



Sindh Abadgar's Sugar Mills Limited

**UNAUDITED
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2015**



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
Mr. Shafaqat Ali Shah	Member
Mr. Dileep Kumar	Member
Dr. Besham Kumar	Member

HR AND REMUNERATION COMMITTEE

Mr. 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.
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, 2015.

Financial Results:

	30th June 2015 (Rs. In million)	30th June 2014 (Rs. In million)
Net Sales	1,304.026	1,669.352
Cost of Sales	<u>(1,134.358)</u>	<u>(1,551,379)</u>
Gross Profit	169.668	117.973
Financial, Admin, Selling other expenses & other income	<u>(108.206)</u>	<u>(150.067)</u>
Net Profit/(Loss) before taxation	<u>61.462</u>	<u>(32.094)</u>

The net turnover decreased to Rs.1,304.026 million from Rs.1,669.352 million of last year's same period. Profit before tax amounted to Rs. 61.462 million as against loss of Rs. 32.094 million for the corresponding period of last year.

The positive results are due to better operating results and sugarcane/ sugar price during entire period. The Company continued to focus its attention on sale of sugar but due to depressed prices initially, 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 allowed for export by the Govt. We sold about 12,000 tons of Sugar through export. The value of finished stock stood at Rs.1.146.034 million against Rs.728.062 million as on 30th June, 2015.

Future Prospects

Due to glut of sugar in the market, initially the prices of sugar in the local market remained depressed. However, it is improving and we hope it will be better in the last quarter. The government has also taken certain positive steps such as 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.



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 lesser 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: 24th July, 2015



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT JUNE 30, 2015

EQUITY AND LIABILITIES	Note	Un-audited June 30, 2015 Rupees	Audited September 30, 2014 Rupees
SHARE CAPITAL & RESERVES			
Authorized Capital 65,000,000 (2013: 65,000,000)		650,000,000	650,000,000
Ordinary shares of Rs. 10/- each		650,000,000	650,000,000
Issued, subscribed and paid-up capital		104,250,000	104,250,000
10,425,000 ordinary shares of Rs. 10/- each		(8,590,984)	(111,470,680)
Accumulated (loss) / profit		95,659,016	(7,220,680)
Surplus on revaluation of Property, Plant and Equipment		372,205,770	430,504,817
Subordinated loans		260,000,000	260,000,000
NON-CURRENT LIABILITIES			
Long term finance - secured	6	372,000,000	247,000,000
Deferred liabilities		337,502,582	355,818,980
CURRENT LIABILITIES			
Trade and other payables		1,224,083,031	547,063,734
Accrued markup		24,665,235	11,742,913
Current portion of non current liabilities		115,500,000	128,000,000
Short term running finance		350,698,068	67,346,162
		1,714,946,334	754,152,809
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		<u>3,152,313,702</u>	<u>2,040,255,926</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,369,882,763	1,458,875,323
Long term loans		363,424	175,267
Long term deposits		757,527	755,527
CURRENT ASSETS			
Stores,spares and loose tools		127,047,585	113,970,425
Stock-in-trade		1,152,519,120	236,998,928
Trade debts - unsecured		156,663,077	719,622
Short term loans and advances		127,579,901	88,190,556
Trade deposits and short term prepayments		3,458,845	667,962
Other receivables		84,028,636	76,028,636
Advance tax - net		53,162,833	55,226,147
Cash and bank balances		76,849,991	8,647,533
		1,781,309,988	580,449,809
		<u>3,152,313,702</u>	<u>2,040,255,926</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 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2015**

	Note	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
		June 30,	June 30,	June 30,	June 30,
		2015	2014	2015	2014
		Rupees	Rupees	Rupees	Rupees
Sales - net	9	1,304,026,570	1,669,352,055	574,656,677	396,598,926
Cost of sales	10	(1,134,358,281)	(1,551,379,446)	(510,160,151)	(395,837,811)
Gross profit		169,668,289	117,972,609	64,496,526	761,115
Operating expenses					
Administrative expenses		(67,507,837)	(66,511,176)	(22,309,583)	(21,232,731)
Distribution cost		(7,264,255)	(53,551,236)	(910,178)	(9,952,125)
		(74,772,092)	(120,062,412)	(23,219,761)	(31,184,856)
Operating profit/(loss)		94,896,197	(2,089,803)	41,276,765	(30,423,741)
Financial charges		(60,401,559)	(37,336,589)	(25,542,159)	(12,506,226)
Workers' welfare fund		(1,897,924)	-	(804,624)	-
Workers' profit participation fund		(3,234,829)	-	(908,365)	-
Other income		32,100,480	7,332,021	4,331,233	6,836,725
		(33,433,832)	(30,004,568)	(22,923,915)	(5,669,501)
Profit/(loss) before taxation		61,462,365	(32,094,371)	18,352,850	(36,093,242)
Provision for taxation		(12,454,428)	(9,759,277)	(3,797,536)	(1,102,385)
Profit/(loss) after taxation		49,007,937	(41,853,648)	14,555,314	(37,195,627)
Profit/(loss) per share - basic & diluted		4.70	(4.01)	1.40	(3.57)

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, 2015

	June 30, 2015	June 30, 2014
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	61,462,365	(32,094,371)
Adjustments for non-cash items:		
Depreciation	112,759,847	108,325,419
Financial cost	60,401,559	37,336,589
Exchange (gain) / loss	(1,318,602)	2,822,801
(Gain) / Loss on disposal of Property, Plant & Equipment	(4,917,815)	(19,334)
	<u>166,924,989</u>	<u>148,465,475</u>
Operating profit before working capital changes	228,387,354	116,371,104
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(13,077,160)	2,953,381
Stock in trade	(915,520,192)	(634,814,974)
Trade debts - Unsecured	(163,488,983)	(115,896,990)
Short term loans and advances	(39,389,345)	(33,321,153)
Trade deposits, prepayment and other receivables	(2,790,883)	(1,715,977)
Other receivables	(8,000,000)	(69,680,300)
Increase / (decrease) in current liabilities		
Trade and other payables	672,406,754	836,756,548
	<u>(469,859,809)</u>	<u>(15,719,465)</u>
Net cash generated from operating activities	(241,472,455)	100,651,639
Finance cost paid	(47,479,237)	(38,040,957)
Taxes paid	(10,391,114)	(15,523,091)
Net Cash Inflow From Operating Activities	<u>(299,342,806)</u>	<u>47,087,591</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(28,707,549)	(54,442,456)
Capital work in progress	(3,758,936)	(20,386,336)
Proceeds from sale of fixed assets	4,350,000	79,684
Long term loan provided to employees	(188,157)	371,389
Long term deposits placed during the period	(2,000)	357,000
Net Cash Outflow From Investing Activities	<u>(28,306,642)</u>	<u>(74,020,719)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance repaid	(97,500,000)	(67,500,000)
Long term finance obtained during the period	210,000,000	150,000,000
Net cash generated from/ (used in) financing activities	<u>112,500,000</u>	<u>82,500,000</u>
Net increase/(decrease) in cash and cash equivalents	(215,149,448)	55,566,872
Cash and cash equivalents at the beginning of the period	(58,698,629)	(28,903,113)
Cash and cash equivalents at the end of the period 11	<u>(273,848,077)</u>	<u>26,663,759</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, 2015

	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
	June 30,	June 30,	June 30,	June 30,
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
Profit /(loss) for the period	49,007,937	(41,853,648)	14,555,314	(37,195,627)
Other comprehensive income for the period - Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	53,871,759	48,736,470	25,033,205	16,247,265
Total comprehensive income/ loss for the period	<u>102,879,696</u>	<u>6,882,822</u>	<u>39,588,519</u>	<u>(20,948,362)</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, 2015

	Issued, Subscribed & Paidup Capital Rupees	Accumulated Loss Rupees	Total Rupees
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
Balance as at June 30, 2014 (Un-Audited)	<u>104,250,000</u>	<u>(84,022,186)</u>	<u>20,227,814</u>
Balance as at July 1, 2014	104,250,000	(84,022,186)	20,227,814
Total comprehensive loss for the period	-	(27,448,494)	(27,448,494)
Balance as at September 30, 2014 (Audited)	<u>104,250,000</u>	<u>(111,470,680)</u>	<u>(7,220,680)</u>
Balance as at October 1, 2014	104,250,000	(111,470,680)	(7,220,680)
Total comprehensive income for the nine months	-	102,879,696	102,879,696
Balance as at June 30, 2015 (Un Audited)	<u>104,250,000</u>	<u>(8,590,984)</u>	<u>95,659,016</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, 2015**

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, 2014.

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, 2014.

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, 2014.



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, 2015 Rupees	Audited September 30, 2014 Rupees
6 LONG TERM FINANCES - SECURED		
Opening balance	375,000,000	323,000,000
Obtained during the period	210,000,000	150,000,000
	585,000,000	473,000,000
Less: Repaid during the period	(97,500,000)	(98,000,000)
Current portion	(115,500,000)	(128,000,000)
	(213,000,000)	(226,000,000)
Closing balance	<u>372,000,000</u>	<u>247,000,000</u>

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, 2014 and condensed interim financial information for the six months period ended March 31, 2015.

7.2 Commitments

In respect of the quantity of 26,539.250 M.T (September 30, 2014 : 3,894 M.T) representing sale commitments of sugar having aggregate value of Rs.1,377.00 million (September 30, 2014 : Rs. 183.00 million).

		Un-audited June 30, 2015 Rupees	Audited September 30, 2014 Rupees
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	1,284,612,580	1,376,403,054
Capital work in progress		85,270,183	82,472,269
		<u>1,369,882,763</u>	<u>1,458,875,323</u>



	Un-audited June 30, 2015 Rupees	Audited September 30, 2014 Rupees
8.1 Operating fixed assets		
Opening WDV	1,376,403,054	1,439,689,958
Revaluation surplus	-	-
	<u>1,376,403,054</u>	<u>1,439,689,958</u>
Factory building on free hold land	78,500	-
Plant & machinery	15,630,086	68,866,067
Office equipment	885,881	648,821
Furniture & fixture	37,218	231,551
Computers	519,611	259,620
Vehicles	11,038,189	12,090,161
Tent & Tarpaulins	340,000	-
Tools & tackles	177,864	755,105
	<u>28,707,349</u>	<u>82,851,325</u>
Disposals / transfers during the period-WDV	(7,718,142)	-
Depreciation for the period	(112,779,681)	(146,138,229)
	<u>1,284,612,580</u>	<u>1,376,403,054</u>
	Un-audited June 30, 2015 Rupees	Un-audited June 30, 2014 Rupees
9 SALES		
Local	709,034,300	632,037,999
Export	654,078,460	1,045,607,974
Less: Sales Tax	(59,086,190)	(8,293,918)
	<u>1,304,026,570</u>	<u>1,669,352,055</u>



10 COST OF SALES

	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
 Rupees			
Sugarcane consumed	1,960,036,718	2,207,284,850	130,841	179,303
Manufacturing expenses				
- Notes 10.1	273,979,255	277,909,570	63,944,519	61,701,383
	<u>2,234,015,973</u>	<u>2,485,194,420</u>	<u>64,075,360</u>	<u>61,880,686</u>
Stock in process - opening	6,053,331	8,104,762	-	-
Stock in process - closing	(6,484,915)	(6,053,331)	-	-
	<u>(431,584)</u>	<u>2,051,431</u>	<u>-</u>	<u>-</u>
	<u>2,233,584,389</u>	<u>2,487,245,851</u>	<u>64,075,360</u>	<u>61,880,686</u>
Opening stock - Molasses	-	-	-	40,250,000
Closing stock - Molasses	-	-	-	-
Sale of by-product	(184,137,500)	(299,000,000)	-	(40,250,000)
	<u>(184,137,500)</u>	<u>(299,000,000)</u>	<u>-</u>	<u>-</u>
Cost of goods manufactured	<u>2,049,446,889</u>	<u>2,188,245,851</u>	<u>64,075,360</u>	<u>61,880,686</u>
Stock of finished goods - opening	230,945,597	91,195,669	1,592,118,996	1,062,019,199
Stock of finished goods - closing	(1,146,034,205)	(728,062,074)	(1,146,034,205)	(728,062,074)
	<u>(915,088,608)</u>	<u>(636,866,405)</u>	<u>446,084,791</u>	<u>333,957,125</u>
	<u>1,134,358,281</u>	<u>1,551,379,446</u>	<u>510,160,151</u>	<u>395,837,811</u>

10.1 Manufacturing Expenses

Salaries, wages and other benefits	71,385,215	72,494,804	13,999,613	14,244,599
Production stores consumed	42,289,869	46,670,748	123,950	1,266,620
Fuel and power	4,260,872	4,506,914	1,401,822	1,550,907
Repairs and maintenance	42,754,883	46,402,088	4,761,354	9,838,495
Vehicle running and maintenance	1,023,362	1,161,218	267,109	419,473
Insurance	5,684,691	3,781,886	2,633,374	1,374,508
Depreciation	101,483,862	97,492,877	40,646,218	32,872,421
Others	5,096,501	5,399,035	111,079	134,360
	<u>273,979,255</u>	<u>277,909,570</u>	<u>63,944,519</u>	<u>61,701,383</u>



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:

	Un-audited June 30, 2015 Rupees	Audited September 30, 2014 Rupees
Cash and bank balances	76,849,991	8,647,533
Short term running finance	(350,698,068)	(67,346,162)
	<u>(273,848,077)</u>	<u>(58,698,629)</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 24 July 2015.

13 GENERAL

13.1 Figure have been rounded off to the nearest Rupee.

TARA CHAND ESSARANI
Chief Executive

MAHESH KUMAR
Director

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CORPORATE