



Sindh Abadgar's Sugar Mills Limited

**UNAUDITED
QUARTERLY FINANCIAL STATEMENTS
1ST QUARTER ENDED DECEMBER 31, 2015**



COMPANY PROFILE

DIRECTORS	Mr. Deoo Mal Essarani Dr. Tara Chand Essarani Mr. Dileep Kumar Mr. Pehlaj Rai Mr. Mohan Lal Dr. Besham Kumar Mr. Mahesh Kumar Mr. Shafaqat Ali Shah	Chairman Chief Executive Director Director Director Director Director 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 NIB Bank Limited United Bank Limited	
AUDIT COMMITTEE	Mr. Pehlaj Rai Mr. Shafaqat Ali Shah Mr. Dileep Kumar Dr. Besham Kumar	Chairman Member (Independent Director) Member Member
HR AND REMUNERATION COMMITTEE	Mr. Shafaqat Ali Shah Mr. Mohan Lal Mr. Dileep Kumar	Chairman (Independent Director) Member Member
AUDITORS	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
REGISTERED OFFICE	209, 2nd Floor, Progressive Plaza, Beaumont Road, Karachi-Pakistan.	
MILLS	Deh: Deenpur, Taluka. Bulri Shah Karim, Distt. Tando Muhammad Khan, Sindh-73024.	
REGISTRAR	JWAFFS Registrar Services (Pvt) Ltd. 407- 408, Al Ameera Centre, Shahrah e Iraq, Saddar, Karachi.	
EMAIL ADDRESS	sasm@unitedgroup.org.pk	



DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present the un-audited condensed interim financial statements of the Company for the first quarter ended December 31, 2015. The crushing season 2015-16 commenced from November 29, 2015.

Operational Results :

		December 31, 2015	December 31, 2014
Season commenced on		29-11-2015	08-12-2014
Period reporting upto		31-12-2015	31-12-2014
Days worked (Gross)	- Days	33	24
Cane crushed	- Tons	184,289	102,680
Average Crushing per day	- Tons	5,585	4,278
Capacity utilization	- %	80	71
Sugar recovery	- %	9.427	8.919
Sugar produced	- Tons	14,960	7,735
Molasses % Cane	- %	4.755	5.073
Molasses produced	- Tons	7,670	4,600

The net turnover increased to Rs. 669.971 million from Rs. 309.095 million of last year's same period. After tax loss amounted to Rs.12.711 million as compared to after tax loss of Rs. 30.912 million of the 1st quarter of last year. Subsequently the Sindh Government issued Notification on 4th January, 2016 fixing minimum support price of Sugarcane at Rs. 172/40 Kg i.e. Rs. 4,300/- per MT for the season 2015-2016. In the present un-audited accounts upto 31st December, 2015, the cost of sugarcane is taken at Rs. 160/40 kg i.e. Rs. 4,000/- per MT.

Despite all odds, the Company continued to focus its attention on sale of sugar but due to lesser demand and uncertainty of export etc, a substantial portion of sugar remained unsold. The value of stock in trade stood at Rs. 653.394 million as against Rs. 414.044 million as on 31st December, 2014.

First quarter ended on 31st December, 2015 does not properly reflect the correct view of the profit/loss of the company due to lesser operational days, lower crushing and lower sugar recovery. Due to various factors we anticipate lesser sugarcane crop and lesser sugar recovery during the current season. We have undertaken BMRE process & added latest modernized equipments last year to achieve better and efficient results which we are obtaining as is evident from above operational data.



Future Prospects

The prospects of the crushing season 2015-2016 are yet to improve and a lot of challenges to control the rising prices of sugarcane is required to face and to save totally uneconomical conditions. In view of lesser crop in the area and higher sugarcane prices, the sugar prices are also likely to remain stable. The government has allowed exports also with subsidy but certain conditionalities are not very encouraging. Definite measures are needed to control the sugarcane prices to enable the sugar mills to sell their sugar at a reasonable price to the consumers. The Sugar Mills are approaching at various levels viz. at Govt., Sindh High Court and Supreme Court level to avail incentives in sugar price to get reasonable rate of return.

The future prospects of the Company are greatly dependent on the trend of sugar prices in the next three quarters in addition to the government policies. 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. With the hope of stability in sugar prices during the next three quarters, we anticipate reasonably better financial results for the current year.

The Board of Directors wishes to keep on record and convey assurance to the respectable shareholders of our dedicated efforts and honest working which would strengthen our determination to achieve success with better planning to overcome the difficult situation and conditions. The Directors also place on record their appreciation of the devoted services and hard work put in by the officers and workers of the Company. Please pray to God to guide us and help us to achieve desired results and prosperous future.

On behalf of the Board of Directors

Dr. Tara Chand Essarani
Chief Executive

Karachi: January 23, 2016



CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT DECEMBER 31, 2015

	Note	Un-audited December 31, 2015 Rupees	Audited September 30, 2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized Capital 65,000,000 (2014: 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 10,425,000 ordinary shares of Rs. 10/- each		104,250,000	104,250,000
Accumulated loss		(106,818,681)	(107,686,537)
		(2,568,681)	(3,436,537)
Surplus on revaluation of Property, Plant and Equipment		394,640,516	403,466,946
Subordinated loans		260,000,000	260,000,000
NON-CURRENT LIABILITIES			
Long term finance - secured	6	558,000,000	356,000,000
Deferred liabilities		320,466,318	325,219,150
CURRENT LIABILITIES			
Trade and other payables		552,349,322	767,263,420
Accrued mark-up		11,499,793	11,690,651
Current portion of non current liabilities		90,500,000	103,000,000
Short term running finance		148,072,254	-
		802,421,369	881,954,071
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		2,332,959,522	2,223,203,630
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,322,896,947	1,353,513,590
Long term loans		467,967	444,176
Long term deposits		616,992	757,527
CURRENT ASSETS			
Stores and spares		133,006,950	124,413,764
Stock-in-trade		653,394,143	466,771,184
Trade debts - unsecured		3,168,030	550,221
Short term loans and advances		48,541,553	52,780,869
Trade deposits and short term prepayments		633,237	458,702
Other receivables		76,028,636	76,048,061
Advance tax - net		67,062,677	66,105,280
Cash and bank balances	11	27,142,390	81,360,256
		1,008,977,616	868,488,337
		2,332,959,522	2,223,203,630

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

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MAHESH KUMAR
Director



**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2015**

	Note	December 2015 Rupees	December 2014 Rupees
Net Sales	9	669,970,729	309,094,917
Cost of sales	10	(656,419,087)	(306,691,684)
Gross profit		<u>13,551,642</u>	<u>2,403,233</u>
Operating expenses			
Administrative expenses		(20,231,073)	(21,284,481)
Selling and distribution cost		(1,123,579)	(667,677)
		<u>(21,354,652)</u>	<u>(21,952,158)</u>
Operating loss		(7,803,010)	(19,548,925)
Finance cost		(11,631,642)	(13,843,300)
		<u>(19,434,652)</u>	<u>(33,392,225)</u>
Other income		6,722,989	2,479,879
Loss before taxation		<u>(12,711,663)</u>	<u>(30,912,346)</u>
Taxation - Current		-	-
Loss after taxation		<u>(12,711,663)</u>	<u>(30,912,346)</u>
Loss per share - basic & diluted		<u>(1.22)</u>	<u>(2.97)</u>

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director



**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)**
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2015

	December 2015 Rupees	December 2014 Rupees
Loss for the quarter	(12,711,663)	(30,912,346)
Other comprehensive income		
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	13,579,519	14,620,941
Total comprehensive income / loss for the quarter transferred to equity	<u>867,856</u>	<u>(16,291,405)</u>

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director



CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2015

	December 2015 Rupees	December 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(12,711,663)	(30,912,346)
Adjustment for:		
Depreciation	32,911,059	33,752,844
Financial cost	11,631,642	13,843,300
Exchange loss / (gain)	-	-
Loss / (gain) on disposal of Property, Plant & Equipment	(1,264,345)	(1,029,156)
	<u>43,278,356</u>	<u>46,566,988</u>
Operating profit before working capital changes	30,566,693	15,654,642
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(8,593,186)	(11,350,924)
Stock in trade	(186,622,959)	(177,045,371)
Trade debts - Unsecured	(2,617,809)	-
Short term loans and advances	4,239,316	5,759,236
Trade deposits, prepayment and other receivables	(174,535)	(1,500)
Other receivables	19,425	-
	<u>(193,749,748)</u>	<u>(182,638,559)</u>
Increase in current liabilities		
Trade and other payables	(216,045,687)	37,299,957
	<u>(409,795,435)</u>	<u>(145,338,602)</u>
Cash generated from/(used in) operating activities	<u>(379,228,742)</u>	<u>(129,683,960)</u>
Finance cost paid	(11,690,653)	(11,742,938)
Taxes paid	(957,397)	(212,143)
Net cash generated from/(used in) operating activities	<u>(391,876,792)</u>	<u>(141,639,041)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,395,072)	(10,966,676)
Capital work in progress	1,365,000	2,782,114
Long term loans	(23,791)	39,222
Long term deposits	140,535	(1,000)
Net cash (used in) investing activities	<u>86,672</u>	<u>(8,146,340)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loan	(33,500,000)	(33,500,000)
Long term finance obtained	223,000,000	-
Net cash generated from/ (used in) financing activities	<u>189,500,000</u>	<u>(33,500,000)</u>
Net increase/(decrease) in cash and cash equivalents	(202,290,120)	(183,285,381)
Cash and cash equivalents at the beginning of the period	81,360,256	(58,698,629)
Cash and cash equivalents at the end of the period	<u>(120,929,864)</u>	<u>(241,984,010)</u>

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

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MAHESH KUMAR
Director



**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)
FOR THE 1ST QUARTER ENDED DECEMBER 31, 2015**

	Issued, Subscribed and Paidup Capital Rupees	Accumulated Loss Rupees	Total Rupees
Balance as at October 1, 2014	104,250,000	(111,470,680)	(7,220,680)
Total comprehensive income for the year	-	3,784,143	3,784,143
Balance as at September 30, 2015	<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 quarter	-	867,856	867,856
Balance as at December 31, 2015	<u>104,250,000</u>	<u>(106,818,681)</u>	<u>(2,568,681)</u>

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director



**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENT (UNAUDITED)
FOR THE 1ST QUARTER ENDED DECEMBER 31, 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 of Sindh. The company is principally engaged in the manufacturing 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, 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 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, 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.



	Unaudited December 2015 Rupees	Audited September 2015 Rupees
6 LONG TERM FINANCES - SECURED		
Opening balance	459,000,000	375,000,000
Obtained during the period	223,000,000	212,000,000
	682,000,000	587,000,000
Less: Repaid during the period	(33,500,000)	(128,000,000)
Current portion	(90,500,000)	(103,000,000)
	(124,000,000)	(231,000,000)
Closing balance	<u>558,000,000</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.

7.2 Commitments

In respect of the quantity of 342 M.T (September 30, 2015 : 9,669 M.T) representing sale commitments of sugar having aggregate value of Rs. 16.882 million (September 30, 2015 : Rs. 483.758 million).

	Unaudited December 2015 Rupees	Audited September 2015 Rupees
8 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	1,322,229,588	1,353,437,301
Capital work in progress	667,359	76,289
	<u>1,322,896,947</u>	<u>1,353,513,590</u>

	Unaudited December 2015 Rupees Acquisitions	Audited September 2015 Rupees Acquisitions
8.1 Operating fixed assets		
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	483,360	26,745,850
Office equipment	70,588	1,069,844
Furniture & fixture	26,401	99,093
Computers	17,530	526,311
Vehicles	-	11,163,839
Tents and tarpouline	-	340,648
Tools & tackles	65,223	426,409
	<u>804,002</u>	<u>117,470,802</u>



	Unaudited December 2015 Rupees	Unaudited December 2014 Rupees
9 SALES		
Local	738,335,090	337,535,400
Export	-	-
Less: Sales Tax	(68,364,361)	(28,440,483)
	<u>669,970,729</u>	<u>309,094,917</u>
10 COST OF GOODS SOLD		
Sugarcane consumed	754,847,774	401,526,970
Manufacturing expenses	88,194,272	82,210,083
	<u>843,042,046</u>	<u>483,737,053</u>
Stock in process - opening	6,888,540	6,053,331
Stock in process - closing	(110,057,129)	(72,601,965)
	<u>(103,168,589)</u>	<u>(66,548,634)</u>
	739,873,457	417,188,419
Stock of by-product - opening	-	-
Sale of by-product	-	-
Stock of by-product - closing	(59,826,000)	(34,500,000)
	<u>(59,826,000)</u>	<u>(34,500,000)</u>
Cost of goods manufactured	680,047,457	382,688,419
Stock of finished goods - opening	459,882,644	230,945,598
Stock of finished goods - closing	(483,511,014)	(306,942,333)
	<u>(23,628,370)</u>	<u>(75,996,735)</u>
	<u>656,419,087</u>	<u>306,691,684</u>
10.1 Manufacturing Expenses		
Salaries, wages and other benefits	25,100,369	19,840,627
Production stores consumed	11,892,069	8,287,176
Fuel and power	1,719,941	2,149,799
Repairs and maintenance	16,130,856	17,089,974
Vehicle running and maintenance	507,406	425,740
Insurance	1,742,314	2,986,381
Depreciation	29,619,953	30,377,560
Others	1,481,364	1,052,826
	<u>88,194,272</u>	<u>82,210,083</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:

	Unaudited December 2015 Rupees	Audited September 2015 Rupees
Cash and bank balances	27,142,390	81,360,256
Short term running finance	(148,072,254)	-
	<u>(120,929,864)</u>	<u>81,360,256</u>

12 RELATED PARTY TRANSACTIONS

Related parties constitute transactions with Directors, key management personnel and retirement benefit plan. Material transactions with related parties are given below:

	Unaudited December 2015 Rupees	Audited September 2015 Rupees
Directors	1,576,850	6,346,279
Key Management personnel	2,560,853	9,470,805
Provident fund contribution	831,152	2,982,311
Loans from Directors	183,000,000	183,000,000
Loans from Related Parties	77,000,000	77,000,000
	<u>260,000,000</u>	<u>260,000,000</u>

13 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 January 23, 2016.

14 GENERAL

14.1 Figure have been rounded off to the nearest Rupee.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

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