



Sindh Abadgar's Sugar Mills Limited

**UNAUDITED
HALF YEARLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2019**



COMPANY PROFILE

DIRECTORS

Mr. Deoo Mal Essarani	Chairman
Dr. Tara Chand Essaran	Chief Executive
Mr. Shafaqat Ali Shah	Director
Mr. Dileep Kumar	Director
Mr. Pehlaj Rai	Director
Mr. Mohan Lal	Director
Dr. Besham Kumar	Director
Mr. Mahesh Kumar	Director

CHIEF FINANCIAL OFFICER

Mr. Syed Abid Hussain

COMPANY SECRETARY

Mr. Aziz Ahmed

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
MCB Bank Limited
United Bank Limited
Meezan Bank Limited
HBL Foreign Exch. Bank Limited

AUDIT COMMITTEE

Dr. Shafaqat Ali Shah	Chairman
Mr. Pehlaj Rai	Member
Mr. Dileep Kumar	Member
Dr. Besham Kumar	Member

HR AND REMUNERATION COMMITTEE

Dr. Shafaqat Ali Shah	Chairman
Mr. Mohan Lal	Member
Mr. Dileep Kumar	Member

AUDITORS

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

REGISTERED OFFICE

209, 2nd Floor, Progressive Plaza, Beaumont Road,
Karachi-Pakistan.

MILLS

Deh: Deenpur,
Taluka. Bulri Shah Karim,
Distt. Tando Muhammad Khan,
Sindh-73024.

REGISTRAR

JWAFFS Registrar Services (Pvt) Ltd.
407- 408, Al Ameera Centre,
Shahrah e Iraq, Saddar, Karachi.

EMAIL ADDRESS

sasm@unitedgroup.org.pk



DIRECTORS' REPORT

Dear Members,
Assalam-O-Alaiakum,

On behalf of the Board of Directors, it is my privilege to present to you the un-audited Condensed Interim Financial statement of the Company for the six months' period ended March 31, 2019 together with auditors review report.

Industry Overview:

The crushing season under review was not very encouraging for the sugar industry as a whole due to insufficient availability of sugarcane for crushing caused by less cultivation of sugarcane across the country amid shortage of water in canals and inadequate rain fall witnessed in the country. The shortfall in sugarcane rendered the millers to procure above the support price fixed by the govt. at Rs.182/40 kgs. In spite of drop in sugarcane crushing sugar recovery has significantly improved over the preceding season which will somehow mitigate the adverse impact of low sugarcane crushing and high procurement prices of sugarcane.

Operational Results

		2018-2019	2017-2018
Crushing Commenced		13-12-2018	28-11-2017
Crushing ended		10-03-2019	09-04-2018
Days worked(Gross)	- Days	88	133
Sugarcane Crushed	- Tons	431,457	660,056
Net crushing days	- Days	84	106
Daily average crushing	- Gross days	4,903	4,963
Daily average crushing	- on net days	5,136	6,227
Capacity utilization	- %	64	78
Sugar produced	- Tons	46,634	67,244
Sugar recovery	- %	10.78	10.19
Molasses produced	- Tons	20,100	34,330
Molasses % Cane	- %	4.65	5.1975

The Mill commenced its crushing capacity on 13 December, 2018 and operated only 88 days as compared to 133 days in the corresponding season. The lesser number of days operated was the result of non-availability of sugarcane due to reduced plantation of sugarcane. The Mill crushed 431,457 M. Tons during the current season compared to 660,056 M.Tons in the preceding season recorded a drop in crushing by 228,599 M.Tons (34.63%). Similarly production of sugar also declined by 20,610 (30.65%) from 67,244 M.Tons in the previous season to 46,634 M.Tons. The sugar contents in sugarcane, however have remarkably improved by 0.59% from 10.19% in the last season to 10.78%, will help improve the profitability of the company.



Financial Results:

	March 31, 2019	March 31, 2018
(Loss) before taxation	(80,976,838)	(15,926,676)
Taxation	24,171,505	4,858,510
(Loss) after taxation	(56,805,333)	(11,068,166)
Incremental Depreciation transferred from Surplus on revaluation of fixed assets net of deferred tax	59,662,773	36,647,446
Final Dividend paid for the year ended 30 September, 2018	(16,680,000)	-
Accumulated (Loss) brought forward	(295,741,993)	(427,498,936)
Accumulated (Loss) carried forward	(309,564,553)	(401,919,656)
(Loss) per Share	(5.45)	(1.06)

The Company just sold 1,141 M.Tons of sugar valuing Rs.56.48 million during the period under review compared to 42,723 M.Tons valuing Rs.2.090 Billion in the corresponding period as the management is confident that prices of sugar will substantially rise in the remaining period of the current financial year. During the period under review sugar prices were not viable enough to generate profit in view of low utilization of production capacity and procurement of sugarcane on above support price. Accordingly the management had decided to withhold the sales until sugar prices improve further. As such the company incurred loss during the current half year to the tune of Rs.56.805 million resulting from unabsorbed depreciation and other fixed cost for the period compared to loss after taxation Rs.11,068 million in the same corresponding period.

Further Outlook:

The prevailing prices of sugar are expected to remain firm in the local market. While on the other hand, sugar prices in the international market have remained low showing no sign of improvement in near future due to glut of sugar stock across the world. The govt. has allowed export to the tune of 1.1 million tons. The freight subsidy however is only allowed to the sugar mills in Punjab Province by Government of Punjab. Whereas no freight subsidy allowed to Sugar Mills located in Sindh. The decision of Punjab govt. to allow subsidy will help reduce the surplus stock of sugar and stabilize the prices in the local market. Due to better sugar recovery achieved and local sugar prices to rise, we anticipate the current year 2018-19 will be a profit making year. In Sha Allah.



Acknowledgment:

The directors of your company would like to extend deep appreciation to our shareholders, employees, bankers and growers for their continued support and have always reposed their full confidence in the Company. Let us pray together for the blessing of Allah for the sustainability and continue growth of the company.

On behalf of the Board of Directors

Karachi: 10th May, 2019

Dr. Tara Chand
Chief Executive

Mahesh Kumar
Director

ڈائریکٹر رپورٹ

معزز ممبران

اسلام علیکم!

بورڈ آف ڈائریکٹرز کی جانب سے، یہ میرا امتیاز ہے کہ میں آپ کے سامنے کمپنی کی غیر آڈٹ شدہ مجموعی عبوری مالیاتی گوشوارے مع آڈیٹرز کی جائزہ رپورٹ برائے دورانیہ ششماہی اختتام پذیر 31 مارچ، 2019 پیش کر رہا ہوں۔

صنعت کا عمومی جائزہ:

زیر جائزہ دورانیہ کے دوران پیسائی کا سیزن شوگر کی صنعت کیلئے موذوں نہیں رہا جس کی وجہ گنے کی نامعقول مقدار میں دستیابی اور ملک بھر میں گنے کی کاشت کاری میں تخفیف ہے۔ ایسی صورتحال کی وجہ کنالوں میں پانی کی کمی اور ملک میں کم مقدار میں بارشوں کا آنا ہے۔ گنے کی پیداوار میں کمی کی وجہ سے ملرز کو گنا حاصل کرنے میں حکومت پاکستان کی جانب سے طے شدہ نرخ یعنی 182 روپے فی 40 کلو سے زائد ادا کرنا پڑا ہے۔ گنے کی پیسائی میں کمی کے باوجود حالیہ سیزن میں چینی کی وصولیابی میں بہتری آئی جس نے کچھ حد تک گنے کے مہنگے داموں ملنے اور گنے کی کم پیسائی کی وجہ سے پیدا ہونے والے منفی اثرات میں تخفیف کی ہے۔

عملیاتی نتائج:	2018-2019	2017-2018
پسائی کا آغاز	13-12-2018	28-11-2017
پسائی کا اختتام	10-03-2019	09-04-2018
کام کے ایام (مجموعی) - ایام	88	133
پمپے گئے گنوں کی تعداد - ٹن	431,457	660,056
خالص پیسائی کے ایام - ایام	84	106
روزانہ پیسائی کا تناسب - مجموعہ ایام	4,903	4,963
روزانہ پیسائی کا تناسب - خالص ایام پر	5,136	6,227
استعمال کی استعداد - فیصد	64	78
چینی کی پیداوار - ٹن	46,634	67,244
چینی کی وصولیابی - فیصد	10.78	10.19

شیرہ کی پیداوار	-	20,100	34,330
شیرہ کی وصولیابی	-	4.65	5.1975

مل نے مورخہ 13 دسمبر 2018 سے پیسائی کا آغاز کیا اور یہ عمل 88 ایام تک جاری رہا جبکہ گذشتہ مماثل دورانیہ میں یہ عمل 133 ایام تک جاری رہا تھا۔ کام کے ایام میں کمی کی وجہ گنے کی کاشت میں کمی کے سبب گنے کی عدم دستیابی ہے۔ مل نے اس سال 431,457 میٹرک ٹن گنے کی پیسائی کی جبکہ پچھلے مماثل دورانیہ میں یہ پیسائی 660,056 میٹرک ٹن تھی اس طرح حالیہ سیزن میں 228,599 میٹرک ٹن یعنی 34.63 فیصد گنے کی کمی واقع ہوئی۔ اسی طرح چینی کی پیداوار میں بھی 20,610 (یعنی 30.65 فیصد) کی کمی ہوئی یعنی پچھلے سیزن میں 67,244 میٹرک ٹن کے مقابلے میں اس سیزن 46,634 میٹرک ٹن کی چینی کی پیداوار ہوئی۔ تاہم گنے میں چینی کے جزو میں 0.59 فیصد تک قابل ذکر اضافہ ہوا اور اس طرح پچھلے سال گنے میں شکر کے جزو 10.19 فیصد کے مقابلے میں اس سال 10.78 فیصد رہا جو کہ کمپنی کے منافع میں اصلاحی کردار ادا کرے گا۔

مالیاتی نتائج:

31 مارچ 2018	31 مارچ 2019	
(15,926,676)	(80,976,838)	قبل از ٹیکس (خسارہ)
4,858,518	24,171,505	ٹیکس - حالیہ
(11,068,166)	(56,805,333)	بعد از ٹیکس (خسارہ)
36,647,446	59,662,773	ملٹوی ٹیکس کے علاوہ مستقل اثاثوں کی نوعیت ذاتی پر بچت
-	(16,680,000)	منقسمہ برائے سال اختتام پذیر 30 ستمبر 2018
(427,498,936)	(295,741,993)	آگے لایا گیا حساب شدہ (خسارہ)
(401,919,656)	(309,564,553)	حاصل سابق حساب شدہ (خسارہ)
(1.06)	(5.45)	(خسارہ) فی حصص

کمپنی نے اب تک صرف 1,141 میٹرک ٹن ہی چینی فروخت کی ہے جس کی مالیت مبلغ 56.48 ملین روپے ہے جبکہ پچھلے سال مماثل دورانیہ میں 42,723 میٹرک ٹن چینی فروخت کی گئی تھی جس کی مالیت 2.090 ملین روپے تھی، جیسا کہ انتظامیہ پر امید ہے کہ حالیہ مالی سال کے بقیہ دورانیہ میں چینی کے نرخوں میں قابل ذکر اضافہ ہوگا۔ زیر غور

دورانیہ کے دوران چینی کے نرخ اس قابل نہیں تھے کہ ان سے منافع حاصل کیا جاسکے جس کی وجہ پیداواری صلاحیت کا کم استعمال اور مذکورہ بھاری نرخ پر گئے کا حصول ہے۔ اسی وجہ سے انتظامیہ نے یہ فیصلہ کیا کہ اس وقت تک چینی کی فروخت کو روکا جائے جب تک چینی کے نرخ میں مزید بہتری نہیں آ جاتی۔ اگرچہ کمپنی نے حالیہ نصف سال کے دوران مبلغ 56.805 ملین روپے کا خسارہ برداشت کیا ہے جس کی وجہ ناقابل برداشت Depreciation اور دیگر منجمد لاگت ہے۔ جب کہ پچھلے مماثل دورانے کے مقابلے میں مابعدیکس مبلغ 11,068 ملین روپے کا خسارہ سامنے آیا۔

آئندہ کے امکانات:

چینی کے موجودہ نرخوں میں مقامی مارکیٹ میں بہتری متوقع ہے جبکہ دوسری طرف بین الاقوامی مارکیٹ میں چینی کے نرخوں میں کمی واقع ہوئی جس کی وجہ سے مستقبل قریب میں کوئی اصلاحی امید نظر نہیں آرہی وجہ پوری دنیا میں چینی کے بڑے اسٹاک کا موجود ہونا ہے۔ حکومت نے 1.1 ملین ٹن تک چینی کی برآمدات کی اجازت دی ہے۔ تاہم حکومت پنجاب کی جانب سے صرف صوبہ پنجاب میں ہی فریٹ سبسڈی ملز کو فراہم کی گئی ہے جبکہ سندھ میں چینی کی ملوں کو کسی قسم کی کوئی فریٹ سبسڈی نہیں دی گئی ہے۔ حکومت پنجاب کی جانب سے کیا گیا فیصلہ چینی کے اضافی اسٹاک میں کمی لانے میں مددگار ہوگا جس سے مقامی مارکیٹ میں چینی کے نرخوں میں استحکام کی امید ہے۔ چینی کی بہتر وصولی اور چینی کے نرخوں میں مقامی سطح پر ہونے والے اضافے کی بنیاد پر ہمیں امید ہے کہ حالیہ مالی سال 2018-19 منافع بخش سال ٹھہرے گا۔ ان شاء اللہ۔

تسلیمات:-

آپ کے کمپنی کے ڈائریکٹرز ہمارے شیئر ہولڈرز، ملازمین، بینکرز اور کسانوں کی جانب سے مسلسل حمایت کو دل کی گہرائیوں کے ساتھ سراہتے ہیں اور ان کی جانب سے مسلسل کمپنی پر بھروسے کی قدر کرتے ہیں۔ آئیں سب مل کر کمپنی کے استحکام اور مسلسل ترقی کے سلسلے میں اللہ کی رحمت کیلئے دعا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

ڈاکٹر تارا چند
چیف ایگزیکٹو
مہیش کمار
ڈائریکٹر

کراچی: 10 مئی، 2019



INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF SINDH ABADGAR'S SUGAR MILLS LIMITED

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Sindh Abadgar's Sugar Mills Limited** as at March 31, 2019 and the related condensed statement of profit or loss and other comprehensive income, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements 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 statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended March 31, 2019 and March 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Mr. Muhammad Waseem.

Chartered Accountants
Karachi
Date



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

EQUITY AND LIABILITIES	Note	Un-audited March 31, 2019 Rupees	Audited September 30, 2018 Rupees
Share capital and reserves			
Authorized capital			
65,000,000 ordinary shares of Rs. 10/- each		650,000,000	650,000,000
Issued, subscribed and paid-up capital		104,250,000	104,250,000
Capital Reserve			
Revaluation surplus on property, plant and machinery-net		1,433,318,411	1,476,249,189
Revenue Reserve			
Accumulated losses		(309,564,553)	(295,741,993)
		1,228,003,858	1,284,757,196
Subordinated loans		260,000,000	260,000,000
		1,488,003,858	1,544,757,196
Non current liabilities			
Long term finance - secured	5	504,166,669	595,833,335
Deferred liabilities		774,287,173	817,545,784
		1,278,453,842	1,413,379,119
Current liabilities			
Trade and other payables	6	598,515,498	288,633,855
Short term borrowing	7	1,920,818,787	-
Unclaimed dividend		5,326,112	3,316,162
Accrued mark-up		54,183,961	17,364,051
Current maturity of long term finance		183,333,332	183,333,332
		2,762,177,690	492,647,400
Contingencies and commitments	8	5,528,635,390	3,450,783,715
ASSETS			
Non current assets			
Property, plant and equipment	9	2,683,479,399	2,801,755,471
Long term loans		747,046	2,008,278
Long term deposits		792,527	792,527
		2,685,018,972	2,804,556,276
Current assets			
Stores and spares		172,952,109	149,300,766
Stock in trade	10	2,141,515,164	9,292,544
Trade debts - unsecured	11	278,491,549	252,395,262
Short term loans and advances		73,216,722	57,615,068
Trade deposits and short term prepayments		388,117	3,389,617
Other receivables	12	76,028,636	76,028,636
Tax refunds due from government		74,087,260	72,443,658
Cash and bank balances		26,936,861	25,761,888
		2,843,616,418	646,227,439
		5,528,635,390	3,450,783,715

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

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

	Note	Six months period ended		Quarter ended	
		March 31, 2019 Rupees	March 31, 2018 Rupees	March 31, 2019 Rupees	March 31, 2018 Rupees
Net sales	13	56,480,250	2,089,700,059	56,480,250	1,186,815,272
Cost of sales		(38,519,440)	(1,977,246,208)	(38,519,440)	(923,712,331)
Gross profit		17,960,810	112,453,851	17,960,810	263,102,941
Administrative expenses		(55,486,802)	(56,536,144)	(30,817,602)	(28,737,380)
Selling and distribution cost		(4,363,777)	(62,726,197)	(3,578,995)	(37,227,193)
		(59,850,579)	(119,262,341)	(34,396,597)	(65,964,573)
Operating (loss) / profit		(41,889,769)	(6,808,490)	(16,435,787)	197,138,368
Finance cost		(71,494,149)	(52,321,299)	(54,361,377)	(25,117,938)
Workers' Welfare Fund		(347,500)	-	(347,500)	-
Other income		32,754,580	43,203,113	31,485,909	40,864,209
		(39,087,069)	(9,118,186)	(23,222,968)	15,746,271
(Loss) / profit before taxation		(80,976,838)	(15,926,676)	(39,658,755)	212,884,639
Taxation-net	14	24,171,505	4,858,510	11,030,173	12,972,618
(Loss) / profit after taxation		(56,805,333)	(11,068,166)	(28,628,582)	225,857,257
(Loss) / earning per share basic and diluted		(5.45)	(1.06)	(2.75)	21.66

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

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

	Six months period ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees	Rupees	Rupees	Rupees
(Loss) / profit after taxation	(56,805,333)	(11,068,166)	(28,628,582)	225,857,257
Other comprehensive income	-			
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Reversal of deferred tax liability on account of Revaluation Surplus due to change in tax rate	16,731,995	-	16,731,995	-
Total comprehensive (loss) / income for the period	<u>(40,073,338)</u>	<u>(11,068,166)</u>	<u>(11,896,587)</u>	<u>225,857,257</u>

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

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

		Capital reserves	Revenue reserves	
	Issued, subscribed and paid up capital Rupees	Revaluation surplus on property, plant and equipment Rupees	Accumulated losses Rupees	Total Rupees
Balance as at October 01, 2017	104,250,000	812,179,558	(427,498,936)	488,930,622
Total comprehensive loss for the half year ended March 31, 2018				
Loss after taxation	-	-	(11,068,166)	(11,068,166)
Other comprehensive income	-	-	-	-
	-	-	(11,068,166)	(11,068,166)
Incremental Depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	(36,647,446)	36,647,446	-
Balance as at March 31, 2018	104,250,000	775,532,112	(401,919,656)	477,862,456
Balance as at October 01, 2018	104,250,000	1,476,249,189	(295,741,993)	1,284,757,196
Total comprehensive loss for the half year ended March 31, 2019				
Loss after taxation	-	-	(56,805,333)	(56,805,333)
Other comprehensive income	-	16,731,995	-	16,731,995
	-	16,731,995	(56,805,333)	(40,073,338)
Incremental Depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	(59,662,773)	59,662,773	-
Transaction with owner				
Final dividend paid at the rate of Rs. 1.60 per share each for the year ended September 30, 2018	-	-	(16,680,000)	(16,680,000)
Balance as at March 31, 2019	104,250,000	1,433,318,411	(309,564,553)	1,228,003,858

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

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

	Note	March 31, 2019 Rupees	March 31, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(80,976,838)	(15,926,676)
Adjustments for:			
- Depreciation		125,986,944	90,844,875
- Provision for workers' welfare fund		347,500	-
- Finance costs		71,494,149	52,321,299
- Loss / (gain) on disposal of property, plant and equipment		55,122	(449,267)
		<u>197,883,715</u>	<u>142,716,907</u>
Operating profit before working capital changes		116,906,877	126,790,231
Changes in working capital			
Decrease / (increase) in current assets			
- Stores and spares		(23,651,343)	(3,739,957)
- Stock in trade		(2,132,222,620)	(912,032,986)
- Trade debts - unsecured		(26,096,287)	(350,929,527)
- Short term loans and advances		(15,601,654)	51,595,323
- Trade deposits and short term prepayments		3,001,500	(19,032)
- Other receivables		-	(440,039,400)
		<u>(2,194,570,404)</u>	<u>(1,655,165,579)</u>
Increase in current liabilities			
- Trade and other payables		309,534,143	1,393,074,610
		<u>(1,768,129,384)</u>	<u>(135,300,738)</u>
Net cash used in operations		(1,768,129,384)	(135,300,738)
Taxes paid		(3,952,964)	(17,769,246)
Gratuity paid		(45,750)	-
Finance costs paid		<u>(34,674,238)</u>	<u>(69,774,707)</u>
		<u>(38,672,952)</u>	<u>(87,543,953)</u>
Net cash used in operating activities		(1,806,802,336)	(222,844,691)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(7,780,994)	(81,798,711)
Proceeds from sale of property, plant and equipment		15,000	762,449
Long term loans - net		<u>1,261,232</u>	<u>(222,111)</u>
Net cash used in investing activities		(6,504,762)	(81,258,373)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		(91,666,666)	(86,000,000)
Long term finance obtained		-	117,041,163
Dividend paid		<u>(14,670,050)</u>	<u>-</u>
Net cash (used in) / generated from financing activities		(106,336,716)	31,041,163
Net decrease in cash and cash equivalents		(1,919,643,814)	(273,061,901)
Cash and cash equivalents at the beginning of the period		25,761,888	(858,657,860)
Cash and cash equivalents at the end of the period	17	(1,893,881,926)	(1,131,719,761)

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

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer



**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019**

1 STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan on January 28, 1984 as a Public Limited Company and its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the manufacturing and sale of sugar.

The geographical location and address of Company's business units, including plant are as under:

- The registered office of the Company is located at 209, Progressive Plaza, Beaumont Road, Karachi
- The Company's manufacturing plant/mill is located at Deh Deenpur, Taluka Bulri Shah Karim, District Tando Mohammad Khan Sindh, Pakistan.

1.1 SEASONALITY OF OPERATIONS

Due to the seasonal availability of sugarcane, operating results are expected to fluctuate in the second half of the year. The crushing season starts from November and last till April each year. During the period, the company has obtained and availed financing facilities from different banks (both Conventional and Islamic) to meet the working capital requirement (refer note 7).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan 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; and
- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.



These condensed interim financial statements are unaudited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance. The figures of the condensed interim profit or loss and condensed interim statement of comprehensive income for the quarters ended March 31, 2019 and 2018 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the half year ended March 31, 2019 and 2018.

These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended September 30, 2018.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for land, buildings and Plant & Machinery which are carried at revalued amount.

2.3 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency, unless otherwise stated. All figures have been rounded off to the nearest rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended September 30, 2018 except those stated in note 3.2 (a) below:

3.2 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended March 31, 2019 and are relevant:

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on October 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.



In addition to that a new standard (i.e. IFRS 15) has become applicable to the Company effective October 1, 2018. Because of this new standard certain changes to the Company's accounting policies have been made as follows:

The Company uses the five-step model of revenue recognition as described in IFRS 15 Revenue from Contracts with Customers. In particular, the Company has the following policies with respect to identification of performance obligations, allocation of the transaction price and recognition of revenue allocated to each performance obligation.

Identification of performance obligations:

At the inception of each contract entered into with a customer, the Company identifies the good promised in the contract .

Allocation of the transaction price:

The Company determines the transaction price in accordance with the requirements of IFRS 15 and allocates it to each of the performance obligations identified in the contract based on the relative stand-alone selling prices of the services (whether directly observable or estimable).

Recognition of revenue allocated to each performance obligation:

The Company recognises the revenue from each performance obligation over time based on the measure of progress towards complete satisfaction of the performance obligation. This is based on the Company's assessment that the customer simultaneously receives, and consumes the benefits embodied in, the services.

The Company's approach to assessment of measure of progress towards complete satisfaction of performance obligation depends on the lifting of sugar.

(b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after October 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

(c) New standards and amendments to published approved accounting and reporting standards that are not yet effective

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after October 1, 2019 that may have an impact on the financial statements of the Company.



IFRS 9 'Financial instruments' - This standard is effective for periods beginning from or after July 1, 2019. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 16 'Leases' - This standard is effective for periods beginning from or after January 1, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its condensed interim financial statements.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of condensed interim financial information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2 The significant judgments made by management in applying the Company's accounting policies and the key sources of estimating the uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended September 30, 2018.
- 4.3 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements as at and for the year ended September 30, 2018.

5 LONG TERM FINANCES

Mark-up based financing from conventional banks

	Bank Alfalah Limited TF -II	MCB Bank Limited DF	(Un-audited) Total March 31, 2019	(Audited) Total September 30, 2018
Sub note number	5.1	5.2		
Opening balance	479,166,667	300,000,000	779,166,667	848,958,837
Obtained during the year	-	-	-	117,041,163
Less: Payment made during the period	(41,666,666)	(50,000,000)	(91,666,666)	(186,833,333)
	437,500,001	250,000,000	687,500,001	779,166,667
Less: current maturity shown under current liabilities	(83,333,332)	(100,000,000)	(183,333,332)	(183,333,332)
	354,166,669	150,000,000	504,166,669	595,833,335



- 5.1 This facility has been obtained to meet capital expenditure requirements of the Company. The limit of facility is Rs. 500 million (2018: Rs. 500 million). The facility carries markup at the rate of 3 month kibar + 0.5% (2018: 3 month kibar+0.5% per annum) and is secured against joint pari passu charge of Rs. 586.667 million.
- 5.2 This facility has been availed to meet capital expenditure requirements of the Company. The limit of facility is Rs. 500 million (2018: Rs. 500 million). The facility carries markup at the rate of 6 month kibar + 1% (2018: 6 month kibar + 1% per annum) and is secured against joint pari passu charge of Rs. 589 million over Company's all present and future fixed assets installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan and personal guarantee of directors.

	Note	(Un-audited) March 31, 2018 Rupees	(Audited) September 30, 2018 Rupees
6 TRADE AND OTHER PAYABLES			
Creditors:			
-For sugarcane		460,318,597	206,448,977
-For other supplies		104,068,573	55,746,660
		<u>564,387,170</u>	<u>262,195,637</u>
Other payables			
-Advance from customers		9,780,025	-
-Income tax payable		306,541	89,053
-Accrued expenses		10,225,612	10,067,111
-Income tax deducted at source		88,085	60,840
-Workers' Welfare Fund		4,617,543	4,270,043
-Workers' Profit Participation Fund		6,867,491	6,867,491
-Contractor's retention money		57,612	57,612
-Other payables		2,185,419	5,026,068
		<u>598,515,498</u>	<u>288,633,855</u>
7 SHORT TERM BORROWING - Secured			
Bank Al-Falah Limited			
- Running finance	7.1	147,344,304	-
Meezan Bank Limited			
- Istisna / Tijarah	7.2	589,000,000	-
Askari Bank Limited			
- Cash finance	7.3	500,000,000	-
- Running finance	7.4	184,474,483	-
		<u>684,474,483</u>	-
Habib Bank Limited			
- Salam	7.5	500,000,000	-
		<u>1,920,818,787</u>	-



- 7.1 This represents short term running finance facility obtained from Bank Al-Falah Limited to meet working capital requirements. The limit of liability is Rs. 200 million (2018: Rs. 200 million). The facility carries markup at the rate of 3 month kibar + 1% (2018: 3 month kibar +1% per annum) and is secured by pledge over fresh stocks of sugar with 10% margin under effective control of bank's approved mucaddam.
- 7.2 This represents short term finance facility obtained from Meezan Bank Limited for the purpose of procurement of sugarcane as well as to meet working capital requirements. The limit of liability is Rs. 800 million (2018: Rs. 800 million). The facility carries markup at the rate of 3 month kibar + 1% (2018: 3 month kibar +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over movables and receivables for Rs. 267 million, personal guarantee of all directors, pledge of white crystalline refined sugar with 10% margin under effective control of bank's approved mucaddam and personal guarantee of all directors. The loan amount of Rs.260 million from directors and sponsors, is subordinate to it and will be repaid after prior approval of Meezan Bank Limited.
- 7.3 This represents short term cash finance facility obtained from Askari Bank Limited for the purpose of procurement of sugarcane. The limit of liability is Rs. 550 million (2018: Rs. 550 million). The facility carries markup at the rate of 3 month kibar + 1% (2018: 3 month kibar +1% per annum) and is secured by pledge over stocks with 10% margin under effective control of bank's approved mucaddam.
- 7.4 This represents short term running finance facility obtained from Askari Bank Limited to meet working capital requirements. The limit of liability is Rs. 200 million (2018: Rs. 200 million). The facility carries markup at the rate of 3 month kibar + 1% (2018: 3 month kibar +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over current assets for Rs. 266.667 million.
- 7.5 This represents short term finance facility obtained from Habib Bank Limited to meet working capital requirements. The limit of liability is Rs. 500 million (2018: Nil). The facility carries markup at the rate of 3 month kibar + 0.75% (2018: Nil) and is secured by pledge of white crystalline refined sugar with 10% margin under effective control of bank's approved mucaddam and personal guarantee of all directors.

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in the status of the contingencies set out in the note 13 to the Company's annual financial statements for the year ended September 30, 2018.



	Note	(Un-audited) March 31, 2019 Rupees	(Audited) September 30, 2018 Rupees
9	PROPERTY, PLANT AND EQUIPMENT		
Operating assets	9.1	2,667,579,098	2,785,855,170
Capital work in progress		15,900,301	15,900,301
		<u>2,683,479,399</u>	<u>2,801,755,471</u>
			Operating assets -----Rupees-----
9.1	Cost / Revalued amount		
Opening Balance			4,074,014,530
Additions			7,780,994
Disposal			(86,500)
			<u>4,081,709,024</u>
Accumulated depreciation			
Opening Balance			1,288,159,360
Charge for the period			125,986,944
Disposal			(16,378)
			<u>1,414,129,926</u>
Written down value as at March 31, 2019 (Un-audited)			<u>2,667,579,098</u>
Written down value as at September 30, 2018 (Audited)			<u>2,801,755,471</u>
		(Un-audited) March 31, 2019 Rupees	(Audited) September 30, 2018 Rupees
10	STOCK IN TRADE		
Sugar in process		3,503,760	9,292,544
Finished goods - sugar		2,123,253,020	-
Bagasse		14,758,384	-
		<u>2,141,515,164</u>	<u>9,292,544</u>



	(Un-audited) March 31, 2019 Rupees	(Audited) September 30, 2018 Rupees
11 TRADE DEBTS		
Considered good	278,491,549	252,395,262
Considered Doubtful	568,846	568,846
	279,060,395	252,964,108
Less: Provision for Doubtful Debts	(568,846)	(568,846)
	<u>278,491,549</u>	<u>252,395,262</u>

12 OTHER RECEIVABLES		
Sales tax refundable	1,054,585	1,054,585
Subsidy Receivable	73,920,300	73,920,300
Receivable against insurance claim	441,029	441,029
Others	1,088,999	1,088,999
	76,504,913	76,504,913
Provision for doubtful recoveries	(476,277)	(476,277)
	<u>76,028,636</u>	<u>76,028,636</u>

13 TURNOVER - NET

	Six Months Period Ended		Three months period ended	
	March 31, 2019 Rupees	March 31, 2018 Rupees	March 31, 2019 Rupees	March 31, 2018 Rupees
	(Un-audited)			
Sales - gross				
Local	64,014,150	113,004,150	64,014,150	17,380,050
Export	-	1,550,879,809	-	858,999,122
	64,014,150	1,663,883,959	64,014,150	876,379,172
Cash freight				
support subsidy	-	440,039,400	-	312,602,400
Sales tax	(7,533,900)	(14,223,300)	(7,533,900)	(2,166,300)
	<u>56,480,250</u>	<u>2,089,700,059</u>	<u>56,480,250</u>	<u>1,186,815,272</u>



	Note	(Un-audited) March 31, 2019 Rupees	(Audited) September 30, 2018 Rupees
14 PROVISION FOR TAXATION			
Current tax		2,309,362	18,633,499
Deferred tax income		(26,480,867)	(23,492,009)
		<u>(24,171,505)</u>	<u>(4,858,510)</u>

15 RELATED PARTY TRANSACTIONS

Related parties comprise associated undertakings, staff provident fund, major shareholders, directors, key management personnel of the Company and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Transaction with related parties during the year, other than those disclosed elsewhere in these financial statements are as follows:

	(Un-audited) March 31, 2019 Rupees	(Un-Audited) March 31, 2018 Rupees
Transactions during the period		
Remuneration to chief executive and directors	<u>2,100,000</u>	<u>2,100,000</u>
Advance to SGM Sugar Mills Limited	<u>7,063,174</u>	<u>-</u>
Contribution to staff provident fund	<u>984,639</u>	<u>998,546</u>
Balances at year end		
Advance against supplies	<u>7,063,174</u>	<u>-</u>
Loan from Directors	183,000,000	183,000,000
Loan from Related Parties	77,000,000	77,000,000
	<u>260,000,000</u>	<u>260,000,000</u>



16. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The management is of the view that the fair values of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of assets and liabilities carried at fair value.

	Level 1	Level 2	Level 3
	Rupees		
As on March 31, 2019			
Property, plant and equipment	-	2,630,280,793	-
As on September 30, 2018			
Property, plant and equipment	-	2,745,672,999	-

The carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the cash flow statement are reconciled to the related items in the statement of financial position as follows:

	(Un-audited) March 31, 2019 Rupees	(Audited) September 30, 2018 Rupees
Cash and bank balances	26,936,861	25,761,888
Short term borrowings	(1,920,818,787)	-
	<u>(1,893,881,926)</u>	<u>25,761,888</u>



18 AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on 10 May 2019.

19 RECLASSIFICATION

19.1 A major reclassification of corresponding figures made in the financial statements is as follows:

Reclassified from component	Reclassified to component	— Rupees —
Property, plant and equipment	Property, plant and equipment	
Plant and machinery	Capital work in progress	<u>15,900,301</u>

19.1.1 The High Speed Reduction Gear was erroneously classified to plant and machinery on September 30, 2018. However, no depreciation was charged for the period ended September 30, 2018.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer

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