



H U S E I N  
S U G A R

INNOVATING  
TODAY  
DEFINING  
TOMORROW

**UN-AUDITED  
CONDENSED  
FINANCIAL  
INFORMATION**

FOR THE FIRST QUARTER ENDED  
DECEMBER 31, 2020



# CONTENTS

Company Information	2
Directors' Report to the Shareholders - English	4
Directors' Report to the Shareholders - Urdu	7
Condensed Interim Statement of Financial Position	10
Condensed Interim Statement of Profit or Loss	12
Condensed Interim Statement of Comprehensive Income	13
Condensed Interim Statement of Cash Flows	14
Condensed Interim Statement of Changes in Equity	15
Notes to the Condensed Interim Financial Information	16

# COMPANY INFORMATION

## DIRECTORS

Mian Ahmed Ali Tariq	Chairman
Mian Mustafa Ali Tariq	Chief Executive Director
Mrs. Nusrat Shamim	Non Executive Director
Mrs. Maryam Habib	Executive Director
Mr. Taufiq Ahmed Khan	Independent Director
Mr. M. Imran Khan	Independent Director
Mr. Saif Hasan	Independent Director

## CHIEF OPERATING AND FINANCIAL OFFICER

Mr. Wasim Saleem

## COMPANY SECRETARY

Mr. Khalid Mahmood

## HEAD OF INTERNAL AUDIT

Mr. Jalal-ud-Din Khan

## AUDIT COMMITTEE

Mr. Taufiq Ahmad Khan	Chairman
Mian Ahmed Ali Tariq	Member
Mr. Muhammad Imran Khan	Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mian Ahmed Ali Tariq	Chairman
Mian Mustafa Ali Tariq	Member
Mr. Taufiq Ahmad 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 OF THE COMPANY

### ISLAMIC

Askari Bank Limited  
Bankislami Pakistan Limited  
Dubai Islamic Bank Limited  
Habib Bank Limited  
Meezan Bank Limited  
Orix Modaraba

#### CONVENTIONAL

First Credit and Investment Bank Limited  
National Bank of Pakistan  
The Bank of Punjab  
Samba Bank Limited

#### SHARE REGISTRAR

M/s Corptec Associates (Pvt) Limited  
503 – E, Johar Town, Lahore, Pakistan  
Ph: 042-35170336-7  
Fax: 042-35170338

#### EXTERNAL AUDITORS

Kreston Hyder Bhimjee & Co  
Chartered Accountants

#### MILLS

Lahore Road, Jaranwala  
Ph: 041-4312499

#### REGISTERED & HEAD OFFICE

180 Abu Bakar Block, New Garden Town,  
Canal Road, Lahore.  
Ph: 042-111-111-HSM (476)  
Fax: 042-35712680  
Email: [info@husein.pk](mailto:info@husein.pk)

#### WEBSITE INFORMATION

[www.husein.pk](http://www.husein.pk)

#### PSX SYMBOL

HSM

# DIRECTORS' REPORT

The directors of your company are pleased to present the un-audited interim condensed financial information of the Company for the first quarter that ended on 31 December 2020.

The Company's performance for the current and last year is given below:

	31 December 2020	31 December 2019
<b>OPERATIONAL</b>		
Sugarcane crushed (Metric Tons)	319,530	169,797
Sugar produced (Metric Tons)	26,260	14,389
Sugar recovery (%)	8.52	8.75
	..... (Rupees) .....	
<b>FINANCIAL</b>		
Sales	1,570,184,415	383,458,535
Gross profit	444,389,564	98,334,588
Operating expenses	(74,517,060)	(41,804,183)
Finance cost	(49,609,360)	(47,596,874)
Profit before taxation	336,786,116	11,063,681
Profit after taxation	313,233,350	5,360,242
Earnings per share	8.13	0.15

## INDUSTRY OVERVIEW

This year, due to various economic and political reasons, the crushing season for sugarcane in Punjab and across the rest of Pakistan commenced in early November. As always, the Company was one of the first in the province to start crushing. This decision to start crushing proved successful in many aspects.

Although sugar prices remained seriously depressed through 2018, they have continued to increase dramatically throughout 2019 and in 2020. Primarily, the reason for the increased prices of sugarcane has been the decreasing area under sugarcane cultivation. Like last year, this crushing season, mills across the country have paid 25-30% higher than the official notified price of Rs. 200 per maund. Mills both in Punjab and Sindh are paying upwards of Rs. 300 per Maund for Sugarcane in order to get larger share of the available sugarcane crop. This increased sugarcane prices have pushed sugar production costs to unprecedented level.

At a national level, the unavailability of sugarcane has resulted in sugarcane prices rising throughout the ongoing crushing season. Naturally with an unavailability of sugarcane to be crushed, there has been a relatively conservative national sugar production. It is ironic to see that although the demand for sugarcane price by the growers keeps increasing on one hand, they have also simultaneously stopped supplying sugarcane to the mills for in the last few weeks.

If the Government wants to keep sugar prices within a specific range, timely intervention is needed by the Government at both a national and provincial level to ensure that sugarcane is provided to mills at or close to the support price. With the costs of sugarcane reaching up to Rs. 300 per Maund in January, costs of manufacturing are preposterously high. Producing at such high costs means that sugar will be sold onwards at high prices, even if mills were to break even.

The sugar industry in Pakistan is one of the top mechanisms for employment in the country. Ethanol and Sugar exports account for billions of dollars in foreign inflows and have proven vital in the shrinking of the current account deficit in the country. Not only does the industry provide employment to hundreds of thousands every year, it also provides billions of rupees to the rural economy of the country. Through a vast ecosystem of farmers, transporters, local shopkeepers, and wage-earners, the sugar industry is of great importance to the country's economy. The government through its various departments and functionaries should engage the Sugar industry at all possible forums to promulgate legislation suitable to the need of the hour. By working together, the government can provide a platform to the industry by which the market can become more competitive and produce much needed relief to stakeholders across the supply chain.

Our expectation is that if market dynamics continue the way they have during Q1 of FY20-21, it is not unreasonable to assume that sugar prices will continue to increase throughout the latter part of 2021.

## OPERATING HIGHLIGHTS

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

The Company was able to crush 319,530 Tons of Sugarcane and produced 26,260 Tons of refined sugar at an average recovery of 8.52% during the first quarter ending December 31, 2020 as compared to last year's sugarcane crushing of 169,797 Tons and production of 14,389 Tons refined sugar at an average recovery of 8.75%. Not only have we crushed 88% more tons of sugarcane as compared to last year, but, in terms of sugar produced we have also produced 82.5% more sugar than we did in the corresponding period last year. As mentioned above, the primary reason for higher production per ton of sugarcane crushed season is due to the Efficiency Improvement Project the Company has initiated in previous years.

Financially, our results have been dramatically different than last year. In the previous season, we pursued a very conservative selling strategy forecasting a dramatic increase in sugar prices. Given all indicators, we had decided to hold a significant portion of our inventory. The company was carrying about 16.21% of last season's sugar stocks as of September 30, 2020. According to accounting principles, these sugar stocks had been carried at cost. These stocks were subsequently sold in next accounting period yielding substantial margin over cost. This factor had temporarily depressed the profitability of the company in last year's accounts. By holding on to stock produced in the previous year, the company has performed much better as is made manifest by the company's financials. Net sales were recorded at Rs. 1,570,184,415 during the first quarter from 1st October 2020 to 31st December 2020 as compared to Rs. 383,458,535 against the corresponding period of last year.

Due to the inventory gain realized in the period subsequent to the close of the financial period of last year, and the profitable market conditions in the first quarter of this financial year, the company has earned pretax profit of Rs. 336,786,116 during the period under review as compared to pretax profit of Rs. 11,063,681 in the corresponding period of last year and profit after tax has been recorded at Rs. 313,233,350 against profit after tax of Rs. 5,360,242 over the same period of last year.

We are confident that due to supply and demand dynamics and accounting for the high costs of manufacturing this year, the price of sugar in the domestic market will continue to hold firm throughout 2021.

## FUTURE OUTLOOK

For the crushing season 2020-21 the government of Punjab has notified a support price of sugar cane at Rs.200 per 40 kg. Based on the area of sugarcane under cultivation, the average yield per acre of sugarcane, and the varieties of sugarcane planted, it is expected that sugar production for the upcoming year will be 5-10% higher than last year. The company started its crushing season on November 13, 2020 as compared to November 25, 2019 last year and up to December 31, 2020 has crushed 319,529 tons at an average sucrose recovery of 8.52% as compared to last year's total crushing of 169,797 tons at an average sucrose recovery of 8.75%. This means the company has already crushed 88% more cane than last year. The slight drop in sucrose recovery as compared to last year is due to an earlier start in the crushing season and should be not be viewed adversely. The recovery attained so far is in no way worrisome, and we are confident we will close the season with an above satisfactory recovery.

The company's outstanding operational performance has continued into 2021. The plant is performing exceptionally well, and we have started to fully realize additional revenue from Phase 1 and 2 of the Efficiency Improvement Project that company has successfully installed. In fact, the Company is on track to record historical results both operationally and financially.

The company has made significant progress with regard to its Efficiency Improvement Project (EIP) that aims to reduce operational losses considerably and multiply savings in fuel consumption. Having made significant process in this project during the financial year 2019-20, we have already started witnessing favorable operational results in the first quarter of the 2020-21 season. Not only have we witnessed a quantum jump in revenues for by-products such as bagasse, but also we have achieved greater mills extraction of sugar due to overall improvement in plant efficiency.

The financial environment should be more favorable this year as compared to last year. As most of the working capital lines availed by the company are on the Islamic mode of finance, therefore, the true benefit of reduction in markup rates by the State Bank of Pakistan that could not be passed on to the company due to structure of financing facilities last year, will be reflected this year. For next year, given an almost 40-50% reduction in KIBOR rates, our financial costs should decrease significantly allowing for greater room for profitability.

The area under sugarcane cultivation in our operational domain is about 5% higher than last year. However, even more encouraging, our Agriculture Department has reported that per acre yields are about 11% to 14% higher than last year and the cane crop is healthier due to timely and abundant rainfall in this year's monsoons. The current working environment indicates that the company is poised to produce more sugar than last year, which will ultimately boost both the top and bottom lines of the company.

Although, there should be a higher production of 10-15% sugar this year, there is no carryover stock of sugar unlike last year. However, it remains to be seen whether national sugar production will meet the national consumption this year. All the indicators are pointing towards a neck-to-neck production in this season. In the domestic market, sugar prices have regained pace and are likely to continue to increase through the greater part of 2021 given the exorbitant prices millers are paying sugarcane farmers. Against a notified support price of 200 Rs. Per Maund, millers are paying up to 300 Rs. Per Maund.

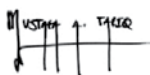
Sugar prices in the local market have generally followed the trends that have been observed in the international market. From historically low levels throughout 2018 and into the first quarter of 2019, today, international sugar has picked up pace once again trading up to 25% higher than last year. The 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 weeks due to rising oil prices and depletion of inventories in sugar exporting countries, sugar prices have revived at the international level drastically. This means domestic prices will remain firm in days to come.

Considering all the above factors, we can safely say that operational and financial results for the next season will be even better next year Insha Allah.

## ACKNOWLEDGEMENT

The generation of long-term shareholder value is the primary driving force of our company. The continued confidence and trust of our shareholders is of the utmost importance to us. At Husein - we have always strived to maximize our shareholder's equity and we remain determined in our commitment. 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 vendors. 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 capital 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 Board of Directors,



Mian Mustafa Ali Tariq  
Chief Executive Officer



Mian Ahmed Ali Tariq  
Chairman

LAHORE: 28 January 2021

# ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2020ء کو ختم ہونے والی پہلی سہ ماہی کے لیے کمپنی کی غیر نظر ثانی شدہ منجمد 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:

آپریٹنگ	31 دسمبر 2020	31 دسمبر 2019
گنے کی کرشنگ (میٹرک ٹن)	319,530	169,797
چینی کی پیداوار (میٹرک ٹن)	26,260	14,389
چینی کا حصول (فیصد)	8.52	8.75
مالیات		
فروخت	1,570,184,415	383,458,535
مجموعی منافع	444,389,564	98,334,588
آپریٹنگ اخراجات	(74,517,060)	(41,804,183)
مالی لاگت	(49,609,360)	(47,596,874)
قبل از ٹیکس منافع	336,786,116	11,063,681
بعد از ٹیکس منافع	313,233,350	5,360,242
فی شیئر آمدنی (روپے)	8.13	0.15

## انڈسٹری کا جائزہ

اس سال، مختلف اقتصادی اور سیاسی وجوہات کے باعث، پنجاب اور باقی پورے پاکستان میں گنے کا کرشنگ سیزن شروع نومبر میں شروع ہوا۔ ہمیشہ کی طرح، صوبہ پنجاب میں سب سے پہلے کرشنگ شروع کرنے والی کمپنی تھی۔ کرشنگ شروع کرنے کا یہ فیصلہ بہت سے پہلوؤں میں کامیاب ثابت ہوا۔ اگرچہ پورے 2018 میں چینی کی قیمتیں بہت دباؤ میں رہیں، پورے 2019 اور 2020 میں ڈرامائی انداز میں بڑھ رہی ہیں۔ بنیادی طور پر، گنے کی قیمتوں میں اضافے کی وجہ گنے کے زیر کاشت رقبہ کی کمی رہی ہے۔ گزشتہ سال کی طرح، اس کرشنگ سیزن میں، ملک بھر کی ملوں نے سرکاری اعلان کردہ قیمت 200 روپے فی سن سے 25-30 فیصد زیادہ قیمت ادا کی ہے۔ پنجاب اور سندھ میں سبھی ملیں دستیاب گنے کی فصل کا زیادہ سے زیادہ حصہ حاصل کرنے کے لئے گنے کی فی سن قیمت 300 روپے سے زائد ادا کر رہی ہیں۔ گنے کی ان زیادہ قیمتوں نے چینی کی پیداواری لاگت کو غیر معمولی سطح تک پہنچا دیا ہے۔ قومی سطح پر، گنے کی عدم دستیابی کے نتیجے میں جاری کرشنگ سیزن میں گنے کی قیمتوں میں اضافہ ہوا ہے۔ کرش کئے جانے والے قدرتی طور پر گنے کی عدم فراہمی کے ساتھ، نسبتاً چینی کی قومی پیداوار کم رہی ہے۔ یہ ستمبر ظریفی ہے کہ اگرچہ کاشتکاروں کی جانب سے گنے کی قیمت میں ایک طرف اضافہ ہو رہا ہے، دوسری طرف انہوں نے پچھلے چند ہفتوں سے ملوں کو گنے کی سپلائی بھی روک دی ہے۔

اگر حکومت چینی کی قیمتوں کو ایک خاص حد میں رکھنا چاہتی ہے تو، حکومت کی قومی اور صوبائی دونوں سطح پر بروقت مداخلت کی ضروری ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ ملوں کو گنا امدادی قیمت پر یا اس کے قریب فراہم کیا جاتا ہے۔ گنے کی قیمتیں جنوری میں 300 روپے فی سن تک پہنچ گئیں، مینوفیکچرنگ کے اخراجات پہلے سے زیادہ ہیں۔ اتنے زیادہ اخراجات پر پیدا کرنے کا مطلب یہ ہے کہ چینی کو زیادہ قیمتوں پر فروخت کیا جائے گا۔

پاکستان میں شوگر انڈسٹری ملک میں روزگار کے ایک اعلیٰ میکانزم میں سے ایک ہے۔ اسٹھانول اور شوگر کی برآمدات کی مدد ملیں ڈالر کی غیر ملکی آمدنی حاصل ہوتی ہے اور ملک کے کرنٹ اکاؤنٹ خسارے کو کم کرنے میں اہم کردار ادا کرتے ہیں۔ یہ صنعت نہ صرف ہر سال سینکڑوں ہزاروں افراد کو روزگار فراہم کرتی ہے بلکہ ملک کی دیہی معیشت کو بھی اربوں روپے مہیا کرتی ہے۔ کسانوں، ٹرانسپورٹرز، مقامی دکانداروں اور روزانہ اجرت کمانے والے افراد کے ایک وسیع ماحولیاتی نظام کے ذریعہ، چینی کی صنعت ملک کی معیشت کے لئے بہت اہمیت کی حامل ہے۔ حکومت کو اپنے مختلف محکموں اور عہدیداروں کے ذریعہ شوگر کی صنعت کو ہر ممکنہ فورم پر شامل کرنا چاہئے تاکہ وقت کی ضرورت کے مطابق موزوں قانون سازی کی جاسکے۔ مل کر کام کرنے سے، حکومت



صنعت کو ایک ایسا پلیٹ فارم مہیا کر سکتی ہے جس کے ذریعے مارکیٹ زیادہ مسابقت پذیر ہو سکتی ہے اور پوری سپلائی چین کے اسٹیک ہولڈرز کو کافی حد تک آسانی مل سکتی ہے۔

ہماری توقع یہ ہے کہ اگر مارکیٹ محرکات مالی سال 2021-20ء کی پہلی سہ ماہی کے دوران جیسے ہی جاری رہے تو، یہ خیال کرنا غیر معقول نہیں ہے کہ 2021 کے باقی عرصے میں چینی کی قیمتوں میں اضافہ ہوتا رہے گا۔

## آپریٹنگ جھلکیاں

اگرچہ سہ ماہی 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 31 دسمبر 2020ء کو ختم ہونے والی پہلی سہ ماہی کے دوران 8.52% کی اوسط ریکوری پر 319,530 ٹن گنے کی کرشنگ کی اور 26,260 ٹن سفید چینی بنائی جبکہ گزشتہ سال کی اسی مدت کے دوران 8.75% کی اوسط ریکوری پر 169,797 میٹرک ٹن گنے کی کرشنگ کی اور 14,389 ٹن سفید چینی بنائی۔ اگرچہ ہم نے گزشتہ سال کے مقابلے کرش گنے کے ٹن کے لحاظ سے صرف 88% زیادہ گنا کرش کرنے کے قابل تھے، پیدا شدہ چینی کے لحاظ سے ہم نے 82.5% چینی بنائی جو ہم گزشتہ سال بنا سکتے تھے۔ جیسا کہ اوپر بیان کیا گیا ہے کہ گنے کے کرشنگ میزن کی فی ٹن اعلیٰ پیداوار کی بنیادی وجہ ایٹمی شیفٹی امپروومنٹ پروجیکٹ ہے جو کمپنی نے گزشتہ سالوں میں شروع کیا۔

مالی طور پر، ہمارے نتائج گزشتہ سال سے ڈرامائی طور پر مختلف ہیں۔ گزشتہ میزن میں، ہم چینی کی قیمتوں میں ڈرامائی اضافہ کی پیش گوئی کے زیر نظر بہت قدامت پسند فروخت کی حکمت عملی کی پیروی کی ہے۔ یہ سمجھا گیا کہ تمام اشارے چینی کی قیمتوں میں اضافہ ظاہر کرتے ہیں، ہم نے اپنی انوینٹری کا ایک اہم حصہ روک لینے کا فیصلہ کیا۔ 30 ستمبر 2020ء کے مطابق کمپنی نے گزشتہ سال کے شوگر اسٹاک کا تقریباً 16.21% روک لیا تھا۔ اکاؤنٹنگ اصولوں کے مطابق، شوگر کا یہ اسٹاک قیمت پر لیا گیا۔ اگلی اکاؤنٹنگ مدت میں یہ اسٹاک فروخت کیا گیا جس سے لاگت کے مقابلے کافی زیادہ مارجن حاصل ہوا۔ اس فیکٹر نے گزشتہ سال کے اکاؤنٹس میں کمپنی کے منافع کو عارضی طور پر کم کر دیا تھا۔ گزشتہ سال میں پیدا شدہ اسٹاک کو روک کر، کمپنی نے بہت بہتر کارکردگی دکھائی جیسا کہ کمپنی کے مالیات سے ظاہر ہوتا ہے۔ گزشتہ سال کی اسی مدت میں 383,458,535 روپے کے مقابلے پہلی سہ ماہی یکم اکتوبر 2020ء سے 31 دسمبر 2020ء تک کے دوران 1,570,184,415 روپے خالص فروخت درج کی گئی۔

گزشتہ سال کی مالی مدت کے اختتام کے بعد کی مدت میں انوینٹری کے حصول اور اس مالی سال کی پہلی سہ ماہی میں منافع بخش مارکیٹ کی صورت حال کی وجہ سے، زیر جائزہ مدت کے دوران کمپنی نے 336,786,116 روپے ٹیکس سے پہلے منافع کم کیا جبکہ گزشتہ سال کی اسی مدت میں ٹیکس سے پہلے منافع 11,063,681 روپے اور گزشتہ سال کی اسی مدت میں 5,360,242 روپے ٹیکس کے بعد منافع کے برعکس زیر جائزہ مدت کے دوران ٹیکس کے بعد منافع 313,233,350 روپے پایا۔

ہمیں یقین ہے کہ رسد اور طلب کے محرکات اور اس سال مینوفیکچرنگ کے زیادہ اخراجات کی وجہ سے، مقامی مارکیٹ میں چینی کی قیمت پورے 2021 سال میں برقرار رہیں گی۔

## مستقبل کا نقطہ نظر

کرشنگ میزن 2020-21 کے لئے حکومت پنجاب نے گنے کی امدادی قیمت 200 روپے فی 40 گرام اعلان کیا ہے۔ زیر کاشت گنے کے رقبے، اوسطاً فی ایکڑ گنے اور گنے کی مختلف اقسام کی پیداوار کی بنیاد پر، یہ توقع کی جارہی ہے کہ آئندہ سال چینی کی پیداوار گزشتہ سال کے مقابلے میں 10-15 فیصد زیادہ ہوگی۔ کمپنی نے اپنے کرشنگ میزن کا آغاز پچھلے سال 25 نومبر 2019ء کے مقابلے میں 13 نومبر 2020ء کو کیا اور 31 دسمبر 2020ء تک اوسطاً 8.52 فیصد سکروس ریکوری پر 319,529 ٹن کرشنگ کی جبکہ گزشتہ سال اوسطاً 8.75 فیصد سکروس ریکوری پر مجموعی کرشنگ 169,797 ٹن تھی۔ اس کا مطلب ہے کہ کمپنی نے پچھلے سال کے مقابلے میں 88 فیصد زیادہ گنے کی کرشنگ کی ہے۔ گزشتہ سال کے مقابلے میں سکروس کی ریکوری میں معمولی کمی کرشنگ میزن کا جلد آغاز ہونے کی وجہ سے ہوئی ہے اور اسے منفی طور پر نہیں دیکھا جانا چاہئے۔ اب تک حاصل ہونے والی ریکوری کسی بھی طرح سے تشویشناک نہیں ہے، اور ہمیں یقین ہے کہ ہم اس میزن کا اختتام اطمینان بخش ریکوری کے ساتھ ہوگا۔

کمپنی کی شاندار آپریشنل کارکردگی 2021 میں بھی جاری ہے۔ پلانٹ غیر معمولی کارکردگی کا مظاہرہ کر رہا ہے، اور ہم نے صلاحیت کو بہتر بنانے کے منصوبے کے فیئر 1 اور 2 سے اضافی آمدنی کا مکمل طور پر نتیجہ حاصل کرنا شروع کر دیا ہے جس کو کمپنی نے کامیابی سے نصب کر لیا ہے۔ درحقیقت، کمپنی عملی اور مالی لحاظ سے تاریخی نتائج ریکارڈ کرنے کی راہ پر گامزن ہے۔

کمپنی نے اپنی کارکردگی کو بہتر بنانے کے منصوبے (ای آئی پی) کے سلسلے میں اہم پیشرفت کی ہے جس کا مقصد آپریشنل نقصانات کو کافی حد تک کم کرنا اور ایندھن کی کھپت کی بچت میں کمی لانا اضافہ کرنا ہے۔ مالی سال 2019-20 کے دوران اس منصوبے میں نمایاں عمل انجام دینے کے بعد، ہم نے پہلے ہی سیزن 2020-21 کی پہلی سہ ماہی میں مناسب آپریشنل نتائج کا مشاہدہ کرنا شروع کر دیا ہے۔ نہ صرف ہم نے بائی مصنوعات مثلاً گیاس کی آمدنی میں نمایاں اضافہ دیکھا ہے بلکہ پلانٹ کی کارکردگی میں مجموعی بہتری کی وجہ سے ہم نے زیادہ سے زیادہ چینی حاصل کرنے میں کامیاب ہوئے ہیں۔

گذشتہ سال کے مقابلے میں اس مالی ماحول زیادہ سازگار ہونا چاہئے۔ کیونکہ کمپنی کے ذریعہ حاصل کردہ پیشتر ورلگ کیپٹل لانز اسلامی فنانس طریقہ پر ہیں، لہذا اسٹیٹ بینک آف پاکستان کے ذریعہ مارک اپ کی شرحوں میں کمی کا حقیقی فائدہ جو پچھلے سال مالی اعانت کی سہولیات کے ڈھانچے کی وجہ سے کمپنی کو نہیں دیا جاسکا، اس سال اس کی عکاسی ہوگی۔ اگلے سال کے لئے KIBOR کی شرحوں میں تقریباً 50-40 فیصد کمی کو دیکھتے ہوئے، ہمارے مالی اخراجات میں نمایاں طور پر کمی آنا چاہئے تاکہ زیادہ سے زیادہ منافع حاصل ہو سکے۔

ہمارے آپریشنل ڈوٹین میں گنے کی کاشت کا رقبہ پچھلے سال کے مقابلے میں 5 فیصد زیادہ ہے۔ تاہم، اس سے بھی زیادہ حوصلہ افزا، ہمارے محکمہ زراعت نے بیان کیا کہ گذشتہ سال کے مقابلے میں فی ایکڑ پیداوار 11 فیصد تا 14 فیصد زیادہ ہے اور گنے کی فصل اس سال کے موسم برسات میں بروقت اور وافر بارش کی وجہ سے صحت مند ہے۔ موجودہ کام کے ماحول سے یہ ظاہر ہوتا ہے کہ کمپنی گذشتہ سال کے مقابلے میں زیادہ چینی پیدا کرنے کی تیاری میں ہے، جو بالآخر کمپنی کی بالائی اور زیریں لائنوں کو فروغ دے گی۔

اگرچہ، اس سال چینی کی پیداوار 10-15 فیصد زیادہ ہونی چاہئے، لیکن پچھلے سال کے برعکس چینی کا کوئی کیری اور اشاک نہیں ہے۔ تاہم، یہ دیکھنا باقی ہے کہ کیا اس سال چینی کی قومی پیداوار کو کھپت کو پورا کرے گی۔ اس سیزن میں تمام اشارے بھرپور پیداوار کی طرف اشارہ کر رہے ہیں۔ مقامی مارکیٹ میں، چینی کی قیمتیں ایک بار پھر بڑھ گئی ہیں اور امکان ہے کہ 2021 کے زیادہ عرصہ میں اضافہ جاری رہے گا، کیونکہ ملز گنے کے کاشتکاروں کو حد سے زیادہ قیمتیں ادا کر رہے ہیں۔ 200 روپے فی سن اعلان کردہ امدادی قیمت کے برعکس، ملز 300 روپے فی سن تک کی ادائیگی کر رہے ہیں۔

مقامی مارکیٹ میں چینی کی قیمتیں عام طور پر بین الاقوامی مارکیٹوں میں پائے جانے والے رجحانات کی پیروی کرتی ہیں۔ پورے 2018 اور 2019 کی پہلی سہ ماہی میں تاریخی کم سطحوں سے، آج، بین الاقوامی چینی کی قیمتیں دوبارہ بڑھنا شروع ہو گئی ہیں اور گزشتہ سال سے 25 فیصد تک زیادہ تجارت ہو رہی ہے۔ قیمتوں میں تیزی سے کمی کے پیچھے وجوہات تھائی لینڈ اور بھارت جیسے ممالک میں ڈرامائی طور پر سہا سہا پیداوار میں اضافہ تھیں۔ تاہم، تیل کی قیمتوں میں اضافہ اور چینی برآمد کرنے والے ممالک میں انوینٹریز کی کمی کے باعث گزشتہ چند ہفتوں میں، چینی کی قیمتیں بین الاقوامی سطح پر کافی بحال ہوئی ہیں۔ اس کا مطلب ہے آنے والے دنوں میں قیمتیں مستحکم رہیں گی۔

مذکورہ بالا تمام عناصر پر غور کرتے ہوئے، ہم کہہ سکتے ہیں کہ اگلے سیزن کے لئے آپریشنل اور مالی نتائج اگلے سال انشاء اللہ پہلے سے بہتر ہوں گے۔

اظہار تشکر

طویل مدتی حصص داران کی جزیئر ہماری کمپنی کی بنیادی قوت ہے۔ ہمارے حصص یافتگان کا مسلسل اعتماد اور یقین ہمارے لئے انتہائی اہمیت کا حامل ہے۔ حسین شوگر ملز میں۔ ہم نے ہمیشہ اپنے حصص یافتگان کی ایکویٹی کو زیادہ سے زیادہ کرنے کی کوشش کی ہے اور ہم اپنے عزم پر قائم ہیں۔ آپ کی کمپنی کے ڈائریکٹر مختلف سرکاری محکموں اور اس کے کارکنوں، بینکیوں، دیگر مالیاتی اداروں، اور انشورنس کمپنیوں کی مسلسل حمایت اور تعاون کے لئے شکریہ ادا کرتے ہیں۔ ڈائریکٹرز ہمارے قابل قدر کارکنوں 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۔ مزید برآں، ڈائریکٹرز ہمارے گنے کے کاشتکاروں کے مسلسل تعاون کے شکر گزار ہیں جن کی سخت محنت اور ہماری کمپنی کے ساتھ وفاداری کمپنی کی نمو اور کامیابی کے لئے جاری رکھی ہے۔ بالآخر، ڈائریکٹر 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

Amir

میاں احمد علی طارق

چیئر مین

Mustafa Ali

میاں مصطفیٰ علی طارق

چیف ایگزیکٹو آفیسر

لاہور: 28 جنوری 2021ء

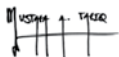
1<sup>st</sup> Quarterly Report 2021

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 (UN-AUDITED)

	Note	(Un-Audited) 31 December 2020 ..... (Rupees) .....	(Audited) 30 September 2020
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
53,000,000 Ordinary shares of Rs. 10 each		530,000,000	530,000,000
15,000,000 Preference shares of Rs.10 each		150,000,000	150,000,000
		<u>680,000,000</u>	<u>680,000,000</u>
Issued, subscribed and paid-up share capital		385,200,000	385,200,000
Share premium account		115,893,550	115,893,550
Surplus on revaluation of fixed assets account			
- net of deferred tax		2,108,703,446	2,108,775,752
Reserve arising as consequence of amalgamation		70,694,859	70,694,859
Accumulated Profit (loss)		175,472,115	(137,887,770)
		<u>2,855,963,970</u>	<u>2,542,676,391</u>
Director's loans - related parties	6	424,428,823	424,428,823
		<u>3,280,392,793</u>	<u>2,967,105,214</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Loan		616,389,576	702,028,227
Lease Liability		3,184,470	3,713,686
Deferred tax liability		268,405,926	268,351,697
		<u>887,979,972</u>	<u>974,093,610</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,135,213,627	893,103,388
Contract Liabilities		323,887,673	444,619,183
Accrued mark-up on secured borrowings		38,598,866	80,052,541
Short term borrowings	7	1,559,692,795	1,407,998,902
Current maturity of Long term loan		172,009,225	119,355,938
Current maturity of Lease Liability		3,892,129	4,392,625
Un-paid Dividends		35,611	43,970
Un-claimed Dividends		1,195,984	1,195,984
		<u>3,234,525,910</u>	<u>2,950,762,531</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>7,399,714,205</u></u>	<u><u>6,891,961,355</u></u>

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

	Note	(Un-Audited) 31 December 2020 ..... (Rupees) .....	(Audited) 30 September 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	4,499,827,334	4,489,999,101
Right of use-assets		8,325,733	8,325,733
Long term deposits		37,438,170	26,800,128
		4,545,591,237	4,525,124,962
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		447,967,470	364,987,905
Stock-in-trade		1,443,115,633	652,811,392
Trade debts		356,170,201	955,664,958
Advances and prepayments		414,951,290	300,256,041
Financial assets		6,716,005	6,716,005
Tax refund due from Government - income tax		37,515,724	44,643,508
Cash and bank balances		147,686,646	41,756,584
		2,854,122,968	2,366,836,393
<b>TOTAL ASSETS</b>		<b>7,399,714,205</b>	<b>6,891,961,355</b>

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE FIRST QUARTER ENDED 31 DECEMBER 2020 (UN-AUDITED)

		Quarter Ended	
		31 December 2020	31 December 2019
Note			
		..... (Rupees) .....	
NET SALES	10	1,570,184,415	383,458,535
COST OF SALES	11	(1,125,794,852)	(285,123,947)
GROSS PROFIT		444,389,564	98,334,588
OPERATING EXPENSES			
Administrative and general expenses		(50,135,826)	(39,111,246)
Selling and distribution expenses		(6,655,649)	(2,110,638)
Other operating expenses		(17,725,585)	(582,299)
		(74,517,060)	(41,804,183)
PROFIT FROM OPERATIONS		369,872,504	56,530,405
OTHER INCOME		16,522,972	2,130,150
FINANCE COST		(49,609,360)	(47,596,874)
PROFIT BEFORE TAXATION		336,786,116	11,063,681
TAXATION		(23,552,766)	(5,703,439)
PROFIT AFTER TAXATION		313,233,350	5,360,242
EARNINGS PER SHARE - BASIC AND DILUTED		8.13	0.15

The annexed notes form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Chief Financial Officer

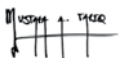
  
Director

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE FIRST QUARTER ENDED 31 DECEMBER 2020 (UN-AUDITED)

	Quarter Ended	
	31 December 2020	31 December 2019
Note		
	..... (Rupees) .....	
PROFIT AFTER TAXATION	313,233,350	5,360,242
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER, 2020	313,233,350	5,360,242

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



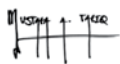
Director

# CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE FIRST QUARTER ENDED 31 DECEMBER 2020 (UN-AUDITED)

	Note	31 December 2020 ..... (Rupees) .....	31 December 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		336,786,116	11,063,681
Adjustments for non-cash charges and other items:			
Depreciation		38,720,112	115,089,461
Profit on bank deposits		(40,390)	(102,168)
Gain on disposal of fixed assets		(22,493)	-
Bad debts written off		5,365,473	2,713,697
Old credit balances written back		28,877,550	-
Finance cost		49,609,360	47,596,874
Cash generated from operating activities before working capital changes		459,295,728	176,361,545
Working capital changes	15	(259,977,784)	(1,079,559,976)
Cash used in operations		199,317,944	(903,198,431)
Finance cost paid during the year		(91,063,035)	(34,902,285)
Income tax paid		(10,000,000)	-
Net cash used in operating activities		98,254,909	(938,100,716)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions in property, plant and equipment		(20,119,616)	(5,250,103)
Capital work in progress incurred		(119,661,304)	(257,459,371)
Increase in long term deposits		(10,638,042)	(1,161,719)
Profit on bank deposits received		40,390	102,168
Net cash used in investing activities		(150,378,572)	(263,769,025)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings obtained - net		151,693,893	1,157,114,025
Long term finance obtained		(4,322,141)	195,626,173
Repayment of directors' loan - related parties		-	(15,580,000)
Net cash generated from financing activities		147,371,752	1,337,160,198
Net increase in cash and cash equivalents		95,248,089	135,290,457
Cash and cash equivalents at the beginning of the period		41,756,584	70,929,231
Cash and cash equivalents at the end of the period		137,004,673	206,219,688
<b>The reconciliation in cash and cash equivalent is as follows:</b>			
Cash and bank balances		147,686,646	220,802,614
Temporary book overdrawn		(10,646,362)	(23,685,850)
		137,040,284	197,116,764

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

## FOR THE FIRST QUARTER ENDED 31 DECEMBER 2020 (UN-AUDITED)

	SHARE CAPITAL	RESERVES					TOTAL RESERVES	Directors Loan	TOTAL EQUITY
		Capital							
		Reserve for share to be issued pursuant to scheme of arrangement	Share Premium account	Surplus on revaluation of property, plant and equipment	Sub total	Accumulated loss			
Balance as on 01 October 2019	360,000,000	70,694,859	141,093,350	1,726,506,614	1,938,295,023	102,944,970	2,041,239,993	446,380,983	2,847,620,976
Total comprehensive income for the year ended 30 Sep 2019	-	-	-	-	-	1,019,691	1,019,691	-	1,019,691
Profit after taxation	-	-	-	(51,937,474)	(51,937,474)	(51,937,474)	51,937,474	-	51,937,474
Effect of change in tax rate on deferred tax related to revaluation surplus of property, plant and equipment	-	-	-	(51,937,474)	(51,937,474)	(51,937,474)	1,019,691	52,957,165	52,957,165
Balance as on 30 December 2019	360,000,000	70,694,859	141,093,350	1,696,828,057	1,908,616,486	103,964,661	2,114,656,075	446,380,983	2,922,837,058
Total comprehensive income for the year ended 30 September 2020	-	-	-	-	-	-	-	-	-
Loss after taxation	-	-	-	-	-	(287,226,139)	(287,226,139)	-	(287,226,139)
Other comprehensive income	-	-	-	51,063,248	51,063,248	-	406,757,480	-	406,757,480
Bonus shares issued during the year @ 7% share capital	25,200,000	-	(25,200,000)	51,063,248	51,063,248	(287,226,139)	11,953,341	-	11,953,341
Dividend paid during the period at the rate of Rs. 0.30 per share of Rs. 10 each	-	-	-	-	(25,200,000)	-	(25,200,000)	-	-
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	-	(56,173,708)	(56,173,708)	(10,800,000)	(10,800,000)	-	(10,800,000)
Effect of change in tax rate on deferred tax related to revaluation surplus of property, plant and equipment	-	-	-	(42,511,025)	(42,511,025)	-	-	-	-
Adjustment due to repayment	-	-	-	-	-	-	(42,511,025)	-	(42,511,025)
Balance as on 30 September 2020	385,200,000	70,694,859	115,893,350	2,108,775,752	2,295,364,161	(137,887,770)	2,157,476,391	424,428,823	2,967,105,214
Profit for the period	-	-	-	-	-	313,233,350	313,233,350	-	313,233,350
Surplus realized during the period on account of incremental depreciation	-	-	-	(126,535)	(126,535)	-	126,535	-	-
Effect of change in the tax rate on deferred tax related to revaluation of surplus	-	-	-	54,229	54,229	-	-	-	-
Balance as on 31 December 2020	385,200,000	70,694,859	115,893,350	2,108,703,446	2,295,291,855	175,472,115	2,470,890,505	424,428,823	3,280,392,793

Chief Executive Officer

Chief Financial Officer

Director



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED 31 DECEMBER 2020 (UN-AUDITED)

## 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. 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 -30A E/1, Old FCC, Gulberg-III, Lahore.

## 2. BASIS OF PREPARATION

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:

- o International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- o 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, the provisions of and directives issued under the Companies Act, 2017 have been followed."

This condensed interim financial information 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, 2020. The figures included in the condensed interim statement of profit and loss for the quarter ended December 31, 2020 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the years ended September 30, 2020

## 3. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the company except as follows:

### TAXATION

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

#### 4. CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

- a) Amendments to published approved accounting standards which are effective during the period ended December 31, 2020.

There are certain amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began after October 01, 2020. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in this condensed interim financial information.

- b) Standards and amendments to published approved accounting standards that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning after October 01, 2020. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in this condensed interim financial information. During the current period the SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Customers', the impacts of which on the Company's future financial statements are being assessed. Further, certain new standards are yet to be adopted by the Securities and Exchange Commission of Pakistan.

In addition to the foregoing, the Companies Act, 2017 which is not effective on this condensed interim financial information has added certain disclosure requirements which will be applicable in the future.

#### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the preceding audited annual published financial statements of the Company for the year ended 30 September 2020.

#### 6. DIRECTORS LOANS - RELATED PARTIES

This represents unsecured, interest free loan given by directors to meet the liquidity requirements of the Company. These loans are repayable at the discretion of the Company. In line with Technical Release - 32 (TR 32 - Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), these loans are shown as part of equity. These loans are subordinated with National Bank of Pakistan, Meezan Bank Limited, Bankislami Pakistan Limited and First Credit and Investment Bank Limited.

	Note	(Un-Audited) 31 December 2020 ..... (Rupees) .....	(Audited) 30 September 2020
<b>7. SHORT TERM BORROWINGS</b>			
<b>From banking companies - secured</b>			
National Bank of Pakistan			
Cash finance (hypothecation)	7.1	99,996,206	99,995,182
Cash finance (pledge)	7.2	90,000,000	-
Habib Bank Limited			
Salam (Pledge)	7.3	227,180,000	-
Meezan Bank Ltd-stisna / Tijarah	7.4	499,466,584	379,741,720
Meezan Bank Ltd-salary Finance	7.5	38,000,000	22,875,262
Bank Islami Pakistan Limited			
Karoobar finance	7.6	514,600,005	514,660,005
Askari Bank Limited - Islamic banking			
Salam (Pledge)	7.7	90,450,000	400,000,000
		<u>1,559,692,795</u>	<u>1,417,272,169</u>

**7.1** 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 + 3.00% (2019: 3 months KIBOR + 3.00%) per annum, payable quarterly. It is secured by way of first pari passu charge over current assets of the company (already registered with SECP) to the extent of Rs. 134 million (2019: Rs. 134 million), first pari passu charge over fixed assets. 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 Acre 14 Marla land 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.

**7.2** This cash finance (Pledge) 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 + 2.50% (2019: 1 month KIBOR + 2.50%) per annum, payable quarterly. It is secured by way of pledge of white refined sugar bags (Season 2019-2020) in standard size bags of 50 KGs and in shared godowns properly demarcated under common housing arrangement with the Company's banks' stock inclusive of 25% margin, charge of Rs. 667.000 million (inclusive of 25% margin) over pledged assets of the company, 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.

- 7.3 This Salam (Pledge) facility was obtained from Habib Bank Limited, out of total sanctioned limit of Rs. 300 million (2019: 300 million) for manufacturing 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 pledge charge of Rs.429 million, ranking charge over all present and future fixed assets of the company to the extent of Rs. 400 million duly registered with SECP with 25% margin and personal guarantees of two directors of the company. It is also subordinated with Directors' loan of Rs. 530 million.
- 7.4 This Istisna facility has been obtained from Meezan Bank Ltd, out of the total sanctioned limit of Rs. 500 million (2019: Rs. 500 million) to procure raw material i.e. sugarcane for manufacturing of refined sugar/stock-in-trade financing. It carries markup at the rate of 9 months KIBOR + 2.75% (2019: 9 months KIBOR + 2.75%) per annum, payable quarterly. It is secured by way of exclusive charge of Rs. 667.67 million with 25% margin against pledge facility of the company to be registered with SECP, pledge of refined sugar in standard bags of 50 kgs each in shared godowns, ranking charge of Rs. 667 million (2019: Rs. 667 million) already registered with SECP over fixed assets of the company as additional security and personal guarantees and PNWS of two directors of the Company.
- 7.5 This Diminishing Musharakah facility has been obtained from Meezan Bank Ltd, out of the total sanctioned limit of Rs. 57 million (2019: Rs. Nil) for payment of salaries and wages for months of July, August and September 2020 under State Bank of Pakistan Islamic Refinance Scheme. Its tenure is for one year. It carries only services charges at the rate of 3% (2019: Nil) per annum, payable quarterly. It is secured by way of ranking charge of Rs. 81.4 million to be registered with SECP and personal guarantees and PNWS of two directors of the Company.
- 7.6 This karobar finance facility has been obtained from Bankislami Pakistan Ltd, out of total sanctioned limit of Rs. 515 million 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, payable quarterly. It is secured by way of ranking charge over all present and future assets (both current and fixed) of the company to the extent of Rs 667 million duly insured, pledge charge on pledge assets of the company (white refined crystalline sugar) to the extent of Rs. 687 million, personal guarantees of three directors of the company.
- 7.7 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 has been registered with SECP and remaining charge of Rs. 134 million for enhancement, pledge 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), duly stacked and segregated in countable position and insured under the supervision of the banks approved muccadum, placement of 33.33% (166.650 million approx.) of total pledge of sugar bags in open area located within the Mill's premises keeping in view of lesser capacity of godowns during the peak season (FY 2019-2020) and personal guarantees of two directors of the company along with PNWSs.

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There is no change in the status of contingencies as reported in the annual financial statements of the company for the year ended 30 September 2020.

### 8.2 Commitments

Company is committed to pay the following:

#### Ijarah Rentals

Due within one year	7,744,814	7,381,200
Due after one year but not later than five year	9,743,707	21,057,482

#### Diminishing Musharika Rentals

Due within one year	4,116,408	4,138,224
Due after one year but not later than five year	3,087,306	6,164,133

(Un-Audited)  
31 December  
2020

(Audited)  
30 September  
2020

..... (Rupees) .....

24,692,235

38,741,039

Commitments against CAPEX

-

-

## 9. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	9.1	3,589,341,180	3,648,180,908
Capital work in progress	9.2	918,811,887	799,150,583
		4,508,153,067	4,447,331,491

### 9.1 Operating fixed assets

Opening balance - net book value		3,648,180,908	2,766,230,718
Additions / (deletions) during the period / year	9.1.1	(20,119,616)	444,002,239
Disposals during the period - net book value		-	(2,746,280)
Revaluation surplus arose during the period / year		-	565,116,070
Depreciation charged during the period / year		(38,720,112)	(124,421,839)
Closing balance - net book value		3,589,341,180	3,648,180,908

9.1.1 The following additions/(deletions) were made during the period in operating fixed assets:

	Additions Cost (Rupees)	Additions Cost (Rupees)
Plant and machinery	(11,160,000)	426,253,257
Civil works	116,000	-
Gas and electric installation	(8,800,000)	1,901,775
Office equipment	242,000	481,568
Furniture & fixture	14,940	3,248,444
Vehicles	(541,306)	(1,779,402)
Computer equipment's	-	294,900
Arms & Ammu	8,750	10,855,417
	(20,119,616)	441,255,959
	(Un-Audited) 31 December 2020 ..... (Rupees) .....	(Audited) 30 September 2020

## 9.2 Capital work in progress

Opening balance	551,820,761	296,781,497
Additions during the period / year:		
Civil Works - building	7,163,426	50,175,508
Plant & machinery	49,238,682	344,887,462
Advance for capital expenditure	63,259,196	443,092,775
	119,661,304	838,155,745
	918,811,887	1,389,976,506
Civil Works - building	-	11,320,952
Plant & machinery	-	197,484,499
Advance for capital expenditure	-	382,020,472
	-	590,825,923
Closing balance	918,811,887	799,150,583

Quarter Ended	
31 December 2020	31 December 2019

..... (Rupees) .....

## 10. NET SALES

Local sales - net of sales tax and federal excise duty	1,570,184,415	380,229,255
Export sales	-	3,229,280
	<u>1,570,184,415</u>	<u>383,458,535</u>

## 11. COST OF SALES

### Raw materials consumed:

Sugarcane purchased	1,748,497,094	818,838,496
Sugarcane development cess	11,999,403	-
Market committee fee	3,219,855	1,699,371
	<u>1,763,716,352</u>	<u>820,537,867</u>

Salaries, wages and other benefits	42,482,427	39,984,700
Workers' welfare	3,443,645	2,638,676
Stores, spares and loose tools consumed	5,233,875	4,307,265
Chemicals consumed	14,843,601	8,293,883
Packing material consumed	15,243,926	9,096,655
Fuel and power	5,882,951	5,968,556
Repair and maintenance	25,828,307	32,003,950
Insurance	812,735	2,062,135
Other factory overheads	946,479	1,216,793
Depreciation	37,664,794	110,308,436
	<u>152,382,740</u>	<u>215,881,049</u>
	<u>1,916,099,092</u>	<u>1,036,418,916</u>

### Work-in-process:

Opening stock	15,437,264	7,157,809
Closing stock	(66,644,800)	(27,315,545)
	<u>(51,207,536)</u>	<u>(20,157,736)</u>

Cost of goods manufactured	1,864,891,556	1,016,261,180
----------------------------	---------------	---------------

### Finished goods:

Opening stock	637,374,128	173,048,481
Closing stock	(1,376,470,833)	(904,185,714)
	<u>(739,096,705)</u>	<u>(731,137,233)</u>
	<u>1,125,794,852</u>	<u>285,123,947</u>

Quarter Ended	
31 December 2020	31 December 2019

..... (Rupees) .....

## 12. EARNINGS PER SHARE - BASIC AND DILUTED

Profit attributable to Shareholders	313,233,350	5,360,242
Weighted average number of shares outstanding	38,520,000	25,000,000
Earning per share-basic and diluted	8.13	0.21

## 13. RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL FINANCIAL INSTITUTION

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. The details and segregation between Shariah complaints and conventional assets/liabilities and income/expenditure are given below:

	December 31, 2020			December 31, 2019		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
..... Rupees .....						
Accrued Markup on Secured Borrowings	26,277,324	12,321,542	38,598,866	31,518,651	12,650,716	44,169,367
Short Term Borrowings	1,369,696,589	189,996,206	1,559,692,795	968,776,021	599,720,182	1,568,496,203
Bank Balances	120,819,600	26,867,046	147,686,646	(62,744,756)	(38,057,858)	(100,802,614)
	1,516,793,513	229,184,794	1,745,978,307	937,549,916	574,313,040	1,511,862,956

## 14. FINANCIAL RISK MANAGEMENT

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 period ended 31 December 2020.

## 15. CHANGE IN WORKING CAPITAL

Change in Working capital

(Increase) / decrease in current assets:

	31 December 2020	31 December 2019
	..... (Rupees) .....	
Stores, spare parts and loose tools	(82,979,565)	50,562,010
Stock in trade	(790,304,241)	(281,857,587)
Trade debts	599,494,757	310,156,042
Advances and prepayments	(114,695,249)	(122,355,437)
Due from Govt Income Tax	7,127,784	(21,994,936)
Trade and other payables	242,110,239	277,749,800
Contract liabilities	(120,731,510)	-
	(259,977,784)	212,259,892

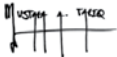


## 16. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 28 January 2021.

## 17. GENERAL

- 17.1 Figures of the corresponding period have been re-arranged and regrouped to represent better / true presentation and to facilitate appropriate comparison. However, there were no major reclassifications during the period.
- 17.2 Allocation to the Worker's Profit Participation Fund, Workers' Welfare Fund and figures of taxation are provisional. Final liabilities thereof would be determined on the basis of annual results.
- 17.3 The figures have been rounded off to the nearest rupee.



Chief Executive Officer



Chief Financial Officer



Director



📍 180 Abu Bakar Block, New Garden Town,  
Canal Road, Lahore  
☎ 042 111 111 476 (HSM)  
✉ +92 42 35712680  
✉ info@husein.pk