



Sindh Abadgar's Sugar Mills Limited

**UNAUDITED
HALF YEARLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2023**



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 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, we are pleased to present before you the unaudited Condensed Interim Financial statements of the company for the six months ended on March 31st, 2023 together with the auditors' review report thereon;

Operational Results

	2022-23 Complete season	2021-22 Complete season
Crushing Commenced	29.11.2022	28.11.2021
Crushing Ended	3.03.2023	17.03.2022
Days worked (Gross) -Day	95	110
Sugarcane crushed -Tons	485,128	474,176
Net crushing days -Days	84	84
Daily average crushing -Gross Days	5,107	4,311
Daily average crushing -Net Days	5,775	5,645
Capacity utilization -%	72	71
Sugar produced -Tons	51,529	52,507
Sugar recovery -%	10.63	11.08
Molasses produced -Tons	22,574	20,723
Molasses %Cane -%	4.66	4.37

Crushing of Sugar-cane commenced on 29th November, 2022 and mills remained operated for 95 days as compared to 110 days in the corresponding season. Despite, all-time high Sugar-cane prices and reduced number of operating days, crushing of Sugar-cane is more or less the same achieved at 485,128 M.T compared to 474,176 M.T in the last season. The Sugar extracted from it, however, decreased from 52,507 M.Tons produced in the last season to 51,529 M.Tons during the current season at a recovery of 10.63% compared to 11.08% in the previous season attributed to standing crop affected by dreadful flooding.



Financial Results

	March 31st, 2023 Rupees	March 31st, 2022 Rupees
Profit before taxation	76,236,715	161,915,781
Taxation	<u>(13,745,062)</u>	<u>(34,369,889)</u>
Profit after taxation	62,491,653	127,545,892
Incremental Depreciation transferred from surplus on revaluation of fixed assets net of deferred tax	40,759,457	43,807,657
Accumulated Loss brought forward	(170,155,080)	(217,073,575)
Accumulated Loss carry forward	(66,903,970)	(45,720,026)
Earning per Share	5.99	12.23

The net sales swelled to Rs.1.79 billion compared to Rs.1.23 billion in the previous period with a gross profit achieved at Rs. 230.04 million compared to Rs. 240.42 million in the corresponding period. The selling price of sugar remained below the cost during the 1st quarter. However, it started appreciating in the 2nd quarter because of which the company earned after tax profit of Rs. 62.49 million after offsetting losses incurred in the 1st quarter. The financial cost remained a constant thorn for the company during the period under review amounting to Rs.148.83 million compared to Rs. 85.251 million in the corresponding period showing an increase of 75% amid frequent increase in the discount rate by the SBP which may prove to be disastrous for the survival of the industry. The earning per share stood at Rs. 5.99 as against the corresponding period of Rs.12.23.

Future Outlook:

Going forward, the sugar price is likely to remain firm due to less production of sugar than widely anticipated before the start of crushing season. However, due to recent increase in the price of sugar driven by increase in demand, the government has set the maximum ex-mill price at Rs. 95.57 per kg inclusive of sales tax by notification. Being aggrieved, the Millers have obtained stay order from the High Court of Sindh directing, the government not to take any coercive action until the next date of hearing. In spite of the court order, the price of sugar plunged sharply in the market from Rs. 115/- to Rs. 105/- per kg. However, is likely to remain stable in view of less production of sugar by 1.00 million M. Tons and the imported sugar price to be around Rs. 200 per kg, if allowed.



The SBP last raised the discount rate to 21% in an effort to curb inflation which is hovering around 35% and is expected to remain high in the near term. This unprecedented increase in discount rate is having negative consequences on the sugar industry since sizeable short term borrowing is required at the inception of crushing season for payment to the growers against supply of Sugar-cane. The company is continuously expending significant amount in revamping its manufacturing process in order to achieve optimum operational productivity to mitigate the unabated increase of Sugar-cane price and financial cost.

Acknowledgement:

The board wishes to appreciate the efforts and dedication of all 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

Dated: 23rd May, 2023

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، 2023 پیش کرتے ہیں۔

2021-22	2022-23	عملیاتی نتائج:	
28-11-2021	29-11-2022	پسائی کا آغاز	
17-03-2022	03-03-2023	پسائی کا اختتام	
110	95	ایام -	کام کے ایام (مجموعی)
474,176	485,128	ٹن -	پیسے گئے گنوں کی تعداد
84	84	ایام -	کل پیسائی کے ایام
4,311	5,107	جملا ایام -	روزانہ پیسائی کا تناسب
5,645	5,775	کل -	روزانہ پیسائی کا تناسب
71	72	فیصد -	استعمال کی استعداد
52,507	51,529	ٹن -	چینی کی پیداوار
11.08	10.63	فیصد -	شکر کی وصولیابی
20,723	22,574	ٹن -	شیرہ کی پیداوار
4.37	4.66	فیصد -	شیرہ کی وصولیابی

مورخہ 29 نومبر 2022 کو پیسائی کا آغاز کیا گیا اور پیسائی 95 دنوں تک جاری رہی جبکہ گذشتہ ممال دورانیہ میں پیسائی 110 دن جاری رہی تھی۔ گنے کی قیمتوں میں مسلسل اضافے اور کام کے ایام میں کمی کے باوجود، گنے کی پیسائی کم و بیش گذشتہ دورانیہ کے مساوی رہی یعنی اس دورانیہ میں 485,128 میٹرک ٹن گنے کی پیسائی ہوئی جو کہ پچھلے سیزن میں 474,176 میٹرک ٹن تھی۔ تاہم چینی کی پیداوار گذشتہ سیزن کے مقابلے میں کم رہی یعنی 51,529 میٹرک ٹن (10.63 فیصد) رہی جو کہ پہلے 52,507 میٹرک ٹن (11.08 فیصد) تھی، اس کی وجہ تباہ کن سیلابی صورتحال کے باعث گنے کی کھڑی فصل کو بچھتے والا نقصان ہے۔

مالیاتی نتائج:

31 مارچ 2022	31 مارچ 2023	
161,915,781	76,236,715	قبل از ٹیکس منافع
(34,369,889)	(13,745,062)	ٹیکس
127,545,892	62,491,653	بعد از ٹیکس منافع
43,807,657	40,759,457	منجھدا اثاثوں نو مالیت پر سامنے آنے والی اضافت سے منتقل شدہ فرسودگی
(217,073,575)	(170,155,080)	آگے لایا گیا جملہ خسارہ
(45,720,026)	(66,903,970)	حاصل سابق جملہ خسارہ
12.23	5.99	فی شیئر کمائی

کمپنی کا جملہ فروختی حجم 1.79 بلین روپے رہا جو کہ گذشتہ مہماں دورانیہ میں 1.23 بلین روپے تھا، اس دوران کمپنی نے مبلغ 230.04 بلین روپے کا منافع حاصل کیا جو کہ گذشتہ مہماں دورانیہ میں 240.42 بلین روپے تھا۔ پہلی سہ ماہی میں چینی کی قیمتیں کی کاٹکار رہیں۔ تاہم دوسری سہ ماہی میں چینی کی قیمتوں میں رجحان دیکھنے میں آیا اور کمپنی نے پہلی سہ ماہی میں برداشت کیا گیا خسارہ نکالنے اور ٹیکس کی ادائیگی کے بعد 62.49 بلین روپے منافع حاصل کیا۔ زیر جائزہ دورانیہ میں مالیاتی اخراجات 75 فیصد اضافے کے ساتھ 148.83 بلین روپے رہے جو کہ گذشتہ دورانیہ میں 85.251 بلین تھے جس کی وجہ اسٹیٹ بینک کی جانب سے ڈسکاؤنٹ ریٹ میں مسلسل اضافہ ہے جو کہ کمپنی کی بقاء کیلئے خطرہ ثابت ہو سکتا ہے۔ اس دوران فی شیئر کمائی 5.99 روپے رہی جو کہ گذشتہ دورانیہ کیلئے 12.23 روپے تھی۔

آئندہ کے امکانات:

مستقبل میں، چینی کی قیمتیں مستحکم رہنے کا امکان ہے جس کی وجہ پیمائی کے سیزن کے آغاز سے پہلے کی گئیں توقعات کے برعکس چینی کی پیداوار میں کمی ہے۔ تاہم، چینی کی طلب میں اضافے کی وجہ سے چینی کی قیمتوں میں حالیہ اضافے کی وجہ سے، حکومت نے نوٹیفیکیشن کے ذریعے بیلز ٹیکس کے ساتھ چینی کی مل سے باہر قیمت 95.57 روپے فی کلو گرام رکھی ہے۔ اس سے متاثر ہونے پر، مل مالکان نے سندھ ہائی کورٹ سے حکم اتناعی حاصل کیا ہے جس میں ساعت کی اگلی تاریخ تک حکومت سے کسی قسم کی کارروائی نہ کرنے کی ہدایت دی ہے۔

عدالتی حکم نامہ کے باوجود، چینی کی قیمتیں مارکیٹ میں فوری طور پر 115 روپے فی کلو سے 105 روپے فی کلو پہنچ گئی ہیں۔ تاہم 1 ملین میٹرک ٹن تک چینی کی پیداوار میں کمی کی وجہ سے قیمتیں مستحکم رہنے کا امکان ہے اور اگر درآمد کی اجازت دی جاتی ہے تو چینی کی قیمتیں 200 روپے فی کلو کے قریب رہیں گی۔

اسٹیٹ بینک نے مہنگائی کی شرح کو کنٹرول کرنے کیلئے آخری بار ڈسکاؤنٹ ریٹ میں 21 فیصد تک اضافہ کیا ہے جو کہ اب مہنگائی 35 فیصد کے قریب پہنچ گئی ہے اور مستقبل قریب میں بھی اضافہ کا امکان ہے۔ ڈسکاؤنٹ ریٹ میں غیر متوقع اضافہ، شوگر انڈسٹری پر منفی اثرات مرتب کر رہا ہے کیونکہ گنے کی سپلائی کیلئے کسانوں کو ادائیگیاں کرنے کیلئے، پیسائی کے سیزن کے آغاز سے قبل، قبل عرصہ کیلئے قابل ذکر قرض کی ضرورت ہوتی ہے۔ کمپنی مسلسل اپنے پیداواری عمل میں بہتری لانے کیلئے قابل ذکر رقم خرچ کر رہی ہے تاکہ گنے کی قیمتوں میں اضافے کے اثرات اور مالیاتی اخراجات پر کسی حد تک قابو رکھا جاسکے۔

تسلیمات:-

بورڈ، کمپنی کو درپیش چیلنجز سے نمٹنے اور مطلوبہ نتائج کے حصول کیلئے، پیسائی کے سیزن کے دوران، تمام ملازمین کی محنت اور تہدیت کو سراہتا ہے۔ اس کے علاوہ بورڈ شیئر ہولڈرز، 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

ڈاکٹر تارا چند
چیف ایگزیکٹو
مہیش کمار
ڈائریکٹر

کراچی: 23 مئی، 2023



Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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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, 2023 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, 2023. 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, 2023.

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: May 29, 2023
UDIN: RR202310210QgNadF39C

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

EQUITY AND LIABILITIES	Note	Un-audited March 31, 2023 Rupees	Audited September 30, 2022 Rupees
Share capital and reserves			
Authorized capital			
65,000,000 (September 30, 2022: 65,000,000) ordinary shares of Rs. 10/- each		650,000,000	650,000,000
Issued, subscribed and paid-up capital			
10,425,000 (September 30, 2022: 10,425,000) ordinary shares of Rs. 10/- each (fully paid in cash)		104,250,000	104,250,000
Capital reserve			
Surplus on revaluation of property, plant and equipment - net		1,712,554,187	1,753,313,644
Revenue reserve			
Accumulated losses		(66,903,970)	(170,155,080)
Subordinated loans	3	1,749,900,217 480,000,000 2,229,900,217	1,687,408,564 480,000,000 2,167,408,564
Non-current liabilities			
Long term finance - secured	4	104,166,668	145,833,335
Deferred liabilities		856,825,360 960,992,028	869,039,180 1,014,872,515
Current liabilities			
Trade and other payables	5	1,368,119,752	643,189,986
Short term borrowings - secured	6	3,088,909,101	949,354,072
Unclaimed dividend		6,491,262	6,494,726
Accrued mark-up		119,643,104	61,384,153
Current maturity of long term finance	4	83,333,332 4,666,496,551	83,333,332 1,743,756,269
Contingencies and commitments			
Total equity and liabilities	7	7,857,388,796	4,926,037,348
ASSETS			
Non-current assets			
Property, plant and equipment	8	3,031,598,920	3,098,183,314
Long term loans		1,026,678	473,246
Long term deposits		792,527 3,033,418,125	792,527 3,099,449,087
Current assets			
Stores and spares - net		123,644,925	120,276,743
Stock in trade	9	3,441,307,316	1,322,450,664
Trade debts - unsecured	10	698,341,254	37,151,653
Short term loans, advances and prepayments		105,847,409	141,466,780
Other receivables		76,269,437	76,247,837
Tax refunds due from government		54,123,725	63,034,135
Cash and bank balances		324,436,605 4,823,970,671	65,960,449 1,826,588,261
Total assets		7,857,388,796	4,926,037,348

The annexed notes from 1 to 18 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, 2023 (UN-AUDITED)

	Note	Six months period ended		Quarter ended	
		March 31, 2023 Rupees	March 31, 2022 Rupees	March 31, 2023 Rupees	March 31, 2022 Rupees
Sales revenue - net	11	1,794,521,017	1,230,308,661	949,028,329	1,146,172
Cost of sales	12	(1,564,477,519)	(989,892,642)	(727,599,376)	116,240,721
Gross profit		230,043,498	240,416,019	221,428,953	117,386,893
Administrative expenses		(79,053,760)	(66,791,840)	(45,602,719)	(35,564,262)
Selling and distribution expenses		(5,860,144)	(5,160,018)	(1,038,070)	(4,106,391)
Other income		85,906,670	89,778,225	75,659,927	80,841,088
Other expenses		(5,974,270)	(11,075,100)	(5,974,270)	(11,075,100)
		(4,981,504)	6,751,267	23,044,869	30,095,335
Operating profit		225,061,994	247,167,286	244,473,822	147,482,228
Finance costs		(148,825,279)	(85,251,505)	(120,902,532)	(70,862,590)
Profit before taxation		76,236,715	161,915,781	123,571,290	76,619,638
Taxation - net	13	(13,745,062)	(34,369,889)	(13,430,893)	(12,591,406)
Profit after taxation		62,491,653	127,545,892	110,140,397	64,028,232
Earnings per share - basic and diluted		5.99	12.23	10.57	6.14

The annexed notes from 1 to 18 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, 2023 (UN-AUDITED)

	Six months period ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	62,491,653	127,545,892	110,140,397	64,028,232
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>62,491,653</u>	<u>127,545,892</u>	<u>110,140,397</u>	<u>64,028,232</u>

The annexed notes from 1 to 18 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, 2023 (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, 2021 (audited)	104,250,000	1,841,172,213	(217,073,575)	1,728,348,638
Total comprehensive loss for the half year ended March 31, 2022				
- 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
Balance as at September 30, 2022 (audited)	104,250,000	1,753,313,644	(170,155,080)	1,687,408,564
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)	104,250,000	1,712,554,187	(66,903,970)	1,749,900,217

The annexed notes from 1 to 18 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, 2023 (UN-AUDITED)

	Note	March 31, 2023 Rupees	March 31, 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		76,236,716	161,915,781
Adjustments for:			
- Depreciation on operating fixed assets		82,500,491	87,655,568
- Provision for Workers' Welfare Fund		1,863,720	2,425,556
- Provision for Workers' Profit Participation Fund		4,110,549	8,649,544
- Finance costs		148,825,279	85,251,505
- Advances written off		3,247,985	-
- Interest on saving accounts		(4,187,117)	(2,657,613)
- Gain on disposal of operating fixed assets		(107,069)	(6,865,372)
		<u>236,253,839</u>	<u>174,459,188</u>
		312,490,554	336,374,969
Changes in working capital			
Decrease / (increase) in current assets			
- Stores and spares		(3,368,182)	(16,015,816)
- Stock in trade		(2,118,856,652)	(2,232,774,408)
- Trade debts		(661,189,601)	(411,704,597)
- Short term loans and advances		36,014,787	5,724,764
- Prepayments		(3,643,400)	1,630,862
- Other receivables		(21,600)	67,701
		<u>(2,751,064,648)</u>	<u>(2,653,071,494)</u>
Increase in current liabilities			
- Trade and other payables		718,955,497	229,923,897
Net cash used in operations		<u>(1,719,618,597)</u>	<u>(2,086,772,628)</u>
Income tax paid		(17,048,474)	(28,068,787)
Finance costs paid		(90,566,328)	(36,775,386)
		<u>(107,614,802)</u>	<u>(64,844,173)</u>
Net cash used in operating activities		<u>(1,827,233,399)</u>	<u>(2,151,616,801)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(15,959,028)	(3,089,973)
Proceeds from disposal of operating fixed assets		150,000	8,750,000
Interest on bank deposits received		4,187,117	2,657,613
Long term loans - net		(553,432)	(184,496)
Net cash (used in) / generated from investing activities		<u>(12,175,343)</u>	<u>8,133,144</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		(41,666,667)	(50,000,000)
Short term borrowings- net		2,117,661,802	2,347,691,664
Subordinated loans from directors and sponsors		-	-
Dividend paid		(3,465)	(2,682)
Net cash generated from financing activities		<u>2,075,991,670</u>	<u>2,297,688,982</u>
Net increase in cash and cash equivalents		236,582,928	154,205,325
Cash and cash equivalents at the beginning of the period		(311,891,470)	(382,627,928)
Cash and cash equivalents at the end of the period	16	<u>(75,308,541)</u>	<u>(228,422,603)</u>

The annexed notes from 1 to 18 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, 2023 (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 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, 2022.



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, 2022.

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, 2022.

3. SUBORDINATED LOANS

	Note	(Un-audited) March 31, 2023 Rupees	(Audited) September 30, 2022 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. These loans are repayable at the discretion of the Company.

4. LONG TERM FINANCE - Secured

Mark-up based financing from M/s. Bank Al Falah Limited

	Balance as at	
	(Un-audited) March 31, 2023 Rupees	(Audited) September 30, 2022 Rupees
Opening balance	229,166,667	250,000,000
Less: Payment made during the period/year	(41,666,667)	(20,833,333)
	<u>187,500,000</u>	<u>229,166,667</u>
Less: current maturity shown under current liabilities	<u>(83,333,332)</u>	<u>(83,333,332)</u>
	<u>104,166,668</u>	<u>145,833,335</u>

4.1 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:	July 05, 2018
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 (2022: Rs. 698.67 million) over all plant and machinery of the Company; and (2) Personal guarantee of all directors of the Company.



5. TRADE AND OTHER PAYABLES	Note	(Un-audited) March 31, 2023 Rupees	(Audited) September 30, 2022 Rupees
Creditors:			
- for sugarcane		420,384,299	232,108,199
- for other supplies		60,732,845	42,618,473
		<u>481,117,144</u>	<u>274,726,672</u>
Other payables			
Advance from customers		731,630,953	177,903,167
Accrued expenses		8,241,440	4,255,526
Sales tax payable		130,060,379	175,810,641
Withholding income tax payable		882,557	307,970
Workers' Welfare Fund	5.1	10,454,844	8,591,124
Workers' Profit Participation Fund		4,181,110	70,561
Contractor's retention money		26,437	26,437
Other payables		1,524,888	1,497,888
		<u>1,368,119,752</u>	<u>643,189,986</u>
5.1 Workers' Welfare Fund			
Opening balance		8,591,124	8,591,124
Charge for the period		1,863,720	-
Closing balance		<u>10,454,844</u>	<u>8,591,124</u>
6. SHORT TERM BORROWINGS - SECURED			
Bank Al-Falah Limited			
- Cash finance	6.1	499,914,848	370,502,153
- Running finance	6.2	199,860,351	186,960,539
		699,775,199	557,462,692
Meezan Bank Limited			
- Istisna / Tijarah-Pledge	6.3	599,467,497	-
- Istisna / Tijarah-Hypo	6.4	199,781,610	-
		799,249,107	-
Askari Bank Limited			
- Cash finance	6.5	390,000,000	-
- Running finance	6.6	199,884,795	190,891,380
		589,884,795	190,891,380
Habib Bank Limited			
- Salam I- Pledge	6.7	400,000,000	201,000,000
- Salam II- Hypo	6.8	100,000,000	-
		500,000,000	201,000,000
Dubai Islamic Bank Limited			
- Tijarah - Pledge	6.9	300,000,000	-
- Istisna - Hypo	6.10	200,000,000	-
		500,000,000	-
		<u>3,088,909,101</u>	<u>949,354,072</u>



- 6.1 This represents the amount availed under a short term cash finance facility obtained from M/s. Bank Al Falah Limited to finance procurement of sugarcane. As of the reporting date, the limit of the facility amounted to Rs. 500 million (2022: Rs. 500 million). The facility carries markup at the rate of 1-Month KIBOR+1% (2022: 1-Month KIBOR+1%) per annum and is secured against the following:
- (a) Pledge over fresh stock of sugar with 10% margin at factory godown situated at Deh Deenpur, Taluka and District Tando Muhammad Khan, Sindh under effective control of Bank's Mucaddam. Charge over stock in trade is registered with SECP; and
 - (b) Personal guarantee of all the directors of the Company.
- 6.2 This represents the amount availed under a short term running finance facility obtained from M/s. Bank Al Falah Limited to meet the working capital requirements of the Company. As of the reporting date, the limit of the facility amounted to Rs. 500 million (2022: Rs. 500 million). The facility carries markup at the rate of 1-Month KIBOR+1% (2022: 1-Month KIBOR+1%) per annum and is secured against the following:
- (a) 1st joint pari passu hypothecation charge over stocks of sugar (unpledged) and receivables of the Company for Rs. 266.667 million (2022: Rs. 266.667 million) registered with SECP.
 - (b) Personal guarantee of all the directors of the Company.
- 6.3 This represents the amount availed under Istisna/Tijarah-Pledge facility obtained from M/s. Meezan Bank Limited for the purpose of procurement of sugarcane as well as to meet the other working capital requirements. As of the reporting date, the limit of the facility amounted to Rs. 600 million (2022: NIL). The facility carries markup at the rate of KIBOR+1% per annum and is secured against the following:
- (a) Pledge of white crystalline refined sugar lying in the factory premises under effective control of bank's approved mucaddam with 10%-15% margin;
 - (b) Bank's pledge charge for Rs. 889 million registered with SECP
 - (c) Corporate guarantee in case the Company fails to pay against the facility availed;
 - (d) Personal guarantee of all the directors of the Company along with personal net worth statements;



- (e) Subordinated loan agreement amounting to Rs. 480 million; and
 - (f) Cross Company guarantee of M/s. United Agro Chemicals.
- 6.4 This represents the amount availed under Istisna/Tijarah-Hypo facility obtained from M/s. Meezan Bank Limited for the purpose of procurement of sugarcane as well as to meet the other working capital requirements. As of the reporting date, the limit of the facility amounted to Rs. 200 million (2022: NIL) . The facility carries markup at the rate of relevant KIBOR+1% per annum and is secured against the following:
- (a) 1st joint pari passu charge of Rs. 267 million registered with SECP over receivables and moveables;
 - (b) Bank's pledge charge for Rs. 889 million registered with SECP
 - (c) Corporate guarantee in case the Company fails to pay against the facility availed;
 - (d) Personal guarantee of all the directors of the Company along with personal net worth statements;
 - (e) Subordinated loan agreement amounting to Rs. 480 million; and
 - (f) Cross Company guarantee of M/s. United Agro Chemicals.
- 6.5 This represents the amount availed under a short term cash finance facility obtained from M/s. Askari Bank Limited for purchase of sugarcane from local market. As of the reporting date, the limit of the facility amounted to Rs. 550 million (2022: Rs. NIL). The facility carries markup at the rate of 1-Month KIBOR+1% per annum and is secured against the following:
- (a) Pledge of white crystalline refined sugar lying in the factory godown under effective control of bank's approved mucaddam with 10% margin; and
 - (b) Personal guarantee of the directors Mr. Deo Mal Essarani and Mr. Tara Chand.
- 6.6 This represents the amount availed under a short term running finance facility obtained from M/s. Askari Bank Limited to meet the working capital requirements of the Company. As of the reporting date, the limit of the facility amounted to Rs. 200 million (2022: Rs. 200 million). The facility carries markup at the rate of 1-Month KIBOR+1% (2022: 1-Month KIBOR+1%) per annum and is secured against the following:



- (a) 1st joint pari passu charge of Rs. 267 million registered with SECP over current assets of the Company with 25% margin; and
 - (b) Personal guarantee of the directors Mr. Deo Mal Essarani and Mr. Tara Chand.
- 6.7 This represents the amount availed under Salam-I (Pledge) facility obtained from M/s. Habib Bank Limited to meet working capital requirements of the Company during crushing season. As of the reporting date, the limit of the facility amounted to Rs. 500 million (2022: Rs. 500 million). The facility carries markup at the rate of 3-Month KIBOR+1% (2022: 3-Month KIBOR+1%) per annum and is secured against the following:
- (a) Pledge of white crystallin sugar packed in marketable bags lying in factory godown under lock and key arrangement of mucaddum appointed by HBL. Pledge charge of Rs. 555.556 million is registered with SECP; and
 - (b) Personal guarantee of all directors along with personal net worth statements.
- 6.8 This represents the amount availed under Salam-II (Hypo) facility obtained from M/s. Habib Bank Limited to meet working capital requirements of the Company during crushing season. As of the reporting date, the limit of the facility amounted to Rs. 100 million (2022: Rs. NIL). The facility carries markup at the rate of 3-Month KIBOR+1% per annum and is secured against the following:
- (a) 1st joint pari passu hypothecation charge of Rs. 133.33 over moveables and receivables of the Company; and
 - (b) Personal guarantee of all directors along with personal net worth statements.
- 6.9 This represents the amount availed under Tijarah (Pledge) facility obtained from M/s. Dubai Islamic Bank Limited for procurement of sugarcane during crushing season. As of the reporting date, the limit of the facility amounted to Rs. 500 million (2022: Rs. NIL). The facility carries markup at the rate of KIBOR+1% per annum and is secured against the following:
- (a) 1st joint pari passu hypothecation charge over stocks and receivables amounting to Rs. 266.667 million with 25% margin for exposure upto Rs. 200 million. Exposure over and above Rs. 200 million is secured against pledge of white crystalline sugar amounting to Rs. 334 million with 10% margin; and
 - (b) Personal guarantee of the directors Mr. Tara Chand, Mr. Mahesh Kumar and Mr. Deo Mal Essarani along with personal net worth statements.



6.10 This represents the amount availed under Istisna cum Wakala (Hypo) facility obtained from M/s. Dubai Islamic Bank Limited to meet the working capital requirements of the Company. As of the reporting date, the limit of the facility amounted to Rs. 400 million (2022: Rs. NIL). The facility carries markup at the rate of KIBOR+1% per annum and is secured against the following:

- (a) 1st joint pari passu hypothecation charge over stocks and receivables amounting to Rs. 266.667 million with 25% margin for exposure upto Rs. 200 million. Exposure over and above Rs. 200 million is secured against pledge of white crystalline sugar amounting to Rs. 334 million with 10% margin; and
- (b) Personal guarantee of the directors Mr. Tara Chand, Mr. Mahesh Kumar and Mr. Deo Mal Essarani along with personal net worth statements.

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, 2022.

	Note	(Un-audited) March 31, 2023 Rupees	(Audited) September 30, 2022 Rupees
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	<u>3,031,598,920</u>	<u>3,098,183,314</u>



	Note	(Un-audited) March 31, 2023 Rupees	(Audited) September 30, 2022 Rupees
8.1 Operating fixed assets			
<i>Cost / revalued amount</i>			
Opening balance		5,197,915,709	5,176,342,731
Additions during the period / year		15,959,028	30,893,467
Disposals during the period / year		(814,020)	(9,320,489)
		<u>5,213,060,717</u>	<u>5,197,915,709</u>
<i>Accumulated depreciation</i>			
Opening balance		2,099,732,395	1,931,216,167
Charge for the period / year		82,500,491	175,902,559
Disposal during the period / year		(771,089)	(7,386,331)
		<u>2,181,461,797</u>	<u>2,099,732,395</u>
Written down value at the end of period / year		<u><u>3,031,598,920</u></u>	<u><u>3,098,183,314</u></u>
9. STOCK IN TRADE			
Work in process		15,224,716	9,802,430
Finished goods - Sugar		3,401,381,763	1,302,857,863
Finished goods - Bagasse		24,700,837	9,790,371
		<u><u>3,441,307,316</u></u>	<u><u>1,322,450,664</u></u>
10. TRADE DEBTS - unsecured			
Receivable against sales of:			
- Sugar		235,796,698	37,044,700
- Molasse		449,937,585	-
- Bagasse		12,606,971	106,953
		<u><u>698,341,254</u></u>	<u><u>37,151,653</u></u>



		Six-month period ended (Un-audited)	
		March 31, 2023	September 30, 2022
		Rupees	Rupees
11. REVENUE - NET	Note		
Revenue from local sales - net		1,586,075,017	1,230,308,661
Revenue from export sales		208,446,000	-
		<u>1,794,521,017</u>	<u>1,230,308,661</u>
Revenue from local sales - net			
Sale of goods to local customers - gross		1,863,109,900	1,391,182,450
Less: sales tax		(277,034,883)	(160,873,789)
		<u>1,586,075,017</u>	<u>1,230,308,661</u>
12. COST OF SALES			
Sugarcane consumed		4,117,065,092	3,426,017,553
Conversion costs incurred	12.1	319,218,480	277,945,156
		<u>4,436,283,572</u>	<u>3,703,962,709</u>
Sugar stock in process - opening		8,547,119	7,675,430
Sugar stock in process - closing		(12,269,116)	(8,089,845)
		<u>(3,721,997)</u>	<u>(414,415)</u>
		4,432,561,575	3,703,548,294
Molasses stock in process - opening		1,255,311	-
Molasses stock in process - closing		(2,955,600)	(1,255,311)
Sale of molasses (by-product)		(752,949,400)	(481,295,660)
		<u>(754,649,689)</u>	<u>(482,550,971)</u>
Cost of goods manufactured		3,677,911,886	3,220,997,323
Finished stock of Sugar - opening		1,302,857,862	1,004,529,461
Finished stock of Sugar - closing		(3,401,381,763)	(3,221,942,726)
		<u>(2,098,523,901)</u>	<u>(2,217,413,265)</u>
Stock of Bagasse - opening		9,790,371	5,006,565
Stock of Bagasse - closing		(24,700,837)	(18,697,982)
		<u>(14,910,466)</u>	<u>(13,691,417)</u>
		<u>1,564,477,519</u>	<u>989,892,642</u>
12.1 Conversion costs incurred			
Salaries, wages and other benefits	12.1.1	113,736,380	91,508,126
Production stores consumed		76,506,524	60,199,091
Depreciation		74,250,442	78,890,011
Fuel and power		13,483,433	8,220,946
Repairs and maintenance		36,872,314	35,415,920
Insurance		4,050,765	3,355,907
Others		318,622	355,155
		<u>319,218,480</u>	<u>277,945,156</u>



12.1.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 1.177 million (2022: Rs. 1.180 million)

	(Un-Audited) March 31, 2023 Rupees	(Un-Audited) March 31, 2022 Rupees
12. TAXATION - net		
Current	25,958,882	18,684,229
Deferred	(12,213,820)	15,685,660
	<u>13,745,062</u>	<u>34,369,889</u>

14. 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, 2023 Rupees	(Un-Audited) March 31, 2022 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>3,016,042</u>	<u>2,599,278</u>
SGM Sugar Mills Limited		
Advance refunded from / (made against) purchase of materials	<u>18,518,561</u>	<u>(14,475,329)</u>
Purchases during the period	<u>-</u>	<u>1,410,967</u>
United Ethanol Industries Limited		
Advance received during the period	<u>730,000,000</u>	<u>-</u>



	(Un-audited) March 31, 2023 Rupees	(Audited) September 30, 2022 Rupees
Balances at the end of the period / year		
Advance to SGM Sugar Mills Limited	-	18,518,561
Advance from United Ethanol Industries Limited	730,000,000	-
Subordinated loan from directors and sponsors	480,000,000	480,000,000

15. FAIR VALUE OF ASSETS AND LIABILITIES

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

The Company measures fair 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.

16. CASH AND CASH EQUIVALENTS

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



	(Un-audited) March 31, 2023 Rupees	(Un-audited) March 31, 2022 Rupees
Cash and bank balances	324,436,605	168,464,451
Short term borrowing - Running finance	<u>(399,745,146)</u>	<u>(396,887,054)</u>
	<u>(75,308,541)</u>	<u>(228,422,603)</u>

17. 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 68.26% (March 31, 2022: 68.76%) of the total revenue whereas remaining represent revenue from sale of molasses and bagasse.
- 7.9% (March 31, 2022: Nil) of revenue of the Company relates to customers outside Pakistan.
- All non-current assets of the Company at March 31, 2023 and September 30, 2022 were located in Pakistan.

18. GENERAL

18.1 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 23rd May, 2023.

18.2 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

SAQIB GHAFFAR
CFO

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