–
Accumulated depreciation	(5,829)	–
Net book value	17,488	–
Net carrying value basis		
Opening net book value	17,488	–
Impact of initial application of IFRS 16	–	23,317
Additions during the year	–	–
Transferred to operating fixed assets during the year	–	–
Disposal of right-of-use assets	–	–
Depreciation charged during the year	(5,829)	(5,829)
Closing net book value	11,659	17,488
As at September 30		
Cost	23,317	23,317
Accumulated depreciation	(11,658)	(5,829)
Net book value	11,659	17,488
Depreciation % per annum	25%	25%

		2021	2020
		(Rupees in thousands)	
4.1	**Allocation of depreciation charge for the year**		
	Administrative expenses		
	Sugar division	5,829	5,829

5. Long-term investments

Number of shares 2020	Number of shares 2021	Face value Rs.	Company's Name	Note		
5.1			**Investments in subsidiary company - at cost**			
5,000,000	5,000,000	10	HSM Energy 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**			
147,797	–	5	Balochistan Particle Board Limited		–	2,558
24,136,691	24,136,691	10	Bank AL Habib Limited		1,669,052	1,558,506
5,363,772	5,363,772	5	Habib Insurance Company Limited		37,815	49,079
					1,706,867	1,610,143
5.2.2			**Investments in related parties - Unquoted**			
1,249,999	1,249,999	10	UniEnergy Limited	5.4	12,611	12,555
25,654,560	32,845,005	10	Uni Food Industries Limited	5.5	121,198	109,032
					133,809	121,587

Number of shares 2020	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	13,311	14,882
50,000	–	10	Aisha Steels Limited	–	786
–	150,000	10	Agha Steels Limited	4,124	–
50,000	50,000	10	Bank Alfalah Limited	1,618	1,739
735,176	555,176	10	Cherat Cement Company Limited	79,512	85,839
70,000	38,000	10	Cherat Packaging Limited	6,809	12,454
31,078	26,478	10	Dawood Lawrencepur Limited	5,217	5,905
325,000	517,500	10	D.G. Khan Cement Company Limited	45,758	33,511
68,000	68,000	10	Engro Corporation Limited	19,023	20,470
12,500	12,500	10	Frieslandcampina Engro Pakistan Limited (formerly Engro Food Limited)	1,220	981
103,200	103,200	10	Engro Fertilizer Limited	7,253	6,277
41,098	341,098	10	Engro Polymer & Chemical Limited	18,784	1,655
90,600	90,600	10	Faran Sugar Mills Limited	3,700	4,530
100,885	100,885	10	Fauji Fertilizer Company Limited	10,296	10,895
–	200,000	10	Fauji Fertilizer Bin Qasim Limited	4,500	–
80,000	80,000	10	Fauji Foods Limited	1,242	1,282
–	100,000	10	Faysal Bank Limited	2,632	–
189,000	–	5	First Habib Modaraba	–	2,192
12,100	12,100	10	GlaxoSmithKline Pakistan Limited	1,789	2,222
3,630	3,630	10	GlaxoSmithKline Consumer Healthcare Pakistan Limited	926	1,051
400,000	845,000	10	Habib Metropolitan Bank Limited	36,758	13,404
150,213	421,213	10	Habib Bank Limited	46,060	19,639
10,350	12,350	10	Indus Motors Company Limited	14,426	13,249
111,100	126,100	10	International Industries Limited	21,030	16,103
450,000	675,000	10	International Steels Limited	51,442	34,668
14,096	–	10	Jubliee Life Insurance Co. Limited	–	6,260
–	300,000	10	Javedan Corporation Limited	17,967	–
1,810,000	1,810,000	10	K-Electric Limited	7,240	7,620
125,000	141,300	10	Lucky Cement Limited	102,146	80,884
50,000	185,837	10	MCB Bank Limited	28,004	8,691
263,380	276,549	10	Mehran Sugar Mills Limited	12,721	19,530
506	–	10	Millat Tractors Limited	–	438
54,900	54,900	10	Mirpurkhas Sugar Mills Limited	5,380	4,502
19,500	24,375	10	National Food Limited	5,170	5,569
410,000	285,000	10	OGDCL	23,883	42,476
25,000	25,000	10	Packages Limited	11,734	12,558
3,150	–	10	Pak Suzuki Motor Company Limited	–	635
6	–	10	Pakistan Tobacco Company Limited	–	10
200,000	200,000	10	Pakistan International Bulk Terminal Limited	1,782	2,472
30,000	30,000	10	Pakistan Oil Fields Limited	11,260	12,639
-	230,000	10	Power Cement Limited	1,615	–
6,243,098	–	5	Shabbir Tiles and Ceramics Limited	–	79,974
110,000	–	10	Shah Murad Sugar Mills Limited	–	11,003
711,503	711,503	5	Thal Limited	276,312	299,066
435,458	435,458	10	The Hub Power Company Limited	32,019	34,166
60,062	60,062	10	TPL Insurance Limited	2,398	1,747
43,246	–	10	TPL Corporation Limited	–	247
52,220	59,008	10	The Searle Company Limited	11,891	13,384
150,000	140,000	10	United Bank Limited	16,598	17,267
				965,550	964,872
				2,806,226	2,696,602

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.

	2021	2020
	(Rupees in thousands)	
5.4 UniEnergy Limited (UEL)		
Movement of Investment in UEL		
Balance at the beginning of the year	12,555	12,408
Gain on remeasurement recognised in other comprehensive income	56	147
Balance at the end of the year	12,611	12,555

5.5 UniFoods Industries Limited (UFIL)

Investment in UFIL has been carried at FVOCI as it is a strategic investment of the Company. Accordingly, the Company has carried out an exercise to ascertain the fair value of investment at the year end using the asset approach and determined that the fair value amounts to Rs. 121.198 million.

Based on the above fair valuation exercise, the Company has recorded an unrealised loss of Rs.59.74 million in other comprehensive income for the year (2020: Rs.34.60 million).

	2021	2020
	(Rupees in thousands)	
Movement of Investment in related party - Unifood		
Balance at the beginning of the year	109,032	80,764
Investment made during the year	71,905	62,868
Loss on remeasurement recognised in other comprehensive loss	(59,739)	(34,600)
Balance at end of the year	121,198	109,032

5.6 The aggregate cost of the above investments is Rs.1,198.54 (2020: Rs.1,020.23) million.

	Note	2021	2020
		(Rupees in thousands)	
6. Long-term loans			
Secured - considered good			
Employees (other than executives)	6.1	13,747	12,231
Receivable within next twelve months shown under current asset:			
Employees (other than executives)	10	(6,304)	(6,757)
		7,443	5,474

6.1 Long-term loans of Rs.13.75 (2020: Rs.12.23) million, include loans of Rs.5.91 (2020: Rs.3.83) million to workers which carry no interest as per Company policy and CBA agreement. The balance amount of loan carries interest @ 7% (2020: 7%) per annum. These are secured against property documents and retirement benefits. These loans are carried at cost due to materiality of amounts involved.

	Note	2021	2020
		(Rupees in thousands)	
7. Stores and spare parts			
Stores		123,897	128,178
Provision for obsolescence and slow moving stores	7.1	(17,394)	(13,694)
		106,503	114,484
Spare parts		116,127	100,686
Provision for obsolescence and slow moving spare parts	7.2	(27,606)	(25,306)
		88,521	75,380
		195,024	189,864

7.1 Provision for obsolescence and slow moving stores

Balance at the beginning of the year	13,694	13,694
Provision made during the year	3,700	–
Balance at the end of the year	17,394	13,694

7.2 Provision for obsolescence and slow moving spares

Balance at the beginning of the year	25,306	25,306
Provision made during the year	2,300	–
Balance at the end of the year	27,606	25,306

	Note	2021	2020
		(Rupees in thousands)	
8. Stock-in-trade			
Raw materials			
Distillery division		358,459	165,788
Textile division		16,681	22,091
		375,140	187,879
Work-in-process			
Sugar division		629	1,211
Textile division		50,081	28,930
		50,710	30,141
Finished goods			
Sugar division		1,013,247	277,448
Distillery division		415,054	342,810
Textile division		29,283	29,970
		1,457,584	650,228
Bagasse		10,050	7,105
Fertilizers		1,087	668
		1,894,571	876,021
9. Trade debts			
Considered good			
Export – Secured against export documents		11,348	16,318
Local – Unsecured		396,105	132,687
	9.1	407,453	149,005
9.1 The aging of trade debts at September 30, is as follows :			
Neither yet due		386,480	130,292
up to 90 days		10,267	10,528
91 to 180 days		10,706	8,185
		407,453	149,005
10. Loans and advances - considered good			
Loans - secured			
Current maturity of long-term loans			
Employees (other than executives)	6	6,304	6,757
Advances - unsecured			
Suppliers		44,126	513,823
		50,430	520,580

	Note	2021	2020
		(Rupees in thousands)	
11. Trade deposits and short-term prepayments			
Trade deposits		901	751
Short-term prepayments		15,335	9,032
		16,236	9,783
12. Other receivables - considered good			
Duty drawback and research & development support claim		13,855	9,827
Dividend receivable		9,385	741
Sales tax refundable / adjustable		–	33,537
Others		2,601	1,856
		25,841	45,961
13. Short-term investments			
Government Securities - at amortised cost			
Market Treasury Bills	13.1	2,002,775	–
Unites of Mutual Funds - FVOCI			

Number of shares 2020	Number of shares 2021				
–	12,778,051	First Habib Cash Fund - wholly owned subsidiary of related party		1,288,833	–
–	19,580,967	ABL Cash Fund		200,000	–
–	5,255,556	NIT Money Market Fund		50,977	–
			13.2	1,539,810	–
				3,542,585	–

13.1 These carry effective yield of 7.10% to 7.57% (2020: Nil) per annum, having maturity latest by January 2022.

13.2 The aggregate cost of the units of mutual funds is Rs.1,536.01 (2020: Rs.Nil) million.

	Note	2021	2020
		(Rupees in thousands)	
14. Cash and bank balances			
Cash in hand		148	125
Balances with banks in:			
Current accounts		5,305	17,302
Treasury call accounts	14.1	63,410	154,394
Term Deposit Receipts	14.2	200,000	3,900,000
	14.3	268,715	4,071,696
		268,863	4,071,821

14.1 Profit rates on treasury call accounts ranged between 5.50% to 6.50% (2020: 5.50% to 11.75%) per annum.

14.2 Profit rates on Term Deposit Receipts ranged between 6.70% (2020: 6.70% to 12.75%) per annum. Maturity of these Term Deposit Receipts are one month.

14.3 Includes Rs.261.65 (2020: Rs.4,055.68) million kept with Bank AL Habib Limited - a related party.

		2021	2020
		(Rupees in thousands)	

15. Issued, subscribed and paid-up capital

2021	2020		2021	2020
Number of shares				
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 (2020: 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	2021	2020
		(Rupees in thousands)	
16. Reserves			
Capital			
Share premium		34,000	34,000
Revenue			
General Reserve	16.1	5,748,500	5,448,500
Unappropriated profit		1,115,111	714,092
Unrealised gain on re-measurement of FVOCI investments		1,612,483	1,676,370
		8,476,094	7,838,962
		8,510,094	7,872,962
16.1 At the beginning of the year		5,448,500	4,658,500
Transferred from unappropriated profit		300,000	790,000
		5,748,500	5,448,500

17. Deferred taxation

Deferred tax liability on taxable temporary difference:		
on accelerated tax depreciation allowance on operating fixed assets	211,000	208,000
Deferred tax asset on deductible temporary difference:		
Provision for obsolescence and slow moving stores & spare parts	(10,500)	(9,000)
Deferred tax asset carry forward on minimum tax under section 113	–	(9,000)
Deferred tax asset on impairment of investment in subsidiary	(14,500)	(14,500)
Deferred tax asset on lease liability	(4,000)	(5,500)
Deferred tax credit on provision for GIDC	(7,000)	(8,000)
Unabsorbed tax depreciation allowance	(91,000)	(133,000)
Deferred tax asset on re-measurement of investments	(1,000)	–
	(128,000)	(179,000)
	83,000	29,000

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 by the Company as the Company had not passed the burden to their customers/clients. The Company filed an appeal before the Honourable High Court of Sindh ('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 was pleased to grant stay vide order dated September 22, 2020 against the demand raised by the SSGC and restrained to take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company had made 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 Gas Infrastructure Development Cess (GIDC). According to the TR, the provision of GIDC is to be re-measured on present value basis. The provision of GIDC of Rs.138.68 million accounted for in September 30, 2020 was re-measured at the present value which works out to Rs.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	2021	2020
		(Rupees in thousands)	
Provision for GIDC as on October 01		138,681	138,681
Less: Gain on re-measurement on discounting of GIDC	27	21,273	–
Provision for GIDC as on September 30		117,408	138,681
GIDC shown under Non-current liabilities		84,092	104,011
Payable within next twelve months shown under trade and other payable		33,316	34,670
Provision for GIDC as on September 30		117,408	138,681

19. Lease Liability

Balance at the beginning of the year	19,126	–
Impact of initial application of IFRS 16	–	23,317
Mark-up on lease liability	1,601	2,116
Less: Lease rentals paid	(6,779)	(6,307)
Balance at the end of the year	13,948	19,126
Current portion of long-term lease liabiltiy	6,318	5,178
Long-term lease liability	7,630	13,948

	Note	2021	2020
		(Rupees in thousands)	

20. Trade and other payables

Creditors		1,234,991	1,508,826
Accrued liabilities		415,554	313,799
Sales tax		44,914	–
Payable to Employees Gratuity Fund		809	158
Gas Infrastructure Development Cess	18	33,316	34,670
Workers' Profit Participation Fund (WPPF)	20.1	70,244	42,858
Wokers; Welfare Fund		13,799	23,416
Income-tax deducted as source		175	248
		1,813,802	1,923,975

20.1 Workers' Profit Participation Fund (WPPF)

Balance at the beginning of the year		42,858	71,041
Interest on funds utilized in the Company's business		–	1,592
		42,858	72,633
Amount paid to the WPPF		(42,858)	(72,633)
		–	–
Allocation for the year	26	70,244	42,858
Balance at the end of the year		70,244	42,858

21. Contingencies and commitments

21.1 The Company was selected for audit by tax authorities under section 177 of the Income Tax Ordinance, 2001 for five years (i.e., tax years 2015 to 2019). A detailed audit of Company's tax affairs was carried out by tax authorities and consequent to the audit, during the month of June 2021, the tax authorities passed assessment orders in terms of Section 122(1) of the Ordinance for the above five years whereby unlawful and arbitrary tax demands aggregating to Rs.12.44 billion was raised by making additions / disallowances under various heads.

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

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

Consequent to the above assessment orders, the Company also received the notices on account of penalty for tax years 2015, 2016 and 2017 aggregating to Rs. 5.86 billion. The Company has also obtained stay against the above show cause notices from the High Court of Sindh vide orders dated July 07, 2021.

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

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

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

Under the above-referred order dated August 6, 2021, penalty of Rs. 493,656,700 has been levied on the Company equivalent to 5% of the total turnover of Rs. 9,873,134,000 as per the audited financial statements for the year ended September 30, 2019. The penalty has been levied on account of alleged 'collective decision of export quantities' by fixing/controlling the supply of sugar and maintaining the desired price levels in the market during the period from the year 2012 to 2020.

The Company alongwith 17 other sugar mills has filed a suit against the above-referred order dated August 6, 2021 through its legal counsel before the Sindh High Court who vide its order No. 2273 of 2021 dated October 07, 2021 has suspended the operation of above impugned order dated August 06, 2021 and August 13, 2021. The hearing had been adjourned till the second week of December 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 has suspended the operation of the above show-cause notice dated October 08, 2021.

The legal counsel of the Company is of the view that penalty has been imposed on the Company alongwith other sugar mills is irrational and unlawful and the proceedings have been concluded by the Chairperson by giving a casting vote in an arbitrary and discriminatory manner without considering the merits of the case. On the basis of the advice of the legal counsel, the Company expects a favourable outcome and has not made any provision in these 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, 2021 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 During the year 2009-10 the Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority - PSQCA challenging the notifications issued in respect of registration of the Standard Mark for refined sugar manufactured and sold by the Company and levy of marking fee at the rate of 0.1% of ex-factory price of sugar sold with effect from January 01, 2009.

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

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

21.6 The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.400.00 (2020: 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.535.39 (2020: Rs.588.71) 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.

21.7 Commitments for capital expenditure amounting to Rs.50.03 (2020: Rs.32.27) million.

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

	2021	2020
	(Rupees in thousands)	
Year ending September 30		
2021	–	16,415
2022	23,215	10,868
2023	17,294	4,947
2024	12,732	385
2025	8,780	–
	62,021	32,615

22. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales and services											
Local sales		6,240,800	5,970,913	613,839	433,121	6,727	4,838	31,254	1,329,580	6,892,620	7,738,452
Less: Sales tax / Federal excise duty		771,427	734,306	83,121	56,207	1,121	806	4,541	193,286	860,210	984,605
		5,469,373	5,236,607	530,718	376,914	5,606	4,032	26,713	1,136,294	6,032,410	6,753,847
Export sales		–	–	3,331,900	2,918,086	612,277	489,891	–	–	3,944,177	3,407,977
Less: Export duty, freight and commission		–	–	14,911	11,865	53,064	27,092	–	–	67,975	38,957
		–	–	3,316,989	2,906,221	559,213	462,799	–	–	3,876,202	3,369,020
Net sales		5,469,373	5,236,607	3,847,707	3,283,135	564,819	466,831	26,713	1,136,294	9,908,612	10,122,867
Services											
Terminal Storage income - net	22.1	–	–	4,067	15,344	–	–	–	–	4,067	15,344
		5,469,373	5,236,607	3,851,774	3,298,479	564,819	466,831	26,713	1,136,294	9,912,679	10,138,211
Less: Cost of sales	23	4,961,051	5,147,805	3,035,906	2,501,028	532,342	390,667	22,981	999,374	8,552,280	9,038,874
Gross profit		508,322	88,802	815,868	797,451	32,477	76,164	3,732	136,920	1,360,399	1,099,337
Selling and distribution expenses	24	58,628	54,822	128,130	149,143	23,992	24,581	–	2,848	210,750	231,394
Administrative expenses	25	205,780	180,080	14,009	14,656	6,304	5,762	506	895	226,599	201,393
		264,408	234,902	142,139	163,799	30,296	30,343	506	3,743	437,349	432,787
Profit / (loss) before other operating expenses and other income		243,914	(146,100)	673,729	633,652	2,181	45,821	3,226	133,177	923,050	666,550
Other operating expenses	26									(86,468)	(259,209)
Other income	27									268,007	122,951
Operating profit										1,104,589	530,292

- 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
22.1 Services										
Terminal storage income - net	–	–	10,409	23,471	–	–	–	–	10,409	23,471
Less: Terminal expenses										
Salaries, wages and other benefits - note 21.1.1	–	–	4,078	4,619	–	–	–	–	4,078	4,619
Repairs and maintenance	–	–	178	1,091	–	–	–	–	178	1,091
Water, electricity and gas	–	–	225	310	–	–	–	–	225	310
Rent, rates and taxes	–	–	974	1,136	–	–	–	–	974	1,136
Depreciation - note 3.3	–	–	412	459	–	–	–	–	412	459
Travelling and vehicle running expenses	–	–	118	112	–	–	–	–	118	112
Insurance	–	–	65	86	–	–	–	–	65	86
Other expenses	–	–	292	314	–	–	–	–	292	314
	–	–	6,342	8,127	–	–	–	–	6,342	8,127
	–	–	4,067	15,344	–	–	–	–	4,067	15,344

22.1.1 Salaries, wages and other benefits include a sum of Rs. 0.45 (2020: Rs. 0.46) million in respect of staff retirement benefits.

	2021	2020
	(Rupees in thousands)	

22.2 Geographical Information of customers

Revenues from customers (Country wise)		
Pakistan	6,036,476	6,769,191
South Korea	173,301	50,573
UAE	464,541	1,425,889
United kingdom	819,943	907,921
Singapore	209,921	97,851
Switzerland	1,796,010	517,082
South Africa	131,955	145,594
Taiwan	215,358	195,903
Holland	65,174	28,207
	9,912,679	10,138,211

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		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
23. Cost of sales										
Raw material consumed	5,309,931	3,547,097	2,658,114	2,171,767	397,736	268,432	–	–	8,365,781	5,987,296
Salaries, wages and other benefits - note 23.1	352,393	336,366	105,470	86,250	15,601	15,309	–	–	473,464	437,925
Process chemicals	51,702	45,961	31,601	31,685	–	–	–	–	83,303	77,646
Packing material	52,306	41,433	–	–	25,319	19,154	–	–	77,625	60,587
Dyeing, weaving and other charges	–	–	–	–	74,282	64,323	–	–	74,282	64,323
Stores and spare parts consumed	96,082	89,299	41,265	40,118	–	–	–	–	137,347	129,417
Provision for obsolescence and slow moving stores & spares -note 7.1	6,000	–	–	–	–	–	–	–	6,000	–
Rent, rates, taxes and lease rentals	7,700	8,341	10,460	10,744	1,664	1,854	–	–	19,824	20,939
Water, fuel and power	63,059	64,658	91,179	213,787	47,734	33,045	–	–	201,972	311,490
Repairs and maintenance	142,745	113,752	89,215	85,556	5,496	5,920	–	–	237,456	205,228
Legal and professional charges	7,094	4,812	–	–	–	–	–	–	7,094	4,812
Insurance	7,320	7,610	7,251	6,980	1,007	812	–	–	15,578	15,402
Postage, telephone and stationery	5,861	5,055	–	–	–	–	–	–	5,861	5,055
Depreciation / amortization - note 3.3	162,746	162,462	64,792	70,080	4,017	4,461	–	–	231,555	237,003
Other manufacturing expenses	35,408	32,854	8,803	6,584	242	221	–	–	44,453	39,659
Duty drawback / Rebate	–	–	–	–	(20,292)	(31,496)	–	–	(20,292)	(31,496)
Bagasse transferred to distillery division	(59,723)	(38,425)	–	–	–	–	–	–	(59,723)	(38,425)
Molasses transferred to distillery division	(544,356)	(394,624)	–	–	–	–	–	–	(544,356)	(394,624)
Sale of Electricity	–	(6,783)	–	–	–	–	–	–	–	(6,783)
	386,337	472,771	450,036	551,784	155,070	113,603	–	–	991,443	1,138,158
Manufacturing cost	5,696,268	4,019,868	3,108,150	2,723,551	552,806	382,035	–	–	9,357,224	7,125,454
Opening stock of work-in-process	1,211	1,109	–	–	28,930	42,719	–	–	30,141	43,828
Closing stock of work-in-process	(629)	(1,211)	–	–	(50,081)	(28,930)	–	–	(50,710)	(30,141)
	582	(102)	–	–	(21,151)	13,789	–	–	(20,569)	13,687
Cost of goods manufactured	5,696,850	4,019,766	3,108,150	2,723,551	531,655	395,824	–	–	9,336,655	7,139,141
Opening stock of finished goods	277,448	1,405,487	342,810	120,287	29,970	24,813	–	2,980	650,228	1,553,567
Purchases	–	–	–	–	–	–	22,981	996,394	22,981	996,394
Closing stock of finished goods	(1,013,247)	(277,448)	(415,054)	(342,810)	(29,283)	(29,970)	–	–	(1,457,584)	(650,228)
	(735,799)	1,128,039	(72,244)	(222,523)	687	(5,157)	22,981	999,374	(784,375)	1,899,733
	4,961,051	5,147,805	3,035,906	2,501,028	532,342	390,667	22,981	999,374	8,552,280	9,038,874

23.1 Salaries, wages and other benefits include a sum of Rs. 11.72 (2020: Rs. 11.68) million in respect of staff retirement benefits.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
24. Selling and distribution expenses										
Salaries, wages and other benefits - note 24.1	6,599	7,095	7,460	6,178	5,667	5,748	–	–	19,726	19,021
Insurance	2,700	2,344	3,046	2,225	50	62	–	–	5,796	4,631
Rent, rates, taxes and lease rentals	1,529	1,605	958	661	–	–	–	–	2,487	2,266
Transport, freight, handling and forwarding expenses	47,800	43,778	113,414	135,971	5,917	4,935	–	2,848	167,131	187,532
Other expenses	–	–	3,252	4,108	12,358	13,836	–	–	15,610	17,944
	58,628	54,822	128,130	149,143	23,992	24,581	–	2,848	210,750	231,394

24.1 Salaries, wages and other benefits include a sum of Rs. 1.19 (2020: Rs. 1.05) million in respect of staff retirement benefits.

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
25. Administrative expenses	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Salaries, wages and other benefits - note 25.1	118,961	98,311	7,460	7,101	4,693	4,372	462	524	131,576	110,308
Insurance	1,651	1,355	65	108	–	–	4	–	1,720	1,463
Repairs and maintenance	2,665	3,453	167	717	339	167	–	–	3,171	4,337
Postage, telephone and stationery	4,518	4,695	525	551	253	186	–	–	5,296	5,432
Travelling and vehicle running expenses	17,023	15,219	118	1,470	–	–	34	–	17,175	16,689
Rent, rates, taxes and lease rentals	2,307	2,700	2,098	2,074	–	–	–	–	4,405	4,774
Water, electricity and gas	3,840	3,470	226	248	72	69	–	–	4,138	3,787
Fees, subscription and periodicals	3,246	2,659	16	28	42	19	–	–	3,304	2,706
Legal and professional charges	2,719	996	1,900	664	–	360	–	–	4,619	2,020
Directors' meeting fee	680	730	–	–	–	–	–	–	680	730
Depreciation - note 3.3	2,673	2,784	229	239	301	95	–	–	3,203	3,118
Right-of-use assets - note 4.1	5,829	5,829	–	–	–	–	–	–	5,829	5,829
Auditors' remuneration - note 25.2	1,676	1,712	928	1,078	136	151	6	371	2,746	3,312
Other expenses - note 25.3	37,992	36,167	277	378	468	343	–	–	38,737	36,888
	205,780	180,080	14,009	14,656	6,304	5,762	506	895	226,599	201,393

25.1 Salaries, wages and other benefits include a sum of Rs. 4.09 (2020: Rs. 3.70) million in respect of staff retirement benefits.

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
25.2 Auditors' remuneration										
Statutory audit fee	982	925	692	582	101	82	5	201	1,780	1,790
Half yearly review fee	248	197	175	124	26	17	1	43	450	381
Cost audit	250	–	–	–	–	–	–	–	250	–
Tax / other services	109	417	–	263	–	37	–	90	109	807
Out of pocket expenses	87	173	61	109	9	15	0	37	157	334
	1,676	1,712	928	1,078	136	151	6	371	2,746	3,312

25.3 Sugar division's other expenses include donation of Rs.29.30 (2020: Rs. 28.0) million as per details below:

Name of Institution	2021	2020
	(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	–
Friend Educational & Medical Trust	500	–
	29,300	28,000

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
25.4.1 Segment assets	3,197,626	2,162,019	1,449,561	1,703,704	426,933	429,230	–	4,304	5,074,120	4,299,257
Unallocated assets									6,761,011	6,806,948
									11,835,131	11,106,205
25.4.2 Segment liabilities	1,774,733	1,666,690	408,380	467,058	101,792	119,274	745	7,241	2,285,650	2,260,263
Unallocated liabilities									289,387	222,980
									2,575,037	2,483,243
25.4.3 Capital expenditure	253,867	199,276	–	40,793	–	53	–	–	253,867	240,122

	Note	2021	2020
		(Rupees in thousands)	
26. Other operating expenses			
Workers' Profit Participation Fund	20.1	70,244	42,858
Workers' Welfare Fund		10,300	10,000
Exchange loss - net		5,924	7,783
Provision for Gas Infrastructure Development Cess		–	138,681
Impairment - Investment in HSM Energy		–	50,000
Receivable from HSM Energy - written off		–	9,887
		86,468	259,209
27. Other income			
Income from financial assets			
Dividend income	27.1	227,791	107,675
Income from non financial assets			
Gain on disposal of fixed assets		4,388	7,447
Remeasurement gain on discounting of provision for GIDC		21,273	–
Agricultural income		2,105	2,642
Scrap sale		12,450	5,187
		40,216	15,276
		268,007	122,951

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

	Note	2021	2020
		(Rupees in thousands)	
Bank AL Habib Limited		108,715	84,478
Habib Insurance Company Limited		2,682	2,682
		111,397	87,160
28. Finance income - net			
Profit on treasury call accounts	14.1	13,966	28,533
Profit on term deposits receipts	14.2	91,166	237,970
Government Securities		47,792	70,956
Interest on loan to employees		506	536
		153,430	337,995
Less: Mark-up / interest on:			
Short-term borrowings	28.2 & 28.3	(42,762)	(47,069)
Workers' Profit Participation Fund		–	(1,592)
Lease Liability		(1,601)	(2,116)
Bank charges		(13,920)	(13,215)
		(58,283)	(63,992)
		95,147	274,003

		2021	2020
		(Rupees in thousands)	
28.1	Finance income received	146,346	328,125
	Finance charges paid	(58,283)	(63,992)
	Finance income received - net	88,063	264,133

28.2 The financial facilities from various commercial banks amounted to Rs.7,637 (2020: Rs.7,637) million.

28.3 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% (2020: 0.50% to 15.35%) per annum.

		Note	2021	2020
			(Rupees in thousands)	
29.	**Taxation**			
	Income tax - current		155,000	150,000
	Deferred tax		55,000	(40,000)
		29.1	210,000	110,000
29.1	**Reconciliation of tax charge for the year**			
	Accounting profit		1,199,736	804,295
	Corporate tax rate		29%	29%
	Tax on accounting profit at applicable rate		347,923	233,246
	Tax effect of timing differences		55,000	(40,000)
	Tax effect of lower tax rates on export and certain income		(209,501)	(97,808)
	Tax effect of income exempt from tax		(6,780)	(766)
	Tax effect of expenses that are inadmissible in determining taxable income		23,358	15,328
			(137,923)	(123,246)
			210,000	110,000

29.2 The income tax return for the Tax year 2021 (financial year ended September 30, 2020) has been filed.

	2021	2020
	(Rupees in thousands)	

30. Earnings per share - Basic and diluted

Profit after taxation	989,736	694,295
	Number of shares	
Number of ordinary shares of Rs. 5/- each	150,000,000	150,000,000
Earnings per share - Basic and diluted (Rupees)	6.60	4.63

31. Cash generated from operations

Profit before taxation	1,199,736	804,295
Adjustment for non-cash charges and other items		
Depreciation / amortization	240,999	246,409
Provision for obsolescence and slow moving stores	(6,000)	–
Gain on disposal of fixed assets	(4,388)	(7,447)
Impairment on investment	–	50,000
Finance income - net	(95,147)	(274,003)
Mark-up on lease liability	1,601	2,116
Dividend income	(227,791)	(107,675)
Remeasurement gain on discounting of provision for GIDC	(21,273)	–
	(111,999)	(90,600)
Working capital changes - note 31.1	(731,267)	1,448,181
	356,470	2,161,876

31.1 Working capital changes

(Increase) / decrease in current assets		
Stores and spare parts	840	(17,929)
Stock-in-trade	(1,018,550)	964,384
Trade debts	(258,448)	238,292
Loans and advances	470,150	370,272
Trade deposits and short-term prepayments	(6,453)	96
Other receivables	28,764	67,314
	(783,697)	1,622,429
Increase / (decrease) in current liabilities		
Trade and other payables	(109,628)	23,751
Advance from customers	162,058	(197,999)
	52,430	(174,248)
Net changes in working capital	(731,267)	1,448,181

32. Remuneration of Chief Executive, Directors and Executives

	2021				2020			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	14,400	10,200	86,918	111,518	13,632	8,616	90,228	112,476
Perquisites								
Telephone	42	15	430	487	44	18	407	469
Bonus	–	–	13,193	13,193	–	–	10,942	10,942
Medical	119	398	2,772	3,289	338	341	3,448	4,127
Utilities	–	429	–	429	–	606	–	606
Entertainment	–	243	–	243	–	238	–	238
Retirement benefits	1,058	776	6,600	8,434	971	635	7,102	8,708
	15,619	12,061	109,913	137,593	14,985	10,454	112,127	137,566
Number of persons	1	1	24	26	1	1	27	29

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

32.2 Six non-executive directors (2020: Six) have been paid fees of Rs.0.68 (2020: Rs.0.73) million for attending board and other meetings.

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.

23.1 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, advances, 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:

	2021	2020
	(Rupees in thousands)	
Long-term loans	7,443	5,474
Long-term deposits	3,948	3,928
Trade debts	407,453	149,005
Loans	6,304	6,757
Trade deposits	901	751
Profit accrued on bank deposits	21,721	14,637
Other receivables	25,841	45,961
Bank balances	268,715	4,071,696
	742,326	4,298,209

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:

	2021	2020
	(Rupees in thousands)	
33.1.1 Trade debts		
Customers with no defaults in the past one year	399,517	149,005
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	7,936	–
	407,453	149,005
33.1.2 Bank Balances		
A1+	267,327	4,070,708
A2	1,388	988
	268,715	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.263.41 (2020: 4,054.39) 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.1.87 (2020: Rs.28.79) 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:

		2021	2020
		(Respective Currency)	
Trade debts	$	20,180	–
"	£	34,458	76,608
Advance from customers	$	656,221	969,418
The following significant exchange rates have been applied at the reporting dates:			
Exchange rates	buying $	170.60	165.90
	selling $	170.80	166.10
	buying £	229.43	213.00
	selling £	229.70	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, 2021	+10	10,073	10,085
	-10	(10,073)	(10,085)
September 30, 2020	+10	14,468	14,484
	-10	(14,468)	(14,484)

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 (2020: 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, 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

Year ended September 30, 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Trade and other payables	–	314,205	1,713,781	–	–	2,027,986
Advance from customers	–	320,406	–	–	–	320,406
Lease Liability	–	2,519	2,659	13,948	–	19,126
	–	637,130	1,716,440	13,948	–	2,367,518

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 (2020: 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

	2021	2020
	(Rupees in thousands)	
Fair value through other comprehensive income		
Investments in related parties - Quoted	1,706,867	1,610,143
Investments in related parties - Unquoted	133,809	121,587
Investments in other companies - Quoted	965,550	964,872
Investments in units of mutual funds	1,539,810	–
	4,346,036	2,696,602
At amortised cost		
- Loans and advances	13,747	12,231
- Deposits	4,849	4,679
- Trade debts	407,453	149,005
- Profit accrued on bank deposits	21,721	14,637
- Other receivables	25,841	12,424
- Investment in Government Securities	2,002,775	–
- Cash and bank balance	268,863	4,071,821
	2,745,249	4,264,797
	7,091,285	6,961,399

33.6.2 Financial liabilities as per statement of financial position

At amortised cost		
- Trade and other payables	1,813,802	1,923,975
- Unclaimed dividend	97,731	86,725
	1,911,533	2,010,700

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.

	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

	2020			
	Level 1	Level 2	Level 3	Total
		(Rupees in thousands)		
Long-term investments	2,575,015	–	121,587	2,696,602
Short-term investments:				
units of mutual funds	–	–	–	–
	2,575,015	–	121,587	2,696,602

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

	2021			2020		
	Quantity		Working days	Quantity		Working days
34.1 Sugar division						
Crushing capacity	11,000	M.Tons Per Day		11,000	M. Tons Per Day	
Crushing based on actual working days	1,188,000	M. Tons	108	1,111,000	M. Tons	101
Actual crushing	761,667	M. Tons	108	620,425	M. Tons	101
Sucrose recovery	10.36	%		9.91	%	
Sugar production	78,910	M. Tons		61,488	M. Tons	

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

	2021			2020		
	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	24,251	M. Tons	335	25,206	M. Tons	346

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	8,477	M. Tons	264	7,583	M. Tons	255

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	732,011	Kgs.	344	608,561	Kgs.	293

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:

	2021	2020
	(Rupees in thousands)	
Size of the fund - Total assets	336,024	336,039
Fair value of investments	319,786	320,834
Percentage of investments made	95.17	95.48

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:

	2021	2020	2021	2020
	(Percentage)		(Rupees in thousands)	
National savings scheme	89.21	84.17	285,288	270,057
Bank deposits	10.75	15.79	34,381	50,660
Debt securities	0.04	0.04	117	117
	100.00	100.00	319,786	320,834

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.

	2021	2020
	(Number)	

36. Number of Employees

Number of employees including contractual employees at September 30,	541	520
Average number of employees including contractual employees during the year	537	526

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	2021	2020
		(Rupees in thousands)	
Subsidiary			
HSM Energy Limited	Payment on behalf of Company	–	518
Related Parties			
Bank Al Habib Limited	Profit on Treasury call account	104,765	262,607
	Dividend received	108,615	84,478
	Dividend paid	25,892	25,892
	Bank charges	244	204
Al Habib Assets Management subsidiary of Bank Al Habib Limited	Purchase of Investment	4,385,080	–
	Dividend received	32,705	–
	Sale of Investment	3,100,000	–
	Capital gain	6,318	–
Habib Insurance	Insurance premium paid	17,162	21,282
	Insurance claim received	1,515	9,120
	Dividend received	2,682	2,682
	Dividend paid	12,234	12,234
Uni Food Industries Limited	Investment in shares	71,904	62,868
Habib Mercantile Company Limited	Dividend paid	1,404	1,404
Habib Sons (Pvt.) Limited	Dividend paid	1,433	1,433
Retirement benefit funds	Contribution to retirement funds	16,551	16,077

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

Following are the related parties with whom the company had entered into transactions or have arrangement / agreement in place.

Name	Basis of association	Percentage of shareholding
Bank Al Habib Limited	Common directorship	2.17
Habib Insurance Company Limited	Common directorship	4.32
Habib Mercantile Company (Pvt.) Limited	Common directorship	-
Habib Sons (Pvt.) Limited	Common directorship	-
Habib Assets Management Limited	Common directorship	-
Hasni Textile (Pvt.) Limited	Common directorship	-
HSM Energy Limited	Subsidiary	100.00
UniEnergy Limited	Key Management Personal is a director	12.50
Uni Food Industries Limited	Key Management Personal are directors	19.68
Habib Sugar Mills Limited - Employees Gratuity Fund	Retirement benefit fund	-
Habib Sugar Mills Limited - Staff Provident Fund	Retirement benefit fund	-

38. Dividend

The Board of Directors of the Company in their meeting held on December 28, 2021 have proposed a final cash dividend of Rs. 3.00 per share (60%) for the year ended September 30, 2021. 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 26, 2022.

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 28, 2021 by the Board of Directors of the Company.

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

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 2021, 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 2021, 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 period. 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. Existence and Valuation of investments	
As disclosed in Notes 5 and 13 to the accompanying consolidated financial statements, the Group has investments in quoted and unquoted equity instruments carried at Fair value through Other Comprehensive Income (FVOCI), Government Securities carried at amortised cost and units of mutual funds carried at FVOCI amounting to Rs. 2.806 billion, Rs. 2.003 billion and Rs. 1.540 billion respectively, which comprise of 54% 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 (including board approvals), disposals and periodic valuation including model approval process; - 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 performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement together with related reconciliations and re-performance of investment valuations based on quoted market prices at the Pakistan Stock Exchange as at 30 September 2021;

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 the independent professional valuer (where required) to estimate the fair value of the investment and considered whether the application of methodologies is consistent with generally accepted valuation methodologies and prior periods; - we challenged the key inputs and assumptions driving the valuation of unquoted equity instruments involving our valuation subject matter specialists for review of the same where required; - 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 investments in units of mutual funds, 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. Contingencies	
As disclosed in Note 21 to the accompanying 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, and the probability of outcome and financial impact, if any, on the Group for disclosure 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, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered this as a key audit matter.	Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have: - obtained and reviewed details of the pending matters and discussed the same with the Group's management; - reviewed the correspondence of the Group with the relevant authorities, tax and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; - 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; - involved internal tax professionals to assess reasonability of management's conclusions on such pending matters; and - reviewed and evaluated the adequacy of disclosures made in respect of such contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

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.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date: January 03, 2022

Consolidated Statement of Financial Position as at September 30, 2021

	Note	2021	2020
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Property, plant and equipment	3	2,496,633	2,478,359
Right-of-use assets	4	11,659	17,488
Long-term investments	5	2,806,226	2,696,602
Long-term loans	6	7,443	5,474
Long-term deposits		3,948	3,928
		5,325,909	5,201,851
Current Assets			
Stores and spare parts	7	195,024	189,864
Stock-in-trade	8	1,894,571	876,021
Trade debts	9	407,453	149,005
Loans and advances	10	50,430	520,580
Trade deposits and short-term prepayments	11	16,236	9,783
Profit accrued on bank deposits		21,721	14,637
Other receivables	12	25,841	45,961
Taxation - net		86,496	26,683
Short-term investments	13	3,542,585	–
Cash and bank balances	14	269,222	4,072,254
		6,509,579	5,904,788
Total Assets		11,835,488	11,106,639
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2020: 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	8,510,271	7,873,186
Total Equity		9,260,271	8,623,186
Non-Current Liabilities			
Deferred taxation	17	83,000	29,000
Gas Infrastructure Development Cess	18	84,092	104,011
Lease Liability	19	7,630	13,948
		174,722	146,959
Current Liabilities			
Trade and other payables	20	1,813,982	1,924,185
Advance from customers		482,464	320,406
Unclaimed dividends		97,731	86,725
Current portion of lease Liability	19	6,318	5,178
		2,400,495	2,336,494
Contingencies and Commitments	21		
Total Equity and Liabilities		11,835,488	11,106,639

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Consolidated Statement of Profit or Loss
for the year ended September 30, 2021

	Note	2021	2020
		(Rupees in thousands)	
Net sales and services	22	9,912,679	10,138,211
Cost of sales	23	(8,552,280)	(9,038,874)
Gross Profit		1,360,399	1,099,337
Selling and distribution expenses	24	(210,750)	(231,394)
Administrative expenses	25	(226,661)	(202,093)
Other operating expenses	26	(86,468)	(245,650)
Other income	27	268,007	122,951
		(255,872)	(556,186)
Operating Profit		1,104,527	543,151
Finance income - net	28	95,168	274,013
Profit before taxation		1,199,695	817,164
Taxation	29	(210,006)	(110,003)
Profit after taxation		989,689	707,161
Earnings per share - Basic and diluted (Rupees)	30	6.60	4.71

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Consolidated Statement of Comprehensive Income
for the year ended September 30, 2021

	2021	2020
	(Rupees in thousands)	
Profit for the year	989,689	707,161
Other comprehensive income :		
Items that will not be reclassified subsequently to the statement of profit or loss:		
Actuarial loss on defined benefit plan - net	(809)	(158)
Profit on re-measurement of equity investments - net of deferred tax classified as fair value through other comprehensive income (FVOCI)	60,705	265,632
Total comprehensive income for the year	1,049,585	972,635

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Consolidated Statement of Changes in Equity
for the year ended September 30, 2021

	Issued, subscribed and paid-up Capital	Capital Reserve	Revenue Reserves				Total Equity
			General Reserve	Unappropriated profit	Unrealised gain / (loss) on re-measurement of AFS / FVOCI investment	Total Reserves	
	(Rupees in thousands)						
Balance as on October 1, 2019	750,000	34,000	4,658,500	1,195,655	1,424,896	7,313,051	8,063,051
Cash dividend for the year ended September 30, 2019 @ 55%	–	–	–	(412,500)	–	(412,500)	(412,500)
Realised gain on sale of investment	–	–	–	14,158	(14,158)	–	–
Transfer to general reserve	–	–	790,000	(790,000)	–	–	–
Total comprehensive income for the year ended September 30, 2020	–	–	–	707,003	265,632	972,635	972,635
Balance as on September 30, 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

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Consolidated Statement of Cash Flows
for the year ended September 30, 2021

	Note	2021	2020
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	31	356,378	2,161,911
Finance income received - net	28.1	88,084	264,143
Income tax paid		(214,819)	(102,347)
Long-term loans		(1,969)	1,315
Long-term deposits		(20)	–
Net cash generated from operating activities		227,654	2,325,022
Cash flows from investing activities			
Fixed capital expenditure		(253,867)	(240,123)
Redemption / sale proceeds of investments		7,553,039	2,669,346
Dividend received		219,147	110,049
Purchase of investments		(11,145,543)	(2,850,658)
Sale proceeds of fixed assets		4,811	7,551
Net cash used in investing activities		(3,622,413)	(303,835)
Cash flows from financing activities			
Lease rental paid		(6,779)	(6,307)
Dividend paid		(401,494)	(407,605)
Net cash used in financing activities		(408,273)	(413,912)
Net (decrease) / increase in cash and cash equivalents		(3,803,032)	1,607,275
Cash and cash equivalents at the beginning of the year		4,072,254	2,464,979
Cash and cash equivalents at the end of the year	14	269,222	4,072,254

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Notes to the Consolidated Financial Statements for the year ended September 30, 2021

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 (Note 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 Initial application of standards, amendments, improvements and or interpretation to existing standards

Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year

The Group has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current years:

Amendment of Framework

IFRS 3	Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)
IAS 1 / IAS 8	Definition of Material (Amendments)
Conceptual Framework for Financial Reporting	

The adoption of above amendments to the approved accounting standards and the framework for financial reporting did not have any material impact on the Group's consolidated financial statements.

2.5 Standards, interpretations, amendments and improvements to the approved accounting standards that are not yet effective

The following standards, amendments, improvements and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendment, interpretations or improvements:

Amendment or Improvement		Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	01 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	01 April 2021
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 10 / IAS 28	Sale or contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 16	Proceeds before Intended Use (Amendments)	01 January 2022
IAS 8	Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

The above standards and amendments and improvements are not expected to have any material impact on the Group's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

		IASB Effective date (annual periods beginning on or after)
2.6	**Standards**	
IFRS 1	First time adoption of IFRSs	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

2.7 Fixed Assets

2.7.1 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.

2.7.2 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.

2.7.3 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.

2.7.4 Right-of-use assets

The Group recognises a 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 a straight-line basis over the period of lease term.

2.8 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:

2.8.1 Subsidiary

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

2.8.2 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.

2.8.3 Fair Value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category. These investments are initially recognized at fair value, relevant transaction costs are taken directly to profit or loss account and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the consolidated statement of profit or loss in the period in which they arise.

2.9 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.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to consolidated statement of profit or loss.

2.10 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.

2.11 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

2.12 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.

2.13 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.

2.14 Staff retirement benefits

2.14.1 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, 2021. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	10.50 per annum
Expected rate of increase in salaries	10.25 per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2021, the fair value of gratuity scheme assets and present value of liabilities were Rs.123.47 million and Rs.123.47 million respectively. The Group recognises the total actuarial gains and losses in the year in which they arise. The amounts recognised in the consolidated statement of financial position are as follows:

	2021	2020
	(Rupees in thousands)	
Net Employee Defined Benefit obligation		
Present value of defined benefit obligation	124,275	120,325
Fair value of plan assets	(123,466)	(120,167)
Liability recognised in the consolidated statement of financial position	809	158

The movement in net defined benefit obligation is as follows:

Net defined benefit obligation at the beginning of the year	158	(240)
Net charge for the year	4,829	4,394
Contribution	(4,987)	(4,154)
Remeasurement recognized in OCI during the year	809	158
Charge for the year	809	158

Salaries, wages and amenities include the following in respect of employees' gratuity fund:

Current service cost	4,814	4,422
Interest cost	11,579	13,466
Expected return on plan assets	(11,564)	(13,494)
	4,829	4,394

Remeasurement recognised in OCI during the year:

Actuarial gain on obligation	(3,966)	(2,359)
Actuarial loss on plan asset	4,775	2,517
	809	158

The movement in present value of defined benefit obligation is as follows:

Present value of defined benefit obligation at the beginning of the year	120,325	110,118
Current service cost	4,814	4,422
Interest cost	11,579	13,466
Benefits paid	(8,477)	(5,322)
Actuarial gain	(3,966)	(2,359)
Present value of defined benefit obligation at the end of the year	124,275	120,325

	2021	2020
	(Rupees in thousand)	
The movement in fair value of plan assets is as follows:		
Fair value of plan assets at the beginning of the year	120,167	110,358
Expected return on assets	11,564	13,494
Contributions	4,987	4,154
Benefits paid	(8,477)	(5,322)
Actuarial loss	(4,775)	(2,517)
Fair value of plan assets at the end of the year	123,466	120,167
Actual return on plan assets	6,789	10,977
Plan assets comprise:		
Term deposit receipts	118,000	100,000
Term Finance Certificates	254	254
Balance with Banks	4,959	19,645
Accrued interest	253	268
	123,466	120,167

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,	2021	2020	2019	2018	2017
	(Rupees in thousands)				
Present value of defined benefit Obligation	124,275	120,325	110,118	107,017	101,748
Fair value of plan assets	(123,466)	(120,167)	(110,358)	(106,627)	(101,472)
(Surplus) / Deficit	809	158	(240)	390	276
Experience adjustment on obligation	(8,148)	(3,627)	(2,464)	10,051	638
Experience adjustment on plan assets	4,775	2,517	824	2,194	88

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 %	118,833
Discount Rate -1 %	130,424
Long Term Salary Increases +1 %	128,754
Long Term Salary Increases -1 %	120,278

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.

2.15 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 re-assessment 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.

2.16 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.

2.17 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.

2.18 Advance from customers (Contract Liability)

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.

2.19 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.

2.20 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.

2.21 Taxation

2.21.1 Current

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

2.21.2 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.

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 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.

2.27 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.

2.27.2 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.

2.28 Impairment

2.28.1 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.

2.28.2 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.

2.29 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.

2.30 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.

2.31 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.

2.32 Functional and presentation currency

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

	Note	2021	2020
		(Rupees in thousands)	
3. Property, plant and equipment			
Operating fixed assets	3.1	2,319,798	2,325,639
Capital work-in-progress	3.5	166,699	151,115
Major stores and spare parts	3.6	10,136	1,605
		2,496,633	2,478,359

3.1 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 & accumlated 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 3.1.1	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)			

3.1.1 Plant and machinery of distillery division include storage tanks of the CO2 unit having written down value of Rs.11.20 (2020: Rs.12.44) 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	341.95 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, 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)	

3.2 Operating fixed assets for 2020:

	Cost as at Oct. 1, 2019	Additions / (deletions)	Cost as at Sept. 30, 2020	Accumulated depreciation / amortization as at Oct. 1, 2019	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Accumulated depreciation / amortization as at Sept. 30, 2020	Written down value as at Sept. 30, 2020	Annual rate of depreciation / amortization %
	(Rupees in thousands)							
Land								
Freehold - Sugar / Distillery division	188,980	–	188,980	–	–	–	188,980	–
Leasehold - Textile division	489	–	489	251	5	256	233	1.01
Buildings on freehold land								
Sugar division	115,143	–	115,143	76,599	3,855	80,454	34,689	10
Distillery division	21,243	–	21,243	18,325	292	18,617	2,626	10
Non-factory buildings	30,228	–	30,228	24,057	309	24,366	5,862	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	17,306	203	17,509	1,826	10
Plant and machinery								
Sugar division	2,637,721	40,574	2,678,295	1,121,416	154,624	1,276,040	1,402,255	10
		–			–			
Distillery division - Note 3.2.1	1,306,955	82,881	1,389,836	722,511	64,592	787,103	602,733	10
		–			–			
Textile division	131,515	53	131,568	89,543	4,200	93,743	37,825	10
Railway siding - Sugar division	468	–	468	467	–	467	1	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,414	39	8,453	355	10
Textile division	3,601	–	3,601	3,074	53	3,127	474	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	91,289	7,801	98,985	66,836	7,283	74,049	24,936	25
		(105)			(70)			
Textile division	9,823	68	9,891	9,507	85	9,592	299	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,733	7	2,740	25	20
Motor cars / vehicles								
Sugar / Distillery division	46,093	2,860	48,668	21,427	5,023	26,234	22,434	20
		(285)			(216)			
Textile division	764	54	818	722	10	732	86	20
Total	4,615,220	134,291	4,749,121	2,183,188	240,580	2,423,482	2,325,639	
		(390)			(286)			

3.2.1 Plant and machinery of distillery division include storage tanks of the CO2 unit having written down value of Rs.12.44 (2019: Rs.13.82) million installed at Coca Cola Beverages Pakistan Limited and Pakistan Beverages Limited premises for storage of Liquidified Carbondioxide.

3.2.2 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	339.125 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

3.2.3 Reconciliation of carrying values for 2020

	Written down value as at Oct. 1, 2019	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Written down value as at Sept. 30, 2020
		(Rupees in thousands)		
Land	189,218	–	5	189,213
Buildings on freehold land	47,633	–	4,456	43,177
Buildings on leasehold land	2,029	–	203	1,826
Plant and machinery	2,142,721	123,508	223,416	2,042,813
Railway siding	1	–	–	1
Electric, gas and water installations	921	–	92	829
Furniture, fittings, electrical and office equipment	24,769	7,869 (105)	7,368 (70)	25,235
Tractors / trolleys and agriculture implements	32	–	7	25
Motor cars / vehicles	24,708	2,914 (285)	5,033 (216)	22,520
	2,432,032	134,291 (390)	240,580 (286)	2,325,639

3.3 Allocation of depreciation / amortization charge for the year:

	Note	2021	2020
		(Rupees in thousands)	
Cost of Sales			
Sugar division	23	162,746	162,462
Distillery division	23	64,792	70,080
Textile division	23	4,017	4,461
		231,555	237,003
Administrative expenses			
Sugar division	25	2,673	2,784
Distillery division	25	229	239
Textile division	25	301	95
Terminal	22.1	412	459
Subsidiary		–	69
		3,615	3,646
		235,170	240,649

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								
Distilery division	6,245	6,060	185	2,917	2,732	Negotiation	Saghir Ahmed Faisalabad	None
Furniture, fittings, electrical and office equipment	1,345	1,205	140	209	69	Negotiation	Various	None
Motor cars / vehicles	354	256	98	1,685	1,587	Tender	Various	None
2021	7,944	7,521	423	4,811	4,388			
2020	390	286	104	7,551	7,447			

	Note	2021	2020
		(Rupees in thousands)	
3.5 Capital work-in-progress			
Plant and machinery		101,634	146,906
Advance to suppliers		65,065	4,209
	3.5.1	166,699	151,115
3.5.1 Movement in capital work-in-progress			
Balance at the beginning of the year		151,115	45,756
Cost incurred during the year		106,525	26,061
Charged to statement Profit or (loss)		–	(4,449)
Transfer from Major stores and spare parts		102,722	207,255
Transfer to operating fixed assets		(193,663)	(123,508)
		15,584	105,359
Balance at the end of the year		166,699	151,115
3.6 Major stores and spare parts			
Stores	3.6.1	10,136	1,605
3.6.1 Movement in major stores and spare parts			
Balance at the beginning of the year		1,605	1,132
Additions during the year		111,253	207,728
		112,858	208,860
Transfer to capital work-in-progress		(102,722)	(207,255)
Balance at the end of the year		10,136	1,605

	2021	2020
	(Rupees in thousands)	
4. Right-of-use-assets	11,659	17,488

	Office Premises	
As at October 01	2021	2020
	(Rupees in thousands)	
Cost	23,317	–
Accumulated depreciation	(5,829)	–
Net book value	17,488	–
Net carrying value basis		
Opening net book value	23,317	–
Impact of initial application of IFRS 16	–	23,317
Additions during the year	–	–
Transferred to operating fixed assets during the year	–	–
Disposal of right-of-use assets	–	–
Depreciatin charged during the year	(5,829)	(5,829)
Closing net book value	17,488	17,488
As at September 30		
Cost	23,317	23,317
Accumulated depreciation	(11,658)	(5,829)
Net book value	11,659	17,488
Depreciation % per annum	25%	25%

	2021	2020
	(Rupees in thousands)	
4.1 Allocation of depreciation charge for the year		
Administrative expenses		
Sugar division	5,829	5,829

5. Long-term investments

Number of shares 2020	Number of shares 2021	Face value Rs.	Company's Name	Note	2021 (Rupees in thousands)	2020 (Rupees in thousands)
5.1 Fair Value through Other Comprehensive Income						
5.1.1 Investments in related parties - Quoted						
147,797	–	5	Balochistan Particle Board Limited		–	2,558
24,136,691	24,136,691	10	Bank AL Habib Limited		1,669,052	1,558,506
5,363,772	5,363,772	5	Habib Insurance Company Limited		37,815	49,079
					1,706,867	1,610,143
5.1.2 Investments in related parties - Unquoted						
1,249,999	1,249,999	10	UniEnergy Limited	5.2	12,611	12,555
25,654,560	32,845,005	10	Uni Food Industries Limited	5.3	121,198	109,032
					133,809	121,587

Number of shares 2020	Number of shares 2021	Face value Rs.	Company's Name	2021 (Rupees in thousands)	2020 (Rupees in thousands)
5.1.3 Investments in other companies - Quoted					
340,000	340,000	10	Amreli Steels Limited	13,311	14,882
50,000	–	10	Aisha Steels Limited	–	786
–	150,000	10	Agha Steels Limited	4,124	–
50,000	50,000	10	Bank Alfalah Limited	1,618	1,739
735,176	555,176	10	Cherat Cement Company Limited	79,512	85,839
70,000	38,000	10	Cherat Packaging Limited	6,809	12,454
31,078	26,478	10	Dawood Lawrencepur Limited	5,217	5,905
325,000	517,500	10	D.G. Khan Cement Company Limited	45,758	33,511
68,000	68,000	10	Engro Corporation Limited	19,023	20,470
12,500	12,500	10	Frieslandcampina Engro Pakistan Limited (formerly Engro Food Limited)	1,220	981
103,200	103,200	10	Engro Fertilizer Limited	7,253	6,277
41,098	341,098	10	Engro Polymer & Chemical Limited	18,784	1,655
90,600	90,600	10	Faran Sugar Mills Limited	3,700	4,530
100,885	100,885	10	Fauji Fertilizer Company Limited	10,296	10,895
–	200,000	10	Fauji Fertilizer Bin Qasim Limited	4,500	–
80,000	80,000	10	Fauji Foods Limited	1,242	1,282
–	100,000	10	Faysal Bank Limited	2,632	–
189,000	–	5	First Habib Modaraba	–	2,192
12,100	12,100	10	GlaxoSmithKline Pakistan Limited	1,789	2,222
3,630	3,630	10	GlaxoSmithKline Consumer Healthcare Pakistan Limited	926	1,051
400,000	845,000	10	Habib Metropolitan Bank Limited	36,758	13,404
150,213	421,213	10	Habib Bank Limited	46,060	19,639
10,350	12,350	10	Indus Motors Company Limited	14,426	13,249
111,100	126,100	10	International Industries Limited	21,030	16,103
450,000	675,000	10	International Steels Limited	51,442	34,668
14,096	–	10	Jubliee Life Insurance Co. Limited	–	6,260
–	300,000	10	Javedan Corporation Limited	17,967	–
1,810,000	1,810,000	10	K-Electric Limited	7,240	7,620
125,000	141,300	10	Lucky Cement Limited	102,146	80,884
50,000	18,583	10	MCB Bank Limited	28,004	8,691
263,380	276,544	10	Mehran Sugar Mills Limited	12,721	19,530
506	–	10	Millat Tractors Limited	–	438
54,900	54,900	10	Mirpurkhas Sugar Mills Limited	5,380	4,502
19,500	24,375	10	National Food Limited	5,170	5,569
410,000	285,000	10	OGDCL	23,883	42,476
25,000	25,000	10	Packages Limited	11,734	12,558
3,150	–	10	Pak Suzuki Motor Company Limited	–	635
6	–	10	Pakistan Tobacco Company Limited	–	10
200,000	200,000	10	Pakistan International Bulk Terminal Limited	1,782	2,472
30,000	30,000	10	Pakistan Oil Fields Limited	11,260	12,639
-	230,000	10	Power Cement Limited	1,615	–
6,243,098	–	5	Shabbir Tiles and Ceramics Limited	–	79,974
110,000	–	10	Shah Murad Sugar Mills Limited	–	11,003
711,503	711,503	5	Thal Limited	276,312	299,066
435,458	435,458	10	The Hub Power Company Limited	32,019	34,166
60,062	60,062	10	TPL Insurance Limited	2,398	1,747
43,246	–	10	TPL Corporation Limited	–	247
52,220	59,008	10	The Searle Company Limited	11,891	13,384
150,000	140,000	10	United Bank Limited	16,598	17,267
				965,550	964,872
				2,806,226	2,696,602

	2021	2020
	(Rupees in thousands)	

5.2 UniEnergy Limited (UEL)

Movement of Investment in UEL

Balance at the beginning of the year	12,555	12,408
Gain on remeasurement recognised in other comprehensive income	56	147
Balance at the end of the year	12,611	12,555

5.3 UniFoods Industries Limited (UFIL)

Investment in UFIL has been carried at FVOCI as it is a strategic investment of the Group. Accordingly, the Group has carried out an exercise to ascertain the fair value of investment at the year end using the asset approach and determined that the fair value amounts to Rs.121.20 million.

Based on the above fair valuation exercise, the Company has recorded an unrealised loss of Rs.59.74 million in other comprehensive income for the year (2020: Rs.34.60 million).

Movement of Investment in related party - Unifood	Note	2021	2020
		(Rupees in thousands)	
Balance at beginning of the year		109,032	80,764
Investment made during the year		71,905	62,868
Loss on remeasurement recognised in other comprehensive loss		(59,739)	(34,600)
Balance at the end of the year		121,198	109,032

5.4 The aggregate cost of the above investments is Rs.1,194.74 (2020: Rs.1,020.23) million.

6. Long-term loans - Secured, considered good

Employees (other than executives)	6.1	13,747	12,231
Receivable within next twelve months shown under current assets:			
Employees (other than executives)	10	(6,304)	(6,757)
		7,443	5,474

6.1 Long-term loans of Rs.13.75 (2020: Rs.12.23) million, include loans of Rs.5.91 (2020: Rs.3.83) million to workers which carry no interest as per Company policy and CBA agreement. The balance amount of loan carries interest @ 7% (2020: 7%) per annum. These are secured against property documents and retirement benefits. These loans are carried at cost due to materiality of amounts involved.

	Note	2021	2020
		(Rupees in thousands)	
7. Stores and spare parts			
Stores		123,897	128,178
Provision for obsolescence and slow moving stores	7.1	(17,394)	(13,694)
		106,503	114,484
Spare parts		116,127	100,686
Provision for obsolescence and slow moving spare parts	7.2	(27,606)	(25,306)
		88,521	75,380
		195,024	189,864

7.1 Provision for obsolescence and slow moving stores

Balance at the beginning of the year	13,694	13,694
Provision made during the year	3,700	–
Balance at the end of the year	17,394	13,694

7.2 Provision for obsolescence and slow moving spares

Balance at the beginning of the year	25,306	25,306
Provision made during the year	2,300	–
Balance at the end of the year	27,606	25,306

	Note	2021	2020
		(Rupees in thousands)	
8. Stock-in-trade			
Raw materials			
Distillery division		358,459	165,788
Textile division		16,681	22,091
		375,140	187,879
Work-in-process			
Sugar division		629	1,211
Textile division		50,081	28,930
		50,710	30,141
Finished goods			
Sugar division		1,013,247	277,448
Distillery division		415,054	342,810
Textile division		29,283	29,970
		1,457,584	650,228
Bagasse		10,050	7,105
Fertilizers		1,087	668
		1,894,571	876,021
9. Trade debts - Considered good			
Export – Secured against export documents		11,348	16,318
Local – Unsecured		396,105	132,687
	9.1	407,453	149,005
9.1 The aging of trade debts at September 30, is as follows :			
Not yet due		386,480	130,292
up to 90 days		10,267	10,528
91 to 180 days		10,706	8,185
		407,453	149,005
10. Loans and advances - considered good			
Loans - secured			
Current maturity of long-term loans			
Employees (other than executives)	6	6,304	6,757
Advances - unsecured			
Suppliers		44,126	513,823
		50,430	520,580
11. Trade deposits and short-term prepayments			
Trade deposits		901	751
Short-term prepayments		15,335	9,032
		16,236	9,783
12. Other receivables - Considered good			
Duty drawback and research & development support claim		13,855	9,827
Dividend receivable		9,385	741
Sales tax refundable / adjustable		–	33,537
Others		2,601	1,856
		25,841	45,961

	Note	2021	2020
		(Rupees in thousands)	

13. Short-term investments

Government Securities - at amortised cost				
Market Treasury Bills			13.1	2,002,775	–
Unites of Mutual Funds - FVOCI					
Number of shares					
2020	2021				
–	12,778,051	First Habib Cash Fund - wholly owned subsidiary of related party		1,288,833	–
–	19,580,967	ABL Cash Fund		200,000	–
–	5,255,556	NIT Money Market Fund		50,977	–
			13.2	1,539,810	–
				3,542,585	–

13.1 These carry effective yield of 7.10% to 7.57% (2020: Nil) per annum, having maturity latest by January 2022.

13.2 The aggregate cost of the units of mutual funds is Rs.1,536.01 (2020: Rs.Nil) million.

	Note	2021	2020
		(Rupees in thousands)	

14. Cash and bank balances

Cash in hand		148	125
Balances with banks in:			
Current accounts		5,305	17,735
Treasury call accounts	14.1	63,769	154,394
Term Deposit Receipts	14.2	200,000	3,900,000
	14.3	269,074	4,072,129
		269,222	4,072,254

14.1 Profit rates on treasury call accounts ranged between 5.50% to 6.50% (2020: 5.50% to 11.75%) per annum.

14.2 Profit rates on Term Deposit Receipts ranged between 6.70% (2020: 6.70% to 12.75%) per annum. Maturity of these Term Deposit Receipts are one month.

14.3 Includes Rs.261.65 (2020: Rs.4,055.68) million kept with Bank AL Habib Limited - a related party.

	2021	2020
	(Rupees in thousands)	

15. Issued, subscribed and paid-up capital

2021	2020			
Number of shares				
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 Group includes 14,896,001 (2020: 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	2021	2020
			(Rupees in thousands)	
16.	**Reserves**			
	Capital			
	Share premium		34,000	34,000
	Revenue			
	General reserve	16.1	5,748,500	5,448,500
	Unappropriated profit		1,115,288	714,316
	Unrealised gain on re-measurement of FVOCI investments		1,612,483	1,676,370
			8,476,271	7,839,186
			8,510,271	7,873,186
16.1	At the beginning of the year		5,448,500	4,658,500
	Transferred from unappropriated profit		300,000	790,000
			5,748,500	5,448,500

17. Deferred taxation

	2021	2020
Deferred tax liability on taxable temporary difference:		
on accelerated tax depreciation allowance on operating fixed assets	211,000	208,000
Deferred tax asset on deductible temporary difference:		
Provision for obsolescence and slow moving stores & spare parts	(10,500)	(9,000)
Deferred tax asset carry forward on minimum tax under section 113	–	(9,000)
Deferred tax asset on impairment of investment	(14,500)	(14,500)
Deferred tax asset on lease liability	(4,000)	(5,500)
Deferred tax credit on provision for GIDC	(7,000)	(8,000)
Unabsorbed tax depreciation allowance	(91,000)	(133,000)
Deferred tax assets on re-measurement of investments	(1,000)	–
	(128,000)	(179,000)
	83,000	29,000

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 by the Group as the Group had not passed the burden to their customers/clients. The Group 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 Group is not liable to pay GIDC under GIDC Act 2015.

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

However, as a matter of abundant caution and without prejudice to the suit filed, the Group had made aggregate provision of Rs.138.68 million for GID Cess in the consolidated 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 Gas Infrastructure Development Cess (GIDC). According to the TR, the provision of GIDC is to be re-measured on present value basis. The provision of GIDC of Rs.138.68 million accounted for in September 30, 2020 was re-measured at the present value which works out to Rs.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 consolidated financial statements.

	Note	2021	2020
		(Rupees in thousands)	
Provision for GIDC as on October 01		138,681	138,681
Less: Gain on re-measurement on discounting of GIDC	27	21,273	–
Provision for GIDC as on September 30		117,408	138,681
GIDC shown under Non-current liabilities		84,092	104,011
Payable within next twelve months shown under trade and other payable		33,316	34,670
Provision for GIDC as on September 30		117,408	138,681

19. Lease Liability

Balance at the beginning of the year	19,126	–
Impact of initial application of IFRS 16	–	23,317
Mark-up on lease liability	1,601	2,116
Less: Lease rentals paid	(6,779)	(6,307)
Balance at the end of the year	13,948	19,126
Current portion of long-term lease liabiltiy	6,318	5,178
Long-term lease liability	7,630	13,948

	Note	2021	2020
		(Rupees in thousands)	

20. Trade and other payables

Creditors		1,234,991	1,508,826
Accrued liabilities		415,734	314,009
Sales tax		44,914	–
Payable to Employees Gratuity Fund		809	158
Gas Infrastructure Development Cess	18	33,316	34,670
Workers' Profit Participation Fund (WPPF)	20.1	70,244	42,858
Wokers; Welfare Fund		13,799	23,416
Income-tax deducted as source		175	248
		1,813,982	1,924,185

20.1 Workers' Profit Participation Fund (WPPF)

Balance at the beginning of the year		42,858	71,041
Interest on funds utilized in the Group's business		–	1,592
		42,858	72,633
Amount paid to the WPPF		(42,858)	(72,633)
		–	–
Allocation for the year	26	70,244	42,858
Balance at the end of the year		70,244	42,858

21. Contingencies and commitments

21.1 The Holding Company was selected for audit by tax authorities under section 177 of the Income Tax Ordinance, 2001 for five years (i.e., tax years 2015 to 2019). A detailed audit of Company's tax affairs was carried out by tax authorities and consequent to the audit, during the month of June 2021, the tax authorities passed assessment orders in terms of Section 122(1) of the Ordinance for the above five years whereby unlawful and arbitrary tax demands aggregating to Rs.12.44 billion was raised by making additions/ disallowances under various heads.

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

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

Consequent to the above assessment orders, the Holding Company also received the notices on account of penalty for tax years 2015, 2016 and 2017 aggregating to Rs. 5.86 billion. The Holding Company has also obtained stay against the above show cause notices from the High Court of Sindh vide orders dated July 07, 2021.

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

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

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

Under the above-referred order dated August 6, 2021, penalty of Rs. 493,656,700 has been levied on the Holding Company equivalent to 5% of the total turnover of Rs. 9,873,134,000 as per the audited financial statements for the year ended September 30, 2019. The penalty has been levied on account of alleged 'collective decision of export quantities' by fixing/controlling the supply of sugar and maintaining the desired price levels in the market during the period from the year 2012 to 2020.

The Holding Company alongwith 17 other sugar mills has filed a suit against the above-referred order dated August 6, 2021 through its legal counsel before the Sindh High Court who vide its order No. 2273 of 2021 dated October 7, 2021 has suspended the operation of above impugned order dated August 6, 2021 and August 13, 2021. The hearing had been adjourned till the second week of December 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 8, 2021 wherein identical issues are involved. The Holding 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 has suspended the operation of the above show-cause notice dated October 8, 2021.

The legal counsel of the Holding Company is of the view that penalty has been imposed on the Holding Company alongwith other sugar mills is irrational and unlawful and the proceedings have been concluded by the Chairperson by giving a casting vote in an arbitrary and discriminatory manner without considering the merits of the case. On the basis of the advice of its legal counsel, the Holding Company has not made any provision in these consolidated financial statements in respect of the penalty levied by CCP vide its order dated August 6, 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 Holding Company availed the benefit and claimed Rs.56.56 million on account of reduced rate of FED. Against the aforementioned claim, FBR disallowed an amount of Rs.7.0 million and also levied default surcharge of Rs.0.3 million. The disallowances was on the basis that the benefit of claim accrues and arises from February 07, 2013, the date of SRO No: 77(1) /2013 and not from January 10, 2013, the date of ECC meeting wherein the benefit was approved by ECC. The Holding Company maintains that the sugar mills are entitled to avail the benefit of reduced rate of FED on sugar exported against the export quota allotted by ECC in its meeting held on January 10, 2013. Accordingly, the Holding Company filed a suit before Honourable High Court of Sindh and the operations of the said order were suspended by the Honourable Court vide its order dated April 23, 2014. On November 14, 2018 the Holding Company withdraw the suit & filed an appeal before commissioner inland revenue who vide order dated February 28, 2019 rejected the appeal. The Holding Company then filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) where the appeal is pending. In view of the advice of legal counsel, the Holding Company is confident of a favourable outcome and accordingly no provision has been made in these consolidated financial statements.

21.4 The Government of Sindh vide notification dated July 8, 2014 levied a fee of Rs.0.50 / litre for storage of rectified spirit in bonded warehouse at Terminal Keamari, Karachi. The Holding Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on October 21, 2021 and was adjourned till December 23, 2021. The financial exposure as at September 30, 2021 is Rs.88.94 (2020: Rs.81.41) million. In view of the advice of legal counsel, the Holding Company is confident of a favourable outcome of the case and accordingly no provision has been made in these consolidated financial statements.

21.5 During the year 2009-10 the Holding Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority - PSQCA challenging the notifications issued in respect of registration of the Standard Mark for refined sugar manufactured and sold by the Holding Company and levy of marking fee at the rate of 0.1% of ex-factory price of sugar sold with effect from January 1, 2009.

On December 4, 2012 the Honourable High Court of Sindh decided the case in favour of the Holding Company. Against the above order, PSQCA filed an appeal before the Honourable Supreme Court of Pakistan. On November 25, 2013 the Honourable Supreme Court of Pakistan passed an interim order against PSQCA restraining them from demanding any registration of standard marks / licensing fee from the sugar mills till further order and the case was adjourned to date in office.

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

21.6 The Holding Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.400.00 (2020: 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.535.39 (2020: Rs.588.71) million against guarantees issued by banks in favour of third parties on behalf of the Holding 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.

21.7 Commitments for capital expenditure amounting to Rs.50.03 (2020: Rs.32.27) million.

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

	2021	2020
	(Rupees in thousands)	
Year ending September 30		
2021	–	16,415
2022	23,215	10,868
2023	17,294	4,947
2024	12,732	385
2025	8,780	–
	62,021	32,615

22. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales and services													
Local sales		6,240,800	5,970,913	613,839	433,121	6,727	4,838	31,254	1,329,580	–	–	6,892,620	7,738,452
Less: Sales tax / Federal excise duty		771,427	734,306	83,121	56,207	1,121	806	4,541	193,286	–	–	860,210	984,605
		5,469,373	5,236,607	530,718	376,914	5,606	4,032	26,713	1,136,294	–	–	6,032,410	6,753,847
Export sales		–	–	3,331,900	2,918,086	612,277	489,891	–	–	–	–	3,944,177	3,407,977
Less: Export duty, freight and commission		–	–	14,911	11,865	53,064	27,092	–	–	–	–	67,975	38,957
		–	–	3,316,989	2,906,221	559,213	462,799	–	–	–	–	3,876,202	3,369,020
Net sales		5,469,373	5,236,607	3,847,707	3,283,135	564,819	466,831	26,713	1,136,294	–	–	9,908,612	10,122,867
Services													
Terminal Storage income - net	22.1	–	–	4,067	15,344	–	–	–	–	–	–	4,067	15,344
		5,469,373	5,236,607	3,851,774	3,298,479	564,819	466,831	26,713	1,136,294	–	–	9,912,679	10,138,211
Less: Cost of sales	23	4,961,051	5,147,805	3,035,906	2,501,028	532,342	390,667	22,981	999,374	–	–	8,552,280	9,038,874
Gross profit		508,322	88,802	815,868	797,451	32,477	76,164	3,732	136,920	–	–	1,360,399	1,099,337
Selling and distribution expenses	24	58,628	54,822	128,130	149,143	23,992	24,581	–	2,848	–	–	210,750	231,394
Administrative expenses	25	205,780	180,080	14,009	14,656	6,304	5,762	506	895	62	700	226,661	202,093
		264,408	234,902	142,139	163,799	30,296	30,343	506	3,743	62	700	437,411	433,487
Profit / (loss) before other operating expenses and other income		243,914	(146,100)	673,729	633,652	2,181	45,821	3,226	133,177	(62)	700)	922,988	665,850
Other operating expenses	26											(86,468)	(245,650)
Other income	27											268,007	122,951
Operating profit												1,104,527	543,151

- 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
22.1 Services										
Terminal storage income - net	–	–	10,409	23,471	–	–	–	–	10,409	23,471
Less: Terminal expenses										
Salaries, wages and other benefits - note 22.1.1	–	–	4,078	4,619	–	–	–	–	4,078	4,619
Repairs and maintenance	–	–	178	1,091	–	–	–	–	178	1,091
Water, electricity and gas	–	–	225	310	–	–	–	–	225	310
Rent, rates and taxes	–	–	974	1,136	–	–	–	–	974	1,136
Depreciation - note 3.3	–	–	412	459	–	–	–	–	412	459
Travelling and vehicle running expenses	–	–	118	112	–	–	–	–	118	112
Insurance	–	–	65	86	–	–	–	–	65	86
Other expenses	–	–	292	314	–	–	–	–	292	314
	–	–	6,342	8,127	–	–	–	–	6,342	8,127
	–	–	4,067	15,344	–	–	–	–	4,067	15,344

22.1.1 Salaries, wages and other benefits include a sum of Rs. 0.45 (2020: Rs. 0.46) million in respect of staff retirement benefits.

	2021	2020
	(Rupees in thousands)	

22.2 Geographical Information of customers

Revenues from customers (Country wise)		
Pakistan	6,036,476	6,769,191
South Korea	173,301	50,573
UAE	464,541	1,425,889
United kingdom	819,943	907,921
Singapore	209,921	97,851
Switzerland	1,796,010	517,082
South Africa	131,955	145,594
Taiwan	215,358	195,903
Holland	65,174	28,207
	9,912,679	10,138,211

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		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
23. Cost of sales												
Raw material consumed	5,309,931	3,547,097	2,658,114	2,171,767	397,736	268,432	–	–	–	–	8,365,781	5,987,296
Salaries, wages and other benefits - note 23.1	352,393	336,366	105,470	86,250	15,601	15,309	–	–	–	–	473,464	437,925
Process chemicals	51,702	45,961	31,601	31,685	–	–	–	–	–	–	83,303	77,646
Packing material	52,306	41,433	–	–	25,319	19,154	–	–	–	–	77,625	60,587
Dyeing, weaving and other charges	–	–	–	–	74,282	64,323	–	–	–	–	74,282	64,323
Stores and spare parts consumed	96,082	89,299	41,265	40,118	–	–	–	–	–	–	137,347	129,417
Provision for obsolescence and slow moving stores & spares -note 7.1	6,000	–	–	–	–	–	–	–	–	–	6,000	–
Rent, rates, taxes and lease rentals	7,700	8,341	10,460	10,744	1,664	1,854	–	–	–	–	19,824	20,939
Water, fuel and power	63,059	64,658	91,179	213,787	47,734	33,045	–	–	–	–	201,972	311,490
Repairs and maintenance	142,745	113,752	89,215	85,556	5,496	5,920	–	–	–	–	237,456	205,228
Legal and professional charges	7,094	4,812	–	–	–	–	–	–	–	–	7,094	4,812
Insurance	7,320	7,610	7,251	6,980	1,007	812	–	–	–	–	15,578	15,402
Postage, telephone and stationery	5,861	5,055	–	–	–	–	–	–	–	–	5,861	5,055
Depreciation / amortization - note 3.3	162,746	162,462	64,792	70,080	4,017	4,461	–	–	–	–	231,555	237,003
Other manufacturing expenses	35,408	32,854	8,803	6,584	242	221	–	–	–	–	44,453	39,659
Duty drawback / Rebate	–	–	–	–	(20,292)	(31,496)	–	–	–	–	(20,292)	(31,496)
Bagasse transferred to distillery division	(59,723)	(38,425)	–	–	–	–	–	–	–	–	(59,723)	(38,425)
Molasses transferred to distillery division	(544,356)	(394,624)	–	–	–	–	–	–	–	–	(544,356)	(394,624)
Sale of Electricity	–	(6,783)	–	–	–	–	–	–	–	–	–	(6,783)
	386,337	472,771	450,036	551,784	155,070	113,603	–	–	–	–	991,443	1,138,158
Manufacturing cost	5,696,268	4,019,868	3,108,150	2,723,551	552,806	382,035	–	–	–	–	9,357,224	7,125,454
Opening stock of work-in-process	1,211	1,109	–	–	28,930	42,719	–	–	–	–	30,141	43,828
Closing stock of work-in-process	(629)	(1,211)	–	–	(50,081)	(28,930)	–	–	–	–	(50,710)	(30,141)
	582	(102)	–	–	(21,151)	13,789	–	–	–	–	(20,569)	13,687
Cost of goods manufactured	5,696,850	4,019,766	3,108,150	2,723,551	531,655	395,824	–	–	–	–	9,336,655	7,139,141
Opening stock of finished goods	277,448	1,405,487	342,810	120,287	29,970	24,813	–	2,980	–	–	650,228	1,553,567
Purchases	–	–	–	–	–	–	22,981	996,394	–	–	22,981	996,394
Closing stock of finished goods	(1,013,247)	(277,448)	(415,054)	(342,810)	(29,283)	(29,970)	–	–	–	–	(1,457,584)	(650,228)
	(735,799)	1,128,039	(72,244)	(222,523)	687	(5,157)	22,981	999,374	–	–	(784,375)	1,899,733
	4,961,051	5,147,805	3,035,906	2,501,028	532,342	390,667	22,981	999,374	–	–	8,552,280	9,038,874

23.1 Salaries, wages and other benefits include a sum of Rs. 11.72 (2020: Rs. 11.68) million in respect of staff retirement benefits.

23.1 Salaries, wages and other benefits include a sum of Rs. 11.72 (2020: Rs. 11.68) million in respect of staff retirement benefits.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
24. Selling and distribution expenses												
Salaries, wages and other benefits - note 24.1	6,599	7,095	7,460	6,178	5,667	5,748	–	–	–	–	19,726	19,021
Insurance	2,700	2,344	3,046	2,225	50	62	–	–	–	–	5,796	4,631
Rent, rates, taxes and lease rentals	1,529	1,605	958	661	–	–	–	–	–	–	2,487	2,266
Transport, freight, handling and forwarding expenses	47,800	43,778	113,414	135,971	5,917	4,935	–	2,848	–	–	167,131	187,532
Other expenses	–	–	3,252	4,108	12,358	13,836	–	–	–	–	15,610	17,944
	58,628	54,822	128,130	149,143	23,992	24,581	–	2,848	–	–	210,750	231,394

24.1 Salaries, wages and other benefits include a sum of Rs. 1.19 (2020: Rs. 1.05) million in respect of staff retirement benefits.

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
25. Administrative expenses												
Salaries, wages and other benefits - note 25.1	118,961	98,311	7,460	7,101	4,693	4,372	462	524	–	400	131,576	110,708
Insurance	1,651	1,355	65	108	–	–	4	–	–	–	1,720	1,463
Repairs and maintenance	2,665	3,453	167	717	339	167	–	–	–	–	3,171	4,337
Postage, telephone and stationery	4,518	4,695	525	551	253	186	–	–	–	10	5,296	5,442
Travelling and vehicle running expenses	17,023	15,219	118	1,470	–	–	34	–	–	72	17,175	16,761
Rent, rates, taxes and lease rentals	2,307	2,700	2,098	2,074	–	–	–	–	–	–	4,405	4,774
Water, electricity and gas	3,840	3,470	226	248	72	69	–	–	–	–	4,138	3,787
Fees, subscription and periodicals	3,246	2,659	16	28	42	19	–	–	2	89	3,306	2,795
Legal and professional charges	2,719	996	1,900	664	–	360	–	–	–	–	4,619	2,020
Directors' meeting fee	680	730	–	–	–	–	–	–	–	–	680	730
Depreciation - note 3.3	2,673	2,784	229	239	301	95	–	–	–	69	3,203	3,187
Right-of-use assets - note 4.1	5,829	5,829	–	–	–	–	–	–	–	–	5,829	5,829
Auditors' remuneration - note 25.2	1,676	1,712	928	1,078	136	151	6	371	60	60	2,806	3,372
Other expenses - note 25.3	37,992	36,167	277	378	468	343	–	–	–	–	38,737	36,888
	205,780	180,080	14,009	14,656	6,304	5,762	506	895	62	700	226,661	202,093

25.1 Salaries, wages and other benefits include a sum of Rs. 4.09 (2020: Rs. 3.7) million in respect of staff retirement benefits.

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
25.2 Auditors' remuneration												
Statutory audit fee	982	925	692	582	101	82	5	201	–	–	1,780	1,790
Annual Audit fee - Subsidiary Company	–	–	–	–	–	–	–	–	60	60	60	60
Half yearly review fee	248	197	175	124	26	17	1	43	–	–	450	381
Cost audit	250	–	–	–	–	–	–	–	–	–	250	–
Tax / other services	109	417	–	263	–	37	–	90	–	–	109	807
Out of pocket expenses	87	173	61	109	9	15	0	37	–	–	157	334
	1,676	1,712	928	1,078	136	151	6	371	60	60	2,806	3,372

25.3 Sugar division's other expenses include donation of Rs.29.30 (2020: Rs. 28.0) million as per details below:

Name of Institution	2021	2020
	(Rupees in thousands)	
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	–
Friend Educational & Medical Trust	500	–
	29,300	28,000

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
25.4.1 Segment assets	3,197,626	2,162,019	1,449,561	1,703,705	426,933	429,230	–	4,304	5,074,120	4,299,257
Subsidiary Company									357	434
Unallocated assets									6,761,011	6,806,948
									11,835,488	11,106,639
25.4.2 Segment liabilities	1,774,733	1,666,690	408,380	467,058	101,792	119,274	745	7,241	2,285,650	2,260,263
Subsidiary Company									180	210
Unallocated liabilities									289,387	222,980
									2,575,217	2,483,453
25.4.3 Capital expenditure	253,867	199,276	–	40,793	–	53	–	–	253,867	240,122

	Note	2021	2020
		(Rupees in thousands)	
26. Other operating expenses			
Workers' Profit Participation Fund	20.1	70,244	42,858
Workers' Welfare Fund		10,300	10,000
Exchange loss - net		5,924	7,783
Provision for Gas Infrastructure Development Cess		–	138,681
Assets written off - Subsidiary Company		–	46,328
		86,468	245,650
27. Other income			
Income from financial assets			
Dividend income	27.1	227,791	107,675
Income from non financial assets			
Gain on disposal of fixed assets		4,388	7,447
Remeasurement gain on discounting of Provision for GIDC		21,273	–
Agricultural income		2,105	2,642
Scrap sale		12,450	5,187
		40,216	15,276
		268,007	122,951

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

	Note	2021	2020
		(Rupees in thousands)	
Bank AL Habib Limited		108,715	84,478
Habib Insurance Company Limited		2,682	2,682
		111,397	87,160
28. Finance income - net			
Profit on treasury call accounts	14.1	13,988	28,543
Profit on term deposits receipts	14.2	91,166	237,970
Government Securities		47,792	70,956
Interest on loan to employees		506	536
		153,452	338,005
Less:			
Mark-up / interest on:			
Short-term borrowings	28.2 & 28.3	(42,762)	(47,069)
Workers' Profit Participation Fund		–	(1,592)
Lease Liability		(1,601)	(2,116)
Bank charges		(13,921)	(13,215)
		(58,284)	(63,992)
		95,168	274,013

		2021	2020
		(Rupees in thousands)	
28.1	Finance income received	146,368	328,135
	Finance charges paid	(58,284)	(63,992)
	Finance income received - net	88,084	264,143

28.2 The financial facilities from various commercial banks amounted to Rs.7,562 (2020: Rs.7,637) million.

28.3 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% (2020: 0.50% to 15.35%) per annum.

		Note	2021	2020
			(Rupees in thousands)	
29.	**Taxation**			
	Income tax - current		150,006	150,003
	Deferred tax		55,000	(40,000)
		29.1	210,006	110,003
29.1	**Reconciliation of tax charge for the year**			
	Accounting profit		1,199,695	817,164
	Corporate tax rate		29%	29%
	Tax on accounting profit at applicable rate		347,912	236,978
	Tax effect of timing differences		55,000	(40,000)
	Tax effect of lower tax rates on export and certain income		(209,501)	(101,537)
	Tax effect of income exempt from tax		(6,780)	(766)
	Tax effect of expenses that are inadmissible in determining taxable income		23,375	15,328
			(137,906)	(126,975)
			210,006	110,003

29.2 The income tax return for the Tax year 2021 (financial year ended September 30, 2020) has been filed.

		2021	2020
		(Rupees in thousands)	
30.	**Earnings per share - Basic and diluted**		
	Profit after taxation	989,689	707,161
		Number of shares	
	Number of ordinary shares of Rs. 5 each	150,000,000	150,000,000
	Earnings per share - Basic and diluted (Rupees)	6.60	4.71

	2021	2020
	(Rupees in thousands)	

31. Cash generated from operations

Profit before taxation	1,199,695	817,164
Adjustment for non-cash charges and other items		
Depreciation / amortization	240,999	246,478
Provision for obsolescence and slow moving stores	(6,000)	–
Gain on disposal of fixed assets	(4,388)	(7,447)
Impairment on investments	–	46,327
Finance income - net	(95,168)	(274,013)
Mark-up on lease liability	1,601	2,116
Dividend income	(227,791)	(107,675)
Remeasurement gain on discounting of provision for GIDC	(21,273)	–
	(112,020)	(94,214)
Working capital changes - note 31.1	(731,297)	1,438,961
	356,378	2,161,911

31.1 Working capital changes

(Increase) / decrease in current assets		
Stores and spare parts	840	(17,929)
Stock-in-trade	(1,018,550)	964,384
Trade debts	(258,448)	238,292
Loans and advances	470,150	370,272
Trade deposits and short-term prepayments	(6,453)	96
Other receivables	28,764	57,944
	(783,697)	1,613,059
Increase / (decrease) in current liabilities		
Trade and other payables	(109,658)	23,901
Advance from customers	162,058	(197,999)
	52,400	(174,098)
Net changes in working capital	(731,297)	1,438,961

32. Remuneration of Chief Executive, Directors and Executives

	2021				2020			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	14,400	10,200	86,918	111,518	13,632	8,616	90,228	112,476
Perquisites								
Telephone	42	15	430	487	44	18	407	469
Bonus	–	–	13,193	13,193	–	–	10,942	10,942
Medical	119	398	2,772	3,289	338	341	3,448	4,127
Utilities	–	429	–	429	–	606	–	606
Entertainment	–	243	–	243	–	238	–	238
Retirement benefits	1,058	776	6,600	8,434	971	635	7,102	8,708
	15,619	12,061	109,913	137,593	14,985	10,454	112,127	137,566
Number of persons	1	1	24	26	1	1	27	29

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

32.2 Six non-executive directors (2020: Six) have been paid fees of Rs. 0.68 (2020: 0.73) million for attending board and other meetings.

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, advances, 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:

	2021	2020
	(Rupees in thousands)	
Long-term loans	7,443	5,474
Long-term deposits	3,948	3,928
Trade debts	407,453	149,005
Loans and advances	50,430	520,580
Trade deposits	901	751
Profit accrued on bank deposits	21,721	14,637
Other receivables	25,841	45,961
Bank balances	269,074	4,072,129
	786,811	4,812,465

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:

	2021	2020
	(Rupees in thousands)	
33.1.1 Trade debts		
Customers with no defaults in the past one year	399,517	149,005
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	7,936	–
	407,453	149,005
33.1.2 Bank Balances		
A1+	267,686	4,071,141
A2	1,388	988
	269,074	4,072,129

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.263.41 (2020: 4,054.39) 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.1.87 (2020: Rs.28.79) 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:

			2021	2020
			(Respective Currency)	
Trade debts		$	20,180	–
"		£	34,458	76,608
Advance from customers		$	656,221	969,418
The following significant exchange rates have been applied at the reporting dates:				
Exchange rates	buying	$	170.60	165.90
	selling	$	170.80	166.10
	buying	£	229.43	213.00
	selling	£	229.70	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, 2021	+10	10,073	10,085
	-10	(10,073)	(10,085)
September 30, 2020	+10	14,468	14,484
	-10	(14,468)	(14,484)

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 (2020: 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, 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	–	416,718	1,397,264	–	–	1,813,982
Advance from customers	–	482,464	–	–	–	482,464
Lease Liability	–	6,318	–	7,630	–	13,948
	–	905,500	1,397,264	7,630	–	2,310,394

Year ended September 30, 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Trade and other payables	–	314,205	1,713,781	–	–	2,027,986
Advance from customers	–	320,406	–	–	–	320,406
Lease Liability	–	2,519	2,659	13,948	–	19,126
	–	637,130	1,716,440	13,948	–	2,367,518

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 (2020: 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

	2021	2020
	(Rupees in thousands)	
Fair value through other comprehensive income		
Investments in related parties - Quoted	1,706,867	1,610,143
Investments in related parties - Unquoted	133,809	121,587
Investments in other companies - Quoted	965,550	964,872
Investments in units of mutual funds	1,539,810	–
	4,346,036	2,696,602
At amortised cost		
- Loans and advances	13,747	12,231
- Deposits	4,849	4,679
- Trade debts	407,453	149,005
- Profit accrued on bank deposits	21,721	14,637
- Other receivables	25,841	12,424
- Investment in Government Securities	2,002,775	–
- Cash and bank balances	269,222	4,072,254
	2,745,608	4,265,230
	7,091,644	6,961,832

33.6.2 Financial liabilities as per statement of financial position

At amortised cost		
- Trade and other payables	1,813,982	1,924,185
- Unclaimed dividend	97,731	86,725
	1,911,713	2,010,910

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.

	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

	2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)			
Long-term investments	2,575,015	–	121,587	2,696,602
Short-term investments: units of mutual funds	–	–	–	–
	2,575,015	–	121,587	2,696,602

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

	2021			2020		
	Quantity		Working days	Quantity		Working days
34.1 Sugar division						
Crushing capacity	11,000	M.Tons Per Day		11,000	M. Tons Per Day	
Crushing based on actual working days	1,188,000	M. Tons	108	1,111,000	M. Tons	101
Actual crushing	761,667	M. Tons	108	620,425	M. Tons	101
Sucrose recovery	10.36	%		9.91	%	
Sugar production	78,910	M. Tons		61,488	M. Tons	

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

	2021			2020		
	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	24,251	M. Tons	335	25,206	M. Tons	346

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	8,477	M. Tons	264	7,583	M. Tons	255

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	732,011	Kgs.	344	608,561	Kgs.	293

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:

	2021	2020
	(Rupees in thousands)	
Size of the fund - Total assets	336,024	336,039
Fair value of investments	319,786	320,834
Percentage of investments made	95.17	95.48

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:

	2021	2020	2021	2020
	(Percentage)		(Rupees in thousands)	
National savings scheme	89.21	84.17	285,288	270,057
Bank deposits	10.75	15.79	34,381	50,660
Debt securities	0.04	0.04	117	117
	100.00	100.00	319,786	320,834

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.

	2021	2020
	(Number)	

36. Number of Employees

Number of employees including contractual employees at September 30,	541	520
Average number of employees including contractual employees during the year	537	526

37. Transactions with related parties

Related parties comprise of 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	2021	2020
		(Rupees in thousands)	
Related Parties			
Bank Al Habib Limited	Profit on Treasury call account	104,765	262,607
	Dividend received	108,615	84,478
	Dividend paid	25,892	25,892
	Bank charges	244	204
Al Habib Assets Management subsidiary of Bank AL Habib Limited	Purchase of Investment	4,385,080	–
	Dividend received	32,705	–
	Sale of Invesment	3,100,000	–
	Capital gain	6,318	–
Habib Insurance	Insurance premium paid	17,162	21,282
	Insurance claim received	1,515	9,120
	Dividend received	2,682	2,682
	Dividend paid	12,234	12,234
Uni Food Industries Limited	Investment in shares	71,904	62,868
Habib Mercantile Company Limited	Dividend paid	1,404	1,404
Habib Sons (Pvt.) Limited	Dividend paid	1,433	1,433
Retirement benefit funds	Contribution to retirement funds	16,551	16,077

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

Following are the related parties with whom the company had entered into transactions or have arrangement / agreement in place.

Name	Basis of association	Percentage of shareholding
Bank AL Habib Limited	Common directorship	2.17
Habib Insurance Company Limited	Common directorship	4.32
Habib Mercantile Company (Pvt.) Limited	Common directorship	-
Habib Sons (Pvt.) Limited	Common directorship	-
Habib Assets Management Limited	Common directorship	-
Hasni Textile (Pvt.) Limited	Common directorship	-
UniEnergy Limited	Key Management Personnel is a director	12.50
Uni Food Industries Limited	Key Management Personnel are directors	19.68
Habib Sugar Mills Limited - Employees Gratuity Fund	Retirement Benefit Fund	-
Habib Sugar Mills Limited - Staff Provident Fund	Retirement Benefit Fund	-

38. Dividend

The Board of Directors of the Company in their meeting held on December 28, 2021 have proposed a final cash dividend of Rs.3.00 per share (60%) for the year ended September 30, 2021. 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 26, 2022.

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 28, 2021 by the Board of Directors of the Holding Company.

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza Habib
Director

Pattern of Shareholding as at September 30, 2021

Number of Shareholders	Size of Shareholding From	To	Total Number of Shares held
1,448	1	100	33,580
836	101	500	246,068
480	501	1,000	373,119
1,292	1,001	5,000	3,020,246
265	5,001	10,000	1,964,949
112	10,001	15,000	1,386,866
67	15,001	20,000	1,179,681
45	20,001	25,000	1,007,615
30	25,001	30,000	841,268
18	30,001	35,000	585,946
20	35,001	40,000	717,674
15	40,001	45,000	638,783
16	45,001	50,000	776,073
15	50,001	55,000	794,237
7	55,001	60,000	401,373
8	60,001	65,000	508,548
5	65,001	70,000	335,392
8	70,001	75,000	576,711
5	75,001	80,000	390,774
2	80,001	85,000	165,000
5	85,001	90,000	432,858
5	90,001	95,000	460,769
4	95,001	100,000	397,500
1	100,001	105,000	100,403
1	105,001	110,000	109,877
2	110,001	115,000	227,875
1	115,001	120,000	120,000
1	125,001	130,000	125,757
5	130,001	135,000	659,324
2	135,001	140,000	274,482
3	140,001	145,000	425,385
2	145,001	150,000	300,000
2	150,001	155,000	309,348
1	160,001	165,000	162,000
2	175,001	180,000	356,251
1	185,001	190,000	185,779
2	200,001	205,000	401,510
1	205,001	210,000	205,156
1	225,001	230,000	226,846
1	245,001	250,000	250,000
1	255,001	260,000	256,500
2	280,001	285,000	567,330
1	285,001	290,000	289,337
2	295,001	300,000	600,000
1	300,001	305,000	304,940
2	305,001	310,000	615,646
1	320,001	325,000	320,446
1	325,001	330,000	657,539
1	340,001	345,000	340,740
1	345,001	350,000	350,000
1	350,001	355,000	352,000
1	355,001	360,000	359,970
1	365,001	370,000	368,825
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
1	445,001	450,000	445,536
2	460,001	465,000	926,233
1	510,001	515,000	510,668
2	520,001	525,000	1,046,263
1	555,001	560,000	560,000
1	570,001	575,000	572,918
1	580,001	585,000	584,000
1	585,001	590,000	588,000
1	595,001	600,000	597,032

Pattern of Shareholding as at September 30, 2021

Number of Shareholders	Size of Shareholding From	To	Total Number of Shares held
1	775,001	780,000	779,567
1	800,001	805,000	804,500
1	845,001	850,000	850,000
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	995,001	1,000,000	1,000,000
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
3	1,285,001	1,290,000	3,866,686
1	1,415,001	1,420,000	1,418,565
1	1,440,001	1,445,000	1,440,330
1	1,510,001	1,515,000	1,510,668
1	1,520,001	1,525,000	1,523,450
1	1,685,001	1,690,000	1,688,251
1	1,815,001	1,820,000	1,818,989
1	1,825,001	1,830,000	1,827,819
1	1,865,001	1,870,000	1,866,906
1	1,995,001	2,000,000	1,997,171
1	2,025,001	2,030,000	2,029,070
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	7,630,001	7,635,000	7,631,753
1	9,415,001	9,420,000	9,415,312
1	26,510,001	26,515,000	26,513,125
4,808			150,000,000

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
General Public (Local)	4,613	55,221,793	36.81
General Public (Forigen)	116	5,398,551	3.60
Insurance Companies	4	10,530,785	7.02
Joint Stock Companies	48	39,247,364	26.16
Financial Institutions	7	23,675,540	15.79
Modaraba Companies	2	1,521,068	1.01
Charitable Trust	15	14,394,922	9.60
Societies	2	9,976	0.01
Corporate Law Authority	1	1	0.00
	4,808	150,000,000	100.00

Pattern of Shareholding as at September 30, 2021

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	7,631,753
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
Adnan Arfidi (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
Raeesul Hasan	Chief Executive	1	31
Mrs. Tahira Asghar D. Habib w/o Mr. Asghar D. Habib		1	1,997,171
Mrs. Razia w/o Mr. Ali Raza D. Habib		1	368,825
Executives		1	49
Public Sector Companies and Corporations		46	38,215,433
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful Modarabas and Pension Funds		9	14,230,839
General Public			
a) Local		4,603	44,987,806
b) Foreign		116	5,398,551
Others			
Charitable & Other Trusts		15	14,294,922
Socieities		2	9,976
Government Institution		1	1
		4,808	150,000,000

Shareholders holding 10% or more voting rights

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

۱۱۔سال کے دوران بورڈ کے چار 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	4
جناب علی رضا ڈی حبیب	1
جناب عدنان آفریدی	3
جناب مرتضیٰ حبیب	4
محترمہ طیبہ مسلم حبیب	4
جناب شمس محمد حاجی	4
جناب فاروق حبیب رحیم تولا	4
جناب رئیس الحسن	4

۱۲۔شیئر ہولڈنگ کے طریقہ اور اس سے متعلق اضافی معلومات صفحہ نمبر 131 اور 132 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 133 پر دی گئی ہے۔

جنرل:

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

رئیس الحسن
چیف ایگزیکٹیو

مرتضیٰ حبیب
ڈائریکٹر

کراچی مورخہ 28 دسمبر 2021ء

خصوصی افراد کے لئے روزگار:

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۔

صنعتی تعلقات:

کمپنی کے اندر ہم آہنگ کام کا ماحول اور دوستانہ صنعتی تعلقات موجود ہے۔

قومی خزانے میں حصہ داری:

زیرہ جائزہ سال کے دوران آپ کی کمپنی نے ٹیکسز، محصولات، سیلز ٹیکس اور ایکسائز کی مد میں 1137.5 ملین روپے خزانے میں جمع کرائے ہیں اس کے علاوہ قیمتی زرمبادلہ بھی حاصل کیا جو کہ مبلغ 3943.32 ملین روپے (US $ 24.6 ملین) کے مساوی ہیں ایتھانول اور گھریلو ٹیکسٹائل کی ایکسپورٹ سے حاصل کیا۔

آڈیٹرز:

آڈیٹرز میسرز EY فورڈ روڈز چارٹرڈ اکاؤنٹ نے اپنا قانونی آڈٹ کی ذمہ داری 30 ستمبر 2021 کو ختم ہونے والے سال مکمل کرلیا اور سالانہ اجلاس عام کے ختم ہونے پر ریٹائر ہو رہے ہیں۔

ریٹائر ہونے والے آڈیٹرز میسرز EY فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس نے آئندہ سال تقرری کے لئے پیشکش نہیں کی ہے۔ ہم ان کی خدمات پر مخلصانہ طور پر شکر گزار ہیں اور ان کی خدمات کی تعریف کرتے ہیں۔

آڈٹ کمیٹی بورڈ نے میسرز گرانٹ تھورن ٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس کو آئندہ سال کے لئے کمپنی کے آڈیٹرز کے طور پر تقرری اور اسکے 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 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 مئوثر 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 کار 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 9 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 گریجوئٹی کا ڈیپازٹ / کرنٹ اکاؤنٹ میں بیلنس 30 ستمبر 2021 کو درج ذیل ہے۔

	(روپے ہزاروں میں)
پروویڈنٹ فنڈ	319,786
گریجوئٹی فنڈ	123,466

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 دیگر امور شامل ہیں۔

کمیونٹی کی سرمایہ کاری اور ویلفیئر اسکیم:

ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے کمپنی نے باقاعدہ بنیاد پر کئی ویلفیئر سرگرمیوں میں حصہ لیا 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 کی معاونت اور 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۔ 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 190 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 13.3 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۔

ماحولیات:

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 اور خطیر رقم خرچ 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 رہے۔ پلانٹ کی کارکردگی میں اضافہ واقع ہوا اور پلانٹ CSTR نظام کے تحت کام کر رہا ہے جو کہ بائیوگیس کی شکل میں توانائی کے حصول سے متعلق 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 جا رہی 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۔

صحت حفاظت اور سیکیورٹی:

ایک ذمہ دار ادارے کے طور پر کمپنی اس بات پر مکمل اتفاق کرتی ہے کہ صحت حفاظت اور سیکیورٹی کا اعلیٰ معیار قائم کیا جائے۔ کمپنی باقاعدگی سے آس پاس رہنے والے لوگوں کو طبی ضروریات اور امداد فراہم کرتی ہے۔

ڈسٹلری ڈویژن:

ڈسٹلری ڈویژن میں 27 دسمبر 2021 تک ایتھانول کی پیداوار 4,664 میٹرک ٹن ہوئی اور لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ کی پیداوار 1,310 میٹرک ٹن ہوئی۔

ٹیکسٹائل ڈویژن:

اضافی برآمدات کی نئی منڈی کی تلاش کی جارہی ہے تاکہ فروخت کا حجم اور منافع کو برقرار رکھا جائے۔

بگاس پر مبنی کوجنریشن 26.5 میگاواٹ (ایم ڈبلیو) منصوبہ میں سرمایہ کاری:

جیسا کہ 2020 کی سالانہ رپورٹ میں بتایا گیا تھا کہ بورڈ آف ڈائیریکٹر 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۔

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 گریڈ کو بیچے گی۔ اور 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 بزنس میں سرمایہ کاری:

کمپنی کی بصارت کے حوالے سے کمپنی نے یونی فوڈ انڈسٹریز لمیٹڈ میں 30 ستمبر 2021ء تک 328.46 ملین روپے کی سرمایہ کاری کی ہے جو کہ ایک غیر درج شدہ کمپنی ہے۔ کمپنی کا اہم کاروبار کنفیکشنری آئٹمز اور دیگر متعلقہ پروڈکٹس کی برانڈ اور اس کی مینوفیکچرنگ ہے۔ آج کل کمپنی کو دوسرے مینوفیکچررز سے سخت مقابلہ ہے اور ملک میں Covid/لاک ڈاؤن کی صورتحال کی وجہ سے مارکیٹ چیلنجز کا سامنا ہے۔ تاہم انتظامیہ انتہائی کوشش کر رہی ہے کہ فروخت کے حجم میں بہتری رہے اور لاگت میں کمی کی جائے۔

بورڈ اینڈ منیجمنٹ 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 انڈیپنڈینٹ 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	چیئرمین	4
جناب فاروق حبیب رحیم تولا	ممبر	4
محترمہ طیبہ مسلم حبیب	ممبر	4

HR اور معاوضہ کمیٹی:

کمپنی نے نظم وضبط کے تحت HR اور معاوضہ کمیٹی کو رڈ 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 انڈیپنڈینٹ 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 رئیس الحسن	ممبر	1

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2020-21	2019-20
آپریشن کی مدت	ایام	344	293
سوت کی مقدار	کلوگرام	850,107	716,804
تیار مال کی پیداوار	"	732,011	608,561

ٹریڈنگ ڈویژن:

زیرِ نظر مدت کے دوران کوئی قابل ذکر کاروبار نہیں کیا۔ ڈویژن نے 3.23 ملین روپے کا منافع شکر کی تجارت پر ہوا۔ گزشتہ سال کے دوران 133.17 ملین روپے کا منافع تھا۔

گیس انفرااسٹرکچر ڈویلپمنٹ سیس: (GIDC)

عزت مآب سپریم کورٹ آف پاکستان نے 13 اگست 2020 کو گیس انفرااسٹرکچر ڈویلپمنٹ سیس (GIDC) کے مقدمہ کا فیصلہ کیا کہ GIDC ایکٹ 2015 کے تحت GIDC سیس قانونی اور واجب الادا ہے۔ لہٰذا ستمبر 2020 میں 138.68 ملین روپے حسابات میں لے لئے گئے تھے۔ (حوالہ نوٹ نمبر 26 حسابات کے نوٹس کا)
جنوری 2021 میں انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹ آف پاکستان (ICAP) نے ٹیکنیکل ریلیز (TR) جاری کیا اور ہدایات کی کہ جی آئی ڈی سیس کی فراہمی بیلنس شیٹ کی ہر تاریخ پر دوبارہ پیمائش کی جائے گی اور اس ہدایات کے مطابق جی آئی ڈی سیس کی فراہمی از سرِ نو پیمائش کے نتیجہ میں 21.27 ملین روپے کا فائدہ ان مالیاتی حسابات میں لیا گیا ہے۔ (حوالہ نوٹ نمبر 27 حسابات کے نوٹس کا)

مستقبل کا پروگرام:

شوگر ڈویژن:

کمپنی کے شوگر ڈویژن نے کرشنگ 17 نومبر 2021 سے شروع کر دی اور 27 دسمبر 2021 تک گنے کی کل کرشنگ 349,778 میٹرک ٹن تھی جبکہ اوسط ریکوری کا تناسب 9.67 فیصد اور شکر کی پیداوار 33,839 میٹرک ٹن بشمول شکر ان پروسیس تھی۔

حکومت سندھ نے 4 نومبر 2021ء کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 22-2021 کے نوٹیفکیشن کا اجراء کیا جس میں گنے کی قیمت 250 روپے فی 40 کلوگرام مقرر کی گئی۔ اس کے مقابلتاً سیزن 21-2020 کے 202 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۔
حکومت سندھ کی مقرر کردہ کم از کم سپورٹ پرائس پنجاب کے مقابلتاً 25 روپے فی 40 کلوگرام سے زیادہ ہے پنجاب کی مقررہ کردہ کم از کم سپورٹ پرائس 225 روپے فی 40 کلوگرام ہے۔

نومبر 2021 کو سندھ میں قائم زیادہ تر چینی کی ملوں نے کم از کم سپورٹ پرائس کے نوٹیفکیشن کو عزتِ مآب ہائی کورٹ آف سندھ میں چیلنج کر دیا۔ عزتِ مآب ہائی کورٹ آف سندھ نے 24 نومبر 2021 کی اعتراف شدہ نوٹیفکیشن کے عمل کو معطل کر دیا اور مدعا علیہ کو مدعی کے خلاف اس نوٹیفکیشن کے بابت کسی بھی منفی اور زبردستی کارروائی سے منع کیا ہے۔ اس معاملے کی کاروائی عزتِ مآب ہائی کورٹ آف سندھ میں زیرالتواء ہے۔

کاشتکاروں نے گنے کی دستیابی/رسد کو روکنے وجہ کر شوگر ملوں میں گنے کی خریداری پر آپس میں مسابقت رہے گی اور دوسرے ملوں کی طرح ہماری مل بھی گنے کی زیادہ قیمت ادا کر کے اسی کی دستیابی کو یقین بنا رہی ہے۔ گنے کی قیمت میں اضافے کی وجہ سے چینی کی پیداواری کی لاگت میں اضافہ ہوگا اور منافع پر بھی اثر انداز ہوگا۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2020-21	2019-20
کرشنگ کی مدت	ایام	108	101
گنے کی کرشنگ	میٹرک ٹن	761,667	620,425
	40 kgs	19,041,674	15,510,621
شکر کی اوسط ریکوری	%	10.36	9.91
شکر کی پیداوار	میٹرک ٹن	78,910	61,488

زیرِ جائزہ سال کے دوران ڈویژن نے 243.91 ملین روپے کا منافع کیا۔ اس کے مقابلتاً گزشتہ سال اسی مدت کے دوران 146.10 ملین روپے کا خسارہ ہوا تھا۔ گزشتہ سال کے مقابلتاً منافع میں بہتری کرشنگ کے حجم، ریکوری اور چینی کی قیمت فروخت میں اضافہ کی وجہ سے ہوا۔

ڈسٹلری ڈویژن:

اس ڈویژن نے مبلغ 673.73 ملین روپے منافع حاصل کیا جس کا موازنہ گزشتہ سال کے منافع کی رقم 633.65 ملین روپے سے کیا جاسکتا ہے۔ منافع میں اضافہ بہتر ریکوری اور ایتھانول کی قیمت فروخت گزشتہ سال کے مقابلتاً بہتر رہی۔

لیکویڈ فائڈ کاربن ڈائی آکسائیڈ (CO_2) یونٹ 8,477 میٹرک ٹن پیداوار ہوئی ہے جس کا موازنہ گزشتہ سال کی پیداوار 7,583 میٹرک ٹن سے کیا جاسکتا ہے۔ یونٹ کا حاصل کردہ آپریٹنگ منافع ڈویژن کے منافع میں شامل ہے۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

ایتھانول		2020-21	2019-20
آپریشن کی مدت	ایام	335	346
شیرے کی مقدار	میٹرک ٹن	126,512	134,770
اوسط ریکوری	"	19.17	18.70
ایتھانول کی پیداوار	%	24,251	25,206
لیکویڈ فائڈ کاربن ڈائی آکسائیڈ (CO_2)			
آپریشن کی مدت	ایام	264	255
لیکویڈ فائڈ کاربن ڈائی آکسائیڈ (CO_2) کی پیداوار	میٹرک ٹن	8,477	7,583

ٹیکسٹائل ڈویژن:

ٹیکسٹائل ڈویژن کا منافع 2.18 ملین روپے ہوا جس کا موازنہ گزشتہ سال کے منافع 45.82 ملین روپے سے کیا جاسکتا ہے۔ گزشتہ سال کے منافع میں 13.45 ملین روپے شامل تھا جو کہ حکومت کی طرف سے برآمدات میں اضافہ کی کارکردگی پر ملا تھا۔ موجودہ سال کے نتائج مال برداری کے کرائے میں اضافہ کی وجہ سے بھی اثر انداز ہوا۔

ڈائریکٹرز کی رپورٹ

محترم ممبران۔السلام علیکم

بورڈ آف ڈائریکٹرز اور اپنی جانب سے ہم آپ لوگوں کو کمپنی کی 60ویں سالانہ جنرل میٹنگ میں خوش آمدید کہتے ہیں اور 30 ستمبر 2021ء کو ختم ہونے والے سال کیلئے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

اللہ کے فضل وکرم سے زیرِ جائزہ سال کے دوران آپ کی کمپنی کے آپریشن کی وجہ سے منافع بعد از ٹیکس کی رقم مبلغ 989.74 ملین روپے رہا۔ کمپنی کی کارکردگی کے نتائج اور بورڈ کی سفارش کے مطابق تصرفات درج ذیل ہیں۔

	(روپے ہزاروں میں)
منافع بعد از ٹیکس	989,736
ایڈجسٹمنٹس	
ایکچوریل خسارے گریچوئٹی فنڈ کے تخمینہ پر	(809)
سرمایہ کاری کی فروخت پر منافع حاصل کیا	124,592
	123,783
غیر منقسمہ منافع براڈ فارورڈ	1,592
تصرف کیلئے دستیاب منافع	1,115,111
مجوزہ - کیش ڈویڈنڈ 3 روپے 60% جو کہ مبلغ روپے بحساب 5 روپے فی عام شیئر	450,000
- جنرل ریزرو کو منتقلی	660,000
	1,110,000
غیر منقسمہ منافع کیری فارورڈ	5,111
آمدنی فی شیئر۔ بنیادی اور معتدل	6.60

کارکردگی کا جائزہ:

ڈویژن وائز کارکردگی درج ذیل ہے:

شکر ڈویژن

گنے کی کرشنگ کا سیزن 2021-2020 10 نومبر 2020 کو شروع ہوا اور 25 فروری 2021 تک 108 دن پلانٹ کو چلایا گیا۔ جبکہ گزشتہ سیزن 101 دن کا تھا۔ موجودہ سیزن کے دوران گنے کی کرشنگ 761,667 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 10.36 فیصد رہا اور شکر کی پیداوار 78,910 میٹرک ٹن ہوئی۔ مقابلتاً گزشتہ سیزن میں گنے کی کرشنگ 620,425 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری 9.91 فیصد تھی اور شکر کی پیداوار 61,488 میٹرک ٹن تھی۔

حکومت سندھ نے 23 نومبر 2020 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2021-2020 کے نوٹفکیشن کا اجراء کیا جس میں گنے کی قیمت -/202 روپے فی 40 کلوگرام مقرر کی گئی۔ اس کے مقابلے میں سیزن 2020-2019 میں 192 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۔

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 منظّم 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 چار (4) 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 مئوثر 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 انڈیپینڈینٹ 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 مئوثر 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 28 دسمبر 2021ء

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 60th Annual General Meeting of the Company to be held on Wednesday, January 26, 2022 and at any adjournment thereof.

As witness my / our hand this.....day of.....2022

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 ۲۶ جنوری ۲۰۲۲ء کو منعقد کئے جانے والے کمپنی کے ۶۰ 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 کرسکتا/ کرسکتی 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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