



*Sindh Abadgar's Sugar Mills Limited*

**UNAUDITED  
CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2016**



## 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	Independent Director

### CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Nisar H. Virani

### BANKERS

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
Bank Islami Limited  
MCB Bank Limited  
Meezan Bank Limited  
NIB Bank Limited  
United Bank Limited

### AUDIT COMMITTEE

Mr. Pehlaj Rai	Chairman
Mr. Shafaqat Ali Shah	Member (Independent Director)
Mr. Dileep Kumar	Member
Dr. Besham Kumar	Member

### HR AND REMUNERATION COMMITTEE

Mr. Shafaqat Ali Shah	Chairman (Independent Director)
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-Ameen Centre,  
Shahrah e Iraq, Saddar,  
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, 2016.

**Financial Results:**

	30th June 2016 (Rs. In million)	30th June 2015 (Rs. In million)
Net Sales	2,772.169	1,304.026
Cost of Sales	<u>(2,625.755)</u>	<u>(1,134.358)</u>
Gross Profit	146.414	169.668
Financial Admin, Selling other expenses & other income	<u>(115.209)</u>	<u>(103.073)</u>
	31.205	66.595
WWF and WPPF	<u>(3.179)</u>	<u>(5.133)</u>
Net Profit before Taxation	<u>28.026</u>	<u>61.462</u>

The net turnover increased to Rs.2,772.169 million from Rs.1,304.026 million of last year's same period. Profit before tax amounted to Rs.28.026 million as against Rs.61.462 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, a reasonable portion of sugar could not fetch better price initially.

The rest of the quantity is being disposed off slowly and gradually as per market conditions for better financial results by the year end. The value of finished stock stood at Rs.325.827 million against Rs.1,146.034 million as on 30th June, 2015.

**Future Prospects**

Initially the prices of sugar in the local market remained depressed. However subsequently it improved and we hope it will further improve in the last quarter. The government has also taken certain positive steps such as exports etc. but it remained applicable for Punjab & KPK due to certain conditionalities. Yet definite measures are needed to control the sugarcane prices to save the industry and also to enable the sugar mills to sell their 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.



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 or surplus 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**

Karachi: 22th July, 2016

**Dr. Tara Chand Essarani**  
**Chief Executive**



**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
AS AT JUNE 30, 2016

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>Un-audited June 30, 2016 Rupees</b>	<b>Audited September 30, 2015 Rupees</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		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		(49,243,232)	(107,686,537)
Accumulated (loss)		55,006,768	(3,436,537)
Surplus on revaluation of Property, Plant and Equipment		377,657,229	403,466,946
Subordinated loans		260,000,000	260,000,000
<b>NON-CURRENT LIABILITIES</b>			
Long term finance - secured	6	523,802,000	356,000,000
Deferred liabilities		311,923,235	325,219,150
<b>CURRENT LIABILITIES</b>			
Trade and other payables		297,733,434	767,263,420
Accrued markup		23,242,522	11,690,651
Current portion of non current liabilities		128,000,000	103,000,000
Short term running finance		166,315,712	-
		615,291,668	881,954,071
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
		2,143,680,900	2,223,203,630
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,279,659,552	1,353,513,590
Long term loans		437,028	444,176
Long term deposits		792,527	757,527
<b>CURRENT ASSETS</b>			
Stores,spares and loose tools		187,652,518	124,413,764
Stock-in-trade		333,720,671	466,771,184
Trade debts - unsecured		565,421	550,221
Short term loans and advances		87,031,723	52,780,869
Trade deposits and short term prepayments		55,287	458,702
Other receivables		76,028,636	76,048,061
Advance tax - net		63,431,912	66,105,280
Cash and bank balances		114,305,625	81,360,256
		862,791,793	868,488,337
		2,143,680,900	2,223,203,630

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, 2016

	Note	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
		June 30,	June 30,	June 30,	June 30,
		2016	2015	2016	2015
		Rupees	Rupees	Rupees	Rupees
Sales - net	9	2,772,168,539	1,304,026,570	1,818,015,904	574,656,677
Cost of sales	10	(2,625,754,808)	(1,134,358,281)	(1,684,416,781)	(510,160,151)
<b>Gross profit</b>		<b>146,413,731</b>	<b>169,668,289</b>	<b>133,599,123</b>	<b>64,496,526</b>
<b>Operating expenses</b>					
Administrative expenses		(67,413,110)	(67,507,837)	(21,404,191)	(22,309,583)
Distribution cost		(4,806,135)	(7,264,255)	(429,424)	(910,178)
		(72,219,245)	(74,772,092)	(21,833,615)	(23,219,761)
<b>Operating profit</b>		<b>74,194,486</b>	<b>94,896,197</b>	<b>111,765,508</b>	<b>41,276,765</b>
Financial charges		(80,708,072)	(60,401,559)	(38,417,478)	(25,542,159)
Workers' Welfare Fund		(1,618,469)	(1,897,924)	(1,618,469)	(804,624)
Workers' Profit Participation Fund		(1,560,215)	(3,234,829)	(1,560,215)	(908,365)
Other income		37,717,883	32,100,480	4,565,419	4,331,233
		(46,168,873)	(33,433,832)	(37,030,743)	(22,923,915)
<b>Profit before taxation</b>		<b>28,025,613</b>	<b>61,462,365</b>	<b>74,734,765</b>	<b>18,352,850</b>
Provision for taxation		(8,687,940)	(12,454,428)	2,542,755	(3,797,536)
<b>Profit after taxation</b>		<b>19,337,673</b>	<b>49,007,937</b>	<b>77,277,520</b>	<b>14,555,314</b>
<b>Profit per share - basic &amp; diluted</b>		<b>1.85</b>	<b>4.70</b>	<b>7.41</b>	<b>1.40</b>

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, 2016

	<b>June 30, 2016</b>	<b>June 30, 2015</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	28,025,613	61,462,365
<b>Adjustments for non-cash items:</b>		
Depreciation	100,523,592	112,759,847
Financial cost	80,708,072	60,401,559
Exchange (gain) / loss	-	(1,318,602)
(Gain) / Loss on disposal of Property, Plant & Equipment	(1,256,719)	(4,917,815)
	179,974,945	166,924,989
<b>Operating profit before working capital changes</b>	208,000,558	228,387,354
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(63,238,754)	(13,077,160)
Stock in trade	133,050,513	(915,520,192)
Trade debts - Unsecured	(15,200)	(163,488,983)
Short term loans and advances	(34,250,854)	(39,389,345)
Trade deposits, prepayment and other receivables	403,415	(2,790,883)
Other receivables	19,425	(8,000,000)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(469,738,760)	672,406,754
	(433,770,215)	(469,859,809)
<b>Net cash generated from operating activities</b>	(225,769,657)	(241,472,455)
Finance cost paid	(69,156,201)	(47,479,237)
Taxes paid	(3,885,278)	(10,391,114)
<b>Net Cash Inflow From Operating Activities</b>	(298,811,136)	(299,342,806)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(13,283,368)	(28,707,549)
Capital work in progress	(15,407,361)	(3,758,936)
Proceeds from sale of fixed assets	1,357,374	4,350,000
Long term loan provided to employees	7,148	(188,157)
Long term deposits placed during the period	(35,000)	(2,000)
<b>Net Cash Outflow From Investing Activities</b>	(27,361,207)	(28,306,642)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance repaid	(85,000,000)	(97,500,000)
Long term finance obtained during the period	277,802,000	210,000,000
<b>Net cash generated from/ (used in) financing activities</b>	192,802,000	112,500,000
Net increase/(decrease) in cash and cash equivalents	(133,370,343)	(215,149,448)
Cash and cash equivalents at the beginning of the period	81,360,256	(58,698,629)
<b>Cash and cash equivalents at the end of the period</b> 11	(52,010,087)	(273,848,077)

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, 2016**

	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
	June 30,	June 30,	June 30,	June 30,
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Profit for the period	19,337,673	49,007,937	77,277,520	14,555,314
Other comprehensive income for the period - Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	39,105,632	53,871,759	13,168,666	25,033,205
Total comprehensive income for the period	<u>58,443,305</u>	<u>102,879,696</u>	<u>90,446,186</u>	<u>39,588,519</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, 2016**

	Share Capital	Accumulated Profit / (Loss)	Total
	Rupees	Rupees	Rupees
<b>Balance as at October 1, 2014</b>	104,250,000	(111,470,680)	(7,220,680)
Total comprehensive income for the nine months	-	102,879,696	102,879,696
<b>Balance as at June 30, 2015 (Un-Audited)</b>	<u>104,250,000</u>	<u>(8,590,984)</u>	<u>95,659,016</u>
Balance as at July 1, 2015	104,250,000	(8,590,984)	95,659,016
Total comprehensive loss for the period	-	(99,095,553)	(99,095,553)
<b>Balance as at September 30, 2015 (Audited)</b>	<u>104,250,000</u>	<u>(107,686,537)</u>	<u>(3,436,537)</u>
Balance as at October 1, 2015	104,250,000	(107,686,537)	(3,436,537)
Total comprehensive income for the nine months	-	58,443,305	58,443,305
<b>Balance as at June 30, 2016 (Un Audited)</b>	<u>104,250,000</u>	<u>(49,243,232)</u>	<u>55,006,768</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, 2016**

**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 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 Pakistan Stock Exchange Limited. 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, 2015.

**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, 2015.

**4 ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the condensed interim financial information in conformity with approved accounting standards which 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 statements of the Company as at and for the year ended September 30, 2015.



## 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.

	<b>Un-audited June 30, 2016 Rupees</b>	<b>Audited September 30, 2015 Rupees</b>
<b>6 LONG TERM FINANCES - SECURED</b>		
Opening balance	459,000,000	375,000,000
Obtained during the period	277,802,000	212,000,000
	736,802,000	587,000,000
Less: Repaid during the period	(85,000,000)	(128,000,000)
Current portion	(128,000,000)	(103,000,000)
	(213,000,000)	(231,000,000)
Closing balance	<u>523,802,000</u>	<u>356,000,000</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, 2015 and condensed interim financial information for the six months period ended March 31, 2016.

### 7.2 Commitments

In respect of the quantity of 9,000.000 M.T (September 30, 2015 : 9,669.000 M.T) representing sale commitments of sugar having aggregate value of Rs.547.042 million (September 30, 2015 : Rs. 483.758 million).

		<b>Un-audited June 30, 2016 Rupees</b>	<b>Audited September 30, 2015 Rupees</b>
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	1,264,175,902	1,353,437,301
Capital work in progress		15,483,650	76,289
		<u>1,279,659,552</u>	<u>1,353,513,590</u>



	<b>Un-audited June 30, 2016 Rupees</b>	<b>Audited September 30, 2015 Rupees</b>
<b>8.1 Operating fixed assets</b>		
Opening WDV	1,353,437,301	1,376,403,054
Revaluation surplus	-	-
	<u>1,353,437,301</u>	<u>1,376,403,054</u>
Factory building on free hold land	126,000	72,786,157
Non factory building on free hold land	14,900	4,312,651
Plant & machinery	1,492,258	26,745,850
Office equipment	153,676	1,069,844
Furniture & fixture	56,851	99,093
Computers	161,415	526,311
Vehicles	10,649,580	11,163,839
Tent & Tarpaulins	104,765	340,648
Tools & tackles	523,923	426,409
	13,283,368	117,470,802
Disposals / transfers during the period-WDV	(2,021,175)	(1,127,754)
Depreciation for the period	(100,523,592)	(139,308,801)
	<u>1,264,175,902</u>	<u>1,353,437,301</u>
	<b>Un-audited June 30, 2016 Rupees</b>	<b>Un-audited June 30, 2015 Rupees</b>
<b>9 SALES</b>		
Local	3,015,197,790	709,034,300
Export	-	654,078,460
Less: Sales Tax	(243,029,251)	(59,086,190)
	<u>2,772,168,539</u>	<u>1,304,026,570</u>



## 10 COST OF SALES

	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	..... Rupees .....			
Sugarcane consumed	2,403,056,755	1,960,036,718	(684,938)	130,841
Manufacturing expenses				
- Notes 10.1	271,552,323	273,979,255	70,874,173	63,944,519
	<u>2,674,609,078</u>	<u>2,234,015,973</u>	<u>70,189,235</u>	<u>64,075,360</u>
Stock in process - opening	6,888,540	6,053,331	-	-
Stock in process - closing	(7,893,388)	(6,484,915)	-	-
	<u>(1,004,848)</u>	<u>(431,584)</u>	<u>-</u>	<u>-</u>
	<u>2,673,604,230</u>	<u>2,233,584,389</u>	<u>70,189,235</u>	<u>64,075,360</u>
Opening stock - Molasses	-	-	49,598,172	-
Closing stock - Molasses	-	-	-	-
Sale of by-product	(181,904,783)	(184,137,500)	(42,781,955)	-
	<u>(181,904,783)</u>	<u>(184,137,500)</u>	<u>6,816,217</u>	<u>-</u>
Cost of goods manufactured	<u>2,491,699,447</u>	<u>2,049,446,889</u>	<u>77,005,452</u>	<u>64,075,360</u>
Stock of finished goods - opening	459,882,644	230,945,597	1,933,238,612	1,592,118,996
Stock of finished goods - closing	(325,827,283)	(1,146,034,205)	(325,827,283)	(1,146,034,205)
	<u>134,055,361</u>	<u>(915,088,608)</u>	<u>1,607,411,329</u>	<u>446,084,791</u>
	<u>2,625,754,808</u>	<u>1,134,358,281</u>	<u>1,684,416,781</u>	<u>510,160,151</u>

### 10.1 Manufacturing Expenses

Salaries, wages and other benefits	82,027,653	71,385,215	18,853,755	13,999,613
Production stores consumed	36,624,385	42,289,869	982,910	123,950
Fuel and power	4,313,746	4,260,872	2,008,466	1,401,822
Repairs and maintenance	44,741,654	42,754,883	15,490,688	4,761,354
Vehicle running and maintenance	1,279,657	1,023,362	251,101	267,109
Insurance	7,807,581	5,684,691	2,711,032	2,633,374
Depreciation	90,471,233	101,483,862	30,388,020	40,646,218
Others	4,286,414	5,096,501	188,201	111,079
	<u>271,552,323</u>	<u>273,979,255</u>	<u>70,874,173</u>	<u>63,944,519</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:

	<b>Un-audited June 30, 2016 Rupees</b>	<b>Audited September 30, 2015 Rupees</b>
Cash and bank balances	114,305,625	81,360,256
Short term running finance	(166,315,712)	-
	<u>(52,010,087)</u>	<u>81,360,256</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 22 July 2016.

## 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