

Condensed Interim Financial Information

For the Nine Months Period ended
June 30, 2018
(Un-Audited)



سانگھڑ شوگر ملز لمیٹیڈ
Sanghar Sugar Mills Limited

TABLE OF CONTENTS

❖ Company Information.....	2
❖ Directors' Review	3
❖ Directors' Review (Urdu Version)	6
❖ Condensed Interim Statement of Financial Position	7
❖ Condensed Interim Statement of Profit and Loss	8
❖ Condensed Interim Statement of Comprehensive Income	9
❖ Condensed Interim Statement of Cash Flows	10
❖ Condensed Interim Statement of Changes in Equity	12
❖ Notes to the Condensed Interim Financial Information	13
❖ Form of Dividend Payments through Electronic Mode (English & Urdu).....	-

COMPANY INFORMATION**BOARD OF DIRECTORS**

Mr. Ghulam Dastagir Rajar (Chairman)
Haji Khuda Bux Rajar (Chief Executive)
Mr. Mohammad Aslam
Mr. Rahim Bux
Mr. Ghulam Hyder
Mr. Qazi Shamsuddin
Mr. Shahid Aziz (Nominee of N.I.T.)

BOARD COMMITTEES**AUDIT COMMITTEE**

Mr. Rahim Bux (Chairman)
Mr. Mohammad Aslam
Mr. Shahid Aziz

**HUMAN RESOURCE & REMUNERATION
COMMITTEE**

Mr. Rahim Bux (Chairman)
Mr. Mohammad Aslam
Mr. Shahid Aziz

**INFORMATION TECHNOLOGY & STEERING
COMMITTEE**

Mr. Ghulam Hyder (Chairman)
Syed Rehan Ahmad Hashmi
Mr. Muhammad Ahmed

**CORPORATE SOCIAL RESPONSIBILITY
COMMITTEE**

Mr. Rahim Bux (Chairman)
Mr. Mohammad Aslam
Mr. Shahid Aziz
Syed Rehan Ahmad Hashmi

RISK MANAGEMENT COMMITTEE

Mr. Mohammad Aslam (Chairman)
Mr. Ghulam Hyder
Mr. Shahid Aziz

COMPANY SECRETARY

Mr. Muhammad Mubeen Alam

CHIEF FINANCIAL OFFICER

Syed Rehan Ahmad Hashmi

STATUTORY AUDITOR

Kreston Hyder Bhimji & Co.
Chartered Accountants

SHARE REGISTRAR

Hameed Majeed Associates (Pvt) Limited
Karachi Chambers, Hasrat Mohani Road, Karachi.
Phone: 021 32424826, Fax: 021 32424835

LEGAL ADVISOR

Rafiq Kalwar & Dars Law Associates,
Advocates & Corporate Counselors,
Office # 412, 4th Floor, Clifton Centre,
DC-1, Block 5, Clifton, Karachi

BANKERS**Islamic**

Al-Baraka Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Meezan Bank Limited

Conventional

Bank Al-Falah Limited
Bank Al-Habib Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
United Bank Limited

REGISTERED / HEAD OFFICE

C-27, Plot No. F-24, Block - 9, Clifton,
Karachi - 75600
Phone: 021 35371441 to 43 (3 lines)
Fax: 021 35371444
Website: www.sangharsugarmills.com
E-mail: info@sangharsugarmills.com

MANUFACTURING FACILITIES

13 K.M., Sanghar - Sindhari Road
Deh Kehore, District Sanghar, Sindh
Phone: (0345) 3737001 - 8222911

DIRECTORS' REVIEW

The Un-audited Condensed Interim Financial Information of the Company for the nine months period ended June 30, 2018 is presented to the Shareholders of the Company.

Operating Results

The summary of operating results of the Company during the nine months period ended June 30, 2018 along with the comparatives for the corresponding period are given below:

	Oct. – Jun. 2018	Oct. – Jun. 2017
Season started on	November 29, 2017	November 04, 2016
Duration of crushing days	142	133
Sugarcane crushed Metric Tons	712,124	625,237
Cane sugar produced Metric Tons	73,776	63,380
Sucrose recovery %	10.37	10.12

Review of the Operating Results of the Company

During the 142 days of crushing campaign of the current season your Company is able to Crush 712,124 Metric Tons of Sugar Cane at crushing rate of 5,015 Metric Tons per day as compared to 133 days, crushing at the rate of 4,701 Metric Tons per day and crushed 625,237 Metric Tons during the corresponding period. The Recovery rate and Production remain 10.37% and 73,776 Metric Tons as compared to 10.12% and 63,380 Metric Tons respectively. The main contributing factor in increased crushing is the addition of new Plant & Machinery into Production line.

Financial Results

The key financial figures of the financial results of the Company for the nine months period ended June 30, 2018 along with the comparatives for the corresponding period are summarized as under:

	Oct. – Jun. 2018	Oct. – Jun. 2017
	(Rupees '000)	
Loss before taxation	(20,398)	(470)
Taxation	9,074	(2,808)
Loss after taxation	<u>(11,324)</u>	<u>(3,278)</u>
Loss per share – basic and diluted (Rupees)	<u>(0.95)</u>	<u>(0.27)</u>

The pressure on selling price of sugar has not eased up due to bumper production of sugar in the country. The profitability of the Company has declined in the quarter due to impact of depreciation charged on operating fixed assets, as a result of capitalization and heavy mark-ups charged on loans and borrowings.

Future Prospects

Although selling prices are witnessing upward trend, your Management do not foresee any significant improvement in selling price of Sugar. Future profitability and cash flows largely depend upon the timely disbursement of subsidies announced by Federal and provincial Governments.

Acknowledgement

Your Directors place on record their appreciation for devotion of duty, loyalty and hard work of the executives, officers, staff members and workers for smooth running of the Company's affairs and hope that they will continue for enhancement of productivity with great zeal and spirit under the blessings of Almighty Allah.

The Directors would like to thank all the government functionaries, banking and non-banking financial institutions, suppliers and shareholders for their continued support and cooperation for the betterment and prosperity of the Company.

For and behalf of the Board of Directors

Chairman

Chief Executive

Karachi: July 28, 2018

مالیاتی نتائج

کمپنی کے اہم ترین مالیاتی اعداد و شمار بابت نو ماہی اختتام پذیر 30 جون 2018 اور گزشتہ سال کی نو ماہی سے ان کا تقابلی خلاصہ ذیل میں پیش کیا جا رہا ہے:

اکتوبر تا جون 2017	اکتوبر تا جون 2018
..... روپے ہزاروں میں	
(470)	(20,398)
(2,808)	9,074
(3,278)	(11,324)
(0.27)	(0.95)

نقصان قبل از ٹیکس
ٹیکس
نقصان بعد از ٹیکس
نقصان فی حصص - بنیادی و تخلیلی (روپے میں)

ملک بھر میں چینی کی زبردست پیداوار کی وجہ سے چینی کی قیمت فروخت پر پیدا ہونے والے دباؤ میں کمی نہ آ سکی۔ رواں سہ ماہی کے دوران کمپنی کے منافع میں کمی واقع ہوئی ہے جس کی وجہ مستقل اثاثوں پر کی جانے والی فرسودگی کے اثرات ہیں کیونکہ سرمایہ کاری کی غرض سے حاصل کئے گئے قرضوں پر بھاری بھر کم شرح سود منہا کیا گیا ہے۔

مستقبل پر نظر

گوکہ چینی کی قیمت فروخت میں اضافے کا رجحان دیکھا جا رہا ہے لیکن آپ کی کمپنی کی انتظامیہ کو اس سلسلے میں کسی خاطر خواہ اضافے کی توقع نہیں ہے۔ مستقبل میں ہونے والے منافع کا دار و مدار بڑی حد تک وفاقی اور صوبائی حکومتوں کی جانب سے بروقت امدادی قیمتوں کی ادائیگیوں پر ہوگا۔

اظہار تشکر

آپ کی کمپنی کے ڈائریکٹر تمام منتظمین، افسران، اسٹاف ممبران اور ملازمین کی جانب سے کمپنی کے معاملات کو مستعدی کے ساتھ چلانے کیلئے ان کی کوششوں، اخلاص نیت اور انتھک محنت کیلئے ان کے بے حد مشکور ہیں اور انھیں اس بات کی قوی امید ہے کہ مستقبل میں بھی ان سب کی جانب سے کمپنی کی پیداواریت میں اضافے کیلئے اسی جوش و جذبے کا مظاہرہ کیا جائے گا اور اللہ رب العزت کی رحمت ہمارے شامل حال رہے گی۔

اس کے علاوہ ڈائریکٹرز تمام سرکاری عمال، بینکاروں اور غیر بینکاری مالیاتی اداروں، ترسیل کاروں اور حصص داران کے بھی بے حد مشکور ہیں کہ کمپنی کی فلاح و بہبود کیلئے ان کی حمایت اور تعاون ہمیں حاصل رہا
برائے و منجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو

چیرمین

بمقام کراچی : مورخہ 28 جولائی 2018

ڈائریکٹروں کی جائزہ رپورٹ

کمپنی سے متعلق غیر آڈٹ شدہ مرکبز عبوری مالیاتی معلومات برائے نوامیہ اختتام پذیر 30 جون 2018 کمپنی کے حصص داران کی خدمت میں پیش کی جا رہی ہیں۔

کاروباری نتائج

کمپنی کے کاروباری نتائج بابت نوامیہ اختتام پذیر 30 جون 2018 اور گزشتہ سال کی نوامیہ کے کاروباری نتائج سے ان کا تقابلی خلاصہ ذیل میں پیش کیا جا رہا ہے:

اکتوبر تا جون 2017	اکتوبر تا جون 2018	
2016 نومبر 04	2017 نومبر 29	سین کا آغاز
133	142	پہائی کے دنوں کا دورانیہ
625,237	712,124	گنے کی پہائی میٹرک ٹن میں
63,380	73,776	چینی کی پیداوار میٹرک ٹن میں
10.12	10.37	سکروز کی ریکوری فیصد میں

کمپنی کے کاروباری نتائج کا جائزہ

رواں سینز میں پہائی کے 142 دنوں کے دوران آپ کی کمپنی 712,124 میٹرک ٹن گنے کی پہائی کا عمل مکمل کرنے کے قابل رہی جو 5,015 میٹرک ٹن بومیہ بنتا ہے، جب کہ پہائی کا گزشتہ سینز 133 دنوں پر مشتمل تھا جس کے دوران 4,701 میٹرک ٹن گنا بومیہ پیسا گیا اور مجموعی طور پر گزشتہ سینز کے دوران 625,237 میٹرک ٹن گنا پیسا گیا۔ رواں سینز کے دوران ریکوری اور پیداوار کی شرح بالترتیب %10.37 اور 73,776 میٹرک ٹن رہی جبکہ گزشتہ سال کی نوامیہ کے دوران یہ شرح %10.12 تھی اور پیداوار 63,380 میٹرک ٹن درج کی گئی تھی۔ پیداوار میں اس اضافے کا سہرا بنیادی طور پر پیداواری صلاحیت میں اضافے کیلئے لگائی جانے والے نئے پلانٹ اور مشینری کو جاتا ہے۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

		Un-audited June 30 2018 (Rupees in '000)	Audited September 30 2017 (Rupees in '000)
ASSETS	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,807,170	1,745,946
Intangible asset	8	—	19
Long term deposits		18,824	20,961
Deferred cost		10,964	17,543
		1,836,958	1,784,469
CURRENT ASSETS			
Stores, spare parts and loose tools		54,543	56,157
Stock-in-trade		1,437,629	1,095,532
Trade Debts		179,714	—
Loans and advances		126,991	116,285
Trade deposits & short term prepayments		14,058	11,608
Other receivables		3,613	3,613
Income tax refundable - net of provision		44,045	—
Cash and bank balances		57,086	19,721
		1,917,679	1,302,916
TOTAL ASSETS		3,754,637	3,087,385
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 shares of Rs.10 each		200,000	200,000
Issued, subscribed and paid up capital		119,460	119,460
Unappropriated profit		80,480	74,487
Surplus on revaluation of property, plant & equipment		357,901	375,218
		557,841	569,165
NON CURRENT LIABILITIES			
Long term financing	9	169,371	209,422
Liabilities against assets subject to finance lease		114,680	135,869
Deferred liabilities	10	313,286	296,757
		597,337	642,048
CURRENT LIABILITIES			
Trade and other payables		855,173	381,916
Accrued finance cost		45,432	46,507
Short term borrowings		1,549,999	1,293,557
Unclaimed dividend		13,944	13,987
Current portion of long term financing		91,853	87,000
Current portion of liabilities against assets subject to finance lease		43,058	37,310
Provision for income tax - net		—	15,895
		2,599,459	1,876,172
CONTINGENCIES AND COMMITMENTS	11	—	—
TOTAL EQUITY AND LIABILITIES		3,754,637	3,087,385

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information

CHIEF EXECUTIVE
Karachi: July 28, 2018

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2018 (Un Audited)

		<u>Nine months period ended</u>		<u>Quarter ended</u>	
		<u>June 30</u> <u>2018</u>	<u>June 30</u> <u>2017</u>	<u>June 30</u> <u>2018</u>	<u>June 30</u> <u>2017</u>
	Notes	(Rupees in '000)			
Sales	12	2,708,013	1,997,677	975,821	475,578
Cost of sales	13	2,572,383	1,857,578	956,840	501,373
Gross Profit / (Loss)		135,630	140,099	18,981	(25,795)
Profit from trading activities		3,918	—	—	—
		139,548	140,099	18,981	(25,795)
Distribution cost		7,539	448	3,023	215
Administrative expenses		68,569	64,612	20,861	18,409
Other operating expenses		2,021	10,007	(1,549)	(5,337)
		78,129	75,067	22,335	13,287
Operating Profit / (Loss)		61,419	65,032	(3,354)	(39,082)
Other income		3,955	534	1,854	19
		65,374	65,566	(1,500)	(39,063)
Finance cost		85,772	66,036	49,788	33,709
Loss before taxation		(20,398)	(470)	(51,288)	(72,772)
Taxation		(9,074)	2,808	11,902	(19,179)
Loss after taxation		(11,324)	(3,278)	(63,190)	(53,593)
Loss per share - Basic and diluted (Rupees)		(0.95)	(0.27)	(5.29)	(4.48)

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Karachi: July 28, 2018

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2018 (Un Audited)**

	<u>Nine months period ended</u>		<u>Quarter ended</u>	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
	(Rupees in '000)			
Loss after taxation	(11,324)	(3,278)	(63,190)	(53,593)
Other Comprehensive Income	—	—	—	—
Total Comprehensive Income for the period	<u>(11,324)</u>	<u>(3,278)</u>	<u>(63,190)</u>	<u>(53,593)</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information

CHIEF EXECUTIVE
DIRECTOR
CHIEF FINANCIAL OFFICER

Karachi: July 28, 2018

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2018 (Un Audited)

	June 30 2018 (Rupees in '000)	June 30 2017
Loss before taxation	(20,398)	(470)
Adjustment for non cash charges and other items:		
Depreciation	59,172	46,852
Amortization	19	319
Amortization of deferred cost	6,579	8,506
Employees retirement benefits expense	7,069	8,847
Provision for slow moving items and obsolescence	—	315
Impairment of further sales tax refundable	—	8,558
Provision for market committee fee	6,898	6,253
Gain on sale of Property, plant & equipment	(411)	(430)
Finance cost	85,772	66,036
	165,098	145,256
	144,700	144,786
Changes in Working capital		
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	1,614	(12,176)
Stock - in - trade	(342,097)	(1,185,720)
Trade debts	(179,714)	—
Loans and advances	(10,706)	(24,340)
Trade deposits & Short term prepayments	(2,450)	1,963
Sales Tax refundable	—	3,606
	(533,353)	(1,216,667)
Increase in current liabilities		
Trade and other payables	473,257	274,878
	84,604	(797,003)
Employees retirement benefits paid during the period	(2,818)	(3,898)
Finance cost paid during the period	(86,847)	(40,238)
(Increase) / Decrease in long term deposits	2,137	(3,995)
Income tax paid during the period	(45,486)	(17,819)
	(133,014)	(65,950)
Net cash outflow from operating activities	(48,410)	(862,953)

	Note	June 30 2018 (Rupees in '000)	June 30 2017
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		605	515
Additions to property, plant and equipment		(120,590)	(254,227)
Net cash outflow from investing activities		(119,985)	(253,712)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing		(51,802)	(16,000)
Proceeds from long term financing		16,603	109,586
Proceeds / (Payments) of liabilities against asset subject to finance lease - net		(15,440)	46,023
Dividend paid during the period		(43)	(7,168)
Net cash (outflow) / inflow from financing activities		(50,682)	132,441
Net decrease in cash and cash equivalents		(219,077)	(984,224)
Cash and cash equivalents at beginning of the period		(1,273,836)	(521,425)
Cash and cash equivalents at end of the period	14	<u>(1,492,913)</u>	<u>(1,505,649)</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Karachi: July 28, 2018

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2018 (Un Audited)**

	Share Capital	Unappropriated profit	Capital Reserve - Surplus on revaluation of property, plant & equipment	Total
	(Rs. in '000)			
Balance as at October 01, 2016 - Audited	119,460	347,806	396,171	863,437
Transaction with Owners:				
Final Dividend for the year ended September 30, 2016 @ Rs. 0.6 per share	—	(7,168)	—	(7,168)
Total Comprehensive Income for the nine months period ended June 30, 2017	—	(3,278)	—	(3,278)
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	20,182	(20,182)	—
Balance as at June 30, 2017	119,460	357,542	375,989	852,991
Balance as at October 01, 2017 - Audited	119,460	74,487	375,218	569,165
Total Comprehensive income for the nine months period ended June 30, 2018	—	(11,324)	—	(11,324)
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	17,317	(17,317)	—
Balance as at June 30, 2018	119,460	80,480	357,901	557,841

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Karachi: July 28, 2018

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2018 (Un Audited)****1 THE COMPANY AND ITS OPERATIONS**

The Company is a public limited Company incorporated in 1986 in Pakistan under the repealed Companies Ordinance, 1984. Its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the manufacture and sale of sugar and sale of its by-products i.e. molasses and bagasse. The Company has also installed bagasse fired transmission equipment to sell surplus electric power. The registered office of the Company is situated at C-27, Plot No. F-24, Block - 9, Clifton, Karachi and its manufacturing facilities are located in district Sanghar, Sindh.

2 BASIS OF PREPARATION

- 2.1** This condensed interim financial information of the Company for the period ended 30 June 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting'. This 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 for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 'Interim Financial Reporting issued by the International Accounting Standard 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.

- 2.2** The figures of the condensed interim statement of profit and loss and condensed interim statement of comprehensive income for the quarters ended June 30, 2018 and June 30, 2017 and cumulative figures for the nine months periods ended June 30, 2018 & June 30, 2017 and notes forming part thereof have not been reviewed by the auditors of the Company.
- 2.3** This condensed interim financial information for the nine months period ended June 30, 2018 is being submitted to shareholders as required under Section 237 of Companies Act, 2017. The condensed interim financial information do not include all the information and disclosure as required in the annual financial statements and should be read in conjunction with Company's annual financial statements for the year ended September 30, 2017
- 2.4** Effective from 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). The Companies Act introduces new disclosure and presentation requirements and also section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act consequently the Company has to account for and classify revaluation surplus in accordance with the requirements of IAS 16 "Property, Plant and Equipment". The Company used to transfer such

surplus to an account called ' Surplus on revaluation of property plant and equipment ' which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity) whereas the IAS 16 requires same to be treated as part of equity and also there is change in treatment of loss on revaluation. Accordingly the Company has made the changes in its accounting policy as per the requirements of the Companies Act, 2017; however, there is no significant change in the reported amounts so no restatement is required with respect to amount, the only change required and made is reclassification of revaluation surplus as part of equity. Additional disclosures required by the Act are relevant to the annual financial statements of the Company.

3 ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements of the Company for the year ended September 30, 2017 except treatment of revaluation surplus as stated above in note 2.4.

4 SEASONAL PRODUCTION

Due to seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of availability of sugarcane and only costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the cost incurred / accrued after the reporting date will be reported in the subsequent financial statements.

5 RECENT ACCOUNTING DEVELOPMENTS

5.1 New Standards, amendments to approved accounting standards and new interpretations which became effective during the nine months period ended June 30, 2018:

There were certain new standards, amendments to the approved accounting standards and interpretation which became effective during the period and are considered either not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial information.

5.2 New Standards, amendments to approved accounting standards and new interpretations that are not yet effective during the nine months period ended June 30, 2018:

There are certain amendments to the new accounting standards that are mandatory to the Company's accounting period beginning on October 01, 2017, but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial information.

6 PROVISIONS

Provisions in respect of current taxation, deferred taxation, workers' profit participation fund and workers' welfare fund, if any, are based on nine months results and final liabilities will be determined on the basis of annual results.

	Un-audited June 30 2018 (Rupees in '000)	Audited September 30 2017 (Rupees in '000)
7 PROPERTY, PLANT & EQUIPMENT		
Operating Fixed Assets:		
Owned	1,615,419	1,036,579
Leased	185,159	26,961
	1,800,578	1,063,540
Capital Work in Progress	6,592	682,406
	1,807,170	1,745,946
	Un-Audited June 30 2018 (Rupees in '000)	Un-Audited June 30 2017 (Rupees in '000)
7.1 Operating Fixed Assets		
Additions:		
<i>Direct additions during the period</i>		
Computer, Equipment & Appliances	—	168
Vehicles	2,608	1,818
<i>Transfer from Capital Work in Progress during the period</i>		
Factory Building on Lease Hold Land	108,317	—
Plant & Machinery - Owned	523,571	—
Plant & Machinery - Leased	161,908	—
	793,796	—
Disposals:		
<i>Disposals during the period at Net Book Value - Vehicle</i>	194	85
Depreciation:		
<i>Depreciation charged during the period</i>	59,172	46,852
	Un-Audited June 30 2018 (Rupees in '000)	Un-Audited June 30 2017 (Rupees in '000)
7.2 Capital Work in Progress		
<i>Additions during the period</i>		
Civil Works	17,785	28,604
Plant & Machinery including borrowing cost	100,197	223,637
	117,982	252,241
7.2.1 It includes borrowing cost of Rs. 16,313 thousand (2017: Rs. 14,622 thousand) - capitalized at the rate ranging from 8.37% to 10.68% (2017: 8.60% to 10.38%).		
8 INTANGIBLE ASSET		
Amortization charged during the period	19	319

Un-audited June 30 2018	Audited September 30 2017
-------------------------------	---------------------------------

(Rupees in '000)

9 LONG TERM FINANCING

Secured - From Banking Company under mark-up arrangements

Demand Finance - I	Note 9.1 & 9.3	25,000	47,000
Demand Finance - II	Note 9.2 & 9.3	211,698	241,500
Diminishing Musharakah	Note 9.4	24,525	7,922
		261,223	296,422
Current portion shown under current liabilities		(91,853)	(87,000)
		169,371	209,422

- 9.1** This represents Demand Finance I obtained from MCB Bank Limited under mark-up arrangements with a grace period of one year from disbursement of loan and is repayable in 16 varying quarterly installments starting from December 2015 with a mark-up payments @ 3 months KIBOR + 2.5% on quarterly basis.
- 9.2** This represents Demand Finance II obtained from MCB Bank Limited under mark-up arrangements with a grace period of one year from disbursement of loan and repayable in 16 quarterly installments starting from November 2017 with a mark-up payments @ 3 months KIBOR + 2.5% on quarterly basis.
- 9.3** These loans are secured against the Personal Guarantees of all Sponsoring Directors, 1st Exclusive Charge over specific plant & Machinery. 1st Registered Exclusive charge over all Land & Building of the Company and additionally secured against 1st paripassu charge over other plant & machinery of the Company.
- 9.4** This represents Diminishing Musharakah arrangement from shariah compliant financial institution under profit arrangements and repayable in five years in equal quarterly installments with a profit payments @ 6 months KIBOR + 3%. The loan is secured against the title over specific machinery.

Un-audited June 30 2018	Audited September 30 2017
-------------------------------	---------------------------------

(Rupees in '000)

10 DEFERRED LIABILITIES

Deferred taxation	187,440	182,060
Market committee fee	66,711	59,813
Employees retirement benefits - Defined benefits plan	59,135	54,884
	313,286	296,757

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies:

There is no material change in the status of contingencies as disclosed in note No. 23.1.2, 23.1.3, 23.1.5 & 23.1.6 of the annual financial statements for the year ended September 30, 2017 except that;

- a) The amount of the aggregate provision of the market committee fee, as stated in note # 23.1.1 of the annual financial statements, has increased to Rs. 66,711 thousands due to provision in respect of current crushing season amounting to Rs. 6,898 thousands.
- b) During the period under review, the appeal of the quality premium, as disclosed in note no 23.1.4 of the annual financial statements of the Company, has been decided by the Honourable Supreme Court of Pakistan against the Company. The Legal Counsel of the Company is of the view that the Honourable Supreme Court has now simply prescribed the criteria for future, which if followed properly, would make quality premium applicable in the future, and in relation to the past (other than crushing season 1998 – 1999) it appears that no liability arose as no legally binding notification under section 16(v) can be said to be in the field in the light of the decision of the Honourable Supreme Court. Accordingly, no liability arises for the past and for the year 1998 – 99 the recovery rate was below the threshold determined by the Government, hence, no provision is required to be made and further the Company has already paid price higher than the minimum notified price.
- c) During the period under review, the Government of Sindh issued a notification no. 8(142)/S.O(EXT)2017, fixing the minimum sugarcane purchase price at Rs. 182 per 40 kg for the crushing season 2017-2018. The Company along with other sugar mills filed a petition in the Honourable High Court of Sindh against the said notification and the Honourable Court after deliberations with all stakeholders made the interim order for fixing the purchase price at the Rs. 160 to be paid to growers and ordered that petitions are being adjourned sine die and to be revived on the application of either party after the decision of the Honourable Supreme court. The differential amount aggregating to Rs. 391,668 thousand has not been accounted for since the purchase price has been agreed with the parties and outcome of the Honourable Supreme Court is not likely to be against the Company. Furthermore, the Company along with other sugar mills have also filed petition in the Honourable Supreme Court challenging the minimum price fixation mechanism, which is also pending before the Honourable Court.

11.2 Guarantee:

- a) Rs. 15,000 thousand (September 2017: 25,000 thousands) guarantee was issued by the Bank for six months period in favour of Engro Fertilizers Limited on behalf of the Company for the procurement of Fertilizers for onward supply to sugarcane growers. The guarantee was secured against the 25% cash margin and rest against the existing charge over current and fixed assets of the Company held as collateral.

11.3 Commitments:

- a) Capital commitments in respect of plant and machinery & civil works amounted to Rs. 55,000 thousand (September 2017: Rs. 54,486 thousand).
- b) As disclosed in note 23.3.2 of annual financial statements of the Company for the year ended September 30, 2017, the Company committed to donate 05 acre of its land to Workers Welfare Fund, Government of Pakistan for establishing 50 bed hospital in the vicinity of Sanghar, the formalities of transfer of Land and other documentation is in process till date.
- c) The Company is committed for minimum Ijarah rental payments for each of the following period as follows:

	Un-Audited June 30 2018	Un-Audited June 30 2017
	(Rupees in '000)	
Not more than one year	3,552	7,104
More than one year but not more than three years	—	3,552
	<u>3,552</u>	<u>10,656</u>

	Un-Audited June 30 2018	Un-Audited June 30 2017
	(Rupees in '000)	
12 SALES		
Local	2,775,610	2,228,168
Export	256,243	—
	3,031,853	2,228,168
Less: Sales Tax / Further Tax	(323,840)	(230,491)
	<u>2,708,013</u>	<u>1,997,677</u>
13 COST OF SALES		
Opening stock of finished goods	1,090,774	599,509
Cost of goods manufactured during the period - Net	2,915,976	3,043,404
	4,006,750	3,642,913
Closing stock of finished goods	Note - 13.1 (1,434,367)	(1,785,335)
	<u>2,572,383</u>	<u>1,857,578</u>
13.1 The closing stock of sugar having carrying value of Rs. 1,296,789 thousand (September 2017: Carrying Value of Rs. 1,116,925 thousand and net realizable value Rs. 941,403 thousand & June 2017: carrying value of Rs. 1,331,472 thousand) has been pledged against cash finance obtained from Banking Companies.		
14 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise of the following items;		
Cash and bank balances	57,086	66,847
Short term borrowings	(1,549,999)	(1,572,496)
	<u>(1,492,913)</u>	<u>(1,505,649)</u>

15 RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL FINANCIAL INSTITUTION

The Company in the normal course of business deals with pure Islamic financial institution as well as the financial institution who have both the conventional and Islamic window operations. The detail of the segregation relevant assets / liabilities and expenditures between Islamic Mode and Conventional Mode is as under:

	June 30, 2018 (Un-audited)			September 30, 2017 (Audited)		
	(Rupees in '000)					
	Islamic Mode	Conventional Mode	Total	Islamic Mode	Conventional Mode	Total
Long Term Financing	24,525	236,698	261,223	7,922	288,500	296,422
Liabilities against assets subject to finance lease	—	157,737	157,737	—	173,179	173,179
Short Term Borrowings	680,000	869,999	1,549,999	550,000	743,557	1,293,557
Accrued finance cost	22,434	22,998	45,432	21,920	24,587	46,507
Long term Deposits	(792)	(18,032)	(18,824)	(2,930)	(18,031)	(20,961)
Trade Deposits	(2,930)	(3,750)	(6,680)	(2,589)	(6,250)	(8,839)
Bank Balances	(7,902)	(46,176)	(54,078)	(5,189)	(13,924)	(19,113)
	715,335	1,219,474	1,934,809	569,134	1,191,618	1,760,752

	June 30, 2018 (Un-audited)			June 30, 2018 (Un-audited)		
	(Rupees in '000)					
	Islamic Mode	Conventional Mode	Total	Islamic Mode	Conventional Mode	Total
Finance Cost	30,771	55,001	85,772	24,664	41,372	66,036
Ijarah Lease Rental	5,329	—	5,329	5,335	—	5,335
	36,100	55,001	91,101	29,999	41,372	71,371

16 RELATED PARTY TRANSACTIONS

The details of the transactions with related parties carried out during the period is as detailed below:

16.1 Name of Related Party	Relationship with Company	Nature of Transaction	Un-audited June 30 2018	Un-audited June 30 2017
			(Rupees in '000)	
Mr. Ghulam Dastagir Rajar	Chairman	Cane purchased	18,738	29,363
..... Do .....	..... Do	Advance against cane purchase	17,898	26,423
Haji Khuda Bux Rajar	Chief Executive	Cane purchased	—	4,360
..... Do .....	..... Do	Advance against cane purchase	—	4
Mr. Gul Mohammad Rajar	Son of Chief Executive	Cane purchased	5,543	14,064
..... Do .....	..... Do	Advance against cane purchase	1,107	7
Mr. Muhammad Hashim	General Manager	Cane purchased	4,770	4,209
..... Do .....	..... Do	Advance against cane purchase	1,915	86
16.2 Number of Directors & Executives	Relationship with Company	Nature of Transaction		
One Executive Director	Chief Executive	Salaries & Benefits	7,763	6,852
One Executive Director	Executive Director	Salaries & Benefits	3,160	2,465
Three Executives	Company Secretary, Chief Financial Officer & General Manager	Salaries & Benefits	8,689	10,207
One Director	Non-Executive Director	Meeting Fee	195	100

16.3 Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

17 FAIR VALUES / MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities of the Company are either short term in nature or are repriced periodically therefore; their carrying amounts approximate their fair values.

18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on July 28, 2018.

19 GENERAL

19.1 Figures have been rounded off to nearest thousand of rupees.

CHIEF EXECUTIVE**DIRECTOR****CHIEF FINANCIAL OFFICER**

Karachi: July 28, 2018



Sanghar Sugar Mills Limited

Dividend Payments through Electronic Mode

In accordance with the provisions and under section 242 of the Companies Act, 2017, shareholders are entitled to receive their dividends by way of direct credit to their bank account instead of receiving them through dividend warrants.

Therefore, to receive your future dividends directly in your bank account, please give us complete details and inform us in writing duly signed along with a copy of your CNIC / NTN to the Share Registrar or the Company and in case Shares held in CDC then please inform concerned Participant / CDC investor Account Services.

SHARE HOLDER'S SECTION

The Company Secretary,
Sanghar Sugar Mills Limited,
C-27, Plot No. F-24, Block - 9,
Karachi
Clifton, Karachi 75600,
Phone: 021 35371441 to 43 (3 lines)
Fax: 021 35371444

The Share Registrar,
Hameed Majeed Associates (Pvt) Limited
Karachi Chambers, Hasrat Mohani Road,
Phone: 021 32424826, Fax: 021 32424835

I hereby wish to communicate my desire to receive my future dividends directly in my bank account as detailed below:

Name of shareholder : _____
Folio number : _____
Contact number of shareholder : _____
Name of Bank : _____
Bank Branch & mailing address : _____
Bank Account No. (Full) : _____
Title of Account : _____
CNIC No. : _____
NTN (in case of corporate entity) : _____

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company informed in case of any changes in the said particulars in future.

Shareholder's Signature

CNIC / NTN No. _____
(copy attached)



منافع کی بذریعہ الیکٹرونک ادائیگی

کمپنیز ایکٹ 2017 کی دفعہ 242 کے تحت شیئر ہولڈرز ڈیویڈنڈ وارنٹس وصول کرنے کی بجائے اپنے منافع کو براہ راست اپنے بینک اکاؤنٹ میں کریڈٹ کروا سکتے ہیں۔

لہذا مستقبل میں اپنے منافع کو بینک اکاؤنٹ میں وصول کرنے کیلئے برائے مہربانی ہمیں مکمل تفصیل کیساتھ باقاعدہ اپنے دستخط شدہ NTN/CNIC کے نقول کے ہمراہ کمپنی کے شیئر رجسٹرار کو ارسال کریں اور CDC میں شیئر رجسٹر کرنے کی صورت میں متعلقہ پارٹیشنر / CDC / نوٹر اکاؤنٹ سروسز کو مطلع کریں۔

شیئر رجسٹرار:

حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

کراچی جیٹر، حسرت موہانی روڈ، کراچی

فون: 021-32424826، فیکس: 021-32424835

رجسٹرڈ آفس:

C-27، پلاٹ نمبر 24-F، بلاک 9، کلفٹن، کراچی - 75600

فون: 43-35371441 - 021 (3 لائن)

فیکس: 35371444 - 021،

فارم

میں اپنی خواہش کا اظہار کرتا ہوں کہ مستقبل میں اپنے منافع کو براہ راست اپنے بینک اکاؤنٹ میں حسب ذیل تفصیلات کے مطابق وصول کروں:

_____	:	شیئر ہولڈر کا نام
_____	:	فولیو نمبر
_____	:	شیئر ہولڈر کا رابطہ نمبر
_____	:	بینک برانچ اور مراسلت کا پتہ
_____	:	بینک / اکاؤنٹ نمبر (تفصیلی)
_____	:	CNIC نمبر
_____	:	NTN نمبر

(کارپوریٹ ادارہ کی صورت میں)

بیان کیا جاتا ہے کہ مندرجہ بالا فراہم کردہ کوائف میری مکمل معلومات کے مطابق درست ہیں اور اگر مستقبل میں ان کوائف کے حوالے سے کوئی تبدیلی ہو گی تو میں کمپنی کو اس کے بارے میں مطلع کرنے کا پابند ہوں۔

شیئر ہولڈر کے دستخط:

CNIC نمبر / NTN نمبر

(نقل منسلک)

PRINTED MATTER

Under Postal Certificate

REGISTERED / HEAD OFFICE:

C-27, Plot No. F-24, Block-9, Clifton, Karachi-75600

Phone: 021-35371441 to 43 (three lines)

Fax: 021-35371444

Email: info@sangharsugarmills.com

Website: www.sangharsugarmills.com

MANUFACTURING FACILITIES:

13th Km, Sanghar – Sindhri Road, Deh Kehore,
District Sanghar, Sindh

Phone : (0345) 3737001 – 8222911