



Habib Sugar Mills Limited

**Report and Condensed Interim
Financial Statements
for the Half Year ended
March 31, 2020
(Unaudited)**



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Company Information

| | | |
|--|--|---|
| Board of Directors | Asgar D. Habib Ali Raza D. Habib Adnan Afridi Murtaza Habib Tyaba Muslim Habib Shams Muhammad Haji Farouq Habib Rahimtoola Raeesul Hasan | <i>Chairman</i> <i>Chief Executive</i> |
| Audit Committee | Shams Muhammad Haji Farouq Habib Rahimtoola Tyaba Muslim Habib | Chairman Member Member |
| Human Resource & Remuneration Committee | Tyaba Muslim Habib Shams Muhammad Haji Raeesul Hasan | Chairperson Member Member |
| COO & Company Secretary | Khursheed Anwer Jamal | |
| Chief Financial Officer | Amir Bashir Ahmed | |
| Registered Office | 3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 35680036 - 5 Lines Fax : (+92-21) 35684086 www : habibsugar.com E-mail : sugar@habib.com | |
| Mills | Sugar & Distillery Division Nawabshah District Shaheed Benazirabad Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314 Textile Division D-140/B-1 Mangopir Road S.I.T.E. Karachi-75700 Phones : (+92-21) 32571325, 32572119 Fax : (+92-21) 32572118 | |
| Bulk Storage | Terminal 60/1-B Oil Installation Area Keamari Karachi-75620 Phones : (+92-21) 32852003-4 Fax : (+92-21) 32852005 | |
| Bankers | Allied Bank Limited Bank AL Habib Limited First Women Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan United Bank Limited | |
| Statutory Auditors | EY Ford Rhodes Chartered Accountants | |
| Share Registrar | THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400 Phones : (+92-21) 111-000-322 Fax : (+92-21) 34168271 E-mail : sfc@thk.com.pk info@thk.com.pk Website : www.thk.com.pk | |



VISION STATEMENT

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified carbon dioxide (CO₂) and household textiles in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

MISSION STATEMENT

As a prominent producer and supplier of sugar, ethanol, liquidified carbon dioxide (CO₂) and household textiles, we shall continue to strive to achieve excellence in performance and aim to exceed the expectations of all stakeholders. We target to achieve technological advancements to inculcate the most efficient, ethical and time tested business practices in our management.



Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, it is our privilege to present to you the unaudited consolidated and unconsolidated condensed interim financial statements of the Company for the half year ended March 31, 2020.

On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a pandemic and alerted the world that this pandemic will infect a large population and will claim many lives across the world. Scientists across the world are conducting research to develop vaccine for the COVID-19, however, until such time vaccine is developed the only means to control the spread of virus is to implement strict social distancing and other protective measures as recommended by WHO.

Government in Pakistan responded well to the crisis and implemented a carefully crafted lockdown phase. The measures taken to reduce the spread have resulted in an overall economic slowdown and disruptions to various businesses.

Financial Results

By the Grace of Allah, during the period under review the operations of your Company resulted in a pre-tax profit of Rs.451.34 million. The financial results for the half year are as follows :

| | (Rupees in thousands) |
|--|-----------------------|
| Profit before taxation | 451,335 |
| Taxation | 65,000 |
| Profit after taxation | 386,335 |
| Unappropriated profit brought forward | 5,797 |
| Unappropriated profit carried forward | 392,132 |
| Earnings per share – Basic and diluted | Rs. <u>2.58</u> |

Performance Review

Sugar Division

The crushing season 2019-20 commenced on November 26, 2019 and the plant operated upto March 5, 2020 for 101 days as against 98 days in the preceeding season. Sugarcane crushed during the current season was 620,425 M. Tons with average sucrose recovery of 9.91 % and sugar production of 61,488 M.Tons as compared with crushing of 771,864 M. Tons with average sucrose recovery of 10.87 % and sugar production of 83,910 M. Tons during the preceding season.

The Government of Sindh on December 9, 2019 issued notification fixing the minimum support price of sugarcane for the crushing season 2019-20 at Rs.192 per 40 kgs as against Rs. 182 per 40 kgs for crushing season 2018-19. In addition, mills are also required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%.



The sugar division earned operating profit of Rs.16.02 million as against operating profit of Rs. 17.15 million during the corresponding period of the previous year.

Distillery Division

During the period under review, the ethanol plant operated for 166 days and produced 11,963 M. Tons of ethanol as against 165 days of operations and production of 16,511 M. Tons as compared with the corresponding period of the previous year. The decrease in production was due to lower availability of molasses.

The division earned operating profit of Rs. 169.83 million as compared with Rs.393.16 million during the corresponding period of previous year. The decrease in profit was due to higher production cost of ethanol on account of lower production quantum and increased molasses cost.

The liquidified carbon dioxide (CO₂) unit operated satisfactorily and produced 2,966 M. Tons as compared with 3,354 M. Tons during the corresponding period of the previous year.

Textile Division

The division earned operating profit of Rs.10.82 million during the period under review, as against profit of Rs.15.86 million during the corresponding period of previous year. The decrease in profit was due to lower sale volume.

Trading Division

During the period under review, the division earned operating profit of Rs. 13.31 million on account trading of sugar and bagasse as against operating loss of Rs. 0.41 million during the corresponding period of the previous year.

Bagasse Based Co-Generation Project

The Bagasse Based project of the Company continues to be on hold due to non-clarity on the part of the Government for bagasse based energy projects and pending litigation before the Islamabad High Court filed by the CPPA regarding tariff. The outcome of the above case is crucial for the future of these projects. The management is reviewing the situation and future course of action will be decided upon the favourable outcome of the pending case.

General

The Directors are pleased to place on record their appreciation of the devoted and dedicated services of the officers, staff and workers of the Company.

On behalf of the Board of Directors

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Karachi: May 28, 2020



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
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Pakistan

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INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF HABIB SUGAR MILLS LIMITED
REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Habib Sugar Mills Limited (the Company) as at March 31, 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 financial statements based on our review. The figures of unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income and the notes forming part thereof for the three-months period ended 31 March 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures of the half year ended 31 March 2020.

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 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 interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

EY Ford Rhodes
Chartered Accountants

Karachi: 28 May 2020



Unconsolidated Condensed Interim Statement of Financial Position as at March 31, 2020

| | Note | Unaudited March 31, 2020 (Rupees in thousands) | Audited Sept. 30, 2019 |
|---|------|---|------------------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Fixed assets | | | |
| Property, plant and equipment | 5 | 2,543,811 | 2,478,920 |
| Long-term investments | 6 | 2,060,333 | 2,299,658 |
| Long-term loans | | 6,773 | 6,789 |
| Long-term deposits | | 3,928 | 3,928 |
| | | <u>4,614,845</u> | <u>4,789,295</u> |
| Current Assets | | | |
| Stores and spare parts | | 186,817 | 171,935 |
| Stock-in-trade | 7 | 4,109,131 | 1,840,405 |
| Trade debts | | 552,200 | 387,297 |
| Loans and advances | 8 | 1,063,192 | 890,852 |
| Trade deposits and short-term prepayments | | 11,494 | 9,879 |
| Profit accrued on bank deposits | | 4,199 | 4,767 |
| Other receivables | 9 | 198,587 | 115,649 |
| Taxation - net | | 53,458 | 74,342 |
| Short-term investments | 10 | 544,181 | - |
| Cash and bank balances | 11 | 1,208,099 | 2,464,584 |
| | | <u>7,931,358</u> | <u>5,959,710</u> |
| Total Assets | | <u><u>12,546,203</u></u> | <u><u>10,749,005</u></u> |
| Equity and Liabilities | | | |
| Share Capital and Reserves | | | |
| Share Capital | | | |
| Authorised | | | |
| 150,000,000 (September 30, 2019: 150,000,000) | | | |
| Ordinary shares of Rs. 5 each | | <u>750,000</u> | <u>750,000</u> |
| Issued, subscribed and paid-up capital | | | |
| 150,000,000 (September 30, 2019: 150,000,000) | | <u>750,000</u> | <u>750,000</u> |
| Ordinary shares of Rs. 5 each | | | |
| Reserves | | <u>7,014,041</u> | <u>7,325,693</u> |
| | | <u>7,764,041</u> | <u>8,075,693</u> |
| Non-Current Liabilities | | | |
| Deferred taxation | 12 | 74,000 | 69,000 |
| Lease liability | | 13,621 | - |
| | | <u>87,621</u> | <u>69,000</u> |
| Current Liabilities | | | |
| Trade and other payables | 13 | 1,860,999 | 2,004,077 |
| Advance from customers | | 1,241,072 | 518,405 |
| Short-term borrowings | 14 | 1,480,000 | - |
| Unclaimed dividends | | 90,416 | 81,830 |
| Accrued mark-up on short-term borrowing | | 14,397 | - |
| Current portion of lease liability | | 7,657 | - |
| | | <u>4,694,541</u> | <u>2,604,312</u> |
| Contingencies and Commitments | 15 | | |
| Total Equity and Liabilities | | <u><u>12,546,203</u></u> | <u><u>10,749,005</u></u> |

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Unconsolidated Condensed Interim Statement of Profit or Loss for the half year ended March 31, 2020 (Unaudited)

| | Note | Half year ended | | Quarter ended | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| (Rupees in thousands) | | | | | |
| Segment operating results | 16 | | | | |
| Net sales and services | | 4,357,054 | 3,118,429 | 2,026,953 | 1,717,896 |
| Cost of sales | | (3,943,258) | (2,478,341) | (1,767,028) | (1,391,905) |
| Gross profit | | 413,796 | 640,088 | 259,925 | 325,991 |
| Selling and distribution expenses | | (105,075) | (123,877) | (50,717) | (76,123) |
| Administrative expenses | | (98,756) | (90,456) | (45,606) | (43,871) |
| Other operating expenses | 17 | (29,512) | (33,919) | (18,743) | (16,355) |
| Impairment on long-term investments - available for sale | | - | (30,579) | - | (30,579) |
| Other income | 18 | 131,668 | 157,805 | 115,738 | 103,614 |
| | | (101,675) | (121,026) | 672 | (63,314) |
| Operating profit | | 312,121 | 519,062 | 260,597 | 262,677 |
| Finance income / (cost) - net | 19 | 139,214 | 45,391 | 26,128 | 6,062 |
| Profit before taxation | | 451,335 | 564,453 | 286,725 | 268,739 |
| Taxation | 20 | (65,000) | (50,000) | (45,000) | (25,000) |
| Profit after taxation | | 386,335 | 514,453 | 241,725 | 243,739 |
| Earnings per share - Basic and diluted | Rs. | 2.58 | 3.43 | 1.61 | 1.62 |

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Unconsolidated Condensed Interim Statement of Comprehensive Income for the half year ended March 31, 2020 (Unaudited)

| | Half year ended | | Quarter ended | |
|--|-----------------------|-------------------|-------------------|-------------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | (Rupees in thousands) | | | |
| Profit after taxation | 386,335 | 514,453 | 241,725 | 243,739 |
| Other comprehensive income : | | | | |
| Items that will not be reclassified to the statement of profit or loss: | | | | |
| Loss on re-measurement of equity investments classified as fair value through other comprehensive income (FVOCI) | (285,487) | - | (723,637) | - |
| | 100,848 | 514,453 | (481,912) | 243,739 |
| Unrealised gain on revaluation of investments for the period | - | 41,496 | - | 403,132 |
| Total Comprehensive income / (loss) for the period | <u>100,848</u> | <u>555,949</u> | <u>(481,912)</u> | <u>646,871</u> |

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Unconsolidated Condensed Interim Statement of Changes in Equity for the half year ended March 31, 2020 (Unaudited)

| | Issued Subscribed and Paid-up Capital | Capital Reserve | Revenue Reserves | | | Total Reserves | Total Equity |
|--|---|--------------------|--------------------|-------------------------------|--|-------------------|------------------|
| | | | General Reserve | Unappro- priated Profit | Unrealised gain / (loss) on investments available for sale | | |
| (Rupees in thousands) | | | | | | | |
| Balance as on September 30, 2018 | 750,000 | 34,000 | 4,173,500 | 903,281 | 2,243,189 | 7,353,970 | 8,103,970 |
| Effect of change in accounting policy | - | - | - | - | (41,472) | (41,472) | (41,472) |
| Balance as on October 01, 2018 - restated | 750,000 | 34,000 | 4,173,500 | 903,281 | 2,201,717 | 7,312,498 | 8,062,498 |
| Total comprehensive income for the half year ended March 31, 2019 | - | - | - | 514,453 | 41,496 | 555,949 | 555,949 |
| Transfer to general reserve | - | - | 485,000 | (485,000) | - | - | - |
| Cash dividend for 2018 @ 55% | - | - | - | (412,500) | - | (412,500) | (412,500) |
| Balance as on March 31, 2019 - restated | <u>750,000</u> | <u>34,000</u> | <u>4,658,500</u> | <u>520,234</u> | <u>2,243,213</u> | <u>7,455,947</u> | <u>8,205,947</u> |
| Balance as on October 1, 2019 | 750,000 | 34,000 | 4,658,500 | 1,208,297 | 1,424,896 | 7,325,693 | 8,075,693 |
| Total comprehensive income for the half year ended March 31, 2020 | - | - | - | 386,335 | (285,487) | 100,848 | 100,848 |
| Realised gain on sale of investments | - | - | - | 9,392 | (9,392) | - | - |
| Transfer to general reserve | - | - | 790,000 | (790,000) | - | - | - |
| Cash dividend for 2019 @ 55% | - | - | - | (412,500) | - | (412,500) | (412,500) |
| Balance as on March 31, 2020 | <u>750,000</u> | <u>34,000</u> | <u>5,448,500</u> | <u>401,524</u> | <u>1,130,017</u> | <u>7,014,041</u> | <u>7,764,041</u> |

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Unconsolidated Condensed Interim Statement of Cash Flows for the half year ended March 31, 2020 (Unaudited)

| | Note | March 31, 2020 | March 31, 2019 |
|--|------|-------------------|-------------------|
| (Rupees in thousands) | | | |
| Cash flows from operating activities | | | |
| Cash used in operations | 21 | (1,713,355) | (1,695,863) |
| Finance income received - net | | 155,294 | 63,233 |
| Income tax paid | | (39,116) | (57,298) |
| Long-term loans | | 16 | (661) |
| Net cash used in operating activities | | (1,597,161) | (1,690,589) |
| Cash flows from investing activities | | | |
| Fixed capital expenditure | | (164,397) | (25,820) |
| Sale proceeds / redemption of investments | | 1,068,457 | - |
| Dividend received | | 18,474 | 21,195 |
| Purchase of investments | | (1,658,800) | (115,374) |
| Sale proceeds of fixed assets | | 4,010 | 6,489 |
| Net cash used in investing activities | | (732,256) | (113,510) |
| Cash flows from financing activities | | | |
| Lease rental paid | | (3,154) | - |
| Dividend paid | | (403,914) | (398,245) |
| Net cash used in financing activities | | (407,068) | (398,245) |
| Net decrease in cash and cash equivalents | | (2,736,485) | (2,202,344) |
| Cash and cash equivalents at the beginning of the period | | 2,464,584 | 766,875 |
| Cash and cash equivalents at the end of the period | 22 | (271,901) | (1,435,469) |

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Notes to the Unconsolidated Condensed Interim Financial Statements for the half year ended March 31, 2020 (Unaudited)

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Habib Sugar Mills Limited is a public limited Company incorporated in Pakistan, with its shares quoted on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquidified carbon dioxide (CO₂), household textiles, providing bulk storage facilities and trading of commodities. The registered office of the Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.
- 1.2 These unconsolidated condensed interim financial statements are separate condensed interim financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest and are not consolidated or accounted for using equity method.

2. BASIS OF PREPARATION

- 2.1 These unconsolidated 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 Standards 34; 'Interim Financial Reporting', (IAS 34) issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act),
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
 - Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act and IFAS differ with the requirements of IAS 34, the provisions of and directives issued under the Act and IFAS have been followed.

- 2.2 These unconsolidated condensed interim financial statements are unaudited and subject to limited scope review by the auditors. These are being submitted to the members in accordance with Section 237 of the Companies Act, 2017 (the Act) and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan and provisions of and directives issued under the Act. In case where requirements differ, the provisions of or directives issued under the Act have been followed.
- 2.3 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2019.

3. Significant accounting policies and disclosures

The accounting policies and methods of computations followed for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended September 30, 2019 except for adoption of IFRS 16.



3.1 IFRS 16 – Leases

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over properties utilized as office premises only.

The Company adopted IFRS 16 with effect from October 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with the similar characteristics.

IFRS 16 allows two options for transition under the modified retrospective method as follows:

- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right of use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases, or;
- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right of use asset at its carrying value as if the new standard had always been applied.

In applying the standard, the Company has recognised lease liability at the date of initial application as present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments previously recognised. The present value has been determined using a single discount rate for portfolio of leases exhibiting similar characteristics based on practical expedient provided in the standard.

Lease term is the non-cancelable period for which the Company has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Company is reasonably certain to exercise and option to terminate which the Company is not reasonably certain to exercise.

The lease liabilities as at October 01, 2019 can be reconciled to the operating lease commitments as of September 30, 2019 as follows:



| | (Rupees in thousands) |
|--|--------------------------|
| Operating lease commitments as at September 30, 2019 | 28,208 |
| Impact of discounting | (4,892) |
| Lease liabilities at October 01, 2019 | <u>23,316</u> |
| Incremental borrowing rate as at October 1, 2019 | <u>11.06%</u> |
| The impact of adoption of IFRS 16 as at October 01, 2019 [(increase/ (decrease)] is as follows: | |
| Assets | |
| Property, plant and equipment- right of use asset | <u>23,316</u> |
| Liabilities | |
| Lease liabilities | <u>23,316</u> |
| Unconsolidated condensed interim statement of profit or loss | |
| Depreciation charge on right-of-use asset | <u>2,914</u> |
| Financial charges on lease liability | <u>1,115</u> |

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated condensed interim financial statements in the period of initial application.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are same as those applied in the Company's annual unconsolidated financial statements for the year ended September 30, 2019, except as disclosed otherwise.

| | (Unaudited) March 31, 2020 | (Audited) Sept. 30, 2019 |
|--|----------------------------------|--------------------------------|
| | (Rupees in thousands) | |
| 5. Fixed assets | | |
| 5.1 Property, plant and equipment | | |
| Operating fixed assets | 2,499,772 | 2,432,032 |
| Capital work-in-progress | 23,637 | 45,756 |
| Major stores and spare parts | - | 1,132 |
| Right of Use asset | 20,402 | - |
| | <u>2,543,811</u> | <u>2,478,920</u> |



5.2 Cost of additions to and written down value of deletions from fixed assets during the half year ended March 31, 2020 were as follows:

| | (Unaudited) March 31, 2020 | | (Audited) September 30, 2019 | |
|--|------------------------------------|-----------|---|------------------------------------|
| | Additions (Rupees in thousands) | Deletions | Additions (Rupees in thousands) | Deletions (Rupees in thousands) |
| Plant and machinery | | | | |
| Sugar | 111,670 | - | 55,086 | 20,790 |
| Distillery | 44,853 | - | 2,575 | - |
| Textile | - | - | 150 | - |
| Factory and Building - Distillery | 2,103 | - | - | - |
| Furniture, fittings and office equipment | 4,759 | 35 | 8,844 | 56 |
| Accounting Software | 541 | - | - | - |
| Vehicles | 471 | 23 | 15,171 | 925 |
| | <u>164,397</u> | <u>58</u> | <u>81,826</u> | <u>21,771</u> |
| | | | (Unaudited) March 31, 2020 (Rupees in thousands) | (Audited) Sept. 30, 2019 |

6. Long-term investments

Investments in subsidiary company- at cost

HSM Energy Limited - Unquoted 50,000 50,000

Fair Value through Other Comprehensive Income

| | | |
|--|------------------|------------------|
| Investments in related parties - Quoted - at fair value | 1,346,735 | 1,657,274 |
| Investments in related parties - Un-Quoted - at fair value | 102,971 | 93,172 |
| Investments in other companies - Quoted - at fair value | 560,627 | 499,212 |
| | <u>2,060,333</u> | <u>2,299,658</u> |

6.1 Investments in subsidiary company, associated companies or undertakings have been made in accordance with the requirements of the Act.

6.2 The aggregate cost of these investments, net of impairment is Rs.930.32 (September 30, 2019: Rs.874.76) million.

| | (Unaudited) March 31, 2020 (Rupees in thousands) | (Audited) Sept. 30, 2019 |
|--|---|--------------------------------|
|--|---|--------------------------------|

7. Stock-in-trade

| | | |
|-----------------|------------------|------------------|
| Raw materials | 1,308,054 | 225,311 |
| Work-in-process | 31,554 | 43,828 |
| Finished goods | 2,687,702 | 1,553,567 |
| Bagasse | 78,491 | 15,068 |
| Fertilizers | 3,330 | 2,631 |
| | <u>4,109,131</u> | <u>1,840,405</u> |

8. Loans and advances

Loans - secured

Current maturity of long-term loans

| | | |
|-----------------|-------|-------|
| Executives | - | 29 |
| Other Employees | 4,829 | 6,304 |
| | 4,829 | 6,333 |

Advances - unsecured

| | | |
|-----------|------------------|----------------|
| Suppliers | 1,058,363 | 884,519 |
| | <u>1,063,192</u> | <u>890,852</u> |



| | Note | (Unaudited) March 31, 2020 (Rupees in thousands) | (Audited) Sept. 30, 2019 |
|---|---|---|--------------------------------|
| 9. Other receivables - Considered good | | | |
| Duty drawback and research & development support claim | | 17,532 | 17,903 |
| Dividend receivable | | 86,120 | 3,114 |
| Sales-Tax refundable / adjustable | | 84,892 | 85,137 |
| Others | 9.1 | 10,043 | 9,495 |
| | | <u>198,587</u> | <u>115,649</u> |
| 9.1 | Includes Rs.9.88 (2019: Rs.9.37) million receivable from HSM Energy Limited - wholly owned subsidiary. Maximum aggregate amount due from the subsidiary company at the end of any month during the period was Rs.9.88 (2019: 9.37) million. | | |
| | Note | (Unaudited) March 31, 2020 (Rupees in thousands) | (Audited) Sept. 30, 2019 |
| 10. Short-term investments | | | |
| Investments in Government Securities (Treasury Bills) - At amortised Cost | 10.1 | <u>544,181</u> | <u>-</u> |
| 10.1 | These government securities are carried at interest rate of 13.52% having a maturity on May 2020. | | |
| 11. Cash and bank balances | | | |
| Cash in hand | | 1,379 | 229 |
| Balances with banks in: | | | |
| Current accounts | | 37,480 | 9,298 |
| Treasury call accounts | 11.1 | 519,240 | 165,057 |
| Term Deposit Receipts | 11.2 | 650,000 | 2,290,000 |
| | 11.3 | <u>1,206,720</u> | <u>2,464,355</u> |
| | | <u>1,208,099</u> | <u>2,464,584</u> |
| 11.1 | Profit rates on Treasury call accounts ranged between 11.25% to 11.75% (September 2019: 6.52% to 11.75%) per annum. | | |
| 11.2 | Profit rates on Term Deposit Receipts is 12% to 12.25% (September 2019: 6.80% to 12.25%) per annum. Maturity of these Term Deposit Receipts are one month. | | |
| 11.3 | Includes Rs.1,133.04 (September 2019: Rs.2,453.11) million kept with Bank AL Habib Limited - a related party. | | |
| | Note | (Unaudited) March 31, 2020 (Rupees in thousands) | (Audited) Sept. 30, 2019 |
| 12. Deferred taxation | | | |
| Deferred Tax liability on accelerated tax depreciation allowance on operating fixed assets taxable temporary differences: | | 209,000 | 210,000 |
| Deferred tax asset on deductible temporary differences: | | | |
| Provision for obsolescence and slow moving stores & spare parts | | (9,000) | (9,000) |
| Unabsorbed tax depreciation allowance | | (126,000) | (132,000) |
| | | <u>(135,000)</u> | <u>(141,000)</u> |
| | | <u>74,000</u> | <u>69,000</u> |



| | (Unaudited) March 31, 2020 | (Audited) Sept. 30, 2019 |
|---|----------------------------------|--------------------------------|
| | (Rupees in thousands) | |
| 13. Trade and other payables | | |
| Creditors | 1,515,462 | 1,702,057 |
| Accrued liabilities | 302,391 | 213,717 |
| Workers' Profit Participation Fund (WPPF) | 24,512 | 71,041 |
| Workers' Welfare Fund | 18,415 | 17,124 |
| Income-tax deducted at source | 219 | 138 |
| | 1,860,999 | 2,004,077 |

14. Short-term borrowings - secured

| | |
|-----------|---|
| 1,480,000 | - |
|-----------|---|

The aggregate financing facility available from commercial banks amounted to Rs.8,212 (September 2019: Rs.8,212) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 3% to 15.05% (September 2019: 2.20% to 11.39%) per annum.

15. Contingencies and commitments

15.1 Contingencies

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2019.

15.2 Commitments

The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.400.00 (September 30, 2019: Rs. 350.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.1,311.25 (September 30, 2019: 1,710.82) million against guarantees issued by banks in favour of third parties on behalf of the Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.

15.3 Commitments for capital expenditure amounting to Rs.47.25 (September 2019: 31.61) million.

| | (Unaudited) March 31, 2020 | (Audited) Sept. 30, 2019 |
|--|----------------------------------|--------------------------------|
| | (Rupees in thousands) | |
| 15.4 Rentals payable over next four years under operating lease agreements with First Habib Modaraba in respect of vehicles | 42,706 | 50,276 |



16. Segment operating results for the half year ended March 31, 2020 (Unaudited)

| | | Sugar Division | | Distillery Division | | Textile Division | | Trading Division | | (Rupees in thousands) Total | |
|---|--------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------------------|-------------------|
| | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Net sales and services | | | | | | | | | | | |
| Sales | Local | 2,585,198 | 1,301,088 | 166,705 | 186,339 | 2,054 | 3,912 | 107,254 | 10,552 | 2,861,211 | 1,501,891 |
| | Export | – | – | 1,237,539 | 1,318,035 | 256,077 | 297,280 | – | – | 1,493,616 | 1,615,315 |
| | | 2,585,198 | 1,301,088 | 1,404,244 | 1,504,374 | 258,131 | 301,192 | 107,254 | 10,552 | 4,354,827 | 3,117,206 |
| Services - Storage income - net | | – | – | 2,227 | 1,223 | – | – | – | – | 2,227 | 1,223 |
| | | 2,585,198 | 1,301,088 | 1,406,471 | 1,505,597 | 258,131 | 301,192 | 107,254 | 10,552 | 4,357,054 | 3,118,429 |
| Less: Cost of sales | | (2,450,824) | (1,158,067) | (1,170,499) | (1,042,540) | (228,701) | (266,891) | (93,234) | (10,843) | (3,943,258) | (2,478,341) |
| Gross Profit / (Loss) | | 134,374 | 143,021 | 235,972 | 463,057 | 29,430 | 34,301 | 14,020 | (291) | 413,796 | 640,088 |
| Less: Selling and distribution expenses | | (31,252) | (45,962) | (57,549) | (62,172) | (15,804) | (15,743) | (470) | – | (105,075) | (123,877) |
| Administrative expenses | | (87,107) | (79,913) | (8,597) | (7,724) | (2,807) | (2,696) | (245) | (123) | (98,756) | (90,456) |
| | | (118,359) | (125,875) | (66,146) | (69,896) | (18,611) | (18,439) | (715) | (123) | (203,831) | (214,333) |
| Profit / (Loss) before other operating expenses and other income | | 16,015 | 17,146 | 169,826 | 393,161 | 10,819 | 15,862 | 13,305 | (414) | 209,965 | 425,755 |
| Other operating expenses - note 17 | | | | | | | | | | (29,512) | (33,919) |
| Impairment on long-term investments - available for sale | | | | | | | | | | – | (30,579) |
| Other income - note 18 | | | | | | | | | | 131,668 | 157,805 |
| Operating Profit | | | | | | | | | | 312,121 | 519,062 |

16.1 The Company's Sugar division production process is seasonal in nature because of the cultivation and reaping of sugarcane due to which production is carried out in the first half of the financial year.



16a. Segment operating results for the quarter ended March 31, 2020 (Unaudited)

| | | (Rupees in thousands) | | | | | | | | | |
|-------------------------------|---|-----------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | Sugar Division | | Distillery Division | | Textile Division | | Trading Division | | Total | |
| | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Net sales and services | | | | | | | | | | | |
| Sales | Local | 1,107,121 | 742,429 | 90,613 | 76,859 | 1,995 | 2,746 | 103,199 | – | 1,302,928 | 822,034 |
| | Export | – | – | 629,219 | 748,196 | 93,650 | 146,747 | – | – | 722,869 | 894,943 |
| | | 1,107,121 | 742,429 | 719,832 | 825,055 | 95,645 | 149,493 | 103,199 | – | 2,025,797 | 1,716,977 |
| | Services - Storage income - net | – | – | 1,156 | 919 | – | – | – | – | 1,156 | 919 |
| | | 1,107,121 | 742,429 | 720,988 | 825,974 | 95,645 | 149,493 | 103,199 | – | 2,026,953 | 1,717,896 |
| | Less: Cost of sales | (957,608) | (648,380) | (635,201) | (611,566) | (84,575) | (131,959) | (89,644) | – | (1,767,028) | (1,391,905) |
| | Gross Profit | 149,513 | 94,049 | 85,787 | 214,408 | 11,070 | 17,534 | 13,555 | – | 259,925 | 325,991 |
| | Less: Selling and distribution expenses | (15,976) | (35,369) | (27,227) | (32,948) | (7,044) | (7,806) | (470) | – | (50,717) | (76,123) |
| | Administrative expenses | (41,869) | (40,606) | (2,268) | (1,751) | (1,343) | (1,453) | (126) | (61) | (45,606) | (43,871) |
| | | (57,845) | (75,975) | (29,495) | (34,699) | (8,387) | (9,259) | (596) | (61) | (96,323) | (119,994) |
| | Profit / (Loss) before other operating expenses and other income | 91,668 | 18,074 | 56,292 | 179,709 | 2,683 | 8,275 | 12,959 | (61) | 163,602 | 205,997 |
| | Other operating expenses -note 17 | | | | | | | | | (18,743) | (16,355) |
| | Impairment on long-term investments - available for sale | | | | | | | | | – | (30,579) |
| | Other income - note 18 | | | | | | | | | 115,738 | 103,614 |
| | Operating Profit | | | | | | | | | 260,597 | 262,677 |



| | Half year ended | | Quarter ended | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | March 31, 2020 (Unaudited) | March 31, 2019 (Unaudited) | March 31, 2020 (Unaudited) | March 31, 2019 (Unaudited) |
| (Rupees in thousands) | | | | |
| 17. Other operating expenses | | | | |
| Workers' Profit Participation Fund | 24,512 | 29,919 | 15,743 | 14,255 |
| Workers' Welfare Fund | 5,000 | 4,000 | 3,000 | 2,100 |
| | <u>29,512</u> | <u>33,919</u> | <u>18,743</u> | <u>16,355</u> |
| 18. Other income | | | | |
| Cash Freight Subsidy | – | 11,128 | – | 11,128 |
| Dividend income | 101,480 | 80,831 | 91,726 | 66,267 |
| Scrap sales | 3,867 | 9,514 | 1,043 | 1,008 |
| Gain on disposal of fixed assets | 3,952 | 3,649 | 2,467 | 2,569 |
| Agriculture income | 3,319 | 471 | 2,352 | 471 |
| Sale of Electricity | 6,782 | 22,791 | 6,782 | 18,102 |
| Exchange gain / (loss) - net | 12,268 | 29,421 | 11,368 | 4,069 |
| | <u>131,668</u> | <u>157,805</u> | <u>115,738</u> | <u>103,614</u> |
| 19. Finance income / (cost) - net | | | | |
| Profit on treasury call accounts | 14,203 | 5,394 | 11,368 | 3,187 |
| Profit on term deposit receipts | 112,058 | 80,817 | 12,458 | 27,114 |
| Government Securities | 47,401 | – | 20,194 | – |
| Interest on loan to employees | 104 | 111 | 56 | 54 |
| | <u>173,766</u> | <u>86,322</u> | <u>44,076</u> | <u>30,355</u> |
| Less: | | | | |
| Mark-up / interest on: | | | | |
| Short-term borrowings | (25,333) | (27,610) | (14,445) | (20,521) |
| Workers' Profit Participation Fund | (1,592) | (884) | – | – |
| Lease liability | (1,115) | – | (1,115) | – |
| Bank charges | (6,512) | (12,437) | (2,388) | (3,772) |
| | <u>(34,552)</u> | <u>(40,931)</u> | <u>(17,948)</u> | <u>(24,293)</u> |
| | <u>139,214</u> | <u>45,391</u> | <u>26,128</u> | <u>6,062</u> |
| 20. Taxation | | | | |
| Income tax - current | 60,000 | 52,000 | 35,000 | 36,000 |
| Deferred tax | 5,000 | (2,000) | 10,000 | (11,000) |
| | <u>65,000</u> | <u>50,000</u> | <u>45,000</u> | <u>25,000</u> |



| | (Unaudited) | |
|---|-----------------------|-------------------|
| | March 31, 2020 | March 31, 2019 |
| | (Rupees in thousands) | |
| 21. Cash used in operations | | |
| Profit before taxation | 451,335 | 564,453 |
| Adjustment for non-cash charges and other items | | |
| Depreciation | 122,765 | 123,714 |
| Gain on disposal of fixed assets | (3,952) | (3,649) |
| Finance income / (cost) - net | (140,329) | (45,391) |
| Finance charges on lease liability | 1,115 | - |
| Impairment on long term investment - available for sale | - | 30,579 |
| Dividend income | (101,480) | (80,831) |
| Working capital changes - note 21.1 | (2,042,809) | (2,284,738) |
| | (1,713,355) | (1,695,863) |
| 21.1 Working capital changes | | |
| (Increase) / decrease in current assets | | |
| Stores and spare parts | (14,882) | 2,353 |
| Stock-in-trade | (2,268,726) | (3,412,714) |
| Trade debts | (164,903) | 187,202 |
| Loans and advances | (172,340) | (169,138) |
| Trade deposits and prepayments | (1,615) | 1,395 |
| Other receivables | 68 | 61,920 |
| | (2,622,398) | (3,328,982) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | (143,078) | 255,753 |
| Advance from customers | 722,667 | 788,491 |
| Net changes in working capital | (2,042,809) | (2,284,738) |
| 22. Cash and cash equivalents at the end of the period | | |
| These comprise of the following | | |
| Cash and bank balances | 1,208,099 | 564,431 |
| Short-term borrowings | (1,480,000) | (1,999,900) |
| | (271,901) | (1,435,469) |
| 23. Financial Risk Management, Objectives and Policies | | |

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company as at September 30, 2019. There has been no change in any risk management policies since the year end.



24. Fair values of Assets and Liabilities

There were no transfers amongst levels during the period.

25. Transactions with related parties

Related parties comprise of subsidiary, associated entities, entities with common directorship, directors and key management personnel. Material transactions with related parties during the period and balances at the end of the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

| Nature of Relationship | Nature of transactions | Half year ended | | Quarter ended | |
|---------------------------------|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | March 31, 2020 (Unaudited) | March 31, 2019 (Unaudited) | March 31, 2020 (Unaudited) | March 31, 2019 (Unaudited) |
| | | (Rupees in thousands) | | | |
| Subsidiary | Payment on behalf of the subsidiary | 508 | 2,940 | 35 | 1,477 |
| Other related party | Investment in shares / units of mutual fund | 23,498 | 38,400 | 18,792 | 26,400 |
| | Insurance premium paid | 17,263 | 10,029 | 6,854 | 5,029 |
| | Insurance claim received | 9,120 | 1,355 | 420 | - |
| | Profit on treasury call account / term deposits | 122,718 | 85,394 | 20,462 | 30,145 |
| | Dividend income | 84,478 | 60,342 | 84,478 | 60,342 |
| | Dividend paid | 40,964 | 40,964 | 40,964 | 40,964 |
| | Bank charges | 79 | 273 | 47 | 254 |
| Key management personnel | Managerial remuneration | 29,410 | 27,900 | 25,426 | 13,950 |
| Retirement benefit funds | Contribution to retirement funds | 8,398 | 7,433 | 4,414 | 3,757 |

25.1 All transactions with related parties are entered into at agreed term duly approved by the Board of Directors of the Company.

26. Date of authorisation for issue

These unconsolidated condensed interim financial statements were authorised for issue on May 28, 2020 by the Board of Directors of the Company.

27. General

27.1 Figures for the quarters ended March 31, 2020 and March 31, 2019 have not been subjected to limited scope review by the external auditors.

27.2 Figures presented in these unconsolidated condensed interim financial statements have been rounded of to the nearest thousand rupees.

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Consolidated Condensed Interim Statement of Financial Position as at March 31, 2020

| | Note | Unaudited March 31, 2020 (Rupees in thousands) | Audited Sept. 30, 2019 (Rupees in thousands) |
|---|------|---|---|
| Assets | | | |
| Non-Current Assets | | | |
| Fixed assets | | | |
| Property, plant and equipment | 5 | 2,590,173 | 2,525,316 |
| Long-term investments | 6 | 2,010,333 | 2,249,658 |
| Long-term loans | | 6,773 | 6,789 |
| Long-term deposits | | 3,928 | 3,928 |
| | | <u>4,611,207</u> | <u>4,785,691</u> |
| Current Assets | | | |
| Stores and spare parts | | 186,817 | 171,935 |
| Stock-in-trade | 7 | 4,109,131 | 1,840,405 |
| Trade debts | | 552,200 | 387,297 |
| Loans and advances | 8 | 1,063,192 | 890,852 |
| Trade deposits and short-term prepayments | | 11,494 | 9,879 |
| Profit accrued on bank deposits | | 4,199 | 4,767 |
| Other receivables | 9 | 188,710 | 106,279 |
| Taxation - net | | 53,450 | 74,339 |
| Short-term investments | 10 | 544,181 | - |
| Cash and bank balances | 11 | 1,208,518 | 2,464,979 |
| | | <u>7,921,892</u> | <u>5,950,732</u> |
| Total Assets | | <u>12,533,099</u> | <u>10,736,423</u> |
| Equity and Liabilities | | | |
| Share Capital and Reserves | | | |
| Share Capital | | | |
| Authorised | | | |
| 150,000,000 (September 30, 2019: 150,000,000) | | | |
| Ordinary shares of Rs. 5 each | | 750,000 | 750,000 |
| Issued, subscribed and paid-up capital | | | |
| 150,000,000 (September 30, 2019: 150,000,000) | | | |
| Ordinary shares of Rs. 5 each | | 750,000 | 750,000 |
| Reserves | | 7,000,847 | 7,313,051 |
| | | <u>7,750,847</u> | <u>8,063,051</u> |
| Non-Current Liabilities | | | |
| Deferred taxation | 12 | 74,000 | 69,000 |
| Lease liability | | 13,621 | - |
| | | <u>87,621</u> | <u>69,000</u> |
| Current Liabilities | | | |
| Trade and other payables | 13 | 1,861,089 | 2,004,137 |
| Advance from customers | | 1,241,072 | 518,405 |
| Short-term borrowings | 14 | 1,480,000 | - |
| Unclaimed dividends | | 90,416 | 81,830 |
| Accrued mark-up on short-term borrowing | | 14,397 | - |
| Current portion of lease liability | | 7,657 | - |
| | | <u>4,694,631</u> | <u>2,604,372</u> |
| Contingencies and Commitments | 15 | | |
| Total Equity and Liabilities | | <u>12,533,099</u> | <u>10,736,423</u> |

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Consolidated Condensed Interim Statement of Profit or Loss for the half year ended March 31, 2020 (Unaudited)

| | Note | Half year ended | | Quarter ended | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| (Rupees in thousands) | | | | | |
| Segment operating results | 16 | | | | |
| Net sales and services | | 4,357,054 | 3,118,429 | 2,026,953 | 1,717,896 |
| Cost of sales | | (3,943,258) | (2,478,341) | (1,767,028) | (1,391,905) |
| Gross profit | | 413,796 | 640,088 | 259,925 | 325,991 |
| Selling and distribution expenses | | (105,075) | (123,877) | (50,717) | (76,123) |
| Administrative expenses | | (99,291) | (93,373) | (45,627) | (45,368) |
| Other operating expenses | 17 | (29,512) | (33,919) | (18,743) | (16,355) |
| Impairment on long-term investments - available for sale | | - | (30,579) | - | (30,579) |
| Other income | 18 | 131,668 | 157,805 | 115,738 | 103,614 |
| | | (102,210) | (123,943) | 651 | (64,811) |
| Operating profit | | 311,586 | 516,145 | 260,576 | 261,180 |
| Finance income / (cost) - net | 19 | 139,205 | 45,386 | 26,092 | 6,031 |
| Profit before taxation | | 450,791 | 561,531 | 286,668 | 267,211 |
| Taxation | 20 | (65,008) | (50,000) | (45,001) | (24,993) |
| Profit after taxation | | 385,783 | 511,531 | 241,667 | 242,218 |
| Earnings per share - Basic and diluted | Rs. | 2.57 | 3.41 | 1.61 | 1.61 |

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



**Consolidated Condensed Interim Statement of Comprehensive Income
for the half year ended March 31, 2020 (Unaudited)**

| | Half year ended | | Quarter ended | |
|--|-----------------------|-------------------|-------------------|-------------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | (Rupees in thousands) | | | |
| Profit after taxation | 385,783 | 511,531 | 241,667 | 242,218 |
| Other comprehensive income : | | | | |
| Items that will not be reclassified to the statement of profit or loss: | | | | |
| Loss on re-measurement of equity investments classified as fair value through other comprehensive income (FVOCI) | (285,487) | – | (723,637) | – |
| | 100,296 | 511,531 | (481,970) | 242,218 |
| Unrealised gain on revaluation of investments for the period | – | 41,496 | – | 403,132 |
| Total Comprehensive income for the period | 100,296 | 553,027 | (481,970) | 645,350 |

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
Chief Financial Officer


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Consolidated Condensed Interim Statement of Changes in Equity for the half year ended March 31, 2020 (Unaudited)

| | Issued Subscribed and Paid-up Capital | Capital Reserve | Revenue Reserves | | | Total Reserves | Total Equity |
|--|---|--------------------|--------------------|-------------------------------|--|-------------------|------------------|
| | | | General Reserve | Unappro- priated Profit | Unrealised gain / (loss) on investments available for sale | | |
| (Rupees in thousands) | | | | | | | |
| Balance as on September 30, 2018 | 750,000 | 34,000 | 4,173,500 | 896,988 | 2,243,189 | 7,347,677 | 8,097,677 |
| Effect of change in accounting policy | - | - | - | - | (41,472) | (41,472) | (41,472) |
| Balance as on October 01, 2018 - restated | 750,000 | 34,000 | 4,173,500 | 896,988 | 2,201,717 | 7,306,205 | 8,056,205 |
| Cash dividend for 2018 @ 55% | - | - | - | (412,500) | - | (412,500) | (412,500) |
| Transfer to general reserve | - | - | 485,000 | (485,000) | - | - | - |
| Total comprehensive income for the half year ended March 31, 2019 | - | - | - | 511,531 | 82,968 | 594,499 | 594,499 |
| Balance as on March 31, 2019 | <u>750,000</u> | <u>34,000</u> | <u>4,658,500</u> | <u>511,019</u> | <u>2,284,685</u> | <u>7,488,204</u> | <u>8,238,204</u> |
| Balance as on October 1, 2019 | 750,000 | 34,000 | 4,658,500 | 1,195,655 | 1,424,896 | 7,313,051 | 8,063,051 |
| Cash dividend for 2019 @ 55% | - | - | - | (412,500) | - | (412,500) | (412,500) |
| Transfer to general reserve | - | - | 790,000 | (790,000) | - | - | - |
| Realised gain on sale of investments | - | - | - | 9,392 | (9,392) | - | - |
| Total comprehensive income for the half year ended March 31, 2020 | - | - | - | 385,783 | (285,487) | 100,296 | 100,296 |
| Balance as on March 31, 2020 | <u>750,000</u> | <u>34,000</u> | <u>5,448,500</u> | <u>388,330</u> | <u>1,130,017</u> | <u>7,000,847</u> | <u>7,750,847</u> |

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Consolidated Condensed Interim Statement of Cash Flows for the half year ended March 31, 2020 (Unaudited)

| | Note | March 31, 2020 | March 31, 2019 |
|--|------|-------------------|-------------------|
| (Rupees in thousands) | | | |
| Cash flows from operating activities | | | |
| Cash used in operations | 21 | (1,713,319) | (1,695,879) |
| Finance income received - net | | 155,285 | 63,228 |
| Income tax paid | | (39,119) | (57,301) |
| Long-term loans | | 16 | (661) |
| Net cash used in operating activities | | (1,597,137) | (1,690,613) |
| Cash flows from investing activities | | | |
| Fixed capital expenditure | | (164,397) | (25,832) |
| Sale proceeds / redemption of investments | | 1,068,457 | - |
| Dividend received | | 18,474 | 21,195 |
| Purchase of investments | | (1,658,800) | (115,374) |
| Sale proceeds of fixed assets | | 4,010 | 6,489 |
| Net cash used in investing activities | | (732,256) | (113,522) |
| Cash flows from financing activities | | | |
| Lease rental paid | | (3,154) | - |
| Dividend paid | | (403,914) | (398,245) |
| Net cash used in financing activities | | (407,068) | (398,245) |
| Net decrease in cash and cash equivalents | | (2,736,461) | (2,202,380) |
| Cash and cash equivalents at the beginning of the period | | 2,464,979 | 767,781 |
| Cash and cash equivalents at the end of the period | 22 | (271,482) | (1,434,599) |

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.


Amir Bashir Ahmed
 Chief Financial Officer


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Notes to the Consolidated Condensed Interim Financial Statements for the half year ended March 31, 2020 (Unaudited)

1. The Company and its operations

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

1.1. Holding Company

The Holding Company is a public limited company incorporated in Pakistan, with its shares quoted on the Pakistan Stock Exchange Limited. The Holding Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquidified carbon dioxide (CO₂), household textiles, providing bulk storage facilities and trading of commodities. The registered office of the Holding Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

1.2. Subsidiary Company

HSM Energy Limited (the Company), a wholly owned subsidiary of Habib Sugar Mills Limited (the Parent Company) was incorporated in Pakistan as a public unlisted company on May 16, 2017. The Registered office of the Company is situated at 3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

The Company is in start-up phase and in the process of setting up a 26.5 MW high pressure bagasse based Cogeneration power project. The Company has been granted Generation license and upfront Tariff for the period of 30 years by the National Electric Power Regulatory Authority (NEPRA).

2. BASIS OF PREPARATION

2.1 These consolidated 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 Standards 34; 'Interim Financial Reporting', (IAS 34) issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act),
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act and IFAS differ with the requirements of IAS 34, the provisions of and directives issued under the Act and IFAS have been followed.

2.2 These consolidated condensed interim financial statements are unaudited and subject to limited scope review by the auditors. These are being submitted to the members in accordance with Section 237 of the Companies Act, 2017 (the Act) and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan and provisions of and directives issued under the Act. In case where requirements differ, the provisions of or directives issued under the Act have been followed.

2.3 These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2019.



3. Significant accounting policies and disclosures

The accounting policies and methods of computations followed for the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended September 30, 2019 except for adoption of IFRS 16.

3.1 IFRS 16 – Leases

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over properties utilized as office premises only.

The Company adopted IFRS 16 with effect from October 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with the similar characteristics.

IFRS 16 allows two options for transition under the modified retrospective method as follows:

- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right of use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases, or;
- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right of use asset at its carrying value as if the new standard had always been applied.

In applying the standard, the Company has recognised lease liability at the date of initial application as present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments previously recognised. The present value has been determined using a single discount rate for portfolio of leases exhibiting similar characteristics based on practical expedient provided in the standard.

Lease term is the non-cancelable period for which the Company has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Company is reasonably certain to exercise and option to terminate which the Company is not reasonably certain to exercise.

The lease liabilities as at October 01, 2019 can be reconciled to the operating lease commitments as of September 30, 2019 as follows:



| | (Rupees in thousands) |
|---|----------------------------------|
| Operating lease commitments as at September 30, 2019 | 28,208 |
| Impact of discounting | (4,892) |
| Lease liabilities at October 01, 2019 | <u>23,316</u> |
| Incremental borrowing rate as at October 1, 2019 | <u>11.06%</u> |
| The impact of adoption of IFRS 16 as at October 01, 2019 [(increase/ (decrease))] is as follows: | |
| Assets | |
| Property, plant and equipment- right of use asset | <u>23,316</u> |
| Liabilities | |
| Lease liabilities | <u>23,316</u> |
| Consolidated condensed interim statement of profit or loss | |
| Depreciation charge on right-of-use asset | <u>2,914</u> |
| Financial charges on lease liability | <u>1,115</u> |

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's consolidated condensed interim financial statements in the period of initial application.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are same as those applied in the Company's annual consolidated financial statements for the year ended September 30, 2019, except as disclosed otherwise.

| | (Unaudited) March 31, 2020 | (Audited) Sept. 30, 2019 |
|--|----------------------------------|--------------------------------|
| | (Rupees in thousands) | |
| 5. Fixed assets | | |
| 5.1 Property, plant and equipment | | |
| Operating fixed assets | 2,500,013 | 2,432,307 |
| Capital work-in-progress | 69,758 | 91,877 |
| Major stores and spare parts | - | 1,132 |
| Right of Use asset | 20,402 | - |
| | <u>2,590,173</u> | <u>2,525,316</u> |



5.2 Cost of additions to and written down value of deletions from fixed assets during the half year ended March 31, 2020 were as follows:

| | (Unaudited) March 31, 2020 | | (Audited) September 30, 2019 | |
|--|------------------------------------|-----------|---|---|
| | Additions (Rupees in thousands) | Deletions | Additions (Rupees in thousands) | Deletions (Rupees in thousands) |
| Plant and machinery | | | | |
| Sugar | 111,670 | - | 55,086 | 20,790 |
| Distillery | 44,853 | - | 2,575 | - |
| Textile | - | - | 150 | - |
| Factory and Building - Distillery | 2,103 | - | - | - |
| Furniture, fittings and office equipment | 4,759 | 35 | 8,844 | 56 |
| Accounting Software | 541 | - | - | - |
| Vehicles | 471 | 23 | 15,171 | 925 |
| | <u>164,397</u> | <u>58</u> | <u>81,826</u> | <u>21,771</u> |
| | | Note | (Unaudited) March 31, 2020 (Rupees in thousands) | (Audited) Sept. 30, 2019 (Rupees in thousands) |

6. Long-term investments

| | | | |
|--------------------------------|-----------------------------|------------------|------------------|
| Investments in related parties | - Quoted - at fair value | 1,346,735 | 1,657,274 |
| " | - Un-Quoted - at fair value | 102,971 | 93,172 |
| Investments in other companies | - Quoted - at fair value | 560,627 | 499,212 |
| | | <u>2,010,333</u> | <u>2,249,658</u> |

6.1 Investments in subsidiary company, associated companies or undertakings have been made in accordance with the requirements under the Act.

6.2 The aggregate cost of these investments, net of impairment is Rs.930.32 (September 30, 2019: Rs.874.76) million.

| | (Unaudited) | (Audited) |
|--------------------------|--|-------------------|
| | March 31, 2020 (Rupees in thousands) | Sept. 30, 2019 |
| 7. Stock-in-trade | | |
| Raw materials | 1,308,054 | 225,311 |
| Work-in-process | 31,554 | 43,828 |
| Finished goods | 2,687,702 | 1,553,567 |
| Bagasse | 78,491 | 15,068 |
| Fertilizers | 3,330 | 2,631 |
| | <u>4,109,131</u> | <u>1,840,405</u> |

8. Loans and advances

| | | |
|-------------------------------------|------------------|----------------|
| Loans - secured | | |
| Current maturity of long-term loans | | |
| Executives | - | 29 |
| Other Employees | 4,829 | 6,304 |
| | 4,829 | 6,333 |
| Advances - unsecured | | |
| Suppliers | 1,058,363 | 884,519 |
| | <u>1,063,192</u> | <u>890,852</u> |



| | (Unaudited) March 31, 2020 (Rupees in thousands) | (Audited) Sept. 30, 2019 |
|---|--|--------------------------------|
| 9. Other receivables - Considered good | | |
| Duty drawback and research & development support claim | 17,532 | 17,903 |
| Dividend receivable | 86,120 | 3,114 |
| Sales-Tax refundable / adjustable | 84,892 | 85,137 |
| Others | 166 | 125 |
| | <u>188,710</u> | <u>106,279</u> |
| | (Unaudited) March 31, 2020 (Rupees in thousands) | (Audited) Sept. 30, 2019 |
| | Note | |
| 10. Short-term investments | | |
| Investments in Government Securities (Treasury Bills) - At amortised Cost | 544,181 | - |
| | <u>544,181</u> | <u>-</u> |
| 11. Cash and bank balances | | |
| Cash in hand | 1,379 | 229 |
| Balances with banks in: | | |
| Current accounts | 37,899 | 9,298 |
| Treasury call accounts | 519,240 | 165,452 |
| Term Deposit Receipts | 650,000 | 2,290,000 |
| | 11.1 | |
| | 11.2 | |
| | 11.3 | |
| | <u>1,207,139</u> | <u>2,464,750</u> |
| | <u>1,208,518</u> | <u>2,464,979</u> |
| 11.1 | Profit rates on Treasury call accounts ranged between 11.25% to 11.75% (September 2019: 6.52% to 11.75%) per annum. | |
| 11.2 | Profit rates on Term Deposit Receipts is 12% to 12.25% (September 2019: 6.80% to 12.25%) per annum. Maturity of these Term Deposit Receipts are one month. | |
| 11.3 | Includes Rs.1,133.04 (September 2019: Rs.2,453.11) million kept with Bank AL Habib Limited - a related party. | |
| | (Unaudited) March 31, 2020 (Rupees in thousands) | (Audited) Sept. 30, 2019 |
| 12. Deferred taxation | | |
| Deferred Tax liability on accelerated tax depreciation allowance on operating fixed assets taxable temporary differences: | 209,000 | 210,000 |
| Deferred tax asset on deductible temporary differences: | | |
| Provision for obsolescence and slow moving stores & spare parts | (9,000) | (9,000) |
| Unabsorbed tax depreciation allowance | (126,000) | (132,000) |
| | <u>(135,000)</u> | <u>(141,000)</u> |
| | <u>74,000</u> | <u>69,000</u> |



| | (Unaudited) March 31, 2020 | (Audited) Sept. 30, 2019 |
|--|----------------------------------|--------------------------------|
| | (Rupees in thousands) | |
| 13. Trade and other payables | | |
| Creditors | 1,515,462 | 1,702,057 |
| Accrued liabilities | 302,481 | 213,777 |
| Workers' Profit Participation Fund (WPPF) | 24,512 | 71,041 |
| Workers' Welfare Fund | 18,415 | 17,124 |
| Income-tax deducted at source | 219 | 138 |
| | <u>1,861,089</u> | <u>2,004,137</u> |
| 14. Short-term borrowings - secured | <u>1,480,000</u> | <u>—</u> |

The aggregate financing facility available from commercial banks amounted to Rs.8,212 (September 2019: Rs.8,212) million. These financing facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up charged during the period was 3% to 15.05% (September 2019: 2.20% to 11.39%) per annum.

15. Contingencies and commitments

15.1 Contingencies

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended September 30, 2019.

15.2 Commitments

The Holding Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.400.00 (September 30, 2019: Rs. 350.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.1,311.25 (September 30, 2019: 1,710.82) million against guarantees issued by banks in favour of third parties on behalf of the Holding Holding Holding Holding Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.

15.3 Commitments for capital expenditure amounting to Rs.47.25 (September 2019: 31.61) million.

| | (Unaudited) March 31, 2020 | (Audited) Sept. 30, 2019 |
|--|----------------------------------|--------------------------------|
| | (Rupees in thousands) | |
| 15.4 Rentals payable over next four years | | |
| under operating lease agreements with | | |
| First Habib Modaraba in respect of vehicles | <u>42,706</u> | <u>50,276</u> |



16. Segment operating results for the half year ended March 31, 2019 (Unaudited)

| | Sugar Division | | Distillery Division | | Textile Division | | Trading Division | | Subsidiary Company | | (Rupees in thousands) Total | |
|---|------------------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|--------------------------------|-------------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | Net sales and service | | | | | | | | | | | |
| Sales | | | | | | | | | | | | |
| Local | 2,585,198 | 1,301,088 | 166,705 | 186,339 | 2,054 | 3,912 | 107,254 | 10,552 | - | - | 2,861,211 | 1,501,891 |
| Expert | - | - | 1,237,539 | 1,318,035 | 256,077 | 297,280 | - | - | - | - | 1,493,616 | 1,615,315 |
| Service - Storage income - net | 2,585,198 | 1,301,088 | 1,404,244 | 1,504,374 | 258,131 | 301,192 | 107,254 | 10,552 | - | - | 4,354,827 | 3,117,206 |
| | - | - | 2,227 | 1,223 | - | - | - | - | - | - | 2,227 | 1,223 |
| | 2,585,198 | 1,301,088 | 1,406,471 | 1,505,597 | 258,131 | 301,192 | 107,254 | 10,552 | - | - | 4,357,054 | 3,118,429 |
| Less: Cost of sales | (2,450,824) | (1,158,067) | (1,170,499) | (1,042,540) | (228,701) | (266,891) | (93,234) | (10,843) | - | - | (3,943,258) | (2,478,341) |
| Gross Profit / (Loss) | 134,374 | 143,021 | 235,972 | 463,057 | 29,430 | 34,301 | 14,020 | (291) | - | - | 413,796 | 640,088 |
| Less: Selling and distribution expenses | (31,252) | (45,962) | (57,549) | (62,172) | (15,804) | (15,743) | (470) | - | - | - | (105,075) | (123,877) |
| Administrative expenses | (87,107) | (79,913) | (8,597) | (7,724) | (2,807) | (2,696) | (245) | (123) | (535) | (2,917) | (99,291) | (93,373) |
| | (118,359) | (125,875) | (66,146) | (69,896) | (18,611) | (18,439) | (715) | (123) | (535) | (2,917) | (204,366) | (217,250) |
| Profit / (Loss) before other operating expenses and other income | 16,015 | 17,146 | 169,826 | 393,161 | 10,819 | 15,862 | 13,305 | (414) | (535) | (2,917) | 209,430 | 422,838 |
| Other operating expenses - Note 17 | | | | | | | | | | | (29,512) | (33,919) |
| Impairment on long-term investments - available for sale | | | | | | | | | | | - | (30,579) |
| Other income - Note 18 | | | | | | | | | | | 131,668 | 157,805 |
| Operating Profit | | | | | | | | | | | 311,586 | 516,145 |

16.1 The Company's Sugar division production process is seasonal in nature because of the cultivation and reaping of sugarcane due to which production is carried out in the first half of the financial year.



16a. Segment operating results for the quarter ended March 31, 2019 (Unaudited)

| | | (Rupees in thousands) | | | | | | | | | | | |
|---|--------|-----------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| | | Sugar Division | | Distillery Division | | Textile Division | | Trading Division | | Subsidiary Company | | Total | |
| | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Net sales and service | | | | | | | | | | | | | |
| Sales | Local | 1,107,121 | 742,429 | 90,613 | 76,859 | 1,995 | 2,746 | 103,199 | - | - | - | 1,302,928 | 822,034 |
| | Export | - | - | 629,219 | 748,196 | 93,650 | 146,747 | - | - | - | - | 722,869 | 894,943 |
| | | 1,107,121 | 742,429 | 719,832 | 825,055 | 95,645 | 149,493 | 103,199 | - | - | - | 2,025,797 | 1,716,977 |
| Service - Storage income - net | | - | - | 1,156 | 919 | - | - | - | - | - | - | 1,156 | 919 |
| | | 1,107,121 | 742,429 | 720,988 | 825,974 | 95,645 | 149,493 | 103,199 | - | - | - | 2,026,953 | 1,717,896 |
| Less: Cost of sales | | (957,608) | (648,380) | (635,201) | (611,566) | (84,575) | (131,959) | (89,644) | - | - | - | (1,767,028) | (1,391,905) |
| Gross Profit / (Loss) | | 149,513 | 94,049 | 85,787 | 214,408 | 11,070 | 17,534 | 13,555 | - | - | - | 259,925 | 325,991 |
| Less: Selling and distribution expenses | | (15,976) | (35,369) | (27,227) | (32,948) | (7,044) | (7,806) | (470) | - | - | - | (50,717) | (76,123) |
| Administrative expenses | | (41,869) | (40,606) | (2,268) | (1,751) | (1,343) | (1,453) | (126) | (61) | (21) | (1,497) | (45,627) | (45,368) |
| | | (57,845) | (75,975) | (29,495) | (34,699) | (8,387) | (9,259) | (596) | (61) | (21) | (1,497) | (96,344) | (121,491) |
| Profit / (Loss) before other operating expenses and other income | | 91,668 | 18,074 | 56,292 | 179,709 | 2,683 | 8,275 | 12,959 | (61) | (21) | (1,497) | 163,581 | 204,500 |
| Other operating expenses - Note 17 | | | | | | | | | | | | (18,743) | (16,355) |
| Impairment on long-term investments - available for sale | | | | | | | | | | | | - | (30,579) |
| Other income - Note 18 | | | | | | | | | | | | 115,738 | 103,614 |
| Operating Profit | | | | | | | | | | | | 260,576 | 261,180 |



| | Half year ended | | Quarter ended | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | March 31, 2020 (Unaudited) | March 31, 2019 (Unaudited) | March 31, 2020 (Unaudited) | March 31, 2019 (Unaudited) |
| (Rupees in thousands) | | | | |
| 17. Other operating expenses | | | | |
| Workers' Profit Participation Fund | 24,512 | 29,919 | 15,743 | 14,255 |
| Workers' Welfare Fund | 5,000 | 4,000 | 3,000 | 2,100 |
| | <u>29,512</u> | <u>33,919</u> | <u>18,743</u> | <u>16,355</u> |
| 18. Other income | | | | |
| Cash Freight Subsidy | - | 11,128 | - | 11,128 |
| Dividend income | 101,480 | 80,831 | 91,726 | 66,267 |
| Scrap sales | 3,867 | 9,514 | 1,043 | 1,008 |
| Gain on disposal of fixed assets | 3,952 | 3,649 | 2,467 | 2,569 |
| Agriculture income | 3,319 | 471 | 2,352 | 471 |
| Sale of Electricity | 6,782 | 22,791 | 6,782 | 18,102 |
| Exchange gain / (loss) - net | 12,268 | 29,421 | 11,368 | 4,069 |
| | <u>131,668</u> | <u>157,805</u> | <u>115,738</u> | <u>103,614</u> |
| 19. Finance income / (cost) - net | | | | |
| Profit on treasury call accounts | 14,229 | 5,420 | 11,367 | 3,213 |
| Profit on term deposit receipts | 112,058 | 80,817 | 12,458 | 27,114 |
| Government Securities | 47,401 | - | 20,194 | - |
| Interest on loan to employees | 104 | 111 | 56 | 54 |
| | <u>173,792</u> | <u>86,348</u> | <u>44,075</u> | <u>30,381</u> |
| Less: | | | | |
| Mark-up / interest on: | | | | |
| Short-term borrowings | (25,333) | (27,610) | (14,445) | (20,521) |
| Workers' Profit Participation Fund | (1,592) | (884) | - | - |
| Lease liability | (1,115) | - | (1,115) | - |
| Bank charges | (6,547) | (12,468) | (2,423) | (3,829) |
| | <u>(34,587)</u> | <u>(40,962)</u> | <u>(17,983)</u> | <u>(24,350)</u> |
| | <u>139,205</u> | <u>45,386</u> | <u>26,092</u> | <u>6,031</u> |
| 20. Taxation | | | | |
| Income tax - current | 60,008 | 52,000 | 35,001 | 35,993 |
| Deferred tax | 5,000 | (2,000) | 10,000 | (11,000) |
| | <u>65,008</u> | <u>50,000</u> | <u>45,001</u> | <u>24,993</u> |



| | (Unaudited) | |
|---|-----------------------|-------------------|
| | March 31, 2020 | March 31, 2019 |
| | (Rupees in thousands) | |
| 21. Cash used in operations | | |
| Profit before taxation | 450,791 | 561,531 |
| Adjustment for non-cash charges and other items | | |
| Depreciation | 122,799 | 123,760 |
| Gain on disposal of fixed assets | (3,952) | (3,649) |
| Finance income - net | (139,205) | (45,386) |
| Impairment on long term investment - available for sale | - | 30,579 |
| Dividend income | (101,480) | (80,831) |
| Working capital changes - note 21.1 | (2,042,272) | (2,281,883) |
| | (1,713,319) | (1,695,879) |
| 21.1 Working capital changes | | |
| (Increase) / decrease in current assets | | |
| Stores and spare parts | (14,882) | 2,353 |
| Stock-in-trade | (2,268,726) | (3,412,714) |
| Trade debts | (164,903) | 187,202 |
| Loans and advances | (172,340) | (169,138) |
| Trade deposits and prepayments | (1,615) | 1,395 |
| Other receivables | 575 | 64,895 |
| | (2,621,891) | (3,326,007) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | (143,048) | 255,633 |
| Advance from customers | 722,667 | 788,491 |
| | (420,381) | (48,067) |
| Net changes in working capital | (2,042,272) | (2,281,883) |
| 22. Cash and cash equivalents at the end of the period | | |
| These comprise of the following | | |
| Cash and bank balances | 1,208,518 | 565,301 |
| Short-term borrowings | (1,480,000) | (1,999,900) |
| | (271,482) | (1,434,599) |
| 23. Financial Risk Management, Objectives and Policies | | |

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company as at September 30, 2019. There has been no change in any risk management policies since the year end.



24. Fair values of Assets and Liabilities

There were no transfers amongst levels during the period.

25. Transactions with related parties

Related parties comprise of subsidiary, associated entities, entities with common directorship, directors and key management personnel. Material transactions with related parties during the period and balances at the end of the period, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

| | | Half year ended | | Quarter ended | |
|---------------------------------------|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | March 31, 2020 (Unaudited) | March 31, 2019 (Unaudited) | March 31, 2020 (Unaudited) | March 31, 2019 (Unaudited) |
| (Rupees in thousands) | | | | | |
| Transactions during the period | | | | | |
| Related party | Investment in shares / units of mutual fund | 23,498 | 38,400 | 18,792 | 26,400 |
| Associates | Insurance premium paid | 17,263 | 10,029 | 6,854 | 5,029 |
| | Insurance claim received | 9,120 | 1,355 | 420 | - |
| | Profit on treasury call account / term deposits | 122,718 | 85,394 | 20,462 | 30,145 |
| | Dividend income | 84,478 | 60,342 | 84,478 | 60,342 |
| | Dividend paid | 40,964 | 40,964 | 40,964 | 40,964 |
| | Bank charges | 79 | 273 | 47 | 254 |
| Key management personnel | Managerial remuneration | 29,410 | 27,900 | 25,426 | 13,950 |
| Retirement benefit funds | Charge / Contribution for the period | 8,398 | 7,433 | 4,414 | 3,757 |

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

25.1 All transactions with related parties are entered into at agreed term duly approved by the Board of Directors of the Company.

26. Date of authorisation for issue

These consolidated condensed interim financial statements were authorised for issue on May 28, 2020 by the Board of Directors of the Company.

27. General

27.1 Figures for the quarters ended March 31, 2020 and March 31, 2019 have not been subjected to limited scope review by the external auditors.

27.2 Figures presented in these consolidated condensed interim financial statements have been rounded off to the nearest thousand rupees.

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



شکر ڈویژن نے آپریٹنگ منافع 16.02 ملین روپے کیا جس کے مقابل پچھلے سال اسی مدت کے دوران 17.15 ملین روپے کا منافع کیا تھا۔

ڈسٹری ڈویژن:

زیر جائزہ مدت کے دوران اس ڈویژن کا پلانٹ 166 دن چلا اور 11,963 میٹرک ٹن میتھانول تیار ہوا اور گزشتہ سال اسی مدت کے دوران 165 دن میں 16,511 میٹرک ٹن پیداوار رہی تھی۔ پیداوار میں کمی شیرے کی دستیابی میں کمی کی وجہ سے ہوئی۔ ڈویژن نے 169.83 ملین روپے کا آپریٹنگ منافع حاصل کیا مقابلاً گزشتہ سال اسی مدت کے دوران 393.16 ملین روپے منافع حاصل کیا تھا۔ منافع میں کمی پیداواری لاگت اور شیرے کی قیمت میں اضافہ اور پیداوار میں کمی کی وجہ سے ہوا۔ لیکویٹڈ کاربن ڈائی آکسائیڈ یونٹ کی کارکردگی اطمینان بخش رہی اور 2,966 میٹرک ٹن کی پیداوار ہوئی مقابلاً گزشتہ سال اسی مدت کے دوران 3,354 میٹرک ٹن تھی۔

ٹیکسٹائل ڈویژن:

ڈویژن نے زیر نظر مدت کے دوران 10.82 ملین روپے آپریٹنگ منافع حاصل کیا جس کے برعکس گزشتہ سال اسی مدت کے دوران 15.86 ملین روپے کا منافع تھا۔ منافع میں کمی فروخت کے حجم میں کمی کی وجہ سے ہوا۔

ٹریڈنگ ڈویژن:

زیر نظر مدت کے دوران ڈویژن نے 13.31 ملین روپے منافع چینی اور بگاس کی تجارت پر حاصل کیا۔ گزشتہ سال اسی مدت کے دوران 0.41 کا خسارہ ہوا تھا۔


بگاس پٹی کو۔ جزییشن منصوبہ:

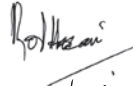
کمپنی کا بگاس پٹی منصوبہ گورنمنٹ کی جانب سے بگاس پٹی توانائی کے منصوبوں پر غیر واضح صورت حال کی وجہ سے رکا ہوا ہے۔ اسلام آباد ہائی کورٹ میں CPPA کی جانب سے میٹرف کے متعلق مقدمہ زیر التوا ہے اس کیس کے نتائج اس منصوبے کے مستقبل کیلئے اہم ہوں گے۔ انتظامیہ حالات کا جائزہ لے رہی ہے اور آئندہ کے لائحہ عمل کا فیصلہ کمپنی کے حق میں آنے کے بعد کیا جائے گا۔

عام امور:

ڈائریکٹرز اس امر پر اپنی خوشی کا اظہار کرتے ہوئے کمپنی کے افسران، اسٹاف اور ورکرز کی بہترین کارکردگی پر خراج تحسین پیش کرتے ہیں۔

از طرف بورڈ آف ڈائریکٹرز


مرتیضی ایچ حبیب
ڈائریکٹر


رئیس افسان
چیف ایگزیکٹو

کراچی مورخہ 28 مئی 2020ء



ڈائریکٹرز کی رپورٹ

محترم ممبران۔ السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2020 کو ختم ہونے والی ششماہی مدت کے کمپنی کی غیر آڈٹ شدہ مجموعی اور غیر مجموعی عبوری مالیاتی حسابات پیش کر رہے ہیں۔

11 مارچ 2020 کو عالمی ادارہ صحت (ڈبلیو۔ ایچ۔ او) نے Covid-19 کو عالمی وباء قرار دے دیا اور انتہا کیا کہ یہ وباء ایک بڑی آبادی پر اثر انداز ہوگی اور کئی بلاؤں کا باعث ہوگی۔ دنیا کے سائنسدانوں نے Covid-19 کے تریاق کیلئے ویکسین بنانے پر تحقیقات کر رہے ہیں جب تک کہ اس وائرس کے پھیلاؤ کو روکنے کیلئے سخت سماجی فاصلے اور عالمی ادارہ صحت کے بتائے ہوئے احتیاطی تدابیر کے اصولوں کے مطابق عمل کرنا ہے۔

حکومت پاکستان کے اس ہنگامی صورت حال کو دیکھتے ہوئے احتیاطی طور پر پہلے مرحلے میں لاک ڈاؤن نافذ کر دیا ہے اس پھیلاؤ کو روکنے کے اقدامات کے نتیجے میں معاشی سست روی اور کاروبار میں رکاوٹ پیدا ہو گئی ہے۔

مالیاتی نتائج:

اللہ کے فضل و کرم سے زیر جائزہ مدت کے دوران آپ کی کمپنی کا قبل از ٹیکس منافع کی رقم مبلغ 451.34 ملین روپے رہی۔ اس ششماہی مدت کے مالیاتی نتائج درج ذیل ہیں۔

(روپے ہزاروں میں)

| | |
|---------|--|
| 451,335 | منافع قبل از ٹیکس |
| 65,000 | ٹیکسیشن |
| 36,335 | منافع بعد از ٹیکسیشن |
| 5,797 | غیر منقسمہ منافع براٹ فارورڈ |
| 392,132 | غیر منقسمہ منافع گیری فارورڈ |
| 2.58 | منافع فی شیئر۔ بنیادی اور معتدل۔ روپیہ |

کارکردگی کا جائزہ:

شکر ڈویژن:

گنے کی کرشنگ کا سیزن 2019-2020 کا نومبر 26 نومبر 2019 کو شروع ہوا اور پلانٹ کو 5 مارچ 2020 تک 101 دن چلایا گیا، اس کے مقابلے میں گزشتہ سیزن میں 98 دن چلایا گیا۔ اس سیزن میں گنے کی کرشنگ 620,425 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 9.91 فیصد رہا اور شکر کی پیداوار 61,488 میٹرک ٹن ہوئی۔ مقابلتا گزشتہ سیزن میں گنے کی کرشنگ 771,864 میٹرک ٹن رہی تھی جبکہ شکر کی اوسط ریکوری 10.87 فیصد تھی اور شکر کی پیداوار 83,910 میٹرک ٹن تھی۔

حکومت سندھ نے 9 دسمبر 2019 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2019-2020 کے نوٹیفیکیشن کا اجراء کیا جس میں گنے کی قیمت -192/ روپے فی 40 کلوگرام مقرر کی گئی اور اس کے مقابلے میں کرشنگ سیزن 2018-19 کی -182/ روپے فی 40 کلوگرام تھی۔ علاوہ ازیں ملز کوالٹی پریمنیم شکر کی اوسط ریکوری کے بیچ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 0.50 روپے فی 40 کلوگرام ادا کرنے کی۔