



HUSEIN SUGAR MILLS LIMITED



**UN-AUDITED CONDENSED INTERIM
FINANCIAL INFORMATION FOR THE THIRD QUARTER
ENDED JUNE 30, 2012**



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COMPANY INFORMATION

BOARD OF DIRECTORS	Mst. Nusrat Shamim Mr. Ahmed Ali Tariq Mian Shahzad Aslam Mian Aamir Naseem Mst. Ayesha Shahzad Mr. Muhammad Shams Amin Mr. Irfan Qamar Mr. M. Mudassar Ahsan	Chairperson & Chief Executive Executive Director
AUDIT COMMITTEE	Mian Shahzad Aslam Mst. Ayesha Shahzad Mr. M. Mudassar Ahsan	Chairman Member Member
CHIEF FINANCIAL OFFICER	Irfan Qamar	
COMPANY SECRETARY	Syed Arif Hussain	
LEGAL ADVISOR	Manzoor Hussein Syed	
BANKERS	MCB Bank Limited Bank Alfalah Limited Habib Bank Limited National Bank of Pakistan Allied Bank Limited United Bank Limited The Bank of Punjab Meezan Bank Limited Faysal Bank Limited Bank Islami Pakistan Limited	
AUDITORS	Riaz Ahmad & Company Chartered Accountants	
REGISTRAR	M/s Hameed Majeed Associates (Pvt.) Ltd. 1st Floor, H.M. House, 7-Bank Square Lahore. Ph: (042) 37235081-2 Fax: (042) 37358817	
MILLS	Lahore Road, Jaranwala	
REGISTERED / HEAD OFFICE	30-A E/I, Old FCC, Gulberg III, Lahore. Ph: (042) 35762089 - 35762090 Fax: (042) 35712680 E-mail: info@huseinsugarmills.com Website: www.huseinsugarmills.com	



DIRECTORS' REPORT

I am pleased to present before you, on behalf of your Company's Board, un-audited condensed financial information for the third quarter ended June 30, 2012.

The Company's operational and financial highlights are as under:

	<u>2011-12</u>	<u>2010-11</u>
<u>OPERATIONAL</u>		
Crushing season commenced on	18.11.2011	29.11.2010
Crushing season ended on	17.03.2012	31.03.2011
Crushing season duration - Days	121	122
Sugarcane crushed - Tons	650,995	575,886
Sugar recovery - Percentage	9.39	8.72
	<u>Rupees</u>	<u>Rupees</u>
<u>FINANCIAL</u>		
Sales	2,567,280,292	3,038,125,916
Gross profit	206,388,467	316,359,777
Net profit before tax	74,039,964	178,990,030
Net profit after tax	33,034,096	110,932,310
Earning per share	1.94	9.17

Despite very good operational results, financial statements for the period ended June 30, 2012 are not encouraging. Major reason for this depressed financial performance is low sugar price.

The Company's BMR program is advancing smoothly and it is expected to be completed, as per plan.

Preliminary field survey has reported insignificant change in area under sugar cultivation. Quality of crop may, however, deteriorate due to water shortage.

Finally the Company Management thanks its entire workforce for their dedication and hard work.

(For and on behalf of the Board)

Lahore:
July 25, 2012



Chairperson



CONDENSED INTERIM BALANC SHEET

	Note	Un-audited 30 June 2012 Rupees	Audited 30 September 2011 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 50,000,000 (30 September 2011: 50,000,000) ordinary shares of Rupees 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up share capital 17,000,000 (30 September 2011: 17,000,000) ordinary shares of Rupees 10 each		170,000,000	170,000,000
Reserves		<u>109,013,213</u>	<u>76,727,817</u>
Total equity		279,013,213	246,727,817
Surplus on revaluation of land		492,684,029	492,684,029
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	124,916,666	279,341,467
Liabilities against assets subject to finance lease	7	14,977,885	5,816,327
Deferred income on sale and lease back		26,010	288,692
		139,920,561	285,446,486
CURRENT LIABILITIES			
Trade and other payables		417,632,644	137,633,485
Accrued mark-up		15,344,673	9,982,059
Short term borrowings		416,934,410	178,010,632
Current portion of non current liabilities		34,029,012	11,505,783
Provision for taxation		<u>65,015,779</u>	<u>35,402,820</u>
		948,956,518	372,534,779
Total liabilities		1,088,877,079	657,981,265
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>1,860,574,321</u>	<u>1,397,393,111</u>

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


CHIEF EXECUTIVE



AS AT 30 JUNE 2012

	Note	Un-audited 30 June 2012 Rupees	Audited 30 September 2011 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	9	977,884,853	899,332,177
Long term investments	10	4,128,375	4,877,075
Long term deposits		11,700,429	7,635,429
Deferred income tax asset	11	87,788,244	99,181,153
		<u>1,081,501,901</u>	<u>1,011,025,834</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		117,762,884	77,092,854
Stock in trade		451,593,806	10,680,752
Trade debts		13,829,312	1,223,692
Current portion of long term deposits		3,259,800	5,620,600
Advances		54,282,901	23,473,764
Short term deposits and prepayments		31,827,757	1,302,690
Other receivables		92,802,783	61,336,403
Short term investment		-	200,786,301
Cash and bank balances		13,713,177	4,850,221
		<u>779,072,420</u>	<u>386,367,277</u>
TOTAL ASSETS		<u><u>1,860,574,321</u></u>	<u><u>1,397,393,111</u></u>


Abdul M. King
DIRECTOR



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER YEAR ENDED 30 JUNE 2012

Note	NINE MONTHS ENDED		QUARTER ENDED	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	-----Rupees-----			
SALES	2,567,280,292	3,038,125,916	824,151,521	606,936,059
COST OF SALES	12 (2,360,891,825)	(2,721,766,139)	(746,385,760)	(538,205,643)
GROSS PROFIT	206,388,467	316,359,777	77,765,761	68,730,416
DISTRIBUTION COST	(6,541,840)	(7,577,448)	(1,433,888)	(847,137)
ADMINISTRATIVE EXPENSES	(79,405,021)	(71,351,572)	(25,068,314)	(24,678,593)
OTHER OPERATING EXPENSES	(5,790,915)	(13,590,932)	(1,548,593)	(1,061,951)
	(91,737,776)	(92,519,952)	(28,050,795)	(26,587,681)
	114,650,691	223,839,825	49,714,966	42,142,735
OTHER OPERATING INCOME	25,273,660	10,209,569	7,322,400	1,097,891
PROFIT FROM OPERATIONS	139,924,351	234,049,394	57,037,366	43,240,626
FINANCE COST	(65,884,387)	(55,059,364)	(27,614,094)	(28,911,983)
PROFIT BEFORE TAXATION	74,039,964	178,990,030	29,423,272	14,328,643
TAXATION	(41,005,868)	(68,057,720)	(16,203,640)	(5,524,476)
PROFIT AFTER TAXATION	33,034,096	110,932,310	13,219,632	8,804,167
EARNINGS PER SHARE - BASIC AND DILUTED	1.94	9.17	0.78	0.73

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


CHIEF EXECUTIVE


DIRECTOR



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER YEAR ENDED 30 JUNE 2012

NINE MONTHS ENDED		QUARTER ENDED	
30 June 2012	30 June 2011	30 June 2012	30 June 2011

-----Rupees-----

PROFIT AFTER TAXATION	33,034,096	110,932,310	13,219,632	8,804,167
OTHER COMPREHENSIVE INCOME / (LOSS):				
Surplus / (deficit) on remeasurement of available for sale investments	(748,700)	1,691,930	298,125	(184,575)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>32,285,396</u>	<u>112,624,240</u>	<u>13,517,757</u>	<u>8,619,592</u>

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


CHIEF EXECUTIVE

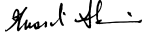

DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THIRD QUARTER YEAR ENDED 30 JUNE 2012**

	30 June 2012 Rupees	30 June 2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	74,039,964	178,990,030
Adjustments for non-cash charges and other items:		
Depreciation	33,235,376	30,122,458
Amortization	249,975	-
Balances written back	(8,927,775)	-
Debit balance written off	1,674,000	-
Gain on disposal of operating fixed asset	(1,255,577)	(786,391)
Finance cost	65,884,387	55,059,364
Amortization of deferred income on sale and lease back	(262,682)	(262,681)
Cash generated from operating activities before working capital changes	164,637,668	263,122,780
WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(40,670,030)	(2,683,013)
Stock in trade	(440,913,054)	(305,187,057)
Trade debts	(12,605,620)	(3,868,897)
Advances	(30,809,137)	(26,488,275)
Short term prepayments	(30,525,067)	(419,490)
Other receivables	2,369,661	(5,229,171)
Increase in current liabilities:	-	-
Trade and other payables	288,650,315	(83,460,752)
	(264,502,932)	(427,336,655)
Cash used in operations	(99,865,264)	(164,213,875)
Finance cost paid	(60,521,773)	(42,179,581)
Income tax paid	(34,447,121)	(20,384,027)
Dividend paid	-	(2,700,230)
Long term deposits - net	(1,704,200)	37,319,022
Net cash used in operating activities	(196,538,358)	(192,158,691)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of operating fixed assets	1,282,000	1,120,000
Fixed assets - acquired	(96,357,903)	(6,702,324)
Proceeds from TDRs	200,000,000	-
Net cash used in investing activities	104,924,097	(5,582,324)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share deposit money- received	-	23,694,440
Repayment of liabilities against assets subject to finance lease	(9,005,094)	(10,969,137)
Long term financing-net	(129,441,467)	-
Short term borrowings - net	238,923,778	204,693,323
Net cash flows from financing activities	100,477,217	217,418,626
Net increase in cash and cash equivalents	8,862,956	19,677,611
Cash and cash equivalents at the beginning of the period	4,850,221	8,116,560
Cash and cash equivalents at the end of the period	13,713,177	27,794,171

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


CHIEF EXECUTIVE


DIRECTOR



HUSEIN SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER YEAR ENDED 30 JUNE 2012

	RESERVES						TOTAL	TOTAL EQUITY		
	Capital			Revenue						
	Premium on issue of right shares	Fair value reserve	Sub total	General	Accumulated loss	Sub total				
Balance as at 30 September 2010 (audited)	121,000,000	21,093,550	687,800	21,781,350	169,450,000	(186,084,591)	(16,634,591)	5,146,759	126,146,759	
Total comprehensive income for the nine months ended 30 June 2011	-	-	1,691,930	1,691,930	-	110,932,310	110,932,310	110,932,310	112,624,240	112,624,240
Balance as at 30 June 2011 (un-audited)	121,000,000	21,093,550	2,379,730	23,473,280	169,450,000	(75,152,281)	94,297,719	117,770,999	238,770,999	
Right shares issued during the fourth quarter ended 30 September 2011	49,000,000	-	-	-	-	-	-	-	49,000,000	
Total comprehensive loss for the fourth quarter ended 30 September 2011	-	-	(3,105)	(3,105)	-	(41,040,077)	(41,040,077)	(41,040,077)	(41,043,182)	
Balance as at 30 September 2011 (audited)	170,000,000	21,093,550	2,376,625	23,470,175	169,450,000	(116,192,358)	53,257,642	76,727,817	246,727,817	
Total comprehensive income for the nine months ended 30 June 2012	-	-	(748,700)	(748,700)	-	33,034,096	33,034,096	33,034,096	32,285,396	
Balance as at 30 June 2012 (un-audited)	170,000,000	21,093,550	1,627,925	22,721,475	169,450,000	(83,158,262)	86,291,738	109,013,213	279,013,213	

Rupees.....

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

Shahid Ali Khan
CHIEF EXECUTIVE

Shahid Ali Khan
DIRECTOR



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THIRD QUARTER YEAR ENDED 30 JUNE 2012

1. THE COMPANY AND ITS OPERATIONS

Husein Sugar Mills Limited ("the company") is a public company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984). The shares of the company are listed on Lahore and Karachi Stock Exchanges. Its registered office is situated at 30-A-E/1, Old F.C.C., Gulberg-III, Lahore. The company is principally engaged in the business of production and sale of sugar and by products.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the company for the third quarter ended 30 June 2012 has been prepared in accordance with the requirements of International Accounting Standard - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with audited annual published financial statements of the company for the year ended 30 September 2011.

3. ACCOUNTING POLICIES

The accounting policies and method of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the company for the year ended 30 September 2011.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 September 2011.

5. SEASONALITY OF OPERATIONS

The company is inter-alia, engaged in manufacturing of sugar for which the season begins in October / November and ends in March / April. Therefore, majority of expenses are incurred and production activities are undertaken in first half of the company's financial year thus increasing volume of inventories and financing at the end of this first half.



	Un-audited 30 June 2012 Rupees	Audited 30 September 2011 Rupees
6. LONG TERM FINANCING		
From banking companies - Secured (Note 6.1)	124,916,666	279,341,467
From directors - Unsecured (Note 6.2)	-	-
	<u>124,916,666</u>	<u>279,341,467</u>
6.1 From banking companies - Secured		
Opening balance	279,341,467	-
Add: Obtained during the period / year	70,558,533	279,341,467
Less: Repayment during the period / year	<u>200,000,000</u>	<u>-</u>
Closing balance	149,900,000	279,341,467
Less: Current portion shown under current liabilities	<u>24,983,334</u>	<u>-</u>
	<u>124,916,666</u>	<u>279,341,467</u>
6.2 From directors - Unsecured		
Opening balance	-	45,000,000
Add: Obtained during the period / year	-	10,000,000
Less: Repayment during the period / year	<u>-</u>	<u>55,000,000</u>
Closing balance	<u>-</u>	<u>-</u>
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	27,280,455	18,884,481
Less: Un-amortized finance charge	<u>3,256,892</u>	<u>1,562,371</u>
Present value of future minimum lease payments	24,023,563	17,322,110
Less: Current portion shown under current liabilities	<u>9,045,678</u>	<u>11,505,783</u>
	<u>14,977,885</u>	<u>5,816,327</u>
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
Guarantee of Rupees 42.80 million (30 September 2011: Rupees 42.80 million) is given by the bank of the company to Sui Northern Gas Pipelines Limited against gas connection.		
8.2 Commitments		
For capital expenditure	<u>10,540,350</u>	<u>55,000,000</u>
Letter of credits	<u>-</u>	<u>20,775,749</u>
9 FIXED ASSETS		
Property, plant and equipment:		
Operating fixed assets (Note 9.1)	942,529,166	774,488,345
Assets subject to finance lease (Note 9.2)	28,644,661	34,195,218
Capital work-in-progress (Note 9.3)	6,294,301	89,981,914
Intangible asset (Note 9.5)	416,725	666,700
	<u>977,884,853</u>	<u>899,332,177</u>
9.1 OPERATING FIXED ASSETS		
Opening book value	774,488,345	777,302,599
Add: Cost of additions during the period / year (Note 9.1.1)	180,045,516	7,546,986
Book value of assets transferred from assets subject to finance lease during the period / year	<u>18,389,048</u>	<u>25,612,776</u>
	972,922,909	810,462,361
Less: Book value of fixed assets disposed of during the period / year	<u>26,423</u>	<u>333,609</u>
	972,896,486	810,128,752
Less: Depreciation charged during the period / year	<u>30,367,320</u>	<u>35,640,407</u>
	<u>942,529,166</u>	<u>774,488,345</u>



	Un-audited 30 June 2012 Rupees	Audited 30 September 2011 Rupees
9.1.1 COST OF ADDITIONS DURING THE PERIOD / YEAR		
Freehold land	-	215,555
Plant and machinery	178,484,206	-
Factory equipment	150,000	344,190
Gas and electric installations	729,521	511,051
Furniture and fixtures	36,500	1,047,147
Office equipment	496,789	196,800
Computer equipment	14,500	810,007
Vehicles	134,000	4,422,236
	<u>180,045,516</u>	<u>7,546,986</u>
9.2 ASSETS SUBJECT TO FINANCE LEASE		
Opening book value	34,195,218	55,693,910
Add: Cost of additions during the period / year	15,706,547	7,990,110
	<u>49,901,765</u>	<u>63,684,020</u>
Less: Book value of assets transferred to operating fixed assets during the period / year	18,389,048	25,612,776
	<u>31,512,717</u>	<u>38,071,244</u>
Less: Depreciation charged during the period / year	2,868,056	3,876,026
	<u>28,644,661</u>	<u>34,195,218</u>
9.3 CAPITAL WORK-IN-PROGRESS		
Plant and machinery	1,711,680	71,066,491
Civil works	4,582,621	2,265,014
Advance for capital expenditure	-	16,650,409
	<u>6,294,301</u>	<u>89,981,914</u>
9.4 Borrowing cost of Rupees 9,652,305 (30 September 2011: Rupees 656,237) is capitalized using the rate of 12.87% per annum.		
9.5 INTANGIBLE ASSET		
Computer software		
Opening net book value	666,700	-
Add: Cost of additions during the period / year	-	1,000,000
Less: Amortization	249,975	333,300
Closing net book value	<u>416,725</u>	<u>666,700</u>
10. LONG TERM INVESTMENTS		
AVAILABLE FOR SALE		
Associated Companies - Quoted		
Shadab Textile Mills Limited		
375,000 (30 September 2011: 375,000) fully paid ordinary shares of Rupees 10 each	2,500,000	2,500,000
Sargodha Spinning Mills Limited		
500 (30 September 2011: 500) fully paid ordinary shares of Rupees 10 each	5,000	5,000
	<u>2,505,000</u>	<u>2,505,000</u>
Add: Fair value adjustment	1,627,925	2,376,625
Less: Impairment loss	4,550	4,550
	<u>4,128,375</u>	<u>4,877,075</u>



Un-audited Audited
 30 June 30 September
 2012 2011
 Rupees Rupees

11. DEFERRED INCOME TAX ASSET

The asset for deferred taxation originated due to timing differences relating to:

Taxable temporary differences: Accelerated tax depreciation Finance lease	89,098,506 940,813	55,482,223 5,905,588
	90,039,319	61,387,811
Deductible temporary differences: Available tax losses Turnover tax available for carry forward	115,153,065 62,674,498	111,642,924 48,926,040
	177,827,563	160,568,964
Deferred income tax asset	87,788,244	99,181,153

(Un-audited)

NINE MONTHS ENDED		QUARTER ENDED	
30 June 2012	30 June 2011	30 June 2012	30 June 2011

-----Rupees-----

12. COST OF SALES

Raw materials consumed:				
Sugarcane purchased	2,552,888,912	2,814,998,671	-	-
Sugarcane development cess	16,275,435	14,413,385	-	-
Market committee fee	3,255,088	2,879,993	-	-
	2,572,419,435	2,832,292,049	-	-
Salaries, wages and other benefits	64,626,524	64,994,740	13,394,409	14,822,633
Workers' welfare	2,133,259	1,662,101	1,235,959	380,559
Stores, spare parts and loose tools	9,143,965	6,269,998	263,279	851,783
Chemicals consumed	24,415,276	18,669,580	2,063,661	2,814,051
Packing material consumed	23,927,893	17,811,168	15,355	91,994
Fuel and power	13,581,192	16,387,793	4,896,567	4,242,944
Repair and maintenance	57,864,627	36,724,496	21,892,264	14,861,148
Insurance	1,799,129	1,541,787	589,337	259,852
Other factory overheads	3,111,585	3,939,511	939,970	1,234,932
Depreciation	28,781,994	26,659,973	11,240,718	8,950,767
	229,385,444	194,661,147	56,531,519	48,510,663
	2,801,804,879	3,026,953,196	56,531,519	48,510,663
Work-in-process:				
Opening stock	485,457	586,375	359,880	472,359
Closing stock	(368,269)	(521,394)	(368,269)	(521,394)
	117,188	64,981	(8,389)	(49,035)
Cost of goods manufactured	2,801,922,067	3,027,018,177	56,523,130	48,461,628
Finished goods:				
Opening stock	10,195,295	128,974,041	1,141,088,167	923,970,094
Closing stock	(451,225,537)	(434,226,079)	(451,225,537)	(434,226,079)
	(441,030,242)	(305,252,038)	689,862,630	489,744,015
	2,360,891,825	2,721,766,139	746,385,760	538,205,643



13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, other related companies, key management personnel and provident fund. The Company in the normal course of business carries out transactions with related parties. Details of transactions with related parties are as follows:

	Un-audited 30 June 2012 Rupees	Un-audited 30 June 2011 Rupees
Contributions to provident fund	3,174,632	2,972,753
Remuneration to key management personnel	26,920,675	17,419,752
Rent paid to director	-	1,450,000
Dividend received from associated companies	375,000	375,250

14. FINANCIAL RISK MANAGEMENT


The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 September 2011.

15. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on July 25, 2012.

16. GENERAL

Figures have been rounded off to the nearest of Rupee.


CHIEF EXECUTIVE


DIRECTOR