

Condensed Interim Financial Information

For the First Quarter ended
December 31, 2017
(Un-Audited)



سانگھڑ شوگر ملز لمیٹید
Sanghar Sugar Mills Limited

TABLE OF CONTENTS

✧ Company Information.....	2
✧ Directors' Review	3
✧ Directors' Review (Urdu Version)	6
✧ Condensed Interim Balance Sheet	7
✧ Condensed Interim Profit and Loss Account	8
✧ Condensed Interim Statement of Comprehensive Income	9
✧ Condensed Interim Cash Flow Statement	10
✧ Condensed Interim Statement of Changes in Equity.....	11
✧ Notes to the Condensed Interim Financial Information	12
✧ 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 Board of Directors of your Company is presenting the un-audited Condensed Interim Financial Information of the Company for the first quarter ended December 31, 2017 to the members of the Company.

The current crushing season started with huge carry forward stock of sugar in your Company as well as in our country. Further, the reported bumper crop for the current crushing season and an amount of Rs. 182 per maund as minimum price of cane by Government of Sindh has delayed the start of crushing season till the end of November 2017.

Your Company has worked for 27 days in current season and able to crush 134,033 M. Tons of cane producing 12,770 M. Tons of sugar at the recovery rate of 10.16 % as compared to 58 days of crushing and crushed 251,456 M. Tons of cane, produced 22,707 M. Tons of sugar at the recovery rate of 9.23 % during the corresponding period.

The local as well as international selling price of sugar is very low and is further sliding down. All these factors are contributing in huge losses to the Company as well as to the overall sugar industry.

Financial Results

The key financial figures of the financial results of the Company for the first quarter ended December 31, 2017 along with the comparatives for the corresponding period are summarized as under:

	Oct. – Dec. 2017	Oct. – Dec. 2016
	(Rupees '000)	
(Loss) / Profit before taxation	(141,295)	66,689
Taxation	(8,492)	(19,428)
(Loss) / Profit after taxation	<u>(149,787)</u>	<u>47,261</u>
(Loss) / Earnings per share		
– basic and diluted (Rupees)	<u>(12.54)</u>	<u>3.96</u>

Review of Financial Results

The surplus sugar stock making it impossible for sugar producers to sell the sugar without break-even. Therefore, the financial results of the Company for the first quarter ended December 31, 2017 are negative.

Future Prospects

The future prospects of the Company are dependent on the favorable outcome and settlement of minimum prices of cane with the growers and as well as with the Government for the crushing season 2017-18

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 behalf of the Board of Directors

Chairman

Chief Executive

Karachi January 27, 2018

مالیاتی نتائج پر نظر ثانی

وافر مقدار میں موجود چینی کا اسٹاک اس بات کو ناممکن بنا رہا ہے کہ چینی کے پیدا کار چینی کو اس سطح پر بھی فروخت کر سکیں کہ اگر نفع ناکما سکیں تو نقصان بھی نا اٹھانا پڑے۔ اسی بناء پر پہلی سہ ماہی 31 دسمبر 2017 کے دوران کمپنی کے مالیاتی نتائج منفی ہیں۔

مستقبل کے رجحانات

کمپنی کے مستقبل کا دار و مدار اس بات پر ہے کہ مستقبل میں سازگار حالات پیدا ہوں اور گھنے کے کاشتکاروں اور حکومت کے ساتھ پہائی کے سیزن 2017-18 کیلئے گھنے کے کم از کم نرخ کا معاملہ بھی باحسن و خوبی طے پا جائے۔ جیسا کہ پہلے ہی ذکر کیا جا چکا ہے، پیداوار میں توسیع کا منصوبہ زیر تکمیل ہے اور آپکی کمپنی کی انتظامیہ کی جانب سے پوری کوشش کی جارہی ہے کہ رواں سیزن کے دوران ہی اس منصوبے کی آزمائشی پیداوار کو شروع کر دیا جائے۔

اظہار تشکر

آپکی کمپنی کے ڈائریکٹرز تمام منتظمین، افسران، اسٹاف ممبران اور دیگر ملازمین کی جانب سے کمپنی کے معاملات کو مستعد انداز سے چلانے کیلئے انکے اخلاص، ایمانداری اور محنت کیلئے تہ دل سے ان کے مشکور ہیں۔ ڈائریکٹرز امید کرتے ہیں کہ مستقبل میں بھی میں ان کی جانب سے کمپنی پیداواریت میں اضافے کیلئے اسی جوش و جذبے کا مظاہرہ کیا جائے گا اور اللہ رب العزت کی رحمت ہمارے شامل حال رہے گی۔

نیز ڈائریکٹرز کمپنی کی بہبود اور ترقی کے ضمن میں تمام سرکاری عمال، بینکاروں اور غیر بینکاری مالیاتی اداروں، سپلائروں اور حصص داران کی جانب سے انکے تعاون اور حمایت کیلئے ان کے بھی بے حد مشکور ہیں۔

منجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو

چیئرمین

کراچی: 27 جنوری 2018

ڈائریکٹرز جائزہ

آپ کی کمپنی کے ڈائریکٹروں کی جانب سے کمپنی کی مالیاتی معلومات پر مبنی غیر آڈٹ شدہ عبوری مرئیکز رپورٹ بابت پہلی سہ ماہی 31 دسمبر 2017، ممبران کی خدمت میں پیش کی جا رہی ہے۔

پسائی کے حالیہ سیزن کا آغاز آپ کی کمپنی نے پہلے سے وافر مقدار میں موجود چینی کے اسٹاک کے ساتھ شروع کیا ہے اور ملک کی مجموعی صورتحال بھی اس سے مختلف نہیں ہے۔ مزید برآں، پسائی کے رواں سیزن کے دوران گنے کی خاطر خواہ اضافی فصل اور حکومت سندھ کی جانب سے کم از کم 182 روپے فی من نرخ مقرر کئے جانے کی وجہ سے پسائی کے سیزن کا آغاز کرنے میں نومبر 2017 کے آخر تک تاخیر ہو گئی۔

رواں سیزن کے دوران آپ کی کمپنی نے 27 دن کام کیا ہے اور اس دوران 134,033 میٹرک ٹن گنا پیسا جاکا ہے جس سے 12,770 میٹرک ٹن چینی پیدا کی گئی اور ریکوری کی شرح 10.16% رہی جبکہ گزشتہ سال اسی عرصے کے دوران 58 دنوں میں 251,456 میٹرک ٹن گنے کی پسائی کی گئی اور اس سے پیدا کی جانے والی چینی کی مقدار 22,707 میٹرک ٹن تھی، جبکہ ریکوری کی شرح 9.23% ریکاؤڈ کی گئی تھی۔

مقامی اور بین الاقوامی سطح پر چینی کے نرخوں میں مندی کا رجحان پایا جاتا ہے اور اس میں مزید کمی آرہی ہے۔ اس منفی رجحان کی وجہ سے ناصرف آپ کی کمپنی کو بڑے پیمانے پر نقصانات کا سامنا کرنا پڑ رہا ہے بلکہ چینی کی پوری صنعت مجموعی طور پر اس صورتحال سے متاثر ہو رہی ہے۔

مالیاتی نتائج

کمپنی کی مالیاتی کارکردگی کے نتائج کی اہم جھلکیاں بابت پہلی سہ ماہی 31 دسمبر 2017 برعکاس پہلی سہ ماہی گزشتہ سال ذیل میں پیش کی جا رہی ہیں:

اکتوبر تا دسمبر 2016	اکتوبر تا دسمبر 2017	
..... روپے ہزاروں میں		
66,689	(141,295)	(نقصان) / منافع قبل از ٹیکس
(19,428)	(8,492)	ٹیکس
47,261	(149,787)	(نقصان) / منافع بعد از ٹیکس
3.96	(12.54)	(نقصان) / منافع فی حصص - بنیادی و تحلیل (روپوں میں)

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017**

		Un-Audited December 31 2017	Audited September 30 2017
	Notes	(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,773,665	1,745,946
Intangible asset	8	—	19
Long term deposits		20,961	20,961
Deferred cost		15,350	17,543
		1,809,976	1,784,469
CURRENT ASSETS			
Stores, spare parts and loose tools		70,313	56,157
Stock-in-trade		863,664	1,095,532
Trade Debts		16,178	—
Loans and advances		150,618	116,285
Trade deposits & short term prepayments		28,503	11,608
Other receivables		3,613	3,613
Cash and bank balances		160,639	19,721
		1,293,528	1,302,916
TOTAL ASSETS		3,103,504	3,087,385
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		200,000	200,000
20,000,000 shares of Rs.10 each			
Issued, subscribed and paid up capital		119,460	119,460
(Accumulated Loss) / Unappropriated profit		(70,370)	74,487
		49,090	193,947
Surplus on revaluation of property, plant & equipment		370,288	375,218
NON CURRENT LIABILITIES			
Long term financing	9	202,500	209,422
Liabilities against assets subject to finance lease		127,213	135,869
Deferred liabilities	10	298,577	296,757
		628,290	642,048
CURRENT LIABILITIES			
Trade and other payables		1,231,044	395,903
Accrued finance cost		15,584	46,507
Short term borrowings		652,233	1,293,557
Current portion of long term financing		98,849	87,000
Current portion of liabilities against assets subject to finance lease		38,914	37,310
Provision for income tax - net		19,212	15,895
		2,055,836	1,876,172
CONTINGENCIES AND COMMITMENTS	11	—	—
TOTAL EQUITY AND LIABILITIES		3,103,504	3,087,385

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

CHIEF EXECUTIVE
Karachi: January 27, 2018

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2017 (Un Audited)**

	Notes	Un-Audited December 31 2017 (Rupees in '000)	Un-Audited December 31 2016
Sales	12	789,876	1,367,639
Cost of sales	13	894,385	1,266,511
Gross (Loss) / Profit		(104,509)	101,128
Distribution cost		273	123
Administrative expenses		18,838	19,995
Other operating expenses		223	5,280
		19,334	25,398
Operating (Loss) / Profit		(123,843)	75,730
Other income		14	19
		(123,829)	75,749
Finance cost		17,466	9,060
(Loss) / Profit before taxation		(141,295)	66,689
Taxation		8,492	19,428
(Loss) / Profit after taxation		(149,787)	47,261
(Loss) / Earnings per share - Basic and diluted (Rupees)		(12.54)	3.96

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Karachi: January 27, 2018

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2017 (Un Audited)**

	Un-Audited December 31 2017 (Rupees in '000)	Un-Audited December 31 2016
(Loss) / Profit after taxation	(149,787)	47,261
Other Comprehensive Income	—	—
Total Comprehensive (loss) / Income for the period	<u>(149,787)</u>	<u>47,261</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Karachi: January 27, 2018

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2017 (Un Audited)

	Un-Audited December 31 2017	Un-Audited December 31 2016
Note	(Rupees in '000)	
(Loss) / Profit before taxation	(141,295)	66,689
Adjustment for non cash charges and other items:		
Depreciation	14,709	15,598
Amortization	19	106
Amortization of deferred cost	2,193	2,835
Employees retirement benefits expense	2,356	2,949
Provision for market committee fee	1,340	2,515
Finance cost	17,466	9,060
	38,083	33,063
	(103,212)	99,752
Changes in Working capital		
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(14,156)	(15,791)
Stock - in - trade	231,868	73,375
Trade debts	(16,178)	(26,301)
Loans and advances	(34,333)	21,993
Trade deposits & Short term prepayments	(16,895)	971
Sales Tax refundable	—	3,606
Other receivables	—	(28,964)
	150,306	28,889
Increase in current liabilities		
Trade and other payables	835,141	37,761
	882,235	166,402
Employees retirement benefits paid during the period	(84)	(1,374)
Finance cost paid during the period	(48,389)	(20,721)
Income tax paid during the period	(6,967)	(5,237)
	(55,440)	(27,332)
Net cash inflow from operating activities	826,795	139,070
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(42,428)	(64,531)
Net cash outflow from investing activities	(42,428)	(64,531)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing	(11,651)	(8,000)
Proceeds from long term financing	16,578	—
Payments of liabilities against asset subject to finance lease	(7,052)	(3,308)
Net cash outflow from financing activities	(2,125)	(11,308)
Net increase in cash and cash equivalents	782,242	63,231
Cash and cash equivalents at beginning of the period	(1,273,836)	(521,425)
Cash and cash equivalents at end of the period	(491,594)	(458,194)

14

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

CHIEF EXECUTIVE
Karachi: January 27, 2018

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED DECEMBER 31, 2017 (Un Audited)

Particulars	Share Capital	Unappropriated Profit/ Accumulated Loss	Total
 (Rupees in '000)		
Balance as at October 01, 2016 - Audited	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	<u>119,460</u>	<u>400,305</u>	<u>519,765</u>
 Balance as at October 01, 2017 - Audited	119,460	74,487	193,947
Total Comprehensive loss for the period	—	(149,787)	(149,787)
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	4,930	4,930
Balance as at December 31, 2017	<u>119,460</u>	<u>(70,370)</u>	<u>49,090</u>

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

CHIEF EXECUTIVE
DIRECTOR
CHIEF FINANCIAL OFFICER

Karachi: January 27, 2018

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2017 (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

This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 2017 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 together with notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the first quarter ended December 31, 2017 which are not audited. The comparative balance sheet presented in this condensed interim financial information has been extracted from audited financial statements of the Company for the year ended September 30, 2017, 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 unaudited condensed interim financial information for the first quarter ended December 31, 2016.

This condensed interim financial information for the first quarter ended December 31, 2017 is being submitted to shareholders as required under Section 237 of Companies Act, 2017 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 Act, 2017 have been followed. The Companies Act, 2017 (the Act) has been promulgated and the Companies Ordinance, 1984 has been repealed. The Act introduces new disclosure and presentation requirements; however the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23 / 2017 dated 4th October 2017 has notified its decision that Companies whose financial year / period ends on or before December 31, 2017 shall prepare their financial statements / condensed interim financial information in accordance with the provisions of the Repealed Companies Ordinance 1984. Accordingly these condensed interim financial information have been prepared in accordance with the provisions of the Repealed Companies Ordinance 1984. 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

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.

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 first quarter ended December 31, 2017:

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 first quarter ended December 31, 2017:

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 three 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 2017	Audited September 30 2017
-----------------------------------	---------------------------------

(Rupees in '000)

1,024,272	1,036,579
26,624	26,961
1,050,896	1,063,540
722,769	682,406
1,773,665	1,745,946

Un-Audited December 31 2017	Un-Audited December 31 2016
-----------------------------------	-----------------------------------

7.1 Operating Fixed Assets
Additions:
Direct additions during the period

Vehicles

Depreciation:
Depreciation charged during the period

2,065	—
14,709	15,598

7.2 Capital Work in Progress
Additions during the period

Civil Works

Plant & Machinery including borrowing cost

3,998	10,633
36,366	53,898
40,363	64,531

8 INTANGIBLE ASSET

Amortization charged during the period

19	106
----	-----

		Un-Audited December 31 2017	Audited September 30 2017
9 LONG TERM FINANCING		(Rupees in '000)	
Secured - From Banking Company under mark-up arrangements			
Demand Finance - I	Note 9.1 & 9.3	44,000	47,000
Demand Finance - II	Note 9.2 & 9.3	232,849	241,500
Diminishing Musharakah	Note 9.4	24,500	7,922
		301,349	296,422
Current portion shown under current liabilities		(98,849)	(87,000)
		202,500	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** 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 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 December 31 2017	Audited September 30 2017
10 DEFERRED LIABILITIES		(Rupees in '000)	
Deferred taxation		180,268	182,060
Market committee fee		61,153	59,813
Employees retirement benefits - Defined benefits plan		57,156	54,884
		298,577	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 to 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. 61,153 thousands due to provision in respect of current crushing season amounting to Rs. 1,340 thousands.

11.2 Guarantee:

- a) Rs. 75,000 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 for expansion project amounted to Rs. 22,073 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 December 31 2017 (Rupees in '000)	Un-Audited December 31 2016 (Rupees in '000)
Not more than one year	7,104	7,134
More than one year but not more than three years	—	7,134
	<u>7,104</u>	<u>14,268</u>
12 SALES		
Local	882,256	1,518,281
Export	15,530	—
	897,786	1,518,281
Less: Sales Tax / Further Tax	(107,910)	(150,642)
	<u>789,876</u>	<u>1,367,639</u>
13 COST OF SALES		
Opening stock of finished goods	1,090,774	599,509
Cost of goods manufactured during the period - Net	655,547	1,180,878
	1,746,321	1,780,387
Closing stock of finished goods	(851,936)	(513,876)
	<u>894,385</u>	<u>1,266,511</u>

- 13.1** The closing stock of sugar having carrying value of Rs. 918,277 thousand (September 2017: Rs.1,294,146 thousand & December 2016: Rs. 513,876 thousand) has been determined at its net realizable value of Rs. 851,936 thousand (September 2017: Rs. 1,090,774 thousand & December 2016: Nil). The closing stock of sugar having carrying value of Rs. 388,729 thousands and its net realizable value of Rs. 360,645 thousand (September 2017: Carrying Value of Rs. 1,116,925 thousand and net realizable value Rs. 941,403 thousand & December 2016: carrying value of Rs. 310,259 thousand) has been pledged against cash finance obtained from Banking Companies.

Un-Audited **Un-Audited**
December 31 **December 31**
2017 **2016**
(Rupees in '000)

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items:

Cash and bank balances	160,639	162,006
Short term borrowings	(652,233)	(620,200)
	<u>(491,594)</u>	<u>(458,194)</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:

	December 31, 2017 (Un-Audited)			September 30, 2017 (Audited)		
	(Rupees in '000)					
	Islamic Mode	Conventional Mode	Total	Islamic Mode	Conventional Mode	Total
Long Term Financing	24,500	276,849	301,349	7,922	288,500	296,422
Liabilities against assets subject to finance lease	—	166,127	166,127	—	173,179	173,179
Short Term Borrowings	375,000	277,233	652,233	550,000	743,557	1,293,557
Accrued finance cost	5,889	9,695	15,584	21,920	24,587	46,507
Long term Deposits	(2,930)	(18,031)	(20,961)	(2,930)	(18,031)	(20,961)
Bank Balances	(32,077)	(128,278)	(160,355)	(5,189)	(13,924)	(19,113)
	370,382	583,595	953,977	571,723	1,197,868	1,769,591

	December 31, 2017 (Un-Audited)			December 31, 2016 (Un-Audited)		
	(Rupees in '000)					
	Islamic Mode	Conventional Mode	Total	Islamic Mode	Conventional Mode	Total
Finance Cost	6,941	10,525	17,466	4,369	4,691	9,060
Ijarah Lease Rental	1,776	—	1,776	1,783	—	1,783
	8,717	10,525	19,242	6,152	4,691	10,843

16 RELATED PARTY TRANSACTIONS

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

16.1 Relationship with Company	Nature of Transaction	Un-Audited December 31 2017	Un-Audited December 31 2016
		(Rupees in '000)	
Directors, Key Management Personnel and their relatives	Purchase of sugarcane during the period	7,324	18,882
CEO, Directors & Executives	Salaries, Benefits paid during the period	5,099	5,381
Directors, Key Management Personnel and their relatives	Advances disbursed against cane supplies during the period	12,367	21,335

16.2 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 January 27, 2018.

19 GENERAL

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

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

Karachi: January 27, 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 شیئرز 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 نفاذ کے ہمراہ کمپنی کے شیئرز رجسٹرار کو ارسال کریں اور CDC میں شیئرز رکھنے کی صورت میں متعلقہ پارٹنیشنر/ CDC انوسٹر اکاؤنٹ سرور کو مطلع کریں۔

رجسٹرڈ آفس:

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

فون: 021-35371441-43 (3 لائن)

فیکس: 021-35371444۔

شیئرز رجسٹرار:

حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

کراچی چیمبر، حسرت موہانی روڈ، کراچی

فون: 021-32424826، فیکس: 021-32424835

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:

_____	:	شیئرز ہولڈر کا نام
_____	:	فولیو نمبر
_____	:	شیئرز 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۔

شیئرز 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