



HUSEIN
SUGAR



54
years
of excellence

CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED) FOR THE

**quarter
ended**
**DECEMBER 31
2021**

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COMPANY INFORMATION

DIRECTORS

Mian Ahmed Ali Tariq	Chairman
Mian Mustafa Ali Tariq	Chief Executive Officer
Mrs. Sadia Ali Tariq	Non Executive Director
Mrs. Maryam Habib	Executive Director
Mr. Taufiq Ahmed Khan	Independent Director
Mr. M. Imran Khan	Independent Director
Mr. Saif Hasan	Independent Director

CHIEF OPERATING AND FINANCIAL OFFICER

Mr. Wasim Saleem

COMPANY SECRETARY

Mr. Khalid Mahmood

HEAD OF INTERNAL AUDIT

Mr. Zahid Mahmood

AUDIT COMMITTEE

Chairman	Mr. Taufiq Ahmad Khan
Member	Mian Ahmed Ali Tariq
Member	Mr. Muhammad Imran Khan

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Chairman	Mian Mustafa Ali Tariq
Member	Mrs. Maryam Habib
Member	Mr. Saif Hasan

EXTERNAL AUDITORS

Kreston Hyder Bhimji & Co
Chartered Accountants

BANKERS OF THE COMPANY

ISLAMIC

Askari Bank Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Limited
Habib Bank Limited
Meezan Bank Limited
Orix Modaraba

CONVENTIONAL

Bank Alfalah Limited
First Credit and Investment Bank Limited
National Bank of Pakistan
Samba Bank Limited

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LEAGAL ADVISOR

Saad Rasool Law Associates

COST AUDITORS

Fazal Mahmood & Co
Chartered Accountants

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PSX SYMBOL

HSM

DIRECTORS' REPORT

The directors of your company are pleased to present the un-audited interim condensed financial information of the Company for the first quarter that ended on 31 December 2021.

The highlights of the Company's performance for the first quarter and its comparison with the corresponding period of last year is given below:

	31-Dec-2021	31-Dec-2021
OPERATIONAL		
Sugarcane crushed (Metric Tons)	303,821	319,530
Sugar produced (Metric Tons)	23,565	26,260
Sugar recovery (%)	8.24	8.52
 (Rupees)	
FINANCIAL		
Sale	2,077,089,860	1,570,184,415
Gross profit	235,912,104	444,389,564
Operating expenses	(79,242,028)	(74,517,060)
Finance cost	(57,559,482)	(49,609,360)
Profit before taxation	100,898,988	336,786,116
Profit after taxation	74,606,867	313,233,350
Earnings per share	1.41	8.13

INDUSTRY OVERVIEW

This year, the crushing season for sugarcane in Punjab and across the rest of Pakistan commenced in mid of November. However, as always, regardless of the environmental factors, the management of your company, understanding and sympathizing with the timeline of farmers in the region and in coordination with local government officials was one of the first in the province to start crushing. This decision to start crushing proved successful in many aspects.

Although sugar prices rallied through the last part of 2021, they have revised downwards in the months of December 2021 and January of 2022. The downwards trend of prices is due the increased supply of sugar in the market. Although, there is an increased availability of sugarcane this season as compared to the preceding season, there remains a high premium in the market of sugarcane as farmers are unwilling to supply the crop at notified government prices. Undoubtedly, this will lead to a high average procurement cost of sugarcane and a higher manufacturing cost of sugar. This crushing season, mills across the country have paid 25-30% higher than the official notified price of Rs. 225 per Mound and in some parts of Pakistan, prices have hit Rs. 350 per mound. Similarly, other associated costs have increased further pushing prices upwards. Due to the further devaluation and depreciation of the Rupee, the costs of various items such as polypropylene bags, lubricants, and diesel among others have skyrocketed. Similarly, interest rate hikes have further added to manufacturing costs. In general, the costs of manufacturing sugar have witnessed a 5% increase as compared to last year.

As we continue to face the effects of climate change, Pakistan is facing the effect of constantly changing climatic conditions. The climatic conditions for this year have forced extremely poor sucrose content in the sugarcane planted across the country – in fact, we are forecasting of achieving the lowest recovery in the last few years. In fact, the recovery has dropped by 0.75-1 degree. With an un-availability of fertilizers in the market, it is forecasted that recoveries and yields will continue to stay down next year.

Along with all these negative indicators in the health of sugarcane, it is pertinent to mention that sugarcane yields per acre and acreages of sugarcane cultivation in general have increased this year. This decline in acreage of sugarcane planted will no doubt lead to an increase in sugar production across the country. However, with dropping recoveries, sugar production should not be drastically higher than last year. Our expectation is that if sugarcane prices continue to hover at a 25-30% premium above notified support prices, it is not unreasonable to assume that sugar prices will continue to increase throughout the latter part of 2022.

OPERATING HIGHLIGHTS

Although financial results of the quarter are never truly representative of what the company will ultimately achieve, the directors are pleased to announce that:

The Company was able to crush 303,821 Tons of Sugarcane and produced 23,565 Tons of refined sugar at an average recovery of 8.24% during the first quarter ending December 31, 2021 as compared to last year's sugarcane crushing of 319,530 M. Tons and production of 26,260 Tons refined sugar at an average recovery of 8.52%. Although we were able to crush slightly less cane in terms of tons of sugarcane crushed as compared to last year and in terms of sugar produced, we are confident that with a longer season, our total crushing and production figures will surpass last year.

Financially, our results have been similar to last year. Net sales were recorded at Rs. 2,077,089,860 during the first quarter from 1st October 2021 to 31st December 2021 as compared to Rs. 1,570,184,415 against the corresponding period of last year.

The company has earned a pretax profit of 100,898,988 during the period under review as compared to pretax profit of Rs. 336,786,116 in the corresponding period of last year and after-tax profit has been recorded at Rs.74,606,867 against after tax profit of Rs.313,233,350 over the same period of last year.

We are confident, due to supply and demand dynamics of sugarcane, and the manufacturing cost of sugar, that the price of sugar in the domestic market will continue to rally throughout 2022.

FUTURE OUTLOOK

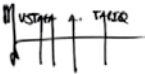
Sugar prices in the local market have generally followed the trends that have been observed in the international market. From a low in 2018, sugar prices have risen higher as inflation has struck across the globe and domestically. From historically low levels throughout 2018 and into the first quarter of 2020, sugar prices have rebounded in 2021 and are projected to remain stable this coming year. The reasons behind the sharp rise in prices has been the disruption of the global supply chain and shipping logistics. In fact, in the last few weeks due to rising oil prices and depletion of inventories in sugar exporting countries, sugar prices have risen further at the international level.

In the domestic market, sugar prices have regained pace and are likely to continue to increase through the greater part of 2022. There is no carryover of inventory from last year and sugar production is forecasted to be similar than that of last year. Given that sugar production is expected to stay similar to last year, we are confident that the trend observed in sugar prices will follow the resurgence witnessed in the international market before the next crushing season.

ACKNOWLEDGEMENT

The Directors of your Company would like to thank the various governmental departments and its functionaries, our banking partners, others financial institutions, and insurance companies for their continued support and cooperation. The Directors would also like to express their gratitude and appreciation for the support provided by our valued customers and suppliers. We also thank our shareholders, who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company. Furthermore, the Directors place on record their appreciation for the continued support of our sugarcane growers whose hard work and loyalty with our company continue to be at the center of our company's growth and success. Lastly and above all, the Directors wish to acknowledge and place on record their appreciation for the devotion, loyalty, and hard work of all cadres of employees towards the growth and success of the company.

For and on behalf of Board of Directors,



Mian Mustafa Ali Tariq
Chief Executive Officer



Mian Ahmed Ali Tariq
Chairman

LAHORE: 28 January 2022

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2021ء کو ختم ہونے والی پہلی سہ ماہی کے لیے کمپنی کی غیر نظر ثانی شدہ عبوری منجمد مالی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

پہلی سہ ماہی اور گزشتہ سال کی اسی مدت کے موازنہ کے لئے کمپنی کی کارکردگی کی جھلکیاں حسب ذیل ہیں:

آپریشنز	31 دسمبر 2021	31 دسمبر 2020
گنے کی کرشنگ (میٹرک ٹن)	303,821	319,530
چینی کی پیداوار (میٹرک ٹن)	23,565	26,260
چینی کا حصول (فیصد)	8.24	8.52
مالیات		
فروخت	2,077,089,860	1,570,184,415
مجموعی منافع	235,912,104	444,389,564
آپریٹنگ اخراجات	(79,242,028)	(74,517,060)
مالی لاگت	(57,559,482)	(49,609,360)
قبل از ٹیکس منافع	100,898,988	336,786,116
بعد از ٹیکس منافع	74,606,867	313,233,350
نیٹ شیئر آمدنی (روپے)	1.41	8.13

انڈسٹری کا جائزہ

اس سال، پنجاب اور باقی پورے پاکستان میں گنے کا کرشنگ سیزن شروع نومبر کے وسط میں شروع ہوا۔ تاہم، ہمیشہ کی طرح، ماحولیاتی عوامل سے قطع نظر، آپ کی کمپنی کی انتظامیہ، خطے میں کسانوں کی ٹائم لائن کو سمجھنا اور ان سے ہمدردی رکھنا اور مقامی حکومتی حکام کے ساتھ ہم آہنگی صوبے میں کرشنگ شروع کرنے والے اولین اداروں میں سے ایک تھی۔ کرشنگ شروع کرنے کا یہ فیصلہ بہت سے پہلوؤں میں کامیاب ثابت ہوا۔

اگرچہ 2021 کے آخری حصہ میں چینی کی قیمتیں بہتر ہوئیں، وہ دسمبر 2021 اور جنوری 2022 کے مہینوں میں دوبارہ کم ہو گئیں۔ قیمتوں کی کمی کا رجحان مارکیٹ میں چینی کی سپلائی بڑھنے کے باعث پایا گیا۔ اگرچہ، اس سال گزشتہ سیزن کے مقابلے گنے کی دستیابی زیادہ ہے، گنے کی مارکیٹ میں زیادہ پریکٹس برقرار رہا کیونکہ کسان حکومت کی طرف سے اعلان کردہ قیمتوں پر فصل سپلائی کرنے کو تیار نہیں ہیں۔ بلاشبہ، اس کے نتیجے میں گنے کی اوسط خرید لاگت زیادہ اور چینی کی مینوفیکچرنگ لاگت بھی زیادہ ہوگی۔ اس کرشنگ سیزن میں، ملک بھر کی ملوں نے سرکاری اعلان کردہ قیمت 225 روپے فی من سے 25-30 فیصد زیادہ قیمت ادا کی ہے اور پاکستان کے چند حصوں میں قیمتیں 350 روپے فی من تک پہنچ گئیں۔ اسی طرح، دیگر منسلک اخراجات نے قیمتوں کو مزید بڑھا دیا ہے۔ پاکستانی روپیہ کی قدر میں کمی اور ڈیپریسی ایشن کی وجہ سے متعدد اشیاء کی قیمتیں جیسا کہ پولی پرائیملین، بیگز، لبریلٹس، اور ڈیزل بھی تیزی سے بڑھ گئیں ہیں۔ اسی طرح، شرح سود میں اضافہ نے مینوفیکچرنگ اخراجات کو مزید بڑھا دیا ہے۔ عام طور پر، چینی کی مینوفیکچرنگ لاگت میں گزشتہ سال کے مقابلے 5% اضافہ دیکھا گیا ہے۔

جیسا کہ ہم موسمیاتی تبدیلیوں کے اثرات کا سامنا کر رہے ہیں، پاکستان کو مسلسل بدلتے ہوئے موسمی حالات کے اثرات کا سامنا ہے۔ اس سال کے موسمی حالات کے باعث ملک بھر میں کاشت گئے گئے میں انتہائی کم سکروس اجزاء پائے گئے ہیں۔ درحقیقت، ہم پچھلے چند سالوں میں سب سے کم ریکوری حاصل ہونے کی پیش گوئی کر رہے ہیں۔ درحقیقت، ریکوری میں 0.75-1 ڈگری کی کمی آئی ہے۔ مارکیٹ میں کھادوں کی عدم دستیابی کے ساتھ، یہ پیشین گوئی کی گئی ہے کہ اگلے سال ریکوریاں اور پیداوار کم رہے گی۔

گنے کی صحت میں ان تمام منفی اشاروں کے ساتھ ساتھ یہ بات بھی قابل ذکر ہے کہ اس سال گنے کی فی ایکڑ پیداوار اور عمومی طور پر گنے کی کاشت کے رقبے میں اضافہ ہوا ہے۔ کاشت کئے گئے گنے کے رقبے میں یہ اضافہ بلاشبہ ملک بھر میں چینی کی پیداوار میں اضافے کا باعث بنے گا۔ تاہم، ریکوری میں کمی کے ساتھ، چینی کی پیداوار گزشتہ سال کے مقابلے میں بہت زیادہ نہیں ہونی چاہیے۔ ہماری توقع یہ ہے کہ اگر گنے کی قیمتیں اعلان کردہ امدادی قیمتوں سے زیادہ 25-30 فیصد پریمیم پر رہیں تو، یہ خیال کرنا غیر معقول نہیں ہے کہ 2022 کے آخری حصے میں چینی کی قیمتوں میں اضافہ ہوتا رہے گا۔

آپریٹنگ جھلکیاں

اگرچہ سہ ماہی کے مالیاتی نتائج کبھی بھی اس حقیقت کے نمائندہ نہیں ہیں جو کمپنی بالآخر حاصل کرے گی، ڈائریکٹر بخوشی یہ اعلان کرتے ہیں کہ:

کمپنی نے 31 دسمبر 2021ء کو ختم ہونے والی پہلی سہ ماہی کے دوران 8.24% کی اوسط ریکوری پر 303,821 ٹن گنے کی کرشنگ کی اور 23,565 ٹن سفید چینی بنائی جبکہ گزشتہ سال کی اسی مدت کے دوران 8.52% کی اوسط ریکوری پر 319,530 ٹن گنے کی کرشنگ کی اور 26,260 ٹن سفید چینی بنائی۔ اگرچہ ہم نے گزشتہ سال کے مقابلے کرش گنے کے ٹن کے لحاظ سے اور پیدا شدہ چینی کے لحاظ سے غیر معمولی کم گنا کرش کرنے کے قابل تھے، ہم پر اعتماد ہیں کہ لمبے سیزن کے ساتھ، ہماری کل کرشنگ اور پیداوار کے اعداد و شمار گزشتہ سال سے سرپلس ہوں گے۔

مالی طور پر، ہمارے نتائج گزشتہ سال جیسے ہی رہے ہیں۔ گزشتہ سال کی اسی مدت میں 1,570,184,415 روپے کے مقابلے پہلی سہ ماہی یکم اکتوبر 2021 سے 31 دسمبر 2021 تک کے دوران 2,077,089,860 روپے خالص فروخت درج کی گئی۔

زیر جائزہ مدت کے دوران کمپنی نے 100,898,988 روپے ٹیکس سے پہلے منافع کم کمایا جبکہ گزشتہ سال کی اسی مدت میں ٹیکس سے پہلے منافع 336,786,116 روپے اور گزشتہ سال کی اسی مدت میں 313,233,350 روپے ٹیکس کے بعد منافع کے برعکس زیر جائزہ مدت کے دوران ٹیکس کے بعد منافع 74,606,867 روپے کمایا۔

ہمیں یقین ہے کہ گنے کی رسد اور طلب کے محرکات اور چینی کی مینوفیکچرنگ کے زیادہ اخراجات کی وجہ سے، مقامی مارکیٹ میں چینی کی قیمتیں پورے 2022 سال میں برقرار رہیں گی۔

مستقبل کا نقطہ نظر

مقامی مارکیٹ میں چینی کی قیمتیں عام طور پر بین الاقوامی مارکیٹوں میں پائے جانے والے رجحانات کی پیروی کرتی ہیں۔ 2018 میں کم سطحوں سے، چینی کی قیمتیں بڑھنا شروع ہوئیں کیونکہ عالمی اور ملکی سطح پر مہنگائی میں اضافہ ہوا ہے۔ پورے 2018 اور 2020 کی پہلی سہ ماہی میں تاریخی کم سطحوں سے 2021 میں چینی کی قیمتیں دوبارہ بڑھنا شروع ہوئیں اور اس آئندہ سال مستحکم رہنے کے امکانات ہیں۔ قیمتوں میں تیزی سے اضافہ کے پیچھے وجوہات عالمی سپلائی چین اور شپنگ لاجسٹکس کی رکاوٹیں ہیں۔

درحقیقت، گزشتہ چند ہفتوں میں تیل کی قیمتوں میں اضافہ اور شوگر برآمد کرنے والے ممالک میں انوینٹریز کی کمی کی وجہ سے، چینی کی قیمتیں بین الاقوامی سطح پر مزید بڑھ گئی ہیں۔

مقامی مارکیٹ میں چینی کی قیمتوں میں تیزی آگئی ہے اور 2022 کے بڑے حصے تک اس میں اضافہ جاری رہنے کا امکان ہے۔ پچھلے سال سے انوینٹری کا کوئی کیری اوور نہیں ہے اور چینی کی پیداوار پچھلے سال کی نسبت اسی طرح ہی رہنے کی پیش گوئی کی گئی ہے۔ اس بات کو دیکھتے ہوئے کہ چینی کی پیداوار گزشتہ سال کی طرح رہنے کی توقع ہے، ہمیں یقین ہے کہ چینی کی قیمتوں میں دیکھا جانے والا رجحان اگلے کرشنک سیزن سے قبل بین الاقوامی منڈی میں دیکھی جانے والی بحالی کی پیروی کرے گا۔

اظہار تشکر

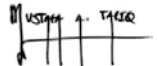
آپ کی کمپنی کے ڈائریکٹرز مختلف سرکاری محکموں اور اس کے کارکنوں، بینکوں، دیگر مالیاتی اداروں، اور انشورنس کمپنیوں کی مسلسل حمایت اور تعاون کے لئے شکریہ ادا کرتے ہیں۔ ڈائریکٹرز ہمارے قابل قدر گاہکوں اور سپلائیرز کی طرف سے فراہم کی گئی حمایت کے شکر گزار اور تعریف کا بھی اظہار کرتے ہیں۔ ہم اپنے حصص داروں کا بھی شکریہ ادا کرتے ہیں، جنہوں نے کمپنی میں اپنے اعتماد اور یقین کو برقرار رکھا اور کمپنی میں ان کی سرمایہ کاری کے زیادہ سے زیادہ استعمال کو یقینی بنانے کے لئے ہماری بہترین کوششوں پر یقین رکھا ہے۔ مزید برآں، ڈائریکٹرز ہمارے گئے کے کاشتکاروں کے مسلسل تعاون کے شکر گزار ہیں جن کی سخت محنت اور ہماری کمپنی کے ساتھ وفاداری کمپنی کی نمو اور کامیابی کے لئے جاری رکھی ہے۔ بالآخر، ڈائریکٹرز کمپنی کی نمو اور کامیابی کے لئے ملازمین کے تمام گروہوں کی جان نثاری، وفاداری، اور سخت محنت پر ان کی تعریف کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز



میاں اسلم علی طارق

چیئرمین



میاں مصطفیٰ علی طارق

چیف ایگزیکٹو آفیسر

لاہور: 28 جنوری 2022ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	(Un-Audited) 31-Dec-2021 (Rupees)	(Audited) 30-Sep-2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
53,000,000 ordinary shares of Rs. 10 each		530,000,000	530,000,000
15,000,000 Preference shares of Rs.10 each		150,000,000	150,000,000
		<u>680,000,000</u>	<u>680,000,000</u>
Issued, subscribed and paid-up share capital		529,650,000	385,200,000
Share subscription money against right share issuance		-	211,758,198
Share subscription money against preference share issuance		87,103,160	-
Share premium account		224,231,050	115,893,550
Surplus on revaluation of fixed assets account			
- net of deferred tax		1,942,827,431	2,002,191,810
Reserve arising as consequence of amalgamation		70,694,859	70,694,859
Accumulated Profit / (loss)		83,779,559	(50,191,687)
		<u>2,938,286,059</u>	<u>2,735,546,730</u>
Directors' loans - related parties	6	131,821,214	261,953,676
		<u>3,070,107,273</u>	<u>2,997,500,406</u>
NON-CURRENT LIABILITIES			
Long Term Loans		639,037,977	674,872,670
Lease Liability		8,290,424	8,264,442
Deferred tax liability		277,746,905	277,419,011
		<u>925,075,306</u>	<u>960,556,123</u>
CURRENT LIABILITIES			
Trade and other payables		1,081,961,499	677,222,165
Contract liabilities		503,472,100	211,456,950
Accrued mark-up on secured borrowings		46,192,656	83,922,051
Short term borrowings	7	1,368,949,752	1,871,706,125
Current maturity of Long term loans		293,308,488	329,911,643
Current maturity of Lease Liability		1,661,000	1,970,106
Un-paid dividend		31,408	31,408
Un-claimed dividend		1,195,984	1,195,984
		<u>3,296,772,887</u>	<u>3,177,416,432</u>
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		<u>7,291,955,466</u>	<u>7,135,472,961</u>

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


Chief Executive Officer


Chief Financial Officer


Director

Note	(Un-Audited) 31-Dec-2021 (Rupees)	(Audited) 30-Sep-2021
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ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	9	4,781,261,514	4,992,954,372
Right of Use-Assets		12,583,819	13,251,858
Long term deposits		45,121,898	42,600,665
		4,838,967,231	5,048,806,895

CURRENT ASSETS

Stores, spares and loose tools	436,822,154	378,822,306
Stock-in-trade	1,146,957,392	947,665,182
Trade debts	350,447,762	269,784,966
Advances, deposits, prepayments and other receivables	364,694,645	325,020,338
Financial assets	7,593,255	7,593,255
Tax refund due from Government	64,199,427	44,563,749
Cash and bank balances	81,823,600	112,766,270
Current portion of long term deposits	450,000	450,000
	2,452,988,235	2,086,666,066

TOTAL ASSETS

7,291,955,466	7,135,472,961
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Chief Executive Officer


Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE QUARTER ENDED 31 DECEMBER 2021

	Note	Quarter Ended	
		31-Dec-2021	31-Dec-2020
	 (Rupees)	
REVENUE FROM CONTRACT WITH CUSTOMERS-GROSS		2,401,084,819	1,808,581,520
Sales Tax And Other Government Levies		(323,994,959)	(238,397,105)
REVENUE FROM CONTRACT WITH CUSTOMERS-NET		2,077,089,860	1,570,184,415
COST OF REVENUE	10	(1,841,177,756)	(1,125,794,852)
GROSS PROFIT		235,912,104	444,389,564
OPERATING EXPENSES			
Administrative and general expenses		(59,707,888)	(50,135,826)
Selling and distribution expenses		(12,053,448)	(6,655,649)
Other operating expenses		(7,480,692)	(17,725,585)
		(79,242,028)	(74,517,060)
PROFIT FROM OPERATIONS		156,670,076	369,872,504
OTHER INCOME		1,788,394	16,522,972
FINANCE COST		(57,559,482)	(49,609,360)
PROFIT BEFORE TAXATION		100,898,988	336,786,116
TAXATION		(26,292,121)	(23,552,766)
PROFIT AFTER TAXATION		74,606,867	313,233,350
EARNINGS PER SHARE - BASIC AND DILUTED	11	1.41	8.13

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


Chief Executive Officer


Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 31 DECEMBER 2021

Note	Quarter Ended	
	31-Dec-2021	31-Dec-2020
 (Rupees)	

PROFIT AFTER TAXATION	74,606,867	313,233,350
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	74,606,867	313,233,350

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


Chief Executive Officer


Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED 31 DECEMBER 2021

	Note	31-Dec-2021 (Rupees)	31-Dec-2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		100,898,988	336,786,116
Adjustments for non-cash income and expenses:			
Depreciation		38,166,482	38,720,112
Depreciation of ROU assets		668,039	-
Profit on bank deposits		(85,826)	(40,390)
Gain on disposal of Fixed Assets		-	(22,493)
Bad Debts written off		-	5,365,473
Old credit balances written back		-	28,877,550
Finance cost		57,559,482	49,609,360
Cash generated from operating activities before working capital changes		197,207,165	459,295,728
Working capital changes	14	350,359,639	(259,977,784)
Cash generated from operations		547,566,804	199,317,944
Finance Cost paid during the period		(95,288,877)	(91,063,035)
Income Tax paid		(45,599,904)	(10,000,000)
Net cash generated from operating activities		406,678,023	98,254,909
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment		(10,704,749)	(20,119,616)
Changes in capital work in progress		184,231,125	(119,661,304)
Increase in long term deposits		(2,521,233)	(10,638,042)
Profit on bank deposits received		85,826	40,390
Net cash generated from / (used in) investing activities		171,090,969	(150,378,572)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in share capital		144,450,000	-
Increase in share premium account		108,337,500	-
Share issued against share subscription money		(211,758,198)	-
Proceed from issuance of preference shares during the period		87,103,160	-
Change in long term finance - net		(72,437,848)	(4,322,141)
Repayment of principal portion of lease liability		(283,124)	-
Change in directors' loans - unsecured and interest free		(130,132,462)	-
Change in short term borrowings - net		(502,756,373)	151,693,893
Net cash (used in) / generated from financing activities		(577,477,345)	147,371,752
Net increase in cash and cash equivalents		291,647	95,248,089
Cash and cash equivalents at the beginning of the period		60,960,040	41,756,584
Cash and cash equivalents at the end of the period		61,251,687	137,004,673
The reconciliation in cash and cash equivalent is as follows:			
Cash and bank balances		81,823,600	147,686,646
Temporary book overdrawn		(20,571,913)	(10,646,362)
Cash and cash equivalents at the end of the period		61,251,687	137,040,284

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


Chief Executive Officer


Chief Financial Officer


Director

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

FOR THE FIRST QUARTER ENDED 31 DECEMBER 2021

	SHARE CAPITAL	SHARE SUBSCRIPTION MONEY AGAINST RIGHT SHARE ISSUANCE	SHARE SUBSCRIPTION MONEY AGAINST PRE-FRANCE SHARE ISSUANCE	RESERVES					TOTAL RESERVES	DIREC-TORS' LOANS	TOTAL EQUITY
				Capital			Revenue				
				Reserve arising as a consequence of scheme of arrangement	Share premium account	Surplus on revaluation of property, plant and equipment	Sub total	Accumulated (loss) / profit			
..... Rupees											
Balance as at 30 September 2020	385,200,000	-	-	70,694,859	115,893,550	2,108,775,752	2,295,364,161	(137,887,770)	2,157,476,391	424,428,823	2,967,105,214
Total comprehensive income for the year ended 30 September 2021	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-	-	-	23,656,614	-	23,656,614
Other comprehensive income	-	-	-	-	-	-	-	-	23,656,614	-	23,656,614
Transactions with owners:											
Adjustment due to repayment	-	-	-	-	-	-	-	-	-	(10,044,616)	(10,044,616)
Share subscription money received during the year	-	59,927,687	-	-	-	-	-	-	-	(83,102,864)	(83,102,864)
Transfer to share subscription money against right issue	-	152,450,000	-	-	-	-	-	-	-	152,450,331	152,450,331
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	211,758,198	-	-	-	-	-	-	-	(162,475,147)	49,283,051
Effect of change in tax rate on deferred tax related to revaluation surplus of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2021	385,200,000	211,758,198	-	70,694,859	115,893,550	2,002,191,810	2,188,760,219	(50,191,687)	2,138,588,532	261,953,676	2,997,500,406
Total comprehensive income for the quarter ended 31 December 2021	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-	-	-	74,606,867	-	74,606,867
Other comprehensive income	-	-	-	-	-	-	-	-	74,606,867	-	74,606,867
Transactions with owners:											
Transfer to share subscription money against right issue	-	41,029,302	87,103,160	-	-	-	-	-	-	(128,132,462)	-
Right shares issue during the period	144,450,000	(252,787,500)	-	-	108,337,500	-	-	-	108,337,500	(2,000,000)	(2,000,000)
Adjustment due to repayment - net	-	-	-	-	-	-	-	-	-	-	-
Share subscription money returned during the period	144,450,000	(211,758,198)	87,103,160	-	108,337,500	-	-	-	108,337,500	(130,132,462)	(2,000,000)
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	-	-	-	-	(59,364,379)	59,364,379	-	-	-
Effect of change in tax rate on deferred tax related to revaluation surplus of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	529,650,000	-	87,103,160	70,694,859	224,231,050	1,942,827,431	2,129,415,840	83,779,559	2,321,532,899	131,821,214	3,070,107,273

The annexed notes from 1 to 46 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE FIRST QUARTER ENDED 31 DECEMBER 2021

1. THE COMPANY AND ITS OPERATIONS

Husein Sugar Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the repealed Companies Act, 1913. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is principally engaged in the business of production and sale of sugar and by products. Its registered office is situated at -28-C, block E-1, Gulberg-III, Lahore.

2. BASIS OF PREPARATION

These condensed interim financial statements 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:

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

This condensed interim financial information do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended September 30, 2021. The figures included in the condensed interim statement of profit and loss for the quarter ended December 31, 2021 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the years ended September 30, 2021.

3. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the company except as follows:

TAXATION

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

4 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

- a) Amendments to published approved accounting standards which are effective during the period ended December 31, 2021.

There are certain amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began after October 01, 2020. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in this condensed interim financial information.

- b) Standards and amendments to published approved accounting standards that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning after October 01, 2020. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in this condensed interim financial information. During the current period the SECP has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Customers', the impacts of which on the Company's future financial statements are being assessed. Further, certain new standards are yet to be adopted by the Securities and Exchange Commission of Pakistan.

In addition to the foregoing, the Companies Act, 2017 which is not effective on this condensed interim financial information has added certain disclosure requirements which will be applicable in the future.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the preceding audited annual published financial statements of the Company for the year ended 30 September 2020.

6. DIRECTOR'S LOAN - RELATED PARTIES

This represents unsecured, interest free loan given by directors to meet the liquidity requirements of the Company. These loans are repayable at the discretion of the Company. In line with Technical Release - 32 (TR 32 - Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), these loans are shown as part of equity.

	Note	(Un-Audited) 31-Dec-2021 (Rupees)	(Audited) 30-Sep-2021
7. SHORT TERM BORROWINGS			
From financial institutions	7.1	1,362,725,821	1,866,617,578
From related parties		6,223,931	5,088,547
		<u>1,368,949,752</u>	<u>1,871,706,125</u>

7.1 From financial institutions - secured and interest bearing

National Bank of Pakistan			
Cash finance (hypothecation)	7.1.1	99,996,206	99,996,206
Cash finance (pledge)		-	421,700,000
Bank Islami Pakistan Limited			-
Karobar finance	7.1.2	466,355,539	514,751,372
Meezan Bank Limited			-
Istisna / tijarah	7.1.3	207,412,431	-
Salam OTT (Pledge)	7.1.4	199,998,965	-
Askari Bank Limited - Islamic banking			
Salam OTT (Pledge)	7.1.5	216,500,000	499,500,000
Dubai Islamic Bank Limited - Islamic banking			
Salam Facility		-	330,670,000
Samba Bank Limited			
Cash finance	7.1.6	172,462,680	-
		<u>1,362,725,821</u>	<u>1,866,617,578</u>

7.1.1 This finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 100 million (30 September 2021: Rs.100 million), to finance working capital needs i.e. raw material procurement & other direct / indirect cost / expense / overheads as well as financing of white refined sugar. It carries mark-up at the rate of 3 months KIBOR + 3.00% (30 September 2021: 3 months KIBOR + 3.00%) per annum, payable quarterly. It is secured by way of first pari passu charge over current assets of the company (already registered with SECP) to the extent of Rs. 134 million (30 September 2021: Rs. 134 million), first pari passu charge over fixed assets. Total value of fixed assets assessed at Rs. 2,109.061 Million (FSV Rs. 1,581.796 Million) vide Evaluation report dated 22.06.2017 conducted by Harvester Services (Pvt.) Limited measuring 616 Kanal 14 Marla / 77 Acre 14 Marala land located at Chak No. 128 G.B., Lahore Road, Tehsil Jaranwala, District Faisalabad and personal guarantees along with Personal Net Worth Statement (PNWS) / Wealth tax returns of the two directors of the company.

7.1.2 This finance facility has been obtained from Bank Islami Pakistan Limited, out of total sanctioned limit of Rs. 515 million (30 September 2021: Rs. 515 million) for production of sugar. It carries profit at the rate of respective KIBOR + 3% (30 September 2021: respective KIBOR + 3%) per annum, payable quarterly. It is secured by way of first pari passu charge over fixed assets (land, building and plant & machinery) of the Company to the extent of Rs. 334 million (30 September 2021: Rs. 334 million), first pari passu charge

over present and future current assets of the company to the extent of Rs. 1059 million (30 September 2021: Rs. 1059 million), ranking charge over present and future current assets of the company amounting to Rs. 334 million upgraded to first pari pasu / JPP charge within 120 days from the date of sanction advice and personal guarantees of two directors of the Company.

- 7.1.3** This finance facility has been obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. 500 million (30 September 2021: Rs. nil) for purchase of raw materials, stores & spares and to meet the working capital requirements of the company. It carries profit at the rate of respective KIBOR + 2.75% per annum till 31st December, 2021. It is secured by way of charge on pledged assets registered with SECP of the company (white refined crystalline sugar) amounting to Rs. 715 million.
- 7.1.4** This finance facility has been obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. 200 million (30 September 2021: Rs. nil) for purchase of raw materials, stores & spares and to meet the working capital requirements of the company. It carries profit at the rate of respective KIBOR + 2.75% per annum. It is secured by way of charge over pledged assest (white crystline sugar) amounting to Rs 1,072 million registered with SECP.
- 7.1.5** This finance facility was obtained from Askari Bank Limited, out of total sanctioned limit of Rs. 500 million (30 September 2021: 500) for production of white refined sugar from sugarcane. It carries profit at the rate of matching KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over all present and future fixed assets of the company to the extent of Rs. 400 million through constructive MOTD and plant & machinery (through letter of hypothecation) duly registered with SECP, ranking charge over all present and future current assets of the company to the extent of Rs. 534 million out of which Rs. 400 million has been registered with SECP and remaining charge of Rs. 134 million for enhancement , pledge of white refined sugar of 2021-2022 season with 25% margin (inclusive of applicable sales tax) stored at the company's godown (shared with other banks), duly stacked and segregated in countable position and insured under the supervision of the banks approved muccadam, placement of 33.33% (166.650 million approx.) of total pledge of sugar bags in open area located within the Mill's premises keeping in view of lesser capacity of godowns during the peak season (FY 2021-2022) and personal guarantees of two directors of the company along with PNWSSs.
- 7.1.6** This finance facility has been obtained from Samba Bank Limited, out of total sanctioned limit of Rs. 175 million (30 September 2021: Rs. nil) to meet the working capital requirements of the company. It carries profit at the rate of 3 months KIBOR + 2.75% per annum.. It is secured by way of ranking cahrgre over present and future fixed assest of the compapny to Rs 234 million, ranking charge over present and future current assets of the company to Rs. 234 million and pledge of white refined sugar.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in the status of contingencies as reported in the annual financial statements of the company for the year ended September 30, 2021.

8.2 Commitments

Company is committed to pay the following:

Ijarah Rentals

Due within one year	12,589,295	10,668,613
Due after one year but not later than five year	25,389,682	24,940,502

Diminishing Musharika Rentals

Due within one year	2,400,000	3,854,064
Due after one year but not later than five year	-	963,516

40,378,977	40,426,695
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Commitments against CAPEX

-	-
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9. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	9.1	3,600,157,747	3,627,619,480
Capital work in progress	9.2	774,100,394	958,331,519
Store held for capitalization		407,003,373	407,003,373
		4,781,261,514	4,992,954,372

9.1 Operating fixed assets

Opening balance - net book value		3,627,619,480	3,648,180,908
Additions during the period / year	9.1.1	10,704,749	165,315,443
Disposals during the period - net book value	9.1.1	-	(28,962,931)
Revaluation surplus arose during the period / year		-	-
Depreciation charged during the period / year		(38,166,482)	(156,913,640)
Closing balance - net book value		3,600,157,747	3,627,619,480

9.1.1 The following additions / (deletions) were made during the period in operating fixed assets:

	Note	(Un-Audited) 31-Dec-2021 (Rupees)	(Audited) 30-Sep-2021
Plant and machinery		10,456,199	148,054,975
Civil Works			(8,225,749)
Gas and electric installation		30,000	(7,091,550)
Office equipment		16,650	80,600
Furniture&Fixture			77,240
Vehicles		90,900	(20,009,451)
Computer equipment's		111,000	24,000
		10,704,749	112,910,065
9.2 Capital work in progress			
Opening balance		958,331,519	808,579,487
Additions during the period / year:			
Civil Works - building		5,706,631	67,322,375
Plant & Machinery		11,306,402	58,631,674
Advance for capital expenditure		-	355,819,651
		17,013,033	481,773,700
		975,344,552	1,290,353,187
Transfer / adjustments during the period / year			
Civil Works - building		-	4,286,023
Plant & Machinery		-	157,306,125
Advance for capital expenditure		201,244,158	170,429,520
		201,244,158	332,021,668
Closing balance		774,100,394	958,331,519

Quarter Ended	
31-Dec-2021	31-Dec-2020
..... (Rupees)	

10. COST OF REVENUE

Raw materials consumed:

Sugarcane purchased	1,844,864,283	1,748,497,094
Sugarcane development cess	11,414,163	11,999,403
Market committee fee	3,043,802	3,219,855
	1,859,322,248	1,763,716,352
Salaries, wages and other benefits	48,315,768	42,482,427
Workers' welfare	4,064,314	3,443,645
Stores, spares and loose tools consumed	6,333,085	5,233,875
Chemicals consumed	14,873,356	14,843,601
Packing material consumed	20,887,740	15,243,926
Fuel and power	7,456,726	5,882,951
Repair and maintenance	41,771,202	25,828,307
Insurance	1,647,899	812,735
Other factory overheads	798,463	946,479
Depreciation	34,999,165	37,664,794
	181,147,718	152,382,740
	2,040,469,966	1,916,099,092

Work-in-process:

Opening stock	15,185,158	15,437,264
Closing stock	(89,598,991)	(66,644,800)
	(74,413,833)	(51,207,536)
Cost of goods manufactured	1,966,056,133	1,864,891,556

Finished goods:

Opening stock	932,480,024	637,374,128
Closing stock	(1,057,358,401)	(1,376,470,833)
	(124,878,377)	(739,096,705)
Cost of goods sold	1,841,177,756	1,125,794,852

Quarter Ended	
31-Dec-2021	31-Dec-2020

..... (Rupees)

11. EARNINGS PER SHARE - BASIC AND DILUTED

Profit attributable to Shareholders (Rupees)	74,606,867	313,233,350
Weighted average number of shares outstanding	52,965,000	38,520,000
Earning per share-basic and diluted (Rs. / share)	1.41	8.13

12. RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL FINANCIAL INSTITUTION

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

	31-Dec- 2021			31-Dec- 2020		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
----- Rupees -----						
Accrued Markup on Secured Borrowings	23,880,194	22,312,462	46,192,656	26,277,324	12,321,542	38,598,866
Short Term Borrowings	1,090,266,935	272,458,886	1,362,725,821	1,369,696,589	189,996,206	1,559,692,795
Bank Balances	42,925,744	38,897,856	81,823,600	120,819,600	26,867,046	147,686,646
	1,157,072,873	333,669,204	1,490,742,077	1,516,793,513	229,184,794	1,745,978,307

13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies for the period ended 31 Dec, 2021 are consistent with those disclosed in the preceding audited annual published financial statements of the Company.

31-Dec-2021 31-Dec-2020
..... (Rupees)

14. WORKING CAPITAL CHANGES

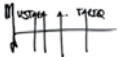
Store, spares and loose tools	(57,999,848)	(82,979,565)
Stock in trade	(199,292,210)	(790,304,241)
Trade debts	(80,662,796)	599,494,757
Advances, deposits, prepayments and other receivables	(39,674,307)	(114,695,249)
Tax refund due from Govt.	-	7,127,784
Trade and other payables	435,973,650	242,110,239
Contract Liabilities	292,015,150	(120,731,510)
	350,359,639	(259,977,784)

15. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 28 January 2022.

16. GENERAL

- 16.1 Figures of the corresponding period have been re-arranged and regrouped to represent better / true presentation and to facilitate appropriate comparison. However, there were no major reclassifications during the period.
- 16.2 Allocation to the Worker's Profit Participation Fund, Workers' Welfare Fund and figures of taxation are provisional. Final liabilities thereof would be determined on the basis of annual results.
- 16.3 The figures have been rounded off to the nearest rupee.







Chief Executive Officer



Chief Financial Officer



Director

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