

COMPANY PROFILE

DIRECTORS

Mr. Deoo Mal Essarani	Chairman
Dr. Tara Chand Essarani	Chief Executive
Mr. Mahesh Kumar	Director
Mr. Dileep Kumar	Director
Mr. Pehlaj Rai	Director
Mr. Mohan Lal	Director
Dr. Besham Kumar	Director
Dr. Shafaqat Ali Shah	Independent Director

CHIEF FINANCIAL OFFICER

Syed Abid Hussain

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
HBL Foreign Exch. Bank
Limited

AUDIT COMMITTEE

Dr. Shafaqat Ali Shah	Chairman
Mr. Pehlaj Rai	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 Ameera Centre,
Shahrah e Iraq, Saddar,
Karachi.

EMAIL ADDRESS

sasm@unitedgroup.org.pk

ڈائریکٹرز رپورٹ

معزز ممبران

اسلام علیکم!

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز غیر آڈٹ شدہ مجموعی عبوری سہ ماہی معاشی گوشوارے برائے دورانیہ نومبر
اختتام پذیر 30 جون 2019 پیش کر رہے ہیں۔

ان نومبر کے دورانیہ میں حاصل ہونے والے عملیاتی اور مالیاتی نتائج اور اس کے ساتھ ساتھ گذشتہ سال کے
مماثل دورانیہ کے ساتھ تقابل درج ذیل بیان کیا جاتا ہے:

عملیاتی نتائج:

<u>30 جون 2018</u>	<u>30 جون 2019</u>	
660,056	431,457	گنے کی پسائی - ٹن
67,244	46,634	چینی کی پیداوار - ٹن
10.19	10.78	چینی کی وصولیابی - فیصد

مالیاتی نتائج:

<u>(روپے ملین میں)</u>	<u>(روپے ملین میں)</u>	
2,731.132	1,045.737	- فروخت
235.372	138.449	- مجموعی منافع
71.782	55.321	- عملیاتی منافع
65.053	144.105	- مالی لاگت
60.225	(15.020)	- (خسارہ)/منافع ماقبل ٹیکس
28.089	(21.813)	- (خسارہ)/منافع مابعد ٹیکس
2.69	(2.09)	- فی شیئر (خسارہ)/منافع

زیر غور دورانیہ کے دوران، چینی کی فروختگی حجم میں کمی رہی یعنی گذشتہ ممالک دورانیہ میں 54,446 ٹن کے مقابلے اس سال 19,084 ریکارڈ کی گئی جس کی وجہ ناقابل عمل چینی کے نرخ اور اس کے مقابلے میں کسانوں کو گنے کی مد میں ادا ہونے والے نرخ میں بے حد اضافہ ہے جبکہ مذکورہ بالا نرخ کین کمشنر کی جانب سے بذریعہ نوٹیفکیشن مبلغ 182 روپے فی 40 کلو مقرر کیے گئے ہیں۔ چینی اور گنے کی قیمتوں میں بے حد فرق نے انتظامیہ کو اس بات پر مجبور کیا کہ گذشتہ سال چینی کی پیداوار میں کمی اور ملک بھر میں چینی کے اضافی اسٹاک میں کمیابی کو مدنظر رکھتے ہوئے معقول مقدار میں چینی اسٹاک رکھے تاکہ چوتھی سہ ماہی میں چینی کی قیمتوں میں اضافے کی پیش بندی کی جائے۔

نومہ کے دورانیہ میں مارک اپ کی شرح میں قابل قدر اضافہ ہوا ہے جس کی وجہ سخت مانیٹری پالیسی ہے جس نے کمپنی کی جانب سے بینک کو کی جانے والی اضافی ادائیگیوں کا بوجھ بڑھا دیا ہے اور اس طرح کی ادائیگیوں میں مبلغ 79.05 ملین روپے یعنی %122 فیصد کا اضافہ ہوا ہے۔ واضح رہے کہ اس طرح کی ادائیگیوں کے اخراجات جو کہ پچھلے سال مبلغ 65.05 ملین روپے تھے اب بڑھ کر 144.10 ملین روپے تک جا پہنچے ہیں اور کسی بھی مثبت صورتحال کا امکان ختم ہو گیا ہے۔ لہذا کمپنی نے مابعد ٹیکس مبلغ 21.813 روپے کا خسارہ برداشت کیا جو کہ گذشتہ سال ممالک دورانیہ میں مبلغ 28.09 روپے منافع تھا اس طرح فی حصص نقصان مبلغ (2.09) روپے رہا جو کہ پچھلے سال ممالک دورانیہ میں فی حصص 2.69 روپے کمائی تھا۔

مستقبل کے امکانات:

آپ کی کمپنی کے منافع کا حجم کلی طور پر مستقبل میں چینی کے فروختگی نرخوں پر منحصر ہے، ہمیں امید ہے کہ یہ مستحکم رہیں گے اور آئندہ چوتھی سہ ماہی میں ملک گیر چینی کے اسٹاک میں کمی واقع ہوگی۔ جس سے گنے کی بھاری قیمت میں حصولیابی اور قرض کے اخراجات میں کمی کرنے میں مدد ملے گی۔ جیسا کہ آپ کی کمپنی نے معقول اسٹاک برقرار رکھا ہوا ہے لہذا ہمیں امید ہے کہ موجودہ مالی سال منافع کے ساتھ اختتام پذیر ہوگا۔

اسٹیٹ بینک آف پاکستان نے سال رواں کے دوران منافع کی شرح میں متعدد بار اضافہ کیا ہے جس نے صنعت پر اضافی بوجھ ڈال دیا ہے اور صنعت پر منفی اثرات مرتب ہوئے ہیں جیسا کہ گنا حاصل کرنے کیلئے بروقت ادائیگی کرنی پڑتی ہے / یا پھر ڈیلیوری پر کرنی پڑتی ہے جبکہ چینی کی فروخت 12 ماہ تک محدود ہے جس کے باعث پورے سال ادھار لاگت برداشت کی جاتی ہے۔ Discounted نرخ میں اس طرح کے بے معنی اضافے کے ساتھ اور

ادھار لاگت، پیداوار میں کمی کرے گی اور مزید سرمایہ کاری کی حوصلہ شکنی ہوگی۔ اس کے ساتھ ساتھ چینی پریسیلر ٹیکس 8 فیصد کے بجائے 17 فیصد ہو گیا ہے اس کے علاوہ اگر چینی غیر رجسٹرڈ یافتہ شخص کو سپلائی کی جائے گی تو اس پر مزید 3% ٹیکس کا اضافہ نہیں ہوگا۔ اس طرح کے اضافے سے ممکن ہے کہ عوام پر مزید بوجھ پڑے گا جو کہ پہلے ہی ضروری اشیائے خوردنوش میں بھاری لاگت کا سامنا کر رہے ہیں۔ لہذا ہم حکومت سے اپیل کرتے ہیں کہ صنعت کے کاروباری ماڈل کو مد نظر رکھتے ہوئے رعایتی مارک اپ کی شرح کو منظور کریں اور موجودہ سیلز ٹیکس کی شرح پر نظر ثانی کریں۔

تسلیمات:

ہم اپنے تمام شیئر ہولڈرز، ملازمین، بینکرز اور کسانوں کی جانب سے مسلسل حمایت اور معاونت کو دل کی گہرائیوں کے ساتھ سراہتے ہیں اور ان کی جانب سے مسلسل کمپنی پر بھروسے کی قدر کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

مہیش کمار

ڈاکٹر تارا چند

ڈائریکٹر

چیف ایگزیکٹو

کراچی: 25 جولائی، 2019

Directors' Report

Dear Members,
Assalam-O-Alaiakum,

The Directors of your Company are pleased to present the unaudited financial statements for the quarter and nine months period ended 30th June 2019.

The operational and financial results achieved for the nine months period along with their comparison with the corresponding period of last year are given here under:

<u>Operational Results</u>		30th June 2019 (Qty In Tons)	30th June 2018 (Qty In Tons)
Sugarcane Crushed	- Tons	431,457	660,056
Sugar produced	- Tons	46,634	67,244
Sugar recovery	- %	10.78	10.19

<u>Financial Results</u>		(Rs. In Million)	(Rs. In Million)
Sales	-	1,045.737	2,731.132
Gross profit	-	138.449	235.372
Operational profit	-	55.321	71.782
Financial cost	-	144.105	65.053
(Loss) / profit before tax	-	(15.020)	60.225
(Loss) / profit after tax	-	(21.813)	28.089
(Loss) / earning per share	-	(2.092)	2.69

During the period under review, sales volume of sugar remained low recorded at 19,084 tons compared to 54,466 tons attributed to unviable sugar prices contrary to exorbitant sugarcane cost per 40 kg paid to growers over and above support price notified by cane commissioner at Rs. 182 / 40 kg. The mismatch between sugar and sugarcane prices compelled the management to hold back significant sugar stock anticipating a surge in sugar prices in the 4th quarter in view of short fall of sugar production from last year and depleting surplus carryover sugar stock of the country.

The markup rate has exponentially increased over a period of nine months amid tight monetary policy burdened the company with additional payment of markup to the bank which increased by Rs. 79.05 million (122%) from last comparable period Rs. 65.05 million to Rs. 144.10 million during the period eroded any possibility to reach at breakeven point. The company, accordingly sustained loss after taxation at Rs. 21.813 million compared to Rs. 28.09 million profits after tax earned in the corresponding period with loss per share stood at Rs 2.092 as against earning per share at Rs. 2.69 in the last comparable period.

Future Outlook

The magnitude of profitability of your company for the year is entirely dependent on the outcome of future average selling price of sugar which we hope to remain stable and will further improve with the depletion of carryover sugar stock in the country in the fourth quarter which will help mitigate the higher procurement cost of sugarcane paid and borrowing cost incurred. Since your company is holding substantial of volume of stock, we therefore foresee the current financial year to close with profit.

The State Bank of Pakistan has increased the discount rate several times during the year putting extra burden on the already ailing industry which will have detrimental effect on the industry since payment for procurement of sugarcane is made upfront / or on delivery while sales of sugar is stretched to 12 months thereby borrowing cost to incur throughout the year. With this unabated increase in discount rate, the borrowing cost associated will slow down the growth and discourage further investment. In addition, sales tax on sugar has increased to 17% from existing 8% It is however, excluded from the purview of 3% further sales tax if supplied to unregistered person. The increase is likely to experience fall in consumption of sugar by people who are already heavily suffering under the price hike on all essential commodities. We therefore, appeal to the Government to allow concessional markup rate and review the current sales tax rates considering the business model of the industry.

Acknowledgment

We would like to thank and acknowledge the continued support of our shareholders, bankers, growers and employees for their dedication and contribution to the company.

On behalf of the Board of Directors

Karachi: 25th July, 2019

Dr. Tara Chand
Chief Executive

Mahesh Kumar
Director

SINDH ABADGAR'S SUGAR MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT JUNE 30, 2019

	Note	Unaudited June 30, 2019	Audited September 30, 2018
EQUITY AND LIABILITIES			
Share Capital & Reserves			
Authorized capital 65,000,000 (2018: 65,000,000) ordinary shares of Rs. 10/- each		650,000,000	650,000,000
Issued, subscribed and paid-up capital		104,250,000	104,250,000
Revaluation surplus on property, plant and equipment-net		1,382,729,777	1,476,249,189
Accumulated losses		(240,715,828)	(295,741,993)
		1,246,263,949	1,284,757,196
Subordinated loans		260,000,000	260,000,000
		1,506,263,949	1,544,757,196
NON-CURRENT LIABILITIES			
Long term finance - secured	6	433,333,335	595,833,335
Deferred liabilities		808,725,296	817,545,784
		1,242,058,631	1,413,379,119
CURRENT LIABILITIES			
Trade and other payables		279,666,687	288,633,855
Short term borrowing		1,686,509,164	-
Unclaimed dividend		5,314,603	3,316,162
Accrued mark-up		90,548,907	17,364,051
Current maturity of long term finance		183,333,332	183,333,332
		2,245,372,693	492,647,400
CONTINGENCIES AND COMMITMENTS			
	7	4,993,695,273	3,450,783,715
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,619,582,314	2,801,755,471
Long term loans		1,443,640	2,008,278
Long term deposits		792,527	792,527
		2,621,818,481	2,804,556,276
CURRENT ASSETS			
Stores and spares		173,441,930	149,300,766
Stock-in-trade		1,349,496,114	9,292,544
Trade debts - unsecured		509,711,863	252,395,262
Short term loans and advances		82,116,201	57,615,068
Trade deposits and short term prepayments		388,117	3,389,617
Other receivables		76,028,636	76,028,636
Advance tax - net		77,478,897	72,443,658
Cash and bank balances	10	103,215,034	25,761,888
		2,371,876,792	646,227,439
		4,993,695,273	3,450,783,715

The annexed notes from 1 to 13 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
CFO

SINDH ABADGAR'S SUGAR MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2019

	Note	Nine months period ended		Quarter ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Net Sales	9	1,045,736,730	2,731,132,245	989,256,480	641,432,186
Cost of sales		<u>(907,287,405)</u>	<u>(2,495,760,279)</u>	<u>(868,767,964)</u>	<u>(518,514,071)</u>
Gross profit		138,449,325	235,371,966	120,488,515	122,918,115
Operating expenses					
Administrative expenses		<u>(78,522,620)</u>	<u>(80,727,505)</u>	<u>(23,035,818)</u>	<u>(24,191,361)</u>
Selling and distribution cost		<u>(4,605,964)</u>	<u>(82,861,927)</u>	<u>(242,187)</u>	<u>(20,135,730)</u>
		<u>(83,128,584)</u>	<u>(163,589,432)</u>	<u>(23,278,005)</u>	<u>(44,327,091)</u>
Operating profit		<u>55,320,741</u>	<u>71,782,534</u>	<u>97,210,510</u>	<u>78,591,024</u>
Finance cost		<u>(144,105,378)</u>	<u>(65,053,484)</u>	<u>(72,611,229)</u>	<u>(12,732,185)</u>
Other income		<u>76,278,601</u>	<u>57,959,808</u>	<u>43,524,021</u>	<u>14,756,695</u>
		<u>(67,826,777)</u>	<u>(7,093,676)</u>	<u>(29,087,208)</u>	<u>2,024,510</u>
Workers' welfare fund		(2,514,047)	(1,229,088)	(2,166,547)	(1,229,088)
Workers' profit participation fund		-	(3,234,443)	-	(3,234,443)
(Loss)/ profit before taxation		<u>(15,020,083)</u>	<u>60,225,327</u>	<u>65,956,755</u>	<u>76,152,003</u>
Provision for taxation		(6,793,164)	(32,135,606)	(30,964,670)	(36,994,116)
(Loss)/ profit after taxation		<u><u>(21,813,247)</u></u>	<u><u>28,089,721</u></u>	<u><u>34,992,085</u></u>	<u><u>39,157,887</u></u>
Earning per share - basic & diluted		(2.09)	2.69	3.36	3.76

The annexed notes from 1 to 13 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
CFO

SINDH ABADGAR'S SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2019

	Nine months period ended		Quarter ended	
	June 30, 2019 Rupees	June 30, 2018 Rupees	June 30, 2019 Rupees	June 30, 2018 Rupees
(Loss) / profit for the quarter	(21,813,247)	28,089,721	34,992,085	39,157,887
Other comprehensive loss	-	-	(16,731,995)	-
Total comprehensive (loss)/ income for the quarter transferred to equity.	<u>(21,813,247)</u>	<u>28,089,721</u>	<u>18,260,090</u>	<u>39,157,887</u>

The annexed notes from 1 to 13 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
CFO

SINDH ABADGAR'S SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
AS AT JUNE 30, 2019

	Issued Subscribed and paid up capital Rupees	Revaluation surplus on property, plant Rupees	Accumulated Profit / (Loss) Rupees	Total Rupees
Balance as at October 1, 2017 (Audited)	-	-	-	-
	104,250,000	812,179,558	(427,498,936)	488,930,622
Profit for the period (Oct - June 2018)	-	-	28,089,721	28,089,721
Incremental depreciation transferred from surplus	-	-	-	-
on revaluation of fixed assets-net of deferred tax	-	(68,871,020)	68,871,020	-
	-	(68,871,020)	96,960,741	28,089,721
Balance as at June 30, 2018 (Unaudited)	<u>104,250,000</u>	<u>743,308,538</u>	<u>(330,538,195)</u>	<u>517,020,343</u>
Balance as at October 1, 2018 (Audited)	104,250,000	1,476,249,189	(295,741,993)	1,284,757,196
Loss for the period (Oct - June 2019)	-	-	(21,813,247)	(21,813,247)
Other comprehensive income	-	-	-	-
	-	-	(21,813,247)	(21,813,247)
Incremental depreciation transferred from surplus	-	-	-	-
on revaluation of fixed assets-net of deferred tax	-	(93,519,412)	93,519,412	-
Dividend paid	-	-	(16,680,000)	(16,680,000)
Balance as at June 30, 2019	<u>104,250,000</u>	<u>1,382,729,777</u>	<u>(240,715,828)</u>	<u>1,246,263,949</u>

The annexed notes from 1 to 13 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
CFO

SINDH ABADGAR'S SUGAR MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2019

	Unaudited June 2019 Rupees	Unaudited June 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ profit before taxation	(15,020,083)	60,225,327
Adjustment for:		
Depreciation	190,549,779	135,850,062
Financial cost	144,105,378	65,053,484
Gain on disposal of Property, Plant & Equipment	-	(901,562)
	334,655,157	200,001,984
Operating profit before working capital changes	319,635,074	260,227,311
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(24,141,164)	8,950,448
Stock in trade	(1,340,203,570)	(540,086,021)
Trade debts - Unsecured	(257,316,601)	(274,094,529)
Short term loans and advances	(24,501,133)	60,741,220
Trade deposits, prepayment and other receivables	3,001,500	(2,964,167)
Other receivables	-	(148,795,364)
	(1,643,160,968)	(896,248,413)
(Decrease)/increase in current liabilities		
Trade and other payables	(8,967,168)	554,526,871
	(1,652,128,136)	(341,721,542)
Cash used in operating activities	(1,332,493,062)	(81,494,231)
Finance cost paid	(70,920,522)	(76,255,006)
Taxes paid	(20,570,742)	(26,074,800)
Net cash used in operating activities	(1,423,984,326)	(183,824,037)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(8,137,327)	(12,018,718)
Capital work in progress	(239,294)	(121,276,555)
Sales Proceeds of assets	-	1,300,917
Gratuity paid	(78,150)	-
Long term loans	564,638	(46,088)
Net cash used in investing activities	(7,890,133)	(132,040,444)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loan	(162,500,000)	(136,000,000)
Long term finance obtained	-	117,041,163
Dividend paid	(14,681,559)	
Net cash used in financing activities	(177,181,559)	(18,958,837)
Net decrease in cash and cash equivalents	(1,609,056,018)	(334,823,318)
Cash and cash equivalents at the beginning of the period	25,761,888	(858,657,860)
Cash and cash equivalents at the end of the period	(1,583,294,130)	(1,193,481,178)

The annexed notes from 1 to 13 form an integral part of the condensed interim financial information.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
CFO

SINDH ABADGAR'S SUGAR MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2019

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 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 237 of the Companies Act, 2017 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, 2018.

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, 2018, except for changes in accounting policies have taken place effective from June 30, 2019:

3.1 Impact of adoption

(a) IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of requirement of IAS 39 - Financial Instruments: Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognised either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

In respect of retrospective application of IFRS 9, the Company has adopted modified retrospective approach as, permitted by this standard, according to which the Company is not required to restate the prior year results. There is no material impact of adoption of IFRS 9 on opening equity of the Company.

The impact of the adoption of IFRS 9 has been in the following areas:

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

There is no significant impact of IFRS 9 on the classification and measurement of financial assets for the period ended June 30, 2019 other than that loans and receivables. Under IFRS 9, the classification of financial assets is based on the objective of the entity's business model that is the Company's objective is to hold assets only to collect cash flows, or to collect cash flows and to sell ("the Business Model test") and the contractual cash flows of an asset give rise to payments on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding ("the SPPI test").

(ii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended June 30, 2019.

(iii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure provision against financial assets on the basis of Lifetime ECLs.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Presentation of impairment

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at June 30, 2019 does not have a material impact on provision for doubtful debts measured under IAS 39.

3.2 Accounting policy adopted

Financial assets and liabilities

a) Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

b) i). Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit and loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

ii). Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

c) Subsequent measurement

i). Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

ii). Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii). Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

d) Impairment of financial assets at amortised cost

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost as more fully explained in note 3.1.

e) Derecognition

i). Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii). Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

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, 2018.

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.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
CFO

SINDH ABADGAR'S SUGAR MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2019

	Unaudited June 30 2019 Rupees	Audited 11,202 2018 Rupees
6 LONG TERM FINANCES - SECURED		
Opening balance	779,166,667	848,958,837
Obtained during the period	-	117,041,163
	779,166,667	966,000,000
Less: Repaid during the period	(162,500,000)	(186,833,333)
Current portion	(183,333,332)	(183,333,332)
	(345,833,332)	(370,166,665)
Closing balance	433,333,335	595,833,335

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, 2018.

	Unaudited June 30 2019 Rupees	Audited September 30 2018 Rupees
8 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	2,603,442,719	2,785,855,170
Capital work in progress	16,139,595	15,900,301
	2,619,582,314	2,801,755,471

8.1 Cost / Revalued amount

Opening Balance	4,074,014,530	2,986,073,539
Additions	8,207,450	194,027,974
Revaluation	-	898,658,980
Disposal	(86,500)	(4,745,963)
	4,082,135,480	4,074,014,530

Accumulated depreciation

Opening Balance	1,288,159,360	1,107,297,523
Charge for the period	190,549,779	184,344,916
Disposal	(16,378)	(3,483,079)
	1,478,692,761	1,288,159,360

Written down value as at June 30, 2019 (Un-Audited)

	2,603,442,719	2,785,855,170
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	Unaudited June 30 2019 Rupees	Unaudited June 30 2018 Rupees
9 SALES		
Local	1,171,636,200	672,117,600
Export	-	2,134,062,645
Less: Sales Tax	(125,899,470)	(75,048,000)
	1,045,736,730	2,731,132,245

10 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 June 30 2019 Rupees	Audited September 30 2018 Rupees
Cash and bank balances	103,215,034	25,761,888
Short term running finance	(1,686,509,164)	-
	<u>(1,583,294,130)</u>	<u>25,761,888</u>

11 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 June 30 2019 Rupees	Unaudited June 30 2018 Rupees
Transactions during the period		
Remuneration to chief executive and directors	<u>3,330,145</u>	<u>3,283,672</u>
Advance to SGM Sugar Mills Limited	<u>7,063,174</u>	<u>-</u>
Contribution to staff provident fund	<u>3,679,089</u>	<u>3,579,003</u>
	Unaudited June 30 2019 Rupees	Audited September 30 2018 Rupees
Balances at the end of period		
Advance against supplies	<u>7,063,174</u>	<u>-</u>
Loans from Directors	<u>183,000,000</u>	<u>183,000,000</u>
Loans from Related Parties	<u>77,000,000</u>	<u>77,000,000</u>
	<u>260,000,000</u>	<u>260,000,000</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 25 July 2019.

13 GENERAL

Figure have been rounded off to the nearest Rupee.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
CFO