



**HASEEB WAQAS SUGAR MILLS LIMITED**



## HASEEB WAQAS SUGAR MILLS LIMITED

### Company Information

#### Board of Directors

- |                        |                 |
|------------------------|-----------------|
| 1. Mr. Raza Mustafa    | Chairman        |
| 2. Mian Haseeb Ilyas   | Chief Executive |
| 3. Mian Waqas Riaz     | Director        |
| 4. Ms. Zainab Waqas    | Director        |
| 5. Mrs. Shahzadi Ilyas | Director        |
| 6. Ms. Zakia Ilyas     | Director        |
| 7. Mrs. Yasmin Riaz    | Director        |
| 8. Miss. Aqsa Riaz     | Director        |

#### Audit Committee

1. Mr. Raza Mustafa (Chairman)
2. Ms. Zakia Ilyas (Member)
3. Mrs. Yasmin Riaz (Member)

#### Company Secretary

Mr. Ansar Ahmed, FCA  
Tel: 042-35917313  
Email: [cs@hwgc.com.pk](mailto:cs@hwgc.com.pk)

#### Auditors

M/s Qadeer & Company  
Chartered Accountants  
89-F, Jail Road, Lahore

#### Mills

Mauza Jagmal  
Tehsil Jattoi  
Distt. Muzzafargarh

#### Bankers

National Bank of Pakistan  
Sindh Bank Limited  
The Bank of Punjab

#### Human Resource & Remuneration Committee

1. Mian Waqas Riaz (Member)
2. Mrs. Zainab Waqas (Member)
3. Ms. Zakia Ilyas (Member)

#### Chief Financial Officer

Syed Mubashar Hussain Bukhari  
Tel: 042-35917321-3  
Email: [hwgc@hwgc.com.pk](mailto:hwgc@hwgc.com.pk)

#### Registrar

Hameed Majeed Associates (Pvt.) Ltd  
H.M. House, 7-Bank Square, Lahore

#### Registered Office

06-F, Model Town, Lahore  
Tel: 042-35917321-23  
Fax: 042-35917317  
Website: [www.hwgc.com.pk](http://www.hwgc.com.pk)

#### Legal Advisor

Muhammad Ahsan Khan  
(Advocate)

**DIRECTORS' REVIEW  
FOR THE NINE MONTHS ENDED 30 JUNE 2019**

**Dear Members**

The Directors of your Company take this opportunity to present the interim accounts for the period of nine months ended on 30 June 2019.

**FINANCIAL RESULTS**

The financial results of the company for the period under review are summarized as follows:

|                                | <b>For the Nine Months ended 30 June</b> |             |
|--------------------------------|------------------------------------------|-------------|
|                                | <b>2019</b>                              | <b>2018</b> |
|                                | <b>(Rupees in thousand)</b>              |             |
| Net Sales                      | -                                        | 217,857     |
| Gross Profit / (Loss)          | <b>(139,263)</b>                         | (329,752)   |
| Net Profit / (Loss) before tax | <b>(307,351)</b>                         | (464,463)   |
| Net Profit / (Loss) after tax  | <b>(284,805)</b>                         | (451,179)   |
| Basic Earning                  | <b>(8.79)</b>                            | (13.93)     |

Since review petition dismissed by August Supreme Court of Pakistan, we could not operate mills hence incurred losses.

**OPERATIONAL DATA**

|                  |      | <b>June 2019</b> | <b>26 February 2018<br/>To<br/>01 April 2018</b> |
|------------------|------|------------------|--------------------------------------------------|
| Crushing days    | Days | -                | 35                                               |
| Average recovery | %age | -                | 88.50                                            |
| Cane crushed     | M.T. | -                | 76,819.660                                       |
| Sugar produced   | M.T. | -                | 5,808                                            |

**FUTURE OUTLOOK**

Our review petition dismissed by August Supreme Court and management considering alternate options available including but not limited to application to Ministry of Industries, under Section 3 of the Punjab Industries (Control on Establishment and Enlargement) Ordinance, 1963. In this context we have moved an application to Ministry of Industries under Section 3 of the Punjab Industries (Control on Establishment and Enlargement) Ordinance, 1963.



However, if management opt to restore and reconstitute the position by dismantling & removing the said mills from the present location than cost may be borne by the Company.

## ACKNOWLEDGEMENT

The Board of Directors deeply express their appreciation and pay their gratitude to sugarcane growers, valuable customers, shareholders, banks and Government departments for their continued support, trust, persistent co-operation and patronage which gives strength to pursue our corporate objectives with renewed vigor. The Board also acknowledges the valuable teamwork, devotion and dedication by the executives, employees and workers of the Company.

**On behalf of the Board**

Lahore  
30 July 2019

**(MIAN HASEEB ILYAS)**  
Chief Executive

**HASEEB WAQAS SUGAR MILLS LIMITED****CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**

AS AT JUNE 30, 2019

|                                                                       |    | Un-audited<br>June 30, 2019 | Audited<br>Sep 30, 2018 |
|-----------------------------------------------------------------------|----|-----------------------------|-------------------------|
|                                                                       |    | Rupees                      |                         |
| <b>CAPITAL AND LIABILITIES</b>                                        |    |                             |                         |
| <b>Share Capital and Reserves</b>                                     |    |                             |                         |
| Authorized capital                                                    |    |                             |                         |
| 35,000,000 (Sep. 2018 : 35,000,000) ordinary<br>shares of Rs. 10 each |    | 350,000,000                 | 350,000,000             |
| Issued, subscribed and paid up capital                                | 6  | 324,000,000                 | 324,000,000             |
| Loan from Directors                                                   | 7  | 842,031,639                 | 829,647,072             |
| <b>Capital Reserves</b>                                               |    |                             |                         |
| Surplus on Revaluation of Property, Plant<br>and equipments           |    | 1,471,321,534               | 1,527,024,369           |
| Revenue Reserves                                                      |    |                             |                         |
| Accumulated loss                                                      |    | (3,507,603,016)             | (3,278,500,546)         |
|                                                                       |    | (870,249,843)               | (597,829,105)           |
| <b>Non Current Liabilities</b>                                        |    |                             |                         |
| Long term financing                                                   | 8  | 515,586,616                 | 549,373,562             |
| Deferred liabilities                                                  |    | 17,343,374                  | 17,343,374              |
| Deferred taxation                                                     |    | 697,011,883                 | 719,558,548             |
|                                                                       |    | 1,229,941,873               | 1,286,275,484           |
| <b>Current Liabilities</b>                                            |    |                             |                         |
| Trade and other payables                                              |    | 785,022,699                 | 814,472,632             |
| Markup/ interest payables                                             |    | 526,826,283                 | 396,565,989             |
| Short term borrowings                                                 | 9  | 657,339,727                 | 669,579,535             |
| Unclaimed Dividend                                                    |    | 1,443,972                   | 1,443,972               |
| Current portion of non current liabilities                            | 10 | 1,190,937,642               | 1,102,814,080           |
|                                                                       |    | 3,161,570,323               | 2,984,876,208           |
| <b>Contingencies and Commitments</b>                                  |    |                             |                         |
|                                                                       | 11 | -                           | -                       |
|                                                                       |    | 3,521,262,354               | 3,673,322,587           |
| <b>ASSETS</b>                                                         |    |                             |                         |
| <b>Non Current Assets</b>                                             |    |                             |                         |
| Property, plant and equipment                                         | 12 | 3,351,797,177               | 3,483,247,293           |
| Long term deposits                                                    |    | 490,000                     | 490,000                 |
|                                                                       |    | 3,352,287,177               | 3,483,737,293           |
| <b>Current Assets</b>                                                 |    |                             |                         |
| Stores, spares and loose tools                                        |    | 55,892,796                  | 55,684,867              |
| Stock in trade                                                        | 13 | -                           | -                       |
| Advances ,deposits,prepayments and other recievables                  |    | 111,083,278                 | 131,797,120             |
| Cash and bank balances                                                |    | 1,999,104                   | 2,103,307               |
|                                                                       |    | 168,975,178                 | 189,585,294             |
|                                                                       |    | 3,521,262,354               | 3,673,322,587           |

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

**Mian Haseeb Ilyas**  
**CHIEF EXECUTIVE**

**Raza Mustafa**  
**DIRECTOR**

**Syed Mubashir Hussain bukhari**  
**CHIEF FINACIAL OFFICER**



## HASEEB WAQAS SUGAR MILLS LIMITED

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE 3RD QUARTER ENDED JUNE 30, 2019

|                                           | Note | Nine Months ended |               | Quarter ended |               |
|-------------------------------------------|------|-------------------|---------------|---------------|---------------|
|                                           |      | June 30, 2019     | June 30, 2018 | June 30, 2019 | June 30, 2018 |
|                                           |      | Rupees            |               | Rupees        |               |
| Sales - Net                               | 14   | -                 | 217,857,002   | -             | 41,173,000    |
| Cost of goods sold                        | 15   | (139,263,500)     | (547,609,147) | (44,496,589)  | (243,281,393) |
| <b>Gross (loss)</b>                       |      | (139,263,500)     | (329,752,145) | (44,496,589)  | (202,108,393) |
| Operating expenses:                       |      |                   |               |               |               |
| - Administrative and general              |      | 14,615,512        | 40,829,058    | 3,890,658     | 12,308,914    |
|                                           |      | (153,879,012)     | (370,581,203) | (48,387,247)  | (214,417,307) |
| Other operating income                    |      | 561,655           | 1,080,002     | 561,655       | -             |
| <b>(Loss) from operation</b>              |      | (153,317,357)     | (369,501,201) | (47,825,592)  | (214,417,307) |
| Finance cost                              |      | 154,034,612       | 94,962,633    | 58,012,639    | 24,286,101    |
| <b>(Loss) before taxation</b>             |      | (307,351,969)     | (464,463,834) | (105,838,231) | (238,703,408) |
| Taxation                                  |      |                   |               |               |               |
| Current                                   |      | -                 | -             | -             | -             |
| Deferred                                  |      | 22,546,665        | 13,284,431    | (18,572,083)  | 81,403,889    |
|                                           |      | 22,546,665        | 13,284,431    | (18,572,083)  | 81,403,889    |
| <b>(Loss) after taxation</b>              |      | (284,805,305)     | (451,179,403) | (124,410,315) | (157,299,519) |
| <b>Loss per share - basic and diluted</b> |      | (8.79)            | (13.93)       | (3.84)        | (4.85)        |

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

**Mian Haseeb Ilyas**  
CHIEF EXECUTIVE

**Raza Mustafa**  
DIRECTOR

**Syed Mubashir Hussain bukhari**  
CHIEF FINANCIAL OFFICER

**HASEEB WAQAS SUGAR MILLS LIMITED****CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**

FOR THE 3RD QUARTER ENDED JUNE 30, 2019

|                                                  | <b>Nine Months ended</b> |                      | <b>Quarter ended</b> |                      |
|--------------------------------------------------|--------------------------|----------------------|----------------------|----------------------|
|                                                  | <b>June 30, 2019</b>     | <b>June 30, 2018</b> | <b>June 30, 2019</b> | <b>June 30, 2018</b> |
|                                                  | <b>Rupees</b>            |                      | <b>Rupees</b>        |                      |
| (Loss) after taxation                            | (284,805,305)            | (451,179,403)        | (124,410,315)        | (157,299,519)        |
| Other comprehensive income for the period        | -                        | -                    | -                    | -                    |
| <b>Total comprehensive (loss) for the period</b> | <b>(284,805,305)</b>     | <b>(451,179,403)</b> | <b>(124,410,315)</b> | <b>(157,299,519)</b> |

*The annexed notes form an integral part of these condensed interim financial information***Mian Haseeb Ilyas**  
**CHIEF EXECUTIVE****Raza Mustafa**  
**DIRECTOR****Syed Mubashir Hussain bukhari**  
**CHIEF FINACIAL OFFICER**



## HASEEB WAQAS SUGAR MILLS LIMITED

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

FOR THE 3RD QUARTER ENDED JUNE 30, 2019

|                                                               | June 30, 2019 | June 30, 2018 |
|---------------------------------------------------------------|---------------|---------------|
|                                                               | Rupees        |               |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    |               |               |
| (Loss)/profit before taxation                                 | (307,351,969) | (375,126,062) |
| Adjustments for:                                              |               |               |
| - Depreciation                                                | 130,997,531   | 143,299,905   |
| - Finance cost                                                | 154,034,612   | 94,326,844    |
|                                                               | 285,032,143   | 237,626,749   |
| <b>Operating profit before working capital changes</b>        | (22,319,826)  | (137,499,313) |
| (Increase) / decrease in current assets:                      |               |               |
| - Stores, spares and loose tools                              | (207,929)     | (5,652,946)   |
| - Stock in trade                                              | -             | (24,276,750)  |
| - Advances ,deposits,prepayments and other receivables        | 20,713,842    | 359,669,533   |
| Increase / (decrease) in current liabilities:                 |               |               |
| - Trade and other payables                                    | (29,449,933)  | (168,025,800) |
|                                                               | (8,944,020)   | 161,714,037   |
| <b>Cash generated / (used in) from operations</b>             | (31,263,846)  | 24,214,724    |
| Income tax paid / deducted                                    | -             | -             |
| Gratuity paid                                                 | (247,413)     | (890,000)     |
| Finance cost paid                                             | (23,774,318)  | (72,319,144)  |
| <b>Net cash generated from/(used in) operating activities</b> | (55,285,578)  | (48,994,421)  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |               |               |
| Property, plant and equipment purchased                       | -             | (26,723,723)  |
| Capital work in process                                       | -             | -             |
| Proceeds from sale of property, plant and equipment           | 700,000       | -             |
| <b>Net cash (used in) investing activities</b>                | 700,000       | (26,723,723)  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |               |               |
| Proceeds / (Repayment) from long term loans - Net             | 54,336,616    | (247,482,950) |
| Proceeds / (Repayment) from Directors/Sponsors- Net           | 12,384,567    | 159,852,645   |
| Proceeds / (Repayment) from short term borrowings - Net       | (12,239,808)  | 159,028,596   |
| <b>Net cash generated from financing activities</b>           | 54,481,375    | 71,398,291    |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | (104,203)     | (4,319,853)   |
| Cash and cash equivalents at the beginning of the period      | 2,103,307     | 7,917,418     |
| <b>Cash and cash equivalents at the end of the period</b>     | 1,999,104     | 3,597,565     |

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

**Mian Haseeb Ilyas**  
CHIEF EXECUTIVE

**Raza Mustafa**  
DIRECTOR

**Syed Mubashir Hussain bukhari**  
CHIEF FINANCIAL OFFICER





## HASEEB WAQAS SUGAR MILLS LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE 3RD QUARTER ENDED JUNE 30, 2019

|                                                                                                                | Issued,<br>subscribed and<br>paid-up | Loan from<br>Directors | Surplus on<br>Revaluation of<br>Property, Plant<br>and equipment | Accumulated<br>profit / (Loss) | Total         |
|----------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------|------------------------------------------------------------------|--------------------------------|---------------|
|                                                                                                                | R u p e e s                          |                        |                                                                  |                                |               |
| <b>Balance as at September 30, 2017</b>                                                                        | 324,000,000                          | 804,314,867            | 1,603,039,450                                                    | (2,865,617,599)                | (134,263,282) |
| Total comprehensive loss for the period                                                                        |                                      | -                      |                                                                  |                                |               |
| Net (loss) for the period                                                                                      | -                                    | -                      |                                                                  | (451,179,403)                  | (451,179,403) |
| Other comprehensive income                                                                                     | -                                    | -                      |                                                                  | -                              | -             |
| Total comprehensive income / (loss) for the period                                                             | -                                    | -                      |                                                                  | (451,179,403)                  | (451,179,403) |
| Increase in Directors Loan during the period                                                                   |                                      | (11,200,490)           |                                                                  | -                              | (11,200,490)  |
| Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation | -                                    | -                      | (57,011,311)                                                     | 57,011,311                     | -             |
| <b>Balance as at June 30, 2018</b>                                                                             | 324,000,000                          | 793,114,377            | 1,546,028,139                                                    | (3,259,785,691)                | (596,643,175) |
| Total comprehensive loss for the period                                                                        |                                      |                        |                                                                  |                                |               |
| Net (loss) for the period                                                                                      | -                                    |                        |                                                                  | (37,722,369)                   | (37,722,369)  |
| Other comprehensive income                                                                                     | -                                    |                        |                                                                  | 3,744                          | 3,744         |
| Total comprehensive income / (loss) for the period                                                             | -                                    |                        |                                                                  | (37,718,625)                   | (37,718,625)  |
| Increase in director's loan during the year                                                                    | -                                    | 36,532,695             |                                                                  | -                              | 36,532,695    |
| Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation | -                                    |                        | (19,003,770)                                                     | 19,003,770                     | -             |
| <b>Balance as at September 30, 2018</b>                                                                        | 324,000,000                          | 829,647,072            | 1,527,024,369                                                    | (3,278,500,546)                | (597,829,105) |
| Total comprehensive loss for the period                                                                        |                                      |                        |                                                                  |                                |               |
| Net loss for the period                                                                                        | -                                    |                        |                                                                  | (284,805,305)                  | (284,805,305) |
| Other comprehensive income                                                                                     | -                                    |                        |                                                                  | -                              | -             |
| Total comprehensive income / (loss) for the period                                                             | -                                    |                        |                                                                  | (284,805,305)                  | (284,805,305) |
| Increase in director's loan during the period                                                                  | -                                    | 12,384,567             |                                                                  | -                              | 12,384,567    |
| Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation | -                                    |                        | (55,702,835)                                                     | 55,702,835                     | -             |
| <b>Balance as at June 30, 2019</b>                                                                             | 324,000,000                          | 842,031,639            | 1,471,321,534                                                    | (3,507,603,016)                | (870,249,843) |

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

**Mian Haseeb Ilyas**  
CHIEF EXECUTIVE

**Raza Mustafa**  
DIRECTOR

**Syed Mubashir Hussain bukhari**  
CHIEF FINANCIAL OFFICER



## HASEEB WAQAS SUGAR MILLS LIMITED

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE 3RD QUARTER ENDED JUNE 30, 2019

#### 1 STATUS AND ACTIVITIES

Haseeb Waqas Sugar Mills Limited ("the Company") was incorporated on 13 January 1992 as a Public Limited Company under the Companies Ordinance, 1984. The Company's registered office is situated at 6-F Model Town, Lahore. The mill is situated at Tehsil Jattoi Distt. Muzaffargarh. The Company is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacture and sale of refined sugar and its by-products.

#### 2 STATEMENT OF COMPLIANCE

- 2.01 This condensed interim financial report of the company for the nine months period ended June 30, 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34-Interim Financial Reporting and Provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- 2.02 This condensed interim financial report comprises of the condensed interim balance sheet as at June 30, 2019 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the six months period then ended which have been subjected to a review but not audited. This condensed interim financial report also includes the condensed interim profit and loss account for the quarter ended June 30, 2017 were not audited.
- 2.03 The comparative condensed balance sheet, presented in this condensed interim financial report, as at June 30, 2019 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2016 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement for the nine months period ended June 30, 2018 were not audited..

#### 3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

#### 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended September 30, 2018.

#### 5 GOING CONCERN ASSUMPTION

During the period under review, the Company posted gross loss of Rs. 139.3 million as compared to last year's Rs. 329.8 million. Further, the Company's gross Loss ratio and net Loss ratio is negative 100% and 100% respectively which is much higher than corresponding period's gross profit and net profit ratios which were 28% and 32% respectively.

#### OPERATIONAL MEASURES

In view of above issues Company has taken following mitigating steps:

Shifting of mill to Alipur Jatoi, Muzaffargarh done where sugar cane availability and sugar recovery are better.

BMR done and we will see impact of this BMR in the financials of coming season.

The management foresees positive cash flow from future operations in expectation of better availability of sugar cane and sugar prices in coming season, since sugar dynamics are good and rising.

The projected financial statements prepared by the management to support its going concern assessment is based on following assumptions.

|                         | <b>PROJECTED</b> |             |             |
|-------------------------|------------------|-------------|-------------|
|                         | <b>2020</b>      | <b>2021</b> | <b>2022</b> |
| Sugar cane crushing M.T | 780,000          | 800,000     | 800,000     |
| Sugar cane rate         | 180              | 185         | 190         |
| Sugar price per Kg      | 60               | 62          | 64          |

However, it is believed that considering the mitigating factors set out in the preceding paragraphs, the going concern assumption is appropriate and has, as such, prepared these financial statements on a going concern basis.

Our review petition dismissed by Supreme Court and management considering alternate options available including but not limited to application to Ministry of Industries and Planning under Section 3 of the Punjab Industries (Control on Establishment and Inlargement) Ordinance, 1963.

#### 6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

|                                                                             | <b>Note</b> | <b>June 30, 2019</b> | <b>Sept. 30, 2018</b> |
|-----------------------------------------------------------------------------|-------------|----------------------|-----------------------|
| <b>Rupees</b>                                                               |             |                      |                       |
| 27,000,000 (Sept. 2016: 27,000,000) shares issued for cash.                 |             | 270,000,000          | 270,000,000           |
| 5,400,000 (Sept. 2016: 5,400,000) shares issued as fully paid bonus shares. |             | 54,000,000           | 54,000,000            |
|                                                                             |             | <u>324,000,000</u>   | <u>324,000,000</u>    |



There is no movement in ordinary share capital of the Company during period.

**7 LOAN FROM DIRECTORS** 842,031,639 829,647,072

This loan has been obtained from Sponsors of the Company, and is interest free. There is no fixed tenor or schedule for repayment of this loan. According to the loan agreement, the lenders shall not demand repayment and the same is entirely at the Company's option. Further, this loan is subordinated to National Bank of Pakistan, The Bank of Punjab, Sindh Bank Ltd and Silk Bank Ltd.

| <b>8 LONG TERM FINANCING</b>                                                |       |                        |                        |
|-----------------------------------------------------------------------------|-------|------------------------|------------------------|
| <b>Loan from banking companies and other financial institutions-secured</b> |       | <u>515,586,616</u>     | <u>549,373,562</u>     |
| National Bank of Pakistan                                                   |       |                        |                        |
| - Demand Finance I                                                          | 8.1   | 220,000,000            | 220,000,000            |
| - Demand Finance II                                                         | 8.2   | 160,000,000            | 160,000,000            |
| The Bank of Punjab                                                          |       |                        |                        |
| - Demand Finance                                                            | 8.3   | 285,000,000            | 285,000,000            |
| Sindh Bank Ltd                                                              |       |                        |                        |
| - Demand Finance                                                            | 8.4   | 500,000,000            | 500,000,000            |
| Silk Bank Ltd                                                               |       |                        |                        |
| - Demand Finance                                                            | 8.5.1 | 390,000,000            | 390,000,000            |
| - Demand Finance (Freezed Markup)                                           | 8.5.2 | 54,336,616             | -                      |
| PAIR Investment Company Limited                                             |       |                        |                        |
| - Demand Finance                                                            | 8.6   | 70,000,000             | 70,000,000             |
|                                                                             |       | <u>1,679,336,616</u>   | <u>1,625,000,000</u>   |
| Less: current portion shown under current liabilities                       |       |                        |                        |
| - NBP - Demand Finance - I                                                  |       | (220,000,000)          | (180,000,000)          |
| - NBP - Demand Finance - II                                                 |       | (160,000,000)          | (160,000,000)          |
| - BOP - Demand Finance                                                      |       | (213,750,000)          | (171,000,000)          |
| - Sindh Bank - Demand Finance                                               |       | (500,000,000)          | (377,626,438)          |
| - Silk Bank - Demand Finance                                                |       | -                      | (117,000,000)          |
| - Demand Finance - PAIR                                                     |       | (70,000,000)           | (70,000,000)           |
|                                                                             |       | <u>(1,163,750,000)</u> | <u>(1,075,626,438)</u> |
|                                                                             |       | <u>515,586,616</u>     | <u>549,373,562</u>     |



|        | Note                                        | June 30, 2019      | Sept. 30, 2018     |
|--------|---------------------------------------------|--------------------|--------------------|
| Rupees |                                             |                    |                    |
| 8.1    | <b>Demand Finance I - NBP</b>               |                    |                    |
|        | Opening balance                             | 220,000,000        | 220,000,000        |
|        | Loan obtained during the period / year      | -                  | -                  |
|        |                                             | <u>220,000,000</u> | <u>220,000,000</u> |
|        | Less: payment made during the period / year | -                  | -                  |
|        |                                             | <u>220,000,000</u> | <u>220,000,000</u> |

This finance has been obtained from National Bank of Pakistan The finance is secured by 1st PP charge of Rs. 293.334 million on fixed assets of the Company and personal guarantees of sponsoring directors of the Company. It carries markup 3 months KIBOR +2.5% per annum. This loan is payable in ten bi-annual instalments.

|     |                                             |                    |                    |
|-----|---------------------------------------------|--------------------|--------------------|
| 8.2 | <b>Demand Finance II - NBP</b>              |                    |                    |
|     | Opening balance                             | 160,000,000        | 160,000,000        |
|     | Loan obtained during the period / year      | -                  | -                  |
|     |                                             | <u>160,000,000</u> | <u>160,000,000</u> |
|     | Less: payment made during the period / year | -                  | -                  |
|     |                                             | <u>160,000,000</u> | <u>160,000,000</u> |

This finance has been obtained from National Bank of Pakistan The finance is secured by 1st PP charge of Rs. 213.334 million on fixed assets of the Company and personal guarantees of sponsoring directors of the Company. It carries markup 3 months KIBOR +2.5% per annum. This loan is payable in twelve equal quarterly instalments.

|     |                                             |                    |                    |
|-----|---------------------------------------------|--------------------|--------------------|
| 8.3 | <b>Demand Finance - BOP</b>                 |                    |                    |
|     | Opening balance                             | 285,000,000        | 285,000,000        |
|     | Loan obtained during the period / year      | -                  | -                  |
|     |                                             | <u>285,000,000</u> | <u>285,000,000</u> |
|     | Less: payment made during the period / year | -                  | -                  |
|     |                                             | <u>285,000,000</u> | <u>285,000,000</u> |

This finance has been obtained from The Bank of Punjab through restructuring of existing cash finance facility. The finance is secured by ranking charge over all present and future fixed assets of the Company and personal guarantees of directors of the Company. It carries markup 3 months KIBOR +1.25% per annum. This loan is payable in twenty eight quarterly instalments.

|     |                                             |                    |                    |
|-----|---------------------------------------------|--------------------|--------------------|
| 8.4 | <b>Demand Finance - Sindh Bank</b>          |                    |                    |
|     | Opening balance                             | 500,000,000        | 500,000,000        |
|     | Loan obtained during the period / year      | -                  | -                  |
|     |                                             | <u>500,000,000</u> | <u>500,000,000</u> |
|     | Less: payment made during the period / year | -                  | -                  |
|     |                                             | <u>500,000,000</u> | <u>50,000,000</u>  |

This finance has been obtained from Sindh Bank Limited under demand finance arrangement. The finance is secured by ranking charge over all present and future fixed assets of the Company and personal guarantees of directors of the Company. It carries markup 3 months KIBOR +5% per annum. This loan is payable in twelve quarterly instalments.

|       |                                             |                    |                    |
|-------|---------------------------------------------|--------------------|--------------------|
| 8.5.1 | <b>Demand Finance - Silk Bank Ltd</b>       |                    |                    |
|       | Opening balance                             | 390,000,000        | 390,000,000        |
|       | Loan obtained during the period / year      | -                  | -                  |
|       |                                             | <u>390,000,000</u> | <u>390,000,000</u> |
|       | Less: payment made during the period / year | -                  | -                  |
|       |                                             | <u>390,000,000</u> | <u>390,000,000</u> |

|       |                                             |                   |   |
|-------|---------------------------------------------|-------------------|---|
| 8.5.2 | <b>Demand Finance - Silk Bank Ltd</b>       |                   |   |
|       | Opening balance                             | -                 | - |
|       | Loan obtained during the period / year      | 54,336,616        | - |
|       |                                             | <u>54,336,616</u> | - |
|       | Less: payment made during the period / year | -                 | - |
|       |                                             | <u>54,336,616</u> | - |

This finance has been obtained from Silk Bank Limited under demand finance arrangement. The finance is secured by Pari passu charge over all present and future fixed assets of the Company and corporate guarantee of Abdullah Sugar Mills LTD and personal guarantees of directors of the Company. It carries markup 01 yeat KIBOR + 2% per annum. This loan is rescheduled and payable in 10 bi-annually instalments starting from 21-08-2020.

8.5.2 This finance sanctioned by Silk bank Ltd by freezing markup on demand finance already proved by the Bank . This loan is payable in eight equal instalments of four months starting from 21-08-2025



|        | Note                                        | June 30, 2019     | Sept. 30, 2018    |
|--------|---------------------------------------------|-------------------|-------------------|
| Rupees |                                             |                   |                   |
| 8.6    | <b>Demand Finance - PAIR</b>                |                   |                   |
|        | Opening balance                             | 70,000,000        | 70,000,000        |
|        | Less: payment made during the period / year | -                 | -                 |
|        |                                             | <u>70,000,000</u> | <u>70,000,000</u> |

This finance has been obtained from PAIR Investment Company Limited. The finance is secured by parri passu charges over the present and future fixed assets of the Company, with a margin of 33% above the financing amount. Parri passu charge by way of creation of mortgage over the land and building of the Company and personal guarantees of directors of the Company. It carries markup 3 months KIBOR +350 bps per annum. This loan is payable in eighteen equal monthly installments.

## 9 SHORT TERM BORROWINGS

|                           |                    |                    |
|---------------------------|--------------------|--------------------|
| Loan from related parties | 657,339,727        | 669,579,535        |
|                           | <u>657,339,727</u> | <u>669,579,535</u> |

## 10 CURRENT PORTION OF NON CURRENT LIABILITIES

|                                                     |                      |                      |
|-----------------------------------------------------|----------------------|----------------------|
| Long term finances                                  | 1,163,750,000        | 1,075,626,438        |
| Liabilities against assets subject to finance lease | 27,187,642           | 27,187,642           |
|                                                     | <u>1,190,937,642</u> | <u>1,102,814,080</u> |

## 11 CONTINGENCIES AND COMMITMENTS

11.01 The collector of Sales Tax And Central Excise (Adjudication) Lahore has issued a show cause notice to the Company for the further tax amounting to Rs. 47 million upto the tax period September 2002 on the grounds that it charged sales tax at the rate of 15 % on its sales to persons liable to be registered.

11.02 The Federal Board of Revenue has blacklisted the Sales Tax status of the Company on 8th March 2018 due to non compliance of the Sales Tax Act, 1990 and the rules made thereunder including not discharging of sales tax liability as outstanding in note # 12. However, the Company will further proceed to restate the sales tax status after starting of crushing season with permission of Superme Court.

11.03 Company has made defaults in repayment of installment of long term loans form financial institutions and bank. As a result, company's name has been included in CIB report of State Bank of Pakistan. The detail of the cases are as:

| Sr. # | Name of the Court | Date Instituted | Principal parties               | Description of the factual basis of the proceedings                           | Relief sought        |
|-------|-------------------|-----------------|---------------------------------|-------------------------------------------------------------------------------|----------------------|
| 1     | Lahore High Court | 03-May-17       | Sindh Bank Limited              | Default in repayment of principal amount of long term loans along with markup | rescheduling of loan |
| 2     | Lahore High Court | 29-Jan-16       | The Bank of Punjab              | Default in repayment of principal amount of long term loans along with markup | rescheduling of loan |
| 3     | Lahore High Court | 22-Sep-16       | National Bank of Pakistan       | Default in repayment of principal amount of long term loans along with markup | rescheduling of loan |
| 4     | Banking Courts    | 31-Mar-17       | First National Bank Modarba     | Default in repayment of principal amount of long term loans along with markup | rescheduling of loan |
| 5     | Banking Courts    | 20-Apr-18       | PAIR Investment Company Limited | Default in repayment of principal amount of long term loans along with markup | rescheduling of loan |

11.04 Our review petition (regarding shifting of mill to Alipur Jatoi) dismissed by Supreme Court and management considering alternate options available including but not limited to application to Ministry of Industries and Planning under Section 3 of the Punjab Industries (Control on Establishment and Enlargement) Ordinance, 1963.

In this context we have moved an application to Ministry of Industries under Section 3 of the Punjab Industries (Control on Establishment and Enlargement) Ordinance 1963. However if management opt to restore and reconstitute the position by dismantling & removing the said mills from the present location than cost may be borne by the company..

## 12 PROPERTY, PLANT AND EQUIPMENT

|                                         |                      |                      |
|-----------------------------------------|----------------------|----------------------|
| Opening written down value              | 3,674,162,329        | 3,674,162,329        |
| Addition / (Deletion) during the period | (1,192,805)          | (183,950)            |
|                                         | <u>3,672,969,524</u> | <u>3,673,978,379</u> |
| Depreciation for the period / year      | (130,997,531)        | (190,731,086)        |
|                                         | <u>3,541,971,993</u> | <u>3,483,247,293</u> |

## 13 STOCK IN TRADE

|                   |          |          |
|-------------------|----------|----------|
| Work in process   |          |          |
| Sugar             | -        | -        |
| By products stock | -        | -        |
|                   | <u>-</u> | <u>-</u> |



|                                    | Nine Months ended |               | Quarter ended |               |
|------------------------------------|-------------------|---------------|---------------|---------------|
|                                    | June 30, 2019     | June 30, 2018 | June 30, 2019 | June 30, 2018 |
|                                    | Rupees            |               | Rupees        |               |
| <b>14 SALES - NET</b>              |                   |               |               |               |
| - Sugar                            | -                 | 875,158,015   | -             | 630,847,615   |
| - Molasses                         | -                 | 102,187,677   | -             | 81,509,517    |
| - Mud                              | -                 | 86,940        | -             | -             |
|                                    | -                 | 977,432,632   | -             | 712,357,132   |
| Less: Sales tax and excise duty    | -                 | 93,249,081    | -             | 119,097,081   |
|                                    | -                 | 884,183,551   | -             | 593,260,051   |
| <b>15 COST OF GOODS SOLD</b>       |                   |               |               |               |
| Raw materials consumed             | -                 | 1,003,493,939 | -             | 507,289,496   |
| Stores and spares consumed         | 2,366,480         | 53,245,496    | 742,958       | 18,274,263    |
| Salaries, wages and other benefits | 8,439,343         | 108,440,301   | 1,518,815     | 47,650,529    |
| Insurance                          | -                 | 626,017       | -             | 2,353,098     |
| Repair and maintenance             | 1,253,637         | 7,738,398     | 10,835        | 58,934,586    |
| Depreciation                       | 126,471,305       | 132,701,524   | 42,157,101    | 90,878,791    |
| Others                             | 732,735           | 1,580,861     | 66,880        | 532,292       |
|                                    | 139,263,500       | 1,307,826,536 | 44,496,589    | 725,913,055   |
| Opening work in process            | -                 | 173,415       | -             | 75,709,551    |
| Closing work in process            | -                 | (9,160,308)   | -             | (29,782,925)  |
|                                    | -                 | (8,986,893)   | -             | 45,926,626    |
| Cost of goods manufactured         | 139,263,500       | 1,298,839,643 | 44,496,589    | 771,839,681   |
| Opening finished goods             | -                 | 3,693,796     | -             | -             |
| Closing finished goods             | -                 | (71,810)      | -             | -             |
|                                    | -                 | 3,621,986     | -             | -             |
|                                    | 139,263,500       | 1,302,461,629 | 44,496,589    | 771,839,681   |

## 16 RELATED PARTY TRANSACTIONS

Related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, key management personnel including Chief executive, Directors and Executives and Post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Details of related party transactions and balances are as follows:

### 16.1 Details of related party transactions other than those with key management personnel

The Company during the period / year entered into following transactions with related parties other than key management personnel:

| 16.1.1 Transactions with Associates  | June 30, 2019 | Sep 30, 2018 |
|--------------------------------------|---------------|--------------|
|                                      | Rupees        |              |
| Sale of molasses                     | -             | 22,428,900   |
| (Repayment) / Obtain of Loan to/from |               |              |
| Abdullah Sugar Mills Ltd             | (12,389,808)  | 117,473,255  |
| Sponsors and Directors               | 12,384,567    | 25,332,205   |

**16.1.2** Payments against balances due to related parties were made partially in cash and partially by paying for expenses on behalf of related parties and vice versa.

**16.1.3** As per common practice in the sugar industry in Pakistan, the Company also purchased sugar cane from persons associated, directly and indirectly, with management personnel of the Company. These purchases were made in accordance with the cane procurement practice in the sugar industry. It is not practicable to determine the related amounts.



|                                                               | <u>June 30, 2019</u> | <u>Sep 30, 2018</u> |
|---------------------------------------------------------------|----------------------|---------------------|
| <b>16.2 Details of related party balances are as follows:</b> |                      |                     |
| Due to:                                                       |                      |                     |
| Abdullah Sugar Mills Limited                                  | 655,135,663          | 667,375,471         |
| Haseeb Waqas Trading (Pvt.) Limited                           | 2,204,064            | 2,204,064           |
| Loan from / (to) Directors and Sponsors                       | 842,031,639          | 829,647,072         |

## 17 AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on July 30, 2018.

## 18 GENERAL

- Comparative figures have been rearranged / reclassified, wherever necessary, to facilitate comparison.
- Figures have been rounded off to the nearest of Pakistani rupees.

**Mian Haseeb Ilyas**  
**CHIEF EXECUTIVE**

**Raza Mustafa**  
**DIRECTOR**

**Syed Mubashir Hussain bukhari**  
**CHIEF FINANCIAL OFFICER**