Husein Sugar Mills Limited

HEAD OFFICE: 30-A/E-1, Old FCC, Gulberg III, Lahore. Ph: 0092-42-35762089-90, 35878153
Fax: 0092-42-35712680 Website: www.huseinsugarmills.com, E-mail: info@huseinsugarmills.com

Ref: HSM/HY-167PSX/2
Dated: May 11, 2017

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

FINANCIAL RESULTS FOR THE PERIOD ENDED MARCH 31, 2017

Dear Sir,

We have to inform you that Board of Directors of our Company in their meeting held on **Thursday, May 11, 2017**, at **10:00 A.M.**, at its registered office, 30-A/E-I, Old FCC, Gulberg-III, Lahore, recommended the following:

(i) **CASH DIVIDEND: NIL**

(ii) **BONUS ISSUE: NIL**

(iii) **RIGHT SHARES: 47.059% (47.059shares for every 100 shares) at premium of Rs.15 (Total price Rs.25)**

The Half Yearly Financial Results of the Company are as follows:

	HALF YEAR ENDED		2ND QUARTER ENDED	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	---- Rupees ----			
Sales-Net	2,234,335,035	2,149,692,403	1,384,172,376	1,462,673,158
Cost of Sales	(1,847,991,687)	(1,913,766,956)	(1,116,335,249)	(1,298,578,254)
Gross Profit	386,343,348	235,925,447	267,837,127	164,094,94
Distribution Cost	(9,862,369)	(9,206,629)	(5,672,187)	(7,385,788)
Administrative Expenses	(89,498,855)	(81,264,977)	(50,135,251)	(42,957,437)
Other Operating Expenses	(13,959,428)	(7,241,475)	(9,983,858)	(6,118,720)
	(113,320,652)	(97,713,081)	(65,791,296)	(56,461,945)
Profit from Operations	273,022,696	138,212,366	202,045,831	107,632,959
Other Income	27,357,553	33,986,660	7,734,559	31,001,463
Finance Cost	(46,234,804)	(34,984,280)	(31,170,765)	(21,960,991)
Profit before Taxation	254,145,445	137,214,746	178,609,625	116,673,431
Taxation	(13,782,852)	42,398,746	(5,281,225)	49,268,938
Profit after Taxation	240,362,593	179,613,492	173,328,400	165,942,369
Earnings per share – Basic & diluted	14.14	10.57	10.20	9.76

Certified ISO 9001:2000 by BVQi
UKAS QUALITY MANAGEMENT 008
Excluding Design
An ISO 9001:2000Certified Company

We will be sending **200** copies of the printed Accounts for distribution amongst the members of the Exchange

Thanking you.

Sincerely yours,
For Husein Sugar Mills Limited

KHALID MAHMOOD
COMPANY SECRETARY

DECLARATION OF RIGHT SHARES

Dear Sir,

In accordance with the requirements of the applicable provisions of the Securities Act, 2015 and the Rule Book of Pakistan Stock Exchange Limited, we are pleased to inform you that the Board of Directors of **HUSEIN SUGAR MILLS LIMITED** in its meeting held on May 11, 2017 at 10:00 am at 30A/E-1, Old F.C.C.Gulberg-III, Lahore, have decided to issue 47.059 Right Shares for every 100 shares held i.e. 47.059 % at par value of Rs. 10/- per share and Rs.15/- as premium (Rs.25/= per share)

The share transfer books of the Company will be closed from June 06, 2017 to June 12, 2017 (both days inclusive) to determine the entitlement of Right Shares.

Transfers received at the Company's share registrar, M/s Corptec Associates (Private) Limited, 503-E Johar Town, Lahore at the close of the business on June 05, 2017 will be treated in time for the purpose of entitlement of Right Shares to the transferees.

We also enclose herewith the following information/documents:

a) Financial plan including purpose, benefits and use of the funds from right issue along with risk factors associated with the issue. **(Annexure-A)**

b) Financial Projections of five years duly approved by the Board of Directors. **(Annexure-B)**

c) A certified true copy of the board resolutions. **(Annexure-C)**

d) Draft copy of "Notice to Shareholders", prior to its being published 'in newspapers in compliance with rule 5.6.4(b) of the PSX Rule Book. **(Annexure-D)**

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Sincerely yours,
For **Husein Sugar Mills Limited**

KHALID MAHMOOD
COMPANY SECRETARY

CC: **The Director Enforcement**
Securities & Exchange Commission of Pakistan, Islamabad.

"ANNEXURE-A"

FINANCIAL PLAN INCLUDING PURPOSE, BENEFITS AND USE OF THE FUNDS FROM RIGHT ISSUE ALONG WITH RISK FACTORS ASSOCIATED WITH THE ISSUE

PURPOSE OF THE RIGHT ISSUE	The main purpose of the Right issue is to complete various efficiency improvement projects initiated by the Company at a total cost of Rs.400.000 Million. New refine centrifugal machines, motors, falling films evaporators are being installed.
BENEFITS TO THE COMPANY	With the completion of above initiatives, the project will become energy efficient and have improved internal cash generation capacity through sale of surplus bagasse .The balance funding will be done through internal cash generation.
USE OF FUNDS	The proceeds from Right Issue will be utilized for improving operational efficiencies of the plant
FINANCIAL PLAN	Total cost of efficiency improvement project-I — Rs.400.000 Million • Through right shares proceeds — Rs.200.000 Million • Through internal cash generation — Rs.200.000 Million

RISK FACTORS ASSOCIATED WITH RIGHT ISSUE

Following are risks which are considered to be associated with right issue, however, they are not to be considered material due to the reasons mentioned against them.

1. Investment risk

Right Issue is being made at premium of Rs.15/- each (Total price Rs. 25/- per share) which is far less than the current share price in the market. Hence, there is no major investment risk associated with the right issue.

2. Operational risk

There is no major operational risk associated with the plant since the desired EIP has already been initiated and shall be complete well before start of crushing season 2017-18.

3. Market / Demand risk

There is no major market risk associated with sugar because it is a daily need item and its demand is expected to increase further in the upcoming years due to increase in per capita disposal income and changes in life styles. The sugar industry for the last three years has become export oriented also.

"ANNEXURE - B"

FIVE YEARS FINANCIAL PROJECTIONS

*Note: **Five years financial projections of the Company are as follows:**

Rupees (000)	2017	2018	2019	2020	2021
Sales	4,057,932	5,553,638	6,068,404	6,424,863	6,424,944
Net Profit	320,989	322,294	396,616	466,155	463,688
Paid up Capital	250,000	250,000	250,000	250,000	250,000
EPS (Rs)	12.84	12.89	15.86	18.65	18.55

***Note:** The financial projections provided herein above reflect considered opinion of the Directors regarding the performance of the business in the current business environment- The Company or its directors do not accept any liability for conclusion drawn or any investment decisions by any person on the basis of the above information.

SIGNED BY DIRECTORS WHO ATTENDED THE MEETING:

1	Mr. Ahmed Ali Tariq	Ahmed Ali Tariq
2.	Mr. Mustafa Ali Tariq	MUSTAFA A. TARIQ
3.	Mst. Nusrat Shamim	
4.	Mrs. Maryam Habib	Maryam
5.	Mr. Muhammad Iftikhar	
6.	Mr.Taufiq Ahmed Khan	
7.	Mr.Ali Ashfaq	

HUSEIN SUGAR MILLS LTD. HSM

"ANNEXURE - C"

RESOLUTIONS PASSED AT THE BOARD MEETING OF HUSEIN SUGAR MILLS LIMITED HELD ON MAY 11, 2017 AT 10:00 AM AT 31-A/E-1,OLD F.C.C, GULBERG-III, LAHORE

"**RESOLVED** that in order to raise the above equity, the ordinary paid up share capital of HUSEIN SUGAR MILLS LIMITED (the Company) be and is hereby increased from Rs. 170,000,000 to Rs. 250,000,000 by issue of further 8,000,000 ordinary shares to be offered as right shares at par value of 10 and premium of Rs.15 (Rs. 25/-per share) in ratio of 47.059 right shares for every 100 existing ordinary shares of Rs. 10/- each (i.e. @ 47.059%)."

"**FURTHER RESOLVED** that these right shares be and are hereby offered to the Company's existing ordinary shareholders as provided under section 86 of the Companies Ordinance, 1984 against payment of value of shares to the Company up to the date as per right allotment letters to be issued. These shares shall rank pari passu in all respects with the existing ordinary shares of the company."

"**FURTHER RESOLVED** that purpose of right Issue, benefits to the Company, use of funds, risks associated with the issue and projections of five years be and are hereby approved."

"**FURTHER RESOLVED** that approval be and is hereby granted to close the share transfer books of the Company for determination of entitlement of right shares from June 06, 2017 to June 12, 2017 (both days inclusive)."

"**FURTHER RESOLVED** that the Chief Executive and / or Company Secretary be and are hereby singly / jointly authorized to announce book closure dates along with publication of the same in newspaper in accordance with relevant regulatory requirements".

"**FURTHER RESOLVED** that the Company Secretary in consultation with the Chief Executive Officer be and hereby authorized to prepare right issue plan, make any amendment thereon and to obtain approval of the same from Pakistan Stock Exchange".

"**FURTHER RESOLVED** that the Chief Executive Officer and / or the Chief Financial Officer and / or the Company Secretary be and are hereby authorized singly to take all necessary steps for the finalization and issue of letter of rights and circular 86 under section 86(3) of the Companies Ordinance, 1984 in respect of the said right shares along with filling of related returns / necessary notices with the Companies Registration Office, Securities & Exchange Commission of Pakistan and Pakistan Stock Exchange Limited as the case may be".

"**FURTHER RESOLVED** that the members are hereby allowed to renounce their right to subscribe any of the shares offered to them in favor of any other person."

"**FURTHER RESOLVED** that the decision to allow the members to renounce their right to subscribe any of the shares offered to them in favor of any other person shall be deemed to be a decision under sub-section (7) of section 86 of the Companies Ordinance, 1984, if the said person decides to subscribe to such shares."

"**FURTHER RESOLVED** that the Chief Executive, Chief Financial Officer and / or Company Secretary be and are hereby singly / jointly authorized to appoint the Bankers to collect the amount of subscription towards right shares and to open an account with the bankers so appointed."

"**FURTHER RESOLVED** that after finalization of bankers to right Issue, Mr. Ahmed Ali Tariq, and Mr. Mustafa Ali Tariq, directors of the Company are singly authorized to operate the right issue subscription account of the Company and for transfer of proceeds from right subscription account to the Company's account. Specimen signatures of the authorized signatories are as follows:

1. Mr. Ahmed Ali Tariq (Chairman) ________________________

2. Mr. Mustafa Ali Tariq (CEO) ________________________

"**FURTHER RESOLVED** that the Chief Executive Officer and / or Company Secretary be and are hereby singly / jointly authorized to appoint consultants, if considered necessary."

"**FURTHER RESOLVED** that the Chief Executive Officer and / or Company Secretary be and are hereby singly / jointly authorized to take all necessary actions as required by Central Depository Company of Pakistan Limited ("CDC") including but not limited to induction of the offers for right shares and the right shares in Central Depository System off the ("CDC") and in that connection to sign all requisite applications, undertakings and other documents on behalf of the Company."

"**FURTHER RESOLVED** that the Chief Executive Officer and / or Company Secretary be and are hereby singly / jointly authorized to take all necessary actions as required under the law or otherwise seem necessary or ancillary to the right issue, including but not limited to allotment of shares and filling of return of allotment as required by SECP / Stock Exchange / CDC / or any other authority."

"**FURTHER RESOLVED** that the Chief Executive Officer, any of the Director and Company Secretary be and are hereby jointly authorized to sign the physical share certificates in respect of the Right Issue".

"**FURTHER RESOLVED** that fractional entitlements (if any) will be consolidated in the name of the Company Secretary (under trust) and sold on the stock exchange. The proceeds of such shares will be distributed to the members in accordance with their entitlements."

"**FURTHER RESOLVED** that Chief Executive be and hereby authorized to allot unsubscribe portion to all or any of the Directors of the Company in accordance with the provisions of the section 86(7) of the Companies Ordinance 1984."

SIGNED BY DIRECTORS WHO ATTENDED THE MEETING:

1	Mr. Ahmed Ali Tariq	Ahmed Ali Tariq
2.	Mr. Mustafa Ali Tariq	MUSTAFA A. TARIQ
3.	Mst. Nusrat Shamim	
4.	Mrs. Maryam Habib	Maryam
5.	Mr. Muhammad Iftikhar	
6.	Mr.Taufiq Ahmed Khan	
7.	Mr.Ali Ashfaq	

"ANNEXURE - D"

DRAFT COPY OF "NOTICE TO SHAREHOLDERS", PRIOR TO BEEN PUBLISHED IN NEWSPAPERS IN COMPLIANCE WITH RULE 5.6.4(B) OF THE PSX RULE BOOK.

The following notice will be published in daily English and Urdu newspapers on May 20, 2017 both in English and Urdu:

ANNOUNCEMENT FOR 100% RIGHT SHARES

Members are notified that the Board of Directors in their meeting held on May 11, 2017 has approved to issue 47.059% Right Shares (47.059 shares for every 100 existing shares) at par value of Rs.10/- per share and premium of Rs.15/- per share (Rs.25/- per share).

BOOK CLOSURE TO DETERMINE RIGHT ISSUE ENTITLEMENT

The Share transfer books of the Company shall remain closed from June 06, 2017 to June 12, 2017(both days *inclusive)* for the purpose of entitlements of Right Shares.

Transfers received at the Company's share registrar **M/s Corptec Associates (Private) Limited, 503-E Johar Town, Lahore** at the close of the business on June 05, 2017 will be treated in time for the purpose of entitlement of Right Shares to the transferees.

Right letters will be issued to those shareholders whose name will appear in members' register of the company at the close of the business on Monday June 05, 2017.

Shareholders are requested in their own interest to notify any change in their addresses immediately to our share registrar **M/s Corptec Associates (Private) Limited, 503-E Johar Town, Lahore Tel: # 042-35170336-37,** for dispatch of Right Issue letters.

For **HUSEIN SUGAR MILLS LIMITED**

KHALID MAHMOOD
COMPANY SECRETARY

DISCLOSURE FORM
IN TERMS OF SECTIONS 96 AND 131 OF THE SECURITIES ACT, 2015

Name of the Company:	HUSEIN SUGAR MILLS LIMITED
Date of Report:	May 11, 2017
Name of Company as specified in its Memorandum:	Husein Sugar Mills Limited
Company's Registered Office:	30-A/E-1, Old FCC, Gulberg-III, Lahore
Contact Information:	Khalid Mahmood Company Secretary Tel: (92-42) 35762089-90 Fax: (92-42) 35712680 E-mail: info@huseinsugarmills.com Website:www.huseinsugarmills.com

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Please mark the appropriate box below:

✓ **Disclosure of inside information by listed company**

Public disclosure of inside information, which directly concerns the listed securities:

In accordance with the requirements of the applicable provisions of the Securities Act, 2015 and the Rule Book of Pakistan Stock Exchange Limited, we are pleased to inform you that the Board of Directors of **HUSEIN SUGAR MILLS LIMITED** in its meeting held on May 11, 2017 at 10:00 am at 30 A/E-1, Old F.C.C.Gulberg-III, Lahore, have decided to issue 47.059 Right Shares for every 100 shares held i.e. 47.059 % at par value of Rs.10/- and premium of Rs.15/- (Rs. 25/-) per share.

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We also enclose herewith the following information/documents:

a) Financial plan including purpose, benefits and use of the funds from right issue along with risk factors associated with the issue. **(Annexure-A)**

b) Financial Projections of five years duly approved by the Board of Directors. **(Annexure-B)**

c) A certified true copy of the board resolutions. **(Annexure-C)**

d) Draft copy of "Notice to Shareholders", prior to its being published in newspapers in compliance with rule 5.6.4(b) of the PSX Rule Book. **(Annexure-D)**

SIGNATURES

In case of company pursuant to the requirements of the securities Exchange Ordinance 1969 (XVII), the Company has duly caused this form / statement to be signed / on its behalf by the undersigned hereunto duly authorized.

Yours Sincerely,
For **HUSEIN SUGAR MILLS LIMITED**

KHALID MAHMOOD
COMPANY SECRETARY

Dated: May 11, 2017