



Sindh Abadgar's Sugar Mills Limited

**UNAUDITED
HALF YEARLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2020**



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 Bank AL Habib 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	
LEGAL ADVISOR	Yasin Ali, Advocate	
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 Members
Assalam O-Alaikum,

On behalf of the Board of Directors it is my privilege to present to you the un-audited Condensed Interim Financial statement of the Company for the six months period ended March 31st, 2020 together with auditors review report, thereon;

Industry Overview

Overall business environment remained difficult during the period. The unprecedented increase in sugarcane cost with low crushing are the major factors contributed to the losses suffered by the company. The unabated outbreak of coronavirus pandemic amid lockdown are heavily dented the selling price of sugar on account of low demand of sugar.

Operational Results

	2019-20	2018-19	
	Complete Season	Complete Season	
Crushing Commenced	29.11.2019	13-12-2018	
Crushing Ended	02.03.2020	10.03.2019	
Days worked (Gross)	- Days	95	88
Sugar Cane crushed	- Tons	359,528	431,457
Net crushing days	- Days	71	84
Daily average crushing	- Gross days	3,785	4,903
Daily average crushing	- on Net days	5,064	5,136
Capacity utilization	- %	63	64
Sugar produced	- Tons	37,614	46,634
Sugar recovery	- %	10.46	10.78
Molasses produced	- Tons	16,620	20,100
Molasses % Cane	- %	4.62	4.65

Your Mill commenced its crushing on 29th November, 2019 and operated 95 days as compared to 88 days in the corresponding season. Although during the season no. of days were slightly higher compared to last season the crushing however, was less by 17% ,which was the result of non- availability of sugarcane due to reduced plantation of sugarcane and exorbitant sugarcane cost per 40kg charged by growers over & above notified price of Rs. 192 per 40 kg compelling the company to suspend the crushing due to no cane situation during the season. The Mill crushed 359,528 M.Tons during the current season compared to 431,457 M.Tons. Similarly production of sugar also declined by 9,020 (19%) from 46,634 M.Tons in the previous season to 37,614 M.Tons. The sugar recovery has also declined stood at 10.46% compared to 10.78% in the last season further aggravated the financial position of the company.



Financial Results

	March 31st, 2020 Rupees	March 31st, 2019 Rupees
Loss before taxation	(76,981,115)	(80,976,838)
Taxation	16,814,374	24,171,505
Loss after taxation	(60,166,741)	(56,805,333)
Incremental Depreciation transferred from surplus on revaluation of fixed assets net of deferred tax	53,464,503	59,662,773
Final Dividend for the year ended 30th September, 2019 and 30th September, 2018 Respectively	(10,425,000)	(16,680,000)
Accumulated (Loss) brought forward	(144,026,214)	(295,741,993)
Accumulated (Loss) carry forward	<u>(161,153,452)</u>	<u>(309,564,553)</u>
Loss per Share	(5.77)	(5.45)

The net sales stood at Rs. 596.52 million compared to Rs. 56.48 million in the previous year period. The gross profit was remained low at 6.17% due to high cost of sugarcane and unabsorbed depreciation and other fixed factory overheads by which the company suffered a loss of Rs. 60.166 million (per share 5.77) compared to Rs. 56.805 in the last period with loss per share recorded at Rs.5.45.

Future Outlook:

Going forward, the demand of sugar is likely to be less in view of continuous lockdown situation of Covid-19. Further the consumption of sugar by confectionery and beverages industries have been declining leading to curtailment in their production which will have the adverse impact on off-take of sugar, resultantly, sugar prices are not increasing in comparison with the cost of sugar sold. The Government on the other hand, however has taken certain initiatives to support the whole industry majorly including reduction in markup rate and deferment of repayment of loans for one year which will somehow help mitigate the staggering impact of coronavirus pandemic. Your company however is poised to reduce the impact of these adversities to ensure that the company continues its smooth operations for the year.



Acknowledgement:

The board of directors is thankful to the shareholders & bankers for their continued support and cooperation and confidence reposed on the management of the Company and also pray to Almighty Allah to keep all of us harmless and save from contagious infection of coronavirus.

Dr. Tara Chand
Chief Executive

Mahesh Kumar
Director

Dated: May 29th, 2020

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 مالیاتی گوشوارے اور اس کے ساتھ آڈیٹرز کی جائزہ رپورٹ برائے دورانیہ ششماہی اختتام پذیر 31 مارچ، 2020 پیش کر رہا ہوں۔

صنعت کا عمومی جائزہ:

اس مدت کے دوران مجموعی طور پر کاروباری ماحول دشوار رہا۔ گئے کی قیمتوں میں بے یقینی صورتحال اور پیسائی میں کمی وہ بنیادی عناصر تھے جنہوں نے کمپنی کو نقصان پہنچانے میں کلیدی کردار ادا کیا۔ کورونا وائرس کی عالمی وبائی صورتحال جس کی نظیر نہیں ملتی، کے سبب لاک ڈاؤن نے چینی کی فروخت کی قیمتوں پر انتہائی منفی اثرات مرتب کیے جس کی وجہ چینی کی طلب میں سست روی تھی۔

2018-19	2019-20	عملیاتی نتائج:
13-12-2018	29-11-2019	پیسائی کا آغاز
10-03-2019	02-03-2020	پیسائی کا اختتام
88	95	کام کے ایام (مجموعی) - ایام
431,457	359,528	پیسے گئے گنوں کی تعداد - ٹن
84	71	پیسائی کے کل ایام - ایام
4,903	3,785	پیسائی کا یومیہ تناسب - مجموعہ ایام
5,136	5,064	پیسائی کا یومیہ تناسب - کل ایام میں
64	63	استعمال کی استعداد - فیصد
46,634	37,614	چینی کی پیداوار - ٹن
10.78	10.46	چینی کی وصولیابی - فیصد
20,100	16,620	شیرہ کی پیداوار - ٹن
4.65	4.62	گئے میں شیرہ کا تناسب - فیصد

آپ کی مل نے مورخہ 29 نومبر 2019 سے پیسائی کا آغاز کیا اور گذشتہ سیزن میں 88 ایام کے مقابلے میں 95 ایام کام کیا۔

اگرچہ اس سیزن میں کام کے دنوں کی تعداد کچھ زیادہ تھی تاہم پیسائی میں 17 فیصد تک کمی ہوئی جس کی وجہ سے فصل میں کمی اور گنے کی عدم دستیابی ہے اور مقررہ نرخ یعنی مبلغ 192 فی 40 کلو کے بجائے کسانوں کی جانب سے زیادہ نرخ وصول کرنا تھا، جس نے کمپنی کو گنے کی عدم دستیابی کی وجہ سے، پیسائی کو معطل کرنے پر مجبور کر دیا۔ موجودہ سیزن کے دوران 359,528 میٹرک ٹن گنے کی پیسائی کی گئی جبکہ گذشتہ سیزن میں 431,457 میٹرک ٹن گنے کی پیسائی کی گئی تھی۔ اسی طرح چین کی پیداوار میں بھی گذشتہ سیزن میں 46,634 میٹرک ٹن سے 9,020 میٹرک ٹن یعنی (19 فیصد تک) کمی واقع ہوئی اور اس طرح چین کی پیداوار 37,614 میٹرک ٹن رہی۔ گذشتہ سال میں 10.78 فیصد چین کی وصولیابی کے مقابلے میں اس سیزن میں چین کی وصولیابی 10.46 فیصد رہی جس نے کمپنی کی مالی حالت کو مزید غیر مستحکم کیا۔

مالیاتی نتائج:

31 مارچ 2019	31 مارچ 2020	
(80,976,838)	(76,981,115)	قبل از ٹیکس خسارہ
24,171,505	16,814,374	ٹیکس - حالیہ
(56,805,33)	(60,166,741)	بعد از ٹیکس خسارہ
59,662,773	53,464,503	اضافی فرسودگی جو کہ منجھاتا ٹوں پر آئندہ ادا کرنے والے ٹیکس کی دوبارہ مالیت کرنے پر فاضل سے منتقل ہوئی
		حتمی منقسمہ برائے سال اختتام پذیر
(16,680,000)	(10,425,000)	بالترتیب 30 ستمبر 2019 اور 2018
(295,741,993)	(144,026,214)	حساب لگایا گیا (خسارہ) جو آگے لایا گیا
(309,564,553)	(161,153,452)	حساب لگایا گیا (خسارہ) جو سامنے آیا
(5.45)	(5.77)	فی حصص خسارہ

حالیہ دورانیہ میں کل فروختگی 596.52 ملین روپے رہی جبکہ گذشتہ سال مہماں دورانیہ میں 56.48 ملین تھی۔ گئے کی بھاری لاگت، ناقابل ازالہ فرسودگی اور فیکٹری کے دیگر طے شدہ اخراجات میں اضافہ کی وجہ سے منجملہ منافع میں 6.17 فیصد تک کمی ہوئی اور اس طرح کمپنی نے مبلغ 60.166 ملین روپے (یعنی فی شیئر 5.77 روپے) خسارہ برداشت کیا جبکہ گذشتہ مہماں دورانیہ میں یہ خسارہ 56.805 ملین روپے یعنی (فی شیئر 5.45 روپے) تھا۔

آئندہ کے امکانات:

کووڈ-19 کی وبائی صورتحال کے سبب مسلسل لاک ڈاؤن کے پیش نظر چینی کی طلب میں کمی متوقع ہے۔ مزید یہ کہ کنفییکشری اور مشروبات بنانے والی صنعتوں کی جانب سے بھی چینی کے مصارف میں کمی ہوئی ہے جس کی وجہ سے مصنوعات میں کمی ہے جس نے چینی کی کھپت پر منفی اثرات مرتب کیے ہیں۔ نتیجتاً، فروخت کی جانے والی چینی کی لاگت کی مناسبت سے چینی کے نرخ میں اضافہ نہیں ہو رہا ہے۔ تاہم، دوسری طرف حکومت نے پوری صنعت کو سہارا دینے کیلئے بیشتر پیشترفتیں کی ہیں جن میں بنیادی طور پر قرضوں پر ایک سال کیلئے متاخر ادائیگیاں اور سود کی شرح میں کمی ہے جس نے کسی نہ کسی حد تک عالمی وباء کو رونا وائرس کے منفی اثرات کو کم کیا ہے۔

بہر حال آپ کی کمپنی اس طرح کی بے ضابطگیوں کے اثرات کو کم کرنے کیلئے پراعتماد ہے، اسلئے کہ یہ یقینی بنایا جائے کہ کمپنی سال بھر بلا رکاوٹ اپنا کام جاری رکھ سکے۔

تسلیمات:

بورڈ آف ڈائریکٹرز تمام شیئرز ہولڈرز اور بینکرز کی حمایت، معاونت اور کمپنی کی انتظامیہ پراعتماد کیلئے ان کے شکرگزار ہیں اور مزید اللہ رب العزت سے دعا کرتے ہیں کہ وہ ہمیں اس کو رونا وائرس سے بے ضرر اور محفوظ رکھے۔ آمین

مہیش کمار
ڈائریکٹر

ڈاکٹر تارا چند
چیف ایگزیکٹو

تاریخ: 29 مئی، 2020



INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF SINDH ABADGAR'S SUGAR MILLS LIMITED

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position **Sindh Abadgar's Sugar Mills Limited** ("the Company") as at March 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended March 31, 2020. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended March 31, 2020.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors review report is Mr. Muhammad Waseem.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Karachi

Date: 29th May, 2020



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

EQUITY AND LIABILITIES	Note	Un-audited March 31, 2020 Rupees	Audited September 30, 2019 Rupees
Share capital and reserves			
Authorized capital			
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
Capital Reserve			
Revaluation surplus on property, plant and machinery-net		1,304,042,592	1,357,507,095
Revenue Reserve			
Accumulated losses		(161,153,452)	(144,026,214)
		1,247,139,140	1,317,730,881
Subordinated loans		260,000,000	260,000,000
		1,507,139,140	1,577,730,881
Non current liabilities			
Long term finance - secured	5	300,000,000	350,000,000
Deferred liabilities		737,201,893	766,348,446
		1,037,201,893	1,116,348,446
Current liabilities			
Trade and other payables	6	876,491,210	334,273,176
Short term borrowing - secured	7	2,052,300,573	338,348,587
Unclaimed dividend		6,540,437	5,312,636
Accrued mark-up		62,938,085	25,515,416
Current maturity of long term finance		100,000,000	100,000,000
		3,098,270,305	803,449,815
Contingencies and commitments			
	8	-	-
		5,642,611,338	3,497,529,142
ASSETS			
Non current assets			
Property, plant and equipment	9	2,497,364,833	2,604,746,154
Intangible asset		350,000	-
Long term loans		542,007	612,319
Long term deposits		792,527	792,527
		2,499,049,367	2,606,151,000
Current assets			
Stores and spares		157,252,453	166,064,297
Stock in trade	10	2,279,343,124	460,551,452
Trade debts - unsecured	11	362,277,397	-
Short term loans and advances		178,268,538	106,682,919
Trade deposits and short term prepayments		141,754	141,754
Other receivables		76,178,835	76,028,636
Tax refunds due from government		54,809,828	58,782,733
Cash and bank balances		35,290,042	23,126,351
		3,143,561,971	891,378,142
		5,642,611,338	3,497,529,142

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020 (UN-AUDITED)

	Note	Six months period ended		Quarter ended	
		March 31, 2020 Rupees	March 31, 2019 Rupees	March 31, 2020 Rupees	March 31, 2019 Rupees
Net sales	12	596,523,805	56,480,250	126,920,315	56,480,250
Cost of sales		(559,709,090)	(38,519,440)	(72,835,863)	(38,519,440)
Gross profit		36,814,715	17,960,810	54,084,452	17,960,810
Administrative expenses		(60,025,965)	(55,486,802)	(31,992,217)	(30,817,602)
Selling and distribution cost		(16,132,879)	(4,363,777)	(3,027,006)	(3,578,995)
		(76,158,844)	(59,850,579)	(35,019,223)	(34,396,597)
Operating (loss) / profit		(39,344,129)	(41,889,769)	19,065,229	(16,435,787)
Finance cost		(82,239,623)	(71,494,149)	(63,052,428)	(54,361,377)
Workers' Welfare Fund		(521,053)	(347,500)	(521,053)	(347,500)
Other income		45,123,690	32,754,580	44,263,888	31,485,909
		(37,636,986)	(39,087,069)	(19,309,593)	(23,222,968)
Loss before taxation		(76,981,115)	(80,976,838)	(244,364)	(39,658,755)
Taxation - net	13	16,814,374	24,171,505	18,075,868	11,030,173
(Loss) / profit after taxation		(60,166,741)	(56,805,333)	17,831,504	(28,628,582)
(Loss) / earning per share basic and diluted		(5.77)	(5.45)	1.71	(2.75)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020 (UN-AUDITED)**

	Six months period ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees	Rupees	Rupees	Rupees
(Loss) / profit after taxation	(60,166,741)	(56,805,333)	17,831,504	(28,628,582)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Reversal of deferred tax liability on account of Revaluation Surplus due to change in tax rate	-	16,731,995	-	16,731,995
Total comprehensive (loss) / income for the period	<u>(60,166,741)</u>	<u>(40,073,338)</u>	<u>17,831,504</u>	<u>(11,896,587)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED MARCH 31, 2020 (UN-AUDITED)

	Issued, subscribed and paid up capital Rupees	Capital reserves	Revenue reserves	Total Rupees
		Revaluation surplus on property, plant and equipment Rupees	Accumulated losses Rupees	
Balance as at September 30, 2018	104,250,000	1,476,249,189	(295,741,993)	1,284,757,196
Total comprehensive loss for the half year ended March 31, 2019				
Loss after taxation	-	-	(56,805,333)	(56,805,333)
Other comprehensive income	-	16,731,995	-	16,731,995
	-	16,731,995	(56,805,333)	(40,073,338)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	(59,662,773)	59,662,773	-
Transaction with owners				
Final dividend paid at the rate of Rs. 1.60 per share for the year ended September 30, 2018	-	-	(16,680,000)	(16,680,000)
Balance as at March 31, 2019	104,250,000	1,433,318,411	(309,564,553)	1,228,003,858
Balance as at September 30, 2019	104,250,000	1,357,507,095	(144,026,214)	1,317,730,881
Total comprehensive loss for the half year ended March 31, 2020				
Loss after taxation	-	-	(60,166,741)	(60,166,741)
Other comprehensive income	-	-	-	-
	-	-	(60,166,741)	(60,166,741)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	(53,464,503)	53,464,503	-
Transaction with owners				
Final dividend paid at the rate of Re. 1.00 per share for the year ended September 30, 2019	-	-	(10,425,000)	(10,425,000)
Balance as at March 31, 2020	104,250,000	1,304,042,592	(161,153,452)	1,247,139,140

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020 (UN-AUDITED)

	Note	March 31, 2020 Rupees	March 31, 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(76,981,115)	(80,976,838)
Adjustments for:			
- Depreciation		113,433,408	125,986,944
- Provision for Workers' Welfare Fund		521,053	347,500
- Finance costs		82,239,623	71,494,149
- Loss / (gain) on disposal of property, plant and equipment		-	55,122
		<u>196,194,084</u>	<u>197,883,715</u>
		119,212,970	116,906,877
Changes in working capital			
Decrease / (increase) in current assets			
- Stores and spares		8,811,844	(23,651,343)
- Stock in trade		(1,818,791,672)	(2,132,222,620)
- Trade debts - unsecured		(362,277,397)	(26,096,287)
- Short term loans and advances		(71,265,619)	(15,601,654)
- Trade deposits and short term prepayments		-	3,001,500
- Other receivables		(150,199)	-
		<u>(2,243,673,043)</u>	<u>(2,194,570,404)</u>
Increase in current liabilities			
- Trade and other payables		541,696,981	309,534,143
		<u>(1,582,763,093)</u>	<u>(1,768,129,384)</u>
Net cash used in operations			
Taxes paid		(8,359,275)	(3,952,964)
Gratuity paid		-	(45,750)
Finance costs paid		(44,816,954)	(34,674,238)
		<u>(53,176,229)</u>	<u>(38,672,952)</u>
Net cash used in operating activities		(1,635,939,322)	(1,806,802,336)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(6,372,087)	(7,780,994)
Acquisition of intangible assets		(350,000)	-
Proceeds from sale of property, plant and equipment		-	15,000
Long term loans - net		70,312	1,261,232
Net cash used in investing activities		(6,651,775)	(6,504,762)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		(50,000,000)	(91,666,666)
Dividend paid		(9,197,199)	(14,670,050)
Net cash used in financing activities		(59,197,199)	(106,336,716)
Net decrease in cash and cash equivalents		(1,701,788,295)	(1,919,643,814)
Cash and cash equivalents at the beginning of the period		(315,222,236)	25,761,888
Cash and cash equivalents at the end of the period	16	<u>(2,017,010,531)</u>	<u>(1,893,881,926)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer



**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020**

1. STATUS AND NATURE OF BUSINESS

Sindh Abadgar's Sugar Mills Limited ("the Company") is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced by Companies Act, 2017 ('the Act'). The shares of the Company are quoted on Pakistan Stock Exchange Limited ("the Exchange"). The principal business of the Company is the production and sale of white sugar.

The geographical location and address of Company's business units, including plant are as under:

Head office: The Company's registered office is situated at 209, Progressive Plaza, Beaumont Road, Karachi, Pakistan.

Mill: The Company's plant is located at Deh Deenpur, District Tando Muhammad Khan, Sindh, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements 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 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.

These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended September 30, 2019.



2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for land, buildings and plant & machinery which are carried under the revaluation model of accounting for property, plant and equipment.

2.3 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended September 30, 2019.

3.2 With effect from October 01, 2019, the Company has adopted the International Financial Reporting Standard (IFRS) 16 Leases which replaced the previous guidance on accounting for leases contained in IAS 17 Leases, IFRIC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC Interpretation 15 Operating Leases—Incentives and SIC Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. However, since the Company has not entered into any lease arrangements, the adoption of the new standard did not result in a change in accounting policy for leases and, consequently, did not affect the financial position and performance of the Company for the reporting period (or comparative period), or any disclosures made in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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.

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, 2019.



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, 2019.

5. LONG TERM FINANCE - SECURED

Mark-up based financing from conventional banks

	Bank Alfalah Limited TF -II	MCB Bank Limited DF	(Un-audited) Total March 31, 2020	(Audited) Total September 30, 2019
Sub note number	5.1	5.2		
Opening balance	250,000,000	200,000,000	450,000,000	779,166,667
Obtained during the year	-	-	-	-
Less: Payment made during the period	-	(50,000,000)	(50,000,000)	(329,166,667)
	<u>250,000,000</u>	<u>150,000,000</u>	<u>400,000,000</u>	<u>450,000,000</u>
Less: current maturity shown under current liabilities	-	(100,000,000)	(100,000,000)	(100,000,000)
	<u>250,000,000</u>	<u>50,000,000</u>	<u>300,000,000</u>	<u>350,000,000</u>

5.1 Long term financing from Bank Alfalah Limited

This facility has been obtained to meet capital expenditure requirements of the Company. The limit of facility is Rs. 250 million (September 30, 2019: Rs. 500 million). The facility carries markup at the rate of 3 month kibar + 0.5% (September 30, 2019: 3 month kibar+0.5% per annum) and is secured against 1st joint pari passu charge over plant and machinery amounting to Rs. 698.667 million and personal guarantee of all the directors of the Company.

5.2 Long term financing from MCB Bank Limited

5.2.1 This facility has been availed to meet capital expenditure requirements of the Company. The limit of facility is Rs. 500 million (September 30, 2019: Rs. 500 million). The facility carries markup at the rate of 6 month kibar + 1.5% (September 30, 2019: 6 month kibar + 1.5% per annum) and is secured against joint pari passu charge of Rs. 589 million over Company's all present and future fixed assets installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan and personal guarantee of directors.



5.2.2 On March 26, 2020, the State Bank of Pakistan, as part of its relief package for households and businesses to cope with the impact of COVID-19 Pandemic, issued Circular No. ERD / M & PRD/PR/01/2020-32 requiring banks and DFIs to defer payment of principal on loans and advances issued by them by one year provided a written request for such deferment is received from the borrowers before June 30, 2020. To avail the relaxation under the said relief package, in April 2020, the Company submitted a written application with M/s. MCB Bank Limited requesting it to defer the two principal repayments of Long Term Demand Finance Facility amounting to Rs. 50 million each due on May 01, 2020 and November 01, 2020. The said application was duly honoured by the bank and, according to the revised terms and conditions of the financing, the outstanding principal amount of Rs. 150 million is to be repaid in 3 equal semi-annual instalments commencing from May 01, 2021. However, notwithstanding the deferment of the principal obligation, the Company shall continue to pay the markup on the outstanding principal amount as per originally agreed terms and conditions.

In accordance with the requirements of the applicable financial reporting standards, the aforesaid rescheduling of the financing has been accounted for as a non-adjusting subsequent event.

	(Un-audited) March 31, 2020 Rupees	(Audited) September 30, 2019 Rupees
Note		
6. TRADE AND OTHER PAYABLES		
Creditors:		
- For sugarcane	673,428,595	177,656,805
- For other supplies	<u>34,983,894</u>	<u>34,071,462</u>
	708,412,489	211,728,267
Other payables		
- Advance from customers	149,279,736	2,520,157
- Income tax payable	-	306,541
- Accrued expenses	5,769,319	1,883,453
- Sales tax payable	-	105,664,849
- Income tax deducted at source	19,543	65,065
- Security deposit payable	100,000	-
- Workers' Welfare Fund	8,856,688	8,335,635
- Workers' Profit Participation Fund	2,452,553	2,452,553
- Contractor's retention money	19,017	57,612
- Other payables	<u>1,581,865</u>	<u>1,259,044</u>
	<u>876,491,210</u>	<u>334,273,176</u>



	Note	(Un-audited) March 31, 2020 Rupees	(Audited) September 30, 2019 Rupees
7. SHORT TERM BORROWING - SECURED			
Bank Al-Falah Limited			
- Cash finance	7.1	500,000,000	-
- Running finance	7.2	83,508,846	165,083,986
		583,508,846	165,083,986
Meezan Bank Limited			
- Cash finance	7.3	423,088,393	-
- Running finance	7.4	199,999,725	-
		623,088,118	-
Askari Bank Limited			
- Cash finance	7.5	315,000,000	78,000,000
- Running finance	7.6	30,703,609	95,264,601
		345,703,609	173,264,601
Habib Bank Limited			
- Cash finance	7.7	400,000,000	-
- Running finance	7.8	100,000,000	-
		500,000,000	-
		<u>2,052,300,573</u>	<u>338,348,587</u>

- 7.1** This represents short term cash finance facility obtained from Bank Al-Falah Limited to meet working capital requirements. The limit of liability is Rs. 500 million (September 30, 2019: Rs. 500 million). The facility carries markup at the rate of 1 month kibar + 1% (September 30, 2019: 1 month kibar +1% per annum) and is secured by pledge over fresh stocks of sugar with 10% margin under effective control of bank's approved mucaddam.
- 7.2** This represents short term running finance facility obtained from Bank Al-Falah Limited to meet working capital requirements. The limit of liability is Rs. 200 million (September 30, 2019: Rs. 200 million). The facility carries markup at the rate of 1 month kibar + 1% (September 30, 2019: 1 month kibar +1% per annum) and is secured by 1st Joint pari passu hypothecation charge over stocks of sugar (unpledged) and receivables of the company.
- 7.3** This represents short term cash finance facility obtained from Meezan Bank Limited for the purpose of procurement of sugarcane as well as to meet working capital requirements. The limit of liability is Rs. 600 million. The facility carries markup at the rate of 3 month kibar + 1% and is secured by pledge of white crystalline refined sugar with 10% margin under effective control of bank's approved mucaddam and personal guarantee of all the directors of the Company.



- 7.4** This represents short term running finance facility obtained from Meezan Bank Limited for the purpose of procurement of sugarcane as well as to meet working capital requirements. The limit of liability is Rs. 200 million. The facility carries markup at the rate of 3 month kibar + 1% and is secured by 1st Joint pari passu hypothecation charge over stocks and receivables and personal guarantee of all the directors of the Company.
- 7.5** This represents short term cash finance facility obtained from Askari Bank Limited for the purpose of procurement of sugarcane. The limit of liability is Rs. 550 million (September 30, 2019: Rs. 550 million). The facility carries markup at the rate of 3 month kibar + 1% (September 30, 2019: 3 month kibar +1% per annum) and is secured by pledge over stocks with 10% margin under effective control of bank's approved muccadam.
- 7.6** This represents short term running finance facility obtained from Askari Bank Limited to meet working capital requirements. The limit of liability is Rs. 200 million (September 30, 2019: Rs. 200 million). The facility carries markup at the rate of 3 month kibar + 1% (September 30, 2019: 3 month kibar +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over current assets for Rs. 266.667 million.
- 7.7** This represents short term cash finance facility obtained from Habib Bank Limited to meet working capital requirements. The limit of liability is Rs. 400 million. The facility carries markup at the rate of 3 month kibar + .75% and is secured by pledge of white crystalline sugar with 10% margin packed in marketable bags lying in factory godowns under lock and key arrangement of muccadam appointed by the bank.
- 7.8** This represents short term running finance facility obtained from Habib Bank Limited to meet working capital requirements. The limit of liability is Rs. 100 million. The facility carries markup at the rate of 3 month kibar + 0.75% and is secured by 1st Joint Pari Passu hypothecation charge over movables and receivables of the company with 25% margin and personal guarantees of all the directors of the Company.

8. CONTINGENCIES AND COMMITMENTS

There is no change in the status of the contingencies and commitments set out in the note 13 to the Company's annual financial statements for the year ended September 30, 2019.



	Note	(Un-audited) March 31, 2020 Rupees	(Audited) September 30, 2019 Rupees
9. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	9.1	2,433,024,111	2,536,202,738
Capital work in progress		64,340,722	68,543,416
		<u>2,497,364,833</u>	<u>2,604,746,154</u>
9.1 Operating assets			
Cost / revalued amount			
Opening balance as at the beginning of the period / year			
		4,077,645,492	4,074,014,530
Additions during the period / year			
		10,574,781	3,717,462
Disposals during the period / year			
		(320,000)	(86,500)
		<u>4,087,900,273</u>	<u>4,077,645,492</u>
Accumulated depreciation			
Opening balance as at the beginning of the period / year			
		1,541,442,754	1,288,159,360
Charge for the period / year			
		113,433,408	253,299,772
Disposal during the period / year			
		-	(16,378)
		<u>1,654,876,162</u>	<u>1,541,442,754</u>
Written down value		<u>2,433,024,111</u>	<u>2,536,202,738</u>
10. STOCK IN TRADE			
Sugar in process		4,736,264	3,740,859
Finished goods - sugar		2,253,241,698	429,204,353
Bagasse		21,365,162	27,606,240
		<u>2,279,343,124</u>	<u>460,551,452</u>
11. TRADE DEBTS			
Considered good		362,277,397	-
Considered doubtful		568,846	568,846
		<u>362,846,243</u>	<u>568,846</u>
Less: Provision for doubtful debts		(568,846)	(568,846)
		<u>362,277,397</u>	<u>-</u>



12. NET SALES - (UN-AUDITED)

	Six Months Period Ended		Three months period ended	
	March 31, 2020 Rupees	March 31, 2019 Rupees	March 31, 2020 Rupees	March 31, 2019 Rupees
Sales - gross:				
- Local	615,989,400	64,014,150	148,532,750	64,014,150
- Export	75,901,000	-	-	-
	<u>691,890,400</u>	<u>64,014,150</u>	<u>148,532,750</u>	<u>64,014,150</u>
Sales tax	(95,366,595)	(7,533,900)	(21,612,435)	(7,533,900)
	<u>596,523,805</u>	<u>56,480,250</u>	<u>126,920,315</u>	<u>56,480,250</u>
			(Un-Audited) March 31, 2020 Rupees	(Un-Audited) March 31, 2019 Rupees

13. TAXATION - NET

Current	12,332,179	2,309,362
Deferred	(29,146,553)	(26,480,867)
	<u>(16,814,374)</u>	<u>(24,171,505)</u>

14. RELATED PARTY TRANSACTIONS

Related parties comprise staff provident fund, directors, key management personnel of the Company and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Transactions and balances with related parties, other than those disclosed elsewhere in these condensed interim financial statements are as follows:

	(Un-audited) March 31, 2020 Rupees	(Un-Audited) March 31, 2019 Rupees
Transactions during the period		
Remuneration to chief executive and directors	<u>2,151,874</u>	<u>2,100,000</u>
Contribution to staff provident fund	<u>2,303,388</u>	<u>984,639</u>



Balances at year end	(Un-audited) March 31, 2020 Rupees	(Audited) September 30, 2019 Rupees
Advance to SGM Sugar Mills Limited	7,063,174	7,063,174
Subordinated loan	260,000,000	260,000,000

15. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures fair value of its assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of assets and liabilities carried at fair value as at the reporting date:

	Level 1	Level 2	Level 3
	Rupees		
As on March 31, 2020			
Property, plant and equipment:			
- Free hold land	-	308,812,500	-
- Factory building	-	174,162,185	-
- Non factory building	-	152,078,616	-
- Plant and machinery	-	1,766,828,348	-
As on September 30, 2019			
Property, plant and equipment:			
- Free hold land	-	308,812,500	-
- Factory building	-	183,220,376	-
- Non factory building	-	160,082,755	-
- Plant and machinery	-	1,850,563,822	-



The carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the condensed interim statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	(Un-audited) March 31, 2020 Rupees	(Audited) September 30, 2019 Rupees
Cash and bank balances	35,290,042	23,126,351
Short term borrowings	<u>(2,052,300,573)</u>	<u>(338,348,587)</u>
	<u>(2,017,010,531)</u>	<u>(315,222,236)</u>

17. GENERAL

17.1 These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 29 May 2020.

17.2 The figures in these condensed interim financial statements have been rounded off to the nearest rupee.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SYED ABID HUSSAIN
Chief Financial Officer

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