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**CHASHMA SUGAR MILLS LIMITED**  
KING'S ARCADE, 20-A, MARKAZ F-7,  
ISLAMABAD - PAKISTAN  
TEL: 051-2650805-7



**CHASHMA SUGAR MILLS LIMITED**

**CONDENSED INTERIM  
UNCONSOLIDATED FINANCIAL INFORMATION  
FOR THE NINE MONTH PERIOD  
ENDED JUNE 30, 2020  
(UN-AUDITED)**

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

**CHASHMA SUGAR MILLS LIMITED**  
**DIRECTORS' REVIEW REPORT**

The Board of Directors are pleased to present the un-audited condensed interim financial information of the Company for the nine months period ended on June 30, 2020. This condensed financial information is presented to the shareholders of the Company in compliance with the International Accounting Standard No. 34 "Interim Financial Reporting", the Code of Corporate Governance, under Section 237 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019. The enclosed financial information is un-audited and have been reviewed by the external auditors as required by the Code of Corporate Governance.

**OPERATIONAL PERFORMANCE**

The sugarcane crushing season commenced on November 29, 2019 continued till March 18, 2020. The mills crushed 1,432,075 tons (2019: 1,562,413 tons) of sugarcane to produce 151,012.50 tons (2019: 166,251.50 tons) of sugar having an average recovery of 10.55% (2019: 10.64%). The Provincial Governments of Khyber Pakhtunkhwa notified sugarcane price @190 per maund. However, sugarcane purchase price crossed Rs.260/- per maund. The Company has cleared its entire sugarcane payments to the Growers, The Sugarcane crops for the forthcoming year is healthy and free of disease. We are expecting better yields in the forthcoming year.

**SUGAR PRICES**

Due to less sugarcane crop, the sugar production decreased compared to last year, the sugar prices remained stable and the Federal Government on the recommendations of PSMA approved to import 300,000 tons of sugar.

**ETHANOL FUEL PLANT AT UNIT-II**

The Ethanol Fuel Plant produced 26,025.048 MT of Ethanol during the nine months period that ended on June 30, 2020.

**FINANCIAL PERFORMANCE**

The Company has earned profit of Rs. 1,127.372 million after incorporating GOP taxes (2019: 392.813 million) during the nine months period ended June 30, 2020. The profits are higher because the Company sold its most of the sugar.

**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 spirit of good work done by the Company's staff at all levels.

**ON BEHALF OF THE BOARD**

  
**Mardan:**  
August 27, 2020  
**(AZIZ SARFARAZ KHAN)**  
CHIEF EXECUTIVE

  
**(ISKANDER M. KHAN)**  
DIRECTOR

## چشمہ شوگر ملز لمیٹڈ

### ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے نو مہینوں کی اختتامی مدت پر غیر آڈٹ شدہ کنڈسڈ عبوری کمپنی کی مالیاتی معلومات پیش کرنے پر مسرت محسوس کرتے ہیں۔ یہ کنڈسڈ مالیاتی معلومات حصص داروں کو انٹر میڈیٹل اکاؤنٹنگ کے قواعد نمبر 34 انٹیرم فائنشل رپورٹنگ، کمپنی ایکٹ 2017 (دی ایکٹ) کے سیکشن 237 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2019 کے مطابق ہیں۔ مشترکہ مالیاتی معلومات غیر آڈٹ شدہ اور عبوری ڈائریکٹرز کی جانب سے جائزہ لینے کے بعد کوڈ آف کارپوریٹ گورننس کی ضرورت کے مطابق ہے۔

### آپریٹنگ کارکردگی

گنے کارکننگ سیزن 2019-20، 29 نومبر 2019 کو شروع ہوا اور 18 مارچ 2020 تک جاری رہا۔ ملز نے 1,432,075 ٹن (2019 میں 1,562,413 ٹن) گنا کرش کیا اور 10.55 فیصد اوسط (2019 میں 10.64 فیصد) کے حساب سے چینی کی پیداوار 151,012.50 ٹن (2019 میں 116,251.50 ٹن) رہی۔ خیر پختون خواہ کی صوبائی حکومت نے گنے کی قیمت 190 فی من مقرر کی تھی تاہم گنے کی خریداری کی قیمت 260 روپے فی من سے تجاوز کر گئی۔ کمپنی نے کاشتکاروں کو تمام ادائیگی کر دی تھی۔ آئندہ سال کے لئے گنے کی فصلیں صحت مند اور جراثیم سے پاک ہیں۔ ہم آنے والے سال میں بہتر پیداوار کی توقع کر رہے ہیں۔

### چینی کی قیمتیں

گنے کی فصل کم ہونے کی وجہ سے چینی کی پیداوار میں گزشتہ سال کے مقابلے میں کمی واقع ہوئی ہے چینی کی قیمتیں مستحکم رہیں ہیں اور وفاقی حکومت نے پی ایس ایم اے کی سفارشات پر 300,000 ٹن چینی کی درآمد کرنے کی منظوری دی ہے۔

## ہتھنول فیول پلانٹ پونٹ II

ہتھنول فیول پلانٹ نے 30 جون 2020 کو اختتام ہونے والے نو ماہ کے دوران 26,025.048 MT ہتھنول پیدا کیا۔

### مالیاتی کارکردگی

کمپنی نے 30 جون 2020 کو اختتام ہونے والے نو ماہ کے دوران گورنمنٹ کے عکس شامل کرنے کے بعد 1,127.372 ملین کا منافع حاصل کیا (2019: 392.813) ملین تھا۔ زیادہ منافع کی وجہ کمپنی کی بیشتر چینی کی فروخت ہے۔

### اکاؤنٹنگ کی پالیسیاں

کمپنی کی نو ماہ کی کنڈسڈ عبوری مالیاتی معلومات کی تیاری کے دوران اپنائی گئی اکاؤنٹنگ پالیسیاں وہی ہیں جو پچھلے سال سالانہ مالیاتی معاملات میں اپنائی گئی تھی۔

### اعتراف

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

منجانب بورڈ



مردان

اسکندر محمد خان

بتاریخ: 27 اگست 2020

ڈائریکٹر



عزیز سرفراز خان

چیف ایگزیکٹو آفیسر

**CHASHMA SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	Note	Un-audited June 30, 2020	Audited September 30, 2019
(Rupees in thousand)			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	8,885,909	9,223,953
Right-of-use assets	7	209,836	-
Long term investment	8	100,000	100,000
Long term security deposits - considered good		15,084	15,084
		<u>9,210,829</u>	<u>9,339,037</u>
<b>CURRENT ASSETS</b>			
Stores and spares		462,765	469,713
Stock-in-trade	9	2,505,915	1,724,824
Trade debts	10	1,861,507	57,011
Loans and advances	11	1,747,503	1,392,880
Trade deposits, prepayments and other receivables	12	318,753	338,945
Cash and bank balances		216,881	203,931
		<u>7,113,324</u>	<u>4,187,304</u>
<b>TOTAL ASSETS</b>		<u>16,324,153</u>	<u>13,526,341</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		500,000	500,000
Issued, subscribed and paid-up capital	13	286,920	286,920
Capital reserve			
General reserve		327,000	327,000
Revenue reserve			
Unappropriated profits		3,170,858	1,994,085
Surplus on revaluation of property, plant and equipment		3,520,593	3,713,454
<b>Shareholders' equity</b>		<u>7,305,371</u>	<u>6,321,459</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - secured	14	1,092,724	1,183,821
Loans from related parties - secured	15	333,411	337,023
Liabilities against assets subject finance lease		108,426	94,970
Deferred liabilities	16	979,937	1,056,902
		<u>2,514,498</u>	<u>2,672,716</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	1,078,915	688,982
Unclaimed dividend		10,539	8,688
Short term running finance	18	4,778,593	3,100,942
Current maturity of non-current liabilities	19	600,379	712,757
Provision for taxation - net		35,858	20,797
		<u>6,504,284</u>	<u>4,532,166</u>
<b>TOTAL LIABILITIES</b>		<u>9,018,782</u>	<u>7,204,882</u>
Contingencies and commitments	20		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>16,324,153</u>	<u>13,526,341</u>

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

  
**Aziz Sarfaraz Khan**  
**Chief Executive**

  
**Iskander M. Khan**  
**Director**

  
**Rizwan Ullah Khan**  
**Chief Financial Officer**

**CHASHMA SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2020**

	Note	Three month period ended June 30, 2020	June 30, 2019	Nine month period ended June 30, 2020	June 30, 2019
(Rupees in thousand)					
Gross sales	21	9,089,413	4,746,350	16,240,553	10,053,186
Sales tax, other government levies and discounts	22	(1,172,383)	(355,039)	(2,021,925)	(771,893)
Sales - net		<u>7,917,030</u>	<u>4,391,311</u>	<u>14,218,628</u>	<u>9,281,293</u>
Cost of sales		<u>(6,156,097)</u>	<u>(3,565,084)</u>	<u>(11,233,542)</u>	<u>(7,679,454)</u>
<b>Gross profit</b>		<u>1,760,933</u>	<u>826,227</u>	<u>2,985,086</u>	<u>1,601,839</u>
Selling and distribution expenses		(246,349)	(90,688)	(553,943)	(241,410)
Administrative and general expenses		(150,009)	(151,020)	(452,239)	(374,583)
Other income		32,024	9,373	58,037	38,096
Other expenses		(67,303)	(22,459)	(85,636)	(31,136)
<b>Operating profit</b>		<u>1,329,295</u>	<u>571,432</u>	<u>1,951,304</u>	<u>992,806</u>
Finance cost		(251,846)	(220,667)	(702,168)	(537,954)
<b>Profit before taxation</b>		<u>1,077,449</u>	<u>350,765</u>	<u>1,249,136</u>	<u>454,852</u>
<b>Taxation</b>					
- Current		(112,996)	(73,396)	(200,382)	(129,147)
- Prior year		-	-	(154)	(564)
- Deferred		(26,258)	(47,284)	78,772	67,672
		<u>(139,254)</u>	<u>(120,680)</u>	<u>(121,764)</u>	<u>(62,039)</u>
<b>Profit after taxation</b>		<u>938,195</u>	<u>230,086</u>	<u>1,127,372</u>	<u>392,813</u>
Earnings per share - basic and diluted (Rs)		<u>32.70</u>	<u>8.02</u>	<u>39.29</u>	<u>13.69</u>

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

  
**Aziz Sarfaraz Khan**  
**Chief Executive**

  
**Iskander M. Khan**  
**Director**

  
**Rizwan Ullah Khan**  
**Chief Financial Officer**

## CHASHMA SUGAR MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2020

	Three month period ended		Nine month period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees in thousand)			
Profit for the period	938,195	230,086	1,127,372	392,813
Other comprehensive income / (loss)				
Items that will not be classified to profit or loss account:				
Remeasurement loss arising on actuarial valuation	-	-	-	-
Total comprehensive income for the period	<u>938,195</u>	<u>230,086</u>	<u>1,127,372</u>	<u>392,813</u>

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

  
Aziz Sarfaraz Khan  
Chief Executive

  
Iskander M. Khan  
Director

  
Rizwan Ullah Khan  
Chief Financial Officer

## CHASHMA SUGAR MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2020

	Nine month period ended	
	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit for the period - before taxation	1,249,136	454,852
Adjustments for non-cash items:		
Depreciation	630,394	611,287
Gain on sale of operating fixed assets	(1,496)	(4,311)
Profit on deposit accounts	(2,755)	(4,879)
Finance cost	702,168	549,503
Provision for doubtful debts	779	109
Provision for doubtful advances	2,256	-
Provision for gratuity	2,345	1,952
	<u>2,582,827</u>	<u>1,608,513</u>
<b>Changes in working capital</b>		
(Increase) / Decrease in		
Stores and spares	6,948	(10,248)
Stock-in-trade	(781,091)	(1,548,408)
Trade debts	(1,805,275)	76,406
Loans and advances	(356,879)	(88,416)
Trade deposits, prepayments and other receivables	20,192	278,602
Increase in trade and other payables	<u>389,933</u>	<u>(44,481)</u>
	(2,526,172)	(1,336,545)
	56,655	271,967
Income taxes paid	(185,475)	(70,104)
Gratuity paid	(539)	(1,846)
Net cash (used in) / generated from operating activities	(129,359)	200,018
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(400,746)	(435,950)
Sale proceeds of operating fixed assets	5,676	8,837
Increase in long term security deposits	-	(1,226)
Profit on bank deposits received	2,755	4,879
Net cash used in investing activities	(392,315)	(423,460)
<b>Cash flow from financing activities</b>		
Long term finances repaid	(152,683)	(153,349)
Loan received / (repaid) to related party	(34,848)	10,000
Lease obligation repaid	(88,975)	(37,170)
Dividends paid	(141,609)	(42,491)
Finance cost paid	(638,178)	(480,509)
Net cash used in financing activities	(1,056,293)	(703,519)
<b>Net increase in cash and cash equivalents</b>	(1,577,967)	(926,962)
<b>Cash and cash equivalents - at beginning of the period</b>	(2,794,062)	(3,518,217)
<b>Cash and cash equivalents - at end of the period</b>	<u>(4,372,029)</u>	<u>(4,445,179)</u>
<b>Cash and cash equivalents comprised of:</b>		
Bank balances	216,881	132,790
Short term running finance	(4,588,910)	(4,577,969)
	<u>(4,372,029)</u>	<u>(4,445,179)</u>

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

  
Aziz Sarfaraz Khan  
Chief Executive

  
Iskander M. Khan  
Director

  
Rizwan Ullah Khan  
Chief Financial Officer

# CHASHMA SUGAR MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2020

	Share capital	General reserve	Unappropriated profits	Surplus on revaluation of property, plant and equipment	Total
	(Rupees in thousand)				
Balance as at October 1, 2018	286,920	327,000	1,172,533	4,019,029	5,805,482
Total comprehensive income for the nine month period ended June 30, 2019					
Income for the period	-	-	392,813	-	392,813
Other comprehensive income for the period	-	-	392,813	-	392,813
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the nine months - net of deferred taxation	-	-	214,290	(214,290)	-
Cash dividend at rate of Rs. 1.50 per ordinary share for the year ended September 30, 2018	-	-	(43,038)	-	(43,038)
Balance as at June 30, 2019	286,920	327,000	1,736,598	3,804,739	6,155,257
Total comprehensive income for the three month period ended September 30, 2019					
Income for the period	-	-	185,835	-	185,835
Other comprehensive income for the period	-	-	222	(19,855)	(19,633)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	186,057	(19,855)	166,202
Balance as at September 30, 2019	286,920	327,000	1,994,085	3,713,454	6,321,459
Total comprehensive income for nine month period ended June 30, 2020					
Income for the period	-	-	1,127,372	-	1,127,372
Other comprehensive income for the period	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	192,861	(192,861)	-
Cash dividend at rate of Rs 5.00 per ordinary share for the year ended September 30, 2019	-	-	(143,460)	-	(143,460)
Balance as at June 30, 2020	286,920	327,000	3,170,858	3,520,593	7,305,371

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

  
Aziz Sarfaraz Khan  
Chief Executive

  
Iskander M. Khan  
Director

  
Rizwan Ullah Khan  
Chief Financial Officer

# CHASHMA SUGAR MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2020

### 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 then applicable Companies Ordinance, 1984 (repealed upon the 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, ethanol, other allied compound intermediates and by products. The Company is a subsidiary of Premier Sugar Mills and Distillery Company Limited. The registered office of the company is located at Nowshera Road, Mardan, Khyber Pakhtunkhwa. The head office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located in Dera Ismail Khan, in the province of Khyber Pakhtunkhwa.

### 2. Statement of compliance

These condensed interim financial statements for nine month period ended June 30, 2020 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 been followed.

The disclosures in this condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements 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

The significant accounting policies and the methods of computation applied in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2019 except for the adoption of new standard as set out below.

New or amended standards became applicable for the current reporting period, and the Company had to change its accounting policies and make classification adjustments as a result of adopting the following standard:

#### i) IFRS 16 "Leases"

The Company has adopted IFRS 16, "Leases" with effect from October 1, 2019 which replaces existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentive" and SIC-27 "Evaluating the substance of transactions involving the legal form of a Lease". IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to Company's right-of-use assets and lease liabilities are as follows:

### Lease liabilities and right-of-use assets

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Effective from October 1, 2019, leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in profit or loss account if the carrying amount of that right-of-use asset has been reduced to zero.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits.

The Company has adopted IFRS 16 retrospectively, effective from October 1, 2019, but has not restated comparatives for prior reporting period, as permitted under the specific transitional provisions in the standard. The cumulative impact of adoption of this standard is, therefore, recognized in current year in the statement of financial position with effect from October 1, 2019.

On adoption of IFRS 16, the Company recognized lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of October 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on October 1, 2019 was 14.5% per annum.

In the previous year, the Company only recognized lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Company's liabilities. On adoption of IFRS 16, the carrying amount of the right-of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17. For such leases, the Company recognizes right-of-use asset and the lease liability applying this Standard from the date of initial application.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at October 1, 2019 as short term leases;
- the use of hindsight in determining the lease term where contract contains option to extend or terminate the lease; and
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.

The change in accounting policy affected the classification of following items in the statement of financial position on October 1, 2019:

	As originally presented	Impact of IFRS 16	Restated
(Rupees in thousand)			
<b>Non-current Assets:</b>			
Property, plant and equipment			
Leased vehicles	146,591	(146,591)	-
Right of use asset	-	176,407	176,407
<b>Current Assets:</b>			
Short-term prepayments	9,240	(9,240)	-
<b>Non-current Liabilities</b>			
Lease liabilities	(94,970)	(15,098)	(110,068)
<b>Current Liabilities</b>			
Lease liabilities	(41,502)	(14,718)	(56,220)
	<u>10,119</u>	<u>-</u>	<u>10,119</u>

The recognized ROU asset relate to following type of assets:

	Un-audited June 30, 2020 (Rupees in thousand)	Un-audited September 30, 2019 (Rupees in thousand)
Vehicles	161,767	-
Plant and Machinery	29,433	-
Building	18,636	-
	<u>209,836</u>	<u>-</u>

### Total right-of-use assets

The following summary reconciles the Company's operating leases at September 30, 2019 to the lease liabilities recognized on initial application of IFRS 16 at October 1, 2019.

	(Rupees in thousand)
<b>Operating leases as at September 30, 2019</b>	<u>62,402</u>
Discounted using the lessee's incremental borrowing rate of at the date of initial application	3,448
(Less): short-term leases recognized on a straight-line basis as expense	29,138
(Less): low value leases recognized on a straight line basis as expenses	-
<b>Lease liabilities recognized as at October 1, 2019</b>	<u>29,816</u>
Of which are:	
Current lease liabilities	14,718
Non-current lease liabilities	15,098
	<u>29,816</u>

The statement of profit or loss account shows the following amounts relating to leases:

	June 30, 2020 (Rupees in thousand)
Interest expense on lease liabilities	17,586
Expense related to short term leases	22,725
Expense related to leases of low value assets	-

The changes laid down by other standards effective during the period have no 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 July 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

#### 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.

#### 5. Seasonality of operations

Due to seasonal nature of sugar segment of the Company, operating results of the Company are expected to fluctuate in the fourth quarter of the year in comparison with the first three quarters of the year.

	Note	Un-audited June 30, 2020 (Rupees in thousand)	Audited September 30, 2019 (Rupees in thousand)
<b>6. Property, plant and equipment</b>			
Operating fixed assets	6.1	8,790,794	9,091,077
Capital work-in-progress	6.2	95,115	132,876
		<u>8,885,909</u>	<u>9,223,953</u>
<b>6.1 Operating fixed assets - at net book value</b>			
Net book value at the beginning of the period / year		9,091,077	9,058,808
Impact of adoption of IFRS 16		(146,591)	-
Add: Additions during the period / year	6.1.1	438,507	866,839
Add: Transfers from ROU asset during the period / year		4,849	
Less: Disposals during the period / year		(4,180)	(7,051)
Depreciation charged for the period / year		(592,868)	(827,519)
		(597,048)	(834,570)
Net book value at the end of the period / year		<u>8,790,794</u>	<u>9,091,077</u>
<b>6.1.1 Additions during the period / year</b>			
Freehold land		-	1,603
Building and roads		50,727	156,069
Plant and machinery		337,174	537,391
Electric Installations		37,017	63,752
Office equipment		5,080	6,111
Furniture and fixtures		3,577	3,757
Owned vehicles		4,932	8,029
Leased vehicles (note 7)		-	90,127
		<u>438,507</u>	<u>866,839</u>
<b>6.2 Capital work-in-progress</b>			
At the beginning of the period / year		132,876	472,983
Add: Additions during the period / year	6.2.1	469,524	602,972
Less: Capitalized / adjusted during the period / year		(507,285)	(943,079)
Balance at the end of the period / year		<u>95,115</u>	<u>132,876</u>

	Note	Un-audited June 30, 2020 (Rupees in thousand)	Audited September 30, 2019 (Rupees in thousand)
<b>6.2.1 Additions during the period / year</b>			
Buildings on freehold land		42,741	94,858
Plant and machinery		356,728	315,780
Electric installations		29,552	58,276
Office equipment		7,810	6,557
Leased vehicles		32,562	89,965
Leased plant and machinery		132	35,416
Advances to contractors		-	2,120
		<u>469,524</u>	<u>602,972</u>
<b>7. Right-of-use assets</b>			
Opening net book value		-	-
Impact of adoption of IFRS 16		176,407	-
Add: Additions during the period / year		75,803	-
Less: Disposals during the period / year		-	-
Transferred to owned assets during the period / year		(4,849)	-
Depreciation charged for the period / year		(37,525)	-
		(42,374)	-
Net book value at the end of the period / year		<u>209,836</u>	<u>-</u>
<b>8. Long term investment</b>			
This represents investment of the Company in its subsidiary Whole Foods (Private) Limited (WFL). WFL was incorporated in Pakistan on October 26, 2017. The principal activity of WFL is to setup, manage, supervise and control the storage facilities for agricultural produce.			
<b>9. Stock-in-trade</b>			
Finished goods			
- sugar		680,756	1,384,164
- molasses		1,622,288	220,572
- ethanol		191,490	110,948
		<u>2,494,534</u>	<u>1,715,684</u>
Work-in-process		11,381	9,140
		<u>2,505,915</u>	<u>1,724,824</u>
<b>10. Trade debts</b>			
Considered good		1,861,507	57,011
Considered doubtful		2,531	1,752
		<u>1,864,038</u>	<u>58,763</u>
Loss allowance		(2,531)	(1,752)
		<u>1,861,507</u>	<u>57,011</u>
<b>11. Loans and advances</b>			
Advances to:			
Employees		5,498	3,579
Suppliers and contractors		1,170,261	999,250
		<u>1,175,759</u>	<u>1,002,829</u>
Due from related parties	11.1	434,826	216,384
Letters of credit		169,511	204,004
		<u>1,780,096</u>	<u>1,423,217</u>
Less:			
- Provision for doubtful advances		(28,838)	(28,838)
- Loss allowance		(3,755)	(1,499)
		<u>1,747,503</u>	<u>1,392,880</u>



	Un-audited June 30, 2020 (Rupees in thousand)	Audited September 30, 2019
11.1 This represents amounts due from the following related parties:		
Due from holding company:		
The Premier Sugar Mills and Distillery Company Limited	215,721	107,157
Due from subsidiary company:		
Whole Foods (Private) Limited	219,105	109,227
	<u>434,826</u>	<u>216,384</u>
12. Trade deposits, prepayments and other receivables		
Prepayments	8,962	5,074
Export subsidy receivable	305,519	305,519
Sales tax	-	26,526
Others	4,273	1,826
	<u>318,753</u>	<u>338,945</u>

### 13. 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;

	Note	June 30, 2020 (Number of shares)	September 30, 2019
Holding company			
Premier Sugar Mills & Distillery Company Limited		13,751,000	13,751,000
Associated companies			
Azlake Enterprises (Pvt.) Limited		1,462,859	1,462,859
Phipson & Co. Pakistan (Pvt.) Limited		307,500	307,500
Syntronics Limited		3,590,475	3,590,475
		<u>19,111,834</u>	<u>19,111,834</u>

### 14. Long term finances - secured

		Un-audited June 30, 2020 (Rupees in thousand)	Audited September 30, 2019
Bank Al-Habib Limited		190,356	297,710
Soneri Bank Limited		611,775	361,746
The Bank of Punjab		30,775	103,166
Dubai Islamic Bank Pakistan Limited		487,466	682,452
MCB Bank Limited		263,332	291,313
Total	14.1	<u>1,583,704</u>	<u>1,736,387</u>
Accrued mark-up		<u>40,153</u>	<u>70,441</u>
		<u>1,623,857</u>	<u>1,806,828</u>
Less: amount payable within next 12 months			
Principal		(490,980)	(552,566)
Accrued mark-up		(40,153)	(70,441)
Amount due after June 30, 2021	14.2	<u>1,092,724</u>	<u>1,183,821</u>

14.1 These represent term and demand finance obtained by the Company from the aforementioned 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.

14.2 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 have been classified as per the repayment schedule applicable in respect of the respective loan agreements.

### 15. Loans from related parties - secured

	Note	Un-audited June 30, 2020 (Rupees in thousand)	Audited September 30, 2019
Holding company			
The Premier Sugar Mills & Distillery Company Limited	15.1	139,086	173,934
Associated companies			
Premier Board Mills Limited	15.2	65,575	65,575
Arpak International Investments Limited	15.3	43,750	43,750
Azlake Enterprises (Private) Limited	15.4	85,000	85,000
Accrued mark-up		<u>24,556</u>	<u>17,012</u>
		<u>357,967</u>	<u>385,271</u>
Less: amount payable within next 12 months			
Principal		-	(31,236)
Accrued mark-up		(24,556)	(17,012)
Amount due after June 30, 2021		<u>333,411</u>	<u>337,023</u>

15.1 The Company obtained an aggregate long term finance facility of Rs 236.67 million from holding company. The principal is repayable in 7 semi annual installments which had commenced 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.

15.2 The Company has outstanding long term finance facility of Rs 65.58 million to associated company Premier Board Mills Limited. The principal repayments are restructured during the current period and the principal is now 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.

15.3 The Company obtained long term finance facility of Rs 43.75 million from associated company Arpak International Investments Limited. The principal repayments are restructured during the current period and the principal is now 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.

15.4 The Company obtained long term finance facility of Rs 85 million from associated company Azlake Enterprises (Private) Limited. 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.

### 16. Deferred liabilities

Deferred taxation	971,549	1,050,320
Provision for gratuity	<u>8,388</u>	<u>6,582</u>
	<u>979,937</u>	<u>1,056,902</u>

### 17. Trade and other payables

Creditors	427,406	217,602
Due to related parties	17.1 94,685	19,226
Accrued liabilities	110,136	69,355
Retention money	15,001	12,725
Sales tax	19,081	-
Security deposits	964	894
Advances from customers	203,075	263,302
Income tax deducted at source	27,440	22,771
Payable to workers welfare institutions	131,715	44,912
Payable to employees	40,432	30,068
Payable to provident fund	2,699	2,598
Others	6,281	5,529
	<u>1,078,915</u>	<u>688,982</u>

	Note	Un-audited June 30, 2020	Audited September 30, 2019
17.1	This represents amounts due to the following related parties:		
		(Rupees in thousand)	
	The Frontier Sugar Mills & Distillery Limited	81	81
	Syntronics Limited	68,434	943
	Azlak Enterprises (Private) Limited	26,169	18,202
		<u>94,685</u>	<u>19,226</u>
18.	<b>Short term running finance</b>		
	Secured	18.1	4,588,910
	Accrued mark-up		2,997,993
		<u>189,683</u>	<u>102,949</u>
		<u>4,778,593</u>	<u>3,100,942</u>
18.1	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 + 1% per annum to KIBOR + 1.75% per annum and are secured against pledge of sugar stock with margin ranging from 10% to 15%, lien on export contracts / letter of credits and import documents.		
18.2	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 those financing agreements have been classified as per the repayment schedule applicable in respect of the aforesaid financing agreements.		
19.	<b>Current maturity of non-current liabilities</b>		
	Long term finances - secured	14	531,133
	Loans from related parties - secured	15	623,007
	Liabilities against assets subject to finance lease		24,556
			48,248
			44,690
			41,502
		<u>600,379</u>	<u>712,757</u>
20.	<b>Contingencies and commitments</b>		
20.1	<b>Contingencies</b>		
	There has been no significant change in the status of contingencies as disclosed in note 25 to the financial statements of the Company for the year ended September 30, 2019.		
20.2	<b>Commitments</b>		
	The Company has following commitments in respect of:		
	- foreign letters of credit for purchase of property, plant and equipment	-	41,231
	- local letter of credit for purchase of property, plant and equipment	108,113	-
	- capital expenditure other than for letters of credit	27,497	2,778
		<u>135,610</u>	<u>44,009</u>
21.	<b>Gross sales</b>		
		Three month period ended	Nine month period ended
		June 30, 2020	June 30, 2019
		June 30, 2019	June 30, 2019
		(Rupees in thousand)	
	Local	7,841,738	4,014,571
	Export	1,247,674	13,568,649
		<u>9,089,413</u>	<u>2,671,903</u>
		<u>4,746,350</u>	<u>16,240,553</u>
			<u>10,053,186</u>
22.	<b>Sales tax, other government levies and discounts</b>		
	Indirect taxes	1,169,561	350,449
	Discounts	2,822	2,014,356
		<u>1,172,383</u>	<u>7,569</u>
		<u>355,039</u>	<u>762,498</u>
			<u>9,395</u>
			<u>771,893</u>

23. Segment operating results for the nine month period ended June 30, 2020 (Un-audited)

	Sugar Division				Ethanol Division				Total			
	Three month period ended			Nine month period ended	Three month period ended			Nine month period ended	Three month period ended			Nine month period ended
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Sales												
-External customers	7,462,537	3,825,344	12,807,056	7,560,314	1,626,876	921,006	3,433,495	2,492,872	9,089,413	4,746,350	16,240,553	10,053,186
-Intra segment	(100,253)	110,275	467,938	485,210	1,626,876	921,006	3,433,495	2,492,872	(100,253)	110,275	467,938	485,210
Less : sales tax & others	7,362,284	3,935,619	13,274,996	8,045,524	(56,480)	(28,805)	(113,193)	(80,222)	8,989,160	4,856,625	16,708,491	10,538,396
Sales - net	(1,115,903)	(326,234)	(1,908,732)	(691,671)	1,570,396	892,201	3,320,302	2,412,650	(1,172,383)	(355,039)	(2,021,925)	(771,893)
	6,246,381	3,609,385	11,366,264	7,353,853					7,816,777	4,501,586	14,686,566	9,766,503
Segment expenses:												
Cost of sales												
Cost of sales less: Intra segment cost	(4,822,076)	(2,935,653)	(6,990,769)	(6,305,710)	(1,334,021)	(629,431)	(2,252,774)	(1,373,744)	(6,156,097)	(3,565,064)	(11,233,542)	(7,679,454)
	-	-	-	-	100,253	(110,275)	(467,938)	(485,210)	100,253	(110,275)	(467,938)	(485,210)
	(4,822,076)	(2,935,653)	(6,990,769)	(6,305,710)	(1,233,768)	(739,706)	(2,720,712)	(1,858,954)	(6,055,844)	(3,675,359)	(11,701,480)	(8,164,664)
Gross profit	1,424,305	2,385,496	1,048,143		338,628	152,495	599,590	553,696	1,760,933	826,227	2,985,086	1,601,839
Selling and distribution expenses	(127,608)	(7,698)	(160,326)	(35,080)	(118,741)	(92,990)	(393,617)	(206,330)	(246,439)	(90,688)	(553,943)	(241,410)
Administrative and general expenses	(134,267)	(137,426)	(409,993)	(339,580)	(15,742)	(13,584)	(42,246)	(53,003)	(150,009)	(151,020)	(452,239)	(374,583)
	(261,876)	(145,124)	(570,320)	(374,660)	(134,483)	(96,564)	(435,863)	(241,333)	(396,339)	(241,708)	(1,006,183)	(615,993)
Profit from operations	1,162,429	528,607	1,815,176	673,483	202,145	55,911	163,727	312,363	1,364,574	584,518	1,978,903	985,846
Other income	30,694	8,605	55,608	36,492	1,330	768	2,429	1,604	32,024	9,373	58,037	38,096
Other expenses	(52,359)	(16,339)	(70,692)	(25,016)	(14,944)	(6,120)	(14,944)	(6,120)	(67,303)	(22,459)	(85,636)	(31,136)
	(21,665)	(7,734)	(15,084)	11,476	(13,614)	(5,352)	(12,515)	(4,516)	(35,279)	(13,086)	(27,599)	6,960
Segment results	1,140,764	520,873	1,800,092	684,959	188,531	50,559	151,212	307,847	1,329,295	571,432	1,951,304	992,806
Finance cost									(251,846)	(220,667)	(702,168)	(537,954)
Profit before tax									1,077,449	350,765	1,249,136	454,852
Taxation									(139,254)	(120,680)	(121,764)	(62,039)
Profit for the period									938,195	230,086	1,127,372	392,813

### 23.1 Segment assets and liabilities

	Un-audited June 30, 2020		Audited September 30, 2019	
	(Rupees in thousand)			
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Sugar	10,669,390	4,993,856	9,263,004	3,283,262
Ethanol	5,654,763	2,556,755	4,263,337	2,403,240
Total for reportable segment	16,324,153	7,550,611	13,526,341	5,686,502
Others		1,468,171	-	1,518,380
Entity's total assets / liabilities	16,324,153	9,018,782	13,526,341	7,204,882

### 24. Transactions with related parties

The Company has related party relationship, with its Holding Company and associated companies, its directors, key management personnel and employee benefit plan. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with the related parties during the period were as follows:

	Three month period ended		Nine month period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees in thousand)			
<b>Premier Sugar Mills and Distillery Company Limited</b>				
Purchase of molasses	-	-	105,920	22,617
Sale of store items	12,543	1,872	14,907	6,517
Sale of bagasse	-	-	6,000	4,170
Sale of molasses	207,156	-	207,156	-
Purchase of store items	-	-	1,675	-
Mark-up charged	4,886	7,585	18,441	22,456
Expenses paid by Holding Company	4,099	3,652	4,756	11,591
Expenses paid on behalf of Holding Company	4,465	29,394	13,343	72,394
Rent expense	4,950	4,950	14,850	14,850
Rent income	28	27	86	85
Dividend paid	-	-	68,755	20,627
<u>Associated undertakings</u>				
Services	7,249	6,871	22,036	20,028
Expenses paid by associated companies	1,851	311	2,843	562
Purchase of goods	84,398	-	173,131	122,499
Expenses paid on behalf of associated companies	49,302	-	109,878	-
Dividend paid	-	-	26,804	8,041
Post employment benefit				
Expense charged in respect of retirement benefit plan	781	650	2,344	1,950
Key management personnel				
Salaries and other benefits	30,589	14,438	98,153	45,857

### 25. General

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

25.2 Late in 2019 news emerged from China about the COVID-19 (Coronavirus). In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Company's statement of financial position as at June 30, 2020. While this is still an evolving situation as at the time of issuing these condensed financial statements yet, to date the operations of the Company have continued uninterrupted during this pandemic, future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

### 26. Corresponding figures

Corresponding figures have been re-arranged and re-classified as follows, for the purposes of comparison and better presentation as per reporting framework. However, the change in corresponding figures has no material impact on reported financial position, financial performance and cash flows of the Company.

<u>Reclassified from</u>	<u>Reclassified to</u>	<u>Rupees in thousand</u>
Sales tax, other government levies and commissions	Selling and distribution expenses	80,095
Other income	Finance cost	32,291

### 27. Date of authorization for issue

These condensed interim financial statements were authorized for circulation to the shareholders by the Board of Directors of the Company on August 27, 2020.

  
Aziz Sarfaraz Khan  
Chief Executive

  
Iskander M. Khan  
Director

  
Rizwan Ullah Khan  
Chief Financial Officer



# CHASHMA SUGAR MILLS LIMITED

**CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD  
ENDED JUNE 30, 2020  
(UN-AUDITED)**

## **CHASHMA SUGAR MILLS LIMITED** **CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020**

	Note	Un-audited June 30, 2020	Audited September 30, 2019
(Rupees in thousand)			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	9,400,723	9,536,212
Right-of-use assets	7	209,836	-
Long term security deposits - considered good		15,084	15,084
		<u>9,625,643</u>	<u>9,551,296</u>
<b>CURRENT ASSETS</b>			
Stores and spares		462,765	469,712
Stock-in-trade	8	2,512,578	1,724,824
Trade debts	9	1,861,507	57,011
Loans and advances	10	1,528,747	1,283,676
Trade deposits, prepayments and other receivables	11	348,289	387,458
Cash and bank balances		218,135	228,648
		<u>6,932,021</u>	<u>4,151,329</u>
<b>TOTAL ASSETS</b>		<u>16,557,665</u>	<u>13,702,625</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		500,000	500,000
Issued, subscribed and paid-up capital	12	286,920	286,920
Capital reserve			
General reserve		327,000	327,000
Revenue reserve			
Unappropriated profits		3,152,761	1,985,055
		<u>3,766,681</u>	<u>2,598,975</u>
Surplus on revaluation of property, plant and equipment		3,520,593	3,713,454
<b>Shareholders' equity</b>		<u>7,287,274</u>	<u>6,312,429</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - secured	13	1,251,676	1,312,000
Loans from related parties - secured	14	358,411	337,023
Liabilities against assets subject to finance lease		108,426	94,970
Deferred liabilities	15	1,009,453	1,078,582
		<u>2,727,966</u>	<u>2,822,575</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	1,083,154	705,196
Unclaimed dividend		10,539	8,688
Short term running finance	17	4,778,593	3,100,942
Current maturity of non-current liabilities	18	645,333	743,051
Provision for taxation		24,805	9,744
		<u>6,542,424</u>	<u>4,567,621</u>
		<u>9,270,390</u>	<u>7,390,196</u>
Contingencies and commitments	19		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>16,557,665</u>	<u>13,702,625</u>

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

  
**Aziz Sarfaraz Khan**  
Chief Executive

  
**Iskander M. Khan**  
Director

  
**Rizwan Ullah Khan**  
Chief Financial Officer

**CHASHMA SUGAR MILLS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM**  
**STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2020**

	Note	Three month period ended		Nine month period ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- Rupees in thousand -----					
Gross sales	20	9,089,413	4,746,350	16,240,553	10,053,186
Sales tax, other government levies and commissions	21	(1,154,122)	(435,134)	(2,021,925)	(851,988)
Sales - net		7,935,291	4,311,216	14,218,628	9,201,198
Cost of sales		(6,205,339)	(3,565,084)	(11,233,542)	(7,679,454)
<b>Gross profit</b>		<b>1,729,952</b>	<b>746,132</b>	<b>2,985,085</b>	<b>1,521,744</b>
Selling and distribution expenses		(247,064)	(10,593)	(553,943)	(161,315)
Administrative and general expenses		(166,682)	(152,035)	(461,296)	(381,127)
Other income		32,024	41,664	58,037	70,387
Other expenses		(67,303)	(22,459)	(85,636)	(31,136)
<b>Operating profit</b>		<b>1,280,927</b>	<b>602,709</b>	<b>1,942,247</b>	<b>1,018,553</b>
Finance cost		(253,748)	(255,979)	(702,178)	(573,283)
<b>Profit before taxation</b>		<b>1,027,179</b>	<b>346,730</b>	<b>1,240,069</b>	<b>445,270</b>
<b>Taxation</b>					
- Current		(112,996)	(73,396)	(200,382)	(129,147)
- Prior year		0	0	(154)	(564)
- Deferred		26,257	(47,285)	78,772	67,672
		(86,739)	(120,681)	(121,764)	(62,039)
<b>Profit after taxation</b>		<b>940,440</b>	<b>226,049</b>	<b>1,118,305</b>	<b>383,232</b>
Earnings per share - basic and diluted (Rs)		32.78	7.88	38.98	13.36

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

  
**Aziz Sarfaraz Khan**  
**Chief Executive**

  
**Iskander M. Khan**  
**Director**

  
**Rizwan Ullah Khan**  
**Chief Financial Officer**

**CHASHMA SUGAR MILLS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM**  
**STATEMENT OF COMPREHENSIVE INCOME UN-AUDITED)**  
**FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2020**

	Three month period ended		Nine month period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- Rupees in thousand -----				
Profit for the period	940,440	226,049	1,118,305	383,232
Other comprehensive income / (loss)				
Items that will not be classified to profit or loss:				
Premeasurement loss arising on actuarial valuation	-	(537)	-	(537)
<b>Total comprehensive income for the period</b>	<b>940,440</b>	<b>225,512</b>	<b>1,118,305</b>	<b>382,695</b>

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

  
**Aziz Sarfaraz Khan**  
**Chief Executive**

  
**Iskander M. Khan**  
**Director**

  
**Rizwan Ullah Khan**  
**Chief Financial Officer**

**CHASHMA SUGAR MILLS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM**  
**STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2020**

	Nine month period ended	
	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit for the period - before taxation	1,240,069	445,270
Adjustments for non-cash items:		
Depreciation	630,533	611,342
Gain on sale of operating fixed assets	(1,495)	(4,311)
Profit on bank deposits	(2,755)	(4,879)
Finance cost	702,178	552,523
Provision for doubtful debts	779	110
Provision for doubtful advances	2,256	-
Provision for gratuity	2,345	1,952
	2,573,910	1,602,007
<b>Changes in working capital</b>		
(Increase)/Decrease in		
Stores and spares	6,947	(10,248)
Stock-in-trade	(787,754)	(1,548,408)
Trade debts	(1,805,275)	76,405
Loans and advances	(247,328)	(45,380)
Trade deposits, prepayments and other receivables	39,169	275,746
Increase in trade and other payables	377,958	(30,882)
	(2,416,283)	(1,282,767)
	157,627	319,240
Income taxes paid	(185,475)	(98,383)
Gratuity paid	(539)	(1,846)
Net cash used in / generated from operating activities	(28,387)	219,011
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(603,441)	(643,898)
Sale proceeds of operating fixed assets	5,676	8,837
Increase in long term security deposits	-	(1,226)
Profit on bank deposits	2,755	4,879
Net cash used in investing activities	(595,010)	(631,408)
<b>Cash flow from financing activities</b>		
Long term finances received / (repaid)	(102,696)	(23,349)
Loan received from related party	(9,848)	10,000
Obligations under finance leases repaid	(88,975)	(37,170)
Dividends paid	(141,609)	(42,491)
Finance cost paid	(634,905)	(481,612)
Net cash used in financing activities	(978,034)	(574,622)
<b>Net increase in cash and cash equivalents</b>	(1,601,430)	(987,019)
<b>Cash and cash equivalents - at beginning of the period</b>	(2,769,345)	(3,427,394)
<b>Cash and cash equivalents - at end of the period</b>	(4,370,775)	(4,414,413)
<b>Cash and cash equivalents comprised of:</b>		
Bank balances	218,135	163,556
Short term running finance	(4,588,910)	(4,577,969)
	(4,370,775)	(4,414,413)

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

  
**Aziz Sarfaraz Khan**  
**Chief Executive**

  
**Iskander M. Khan**  
**Director**

  
**Rizwan Ullah Khan**  
**Chief Financial Officer**

**CHASHMA SUGAR MILLS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2020**

	Share capital	General reserve	Unappropriated profits	Surplus on revaluation of property, plant and equipment	Total
	Rupees in thousand				
Balance as at October 1, 2018	286,920	327,000	1,171,063	4,019,029	5,804,012
Total comprehensive income for the nine month period ended June 30, 2019					
Income for the period	-	-	383,232	-	383,232
Other comprehensive income for the period	-	-	383,232	-	383,232
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	214,290	(214,290)	-
Cash dividend at rate of Rs. 1.50 per ordinary share for the year ended September 30, 2018	-	-	(43,038)	-	(43,038)
Balance as at June 30, 2019	286,920	327,000	1,725,546	3,804,739	6,144,206
Total comprehensive income for the three month period ended September 30, 2019					
Income for the period	-	-	187,856	-	187,856
Other comprehensive income for the period	-	-	222	(19,855)	(19,633)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the half year - net of deferred taxation	-	-	71,430	(71,430)	-
Deferred tax adjustment due to reduction in tax rate	-	-	-	-	-
Balance as at September 30, 2019	286,920	327,000	1,985,055	3,713,454	6,312,429
Total comprehensive income for the nine month period ended June 30, 2020					
Income for the period	-	-	1,118,305	-	1,118,305
Other comprehensive income for the period	-	-	1,118,305	-	1,118,305
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the nine months - net of deferred	-	-	192,861	(192,861)	-
Cash dividend at rate of Rs. 5.00 per ordinary share for the year ended September 30, 2019	-	-	(143,460)	-	(143,460)
Balance as at June 30, 2020	286,920	327,000	3,152,761	3,520,593	7,287,274

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

  
**Aziz Sarfaraz Khan**  
**Chief Executive**

  
**Iskander M. Khan**  
**Director**

  
**Rizwan Ullah Khan**  
**Chief Financial Officer**



# CHASHMA SUGAR MILLS LIMITED

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2020

### 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 consolidated condensed interim financial statements for nine month period ended June 30, 2020 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 been followed.

The disclosures in this consolidated 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.

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in foreign currency. IFRIC 22 is notified to be effective by IASB for annual periods beginning on or after January 1, 2018. IFRIC 22 addresses foreign currency transaction when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. IFRIC 22 permits retrospective or prospective approach for adoption. The Company has applied the interpretation prospectively to all assets, expenses and income in the scope of the interpretation initially recognized on or after January 1, 2018.

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 are not yet effective but relevant

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be 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.

### 5. Seasonality of operations

Due to seasonal nature of sugar segment, operating results are expected to fluctuate in the fourth quarter of the year in comparison with the first three quarters of the year.

	Note	Un-audited June 30, 2020 (Rupees in thousand)	Audited September 30, 2019
<b>6. Property, plant and equipment</b>			
Operating fixed assets	6.1	8,819,956	9,119,317
Capital work-in-progress	6.2	580,767	416,895
		<u>9,400,723</u>	<u>9,536,212</u>
<b>6.1 Operating fixed assets - at net book value</b>			
Net book value at the beginning of the period / year		9,119,317	9,085,772
Impact of adoption of IFRS 16		(146,591)	0
Add: Additions during the period / year	6.1.1	439,569	868,207
Add: Transfers from ROU asset during the period / year		4,849	0
Less: Disposals during the period / year		(4,180)	(7,051)
Depreciation charged for the period / year		(593,007)	(827,611)
		<u>(597,187)</u>	<u>(834,662)</u>
Net book value at the end of the period / year		<u>8,819,956</u>	<u>9,119,317</u>



	Note	Un-audited June 30, 2020 (Rupees in thousand)	Audited September 30, 2019
<b>6.1.1 Additions during the period / year</b>			
Freehold land		-	1,603
Building and roads		50,727	156,069
Plant and machinery		337,174	537,391
Electric Installations		37,017	64,580
Office equipment		6,098	6,414
Furniture and Fixtures		3,621	3,948
Owned vehicles		4,932	8,075
Leased plant and machinery		-	90,127
		<u>439,569</u>	<u>868,207</u>
<b>6.2 Capital work-in-progress</b>			
At the beginning of the period / year		416,895	472,983
Add: Additions during the period / year	6.2.1	671,157	886,990
Less: Capitalized / adjusted during the period / year		(507,285)	(943,078)
Balance at the end of the period / year		<u>580,767</u>	<u>416,895</u>
<b>6.2.1 Additions during the period / year</b>			
Buildings on freehold land		98,117	169,901
Plant and machinery		478,450	494,961
Electric installations		29,552	58,276
Office equipments		7,810	6,557
Leased vehicles		32,562	89,965
Leased plant and machinery		132	35,416
Advances to contractors		24,534	31,914
		<u>671,157</u>	<u>886,990</u>
<b>7. Right-of-use assets</b>			
Opening net book value		-	-
Impact of adoption of IFRS 16		176,407	-
Add: Revaluation surplus during the period / year			
Add: Additions during the period / year		75,803	-
Less: Disposals during the period / year		-	-
Transferred to owned assets during the period / year		(4,849)	-
Depreciation charged for the period / year		(37,525)	-
		<u>(42,374)</u>	<u>-</u>
Net book value at the end of the period / year		<u>209,836</u>	<u>-</u>
<b>8. Stock-in-trade</b>			
Finished goods			
- sugar		680,756	1,384,164
- molasses		1,622,288	220,572
- ethanol		191,490	110,948
- wheat		6,663	-
		<u>2,501,197</u>	<u>1,715,684</u>
Work-in-process		11,381	9,140
		<u>2,512,578</u>	<u>1,724,824</u>

	Note	Un-audited June 30, 2020 (Rupees in thousand)	Audited September 30, 2019
<b>9. Trade debts</b>			
Considered good		1,861,507	57,011
Considered doubtful		<u>2,531</u>	<u>1,752</u>
		1,864,038	58,763
Provision for doubtful debts		<u>(2,531)</u>	<u>(1,752)</u>
		<u>1,861,507</u>	<u>57,011</u>
<b>10. Loans and advances</b>			
Advances to:			
Employees		5,847	3,602
Suppliers and contractors		<u>1,170,261</u>	<u>999,250</u>
		1,176,108	1,002,852
Due from the Holding Company	10.1	215,721	107,157
Letters of credit		<u>169,511</u>	<u>204,004</u>
		1,561,340	1,314,013
Less: provision for doubtful advances		(28,838)	(28,838)
Less: loss allowance		<u>(3,755)</u>	<u>(1,499)</u>
		<u>1,528,747</u>	<u>1,283,676</u>
10.1 This represents amount due from The Premier Sugar Mills & Distillery Company Limited.			
<b>11. Trade deposits, prepayments and other receivables</b>			
Deposits		1,622	33
Prepayments		9,030	5,099
Export subsidy receivable		305,519	305,519
Sales tax		8,846	46,254
Guarantees issued		19,000	19,000
Letter of credit		0	9726
Others		4,273	1,827
		<u>348,289</u>	<u>387,458</u>
<b>12. Share Capital</b>			
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			
Azlaq 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>

		Un-audited June 30, 2020	Audited September 30, 2019
	Note	(Rupees in thousand)	
<b>13. Long term finances - secured</b>			
Bank Al-Habib Limited		190,356	297,710
Soneri Bank Limited		838,868	538,852
The Bank of Punjab		30,775	103,166
Dubai Islamic Bank Pakistan Limited		487,466	682,452
MCB Bank Limited		263,332	291,313
Total		1,810,797	1,913,493
Accrued mark-up		44,732	73,488
		1,855,529	1,986,981
Less: amount payable within next 12 months			
Principal		(529,605)	(579,813)
Deferred Benefit of below market rate of interest on refinance facility		(29,516)	(21,680)
Accrued mark-up		(44,732)	(73,488)
Amount due after June 30, 2021	13.2	1,251,676	1,312,000
13.1 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% 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.			
13.2 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 these loan agreements have been classified as per the repayment schedule applicable in respect of the aforesaid loan agreements.			
<b>14. Loans from related parties - secured</b>			
Holding company			
The Premier Sugar Mills & Distillery Co. Ltd.	14.1	139,086	173,934
Associated companies			
Premier Board Mills Ltd.	14.2	90,575	65,575
Arpak International Investments Ltd.	14.3	43,750	43,750
Azlak Enterprises (Private) Limited	14.4	85,000	85,000
Accrued mark-up		26,306	17,012
		384,717	385,271
Less: amount payable within next 12 months			
Principal		0	(31,236)
Accrued mark-up		(26,306)	(17,012)
Amount due after June 30, 2020		358,411	337,023
14.1 The Company has outstanding long term finance facility of Rs 236.671 million from holding company. The principal is repayable in 7 semi annual instalments 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.			

14.2 The Company has outstanding long term finance facility of Rs 90.575 million to associated company Premier Board Mills Limited. The principal repayments are restructured during the current period and the principal is now 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.			
14.3 The Company obtained long term finance facility of Rs 43.75 million from associated company Arpak International Investments Limited. The principal repayments are restructured during the current period and the principal is now 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.			
14.4 The Company obtained long term finance facility of Rs 85 million from associated company Azlak Enterprises (Private) Limited. 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.			
<b>15. Deferred liabilities</b>		Un-audited June 30, 2020	Audited September 30, 2019
	Note	(Rupees in thousand)	
Deferred taxation		971,549	1,050,320
Provision for gratuity		8,388	6,582
Deferred Benefit of below market rate of interest on refinance facility		29,516	21,680
		1,009,453	1,078,582
<b>16. Trade and other payables</b>			
Creditors		440,312	230,507
Due to Associated Companies	16.1	94,685	19,226
Accrued expenses		110,178	71,408
Retention money		22,419	13,981
Security deposits		964	894
Advances from customers		203,075	263,302
Income tax deducted at source		30,393	22,771
Payable to workers welfare institutions		131,715	44,912
Payable to employees		40,432	30,068
Payable to provident fund		2,699	2,598
Others		6,281	5,529
		1,083,154 <sup>1</sup>	705,196
16.1 This represents amounts due to the following Associated Companies:			
The Frontier Sugar Mills & Distillery Limited		81	81
Syntronics Limited		68,434	943
Azlak Enterprises (Private) Limited		26,169	18,202
		94,685	19,226
<b>17. Short term running finance</b>			
Secured	17.1	4,588,910	2,997,993
Accrued mark-up		189,683	102,949
		4,778,593	3,100,942
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 + 1% per annum to KIBOR + 1.25% per annum and are secured against pledge of sugar stock with margin ranging from 10% to 15%, 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.

	Note	Un-audited June 30, 2020	Audited September 30, 2019
(Rupees in thousand)			
<b>18. Current maturity of non-current liabilities</b>			
Long term finances - secured	13	574,337	653,301
Loans from related parties - secured	14	26,306	48,248
Liabilities against assets subject to finance lease		44,690	41,502
		<u>645,333</u>	<u>743,051</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 24 to the audited consolidated financial statements of the Company for the year ended September 30, 2019.

**19.1.2 Commitments**

The Company has following commitments in respect of:

- foreign letters of credit for purchase of property, plant and equipment	0	79,403
- local letter of credit for purchase of property, plant and equipment	108,113	
- capital expenditure other than for letters of credit	<u>65,204</u>	<u>94,034</u>
	<u>173,317</u>	<u>173,437</u>

**20. Gross sales**

	Three month period ended		Nine month period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
(Rupees in thousand)				
Local	7,841,739	4,014,571	13,568,649	8,089,009
Export	1,247,675	731,779	2,671,903	1,964,177
	<u>9,089,413</u>	<u>4,746,350</u>	<u>16,240,553</u>	<u>10,053,186</u>

**21. Sales tax, other government levies and discounts**

Indirect taxes	1,151,300	350,449	2,014,356	762,498
Discounts	2,822	84,685	7,569	89,490
	<u>1,154,122</u>	<u>435,134</u>	<u>2,021,925</u>	<u>851,988</u>

**22. Segment operating results for the six month period ended June 30, 2020 (Un-audited)**

	Sugar Division				Ethanol Division				Total			
	Three month period ended June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	Three month period ended June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	Three month period ended June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Rupees in thousand												
Sales	7,462,537	3,825,344	12,807,058	7,560,314	1,626,876	921,006	3,433,495	2,492,872	9,089,413	4,746,350	16,240,553	10,053,186
- External customers												
- Internal segment	(100,253)	110,275	467,938	485,210					(100,253)	110,275	467,938	485,210
Less - sales tax & others	7,362,284	3,935,619	13,274,799	8,045,524	1,626,876	921,006	3,433,495	2,492,872	8,989,160	4,856,625	16,708,491	10,538,396
Sales - net	(1,097,642)	(406,229)	(1,908,732)	(771,756)	(56,480)	(28,805)	(113,193)	(80,222)	(1,154,122)	(435,134)	(2,021,925)	(851,988)
	<u>6,264,642</u>	<u>3,529,290</u>	<u>11,366,284</u>	<u>7,273,758</u>	<u>1,570,396</u>	<u>892,201</u>	<u>3,320,302</u>	<u>2,412,650</u>	<u>7,835,038</u>	<u>4,421,481</u>	<u>14,686,566</u>	<u>9,686,408</u>
Segment expenses:												
Cost of sales												
Cost of sales	(4,871,318)	(2,935,653)	(8,980,768)	(6,305,710)	(1,334,021)	(629,431)	(2,252,774)	(1,373,744)	(6,205,339)	(3,565,064)	(11,233,542)	(7,679,454)
less: Intersegment cost	-	-	-	-	100,253	(110,275)	(467,938)	(485,210)	100,253	(110,275)	(467,938)	(485,210)
Gross profit	(4,871,318)	(2,935,653)	(8,980,768)	(6,305,710)	(1,233,768)	(739,706)	(2,720,712)	(1,858,954)	(6,105,086)	(3,675,359)	(11,701,480)	(8,164,664)
Selling and distribution expenses	(128,323)	72,297	(160,326)	45,015	(118,741)	(62,990)	(393,617)	(206,330)	(247,064)	(10,583)	(553,943)	(161,315)
Administrative and general expenses	(130,940)	(138,441)	(419,030)	(346,124)	(13,742)	(13,394)	(42,246)	(33,033)	(166,692)	(132,035)	(461,296)	(381,127)
	(279,263)	(66,044)	(579,376)	(301,109)	(134,483)	(96,594)	(435,863)	(241,333)	(413,746)	(162,628)	(1,015,239)	(544,442)
Profit from operations	1,114,061	527,593	1,806,119	666,939	202,145	55,911	163,727	312,363	1,316,206	583,504	1,969,846	979,302
Other income	30,694	40,896	55,608	68,783	1,330	788	2,429	1,604	32,024	41,664	58,037	70,387
Other expenses	(52,359)	(16,339)	(70,692)	(25,016)	(14,944)	(6,120)	(14,944)	(6,120)	(67,203)	(22,459)	(85,636)	(31,136)
	(21,665)	24,557	(15,084)	43,767	(13,614)	(5,352)	(12,515)	(4,516)	(35,279)	19,205	(27,599)	39,251
Segment results	<u>1,092,396</u>	<u>552,150</u>	<u>1,791,035</u>	<u>710,706</u>	<u>188,531</u>	<u>50,559</u>	<u>151,212</u>	<u>307,847</u>	<u>1,280,927</u>	<u>602,709</u>	<u>1,942,247</u>	<u>1,018,553</u>
Finance cost									(253,748)	(255,979)	(702,178)	(573,283)
Profit before tax									1,027,179	346,730	1,240,069	445,270
Taxation									(86,739)	(120,681)	(121,764)	(62,039)
Profit after taxation									<u>940,440</u>	<u>226,049</u>	<u>1,118,305</u>	<u>383,232</u>

## 22.1 Segment assets and liabilities

	Un-audited June 30, 2019		Audited September 30, 2019	
	(Rupees in thousand)			
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Sugar	11,142,452	5,255,499	9,042,725	3,261,581
Ethanol	5,415,213	2,555,457	4,263,337	2,403,240
Total for reportable segment	16,557,665	7,810,956	13,306,062	5,664,821
Others	-	1,459,435	396,563	1,725,375
Entity's total assets / liabilities	16,557,665	9,270,390	13,702,625	7,390,196

## 23. Transactions with related parties

The Company has related party relationship, with its Holding Company and associated companies, its directors, key management personnel and employee benefit plan. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with the related parties during the period were as follows:

Three month period ended June 30, 2020      June 30, 2019      Nine month period ended June 30, 2020      June 30, 2019

-----Rupees in thousand-----

### Holding Company

#### Premier Sugar Mills and Distillery Company Limited

Purchase of molasses	-	-	105,920	22,617
Sale of store items	12,543	1,872	14,907	6,517
Sale of bagasse	-	-	6,000	4,170
Sale of molasses	207,156	-	207,156	-
Purchase of store items	-	-	1,675	-
Mark-up charged	4,886	7,585	18,441	22,456
Expenses paid by Holding Company	4,099	3,652	4,756	11,591
Expenses paid on behalf of Holding Company	4,465	29,394	13,343	72,394
Rent expense	4,950	4,950	14,850	14,850
Rent income	28	27	86	85
Dividend paid	-	-	68,755	20,627

### Associated undertakings

Services	7,249	6,871	22,036	20,028
Expenses paid by associated companies	1,851	311	2,843	562
Purchase of goods	84,398	-	173,131	122,499
Dividend paid	-	-	26,804	8,041
Post employment benefit				
Expense charged in respect of retirement benefit plan	781	650	2,344	1,950
Key management personnel*				
Salaries and other benefits	30,589	14,438	98,153	45,857

\*Comparatives figures have been restated to reflect changes in the definition of "Executive" as per Companies Act, 2017.

## 24. General

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

24.2. Late in 2019 news emerged from China about the COVID-19 (Coronavirus). In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Company's statement of financial position as at June 30, 2020. While this is still an evolving situation as at the time of issuing these condensed financial statements yet, to date the operations of the Company have continued uninterrupted during this pandemic, future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

## 25. Corresponding figures

Corresponding figures have been re-arranged and re-classified as follows, for the purposes of comparison and better presentation as per reporting framework. However, the change in corresponding figures has no material impact on reported financial position, financial performance and cash flows of the Company.

Reclassified from	Reclassified to	(Rupees in thousand)
Sales tax, other government levies and commissions	Selling and distribution expenses	80,095
Other income	Finance cost	32,291

## 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 August 27, 2020.

  
Aziz Sarfaraz Khan  
Chief Executive

  
Iskander M. Khan  
Director

  
Rizwan Ullah Khan  
Chief Financial Officer