

**CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
OF
SINDH ABADGAR'S SUGAR MILLS LIMITED
FOR THE HALF YEAR ENDED
MARCH 31, 2022**

**Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
KARACHI, LAHORE & ISLAMABAD**



Russell Bedford
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Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. : (021) 34549345-9
E-Mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

INDEPENDENT AUDITOR'S 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, 2022** 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, 2022. 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, 2022.

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**.

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RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date:
UDIN:

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Sindh Abadgar's Sugar Mills Limited

Condensed Interim Statement of Financial Position

As at March 31, 2022

		(Un-audited) March 31, 2022	(Audited) September 30, 2021
		Rupees	
EQUITY AND LIABILITIES	<i>Note</i>		
Shareholders' equity			
<i>Authorized capital</i>			
65,000,000 (September 30, 2021: 65,000,000) ordinary shares of Rs. 10/- each		650,000,000	650,000,000
<i>Issued, subscribed and paid-up capital</i>			
10,425,000 ((September 30, 2021: 10,425,000) ordinary shares of Rs. 10/- each (fully paid in cash)		104,250,000	104,250,000
<i>Capital reserve</i>			
Surplus on revaluation of property, plant and equipment - net		1,797,364,556	1,841,172,213
<i>Revenue reserve</i>			
Accumulated losses		(45,720,026)	(217,073,575)
		1,855,894,530	1,728,348,638
Subordinated loans	3	480,000,000	480,000,000
		2,335,894,530	2,208,348,638
Non current liabilities			
Long term finance - secured	4	187,500,001	229,166,667
Deferred liabilities		905,603,092	889,917,432
		1,093,103,093	1,119,084,099
Current liabilities			
Trade and other payables	5	602,944,092	361,945,095
Short term borrowings - secured	6	3,244,578,718	908,564,854
Unclaimed dividend		6,496,765	6,499,447
Accrued mark-up		73,349,199	24,873,080
Current maturity of long term finance	4	112,499,999	120,833,333
		4,039,868,773	1,422,715,809
Contingencies and commitments	7		
Total equity and liabilities		7,468,866,396	4,750,148,546
ASSETS			
Non current assets			
Property, plant and equipment	8	3,158,676,341	3,245,126,564
Long term loans		636,725	452,229
Long term deposits		792,527	792,527
		3,160,105,593	3,246,371,320
Current assets			
Stores and spares - net		124,678,629	108,662,813
Stock in trade	9	3,249,985,864	1,017,211,456
Trade debts - unsecured		505,400,325	93,695,728
Short term loans and advances		105,639,336	111,364,100
Trade deposits and short term prepayments		-	1,630,862
Other receivables		76,363,486	76,431,187
Tax refunds due from government		78,228,712	68,844,154
Cash and bank balances		168,464,451	25,936,926
		4,308,760,803	1,503,777,226
Total assets		7,468,866,396	4,750,148,546

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

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Chief Executive

Director

Chief Financial Officer

Sindh Abadgar's Sugar Mills Limited

Condensed Interim Statement of Profit or Loss (Un-audited)

For the Half Year and Quarter Ended March 31, 2022

		Six-month period ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Note		Rupees			
Sales revenue - net	10	1,230,308,661	653,964,104	1,146,172	603,295,681
Cost of sales	11	(989,892,642)	(616,823,594)	116,240,721	(550,892,087)
Gross profit		240,416,019	37,140,510	117,386,893	52,403,594
Administrative expenses		(66,791,840)	(65,109,376)	(35,564,262)	(38,853,529)
Selling and distribution costs		(5,160,018)	(4,144,362)	(4,106,391)	(2,469,329)
		(71,951,858)	(69,253,738)	(39,670,653)	(41,322,858)
Operating profit / (loss)		168,464,161	(32,113,228)	77,716,240	11,080,736
Finance costs		(85,251,505)	(60,190,549)	(70,862,590)	(48,452,807)
Workers' Welfare Fund		(2,425,556)	(1,309,711)	(2,425,556)	(1,309,711)
Workers' Profit Participation Fund		(8,649,544)	-	(8,649,544)	-
Other income		89,778,225	16,657,609	80,841,088	15,847,982
		(6,548,380)	(44,842,651)	(1,096,602)	(33,914,536)
Profit / (loss) before taxation		161,915,781	(76,955,879)	76,619,638	(22,833,800)
Taxation - net	12	(34,369,889)	7,399,498	(12,591,406)	7,818,798
Profit / (loss) after taxation		127,545,892	(69,556,381)	64,028,232	(15,015,002)
Earnings / (loss) per share - basic and diluted		12.23	(6.67)	6.14	(1.44)

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

Chief Executive

Director

Chief Financial Officer

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Sindh Abadgar's Sugar Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Half Year and Quarter Ended March 31, 2022

	Six-month period ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rupees			
Profit / (loss) after taxation	127,545,892	(69,556,381)	64,028,232	(15,015,002)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>127,545,892</u>	<u>(69,556,381)</u>	<u>64,028,232</u>	<u>(15,015,002)</u>

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

Chief Executive

Director

Chief Financial Officer

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Sindh Abadgar's Sugar Mills Limited

Condensed Interim Statement of Changes in Equity (Un-audited)

For the Half Year Ended March 31, 2022

	Issued, subscribed and paid up capital	Capital reserve Surplus on revaluation of property, plant and equipment	Revenue reserve Accumulated losses	Total
	Rupees			
Balance as at September 30, 2020 (audited)	104,250,000	1,250,971,892	(213,312,511)	1,141,909,381
<i>Total comprehensive loss for the half year ended March 31, 2021</i>				
- 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
Balance as at September 30, 2021 (audited)	104,250,000	1,841,172,213	(217,073,575)	1,728,348,638
<i>Total comprehensive income for the half year ended March 31, 2022</i>				
- Profit after taxation	-	-	127,545,892	127,545,892
- Other comprehensive income	-	-	-	-
	-	-	127,545,892	127,545,892
Incremental depreciation transferred from surplus on revaluation of property plant and equipment - net of deferred tax	-	(43,807,657)	43,807,657	-
Balance as at March 31, 2022 (un-audited)	104,250,000	1,797,364,556	(45,720,026)	1,855,894,530

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

Chief Executive

Director

Chief Financial Officer

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Sindh Abadgar's Sugar Mills Limited

Condensed Interim Statement of Cash Flows (Un-audited)

For the Half Year Ended March 31, 2022

	March 31, 2022	March 31, 2021
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	161,915,781	(76,955,879)
<i>Adjustments for:</i>		
- Depreciation on operating fixed assets	87,655,568	102,433,786
- Provision for Workers' Welfare Fund	2,425,556	1,309,711
- Provision for Workers' Profit Participation Fund	8,649,544	-
- Finance costs	85,251,505	60,190,549
- Interest on saving accounts	(2,657,613)	-
- Gain on disposal of operating fixed assets	(6,865,372)	(188,519)
	174,459,188	163,745,527
	336,374,969	86,789,648
Changes in working capital		
<i>Decrease / (increase) in current assets</i>		
- Stores and spares	(16,015,816)	(17,930,913)
- Stock in trade	(2,232,774,408)	(2,291,898,173)
- Trade debts - unsecured	(411,704,597)	(464,420,259)
- Short term loans and advances	5,724,764	2,325,431
- Trade deposits and short term prepayments	1,630,862	(2,869,453)
- Other receivables	67,701	(15,150)
	(2,653,071,494)	(2,774,808,517)
<i>Increase in current liabilities</i>		
- Trade and other payables	229,923,897	314,093,073
Net cash used in operations	(2,086,772,628)	(2,373,925,796)
Income tax paid	(28,068,787)	(16,699,261)
Gratuity paid	-	(24,752)
Finance costs paid	(36,775,386)	(26,962,988)
	(64,844,173)	(43,687,001)
Net cash used in operating activities	(2,151,616,801)	(2,417,612,797)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(3,089,973)	(9,054,786)
Proceeds from disposal of operating fixed assets	8,750,000	200,000
Interest on bank deposits received	2,657,613	-
Long term loans - net	(184,496)	215,848
Net cash provided by / (used in) investing activities	8,133,144	(8,638,938)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finance	(50,000,000)	-
Short term borrowings- net	2,347,691,664	2,050,000,000
Subordinated loans from directors and sponsors	-	200,000,000
Dividend paid	(2,682)	(3,626)
Net cash (used in) / generated from financing activities	2,297,688,982	2,249,996,374
Net decrease in cash and cash equivalents	154,205,325	(176,255,361)
Cash and cash equivalents at the beginning of the period	(382,627,928)	(169,478,996)
Cash and cash equivalents at the end of the period	(228,422,603)	(345,734,357)

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

Chief Executive

Director

Chief Financial Officer

Sindh Abadgar's Sugar Mills Limited

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year and Quarter Ended March 31, 2022

1. STATUS AND NATURE OF BUSINESS

Sindh Abadgar's Sugar Mills Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 which has now been repealed with the enactment of the 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 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 financial statements, and should be read in conjunction with Company's annual financial statements for the year ended September 30, 2021.

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 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 for the year ended September 30, 2021.

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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 financial statements of the Company for the year ended September 30, 2021.

		(Un-audited) March 31, 2022	(Audited) September 30, 2021
3.	SUBORDINATED LOANS		
		Rupees	
	Directors	403,000,000	403,000,000
	Sponsors	77,000,000	77,000,000
	3.1	<u>480,000,000</u>	<u>480,000,000</u>

- 3.1 These are unsecured and interest-free loans obtained by the Company from its directors and sponsors. The Company's agreements with its bankers stipulate that the financing availed by the Company from such banks are extinguished in full before any payment is made against the subordinated loans.

4. LONG TERM FINANCE - Secured Mark-up based financing from conventional banks

	Bank Alfalah Term Finance	MCB Bank Ltd. Demand Finance	Total balance as at March 31, 2022	September 30, 2021
			Rupees	
Opening balance	250,000,000	100,000,000	350,000,000	400,000,000
Obtained during the period / year	-	-	-	-
	250,000,000	100,000,000	350,000,000	400,000,000
Less: Payment made during the period / year	-	(50,000,000)	(50,000,000)	(50,000,000)
	250,000,000	50,000,000	300,000,000	350,000,000
Less: current maturity shown under current liabilities	(62,499,999)	(50,000,000)	(112,499,999)	(120,833,333)
	<u>187,500,001</u>	<u>-</u>	<u>187,500,001</u>	<u>229,166,667</u>
Sub note number	4.1	4.2		

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, 2021: 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:	<p>(1) Joint pari passu charge of Rs. 589 million (September 30, 2021: charge of Rs. 589 million) over plant and machinery installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan;</p> <p>(2) Personal guarantee of all directors of the Company;</p> <p>(3) Cross-company guarantee of M/s. United Agrochemicals Limited; and</p> <p>(4) Subordination of the loan from directors and sponsors amounting, in aggregate, to Rs. 480 million.</p>

		(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Note	Rupees	
5. TRADE AND OTHER PAYABLES			
Creditors:			
- for sugarcane		524,707,891	259,107,035
- for other supplies		49,918,398	43,179,905
		<u>574,626,289</u>	<u>302,286,940</u>
Other payables			
Advance from customers	5.1	1,630,383	1,640,457
Accrued expenses		5,691,678	4,280,670
Sales tax payable		-	44,330,537
Withholding income tax payable		521,096	319,482
Workers' Welfare Fund	5.1	11,016,680	8,591,124
Workers' Profit Participation Fund		8,649,544	-
Contractor's retention money		26,437	26,437
Other payables		781,985	469,448
		<u>602,944,092</u>	<u>361,945,095</u>
5.1 Workers' Welfare Fund			
Opening balance		8,591,124	-
Charge for the period		2,425,556	8,591,124
Closing balance		<u>11,016,680</u>	<u>8,591,124</u>

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		(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Note	Rupees	
6. SHORT TERM BORROWINGS - SECURED			
Bank Al-Falah Limited			
- Cash finance	6.1	499,202,153	500,000,000
- Running finance	6.2	198,939,974	110,532,084
		<u>698,142,127</u>	<u>610,532,084</u>
Meezan Bank Limited			
- Istisna / Tijarah-Pledge	6.3	599,606,230	-
- Istisna / Tijarah-Hypo	6.4	198,883,281	-
		<u>798,489,511</u>	<u>-</u>
Askari Bank Limited			
- Cash finance	6.5	550,000,000	-
- Running finance	6.6	197,947,080	198,032,770
		<u>747,947,080</u>	<u>198,032,770</u>
Habib Bank Limited			
- Salam I- Pledge	6.7	400,000,000	-
- Salam II- Hypo	6.8	100,000,000	100,000,000
		<u>500,000,000</u>	<u>100,000,000</u>
Dubai Islamic Bank Limited			
- Tijarah - Pledge	6.9	300,000,000	-
- Istisna - Hypo	6.10	200,000,000	-
		<u>500,000,000</u>	<u>-</u>
		<u>3,244,578,718</u>	<u>908,564,854</u>

- 6.1 This represents the amount availed under a short term cash finance facility obtained from M/s. Bank Al Falah Limited for the purpose of procurement of sugarcane as well as to meet other working capital requirements. The limit of the facility is Rs. 500 million (September 30, 2021: Rs. 500 million). The facility carries markup at the rate of 1-Month KIBOR + 1% per annum (September 30, 2021: 1-Month KIBOR + 1% per annum) and is secured by pledge over fresh stocks of sugar amounting to Rs. 555.555 million with 10% margin at factory godown (September 30, 2021: charge over stock of sugar and receivables of the Company for Rs. 266.667 million).
- 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 the facility is Rs. 200 million (September 30, 2021: Rs. 200 million). The facility carries markup at the rate of 1-Month KIBOR + 1% per annum (September 30, 2021: 1-Month KIBOR + 1% per annum) and is secured by 1st Joint Pari Passu charge over stocks of sugar and receivables of the Company for Rs. 266.667 million with 25% margin (September 30, 2021: 1st Joint Pari Passu charge over stocks of sugar and book debts of Rs. 266.667 million).
- 6.3 This represents the amount availed under a short term Istisna/Tijarah-Pledge finance facility obtained from M/s 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 (September 30, 2021: NIL). The facility carries markup at the rate of respective KIBOR + 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. 480 million, and cross company guarantee of M/s United Agrochemicals Ltd.
- 6.4 This represents the amount availed under a short term Istisna/Tijarah-Hypo finance facility obtained from M/s 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 (September 30, 2021: NIL). The facility carries markup at the rate of respective KIBOR + 1% per annum and is secured by 1st Joint Pari Passu charge of Rs. 267 million registered with SECP over movables & receivables corporate guarantee, personal guarantee of all directors along with PNWS, subordinated loan agreement amounting to Rs. 480 million, and cross company guarantee of M/s United Agrochemicals Ltd.

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- 6.5 This represents the amount availed under a short term cash finance facility obtained from M/s Askari Bank Limited for the purpose of procurement of sugarcane. The limit of liability is Rs. 550 million (September 30, 2021: Nil). The facility carries markup at the rate of 3 month KIBOR + 1% and is secured by pledge over stocks of sugar with 10% margin at factory godown under supervision of bank's approved muccadam and personal guarantee of Mr. Deo Mal Essarani and Mr. Tara Chand, the directors of the Company.
- 6.6 This represents the amount availed under a short term running finance facility obtained from M/s Askari Bank Limited to meet working capital requirements. The limit of liability is Rs. 200 million (September 30, 2021: Rs. 200 million). The facility carries markup at the rate of 3 Month KIBOR + 1% (September 30, 2021: 3 Month KIBOR + 1% per annum) and is secured by 1st Joint Pari Passu charge of Rs. 266.667 million over current assets i.e. receivables and movables of the Company with 25% margin duly registered with SECP and personal guarantee of Mr. Deo Mal Essarani and Mr. Tara Chand, the directors of the Company (September 30, 2021: 1st Joint Pari Passu charged of Rs. 266.667 million over current assets i.e. receivable and movables of the Company).
- 6.7 This represents the amount availed under a short term Salam I (Pledge) finance facility obtained from M/s 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 KIBOR + 1% 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 personal net worth statement to cover 100% of facilities.
- 6.8 This represents the amount availed under a short term Salam II (Hypo) finance facility obtained from M/s Habib Bank Limited to meet working capital requirements. The limit of liability is Rs. 100 million (September 30, 2021: Rs. 100 million). The facility carries markup at the rate of 3 Month KIBOR + 1% (September 30, 2021: 3 Month KIBOR + 0.75%) and is secured by joint pari passu hypothecation charge of Rs. 133.33 million over movables & receivables of the company with 25% margin and personal guarantee of all directors along with personal net worth statement to cover 100% of facilities (September 30, 2021: hypothecation charge of Rs. 134 million over sugar and book debts of the Company with 25% margin, and personal guarantees of all Directors).
- 6.9 This represents the amount availed under a short term Tijarah (Pledge) finance facility obtained from M/s Dubai Islamic Bank Limited for procurement of sugarcane. The limit of the liability is Rs. 500 million (September 30, 2021: Nil). The facility carries markup at the rate of matching KIBOR + 1% and is secured by 1st Joint Pari Passu hypothecation charge over stocks and receivables of the Company amounting to Rs. 266.667 million with 25% margin and personal guarantee of directors. Exposure over and above Rs. 200 million is secured against pledge amounting to Rs. 334 million with 10% margin.
- 6.10 This represents the amount availed under a short term Istisna Cum Wakalah (Hypo) finance facility obtained from M/s Dubai Islamic Bank Limited to meet working capital requirements of the Company. The limit of the liability is Rs. 400 million (September 30, 2021: Nil). The facility carries markup at the rate of matching KIBOR + 1% and is secured by 1st Joint Pari Passu hypothecation charge over stocks and receivables of the Company amounting to Rs. 266.667 million with 25% margin and personal guarantee of directors.

7. CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies set out in note 12 to the Company's annual financial statements for the year ended September 30, 2021

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Note	(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Rupees	
8.1	3,158,676,341	3,245,126,564
	<u>3,158,676,341</u>	<u>3,245,126,564</u>

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	(Un-audited) March 31, 2022	(Audited) September 30, 2021
	— Rupees —	
8.1 Operating fixed assets		
<i>Cost / revalued amount</i>		
Opening balance as at the beginning of the period / year	5,176,342,731	4,100,481,561
Additions during the period / year	3,089,973	182,729,104
Surplus on revaluation	-	896,821,786
Disposals during the period / year	(8,776,989)	(3,689,720)
	<u>5,170,655,715</u>	<u>5,176,342,731</u>
<i>Accumulated depreciation</i>		
Opening balance as at the beginning of the period / year	1,931,216,167	1,768,931,731
Charge for the period / year	87,655,568	165,167,959
Disposal during the period / year	(6,892,361)	(2,883,523)
	<u>2,011,979,374</u>	<u>1,931,216,167</u>
Written down value at the end of period / year	<u><u>3,158,676,341</u></u>	<u><u>3,245,126,564</u></u>
9. STOCK IN TRADE		
Work in process	9,345,156	7,675,430
Finished goods - Sugar	3,221,942,726	1,004,529,461
Finished goods - Bagasse	18,697,982	5,006,565
	<u><u>3,249,985,864</u></u>	<u><u>1,017,211,456</u></u>
10. SALES REVENUE - NET		

	Six-month period ended (un-audited)		Quarter ended (un-audited)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	— Rupees —			
Sales - gross:				
- Local	1,391,182,450	765,149,650	1,377,600	705,863,400
- Export	-	-	-	-
	<u>1,391,182,450</u>	<u>765,149,650</u>	<u>1,377,600</u>	<u>705,863,400</u>
Sales tax	(160,873,789)	(111,185,546)	(231,428)	(102,567,719)
	<u><u>1,230,308,661</u></u>	<u><u>653,964,104</u></u>	<u><u>1,146,172</u></u>	<u><u>603,295,681</u></u>

11. COST OF SALES

The (negative) reported cost of sales for the second quarter ended March 31, 2022 is as follows:

	Note	— Rupees —
Cost of finished goods sold in the second quarter - on actual basis		(4,206,893)
Effect of reversal of write-down of the finished goods inventory to its net realizable value previously recognized during the first quarter ended December 31, 2021	11.1	120,447,614
Reported (negative) cost of sales for the second quarter ended March 31, 2022		<u><u>116,240,721</u></u>

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- 11.1 In its condensed interim financial statements for the first quarter ended December 31, 2021, the Company had recognized, as an expense, the amount of the write-down of finished goods inventory to its net realizable amounting to Rs. 120.448 million. This represented the excess of the then computed cost of sugar manufactured over its assessed lower net realizable value.

The aforementioned circumstances which previously caused the Company to write-down its finished goods inventory to net its realizable value no longer existed as at the end of the second quarter i.e. March 31, 2022, as of when the cumulative cost of sugar manufactured (i.e. cumulative for the crushing season 2021-22) had reduced below its corresponding reassessed net realizable value (i.e. higher than the cost). Accordingly, as of March 31, 2022, the stock of finished goods was valued at its cost which, in turn, caused the reversal of the write-down of the inventory previously recognized during the first quarter ended December 31, 2021, as stated above.

	(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
	Rupees	
12. TAXATION - net		
Current	18,684,229	10,738,155
Deferred	15,685,660	(18,137,653)
	<u>34,369,889</u>	<u>(7,399,498)</u>

13. RELATED PARTY TRANSACTIONS AND BALANCES

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 employment. Transactions entered into, and balances held, with related parties, were as follows:

	(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
	Rupees	
Transactions during the period		
Remuneration to Chief Executive and Directors	<u>2,100,000</u>	<u>2,100,000</u>
Contribution to staff Provident Fund	<u>1,418,390</u>	<u>2,533,183</u>
<i>SGM Sugar Mills Limited</i>		
Advance given for purchase of materials	<u>14,475,329</u>	<u>-</u>
Purchases during the period	<u>1,410,967</u>	<u>-</u>
Subordinated loan obtained from directors	<u>-</u>	<u>200,000,000</u>
	(Un-audited) March 31 2022	(Audited) September 30, 2021
	Rupees	
Balances at the end of the period / year		
Advance to SGM Sugar Mills Limited	<u>18,518,561</u>	<u>5,454,199</u>
Subordinated loan from directors and sponsors	<u>480,000,000</u>	<u>480,000,000</u>

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14. 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 values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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 financial assets and liabilities recognised in the financial statements approximate their fair value.

15. 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 2022	(Un-audited) March 31 2021
	Rupees	
Cash and bank balances	168,464,451	72,271,390
Short term borrowing - Running finance	(396,887,054)	(418,005,747)
	<u>(228,422,603)</u>	<u>(345,734,357)</u>

16. OPERATING SEGMENT

These condensed interim financial statements have been prepared on the basis of a 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 68.76% (March 31, 2021: 60.57%) of the total revenue whereas remaining represent revenue from sale of molasses and bagasse.
- Nil (March 31, 2021: Nil) revenue of the Company relates to customers outside Pakistan.
- All non-current assets of the Company at March 31, 2022 and September 30, 2021 were located in Pakistan.

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17. GENERAL

17.1. 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 28-05-2021

17.2. Level of rounding

Unless otherwise indicated, all figures in these condensed interim financial statements have been rounded off to the nearest rupee.

Chief Executive

Director

Chief Financial Officer

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DIRECTORS' REPORT

Dear Members
Assalam o-alaikum,

On behalf of the Board of Directors, we are pleased to present before you the un-audited Condensed Interim Financial statements of the company for the six months ended on March 31st, 2022 together with the auditors' review report thereon;

Industry Overview

Sugar production during the current year is reached at around 8.0 million metric tons compared to 5.70 million metric tons produced in the corresponding year 2020-21, increased by 35.60% mainly due to increase in plantation area and better Sugarcane yield per acre. Whereas, sugar consumption is estimated to be at 6.50 million metric tons and resultantly availability of surplus sugar over and above domestic consumption. Perhaps the government will ponder to allow some export at later stage.

Operational Results

		2021-22	2020-21
		Complete season	Complete season
Crushing Commenced		28.11.2021	29.11.2020
Crushing Ended		17.03.2022	23.02.2021
Days worked (Gross)	-day	110	87
Sugarcane crushed	-tons	474,176	392,757
Net crushing days	-days	84	81
Daily average crushing	-gross days	4,311	4,514
Daily average crushing	-on net days	5,645	4,848
Capacity utilization	-%	71	60
Sugar produced	-tons	52,507	39,645
Sugar recovery	-%	11.08	10.1
Molasses produced	-tons	20,723	17,825
Molasses %Cane	-%	4.37	4.58

Contd...P-2

Crushing was commenced on 28th November, 2021 and mills operated 110 days as compared to 87 days in the corresponding season. Despite, all-time high Sugar Cane prices and reduced number of operating days, crushing has increased substantially by 21% compared to last season recorded at 474,176 M.Tons during the current season (season: 2020-21: 392,757 M.Tons). Similarly, production of sugar also increased by 32% reaching at 52,507 M.Tons in the current season (Season 2020-21; 39,645 M.Tons).

The sugar recovery has also increased remarkably to 11.08% from 10.10% in the last season. The increase in recovery is much better than average industry achieved; which will have direct positive impact on the bottom line of the company.

Financial Results

	March 31st, 2022	March 31st 2021
Profit (loss) before taxation	161,915,781	(76,955,876)
Taxation	(34,369,889)	7,399,498
Profit (loss) after taxation	127,545,892	(69,556,381)
Incremental Depreciation transferred from surplus on revaluation of fixed assets net of deferred tax	43,807,657	48,002,844
Accumulated Loss brought forward	(217,073,575)	(213,312,511)
Accumulated Loss carry forward	(45,720,026)	(234,866,049)
Earning/(loss) per Share	12.23	(6.67)

The net sales propelled to Rs. 1.23 billion compared to Rs. 653.96 million in the previous period with a robust gross profit achieved at 240.42 million compared to Rs. 37.140 million in the corresponding period mainly by selling of opening stock of Sugar at better prices. The better Sugar selling price and sales volume have also supported to achieve the profit after tax at Rs. 127.55 million compared to loss after tax at Rs. 69.56 million in the corresponding period with strong earning per share at Rs.12.23.

Future Outlook:

Going forward, sugar prices will remain under pressure amid surplus production of sugar during the year. The government is insisting the sugar manufacturers to sell sugar below cost ignoring the fact, the millers have paid the sugarcane price to the growers way above the notified price fixed at Rs. 250/- per 40 kg. Also on the other hand, frequent increase in discount rate by SBP has further aggravated the problems to the industry, leading to working capital crunch and eroding of the profitability. The sugar industry is continuously pleading the government to allow export of sugar which will ultimately result in reduction of its stock holding and release pressure on its cash flow and accordingly bring foreign exchange in the country which is the need of the hour to prevent country's default in repayment of loan.

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: 28th May, 2022

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 معاشی گوشوارے مع آڈیٹرز کی جائزہ رپورٹ برائے دورانیہ ششماہی اختتام پذیر 31 مارچ، 2022 پیش کر رہا ہوں۔

صنعت کا عمومی جائزہ:

زیر جائزہ دورانیہ کے دوران چینی کی پیداوار 8.0 ملین میٹرک ٹن رہی جبکہ گذشتہ سال 2020-21 میں مماثل دورانیہ میں 5.70 ملین میٹرک ٹن تھی، یعنی اس سال پیداوار میں 35.60 فیصد اضافہ ہوا جس کی بنیادی وجہ کاشتکاری کی جگہ میں اضافہ اور فی ایکڑ گنے کی پیداوار میں بہتری ہے۔ جبکہ چینی کی تصرف کا تخمینہ 6.50 ملین میٹرک ٹن لگایا گیا ہے، جس کے نتیجے میں مقامی تصرف سے زائد چینی موجود ہے۔ امید ہے کہ حکومت اگلے مراحل میں اس اضافی چینی کا کچھ حصہ برآمد کرنے کی اجازت دے دیگی۔

2020-21	2021-22	عملیاتی نتائج:
29-11-2020	28-11-2021	پسائی کا آغاز
23-02-2021	17-03-2022	پسائی کا اختتام
87	110	کام کے ایام (مجموعی) - ایام
392,757	474,176	پیسے گئے گنوں کی تعداد - ٹن
81	84	خالص پسائی کے ایام - ایام
4,514	4,311	روزانہ پسائی کا تناسب - مجموعہ ایام
4,848	5,645	روزانہ پسائی کا تناسب - خالص ایام پر
60	71	استعمال کی استعداد - فیصد
39,645	52,507	چینی کی پیداوار - ٹن
10.1	11.08	شکر کی وصولیابی - فیصد
17,825	20,723	شیرہ کی پیداوار - ٹن
4.58	4.37	شیرہ کی وصولیابی -

مل نے مورخہ 28 نومبر 2021 سے پیسائی کا آغاز کیا اور یہ عمل 110 ایام تک جاری رہا جبکہ گذشتہ مہماں دورانیہ میں یہ عمل 87 ایام تک جاری رہا تھا۔ ہر وقت گنے کی قیمتوں میں اضافہ اور کام کے ایام میں کمی کے باوجود، گذشتہ سیزن کے مقابلے میں گنے کی پیسائی میں 21 فیصد تک قابل ذکر اضافہ ہوا اور موجودہ سیزن میں گنے کی پیداوار 474,176 میٹرک ٹن ریکارڈ کی گئی (جو کہ گذشتہ سیزن سال 2020-21 میں 392,757 میٹرک ٹن تھی)۔ اسی طرح، موجودہ سیزن میں چینی کی پیداوار بھی 32 فیصد اضافے کے ساتھ 52,507 میٹرک ٹن رہی (جو کہ گذشتہ سیزن سال 2020-21 میں 39,645 میٹرک ٹن تھی)۔

اس دورانیہ میں کمپنی کی چینی کی حصولی بھی 11.08 فیصد رہی جو کہ گذشتہ سیزن میں 10.10 فیصد تھی۔ چینی کی حصولی کی شرح یہ شرح دیگر کمپنیوں کے مقابلے میں خاصی زیادہ جس کے کمپنی پر براہ راست مثبت اثرات مرتب ہوں گے۔

مالیاتی نتائج:

31 مارچ 2021	31 مارچ 2022	
(79,955,876)	161,915,781	قبل از ٹیکس نفع / (خسارہ)
7,399,498	(34,369,889)	ٹیکس - حالیہ
(69,556,381)	127,545,892	بعد از ٹیکس نفع / (خسارہ)
		منجملہ اثاثوں کی دوبارہ قیمت لگانے پر،
48,002,844	43,807,657	سامنے آنے والی اضافت
(213,312,511)	(217,073,575)	آگے لایا گیا (خسارہ) / نفع
(234,866,049)	(45,720,026)	حاصل سابق (خسارہ) / نفع
(6.67)	12.23	(خسارہ) فی حصص

اس دوران جملہ فروخت کا حجم مبلغ 1.23 بلین روپے رہا جو کہ گذشتہ مہماں دورانیہ میں 653.96 بلین روپے تھا، اس طرح کمپنی نے 240.42 بلین روپے کا قابل ذکر منافع حاصل کیا جو کہ گذشتہ مہماں دورانیہ میں 37.140 بلین روپے تھا، اس کی بنیادی وجہ چینی کے ابتدائی کھیپ اچھی قیمتوں میں فروخت ہونا ہے۔ فروختی حجم میں اضافے اور چینی کی بہتر قیمتوں کی وجہ سے کمپنی نے ٹیکس کی ادائیگی کے بعد 127.55 بلین روپے منافع حاصل کیا جو کہ مہماں

دورانیہ میں 69.53 ملین خسارے کی صورت میں تھا، اس طرح فی شیئر کمائی 12.23 روپے رہی۔

آئندہ کے امکانات:

آئندہ چینی کی قیمتیں دباؤ کا شکار رہیں گی جس کی وجہ سے اس سال چینی کی اضافی پیداوار ہے۔ حکومت چینی کے پیداواروں کو لاگت سے کم قیمت میں فروخت کرنے پر اصرار کر رہی ہے جبکہ یہ حقیقت نظر انداز کی جا رہی ہے کہ مل مالکان گنے کی مقررہ قیمت مبلغ 250 روپے فی 40 کلو سے زائد کی ادائیگی کرتے ہوئے گنے کی خریداری کر رہے ہیں۔ مزید دوسری طرف، اسٹیٹ بینک پاکستان کی جانب سے ڈسکاؤنٹ ریٹ میں جلدی جلدی اضافے کی وجہ سے بھی صنعت کو مزید مسائل کا سامنا ہے، جس کے سبب ورکنگ کیپٹل سکڑ جائے گا اور منافع میں کمی واقع ہوگی۔ شوگر انڈسٹری مسلسل درخواست کر رہی ہے کہ حکومت چینی برآمد کرنے کی اجازت دے تاکہ بقیہ اسٹاک میں کمی لائی جاسکے اور نقدی کے مسائل پر سے دباؤ کم ہو سکے اور اس طرح ملک میں زرمبادلہ بھی آئے گا جو کہ وقت کی اہم ضرورت ہے جیسا کہ ملک قرضوں کی واپسی کے حوالے سے سخت مسائل کا سامنا کر رہا ہے۔

تسلیمات:-

بورڈ، کوڈ-19 کی وبائی صورتحال کے پیش نظر، کمپنی کے تمام ملازمین کی جانب سے پیسائی کے سیزن کے دوران ان کی کوششوں اور تہدیت کو سراہتا ہے۔ مزید اپنے شیئر ہولڈرز، ملازمین، بینکرز اور کسانوں کی جانب سے مسلسل حمایت اور معاونت کا دل کی گہرائیوں سے شکریہ ادا کرتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

مہیش کمار

ڈائریکٹر

ڈاکٹر تارا چند

چیف ایگزیکٹو

کراچی: 28 مئی، 2022