



*Sindh Abadgar's Sugar Mills Limited*

**UNAUDITED  
HALF YEARLY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2018**



## 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             |
| Dr. Shafaqat Ali Shah   | Independent Director |

### CHIEF FINANCIAL OFFICER

Mr. Nisar H. Virani

### 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

### AUDIT COMMITTEE

|                       |          |
|-----------------------|----------|
| Mr. Pehlaj Rai        | Chairman |
| Dr. Shafaqat Ali Shah | 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 Ameer 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 Information of the Company for the six months' period ended March 31, 2018. Most of the sugar mills started crushing season during the month of November, 2017. Comparative salient features of Company's operation for the season 2017-2018 are as under:

| <b>Operational Results</b>           | <b>2017-2018<br/>Upto<br/>31.03.2018</b> | <b>2017-2018<br/>Complete<br/>Season</b> | <b>2016-2017<br/>Complete<br/>Season</b> |
|--------------------------------------|--|--|--|
| Crushing Commenced                   | 28-11-2017                               | 28-11-2017                               | 15-11-2016                               |
| Crushing ended                       | 31-03-2018                               | 09-04-2018                               | 20-03-2017                               |
| Days worked(Gross) - Days            | 124                                      | 133                                      | 126                                      |
| Sugarcane Crushed - Tons             | 612,498                                  | 660,056                                  | 593,037                                  |
| Net crushing days - Days             | 98                                       | 106                                      | 102                                      |
| Daily average crushing - Gross days  | 4,940                                    | 4,963                                    | 4,707                                    |
| Daily average crushing - on net days | 6,250                                    | 6,227                                    | 5,814                                    |
| Capacity utilization - %             | 78                                       | 78                                       | 83                                       |
| Sugar produced - Tons                | 61,810                                   | 67,244                                   | 61,670                                   |
| Sugar recovery - %                   | 10.31                                    | 10.19                                    | 10.41                                    |
| Molasses produced - Tons             | 30,920                                   | 34,330                                   | 28,781                                   |
| Molasses % Cane - %                  | 5.1096                                   | 5.1975                                   | 4.8531                                   |

As may be seen from above table, the sugar production during crushing season 2017-2018 stood at 67,244 M.Tons upto end of season against sugar production for the previous crushing season of 126 days of 61,670 M.Tons. Thus, the sugarcane crushing and sugar production remained higher by over 11% of crushing and 9% in respect of Sugar production over the corresponding period of last year.

Lately the Government allowed export of 1,500,000 M.Tons of sugar. However the international market price was also not very encouraging. A quantity of 1,300,700 M. Tons was exported upto 4th May, 2018. The outcome of case filed by Sindh Sugar Mills and sugarcane growers in the Sindh High Court and Supreme Court judgment has also not been very positive since the Sindh High Court ordered to maintain sugarcane price of Rs. 160/= per 40 kg keeping intact the Notification of Rs.182/= per 40 kg as it is.



The litigation was preferred to arrive at a justified and reasonable return to Sugar Mills instead of illogical and uneconomical sugarcane price of Rs.182/- per 40kg imposed by the Sindh Govt. The supply of sugarcane had been adequate throughout. The season concluded by higher gross operational days. The quality of sugarcane was not up-to the expectation in our area, hence the sugar recovery decreased slightly and closed at 10.19% as against 10.41% last year, as compared to recovery in upper Sindh and Northern areas where it remained at 11% and above in average. Hence constant positive and regular approach and review of Sugar policy by the Government is inevitable.

**Financial Results:**

|   | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|---|-----------------------|-----------------------|
| (Loss)/ Profit before taxation                              | (15,926,676)          | (4,332,745)           |
| Taxation - Current  | <u>4,858,510</u>      | <u>(14,172,364)</u>   |
| (Loss)/ Profit after taxation                               | (11,068,166)          | (18,505,109)          |
| Surplus on revaluation of fixed assets net of deferred tax  | 36,647,446            | 40,399,306            |
| Surplus realize on disposal of assets- net off deferred tax | <u>-</u>              | <u>585,334</u>        |
|   | 25,579,280            | 22,479,530            |
| Accumulated (Loss)/ Profit brought forward                  | <u>(427,498,936)</u>  | <u>(129,979,060)</u>  |
| Accumulated (Loss)/ Profit carried forward                  | <u>(401,919,656)</u>  | <u>(107,499,530)</u>  |
| (Loss) per Share  | (1.06)                | (1.78)                |

Here it is mentioned that the Federal government approved an Inland Freight Subsidy (IFS) of Rs.10.70 per kg of sugar exported while the Sindh Government allowed Inland Freight subsidy (IFS) of Rs. 9.30 per kg on sugar exported. Financial impact of both these subsidies has been taken in the Accounts.

The Board of Directors sincerely thanks the sugarcane growers and employees of the Company for their co-operation and hard work throughout the crushing season. The Board also acknowledges the cooperation extended by the bankers and the shareholders who have always reposed full confidence in efficient management of the Company.

**On behalf of the Board of Directors**

Karachi: 18th May, 2018

**Dr. Tara Chand**  
Chief Executive

**Mahesh Kumar**  
Director

## ڈائریکٹرز 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 معاشی معلومات برائے دورانیہ ششماہی اختتام پذیر 31 مارچ، 2018 پیش کر رہا ہوں۔ زیادہ تر شوگر ملز نے ماہ نومبر، 2017 کے دوران پسائی کا آغاز کیا۔ کمپنی کے عملیاتی سیزن 2017-2018 کے تقابلی نمایاں خود و حال درج ذیل ہیں:

| عملیاتی نتائج: |              |               |
|----------------|--------------|---------------|
| 2016-2017      | 2017-2018    | 2017-2018     |
| کامل سیزن      | کامل سیزن تک | 31-03-2018 تک |
| 15-11-2016     | 28-11-2017   | 28-11-2017    |
| 20-03-2017     | 09-04-2018   | 31-03-2018    |
| 126            | 133          | 124           |
| 593,037        | 660,056      | 612,498       |
| 102            | 106          | 98            |
| 4,707          | 4,963        | 4,940         |
| 5,814          | 6,227        | 6,250         |
| 83             | 78           | 78            |
| 61,670         | 67,244       | 61,810        |
| 10.41          | 10.19        | 10.31         |
| 28,781         | 34,330       | 30,920        |
| 4.5831         | 5.1975       | 5.1096        |

جبیسا کہ بالا جدول میں دیکھا جاسکتا ہے کہ، پسائی کے سیزن 2017-2018 کے دوران سیزن کے اختتام تک شکر کی پیداوار 67,244 میٹرک ٹن پر قائم رہی جبکہ گذشتہ 126 ایام پر یعنی پسائی کے سیزن میں شکر کی پیداوار 61,670 میٹرک ٹن تھی۔ اس طرح، پچھلے سال مماثل دورانیہ میں گنے کی پسائی میں 11 فیصد اور شکر کی پیداوار میں 9 فیصد اضافہ ہوا۔

حال ہی میں حکومت نے شکر کی برآمدات 1,500,000 میٹرک ٹن کی منظوری دی ہے۔ تاہم، بین الاقوامی بازار میں نرخ خاصے حوصلہ افزاء نہیں ہیں۔ 1,300,700 میٹرک ٹن کی مقدار مورخہ 4 مئی، 2018 تک برآمد کی گئی ہے۔ سندھ شوگر ملز اور گنے کے کسانوں کی جانب سے سندھ ہائی کورٹ اور سپریم کورٹ میں دائر کردہ مقدمہ کا فیصلہ بھی مثبت نہیں جبیسا کہ سندھ ہائی کورٹ نے -/182 روپے فی چالیس کلو کے نوٹیفکیشن کے عوض حکم دیا ہے کہ گنے کے نرخ مبلغ -/160 فی چالیس کلو برقرار رکھے جائیں۔

ہذا مقدمہ سے شوگر ملوں کو قابل ذکر اور درست حصولیابی کی توقع کی جا رہی تھی بجائے یہ کہ حکومت سندھ کی جانب سے غیر منطقی اور مسرفانہ نرخ -/182 فی کلو عائد کئے جائیں۔ اس پورے دورانہ میں گنے کی ترسیل موڈوں رہی اور سیزن بھاری مجموعی عملیاتی ایام کے ذریعے نتیجہ خیز ثابت ہوا۔ ہمارے علاقہ میں گنے کا معیار توقع کے مطابق نہیں تھا، لہذا شکر کی وصولیابی میں معمولی کمی کے ساتھ 10.19 فیصد پر اختتام پذیر ہوئی جبکہ پچھلے سال 10.41 فیصد تھی۔ جبکہ اگر بالائی سندھ اور شمالی علاقہ جات میں وصولیابی کا مقابل کیا جائے تو یہ 11 فیصد رہی اور تناسب میں خاصی رہی۔ لہذا مستقل بنیادوں پر مثبت اور باقاعدہ رسائی اور حکومت کی جانب سے شکر کی پالیسی پر نظر ثانی ناگزیر ہے۔

### مالیاتی نتائج:

| 2017 مارچ 31  | 2018 مارچ 31  |   |
|---------------|---------------|---|
| (4,332,745)   | (15,926,676)  | قبل از ٹیکس نفع / (خسارہ)                       |
| (14,172,364)  | 4,858,510     | ٹیکس - حالیہ                                    |
| (18,505,109)  | (11,068,166)  | بعد از ٹیکس نفع / (خسارہ)                       |
| 40,399,306    | 36,647,446    | ملٹی ٹیکس کے علاوہ مستقل اثاثوں کی نوعیت پر پخت |
| 585,334       | -             | ملٹی ٹیکس کے علاوہ - اثاثوں کی فروخت پر پخت     |
| 22,479,530    | 25,579,280    |   |
| (129,979,060) | (427,498,936) | آگے لایا گیا حساب شدہ (خسارہ) / نفع             |
| (107,499,530) | (401,919,656) | حاصل سابق حساب شدہ (خسارہ) / نفع                |
| (1.78)        | (1.06)        | (خسارہ) فی حصص                                  |

یہاں یہ بنانا ضروری ہے کہ وفاقی حکومت نے شوگر کی برآمدات کیلئے ان لینڈ فریٹ سبسڈی (IFS) مبلغ 10.70 روپے فی کلو منظوری کی ہے جبکہ سندھ حکومت نے ان لینڈ فریٹ سبسڈی (IFS) مبلغ 9.30 فی کلو منظور کی ہے۔ ان دونوں سبسڈیوں کے مالیاتی اثرات حساب کتاب پر انداز ہوں گے۔

بورڈ آف ڈائریکٹرز پر خلوص انداز میں گنے کی پیمائی کے پورے سیزن کے دوران کسانوں اور کمپنی کے ملازمین کا، ان کے تعاون اور سخت محنت کے عوض ان کے شکر گزار ہیں۔ بورڈ مزید ٹیکرز اور حصص داران کی جانب سے مسلسل تعاون کو تسلیم کرتی ہے جنہوں نے کمپنی کی انتظامیہ کا اعتماد بحال رکھا۔

بورڈ آف ڈائریکٹرز کی جانب سے

مہیش کمار

ڈائریکٹر

ڈاکٹر تارا چند

چیف ایگزیکٹو

کراچی: 18 مئی، 2018



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
AS AT MARCH 31, 2018

| <b>EQUITY AND LIABILITIES</b>                           | <b>Note</b> | <b>Un-audited<br/>March 31,<br/>2018<br/>Rupees</b> | <b>Audited<br/>September 30,<br/>2017<br/>Rupees</b> |
|---|-------------|---|--|
| <b>Share capital and reserves</b>                       |             |   |  |
| <b>Authorized Capital</b>                               |             | 650,000,000   | 650,000,000  |
| 65,000,000 Ordinary Shares of Rs.10/- each              |             |   |  |
| Issued, subscribed and paid up capital                  |             |   |  |
| 10,425,000 Ordinary shares of Rs.10/- each              |             | 104,250,000   | 104,250,000  |
| fully paid in cash                                      |             |   |  |
| Revenue reserve   |             |   |  |
| Accumulated loss  |             | (401,919,656)                                       | (427,498,936)  |
| Capital reserve   |             |   |  |
| Revaluation surplus on property,<br>plant and equipment |             | 775,532,112   | 812,179,558  |
|   |             | 477,862,456   | 488,930,622  |
| Subordinated loans                                      |             | 260,000,000   | 260,000,000  |
| <b>Non-current liabilities</b>                          |             |   |  |
| Long term finances                                      | 5           | 687,510,000   | 697,002,219  |
| Deferred liabilities                                    |             | 465,537,460   | 489,029,469  |
|   |             | 1,153,047,460                                       | 1,186,031,688  |
| <b>Current liabilities</b>                              |             |   |  |
| Trade and other payables                                | 6           | 1,874,586,859                                       | 481,512,249  |
| Accrued markup  |             | 24,862,552  | 42,315,960   |
| Short term borrowings                                   | 7           | 1,199,171,355                                       | 878,677,673  |
| Unclaimed dividend                                      |             | 3,316,162   | 3,316,162  |
| Current portion of long term finances                   | 5           | 192,490,000   | 151,956,618  |
|   |             | 3,294,426,928                                       | 1,557,778,662  |
| Contingencies and commitments                           | 8           | -   | -  |
| <b>Total equity and liabilities</b>                     |             | <u>5,185,336,844</u>                                | <u>3,492,740,972</u>                                 |
| <b>ASSETS</b>   |             |   |  |
| <b>Non-current assets</b>                               |             |   |  |
| Property, plant and equipment                           | 9           | 1,923,595,239                                       | 1,932,954,585  |
| Long term loans and advances                            |             | 494,840   | 272,729  |
| Long term deposits and prepayments                      |             | 792,527   | 792,527  |
|   |             | 1,924,882,606                                       | 1,934,019,841  |
| <b>Current assets</b>                                   |             |   |  |
| Stores, spares and loose tools                          |             | 186,887,948   | 183,147,991  |
| Stock-in-trade  | 10          | 1,925,029,003                                       | 1,012,996,017  |
| Trade debtors - unsecured                               | 11          | 456,550,816   | 105,621,289  |
| Short term loans and advances                           |             | 60,429,183  | 112,024,506  |
| Trade deposits and short term prepayments               |             | 3,031,002   | 3,011,970  |
| Other receivables                                       | 12          | 516,068,036   | 76,028,636   |
| Taxation - net  |             | 45,006,656  | 45,870,909   |
| Cash and bank balances                                  |             | 67,451,594  | 20,019,813   |
|   |             | 3,260,454,238                                       | 1,558,721,131  |
| <b>Total assets</b>                                     |             | <u>5,185,336,844</u>                                | <u>3,492,740,972</u>                                 |

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

**DR. TARA CHAND**  
Chief Executive

**MAHESH KUMAR**  
Director

**NISAR H. VIRANI**  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT**  
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)

|   | Note | Six months period ended     |                             | Quarter ended               |                             |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   |      | March 31,<br>2018<br>Rupees | March 31,<br>2017<br>Rupees | March 31,<br>2018<br>Rupees | March 31,<br>2017<br>Rupees |
| Turnover - net  | 13   | 2,089,700,059               | 804,726,847                 | 1,186,815,272               | 679,343,872                 |
| Cost of sales   | 14   | (1,977,246,208)             | (731,000,411)               | (923,712,331)               | (601,383,534)               |
| <b>Gross profit</b>                                       |      | 112,453,851                 | 73,726,436                  | 263,102,941                 | 77,960,338                  |
| Administrative expenses                                   |      | (56,536,144)                | (61,104,621)                | (28,737,380)                | (35,222,052)                |
| Selling and distribution cost                             |      | (62,726,197)                | (5,939,727)                 | (37,227,193)                | (4,955,300)                 |
|   |      | (119,262,341)               | (67,044,348)                | (65,964,573)                | (40,177,352)                |
| <b>Operating profit / (loss)</b>                          |      | (6,808,490)                 | 6,682,088                   | 197,138,368                 | 37,782,986                  |
| Finance cost  |      | (52,321,299)                | (51,984,148)                | (25,117,938)                | (38,729,033)                |
| Other income  |      | 43,203,113                  | 40,969,314                  | 40,864,209                  | 27,550,393                  |
|   |      | (9,118,186)                 | (11,014,834)                | 15,746,271                  | (11,178,640)                |
| <b>(Loss) / profit before<br/>taxation</b>                |      | (15,926,676)                | (4,332,746)                 | 212,884,639                 | 26,604,346                  |
| <b>Provision for taxation</b>                             | 15   | 4,858,510                   | (14,172,364)                | 12,972,618                  | (14,172,364)                |
| <b>(Loss) / profit after<br/>taxation</b>                 |      | (11,068,166)                | (18,505,110)                | 225,857,257                 | 12,431,982                  |
| <b>(Loss) / earning per share -<br/>basic and diluted</b> |      | (1.06)                      | (1.78)                      | 21.66                       | 1.19                        |

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

**DR. TARA CHAND**  
Chief Executive

**MAHESH KUMAR**  
Director

**NISAR H. VIRANI**  
Chief Financial Officer





**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)

|   | <b>Six months period ended</b> |                           |
|---|--------------------------------|---------------------------|
|   | <b>March 31,<br/>2018</b>      | <b>March 31,<br/>2017</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     | <b>Rupees</b>                  | <b>Rupees</b>             |
| (Loss) before taxation  | (15,926,676)                   | (4,332,746)               |
| <b>Adjustments for non cash charges and other items:</b>        |                                |                           |
| Depreciation expense for the period                             | 90,844,875                     | 96,469,350                |
| Finance cost  | 52,321,299                     | 51,984,148                |
| Gain on sale of operating fixed assets                          | (449,267)                      | (11,556,873)              |
|   | 142,716,907                    | 136,896,625               |
| <b>Operating profit before working capital changes</b>          | 126,790,231                    | 132,563,879               |
| <b>Working capital changes</b>                                  |                                |                           |
| (Increase) / decrease in current assets                         |                                |                           |
| Stores, spares and loose tools                                  | (3,739,957)                    | 42,030,482                |
| Stock-in-trade  | (912,032,986)                  | (2,380,418,858)           |
| Trade debtors - unsecured                                       | (350,929,527)                  | (616,063,530)             |
| Short term loans and advances                                   | 51,595,323                     | (5,904,633)               |
| Trade deposits and short term prepayments                       | (19,032)                       | (2,621,238)               |
| Other Receivables   | (440,039,400)                  | -                         |
|   | (1,655,165,579)                | (2,962,977,777)           |
| Increase / (decrease) in current assets                         |                                |                           |
| Trade and other payables  | 1,393,074,610                  | 638,147,944               |
|   | (262,090,969)                  | (2,324,829,833)           |
| <b>Net Cash used in operations</b>                              | (135,300,738)                  | (2,192,265,954)           |
| Taxes paid  | (17,769,246)                   | (7,859,699)               |
| Finance cost paid   | (69,774,707)                   | (26,893,826)              |
| Net cash used in operating activities                           | (222,844,691)                  | (2,227,019,479)           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                                |                           |
| Capital expenditure   | (81,798,711)                   | (60,093,802)              |
| Proceeds from sale of operating fixed assets                    | 762,449                        | 13,532,702                |
| Long term loans and advances                                    | (222,111)                      | (230,703)                 |
| <b>Net Cash used in investing activities</b>                    | (81,258,373)                   | (46,791,803)              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                                |                           |
| Long term finance repaid  | (86,000,000)                   | (89,000,000)              |
| Long term finance obtained during the period                    | 117,041,163                    | -                         |
| <b>Net cash generated from / (used in) financing activities</b> | 31,041,163                     | (89,000,000)              |
| Net decrease in cash and cash equivalents                       | (273,061,901)                  | (2,362,811,282)           |
| Cash and cash equivalents at the beginning of the period        | (858,657,860)                  | 83,194,818                |
| <b>Cash and cash equivalents at the end of the period</b>       | (1,131,719,761)                | (2,279,616,464)           |

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

**DR. TARA CHAND**  
Chief Executive

**MAHESH KUMAR**  
Director

**NISAR H. VIRANI**  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

|  | Six months period ended     |                             | Quarter ended               |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | March 31,<br>2018<br>Rupees | March 31,<br>2017<br>Rupees | March 31,<br>2018<br>Rupees | March 31,<br>2017<br>Rupees |
| (Loss) / profit for the period                     | (11,068,166)                | (18,505,110)                | 225,857,257                 | 12,431,982                  |
| <b>Other comprehensive income for the period</b>   | -                           | -                           | -                           | -                           |
| Total comprehensive (loss) / income for the period | <u>(11,068,166)</u>         | <u>(18,505,110)</u>         | <u>225,857,257</u>          | <u>12,431,982</u>           |

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

**DR. TARA CHAND**  
Chief Executive

**MAHESH KUMAR**  
Director

**NISAR H. VIRANI**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

|  | Issued,<br>subscribed<br>and paid up<br>capital<br>Rupees | Revenue<br>Reserve-<br>Accumulated<br>Loss<br>Rupees | Capital Reserve-<br>Revaluation surplus<br>on property, plant<br>and equipments<br>Rupees | Total<br>Rupees           |
|--|---|--|---|---------------------------|
| <b>Balance as at October 01, 2016</b>  | 104,250,000   | (129,979,060)  | 915,249,691   | 889,520,631               |
| Total comprehensive loss for the half year ended March 31, 2017  | -   | (18,505,110)   | -   | (18,505,110)              |
| Incremental Depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax | -   | 40,399,306   | (40,399,306)  | -                         |
| Surplus realized on disposal of asset - net of deferred tax  | -   | 585,334  | (585,334)   | -                         |
| Balance as at March 31, 2017 (Un-audited)  | <u>104,250,000</u>  | <u>(107,499,530)</u>                                 | <u>874,265,051</u>  | <u>871,015,521</u>        |
| <b>Balance as at October 01, 2017</b>  | <b>104,250,000</b>  | <b>(427,498,936)</b>                                 | <b>812,179,558</b>  | <b>488,930,622</b>        |
| Total comprehensive loss for the half year ended March 31, 2018  | -   | (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)  | -                         |
| <b>Balance as at March 31, 2018 (Un-audited)</b>   | <u><b>104,250,000</b></u>                                 | <u><b>(401,919,656)</b></u>                          | <u><b>775,532,112</b></u>   | <u><b>477,862,456</b></u> |

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

**DR. TARA CHAND**  
Chief Executive

**MAHESH KUMAR**  
Director

**NISAR H. VIRANI**  
Chief Financial Officer



**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS**  
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018

**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 Muhammad Khan in the province of Sindh and registered office is situated at 209, Progressive Plaza, Beaumont Road, Karachi in the province of Sindh. The Company is principally engaged in the manufacture and sale of sugar.

**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.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

**2.1.1** These condensed interim financial information 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 for interim financial reporting 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.

**2.1.2** This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements as at and for the year ended September 30, 2017.



**2.1.3** The comparative Balance Sheet presented in this condensed interim financial information has been extracted from the audited annual financial statements of the Company for the year ended September 30, 2017, whereas the comparative condensed interim Profit and Loss Account, condensed interim Statement of Comprehensive Income, condensed interim Cash Flow Statement and condensed interim Statement of Changes in Equity are extracted from the unaudited condensed interim financial information for the period ended March 31, 2017.

## **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention except that the land, buildings and Plant & Machinery are stated at fair values determined by an independent valuer.

## **2.3 Functional and presentation currency**

This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded-off to the nearest rupee.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended September 30, 2017 except for a change in accounting policy as follows:

### **Change in Accounting Policy**

Section 235 of the repealed Companies Ordinance 1984 ('repealed ordinance') relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in The Companies Act, 2017. With the omission of said specific section, the accounting difference between the IFRS and repealed Companies Ordinance 1984 relating to the surplus on revaluation of fixed assets has been eliminated. This requires change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of the Companies Act 2017 and IFRS to the extent of presenting the surplus on revaluation of fixed assets under equity.



Further, the above change in accounting policy has no impact on corresponding figures except for the presentation as mentioned above.

#### 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, 2017.
- 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, 2017.

|                                      | (Un-Audited)<br>March 31,<br>2018<br>Rupees | (Audited)<br>September 30,<br>2017<br>Rupees |
|--------------------------------------|---|--|
| <b>5 LONG TERM FINANCES</b>          |   |  |
| Conventional                         |   |  |
| Opening balance                      | 848,958,837                                 | 629,000,000                                  |
| Obtained during the period           | 117,041,163                                 | 382,958,837                                  |
|                                      | <u>966,000,000</u>                          | <u>1,011,958,837</u>                         |
| Less: Payment made during the period | <u>(86,000,000)</u>                         | <u>(163,000,000)</u>                         |
|                                      | 880,000,000                                 | 848,958,837                                  |
| Less: Current portion                | <u>(192,490,000)</u>                        | <u>(151,956,618)</u>                         |
|                                      | <u>687,510,000</u>                          | <u>697,002,219</u>                           |

- 5.1 Long term finances are availed from various commercial banks under mark-up arrangements to meet capital expenditure requirements of the Company. Mark-up on such arrangements ranged from 3MK + 0.5% - 2% to 6MK + 1% (2017: 3MK + 0.5% - 2% to 6MK + 1% - 1.5%) per annum. These facilities are secured against joint pari passu charge over plant and machinery, personal guarantees of directors and cross-Company guarantee of M/s United Agro Chemicals.



|                                   | Note | (Un-Audited)<br>March 31,<br>2018<br>Rupees | (Audited)<br>September 30,<br>2017<br>Rupees |
|-----------------------------------|------|---|--|
| <b>6 TRADE AND OTHER PAYABLES</b> |      |   |  |
| <b>Creditors:</b>                 |      |   |  |
| -For sugarcane                    |      | 1,644,318,976                               | 180,819,923                                  |
| -For other supplies               |      | 128,001,189                                 | 103,176,079                                  |
| -Advance from customers           |      | 78,997,891                                  | 174,695,941                                  |
| -Other payables                   |      | 23,268,803                                  | 22,820,306                                   |
|                                   |      | <u>1,874,586,859</u>                        | <u>481,512,249</u>                           |

## 7 SHORT TERM BORROWING - SECURED

### Conventional

|  |     |             |             |
|--|-----|-------------|-------------|
| Running finance / cash finance under mark-up arrangement | 7.1 | 799,171,355 | 678,677,673 |
|--|-----|-------------|-------------|

### Islamic

|                                     |     |                      |                    |
|-------------------------------------|-----|----------------------|--------------------|
| Short term Istisna / Tijara finance | 7.2 | 400,000,000          | 200,000,000        |
|                                     |     | <u>1,199,171,355</u> | <u>878,677,673</u> |

**7.1** The facilities for running finance and cash finance available from various commercial banks are for the purpose of meeting working capital requirements. The rate of mark-up on these finances is 3 month Kibor +1 % (2017: 3 month Kibor +1%) per annum. These facilities mature within twelve months and secured against pledge of white crystalline refined sugar with 10% margin, joint pari passu charge over current assets.

**7.2** The facilities for Istisna and Tijara finance are for the purpose of meeting working capital requirements. The rate of profit on these finances is respective Kibor +1 % (2017: Respective Kibor +1%) per annum. These facilities mature within twelve months and is secured against pledge of white crystalline refined sugar with 10% margin joint pari passu charge over current assets.

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There is no change in the status of the contingencies set out in the note 10 to the Company's annual financial statements for the year ended September 30, 2017.



## 8.2 Commitments

8.2.1 Advance received on or before March 31, 2018 in respect of the quantity of 1,415 Metric Tons (September 2017: 317.55 Metric Tons) representing un-lifted delivery orders (DOs) of sugar amounted to Rs. 65.48 million (September 2017: Rs.15.07 million). The sales is to be recognized when the said goods are lifted.

|                                      | (Un-Audited)<br>March 31,<br>2018<br>Rupees | (Audited)<br>September 30,<br>2017<br>Rupees |
|--------------------------------------|---|--|
| <b>9</b>                             |   |  |
| <b>PROPERTY, PLANT AND EQUIPMENT</b> |   |  |
| Operating assets                     | 1,799,332,628                               | 1,878,776,016                                |
| Capital work in progress             | 124,262,611                                 | 54,178,569                                   |
| 9.1                                  | <u>1,923,595,239</u>                        | <u>1,932,954,585</u>                         |

### 9.1 Cost / Revalued amount

|   | Operating<br>assets    | Capital work<br>in progress | Total                  |
|---|------------------------|-----------------------------|------------------------|
|   | Rupees                 |                             |                        |
| <b>Opening Balance</b>  | 2,986,073,539          | 54,178,569                  | 3,040,252,108          |
| Additions   | 11,714,669             | 70,084,042                  | 81,798,711             |
| Disposal / transfer / adjustment                                | (2,460,694)            | -                           | (2,460,694)            |
|   | <u>2,995,327,514</u>   | <u>124,262,611</u>          | <u>3,119,590,125</u>   |
| <b>Accumulated depreciation</b>                                 |                        |                             |                        |
| Opening Balance   | (1,107,297,523)        | -                           | (1,107,297,523)        |
| Charge for the period   | (90,844,875)           | -                           | (90,844,875)           |
| Disposal / transfer / adjustment                                | 2,147,512              | -                           | 2,147,512              |
|   | <u>(1,195,994,886)</u> | <u>-</u>                    | <u>(1,195,994,886)</u> |
| <b>Written down value as at<br/>March 31, 2018 (Un-Audited)</b> | <u>1,799,332,628</u>   | <u>124,262,611</u>          | <u>1,923,595,239</u>   |
| Written down value as at<br>September 30, 2017 (Audited)        | <u>1,878,776,016</u>   | <u>54,178,569</u>           | <u>1,932,954,585</u>   |

|                        | (Un-Audited)<br>March 31,<br>2018<br>Rupees | (Audited)<br>September 30,<br>2017<br>Rupees |
|------------------------|---|--|
| <b>10</b>              |   |  |
| <b>STOCK IN TRADE</b>  |   |  |
| Sugar in process       | 59,090,249                                  | 11,351,217                                   |
| Finished goods - sugar | 1,783,587,439                               | 1,001,644,800                                |
| Molasses               | 82,351,315                                  | -  |
|                        | <u>1,925,029,003</u>                        | <u>1,012,996,017</u>                         |



|                                    | Note | (Un-Audited)<br>March 31,<br>2018<br>Rupees | (Audited)<br>September 30,<br>2017<br>Rupees |
|------------------------------------|------|---|--|
| <b>11 TRADE DEBTS</b>              |      |   |  |
| Considered good                    |      | 456,550,816                                 | 105,621,289                                  |
| Considered Doubtful                |      | 568,846                                     | 568,846                                      |
|                                    |      | 457,119,662                                 | 106,190,135                                  |
| Less: Provision for Doubtful Debts |      | (568,846)                                   | (568,846)                                    |
|                                    |      | <u>456,550,816</u>                          | <u>105,621,289</u>                           |

|                                 | Note | (Un-Audited)<br>March 31,<br>2018<br>Rupees | (Audited)<br>September 30,<br>2017<br>Rupees |
|---------------------------------|------|---|--|
| <b>12 OTHER RECEIVABLES</b>     |      |   |  |
| Sales tax refundable            |      | 1,054,585                                   | 1,054,585                                    |
| Inland Freight Subsidy          |      |   |  |
| Receivable - TDAP               |      | 73,920,300                                  | 73,920,300                                   |
| Cash Freight Support Receivable | 12.1 | 440,039,400                                 | -  |
| Others                          |      | 1,053,751                                   | 1,053,751                                    |
|                                 |      | <u>516,068,036</u>                          | <u>76,028,636</u>                            |

**12.1** This represents cash freight support receivable on export of sugar from the Government of Pakistan sanctioned vide EPD circular letter No. 20 of 2017 dated October 11, 2017 at the rate of 10.70 / kg and further 9.30 / kg by Government of Sindh sanctioned by the in its Provincial cabinet in its meeting dated December 04, 2017.

| Note | (Un-Audited)<br>Six Months Period Ended |                             | (Un-Audited)<br>Three months period ended |                             |
|------|---|-----------------------------|---|-----------------------------|
|      | March 31,<br>2018<br>Rupees             | March 31,<br>2017<br>Rupees | March 31,<br>2018<br>Rupees               | March 31,<br>2017<br>Rupees |

**13 TURNOVER - NET**

|                 |                      |                    |                      |                    |
|-----------------|----------------------|--------------------|----------------------|--------------------|
| Sales - gross   |                      |                    |                      |                    |
| Local           | 113,004,150          | 207,930,775        | 17,380,050           | 70,743,400         |
| Export          | 1,550,879,809        | 614,490,972        | 858,999,122          | 614,490,972        |
|                 | 1,663,883,959        | 822,421,747        | 876,379,172          | 685,234,372        |
| Cash freight    |                      |                    |                      |                    |
| support subsidy | 12.1 440,039,400     | -                  | 312,602,400          | -                  |
| Sales tax       | (14,223,300)         | (17,694,900)       | (2,166,300)          | (5,890,500)        |
|                 | <u>2,089,700,059</u> | <u>804,726,847</u> | <u>1,186,815,272</u> | <u>679,343,872</u> |





|   | (Un-Audited)<br>Six months period ended |                        | (Un-Audited)<br>Three months period ended |                        |
|---|---|------------------------|---|------------------------|
|   | March 31,<br>2018                       | March 31,<br>2017      | March 31,<br>2018                         | March 31,<br>2017      |
|   | Note                                    | Rupees                 | Rupees                                    | Rupees                 |
| <b>14 COST OF SALES</b>                 |   |                        |   |                        |
| Sugarcane consumed                      | 2,807,769,989                           | 3,107,678,232          | 2,497,650,684                             | 2,544,705,903          |
| Manufacturing expenses 14.1             | 230,277,890                             | 227,560,794            | 143,671,063                               | 133,164,099            |
|   | <u>3,038,047,879</u>                    | <u>3,335,239,026</u>   | <u>2,641,321,747</u>                      | <u>2,677,870,002</u>   |
| Sugar stock in<br>process - opening     | 11,351,217                              | 7,915,258              | -   | 53,104,927             |
| Sugar stock in<br>process - closing     | (59,090,249)                            | (11,345,015)           | (19,419,677)                              | (11,345,015)           |
|   | <u>(47,739,032)</u>                     | <u>(3,429,757)</u>     | <u>(19,419,677)</u>                       | <u>41,759,912</u>      |
|   | <u>2,990,308,847</u>                    | <u>3,331,809,269</u>   | <u>2,621,902,070</u>                      | <u>2,719,629,913</u>   |
| Molasses - opening stock                | -                                       | -                      | -   | 42,860,000             |
| Molasses - closing stock                | (82,351,315)                            | (28,577,412)           | (65,791,315)                              | (28,577,412)           |
| Sale of molasses (by product)           | (148,768,685)                           | (223,817,288)          | (148,768,685)                             | (223,817,288)          |
|   | <u>(231,120,000)</u>                    | <u>(252,394,700)</u>   | <u>(214,560,000)</u>                      | <u>(209,534,700)</u>   |
| Cost of goods manufactured              | <u>2,759,188,847</u>                    | <u>3,079,414,569</u>   | <u>2,407,342,070</u>                      | <u>2,510,095,213</u>   |
| Sugar finished goods<br>stock - opening | 1,001,644,800                           | 25,048,015             | -   | 464,750,494            |
| Sugar finished goods<br>stock - closing | (1,783,587,439)                         | (2,373,462,173)        | (1,483,629,739)                           | (2,373,462,173)        |
|   | <u>(781,942,639)</u>                    | <u>(2,348,414,158)</u> | <u>(1,483,629,739)</u>                    | <u>(1,908,711,679)</u> |
|   | <u>1,977,246,208</u>                    | <u>731,000,411</u>     | <u>923,712,331</u>                        | <u>601,383,534</u>     |
| <b>14.1 Manufacturing Expenses</b>      |   |                        |   |                        |
| Salaries, wages and<br>other benefits   | 65,698,497                              | 69,554,956             | 43,018,212                                | 43,013,359             |
| Production stores consumed              | 42,538,985                              | 38,253,477             | 38,764,980                                | 30,812,848             |
| Fuel and power                          | 2,475,461                               | 2,105,594              | 978,114                                   | 875,406                |
| Repairs and maintenance                 | 29,223,924                              | 22,115,569             | 14,556,105                                | 10,217,916             |
| Vehicle running and maintenance         | 866,922                                 | 898,233                | 420,253                                   | 442,374                |
| Insurance                               | 2,559,984                               | 2,126,413              | 1,229,883                                 | 64,604                 |
| Depreciation                            | 81,760,387                              | 86,822,415             | 40,487,409                                | 43,829,408             |
| Others                                  | 5,153,730                               | 5,684,137              | 4,216,107                                 | 3,908,184              |
|   | <u>230,277,890</u>                      | <u>227,560,794</u>     | <u>143,671,063</u>                        | <u>133,164,099</u>     |



|                                  | Note | (Un-Audited)<br>March 31,<br>2018<br>Rupees | (Un-Audited)<br>March 31,<br>2017<br>Rupees |
|----------------------------------|------|---|---|
| <b>15 PROVISION FOR TAXATION</b> |      |   |   |
| Current tax                      |      | 18,633,499                                  | 10,550,579                                  |
| Deferred tax (income) / expense  |      | (23,492,009)                                | 3,621,785                                   |
|                                  |      | <u>(4,858,510)</u>                          | <u>14,172,364</u>                           |

## 16 RELATED PARTY TRANSACTIONS

Related parties comprise associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Contributions to its defined contribution plan (Provident Fund) are made as per the terms of employment. Remuneration of key management personnel is in accordance with their terms of employment and Company's policy. There are no transactions with key management personnel other than their terms of employment / entitlement.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim financial information, are as follows:

|  | (Un-Audited)<br>March 31,<br>2018<br>Rupees | (Un-Audited)<br>March 31,<br>2017<br>Rupees |
|--|---|---|
| <b>Transactions during the period</b>          |   |   |
| Remuneration to chief executive and directors  | 2,100,000                                   | 2,550,000                                   |
| Contribution to staff provident fund           | 1,937,092                                   | 1,978,066                                   |
|  | <u>4,037,092</u>                            | <u>4,528,066</u>                            |
| <b>Payables as on balance sheet date with:</b> |   |   |
| 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>                          |



## **17 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified wherever necessary in line with changes enacted through the Companies Act, 2017.

## **18 AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on 18 May, 2018.

**DR. TARA CHAND**  
Chief Executive

**MAHESH KUMAR**  
Director

**NISAR H. VIRANI**  
Chief Financial Officer

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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