



# HUSEIN

## SUGAR

Ref: HSM/FR-Q1/PSX/1

Dated: July 16, 2021

The General Manager,  
Pakistan Stock Exchange Limited,  
Stock Exchange Building,  
**Karachi**

**Subject: FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED JUNE 30, 2021**

Dear Sir,

We have to inform you that the Board of Directors of the Company in their meeting held on, **July 16, 2021**, at **02:30 P.M.**, at its registered office, 180 Abu Bakar Block, New Garden Town, Canal Road, Lahore, recommended the following:

(i) **CASH DIVIDEND: NIL**

(ii) **BONUS ISSUE: NIL**

(iii) **RIGHT SHARES:-**

i) **ORDINARY RIGHT SHARES:**

The Board has recommended to issue 37.5% Right shares by offering 14,445,000 Right Shares of Rs. 10/- each to the existing members of the Company at a price of Rs.17.5/- per share (including premium of Rs.7.5/- per share) in proportion of 37.50 Right shares for every 100 ordinary shares held.

ii) **PREFERENCE SHARES BY WAY OF RIGHT ISSUE:**

The Board has also recommended that subject to necessary approvals from the members of the company by way of 'special resolution' and permission from the Securities & Exchange Commission of Pakistan, to issue 14,445,000 cumulative irredeemable, non-voting, non-participatory, convertible and listed Preference Shares of PKR 10/- each, of the aggregate subscription amount of PKR 144,450,000 be offered to the existing members of the Company by way of right at par value of PKR 10/- per share, in proportion to their existing ordinary shareholdings held by the members in accordance with the provisions of sections 58 and 83 of the companies Act, 2017, and the Companies (further Issue of Shares) Regulations, 2020.



# HUSEIN

## SUGAR

**THE SALIENT FEATURES AND TERMS & CONDITIONS OF THE PREFERENCE SHARES PROPOSED TO BE ISSUED ARE AS FOLLOWS:**

**Nature of Preference Shares:**

*Cumulative irredeemable, non-voting, non-participatory, convertible and listed.*

**Price and Dividend Rate of the Preference Share**

*The Preference Share will be issued at PAR value of PKR 10/- per share and will carry a fixed dividend @ 10% or PKR 1/- per share per annum.*

**Preferential Claim**

*Preferred Shareholders shall, on winding-up of the Company, have the first right before the ordinary Shareholders over the assets of the company limited to the extent of the nominal value of the share held by preferred Shareholders plus dividend unpaid till the commencement of the winding up proceedings and priority over dividends declared by the Company on Ordinary Shares.*

**Conversion:**

*The conversion of the preference Shares shall take place in proportion of One(1) Ordinary share of face value of PKR 10/- each will be issued for every Two(2) Preference Shares of the face value of PKR 10/-*

**PURPOSE, UTILIZATION AND BENEFITS:**

**QUANTUM OF THE RIGHT ISSUE**

The quantum of the Right Issue is 28,890,000 shares including 14,445,000 /- as preference shares and 14,445,000 as ordinary shares.

**RIGHT ISSUE SIZE**

The Company shall issue right shares including preference shares aggregating to Rs. 397,237,500/- including premium of PKR 108,337,500/=.

**RIGHT ISSUE PRICE**

Rs. 10/- per share for preference shares and Rs.17.50/- for ordinary share including premium of Rs.7.5/- per share.

**PURPOSE OF THE RIGHT ISSUE**

In order to reduce current debt levels and to improve debt/equity leverage, the Board of Directors has decided to raise a sum of Rs. 397,237,500/- through right issue. This will help the Company to mitigate the adverse impact on profitability and to raise working capital and to refund sponsor loan of the Company.



# HUSEIN

## SUGAR

Therefore, it is being proposed to issue total 28,890,000 Right Shares including ordinary 14,445,000 Ordinary Right Shares of Rs. 10/- each to the existing ordinary members of the Company at a price of Rs. 17.50/- per share (including premium of Rs. 7.5/- per share) in proportion of 37.5 Right Shares for every 100 ordinary shares held and 14,445,000 Preference Shares of Rs. 10/- each to the existing ordinary members of the Company at a price of Rs. 10/- per share in proportion of 37.5 Right Shares for every 100 ordinary shares held and

### UTILIZATION OF PROCEEDS OF THE RIGHT ISSUE

The proceeds of Right Shares will augment the Company's liquidity resulting in reduction in debt burden. This will support the Company to maintain a minimum level of debt and will also result in increase in profit available for distribution to the members by way of dividend and to meet any future capital expenditures. This proposed increase in profitability will enhance the expected returns to the valued members of the Company. The proceeds of the right shares will be also be used to meet the working capital requirements of the Company and to refund sponsors' loan of the Company.

### BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS

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.

### RISK FACTORS ASSOCIATED WITH THE RIGHT ISSUE, IF ANY

Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. Normal risks associated with the business will remain. The Company is well placed in the market with proven track record which will help to mitigate such risk factors.

### JUSTIFICATION FOR ISSUE OF SHARES AT PREMIUM

The premium charged over the par value is in line with the market practice prevailing for last two years and keeping in view the lucrative breakup value of Company's shares based on audited accounts for the year ended September 30, 2020.

(iv) **ANY OTHER ENTITLEMENT/CORPORATE ACTION:** NIL

(v) **ANY OTHER PRICE-SENSITIVE INFORMATION:**

The Board of Directors of Husein Sugar Mills Limited in its meeting held on July 16, 2021 at 2:30 pm at Lahore to invest up to Rs. 15 Million in Share Capital of Tariq Capital (Pvt) Limited, an associated company subject to requisite approvals required under regulation.

(12)



# HUSEIN

## SUGAR

The Extra Ordinary General Meeting of the Company is proposed to be held on August 27, 2021 at 10:00 a.m. at the registered office of the Company at Lahore to approve the issue of preference shares and investment in associates.

The Share Transfer Books of the Company will remain closed from 16 August 2021 to 23 August 2021 (both days inclusive). Transfers received in order at the office of our Share Registrar, Corp Tec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on 15 August 2021, will be treated in time for the purpose of above entitlement shareholders, attending and voting at the meeting.

The Quarterly Report of the Company for the period ended 30 June 2021 will be transmitted through PUCARS separately, within the specified time.

### THE FINANCIAL RESULTS OF THE COMPANY ARE AS FOLLOWS:

	NINE MONTHS ENDED		QUARTER ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	----- Rupees -----			
NET SALES	5,189,828,195	1,331,076,184	1,747,264,105	533,396,593
COST OF SALES	(4,731,850,327)	(1,165,857,458)	(1,581,715,771)	(363,770,437)
GROSS PROFIT	457,977,868	165,218,726	165,548,334	169,626,156
<b>OPERATING EXPENSES:</b>				
Administrative and general expenses	(151,730,433)	(136,854,521)	(35,503,820)	(36,081,560)
Selling and distribution expenses	(19,746,196)	(12,547,566)	2,062,171	559,714
Other operating expenses	(6,262,082)	-	(90,996)	-
	(177,738,711)	(149,401,087)	(33,532,645)	(36,521,846)
PROFIT FROM OPERATIONS	280,239,157	15,817,639	132,015,689	133,104,310
OTHER INCOME	78,773,833	87,246,340	55,782,273	11,030,530
FINANCE COST	(240,033,441)	(285,585,976)	(106,008,859)	(112,049,995)
PROFIT / (LOSS) BEFORE TAXATION	118,979,549	(182,521,997)	81,789,103	32,084,845
TAXATION	(77,847,423)	4,231,000	(18,233,013)	(2,000,949)
PROFIT / (LOSS) AFTER TAXATION	41,132,127	(178,290,997)	63,556,090	30,083,896
EARNINGS / (LOSS) PER SHARE – BASIC & DILUTED	1.07	(4.63)	1.65	0.78

Thanking you.

Sincerely yours,  
For Husein Sugar Mills Limited

  
KHALID MAHMOOD  
COMPANY SECRETARY



# HUSEIN

## SUGAR

### DECLARATION OF RIGHT SHARES

In accordance with the requirements of applicable provisions of the Securities Act, 2015 and the PSX Rule Book, Husein Sugar Limited (**"the Company"**) is pleased to inform you that The Board of Directors of the Company has decided to issue 28,890,000 shares as right shares comprising 14,445,000 preference right shares of Rs.10/-each at par value and 14,445,000 ordinary shares by way of rights issue in proportion of 37.50 ordinary shares for every 100 shares held at price of Rs.17.50 per share including premium of Rs.7.50/- per share to all existing shareholders. As required under section 58 of the Companies Act, 2017 and Regulation 6 of the Companies (Further Issue of Shares) Regulation, 2020, the proposed issue of Preference Shares shall be subject to approval by the Securities and Exchange Commission of Pakistan.

We also enclose herewith the following information/documents in compliance of Section 83 of the Companies Act, 2017:

- i. Statement pertaining to quantum of issue, issue size, issue price, purpose of issue, utilization of proceeds, benefits of the issue to the Company and the shareholders, risk factors and justification for issue of shares at premium (**Annexure A**)
- ii. Certified true copy of the Board Resolution dated July 16, 2021 (**Annexure B**)
- iii. Draft copy of "Notice to Shareholders" prior to its being published in newspapers in compliance with rule 5.6.4(b) of PSX Rule Book. (**Annexure C**)

Sincerely yours,  
For Husein Sugar Mills Limited

  
**KHALID MAHMOOD**  
COMPANY SECRETARY

**Copy to:**  
**The Director / HOD Surveillance**  
Supervision and Enforcement Department  
Securities & Exchange Commission of Pakistan,  
NIC Building, 63 Jinnah Avenue, Blue Area,  
**ISLAMABAD**



# HUSEIN

## SUGAR

### ANNEXURE 'A'

**STATEMENT PERTAINING TO QUANTUM OF ISSUE, ISSUE SIZE, ISSUE PRICE, PURPOSE OF ISSUE, UTILIZATION OF PROCEEDS, BENEFITS OF THE ISSUE TO THE COMPANY AND THE SHAREHOLDERS, RISK FACTORS, AND JUSTIFICATION FOR ISSUE OF SHARES AT PREMIUM, UNDER RULE 3 OF THE COMPANIES (FURTHER ISSUE OF SHARES) REGULATIONS, 2020.**

#### **QUANTUM OF THE RIGHT ISSUE**

The quantum of the Right Issue is 28,890,000 shares including 14,445,000 /- as preference shares and 14,445,000 as ordinary shares.

#### **RIGHT ISSUE SIZE**

The Company shall issue right shares including preference shares aggregating to Rs. 397,237,500/- including premium of PKR 108,337,500/=.

#### **RIGHT ISSUE PRICE**

Rs. 10/- per share for preference shares and Rs.17.50/- for ordinary share including premium of Rs.7.5/- per share.

#### **PURPOSE OF THE RIGHT ISSUE**

In order to reduce current debt levels and to improve debt/equity leverage, the Board of Directors has decided to raise a sum of Rs. 397,237,500/- through right issue. This will help the Company to mitigate the adverse impact on profitability and to raise working capital and to refund sponsor loan of the Company.

Therefore, it is being proposed to issue total 28,890,000 Right Shares including ordinary 14,445,000 Ordinary Right Shares of Rs. 10/- each to the existing ordinary members of the Company at a price of Rs. 17.50/- per share (including premium of Rs. 7.5/- per share) in proportion of 37.5 Right Shares for every 100 ordinary shares held and 14,445,000 Preference Shares of Rs. 10/- each to the existing ordinary members of the Company at a price of Rs. 10/- per share in proportion of 37.5 Right Shares for every 100 ordinary shares held and

#### **UTILIZATION OF PROCEEDS OF THE RIGHT ISSUE**

The proceeds of Right Shares will augment the Company's liquidity resulting in reduction in debt burden. This will support the Company to maintain a minimum level of debt and will also result in increase in profit available for distribution to the members by way of dividend and to meet any future capital expenditures. This proposed increase in profitability will enhance the expected returns to the valued members of the Company. The proceeds of the right shares will be also be used to meet the working capital requirements of the Company and to refund sponsors' loan of the Company.



# HUSEIN

## SUGAR

### **BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS**

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.

### **RISK FACTORS ASSOCIATED WITH THE RIGHT ISSUE, IF ANY**

Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. Normal risks associated with the business will remain. The Company is well placed in the market with proven track record which will help to mitigate such risk factors.

### **JUSTIFICATION FOR ISSUE OF SHARES AT PREMIUM**

The premium charged over the par value is in line with the market practice prevailing for last two years and keeping in view the lucrative breakup value of Company's shares based on audited accounts for the year ended September 30, 2020.



# HUSEIN

## SUGAR

### ANNEXURE 'B'

#### **EXTRACT OF RESOLUTIONS PASSED BY THE BOARD OF DIRECTORS OF HUSEIN SUGAR MILLS LIMITED (THE "COMPANY") IN THEIR MEETING HELD ON JULY 16, 2021 AT LAHORE AT 180 ABU BAKAR BLOCK, NEW GARDEN TOWN, CANAL ROAD, LAHORE**

A meeting of the Board of Directors of the Company was held on July 16, 2021 at 02:30 P.M. at the registered office of the Company.

During the meeting, the Board of Directors of the Company discussed and approved the proposed issuance of further share capital by the Company by way of right issue. It was stated that all requirements of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020 have been considered by the Board which shall be duly complied with by the Company.

For the purposes of the right issue, the management has received confirmations from the substantial shareholders and all the directors of the Company that they will (i) subscribe to the right shares offered to them (or shall arrange for the subscription thereof) and that they shall deposit the amount of their subscription at least 3 (three) days before the commencement of trading; and (ii) ensure that the balance of the right issue, not being subscribed by the substantial shareholders and directors will be adequately underwritten in accordance with the applicable laws. The substantial shareholders and directors of the Company shall issue the requisite undertaking in such respect.

Accordingly, the following resolutions were passed by the Board of Directors:

**"RESOLVED** that subject to the provisions of section 183 read with section 83 and other applicable provision of the Companies Act, 2017, the provisions of the Memorandum and Articles of Association of the Company, the Companies (Further Issue of Shares) Regulations, 2020 and the Rule Book of Pakistan Stock Exchange Limited, Board of Directors of the company in its meeting have decided to issue 14,445,000 Ordinary by way of ordinary right issue in proportion of 37.50 Right Shares for every 100 shares held i.e. 37.50 % at par value of Rs. 10/- per share and Rs.7.5/- as premium (Rs.17.50/- per share).

**"FURTHER RESOLVED** that subject to necessary approvals from the shareholders of the company by way of special resolution and permission from the Securities & Exchange Commission of Pakistan, 14,445,000 (Fifteen Million) cumulative, irredeemable, non-voting, non-participatory listed and convertible Preference Shares of PKR 10/- each, of the aggregate subscription amount of PKR 144,445,000 be offered to the existing members of the Company by way of rights at par value of PKR 10/- per share, in proportion to their respective shareholdings in the ratio of 37.50:100 i.e. 37.50 Preference Shares for every 10 Ordinary shares (i.e. 37.50% rights issue) held by the shareholders in accordance with the provisions of sections 58 and 83 of the companies Act, 2017, and the Companies (Further Issue of Shares) Regulations, 2020.





# HUSEIN

## SUGAR

**“FURTHER RESOLVED** that these right shares shall be offered to the existing members of the Company in proportion to the shares already held by them, in accordance with the provisions of Section 83 of the Companies Act, 2017, against payment to the Company of the price for the shares subscribed, and such shares to be offered on right basis shall from the date of their allotment, rank pari passu in all respects with the existing ordinary shares of the Company.”

**“FURTHER RESOLVED** that the following quantum, size, price, and purpose of the Right Issue, along with the utilization of proceeds, benefits of the same to the Company and its shareholders, the risk factors associated with the Right Issue, and the justification for the issue of shares at a premium in accordance with Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020. The Salient terms and conditions of the Preference Shares Proposed to be issued are as follows:

### **PRICE AND DIVIDEND RATE OF THE PREFERENCE SHARE**

The Preference Share will be issued at PAR value of PKR 10/- per share and will carry a fixed dividend @ 10% or PKR 1/- per share per annum.

### **PREFERENTIAL CLAIM**

Preferred Shareholders shall, on winding-up of the Company, have the first right before the ordinary Shareholders over the assets of the company limited to the extent of the nominal value of the share held by preferred Shareholders plus dividend unpaid till the commencement of the winding up proceedings and priority over dividends declared by the Company on Ordinary Shares.

### **CONVERSION:**

The conversion of the preference Shares shall take place in proportion of One (1) Ordinary share of face value of PKR 10/- each will be issued for every Two (2) Preference Share of the face value of PKR 10/-

### **QUANTUM OF THE RIGHT ISSUE**

The quantum of the Right Issue is 28,890,000 shares including 14,445,000 /= as preference shares and 14,445,000 as ordinary shares.

### **RIGHT ISSUE SIZE**

The Company shall issue right shares including preference shares aggregating to Rs. 397,237,500/- including premium of PKR 108,337,500/=.



# HUSEIN

## SUGAR

### **RIGHT ISSUE PRICE**

Rs. 10/- per share for preference shares and Rs.17.50/- for ordinary share including premium of Rs.7.5/- per share.

### **PURPOSE OF THE RIGHT ISSUE**

In order to reduce current debt levels and to improve debt/equity leverage, the Board of Directors has decided to raise a sum of Rs. 397,237,500/- through right issue. This will help the Company to mitigate the adverse impact on profitability and to raise working capital and to refund sponsor loan of the Company.

Therefore, it is being proposed to issue total 28,890,000 Right Shares including ordinary 14,445,000 Ordinary Right Shares of Rs. 10/- each to the existing ordinary members of the Company at a price of Rs. 17.50/- per share (including premium of Rs. 7.5/- per share) in proportion of 37.5 Right Shares for every 100 ordinary shares held and 14,445,000 Preference Shares of Rs. 10/- each to the existing ordinary members of the Company at a price of Rs. 10/- per share in proportion of 37.5 Right Shares for every 100 ordinary shares held and

### **UTILIZATION OF PROCEEDS OF THE RIGHT ISSUE**

The proceeds of Right Shares will augment the Company's liquidity resulting in reduction in debt burden. This will support the Company to maintain a minimum level of debt and will also result in increase in profit available for distribution to the members by way of dividend and to meet any future capital expenditures. This proposed increase in profitability will enhance the expected returns to the valued members of the Company. The proceeds of the right shares will be also be used to meet the working capital requirements of the Company and to refund sponsors' loan of the Company.

### **BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS**

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.

### **RISK FACTORS ASSOCIATED WITH THE RIGHT ISSUE, IF ANY**

Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. Normal risks associated with the business will remain. The Company is well placed in the market with proven track record which will help to mitigate such risk factors.

### **JUSTIFICATION FOR ISSUE OF SHARES AT PREMIUM**

The premium charged over the par value is in line with the market practice prevailing for last two years and keeping in view the lucrative breakup value of Company's shares based on audited accounts for the year ended September 30, 2020.



# HUSEIN

## SUGAR

**"FURTHER RESOLVED** that the letter of offer, as prescribed under Section 83(2) of the Companies Act, 2017, shall be signed by any 2 directors of the Company in compliance with all applicable laws."

**FURTHER RESOLVED THAT** the draft of the circular to accompany the letter of offer, pursuant to Section 83(3) of the Companies Act, 2017, as placed before the directors be and is hereby approved and the Mian Mustafa Ali Tariq (Chief Executive Officer) and Wasim Saleem (Chief Financial Officer), be and are hereby severally authorized to sign the circular on behalf of all the directors.

**FURTHER RESOLVED THAT** all fractional entitlements, if any will be consolidated and unpaid letters of right is respect thereof shall be sold on the Pakistan Stock Exchange Limited, the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in accordance with their respective entitlements as per applicable regulations.

**FURTHER RESOLVED THAT** if any right offer is not taken up by the shareholders till the last date of payment of right shares offered, then these right offers shall be deemed to have been declined and will be treated as cancelled. In that event these will be offered and allotted to such persons as the directors may deem fit it accordance with Section 83(1)(a)(iv) of the Companies Act, 2017, including the sponsors, directors or associated undertaking of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

**FURTHER RESOLVED THAT** the Company be and is hereby authorized to close its share transfer books from 27 August 2021 to 03 September 2021 (both days inclusive) to determine entitlements of the shareholders of the Company with respect to the Right Issue.

**FURTHER RESOLVED THAT** the Mian Mustafa Ali Tariq (Chief Executive Officer) and Khalid Mahmood (Company Secretary), be and are hereby authorized to do the following on behalf of the Company:

- (i) appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle / finalize fees, underwriting commission, take up commission and third party expenses and / or any other expenses relating to the Right Issue;
- (ii) to prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce book closure dates, and to take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by the Securities and Exchange Commission of Pakistan ("SECP") / Pakistan Stock Exchange Limited ("PSX") / Central Depository Company of Pakistan Limited ("CDC") (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority;
- (iii) to open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of shares



# HUSEIN

SUGAR

- (iv) to allot / credit right shares and file returns as required by SECP / PSX / CDC along with the auditors' certificates; and
- (v) to take all other necessary steps, and do all other acts, deeds and things, to prepare the offer letter, circular and schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

CERTIFIED TRUE COPY  
For HUSEIN SUGAR MILLS LTD

COMPANY SECRETARY



**H U S E I N**  
**S U G A R**

**ANNEXURE-C**

**NOTICE OF RIGHT ISSUE AND BOOK CLOSURE**

Members are hereby notified that that the Board of Directors of the Company in their meeting held on July 16 2021, has resolved to issue 14,445,000 ordinary shares by way of ordinary right at Rs.17.50/- including premium of Rs.7.50/- per share and 14,445,000 as preference rights issue at Par Rs.10 per share The Rights Shares shall rank pari passu with the existing shares in all respect.

For issuance of ordinary shares, the Share Transfer Books of the Company will remain closed from 16 August 2021 to 23 August 2021 (both days inclusive) to determine the entitlements of the shareholders of the Company. Physical transfers / CDC Transaction IDs received at the Company's share registrar Corptec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore, **Telephone: +92 42 35170335-7, Email: info@corptec.com.pk** by the close of business (5:00 p.m.) on **19/08/2021** will be treated in time for entitlement of right shares.

Company Secretary