



*Sindh Abadgar's Sugar Mills Limited*

**UNAUDITED  
CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2014**



## COMPANY PROFILE

### DIRECTORS

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

### CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Nisar H. Virani

### BANKERS

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
KASB Bank Limited  
MCB Bank Limited  
NIB Bank Limited  
United Bank Limited

### AUDIT COMMITTEE

Mr. Pehlaj Rai	Chairman
Dr. Besham Kumar	Member
Mr. Dileep Kumar	Member

### HR AND REMUNERATION COMMITTEE

Mr. Pehlaj Rai	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.  
505, 5th Floor, Kashif Centre,  
Near Hotel Mehran,  
Shahrah-e-Faisal, Karachi.

### EMAIL ADDRESS

sasm@unitedgroup.org.pk



## DIRECTORS' REPORT

**Dear Shareholders,**

On behalf of Board of Directors it is my privilege to present the unaudited interim Financial Statements of the company for the period of nine months ended 30th June, 2014

### Financial Results:

	<b>30th June 2014</b> <b>(Rs. In million)</b>	<b>30th June 2013</b> <b>(Rs. In million)</b>
Net Sales	1,669.352	1,904.407
Cost of Sales	<u>(1,551.379)</u>	<u>(1,814.700)</u>
Gross Profit	117.973	89.707
Financial, other expenses & other income	<u>(150.067)</u>	<u>(119.569)</u>
Net Loss before taxation	<u>(32.094)</u>	<u>(29.862)</u>

The net turnover decreased to Rs.1,669.952 million from Rs.1,904.407 million of last year's same period. Loss before tax amounted to Rs. 32.094 million as against Rs. 29.862 million for the corresponding period of last year.

The negative results are due to lesser sugar price during entire period. Despite all odds, the Company continued to focus its attention on sale of sugar but due to depressed prices, a reasonable portion of sugar remained unsold which is being disposed off slowly and gradually as per market conditions for better financial results by the year end. However, there has been some relief in view of sugar stock taken off by TCP from the mills. We sold 2,580 tons of Sugar to TCP. Further a quantity of 21,848 M.Tons was exported. The value of finished stock stood at Rs.728.062 million against Rs.512.682 million as on 30th June, 2013.

### Future Prospects

Due to glut of sugar in the market, the prices of sugar in the local market remained depressed. However, we hope it will be better in the last quarter. The government has also taken certain positive steps such as purchases of sugar through TCP and allowed exports etc. Yet definite measures are needed to control the sugarcane prices for next season to save the industry and also to enable the sugar mills to sell sugar at a reasonable price to the consumers. We once again would emphasize that the government should take strategic and timely decisions on policy matters to resolve the long outstanding issues of sugar industry like quality premium, sugarcane and sugar price and market committee fee etc. to ensure smooth functioning and maintain good mills/farmers relations.



The future prospects of the Company are greatly dependent on the trend of sugar prices in the last quarter and the prices of both sugar and sugarcane in the next season in addition to the review of government policies. There is a strong need on the part of the Government to bail out the sugar industry from the crisis particularly sugarcane price factor for the next season in view of better crop expected. We understand the current sugar stock levels are more than sufficient for the present requirement. Therefore, proper planning should be made based on realistic and logical statistics of actual sugar production, its consumption and deficit or surplus etc., as the case may be. While planning to meet the shortage of sugar, decisions be focused to avoid the glut of sugar as well in the market/country. With the hope of stability in sugar prices during the last quarter, we anticipate better financial results for the current year.

#### **Acknowledgement**

The management of the company would like to thank all the financial institutions, sugarcane growers, officers, staff members and labour, who have been associated with the company for their continued support and cooperation.

**On behalf of the Board of Directors**

**Deoo Mal Essarani  
Chairman**

Karachi:18th July, 2014



**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
AS AT JUNE 30, 2014

	Note	Un-audited June 30, 2014 Rupees	Audited September 30, 2013 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized Capital 65,000,000 (2013: 65,000,000)		650,000,000	650,000,000
Ordinary shares of Rs. 10/- each			
Issued, subscribed and paid-up capital		104,250,000	104,250,000
10,425,000 ordinary shares of Rs. 10/- each		(84,022,186)	(90,905,008)
Accumulated loss		20,227,814	13,344,992
Surplus on revaluation of Property, Plant and Equipment		446,971,568	472,743,091
Subordinated loans		260,000,000	260,000,000
<b>NON-CURRENT LIABILITIES</b>			
Long term finance - secured	6	277,500,000	225,000,000
Deferred liabilities		355,600,865	378,565,811
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,188,685,018	351,928,470
Accrued markup		12,957,463	10,718,872
Current portion of non current liabilities		128,000,000	98,000,000
Short term running finance		-	40,740,803
		1,329,642,481	501,388,145
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
		2,689,942,728	1,851,042,039
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,466,533,376	1,497,147,427
Long term loans		207,175	578,564
Long term deposits		755,527	1,112,527
<b>CURRENT ASSETS</b>			
Stores,spares and loose tools		120,975,600	123,928,981
Stock-in-trade		734,115,405	99,300,431
Trade debts - unsecured		119,064,083	5,989,860
Short term loans and advances		107,103,893	73,782,740
Trade deposits and short term prepayments		2,221,621	505,644
Other receivables		71,788,636	2,108,336
Advance tax - net		40,513,653	34,749,839
Cash and bank balances		26,663,759	11,837,690
		1,222,446,650	352,203,521
		2,689,942,728	1,851,042,039

The annexed notes from 1 to 13 form an integral part of the condensed interim financial information.

**TARA CHAND ESSARANI**  
Chief Executive

**MAHESH KUMAR**  
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2014

		FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
	Note	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
		Rupees	Rupees	Rupees	Rupees
Sales - net	9	1,669,352,055	1,904,407,640	396,598,926	920,889,001
Cost of sales	10	(1,551,379,446)	(1,814,700,956)	(395,837,811)	(916,071,480)
<b>Gross profit</b>		<b>117,972,609</b>	<b>89,706,684</b>	<b>761,115</b>	<b>4,817,521</b>
<b>Operating expenses</b>					
Administrative expenses		(66,511,176)	(52,241,034)	(21,232,731)	(15,149,839)
Distribution cost		(53,551,236)	(55,046,794)	(9,952,125)	(21,726,054)
		(120,062,412)	(107,287,828)	(31,184,856)	(36,875,893)
<b>Operating loss</b>		<b>(2,089,803)</b>	<b>(17,581,144)</b>	<b>(30,423,741)</b>	<b>(32,058,372)</b>
Financial charges		(37,336,589)	(32,208,953)	(12,506,226)	(21,738,910)
Other income		7,332,021	19,927,652	6,836,725	3,417,753
		(30,004,568)	(12,281,301)	(5,669,501)	(18,321,157)
<b>Loss before taxation</b>		<b>(32,094,371)</b>	<b>(29,862,445)</b>	<b>(36,093,242)</b>	<b>(50,379,529)</b>
Provision for taxation		(9,759,277)	(21,071,884)	(1,102,385)	(10,889,589)
<b>Loss after taxation</b>		<b>(41,853,648)</b>	<b>(50,934,329)</b>	<b>(37,195,627)</b>	<b>(61,269,118)</b>
<b>Loss per share</b>					
- basic & diluted		(4.01)	(4.89)	(3.57)	(5.88)

The annexed notes from 1 to 13 form an integral part of the condensed interim financial information.

**TARA CHAND ESSARANI**  
Chief Executive

**MAHESH KUMAR**  
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2014**

	<b>June 30, 2014 Rupees</b>	<b>June 30, 2013 Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(32,094,371)	(29,862,445)
<b>Adjustments for non-cash items:</b>		
Depreciation	108,325,419	75,674,197
Financial cost	37,336,589	32,208,953
Exchange (gain) / loss	2,822,801	(9,112,317)
Gain on disposal of Property, Plant & Equipment	(19,334)	(1,296,702)
	<u>148,465,475</u>	<u>97,474,131</u>
<b>Operating profit before working capital changes</b>	<u>116,371,104</u>	<u>67,611,686</u>
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	2,953,381	143,031,494
Stock in trade	(634,814,974)	(34,895,996)
Trade debts - Unsecured	(115,896,990)	(55,746,986)
Short term loans and advances	(33,321,153)	(24,718,557)
Trade deposits, prepayment and other receivables	(1,715,977)	(1,549,842)
Other receivables	(69,680,300)	3,175,000
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	836,756,548	71,970,638
	<u>(15,719,465)</u>	<u>101,265,751</u>
<b>Net cash generated from operating activities</b>	<u>100,651,639</u>	<u>168,877,437</u>
Finance cost paid	(38,040,957)	(30,953,560)
Taxes paid	(15,523,091)	(24,603,434)
<b>Net Cash Inflow From Operating Activities</b>	<u>47,087,591</u>	<u>113,320,443</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(54,442,456)	(3,793,386)
Capital work in progress	(20,386,336)	(245,240,251)
Proceeds from sale of fixed assets	79,684	1,895,000
Long term loan provided to employees	371,389	(728,947)
Long term deposits placed during the period	357,000	(2,800)
<b>Net Cash Outflow From Investing Activities</b>	<u>(74,020,719)</u>	<u>(247,870,384)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance repaid	(67,500,000)	(84,000,000)
Long term finance obtained during the period	150,000,000	-
<b>Net cash generated from/ (used in) financing activities</b>	<u>82,500,000</u>	<u>(84,000,000)</u>
Net increase/(decrease) in cash and cash equivalents	55,566,872	(218,549,941)
Cash and cash equivalents at the beginning of the period	(28,903,113)	27,314,202
<b>Cash and cash equivalents at the end of the period</b>	<u>11 26,663,759</u>	<u>(191,235,739)</u>

The annexed notes from 1 to 13 form an integral part of the condensed interim financial information.

**TARA CHAND ESSARANI**  
Chief Executive

**MAHESH KUMAR**  
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2014**

	<b>FOR THE NINE MONTHS ENDED</b>		<b>FOR THE QUARTER ENDED</b>	
	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Loss for the period	(41,853,648)	(50,934,329)	(37,195,627)	(61,269,118)
Other comprehensive income for the period - Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	48,736,470	28,568,657	16,247,265	28,568,657
Total comprehensive income / (loss) for the period	<u>6,882,822</u>	<u>(22,365,672)</u>	<u>(20,948,362)</u>	<u>(32,700,461)</u>

The annexed notes from 1 to 13 form an integral part of the condensed interim financial information.

**TARA CHAND ESSARANI**  
Chief Executive

**MAHESH KUMAR**  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2014**

	<b>Issued, Subscribed &amp; Paidup Capital Rupees</b>	<b>Accumulated Loss Rupees</b>	<b>Total Rupees</b>
<b>Balance as at October 1, 2012</b>	104,250,000	6,823,281	111,073,281
Total comprehensive loss for the nine months	-	(22,365,672)	(22,365,672)
<b>Balance as at June 30, 2013 (Un-Audited)</b>	<u>104,250,000</u>	<u>(15,542,391)</u>	<u>88,707,609</u>
Balance as at July 1, 2013	104,250,000	(15,542,391)	88,707,609
Total comprehensive loss for the period	-	(75,362,617)	(75,362,617)
<b>Balance as at September 30, 2013 (Audited)</b>	<u>104,250,000</u>	<u>(90,905,008)</u>	<u>13,344,992</u>
Balance as at October 1, 2013	104,250,000	(90,905,008)	13,344,992
Total comprehensive income for the nine months	-	6,882,822	6,882,822
<b>Balance as at June 30, 2014 (Un Audited)</b>	<u>104,250,000</u>	<u>(84,022,186)</u>	<u>20,227,814</u>

The annexed notes from 1 to 13 form an integral part of the condensed interim financial information.

**TARA CHAND ESSARANI**  
Chief Executive

**MAHESH KUMAR**  
Director





**NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2014**

**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 all the Stock Exchanges in Pakistan. The mill is located at Deh Deenpur, District Tando Mohammed Khan in the province of Sindh and its registered office is situated at 209, Progressive Plaza, Beaumont Road, Karachi in the province in Sindh. The company is principally engaged in the manufacture and sale of sugar.

**2 BASIS OF PREPARATION**

The condensed interim financial information are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulation of the Karachi, Lahore and Islamabad Stock Exchanges. The condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan. The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2013.

**3 SIGNIFICANT ACCOUNTING POLICIES**

These interim financial information have been prepared using the same accounting convention, basis of preparation and significant accounting policies as those applied in the preparation of the audited financial statements for the year ended September 30, 2013.

**4 ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial information of the Company as at and for the year ended September 30, 2013.



## 5 SEASONALITY OF OPERATIONS

Due to the seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of availability of sugarcane and costs incurred / accrued upto the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the annual financial statements.

	Un-audited June 30, 2014 Rupees	Audited September 30, 2013 Rupees
<b>6 LONG TERM FINANCES - SECURED</b>		
Opening balance	323,000,000	445,000,000
Obtained during the period	150,000,000	-
	473,000,000	445,000,000
Less: Repaid during the period	(67,500,000)	(122,000,000)
Current portion	(128,000,000)	(98,000,000)
	(195,500,000)	(220,000,000)
Closing balance	277,500,000	225,000,000

## 7 CONTINGENCIES & COMMITMENTS

### 7.1 Contingencies

There is no change in the status of contingencies as disclosed in the published annual financial statements for the year ended September 30, 2013 and condensed interim financial information for the six months period ended March 31, 2014.

### 7.2 Commitments

In respect of the quantity of 3,894.00 M.T (September 30, 2013 : 1,694 M.T) representing sale commitments of sugar having aggregate value of Rs.183.00 million (September 30, 2013 : Rs. 94.2 million).

		Un-audited June 30, 2014 Rupees	Audited September 30, 2013 Rupees
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	1,385,746,611	1,439,689,958
Capital work in progress		80,786,765	57,457,469
		1,466,533,376	1,497,147,427



	Un-audited June 30, 2014 Rupees	Audited September 30, 2013 Rupees
<b>8.1 Operating fixed assets</b>		
Opening WDV	1,439,689,958	685,016,135
Revaluation surplus	-	331,591,937
	<u>1,439,689,958</u>	<u>1,016,608,072</u>
Factory building on free hold land	-	29,517,425
Plant & machinery	45,537,590	494,311,813
Office equipment	378,617	321,600
Furniture & fixture	223,791	222,998
Computers	312,494	1,226,307
Vehicles	7,384,387	3,960,950
Tools & tackles	605,543	391,997
	<u>54,442,422</u>	<u>529,953,090</u>
Disposals / transfers during the period-WDV	(60,350)	(647,543)
Depreciation for the period	(108,325,419)	(106,223,661)
	<u>1,385,746,611</u>	<u>1,439,689,958</u>
	Un-audited June 30, 2014 Rupees	Un-audited June 30, 2013 Rupees
<b>9 SALES</b>		
Local	632,037,999	716,776,125
Export	1,045,607,974	1,213,462,404
Less: Sales Tax	(8,293,918)	(25,830,889)
	<u>1,669,352,055</u>	<u>1,904,407,640</u>



## 10 COST OF SALES

	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Rupees			
Sugarcane consumed	2,207,284,850	1,816,914,037	179,303	89,430
Manufacturing expenses				
- Notes 10.1	277,909,570	200,239,674	61,701,383	39,652,614
	2,485,194,420	2,017,153,711	61,880,686	39,742,044
Stock in process - opening	8,104,762	4,843,454	-	-
Stock in process - closing	(6,053,331)	(8,104,762)	-	-
	2,051,431	(3,261,308)	-	-
	2,487,245,851	2,013,892,403	61,880,686	39,742,044
Opening stock - Molasses	-	-	40,250,000	68,625,430
Closing stock - Molasses	-	-	-	-
Sale of by-product	(299,000,000)	(167,556,760)	(40,250,000)	(67,508,190)
	(299,000,000)	(167,556,760)	-	1,117,240
Cost of goods manufactured	2,188,245,851	1,846,335,643	61,880,686	40,859,284
Stock of finished goods - opening	91,195,669	481,047,190	1,062,019,199	1,387,894,073
Stock of finished goods - closing	(728,062,074)	(512,681,877)	(728,062,074)	(512,681,877)
	(636,866,405)	(31,634,687)	333,957,125	875,212,196
	1,551,379,446	1,814,700,956	395,837,811	916,071,480

### 10.1 Manufacturing Expenses

Salaries, wages and other benefits	72,494,804	49,981,948	14,244,599	9,158,134
Production stores consumed	46,670,748	32,772,659	1,266,620	423,023
Fuel and power	4,506,914	3,359,189	1,550,907	1,121,022
Repairs and maintenance	46,402,088	35,323,161	9,838,495	254,684
Vehicle running and maintenance	1,161,218	626,618	419,473	89,706
Insurance	3,781,886	5,159,345	1,374,508	1,895,045
Depreciation	97,492,877	68,106,777	32,872,421	26,612,664
Others	5,399,035	4,909,977	134,360	98,336
	277,909,570	200,239,674	61,701,383	39,652,614



## 11 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents include cash in hand and in banks and investments having maturity of less than 3 months and insignificant risk of changes in value till maturity, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the condensed interim cash flow statement are reconciled to the related items as follows:

	<b>Un-audited June 30, 2014 Rupees</b>	<b>Audited September 30, 2013 Rupees</b>
Cash and bank balances	26,663,759	11,837,690
Short term running finance	-	(40,740,803)
	<u>26,663,759</u>	<u>(28,903,113)</u>

## 12 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the company at their meeting held on 18 July 2014.

## 13 GENERAL

13.1 Figure have been rounded off to the nearest Rupee.

**TARA CHAND ESSARANI**  
Chief Executive

**MAHESH KUMAR**  
Director

**BOOK POST  
PRINTED MATTER**

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***Sindh Abadgar's Sugar Mills Limited***

209, 2nd Floor, Progressive Plaza, Beaumont Road, Karachi-Pakistan.  
Tel : 35638212-13 Fax : (92-21) 35638219 E-mail : [sasm@unitedgroup.org.pk](mailto:sasm@unitedgroup.org.pk)

Mill : Deh Deenpur, Taluka Bulri Shah Karim, Distt. Tando Mohammad Khan Sindh, Pakistan.  
Phones : 0315-2001617 E-mail : [sasmtmk@unitedgroup.org.pk](mailto:sasmtmk@unitedgroup.org.pk)

CORPORATE