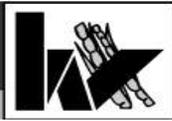


**HASEEB WAQAS SUGAR MILLS LIMITED**



## 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

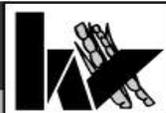
Hameed Majeed Associates (Pvt.) Ltd  
H.M. House, 7-Bank Square, Lahore

#### 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 HALF YEAR ENDED 31 MARCH 2019****Dear Members**

On behalf of the Board of Directors, it is my privilege to present you the Half Yearly condensed financial statements duly reviewed by the statutory auditors and their report is attached to the financial statements.

**FINANCIAL RESULTS**

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

	For the half year ended 31 March	
	2019	2018
	(Rupees in thousand)	
Net Sales	-	176,684
Gross Profit / (Loss)	(94,766)	(127,643)
Net Profit / (Loss) before tax	(201,513)	(225,760)
Net Profit / (Loss) after tax	(160,394)	(190,108)
Basic Earning	(4.95)	(5.87)

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

**OPERATIONAL DATA**

		March 2019	26 February 2018 To 01 April 2018
Crushing days	Days	-	38
Average recovery	%age	-	8.50
Cane crushed	M.T.	-	76,819,660
Sugar produced	M.T.	-	5,808

**AUDITOR'S REPORT**

Auditor's emphasis in the financial statements indicate that Company incurred gross loss amounting to Rs. 94,766,911 (2018: 127,643,754) and net loss from operations amounting to Rs. 105,491,765 (2018: 155,083,896) and accumulated losses stood at Rs. 3,399,292,970 (Sept. 30, 2018: 3,278,500,546). Moreover, the current liabilities exceed current assets by Rs. 3,003,861,185 (Sept. 30, 2018:



2,795,290,914). The Supreme Court of Pakistan, dismissed the appeal of the Company regarding relocation of factory to Alipur Jatoi. Furthermore, regarding litigation of defaults in repayment of loans, that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

## **CHANGES IN THE BOARD OF DIRECTORS**

During the period Mian Abdullah Ilyas and Mr. Yousaf Ilyas resigned from the post of Directorship. Mrs. Yasmin Riaz and Miss. Aqsa Riaz have been appointed respectively as director of the Company to fill the casual vacancy.

## **FUTURE OUTLOOK**

Our review petition dismissed by 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.

However, if management opt to restore and retribute 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.

**Lahore**  
**29 May 2019**

**On behalf of the Board**  
**(MIAN HASEEB ILYAS)**  
Chief Executive



## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF HASEEB WAQAS SUGAR MILLS LIMITED. REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

### **INTRODUCTION**

We have reviewed the accompanying condensed interim statement of financial position of **HASEEB WAQAS SUGAR MILLS LIMITED** as at March 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the interim financial statement for the six months period then ended (here-in-after referred to as "interim financial Statements"). Management is responsible for the preparation and presentation of this interim financial statement in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for three month period ended March 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended March 31, 2019.

### **SCOPE OF REVIEW**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **BASIS FOR QUALIFIED CONCLUSION**

We have not received direct bank confirmations from banks and financial institutions for long term loans amounting to Rs. 1,262 million and markup amounting to Rs. 361 million due to the reason mentioned in Note # 11.03 to the interim financial statements.

Further, Note # 11.02 to the annexed interim financial statements elaborates the factors due to which the Sales Tax status has been blacklisted by the Federal Board of Revenue due to non-compliance including non-payment of sales tax liability of Rs. 209 million.

### **QUALIFIED CONCLUSION**

Based on our review, with the exception of the matters described in the basis for qualified conclusion paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim



financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

## **MATERIAL UNCERTAINTY RELATING TO GOING CONCERN**

We draw attention to Note # 5 to the interim financial statements, which indicates that the Company incurred gross loss amounting to Rs: 94,766,911 (2018: 127,643,754) and net loss from operations amounting to Rs. 105,491,765 (2018: 155,083,896) and accumulated losses stood at Rs. 3,399,292,970 (Sept. 30, 2018: 3,278,500,546). Moreover, the current liabilities exceed current assets by Rs. 3,003,861,185 (Sept. 30, 2018: 2,795,290,914). Further as stated in note # 11.04 to the financial statements, the Supreme Court dismissed the appeal of the Company regarding relocation of factory to Alipur Jatoi. Furthermore, as stated in note # 11.03 regarding litigation of defaults in repayment of loans, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's is Nawaz khan, FCA.

**LAHORE**

**Dated:** May 29, 2019

**QADEER & COMPANY**

**CHARTERED ACCOUNTANTS**



## HASEEB WAQAS SUGAR MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

#### AS AT MARCH 31, 2019

	Note	Un-audited March 31, 2019	Audited Sep 30, 2018
Rupees			
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized capital 35,000,000 (Sept. 30, 2018: 35,000,000) ordinary 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	841,556,389	829,647,072
Surplus on Revaluation of Property, Plant and Equipment		1,487,421,802	1,527,024,369
Accumulated loss		(3,399,292,970)	(3,278,500,546)
		(746,314,779)	(597,829,105)
<b>Non Current Liabilities</b>			
Long term financing	8	442,852,697	549,373,562
Deferred liabilities		17,343,374	17,343,374
Deferred taxation		678,439,800	719,558,548
		1,138,635,871	1,286,275,484
<b>Current Liabilities</b>			
Trade and other payables		785,706,312	814,472,632
Markup/ interest payables		523,150,353	396,565,989
Short term borrowings	9	657,096,586	669,579,535
Unclaimed dividend		1,443,972	1,443,972
Current portion of non current liabilities	10	1,209,334,945	1,102,814,080
		3,176,732,167	2,984,876,208
<b>Contingencies and Commitments</b>			
	11	-	-
		3,569,053,260	3,673,322,587
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	12	3,395,692,278	3,483,247,293
Long term deposits		490,000	490,000
		3,396,182,278	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 receivables		115,025,649	131,797,120
Cash and bank balances		1,952,537	2,103,307
		172,870,982	189,585,294
		3,569,053,260	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 FINANCIAL OFFICER

**HASEEB WAQAS SUGAR MILLS LIMITED****CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**

FOR THE HALF YEAR AND 2ND QUARTER ENDED MARCH 31, 2019

	Note	Half year ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Rupees		Rupees	
Sales - Net	14	-	176,684,002	-	176,485,800
Cost of goods sold	15	(94,766,911)	(304,327,756)	(45,107,904)	(232,387,932)
<b>Gross (loss)</b>		(94,766,911)	(127,643,754)	(45,107,904)	(55,902,132)
Operating expenses:					
- Administrative and general		(10,724,854)	(28,520,144)	(4,599,866)	(16,395,156)
		(105,491,765)	(156,163,898)	(49,707,770)	(72,297,288)
Other operating income		-	1,080,002	-	189,242
<b>(Loss) from operation</b>		(105,491,765)	(155,083,896)	(49,707,770)	(72,108,046)
Finance cost		(96,021,973)	(70,676,532)	(60,349,220)	(35,003,779)
<b>(Loss) before taxation</b>		(201,513,738)	(225,760,428)	(110,056,990)	(107,111,825)
Taxation					
Current		-	-	-	-
Deferred		41,118,748	35,652,425	30,797,793	25,331,470
		41,118,748	35,652,425	30,797,793	25,331,470
<b>(Loss) after taxation</b>		(160,394,991)	(190,108,003)	(79,259,198)	(81,780,355)
<b>Loss per share - basic and diluted</b>		(4.95)	(5.87)	(2.45)	(2.52)

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 HALF YEAR AND 2ND QUARTER ENDED MARCH 31, 2019

	Half year ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees		Rupees	
(Loss) after taxation	(160,394,991)	(190,108,003)	(79,259,198)	(81,780,355)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) for the period</b>	<u>(160,394,991)</u>	<u>(190,108,003)</u>	<u>(79,259,198)</u>	<u>(81,780,355)</u>

*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 CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED MARCH 31, 2019

	March 31, 2019	March 31, 2018
	Rupees	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(201,513,738)	(225,760,428)
Adjustments for:		
- Depreciation	87,555,015	92,771,300
- Finance cost	96,021,973	70,676,532
	183,576,988	163,447,832
<b>Operating profit before working capital changes</b>	(17,936,750)	(62,312,596)
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(207,929)	(8,560,106)
- Stock in trade	-	(196,088,311)
- Advances, deposits, prepayments and other receivables	16,771,471	(8,645,999)
Increase / (decrease) in current liabilities:		
- Trade and other payables	(28,766,320)	175,118,595
	(12,202,778)	(38,175,821)
<b>Cash generated / (used in) from operations</b>	(30,139,528)	(100,488,418)
Income tax paid / deducted	-	-
Gratuity paid	-	(293,257)
Finance cost paid	30,562,391	(36,437)
<b>Net cash generated from / (used in) operating activities</b>	422,862	(100,818,111)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	-	183,950
Capital work in process	-	-
Proceeds from sale of property, plant and equipment	-	-
<b>Net cash (used in) investing activities</b>	-	183,950
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds / (Repayment) from long term loans - Net	-	-
Proceeds / (Repayment) from Directors/Sponsors - Net	11,909,317	(36,196,620)
Proceeds / (Repayment) from short term borrowings - Net	(12,482,949)	136,925,235
<b>Net cash generated from financing activities</b>	(573,632)	100,728,615
<b>Net increase / (decrease) in cash and cash equivalents</b>	(150,770)	94,453
Cash and cash equivalents at the beginning of the period	2,103,307	2,657,869
<b>Cash and cash equivalents at the end of the period</b>	1,952,537	2,752,322

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

## HASEEB WAQAS SUGAR MILLS LIMITED

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

FOR THE HALF YEAR ENDED MARCH 31, 2019

	Issued Subscribed and Paid up Capital	Loan from Directors	Surplus on Revaluation of Property, Plant & Equipmenys	Accumulated (Loss) / Profit	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)
Loss for the period	-	-	-	(190,108,003)	(190,108,003)
Other comprehensive Income / (Loss) for the Period	-	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	-	-	-	<b>(190,108,003)</b>	<b>(190,108,003)</b>
<b>Transation with Owners:</b>					
Increase / (Decrease) in Director's Laon during the Period	-	(36,196,620)	-	-	(36,196,620)
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation - net of Tax	-	-	(38,007,536)	38,007,536	-
<b>Balance as at March 31, 2018</b>	<b>324,000,000</b>	<b>768,118,247</b>	<b>1,565,031,914</b>	<b>(3,017,718,066)</b>	<b>(360,567,905)</b>
Total comprehensive loss for the period					
Net (loss) for the period	-	-	-	(298,793,769)	(298,793,769)
Other comprehensive income	-	-	-	3,744	3,744
Total comprehensive income / (loss) for the period	-	-	-	(298,790,025)	(298,790,025)
Increase in director's loan during the year	-	61,528,825	-	-	61,528,825
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation	-	-	(38,007,545)	38,007,545	-
<b>Balance as at September 30, 2018</b>	<b>324,000,000</b>	<b>829,647,072</b>	<b>1,527,024,369</b>	<b>(3,278,500,546)</b>	<b>(597,829,105)</b>
Total comprehensive loss for the period					
Net loss for the period	-	-	-	(160,394,991)	(160,394,991)
Other comprehensive income	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	(160,394,991)	(160,394,991)
Increase in director's loan during the year	-	11,909,317	-	-	11,909,317
Surplus on revaluation of fixed assets transferred to retained earnings in respect of incremental depreciation	-	-	(39,602,567)	39,602,567	-
<b>Balance as at March 31, 2019</b>	<b>324,000,000</b>	<b>841,556,389</b>	<b>1,487,421,802</b>	<b>(3,399,292,970)</b>	<b>(746,314,779)</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

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 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 ( Now the Companies Act 2017). 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

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.
- These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended September 30, 2018.
- 2.2 This condensed interim financial report comprises of the condensed interim statement of financial position as at March 31, 2019, the condensed interim profit or loss account, the condensed interim profit or loss account and other comprehensive income, condensed interim statement of changes in equity and the condensed interim statement of cash flows 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 or loss account for the quarter ended March 31, 2018 which is not subject to a review.
- 2.3 The comparative Statement of financial position, presented in this condensed interim financial statement, as at March 31, 2019 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2018 whereas the comparative condensed interim profit or loss account, the condensed interim profit or loss account and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the six months period ended March 31, 2019 were subjected to review but not audited. The comparative condensed profit or loss account for the quarter ended March 31, 2018 included in this condensed interim financial report was not subject to a review.

#### 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 statement of cash flows, 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. 94,766,911/- as compared to last period's of Rs. 127,643,754/-. Further, the Company remain non operational during the crushing season and resultantly have zero production and sales during the period.

#### OPERATIONAL MEASURES

In view of above issues Company has taken and / or in the process of taking 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.

Our review petition (regarding shifting of mill to Alipur Jatoi) dismissed by Supreme Court and management considering altmate 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.

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.

	Year Ended September 30,		
	2020	2021	2022
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.

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL	Note	Mar. 31, 2019	Sept. 30, 2018
		Rupees	
27,000,000 (Sept. 30, 2018: 27,000,000) shares issued for cash.		270,000,000	270,000,000
5,400,000 (Sept. 30, 2018: 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 the period.

7 LOAN FROM DIRECTORS	Note	Mar. 31, 2019	Sept. 30, 2018
		<u>841,556,389</u>	<u>829,647,072</u>

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 Limited and Silk Bank Ltd.

These loans are accounted for under Technical Release - 32 "Accounting Directors' Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016 with earlier application permitted.

**8 LONG TERM FINANCING**  
**Loan from banking companies and other financial institutions-secured**

National Bank of Pakistan			
- Demand Finance I	8.1.1	220,000,000	220,000,000
- Demand Finance II	8.1.2	160,000,000	160,000,000
The Bank of Punjab			
- Demand Finance	8.1.3	285,000,000	285,000,000
Sindh Bank Ltd			
- Demand Finance	8.1.4	500,000,000	500,000,000
Silk Bank Ltd			
- Demand Finance	8.1.5	390,000,000	390,000,000
PAIR Investment Company Limited			
- Demand Finance	8.1.6	70,000,000	70,000,000
		<u>1,625,000,000</u>	<u>1,625,000,000</u>
Less: current portion shown under current liabilities			
- NBP - Demand Finance - I		(180,000,000)	(180,000,000)
- NBP - Demand Finance - II		(160,000,000)	(160,000,000)
- BOP - Demand Finance		(199,500,000)	(171,000,000)
- Sindh Bank - Demand Finance		(416,647,303)	(377,626,438)
- Silk Bank Ltd		(156,000,000)	(117,000,000)
- Demand Finance - PAIR		(70,000,000)	(70,000,000)
		<u>(1,182,147,303)</u>	<u>(1,075,626,438)</u>
		<u>442,852,697</u>	<u>549,373,562</u>



	Note	Mar. 31, 2019	Sept. 30, 2018
Rupees			
8.1.1 <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.

8.1.2 <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.

8.1.3 <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.

8.1.4 <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>500,000,000</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.

8.1.5 <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>

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 6 months KIBOR + 2% per annum. This loan is payable in twelve quarterly instalments.

Note	Mar. 31, 2019	Sept. 30, 2018
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Rupees

## 8.1.6 Demand Finance - PAIR

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	657,096,586	669,579,535
	<u>657,096,586</u>	<u>669,579,535</u>

## 10 CURRENT PORTION OF NON CURRENT LIABILITIES

Long term finances	1,182,147,303	1,075,626,438
Liabilities against assets subject to finance lease	27,187,642	27,187,642
	<u>1,209,334,945</u>	<u>1,102,814,080</u>

## 11 CONTINGENCIES AND COMMITMENTS

- 11.1 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.
- 11.2 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 amounting to Rs. 209 million. However, the Company will further proceed to restate the sales tax status after starting of crushing season as mentioned in note # 5.
- 11.3 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

- 11.4 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. 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	3,483,247,293	3,674,162,329
Addition / Deletion during the period	-	(183,950)
	<u>3,483,247,293</u>	<u>3,673,978,379</u>
Depreciation for the period / year	(87,555,015)	(190,731,086)
	<u>3,395,692,278</u>	<u>3,483,247,293</u>

## 13 STOCK IN TRADE

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



	Half year ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees		Rupees	
<b>14 SALES - NET</b>				
- Sugar	-	203,269,800	-	203,033,940
- Molasses	-	-	-	-
- Mud	-	235,860	-	235,860
	-	203,505,660	-	203,269,800
Less: Sales tax and excise duty	-	(26,821,658)	-	(26,784,000)
	-	176,684,002	-	176,485,800
<b>15 COST OF GOODS SOLD</b>				
Raw materials consumed	-	346,093,028	-	346,093,028
Stores and spares consumed	1,623,522	9,383,374	1,358,416	8,838,698
Salaries, wages and other benefits	6,920,528	38,976,557	1,828,020	23,586,675
Repair and maintenance	1,342,802	15,067,885	488,383	6,199,532
Depreciation	84,314,204	89,647,790	41,074,538	43,621,046
Others	565,855	1,247,433	358,547	137,264
	94,766,911	500,416,067	45,107,904	428,476,243
Opening work in process	-	-	-	-
Closing work in process	-	(61,658,762)	-	(61,658,762)
	-	(61,658,762)	-	(61,658,762)
Cost of goods manufactured	94,766,911	438,757,305	45,107,904	366,817,481
Opening finished goods	-	-	-	-
Closing finished goods	-	(134,429,549)	-	(134,429,549)
	-	(134,429,549)	-	(134,429,549)
	94,766,911	304,327,756	45,107,904	232,387,932

## 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	March 31, 2019	Sep 30, 2018
	Rupees	
Sale of molasses		
Abdullah Sugar Mills Ltd	-	22,428,900
(Repayment) / Obtain of Laon (to)/from		
Abdullah Sugar Mills Ltd	(12,482,949)	117,473,255
Sponsors and Directors	11,909,317	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.



March 31, 2019      Sep 30, 2018

Rupees

**16.2 Details of related party balances are as follows:**

Due to:

Abdullah Sugar Mills Limited	654,892,522	667,375,471
Haseeb Waqas Trading (Pvt.) Limited	2,204,064	2,204,064
Loan from Directors and Sponsors	841,556,389	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 May 28, 2019.

**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