



سانگھڑ شوگر ملز لمیٹیڈ
Sanghar Sugar Mills Limited

Condensed Interim Financial Information

For the Six Months Period ended

March 31, 2017

(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 six months period ended March 31, 2017 is presented to the Shareholders of the Company.

Operating Results

The summary of operating results of the Company during the six months period ended March 31, 2017 along with the comparatives for the corresponding period are given below:

	Oct. – Mar. 2017	Oct. – Mar. 2016
Season started on	November 04, 2016	November 05, 2015
Duration of crushing days	133	117
Sugarcane crushed Metric Tons	625,237	563,617
Cane sugar produced Metric Tons	63,380	57,387.50
Sucrose recovery %	10.12	10.20

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 season. The Company was able to operate 133 days crushing at the average rate of 4,701 Metric Tons of sugarcane per day as compared with the average of 4,817 Metric Tons per day crushing during corresponding season, due to break in crushing of cane for few days. This, along-with other factors causes decrease in recovery rate as compared to corresponding period.

Financial Results

The key financial figures of the financial results of the Company for the six months period ended March 31, 2017 along with the comparatives for the corresponding period are summarized as under:

	Oct. – Mar. 2017	Oct. – Mar. 2016
	(Rupees '000)	
Profit before taxation	72,302	35,948
Taxation	21,987	24,233
Profit after taxation	50,315	11,715
Earnings per share – basic and diluted (Rupees)	4.21	0.98

Review of Financial Results

The profitability of the six months period are better as compared to previous period 2015-16 due to the lifting of sugar stock of the previous year at relatively high selling prices during the first quarter. However, sale of sugar is very low in the second quarter, as compared with the past, resulting in minimal sale & profitability due to second quarter.

Future Prospects

Your Company manage to keep the prices of cane at manageable level as compared to the adjoining mills and able to achieve the production target set by the management. However, price of sugar is at its lowest despite the permission of export by the Federal Government.

The capacity expansion work is in progress and your management is now working on to further increase already planned capacity from 1,500 TCD to 3,000 TCD and make it possible to start the new season with enhanced capacity.

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: May 22, 2017

اکتوبر تا مارچ 2016	اکتوبر تا مارچ 2017
ہزاروں روپوں میں	
35,948	72,302
24,233	21,987
11,715	50,315
0.98	4.21

منافع قبل از ٹیکس
ٹیکس
منافع بعد از ٹیکس
آمدن فی حصص -- بنیادی و تخلیلی (روپوں میں)

مالیاتی نتائج کا جائزہ

زیر نظر شش ماہی کے دوران منافع کی صورتحال گزشتہ سال 2015-16 کے مقابلے میں بہتر رہی جس کی بنیادی وجہ یہ رہی کہ گزشتہ سال کا ذخیرہ پہلی سہ ماہی کے دوران نسبتاً زیادہ قیمت فروخت پر اٹھایا گیا۔ تاہم دوسری سہ ماہی میں چینی کی فروختگی، پہلی سہ ماہی کے مقابلے میں کم رہی جس کا نتیجہ یہ نکلا کہ دوسری سہ ماہی میں منافع اور فروختگی کی شرح کم از کم رہی۔

مستقبل پر نظر

آپ کی کمپنی اس کوشش میں کامیاب رہی کے قرب و جوار میں قائم شدہ ملوں کے مقابلے میں گئے کی قیمتوں کو قابل برداشت سطح تک قائم رکھا اور انتظامیہ کی جانب سے طے کردہ پیداواری ہدف کو بھی حاصل کیا۔ تاہم وفاقی حکومت کی جانب سے چینی کو برآمد کئے جانے کی اجازت ملنے کے باوجود بھی چینی کے نرخ کم از کم سطح پر ہے۔

کمپنی میں پیداواری صلاحیت میں اضافے کا کام جاری ہے اور آپ کی انتظامیہ اب اس سلسلے میں کوششیں کر رہی ہے کہ پہلے سے طے شدہ منصوبے کے تحت 1500 ٹی سی ڈی کی پیداواری صلاحیت کو اب مزید 3000 ٹی سی ڈی تک بڑھا دیا جائے۔ اور اس بات کو ممکن بنایا جائے کہ نئے سیزن کا آغاز بہتر پیداواری صلاحیت کے ساتھ کیا جائے۔

اظہار تشکر

آپ کے ڈائریکٹرز اس بات کو یکساں طور پر کا حصہ بناتے ہوئے کمپنی کے تمام ایگزیکٹو، افسران، اسٹاف ممبران، اور دیگر ملازمین کی انتھک محنت اور احساس ذمہ داری کو سراہتے ہیں جس کی وجہ سے کمپنی اپنے امور انتہائی مستعدی کے ساتھ سرانجام دیتی رہی اور اس بات کی امید کرتے ہیں کہ آئندہ بھی کمپنی کی پیداواریت میں اضافے کی غرض سے اللہ رب العزت کی مہربانی سے اسی جوش و جذبے کا اظہار کرتے رہیں گے۔

ڈائریکٹر تمام سرکاری اعمال، بینکاروں، غیر بینکار مالیاتی اداروں، سپلائروں اور حصص داران کا تہہ دل سے شکریہ ادا کرتے ہیں کہ کمپنی کی خوشحالی اور بہتری میں ان کا تعاون اور حمایت ہمارے شامل حال رہی۔

منجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو

بمقام کراچی: مورخہ 22 مئی 2017

ڈائریکٹروں کی نظر ثانی رپورٹ

غیر آڈٹ شدہ جامع عبوری مالیاتی معلومات بابت کمپنی برائے شش ماہی اختتامیہ 31 مارچ 2017 کمپنی کے حصص داران کی خدمت میں پیش کی جا رہی ہیں۔

کاروباری نتائج

نتائج برہنی کاروباری افعال بابت کمپنی برائے شش ماہی اختتامیہ 31 مارچ 2017 بمعہ گزشتہ متوازی دورانیہ کا تقابلی جائزہ ذیل میں پیش کیا جا رہا ہے:

اکتوبر تا مارچ 2016	اکتوبر تا مارچ 2017		
5 نومبر 2015	4 نومبر 2016		سیزن کا آغاز
117	133	دنوں میں	پسائی کے سیزن کا دورانیہ
563,617	625,237	میٹرک ٹن	گنے کی پسائی کا حجم
57,387.50	63,380	میٹرک ٹن	چینی کی پیداوار
10.20	10.12	%	سکروز کی ریکوری

کمپنی کے کاروباری افعال کے نتائج کا جائزہ

کمپنی میں پسائی کے سیزن 2016-2017 کا آغاز 4 نومبر 2016 کو ہوا۔ ہماری کمپنی میں پسائی کے سیزن کا آغاز کم و بیش انہی دنوں میں کیا گیا تھا جن دنوں میں گزشتہ سال اس سیزن کا آغاز کیا گیا تھا۔ پسائی کے اس سیزن میں کمپنی 133 دن تک پسائی کے عمل میں فعال رہی اور اس عرصے کے دوران پسائی کا یومیہ حجم 4,701 میٹرک ٹن رہا جبکہ گزشتہ سال اسی عرصے کے دوران یہ حجم 4,817 میٹرک ٹن یومیہ ریکارڈ کیا گیا تھا، اس کمی کی بنیادی وجہ گنے کی پسائی میں عارضی طور پر پیدا ہونے والا ایک تعطل تھا۔ اس وجہ کے علاوہ چند دیگر وجوہات بھی درپیش تھیں جن کی وجہ سے ریکوری کی شرح اس سیزن میں گزشتہ سال کے مقابلے میں کم رہی۔

مالیاتی نتائج

کمپنی کے مالی نتائج برائے شش ماہی اختتامیہ 31 مارچ 2017 کے اہم اعداد و شمار بمعہ گزشتہ متوازی دورانیہ کا تقابلی جائزہ ذیل میں پیش کیا جا رہا ہے:

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **SANGHAR SUGAR MILLS LIMITED** ("the Company") as of March 31, 2017, and the related 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 together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the six months period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures for the quarters ended March 31, 2017 and March 31, 2016 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed, as we are required to review only cumulative figures for the six months period ended March 31, 2017.

Scope of Review

We conducted our review in accordance with the International Standard on review engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months period ended March 31, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

KRESTON HYDER BHIMJI & CO.

Chartered Accountants

Engagement Partner: Fahad Ali Shaikh

Karachi: May 22, 2017

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

		Un-Audited Mar. 31 2017 (Rupees in '000)	Audited Sept. 30 2016
ASSETS	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,575,287	1,464,904
Intangible asset	8	231	444
Long term deposits		15,467	15,467
Deferred cost		23,214	28,885
		1,614,199	1,509,700
CURRENT ASSETS			
Stores, spare parts and loose tools		54,536	49,675
Stock-in-trade		2,284,902	606,067
Trade debts	9	19,151	—
Loans and advances		110,877	104,960
Trade deposits & short term prepayments		15,459	14,740
Other receivables		3,613	12,171
Sales tax refundable		—	3,606
Income tax refundable - net of provision		—	733
Cash and bank balances		29,908	123,255
		2,518,446	915,207
TOTAL ASSETS		4,132,645	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		401,430	347,806
		520,890	467,266
Surplus on revaluation of property, plant & equipment		385,694	396,171
NON CURRENT LIABILITIES			
Long term financing	10	149,112	182,414
Liabilities against assets subject to finance lease		73,179	80,118
Deferred liabilities	11	297,773	295,067
		520,064	557,599
CURRENT LIABILITIES			
Trade and other payables		947,113	289,415
Accrued finance cost		26,970	20,302
Short term borrowings		1,654,922	644,680
Current portion of long term financing		39,302	22,000
Current portion of liabilities against assets subject to finance lease		25,207	27,474
Provision for income tax - net		12,483	—
		2,705,997	1,003,871
CONTINGENCIES AND COMMITMENTS	12	—	—
TOTAL EQUITY AND LIABILITIES		4,132,645	2,424,907

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

CHIEF EXECUTIVE

Karachi: May 22, 2017

DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2017 (Un Audited)**

		<u>Six months period ended</u>		<u>Quarter ended</u>	
		<u>Mar. 31</u> <u>2017</u>	<u>Mar. 31</u> <u>2016</u>	<u>Mar. 31</u> <u>2017</u>	<u>Mar. 31</u> <u>2016</u>
	Notes	(Rupees in '000)			
Sales	13	1,522,099	2,051,496	154,460	995,781
Cost of sales	14	1,356,205	1,928,960	89,694	906,743
Gross Profit		165,894	122,536	64,766	89,038
Distribution cost		233	519	110	519
Administrative expenses		46,203	43,244	26,208	24,991
Other operating expenses		15,344	22,351	10,064	21,545
		61,780	66,114	36,382	47,055
Operating Profit		104,114	56,422	28,384	41,983
Other income		515	60	496	49
		104,629	56,482	28,880	42,032
Finance cost		32,327	20,534	23,267	11,587
Profit before taxation		72,302	35,948	5,613	30,445
Taxation		21,987	24,233	2,559	5,607
Profit after taxation		50,315	11,715	3,054	24,838
Earnings per share - Basic and diluted (Rupees)		4.21	0.98	0.25	2.08

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: May 22, 2017

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2017 (Un Audited)**

	<u>Six months period ended</u>		<u>Quarter ended</u>	
	<u>Mar. 31 2017</u>	<u>Mar. 31 2016</u>	<u>Mar. 31 2017</u>	<u>Mar. 31 2016</u>
 (Rupees in '000)			
Profit after taxation	50,315	11,715	3,054	24,838
Other Comprehensive Income	—	—	—	—
Total Comprehensive Income for the period	<u>50,315</u>	<u>11,715</u>	<u>3,054</u>	<u>24,838</u>

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: May 22, 2017

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2017 (Un Audited)

	Notes	Mar. 31 2017 (Rupees in '000)	Mar. 31 2016
Profit before taxation		72,302	35,948
Adjustment for non cash charges and other items:			
Depreciation	7.1	31,186	32,408
Amortization	8	213	213
Amortization of deferred cost		5,671	4,814
Employees retirement benefits expense		5,898	5,704
Provision for slow moving items & obsolescence		315	286
Impairment for Inland Freight Subsidy		—	18,713
Impairment for Further sales tax refundable		8,558	—
Provision for market committee fee		6,253	5,636
Gain on sale of property, plant & equipment		(430)	—
Finance cost		32,327	20,534
		89,991	88,308
		162,293	124,256
Changes in Working capital			
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		(5,176)	(7,431)
Stock - in - trade		(1,678,835)	(675,902)
Trade debts		(19,151)	(35,946)
Loans and advances		(5,917)	(110,930)
Trade deposits & Short term prepayments		(719)	(5,881)
Sales Tax refundable		3,606	—
		(1,706,192)	(836,090)
Increase in current liabilities			
Trade and other payables		657,698	556,968
		(886,201)	(154,866)
Employees retirement benefits paid during the period		(3,638)	(775)
Finance cost paid during the period		(25,659)	(21,411)
Deferred cost incurred during the period		—	(5,140)
Dividend paid during the period		(7,168)	(23,892)
Income tax paid during the period		(14,578)	(13,694)
		(51,043)	(64,912)
		(937,244)	(219,778)
Net cash outflows from operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		515	—
Additions to property, plant and equipment		(141,654)	(82,753)
Net cash outflow from investing activities		(141,139)	(82,753)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing		(16,000)	(16,000)
Payments liabilities against asset subject to finance lease		(9,206)	(7,511)
Net cash outflow from financing activities		(25,206)	(23,511)
Net decrease in cash and cash equivalents		(1,103,589)	(326,042)
Cash and cash equivalents at beginning of the period		(521,425)	(307,555)
Cash and cash equivalents at end of the period	15	(1,625,014)	(633,597)

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: May 22, 2017

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2017 (Un Audited)**

Particulars	Share Capital	Unappropriated Profit	Total
	(Rs. in '000)		
Balance as at October 01, 2015 - Audited	119,460	331,805	451,265
Transactions with Owners			
Final Dividend for the year ended September 30, 2015 @ Rs. 2 per share	—	(23,892)	(23,892)
Total Comprehensive Income for the six months period ended March 31, 2016	—	11,715	11,715
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	15,672	15,672
Balance as at March 31, 2016	119,460	335,300	454,760
Balance as at October 01, 2016 - Audited	119,460	347,806	467,266
Transactions 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 six months period ended March 31, 2017	—	50,315	50,315
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	10,477	10,477
Balance as at March 31, 2017	119,460	401,430	520,890

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: May 22, 2017

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2017 (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 comprises of the condensed interim balance sheet as at March 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 six months period ended March 31, 2017 which have been subject to review and are not audited. This also include the condensed interim profit & loss account, condensed interim statement of comprehensive income for the quarter ended March 31, 2017 & 2016. 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, 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 condensed interim financial information for the six months period ended March 31, 2016. The figures of condensed interim profit & loss account and condensed interim statement of comprehensive income for the quarter ended March 31, 2017 and 2016 are not subject to review.

This condensed interim financial information for the six months period ended March 31, 2017 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

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 approved accounting standards and new interpretations which became effective during the six months period ended March 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 six months period ended March 31, 2017:

There are certain amendments to the new accounting standards that are mandatory to the Company's accounting period beginning after 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 six months results and final liabilities will be determined on the basis of annual results.

Un-audited
Mar. 31
2017
(Rupees in '000)

Audited
Sept. 30
2016

7 PROPERTY, PLANT & EQUIPMENT

Operating Fixed Assets:

Owned
Leased

1,028,845
60,551

1,058,466
62,104

1,089,397

1,120,570

Capital Work in Progress

485,890
1,575,287

344,334
1,464,904

Un-audited
Mar. 31
2017
(Rupees in '000)

Un-audited
Mar. 31
2016

7.1 Operating Fixed Assets

Additions & Transfers during the period

Direct additions during the period

Vehicles
Computer, Equipment & Appliances

—
98

217
64

98

281

Transfers from Capital Work in Progress during the period - Plant & Machinery

—

12,324

Disposals:

Disposal during the period at Net Book Value - Vehicle

85

—

Depreciation:

Depreciation charged during the period

31,186

32,408

7.2 Capital Work in Progress

Additions during the period

Civil Works
Plant & Machinery including borrowing cost

25,331
116,225
141,556

—
82,472
82,472

7.2.1 Borrowings cost amounted to Rs. 8,225 thousand (2016: Nil) has been capitalized during the period. Effective rate of interest charged is 8.50% to 10.38%.

		Un-audited Mar. 31 2017 (Rupees in '000)	Un-audited Mar. 31 2016
8 INTANGIBLE ASSET			
Amortization charged during the period		213	213
		Un-audited Mar. 31 2017 (Rupees in '000)	Audited Sept. 30 2016
9 TRADE DEBTS			
Unsecured - Considered Good	Note - 9.1	19,151	—
9.1	This includes Rs. 17,413 thousands receivable from Hyderabad Electric Supply Company in respect of electricity generated and transmitted to National Grid in accordance with Power Purchase Agreement.		
		Un-audited Mar. 31 2017 (Rupees in '000)	Audited Sept. 30 2016
10 LONG TERM FINANCING			
Secured - From Banking Company under mark-up arrangements			
Demand Finance - I	Note 10.1 & 10.3	50,000	66,000
Demand Finance - II	Note 10.2 & 10.3	138,414	138,414
		188,414	204,414
Current portion shown under current liabilities		(39,302)	(22,000)
		149,112	182,414
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 and additionally secured against 1st paripassu charge over other plant & machinery of the Company.		

	Un-audited Mar. 31 2017 (Rupees in '000)	Audited Sept. 30 2016
11 DEFERRED LIABILITIES		
Deferred taxation	185,159	190,966
Market committee fee	59,813	53,560
Employees retirement benefits - Defined benefits plan	52,801	50,541
	297,773	295,067
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. 59,813 thousands due to provision in respect of current crushing season amounting to Rs. 6,253 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 & civil works for expansion project amounted to Rs. 159,260 thousand (September 2016: Rs. 74,000 thousand).		
b) As disclosed in note 44.1 of annual financial statements of the Company for the year ended September 30, 2016, 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 ljarah rental payments for each of the following period as follows:		
	Un-audited Mar. 31 2017 (Rupees in '000)	Un-audited Mar. 31 2016
Not more than one year	7,104	7,134
More than one year but not more than three years	5,328	12,484
	12,432	19,618
13 SALES		
Local	1,693,314	2,215,616
Less: Sales Tax / Further Tax	(171,215)	(164,120)
	1,522,099	2,051,496
14 COST OF SALES		
Opening stock of finished goods	599,509	557,362
Cost of goods manufactured during the period - Net	2,981,576	2,599,863
	3,581,085	3,157,225
Closing stock of finished goods	(2,224,880)	(1,228,265)
	1,356,205	1,928,960
14.1 The closing stock of sugar having carrying value of Rs. 1,395,563 thousands (March 2016: 567,768 thousand) has been pledged against cash finance obtained from Banking Companies.		

Un-audited **Un-audited**
Mar. 31 **Mar. 31**
2017 **2016**
(Rupees in '000)

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items;

Cash and bank balances

Short term borrowings

29,908	255,083
(1,654,922)	(888,680)
(1,625,014)	(633,597)

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 detail of the segregation relevant assets / liabilities and expenditures between Islamic Mode and Conventional Mode is as under:

	Mar. 31, 2017 (Un-audited)			Sept. 30, 2016 (Audited)		
	(Rupees in '000)					
	Islamic Mode	Conventional Mode	Total	Islamic Mode	Conventional Mode	Total
Long Term Financing	—	188,414	188,414	—	204,414	204,414
Liabilities against assets subject to finance lease	—	98,386	98,386	—	107,592	107,592
Short Term Borrowings	607,922	1,047,000	1,654,922	200,000	444,680	644,680
Accrued finance cost	8,795	18,175	26,970	8,809	11,493	20,302
Bank Balances	(7,365)	(21,977)	(29,342)	(43,451)	(79,440)	(122,891)
	609,352	1,329,998	1,939,350	165,358	688,739	854,097

	Mar. 31, 2017 (Un-audited)			Mar. 31, 2016 (Un-audited)		
	(Rupees in '000)					
	Islamic Mode	Conventional Mode	Total	Islamic Mode	Conventional Mode	Total
Finance Cost	11,768	20,559	32,327	9,640	10,894	20,534
Ijarah Lease Rental	4,075	—	4,075	3,097	—	3,097
	15,843	20,559	36,402	12,737	10,894	23,631

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	Un-audited
		Mar. 31 2017	Mar. 31 2016
		(Rupees in '000)	
Directors, Key Management Personnel and their relatives	Purchase of sugarcane during the period	51,996	39,857
CEO, Directors & Executives	Salaries, Benefits paid during the period	13,111	12,609
Directors, Key Management Personnel and their relatives	Advances disbursed against cane supplies during the period	26,520	20,642

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 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.

19 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 May 22, 2017.

20 GENERAL

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

CHIEF EXECUTIVE

Karachi: May 22, 2017

DIRECTOR

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