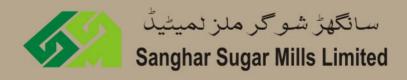


## **Condensed Interim Financial Information**

For the First Quarter ended **December 31, 2015**(Un-Audited)



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#### **COMPANY INFORMATION**

#### **BOARD OF DIRECTORS**

Mr. Ghulam Dastagir Rajar (Chairman) Haji Khuda Bux Rajar (Chief Executive)

Mr. Mohammad Aslam

Mr. Rahim Bux Mr. Ghulam Hvder

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

#### **EXECUTIVE DIRECTOR / COMPANY SECRETARY**

**CHIEF FINANCIAL OFFICER** 

Mr. Abdul Ghafoor Ateeq

Syed Rehan Ahmad Hashmi

**STATUTORY AUDITORS** 

Kreston Hyder Bhimji & Co. Chartered Accountants

**COST AUDITORS** 

Siddiqi & Company

**Cost & Management Accountants** 

**SHARE REGISTRAR** 

Hameed Majeed Associates (Pvt) Limited Karachi Chambers, Hasrat Mohani Road,

Karachi.

Phone: (021) 32424826 Fax: (021) 32424835

**BANKERS** 

Al-Baraka Bank (Pakistan) Limited Bank Islami Pakistan Limited Bank Al-Falah Limited United Bank Limited Meezan Bank Limited Soneri Bank Limited Habib Bank Limited

MCB Bank Limited National Bank of Pakistan

**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, (0345) 8222911



#### DIRECTORS' REVIEW

The Un-audited Condensed Interim Financial Information of the Company for the first quarter ended December 31, 2015 is presented to the Shareholders of the Company.

#### Review of the Performance of the Company

The crushing season for the year 2015-2016 commenced on November 05, 2015. Our Company started crushing ten days earlier as compared with the corresponding quarter ended December 31, 2014 and was able to operate 57 days crushing at the average rate of 5,025 Metric Tons of sugarcane per day as compared with the average of 4,751 Metric Tons per day crushing during corresponding quarter ended December 31, 2014.

#### **Operating Results**

The summary of operating results of the Company during the first quarter ended December 31, 2015 along with the comparatives for the corresponding period are given below:

	Oct.– Dec. 2015	Oct.– Dec. 2014
Season started on	05-11-2015	15-11-2014
Duration of crushing days	57	47
Sugarcane crushed Metric Tons	287,992	223,291
Cane sugar produced Metric Tons	26,657	20,580
Sucrose recovery %	9.50	9.45

#### **Review of Operation**

The Company operated at optimum level during the first quarter ended December 31, 2015 and was able to manufacture larger quantity of sugar along-with higher Sucrose Recovery by 0.05% under the circumstances as compared with the corresponding period.

#### **Financial Results**

The key financial figures of the financial results of the Company for the first quarter ended December 31, 2015 along with the comparatives for the corresponding period are summarized as under:

	Oct.– Dec. 2015 (Rupee	Oct Dec. 2014 es '000)
Profit / (Loss) before taxation	5,503	(16,282)
Taxation	18,626	1,100
Loss after taxation	(13,123)	(17,382)
Loss per share – basic and diluted (Rupees)	(1.10)	(1.46)

#### **Review of Financial Results**

Financial results are better as compared to the corresponding period due to the higher sucrose recovery, better selling price of sugar and also due to the fact that till December 31, 2015 your Company is paying minimum price of cane as fixed by the Government of Sindh.

#### **Future Prospects**

As feared in the Directors' Report dated January 06, 2016, price war has started over cane, pushing the prices of cane much above the minimum price fixed by the Government of Sindh, however we are also anticipating upward trend in selling price of sugar, which may compensate the rising prices of cane to a certain extent.

#### 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 on behalf of the Board of Directors

Chief Executive

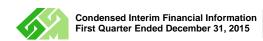
## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

ASSETS	Notes	Un-Audited December 31 2015 (Rupees	Audited September 30 2015 s in '000)
NON-CURRENT ASSETS Property, plant and equipment Intangible asset Long term deposits Deferred cost	6 7	1,155,068 763 10,966 36,106	1,166,639 869 10,966 33,373
CURRENT ASSETS Stores, spare parts and loose tools Stock-in-trade Trade debts	8	1,202,903 49,988 767,770 28,240	1,211,847 42,326 560,944 11,635
Loans and advances Trade deposits & short term prepayments Other receivables Tax refund due from Government - net of provision Cash and bank balances	J	24,315 7,536 26,609 6,730	24,603 1,012 26,609 11,778
TOTAL ASSETS EQUITY AND LIABILITIES		1,156,433 2,359,336	9,749 688,656 1,900,503
SHARE CAPITAL AND RESERVES Authorized capital 20,000,000 shares of Rs.10 each		200,000	200,000
Issued, subscribed and paid up capital Unappropriated profit		119,460 324,141 443,601	119,460 331,805 451,265
Surplus on revaluation of property, plant & equipment  NON CURRENT LIABILITIES  Long term financing	9	403,911	409,370
Liabilities against assets subject to finance lease Deferred liabilities	10	33,939 337,650 429,589	37,640 325,349 428,989
CURRENT LIABILITIES Trade and other payables Accrued mark-up / financial charges Short term borrowings Current portion of long term financing Current portion of liabilities against assets subject to final	ance lease	662,593 6,733 375,000 22,000 15,909	242,365 13,756 317,304 22,000 15,454 610,879
CONTINGENCIES AND COMMITMENTS TOTAL EQUITY AND LIABILITIES	11	2,359,336	1,900,503

The annexed notes form an integral part of these condensed interim financial information.

**CHIEF EXECUTIVE** 

DIRECTOR



## **CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015 (Un Audited)

	Notes	Un-Audited December 31 2015 (Rupees	Un-Audited December 31 2014 s in '000)
Sales	12	1,055,715	752,621
Cost of sales	13	1,022,217	737,103
Gross Profit		33,498	15,518
Distribution cost			220
Administrative expenses		18,253	17,937
Other operating expenses		806	166
		19,059	18,323
		14,439	(2,805)
Other income		11	7
Operating Profit / (Loss)		14,450	(2,798)
Finance cost		8,947	13,484
Profit / (Loss) before taxation		5,503	(16,282)
Taxation		18,626	1,100
Loss after taxation		(13,123)	(17,382)
Loss per share - Basic and diluted (Rupees)		(1.10)	(1.46)

The annexed notes form an integral part of these condensed interim financial information.

**CHIEF EXECUTIVE** 

DIRECTOR

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015 (Un Audited)

The annexed notes form an integral part of these condensed interim financial information.

**CHIEF EXECUTIVE** 

DIRECTOR

**Un-Audited** 

**Un-Audited** 

Karachi: January 28, 2016

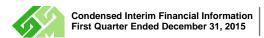
## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015 (Un Audited)

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015 (Un Audited)			
Particulars	Share Capital	Unappropriated Profit	Total
		(Rupees in '000)	
Balance as at October 01, 2014	119,460	251,401	370,861
Total Comprehensive Income for the period			
Loss after tax for quarter ended December 31, 2014	_	(17,382)	(17,382)
Incremental depreciation charged on surplus on revaluation		5,208	F 200
of property, plant & equipment - net of deferred tax		(12,174)	5,208 (12,174)
Balance as at December 31, 2014	119,460	239,227	358,687
•			
Balance as at October 01, 2015	119,460	331,805	451,265
Total Comprehensive Income for the period			
Loss after tax for quarter ended December 31, 2015 Incremental depreciation charged on surplus on revaluation	_	(13,123)	(13,123)
of property, plant & equipment - net of deferred tax	_	5,459	5,459
	_	(7,664)	(7,664)
Balance as at December 31, 2015	119,460	324,141	443,601

The annexed notes form an integral part of these condensed interim financial information.

**CHIEF EXECUTIVE** 

DIRECTOR



## **CONDENSED INTERIM CASH FLOW STATEMENT**FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015 (Un Audited)

		Un-Audited	Un-Audited
		December 31	December 31
		2015	2014
	Note	(Rupees i	in '000)
Profit / (Loss) before taxation		5,503	(16,282)
Adjustment for non cash charges and other items:			
Depreciation		16,123	15,683
Amortization		106	41
Amortization of deferred cost		2,407	-
Employees retirement benefits expense		2,593	2,593
Provision for market committee fee		2,880	2,233
Finance cost		8,947	13,484
		33,056	34,034
		38,559	17,752
Changes in Working capital			
Decrease / (Increase) in current assets			
Stores, spare parts and loose tools		(7,662)	(8,833)
Stock - in - trade		(206,826)	(282,708)
Trade debts		(16,605)	` '-
Loans and advances		288	(7,297)
Trade deposits & Short term prepayments		(6,524)	22,037
Other Receivables			82
		(237,329)	(276,719)
Increase in current liabilities			
Trade and other payables		420,228	637,441
Cash generated from Operations		221,458	378,474
Employees retirement benefits paid during the period		(64)	(843)
Finance cost paid during the period		(15,970)	(25,867)
Deferred Cost incurred during the period		(5,140)	
Income tax paid during the period		(6,686)	(4,021)
		(27,860)	(30,731)
Net cash inflow from operating activities		193,598	347,743
CASH FLOW FROM INVESTING ACTIVITIES			
Additions in property, plant & equipment		_	(24)
Addition in capital work in progress		(4,550)	(13)
Net cash outflow from investing activities		(4,550)	(37)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing		(8,000)	
Proceeds from long term financing		(5,500)	1,000
Payments of liabilities against asset subject to finance lease		(3,248)	(14,324)
Net cash outflow from financing activities		(11,248)	(13,324)
Net increase in cash and cash equivalents		177,800	334,382
Cash and cash equivalents at beginning of the period			
Cash and cash equivalents at end of the period	14	(307,555)	(462,784) (128,402)
casii and casii equivalents at end of the period	14	(129,755)	(120,402)

The annexed notes form an integral part of these condensed interim financial information.

**CHIEF EXECUTIVE** 

DIRECTOR



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015 (Un Audited)

#### 1 THE COMPANY AND ITS OPERATIONS

The Company is a public limited Company incorporated in 1986 in Pakistan under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges. The Company is principally engaged in the manufacture and sale of sugar and its by-products. The company has also installed 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

This condensed interim financial information for the first quarter ended December 31, 2015 is being submitted to shareholders as requided under section 245 of Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting" as applicable in Pakistan and provision of and directives issued under the Companies Ordinance, 1984 have been followed. 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 conjuction with Company's annual financial statements for the year ended September 30, 2015

This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 2015 and the condensed interim profit & loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the first quarter ended December 31, 2015 are not audited. The comparative balance sheet presented in these condensed interim financial information has been extracted from audited financial statements of the Company for the year ended September 30, 2015, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been extracted from the un-audited financial information for the first quarter ended December 31, 2014.

#### 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, 2015.

#### 4 SEASONAL PRODUCTION

Due to seasonal availability of sugarcane, the manufacturing of sugar is carried out during the period of sugarcane and 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 PROVISIONS

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



December 31 September 30 2015 2015 (Rupees in '000) **PROPERTY, PLANT & EQUIPMENT** 6 Operating Fixed Assets: 1,083,601 Owned 1.098,904 Leased 64,556 65,373 1,148,157 1,164,277 6,911 **Capital Work in Progress** 2.362 1,155,068 1,166,639 6.1 Operating Fixed Assets Additions & Transfers during the period/year: Direct additions during the period / year Computer, Equipment & Appliances 272 272 Transferred from Capital Work in Progress 2.091 Factory Building on free hold land Non-Factory Building on free hold land 776 Plant & Machinery 140,282 143,149 Total Additions & Transfers during the period / year 143,421 Transfer from Leased to Owned Assets at WDV 88,655 Assets Sold & Leased Back 30,000 Depreciation charged during the period (December 31, 2015 & 2014) 16,123 15,683 6.2 Capital Work in Progress Additions during the period / year Plant & Machinery 4.549 85,475 Transfer to operating fixed assets Factory Building on free hold land 2,091 Non-Factory Building on free hold land 776 Plant & Machinery 140,282 143,149 INTANGIBLE ASSETS 7 Additions during the period / year 638 Amortization charged during the period (December 31, 2015 & 2014) 106 41 8 TRADE DEBTS Unsecued - Considered Good Note - 8.1 28,240 11,635

**Un-Audited** 

Audited

8.1 This represents receivable from Hyderabad Electric Supply Company (HESCO) in respect of electricity generated and transmitted to National Grid with the approval of relevant authorities. Pending the finalizing the terms of supplying electricity with the authorities the amount is worked out based on provisional prices of electricity expected to be received.



Un-Audited Audited
December 31 September 30
2015 2015
(Rupees in '000)

#### 9 LONG TERM FINANCING

Secured

From Banking Company under mark-up arrangements

Demand Finance Note - 9.1

Current portion shown under current liabilities

 80,000
 88,000

 (22,000)
 (22,000)

 58,000
 66,000

9.1 This represents Demand Finance obtained from Banking Company under mark-up arrangements with a grace period of one year from disbursement of loan and repayable in 16 varying quarterly installments starting from December 2015 with a mark-up payments @ months KIBOR + 2.5% in quarterly basis. The finance is secured against 1st registered charge over land and building and 1st pari passu charge over plant & machinery and 1st exclusive charge over specific equipments.

Un-Audited Audited
December 31 September 30
2015 2015
(Rupees in '000)

#### 10 DEFERRED LIABILITIES

Deferred taxation

Market committee fee

Employees retirement benefits - Defined benefits plan

 238,938
 232,046

 50,804
 47,924

 47,908
 45,379

 337,650
 325,349

#### 11 CONTINGENCIES AND COMMITMENTS

#### 11.1 Contingencies:

There is no material change in the status of contingencies as disclosed in note No. 24.1.2 to 24.2 of the annual financial statements for the year ended September 30, 2015 except that;

a) The amount of the aggregate provision of the market committee fee, as stated in note # 24.1.1 of the annual financial statements, has increased to Rs. 50,804 thousands due to provision in respect of current crushing season amounting to Rs. 2,880 thousands.

#### 11.2 Commitments:

- a) There is no material change in the status of Commitments as disclosed in note No. 24.3.1 of the annual financial statements for the year ended September 30, 2015.
- b) The Company is committed for minimum Ijarah rental payments for each of the following period as follows:

	December 31 2015	December 31 2014
	(Rupee	s in '000)
ot more than one year	7,468	7,533

Not more than one year More than one year but not more than five years

12 SALES

Local

Less: Federal Excise Duty

7,468	7,533
14,936	22,598
22,404	30,131
1,140,172	812,817
84,457	60,196
1,055,715	752,621

IIn-Audited

Lin-Audited

Un-Audited
December 31
2015

(Rupees in '000)

#### 13 COST OF SALES

Opening stock of finished goods

Cost of goods manufactured during the period - Net

Closing stock of finished goods

Note - 13.1

557,362 1,216,249 1,773,611 (751,394) 1,022,217 440,832 1,012,228 1,453,060 (715,957) 737,103

196,598

(325,000)

IIn-Audited

**13.1** The closing stock of sugar having carrying value of Rs. 109,355 thousands (2014: Rs. Nil) has been pledged against cash finance obtained from the Banking Companies.

Un-Audited
December 31
2015

(Rupees in '000)

245,245

(375,000)

(129,755)

Lin-Audited

#### 14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items;

Cash and bank balances Short term borrowings

#### 15 RELATED PARTY TRANSACTIONS

The details of the transactions carried out as detailed below:

Relationship with Company	Nature of Transaction	December 31 2015	December 31 2014
		(Rupees	in '000)
Directors, Key Management Personnel and their relatives	Purchase of sugarcane	14,723	10,024
CEO, Directors & Executives	Salaries, Benefits & Fee	6,024	4,919

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

#### 16 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on January 28, 2016 by the Board of Directors of the Company.

#### 17 GENERAL

- 17.1 Figures have been rounded off to nearest thousand of rupees.
- 17.2 The Board of Directors of the Company has recommended final cash dividend of Rs. 2/- per share for the year ended September 30, 2015. This condensed interim financial information does not reflects the appropriation of cash dividend, which is subject to the approval of Shareholders in the Annual General Meeting, which will be held on January 30, 2016.

**CHIEF EXECUTIVE** 

DIRECTOR



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