

**UN - AUDITED CONDENSED
FINANCIAL INFORMATION**
FOR THE HALF YEAR ENDED MARCH 31, 2020



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Company Information

BOARD OF DIRECTORS

Chairman

Mian Ahmed Ali Tariq

Chief Executive Officer

Mian Mustafa Ali Tariq

Directors

Mrs. Maryam Habib

Mr. Muhammad Imran Khan

Mrs. Nusrat Shamim

Mr. Saif Hasan

Mr. Taufiq Ahmed Khan

CHIEF OPERATING/ FINANCIAL OFFICER

Mr. Wasim Saleem

COMPANY SECRETARY

Mr. Khalid Mahmood

HEAD OF INTERNAL AUDIT

Mr. Jalal-ud-Din Khan

AUDIT COMMITTEE

Mr. Taufiq Ahmed Khan (Chairman)

Mian Ahmed Ali Tariq (Member)

Mr. Muhammad Imran Khan (Member)

HUMAN RESOURCE REMUNERATION & NOMINATION COMMITTEE

Mian Ahmed Ali Tariq (Chairman)

Mian Mustafa Ali Tariq (Member)

Mr. Taufiq Ahmed Khan (Member)

RISK MANAGEMENT COMMITTEE

Mian Mustafa Ali Tariq (Chairman)

Mrs. Maryam Habib (Member)

Mr. Saif Hasan (Member)

LEGAL ADVISOR

Saad Rasool Law Associates

BANKERS

Islamic

Askari Bank Limited

BankIslami Pakistan Limited

Dubai Islamic Bank Limited

Habib Bank Limited

Meezan Bank Limited

Orix Modaraba

BANKERS

Conventional

First Credit and Investment Bank Limited

National Bank of Pakistan

Samba Bank Limited

SHARE REGISTRAR

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Chartered Accountants

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WEBISTE INFORMATION

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PSX SYMBOL

HSM

DIRECTORS' REPORT

The directors of your company are pleased to present the reviewed financial information of the Company for the half-year that ended on 31 March 2020.

The highlights of the Company's performance for the first quarter and its comparison with the corresponding period of last year is given below:

	31-03-2020	31-03-2019
OPERATIONAL		
Sugarcane crushed (Metric Tons)	476,431	491,277
Sugar produced (Metric Tons)	43,307	48,251
Sugar recovery (%)	9.12	9.82
FINANCIAL		
	Rupees	
Sales	797,679,591	1,815,026,967
Gross profit	880,326	155,842,008
Operating and finance cost	286,424,364	195,696,458
Profit/(Loss) before taxation	(209,328,228)	5,959,025
Profit/(Loss) after taxation	(205,676,929)	4,838,640
Earnings per share	(5.34)	0.13

INDUSTRY OVERVIEW

The last few months have seen a devastating impact on the health of the economy across the world. Starting in late 2019 and still not having peaked, the COVID-19 pandemic has caused irrevocable damage across every industry in Pakistan. The Sugar Industry in Pakistan has not escaped this unfortunate destruction. In particular, the resultant lockdown imposed by the Federal and Provincial governments have had serious economic implications. With large sections of the population quarantining at home, the demand for sugar across Pakistan has taken a serious blow. Although, we are seeing a restoration of demand with the lifting of the lockdown, it remains to be seen what the overall impact the pandemic will have on the market.

Due to various economic and agricultural reasons, the crushing season for sugarcane in Punjab and across the rest of Pakistan began in November/Early December. Due to excess sugar stocks within the country and uneconomical prices of sugar in the wholesale market, many firms were hesitant to begin crushing. However, keeping in line with the mission of the company, Husein Sugar, understanding and sympathizing with the timeline of farmers in the region and in coordination with local government officials began crushing as quickly as possible. As always, Husein Sugar was one of the first firms to begin crushing this year.

As surveys of Pakistan's sugarcane cultivation were analyzed, it was made manifest that there was at least a 10-15% reduction in sugarcane planted across Pakistan. Resultantly, about 8-10% reduction in sugar production became evident, millers across Pakistan engaged in cutthroat competition and pursued a price war to procure the maximum supply of sugarcane for their mills from the very start of the season. Although the Government of Punjab had fixed the minimum support price of sugarcane at Rs. 190 per 40 Kg, it was observed that millers were paying upwards of Rs. 270 per 40 Kg by the end of the season. On average, as per market data, it is estimated that average procurement of sugarcane was roughly at the rate of Rs. 230-240 per 40 Kg for this crushing season.

In fact, mid-season, due to extreme economic un-viability, mills shut down across Pakistan. Although the shutdown is contributed to a wide-ranging array of reasons, one of the driving factors was that sugarcane farmers were demanding exorbitant prices for their produce. As mentioned above, due to a serious reduction in sugarcane supplies, there was fierce competition between millers for the procurement of sugarcane. Taking advantage of this situation, farmers demanded rates 20-30% higher than the minimum support price for their produce. Facing an impossible situation, millers inevitably succumbed to their demands and produced sugar at

unprecedented costs of production. Expecting a significant reduction in sugar production for the current season and assuming an unaltered demand, millers were willing to pay higher prices for sugarcane. Sugar mills across Pakistan assumed that with a reduction in sugar production, the wholesale price of Sugar would rally to an economic equilibrium. However, they failed to account for two events: Firstly, firms in the industry did not anticipate such a selective, fierce, and unfair crackdown by the Government and secondly, they could not foresee the magnitude of the effect of COVID-19. Having incurred a high cost of production for sugar, firms in the industry across Pakistan are holding inventory optimistic of higher prices to break even for this crushing season.

Although the COVID-19 pandemic has seriously damaged the demand and resultantly the price of sugar, we are optimistic as the economy opens up, sugar prices will rally back to their natural market equilibrium. Last year, the management's decision to carryover a stock of over 15,000 tons from the preceding season had provided the company with an inventory/trading profit of over PKR 100 Million. This rise in sugar prices validated the decision of management to hold on to stocks from the previous season. Similarly, we expect to witness a comparable bullish trend for the remainder of this year.

At the start of the crushing season, sugarcane recoveries for early maturing varieties were much lower than usual due to climatic conditions. In fact, by our estimates, recoveries across Pakistan have dropped significantly (by at least 1 degree). Farmers cultivated their crops at unrealistic times and unlike previous seasons; large amounts of un-rooted or burnt sugarcane were procured in compensation for a shortage in supply. Furthermore, in general, the climatic conditions for this year have yielded low sucrose content in the sugarcane planted in our region, across Pakistan, and globally. In fact, during the first quarter, we were optimistic of achieving the highest recovery in the history of the company. However, as the year has ended, the company has achieved a recovery of 9.12 as compared to 9.82 the previous year, a dent of about Rs. 300 million in monetary terms. However, our decision to crush early and pay a competitive price for sugarcane has been received well by the sugarcane growers of our area and we are confident that sufficient goodwill has been generated for future seasons. Furthermore, with growers receiving 20-25% extra profit on their investment or an additional surplus of at least Rs. 30 Billion across Pakistan, it is estimated that sugarcane cultivation will increase by 10-15% for the next crushing season.

It is also pertinent to mention that sugarcane yields per acre and acreages of sugarcane cultivation in general have decreased tremendously this year. This decline in acreage of sugarcane planted has no doubt lead to a significant drop in sugar production across the country. We are confident our decision to hold onto inventories like previous years will be validated. Our decision to hold on to maximum inventories through Q2 and heading into Q3 will certainly realize better results for our company.

The Government of Punjab increased the sugarcane minimum price for the crushing season 2019-20 to Rs. 190/- per 40 Kg. Furthermore, the recent crackdown on the industry and the pursuant backlash by various lobbies is no doubt going to give a negative sentiment towards the export of Sugar. However, it is important to keep in mind that subsidies given on the export of sugar, although provided to sugar mills, indirectly facilitate the sugarcane farmers by enabling a price floor of Rs. 190/ per mound. Without this subsidy, it is extremely difficult to promote the industry and impossible to procure at the price floor on sugarcane in place. The relevant policy-makers need to decide on whether the industry should be regulated or not. If policymakers decide not to subsidize the export of sugar, they should not impose an artificially high cost of production by providing a price floor on sugarcane either. It is nonsensical and puerile to regulate parts of the industry, while leaving other areas driven by free market forces.

OPERATING HIGHLIGHTS

Starting on the **25th of November 2019**, the company operated for a total of **117 days**. Compared to the previous season, the company's crushing season was increased by **19 days**. This decision to start crushing has proven successful in many aspects.

Although financial results of the half-year are never truly representative of what the company will ultimately achieve, the directors are pleased to announce that:

The Company was able to crush **476,431 M.Tons** of Sugarcane and produced **43,307 M.Tons** of refined sugar at an average recovery of **9.12%** as compared to last year's sugarcane crushing of **491,277 M. Tons** and production of **48,251 M.Tons** refined sugar at an average recovery of **9.82%**. Although we were able to crush only 97% of cane in terms of tons of sugarcane crushed as compared to last year, in terms of sugar produced we have produced 89.75% of sugar that we could produce last year. As mentioned above, the primary reason for lower production per ton of sugarcane crushed season is due to the dramatically lower recoveries of sugarcane crushed in our area. Overall, a lower quantity of sugar has been produced due to lower sugarcane plantation across the province and country. Although our production has only decreased 10.24% as compared to last year, the trend across the industry is significantly worse. On average, other mills in the region and province have produced 15-20% less sugar than last year.

Financially, our results have been dramatically different than last year. In the previous season, we pursued a very moderate selling strategy selling inventory throughout the year. Given that all indicators demonstrate an increase in sugar prices, we have held on to a significant portion of our inventory. By holding on to this stock, the company hopes to recoup significant cash flows paid out to sugarcane farmers this year.

For the half year, however, the company has earned gross profit of 880,326 as compared to gross profit of Rs.155,842,008 of last year. This year, our loss after tax is Rs. 205,676,929 during the period under review as compared to profit after tax of Rs.4,838,640 in the corresponding period of last year.

In Q2, the company has incurred a loss of 205.676 Million PKR. This loss can be attributed to the nature of the sugar industry. The majority of the cost of sales and operating expenses in the company are booked in Q1 and Q2 during which operations are conducted and completed. The company is in production from the months of December to March at which time, the number of employees' doubles and the raw materials are procured. In the following quarters during the majority of the off-season, the company does not foresee substantial costs. Given the current prices of sugar and the conditions of the market, management predicts comfortable and profitable quarters ahead.

FUTURE OUTLOOK

Sugar prices in the local market have generally followed the trends that have been observed in the international market. From a high in 2016, sugar prices have continuously plunged to historic lows until rebounding in 2018. The reasons behind the sharp fall in prices were the dramatic year on year increase in production in countries like Thailand and India. However, in the last few months, sugar prices have revived at the international level. Furthermore, it is predicted that sugar prices will continue to increase in the international market within the current calendar year. It is important to understand that similar to any commodity, there is inherent fluctuation in the price of sugar. Having seen oil in the international market hit negative prices, it should not surprise anyone that fluctuation in the prices of commodities is a market norm. Although sugar prices have remained lower than market expectations, basic economic realities demand a rise in prices until market equilibrium is realized. We are confident that sugar prices will return to their natural levels before the next crushing season.

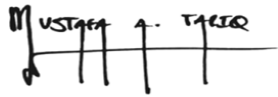
A reduction in interest rates through various monetary policies by the State Bank of Pakistan has been received well. Given the economic situation of the country with production and consumption at ridiculously low levels – it is the need of the hour. However, relevant policy makers need to consider whether an additional reduction in interest rates to match those of international competitors is more beneficial for the economy. The cut in interest rates will no doubt lower the financial costs of the company and provide a much-needed boost to the industry at large.

Given these difficult circumstances, the company has begun to explore new avenues and maximize efficiency in current operations. We have begun reviewing operational efficiencies in terms of manpower and raw material procurements and our confident we will be able to reduce cost of sales and administrative overheads in nominal terms significantly by the next financial year. In fact, this year, the company has begun to enter retail markets directly aggressively and has built a small-scale marketing and distribution operation. We look forward to grow this enterprise further in the following years.

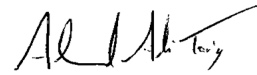
ACKNOWLEDGEMENT

The Directors of your Company would like to thank the various governmental departments and its functionaries, our banking partners, others financial institutions, and insurance companies for their continued support and cooperation. The Directors would also like to express their gratitude and appreciation for the support provided by our valued customers and suppliers. We also thank our shareholders, who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company. Furthermore, the Directors place on record their appreciation for the continued support of our sugarcane growers whose hard work and loyalty with our company continue to be at the center of our company's growth and success. Lastly and above all, the Directors wish to acknowledge and place on record their appreciation for the devotion, loyalty, and hard work of all cadres of employees towards the growth and success of the company.

For and On behalf of the Board,



Mian Mustafa Ali Tariq
Chief Executive Officer



Mian Ahmed Ali Tariq
Chairman

Lahore: 29 May 2020

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2020ء کو ختم ہونے والی ششماہی کے لیے کمپنی کی نظر ثانی شدہ مالی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

پہلی سہ ماہی اور گزشتہ سال کی اسی مدت کے موازنہ کے لئے کمپنی کی کارکردگی کی جھلکیاں حسب ذیل ہیں:

آپریٹنرز	31 مارچ 2020	31 مارچ 2019
گنے کی کرشنگ (میٹرک ٹن)	476,431	491,277
چینی کی پیداوار (میٹرک ٹن)	43,307	48,251
چینی کا حصول (فیصد)	9.12	9.82
مالیات	روپے	روپے
فروخت	797,679,591	1,815,026,967
مجموعی منافع	880,326	155,842,008
آپریٹنگ اور مالی لاگت	286,424,364	195,696,458
قبل از ٹیکس منافع / (خسارہ)	(209,328,228)	5,959,025
بعد از ٹیکس منافع / (خسارہ)	(205,676,929)	4,838,640
فی شیئر آمدنی / (خسارہ)	(5.34)	0.13

انڈسٹری کا جائزہ

پچھلے کچھ مہینوں میں پوری دنیا کی معیشت پر تباہ کن اثرات مرتب ہوئے ہیں۔ 2019 کے آخر میں شروع ہوا اور ابھی عروج پر نہیں ہے، کوویڈ 19 وبائی مرض نے پاکستان کی ہر صنعت کو ناقابل تلافی نقصان پہنچایا ہے۔ پاکستان کی شوگر انڈسٹری بھی اس بد قسمت تباہی سے نہیں بچ سکی۔ خاص طور پر، وفاقی اور صوبائی حکومتوں کی طرف سے نافذ کردہ لاک ڈاؤن کے نتیجے میں سنگین معاشی اثرات پڑے ہیں۔ آبادی کے بڑے حصے کا گھروں میں قرنطینہ ہو جانے کی وجہ سے، پاکستان بھر میں چینی کی طلب شدید متاثر ہوئی ہے۔ اگرچہ، ہم لاک ڈاؤن کے ختم ہونے کے ساتھ طلب کی بحالی دیکھ رہے ہیں، لیکن یہ دیکھنا باقی ہے کہ چینی کی قیمتوں پر مجموعی طور پر کیا اثر پڑے گا۔

مختلف معاشی اور زرعی وجوہات کی بنا پر، پنجاب اور باقی پاکستان میں گنے کے کرشنگ سیزن کا آغاز نومبر / دسمبر کے شروع میں ہوا۔ ملک کے اندر چینی کے وافر ذخیرہ اور خوردہ مارکیٹ میں چینی کی غیر اقتصادی قیمتوں کی وجہ سے، بہت ساری ملیں کرشنگ شروع کرنے میں ہچکچاہٹ کا شکار تھیں۔ تاہم، کمپنی کے مشن کو مد نظر رکھتے ہوئے، حسین شوگر ملز نے، خطے میں کاشتکاروں کی ٹائم لائن کو سمجھتے اور ان کے ساتھ ہمدردی اور مقامی سرکاری عہدیداروں کے ساتھ ہم آہنگی ظاہر کرتے ہوئے جتنا ممکن ہو سکا جلد از جلد کرشنگ شروع کر دی۔ ہمیشہ کی طرح، اس سال کرشنگ شروع کرنے والی فرموں میں سے پہلی فرم حسین شوگر ملز ہے۔

چونکہ پاکستان کی گنے کی کاشت کے جائزوں کے تجزیہ سے، یہ بات واضح ہوگئی کہ پورے پاکستان میں گنے کی کاشت میں کم سے کم 10-15 فیصد کمی ہوئی ہے۔ اس کے نتیجے میں، چینی کی پیداوار میں 8-10 فیصد کمی واقع ہوئی، پاکستان بھر کے ملرز سیزن کے آغاز سے ہی اپنی ملوں کے لئے گنے کی زیادہ سے زیادہ فراہمی کے حصول کے لئے قیمتوں کا مقابلہ کرتے رہے۔ اگرچہ حکومت پنجاب نے گنے کی کم سے کم امدادی قیمت 190 روپے فی 40 کلوگرام مقرر کی تھی، مشاہدہ کیا گیا ہے کہ ملرز سیزن کے اختتام تک 270 روپے فی 40 کلوگرام سے زیادہ کی ادائیگی کر رہے ہیں۔ اوسطاً، مارکیٹ کے اعداد و شمار کے مطابق، اندازاً گنے کی اوسط خریداری تقریباً اس کرشنگ سیزن کے لئے 230-240 روپے فی 40 کلوگرام تھی۔

درحقیقت، وسط سیزن میں، انتہائی معاشی نااہلیت کے سبب، پاکستان بھر میں ملیں بند ہو گئیں۔ اگرچہ اس بندش کی متعدد وجوہات بیان کی جاتی ہیں، لیکن اس کا ایک اہم سبب گنے کے کاشت کار تھے جو اپنی پیداوار کے لئے غیر معمولی قیمتوں کا مطالبہ کر رہے تھے۔ جیسا کہ اوپر بتایا گیا ہے کہ گنے کی فراہمی میں شدید کمی کے سبب، گنے کی خریداری کے لئے ملرز کے مابین زبردست مقابلہ تھا۔ اس صورتحال کا فائدہ اٹھاتے ہوئے، کاشتکاروں نے اپنی پیداوار کے لئے کم سے کم امدادی قیمت سے 20-30 فیصد زیادہ نرخوں کا مطالبہ کیا۔ ناممکن صورتحال کا سامنا کرتے ہوئے، ملرز ناگزیر طور پر ان کے مطالبات سے دستبردار ہو گئے اور پیداوار کے زیادہ اخراجات پر چینی تیاری۔ رواں سیزن میں چینی کی پیداوار میں نمایاں متوقع کمی اور مطالبہ کو تسلیم کرنے والے ملرز گنے کی زیادہ قیمت ادا کرنے پر راضی ہو گئے۔ پاکستان بھر کی شوگر ملز نے فرض کیا کہ شوگر کی پیداوار میں کمی کے ساتھ، شوگر کی خوردہ قیمت معاشی توازن لائے گی۔ تاہم، وہ دو موقعوں کا محاسبہ کرنے میں ناکام رہے: سب سے پہلے، صنعت کی فرموں کو حکومت کی جانب سے منتخب، شدید اور غیر منصفانہ کریک ڈاؤن کی توقع نہیں تھی اور دوم، وہ COVID-19 کے اثرات کی شدت کا اندازہ نہیں کر سکتے تھے۔ چینی کی پیداوار کے زیادہ اخراجات برداشت کرنے کے بعد، پاکستان بھر کی کمپنیاں اس کرشنگ سیزن کے لئے انویسٹری کی حامل ہیں۔

اگرچہ کوویڈ-19 وبائی مرض نے طلب کو شدید نقصان پہنچایا ہے اور اس کے نتیجے میں چینی کی قیمت میں کمی ہوئی ہے، لیکن ہم معیشت کے بحال ہونے کے ساتھ ہی پرامید ہیں کہ، چینی کی قیمتیں اپنی نیچرل مارکیٹ میں متوازن ہو جائیں گی۔ پچھلے سال، انتظامیہ کے گزشتہ سیزن سے 15,000 ٹن سے زیادہ کاسٹاک آگے لے جانے کے فیصلے نے کمپنی کو 100 ملین پاکستانی روپے سے زیادہ کی انویسٹری / تجارتی منافع فراہم کیا۔ چینی کی قیمتوں میں اضافے نے انتظامیہ کے گزشتہ سیزن کے کاسٹاک کو برقرار رکھنے کے فیصلے کی توثیق کی۔ اسی طرح، ہم توقع کرتے ہیں کہ اس سال کے باقی عرصہ میں بھی اسی طرح کے تیزی کے رجحان کا مشاہدہ کریں گے۔

کرشنگ سیزن کے آغاز پر، موسمی حالات کی وجہ سے جلدی تیار ہونے والی اقسام کے لئے گنے کی ریکوریز معمول سے بہت کم تھیں۔ درحقیقت، ہمارے تخمینے کے مطابق، پاکستان بھر میں ریکوریز میں نمایاں کمی (کم از کم 1 ڈگری) واقع ہوئی ہے۔ کاشتکاروں نے غیر حقیقی اوقات میں اور پچھلے موسموں کے برعکس اپنی فصل کاشت کی۔ سپلائی میں کمی کے سبب غیر روٹڈ یا جلے ہوئے گنے کی بڑی مقدار خریدی گئی۔ مزید برآں، عام طور پر، اس سال کے موسمی حالات نے ہمارے خطے، پورے پاکستان میں اور عالمی سطح پر کاشت گنے میں کم سکروس مواد حاصل کیا ہے۔ درحقیقت، پہلی سہ ماہی کے دوران، ہم اس سال کمپنی کی تاریخ کی بلند ترین ریکوری کے حصول کے لئے پرامید تھے۔ تاہم، سال کے اختتام پر، کمپنی نے 9.12 ریکوری حاصل کی جبکہ گزشتہ سال میں ریکوری 9.82 تھی، مالیاتی لحاظ سے تقریباً 300 ملین

روپے کا نقصان ہوا۔ تاہم، گنے کی جلد کرشنگ اور مسابقتی قیمت ادا کرنے کے ہمارے فیصلے کا ہمارے علاقے کے گنے کے کاشتکاروں نے بہت اچھا استقبال کیا ہے اور ہمیں یقین ہے کہ آئندہ سیزن میں خاطر خواہ نیک خواہشات پیدا ہوئی ہیں۔ مزید یہ کہ کاشت کاروں کو ان کی سرمایہ کاری پر 20-25 فیصد اضافی منافع یا پورے پاکستان میں کم از کم 30 بلین روپے کا اضافی سرپلس ملا ہے، ایک اندازے کے مطابق اگلے کرشنگ سیزن میں گنے کی کاشت میں 10-15 فیصد تک اضافہ ہوگا۔

یہ امر بھی قابل ذکر ہے کہ گنے کی فی ایکڑ پیداوار اور عام طور پر گنے کی کاشت کی مد میں اس سال زبردست کمی واقع ہوئی ہے۔ فی ایکڑ کاشتہ گنے کے رقبے میں اس کمی سے پورے ملک میں چینی کی پیداوار میں بلاشبہ نمایاں کمی واقع ہو سکتی ہے۔ ہمیں یقین ہے کہ پچھلے سالوں کی طرح انوینٹریوں میں رکھنے کے ہمارے فیصلے کی توثیق ہوگی۔ پوری دوسری سہ ماہی اور تیسری سہ ماہی میں زیادہ سے زیادہ انوینٹریوں کو روکنے کے ہمارے فیصلے کا یقینی طور پر ہماری کمپنی کو کافی منافع کا ادراک ہوگا۔

حکومت پنجاب نے کرشنگ سیزن 2019-20 کے لئے گنے کی کم سے کم قیمت بڑھا کر 190 روپے فی 40 کلوگرام کردی۔ مزید برآں، انڈسٹری پر حالیہ کریک ڈاؤن اور میڈیا کی جانب سے مزید رد عمل بلاشبہ چینی کی برآمد کے بارے میں منفی جذبات پیدا کرنے والا ہے۔ تاہم، اس بات کو دھیان میں رکھنا ضروری ہے کہ چینی کی برآمد پر دی جانے والی سبسڈی، اگرچہ شوگر ملوں کو فراہم کی جاتی ہے، لیکن بالواسطہ گنے کے کاشتکاروں کو سہولت فراہم کی جاتی ہے کیونکہ یہ کم سے کم قیمت -190 روپے فی من ہونے کی اجازت دیتی ہے۔ اس سبسڈی کے بغیر، گنے پر قیمت کے تعین کو برقرار رکھتے ہوئے اس صنعت کو فروغ دینا بہت مشکل ہے۔ متعلقہ پالیسی سازوں کو یہ فیصلہ کرنے کی ضرورت ہے کہ انڈسٹری میں فروغ ہونا چاہئے یا نہیں۔ اگر پالیسی بنانے والے چینی کی برآمد پر سبسڈی نہ دینے کا فیصلہ کرتے ہیں تو، انہیں گنے پر امدادی قیمتوں کی فراہمی کے ذریعے پیداوار کے مصنوعی بھاری اخراجات عائد بھی نہیں کرنے چاہئیں۔ آزاد مارکیٹ قوتوں کے تحت چلنے والے دیگر شعبوں کو چھوڑ کر، صنعت کے حصوں کو کنٹرول کرنا نا انصافی ہے۔

آپریٹنگ جھلکیاں

25 نومبر 2019 و آغاز کرتے ہوئے، کمپنی کل 117 دنوں کے لئے چلائی گئی۔ گزشتہ سیزن کے مقابلے، کمپنی کا کرشنگ سیزن 19 دن زیادہ ہو گیا۔ کرشنگ شروع کرنے کا یہ فیصلہ کئی لحاظ سے کامیاب ثابت ہوا۔ اگرچہ ششماہی کے مالیاتی نتائج کبھی بھی اس حقیقت کے نمائندہ نہیں ہیں جو کمپنی بالآخر حاصل کرے گی، ڈائریکٹر بخوشی یہ اعلان کرتے ہیں کہ:

کمپنی نے موجودہ ششماہی کے دوران 9.12% کی اوسط ریکوری پر 476,431 میٹرک ٹن گنے کی کرشنگ کی اور 43,307 میٹرک ٹن سفید چینی بنائی جبکہ گزشتہ سال کی اسی مدت کے دوران 9.82% کی اوسط ریکوری پر 491,277 میٹرک ٹن گنے کی کرشنگ کی اور 48,251 میٹرک ٹن سفید چینی بنائی۔ اگرچہ ہم گزشتہ سال کے مقابلے کرش گنے کے ٹن کے لحاظ سے صرف 97% گنا کرش کرنے کے قابل تھے، پیدا شدہ چینی جو ہم گزشتہ سال بنا سکے تھے کے لحاظ سے ہم نے 89.75% چینی بنائی۔ جیسا کہ اوپر بیان کیا گیا ہے کہ گنے کے کرشنگ سیزن کی فی ٹن کم پیداوار کی بنیادی وجہ ہمارے علاقہ میں کرش گنے کی ڈرامائی کم ریکوریز ہیں۔ مجموعی طور پر، پورے صوبہ اور ملک میں گنے کی کم کاشت کی وجہ سے گنے کی کم مقدار پیدا ہوئی۔ اگرچہ ہماری پیداوار گزشتہ سال کے مقابلے صرف 10.24% کم ہوئی، پوری صنعت میں یہ رجحان قابل ذکر طور پر بدترین ہے۔ اوسطاً، علاقہ اور صوبے میں دیگر ملوں نے گزشتہ سال سے 15-20% کم چینی بنائی۔

مالی لحاظ سے، ہمارے نتائج گزشتہ سال سے ڈرامائی طور پر مختلف ہیں۔ گزشتہ سیزن میں، ہم نے پورا سال انتہائی اعتدال پسند فروخت کی حکمت عملی فروخت انویسٹری کی پیروی کی ہے۔ یہ سمجھا گیا کہ تمام اشارے چینی کی قیمتوں میں اضافہ ظاہر کرتے ہیں، ہم نے اپنی انویسٹری کا ایک اہم حصہ روک لیا۔ اس اسٹاک کو روک کر، کمپنی اس سال گنے کے کاشتکاروں کو ادا کردہ اہم نقد بہاؤ کی تلافی ہونے کی امید کرتی ہے۔

ششماہی کے لئے، تاہم، کمپنی نے گزشتہ سال 155,842,008 روپے مجموعی منافع کے مقابلے 880,326 روپے مجموعی منافع کمایا۔ اس سال، کمپنی کا زیر جائزہ مدت کے دوران ٹیکس کے بعد خسارہ 205,676,929 روپے جبکہ گزشتہ سال کی اسی مدت میں ٹیکس کے بعد منافع 4,838,640 روپے تھا۔

دوسری سہ ماہی میں، کمپنی کو 205.676 ملین پاکستانی روپے کا خسارہ ہوا۔ یہ خسارہ شوگر انڈسٹری کی نوعیت سے منسوب کیا جاسکتا ہے۔ پہلی اور دوسری سہ ماہی میں کمپنی میں فروخت کی لاگت اور آپریٹنگ اخراجات کی اکثریت بک ہے جس کے مابین آپریشنز منعقد اور مکمل کئے گئے ہیں۔ کمپنی ڈسمبر تا مارچ کے مہینوں سے پیداوار میں ہے جس عرصہ میں ملازمین کی تعداد دُگنی اور خام مال خریدا جاتا ہے۔ درج ذیل سہ ماہیاں اکثریت سیزن کے اختتام کے مابین ہیں، کمپنی خاطر خواہ اخراجات کی پیش گوئی نہیں کرتی ہے۔ چینی کی حالیہ قیمتوں اور مارکیٹ کے حالات کے پیش نظر، انتظامیہ اگلی سہ ماہیوں میں سکون اور منافع بخش ہونے کی پیشین گوئی کرتی ہے۔

مستقبل کا نقطہ نظر

مقامی مارکیٹ میں چینی کی قیمتوں نے عام طور پر ان رجحانات کی پیروی کی ہے جو بین الاقوامی مارکیٹ میں دیکھنے کو مل رہے ہیں۔ 2016 میں اعلیٰ قیمت سے، چینی کی قیمتیں مسلسل تاریخی کم ہو رہی ہیں 2018 تک کی سطح پر دوبارہ کم واقع ہو سکتی ہیں۔ قیمتوں میں تیزی سے گرنے کی وجوہات تھائی لینڈ اور ہندوستان جیسے ممالک میں سالانہ پیداوار میں اضافہ ہونے والا ڈرامائی سال تھا۔ تاہم، پچھلے کچھ مہینوں میں، بین الاقوامی سطح پر چینی کی قیمتوں میں پھر سے اضافہ ہوا ہے۔ مزید برآں، یہ پیش گوئی کی جا رہی ہے کہ موجودہ کیلنڈر سال کے دوران بین الاقوامی منڈی میں چینی کی قیمتوں میں اضافہ جاری رہے گا۔ یہ سمجھنا ضروری ہے کہ کسی بھی شے کی طرح چینی کی قیمت میں موروثی اتار چڑھاؤ بھی موجود ہے۔ بین الاقوامی مارکیٹ میں تیل کی منفی قیمتیں دیکھ کر، کسی کو بھی حیرت نہیں ہونی چاہئے کہ اشیاء کی قیمتوں میں اتار چڑھاؤ ایک مارکیٹ کا معمول ہے۔ اگرچہ چینی کی قیمتیں مارکیٹ کی توقعات سے کم رہی ہیں، لیکن بنیادی معاشی حقائق اس وقت تک قیمتوں میں اضافے کا مطالبہ کرتے ہیں جب تک کہ مارکیٹ میں توازن قائم نہ ہو جائے۔ ہمیں یقین ہے کہ اگلے کرشنگ سیزن سے قبل چینی کی قیمتیں اپنی قدرتی سطح پر واپس آجائیں گی۔

اسٹیٹ بینک آف پاکستان کی مختلف مالیاتی پالیسیوں کے ذریعے سود کی شرحوں میں کمی کا خیر مقدم کیا گیا ہے۔ مضحکہ خیز سطح پر پیداوار اور کھپت کے ساتھ ملک کی معاشی صورتحال کو دیکھتے ہوئے۔ یہ وقت کی ضرورت تھی۔ تاہم، متعلقہ پالیسی سازوں کو یہ غور کرنے کی ضرورت ہے کہ کیا بین الاقوامی حریفوں سے مقابلہ کرنے کے لئے شرح سود میں مزید کمی معیشت کے لئے زیادہ فائدہ مند ہے۔ سود کی شرحوں میں کمی سے بلاشبہ کمپنی کے مالی اخراجات کم ہوں گے اور بڑے پیمانے پر اس صنعت کو کافی حد تک ترقی ملے گی۔

ان مشکل حالات کے پیش نظر، کمپنی نے نئی راہیں تلاش کرنا شروع کر دی ہیں اور موجودہ آپریشنز میں زیادہ سے زیادہ کارکردگی کو بڑھانا شروع کر دیا ہے۔ ہم نے افرادی قوت اور خام مال کی خریداری کے سلسلے میں آپریشنل اہلیتوں کا جائزہ لینا شروع کیا ہے اور ہمارا یقین ہے کہ ہم اگلے مالی سال تک معمولی شرائط میں فروخت اور انتظامی اور ہیڈ کی لاگت میں نمایاں کمی لائیں گے۔ درحقیقت، اس سال، کمپنی نے براہ راست جارحانہ انداز میں خوردہ بازاروں میں داخل ہونا شروع کیا ہے اور چھوٹے پیمانے پر مارکیٹنگ اور ڈسٹری بیوشن آپریشن تعمیر کیا ہے۔ ہم اگلے سالوں میں اس انٹرپرائز کو مزید ترقی دینے کے منتظر ہیں۔

اظہار تشکر

آپ کی کمپنی کے ڈائریکٹرز مختلف سرکاری محکموں اور اس کے کارکنوں، بینکوں، دیگر مالیاتی اداروں، اور انشورنس کمپنیوں کی مسلسل حمایت اور تعاون کے لئے شکریہ ادا کرتے ہیں۔ ڈائریکٹرز ہمارے قابل قدر گاہکوں اور سپلائرز کی طرف سے فراہم کی گئی حمایت کے شکر گزار اور تعریف کا بھی اظہار کرتے ہیں۔ ہم اپنے حصص داروں کا بھی شکریہ ادا کرتے ہیں، جنہوں نے کمپنی میں اپنے اعتماد اور یقین کو برقرار رکھا اور کمپنی میں ان کی سرمایہ کاری کے زیادہ سے زیادہ استعمال کو یقینی بنانے کے لئے ہماری بہترین کوششوں پر یقین رکھا ہے۔ بالآخر، ڈائریکٹرز کمپنی کی نمو اور کامیابی کے لئے ملازمین کے تمام گروہوں کی جان نثاری، وفاداری، اور سخت محنت پر ان کی تعریف کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

میاں احمد علی طارق

چیئر مین

میاں مصطفیٰ علی طارق

چیف ایگزیکٹو آفیسر

لاہور: 29 مئی 2020ء

**TO THE MEMBERS OF HUSEIN SUGAR MILLS LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Messrs. Husein Sugar Mills Limited ("the Company")** as at March 31, 2020, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the six month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

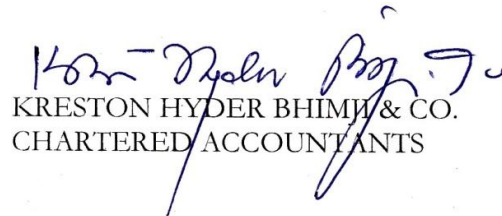
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended March 31, 2020 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors' report is Shabir Ahmad, FCA.

Lahore: May 29, 2020



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020 (UN-AUDITED)

		Un-Audited 31-March-2020	Audited 30-September-2019
	Note	Rupees	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up ordinary share capital			
38.52 million (30 September 2019: 36 million) ordinary shares of Rupees 10 each	6	385,200,000	360,000,000
Capital reserves			
Reserve arising as a consequences of scheme of arrangement		70,694,859	70,694,859
Share premium account		115,893,550	141,093,550
Surplus on revaluation of property, plant and equipment		1,680,993,587	1,726,506,614
		1,867,581,996	1,938,295,023
Revenue reserves			
Accumulated (loss) / profit		(88,290,554)	102,944,970
Directors' loans - related parties		432,480,983	446,380,983
		2,596,972,425	2,847,620,976
NON-CURRENT LIABILITIES			
Long term finance	7	666,197,917	277,662,559
Long term lease liability		5,800,267	-
Deferred tax liability - net		123,995,367	120,333,836
		795,993,551	397,996,395
CURRENT LIABILITIES			
Trade and other payables		904,301,991	386,445,064
Contract liabilities		124,537,550	489,959,343
Short term borrowings	8	3,021,010,647	411,382,178
Accrued mark-up on secured borrowings		111,791,247	31,474,678
Current portion of long term finance	7	107,946,586	74,910,714
Current maturity of long term lease liability		3,889,678	-
Unclaimed dividend		1,208,089	1,208,089
		4,274,685,788	1,395,380,066
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		7,667,651,764	4,640,997,437

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment
Long term deposits

	Un-Audited 31-March-2020	Audited 30-September-2019
Note	Rupees	
10	3,502,102,844	3,318,051,479
	22,045,048	22,073,148
	3,524,147,892	3,340,124,627

CURRENT ASSETS

Inventory
Trade and other receivables
Advances, deposits and prepayments
Shortterm investments
Tax refund due from Government - income tax
Cash and bank balances

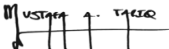
2,730,738,010	335,903,774
944,176,979	659,067,826
308,415,641	150,017,601
5,070,870	22,606,830
67,814,397	62,347,548
87,287,975	70,929,231
4,143,503,872	1,300,872,810

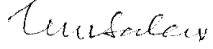
TOTAL ASSETS

7,667,651,764	4,640,997,437
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The annexed notes from 1 to 19 form an integral part of these financial statements.

LAHORE


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

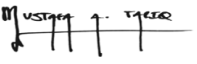

DIRECTOR

HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 MARCH 2020

	Note	Half year ended March 31,		Quarter ended March 31,	
		2020	2019	2020	2019
REVENUE FROM CONTRACT WITH CUSTOMERS - NET	11	797,679,591	1,815,026,967	414,221,056	1,126,582,612
COST OF REVENUE	12	(796,799,265)	(1,659,184,959)	(594,406,645)	(1,205,867,195)
GROSS PROFIT / (LOSS)		880,326	155,842,008	(180,185,589)	(79,284,583)
OPERATING EXPENSES					
Administrative and general expenses		(99,772,961)	(66,541,975)	(61,000,992)	(28,026,174)
Selling and distribution cost		(13,106,280)	(11,079,773)	(10,919,198)	(8,636,523)
Other operating expenses		(9,142)	(405,088)	5,959,025	5,563,079
(LOSS) / PROFIT FROM OPERATIONS		(112,888,383)	(78,026,836)	(65,961,165)	(31,099,618)
		(112,008,057)	77,815,172	(246,146,754)	(110,384,201)
OTHER INCOME		76,215,810	45,813,475	75,461,922	45,059,587
FINANCE COST		(173,535,981)	(117,669,622)	(145,237,690)	(89,371,331)
(LOSS) / PROFIT BEFORE TAXATION		(209,328,228)	5,959,025	(315,922,522)	(154,695,945)
TAXATION		3,651,299	(1,120,385)	9,354,738	7,485,169
(LOSS) / PROFIT AFTER TAXATION		(205,676,929)	4,838,640	(306,567,784)	(147,210,776)
(LOSS) / EARNINGS PER SHARE OF RUPEES 10 EACH - BASIC AND DILUTED	13	(5.34)	0.13	(7.96)	(3.82)

The annexed notes from 1 to 19 form an integral part of these financial statements.

LAHORE


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER

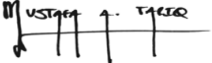

 DIRECTOR


HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 MARCH 2020


	Half year ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
(LOSS) / PROFIT AFTER TAXATION	(205,676,929)	4,838,640	(306,567,784)	(147,210,776)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	<u>(205,676,929)</u>	<u>4,838,640</u>	<u>(306,567,784)</u>	<u>(147,210,776)</u>

The annexed notes from 1 to 19 form an integral part of these financial statements.

LAHORE:


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

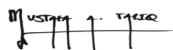
HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 MARCH 2020

SHARE CAPITAL	RESERVES								TOTAL RESERVES	DIRECTORS' LOANS	TOTAL EQUITY
	Capital					Revenue					
	Reserve arising as a consequences of scheme of arrangement	Reserve arising as a consequences of scheme of arrangement	Share premium account	Surplus on revaluation of property, plant and equipment	Sub total	General	Accumulated (loss) / profit	Sub total			
..... Rupees											
250,000,000	9,671,000	70,694,859	141,093,550	1,777,492,862	1,998,952,271	169,450,000	(415,938,796)	(246,488,796)	1,752,463,475	530,351,753	2,532,815,228
-	-	-	-	-	-	-	4,838,640	4,838,640	4,838,640	-	4,838,640
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,838,640	4,838,640	4,838,640	-	4,838,640
-	-	-	-	(36,778,438)	(36,778,438)	-	36,778,438	36,778,438	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	(67,384,920)	(67,384,920)
250,000,000	9,671,000	70,694,859	141,093,550	1,740,714,424	1,962,173,833	169,450,000	(374,321,718)	(204,871,718)	1,757,302,115	462,966,833	2,470,268,948
360,000,000	-	70,694,859	141,093,550	1,726,506,614	1,938,295,023	-	102,944,970	102,944,970	2,041,239,993	446,380,983	2,847,620,976
-	-	-	-	-	-	-	(205,676,929)	(205,676,929)	(205,676,929)	-	(205,676,929)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(205,676,929)	(205,676,929)	(205,676,929)	-	(205,676,929)
25,200,000	-	-	(25,200,000)	-	(25,200,000)	-	-	-	(25,200,000)	-	-
-	-	-	-	-	-	-	(10,800,000)	(10,800,000)	(10,800,000)	-	(10,800,000)
-	-	-	-	(25,241,405)	(25,241,405)	-	25,241,405	25,241,405	-	-	-
-	-	-	-	(20,271,622)	(20,271,622)	-	-	-	(20,271,622)	-	(20,271,622)
-	-	-	-	-	-	-	-	-	-	(13,900,000)	(13,900,000)
385,200,000	-	70,694,859	115,893,550	1,680,993,587	1,867,581,996	-	(88,290,554)	(88,290,554)	1,779,291,442	432,480,983	2,596,972,425

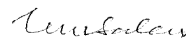
The annexed notes from 1 to 19 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 MARCH 2020

	Half Year Ended	
	March 31, 2020	March 31, 2019
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(209,328,228)	5,959,025
Adjustments for non-cash and other items:		
Depreciation	60,637,401	60,666,566
Finance cost	173,535,981	117,669,622
Profit on bank deposits	(249,073)	(38,078)
Fair value gain on short term investments	(968,787)	-
Advances against sale of sugar forfeited	(3,078,000)	-
Gain on disposal of operating fixed assets	-	(599,444)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	20,549,294	183,657,691
Inventory	(2,394,834,236)	(942,070,979)
Trade and other receivables	(285,109,153)	514,811,724
Advances, deposits and prepayments	(158,398,040)	(11,441,219)
Contract liabilities	(362,343,793)	-
Trade and other payables	515,409,035	(27,596,382)
	(2,685,276,187)	(466,296,856)
CASH OUTFLOWS FROM OPERATIONS	(2,664,726,893)	(282,639,165)
Net increase in long term deposits	28,100	(9,280,575)
Finance cost paid	(93,219,412)	(119,233,105)
Income tax paid	(18,425,641)	(35,323,179)
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	(2,776,343,846)	(446,476,024)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(233,414,748)	(164,276,426)
Proceeds from disposal of operating fixed assets	-	1,302,090
Short term investments - net	18,504,747	-
Dividend received	708,150	-
Profit on bank deposits received	249,073	38,078
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(213,952,778)	(162,936,258)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(10,800,000)	-
Long term finance - net	421,571,230	199,806,495
Repayment of director's loans - unsecured and interest free	(13,900,000)	(67,384,920)
Lease liability	(1,584,073)	-
Right share subscription money received	-	71,534,030
Repayment of loan obtained from related party	(300,000)	(1,619,760)
Short term borrowings obtained - net	2,609,928,469	457,323,984
NET CASH INFLOWS FROM FINANCING ACTIVITIES	3,004,915,626	659,659,829
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,619,002	50,247,547
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	70,929,231	18,044,992
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	85,548,233	68,292,539
The reconciliation in cash and cash equivalents is as follows:		
Cash and cash equivalents		
Cash and bank balances	87,287,975	102,197,175
Temporary books' overdraft balances	(1,739,742)	(33,904,636)
Cash and cash equivalents at the end of the period	85,548,233	68,292,539

The annexed notes from 1 to 19 form an integral part of these financial statements.

LAHORE

CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

HUSEIN SUGAR MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 MARCH 2020

1 THE COMPANY AND ITS OPERATIONS

Husein Sugar Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the repealed Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is principally engaged in the business of production and sale of sugar and by products. Its registered office is situated at 180 Abu Bakar Block, New Garden Town, Canal Road, Lahore whereas its mill / plant is situated at Lahore Road, Jaranwala, district Faisalabad.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; Islamic Financial Standards (IFAS) issued by the Institute of Chartered Accountancy of Pakistan as referred under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements are unaudited. However, the cumulative figures for the half year ended March 31, 2020 presented in these condensed interim financial statements have been subjected to limited scope review by the auditors of the Company, as required under section 237 of the Companies Act, 2017.

These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended September 30, 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for freehold land, buildings on freehold land and plant and machinery which are carried at revalued amount.

3.2 Functional and presentation currency

The financial statements are presented in Pakistani Rupee (Rs.) which is the Company's functional and presentation currency.

3.3 Critical accounting estimates, judgments and assumptions

The preparation of these condensed interim financial statements in conformity with the 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 historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that were applied to audited annual financial statements of the Company for the year ended

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 September 2019, except for those as resulted on adoption of IFRS 16, Leases.

4.1 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, interpretations and amendments to published approved accounting and reporting standards which are effective during the half year ended March 31, 2020 and are relevant:

Change in significant accounting policies

The Company has adopted IFRS 16 'Leases' from 01 October 2019 which is effective from the annual periods beginning on or after 01 October 2019. There are other new standards which are effective from 01 October 2019 but they do not have a material effect on the Company's condensed interim financial statements. The detail of new significant accounting policy adopted and the nature and effect of the changes from previous accounting policy are set out below:

Adoption of IFRS 16 'Leases' - IFRS 16

Previously, the Company classified property leases as operating leases under IAS 17. From October 01, 2019, the Company has applied IFRS 16 for recognition of the property leases, having non-cancelable period of more than one year, using the modified retrospective approach. New accounting policies of the Company upon adoption of IFRS 16 are:

Right-of-use (RoU) assets

At the commencement date of the lease, the RoU assets is initially measured at the present value of lease liability adjusted for lease prepayments. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment loss. RoU assets are depreciated on a straight-line basis over the lease term.

Lease Liability

At the commencement date of the lease, the Company recognizes lease liability measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

The effect of adoption of IFRS 16 as at October 01, 2019 is as follows.

	October 01, 2019
Assets	Rupees
RoU assets	11,274,018
Add: Lease prepayments	1,200,000
	<u>12,474,018</u>
Liability	
Liabilities against RoU assets	<u>11,274,018</u>

The carrying amounts of the Company's right-of-use assets, lease liabilities and the movements during the period is as below:

	March 31, 2020	
	RoU asset	Lease liability
	Rupees	
As at October 01, 2019	12,474,018	11,274,018
Depreciation	(2,201,297)	-
Interest expense on lease liability	-	815,927
Payments	-	(2,400,000)
As at March 31, 2020	<u>10,272,721</u>	<u>9,689,945</u>

The amendments that were mandatory for the half year ended March, 2020 are considered not to be relevant for the Company's financial reporting process and hence have not been disclosed here.

(b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There are new standards and certain amendments and interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after October 1, 2020. However, these standard, amendments and interpretation will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

5 SEASONALITY OF OPERATIONS

Due to the seasonal availability of sugarcane, operating results are expected to fluctuate in the second half of the year. The crushing season starts from November and last till April each year. During the period, the Company has obtained and availed financing facilities from different banks for BMR and to meet working capital requirements (refer note 7 and 8).

6 SHARE CAPITAL

6.1. Authorized capital

Ordinary share capital

53 million (30 September 2019: 53 million) ordinary shares of Rupees 10 each

Preference share capital

15 million (30 September 2019: 15) preference shares of Rupees 10 each

	March 31, 2020	September 30, 2019
Note	Rupees	Rupees
	530,000,000	530,000,000
	150,000,000	150,000,000
	<u>680,000,000</u>	<u>680,000,000</u>

6.2. Issued, subscribed and paid-up ordinary share capital

			Note	March 31, 2020 Rupees	September 30, 2019 Rupees
March 31, 2020	September 30, 2019				
Number of shares					
26,189,150	26,189,150	Ordinary shares of Rs. 10 each, fully paid in cash		261,891,500	261,891,500
1,129,000	1,129,000	Ordinary shares of Rs. 10 each, fully paid for consideration other than cash		11,290,000	11,290,000
11,201,850	8,681,850	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	6.3	112,018,500	86,818,500
38,520,000	36,000,000			385,200,000	360,000,000

6.3 The movement in ordinary share capital issued as fully paid bonus shares is as under:

March 31, 2020	September 30, 2019				
Number of shares					
8,681,850	8,681,850	Opening balance		86,818,500	86,818,500
2,520,000	-	Bonus shares issued during the period against share premium account		25,200,000	-
11,201,850	8,681,850	Closing balance		112,018,500	86,818,500

7. LONG TERM FINANCE

From banking companies - secured

National Bank of Pakistan					
Demand finance	7.1	166,473,162		177,584,273	
Demand finance	7.2	200,000,000		-	
Demand finance	7.3	18,616,248		-	
First Credit & Investment Bank Limited	7.4	100,000,000		100,000,000	
ORIX Modaraba	7.5	66,055,093		74,989,000	
Bank Islami Pakistan Limited	7.6	223,000,000		-	
		774,144,503		352,573,273	
Less: current portion shown under current liabilities		(107,946,586)		(74,910,714)	
		666,197,917		277,662,559	

- 7.1 This demand finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 200 million (2019: Rs.200 million), to finance for BMR (for installation of equipment to improving efficiency of mill). It carries mark-up at the rate of 3 months KIBOR + 2.5% (2019: 3 months KIBOR + 2.5%) per annum, payable quarterly. It is secured by way of first pari passu mortgage charge of Rs. 267 million over fixed assets (including land, building & machinery)of the company with 25% margin registered with SECP and personal guarantees along with Personal Net Worth Statement (PNWS) of the two directors of the Company. The tenor of the facility is five years from the date of first disbursement.
- 7.2 This demand finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 200 million (2019: nil), to finance CAPEX / BMR requirement of the company (installation of equipment / plant / machinery i.e. falling film evaporators to improve efficiency of mill). It carries mark-up at the rate of 3 months KIBOR + 3% (2019: nil) per annum, payable quarterly. It is secured by way of first pari passu / JPP charge of Rs. 267 million (2019: nil) over fixed assets (land, building, plant & machinery) of the company (initially a ranking charge for Rs. 267 million over fixed assets (land, building and plant & machinery) of the company registered with SECP which shall be converted into first pari pasu / JPP within 90 days of first disbursement of demand finance), total value of fixed assets assessed at Rs. 2,109.061 million (FSV Rs. 1,581.796 million) vide evaluation report dated 22.06.2017 conducted by Harvester Services (Pvt) Limited & measuring 616 Kanal 14 marla / 77 Acres 14 marla located at Chak No. 128 G.B., Lahore Road, Tehsil Jaranwala, District Faisalabad and personal guarantees along with Personal Net Worth Statement (PNWS) of the two directors of the Company.
- 7.3 This demand facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 278.640 million (2019: nil), for import of equipment / plant / machinery i.e. planetary gears. It carries nil / as per regulatory margin, commission at 0.10% per quarter. It is secured by way of lien over import documents of the title of goods, first pari passu / JPP charge of Rs. 372 million (2019: nil) over fixed assets (land, building, plant & machinery) of the company (initially a ranking charge for Rs. 372 million over fixed assets (land, building and plant & machinery) of the company registered with SECP which shall be converted into first pari pasu / JPP within 90 days of first LC establishment), total value of fixed assets assessed at Rs. 2,109.061 million (FSV Rs. 1,581.796 million) vide evaluation report dated 22.06.2017 conducted by Harvester Services (Pvt) Limited & measuring 616 Kanal 14 marla / 77 Acres 14 marla located at Chak No. 128 G.B., Lahore Road, Tehsil Jaranwala, District Faisalabad and personal guarantees along with Personal Net Worth Statement (PNWS) / wealth tax returns of the two directors of the Company.
- 7.4 This long term finance facility has been obtained from First Credit & Investment Bank Limited, out of the total sanctioned limit of Rs. 100 million (2019: 100), for Balancing, Modernization and Replacement (BMR) and Efficiency Improvement Project (EIP). It carries mark-up at the rate of 3 months KIBOR + 4% (2019: 3 months KIBOR + 4%) per annum, payable quarterly. It is secured by way of first pari passu charge over all present and future fixed assets / non-current assets including land, building and plant & machinery of the company with 25% margin registered with SECP, personal guarantee of Chairman and Chief Executive of the Company along with his Personal Net Worth Statement (PNWS) and subordination of directors' loan amounting to Rs 500 million. The tenor of the facility is five years from the date of disbursement.
- 7.5 This Ijarah facility has been obtained from ORIX Modaraba, out of the total sanctioned limit of Rs. 75 million (2019: 75 million), to import one unit brand new Steam Turbine. It carries mark-up at the rate of 3 months KIBOR + 3.75% (2019: 3 months KIBOR + 3.75%) per annum, payable quarterly. It is secured by way of 10% security deposit of the finance amount, title of the leased asset, exclusively in the name of ORIX Modaraba for the entire lease period and subordination of directors' loan amounting to Rs 500 million in favour of ORIX Modaraba. The tenor of the facility is three years.
- 7.6 This diminishing musharakah facility has been obtained from Bank Islami Pakistan Limited, out of the total sanctioned limit of Rs. 250 million (2019: nil), to meet company's requirements of BMR. It carries mark-up at the rate of 6 months KIBOR + 3.0% floor =13% and cap=25% (2019: nil) per annum, payable quarterly. It is secured by way ranking charge over present and future fixed assets (land, building and plant & machinery) of the company amounting to Rs. 334 million to be upgraded to first pari pasu charge within 120 days from the date of disbursement and personal guarantee of two directors.

	Note	March 31, 2020 Rupees	September 30, 2019 Rupees
8. SHORT TERM BORROWINGS			
From financial institutions	8.1.	3,007,108,652	397,180,183
From related parties	8.2.	13,901,995	14,201,995
		3,021,010,647	411,382,178

8.1. From financial institutions

Secured and interest bearing

National Bank of Pakistan			
Cash finance (hypothecation)	8.1.1	99,995,182	99,995,182
Cash finance (pledge)	8.1.2	499,725,000	47,485,000
Cash finance (pledge)OTT	8.1.3	250,000,000	-
Habib Bank Limited	8.1.4	299,215,656	-
Bank Islami Pakistan Limited			
Istisna finance	8.1.5	513,821,874	249,700,001
Meezan Bank Limited			
Istisna / tijarah	8.1.6	499,352,496	-
Meezan Bank Ltd-Istisna / tijarah-OTT	8.1.7	199,798,444	-
Dubai Islamic Bank Pakistan Limited			
Salam cum wakala	8.1.8	355,900,000	-
Askari Bank Limited - Islamic banking	8.1.9	289,300,000	-
Salam OTT (Pledge)			
		3,007,108,652	397,180,183

- 8.1.1 This cash finance (hypothecation) facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 100 million (2019: Rs. 100 million), to finance working capital needs i.e. raw material procurement & other direct / indirect cost / expense / overheads as well as financing of white refined sugar. It carries mark-up at the rate of 3 months KIBOR + 3% (2019: 3 months KIBOR + 3%) per annum, payable quarterly in shape of arrears. It is secured by way of first pari passu charge of Rs. 134 million (2019: Rs. 134 million) over current assets of the company registered with SECP, first pari passu charge of Rs. 134 million (2019: Rs. 134 million) over fixed assets (land, building, plant and machinery) of the company registered with SECP. The total value of fixed assets assessed at Rs. 2,109.061 million (FSV Rs. 1,581.796 million) vide evaluation report dated 22.06.2017 conducted by Harvester Services (Pvt) Limited & measuring 616 Kanal 14 marla / 77 Acres 14 marla located at Chak No. 128 G.B., Lahore Road, Tehsil Jaranwala, District Faisalabad and personal guarantees along with Personal Net Worth Statement (PNWS) / wealth tax returns of the two directors of the Company.
- 8.1.2 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 500 million (2019: Rs. 500 million) to finance working capital needs (purchase of raw material i.e. sugarcane for manufacturing of refined sugar/stock-in-trade financing/for keeping stock of white refined sugar). It carries markup at the rate of 1 month KIBOR + 2.5% (2019: 1 month KIBOR + 2.5%) per annum, payable quarterly. It is secured by way of exclusive charge of Rs. 667.67 million (inclusive of 25% margin) over pledged assets of the company registered with SECP, pledge of white refined sugar bags (season 2019-2020) in standard size bags of 50 kgs & in shared godowns properly demarcated under common housing arrangement with company's/ other banks' stock inclusive of 25% margin, ranking charge of Rs. 400 million (2019: Rs. 400 million) over fixed assets of the company registered with SECP and personal guarantees along with Personal Net Worth Statement (PNWS) / wealth tax returns of two directors of the Company.
- 8.1.3 This cash finance (Pledge-OTT) facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 250 million (2019: nil) to finance working capital needs (purchase of raw material i.e. sugarcane for manufacturing of refined sugar/stock-in-trade financing/for keeping stock of white refined sugar). It carries markup at the rate of 1 month KIBOR + 3% (2019: nil) per annum, payable quarterly in shape of arrears. It is secured by way of exclusive charge of Rs. 334 million inclusive of 25% margin over pledge assets of the company registered with SECP, pledge of white refined sugar bags (season 2019-2020) in standard size bags of 50 kgs & in shared godowns properly demarcated under common housing arrangement with the company's/other banks' stock inclusive of 25% margin and personal guarantees along with Personal Net Worth Statement (PNWS) / wealth tax returns of two directors of the Company.
- 8.1.4 This Salam facility was obtained from Habib Bank Limited, out of total sanctioned limit of Rs. 300 million (2019: nil) for manufacturing of sugar during season 2019-2020. It carries profit at the rate of KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over fixed assets including land, building, plant & machinery of the company with 25% risk margin, ranking charge over current assets of the company with 25% risk margin, pledge of white crystalline sugar of season 2019-2020 packed in marketable bag of 50 kgs lying in factory premises under effective control of banks appointed mucaddam with 25% risk margin on stocks which are placed in godowns and 30% risk margin where stocks are placed in open within factory premises, pledge charge registered with SECP before drawdown, subordination of director's loan of Rs. 530 million in favour of the bank and personal guarantees of two directors of the company along with PNWSs.
- 8.1.5 This istisna finance facility has been obtained from Bank Islami Pakistan Limited, out of total sanctioned limit of Rs. 580.14 million (2019: Rs. 250 million) for production of sugar. It carries profit at the rate of respective KIBOR + 3% (2019: respective KIBOR + 3%) per annum, payable quarterly. It is secured by way of first pari passu charge over fixed assets (land, building and plant & machinery) of the Company to the extent of Rs. 334 million (2019: Rs. 334 million), first pari passu charge over present and future current assets of the company to the extent of Rs. 234 million (2019: Rs. 234 million), ranking charge over present and future current assets of the company amounting to Rs. 825 million to be upgraded to first pari passu / JPP charge within 120 days from the date of sanction advice and personal guarantees of two directors of the Company.
- 8.1.6 This istisna finance / tijarah facility was obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. 500 million (2019:nil) for purchase of raw materials / stores and spares / and to meet the working capital requirements of the company. It carries profit at the rate of respective KIBOR + 3% per annum (2019: nil), payable quarterly. It is secured by way of ranking charge of Rs. 667 million over both current and fixed assets of the company, subordination of directors' loan amounting to Rs. 500 million, pledge of charge on pledge assets registered with SECP of the company (white refined crystalline sugar) amounting to Rs. 715 million, personal guarantees of two directors of the company along with PNWS.

8.1.7 This istisna finance facility was obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. 200 million (2019:nil) for purchase of raw materials / stores and spares / and to meet the working capital requirements of the company. It carries profit at the rate of respective KIBOR + 3.50% per annum, payable quarterly. It is secured by way of charge over pledge amounting to Rs. 335 million registered with SECP, corporate guarantee of all credible buyers, pledge of white crystalline refined sugar (season 2019-2020) packed in marketable bags lying in the factory premises under effective control of bank's appointed muddadam as per following margins: 25% in case of where stock is placed in covered godowns and 30% in case where stock is placed in open within the mill premises, excise duty will be excluded while calculating drawing power, for the purpose of drawing power calculation, sugar price shall be obtained from the business recorder or akbari mandi (exclusive of sales tax / excise duty whichever is lower), stocks of sugar pledged with different banks are placed in the same godown with clear marking / segregation of stock for each bank and personal guarantees of two directors of the company along with PNWS.

8.1.8 This salam facility was obtained from Dubai Islamic Bank Pakistan Limited (DIBPL), out of total sanctioned limit of Rs. 400 million (2019: nil) to meet the working capital requirements of the company by purchasing sugarcane from farmers / various suppliers in the local market. It carries profit at the rate of relevant KIBOR + 3% per annum, payable quarterly. It is secured by way of pledge of white refined sugar stock with 25% margin, charge of Rs. 534 million over pledged stock of white refined sugar inclusive of 25% margin, ranking charge of Rs. 534 million over all present and future current assets of the company inclusive of 25% margin, ranking charge of Rs. 534 million over all present & future fixed assets (land, building, plant & machinery) of the company, first pari passu charge of Rs. 252.3 million over all present and future fixed assets (land, building, plant & machinery) of the company, directors' loan of Rs. 521.95 million shall remain subordinated to DIBPL's facility and personal guarantees along with PNWS of the two directors of the company.

8.1.9 This Salam (Pledge) facility was obtained from Askari Bank Limited, out of total sanctioned limit of Rs. 400 million (2019: nil) for production of white refined sugar from sugarcane. It carries profit at the rate of matching KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over all present and future fixed assets of the company to the extent of Rs. 400 million through constructive MOTD and plant & machinery (through letter of hypothecation) duly registered with SECP, ranking charge over all present and future current assets of the company to the extent of Rs. 534 million out of which Rs. 400 million is already registered with SECP and the remaining charge of Rs. 134 million for enhancement, pledged of white refined sugar of 2019-2020 season with 25% margin (inclusive of applicable sales tax) stored at the company's godown shared with other banks / open pledge in sugar mills / factory, duly stacked and segregated in countable position and insured under the supervision of the banks approved muddadam. Placement of 33.33% (166.650 million approx.) of total pledge of sugar bags in open located within the Mill's premises keeping in view of lesser capacity of godowns during peak season (2019-2020) and personal guarantees of two directors of the company along with PNWS.

8.1.10 The Company has total credit facilities from all the banks as mentioned in notes 8.1.1 to 8.1.9 above, amounting to Rs. 223.031 million (2019: Rs. 452.515 million) that remained unutilized at the terminal date.

	March 31, 2020	September 30, 2019
	Rupees	Rupees
8.2. From related parties		
Unsecured and interest free		
Ms. Nusrat Shamim	8.2.1 13,901,995	14,201,995

8.2.1 This represents loan obtained from the sponsoring director, Ms. Nusrat Shamim, of the Company to bridge / assist its working capital requirements. It is payable on demand.

9. CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies as reported in the annual financial statements of the company for the year ended September 30, 2019, except these:

The Additional Commissioner (IR) Zone-III, LTU, Lahore has passed an order under section 122(5A) and created a tax demand of Rs. 2,644,646, by making certain additions to taxable income of the Company for the tax year 2017. The Company has filed appeal before the Commissioner Inland Revenue (Appeals - I), Lahore, against the impugned amended assessment order, pending adjudicating at the reporting date. The Company has also filed a rectification application before the Additional Commissioner (IR) Zone-III, LTU, Lahore, which is pending at the reporting date. After the rectification effect the original tax demand shall be reduced from Rs. 2,644,646 to Rs. 1,162,426. The tax advisors as well as management of the Company expects a favorable outcome of this case, hence no provision has been made to this effect in these condensed interim financial statements.

The Deputy Commissioner of (IR) Zone-III, Lahore has passed an order under section 11 of the Sales Tax Act, 1990 ("the Act") and created a tax demand of Rs. 15,031,144 along with penalty and default surcharge under sections 33 and 34 of the Act (to be calculated at the time of deposit) by disallowing the input sales tax on certain items for the alleged violation of sections 6, 7, 8 and 26 of the Act. The Company at present is in the process to file an appeal against this order before the Commissioner Inland Revenue (Appeals - I) Lahore. The tax advisors as well as management of the Company expects a favourable outcome of this case being contrary to the facts of the case, hence no provisions has been made to this effect in these condensed interim financial statements.

9.2 Commitments

9.2.1 Company is committed to pay the following:

Ijarah rentals

Due within one year

Due after one year but not later than five years

Diminishing Musharakah rentals

Due within one year

Due after one year but not later than five years

9.2.2 Commitment against CAPEX

	March 31, 2020	September 30, 2019
Note	Rupees	Rupees
	7,662,720	7,381,200
	22,903,786	21,057,482
	4,116,408	4,138,224
	8,048,306	6,164,133
	42,731,220	38,741,039
	294,845,939	294,845,939

10. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	10.1	2,820,483,524	2,766,230,718
Capital work-in-progress	10.2	681,619,320	551,820,761
		3,502,102,844	3,318,051,479

10.1 Operating fixed assets - tangible

	COST / REVALUED AMOUNT					ACCUMULATED DEPRECIATION						NET BOOK
	Balance as at 1-Oct-19	Additions	Transfer	Deletion	Balance as at 31-March-2020	Rate %	Balance as at 1-Oct-19	For the year	Deletion	Depreciation Adjustment	Balance as at 31-March-2020	VALUE AS AT 31-March-2020
Owned												
Freehold land	928,856,250	-	-	-	928,856,250	-	-	-	-	-	-	928,856,250
Buildings on freehold land	443,886,749	-	-	-	443,886,749	10	93,887,729	17,499,951	-	-	111,387,680	332,499,069
Plant and machinery	1,586,613,783	-	96,168,757	-	1,682,782,540	5	160,907,629	36,484,096	-	-	197,391,724	1,485,390,815
Standby equipments	2,625,683	-	-	-	2,625,683	10	1,373,250	62,622	-	-	1,435,872	1,189,811
Factory equipments	9,021,145	425,368	-	-	9,446,513	10	6,780,001	119,147	-	-	6,899,148	2,547,365
Gas and electric installations	52,013,873	1,493,875	-	-	53,507,748	10	16,442,211	1,840,116	-	-	18,282,327	35,225,421
Railway sidings	492,072	-	-	-	492,072	5	492,072	-	-	-	492,072	-
Furniture and fixtures	4,377,667	3,168,159	-	-	7,545,826	10	3,705,318	84,788	-	-	3,790,106	3,755,720
Office equipments	7,785,049	56,200	-	-	7,841,249	20	6,719,831	111,995	-	-	6,831,826	1,009,424
Computer equipments	6,190,947	294,900	-	-	6,485,847	30	5,580,337	125,329	-	-	5,705,666	780,181
Vehicles	77,354,033	808,930	-	-	78,162,963	20	57,098,156	2,108,060	-	-	59,206,216	18,956,747
Right of Use assets (ROU) - office building	-	12,474,018	-	-	12,474,018		-	2,201,297	-	-	2,201,297	10,272,721
Rupees - March 31, 2020	3,119,217,251	18,721,450	96,168,757	-	3,234,107,458		352,986,533	60,637,401	-	-	413,623,934	2,820,483,524

	COST / REVALUED AMOUNT					ACCUMULATED DEPRECIATION						NET BOOK
	Balance	Additions	Transfer	Deletion	Balance	Rate	Balance	For the	Deletion	Depreciation	Balance	VALUE
	as at				as at		as at	year		Adjustment	as at	AS AT
	1-Oct-18				30-Sep-19	%	1-Oct-18				30-Sep-19	30-Sep-19
Owned												
Freehold land	1,014,616,250	-	-	(85,760,000)	928,856,250	-	-	-	-	-	-	928,856,250
Buildings on freehold land	459,152,150	30,000	-	(15,295,401)	443,886,749	10	55,765,386	39,553,100	-	(1,430,757)	93,887,729	349,999,020
Plant and machinery	1,552,800,820	39,900,338	-	(6,087,375)	1,586,613,783	5	87,022,094	74,996,481	-	(1,110,946)	160,907,629	1,425,706,154
Stand by equipments	2,625,683	-	-	-	2,625,683	10	1,234,091	139,159	-	-	1,373,250	1,252,433
Factory equipments	9,021,145	-	-	-	9,021,145	10	6,530,985	249,016	-	-	6,780,001	2,241,144
Gas and electric installations	32,215,186	21,912,217	-	(2,113,530)	52,013,873	10	14,818,542	3,737,198	-	(2,113,529)	16,442,211	35,571,662
Railway sidings	492,072	-	-	-	492,072	5	492,072	-	-	-	492,072	-
Furniture and fixtures	4,606,953	31,430	-	(260,716)	4,377,667	10	3,872,404	93,630	-	(260,716)	3,705,318	672,349
Office equipments	8,445,599	-	-	(660,550)	7,785,049	20	7,040,995	339,385	-	(660,550)	6,719,831	1,065,219
Computer equipments	6,190,947	-	-	-	6,190,947	30	5,318,647	261,690	-	-	5,580,337	610,610
Vehicles	81,359,658	-	-	(4,005,625)	77,354,033	20	55,087,391	4,712,616	(2,701,852)	-	57,098,156	20,255,877
Rupees - September 30, 2019	3,171,526,463	61,873,985	-	(114,183,197)	3,119,217,251		237,182,606	124,082,277	(2,701,852)	(5,576,498)	352,986,533	2,766,230,718

10.1.1 Right-of-use asset

The Company has recognized right-of-use asset in respect of head office under rental agreement.

10.2 Capital work-in-progress

	Opening Balance	Additions	Transfer to operating fixed assets / adjustments	Closing Balance
.....Rupees.....				
Civil work and buildings	12,193,584	12,306,078	-	24,499,662
Plant and machinery	184,502,154	314,868,739	(96,168,757)	403,202,136
Advances for capital expenditure - plant and machinery	355,125,023	240,804,219	(342,011,720)	253,917,522
March 31, 2020	551,820,761	567,979,036	(438,180,477)	681,619,320
September 30, 2019	296,781,497	443,910,874	188,871,610	551,820,761

11. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

	HALF YEAR ENDED - (Un-audited)		QUARTER ENDED - (Un-audited)	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Local	794,450,311	1,061,221,784	414,221,056	372,777,429
Export - sugar	3,229,280	753,805,183	-	753,805,183
	797,679,591	1,815,026,967	414,221,056	1,126,582,612

12. COST OF REVENUE

Raw material consumed:

Sugarcane purchased	2,697,075,597	2,347,672,270	1,878,237,101	1,730,552,161
Sugarcane development cess	17,873,914	18,426,877	17,873,914	13,288,964
Market committee fee	4,766,416	4,913,877	3,067,045	3,543,750
	2,719,715,927	2,371,013,024	1,899,178,060	1,747,384,875
Salaries, wages and other benefits	94,444,367	105,337,800	54,459,667	75,457,506
Workers' welfare expense	8,019,569	5,971,195	5,380,893	4,583,805
Stores, spare parts and loose tools consumed	8,964,653	8,139,334	4,657,388	5,164,120
Chemicals consumed	24,366,445	23,781,488	16,072,562	17,552,820
Packing material consumed	27,470,622	26,049,573	18,373,967	20,433,604
Fuel and power	13,179,713	7,902,098	7,211,157	3,582,959
Repair and maintenance	46,252,321	33,325,072	14,248,371	-
Vehicle running expenses	8,804,135	6,422,712	8,804,135	6,238,265
Insurance	4,336,776	2,819,118	2,274,641	1,409,559
Other factory overheads	3,170,543	1,636,355	1,953,750	1,405,472
Depreciation	52,318,450	54,310,412	24,741,341	25,312,303
	3,011,043,521	2,646,708,181	2,057,355,932	1,908,525,288

Work-in-process

Opening stock	7,157,809	7,428,720	27,315,545	55,355,295
Closing stock	(14,932,374)	(6,833,823)	(14,932,374)	(6,833,823)
	(7,774,565)	594,897	12,383,171	48,521,472
Cost of goods manufactured	3,003,268,956	2,647,303,078	2,069,739,103	1,957,046,760

Finished goods

Opening stock	173,048,481	881,313,888	904,185,714	1,118,252,442
Closing stock	(2,379,518,172)	(1,869,432,007)	(2,379,518,172)	(1,869,432,007)
	(2,206,469,691)	(988,118,119)	(1,475,332,458)	(751,179,565)
	796,799,265	1,659,184,959	594,406,645	1,205,867,195

13. (LOSS) / EARNINGS PER SHARE

		HALF YEAR ENDED - (Un-audited)		QUARTER ENDED - (Un-audited)	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
(Loss) / profit attributable to ordinary shareholders	Rupees	(205,676,929)	4,838,640	(306,567,784)	(147,210,776)
Weighted average number of ordinary shares outstanding during the period	Numbers	38,520,000	38,520,000	38,520,000	38,520,000
(Loss) / earnings per share - basic and diluted	Rupees	(5.34)	0.13	(7.96)	(3.82)

14. TRANSACTIONS WITH RELATED

Related party transactions during the period:

Particulars	Relationship	Names	Half year ended	
			Un-audited 31-Mar-20	Un-audited 31-Mar-19
			Rupees	
Company's contributions to fund / trust	Post retirement benefits	HSML Employees' Provident Fund Trust	3,614,656	3,725,726
Repayment of directors' loans	- Chairman of the Board / Non - Executive Director	Mr. Ahmed Ali Tariq	10,400,000	67,384,920
	- Director / Chief Executive Officer	Mr. Mustafa Ali Tariq	9,300,000	1,619,760
Remuneration and benefits of key management	Chief Operating Officer	Mr. Wasim Saleem	2,040,000	1,730,245
Directors' remuneration and benefits	- Director / Chief Executive Officer	Mr. Mustafa Ali Tariq	4,130,930	3,500,000
	- Executive Director	Mrs. Maryam Habib	1,043,992	913,710

Closing balances with related parties during the period / year:

Particulars	Relationship	Name	Un-audited 31-Mar-20	Audited September 30, 2019
			Rupees	
Company's contributions to fund / trust	Post retirement benefits	HSML Employees' Provident Fund Trust	13,033,611	4,967,501
Key management personnel's remuneration and benefits	Chief Operating Officer	Mr. Wasim Saleem	341,333	333,844
Directors' loans	Director / Chief Executive Officer	Mr. Mustafa Ali Tariq	284,223,433	293,523,433
	Director / Chairman of the Board	Mr. Ahmad Ali Tariq	148,257,550	152,857,550
Directors' remuneration	Director / Chief Executive Officer	Mr. Mustafa Ali Tariq	700,000	700,000
	Executive Director	Mrs. Maryam Habib	172,032	174,032

15. RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL FINANCIAL INSTITUTIONS

The Company in the normal course of business deals with sole islamic financial institutions as well as the financial institutions who operate both the conventional side and Islamic window. During the year, the Company carried out transactions with both the conventional side as well as Islamic window of financial institutions. The details of segregation between Shariah complaints and conventional assets/liabilities and income/expenditure are given below :

	As on March 31, 2020 (unaudited)			As on September 30, 2019 (audited)		
	Islamic Banks	Conventional Banks	Total	Islamic Banks	Conventional Banks	Total
			Rupees.....			
Account balances:						
Accrued mark-up on secured borrowings	67,981,746	43,809,501	111,791,247	24,818,089	6,656,589	31,474,678
Long term finance	66,055,093	708,089,410	774,144,503	74,989,000	277,584,273	352,573,273
Short term borrowings	2,157,388,470	849,720,182	3,007,108,652	249,700,001	147,480,182	397,180,183
Bank balances	65,650,199	19,749,390	85,399,589	3,085,984	67,578,006	70,663,990
Ijarah rentals	294,375	-	294,375	292,381	-	292,381
Diminishing Musharikhah rentals	344,852	-	344,852	344,852	-	344,852

	Half year ended March 31, 2020 (unaudited)			Half year ended March 31, 2019 (unaudited)		
	Islamic Banks	Conventional	Total	Islamic Banks	Conventional	Total
			Rupees.....			
Class of transactions:						
Ijarah and diminishing musharikhah rentals	5,857,264	-	5,857,264	4,478,551	-	4,478,551
Finance cost	97,465,874	62,903,473	160,369,347	69,939,244	46,796,822	116,736,066
Income from PLS bank accounts	93,114	155,959	249,073	4,927	33,151	38,078

16. FINANCIAL RISK MANAGEMENT

16.1 Financial risk factors

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 September 2019.

16.2 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

The carrying values of all financial assets and financial liabilities as well as certain property, plant and equipment (level 2) and short term investment (level 1) reflected in these condensed interim financial statements approximate their fair values.

17. DATE OF AUTHORIZATION

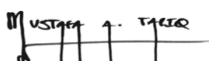
These condensed interim financial statements have been approved and authorized by the Board of Directors of the Company for issue on 29 May 2020.

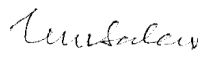
19 GENERAL

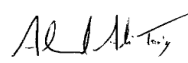
19.1 Figures of the corresponding period have been re-arranged and regrouped to represent better / true presentation and to facilitate appropriate comparison. However, no major reclassifications were made in the corresponding figures during the period.

19.2 The figures have been rounded off to the nearest rupee.

LAHORE:


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR



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