



HUSEIN
SUGAR

INNOVATING
TODAY
DEFINING
TOMORROW

**UN-AUDITED
CONDENSED
FINANCIAL
INFORMATION**

FOR THE HALF YEAR ENDED
31 MARCH 2021



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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

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

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Chartered Accountants

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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 2021.

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

	31 March 2021	31 March 2020
OPERATIONAL		
Sugarcane crushed (Metric Tons)	822,621	476,431
Sugar produced (Metric Tons)	74,564	43,307
Sugar recovery (%)	9.06	9.12
..... (Rupees)		
FINANCIAL		
Sales	3,442,564,090	797,679,591
Gross profit	292,429,534	880,326
Operating and finance cost	278,230,647	286,424,364
Profit/(Loss) before taxation	37,190,447	(209,328,228)
Profit/(Loss) after taxation	(22,423,963)	(205,676,929)
Earnings per share	(0.58)	(5.34)

PAKISTAN'S ECONOMY AND THE SUGAR INDUSTRY

Pakistan and the rest of the world continue to face the daunting task of rebuilding their economy in the post Covid-19 pandemic. Having entered another (the third) wave of the pandemic, lockdowns have become routine affairs, and businesses have become accustomed to the operating differently in these new times. Starting in late 2019 and now through Q1 of 2021, the COVID-19 changed the way we do business across different segments of our economy. Although the pandemic has created a difficult working environment, Pakistan's economy has stayed resilient. The Government of Pakistan and the State Bank of Pakistan have taken excellent measures to promote economic activity through various policies. Investor confidence has reemerged as is evident in the rebound of the Pakistan Stock Exchange index. National GDP is forecasted to grow close to 4%, which is commendable given the environment of economic inactivity visible today. Exports are projected to grow significantly as compared to the previous year and the current account deficit continues to be reduced.

Although the Government has promoted sectors across the economy, the same cannot be said about the Sugar Industry in Pakistan. This year, the pattern of supply, demand, costing and pricing has by large followed last year's trajectory. Although, we saw a restoration of demand of sugar with the lifting of the lockdown and the opening up of the economy, firms across the industry booked a higher cost of production as compared to the previous year and up dramatically from the previous five year trailing average. Although this was due to the increasing prices of various inputs in the cost of manufacturing, the primary driving force behind an increasing cost of production was abnormally high prices paid to farmers for the procurement of sugarcane. As compared to a high in 2016 and 2017, sugarcane plantation per acre per capita is perhaps the lowest in a decade. With such a reduction in crop, competition drove up manufacturing costs across the industry.

Due to political reasons, against the better judgment of the industry, the crushing season for sugarcane in Punjab and across the rest of Pakistan began earlier than what would have been optimal. Due to poor contents of sucrose in sugarcane, many firms were hesitant to begin crushing. However, as a law-abiding entity, and 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 a decrease or perhaps no significant increase in sugarcane cultivation as compared to the previous year. Resultantly, a comparable production of sugar similar to last year 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. 200 per 40 Kg, it was

observed that millers were paying upwards of Rs. 340 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. 265-280 per 40 Kg for this crushing season. 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. .

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). On the directions of the Government of Punjab, mills started crushing earlier than what was optimal. This led to crushing of sugarcane that was not fully matured and resulted in an overall reduction in sugar recovery for the year. 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 crushing season has ended, the company has achieved a recovery of 9.06 as compared to 9.12 the previous year. 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 30-50% extra profit on their investment or an additional surplus of at least Rs. 85 Billion across Pakistan, it is estimated that sugarcane cultivation will increase by 10-15% for the next crushing season.

Despite the fact that high costs of manufacturing had yielded higher prices of sugar in the previous year, the Government of Punjab increased the sugarcane minimum price for the crushing season 2020-2021 to Rs. 200/- per 40 Kg from Rs. 190 per 40 Kg from the previous year. Furthermore, the continued crackdown on the industry has created a negative sentiment towards the sector. 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. Even the recent policy paper by the Competition Commission of Pakistan implored the Government to deregulate both ends of the Sugar and Sugarcane supply chain.

OPERATING HIGHLIGHTS

Starting on the 13th of November 2020, the company operated for a total of 123 days. Compared to the previous season, the company's crushing season starting two weeks earlier and was six days longer.

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 822,621 M.Tons of Sugarcane and produced 74,564 M.Tons of refined sugar at an average recovery of 9.06% as compared to last year's sugarcane crushing of 476,431 M. Tons and production of 43,307 M.Tons refined sugar at an average recovery of 9.12%. Although our sugarcane recovery has seen a drop due to an earlier start of season, in terms of tons of sugarcane crushed as compared to last year we have crushed a 73% increase in sugarcane crushing. In terms of sugar produced we have produced 72% more than we produced last year. Although Pakistan has made about 10% more sugar on a national level this year, as compared to last year, the company has produced almost three-fourths more sugar than the last year. The remarkable operational and technical performance has been achieved due to various factors. The Efficiency Improvement Project that the company has embarked on has debottlenecked various clots in our process and has eliminated various technical inefficiencies. Furthermore, administrative and human resource restructuring has led to greater leadership in the company that has improved productivity and oversight further.

Although we are confident on finishing the year with a positive note, for the half year, however, the company has earned gross profit of Rs. 292,429,534 as compared to gross profit of Rs.880,326 of last year. This year, our loss after tax is Rs. 22,423,963 during the period under review as compared to loss after tax of Rs.205,676,929 in the corresponding period of last year.

In Q2, the company has incurred a loss of 22,423 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 November 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 two years, 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.

If policy-makers want to ensure a price ceiling on the price of sugar, they need to ensure that the production costs of sugar via the cost of cane are kept in check. If costs of production and incremental taxes are high, naturally the cost of sugar will be higher. It's not possible for firms in the industry to remain operational if there are negative margins to sell at. In countries, such as India, where the Government wants to provide a higher than market price for the cost of Sugarcane, the Government also provides relief to millers in the form of exports and minimum support prices on the final product. It is high time, policy-makers formulate and implement a viable long-term policy for the industry and remove overregulation from the sector.

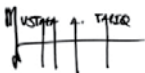
A reduction in interest rates through various monetary policies by the State Bank of Pakistan has been received well. Given the economic situation of the country with production and consumption at ridiculously low levels – it is the need of the hour. However, relevant policy makers need to consider whether 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 Board of Directors,



Mian Mustafa Ali Tariq
Chief Executive Officer



Mian Ahmed Ali Tariq
Chairman

LAHORE: 28 May 2021

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2021ء کو ختم ہونے والی پہلی ششماہی کے لیے کمپنی کی نظر ثانی شدہ مالی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

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

آپریشنز	31 مارچ 2021	31 مارچ 2020
گنے کی کرشنگ (میٹرک ٹن)	822,621	476,431
چینی کی پیداوار (میٹرک ٹن)	74,564	43,307
چینی کا حصول (فیصد)	9.06	9.12
مالیات		
فروخت	3,442,564,090	797,679,591
مجموعی منافع	292,429,534	880,326
آپریٹنگ اور مالی اخراجات	278,230,647	286,424,364
قبل از ٹیکس منافع	37,190,447	(209,328,228)
بعد از ٹیکس منافع	(22,423,963)	(205,676,929)
فی شیئر آمدنی (روپے)	(0.58)	(5.34)

پاکستان کی معیشت اور چینی کی صنعت

پاکستان اور پوری دنیا کو ویڈیو 19 وبائی بیماری کے بعد اپنی معیشت کی تعمیر نو کے مشکل ترین کام کا سامنا کر رہی ہے۔ وبائی بیماری کی ایک اور (تیسری) لہر میں داخل ہونے کے بعد، لاک ڈاؤن ڈاؤن معمول کے امور بن چکے ہیں، اور کاروبار ان نئے اوقات میں مختلف انداز سے چلانے کے عادی ہو چکے ہیں۔ 2019 کے آخر میں شروع اور اب 2021 کی دوسری سدماہی میں، کوویڈ 19 نے ہماری معیشت کے مختلف شعبوں میں ہمارے کاروبار کرنے کے طریقہ کار کو بدل دیا۔ اگرچہ وبائی بیماری نے ایک مشکل کام کا ماحول پیدا کیا ہے، لیکن پاکستان کی معیشت مستحکم رہی ہے۔ حکومت پاکستان اور اسٹیٹ بینک آف پاکستان نے مختلف پالیسیوں کے ذریعے معاشی سرگرمیوں کو فروغ دینے کے لئے عمدہ اقدامات اٹھائے ہیں۔ پاکستان اسٹاک ایکسچینج انڈیکس کی واپسی سے واضح ہوتا ہے کہ سرمایہ کاروں کا اعتماد دوبارہ بحال ہو گیا ہے۔ قومی جی ڈی پی 4 فیصد کے قریب ہونے کی پیش گوئی کی گئی ہے، جو آج معاشی بے عملی کا ماحول نظر آنے کے باوجود قابل تحسین ہے۔ گزشتہ سال کے مقابلہ میں برآمدات میں نمایاں اضافہ ہونے کا امکان ہے اور کرنٹ اکاؤنٹ خسارے میں بھی کمی ہو رہی ہے۔

اگرچہ حکومت نے معیشت کے تمام شعبوں کو فروغ دیا ہے، لیکن پاکستان میں شوگر انڈسٹری کے بارے میں ایسا نہیں کہا جاسکتا۔ اس سال، فراہمی، طلب، لاگت اور قیمتوں کے تعین کرنے کے طرز پر بڑے پیمانے پر پچھلے سال کی پیروی کی گئی ہے۔ اگرچہ، ہم نے لاک ڈاؤن کو ختم کرنے اور معیشت کے آغاز کے ساتھ چینی کی طلب کی بحالی دیکھی، لیکن پوری صنعت کے پچھلے سالوں کے مقابلے میں صنعت کی تمام فرموں کی پیداواری لاگت میں زیادہ لاگت آئی ہے اور پچھلے پانچ سال کی اوسط کے مقابلے میں ڈرامائی طور پر اضافہ ہوا ہے۔ اگرچہ اس کی وجہ مینوفیکچرنگ لاگت میں مختلف ان پٹس کی بڑھتی ہوئی قیمتیں تھیں، لیکن پیداوار کی بڑھتی لاگت کے پیچھے بنیادی ڈرائیونگ فورس گنے کی خریداری کے لئے کاشتکاروں کو غیر معمولی طور پر زیادہ قیمتوں کی ادائیگی تھی۔

2016 اور 2017 میں سب سے زیادہ کے مقابلے میں، فی ایکڑ گنے کی کاشت کا اندازہ شاید ایک دہائی میں سب سے کم ہے۔ فصلوں میں اتنی کمی کے ساتھ، مسابقت نے پوری صنعت میں مینوفیکچرنگ لاگت میں اضافہ کر دیا۔

سیاسی وجوہات کی بناء پر، صنعت کے بہتر چھٹ کے برعکس، پنجاب اور باقی پورے پاکستان میں گنے کے کرشنگ سیزن کا آغاز اس سے کہیں زیادہ پہلے ہوا تھا جو عام معمول میں ہوا کرتا ہے۔ گنے میں سکروں کے کم اجزاء کی وجہ سے، بہت ساری فرمیں کرشنگ شروع کرنے میں ہچکچاہٹ کا شکار تھیں۔ تاہم، قانون کی پابندی کرنے والی ایک کمپنی کے طور پر، اور کمپنی کے مشن کے مطابق، حسین شوگر، خطے میں کاشتکاروں کی ٹائم لائن کو سمجھنے اور ہمدردی ظاہر کرنے اور مقامی سرکاری عہدیداروں کے ساتھ ہم آہنگی کے ساتھ جتنا ممکن ہو سکا جلد از جلد کرشنگ شروع کر دی۔ ہمیشہ کی طرح، اس سال بھی حسین شوگر جلد کرشنگ شروع کرنے والی فرموں میں سے ایک تھی۔

چونکہ پاکستان کی گنے کی کاشت کے سروے کا تجربہ کیا گیا، یہ واضح ہو گیا کہ پچھلے سال کے مقابلہ میں گنے کی کاشت میں کمی کی واقع ہوئی یا شاید کوئی قابل ذکر اضافہ نہیں ہوا ہے۔ اس کے نتیجے میں، پچھلے سال کی طرح چینی کی موازنہ پیداوار واضح ہو گئی۔ پاکستان بھر کے ملرز اس سیزن کے جلد آغاز سے ہی اپنی ملز 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 200 روپے فی 40 کلوگرام مقرر کی تھی، مشاہدہ کیا گیا ہے کہ ملرز سیزن کے اختتام تک 340 روپے فی 40 کلوگرام کی زیادہ ادائیگی کر رہے تھے۔ اوسطاً، مارکیٹ کے اعداد و شمار کے مطابق، یہ تخمینہ لگا گیا ہے کہ اس کرشنگ سیزن کے لئے گنے کی اوسط خریداری تقریباً 28-265 روپے فی 40 کلوگرام کی شرح پر کی گئی ہے۔ نامکن صورت حال کا سامنا کرتے ہوئے، ملرز لامحالہ اپنے مطالبات سے دستبردار ہو گئے اور پیداوار کے بہت زیادہ اخراجات پر چینی تیار کی۔ رواں سیزن میں چینی کی پیداوار میں نمایاں کمی کی توقع اور غیر منقطع طلب فرض کرتے ہوئے ملرز گنے کی زیادہ قیمت ادا کرنے پر راضی ہو گئے تھے۔

کرشنگ سیزن کے آغاز پر، موہمی حالات کی وجہ سے جلدی پکنے والی اقسام کے گنے کی ریکوریز معمول سے بہت کم تھیں۔ درحقیقت، ہمارے تخمینے کے مطابق، پاکستان بھر میں ریکوریز میں (کم سے کم 1 ڈگری) نمایاں کمی واقع ہوئی ہے۔ حکومت پنجاب کی ہدایت پر ملوں نے کرشنگ معمول سے کہیں زیادہ پہلے شروع کر دی تھی۔ اس وجہ سے ایسے گنے کی کرشنگ کی گئی جو پوری طرح سے تیار نہیں ہو سکا تھا اور اس کے نتیجے میں اس سال چینی کی ریکوریز میں مجموعی طور پر کمی واقع ہوئی ہے۔ مزید برآں، عام طور پر، اس سال کے موہمی حالات کے باعث ہمارے خطے، پورے پاکستان اور عالمی سطح پر کشت شدہ گنے میں سکروں کی مقدار کم حاصل ہوئی ہے۔ درحقیقت، پہلی سہ ماہی کے دوران، ہم کمپنی کی تاریخ میں سب سے زیادہ ریکوری کے حصول کے لئے پُر امید تھے۔ تاہم، جیسا کہ کرشنگ سیزن کے اختتام پر، کمپنی نے گذشتہ سال 9.12 کے مقابلہ میں 9.06 کی ریکوری حاصل کی ہے۔ تاہم، گنے کی جلد کرشنگ اور مسابقتی قیمت ادا کرنے کے ہمارے فیصلے کو ہمارے علاقے کے گنے کاشتکاروں نے بہت سراہا ہے اور ہمیں یقین ہے کہ آئندہ سیزن میں خاطر خواہ منافع ہوگا۔ مزید یہ کہ پورے پاکستان میں کاشت کاروں کو ان کی سرمایہ کاری پر 30 سے 50 فیصد اضافی منافع یا کم سے کم 85 بلین روپے کا اضافی منافع حاصل ہوا ہے، ایک اندازے کے مطابق اگلے کرشنگ سیزن میں گنے کی کاشت میں 10-15 فیصد تک اضافہ ہوگا۔

اس حقیقت کے باوجود کہ پچھلے سال مینوفیکچرنگ کے زیادہ اخراجات کے باعث چینی کی قیمتوں میں اضافہ ہو گیا، حکومت پنجاب نے کرشنگ سیزن 202-2020 کے لئے گنے کی کم سے کم امدادی قیمت -200 روپے فی 40 کلوگرام کر دی جو کہ پچھلے سال 190 روپے فی 40 کلوگرام تھی۔ مزید برآں، صنعت پر لگاتار کریک ڈاؤن نے اس شعبے کے برائے میں منفی جذبات پیدا کر دیئے ہیں۔ متعلقہ پالیسی سازوں کو یہ فیصلہ کرنے کی ضرورت ہے آیا کہ انڈسٹری کو ریگولیٹ کیا جانا چاہئے یا نہیں۔ اگر پالیسی ساز چینی کی برآمد کو سبسڈی نہ دینے کا فیصلہ کرتے ہیں تو، انہیں گنے کی قیمتوں کا تعین کر کے مصنوعی طور پر لاگت نہیں بڑھانی چاہئے۔ فری مارکیٹ فورسز کے ذریعے چلنے والے دوسرے شعبوں کو چھوڑ کر، صنعت کے کچھ حصوں کو کنٹرول کرنا غیر معقول اور نامناسب ہے۔ حتیٰ کہ کمیٹیشن کمیشن آف پاکستان کے حالیہ پالیسی بیہر میں بھی حکومت سے گنے اور گنے کی پسلائی چین کے دونوں سروں کو ڈی ریگولیٹ کرنے کی درخواست کی گئی ہے۔

آپریٹنگ جھلکیاں

13 نومبر 2020 کو آغاز کرتے ہوئے، کمپنی نے کل 123 دنوں تک مل کو چلا یا۔ گزشتہ سیزن کے مقابلے، کمپنی کا کرشنگ سیزن دو ہفتے جلدی

شروع ہوا اور پھر دن زیادہ چلا۔

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 رواں سہ ماہی کے دوران 822,621 میٹرک ٹن گنے کی کرشنگ کی اور 9.06% کی اوسط ریکوری پر 74,564 میٹرک ٹن سفید چینی بنائی جبکہ گزشتہ سال کی اسی مدت کے دوران 476,431 میٹرک ٹن گنے کی کرشنگ کی اور 9.12% کی اوسط ریکوری پر 43,307 میٹرک ٹن سفید چینی بنائی۔ اگرچہ ہمارے گنے کی ریکوری سیزن کے جلد آغاز کے باعث کم رہی، گزشتہ سال کے مقابلے کرش گنے کے وزن کے لحاظ سے 73% زیادہ گنا کرش کیا۔ چینی کی پیداوار کے لحاظ سے ہم نے گزشتہ سال کے مقابلے 72% زیادہ چینی بنائی۔ اگرچہ پاکستان نے اس سال گزشتہ سال کے مقابلے قومی سطح پر تقریباً 10% سے زیادہ چینی نہیں بنائی، کمپنی نے گزشتہ سال سے تقریباً 3/4 گنا زیادہ چینی بنائی ہے۔ کمپنی نے جو استعداد کار کو بہتر بنانے کا منصوبہ شروع کیا ہے اس نے ہمارے عمل میں مختلف کلاٹوں کو ختم کر دیا ہے اور مختلف تکنیکی استعداد کار کو اجاگر کیا ہے۔ مزید یہ کہ انتظامی اور انسانی وسائل کی تنظیم نو کی بدولت کمپنی میں زیادہ سے زیادہ قیادت پیدا ہوئی ہے جس نے پیداوار اور نگرانی میں مزید بہتری آئی ہے۔

اگرچہ ہم ایک مثبت نوٹ کے ساتھ سال کے اختتام پر یقین رکھتے ہیں، تاہم، ششماہی کے لئے، کمپنی نے مجموعی منافع 292,429,53 روپے حاصل کیا جبکہ گزشتہ سال مجموعی منافع 880,326 روپے تھا۔ اس سال، زیر جائزہ سہ ماہی کے دوران ٹیکس کے بعد نقصان 22,423,963 روپے ہوا جبکہ گزشتہ سال کی اسی مدت میں ٹیکس کے بعد نقصان 205,676,929 روپے تھا۔

دوسری سہ ماہی میں، کمپنی کو 22,423,963 ملین روپے کا نقصان ہوا ہے۔ اس نقصان کو چینی کی صنعت کی نوعیت سے منسوب کیا جاسکتا ہے۔ کمپنی میں قیمت فروخت اور آپریٹنگ اخراجات کی اکثریت Q1 اور Q2 میں درج کئے جاتے ہیں جس کے دوران آپریشن انجام پائے اور مکمل کئے گئے ہیں۔ کمپنی نومبر سے مارچ کے مہینوں تک چلتی رہی ہے جس وقت ملازمین کی تعداد دوگنی اور خام مال خریدا گیا ہے۔ آف سیزن کی اکثریت کے دوران مندرجہ سہ ماہیوں میں، کمپنی خاطر خواہ اخراجات کی پیش گوئی نہیں کرتی ہے۔ چینی کی موجودہ قیمتوں اور مارکیٹ کے حالات کو دیکھتے ہوئے، انتظامیہ آئندہ سہ ماہیوں میں سکون اور منافع بخش سہ ماہیوں کی پیش گوئی کرتی ہے۔

مستقبل کا نقطہ نظر

مقامی مارکیٹ میں چینی کی قیمتیں عام طور پر بین الاقوامی مارکیٹوں میں پائے جانے والے رجحانات کی پیروی کرتی ہیں۔ 2016 میں سب سے زیادہ سے، چینی کی قیمتیں مسلسل کم ہوئیں اور 2018 میں میں تاریخی کم سطحوں پر آگئیں۔ قیمتوں میں تیزی سے کمی کے پیچھے وجوہات تھائی لینڈ اور بھارت جیسے ممالک میں ڈرامائی طور پر ساہا سال پیداوار میں اضافہ تھیں۔ تاہم، گزشتہ دو سالوں میں، چینی کی قیمتیں بین الاقوامی سطح پر کافی بحال ہوئی ہیں۔ مزید برآں، یہ پیش گوئی کی جارہی 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 بھی موروثی اتار چڑھاؤ موجود ہے۔ بین الاقوامی مارکیٹ میں تیل کی قیمتوں کو منفی متاثر ہوتے ہوئے دیکھ کر، کسی کو بھی حیرت نہیں کرنی چاہئے کہ اشیاء کی قیمتوں میں اتار چڑھاؤ مارکیٹ کا ایک معمول ہے۔ اگرچہ چینی کی قیمتیں مارکیٹ کی توقعات سے کم ہی 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 آجائیں گی۔

اگر پالیسی ساز چینی کی قیمت پر قیمت کی حد کو یقینی بنانا چاہتے ہیں تو، انہیں اس بات کی یقین دہانی کرنی ہوگی کہ چینی کی پیداواری لاگت کو گئے کی قیمت کے حساب سے رکھا جائے۔ اگر پیداواری لاگت اور اضافی ٹیکس زیادہ ہوں تو، قدرتی طور پر چینی کی قیمت زیادہ ہوگی۔ اگر فروخت پر منفی مارجن موجود ہیں تو انڈسٹری میں شامل فرموں کے لئے آپریشنل رہنا ممکن نہیں ہے۔ بھارت جیسے ممالک میں، جہاں حکومت گئے کی قیمت مارکیٹ سے زیادہ قیمت مہیا کرنا چاہتی ہے، وہاں حکومت حتمی مصنوعات پر برآمدات اور کم سے کم امدادی قیمتوں کی صورت میں ملرز کو ریبلٹ بھی فراہم کرتی ہے۔ اب وقت ہے کہ، پالیسی ساز صنعت کے لئے ایک طویل مدتی پالیسی مرتب اور ان کو نافذ کریں اور اس شعبے سے زائد ضابطے کو ختم کریں۔

اسٹیٹ بینک آف پاکستان کی جانب سے مختلف مالیاتی پالیسیوں کے ذریعے سود کی شرحوں میں کمی کا خیر مقدم کیا گیا ہے۔ معملہ خیز سطح پر پیداوار اور کھپت کے ساتھ ملک کی معاشی صورتحال کو دیکھتے ہوئے۔ یہ وقت کی ضرورت ہے۔ تاہم، متعلقہ پالیسی سازوں کو یہ غور کرنا ضروری ہے کہ کیا بین الاقوامی حربوں سے مسابقت کے لئے شرح سود میں اضافی کی 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 فروغ ملے گا۔

ان مشکل حالات کے پیش نظر، کمپنی نے نئی راہیں تلاش کرنا اور موجودہ کاموں میں کارکردگی کو زیادہ سے زیادہ بڑھانا شروع کیا 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 معمول کی شرائط میں فروخت اور انتظامی اور ہیڈز کی لاگت میں نمایاں کمی لائیں گے۔ درحقیقت، اس سال، کمپنی نے براہ راست جارحانہ انداز میں ریٹیل مارکیٹوں میں شمولیت شروع کی ہے اور اس نے چھوٹے پیمانے پر مارکیٹنگ اور ڈسٹری بیوشن آپریشن تعمیر کیا ہے۔ ہم اگلے سالوں میں اس انٹری پر ان کی مزید ترقی 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۔ مزید برآں، ڈائریکٹرز ہمارے گئے کے کا شکر داروں 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، 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

چیرمین

میاں مصطفیٰ علی طارق

چیف ایگزیکٹو آفیسر

لاہور: 28 مئی 2021ء

TO THE MEMBERS OF HUSEIN SUGAR MILLS LIMITED DRAFT 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, 2021, 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 condensed interim 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, 2021 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 Syed Aftab Hameed, FCA.



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Lahore: May 28, 2021

Other Office at: Karachi - Faisalabad - Islamabad
Web site: www.krestonhb.com

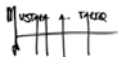
Half Yearly Report 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021 (UN-AUDITED)

	Note	(Un-Audited) 31 March 2021 (Rupees)	(Audited) 30 September 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	5,199,635,139	4,489,999,101
Right-of-use assets	7	6,116,622	8,325,733
Long term deposits		30,516,248	26,800,128
		5,236,268,009	4,525,124,962
Inventory		3,677,628,276	1,017,799,297
Trade and other receivables		252,423,267	955,664,958
Advances, deposits and prepayments		82,990,356	300,256,041
Shortterm investments		7,833,406	6,716,005
Tax refund due from Government - income tax		18,141,184	44,643,508
Cash and bank balances		90,852,660	41,756,584
		4,129,869,149	2,366,836,393
TOTAL ASSETS		9,366,137,158	6,891,961,355
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Issued, subscribed and paid-up ordinary share capital	8	385,200,000	385,200,000
Capital reserves			
Reserve arising as a consequences of scheme of arrangement		70,694,859	70,694,859
Share premium account		115,893,550	115,893,550
Surplus on revaluation of property, plant and equipment		2,068,273,157	2,108,775,752
		2,254,861,566	2,295,364,161
Revenue reserves			
Accumulated loss		(127,149,821)	(137,887,770)
Directors' loans - related parties		423,428,823	424,428,823
		2,936,340,569	2,967,105,214
NON-CURRENT LIABILITIES			
Long term finance	9	747,220,347	702,028,227
Long term lease liability		1,009,656	3,713,686
Deferred tax liability - net		265,477,263	268,351,697
		1,013,707,266	974,093,610
CURRENT LIABILITIES			
Trade and other payables		1,421,792,333	893,103,388
Contract liabilities		503,134,378	444,619,183
Short term borrowings	10	3,105,138,041	1,407,998,902
Accrued mark-up on secured borrowings		74,681,337	80,052,541
Current portion of long term finance	9	305,089,717	119,355,938
Current maturity of long term lease liability		5,013,563	4,392,625
Unpaid dividend		43,970	43,970
Unclaimed dividend		1,195,984	1,195,984
		5,416,089,323	2,950,762,531
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		9,366,137,158	6,891,961,355

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



Chief Executive Officer



Chief Financial Officer



Director

HUSEIN SUGAR

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED 31 MARCH 2021 (UN-AUDITED)

Note	Half Year Ended 31 March		Quarter Ended 31 March		
	2021	2020	2021	2020	
 (Rupees) (Rupees)		
REVENUE FROM CONTRACT WITH CUSTOMERS - NET	12	3,442,564,090	797,679,591	1,872,379,675	414,221,056
COST OF REVENUE	13	(3,150,134,556)	(796,799,265)	(2,024,339,705)	(594,406,645)
GROSS PROFIT / (LOSS)		292,429,534	880,326	(151,960,030)	(180,185,589)
OPERATING EXPENSES					
Administrative and general expenses		(116,226,613)	(99,772,961)	(66,090,787)	(61,000,992)
Selling and distribution cost		(21,808,367)	(13,106,280)	(15,152,718)	(10,919,198)
Other operating expenses		(6,171,085)	(9,142)	11,554,500	5,959,025
		(144,206,065)	(112,888,383)	(69,689,005)	(65,961,165)
PROFIT / (LOSS) FROM OPERATIONS		148,223,469	(112,008,057)	(221,649,035)	(246,146,754)
OTHER INCOME		22,991,560	76,215,810	6,468,588	75,461,922
FINANCE COST		(134,024,582)	(173,535,981)	(84,415,222)	(145,237,690)
PROFIT / (LOSS) BEFORE TAXATION		37,190,447	(209,328,228)	(299,595,669)	(315,922,522)
TAXATION		(59,614,410)	3,651,299	(36,061,644)	9,354,738
PROFIT / (LOSS) AFTER TAXATION		(22,423,963)	(205,676,929)	(335,657,313)	(306,567,784)
EARNINGS / (LOSS) PER SHARE OF RUPEES 10 EACH - BASIC AND DILUTED	14	(0.58)	(5.34)	(8.71)	(7.96)

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


Chief Executive Officer


Chief Financial Officer

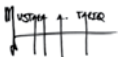

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 MARCH 2021 (UN-AUDITED)

	Half Year Ended 31 March		Quarter Ended 31 March	
	2021	2020	2021	2020
 (Rupees) (Rupees)	
PROFIT / (LOSS) AFTER TAXATION	(22,423,963)	(205,676,929)	(335,657,313)	4,838,640
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(22,423,963)	(205,676,929)	(335,657,313)	4,838,640

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 MARCH 2021 (UN-AUDITED)

Note	Half Year Ended	
	31 March 2021	31 March 2020
 (Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	37,190,447	(209,328,228)
Adjustments for non-cash and other items:		
Depreciation	78,673,315	60,637,401
Depreciation of ROU assets	2,209,111	-
Finance cost	134,024,582	173,535,981
Profit on bank deposits	(61,688)	(249,073)
Fair value gain on short term investments	(479,898)	(968,787)
Advances against sale of sugar forfeited	-	(3,078,000)
Gain on disposal of operating fixed assets	(3,345,485)	-
Dividend income	(40,525)	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	248,169,859	20,549,294
Inventory	(2,659,828,979)	(2,394,834,236)
Trade and other receivables	720,536,589	(285,109,153)
Advances, deposits and prepayments	217,265,685	(158,398,040)
Contract liabilities	58,515,195	(362,343,793)
Trade and other payables	334,787,554	515,409,035
	(1,328,723,956)	(2,685,276,187)
CASH OUTFLOWS FROM OPERATIONS	(1,080,554,097)	(2,664,726,893)
Net increase in long term deposits	(3,716,120)	28,100
Finance cost paid	(139,395,786)	(93,219,412)
Income tax paid	(43,327,202)	(18,425,641)
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	(1,266,993,205)	(2,776,343,846)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(1,091,049)	(6,247,432)
Capital work in progress incurred	(461,120,703)	(227,167,316)
Purchased stores held for capitalization - net	(346,192,014)	-
Proceeds from disposal of operating fixed assets	6,145,000	-
Equity securities encashed / (purchased) during the year	(637,503)	18,504,747
Dividend received	40,525	708,150
Profit on bank deposits received	61,688	249,073
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(802,794,056)	(213,952,778)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(10,800,000)
Long term finance - net	230,925,899	421,571,230
Repayment of director's loans - unsecured and interest free	(1,000,000)	(13,900,000)
Repayment of lease liability	(2,083,091)	(1,584,073)
Repayment of loan obtained from related party	(1,995)	(300,000)
Short term borrowings obtained - net	1,697,141,134	2,609,928,469
NET CASH INFLOWS FROM FINANCING ACTIVITIES	1,924,981,947	3,004,915,626
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(144,805,314)	14,619,002
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	40,603,894	70,929,231
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(104,201,420)	85,548,233
The reconciliation in cash and cash equivalents is as follows:		
Cash and cash equivalents		
Cash and bank balances	90,852,660	87,287,975
Temporary books' overdraft balances	(195,054,080)	(1,739,742)
Cash and cash equivalents at the end of the period	(104,201,420)	85,548,233

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


Chief Executive Officer


Chief Financial Officer

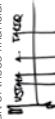

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 MARCH 2021 (UN-AUDITED)

	RESERVES						TOTAL RESERVES	Directors' Loan	TOTAL EQUITY
	SHARE CAPITAL	Capital			Revenue				
		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) / profit			
Balance as at 01 October 2019 (Audited)	360,000,000	70,694,859	141,093,550	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 half year ended 31 March 2019	-	-	-	-	-	(205,676,929)	(205,676,929)	-	(205,676,929)
Loss after taxation	-	-	-	-	-	(205,676,929)	(205,676,929)	-	(205,676,929)
Other comprehensive income	-	-	-	-	-	(205,676,929)	(205,676,929)	-	(205,676,929)
Bonus shares issued during the year @ 7% share capital	252,000,000	-	(25,200,000)	-	(25,200,000)	-	(25,200,000)	-	(25,200,000)
Dividend paid during the period at the rate of Rs. 0.30 per share of Rs. 10 each for the year ended September 30, 2019	-	-	-	-	-	(10,800,000)	(10,800,000)	-	(10,800,000)
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(25,241,405)	(25,241,405)	(25,241,405)	25,241,405	-	-	-
Effect of change in tax rate on deferred tax related to revaluation surplus of property, plant and equipment	-	-	(20,271,622)	(20,271,622)	(20,271,622)	-	(20,271,622)	(13,900,000)	(20,271,622)
Adjustment due to repayment	-	-	-	-	-	-	-	(13,900,000)	(13,900,000)
Balance as at 31 March 2020 (Un-audited)	385,200,000	70,694,859	115,893,550	1,680,993,587	1,867,561,996	(85,290,554)	1,779,291,442	432,480,983	2,596,972,425
Balance as at 01 October 2020 (Audited)	385,200,000	70,694,859	115,893,550	2,108,775,752	2,295,364,161	(137,887,770)	2,157,476,391	424,428,823	2,967,105,214
Total comprehensive income for the half year ended 31 March 2021	-	-	-	-	-	(22,423,963)	(22,423,963)	-	(22,423,963)
Profit after taxation	-	-	-	-	-	(22,423,963)	(22,423,963)	-	(22,423,963)
Other comprehensive income	-	-	-	-	-	(22,423,963)	(22,423,963)	-	(22,423,963)
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	-	(33,161,912)	(33,161,912)	33,161,912	-	-	-
Effect of change in tax rate on deferred tax related to revaluation surplus of property, plant and equipment	-	-	(73,40,683)	(73,40,683)	(73,40,683)	-	(73,40,683)	(1,000,000)	(73,40,683)
Adjustment due to repayment	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Balance as at 30 March 2021 (Un-audited)	385,200,000	70,694,859	115,893,550	2,068,273,157	2,254,661,566	(127,149,821)	2,127,711,746	423,428,823	2,936,340,569

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED 31 MARCH 2021 (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 (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 COMPLAINE

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, 2021 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 condensed interim financial statements have been prepared following accrual basis of accounting except for condensed interim statement of cash flows. These condensed interim financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the following material items in the condensed interim statement of financial position:

- Inventories which are valued at lower of weighted / moving average cost or Net Realizable Value (NRV) in accordance with IAS 2;
- Freehold land, buildings on freehold land and plant and machinery which stands at revalued amount in accordance with IAS 16; and
- Certain financial instruments which are carried at their fair value in accordance with IFRS 9.

3.2 Functional and presentation currency

The condensed interim financial statements are presented in Pakistani Rupee (Rs.) which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to nearest rupee, unless otherwise indicated.

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 September 30, 2020.

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 2020.

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, 2021 and are relevant:

The amendments that were mandatory for the half year ended March 31, 2021 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, 2021. 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.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-Audited) 31 March 2020 (Rupees)	(Audited) 30 September 2020
Operating fixed assets	6.1	3,627,675,082	3,648,180,908
Capital work-in-progress	6.2	1,183,100,453	799,150,603
Stores held for capitalization		388,859,604	42,667,590
		<u>5,199,635,139</u>	<u>4,489,999,101</u>

6.1 Operating fixed assets - tangible

	COST / REVALUED AMOUNT				ACCUMULATED DEPRECIATION				NET BOOK VALUE AS AT 31-Mar-21	
	Balance as at 1-Oct-20	Additions	Transfer	Deletion	Revaluation Surplus	Depreciation Adjustment	Balance as at 31-Mar-21	Deletion		Depreciation Adjustment
Owned										
Freehold land	1,063,665,625	-	-	-	-	-	-	-	-	1,063,665,625
Buildings on freehold land	465,658,636	116,000	2,220,566	-	-	-	-	-	-	35,453,009
Plant and machinery	2,067,753,149	550,000	74,950,267	(11,160,000)	-	-	-	-	-	432,541,613
Standy equipment	2,625,683	-	-	-	-	-	-	-	-	76,442,463
Factory equipment	9,446,513	-	-	-	-	-	-	-	-	2,056,650,952
Gas and electric installators	53,915,648	-	-	(850,000)	-	-	-	-	-	1,070,985
Gas and electric installators	7,626,112	-	-	-	-	-	-	-	-	22,968,871
Furniture and fixtures	14,940	-	-	-	-	-	-	-	-	19,683,039
Office equipment	7,841,249	8,750	-	-	-	-	-	-	-	25,188,639
Computer equipment	6,485,947	24,000	-	-	-	-	-	-	-	4,140,057
Vehicles	75,574,631	135,359	-	(2,011,189)	-	-	-	-	-	3,943,482
Leasehold improvement	10,855,417	-	-	-	-	-	-	-	-	5,346,415
	3,791,940,381	1,091,049	77,170,853	(39,971,189)	-	-	-	-	-	20,256,621.2
Rupees - March 31, 2021										3,627,675,062
Owned										
Freehold land	928,856,250	-	-	-	154,609,375	-	-	-	-	1,083,465,625
Buildings on freehold land	443,886,749	228,768,756	197,694,499	-	141,001,075	(11,923,918)	-	-	-	452,508,493
Plant and machinery	1,586,613,783	-	-	-	269,336,620	(2,441,935.11)	-	-	-	2,350,527.6
Factory equipment	5,021,145	-	-	-	9,446,513	-	-	-	-	204,194,872
Gas and electric installators	52,013,873	1,755,775	228,000	(80,000)	-	-	-	-	-	7,039,103
Gas and electric installators	492,072	-	-	-	53,915,648	-	-	-	-	24,171,410
Railway sidings	4,377,657	3,248,444	-	-	492,072	-	-	-	-	2,007,620.9
Furniture and fixtures	7,785,049	56,200	-	-	7,626,111	-	-	-	-	3,965,514
Office equipment	6,190,947	294,900	-	-	7,841,249	-	-	-	-	897,730
Computer equipment	77,354,033	886,878	-	(2,662,280)	6,485,947	-	-	-	-	5,836,933
Vehicles										164,819.4
Leasehold improvement										59,260,079
	3,119,217,251	238,436,323	2,082,655,916	(2,746,280)	565,116,070	(333,648,699)	-	-	-	1,054,948,686
Rupees - September 30, 2019										3,648,180,908

6.2 Capital work-in-progress

	Opening Balance	Additions	Transfer to operating fixed assets / adjustments	Closing Balance
Rupees.....			
Civil work and buildings	51,048,160	45,772,488	(2,220,586)	94,600,062
Plant and machinery	331,905,117	10,106,494	(74,950,267)	267,061,344
Advances for capital expenditure - plant and machinery	416,197,326	394,313,729	(10,927,992)	821,439,047
March 31, 2021	<u>799,150,603</u>	<u>450,192,711</u>	<u>(88,098,945)</u>	<u>1,183,100,453</u>
September 30, 2020	<u>551,820,761</u>	<u>838,155,745</u>	<u>590,825,903</u>	<u>799,150,603</u>

	Note	(Un-Audited) 31 March 2021 (Rupees)	(Audited) 30 September 2020
7. RIGHT-OF-USE ASSETS			
Balance as at October 01, 2020		8,325,733	12,518,291
Depreciation charge for the year		(2,209,111)	(4,192,558)
Balance as at March 31, 2020		<u>6,116,622</u>	<u>8,325,733</u>
7.1 The depreciation charge for the year has been allocated to:			
Administrative and general expenses		<u>2,209,111</u>	<u>4,192,558</u>
8. SHARE CAPITAL			
8.1. Authorized capital			
Ordinary share capital		530,000,000	530,000,000
53 million (30 September 2020: 53 million) ordinary shares of Rupees 10 each			
Preference share capital		150,000,000	150,000,000
15 million (30 September 2020: 15) preference shares of Rupees 10 each			
		<u>680,000,000</u>	<u>680,000,000</u>

			Note	(Un-Audited) 31 March 2021	(Audited) 30 September 2020
			 (Rupees)	
8.2	Issued, subscribed and paid-up ordinary share capital				
	Un - audited March 31, 2021 Number of shares	Audited September 30, 2020			
	26,189,150	26,189,150		261,891,500	261,891,500
	1,129,000	1,129,000		11,290,000	11,290,000
	11,201,850	11,201,850		112,018,500	112,018,500
			8.3	112,018,500	112,018,500
	<u>38,520,000</u>	<u>38,520,000</u>		<u>385,200,000</u>	<u>385,200,000</u>
8.3	The movement in ordinary share capital issued as fully paid bonus shares is as under:				
	March 31, 2021 Number of shares	September 30, 2020			
	11,201,850	8,681,850		112,018,500	86,818,500
	-	2,520,000		-	25,200,000
	<u>11,201,850</u>	<u>11,201,850</u>		<u>112,018,500</u>	<u>112,018,500</u>
9.	LONG TERM FINANCE				
	From banking companies - secured				
	National Bank of Pakistan				
	Demand finance		9.1	166,473,162	166,473,162
	Demand finance		9.2	200,000,000	200,000,000
	Demand finance		9.3	278,640,000	18,616,248
	First Credit & Investment Bank Limited		9.4	94,117,647	94,117,647
	ORIX Modaraba		9.5	44,791,509	55,911,196
	ORIX Modaraba		9.6	11,537,746	13,390,650
	Bank Islami Pakistan Limited		9.7	218,750,000	250,000,000
	Meezan Bank Limited		9.8	38,000,000	22,875,262
				<u>1,052,310,064</u>	<u>821,384,165</u>
	Less: current portion shown under current liabilities			<u>(305,089,717)</u>	<u>(119,355,938)</u>
				<u>747,220,347</u>	<u>702,028,227</u>

- 9.1 This demand finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 200 million (2020: Rs.200 million), to finance CAPEX / BMR requirement of the company (installation of equipment and plant & machinery i.e. falling film evaporators) to improve efficiency of mill. It carries mark-up at the rate of 3 month KIBOR + 2.50% (2020: 3 months Kibor + 2.50%) 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 and machinery) of the company with 25% margin registered with SECP as well as personal guarantees of two directors of the company along with personal Net-worth Statement (PNWS).
- 9.2 This demand finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 200 million (2020: Rs. 200 million), to finance CAPEX / BMR requirement of the company (installation of equipment and plant & machinery i.e. falling film evaporators) to improve efficiency of mill. It carries mark-up at the rate of 3 month KIBOR + 3.00% (2020: 3 month KIBOR + 3.00%) per annum, payable quarterly. It is secured by way of first pari passu / JPP charge of Rs. 267 million (2020: Rs. 267 million) over fixed assets (land, building and plant & machinery) of the company, 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-III, 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 and measuring 616 Kanal 14 marla / 77 Acres 14 marala land located at Chak No. 128 G.B., Lahore Road, Tehsil Jaranwala, District Faisalabad as well as personal guarantees along with Personal Net Worth Statement (PNWS) / wealth tax returns of the two directors of the company.
- 9.3 This demand facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 278.640 million (2020: Rs. 278.640 million), 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 (2020: Rs. 372 million) 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 marala 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.
- 9.4 This long term finance facility has been obtained from First Credit & Investment Bank Limited, out of the total sanctioned limit of Rs. 100 million (2020: 100 million), for Balancing, Modernization and Replacement (BMR) and Efficiency Improvement Project (EIP). It carries mark-up at the rate of 3 months KIBOR + 4% (2020: 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.

- 9.5 This Ijarah facility has been obtained from ORIX Modaraba, out of the total sanctioned limit of Rs. 75 million (2020: Rs. 75 million), to import one unit brand new Steam Turbine. It carries mark-up at the rate of 3 months KIBOR + 3.75% (2020: 3 months KIBOR + 3.75%) per annum, payable monthly. 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.
- 9.6 This Ijarah facility has been obtained from ORIX Modaraba, out of the total sanctioned limit of Rs. 26.781 million (2020: Rs. 26.781 million), to import one unit brand new over head crane. It carries mark-up at the rate of 3 months KIBOR + 3.75% (2020: 3 months KIBOR + 3.75%) per annum, payable monthly. It is secured by way of 10% security deposit of the ijarah amount, title of the leased asset, exclusively in the name of ORIX Modaraba for the entire lease period and personal guarantee of all directors.
- 9.7 This diminishing musharakah facility has been obtained from Bank Islami Pakistan Limited, out of the total sanctioned limit of Rs. 218.75 million (2020: Rs. 250 million), to meet long term needs through sharia compliant financing / to facilitate payment of conventional banking loans. It carries mark-up at the rate of 6 months KIBOR + 3.0% (floor =13% and cap=25% per annum), payable quarterly. It is secured by way of first pari passu charge of Rs. 1,059 million over all present and future fixed assets of the company registered with SECP, first pari passu charge of Rs. 334 million over all present and future fixed assets (land, building and plant & machinery) of the company registered with SECP, ranking charge over all present and future fixed assets of the company amounting to Rs. 334 million to be upgraded to first pari passu charge within 120 days from the date of disbursement, subordination of directors' loan in favour of bank and personal guarantees of two directors. The tenor of the facility is five years from the date of disbursement.
- 9.8 This Diminishing Musharakah (Sale and Lease Back) facility was obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. 57 million (2020: Rs. 57 million) for the payment of salaries & wages for the month of April, May and June 2020 under SBP Islamic Refinance Scheme. It carries services charges of 3.00% per annum. It is secured by way of ranking charge over fixed assets of Rs. 81.4 million which will be upgraded to pari passu within 120 days of disbursement and personal guarantees of Mr. Ahmad Ali Tariq and Mr. Mustafa Ali Tariq being the main sponsor directors of the company.

		(Un-Audited) 31 March 2020 (Rupees)	(Audited) 30 September 2020
10. SHORT TERM BORROWINGS			
From financial institutions	10.1.	3,091,538,041	1,394,396,907
From related parties	10.2.	13,600,000	13,601,995
		<u>3,105,138,041</u>	<u>1,407,998,902</u>
10.1 From financial institutions			
Secured and interest bearing			
National Bank of Pakistan			
Cash finance (hypothecation)	10.1.1	99,996,206	99,995,182
Cash finance (pledge)	10.1.2	499,100,000	-
Habib Bank Limited	10.1.3	300,000,000	-
Samba Bank Limited	10.1.4	175,000,000	-
Bank Islami Pakistan Limited			
Istisna finance	10.1.5	479,251,372	514,660,005
Meezan Bank Limited			
Istisna / tijarah	10.1.6	499,466,584	379,741,720
Meezan Bank Ltd-Istisna / tijarah-OTT	10.1.7	148,792,629	-
Dubai Islamic Bank Pakistan Limited			
Salam cum wakala	10.1.8	400,000,000	-
Askari Bank Limited - Islamic banking	10.1.9	489,931,250	400,000,000
Salam OTT (Pledge)			
		<u>3,091,538,041</u>	<u>1,394,396,907</u>

10.1.1 This cash finance (hypothecation) facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 100 million (2020: 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% (2020: 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 (2020: Rs. 134 million) over current assets of the company registered with SECP, first pari passu charge of Rs. 134 million (2020: 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.

10.1.2 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 2020-2021) 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 (registered with SECP), ranking charge of Rs. 400 million (2020: 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.

- 10.1.3** This Salam facility was obtained from Habib Bank Limited, out of total sanctioned limit of Rs. 300 million (2020: Rs. 500million) for manufacturing of sugar during season 2020-2021. It carries profit at the rate of 3 month 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 mucaddum 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 .
- 10.1.4** This cash finance facility was obtained from Samba Bank Limited, out of total sanctioned limit of Rs. 175 million (2020: nil) to meet working capital requirement of company. It carries profit at the rate of 3 month KIBOR + 2.75% per annum, payable quarterly. It is secured by way of ranking charge over present and future fixed assets of company to Rs. 234 million (inclusive of 25% margin), ranking charge over current assets of company to Rs. 234 million (inclusive of 25% margin), pledge of finished goods (refined sugar bags) with 10% margin to be held in open under lock & key in godown shared with bank, however pledge stock of SBL to be in identifiable condition and separately stacked with SBL's appointed mucaddum. [10% margin in godown and 15% margin for open pledge], exclusive charge of pledge of finished goods (refined sugar bags) of Rs. 206 million (with 15% margin) to be registered with SECP, subordination of director's loan of Rs. 424 million in favour of the bank and personal guarantees of three directors of the company along with PNWSs .
- 10.1.5** This istisna finance facility has been obtained from Bank Islami Pakistan Limited, out of total sanctioned limit of Rs. 515 million (2020: Rs. 580.14 million) to fulfil working capital requirement through sharia complaint mechanism. It carries profit at the rate of respective KIBOR + 3% (2020: respective KIBOR + 3%) per annum, payable quarterly. It is secured by way of first pari passu charge of Rs. 1,059 million over all present and future fixed assets of the company registered with SECP, first pari passu charge of Rs. 334 million over all present and future fixed assets (land, building and plant & machinery) of the company registered with SECP, first pari passu charge over all present and future fixed assets of the company amounting to Rs. 334 million to be upgraded to first pari passu charge within 120 days from the date of disbursement, subordination of directors' loan in favour of bank and personal guarantees of two directors.
- 10.1.6** This istisna finance / tijarah facility was obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. 500 million (2020: Rs. 500 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 + 2.75% per annum (2020: respective KIBOR + 3%). It is secured by way of pledge of charge on pledge assets registered with SECP of the company (white refined crystalline sugar) amounting to Rs 715 million, ranking charge of Rs 667 million over current asset of the company, ranking charge of Rs 667 million over fixed asset of the company, subordination of director's loan of Rs. 500 million in favour of the bank and personal guarantees of two directors of the company.

- 10.1.7** This istisna finance facility was obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. 200 million (2020: Rs. 200 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 + 2.75% per annum (2020: respective KIBOR + 3.5%). It is secured by way of charge over pledge amounting to Rs. 1,072 million registered with SECP, corporate guarantee of all credible buyers, pledge of white crystalline refined sugar (season 2020-2021) packed in marketable bags lying in the factory premises under effective control of bank's appointed muccadam 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, subordination of director's loan of Rs. 500 million in favour of the bank and personal guarantees of two directors of the company along with PNWS.
- 10.1.8** This salam facility was obtained from Dubai Islamic Bank Pakistan Limited (DIBPL), out of total sanctioned limit of Rs. 400 million (2020: Rs. 400 million) 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. 334 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.
- 10.1.9** This Salam (Pledge) facility was obtained from Askari Bank Limited, out of total sanctioned limit of Rs. 500 million (2020: Rs. 400 million) 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. 667 million out of which Rs. 534 million is already registered with SECP and the remaining charge of Rs. 133 million for enhancement, pledged of white refined sugar of 2020-2021 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 muccadam. 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 (2020-2021) and personal guarantees of two directors of the company along with PNWS.
- 10.1.10** 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. 98.462 million (2020: Rs. 1,835.743 million) that remained unutilized at the terminal date.

	Note	(Un-Audited) 31 March 2021 (Rupees)	(Audited) 30 September 2020
10.2. From related parties			
Unsecured and interest free			
Mr. Mustafa Ali Tariq	10.2.1	13,600,000	13,601,995

10.2.1 This represents loan obtained from the sponsoring director / Chief Executive, Mr. Mustafa Ali Tariq, of the Company to bridge / assist its working capital requirements. It is payable on demand.

11. CONTINGENCIES AND COMMITMENTS

11.1. Contingencies

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

	Note	(Un-Audited) 31 March 2021 (Rupees)	(Audited) 30 September 2020
11.2 Commitments			
Company is committed to pay the following:			
Ijarah rentals			
Due within one year		7,675,035	8,227,394
Due after one year but not later than five years		11,780,251	15,810,735
Diminishing Musharikah rentals			
Due within one year		3,838,500	3,834,596
Due after one year but not later than five years		425,035	2,346,277
		<u>23,718,821</u>	<u>30,219,002</u>

12. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

	HALF YEAR ENDED (Un-audited)		QUARTER ENDED (Un-audited)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
 (Rupees)			
Local	3,442,564,090	794,450,311	1,872,379,675	372,777,429
Export - sugar	-	3,229,280	-	753,805,183
	<u>3,442,564,090</u>	<u>797,679,591</u>	<u>1,872,379,675</u>	<u>1,126,582,612</u>

	HALF YEAR ENDED (Un-audited)		QUARTER ENDED (Un-audited)		
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	
 (Rupees)				
13. COST OF REVENUE					
Raw material consumed:					
Sugarcane purchased	5,374,900,945	2,697,075,597	3,626,403,851	1,878,237,101	
Sugarcane development cess	30,847,914	17,873,914	18,848,511	17,873,914	
Market committee fee	8,226,198	4,766,416	5,006,343	3,067,045	
	5,413,975,057	2,719,715,927	3,650,258,705	1,899,178,060	
Salaries, wages and other benefits	100,423,684	94,444,367	57,941,257	54,459,667	
Workers' welfare expense	9,068,195	8,019,569	5,624,550	5,380,893	
Stores, spare parts and loose tools consumed	10,529,176	8,964,653	5,295,301	4,657,388	
Chemicals consumed	40,629,728	24,366,445	25,786,127	16,072,562	
Packing material consumed	41,914,143	27,470,622	26,670,217	18,373,967	
Fuel and power	10,047,905	13,179,713	4,164,954	7,211,157	
Repair and maintenance	53,412,819	46,252,321	27,584,512	14,248,371	
Vehicle running expenses	9,456,912	8,804,135	9,456,912	8,804,135	
Insurance	1,713,251	4,336,776	900,516	2,274,641	
Other factory overheads	2,972,042	3,170,543	2,025,563	1,953,750	
Depreciation	71,791,507	52,318,450	34,126,713	24,741,341	
	5,765,934,419	3,011,043,521	3,849,835,327	2,057,355,932	
Work-in-process					
Opening stock	15,437,264	7,157,809	66,644,800	27,315,545	
Closing stock	(14,257,695)	(14,932,374)	(14,257,695)	(14,932,374)	
	1,179,569	(7,774,565)	52,387,105	12,383,171	
Cost of goods manufactured	5,767,113,988	3,003,268,956	3,902,222,432	2,069,739,103	
Finished goods					
Opening stock	637,374,128	173,048,481	1,376,470,833	904,185,714	
Closing stock	(3,254,353,560)	(2,379,518,172)	(3,254,353,560)	(2,379,518,172)	
	(2,616,979,432)	(2,206,469,691)	(1,877,882,727)	(1,475,332,458)	
	3,150,134,556	796,799,265	2,024,339,705	594,406,645	
14. LOSS PER SHARE					
Loss attributable to ordinary shareholders	Rupees	(22,423,963)	(205,676,929)	(335,657,313)	(306,567,784)
Weighted average number of ordinary shares outstanding during the period	Numbers	38,520,000	38,520,000	38,520,000	38,520,000
Loss per share - basic and diluted	Rupees	(0.58)	(5.34)	(8.71)	(7.96)
Diluted (loss) / earnings per share					

Diluted earnings / loss per share is same as basic earnings / loss per share because the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

15. TRANSACTIONS WITH RELATED PARTIES

Related party transactions during the period:

Particulars	Relationship	Names	Half year ended	
			Un-audited 31-Mar-21	Un-audited 31-Mar-20
Rupees				
Transactions with post -employment benefit plan				
Company's contributions to fund / trust	Post retirement benefits	HSML Employees' Provident Fund Trust	3,875,671	3,614,656
Transactions with key management personnel				
Remuneration and benefits of key management personnel	Chief Operating Officer	Mr. Wasim Saleem	2,370,000	2,040,000
Contribution of provident fund	Chief Operating Officer	Mr. Wasim Saleem	143,634	143,634
Directors' remuneration and benefits	- Director / Chief Executive Officer - Executive Director	Mr. Mustafa Ali Tariq Mrs. Maryam Habib	6,125,328 1,560,000	4,130,930 1,043,992
Contribution of provident fund	- Director / Chief Executive Officer - Executive Director	Mr. Mustafa Ali Tariq Mrs. Maryam Habib	395,184 100,644	356,472 77,418
Transactions with associated undertakings				
Tariq Capital (Pvt.) Limited	Current account		179,444	586
Transactions with other related parties				
Repayment of directors' loans	- Chairman of the Board / Non - Executive Director - Director / Chief Executive Officer - Director / Chief Executive Officer	Mr. Ahmed Ali Tariq Mr. Mustafa Ali Tariq Mr. Mustafa Ali Tariq	- 1,000,000 1,995	10,400,000 9,300,000 -

Closing balances with related parties during the period / year:

Particulars	Relationship	Names	Half year ended	
			Un-audited 31-Mar-21	Un-audited 30-Sep-20
Rupees				
Closing Balances				
Transactions with post -employment benefit plan				
Company's contributions to fund / trust	Post retirement benefits	HSML Employees' Provident Fund Trust	19,780,983	20,403,914
Transactions with key management personnel				
Key management personnel's remuneration and benefits	Chief Operating Officer	Mr. Wasim Saleem	333,844	-
Directors' remuneration	Director / Chief Executive Officer Executive Director	Mr. Mustafa Ali Tariq Mrs. Maryam Habib	736,378 206,066	700,000 172,032
Transactions with associated companies				
Tariq Capital (Pvt.) Limited	Associated company by virtue of common directorship		75,051	104,393
Transactions with other related parties				
Directors' loans	Director / Chief Executive Officer Director / Chairman of the Board Director / Chief Executive Officer	Mr. Mustafa Ali Tariq Mr. Ahmad Ali Tariq Mr. Mustafa Ali Tariq	279,271,273 144,157,550 13,600,000	280,271,273 144,157,550 13,601,995
Short term borrowings				

16. 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. 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, 2021 (unaudited)			As on September 30, 2020 (audited)		
	Islamic Mode	Conventional Banks	Total	Islamic Mode	Conventional Banks	Total
	----- Rupees -----					
Account balances:						
Accrued mark-up on secured borrowings	45,296,536	29,384,801	74,681,337	67,981,746	43,809,501	111,791,247
Long term finance	56,329,255	995,980,809	1,052,310,064	66,055,093	708,089,410	774,144,503
Short term borrowings	2,192,441,835	899,096,206	3,091,538,041	2,157,388,470	849,720,182	3,007,108,652
Bank balances	34,716,164	54,264,688	88,980,852	65,650,199	19,749,390	85,399,589
Ijarah rentals	351,573	-	351,573	294,375	-	294,375
Diminishing Musharakah rentals	253,610	-	253,610	344,852	-	344,852

	Half year ended March 31, 2021 (unaudited)			Half year ended March 31, 2020 (unaudited)		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
	----- Rupees -----					
Class of transactions:						
Ijarah and diminishing musharakah rentals	6,141,464	-	6,141,464	5,857,264	-	5,857,264
Finance cost	84,349,719	44,269,189	128,618,908	97,465,874	62,903,473	160,369,347
Income from PLS bank accounts	61,688	-	61,688	93,114	155,959	249,073

17. FINANCIAL RISK MANAGEMENT

17.1 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 2020.

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

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

The Company has not disclosed the fair values of the financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair values, except fair value of equity instruments.

Valuation techniques used to determine fair values

The table analyses financial assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

As on March 31, 2021 - unaudited				
	Carrying amount	Recurring fair value		
	Rupees	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss (equity securities)	7,833,406	7,833,406	-	-
As on September 30, 2020 - audited				
	Carrying amount	Recurring fair value		
	Rupees	Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss (equity securities)	6,716,005	6,716,005	-	-

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring Level 1 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

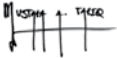
Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity instruments - shares		
Market approach (quoted market prices)	Per share price	The estimated fair value would increase / (decrease) if the price go higher / (lower).

18. DATE OF AUTHORIZATION

These condensed interim financial statements have been approved and authorized by the Board of Directors of the Company for issue on May 28,2021.

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.



Chief Executive Officer



Chief Financial Officer



Director



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