



**Revised and Addendum Information under Schedule 1 of
The Companies (Further issue of Shares) Regulations, 2020**

HUSEIN SUGAR MILLS LIMITED

Right Issue announce on July 16, 2021 – 14,445,000 ordinary shares @ Rs. 17.5 including premium of Rs. 7.5 amounting to Rs. 252,787,500/-

1. Risks relating to project for which proceeds of the right issue are to be utilized

- a. 60% of the proceeds amounting to Rs. 152,430,531 shall be utilized to pay director's loan, thereby making it a related party transaction. This carries substantial related-party risks and may prove detrimental to the investor's interest.
- b. The Company for the year ended September 2020 reported loss per share of Rs. 7.43 and negative cash flows from operations indicating more expenses than revenues for the year thereby increasing bankruptcy risk.
- c. Amount of liabilities of the Company has increased significantly as evident from debt to equity ratio of 1.3 in June 2021 as compared to 0.78 in September 2020 due to loss incurred in FY-2020.
- d. Finance cost of the Company has increased on Y2Y basis by 69% in comparison to 2019 majorly because of mark-up paid on loans/borrowings and has negatively impacted profitability of the Company.

2. Details of Directors' loan:

The Company received loans from main Sponsoring Directors between 2014 to 2020 for working capital needs on September 30, 2020. As of September 30, 2020, Rupees 424,428,823 was payable as disclosed in Note-17 of the Financial Statements.

RIGHT ISSUE SIZE:

Amount of ordinary shares subscription = 14,445,000 shares x Rs. 17.50 = Rs.252,787,500/-

DIRECTORS REMAINING LOAN:

Name of Director	Outstanding amount of Loan
Mr. Ahmed Ali Tariq - Chairman	144,157,550/=
Mr. Mustafa Ali Tariq- CEO	280,271,273/=
TOTAL AMOUNT SPONSORS	424,428,823/=.

3. Item-wise breakup of proceed utilization

ORDINARY RIGHT- 14,445,000 shares @ 17.50/Share amounting to Rs. 252,787,500/-

Name of Director	Amount of Loan (Rs)	To be paid from right proceeds (Rs)	% of total Proceeds
Mr. Ahmed Ali Tariq - Chairman	144,157,550	78,863,418	
Mr. Mustafa Ali Tariq- CEO	280,271,273	73,567,113	
Total Amount Sponsors	424,428,823	152,430,531	60%
Working Capital requirements*		100,356,969	40%
TOTAL AMOUNT (RS)		252,787,500	100%

***Working Capital requirements:-**

The company intends to improve its current ratio by improving its permanent working capital by retaining cash flows generated through operations and also by injection of funds received through issue of fresh ordinary/preference shares. The production of sugar in FY-2021 is almost 70% more than over previous year. Similarly, the net sales in Nine Months of FY-2021 are more than 100% compared to that achieved in previous year. As the company is also carrying out efficiency improvement initiatives and debottlenecking of various sections of the production process, therefore, the company needs larger working capital for enhanced economic/production activity. The new funds can be used for additional stores and spares, import of process chemicals, valve buying of quality sugarcane and slight enhanced payment terms (from current 1 to 3 days to 7 days) for buyers in order to get better sales price and better penetration in the market.

4. Disclosure under Para C of the Schedule 1

a) Description of major risks and company's efforts to mitigate them:	
(i) Risks relating to project for which proceeds of the right issue are to be utilized	<p>a. 60% of the proceeds amounting to Rs. 152,430,531 shall be utilized to pay director's loan, thereby making it a related party transaction. This carries substantial related-party risks and may prove detrimental to the investor's interest.</p> <p>b. The Company for the year ended September 2020 reported loss per share of Rs. 7.43 and negative cash flows from operations indicating more expenses than revenues for the year thereby increasing bankruptcy risk.</p> <p>c. Amount of liabilities of the Company has increased significantly as evident from debt to equity ratio of 1.3 in June 2021 as compared to 0.78 in September 2020 due to loss incurred in FY-2020.</p>

	d. Finance cost of the Company has increased on Y2Y basis by 69% in comparison to 2019 majorly because of mark-up paid on loans/borrowings and has negatively impacted profitability of the Company.
(ii) Material contingencies	There are no material contingencies except those disclosed in Note-25 to the Financial Statement for the Year Ended September 30, 2020. Total amount of all contingencies is Rs. 107.000 Million The company has made representation to the concerned, the company is of machinery.
(iii) Material Commitments	During the year, the Company entered into an Ijarah Agreement with a financial institution for acquisition of a vehicle. Under the agreement, the term of Ijarah is five years and Ijarah payments of Rs. 71,357 are payable monthly in arrears. Further, subsequent to the reporting date, the Company also entered into another Ijarah Agreement with a financial institution for acquisition of a vehicle. Under this agreement, the term of Ijarah is five years and Ijarah payments of Rs. 30,074 are payable monthly in arrears. Therefore, the Company is committed to pay the rentals:
(iv) Any adverse issue reported by the auditor in their audit reports in previous five years	<p>Going Concern: In the year 2018, the auditors have observed as under:</p> <p>"We draw attention to note 1.2 in the financial statements (2018-19), which indicates that the Company declared accumulated losses amounting to Rs. 418.335 million with adverse current ratio at the reporting date., these conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.</p> <p>Now the going concern has been withdrawn by Auditors and now Company has clean Auditors Report. The auditor in year 2019 removed this observation on improvement in equity and fundamentals of the company.</p>

5. Additional information to be incorporated in Revised Para A (f) of Schedule 1

	2018	2019	2020
	AMOUNT IN MILLIONS		
Net Cash flow from Operating Activities	(850.75)	1,069.83	(743.70)
Net Cash flow	18.25	70.548	40.603
Long term finance	-	352.57	829.48
Short term borrowings	1,580.87	411.38	1,407.99
Breakup Value	86.11	87.53	87.16

6. Revised para A h (ii) of Schedule 1

Details of utilization of funds raised through right issue in previous five years.

Right Issue in Year	Amount Received (Rs.)	Amount Utilised in (Rs)
2017	200,000,000	Procurement of Plant & Machinery = Rs. 179,459,110 /= Addition in Plant & Machinery - CWIP = Rs. 82,875,125 Civil Works- Boilers Foundation = Rs. 20,540,890/=
2019	100,329,000	Permanent Working Capital = Rs.100,329,000/=

7. Additional information to be incorporated in Revised Para B (g)(ii) of Schedule 1

Please provide amount of expected benefits of the issue to the company

(i) Expected benefits of the issue to the Company and its members (description and amount)	In addition to an increase in the equity base, the subscription amount from the Right Issue is expected to provide relief to the Company from the burden of sponsors' loan and the general public portion will be used as working capital, which will help company in smooth operations and better sugarcane procurement.
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Wasim Saleem
Chief Financial Officer

Date: September 17, 2021



Khalid Mahmood
Company Secretary