



Sindh Abadgar's Sugar Mills Limited

**UNAUDITED
HALF YEARLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2024**



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	Mr. Saqib Ghaffar	
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 Bank Limited Dubai Islamic Bank Pakistan 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 Ameerah 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, we are pleased to place before you the unaudited Condensed Interim Financial Statements of the company for the six months ended on March 31, 2024 together with the auditors' review report thereon;

Operational Results:

	2023-24 Complete Season	2022-23 Complete Season
Crushing Commenced	30.11.2023	29.11.2022
Crushing Ended	24.02.2024	03.03.2023
Days Worked (Gross) - Days	87	95
Sugarcane crushed - Tons	521,657	485,128
Net crushing days - Days	85	84
Daily average crushing - Gross days	5,996	5,107
Daily average crushing - Net days	6,137	5,775
Capacity utilization - %	77	72
Sugar produced - Tons	56,855	51,529
Sugar recovery - %	10.9	10.63
Molasses produced - Tons	23,320	22,574
Molasses % Cane - %	4.47	4.66

Crushing of Sugarcane commenced on 30th November, 2023 and mills remained in operation for 87 days as compared to 95 days in the corresponding season. Despite, all-time high Sugarcane prices and reduced number of operating days, crushing of Sugarcane has increased by 7.52% to 521,657 M.T compared to 485,128 M.T in the last season. The Sugar extracted is 56,855 M.T compared to 51,529 M.T during the last season at a recovery of 10.90% compared to 10.63% in the previous season.



Financial Results

	March 31st, 2023-24 Rupees	March 31st, 2022-23 Rupees
Profit before tax	125,806,868	76,236,715
Taxation net	<u>(33,321,237)</u>	<u>(13,745,062)</u>
Profit after taxation	92,485,631	62,491,653
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax.	59,347,884	40,759,457
Final Dividend 20% paid for the year 2023	(20,850,000)	-
Accumulated Profit/(Loss) brought forward	<u>285,152,719</u>	<u>(170,155,080)</u>
Accumulated Profit/(Loss) carried forward	<u>416,136,234</u>	<u>(66,903,970)</u>
Earnings per share	8.87	5.99

The net sales swelled to 2.25 billion compared to 1.79 billion in the corresponding period attributed to increase in selling price of Sugar with gross profit achieved at 343.97 million compared to Rs. 225 million in the comparable period. The selling price of sugar was depressed during the period under review and remained below cost of sugar produced. The profit earned during the period mainly resulted from the sale of carried over stock of last year.

The financial cost remained a constant thorn for the company during the period under review amounting to Rs.245.95 million compared to Rs. 148.83 million in the corresponding period showing an increase of 65%. The earning per share stood at Rs. 8.87 as against the corresponding period of Rs.5.99.

Future Outlook:

The production cost of sugar has swelled by more than 50% compared to last year due to increase in sugarcane support by 41% whereas on the other hand price of sugar has also surged in the market, but not in line with the increase in the production cost. The off take of sugar in the local market has slowdown in spite of being sold below production cost. As we foresee adequate stock of sugar will remain available in the country after meeting consumption, the government should ponder to allow export of some quantity to provide support to ailing industry in meeting its cash flow requirements and save it from potential losses as well.



The SBP has raised the discount rate to 22% in an effort to curb inflation which was hovering above 35% and is now calm down below 20%. The industry is now expecting from the SBP to take immediate decision to gradually reduce the discount rate to allow the industry to improve its profitability since almost all of the profit is eaten up by the financial cost. The company is cognizant of the adverse impact of unabating increase in the production cost of sugar and is making all-out effort to mitigate its adverse impact by productivity and austerity measures across the board.

Acknowledgement:

The board wishes to appreciate the efforts and dedication of all its employees who worked with full devotion during the crushing season to attain the desired results to overcome the challenges faced by the company. The board also places on record appreciation and thanks to the bankers, growers and shareholders for their continued support cooperation and confidence reposed on us. Let's pray together to Almighty ALLAH for the success and betterment of the company in a dire economic crises faced by the country.

Tara Chand
Chief Executive

Mahesh Kumar
Director

Date: 23rd May, 2024

ڈائریکٹرز رپورٹ

معزز ممبران
اسلام علیکم!

بورڈ آف ڈائریکٹرز کی جانب سے، ہم انتہائی مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ مجموعی عبوری معاشی گوشوارے مع آڈیٹرز کی جائزہ رپورٹ برائے دورانیہ ششماہی اختتام پذیر 31 مارچ، 2024 پیش کرتے ہیں۔

2022-23	2023-24	عملیاتی نتائج:
29-11-2022	30-11-2023	پسائی کا آغاز
03-03-2023	24-02-2024	پسائی کا اختتام
95	87	کام کے ایام (مجموعی)
485,128	521,657	ٹن - پیسے گئے گنوں کی تعداد
84	85	ایام - کل بیسائی کے ایام
5,107	5,996	ہجملہ ایام - روزانہ بیسائی کا تناسب
5,775	6,137	کل - روزانہ بیسائی کا تناسب
72	77	فیصد - استعمال کی استعداد
51,529	56,855	ٹن - چینی کی پیداوار
10.63	10.9	فیصد - شکر کی وصولیابی
22,574	23,320	ٹن - شیرہ کی پیداوار
4.66	4.47	فیصد - شیرہ کی وصولیابی

مورخہ 30 نومبر 2023 کو بیسائی کا آغاز کیا گیا اور بیسائی 87 دنوں تک جاری رہی جبکہ گذشتہ مماثل دورانیہ میں بیسائی 95 دن جاری رہی تھی۔ گنے کی قیمتوں میں مسلسل اضافے اور کام کے ایام میں کمی کے باوجود، گنے کی بیسائی %7.25 اضافے کے ساتھ 521,657 میٹرک ٹن رہی جو کہ گذشتہ سیزن میں 485,128 میٹرک ٹن تھی۔ چینی کی پیداوار 56,855 میٹرک ٹن (10.90 فیصد) رہی جو کہ پہلے 51,529 میٹرک ٹن (10.63 فیصد) تھی۔

مالیاتی نتائج:

31 مارچ 2023	31 مارچ، 2024	
76,236,715	125,806,868	قبل از ٹیکس منافع
(13,745,062)	(33,32,237)	ٹیکس
62,491,653	92,485,631	بعد از ٹیکس منافع
40,759,457	59,347,884	منجھد اثاثوں نو مالیت پر سامنے آنے والی اضافت سے منتقل شدہ فرسودگی
	(20,850,000)	سال 2023 کیلئے ادا کیا گیا حتمی 20 فیصد ڈیو انڈنڈ
(170,155,080)	285,152,719	آگے لایا گیا جملہ منافع/خسارہ
(66,903,970)	416,136,234	حاصل سابق جملہ منافع/خسارہ
5.99	8.87	فی شیئر کمائی

کمپنی کا جملہ فروختی حجم 2.25 بلین رہا جو کہ گذشتہ مہماں دورانیہ میں 1.79 بلین روپے تھا جس کی وجہ چینی کی قیمت فروخت میں اضافہ ہے۔ اس طرح کمپنی نے 343.97 بلین روپے کا منافع حاصل کیا جو کہ گذشتہ مہماں دورانیہ میں 225 بلین روپے تھا۔ زیر غور دورانیہ میں چینی کی قیمت فروخت دباؤ کا شکار رہی اور چینی کی پیداواری لاگت سے کم رہی۔ اس دورانیہ میں حاصل ہونے والے منافع کی بنیادی وجہ گذشتہ سال کے اسٹاک کی فروخت ہے۔

زیر جائزہ دورانیہ میں مالیاتی اخراجات 65 فیصد اضافے کے ساتھ 245.95 بلین روپے رہے جو کہ گذشتہ دورانیہ میں 148.83 بلین تھے۔ گذشتہ مہماں دورانیہ کے مقابلے میں فی شیئر کمائی 8.87 روپے رہی جو کہ پہلے 5.99 روپے تھے۔

آئندہ کے امکانات:

گذشتہ سال کے مقابلے میں چینی کی پیداواری لاگت میں 50 فیصد سے زائد کا اضافہ ہوا جس کی وجہ گنے کی قیمت میں 41 فیصد تک اضافہ ہے جبکہ دوسری طرف مارکیٹ میں چینی کی قیمتوں میں بھی اضافہ ہوا ہے مگر یہ اضافہ چینی کی پیداواری لاگت کی مناسبت سے نہیں ہے۔ پیداواری لاگت سے کم قیمت میں چینی کی فروخت کے باوجود مقامی مارکیٹ میں چینی کی طلب میں کمی دیکھی گئی ہے۔ ہمارے اندازے کے مطابق چینی کی ضرورت پوری کرنے کے بعد بھی ملک میں چینی کا اسٹاک معقول مقدار میں موجود رہے گا، حکومت کو چاہئے کہ وہ

کچھ مقدار ایکسپورٹ کرنے کی اجازت دے تاکہ یہ صنعت اپنے کیش فلو کے مسائل کو پورا کر سکے اور بڑے پیمانے پر ہونے والے نقصانات سے بچ سکے۔

اسٹیٹ بینک نے مہنگائی پر قابو پانے کیلئے ڈسکاؤنٹ ریٹ میں 22 فیصد اضافہ تک اضافہ کیا ہے جو کہ پہلے 35 فیصد کے قریب متاثر رہے تھے اور اب 20% پر موجود ہیں۔ صنعت کو توقع ہے کہ اسٹیٹ بینک ڈسکاؤنٹ ریٹ میں بتدریج کمی کرنے کیلئے فوری اقدامات کرے گی تاکہ انڈسٹری اپنے منافع کی صلاحیت میں بہتری لاسکے کیونکہ تقریباً سارا ہی منافع مالی اخراجات میں صرف ہو جاتا ہے۔ کمپنی چینی کی پیداواری لاگت میں ہونے والے اضافے کے منفی اثرات سے نبرد آزما ہے اور ان اثرات کو کم سے کم کرنے کیلئے اپنی بھرپور کوششیں بروئے کار لارہی ہے اور اپنے دائرہ کار میں ٹھوس اقدامات اٹھارہی ہے۔

تسلیمات:-

بورڈ، کمپنی کو درپیش چیلنجز سے نمٹنے اور مطالبہ نتائج کے حصول کیلئے، پیسائی کے سیزان کے دوران، تمام ملازمین کی محنت اور تہدیت کو سراہتا ہے۔ اس کے علاوہ بورڈ ڈائریکٹرز، ملازمین، بینکرز اور کسانوں کی جانب سے مسلسل حمایت اور بھروسہ پر انہیں سراہتا ہے اور اظہار تشکر کرتا ہے۔ آئیں سب مل کر کمپنی کی کامیابی اور ترقی کیلئے اللہ رب العزت کے حضور دعا کریں۔

بورڈ آف ڈائریکٹرز کی جانب سے

مہیش کمار

ڈائریکٹر

ڈاکٹر تارا چند

چیف ایگزیکٹو

کراچی، 23 مئی، 2024



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, 2024** 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-month 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 the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

We conducted our review in accordance with the 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 the 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 per the terms of our engagement, we were only required to review the cumulative figures for the six-month period ended March 31, 2024. 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, 2024.

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 Rafiq Dosani**.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: 23/05/2024
UDIN: RR20241021BMLkxwV07



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

EQUITY AND LIABILITIES	Note	Un-audited March 31, 2024 Rupees	Audited September 30, 2023 Rupees
Share capital and reserves			
Authorised capital		650,000,000	650,000,000
Issued, subscribed and paid-up capital		104,250,000	104,250,000
Capital reserve			
Surplus on revaluation of property, plant and equipment - net		1,612,026,619	1,671,374,503
Revenue reserve			
Unappropriated profits		416,136,234	285,152,719
		2,132,412,853	2,060,777,222
Subordinated loans		480,000,000	480,000,000
		2,612,412,853	2,540,777,222
Non-current liabilities			
Long term finance - secured		20,833,334	62,500,001
Deferred liabilities		913,032,654	922,003,350
		933,865,988	984,503,351
Current liabilities			
Trade and other payables	3	2,052,239,741	698,708,422
Short term borrowings	4	4,133,552,279	-
Unclaimed dividend		13,001,501	6,491,122
Accrued mark-up	5	204,680,568	23,779,230
Taxation - net		18,464,364	52,409,979
Current maturity of long term finance		83,333,333	83,333,333
		6,505,271,786	864,722,086
Contingencies and commitments	6		
Total equity and liabilities		10,051,550,627	4,390,002,659
ASSETS			
Non current assets			
Property, plant and equipment	7	2,959,166,163	3,015,168,720
Long term loans		1,897,619	1,918,328
Long term deposits		792,527	792,527
		2,961,856,309	3,017,879,575
Current assets			
Stores and spares - net		82,564,517	66,441,067
Stock in trade	8	5,218,298,884	842,119,799
Trade debts - unsecured	9	1,360,766,751	121,571
Loans, advances and deposit - unsecured	10	140,056,535	241,278,063
Other receivables		95,195,025	76,419,802
Short term investment - national saving certificate		100,000	-
Cash and bank balances		192,712,606	145,742,782
		7,089,694,318	1,372,123,084
Total assets		10,051,550,627	4,390,002,659

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SAQIB GHAFFAR
CFO



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2024 (UN-AUDITED)

	Note	Half year ended		Quarter ended	
		March 31, 2024 Rupees	March 31, 2023 Rupees	March 31, 2024 Rupees	March 31, 2023 Rupees
Sales revenue - net	11	2,247,454,092	1,789,938,651	1,612,031,966	944,445,963
Cost of sales	12	(1,903,483,037)	(1,564,934,610)	(1,450,519,798)	(728,056,467)
Gross profit		343,971,055	225,004,041	161,512,168	216,389,496
Administrative expenses		(87,545,764)	(70,174,892)	(48,216,509)	(36,723,851)
Selling and distribution expenses		(6,340,297)	(5,403,053)	(3,631,530)	(580,979)
Other income	13	134,251,873	85,906,670	99,931,281	75,659,927
Other expenses	14	(12,583,875)	(10,270,772)	(1,445,759)	(10,270,772)
		27,781,937	57,953	46,637,483	28,084,325
Operating profit		371,752,992	225,061,994	208,149,651	244,473,822
Finance costs	15	(245,946,124)	(148,825,279)	(222,268,858)	(120,902,532)
Profit / (loss) before taxation		125,806,868	76,236,715	(14,119,207)	123,571,290
Taxation - net	16	(33,321,237)	(13,745,062)	(22,744,718)	(13,430,893)
Profit / (loss) after taxation		92,485,631	62,491,653	(36,863,925)	110,140,397
Earnings / (loss) per share - basic and diluted		8.87	5.99	(3.54)	10.57

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SAQIB GHAFFAR
CFO



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2024 (UN-AUDITED)

	Half year ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Rupees	Rupees	Rupees	Rupees
Profit / (loss) after taxation	92,485,631	62,491,653	(36,863,925)	110,140,397
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>92,485,631</u>	<u>62,491,653</u>	<u>(36,863,925)</u>	<u>110,140,397</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SAQIB GHAFFAR
CFO



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED MARCH 31, 2024 (UN-AUDITED)

	Issued, subscribed and paid up capital Rupees	Capital reserves Surplus on revaluation of property, plant and equipment Rupees	Revenue reserves Accumulated losses / unappro- priate profits Rupees	Total Rupees
Balance as at September 30, 2022 (audited)	104,250,000	1,753,313,645	(170,155,080)	1,687,408,566
Total comprehensive income for the half year ended March 31, 2023				
- Profit after taxation	-	-	62,491,653	62,491,653
- Other comprehensive income	-	-	-	-
	-	-	62,491,653	62,491,653
Incremental depreciation transferred from surplus on revaluation of property plant and equipment - net of deferred tax	-	(40,759,457)	40,759,457	-
Balance as at March 31, 2023 (un-audited)	<u>104,250,000</u>	<u>1,712,554,188</u>	<u>(66,903,970)</u>	<u>1,749,900,219</u>
Balance as at September 30, 2023 (audited)	104,250,000	1,671,374,503	285,152,719	2,060,777,223
Total comprehensive income for the half year ended March 31, 2024				
- Profit after taxation	-	-	92,485,631	92,485,631
- Other comprehensive income	-	-	-	-
	-	-	92,485,631	92,485,631
Incremental depreciation transferred from surplus on revaluation of property plant and equipment - net of deferred tax	-	(59,347,884)	59,347,884	-
Transaction with owners				
Final dividend @ 20% for the year ended September 30, 2023	-	-	(20,850,000)	(20,850,000)
Balance as at March 31, 2024 (un-audited)	<u>104,250,000</u>	<u>1,612,026,619</u>	<u>416,136,234</u>	<u>2,132,412,853</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SAQIB GHAFFAR
CFO



CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED MARCH 31, 2024 (UN-AUDITED)

	Note	March 31, 2024 Rupees	March 31, 2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		125,806,868	76,236,715
Adjustments for:			
- Depreciation on operating fixed assets		78,331,844	82,500,491
- Profit on deposit accounts		(14,403,515)	(4,187,117)
- Gain on disposal of operating fixed assets		-	(107,069)
- Advances written off		-	3,247,985
- Provision for Worker's Welfare Fund		2,905,158	1,863,720
- Provision for Worker's Profit Participation Fund		6,774,317	4,110,550
- Provision for compensated absences		3,521,417	
- Finance costs		245,946,124	148,825,279
		<u>323,075,345</u>	<u>236,253,839</u>
Operating profit before working capital changes		448,882,213	312,490,554
Changes in working capital			
(Increase) / decrease in current assets			
- Stores and spares		(16,123,450)	(3,368,182)
- Stock in trade		(4,376,179,085)	(2,118,856,652)
- Trade debts		(1,360,645,180)	(661,189,601)
- Loans, advances and deposit		101,221,528	32,371,387
- Other receivables		(18,775,223)	(21,600)
		<u>(5,670,501,410)</u>	<u>(2,751,064,648)</u>
Increase in current liabilities			
- Trade and other payables		1,340,330,427	718,955,497
Net cash used in operations		<u>(3,881,288,770)</u>	<u>(1,719,618,597)</u>
Income taxes paid		(76,237,548)	(17,048,474)
Finance costs paid		(65,044,786)	(90,566,328)
		<u>(141,282,334)</u>	<u>(107,614,802)</u>
Net cash used in operating activities		<u>(4,022,571,104)</u>	<u>(1,827,233,399)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(22,329,287)	(15,959,028)
Proceeds from sale of operating fixed assets		-	150,000
Profit on bank deposits received		14,403,515	4,187,117
Short term investment made		(100,000)	-
Long term loans - net		20,709	(553,432)
Net cash used in investing activities		<u>(8,005,063)</u>	<u>(12,175,343)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		(41,666,667)	(41,666,667)
Short term borrowings (excluding running finance) - net		2,639,904,135	2,117,661,802
Dividend paid		(14,339,621)	(3,465)
Net cash generated from financing activities		<u>2,583,897,847</u>	<u>2,075,991,670</u>
Net (decrease) / increase in cash and cash equivalents		<u>(1,446,678,320)</u>	<u>236,582,928</u>
Cash and cash equivalents at the beginning of the period		145,742,782	(311,891,470)
Cash and cash equivalents at the end of the period	20	<u>(1,300,935,538)</u>	<u>(75,308,541)</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SAQIB GHAFFAR
CFO



**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2024 (UN-AUDITED)**

1. THE COMPANY AND ITS OPERATIONS

Sindh Abadgar's Sugar Mills Limited ("the Company") is a public listed company incorporated on January 28, 1984 in Pakistan under the Companies Ordinance, 1984, (which has now been repealed with the enactment of Companies Act, 2017, on May 30, 2017). 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 the 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 (here-in-after referred to as the '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 for interim financial reporting comprise of:

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), 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 statement do not include all the information and disclosures as 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, 2023.

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

In these condensed interim financial statements, all items have been measured at their historical cost except freehold land, factory building, non-factory building and plant and machinery which are stated at revalued amount less accumulated depreciation and accumulated impairment losses thereon, if any.

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.

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 for the year ended September 30, 2023.

2.5 Material accounting policies

The material accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2023.



	(Un-audited) March 31, 2024 Rupees	(Audited) September 30, 2023 Rupees
3. TRADE AND OTHER PAYABLES		
Trade Creditors:		
- for sugarcane	686,289,921	188,567,624
- for other supplies	272,191,266	101,297,254
	<u>958,481,187</u>	<u>289,864,878</u>
Other payables:		
Advances from customers	748,234,624	202,707,695
Sales tax payable	254,464,668	140,052,415
Workers' Participation Profit Fund payable	40,857,109	34,082,792
Workers' Welfare Fund payable	25,546,300	22,641,142
Accrued expenses	9,820,844	5,109,658
Income tax deducted at source	8,514,089	2,508,030
Provision for compensated absences	3,521,417	-
Withholding sales tax payable	1,333,178	1,320,487
Withholding federal excise duty payable	247,888	247,888
Others	1,218,437	173,437
	<u>2,052,239,741</u>	<u>698,708,422</u>
4. SHORT TERM BORROWINGS - Secured		
Cash finance		
- Meezan Bank Limited	1,099,352,219	-
- Habib Bank Limited	500,000,000	-
- United Bank Limited	440,551,916	-
- Askari Bank Limited	400,000,000	-
- Dubai Islamic Bank Limited	200,000,000	-
	<u>2,639,904,135</u>	<u>-</u>
	4.1	-
Running finance		
- Bank Alfalah Limited	1,294,702,386	-
- Askari Bank Limited	198,945,758	-
	<u>1,493,648,144</u>	<u>-</u>
	4.2	-
	<u>4,133,552,279</u>	<u>-</u>



- 4.1 The Company has obtained a Cash Finance Facility of Rs. 3,250 million (September 30 2023: Nil) from various commercial bank to meet the working capital requirements. The rate of mark-up ranges from 1-Month KIBOR plus 1% to 9-Month KIBOR plus 1.5%. The validity of these facilities ranges from March 31, 2024 to February 28, 2025.
- (a) 1st joint pari passu hypothecation charge over stocks of sugarcane and receivables of the company range from Rs. 266.67 million to Rs 400 million with 25% margin registered with SECP,
 - (b) Pledge over white crystalline refined sugar with 10% margin at factory godown situated at Deh Deenpur, Taluka & District Tando Mohammad Khan, Sindh,
 - (c) Personal guarantee of all the directors of the Company and
 - (d) Subordinated loan agreement amounting to Rs. 480 million.
- 4.2 The Company has a total finance facility of Rs. 1,500 million (September 30, 2023: Nil) from various commercial banks to meet the working capital requirements. The rate of mark-up ranges from 1-Month KIBOR plus 1% per annum to 1-Month KIBOR plus 1.25% per annum. The validity of these facilities ranges from March 31, 2024 to April 30, 2025.
- (a) 1st joint pari passu hypothecation charge over stocks of sugarcane and receivables of the company range from Rs. 266.67 million to Rs 400 million with 25% margin registered with SECP,
 - (b) Pledge over white crystalline refined sugar with 10% margin at factory godown situated at Deh Deenpur, Taluka & District Tando Mohammad Khan, Sindh and
 - (c) Personal guarantee of all the directors of the Company.
- 4.3 As of reporting date, the Company had unutilized facilities for short term borrowings available from various banks amounting to Rs. 616.45 million (September 30 2023: Rs. Nil).



	Note	(Un-audited) March 31, 2024 Rupees	(Audited) September 30, 2023 Rupees
5. ACCRUED MARK-UP			
- Long term financing		5,669,321	8,608,722
- Short term borrowings		199,011,247	15,170,508
		<u>204,680,568</u>	<u>23,779,230</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There has been no change in the status of contingencies as disclosed in annual financial statements for the year ended September 30, 2023.

6.2 Commitments

As of the reporting date, there were no financial commitments of the Company. (September 30, 2023: None)

	Note	(Un-audited) March 31, 2024 Rupees	(Audited) September 30, 2023 Rupees
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	2,906,910,348	2,959,745,232
Capital spares		52,255,815	55,423,488
		<u>2,959,166,163</u>	<u>3,015,168,720</u>
7.1 Operating fixed assets			
Cost / revalued amount			
Opening balance		5,222,336,342	5,197,915,709
Additions during the period / year		25,496,960	27,087,153
Disposals during the period / year		-	(2,666,520)
		<u>5,247,833,302</u>	<u>5,222,336,342</u>
Accumulated depreciation			
Opening balance		2,262,591,110	2,099,732,395
Charge for the period / year		78,331,844	165,289,715
Disposal during the period / year		-	(2,431,000)
		<u>2,340,922,954</u>	<u>2,262,591,110</u>
Written down value at the end of period / year		<u>2,906,910,348</u>	<u>2,959,745,232</u>



	Note	(Un-audited) March 31, 2024 Rupees	(Audited) September 30, 2023 Rupees
8. STOCK IN TRADE			
Finished goods inventory:			
- Sugar		5,183,333,328	796,703,764
- Bagasse		13,061,419	29,400,759
		<u>5,196,394,747</u>	<u>826,104,523</u>
Work-in-process inventory:			
- Sugar		19,580,191	13,059,876
- Molasses		2,323,946	2,955,400
		<u>21,904,137</u>	<u>16,015,276</u>
		<u>5,218,298,884</u>	<u>842,119,799</u>

8.1 This includes stock amounting to Rs. 3,571 million (September 30, 2023: Nil) pledged with banks as security against financing facilities.

	Note	(Un-audited) March 31, 2024 Rupees	(Audited) September 30, 2023 Rupees
9. TRADE DEBTS - UNSECURED			
Receivable against local sales of:			
- Sugar		477,554,700	8,700
- Molasses		825,420,000	-
- Bagasse		57,792,051	112,871
		<u>1,360,766,751</u>	<u>121,571</u>

10. LOANS, ADVANCES AND DEPOSIT - UNSECURED

Loans to growers - unsecured	32,717,054	87,110,600
Security deposit - Nazir Sindh High Court	47,377,300	47,377,300
Security deposit - Utility Stores	14,200,000	-
Advance to suppliers and contractors	38,433,065	103,781,915
Prepaid Insurance	4,901,940	-
Due from employees	2,427,176	3,008,248
	<u>140,056,535</u>	<u>241,278,063</u>



		Six-month period ended (Un-audited)	
		March 31, 2024	March 31, 2023
		Rupees	Rupees
11. REVENUE - NET	Note		
Revenue from local sales - net	11.1	2,247,454,092	1,581,492,651
Revenue from export sales		-	208,446,000
		<u>2,247,454,092</u>	<u>1,789,938,651</u>
11.1 Revenue from local sales - net			
Sale of goods to local customers - gross		2,662,820,150	1,863,109,900
Less: sales tax		(406,193,340)	(277,034,883)
Less: advance income tax	21.1	(9,172,718)	(4,582,366)
		<u>2,247,454,092</u>	<u>1,581,492,651</u>
12. COST OF SALES			
Sugarcane consumed		6,717,554,560	4,117,065,092
Conversion costs incurred	12.1	387,527,562	319,675,571
		<u>7,105,082,122</u>	<u>4,436,740,663</u>
Sugar stock in process - opening		13,059,876	8,547,119
Sugar stock in process - closing		(19,580,191)	(12,269,116)
		<u>(6,520,315)</u>	<u>(3,721,997)</u>
		7,098,561,807	4,433,018,666
Molasses stock in process - opening		2,955,400	1,255,311
Molasses stock in process - closing		(2,323,946)	(2,955,600)
Sale of molasses (by-product)		(825,420,000)	(752,949,400)
		<u>(824,788,546)</u>	<u>(754,649,689)</u>
Cost of goods manufactured		6,273,773,261	3,678,368,977
Finished stock of Sugar - opening		796,703,764	1,302,857,862
Finished stock of Sugar - closing		(5,183,333,328)	(3,401,381,763)
		<u>(4,386,629,564)</u>	<u>(2,098,523,901)</u>
Stock of Bagasse - opening		29,400,759	9,790,371
Stock of Bagasse - closing		(13,061,419)	(24,700,837)
		<u>16,339,340</u>	<u>(14,910,466)</u>
		<u>1,903,483,037</u>	<u>1,564,934,610</u>



		Six-month period ended (Un-audited)	
		March 31, 2024	March 31, 2023
		Rupees	Rupees
12.1 Manufacturing expenses	Note		
Salaries, wages and other benefits		137,026,514	113,736,380
Production stores consumed		100,568,337	76,506,524
Depreciation on operating fixed asset		70,498,660	74,250,442
Repairs and maintenance		56,775,928	36,872,314
Fuel and power		14,812,664	13,483,433
Insurance		4,834,858	4,050,765
Transportation charges	21.1	2,722,070	457,091
Others		288,531	318,622
		<u>387,527,562</u>	<u>319,675,571</u>
13. OTHER INCOME			
Sale of bagasse - net	13.1	119,848,358	81,469,257
Profit on deposit accounts		14,403,515	4,187,117
Gain on disposal of operating fixed assets		-	107,069
Others		-	143,227
		<u>134,251,873</u>	<u>85,906,670</u>
13.1 Sale of bagasse - net			
Gross Sale of Bagasse		141,448,754	95,628,357
Less: sales tax		(21,600,396)	(14,159,100)
		<u>119,848,358</u>	<u>81,469,257</u>
14. OTHER EXPENSES			
Provision for Worker's Profit			
Participation Fund		6,774,317	4,110,550
Provision for Worker's Welfare Fund		2,905,158	1,863,720
Advances written off	21.1	-	3,247,985
Charity and donation	21.1 & 14.1	2,904,400	1,048,517
		<u>12,583,875</u>	<u>10,270,772</u>
14.1 None of the directors of the Company or their spouses had any interest in the donee organizations.			



	Note	Six-month period ended (Un-audited)	
		March 31, 2024 Rupees	March 31, 2023 Rupees
15. FINANCE COSTS			
Markup on long term finance		12,864,721	16,629,338
Markup on short term finance			
- running finance		68,707,434	51,278,008
- cash finance		159,944,238	79,762,865
		228,651,672	131,040,873
		<u>241,516,393</u>	<u>147,670,211</u>
Bank charges		4,429,731	1,155,068
		<u>245,946,124</u>	<u>148,825,279</u>
16. TAXATION - net			
Current		41,500,086	25,958,882
Prior year		791,847	-
		<u>42,291,933</u>	<u>25,958,882</u>
Deferred		(8,970,696)	(12,213,820)
		<u>33,321,237</u>	<u>13,745,062</u>

17. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of associated companies, key management personnel of the Company (including directors) and their close family members.

Transactions entered into and balances held, with related parties during the period / year, are as follows:



		Note	(Un-audited) March 31, 2024 Rupees	(Un-audited) March 31, 2023 Rupees
Transactions during the period				
Name of the related parties	Basis of relationship with the party	Nature of the transaction		
SGM Sugar Mills Limited	Company under common control	Advance refunded against purchase of raw material	-	18,518,561
United Ethanol Industries Limited	Company under common control	Advance received	-	730,000,000
Tara Chand	Key management personnel	Remuneration of the Chief Executive	3,000,000	1,800,000
Mahesh Kumar		Remuneration of the Director	3,000,000	1,600,000
Contribution to Staff Provident Fund		Contribution to Staff Provident Fund	3,458,603	1,621,550

		Note	(Un-audited) March 31, 2024 Rupees	(Audited) September 30, 2023 Rupees
Balances outstanding as of the reporting date				
Name of the related parties	Basis of relationship with the party	Nature of the balance outstanding		
Mahesh Kumar	Director	Subordinate loan payable	32,000,000	32,000,000
Pehlaj Rai	Director	Subordinate loan payable	230,000,000	230,000,000
Tara Chand	Director	Subordinate loan payable	30,000,000	30,000,000
Besham Kumar	Director	Subordinate loan payable	4,000,000	4,000,000
Deoo Mal Essarani	Director	Subordinate loan payable	48,000,000	48,000,000
Dileep Kumar	Director	Subordinate loan payable	59,000,000	59,000,000
Asha Ram	Sponsor	Subordinate loan payable	9,000,000	9,000,000
Hasso Mal	Sponsor	Subordinate loan payable	24,000,000	24,000,000
Jagdish Kumar	Sponsor	Subordinate loan payable	6,000,000	6,000,000
Jetha Nand	Sponsor	Subordinate loan payable	34,000,000	34,000,000
Prem Chand	Sponsor	Subordinate loan payable	4,000,000	4,000,000



18. OPERATING SEGMENT

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

- Revenue from sale of sugar represents 70.39% (March 31, 2023: 68.26%) of the total revenue whereas remaining represent revenue from sale of molasses and bagasse.
- None (March 31, 2023: 7.9%) of revenue of the Company relates to customers outside Pakistan.
- All non-current assets of the Company at March 31, 2024 and September 30, 2023 were located in Pakistan.

19. 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 condensed interim 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 condensed interim financial statements approximate their fair value.

20. 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 condensed interim statement of financial position as follows:



	(Un-audited) March 31, 2024 Rupees	(Un-audited) March 31, 2023 Rupees
Cash and bank balances	192,712,606	324,436,605
Short term borrowings - Running finance	(1,493,648,144)	(399,745,146)
	<u>(1,300,935,538)</u>	<u>(75,308,541)</u>

21. GENERAL

21.1 Reclassification of corresponding figures

Certain corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation.

Reclassified from component	Reclassified to component	Note	Rupees
Selling and distribution expenses (Transportation charges)	Manufacturing expense (Transportation charges)	12.1	<u>457,091</u>
Administrative expenses (others)	Sales revenue - net (Revenue from local sales - net)	11	<u>4,582,366</u>
Administrative expenses (Charity and donation)	Other expenses (Charity and donation)	14	<u>1,048,517</u>
Administrative expenses (advances written off)	Other expenses (advances written off)	14	<u>3,247,985</u>

21.2 Date of authorization of the financial statements for issue

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 23 May, 2024.

21.3 Level of rounding

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

DR. TARA CHAND
Chief Executive

MAHESH KUMAR
Director

SAQIB GHAFFAR
CFO

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