



Sindh Abadgar's Sugar Mills Limited

**UNAUDITED
HALF YEARLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021**



COMPANY PROFILE

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



DIRECTORS' REPORT

Dear 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 ended on March 31st, 2021 together with the auditors review report thereon;

Industry Overview

The exorbitant high procurement cost of Sugarcane, reduction in sugar recovery by 0.4% compared to last year, although the country witnessed better Sugarcane production than the last year, whereby the government is insisting the millers to sell sugar below the cost of production of sugar to provide relief to the masses at the expense of millers and ongoing sugar inquiry will ultimately have a negative impact to the sustainability of the industry.

Operational Results

		2020-21 Complete season	2019-20 Complete season
Crushing Commenced		29.11.2020	29.11.2019
Crushing Ended		23.02.2021	02.03.2020
Days worked (Gross)	-day	87	95
Sugarcane crushed	-tons	392,757	359,528
Net crushing days	-days	81	71
Daily average crushing	-gross days	4,514	3,785
Daily average crushing	-on net days	4,848	5,064
Capacity utilization	-%	60	63
Sugar produced	-tons	39,645	37,614
Sugar recovery	-%	10.1	10.46
Molasses produced	-tons	17,825	16,620
Molasses %Cane	-%	4.58	4.62

Crushing was commenced on 29th November 2020 and mills operated 87 days as compared to 95 days in the corresponding season. Despite the fact, all-time high Sugar Cane prices and reduced number of operating days, crushing increased by 9% compared to last season recorded at 392,757 M.Tons during the current season (Season 2019-20; 359,528 M.Tons). Similarly, production of sugar also increased by 5% reaching 39,645 M. Tons in the current season (Season 2019-20; 37,614 M.Tons).

The sugar recovery has declined to 10.10% from 10.46% in the last season. The decline is in line with the industry trend.



Financial Results

	March 31st, 2021 Rupees	March 31st, 2020 Rupees
Loss before taxation	(76,955,879)	(76,981,115)
Taxation	<u>7,399,498</u>	<u>16,814,374</u>
Loss after taxation	(69,556,381)	(60,166,741)
Incremental Depreciation transferred from surplus on revaluation of fixed assets net of deferred tax	48,002,844	53,464,503
Final Dividend for the year ended 30th September, 2020/ (2019) respectively	—	(10,425,000)
Accumulated Loss brought forward	(213,312,511)	(144,026,214)
Accumulated Loss carry forward	<u>(234,866,049)</u>	<u>(161,153,452)</u>
Loss per Share	(6.67)	(5.77)

The net sales achieved at Rs. 653.964 million compared to Rs. 596.52 million in the previous period. The gross profit was remained low achieved at 5.68% due to the high cost of sugarcane and low volume of sales by which the company suffered a loss of Rs. 69.56 million (per share 6.67) compared to Rs. 60.17 million in the corresponding period with loss per share at Rs. 5.77. These financial statements should not be conceived as a reflection of the true state of the company's financial results. Since fixed cost incurred during the period is not absorbed due to low volume of sales. As the sales volume increases the loss either will be wiped off or reduced significantly.

Future Outlook:

The Sugar industry, as a whole, is subject to discriminatory scrutiny from various Government Authorities, in wake of The Sugar Inquiry Commission Report affecting business performance. The Outlook of the sugar industry depends solely on government policies for the creation of enabling business environment for Millers.

Soaring Sugar cane prices calls for government policies to regulate sugar cane prices in consultation with all stakeholders. The collaboration of the Government, the industry and growers are vital for the production of better yielding crops to equilibrate market forces of sugar. Besides, current market dynamics demand a review of the Sales tax mechanism, intending to provide relief for the masses.



Acknowledgement:

The board wishes to appreciate the efforts and dedication of all employees who worked with full devotion during the crushing season amid the Covid-19 pandemic. The board also places on record appreciation and thanks to the bankers, growers and shareholders for their support and cooperation.

Tara Chand
Chief Executive

Mahesh Kumar
Director

Dated: 27th May, 2021

ڈائریکٹرز رپورٹ

محترم ممبران

السلام علیکم!

بورڈ آف ڈائریکٹرز کی جانب سے اپنے استحقاق کے تحت میں کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے ششماہی مدت ختمہ 31 مارچ 2021 کے ساتھ ان پر آڈیٹرز رپورٹ پیش کر رہا ہوں۔

صنعتی جائزہ

گنے کی انتہائی بلند قیمت خرید، گزشتہ سال کی بہ نسبت شکر کی بحالی میں 0.4 فیصد کمی کے باوجود اگرچہ ملک میں گنے کی پیداوار گزشتہ سال کی بہ نسبت بہتر دیکھی گئی، تاہم دوسری جانب حکومت مل مالکان سے اصرار کر رہی ہے کہ چینی کو چینی کی پیداواری لاگت سے نیچے فروخت کریں تاکہ عوام الناس کو مل مالکان کی لاگت پر ریلیف فراہم کیا جاسکے اور چینی کی جاری انکوائری سے بجا طور پر صنعت کی پائیداری پر منفی اثرات مرتب ہو سکتے۔

کاروباری نتائج

2019-20	2020-21	
کل موسم	کل موسم	
29.11.2019	29.11.2020	کرٹنگ کا آغاز
02.03.2020	23.02.2021	کرٹنگ کا اختتام
95	87	کام کے ایام (خام)
359,528	392,757	گنے کی کرش شدہ مقدار (ٹن)
71	81	خالص کرٹنگ کے ایام (ایام)
3,785	4,514	یومیہ اوسط کرٹنگ (خام ایام میں)
5,064	4,848	یومیہ اوسط کرٹنگ (خالص ایام میں)
63	60	پیداواری گنجائش سے استفادہ (فیصد)
37,614	39,645	چینی کی پیداوار (ٹن)
10.46	10.1	چینی کی بحالی (فیصد)
16,620	17,825	شیرہ کی پیداوار (ٹن)
4.62	4.58	شیرہ (گنا) (فیصد)

کرشننگ 29 نومبر 2020 کو شروع ہوئی اور ملوں نے 87 دن پیداواری جبکہ گزشتہ موسم میں 95 دن تھی۔ اس حقیقت کے باوجود کہ گنے کی ہمیشہ سے بڑھی ہوئی قیمتیں اور پیداواری دن کم رہے، تاہم کرشننگ میں گزشتہ موسم کی بہ نسبت 9 فیصد اضافہ دیکھا گیا جو کہ موجودہ موسم میں 392,757 ملین ٹن رہی (موسم 2019-20 میں 37,614 ملین ٹن)۔
چینی میں بحالی گزشتہ موسم کے 10.46 فیصد کے مقابلے میں گر کر 10.10 فیصد رہ گئی۔ یہ تنزیلی صنعتی رجحان کی وجہ سے تھی۔

31 مارچ 2020	31 مارچ 2021	مالیاتی نتائج
(76,981,115)	(76,955,879)	خسارہ قبل از ٹیکس
<u>16,814,374</u>	<u>7,399,498</u>	ٹیکس
(60,166,741)	(69,556,381)	خسارہ بعد از ٹیکس
53,464,503	48,002,844	اضافی فرسودگی جامد اثاثوں کی ازسرنو مالیت پر منافع سے موخر شدہ ٹیکس نکالنے کے بعد منتقلی
(10,425,000)	--	حتیٰ منافع منقسمہ برائے سال ختمیہ 30 ستمبر 2020/2019 --
(144,026,214)	(213,312,511)	بالترتیب جمع شدہ خسارہ پیچھے سے لایا گیا
<u>(161,153,452)</u>	<u>(234,866,049)</u>	جمع شدہ خسارے آگے لے جایا گیا
(5.77)	(6.67)	خسارہ فی حصص

خالص فروخت 653.964 ملین روپے رہی جو کہ گزشتہ مدت میں 596.52 ملین روپے تھی۔ گنے کی بلند قیمت اور زیریں حجم فروخت کی وجہ سے خام منافع میں 5.68 فیصد کمی ہوئی جس سے کمپنی کو 69.56 ملین روپے کا خسارہ ہوا جو کہ گزشتہ مدت میں 60.17 ملین روپے تھا، اس طرح خسارہ فی حصص 5.77 روپے رہا۔ ان مالیاتی گوشواروں سے کمپنی کے مالیاتی نتائج کی درست عکاسی کا ادراک نہیں لینا چاہئے، کیونکہ اس مدت کے دوران کم حجم فروخت کی وجہ سے جامد لاگتیں شامل نہیں کی گئی۔ جیسے ہی حجم فروخت میں اضافہ ہوگا تو لاگتیں ختم ہو جائیں گی یا قابل ذکر حد تک کم ہو جائیں گی۔

مستقبل کی پیش بینی

مجموعی طور پر چینی کی صنعت شوگر انڈسٹری کمیشن رپورٹ کی وجہ سے پر مختلف سرکاری اداروں کی تفریقی جانچ پڑتال کے تابع ہے جس سے

کاروباری کارکردگی متاثر ہو رہی ہے۔ چینی کی صنعت کا مکمل انحصار سرکاری پالیسیوں پر ہے جن سے مل مالکان کے لئے کاروباری ماحول بہتر بن سکتا ہے۔

گنے کی بڑھتی ہوئی قیمتوں کے لئے ضروری ہے کہ سرکاری پالیسیوں کے تحت گنے کی قیمت کو تمام متعلقین کی مشاورت سے طے کیا جائے۔ صنعت اور کسانوں کو حکومتی تعاون فصول کی بہتر پیداواریت کے لئے بنیادی اہمیت کا حامل ہے تاکہ چینی کی مارکیٹ فورسز کو متوازن کیا جاسکے۔ اس کے علاوہ مارکیٹ کے موجودہ پہلو سبزی ٹیکس کے نظام کے ازسرنو جائزہ کا مطالبہ کرتے ہیں، جس کا مقصد عوام الناس کو ریلیف فراہم کرنا ہو۔

اعتراف

بورڈ کرشنگ کے موسم میں Covid-19 وباء کے دوران تمام ملازمین کے مکمل تعاون اور کوششوں کو ستائش پیش کرنا چاہتا ہے۔ بورڈ بینکاروں، کسانوں اور حصص یافتگان کے تعاون اور مدد کے لئے ان کے ستائش اور شکرگزاری ریکارڈ پر لانا چاہتا ہے۔

مہیش کمار
ڈائریکٹر

تارا چند
چیف ایگزیکٹو

مورخہ: 27 مئی 2021



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 of **Sindh Abadgar's Sugar Mills Limited** ("the Company") as at March 31, 2021 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 the 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, 2021. 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, 2021.

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: 27th May, 2021



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

EQUITY AND LIABILITIES	Note	Un-audited March 31, 2021 Rupees	Audited September 30, 2020 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		1,202,969,049	1,250,971,892
Revenue reserve			
Accumulated losses		(234,866,049)	(213,312,511)
		1,072,353,000	1,141,909,381
Subordinated loans	3	460,000,000	260,000,000
		1,532,353,000	1,401,909,381
Non current liabilities			
Long term finance - secured	4	300,000,000	350,000,000
Deferred liabilities		699,350,808	717,513,213
		999,350,808	1,067,513,213
Current liabilities			
Trade and other payables	5	880,997,457	565,594,673
Short term borrowing - secured	6	2,468,005,747	209,355,274
Unclaimed dividend		6,525,556	6,529,182
Accrued mark-up		49,016,540	15,788,979
Current maturity of long term finance		100,000,000	50,000,000
		3,504,545,300	847,268,108
Contingencies and commitments			
	7	6,036,249,108	3,316,690,702
ASSETS			
Non current assets			
Property, plant and equipment	8	2,302,462,742	2,395,853,223
Long term loans		566,081	781,929
Long term deposits		792,527	792,527
		2,303,821,350	2,397,427,679
Current assets			
Stores and spares		182,023,376	164,092,463
Stock in trade	9	2,351,706,984	59,808,811
Trade debts - unsecured		899,674,656	435,254,397
Short term loans and advances		88,203,934	90,529,365
Trade deposits and short term prepayments		7,476,363	4,606,910
Other receivables		76,043,786	76,028,636
Tax refunds due from government		55,027,269	49,066,163
Cash and bank balances		72,271,390	39,876,278
		3,732,427,758	919,263,023
		6,036,249,108	3,316,690,702

The annexed notes from 1 to 16 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 OR LOSS
FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2021 (UN-AUDITED)

	Note	Six months period ended		Quarter ended	
		March 31, 2021 Rupees	March 31, 2020 Rupees	March 31, 2021 Rupees	March 31, 2020 Rupees
Net sales revenue	10	653,964,104	596,523,805	603,295,681	126,920,315
Cost of sales		(616,823,594)	(559,709,090)	(550,892,087)	(72,835,863)
Gross profit		37,140,510	36,814,715	52,403,594	54,084,452
Administrative expenses		(65,109,376)	(60,025,965)	(38,853,529)	(31,992,217)
Selling and distribution costs		(4,144,362)	(16,132,879)	(2,469,329)	(3,027,006)
		(69,253,738)	(76,158,844)	(41,322,858)	(35,019,223)
Operating (loss) / profit		(32,113,228)	(39,344,129)	11,080,736	19,065,229
Finance costs		(60,190,549)	(82,239,623)	(48,452,807)	(63,052,428)
Workers' Welfare Fund		(1,309,711)	(521,053)	(1,309,711)	(521,053)
Other income		16,657,609	45,123,690	15,847,982	44,263,888
		(44,842,651)	(37,636,986)	(33,914,536)	(19,309,593)
Loss before taxation		(76,955,879)	(76,981,115)	(22,833,800)	(244,364)
Taxation - net	11	7,399,498	16,814,374	7,818,798	18,075,868
(Loss) / profit after taxation		(69,556,381)	(60,166,741)	(15,015,002)	17,831,504
(Loss) / earnings per share- basic and diluted		(6.67)	(5.77)	(1.44)	1.71

The annexed notes from 1 to 16 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 HALF YEAR AND QUARTER ENDED MARCH 31, 2021 (UN-AUDITED)

	Six months period ended		Quarter ended	
	March 31, 2021 Rupees	March 31, 2020 Rupees	March 31, 2021 Rupees	March 31, 2020 Rupees
(Loss) / profit after taxation	(69,556,381)	(60,166,741)	(15,015,002)	17,831,504
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(69,556,381)</u>	<u>(60,166,741)</u>	<u>(15,015,002)</u>	<u>17,831,504</u>

The annexed notes from 1 to 16 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 HALF YEAR ENDED MARCH 31, 2021 (UN-AUDITED)

	Issued, subscribed and paid up capital Rupees	Capital reserves	Revenue reserves	Total Rupees
		Surplus on revaluation of property, plant and equipment Rupees	Accumulated losses Rupees	
Balance as at September 30, 2019 (audited)	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 Property plant and equipment - net of deferred tax	-	(53,464,503)	53,464,503	-
Transaction with owners Final dividend paid at the rate of Rs. 1.00 per share for the year ended September 30, 2019	-	-	(10,425,000)	(10,425,000)
Balance as at March 31, 2020 (un-audited)	104,250,000	1,304,042,592	(161,153,452)	1,247,139,140
Balance as at September 30, 2020 (audited)	104,250,000	1,250,971,892	(213,312,511)	1,141,909,381
Total comprehensive loss for the half year ended March 31, 2021				
- Loss after taxation	-	-	(69,556,381)	(69,556,381)
- Other comprehensive income	-	-	-	-
	-	-	(69,556,381)	(69,556,381)
Incremental depreciation transferred from surplus on revaluation of Property plant and equipment - net of deferred tax	-	(48,002,843)	48,002,843	-
Balance as at March 31, 2021 (un-audited)	104,250,000	1,202,969,049	(234,866,049)	1,072,353,000

The annexed notes from 1 to 16 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 HALF YEAR ENDED MARCH 31, 2021 (UN-AUDITED)

	Note	March 31, 2021 Rupees	March 31, 2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(76,955,879)	(76,981,115)
Adjustments for:			
- Depreciation on operating fixed assets		102,433,786	113,433,408
- Provision for Workers' Welfare Fund		1,309,711	521,053
- Finance costs		60,190,549	82,239,623
- Gain on disposal of property, plant and equipment		(188,519)	-
		<u>163,745,527</u>	<u>196,194,084</u>
		86,789,648	119,212,969
Changes in working capital			
Decrease / (increase) in current assets			
- Stores and spares		(17,930,913)	8,811,844
- Stock in trade		(2,291,898,173)	(1,818,791,672)
- Trade debts - unsecured		(464,420,259)	(362,277,397)
- Short term loans and advances		2,325,431	(71,265,619)
- Trade deposits and short term prepayments		(2,869,453)	-
- Other receivables		(15,150)	(150,199)
		<u>(2,774,808,517)</u>	<u>(2,243,673,043)</u>
Increase in current liabilities			
- Trade and other payables		314,093,073	541,696,981
Net cash used in operations		<u>(2,373,925,796)</u>	<u>(1,582,763,093)</u>
Income tax paid		(16,699,261)	(8,359,275)
Gratuity paid		(24,752)	-
Finance costs paid		(26,962,988)	(44,816,954)
		<u>(43,687,001)</u>	<u>(53,176,229)</u>
Net cash used in operating activities		<u>(2,417,612,797)</u>	<u>(1,635,939,322)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(9,054,786)	(6,372,087)
Additions to intangible assets		-	(350,000)
Proceeds from disposal of property, plant and equipment		200,000	-
Long term loans - net		215,848	70,312
Net cash used in investing activities		<u>(8,638,938)</u>	<u>(6,651,775)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		-	(50,000,000)
Loan from director		200,000,000	-
Dividend paid		(3,626)	(9,197,199)
Net cash generated from / (used in) financing activities		<u>199,996,374</u>	<u>(59,197,199)</u>
Net decrease in cash and cash equivalents		<u>(2,226,255,361)</u>	<u>(1,701,788,295)</u>
Cash and cash equivalents at the beginning of the period		(169,478,996)	(315,222,236)
Cash and cash equivalents at the end of the period	14	<u>(2,395,734,357)</u>	<u>(2,017,010,531)</u>

The annexed notes from 1 to 16 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 HALF YEAR AND QUARTER ENDED MARCH 31, 2021 (UN-AUDITED)**

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 which has now been replaced by Companies Act, 2017 ('the Act'). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal business of the Company is the production and sale of white crystalline 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 former have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the audited financial statements, and should be read in conjunction with Company's annual audited financial statements as at and for the year ended September 30, 2020.



2.2 Basis of measurement of items in these condensed interim financial statements

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 also the Company's functional and presentation currency.

2.4 Judgements and sources of estimation uncertainty

In preparing these condensed interim financial statements, 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 applied in the annual financial statements of the Company as at and for the year ended September 30, 2020.

2.5 Significant accounting policies

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2020.

	(Un-audited) March 31, 2021 Rupees	(Audited) September 30, 2020 Rupees
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3. SUBORDINATED LOANS

Opening balance as at the beginning of the period / year	260,000,000	260,000,000
Loan obtained during the period / year	3.1 200,000,000	-
Closing balance as at the beginning of the period / year	<u>460,000,000</u>	<u>260,000,000</u>



3.1 During the half year ended March 31, 2021, the Company obtained a further loan of Rs. 200 million from one of its Directors for the purpose of supporting the core operations of the Company. As per the agreed terms, the loan is repayable at the sole discretion of the Company and, hence, classified as equity in accordance with the guidance provided in the applicable financial reporting framework. As of the reporting date, the said loan was not subordinated to any external debt; however, the same is expected to be subordinated when the current financing arrangements with banks are due to be re-negotiated upon their scheduled expiry dates.

4. 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, 2021	(Audited) Total September 30, 2020
Sub note number	4.1	4.2		
Opening balance	250,000,000	150,000,000	400,000,000	450,000,000
Obtained during the year	-	-	-	-
Less: Payment made during the period / year	-	-	-	(50,000,000)
	<u>250,000,000</u>	<u>150,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>
Less: Current maturity shown under current liabilities	-	(100,000,000)	(100,000,000)	(50,000,000)
	<u>250,000,000</u>	<u>50,000,000</u>	<u>300,000,000</u>	<u>350,000,000</u>

4.1 Financing obtained from M/s. Bank Alfalah Limited

The principal terms and conditions of the financing arrangement are as under:

Purpose:	To meet capital expenditure requirements of the Company
Facility amount:	Rs. 250 million
Installment frequency:	Quarterly
Date of first installment:	April 05, 2017
Date of last installment:	April 05, 2025
Total number of installments:	24 installments
Principal repayable in each installment:	Rs. 20.83 million
Applicable mark up rate:	3-Month KIBOR + 0.5%
Security:	(1) First joint pari passu charge of Rs. 698.67 million (September 30, 2020: Rs. 698.67 million) over all plant and machinery of the Company; and (2) Personal guarantee of all directors of the Company



4.2 Financing obtained from M/s. MCB Bank Limited

The principal terms and conditions of the financing arrangement are as under:

Purpose:	To meet capital expenditure requirements of the Company
Facility amount:	Rs. 500 million
Installment frequency:	Semi-annually
Date of first installment:	December 03, 2016
Date of last installment:	May 1, 2022
Total number of installments:	10 installments
Principal repayable in each installment:	Rs. 50 million
Applicable mark up rate:	6-Month KIBOR + 1.5%
Security:	(1) Joint pari passu charge of Rs. 589 million with 15% margin (September 30, 2020: charge of Rs. 589 million with 15% margin) over plant and machinery installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan; (2) Personal guarantee of all directors of the Company; (3) Cross-company guarantee of M/s. United Agro Chemicals; and (4) Subordination of the loan from directors and sponsors amounting, in aggregate, to Rs. 260 million.

	(Un-audited) March 31, 2021 Rupees	(Audited) September 30, 2020 Rupees
5. TRADE AND OTHER PAYABLES		
Creditors:		
- for sugarcane	668,831,667	218,349,081
- for other supplies	<u>61,506,122</u>	<u>30,144,991</u>
	730,337,789	248,494,072
Other payables		
Advance from customers	37,766,828	145,320,169
Accrued expenses	4,619,843	5,106,724
Sales tax payable	97,181,421	156,792,432
Income tax deducted at source	426,632	1,131,191
Workers' Welfare Fund	9,900,835	8,591,124
Contractor's retention money	45,659	27,866
Other payables	<u>718,448</u>	<u>131,095</u>
	<u>880,997,457</u>	<u>565,594,673</u>



	Note	(Un-audited) March 31, 2021 Rupees	(Audited) September 30, 2020 Rupees
6. SHORT TERM BORROWING - SECURED			
Bank Al-Falah Limited			
- Cash finance	6.1	500,000,000	90,587,200
- Running finance	6.2	-	82,878,893
		500,000,000	173,466,093
Meezan Bank Limited			
- Istisna / Tijarah-Pledge	6.3	600,000,000	-
- Istisna / Tijarah-Hypo	6.4	199,998,857	-
		799,998,857	-
Askari Bank Limited			
- Cash finance	6.5	550,000,000	-
- Running finance	6.6	118,006,890	35,889,181
		668,006,890	35,889,181
Habib Bank Limited			
- Salam I- Pledge	6.7	400,000,000	-
- Salam II- Hypo	6.8	100,000,000	-
		500,000,000	-
		<u>2,468,005,747</u>	<u>209,355,274</u>

- 6.1** This represents the amount availed under a short term cash finance facility obtained from M/s. Bank Al-Falah Limited to meet working capital requirements. The limit of liability is Rs. 500 million (September 30, 2020: Rs. 500 million). The facility carries markup at the rate of 1 month kibar + 1% (September 30, 2020: 1 month kibar +1% per annum) and is secured by pledge over fresh stocks of sugar amounting to Rs. 555.555 million with 10% margin under effective control of bank's approved mucaddam.
- 6.2** This represents the amount availed under a short term running finance facility obtained from M/s. Bank Al-Falah Limited to meet working capital requirements. The limit of liability is Rs. 200 million (September 30, 2020: Rs. 200 million). The facility carries markup at the rate of 1 month kibar + 1% (September 30, 2020: 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 for Rs. 266.667 million registered with SECP, with 25% margin.
- 6.3** This represents amount availed under a short term Istisna/Tijarah-Pledge 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 respective kibar + 1% and is secured by pledge of white crystalline refined sugar with 10% -15% margin under effective control of bank's approved mucaddam, charge for Rs.889 million registered with SECP, corporate guarantee, personal guarantee of all directors along with PNWS, subordinated loan agreement amounting to Rs.260 Million, and cross guarantee of United Agro Chemicals.



- 6.4** This represents amount availed under a short term Istisna/Tijarah-Hypo 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 respective kibar + 1% and is secured by 1st Joint pari passu for Rs.267 million charged registered with SECP over movables & receivables corporate guarantee, personal guarantee of all directors along with PNWS, subordinated loan agreement amounting to Rs.260 Million, and cross guarantee of United Agro Chemicals.
- 6.5** This represents amount availed under a 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, 2020: Rs. 550 million). The facility carries markup at the rate of 3 month kibar + 1% (September 30, 2020: 3 month kibar +1% per annum) and is secured by pledge over stocks with 10% margin under effective control of bank's approved muccadam and personal guarantee of Deo Mal Essarani and Tara Chand.
- 6.6** This represents amount availed under a 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, 2020: Rs. 200 million). The facility carries markup at the rate of 3 month kibar + 1% (September 30, 2020: 3 month kibar +1% per annum) and is secured by 1st Joint Pari Passu charge of Rs. 266.667 million over current asset i.e. receivables and movables of the company with 25% margin duly registered with SECP and personal guarantee of Deo Mal Essarani and Tara Chand.
- 6.7** This represents amount availed under a short term Salam I (Pledge) 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 and personal Guarantee of all directors along with PNWS to cover 100% of facilities.
- 6.8** This represents amount availed under a short term Salam II (Hypo) 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% is secured by joint pari passu hypothecation charge of PKR 134m over movables & receivables of the company with 25% margin and personal Guarantee of all directors along with PNWS to cover 100% of facilities.
- 6.9** As at March 31, 2021, the Company had unavailed financing facilities amounting to Rs.200 million (September 30, 2020: Rs. 2,540.65 million).



7. 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, 2020, except for note 13.6 which has been presented below:

"During the current period, the A/DCIR(Audit-I) Inland Revenue also passed order U/s. 122(1) against notices issued U/s. 177(1) of the Income Tax Ordinance, 2001 resulting in income tax demand of Rs. 3.6 billion for the tax year 2016 and Rs. 4.9 billion for the tax year 2017 and the CIR(Appeals-I) upheld the said impugned orders as well.

The Company, therefor, filed appeals against the orders of CIR(A) with the Income Tax Appellate Tribunal challenging impugned orders for the four tax years from 2016 to 2019. The Appellate Tribunal stayed the demand vide its order dated 27-05-2021, copy of which is expected to be issued in the next few days. The Company has, therefore, not made any provision against the subject tax demands since in the opinion of its tax and legal advisor, all the above assessments have been framed on frivolous and flimsy grounds without applying judicial mind and without following due process of law (refer note 13.6 to the financial statements for the year ended September 30, 2020).

	Note	(Un-audited) March 31, 2021 Rupees	(Audited) September 30, 2020 Rupees
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	2,302,462,742	2,331,549,830
Capital work in progress		-	64,303,393
		<u>2,302,462,742</u>	<u>2,395,853,223</u>
8.1 Operating assets			
<i>Cost / revalued amount</i>			
Opening balance as at the beginning of the period / year		4,100,422,379	4,077,645,492
Additions during the period / year		8,553,385	12,566,887
Transfer from Capital work in progress		64,804,794	10,296,000
Disposals during the period / year		(498,560)	(86,000)
		<u>4,173,281,998</u>	<u>4,100,422,379</u>
<i>Accumulated depreciation</i>			
Opening balance as at the beginning of the period / year		1,768,872,549	1,541,442,754
Charge for the period / year		102,433,786	227,488,977
Disposal during the period / year		(487,079)	(59,182)
		<u>1,870,819,256</u>	<u>1,768,872,549</u>
Written down value at the end of period / year		<u><u>2,302,462,742</u></u>	<u><u>2,331,549,830</u></u>



	Note	(Un-audited) March 31, 2021 Rupees	(Audited) September 30, 2020 Rupees
9. STOCK IN TRADE			
Sugar in process		7,318,973	5,067,022
Finished goods - sugar		2,339,381,446	33,376,180
Finished goods - Bagasse		5,006,565	21,365,609
		<u>2,351,706,984</u>	<u>59,808,811</u>

12. NET SALES - (UN-AUDITED)

	Six Months Period Ended		Quarter ended (un-audited)	
	March 31, 2021 Rupees	March 31, 2020 Rupees	March 31, 2021 Rupees	March 31, 2020 Rupees
Sales - gross:				
- Local	765,149,650	615,989,400	705,863,400	148,532,750
- Export	-	75,901,000	-	-
	<u>765,149,650</u>	<u>691,890,400</u>	<u>705,863,400</u>	<u>148,532,750</u>
Sales tax	(111,185,546)	(95,366,595)	(102,567,719)	(21,612,435)
	<u>653,964,104</u>	<u>596,523,805</u>	<u>603,295,681</u>	<u>126,920,315</u>

	(Un-Audited) March 31, 2021 Rupees	(Un-Audited) March 31, 2020 Rupees
11. TAXATION - net		
Current	10,738,155	12,332,179
Deferred	(18,137,653)	(29,146,553)
	<u>(7,399,498)</u>	<u>(16,814,374)</u>

12. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, major shareholders, key management personnel and directors of the Company and their close family members and the staff provident fund. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Transactions entered into, and balances held, with related parties, other than those disclosed elsewhere in these condensed interim financial statements are as follows:



	(Un-audited) March 31, 2021 Rupees	(Un-Audited) March 31, 2020 Rupees
Transactions during the period		
Remuneration to Chief Executive and Directors	2,100,000	2,151,874
Contribution to staff provident fund	2,533,183	2,303,388
Subordinated loan obtained from directors	200,000,000	-
	(Un-audited) March 31, 2021 Rupees	(Audited) September 30, 2020 Rupees
Balances at the end of the period / year		
Advance to SGM Sugar Mills Limited	4,061,339	4,061,339
Subordinated loan from directors	460,000,000	260,000,000

13. 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.

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Presently, items in the financial statements that are carried at fair value are freehold land, factory building, non-factory building and plant and machinery. On a periodic basis, the Company engages an independent external valuer to carry out a fresh revaluation of these operating fixed assets to ensure that their carrying amounts in the financial statements do not differ materially from that which would be determined using fair value at the end of the reporting period. Such valuation usually involves the use of observable and unobservable inputs; however, the weightage of observable inputs used is considered as significant. Accordingly, the Company classifies the aforesaid classes of operating fixed assets within Level 2 of the fair value hierarchy.



The management considers that the fair value of all other assets and liabilities recognised in the financial statements approximate their fair value.

14. 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, 2021 Rupees	(Un-audited) March 31, 2020 Rupees
Cash and bank balances	72,271,390	35,290,042
Short term borrowings	<u>(2,468,005,747)</u>	<u>(2,052,300,573)</u>
	<u>(2,395,734,357)</u>	<u>(2,017,010,531)</u>

15. OPERATING SEGMENT

These condensed interim financial statements have been prepared on the basis of single reportable segment. The category-wise disclosures required by the accounting and reporting standards as applicable in Pakistan are as follows:

- Revenue from sale of sugar represents 60.57% (September 30, 2020: 88.27%) of the total revenue whereas remaining represent revenue from sale of molasses and bagasse.
- Nil (September 30, 2020: 2.5%) revenue of the Company relates to customers outside Pakistan.
- All non-current assets of the Company at March 31, 2021 and September 30, 2020 were located in Pakistan.

16. GENERAL

16.1. Impact of Covid-19 on these condensed interim financial statements

As in the rest of the world, Covid-19 adversely affected lifestyle and business operations in Pakistan. The Company complies with SOPs prescribed by the Federal and Provincial Governments. Sales activities were not affected during lockdown, and the shipments were dispatched as per schedule with minor disruptions. The Company remained up to date in all its financial commitments. Management believes that going concern assumption of the Company remains valid, and there are no material implications that require specific disclosure in these condensed financial statements.



16.2. Subsequent event

The Securities and Exchange Commission of Pakistan ("the Commission") vide letter EMD/233/364/2002-283 ("the impugned letter") dated April 09, 2021 has initiated examination and evaluation of the financial statements of the Company for the year ended September 30, 2020. Subsequently, on May 18, 2021, the Company file suit 1143 / 2021 in the Honourable High Court of Sind ("the Court") and sought declaration to the effect that issuance of the letter is illegal, unlawful and void ab initio and is liable to be quashed. The Court declared the operation of impugned letter as suspended and restrained the Commission to take any adverse / coercive action against the Company till the next hearing which is scheduled on May 24, 2021.

16.3. Date of authorization for issue of these condensed interim financial statements

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 27th May, 2021.

16.4. Level of rounding

Unless otherwise indicated, all 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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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

Mill : Deh Deenpur, Taluka Bulri Shah Karim, Distt. Tando Mohammad Khan Sindh, Pakistan.
Phones : 0315-2001617, E-mail : sasmtmk@unitedgroup.org.pk