



CONDENSED INTERIM FINANCIAL STATEMENTS

For The Third Quarter Ended 30th June, 2019

📍 30-A/E1, Old FCC Gulberg III, Lahore

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Company Information

CHAIRMAN

Mian Ahmed Ali Tariq

CHIEF EXECUTIVE OFFICER

Mian Mustafa Ali Tariq

DIRECTORS

Mrs. Nusrat Shamim

Mrs. Maryam Habib

Mr. Taufiq Ahmed Khan

Mr. Muhammad Iftikhar

Mr. Muhammad Imran Khan

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 AND REMUNERATION COMMITTEE

Mian Ahmed Ali Tariq
Chairman
Mr. Taufiq Ahmad Khan
Member
Mian Mustafa Ali Tariq
Member

LEGAL ADVISOR

Masud & Mirza Associates
K-29 Gulberg-III, Lahore

BANKERS

Askari Islamic Bank
Limited

Bank Alfalah
Limited

Bank Islami
Pakistan Limited

Dubai Islamic Bank
Limited

First Credit and
Investment Bank
Limited

Habib Metropolitan
Bank

Meezan Bank
Limited

National Bank of
Pakistan

Orix Modarba

Samba Bank

SHARE REGISTRAR / TRANSFER AGENT

M/S Corptec Associates (Pvt)
Limited

503 - E Johar Town, Lahore

Tel: 042- 35170336-7

Fax: 042-35170338

E-mail: info@corptec.com.pk

EXTERNAL AUDITORS

Kreston Hyder Bhimjee & Co
Chartered Accountants

Amin Building, Mall Road,
Lahore

MILLS

Lahore Road, Jaranwala
041-4563299-96

REGISTERED & HEAD OFFICE

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

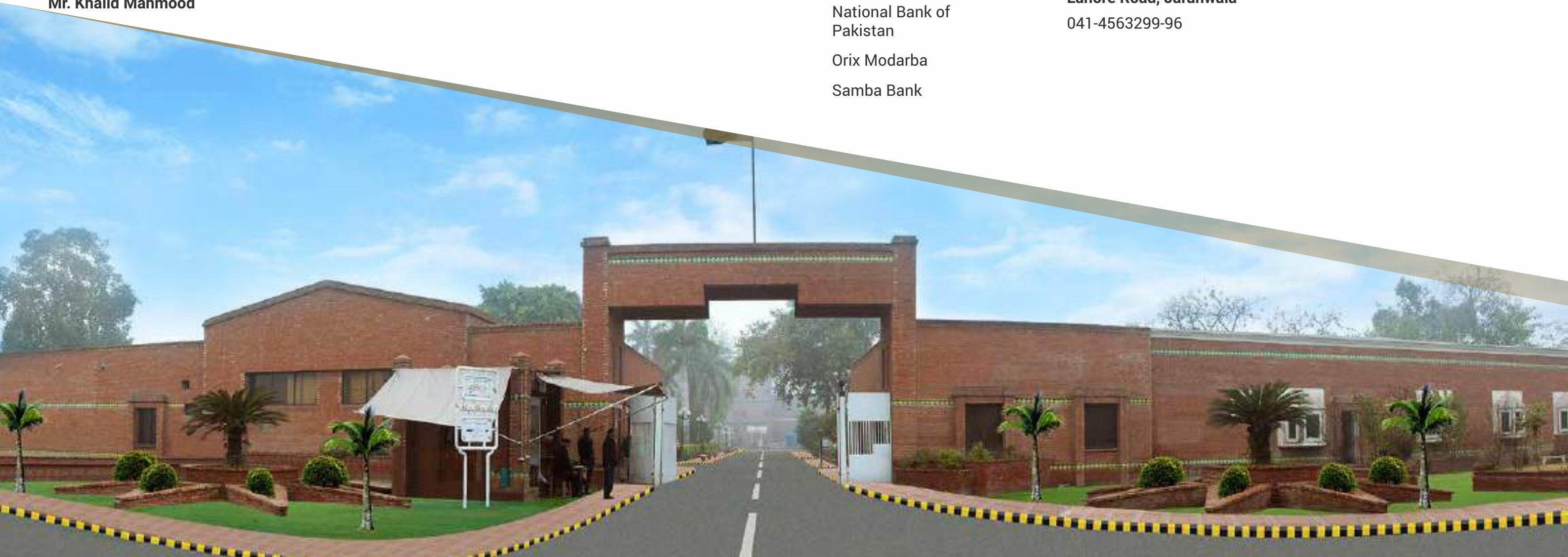
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WEBSITE INFORMATION

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DIRECTORS' REPORT

I am pleased to present the third quarter interim condensed financial information of the Company for the period ending on **June 30, 2019**.

The highlights of the Company's performance for the nine months and its comparison with the corresponding period from last year are illustrated below:

	2019	2018
Operational		
Sugarcane crushed (Metric Tons)	491,277	600,773
Sugar produced (Metric Tons)	48,251	55,331
Sugar recovery (%)	9.82	9.21
Financial	Rupees	
Sales	3,467,314,415	1,707,784,807
Gross profit	323,486,487	257,975,929
Operating cost	120,622,271	139,591,747
Finance cost	182,887,097	92,681,039
Profit before taxation	77,285,227	76,978,278
Profit after taxation	33,805,816	25,223,306
Earnings per share	0.94	1.01

This year, the crushing season began on December 09, 2018 as compared to last season where the company began operations in the end of November. Accordingly, the company could not attain last year's total crushing volume. However, operating at a significantly higher capacity utilization and achieving a significantly higher sucrose recovery, the company was able to crush 491,277 Tons of sugarcane and produced 48,251 Tons of refined sugar at an average recovery of 9.82 as compared to last year's sugarcane crushing of 600,772 M. Tons and production of 55,331 M. Tons refined sugar at an average recovery of 9.21.

Although the company was able to crush only 81.7% of cane in terms of total volume in tons of sugarcane crushed as compared to last year, in terms of sugar produced we have produced 87.2% of sugar that we could produce last year. Having implemented various operational changes and implementing strict technical SOPs at the site, this year, the company has achieved a higher capacity utilization due to better plant utilization. Projections indicate that if external factors remain the same, the company will reach new technical milestones in the forthcoming year in terms of efficiency,

Financially, our results have been consistent with last year. In the previous season, given that all indicators demonstrated an increase in sugar prices, we held on to a significant portion of our inventory. This year, management pursued a more conservative selling strategy. By holding on to this stock, the company has performed much better as is made manifest by the company's financials. Net sales were recorded at Rs. 3,467 million during the first three quarters of the financial year from 1st October 2018 to 30th June 2019 as compared to Rs. 1,707 million against the corresponding period of last year.

For the half year, however, the company has earned gross profit of Rs. 323,486,487 as compared to gross profit of Rs. 257,975,929 of last year. This year, our profit after tax is Rs. 33,805,816 during the period under review as compared to profit after tax of Rs. 25,223,306 in the corresponding period of last year. This demonstrates an increase in PAT of 34%.

FUTURE OUTLOOK

Our agricultural survey department predicts that for the forthcoming year, sugarcane plantation in terms of total area under cultivation in our area is expected to be at similar levels as last year. However, due to substantial monsoon rains, and ample utilization of fertilizer and pesticides by cane growers, the expected yield per acre is projected to be drastically higher than last year. We are confident in a stable and economical supply of sugarcane for next crushing season. This hypothesis will be confirmed by end of August 2019 by which time the sugarcane survey of all mills will be complete.

Your company is continuously investing funds in project to improve its machinery efficiency and steam consumption per ton of sugarcane processed.

The Board acknowledges with thanks the continued support and cooperation extended by all stakeholders, bankers, financial institutions and growers. The Board also places on record its appreciation for employees of the Company for their dedication, commitment, and hard work.


MISCELLANEOUS INFORMATION

In Q3, the company has completed the scheme of merger with Styles and Trends Pvt. Limited, as ordered by the Honorable Lahore High Court.

Lahore: July 29, 2019


Mian Mustafa Ali Tariq
CHIEF EXECUTIVE OFFICER

On Behalf of the Board of Directors,


Mian Ahmad Ali Tariq
Chairman

مالی لحاظ سے، ہمارے نتائج گزشتہ سال کے ساتھ یکساں رہے۔ پچھلے سیزن میں، تمام اشارے چینی کی قیمتوں میں اضافہ ظاہر کر رہے تھے، ہم نے اپنی انوینٹری کا ایک نمایاں حصہ روک لیا۔ اس سال، انتظامیہ ایک زیادہ محفوظ فروخت حکمت عملی پر عمل پیرا ہے۔ اس سٹاک کو روک کر، کمپنی نے بہت بہتر کارکردگی کا مظاہر کیا جو کہ کمپنی کے فنانسٹز سے واضح عیاں ہے۔ گزشتہ سال کی اسی مدت کی 1,707 ملین روپے کے مقابلے کم اکتوبر 2018 تا 30 جون 2019 مالی سال کی پہلی تین سہ ماہیوں کے دوران خالص فروخت 3,467 ملین روپے درج کی گئی۔

ششماہی کے لئے، تاہم، کمپنی نے گزشتہ سال 257,975,929 روپے مجموعی منافع کے مقابلے 323,486,487 روپے مجموعی منافع کمایا۔ اس سال، کمپنی کا زیرِ جائزہ مدت کے دوران ٹیکس کے بعد منافع 33,805,816 روپے جبکہ گزشتہ سال کی اسی مدت میں ٹیکس کے بعد منافع 25,223,306 روپے ہے۔ یہ 34% PAT میں اضافہ ظاہر کرتا ہے۔

مستقبل کا نقطہ نظر

ہمارے زرعی سروے ڈیپارٹمنٹ نے پیشین گوئی کی ہے کہ ہمارے علاقہ میں زیرِ کاشت کل رقبہ کے لحاظ سے آئندہ سال کے لئے گنے کی کاشت گزشتہ سال کی سطح کے مساوی ہونے کی توقع ہے۔ تاہم، مون سون کی کافی بارشوں، اور گنے کے کاشت کاروں کی طرف سے کھادوں اور کیڑے مار ادویات کے وسیع استعمال کے باعث، فی ایکڑ متوقع پیداوار ڈرامائی طور پر گزشتہ سال سے زیادہ ہونے کی توقع ہے۔ ہم اگلے کرشنگ سیزن کے لئے گنے کی مستحکم اور سستی رسد میں یقین رکھتے ہیں۔ اس مفروضہ کی توثیق اگست 2019 کے اختتام تک ہو جائے گی جس وقت تمام ملز کے گنے کا سروے مکمل ہو جائے گا۔ آپ کی کمپنی اپنی مشینری کی کارکردگی اور گنے کی پراسیسنگ کی فی ٹن اسٹیم کنزیمپشن کو بہتر بنانے کے لئے مسلسل اپنے منصوبے میں فنڈز کی سرمایہ کاری کر رہی ہے۔

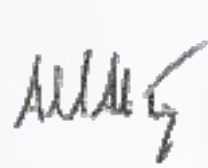
اظہار تشکر

بورڈ تمام اسٹیک ہولڈرز، بینکرز، مالی اداروں اور کاشتکاروں کی مسلسل حمایت اور تعاون کا شکریہ ادا کرتا ہے۔ بورڈ کمپنی کے ملازمین کی جان نثاری، وفاداری، اور سخت محنت کو بھی سراہتا ہے۔

متفرق معلومات

تیسری سہ ماہی میں، کمپنی نے معزز عدالت لاہور ہائی کورٹ کے حکم کے مطابق سٹائلز اینڈ ٹریڈز پرائیویٹ لمیٹڈ کے ساتھ انضمام کی اسکیم مکمل کی ہے۔

منجانب بورڈ آف ڈائریکٹرز



میاں احمد علی طارق
چیئر مین



میاں مصطفیٰ علی طارق
چیف ایگزیکٹو آفیسر

لاہور: 29 جولائی 2019ء

ڈائریکٹرز رپورٹ

میں 30 جون 2019ء کو ختم ہونے والی مدت کیلئے کمپنی کے نو ماہی عبوری منجمد مالی معلومات پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔
نو ماہی کے لئے کمپنی کی کارکردگی کی جھلکیاں اور گزشتہ سال کی اسی مدت سے اس کا موازنہ حسب ذیل ہے:-

2018	2019	آپریٹل
600,773	491,277	گنے کی کرشنگ (میٹرک ٹن)
55,331	48,251	چینی کی پیداوار (میٹرک ٹن)
9.21	9.21	چینی کی فیصد ریکوری
روپے	روپے	فنانسل
1,707,784,807	3,467,314,415	فروخت
257,975,929	323,486,487	مجموعی منافع
139,591,747	120,622,271	آپریٹنگ لاگت
92,681,039	182,887,097	مالی لاگت
76,978,278	77,285,227	ٹیکس سے قبل منافع
25,223,306	33,805,816	ٹیکس کے بعد منافع
1.01	0.94	فی شیر آمدنی

اس سال، کرشنگ سیزن گزشتہ سیزن کے مقابلے 09 دسمبر 2018 کو شروع ہوا جبکہ کمپنی نے نومبر کے آخر میں آپریٹنگ شروع کئے۔ اس کے مطابق، کمپنی گزشتہ سال کا کل کرشنگ حجم حاصل نہیں کر سکتی تھی۔ تاہم، نمایاں طور پر زیادہ صلاحیتی استعمالات پر آپریٹنگ اور نمایاں زیادہ سکروس ریکوری کے حصول، کمپنی گزشتہ سال 600,772 میٹرک ٹن گنا کرش کرنے اور 9.21 کی اوسط ریکوری پر 55,331 میٹرک ٹن ریفائنڈ چینی بنانے کے مقابلے موجودہ سال 491,277 ٹن گنا کرش کرنے اور 9.82 کی اوسط ریکوری پر 48,251 ٹن ریفائنڈ چینی بنانے کے قابل ہوئی۔

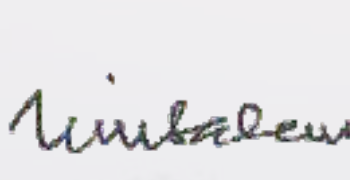
اگرچہ پیدا شدہ چینی کی شرائط میں ہم نے 87.2% چینی بنائی جو ہم گزشتہ سال بنا سکتے تھے، کمپنی گزشتہ سال کے مقابلے موجودہ سال کرش گنے کے ٹن میں کل حجم کی شرائط میں صرف 81.7% گنا کرش کرنے کے قابل تھی۔ کئی آپریٹنگ مشکلات کے درپیش ہونے اور سائٹ پر سخت ٹیکنیکل SOPs کے اطلاق کے باوجود، اس سال، کمپنی نے پلانٹ کے بہتر استعمالات کی بدولت زیادہ صلاحیتی استعمالات حاصل کیا۔ امکانات ظاہر کرتے ہیں کہ اگر بیرونی عناصر ایسے ہی رہے تو، کمپنی کارکردگی کی شرائط میں آئندہ سال میں نئے ٹیکنیکل سنگ میل تک پہنچ جائے گی۔

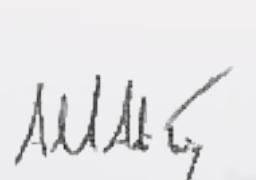
HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 (UN-AUDITED)

		Un-Audited 30-June-2019	Audited 30-September-2018 Re-stated
	Note	Rupees	
EQUITY AND LIABILITIES			
Authorized share capital	6	680,000,000	680,000,000
Share capital and reserves			
Issued, subscribed and paid-up share capital			
36 million (30 September 2018: 25 million) ordinary shares of Rupees 10 each		360,000,000	250,000,000
Shares to be issued under merger		-	9,671,000
Capital reserve			
Share premium		141,093,550	141,093,550
Amalgamation reserves		70,694,859	70,694,859
Surplus on revaluation of property, plant and equipment		1,724,325,205	1,777,492,862
		1,936,113,614	1,989,281,271
Revenue reserve			
General reserves		169,450,000	169,450,000
Accumulated loss		(331,361,589)	(418,335,062)
		(161,911,589)	(248,885,062)
Directors' loan - related parties		530,351,753	530,351,753
		2,664,553,778	2,530,418,962
NON-CURRENT LIABILITIES			
Deferred tax liability		160,063,882	165,564,952
Long term finance	7	267,043,099	-
		427,106,981	165,564,952
CURRENT LIABILITIES			
Trade and other payables		502,975,811	792,500,152
Accrued mark-up on secured borrowings		78,802,507	64,934,674
Short term borrowings	8	1,323,677,956	1,561,752,772
Loan from related party		21,101,995	22,721,755
Current portion of long term finance	7	32,763,396	-
Unclaimed dividend		1,208,089	1,208,089
		1,960,529,754	2,443,117,442
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		5,052,190,512	5,139,101,356
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,370,420,403	3,231,896,549
Long term deposits		22,962,681	11,885,573
		3,393,383,084	3,243,782,122
CURRENT ASSETS			
Consumable stores and spares		164,142,043	205,818,645
Stock-in-trade		448,898,063	888,742,608
Trade and other receivables		907,125,940	682,485,510
Advances, deposits and prepayments		14,323,191	32,628,380
Tax refund due from Government - income tax		110,156,780	66,867,036
Cash and bank balances		14,161,410	18,777,055
		1,658,807,428	1,895,319,234
TOTAL ASSETS		5,052,190,512	5,139,101,356

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

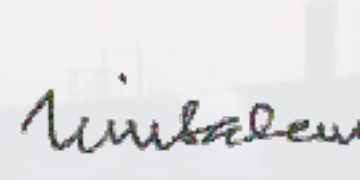

DIRECTOR

HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THIRD QUARTER ENDED ON 30 JUNE 2019

		NINE MONTHS ENDED JUNE 30		QUARTER ENDED JUNE 30	
	Note	2019	2018	2019	2018
		-----Rupees-----			
NET SALES	11	3,467,314,415	1,701,784,807	1,652,287,448	771,966,712
COST OF SALES	12	(3,143,827,928)	(1,443,808,878)	(1,484,642,969)	(667,592,207)
GROSS PROFIT		323,486,487	257,975,929	167,644,479	104,374,505
OPERATING EXPENSES					
Selling and distribution cost		(12,978,672)	(7,202,851)	(2,155,067)	2,079,569
Administrative and general expenses		(103,543,146)	(126,315,245)	(36,745,003)	(44,979,478)
Other operating expenses		(4,100,453)	(6,073,651)	(3,695,365)	(2,127,666)
		(120,622,271)	(139,591,747)	(42,595,435)	(45,027,575)
PROFIT FROM OPERATIONS		202,864,216	118,384,182	125,049,043	59,346,930
OTHER INCOME		57,308,108	51,275,135	11,494,633	16,948,250
FINANCE COST		(182,887,097)	(92,681,039)	(65,217,475)	(43,985,189)
PROFIT BEFORE TAXATION		77,285,227	76,978,278	71,326,202	32,309,991
TAXATION		(43,479,411)	(51,754,972)	(44,599,796)	(9,649,583)
PROFIT AFTER TAXATION		33,805,816	25,223,306	26,726,405	22,660,408
EARNINGS PER SHARE - BASIC AND DILUTED					
		0.94	1.01	0.74	0.91

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER ENDED ON 30 JUNE 2019

	NINE MONTHS 30 JUNE		FOR THE QUARTER ENDED 30 JUNE	
	2019	2018	2019	2018
	-----Rupees-----			
PROFIT AFTER TAXATION	33,805,816	25,223,306	26,726,405	22,660,408
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	33,805,816	25,223,306	26,726,405	22,660,408

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

HUSEIN SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THIRD QUARTER ENDED ON 30 JUNE 2019

	Note	NINE MONTHS ENDED 30-June-2019	NINE MONTHS ENDED 30-June-2018
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		77,285,227	76,978,278
Adjustments for non-cash charges and other items:			
Depreciation		87,112,860	88,993,859
Profit on bank deposits		(48,399)	(132,367)
Loss on disposal of operating fixed assets		(622,495)	-
Bad debts written off		-	921,339
Old credit balances written back		-	(1,377,729)
Finance cost		182,887,097	92,681,039
Cash generated from operating activities			
before working capital changes		346,614,290	258,064,419
Working capital changes	15	502,710,246	(1,546,394,253)
Cash used in operations		849,324,536	(1,288,329,834)
Finance cost paid		(169,019,264)	(53,514,010)
Income tax paid		(55,813,452)	(7,995,374)
Net cash used in operating activities		624,491,820	(1,349,839,218)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from disposal of operating assets		1,302,090	-
Additions in property, plant and equipment		(57,722,496)	(51,593,241)
Capital work in progress incurred		(168,616,864)	(67,343,801)
Increase in long term deposits		(11,077,108)	(3,605,368)
Profit on bank deposits received		48,399	132,367
Net cash used in investing activities		(237,368,069)	(122,410,043)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained - net		(238,074,816)	1,481,681,997
Longt term finance obtained - net		299,806,495	-
Repayment of directors' loan - related parties		-	(9,100,000)
Loan obtained from related party		(1,619,760)	(3,220,000)
Net cash generated from financing activities		60,111,919	1,469,361,997
Net (decrease) / increase in cash and cash equivalents		447,235,670	(2,887,264)
Cash and cash equivalents at the beginning of the period		18,044,992	60,098,130
Cash and cash equivalents at the end of the period		465,280,663	57,210,867
The reconciliation in cash and cash equivalent is as follows:			
Cash and bank balances		14,161,410	59,652,047
Temporary book overdrawn		(479,442,073)	(2,441,180)
		465,280,663	57,210,867

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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

4.2 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 period ended June 30, 2019 and are relevant:

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on October 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to that a new standard (i.e. IFRS 15) has become applicable to the Company effective October 1, 2018. Because of this new standard certain changes to the Company's new accounting policies have been made as follows:

The Company uses the five-step model of revenue recognition as described in IFRS 15 'Revenue from Contract with Customers'. In particular, the Company has the following policies with respect to identification of performance obligation, allocation of the transaction price and recognition of revenue allocation to each performance obligation.

Identification of performance obligation

At the inception of each contract entered into with a customer, the Company identifies the goods promised in the contract.

Allocation of the transaction price

The Company determines the transaction price in accordance with the requirements of IFRS 15 and allocates it to each of the performance obligations identified in the contract based on the relative stand-alone selling prices of the goods (whether directly observable or estimable).

Recognition of revenue allocated to each of performance obligation

The Company recognises the revenue from each performance obligation over time based on the measure of progress towards complete satisfaction of the performance obligation. This is based on the Company's assessment that the customer simultaneously receives, and consumes the benefits embodies in the goods.

The Company's approach to assessment of measure of progress towards complete satisfaction of performance obligation depends on the lifting of sugar.

(b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are other new standards, amendments and interpretation that are mandatory for accounting periods beginning on or after October 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

(c) New standards and amendments to published approved accounting and reporting standards that are not yet been effective

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after October 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' – This standard is effective for the period beginning from or after January 1, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leases item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

IFRS 9 'Financial Instruments' - This standard is effective for period beginning from or after July 01, 2019. This standard replaces the guidance in IAS - 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The management is in the process of assessing the impact of changes laid down by these standards on its condensed interim financial statements.

5 SEASONALITY OF OPERATIONS

Due to the seasonal availability of sugarcane, the manufacture of sugar is carried out during the period of availability of sugarcane and costs incurred/accrued up to the reporting date have been accounted for. Accordingly, the costs incurred/accrued after the reporting date will be reported in the subsequent interim and annual financial statements.

Un-audited	Audited
30-June-2019	30-September-2018
Rupees	
530,000,000	530,000,000
150,000,000	150,000,000
680,000,000	680,000,000

6 AUTHORIZED SHARE CAPITAL

Ordinary share capital	530,000,000	530,000,000
53 million (30 September 2018: 53 million) ordinary shares of Rupees 10 each		
Preference share capital	150,000,000	150,000,000
15 million (30 September 2018: 15 million) preference shares of Rupees 10 each		
	680,000,000	680,000,000

7 LONG TERM FINANCE - secured
From financial institution

National Bank of Pakistan

Demand finance	7.1	199,806,495	-
First Credit and Investment Bank Limited			
Long term finance	7.2	100,000,000	-
		299,806,495	-
Less: Current portion shown under current liabilities		(32,763,396)	-
		267,043,099	-

Less: Current portion shown under current liabilities

7.1 This demand finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 200 million, to finance BMR (installation of equipment to improve the efficiency of mill). It carries mark-up at the rate of 3 months KIBOR + 2.5% per annum, payable quarterly. It is secured by way of first pari passu mortgage over present and future fixed assets (including land, building and machinery) of the company to the extent of Rs. 267 million with 25% margin registered with SECP and personal guarantees and Personal Net-worth Statement (PNWS) of the two directors' of the company. The tenor of this facility is five years including grace period of six months.

7.2 This finance facility has been obtained from FCIBL, out of the total sanctioned limit of Rs. 100 million, to finance BMR & EIP (Efficiency Improvement Project). It carries mark-up at the rate of 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 (including land, building and machinery) of the company with 25% margin registered with SECP, personal guarantees and Personal Net-worth Statement (PNWS) of the two directors' of the company and subordination of Directors' Loan amounting to Rupees 500 million. The tenor of this facility is five years including grace period of nine months.

		Un-audited 30-June-2019	Audited 30-September-2018
		Rupees	
8	SHORT TERM BORROWINGS		
	<i>From banking companies - secured</i>		
	National Bank of Pakistan		
	Cash finance (pledge)	8.1	99,995,182
	Cash finance (pledge)	8.2	465,675,000
	Cash finance (pledge OTT)	8.3	141,500,000
	Meezan Bank Limited		
	Istisna / tijarah	8.4	204,617,457
	Dubai Islamic Bank Pakistan Limited		
	Salam cum wakala	8.5	161,890,317
	Salam cum wakala		-
	Bank Islami Pakistan Limited		
	Istisna finance	8.6	250,000,000
	Askari Bank Limited		
	Salam OTT (Pledge)		-
		1,323,677,956	1,561,752,772

8.1 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 100 million (2018: Rs. 100 million), to meet working capital requirements of the company. It carries markup at the rate of 3 months KIBOR + 3% (2018: 3 months KIBOR + 3%) per annum, payable quarterly. It is secured by way of first pari passu charge over all present and future current assets of the company to the extent of Rs. 134 million (2018: Rs. 134 million), first pari passu charge over fixed assets of the company to the extent of Rs. 134 million measuring 77 acres - 14 marlas including land, building & machinery having market value of Rs. 2,109.060 million situated at Lahore Road, Jaranwala evaluated by Harvester Services (Pvt) Limited as on 22.06.2017 and personal guarantees along with Personal Net worth Statement (PNWS) of the two directors of the company.

8.2 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 500 million (2018: Rs. 500 million) to procure raw material i.e. sugarcane for manufacturing of refined sugar/stock-in-trade financing. It carries markup at the rate of 1 months KIBOR + 2.5% (2018: 1 months KIBOR + 2.5%) per annum, payable quarterly. It is secured by way of exclusive charge of RS. 667.67 million with 25% margin against pledge facility of the company registered with SECP, pledge of refined sugar in standard bags of 50 kgs each in shared godowns, ranking charge of Rs. 400 million (2018: Rs. 400 million) already registered with SECP over fixed assets of the company as additional security and personal guarantees and PNWS of two directors of the Company.

8.3 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 150 million to procure raw material i.e. sugarcane for manufacturing of refined sugar/stock-in-trade financing. It carries markup at the rate of 3 months KIBOR + 2.5% per annum, payable quarterly. It is secured by way of pledge charge of RS. 200 million with 25% margin against pledge facility of the company registered with SECP, pledge of refined sugar in standard bags of 50 kgs each and personal guarantees and PNWS of two directors of the Company.

8.4 This istisna finance facility has been obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. 500 million (2018: 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 + 3% per annum, payable quarterly. It is secured by way of ranking charge over current and fixed assets of the company to the extent of Rs 667 million, pledge of charge on pledged assets of the company registered with SECP (white refined crystalline sugar) to the extent of Rs 715 million, personal guarantees of three directors of the company along with PNWS and subordination of director's loan amounting to Rs. 500 million.

8.5 This salam cum wakala facility has been obtained from Dubai Islamic Bank Limited, out of total sanctioned limit of Rs. 250 million to meet the working capital requirements of the company by purchasing sugarcane from farmers / various suppliers in the local market and subsequent sale. It carries profit at the rate of relevant KIBOR + 3.00% per annum, payable quarterly. It is secured by way of pledge of white refined sugar stock with 25% margin, charge of Rs. 334 million over pledged stocks (inclusive of 25% margin), ranking charge of Rs. 334 million over all present and future current assets of the company with 25% margin, additionally covered through ranking charge of Rs. 334 million over all present and future fixed assets of the company including 25% margin and personal guarantees along with PNWS of the two directors of the company.

8.6 This istisna finance facility has been obtained from Bank Islami Pakistan Limited, out of total sanctioned limit of Rs. 250 million (2018: Rs. 250 million) for production of sugar. It carries profit at the rate of respective KIBOR + 3% (2018: respective KIBOR + 3%) per annum, payable quarterly. It is secured by way of ownership of istisna goods, first pari passu charge over all future and present current assets of the Company to the extent of Rs. 234 million (2018: Rs. 234 million), first pari passu charge over all future and present fixed assets of the company to the extent of Rs. 334 million (2018: Rs. 334 million) and personal guarantee of all the directors of the company.

9 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

There is no change in the status of contingencies as reported in the annual financial statements of the company for the year ended September 30, 2018.

COMMITMENTS

Company is committed to pay the following:

Ijarah Rentals

Due within one year

Due after one year but not later than five year

Diminishing Musharika Rentals

Due within one year

Due after one year but not later than five year

Commitments against CAPEX

10 **PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets

Capital work in progress

10.1 Operating fixed assets at cost / revalued amount

Opening balance - net book value

Additions during the period / year

Transferred to held for sale during the period / year

Disposals during the period - net book value

Depreciation charged during the period / year

Closing balance - net book value

10.1.1 The following additions were made during the period in operating fixed assets:

Plant and machinery

Gas and electric installation

Vehicles

10.2 Capital work in progress

Opening balance

Additions during the period / year:

Civil Works - building

Plant & Machinery

Advance for capital expenditure

Transfer to operating fixed assets

Closing balance

Note	Un-audited 30-June-2019	Audited 30-September-2018
	Rupees	
	6,875,688	2,728,476
	17,756,417	7,410,021
	3,633,240	3,633,240
	7,569,250	12,413,570
	35,834,595	26,185,307
	19,561,469	19,561,469
10.1	2,819,262,042	2,935,115,052
10.2	465,398,361	296,781,497
	3,284,660,403	3,231,896,549
10.1.1	2,935,115,052	2,814,638,959
	57,722,496	240,436,350
	85,760,000	-
10.1.1	702,646	509,464
	87,112,860	119,450,793
	2,819,262,042	2,935,115,052
	Disposals	Additions
	Net Book Value (Rupees)	Cost (Rupees)
	-	37,300,548
	-	20,347,773
	702,646	74,175
	702,646	57,722,496
	Un-audited 30-June-2019	Audited 30-September-2018
	Rupees	
	296,781,497	282,154,466
	4,729,865	1,796,501
	97,357,345	69,849,975
	66,529,654	127,534,191
	168,616,864	199,180,667
	-	(184,553,636)
	465,398,361	296,781,497

11 NET SALES

Local sales - net of sales tax	2,497,192,794	1,553,090,824	1,435,971,010	703,324,894	1,061,221,784
Export sales	881,541,960	148,693,983	127,736,777	68,641,818	753,805,183
Export subsidy	88,579,661	-	88,579,661	-	1,815,026,967
	<u>3,467,314,415</u>	<u>1,701,784,807</u>	<u>1,652,287,448</u>	<u>771,966,712</u>	<u>1,815,026,967</u>

12 COST OF SALES

<i>Raw materials consumed:</i>					
Sugarcane purchased	2,347,672,270	2,706,380,099	-	92,947,127	2,347,672,270
Sugarcane development cess	18,426,877	22,531,034	-	846,730	18,426,877
Market committee fee	4,913,877	6,038,771	-	243,010	4,913,877
	2,371,013,024	2,734,949,904	-	94,036,867	2,371,013,024
Salaries, wages and other benefits	123,160,753	118,849,431	17,822,953	27,429,615	105,337,800
Workers' welfare	6,129,211	9,284,760	158,016	1,250,642	5,971,195
Stores, spare parts and loose tools consumed	8,407,007	13,427,948	267,673	1,895,083	8,139,334
Chemicals consumed	24,693,021	29,648,816	911,533	3,169,599	23,781,488
Packing material consumed	26,049,573	23,342,113	-	1,283,353	26,049,573
Fuel and power	12,869,279	21,601,571	4,967,181	6,178,298	7,902,098
Repair and maintenance	39,790,450	7,428,293	6,465,378	16,231,137	33,325,072
Insurance	4,745,944	4,334,431	1,926,826	1,511,900	2,819,118
Other factory overheads	9,550,452	2,625,089	1,491,385	5,477,194	8,059,067
Depreciation	77,574,670	83,330,812	23,264,258	31,617,454	54,310,412
	332,970,360	313,873,264	57,275,203	96,044,275	275,695,157
	2,703,983,384	3,048,823,168	57,275,203	190,081,142	2,646,708,181
Work-in-process:					
Opening stock	7,428,720	7,264,038	6,833,823	-	7,428,720
Closing stock	(7,212,964)	(7,767,932)	(7,212,964)	(22,520,435)	(6,833,823)
	215,756	(503,894)	(379,141)	(22,520,435)	594,897
Cost of goods manufactured	2,704,199,139	3,048,319,274	56,896,061	167,560,707	2,647,303,078
Finished goods:					
Opening stock	881,313,888	225,763,607	1,869,432,007	-	881,313,888
Closing stock	(441,685,099)	(1,830,274,002)	(441,685,099)	500,031,500	(1,869,432,007)
	439,628,789	(1,604,510,395)	1,427,746,908	500,031,500	(988,118,119)
	3,143,827,928	1,443,808,879	1,484,642,969	667,592,207	1,659,184,959

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with related parties. Details of transactions with related parties during the period other than those which have been disclosed elsewhere in these financial statements are stated below:

Particulars	Relationship	Names	Half year ended	
			Un-audited 30-June-2019	Un-audited 30-June-2018
			Rupees	
Company's contributions to fund / trust	Post retirement benefits	HSML Employees' Provident Fund Trust	7,208,343	5,354,539
Repayment of directors' loans	- Chairman of the Board / Non - Executive Director	Mr. Ahmed Ali Tariq	46,173,870	9,450,000
	- Director / Chief Executive Officer	Mr. Mustafa Ali Tariq	30,445,000	3,191,250
Building on rental basis	Close family relative	Mrs. Rukhsana Javed	2,613,600	2,394,560
Remuneration and benefits of key management	Chief Operating Officer	Mr. Wasim Saleem	4,454,991	4,269,145
Directors' remuneration and benefits	- Director / Chief Executive Officer	Mr. Mustafa Ali Tariq	8,586,971	7,710,715
	- Executive Director	Mrs. Maryam Habib	1,916,127	1,796,105

14 RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL BANKS / FINANCIAL INSTITUTIONS

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

	June 30, 2019 - (Un-audited)			September 30, 2018 - (Audited)		
	Rupees			Rupees		
	Islamic banks	Conventional banks	Total	Islamic banks	Conventional banks	Total
Accrued markup on secured borrowings	39,074,881	39,727,626	78,802,507	49,624,565	15,310,109	64,934,674
Short term borrowings	616,507,774	707,170,182	1,323,677,956	599,898,307	961,854,465	1,561,752,772
Long term borrowings	-	299,806,495	299,806,495	-	-	-
Bank balances	7,793,718	6,367,692	14,161,410	1,896,441	14,536,408	16,432,849
ljarah rentals	7,382,546	-	7,382,546	6,949,166	-	6,949,166
Finance cost	90,518,007	85,651,705	176,169,712	81,447,744	51,301,442	132,749,186
Income from PLS bank account	5,825	42,574	48,399	333	146,186	146,519

15 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 September 2018.

16 FAIR VALUE OF ASSETS AND LIABILITIES

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. The management is of the view that the fair values of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

Company measures fair values using following three level fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1	Quoted prices (unadjusted) in active market 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 (i.e. as prices) or indirectly (i.e. drive from prices).
Level 3	Inputs for asset or liability that are not based on observable market data (unobservable inputs).

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

	Nine Months Ended	Nine Months Ended
	30-June-2019	30-June-2018
	Rupees	
17	WORKING CAPITAL CHANGES	
	(Increase) / decrease in current assets:	
Consumers stores and spare	41,676,602	(2,643,792)
Stock in trade	439,844,545	(1,604,425,421)
Trade and other receivables	(224,640,430)	(13,368,956)
Advances, deposits and prepayments	18,305,189	(198,357,233)
	Increase in current liabilities:	
Trade and other payables	227,524,341	1,047,227,668
	502,710,246	(771,567,734)

18 DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on July 29,2019.

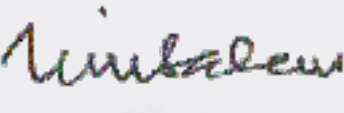
- 19.1

Messrs Husein Sugar Mills Limited - an associated undertaking filed a petition under sections 279 to 283 of the Companies Act, 2017 on March 30, 2018 with Honourable Lahore High Court, Lahore for merger of Messrs Styles & Trends (Private) Limited (the "Company") with and into Messrs Husein Sugar Mills Limited. The said petition finally come up for hearing on December 17, 2018 and the Honourable Court has been pleased to approve the proposed merger with effect from the date of allotment of ordinary shares by the Messrs Husein Sugar Mills Limited to the existing shareholders of the Company. Pursuant to the aforementioned approval and sanction of amalgamation by the Honourable Lahore High Court, Lahore, the entire undertaking of the Company including properties, assets, liabilities and rights and obligations with effect from April 22, 2019 have been amalgamated into and vest in the Messrs Husein Sugar Mills Limited. Messrs Husein Sugar Mills Limited also allotted the shares on April 22, 2019 in the swap ratio as approved by Honourable Lahore High Court, Lahore.
- 19.2

Figures of the corresponding period have been re-arranged and regrouped to represent better / true presentation and to facilitate appropriate comparison. However, no major reclassifications were made in the corresponding figures during the period.
- 19.3

Allocation to the Worker's Profit Participation Fund, Workers' Welfare Fund and figures of taxation are provisional. Final liabilities thereof would be determined on the basis of annual results.
- 19.4

The figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE OFFICER
CHIEF FINANCIAL OFFICER
DIRECTOR