

BOOK POST
Printed Matter
UNDER POSTAL CERTIFICATE

If undelivered please return to:
CHASHMA SUGAR MILLS LIMITED
KING'S ARCADE, 20-A, MARKAZ F-7,
ISLAMABAD - PAKISTAN
TEL: 051-2650805-7



CHASHMA SUGAR MILLS LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE FIRST QUARTER ENDED
DECEMBER 31, 2019**

CHASHMA SUGAR MILLS LIMITED

COMPANY INFORMATION

Board of Directors

Mr. Aziz Sarfaraz Khan - Chief Executive
Mr. Abbas Sarfaraz Khan - Chairman
Ms. Zarmine Sarfaraz
Mr. Iskander M. Khan
Mr. Abdul Qadar Khattak
Mr. Sher Ali Jafar Khan
Mr. Feisal Kemal Khan

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Mr. Zaheer Mir

Auditors

M/s. A.F Ferguson & Co.
Chartered Accountants

Tax Consultants

M/s. ShineWing Hameed Chaudhri & Co.,
Chartered Accountants

Legal Advisor

Mr. Tariq Mehmood Khokhar
Barrister-at-Law, Advocate

Shares Registrar

M/s. Hameed Majeed Associates (Pvt.) Limited,
H.M. House, 7-Bank Square, Lahore.
Phone No. : 042-37235081 Fax No. : 042-37235083

Bankers

Bank Al-Habib Limited	Habib Bank Limited
The Bank of Khyber	National Bank of Pakistan
MCB Bank Limited	Soneri Bank Limited
The Bank of Punjab	Askari Bank Limited
Bank Al-Falah Limited	United Bank Limited
Habib Metropolitan Bank Limited	Meezan Bank Limited
Al-Baraka Bank (Pakistan) Limited	Allied Bank Limited
Dubai Islamic Bank (Pakistan) Limited	

CHASHMA SUGAR MILLS LIMITED

DIRECTORS' REVIEW REPORT

The Directors of Chashma Sugar Mills Limited are pleased to present the un-audited condensed interim financial information of the Company for the three month period ended December 31, 2019 to the shareholders of the Company in compliance with Section 237 of the Companies Act, 2017 (the Act) and the rule book of the Pakistan Stock Exchange.

OPERATIONAL OPERATIONS

The sugarcane crushing season 2018-19 commenced on November 29, 2019 and the mills have crushed 843,958 tons of sugarcane, producing 85,145 tons of sugar till January 27, 2020. The Provincial Governments of Punjab and Khyber Pakhtunkhwa (KPK) have notified sugarcane price @190 per maund. The Growers are reluctant to supply at these rates, due to this, price war has started in the sugar industry to maintain the crushing. Due to this, the price of sugar will increase in the coming months.

SUGAR PRICES

We expect that the selling prices of sugar will absorb the cost of production.

ETHANOL FUEL PLANT AT UNIT-II

The Ethanol Fuel Plant produced 7,757 MT of Ethanol during the first Quarter ended December 31, 2019.

FINANCIAL PERFORMANCE

The Company earned Rs. 241.843 million profit after taxation (2018: 68.882 million) during the first quarter ended December 31, 2019.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this quarterly condensed interim financial information are the same as applied in the preparation of the preceding annual financial statements of the Company.

ACKNOWLEDGEMENT

The Directors appreciate the good work done by the Company's staff at all levels.

FOR AND ON BEHALF OF THE BOARD


(ISKANDER M. KHAN)
Director


(AZIZ SARFARAZ KHAN)
Chief Executive

Islamabad
January 28, 2020

لہتھانول فیول پلانٹ پونٹ نمبر II

لہتھانول فیول پلانٹ نے پہلی سہ ماہی 31 دسمبر 2019 کے دوران MT 7,757 لہتھانول کی پیداوار کی۔

مالیاتی کارکردگی

پہلی سہ ماہی 31 دسمبر 2019 کے اختتام تک کمپنی کا منافع بعد از ٹیکس 241.843 ملین روپے رہا (2018 میں منافع بعد از ٹیکس 68.882 ملین روپے تھا)۔

اکاؤنٹنگ کی پالیسیاں

کمپنی کی سہ ماہی کنڈنسڈ انٹیریم مالیاتی معلومات کی تیاری کے دوران اپنائی گئی اکاؤنٹنگ پالیسیاں وہی ہیں جو پچھلے سال سالانہ مالیاتی حسابات میں اپنائی گئی تھیں۔

اعتراف

ڈائریکٹرز نے کمپنی کے عملے کی طرف سے کیے گئے ہر سطح پر اچھے کاموں کو سراہتے ہیں۔



عزیز سرفراز خان
چیف ایگزیکٹو



اسکندر محمد خان
ڈائریکٹر

اسلام آباد:

بتاریخ: 28 جنوری 2020

چشمہ شوگر ملز لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ

چشمہ شوگر ملز لمیٹڈ کے ڈائریکٹرز 31 دسمبر 2019 کو پہلی سہ ماہی کے اختتام پر ہونے پر کمپنی کی غیر آڈٹ شدہ کنڈنسڈ انٹیریم مالیاتی معلومات حصص داروں کو کمپنیز ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور پاکستان سٹاک ایکسچینج کے قواعد کے مطابق مالیاتی گوشوارے، پیش کرنے پر مسرت محسوس کرتے ہیں۔۔

آپریشن کا جائزہ

گنے کا کرشنگ سیزن 20-2019 کا آغاز 29 نومبر 2019 کو شروع ہوا۔ 27 جنوری 2020 تک ملز نے 843,958 ٹن گنے کو کرش کرتے ہوئے 85,145 چینی کی پیداوار کی۔ پنجاب اور خیبر پختون خواہ کی صوبائی حکومتوں کے گنے کی قیمت 190 روپے فی من مقرر کی ہے۔ کاشتکاران ان نرخوں پر سپلائی دینے میں ہچکچاہٹ کا شکار ہیں اور شوگر انڈسٹری چینی کی صنعت میں کرشنگ برقرار رکھنے کے لیے قیمتوں میں کشمکش جاری ہو گئی ہے جس کی وجہ سے آنے والے مہینوں میں چینی کی قیمت میں اضافہ ہوگا۔

چینی کی قیمت

ہم توقع کرتے ہیں کہ چینی کی قیمت اس کی پیداواری لاگت کو جذب کر لیں گی۔

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited September 30, 2019 (Rupees in thousand)
NON CURRENT ASSETS			
Property, plant and equipment	5	9,124,431	9,223,953
Long term investment	6	100,000	100,000
Long term security deposits - considered good		15,084	15,084
		<u>9,239,515</u>	<u>9,339,037</u>
CURRENT ASSETS			
Stores and spares		524,176	469,713
Stock-in-trade	7	3,157,495	1,724,824
Trade debts	8	114,111	57,011
Loans and advances	9	2,201,214	1,392,880
Trade deposits, prepayments and other receivables	10	329,814	338,945
Cash and bank balances		591,932	203,931
		<u>6,918,743</u>	<u>4,187,304</u>
TOTAL ASSETS		<u>16,158,257</u>	<u>13,526,341</u>
SHARE CAPITAL AND RESERVES			
Authorised capital		500,000	500,000
Issued, subscribed and paid-up capital	11	286,920	286,920
Capital reserve			
General reserve		327,000	327,000
Revenue reserve			
Unappropriated profits		2,300,218	1,994,085
		<u>2,914,138</u>	<u>2,608,005</u>
Surplus on revaluation of property, plant and equipment		3,649,164	3,713,454
Shareholders' equity		<u>6,563,302</u>	<u>6,321,459</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	12	1,150,229	1,183,821
Loans from related parties - secured	13	344,806	337,023
Liabilities against assets subject to finance lease	14	84,439	94,970
Deferred liabilities	15	1,030,360	1,056,902
		<u>2,609,834</u>	<u>2,672,716</u>
CURRENT LIABILITIES			
Trade and other payables	16	1,767,887	688,982
Unclaimed dividend		8,688	8,688
Short term running finance	17	4,514,777	3,100,942
Current maturity of non-current liabilities	18	678,073	712,757
Provision for taxation - net		15,696	20,797
		<u>6,985,121</u>	<u>4,532,166</u>
		9,594,955	7,204,882
Contingencies and commitments	19		
TOTAL EQUITY AND LIABILITIES		<u>16,158,257</u>	<u>13,526,341</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

	Note	Three month period ended	
		December 31, 2019	December 31, 2018
		----- Rupees in thousand -----	
Gross sales	20	2,762,810	2,530,978
Sales tax, other government levies and discounts	21	(323,755)	(191,847)
Sales - net		<u>2,439,055</u>	<u>2,339,131</u>
Cost of sales		(1,751,016)	(2,024,483)
Gross profit		<u>688,039</u>	<u>314,648</u>
Selling and distribution expenses		(132,797)	(94,773)
Administrative and general expenses		(140,168)	(105,044)
Other income		8,815	16,004
Other expenses		(17,240)	(59)
Operating profit		<u>406,649</u>	<u>130,776</u>
Finance cost		(161,612)	(121,842)
Profit before taxation		<u>245,037</u>	<u>8,934</u>
Taxation			
- Current		(29,450)	(27,845)
- Deferred		26,256	87,793
		<u>(3,194)</u>	<u>59,948</u>
Profit for the period		<u>241,843</u>	<u>68,882</u>
Earnings per share - basic and diluted (Rs)		<u>8.43</u>	<u>2.40</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

	Three month period ended	
	December 31, 2019	December 31, 2018
	----- Rupees in thousand -----	
Profit for the period	241,843	68,882
Other comprehensive income / (loss)	0	0
Total comprehensive income for the period	<u>241,843</u>	<u>68,882</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

	Three month period ended December 31, 2019 December 31, 2018 (Rupees in thousand)	
	Note	
Cash flow from operating activities		
Profit for the period - before taxation		245,037 8,934
Adjustments for non-cash items:		
Depreciation		199,983 196,887
Gain on sale of operating fixed assets		(722) (1,651)
Finance cost		160,635 126,894
Provision for gratuity		0 650
		<u>604,933 331,714</u>
Changes in working capital		
Decrease / (Increase) in		
stores and spares		(54,463) (161,051)
stock-in-trade		(1,432,671) 394,945
trade debts		(57,100) 43,288
loans and advances		(808,334) (403,587)
trade deposits, prepayments and other receivables		9,131 120,440
Increase in trade and other payables		<u>1,078,905 1,046,824</u>
		<u>(1,264,532) 1,040,859</u>
Income tax paid		(659,599) 1,372,573
Gratuity paid		(34,550) (17,988)
		<u>(288) 0</u>
Net cash (used in) / generated from operating activities		<u>(694,437) 1,354,585</u>
Cash flow from investing activities		
Purchase of property, plant and equipment		(86,141) (157,015)
Sale proceeds of operating fixed assets		3,301 3,526
Increase in long term security deposits		0 (1,201)
Net cash used in investing activities		<u>(82,840) (154,690)</u>
Cash flow from financing activities		
Long term finances - net		(39,456) 115,349
Loan received from related party		0 (17,141)
Obligations under finance leases		(28,135) (8,699)
Dividends paid		0 (167)
Finance cost paid		<u>(231,049) (163,706)</u>
Net cash used in financing activities		<u>(298,639) (74,364)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(1,075,916) 1,125,531</u>
Cash and cash equivalents - at beginning of the period		<u>(2,794,062) (3,518,217)</u>
Cash and cash equivalents - at end of the period		<u>(3,869,978) (2,392,686)</u>
Cash and cash equivalents comprised of:		
Cash and Bank balances		591,932 161,314
Short term running finance	17	(4,461,910) (2,554,000)
		<u>(3,869,978) (2,392,686)</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

	Share capital	General reserve	Unappropriated profits	Total	Surplus on revaluation of property, plant and equipment	Total
Rupees in thousand						
Balance as at September 30, 2018	286,920	327,000	1,172,533	1,786,453	4,019,029	5,805,482
Total comprehensive income for the three month period ended December 31, 2018						
Income for the period	0	0	68,882	68,882	0	68,882
Other comprehensive income	0	0	0	0	0	0
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the three month - net of deferred taxation	0	0	72,436	72,436	(72,436)	0
Balance as at December 31, 2018	286,920	327,000	1,313,851	1,927,771	3,946,593	5,874,364
Balance as at September 30, 2019	286,920	327,000	1,994,085	2,608,005	3,713,454	6,321,459
Total comprehensive income for the three month period ended December 31, 2019						
Income for the period	0	0	241,843	241,843	0	241,843
Other comprehensive income for the period	0	0	0	0	0	0
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the three months - net of deferred taxation	0	0	241,843	241,843	0	241,843
Balance as at December 31, 2019	286,920	327,000	2,300,218	2,914,138	3,649,164	6,563,302

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

1. Legal status and operations

Chashma Sugar Mills Limited (the Company) was incorporated in Pakistan on May 5, 1988 as a public limited company, under the repealed Companies Ordinance, 1984 (repealed upon enactment of the Companies Act, 2017 on May 30, 2017) and commenced its commercial production from July 9, 1988. The Company has its shares quoted on the Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing, production, processing, compounding, preparation and sale of sugar, other allied compound, intermediates and allied products. The Company is a subsidiary of The Premier Sugar Mills and Distillery Company Limited. The head office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located at Dera Ismail Khan, Khyber Pakhtunkhwa.

2. Statement of compliance

These condensed interim financial statements for three month period ended December 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have

The disclosures in this condensed interim financial statements does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended September 30, 2019.

3. Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

IFRS 9 'Financial instruments' - 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 loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company.

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

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

c) **Standards, interpretations and amendments to published approved accounting standards that not yet effective but relevant**

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

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised 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 leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

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

4 Financial risk management

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

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited September 30, 2019
5. Property, plant and equipment			
Operating fixed assets	5.1	8,913,978	9,091,077
Capital work-in-progress	5.2	210,453	132,876
		<u>9,124,431</u>	<u>9,223,953</u>
5.1 Operating fixed assets - at net book value			
Net book value at the beginning of the period / year		9,091,077	9,058,808
Add: Additions during the period / year	5.1.1	25,463	866,839
Less: Disposals during the period / year		(2,579)	(7,051)
Depreciation charged for the period / year		(199,983)	(827,519)
		(202,562)	(834,570)
Net book value at the end of the period / year		<u>8,913,978</u>	<u>9,091,077</u>
5.1.1 Additions during the period / year			
Freehold land		0	1,603
Building and roads		0	156,069
Plant and machinery		0	537,391
Electric Installations		0	63,752
Office equipment		3,724	6,111
Furniture and Fixtures		784	3,757
Owned vehicles		4,057	8,029
Leased vehicles		16,897	90,127
		<u>25,463</u>	<u>866,839</u>
5.2 Capital work-in-progress			
At the beginning of the period / year		132,876	472,983
Add: Additions during the period / year	5.2.1	94,633	602,972
Less: Capitalized / adjusted during the period / year		(17,056)	(943,079)
Balance at the end of the period / year		<u>210,453</u>	<u>132,876</u>

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited September 30, 2019
5.2.1 Additions during the period / year			
Buildings on freehold land		20,855	94,858
Plant and machinery		39,486	315,780
Electric installations		20,313	58,276
Office equipments		618	6,557
Vehicles - leased		4,477	89,965
Plant and machinery - leased		0	35,416
Advance payments to Contractors		0	2,120
Un allocated capital expenditure		8,885	0
		<u>94,633</u>	<u>602,972</u>
6. It represents investment in Whole Foods (Private) Limited, a Subsidiary Company.			
7. Stock-in-trade			
Finished goods			
- sugar		2,477,106	1,384,164
- molasses		417,122	220,572
- ethanol		200,622	110,948
		<u>3,094,850</u>	<u>1,715,684</u>
Work-in-process		62,645	9,140
		<u>3,157,495</u>	<u>1,724,824</u>
8. Trade debts			
Considered good		114,111	57,011
Considered doubtful		1,752	1,752
		<u>115,863</u>	<u>58,763</u>
Less: loss allowance		(1,752)	(1,752)
		<u>114,111</u>	<u>57,011</u>
9. Loans and advances			
Advances to:			
Employees		6,288	3,579
Suppliers and contractors		1,780,882	999,250
		<u>1,787,170</u>	<u>1,002,829</u>
Due from related parties	9.1	153,913	216,384
Letters of credit		290,468	204,004
		<u>2,231,551</u>	<u>1,423,217</u>
Less:			
- Provision for doubtful advances		(28,838)	(28,838)
- Loss allowance		(1,499)	(1,499)
		<u>2,201,214</u>	<u>1,392,880</u>
9.1 This represents amounts due from the following related parties:			
Due from holding company:			
The Premier Sugar Mills and Distillery Company Limited		0	107,157
Due from subsidiary company:			
Whole Foods (Private) Limited		153,913	109,227
		<u>153,913</u>	<u>216,384</u>

10. Trade deposits, prepayments and other receivables	Un-audited December 31, 2019	Audited September 30, 2018
Note	(Rupees in thousand)	
Prepayments	22,561	5,074
Export subsidy receivable	305,519	305,519
Sales tax	0	26,526
Others	1,734	1,826
	<u>329,814</u>	<u>338,945</u>

11. Share Capital

As at period end, the issued, subscribed and paid-up capital of the Company includes following share capital holdings by the related parties;

(Number of shares)

Holding company		
Premier Sugar Mills & Distillery Co. Ltd.	13,751,000	13,751,000
Associated companies		
Azlak Enterprises (Pvt.) Ltd.	1,462,859	1,462,859
Phipson & Co. Pakistan (Pvt.) Ltd.	307,500	307,500
Syntronics Ltd.	3,590,475	3,590,475
	<u>19,111,834</u>	<u>19,111,834</u>

12. Long term finances - secured

Bank Al-Habib Limited	268,155	297,710
Soneri Bank Limited	476,803	361,746
The Bank of Punjab	75,702	103,166
Dubai Islamic Bank Pakistan Limited	584,959	682,452
MCB Bank Limited	291,313	291,313
Total	<u>1,696,931</u>	<u>1,736,387</u>
Accrued mark-up	50,485	70,441
	<u>1,747,416</u>	<u>1,806,828</u>
Less: amount payable within next 12 months		
Principal	(546,702)	(552,566)
Accrued mark-up	(50,485)	(70,441)
Amount due after December 31, 2020	<u>1,150,229</u>	<u>1,183,821</u>

12.1 These represent term and demand finance obtained by the Company from the aforesaid banks and are repayable in 3-5 years with varied grace period. The rate of mark-up ranges from KIBOR + 1.1% per annum to KIBOR + 2% per annum and are secured against first / joint pari passu hypothecation charge over all present and future movable fixed assets of the Company and first / joint pari passu charge by way of equitable mortgage on all present and future immovable fixed assets of the Company, pledge of sugar stock and lien on export contract / LC.

12.2 In case of various loan arrangements, the concerned lenders have waived the requirements of certain covenants of the respective loan agreements. Accordingly, the liabilities under those loan agreements continue to be classified as per the repayment schedule applicable in respect of the respective loan agreements.

13. Loans from related parties - secured	Un-audited December 31, 2019	Audited September 30, 2019
Note	(Rupees in thousand)	
Holding company		
The Premier Sugar Mills & Distillery Co. Ltd.	13.1	173,934
Associated companies		
Premier Board Mills Ltd.	13.2	65,575
Arpak International Investments Ltd.	13.3	43,750
Azlak Enterprises (Private) Limited	13.4	85,000
Accrued mark-up		<u>16,637</u>
		<u>384,896</u>
Less: amount payable within next 12 months		
Principal		(23,453)
Accrued mark-up		<u>(16,637)</u>
Amount due after December 31, 2020		<u>344,806</u>

13.1 The long term finance facility had been renewed on February 9, 2017. The principal is repayable in 7 semi annual installments commencing from February 2020. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the holding company is not less than the borrowing cost of the holding company. These loans are secured against promissory note from the Company. During the year, the amount has been adjusted against purchases made by the Company on behalf of The Premier Sugar Mills and Distillery Company Limited.

13.2 The long term finance facility had been renewed on November 04, 2019. The principal is repayable in 7 semi annual installments commencing from November 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

13.3 The long term finance facility had been renewed on November 04, 2019. The principal is repayable in 7 semi annual installments commencing from November 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

13.4 The long term finance facility was obtained in previous year. The principal is repayable in 8 semi annual installments commencing from December 2021. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

14. Liabilities against assets subject to finance lease

Present value of finance lease payments	125,235	136,472
Less: Current portion shown under current liabilities	(40,796)	(41,502)
Minimum lease payments	<u>84,439</u>	<u>94,970</u>
Due within one year		
Minimum lease payments	56,076	57,701
Less: Financial charges not yet due	(15,279)	(16,199)
Present value of minimum lease payments	<u>40,796</u>	<u>41,502</u>
Due after one year but not later than five years		
Minimum lease payments	101,415	114,595
Less: Financial charges not yet due	(16,977)	(19,625)
Present value of minimum lease payments	<u>84,439</u>	<u>94,970</u>
	<u>125,235</u>	<u>136,472</u>

15. Deferred liabilities	Note	Un-Audited December 31, 2019	Audited September 30, 2019
(Rupees in thousand)			
Deferred taxation		1,024,066	1,050,320
Provision for gratuity		6,294	6,582
		<u>1,030,360</u>	<u>1,056,902</u>
16. Trade and other payables			
Creditors		1,270,060	217,602
Due to related parties	16.1	64,067	19,226
Accrued expenses		103,825	69,355
Retention money		17,900	12,725
Security deposits		1,144	894
Advance payments from customers		137,925	263,302
Income tax deducted at source		52,960	22,771
Sales tax payable		12,788	0
Payable for workers welfare obligations		60,997	44,912
Payable to employees		33,198	30,068
Payable to provident fund		2,966	2,598
Others		10,056	5,529
		<u>1,767,887</u>	<u>688,982</u>
16.1 This represents amounts due to the following related parties:			
Due to holding company:			
The Premier Sugar Mills and Distillery Company Limited		8,220	0
Due to Associated Companies			
The Frontier Sugar Mills & Distillery Limited		81	81
Syntronics Limited		511	943
Syntron Limited		32,841	0
Phipson & Company Pakistan (Private) Limited		138	0
Aztrak Enterprises (Private) Limited		22,276	18,202
		<u>64,067</u>	<u>19,226</u>
17. Short term running finance			
Secured			
Cash / running finance	17.1	2,996,910	2,042,993
Export re finance		1,465,000	955,000
		<u>4,461,910</u>	<u>2,997,993</u>
Accrued mark-up		52,867	102,949
		<u>4,514,777</u>	<u>3,100,942</u>
17.1 These represent cash finance and export re-finance facilities and are repayable in six months to one year period. The rate of mark-up ranges from KIBOR + 0.9% per annum to KIBOR + 1.75% per annum and are secured against pledge of sugar stock with margin ranging from 10% to 25%, lien on export contracts / LCs and import documents.			
17.2 In case of various loan arrangements, the concerned lenders have waived the requirements of certain covenants of the respective financing agreements. Accordingly, the liabilities under these financing agreements have been classified as per the repayment schedule applicable in respect of the aforesaid financing agreements.			
18. Current maturity of non-current liabilities			
Long term finances - secured	12	597,187	623,007
Loans from related parties - secured	13	40,090	48,248
Liabilities against assets subject to finance lease	14	40,796	41,502
		<u>678,073</u>	<u>712,757</u>

19.

Contingencies and commitments

19.1

Contingencies

19.1.1

There has been no significant change in the status of contingencies as disclosed in note 25 to the audited financial statements of the Company for the year ended September 30, 2019.

19.2

Commitments

Un-Audited

December 31,

2019

Audited

September 30,

2019

(Rupees in thousand)

The Company has following commitments in respect of:

- letters of credit for purchase of plant and machinery

69,031

41,231

- capital expenditure other than for letters of credit

886

2,778

69,917

44,009

20.

Gross sales

Three month period ended

Local

2,077,914

1,699,261

Export

684,896

831,717

2,762,810

2,530,978

21.

Sales tax, other government levies and commissions

Indirect taxes

321,808

189,487

Discount

1,947

2,360

323,755

191,847

22.

Segment operating results for the three month period ended December 31, 2019 (Un-audited)

Sugar Division

Three month period ended

December 31, 2019

December 31, 2018

Ethanol Division

Three month period ended

December 31, 2019

December 31, 2018

Total

Three month period ended

December 31, 2019

December 31, 2018

Rupees in thousand

Sales

-External Customers

1,874,519

1,693,242

888,291

837,736

2,762,810

2,530,978

-Inter segment

267,200

167,969

0

0

267,200

167,969

Less : sales tax & others

(293,570)

(165,279)

(30,185)

(26,568)

(323,755)

(191,847)

Sales - net

1,848,149

1,695,932

858,106

811,168

2,706,255

2,507,100

Segment expenses:

Cost of sales

Cost of Sales

(1,411,425)

(1,641,684)

(339,591)

(382,799)

(1,751,016)

(2,024,483)

less: Inter segment cost

0

0

(267,200)

(167,969)

(267,200)

(167,969)

Gross profit

436,724

54,248

251,315

260,400

688,039

314,648

Selling and distribution expenses

(5,888)

(16,848)

(126,909)

(77,925)

(132,797)

(94,773)

Administrative and general expenses

(109,651)

(93,135)

(30,517)

(11,909)

(140,168)

(105,044)

Profit from operations

321,186

(55,735)

93,889

170,566

415,074

114,831

Other income

7,787

15,563

1,028

441

8,815

16,004

Other expenses

(17,240)

(59)

0

0

(17,240)

(59)

Segment results

311,733

(40,231)

94,916

171,007

406,649

130,776

Finance cost

(161,612)

(121,842)

Profit before tax

245,037

8,934

Taxation

(3,194)

59,948

Profit for the period

241,843

68,882

22.1 Segment assets and liabilities

	Un-audited December 31, 2019 (Rupees in thousand)		Audited September 30, 2019 (Rupees in thousand)	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Sugar	10,901,291	5,105,913	9,263,004	3,283,262
Ethanol	5,256,967	3,005,053	4,263,337	2,403,240
Total for reportable segment	16,158,257	8,110,966	13,526,341	5,686,502
Others	0	1,483,989		1,518,380
Total assets / liabilities	16,158,257	9,594,955	13,526,341	7,204,882

23. Transactions with related parties

23.1 The Premier Sugar Mills & Distillery Company Limited holds 47.93% (2019: 47.93%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of Premier Sugar Mills & Distillery Company Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, Directors and Executives is disclosed in note 24 to the financial statements.

	Three month period ended (Rupees in thousand)	
	December 31, 2019	December 31, 2018
The Premier Sugar Mills and Distillery Company Limited		
Purchase of molasses	105,920	18,673
Sale of store items	0	490
Sale of bagasse	6,000	1,209
Mark-up charged	6,734	7,505
Expenses paid on behalf of the Company	4,220	60
Expenses paid by the Company	418	0
Rent received	29	29
Rent paid	4,950	4,950
Syntron Limited		
Purchase of store items	32,841	74,413
Azlak Enterprises (Private) Limited		
Service	7,254	6,292
Expenses paid on behalf of the Company	449	0
Mark-up charged	3,197	1,175
Phipson & Company Pakistan (Private) Limited		
Expenses paid on behalf of the Company	138	0
Arpak International Investments Limited		
Mark-up charged	1,645	0
Premier Board Mills Limited		
Mark-up charged	2,466	0
Whole Foods (Private) Limited		
Expenses paid by the Company	44,619	0

23.2 Following are the related parties with whom the Company had entered into transactions or have arrangement/ agreement in place.

Sr No	Company Name	Basis of Association	Aggregate % of Shareholding
1	The Premier Sugar Mills and Distillery Company Limited	Holding Company	47.93%
2	Premier Board Mills Limited	Associated Company	0.00%
3	Azlak Enterprises (Private) Limited	Associated Company	5.10%
4	Arpak International Investments Limited	Associated Company	0.00%
5	Phipson & Company Pakistan (Private) Limited	Associated Company	1.07%
6	Syntronics Limited	Associated Company	12.51%
7	The Frontier Sugar Mills & Distillery Limited	Associated Company	0.00%
8	Syntron Limited	Associated Company	0.00%
9	Whole Foods (Private) Limited	Subsidiary Company	100.00%

24. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for remuneration, including all benefits, to Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	Three month period ended December 31, 2019	December 31, 2018	Three month period ended December 31, 2019	December 1, 2018	Three month period ended December 31, 2019	December 31, 2018
	(Rupees in thousand)					
Managerial remuneration	3,000	300	6,000	0	6,963	5,244
Housing and utilities	0	0	0	0	4,642	3,496
Company's contribution to provident	0	0	0	0	449	304
Medical	25	224	361	288	17	35
	3,025	524	6,361	288	12,071	9,079
Number of persons	1	1	3	3	14	13

24.1 In addition to above, the Chief Executive and Executives were provided with the Company maintained cars for official and personal use. All the Executives based at factory compounds are also provided with free housing with the Company's generated electricity, telephone and certain household items in the residential colony within the factory compound.

25. General

25.1 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation and comparison; however, no material re-arrangements / re-classifications have been made in these condensed interim financial statements.

25.2 Figures in these condensed interim financial statements have been rounded-off to the nearest thousand Rupees.

26. Date of authorisation for issue

These Condensed interim financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on January 28, 2020.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER



CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED DECEMBER 31, 2019

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

Un-audited
Note December 31,
2019

Audited
September 30,
2019

(Rupees in thousand)

NON CURRENT ASSETS			
Property, plant and equipment	5	9,495,809	9,536,212
Long term security deposits - considered good		15,084	15,084
		<u>9,510,893</u>	<u>9,551,296</u>
CURRENT ASSETS			
Stores and spares		524,176	469,712
Stock-in-trade	6	3,157,495	1,724,824
Trade debts	7	114,111	57,011
Loans and advances	8	2,047,346	1,283,676
Trade deposits, prepayments and other receivables	9	403,572	387,458
Cash and bank balances		623,065	228,648
		<u>6,869,765</u>	<u>4,151,329</u>
TOTAL ASSETS		<u>16,380,658</u>	<u>13,702,625</u>
SHARE CAPITAL AND RESERVES			
Authorised capital		500,000	500,000
Issued, subscribed and paid-up capital	10	286,920	286,920
Capital reserve			
General reserve		327,000	327,000
Revenue reserve			
Unappropriated profits		2,288,259	1,985,055
		<u>2,902,179</u>	<u>2,598,975</u>
Surplus on revaluation of property, plant and equipment		3,649,164	3,713,454
Shareholders' equity		<u>6,551,343</u>	<u>6,312,429</u>
NON-CURRENT LIABILITIES			
Long term finances - secured	11	1,293,592	1,312,000
Loans from related parties - secured	12	369,806	337,023
Liabilities against assets subject to finance lease	13	84,439	94,970
Deferred liabilities	14	1,054,695	1,078,582
		<u>2,802,532</u>	<u>2,822,575</u>
CURRENT LIABILITIES			
Trade and other payables	15	1,788,346	705,196
Unclaimed dividend		8,688	8,688
Short term running finance	16	4,514,777	3,100,942
Current maturity of non-current liabilities	17	710,328	743,051
Provision for taxation		4,644	9,744
		<u>7,026,783</u>	<u>4,567,621</u>
		<u>9,829,315</u>	<u>7,390,196</u>
Contingencies and commitments	18	-	-
TOTAL EQUITY AND LIABILITIES		<u>16,380,658</u>	<u>13,702,625</u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)

FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

	Note	Three month period ended	
		December 31, 2019	December 31, 2018
		----- Rupees in thousand -----	
Gross sales	19	2,762,810	2,530,978
Sales tax, other government levies and discounts	20	(323,755)	(191,847)
Sales - net		2,439,055	2,339,131
Cost of sales		(1,751,016)	(2,024,483)
Gross profit		688,039	314,648
Selling and distribution expenses		(132,797)	(94,773)
Administrative and general expenses		(142,748)	(107,488)
Other income		8,815	16,004
Other expenses		(17,240)	(59)
Operating profit		404,069	128,332
Finance cost		(161,961)	(121,845)
Profit before taxation		242,108	6,487
- Current		(29,450)	(27,845)
- Deferred		26,256	87,793
		(3,194)	59,948
Profit after taxation		238,914	66,435
Earnings per share-basic and diluted (Rs)		8.33	2.32

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

	Three month period ended	
	December 31, 2019	December 31, 2018
	----- Rupees in thousand -----	
Profit after taxation	238,914	66,435
Other comprehensive income	0	0
Total comprehensive income for the period	238,914	66,435

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

	Three month period ended December 31, 2018 December 31, 2018	
Note	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	242,108	6,487
Adjustments for non-cash items:		
Depreciation	200,023	196,887
Gain on sale of operating fixed assets	(722)	(1,651)
Finance cost	161,961	126,894
Provision for gratuity	0	650
	<u>603,370</u>	<u>329,267</u>
Changes in working capital		
Decrease / (Increase) in		
stores and spares	(54,463)	(161,051)
stock-in-trade	(1,432,671)	394,945
trade debts	(57,100)	43,288
loans and advances	(763,669)	(387,128)
trade deposits, prepayments and other receivables	(16,114)	105,284
Increase in trade and other payables	<u>1,083,150</u>	<u>1,047,960</u>
	(1,240,867)	1,043,298
	(637,497)	1,372,565
Income taxes paid	(34,550)	(18,467)
Gratuity paid	(288)	0
Net cash (used in) / generated from operating activities	<u>(672,335)</u>	<u>1,354,098</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(145,300)	(157,015)
Sale proceeds of operating fixed assets	3,301	3,525
Increase in Long term security deposits	0	(1,201)
Net cash used in investing activities	<u>(141,999)</u>	<u>(154,691)</u>
Cash flow from financing activities		
Long term finances	(20,735)	115,349
Loan received from related party	25,000	(17,141)
Obligations under finance leases	(28,135)	(8,699)
Dividends paid	0	(167)
Finance cost paid	<u>(231,296)</u>	<u>(163,706)</u>
Net cash used in financing activities	<u>(255,166)</u>	<u>(74,364)</u>
Net Increase in cash and cash equivalents	<u>(1,069,500)</u>	<u>1,125,043</u>
Cash and cash equivalents - at beginning of the period	<u>(2,769,345)</u>	<u>(3,427,394)</u>
Cash and cash equivalents - at end of the period	<u><u>(3,838,845)</u></u>	<u><u>(2,302,351)</u></u>
Cash and cash equivalents comprised of:		
Cash and Bank balances	623,065	251,649
Short term running finance	16 (4,461,910)	(2,554,000)
	<u>(3,838,845)</u>	<u>(2,302,351)</u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

	Share capital	General reserve	Unappropriated profits	Total	Surplus on revaluation of property, plant and equipment	Total
	Rupees in thousand					
Balance as at September 30, 2018	286,920	327,000	1,171,063	1,784,983	4,019,029	5,804,012
Total comprehensive income for the three month period ended December 31, 2018						
Income for the period	0	0	66,435	66,435	0	66,435
Other comprehensive income for the period	0	0	0	0	0	0
	0	0	66,435	66,435	0	66,435
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the three month - net of deferred taxation	0	0	72,436	72,436	(72,436)	0
Balance as at December 31, 2018	<u>286,920</u>	<u>327,000</u>	<u>1,309,934</u>	<u>1,923,854</u>	<u>3,946,593</u>	<u>5,870,447</u>
Balance as at September 30, 2019	286,920	327,000	1,985,055	2,598,975	3,713,454	6,312,429
Total comprehensive income for the three month period ended December 31, 2019						
Income for the period	0	0	238,914	238,914	0	238,914
Other comprehensive income for the period	0	0	0	0	0	0
	0	0	238,914	238,914	0	238,914
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the three months - net of deferred taxation	0	0	64,290	64,290	(64,290)	0
Balance as at December 31, 2019	<u><u>286,920</u></u>	<u><u>327,000</u></u>	<u><u>2,288,259</u></u>	<u><u>2,902,179</u></u>	<u><u>3,649,164</u></u>	<u><u>6,551,343</u></u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

CHASHMA SUGAR MILLS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

1. Legal status and operations

Chashma Sugar Mills Limited (the Company) was incorporated in Pakistan on May 5, 1988 as a public Group, under the Companies Ordinance, 1984 (which is repealed on the promulgation of the Companies Act, 2017 on May 30, 2017) and commenced its commercial production from July 9, 1988. The Company has its shares quoted on the Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing, production, processing, compounding, preparation and sale of sugar, other allied compound, intermediates and by products. The Company is a subsidiary of Premier Sugar Mills and Distillery Company Limited. The head office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located at Dera Ismail Khan, Khyber Pakhtunkhwa.

Whole Foods (Private) Limited (100% owned subsidiary of the Company) was incorporated in Pakistan as a Private Limited Company under Companies Act, 2017 on October 26, 2017. The principal activity of the subsidiary is to setup, manage, supervise and control the storage facilities for agricultural produce.

2. Statement of compliance

These condensed interim financial statements for three month period ended December 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have

The disclosures in this condensed interim financial statements does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended September 30, 2019.

3. Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

IFRS 9 'Financial instruments' - 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 loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company.

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

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

c) Standards, interpretations and amendments to published approved accounting standards that not yet effective but relevant

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

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised 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 leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

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

4. Financial risk management

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

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited September 30, 2019
5. Property, plant and equipment			
Operating fixed assets	5.1	8,942,490	9,119,317
Capital work-in-progress	5.2	553,319	416,895
		<u>9,495,809</u>	<u>9,536,212</u>
5.1 Operating fixed assets - at net book value			
Net book value at the beginning of the period / year		9,119,317	9,085,772
Add: Additions during the period / year	5.1.1	25,775	868,207
Less: Disposals during the period / year		(2,579)	(7,051)
Depreciation charged for the period / year		(200,023)	(827,611)
		<u>(202,602)</u>	<u>(834,662)</u>
Net book value at the end of the period / year		<u>8,942,490</u>	<u>9,119,317</u>
5.1.1 Additions during the period / year			
Freehold land		0	1,603
Building and roads		0	156,069
Plant and machinery		0	537,391
Electric Installations		0	64,580
Office equipment		4,036	6,414
Furniture and Fixtures		784	3,948
Owned vehicles		4,057	8,075
Leased vehicles		16,897	90,127
		<u>25,775</u>	<u>868,207</u>
5.2 Capital work-in-progress			
At the beginning of the period / year		416,895	472,983
Add: Additions during the period / year	5.2.1	153,480	886,990
Less: Capitalized / adjusted during the period / year		(17,056)	(943,078)
Balance at the end of the period / year		<u>553,319</u>	<u>416,895</u>

	Un-audited December 31, 2019 (Rupees in thousand)	Audited September 30, 2019
5.2.1 Additions during the period / year		
Buildings on freehold land	51,445	169,901
Plant and machinery	67,742	494,961
Electric installations	20,313	58,276
Office equipment	618	6,557
Vehicles - leased	4,477	89,965
Plant and machinery - leased	0	35,416
Advances to contractors	0	31,914
Un allocated capital expenditure	8,885	0
	<u>153,480</u>	<u>886,990</u>
6. Stock-in-trade		
Finished goods		
- sugar	2,477,106	1,384,164
- molasses	417,122	220,572
- ethanol	<u>200,622</u>	<u>110,948</u>
	3,094,850	1,715,684
Work-in-process	<u>62,645</u>	<u>9,140</u>
	<u>3,157,495</u>	<u>1,724,824</u>
7. Trade debts		
Considered good	114,111	57,011
Considered doubtful	<u>1,752</u>	<u>1,752</u>
	115,863	58,763
Provision for doubtful debts	<u>(1,752)</u>	<u>(1,752)</u>
	<u>114,111</u>	<u>57,011</u>
8. Loans and advances		
Advances to:		
Employees	<u>6,332</u>	<u>3,602</u>
Suppliers and contractors	<u>1,780,882</u>	<u>999,250</u>
	1,787,214	1,002,852
Due from holding company		
The Premier Sugar Mills & Distillery Co. Ltd.	0	107,157
Letters of credit	<u>290,468</u>	<u>204,004</u>
	2,077,682	1,314,013
Less:		
- Provision for doubtful advances	(28,838)	(28,838)
- Loss allowance	<u>(1,499)</u>	<u>(1,499)</u>
	<u>2,047,346</u>	<u>1,283,676</u>

	Un-audited December 31, 2019 (Rupees in thousand)	Audited September 30, 2019
9. Trade deposits, prepayments and other receivables		
Deposits	33	33
Prepayments	22,690	5,099
Export subsidy receivable	305,519	305,519
Sales tax	25,752	46,254
Guarantee issued	19,000	19,000
Letter of credit	28,845	9,726
Others	<u>1,734</u>	<u>1,827</u>
	<u>403,572</u>	<u>387,458</u>
10. Share Capital		
As at period end, the issued, subscribed and paid-up capital of the Company includes following share capital holdings by the related parties;		
	(Number of shares)	
Holding company		
Premier Sugar Mills & Distillery Co. Ltd.	13,751,000	13,751,000
Associated companies		
Azlake Enterprises (Pvt.) Ltd.	1,462,859	1,462,859
Phipson & Co. Pakistan (Pvt.) Ltd.	307,500	307,500
Syntronics Ltd.	<u>3,590,475</u>	<u>3,590,475</u>
	<u>19,111,834</u>	<u>19,111,834</u>
11. Long term finances - secured		
Bank Al-Habib Limited	268,155	297,710
Soneri Bank Limited	672,630	538,852
The Bank of Punjab	75,702	103,166
Dubai Islamic Bank Pakistan Limited	584,959	682,452
MCB Bank Limited	<u>291,313</u>	<u>291,313</u>
Total	1,892,758	1,913,493
Accrued mark-up	<u>54,458</u>	<u>73,488</u>
	1,947,216	1,986,981
Less: amount payable within next 12 months		
Principal	(574,832)	(579,813)
Accrued mark-up	<u>(54,458)</u>	<u>(73,488)</u>
	(629,290)	(653,301)
Deferred Benefit of below market rate of interest on refinancing facility	<u>(24,335)</u>	<u>(21,680)</u>
Amount due after December 31, 2020	<u>1,293,592</u>	<u>1,312,000</u>
11.1		
These represent term and demand finance obtained by the Company from the aforesaid banks and are repayable in 3-5 years with varied grace period. The rate of mark-up ranges from KIBOR + 1.1% per annum to KIBOR + 2% per annum and are secured against first / joint pari passu hypothecation charge over all present and future movable fixed assets of the Company and first / joint pari passu charge by way of equitable mortgage on all present and future immovable fixed assets of the Company, pledge of sugar stock and lien on export contract / LC.		

- 11.2 In case of various loan arrangements, the concerned lenders have waived the requirements of certain covenants of the respective loan agreements. Accordingly, the liabilities under those loan agreements continue to be classified as per the repayment schedule applicable in respect of the respective loan agreements.

12. Loans from related parties - secured

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited September 30, 2019 (Rupees in thousand)
Holding company			
The Premier Sugar Mills & Distillery Co. Ltd.	12.1	173,934	173,934
Associated companies			
Premier Board Mills Ltd.	12.2	90,575	65,575
Arpak International Investments Ltd.	12.3	43,750	43,750
Azlak Enterprises (Private) Limited	12.4	85,000	85,000
Accrued mark-up		16,790	17,012
		410,049	385,271
Less: amount payable within next 12 months			
Principal		(23,453)	(31,236)
Accrued mark-up		(16,790)	(17,012)
		369,806	337,023
12.1 The long term finance facility had been renewed on February 9, 2017. The principal is repayable in 7 semi annual installments commencing from February 2020. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the holding company is not less than the borrowing cost of the holding company. These loans are secured against promissory note from the Company. During the year, the amount has been adjusted against purchases made by the Company on behalf of The Premier Sugar Mills and Distillery Company Limited.			
12.2 The existing long term finance facility amounting Rs. 65.575 million has been renewed on November 04, 2019. The principal is repayable in 7 semi annual installments commencing from November 2022. A new long term finance facility amounting Rs. 25 million has been obtained during the year. The principal is repayable in 8 semi annual installments commencing from December 2022. The rate of mark-up for both the finance facilities is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.			
12.3 The long term finance facility has been renewed on November 04, 2019. The principal is repayable in 7 semi annual installments commencing from November 2022. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.			
12.4 The long term finance facility was obtained in previous year. The principal is repayable in 8 semi annual installments commencing from December 2021. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.			

	Note	Un-Audited December 31, 2019 (Rupees in thousand)	Audited September 30, 2019 (Rupees in thousand)
13. Liabilities against assets subject to finance lease			
Present value of finance lease payments		125,235	136,472
Less: Current portion shown under current liabilities		(40,796)	(41,502)
Minimum lease payments		84,439	94,970
Due within one year			
Minimum lease payments		56,076	57,701
Less: Financial charges not yet due		(15,279)	(16,199)
Present value of minimum lease payments		40,796	41,502
Due after one year but not later than five years			
Minimum lease payments		101,415	114,595
Less: Financial charges not yet due		(16,977)	(19,625)
Present value of minimum lease payments		84,439	94,970
		125,235	136,472
14. Deferred liabilities			
Deferred taxation		1,024,066	1,050,320
Provision for gratuity		6,294	6,582
Deferred Benefit of below market rate of interest on refinance facility		24,335	21,680
		1,054,695	1,078,582
15. Trade and other payables			
Creditors		1,282,963	230,507
Due to related parties	15.1	64,067	19,226
Accrued expenses		107,611	71,408
Retention money		21,671	13,981
Security deposits		1,144	894
Advance payments from customers		137,925	263,302
Income tax deducted at source		52,960	22,771
Sales tax payable		12,788	0
Payable for workers welfare obligations		60,997	44,912
Payable to employees		33,198	30,068
Payable to provident fund		2,966	2,598
Others		10,056	5,529
		1,788,346	705,196
15.1 This represents amounts due to the following related parties:			
Due to holding company:			
The Premier Sugar Mills and Distillery Company Limited		8,220	0
Due to Associated Companies			
The Frontier Sugar Mills & Distillery Limited		81	81
Syntronics Limited		511	0
Syntron Limited		32,841	943
Phipson & Company Pakistan (Private) Limited		138	0
Azlak Enterprises (Private) Limited		22,276	18,202
		64,067	19,226

16. Short term running finance	Note	Un-Audited December 31, 2019	Audited September 30, 2019
		(Rupees in thousand)	
Secured			
Cash / running finance	16.1	2,996,910	2,042,992
Export refinance		1,465,000	955,001
		4,461,910	2,997,993
Accrued mark-up		52,867	102,949
		4,514,777	3,100,942
16.1 These represent cash finance and export re-finance facilities and are repayable in six months to one year period. The rate of mark-up ranges from KIBOR + 0.9% per annum to KIBOR + 1.75% per annum and are secured against pledge of sugar stock with margin ranging from 10% to 25%, lien on export contracts / LCs and import documents.			
16.2 In case of various loan arrangements, the concerned lenders have waived the requirements of certain covenants of the respective financing agreements. Accordingly, the liabilities under these financing agreements have been classified as per the repayment schedule applicable in respect of the aforesaid financing agreements.			
17. Current maturity of non-current liabilities			
Long term finances - secured	11	629,289	653,301
Loans from related parties - secured	12	40,243	48,248
Liabilities against assets subject to finance lease	13	40,796	41,502
		710,328	743,051
18. Contingencies and commitments			
18.1 Contingencies			
18.1.1 There has been no significant change in the status of contingencies as disclosed in note 24 to the audited consolidated financial statements of the Company for the year ended September 30, 2019.			
18.2 Commitments			
The Company has following commitments in respect of:			
- letters of credit for purchase of plant and machinery		88,117	79,403
- capital expenditure other than for letters of credit		38,593	94,034
19. Gross sales			
		Three month period ended	
		December 31, 2019	December 31, 2018
Local		2,077,914	1,699,261
Export		684,896	831,717
		2,762,810	2,530,978
20. Sales tax, other government levies and commissions			
Indirect taxes		321,808	189,487
Discounts		1,947	2,360
		323,755	191,847

21. Segment operating results for the three month period ended December 31, 2019 (Un-audited)						
	Sugar Division		Ethanol Division		Total	
	Three month period ended December 31, 2019	December 31, 2018	Three month period ended December 31, 2019	December 31, 2018	Three month period ended December 31, 2019	December 31, 2018
Rupees in thousand						
Sales						
- External Customers	1,693,242	755,757	888,291	837,736	2,762,810	2,530,978
- Intersegment	267,200	167,969			267,200	167,969
	1,960,442	923,726	888,291	837,736	3,030,010	2,698,947
Less : sales tax and others	(165,279)	(95,936)	(30,185)	(26,568)	(323,755)	(191,847)
Sales - net	1,795,163	827,790	858,106	811,168	2,706,255	2,507,100
Segment expenses:						
<u>Cost of sales</u>						
Cost of Sales	(1,809,653)	(911,101)	(339,591)	(382,799)	(1,751,016)	(2,024,483)
less: Intersegment cost	0	0	(267,200)	(167,969)	(267,200)	(167,969)
	(1,809,653)	(911,101)	(606,791)	(550,768)	(2,018,216)	(2,192,452)
	(14,490)	(83,311)	251,315	260,400	688,039	314,648
Gross (loss) / profit						
Selling and distribution expenses	(16,848)	(5,704)	(126,909)	(77,925)	(132,797)	(94,773)
Administrative and general expenses	(95,579)	(76,164)	(30,517)	(11,909)	(142,748)	(107,488)
	(112,427)	(81,868)	(157,426)	(89,834)	(275,545)	(202,261)
(Loss) / profit from operations	(126,917)	(165,179)	93,889	170,566	412,494	112,387
Other income	15,563	1,001	1,028	441	8,815	16,004
Other expenses	(59)	(279)	0	0	(17,240)	(59)
	15,504	722	1,028	441	(8,425)	15,945
Segment results	(111,413)	(164,457)	94,916	171,007	404,069	128,332
Finance cost					(161,961)	(121,845)
Profit before tax					242,108	6,487
Taxation					(3,194)	59,948
Profit for the period					238,914	66,435

21.1 Segment assets and liabilities

	Un-audited December 31, 2019 (Rupees in thousand)		Audited September 30, 2019 (Rupees in thousand)	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Sugar	11,123,691	5,301,990	9,042,725	3,261,581
Ethanol	5,256,967	3,005,053	4,263,337	2,403,240
Total for reportable segment	16,380,658	8,307,043	13,306,062	5,664,821
Others	0	1,522,272	396,563	1,725,375
Entity's total assets / liabilities	16,380,658	9,829,315	13,702,625	7,390,196

22. Transactions with related parties

- 22.1 The Premier Sugar Mills & Distillery Company Limited holds 47.93% (2019: 47.93%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of Premier Sugar Mills & Distillery Company Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, Directors and Executives is disclosed in note 23 of these financial statements.

Three month period ended
(Rupees in thousand)
December 31, 2019 December 31, 2018

The Premier Sugar Mills and Distillery Company Limited

Purchase of molasses	105,920	18,673
Sale of store items	0	490
Sale of bagasse	6,000	1,209
Mark-up charged	6,734	7,505
Expenses paid on behalf of the Company	4,220	60
Expenses paid by the Company	418	0
Rent received	29	29
Rent paid	4,950	4,950

Syntron Limited

Purchase of store items	32,841	74,413
-------------------------	--------	--------

Azlake Enterprises (Private) Limited

Service	7,254	6,292
Expenses paid on behalf of the Company	449	0
Mark-up charged	3,197	1,175

Phipson & Company Pakistan (Private) Limited

Expenses paid on behalf of the Company	138	0
--	-----	---

Arpak International Investments Limited

Mark-up charged	1,645	0
-----------------	-------	---

Premier Board Mills Limited

Mark-up charged	2,619	0
-----------------	-------	---

22.2 Following are the related parties with whom the Company had entered into transactions or have arrangement/ agreement in place.

Sr No	Company Name	Basis of Association	Aggregate % of Shareholding
1	The Premier Sugar Mills and Distillery Company Limited	Holding Company	47.93%
2	Premier Board Mills Limited	Associated Company	0.00%
3	Azlake Enterprises (Private) Limited	Associated Company	5.10%
4	Arpak International Investments Limited	Associated Company	0.00%
5	Phipson & Company Pakistan (Private) Limited	Associated Company	1.07%
6	Syntronics Limited	Associated Company	12.51%
7	The Frontier Sugar Mills & Distillery Limited	Associated Company	0.00%
8	Syntron Limited	Associated Company	0.00%

23. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for remuneration, including all benefits, to Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	Three month period ended December 31, 2019	Three month period ended December 31, 2018	Three month period ended December 31, 2019	Three month period ended December 31, 2018	Three month period ended December 31, 2019	Three month period ended December 31, 2018
	(Rupees in thousand)					
Managerial remuneration	3,000	300	6,000	0	6,963	5,244
Housing and utilities	0	0	0	0	4,642	3,496
Company's contribution to provident	0	0	0	0	449	304
Medical	25	224	361	288	17	35
	<u>3,025</u>	<u>524</u>	<u>6,361</u>	<u>288</u>	<u>12,071</u>	<u>9,079</u>
Number of persons	1	1	3	3	14	13

23.1 In addition to above, the Chief Executive and Executives were provided with the Company maintained cars for official and personal use. All the Executives based at factory compounds are also provided with free housing with the Company's generated electricity, telephone and certain household items in the residential colony within the factory compound.

24. General

24.1 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation and comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim financial information.

24.2 Figures in these condensed interim financial statements have been rounded-off to the nearest thousand Rupees.

25. Date of authorisation for issue

These Condensed interim financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on January 28, 2020.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER