



*Sindh Abadgar's Sugar Mills Limited*

**UNAUDITED  
CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2017**



## 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  
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 Ameer 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 un-audited Interim Financial Statements of the company for the period of nine months ended 30th June, 2017.

### Financial Results:

	30th June 2017 (Rs. In million)	30th June 2016 (Rs. In million)
Net Sales	1,234.733	2,772.169
Cost of Sales	<u>(1,224.795)</u>	<u>(2,625.755)</u>
Gross Profit	9.938	146.414
Financial Admin, Selling other expenses & other income	<u>(138.348)</u>	<u>(115.209)</u>
		31.205
WWF and WPPF	-	<u>(3.179)</u>
(Loss)/ Profit before Taxation	<u>(128.410)</u>	<u>28.026</u>

The net turnover decreased to Rs.1,234.733 million from Rs.2,772.169 million of last year's same period. Loss before tax recorded at Rs. 128.410 million as against profit of Rs.28.026 million for the corresponding period of last year.

The negative results are due to depressed sugar prices and less off takesugar and higher sugarcane prices particularly forwards and of crushing period. In spite of continued focus on sale of sugar. A reasonable quantity of sugar could not fetch better price.

The remaining stock of sugar is however being disposed off gradually as per market trends and requirements to achieve better financial results by the year end. The value of finished stock stood at Rs.1,958.568million against Rs.325.827million as on 30th June, 2016.

### Future Prospects

The prices of sugar in the local & International market remained depressed. However it is anticipated it will improve in the last quarter of the financial year. 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, GST rate 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: 21st July, 2017**

**Dr. Tara Chand Essarani  
Chief Executive**



**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
AS AT JUNE 30, 2017

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>Un-audited June 30, 2017 Rupees</b>	<b>Audited September 30, 2016 Rupees</b>
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized Capital 65,000,000 (2016: 65,000,000)		650,000,000	650,000,000
Ordinary shares of Rs. 10/- each		104,250,000	104,250,000
Issued, subscribed and paid-up capital 10,425,000 ordinary shares of Rs. 10/- each		(210,283,030)	(129,979,060)
Accumulated (loss)		(106,033,030)	(25,729,060)
Surplus on revaluation of Property, Plant and Equipment		879,431,000	915,249,691
Subordinated loans		260,000,000	260,000,000
<b>NON-CURRENT LIABILITIES</b>			
Long term finance - secured	6	724,424,447	451,000,000
Deferred liabilities		541,800,165	566,434,415
<b>CURRENT LIABILITIES</b>			
Trade and other payables		743,430,241	250,809,381
Accrued markup		50,097,246	12,558,529
Current portion of long term finance		130,000,000	178,000,000
Short term borrowings		1,473,703,184	-
		2,397,230,671	441,367,910
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
		<u>4,696,853,253</u>	<u>2,608,322,956</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,930,373,057	2,012,259,205
Long term loans		292,518	313,946
Long term deposits		792,527	792,527
<b>CURRENT ASSETS</b>			
Stores,spares and loose tools		159,031,695	179,936,602
Stock-in-trade		1,969,819,794	32,963,273
Trade debts - Un-secured		263,736,829	27,342,856
Short term loans and advances		136,379,692	95,647,433
Trade deposits and short term prepayments		4,873,568	135,493
Other receivables		135,252,588	135,252,588
Advance tax - net		48,869,285	40,484,215
Cash and bank balances		47,431,699	83,194,818
		2,765,395,151	594,957,278
		<u>4,696,853,253</u>	<u>2,608,322,956</u>

The annexed notes from 1 to 13 form an integral part of these 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, 2017

	Note	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
		June 30,	June 30,	June 30,	June 30,
		2017	2016	2017	2016
		Rupees	Rupees	Rupees	Rupees
Sales - net	9	1,234,733,147	2,772,168,539	430,006,300	1,818,015,904
Cost of sales	10	(1,224,795,902)	(2,625,754,808)	(493,795,491)	(1,684,416,781)
<b>Gross profit/(loss)</b>		<u>9,937,245</u>	<u>146,413,731</u>	<u>(63,789,191)</u>	<u>133,599,123</u>
<b>Operating expenses</b>					
Administrative expenses		(84,331,678)	(67,413,110)	(23,227,057)	(21,404,191)
Distribution cost		(17,900,894)	(4,806,135)	(11,961,167)	(429,424)
		<u>(102,232,572)</u>	<u>(72,219,245)</u>	<u>(35,188,224)</u>	<u>(21,833,615)</u>
<b>Operating (loss)/profit</b>		<u>(92,295,327)</u>	<u>74,194,486</u>	<u>(98,977,415)</u>	<u>111,765,508</u>
Financial charges		(99,548,435)	(80,708,072)	(47,564,287)	(38,417,478)
Worlers' welfare fund		-	(1,618,469)	-	(1,618,469)
Worlers' profit participation fund		-	(1,560,215)	-	(1,560,215)
Other income		63,434,182	37,717,883	22,464,868	4,565,419
		<u>(36,114,253)</u>	<u>(46,168,873)</u>	<u>(25,099,419)</u>	<u>(37,030,743)</u>
<b>(Loss)/Profit before taxation</b>		<u>(128,409,580)</u>	<u>28,025,613</u>	<u>(124,076,834)</u>	<u>74,734,765</u>
Provision for taxation		12,286,949	(8,687,940)	26,459,313	2,542,755
<b>(Loss)/Profit after taxation</b>		<u>(116,122,631)</u>	<u>19,337,673</u>	<u>(97,617,521)</u>	<u>77,277,520</u>
<b>(Loss)/Profit per share -</b>					
<b>basic &amp; diluted</b>		<u>(11.14)</u>	<u>1.85</u>	<u>(9.36)</u>	<u>7.41</u>

The annexed notes from 1 to 13 form an integral part of these 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, 2017

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(128,409,580)	28,025,613
<b>Adjustments for non-cash items:</b>		
Depreciation	145,371,463	100,523,592
Financial cost	99,548,435	80,708,072
(Gain) on disposal of Property, Plant & Equipment	(11,556,873)	(1,256,719)
	<u>233,363,025</u>	<u>179,974,945</u>
<b>Operating profit before working capital changes</b>	104,953,445	208,000,558
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	20,904,907	(63,238,754)
Stock in trade	(1,936,856,521)	133,050,513
Trade debts - Unsecured	(236,393,973)	(15,200)
Short term loans and advances	(40,732,259)	(34,250,854)
Trade deposits, prepayment and other receivables	(4,738,075)	403,415
Other receivables	-	19,425
	<u>(2,197,815,921)</u>	<u>35,968,545</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	492,620,860	(469,738,760)
	<u>(1,705,195,061)</u>	<u>(433,770,215)</u>
<b>Net cash generated from operating activities</b>	<u>(1,600,241,616)</u>	<u>(225,769,657)</u>
Finance cost paid	(62,009,718)	(69,156,201)
Taxes paid	(21,511,064)	(3,885,278)
<b>Net Cash used in Operating Activities</b>	<u>(1,683,762,398)</u>	<u>(298,811,136)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(60,683,090)	(13,283,368)
Capital work in progress	(3,999,392)	(15,407,361)
Proceeds from sale of fixed assets	13,532,703	1,357,374
Long term loan provided to employees	21,428	7,148
Long term deposits placed during the period	-	(35,000)
<b>Net Cash Outflow From Investing Activities</b>	<u>(51,128,351)</u>	<u>(27,361,207)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finance repaid	(145,000,000)	(85,000,000)
Long term finance obtained during the period	370,424,447	277,802,000
<b>Net cash generated from financing activities</b>	<u>225,424,447</u>	<u>192,802,000</u>
Net (decreased) in cash and cash equivalents	(1,509,466,302)	(133,370,343)
Cash and cash equivalents at the beginning of the period	83,194,818	81,360,256
<b>Cash and cash equivalents at the end of the period</b> 11	<u>(1,426,271,484)</u>	<u>(52,010,087)</u>

The annexed notes from 1 to 13 form an integral part of these 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, 2017

	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
	June 30,	June 30,	June 30,	June 30,
	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees
(Loss)/profit for the period	(116,122,631)	19,337,673	(97,617,521)	77,277,520
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss)/income for the period	<u>(116,122,631)</u>	<u>19,337,673</u>	<u>(97,617,521)</u>	<u>77,277,520</u>

The annexed notes from 1 to 13 form an integral part of these 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, 2017

	Share Capital	Accumulated Profit / (Loss)	Total
	Rupees	Rupees	Rupees
<b>Balance as at October 1, 2015</b>	<b>104,250,000</b>	<b>(152,278,517)</b>	<b>(48,028,517)</b>
Total comprehensive income for the nine months	-	19,337,673	19,337,673
Incremental depreciation transferred from surplus on revaluation	-	39,105,632	39,105,632
<b>Balance as at June 30, 2016 (Un-Audited)</b>	<b>104,250,000</b>	<b>(93,835,212)</b>	<b>10,414,788</b>
Balance as at July 1, 2016	104,250,000	(93,835,212)	10,414,788
Total comprehensive loss for the period	-	(44,374,578)	(44,374,578)
Incremental depreciation transferred from surplus on revaluation	-	8,230,730	8,230,730
<b>Balance as at September 30, 2016 (Audited)</b>	<b>104,250,000</b>	<b>(129,979,060)</b>	<b>(25,729,060)</b>
Balance as at October 1, 2016	104,250,000	(129,979,060)	(25,729,060)
Total comprehensive income for the nine months	-	(116,122,631)	(116,122,631)
Incremental depreciation transferred from surplus on revaluation	-	35,818,661	35,818,661
<b>Balance as at June 30, 2017 (Un Audited)</b>	<b>104,250,000</b>	<b>(210,283,030)</b>	<b>(106,033,030)</b>

The annexed notes from 1 to 13 form an integral part of these 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, 2017**

**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, 2016.

**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, 2016.

**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 information of the Company as at and for the year ended September 30, 2016.



## 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, 2017 Rupees</b>	<b>Audited September 30, 2016 Rupees</b>
<b>6 LONG TERM FINANCES - SECURED</b>		
Opening balance	629,000,000	459,000,000
Obtained during the period	370,424,447	288,000,000
	999,424,447	747,000,000
Less: Repaid during the period	(145,000,000)	(118,000,000)
Current portion	(130,000,000)	(178,000,000)
	(275,000,000)	(296,000,000)
Closing balance	<u>724,424,447</u>	<u>451,000,000</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, 2016 and condensed interim financial information for the six months period ended March 31, 2017.

### 7.2 Commitments

Advance received on or before June 30, 2017 in respect of the quantity of 6,218.60 M.T (2016 : 398 M.T) representing un-lifted delivery orders (Dos) of sugar amounting to Rs. 310.604 million (2016 : Rs. 24.267 million). The sales is to be recognized when the said delivery orders are lifted.

		<b>Un-audited June 30, 2017 Rupees</b>	<b>Audited September 30, 2016 Rupees</b>
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	1,903,553,984	1,989,439,216
Capital work in progress		26,819,073	22,819,989
		<u>1,930,373,057</u>	<u>2,012,259,205</u>



	Un-audited June 30, 2017 Rupees	Audited September 30, 2016 Rupees
<b>8.1 Operating fixed assets</b>		
Opening WDV	1,989,439,216	1,353,437,301
Revaluation surplus	-	<u>763,705,366</u>
	1,989,439,216	2,117,142,667
Factory building on free hold land	460,750	126,000
Non factory building on free hold land	-	14,900
Plant & machinery	55,046,626	9,979,141
Office equipment	221,108	186,426
Furniture & fixture	96,175	56,852
Computers	246,589	314,710
Vehicles	4,280,160	10,690,080
Tent & Tarpaulins	180,293	104,765
Tools & tackles	151,389	707,463
	60,683,090	22,180,337
Disposals / transfers during the period-WDV	(1,196,859)	(109,281)
Depreciation for the period	<u>(145,371,463)</u>	<u>(149,774,507)</u>
	<u>1,903,553,984</u>	<u>1,989,439,216</u>
	<b>Un-audited June 30, 2017 Rupees</b>	<b>Un-audited June 30, 2016 Rupees</b>
<b>9 SALES</b>		
Local	533,627,975	3,015,197,790
Export	754,750,872	-
Less: Sales Tax	(53,645,700)	(243,029,251)
	<u>1,234,733,147</u>	<u>2,772,168,539</u>



## 10 COST OF SALES

	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	..... Rupees .....			
Sugarcane consumed	3,108,131,942	2,403,056,755	453,710	(684,938)
Manufacturing expenses				
- Notes 10.1	305,915,181	271,552,323	78,354,387	70,874,173
	<u>3,414,047,123</u>	<u>2,674,609,078</u>	<u>78,808,097</u>	<u>70,189,235</u>
Stock in process - opening	7,915,258	6,888,540	11,345,015	-
Stock in process - closing	(11,251,488)	(7,893,388)	(11,251,488)	-
	<u>(3,336,230)</u>	<u>(1,004,848)</u>	<u>93,527</u>	<u>-</u>
	<u>3,410,710,893</u>	<u>2,673,604,230</u>	<u>78,901,624</u>	<u>70,189,235</u>
Opening stock - Molasses	-	-	28,577,412	49,598,172
Closing stock - Molasses	-	-	-	-
Sale of by-product	(252,394,700)	(181,904,783)	(28,577,412)	(42,781,955)
	<u>(252,394,700)</u>	<u>(181,904,783)</u>	<u>-</u>	<u>6,816,217</u>
Cost of goods manufactured	<u>3,158,316,193</u>	<u>2,491,699,447</u>	<u>78,901,624</u>	<u>77,005,452</u>
Stock of finished goods - opening	25,048,015	459,882,644	2,373,462,173	1,933,238,612
Stock of finished goods - closing	(1,958,568,306)	(325,827,283)	(1,958,568,306)	(325,827,283)
	<u>(1,933,520,291)</u>	<u>134,055,361</u>	<u>414,893,867</u>	<u>1,607,411,329</u>
	<u>1,224,795,902</u>	<u>2,625,754,808</u>	<u>493,795,491</u>	<u>1,684,416,781</u>

### 10.1 Manufacturing Expenses

Salaries, wages and other benefits	88,750,742	82,027,653	19,195,786	18,853,755
Production stores consumed	39,118,181	36,624,385	864,704	982,910
Fuel and power	3,051,554	4,313,746	945,960	2,008,466
Repairs and maintenance	33,159,633	44,741,654	11,044,064	15,490,688
Vehicle running and maintenance	1,236,448	1,279,657	338,215	251,101
Insurance	3,911,923	7,807,581	1,785,510	2,711,032
Depreciation	130,834,316	90,471,233	44,011,901	30,388,020
Others	5,852,384	4,286,414	168,247	188,201
	<u>305,915,181</u>	<u>271,552,323</u>	<u>78,354,387</u>	<u>70,874,173</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, 2017 Rupees</b>	<b>Audited September 30, 2016 Rupees</b>
Cash and bank balances	47,431,699	83,194,818
Short term running finance	(1,473,703,184)	-
	<u>(1,426,271,485)</u>	<u>83,194,818</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 21 July 2017.

## 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**

*If undelivered, please return to*



***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