



سانگھڑ شوگر ملز لمیٹیڈ
Sanghar Sugar Mills Limited

Condensed Interim Financial Information

For the First Quarter ended
December 31, 2016
(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 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 Ahmed Hashmi
Mr. Muhammad Ahmed

COMPANY SECRETARY

Mr. Muhammad Mubeen Alam

CHIEF FINANCIAL OFFICER

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**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 first quarter ended December 31, 2016 is presented to the Shareholders of the Company.

Operating Results

The summary of operating results of the Company during the first quarter ended December 31, 2016 along with the comparatives for the corresponding period are given below:

	Oct.– Dec. 2016	Oct.– Dec. 2015
Season started on	04-11-2016	05-11-2015
Duration of crushing days	58	57
Sugarcane crushed Metric Tons	251,456	287,992
Cane sugar produced Metric Tons	22,707	26,657
Sucrose recovery %	9.23	9.50

Review of the Operating Results of the Company

On November 04, 2016, the crushing season for the year 2016-2017 commenced. Our Company started crushing almost on the same date as compared with the corresponding quarter ended December 31, 2015. The Company was able to operate 58 days crushing at the average rate of 4,335 Metric Tons of sugarcane per day as compared with the average of 5,052 Metric Tons per day crushing during corresponding quarter, due to break in crushing of cane for few days. This, along-with decrease in recovery rate causes decrease in the production of sugar by 14.8% as compared to corresponding period.

Financial Results

The key financial figures of the financial results of the Company for the first quarter ended December 31, 2016 along with the comparatives for the corresponding period are summarized as under:

	Oct.– Dec. 2016	Oct.– Dec. 2015
	(Rupees '000)	
Profit before taxation	66,689	5,503
Taxation	19,428	18,626
Profit / (Loss) after taxation	47,261	(13,123)
Earnings / (Loss) per share – basic and diluted (Rupees)	3.96	(1.10)

Review of Financial Results

Financial results are better as compared to the corresponding period due to lifting of sugar stock of the previous year at relatively high selling price. However, price war started from the first week of the start of current crushing season, minimizing the effect of increased sugar prices on profit of the period.

Future Prospects

As feared in the Directors' Report dated January 07, 2017, 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 further upward trend in selling price of sugar, which may compensate the rising prices of cane to a certain extent.

As reported earlier, the capacity expansion work is in progress and your management is working hard to make the trial run during the current season.

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

Karachi: January 28, 2017

مالیاتی نتائج

کمپنی کے اہم مالیاتی نتائج برائے پہلی سہ ماہی بابت 31 دسمبر 2016 کو تقابلی جائزے کے ساتھ ذیل میں پیش کیا جا رہا ہے:

اکتوبر - دسمبر 2015	اکتوبر - دسمبر 2016	منافع قبل از ٹیکس
روپے ہزاروں میں		ٹیکس
5,503	66,689	منافع / (نقصان) بعد از ٹیکس
18,626	19,428	آمدن / (نقصان) فی حصص - بنیادی و تجلیلی (روپے)
(13,123)	47,261	
(1.10)	3.96	

مالیاتی نتائج کا جائزہ

رواں دورائے کے مالیاتی نتائج گزشتہ سال اسی عرصے کے نتائج کے مقابلے میں بہتر ہیں جس کی وجہ گزشتہ سال کے چینی کے اسٹاک کا نسبتاً زیادہ قیمت فروخت پر اٹھایا جانا ہے۔ تاہم رواں سیزن کے پہلے ہفتے سے ہی گنے کی قیمت کے سلسلے میں مسابقت کا سلسلہ شروع ہو گیا جس کے باعث سے چینی کی قیمت میں اضافے کی وجہ سے منافع پر پڑنے والا اثر زائل ہونا شروع ہو گیا۔

مستقبل پر نظر

جیسا کہ ڈائریکٹر ز رپورٹ مورخہ 07 جنوری 2017 میں اس بات کے خدشات ظاہر کئے گئے تھے، گنے کے سلسلے میں قیمت کے ضمن ایک مسابقت کا ماحول پیدا ہو گیا جس کے نتائج یہ برآمد ہوئے کہ حکومت سندھ کی جانب سے گنے کے کم از کم مقرر کردہ نرخوں کے مقابلے میں گنے کی قیمت میں اضافہ ہو گیا، تاہم اس بات کی توقع کی جاسکتی ہے کہ چینی کی قیمت فروخت ابھی مزید اضافہ ہو گا جس کی وجہ سے گنے کی بڑھتی ہوئی قیمتوں کے اثر کو زائل کرنے میں کسی حد تک مدد مل سکے گی۔ جیسا کہ پہلے بھی رپورٹ میں ذکر کیا جا چکا ہے کہ کمپنی کی پیداواری استعداد میں اضافہ کیا جا رہا ہے اور اس سلسلے میں کام جاری ہے اور آپ کی کمپنی کی انتظامیہ اس بات کیلئے پرعزم ہے کہ اسی سیزن میں آزمائشی پیداوار کا آغاز کر دیا جائے۔

اظہار تشکر

آپ کی کمپنی کے ڈائریکٹر کمپنی کے ایگزیکٹو ز، افسران، اسٹاف ممبران اور کارکنان کے بے حد مشکور ہیں کہ انھوں نے انتہائی لگن، اخلاص اور انتھک محنت کے ساتھ کمپنی کے امور کو مستعدی کے ساتھ چلانے میں اپنا کردار ادا کیا اور امید کی جاتی ہے کہ اللہ رب العزت کی مہربانی سے آئندہ بھی اسی جذبے اور جوش و خروش کے ساتھ کمپنی کی پیداوار میں اضافے کیلئے کوشاں رہیں گے۔ ڈائریکٹر تمام سرکاری اداروں، بینکاروں اور غیر بینکاری مالیاتی اداروں، سپلائروں اور حصص داران کے بھی بے حد مشکور ہیں کہ ان کی حمایت اور تعاون بھی کمپنی کی بہتری کیلئے ہمارے شامل حال رہا۔

منجانب بورڈ آف ڈائریکٹر

چیف ایگزیکٹو

بمقام کراچی: 28 جنوری 2017

ڈائریکٹرز کی نظر ثانی

کمپنی کی غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات برائے پہلی سہ ماہی بابت 31 دسمبر 2016 کو حصص داران کی خدمت میں پیش کیا جا رہا ہے۔

کاروباری افعال کے نتائج

کمپنی کے کاروباری افعال پر مبنی نتائج برائے پہلی سہ ماہی بابت 31 دسمبر 2016 کو تقابلی جائزے کے ساتھ ذیل میں پیش کیا جا رہا ہے:

اکتوبر-دسمبر 2015	اکتوبر-دسمبر 2016		
05-11-2015	04-11-2016		سیزن کا آغاز
57	58	دنوں میں	پسائی کا دورانیہ
287,992	251,456	میٹرک ٹن میں	پسائی کئے جانے والا گنا
26,657	22,707	میٹرک ٹن میں	چینی کی پیداوار
9.50	9.23	%	سکروڈ کی ریکوری

کمپنی کے کاروباری افعال کے نتائج کا جائزہ

سال 2016-2017 میں پسائی کا سیزن 4 نومبر 2016 کو شروع ہوا۔ ہماری کمپنی کی جانب سے گزشتہ سال 31 دسمبر 2015 کی اسی سہ ماہی کے مقابلے میں پسائی کا عمل تقریباً اسی تاریخ پر شروع کیا گیا جس تاریخ پر سیزن کا آغاز ہوا۔ کمپنی نے اس عمل کو اٹھاون (58) دنوں تک جاری رکھنے کے قابل رہی اور اس دوران یومیہ اوسطاً چار ہزار تین سو بیسٹیس (4,335 M.T) میٹرک ٹن گنا پیسا گیا جو کہ گزشتہ سال اسی دورانیے کے دوران اوسطاً پانچ ہزار باون (5,052 M.T) میٹرک ٹن تھا، اس کی بنیادی وجہ پسائی کے عمل میں چند دنوں کا قحط تھا۔ اس وجہ کے ساتھ ساتھ اور اس کے علاوہ ریکوری کی شرح میں کمی کے باعث اس سہ ماہی کے دوران چینی کی پیداوار میں گزشتہ سال اسی عرصے کے دوران چودہ اشاریہ آٹھ (14.8%) فیصد کی کمی واقع ہوئی ہے۔

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016

	Notes	Un-Audited December 31 2016	Audited September 30 2016
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,513,837	1,464,904
Intangible asset	8	338	444
Long term deposits		15,467	15,467
Deferred cost		26,050	28,885
		1,555,692	1,509,700
CURRENT ASSETS			
Stores, spare parts and loose tools		65,466	49,675
Stock-in-trade		532,692	606,067
Trade debts	9	26,301	—
Loans and advances		82,967	104,960
Trade deposits & short term prepayments		13,769	14,740
Other receivables		41,135	12,171
Sales Tax refundable		—	3,606
Income tax refundable - net of provision		—	733
Cash and bank balances		162,006	123,255
		924,336	915,207
TOTAL ASSETS		2,480,028	2,424,907
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		400,305	347,806
		519,765	467,266
Surplus on revaluation of property, plant & equipment		390,933	396,171
NON CURRENT LIABILITIES			
Long term financing	10	165,754	182,414
Liabilities against assets subject to finance lease		75,826	80,118
Deferred liabilities	11	294,495	295,067
		536,075	557,599
CURRENT LIABILITIES			
Trade and other payables		327,176	289,415
Accrued finance cost		8,641	20,302
Short term borrowings		620,200	644,680
Taxation - net		18,120	—
Current portion of long term financing		30,660	22,000
Current portion of liabilities against assets subject to finance lease		28,458	27,474
		1,033,255	1,003,871
CONTINGENCIES AND COMMITMENTS	12	—	—
TOTAL EQUITY AND LIABILITIES		2,480,028	2,424,907

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: January 28, 2017

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016 (Un Audited)**

	Notes	Un-Audited December 31 2016 (Rupees in '000)	Un-Audited December 31 2015
Sales	13	1,367,639	1,055,715
Cost of sales	14	1,266,511	1,022,217
Gross Profit		101,128	33,498
Distribution cost		123	—
Administrative expenses		19,995	18,253
Other operating expenses		5,280	806
		25,398	19,059
Operating Profit		75,730	14,439
Other income		19	11
		75,749	14,450
Finance cost		9,060	8,947
Profit before taxation		66,689	5,503
Taxation		19,428	18,626
Profit / (Loss) after taxation		47,261	(13,123)
Earnings / (Loss) per share - Basic and diluted (Rupees)		3.96	(1.10)

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: January 28, 2017

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016 (Un Audited)

	Un-Audited December 31 2016 (Rupees in '000)	Un-Audited December 31 2015
Profit / (Loss) after taxation	47,261	(13,123)
Other Comprehensive Income	—	—
Total Comprehensive Income for the period	47,261	(13,123)

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: January 28, 2017

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016 (Un Audited)

Particulars	Share Capital	Unappropriated Profit (Rupees in '000)	Total
Balance as at October 01, 2015	119,460	331,805	451,265
Total Comprehensive Income for the period	—	(13,123)	(13,123)
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	5,459	5,459
Balance as at December 31, 2015	119,460	324,141	443,601

Balance as at October 01, 2016	119,460	347,806	467,266
Total Comprehensive Income for the period	—	47,261	47,261
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	5,238	5,238
Balance as at December 31, 2016	119,460	400,305	519,765

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: January 28, 2017

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016 (Un Audited)

Note	Un-Audited December 31 2016 (Rupees in '000)	Un-Audited December 31 2015
Profit before taxation	66,689	5,503
Adjustment for non cash charges and other items:		
Depreciation	15,598	16,123
Amortization	106	106
Amortization of deferred cost	2,835	2,407
Employees retirement benefits expense	2,949	2,593
Provision for market committee fee	2,515	2,880
Finance cost	9,060	8,947
	33,063	33,056
	99,752	38,559
Changes in Working capital		
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(15,791)	(7,662)
Stock - in - trade	73,375	(206,826)
Trade debts	(26,301)	(16,605)
Loans and advances	21,993	288
Trade deposits & Short term prepayments	971	(6,524)
Sales Tax refundable	3,606	—
Other receivables	(28,964)	—
	28,889	(237,329)
Increase in current liabilities		
Trade and other payables	37,761	420,228
	166,402	221,458
Employees retirement benefits paid during the period	(1,374)	(64)
Finance cost paid during the period	(20,721)	(15,970)
Deferred cost incurred during the period	—	(5,140)
Income tax paid during the period	(5,237)	(6,686)
	(27,332)	(27,860)
Net cash inflows from operating activities	139,070	193,598
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(64,531)	(4,550)
Net cash outflow from investing activities	(64,531)	(4,550)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing	(8,000)	(8,000)
Payments liabilities against asset subject to finance lease	(3,308)	(3,248)
Net cash outflow from financing activities	(11,308)	(11,248)
Net increase in cash and cash equivalents	63,231	177,800
Cash and cash equivalents at beginning of the period	(521,425)	(307,555)
Cash and cash equivalents at end of the period	15 (458,194)	(129,755)

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

CHIEF EXECUTIVE

Karachi: January 28, 2017

DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED DECEMBER 31, 2016 (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 Pakistan Stock Exchange Limited. 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 however it is below the threshold of being classified as separate segment. 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, 2016 is being submitted to shareholders as required 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 conjunction with Company's annual financial statements for the year ended September 30, 2016

This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 2016 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, 2016 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, 2016, 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, 2015.

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, 2016.

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 approve accounting standards and new interpretations which became effective during the first quarter ended December 31, 2016:

There were certain new standards, amendments to the approved accounting standards and a interpretation issued by the IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee) 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 approve accounting standards and new interpretations that are not yet effective during the first quarter ended December 31, 2016:

There are certain amendments to the new accounting standards that are mandatory to the Company's accounting period beginning after October 01, 2016, 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.

7 PROPERTY, PLANT & EQUIPMENT

Operating Fixed Assets:

Owned

Leased

Capital Work in Progress

Un-Audited December 31 2016 **Audited September 30 2016**
(Rupees in '000)

1,043,644	1,058,466
61,328	62,104
1,104,972	1,120,570
408,865	344,334
1,513,837	1,464,904

Un-Audited December 31 2016 **Un-Audited December 31 2015**
(Rupees in '000)

7.1 Operating Fixed Assets

Depreciation charged during the period

15,598	16,123
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7.2 Capital Work in Progress

Additions during the period

Civil Works / Plant & Machinery including borrowing cost

64,531	4,549
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8 INTANGIBLE ASSET

Amortization charged during the period

106	106
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Un-Audited December 31 2016 **Audited September 30 2016**
(Rupees in '000)

9 TRADE DEBTS

Unsecured - Considered Good

Note - 9.1

26,301	—
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9.1 This includes receivable from Hyderabad Electric Supply Company in respect of electricity generated and transmitted to National Grid in accordance with Power Purchase Agreement and also receivable from buyers against sugar supplied.

10 LONG TERM FINANCING

Secured - From Banking Company under mark-up arrangements

Demand Finance - I

Note 10.1 & 10.3

Demand Finance - II

Note 10.2 & 10.3

58,000	66,000
138,414	138,414
196,414	204,414
(30,660)	(22,000)
165,754	182,414

Current portion shown under current liabilities

10.1 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.

10.2 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. The aggregate financing facility amounted to Rs. 248,000 thousands out of which Rs. 109,586 thousand were un-availed as at the period end.

10.3 The above 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. Additionally secured against 1st paripassu charge over other plant & machinery of the Company.

	Un-Audited December 31 2016	Audited September 30 2016
	(Rupees in '000)	
11 DEFERRED LIABILITIES		
Deferred taxation	186,304	190,966
Market committee fee	56,075	53,560
Employees retirement benefits - Defined benefits plan	52,116	50,541
	<u>294,495</u>	<u>295,067</u>

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies:

There is no material change in the status of contingencies as disclosed in note No. 24.1.2 to 24.1.5 of the annual financial statements for the year ended September 30, 2016 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. 56,075 thousands due to provision in respect of current crushing season amounting to Rs. 2,515 thousands.

12.2 Guarantee:

- a)** Rs. Nil (September 2016: 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.

12.3 Commitments:

- a)** Capital commitments in respect of plant and machinery for expansion project amounted to Rs. 45,500 thousand (September 2016: Rs. 74,000 thousand).
- b)** On November 23, 2016, Board of Directors proposal was approved by the shareholders of the Company in the Extra Ordinary General Meeting that the donation (free of cost and any charge or mortgage) and Transfer 05 Acres Land out of 320 Acres Land of the Company in Sanghar. The details was given / disclosed in note 44.1 of the annual audited financial statements for the year ended September 30, 2016. In order to implement the Agreements with the Ministry of Overseas Pakistanis & Human Resource Development, Workers Welfare Fund, Government of Pakistan, Islamabad, for the purpose of construction of Fifty Beds Hospital on the above said Land in the vicinity of Sanghar Sugar Mills located in Sanghar, the formalities of transfer of Land and other documentation is in process till date.

- c) The Company is committed for minimum ljarah rental payments for each of the following period as follows:

	Un-Audited December 31 2016	Un-Audited December 31 2015
	(Rupees in '000)	
Not more than one year	7,134	7,468
More than one year but not more than three years	7,134	14,936
	14,268	22,404
13 SALES		
Local	1,518,281	1,140,172
Less: Sales Tax / Further Tax	(150,642)	(84,457)
	1,367,639	1,055,715
14 COST OF SALES		
Opening stock of finished goods	599,509	557,362
Cost of goods manufactured during the period - Net	1,180,878	1,216,249
	1,780,387	1,773,611
Closing stock of finished goods	(513,876)	(751,394)
	1,266,511	1,022,217

- 14.1** The closing stock of sugar having carrying value of Rs. 310,259 thousands (December 2015: 109,355 thousand) has been pledged against cash finance obtained from Banking Companies.

	Un-Audited December 31 2016	Un-Audited December 31 2015
	(Rupees in '000)	
15 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise of the following items;		
Cash and bank balances	162,006	245,245
Short term borrowings	(620,200)	(375,000)
	(458,194)	(129,755)

16 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 Company carries out transactions in both the Islamic as well conventional operations of the financial institutions. The detail of the segregation relevant assets / liabilities and expenditures between Islamic Mode and Conventional Mode is as under:

	December 31, 2016 (Un-Audited)			September 30, 2016 (Audited)		
	(Rupees in '000)					
	Islamic Mode	Conventional Mode	Total	Islamic Mode	Conventional Mode	Total
Long Term Financing	—	196,414	196,414	—	204,414	204,414
Liabilities against assets subject to finance lease	—	104,284	104,284	—	107,592	107,592
Short Term Borrowings	200,000	420,200	620,200	200,000	444,680	644,680
Accrued finance cost	1,300	7,341	8,641	8,809	11,493	20,302
Bank Balances	(10,235)	(151,519)	(161,754)	(43,451)	(79,440)	(122,891)
	191,065	576,720	767,785	165,358	688,739	854,097

	December 31, 2016 (Un-Audited)			December 31, 2015 (Un-Audited)		
	(Rupees in '000)					
	Islamic Mode	Conventional Mode	Total	Islamic Mode	Conventional Mode	Total
Finance Cost	4,369	4,691	9,060	4,721	4,226	8,947
Ijarah Lease Rental	1,783	—	1,783	1,313	—	1,313
	6,152	4,691	10,843	6,034	4,226	10,260

17 RELATED PARTY TRANSACTIONS

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

17.1 Relationship with Company	Nature of Transaction	Un-Audited December 31 2016	Un-Audited December 31 2015
		(Rupees in '000)	
Directors, Key Management Personnel and their relatives	Purchase of sugarcane during the period	18,882	15,022
CEO, Directors & Executives	Salaries, Benefits paid during the period	5,381	6,024
Directors, Key Management Personnel and their relatives	Advances disbursed against cane supplies during the period	21,335	16,013

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

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 January 28, 2017.

19 GENERAL

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

19.2 The Board of Directors of the Company has recommended final cash dividend of Paisa Sixty only (Rs.0.60) per share for the year ended September 30, 2016. This condensed interim financial information does not reflect the appropriation of cash dividend, which is subject to the approval of Shareholders in the Annual General Meeting, which will be held on January 31, 2017.

CHIEF EXECUTIVE

DIRECTOR

Karachi: January 28, 2017

PRINTED MATTER

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