



Condensed Interim Financial Information

For the Nine Months Period Ended

June 30, 2015

(Un-Audited)



سانگھڑ شوگر ملز لمیٹید

Sanghar Sugar Mills Limited

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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

EXECUTIVE DIRECTOR / COMPANY SECRETARY

Mr. Abdul Ghafoor Ateeq

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

Allied Bank Limited
Askari Bank Limited
Al-Baraka Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Bank Al-Falah Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan

REGISTERED / HEAD OFFICE

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

MANUFACTURING FACILITIES

13th KM, Sanghar - Sindhari Road
Deh Kehore, District Sanghar, Sindh
Phone: (0345) 3737001 & 8222911



DIRECTORS' REVIEW

The Unaudited Condensed Interim Financial Information of the Company for the nine months period ended June 30, 2015 is submitted to the Shareholders of the Company.

Review of the Performance of the Company

As reported earlier, the crushing season for the year 2014-2015 started on November 15, 2014 and completed on March 31, 2015, due to lesser crop in Sanghar district your Company is able to operate for 137 days crushing at the rate of 4,601 M. Tons of cane per day compared with 4,889 M. Tons per day of the previous season.

Operating Results

A summary of operating results of the Company during the nine months period ended June 30, 2015 along with the comparatives for the corresponding period are given below:

		Oct. to Jun. 2014-2015	Oct. to Jun. 2013-2014
Season started on		15-11-2014	01-11-2013
Season completed on		31-03-2015	31-03-2014
Duration of crushing	Days	137	151
Sugarcane crushed	M-Tons	630,317	738,209
Sugar Produced	M-Tons	64,271	72,530
Sucrose recovery	%	10.19	9.81

Review of Operation

As mentioned above, the Company operated at the lesser level during the nine months period ended June 30, 2015 under the prevailing circumstances as compared with the corresponding period, sucrose recovery is higher by 0.36% as compared with the last year.

Financial Results

The key financial figures of financial results of the Company for the nine months period ended June 30, 2015 along with the comparative for the corresponding period are summarized as under:

	June 30 2015	June 30 2014
	(Rupees '000)	
Profit before taxation	70,616	39,264
Taxation	(7,051)	(26,459)
Profit after taxation	63,565	12,805
Earnings per share		
Basic and diluted (Rupees)	5.32	1.07



Review of Financial Results

As reported in six months period, despite the decrease in crushing your Company is making profit due to factors listed in that report & still maintaining it due to increasing trend in selling prices.

Future Prospects

We believe that if the upward trend of sugar price continue, your Company will show the better results during full year.

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: July 29, 2015



CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2015

	Notes	Un-Audited Jun. 30 2015	Audited Sep. 30 2014
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,136,236	1,146,348
Intangible Assets	7	339	497
Long Term Deposits		9,467	9,478
		1,146,042	1,156,323
CURRENT ASSETS			
Stores, spare parts and loose tools		46,023	42,125
Stock-in-trade		1,049,432	442,118
Trade Debts	8	11,382	—
Loans and advances		162,453	67,069
Trade deposits & short term prepayments		3,138	64,174
Other Receivables		26,609	23,196
Tax refund due from Government - net of provision less payments		24,395	24,177
Cash and bank balances		76,121	7,274
		1,399,553	670,133
TOTAL ASSETS		<u>2,545,595</u>	<u>1,826,456</u>
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		332,343	251,401
		451,803	370,861
Surplus on Revaluation of Property, Plant & Equipment		409,910	427,287
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		16,225	23,174
Long Term Financing	9	69,000	—
Deferred liabilities	10	323,380	320,838
		408,605	344,012
CURRENT LIABILITIES			
Trade and other payables		423,381	137,603
Accrued mark-up / Financial Charges		27,436	20,314
Short term borrowings		796,398	470,058
Current portion of liabilities against assets subject to finance lease		9,062	56,321
Current portion of long term financing		19,000	—
		1,275,277	684,296
CONTINGENCIES AND COMMITMENTS	11	—	—
TOTAL EQUITY AND LIABILITIES		<u>2,545,595</u>	<u>1,826,456</u>

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

CHIEF EXECUTIVE
Karachi: July 29, 2015

DIRECTOR



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2015 (Un-Audited)

	Notes	Nine Months period ended		Quarter ended	
		Jun. 30 2015	Jun. 30 2014	Jun. 30 2015	Jun. 30 2014
..... (Rupees in '000)					
Sales	12	2,251,636	2,431,614	853,635	913,513
Cost of sales	13	2,049,067	2,247,329	796,230	839,846
Gross Profit		202,569	184,285	57,405	73,667
Distribution cost		684	11,263	97	6,004
Administrative expenses		59,611	54,372	17,418	15,499
Other operating expenses		6,380	7,103	697	724
		66,675	72,738	18,212	22,227
		135,894	111,547	39,193	51,440
Other income		81	356	11	285
Operating Profit		135,975	111,903	39,204	51,725
Finance cost		65,359	72,639	31,401	40,920
Profit before taxation		70,616	39,264	7,803	10,805
Taxation		7,051	26,459	5,810	10,022
Profit after taxation		63,565	12,805	1,993	783
Earnings per share - Basic and diluted (Rupees)		5.32	1.07	0.17	0.07

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: July 29, 2015



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2015 (Un-Audited)**

	Nine months period ended		Quarter ended	
	Jun. 30 2015	Jun. 30 2014	Jun. 30 2015	Jun. 30 2014
	(Rupees in '000)			
Profit after taxation	63,565	12,805	1,993	783
Other Comprehensive Income	—	—	—	—
Total Comprehensive Income for the period	63,565	12,805	1,993	783

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

CHIEF EXECUTIVE

Karachi: July 29, 2015

DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2015 (Un-Audited)**

Particulars	Share Capital	Unappropriated Profit	Total
	(Rs. in '000)		
Balance as at October 01, 2013	119,460	235,305	354,765
Total Comprehensive Income for the period			
Profit after tax for nine months period ended June 30, 2014	—	12,805	12,805
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	5,599	5,599
	—	18,404	18,404
Balance as at June 30, 2014	119,460	253,709	373,169
Balance as at October 01, 2014	119,460	251,401	370,861
Total Comprehensive Income for the period			
Profit after tax for nine months period ended June 30, 2015	—	63,565	63,565
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	17,377	17,377
	—	80,942	80,942
Balance as at June 30, 2015	119,460	332,343	451,803

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

CHIEF EXECUTIVE

Karachi: July 29, 2015

DIRECTOR



CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2015 (Un-Audited)

	Note	Jun. 30 2015 (Rupees in '000)	Jun. 30 2014
Profit before taxation		70,616	39,264
Adjustment for non cash charges and other items:			
Depreciation		48,541	29,721
Amortization		158	88
Employees retirement benefits expense		7,778	6,926
Provision for market committee fee		6,303	7,382
Gain on Sale of property, plant & equipment		—	(274)
Provision for slow moving items and obsolescence		571	1,027
Finance cost		65,359	72,639
		<u>128,710</u>	<u>117,509</u>
		199,326	156,773
Changes in Working capital			
Decrease / (Increase) in current assets			
Stores, spare parts and loose tools		(4,469)	(9,764)
Stock - in - trade		(607,314)	(963,113)
Trade debts		(11,382)	—
Loans and advances		(95,384)	(41,532)
Trade deposits & Short term prepayments		61,036	(21,427)
Other Receivables		(3,413)	81
		<u>(660,926)</u>	<u>(1,035,755)</u>
Increase / (Decrease) in current liabilities			
Trade and other payables		285,778	(72,103)
		<u>(175,822)</u>	<u>(951,085)</u>
Employees retirement benefits paid during the period		(2,530)	(1,965)
Finance cost paid during the period		(58,237)	(34,310)
Decrease in long term deposits		11	—
Income tax paid during the period		(16,278)	(23,699)
		<u>(77,034)</u>	<u>(59,974)</u>
Net cash used in operating activities		<u>(252,856)</u>	<u>(1,011,059)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Additions in operating fixed assets		(207)	(1,943)
Additions in intangible assets		—	(637)
Additions in capital work in progress		(38,222)	—
Proceeds from disposal of property, plant & equipment		—	410
Net cash used in investing activities		<u>(38,429)</u>	<u>(2,170)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long Term financing		88,000	—
Payments of liabilities against asset subject to finance lease		(54,208)	(23,114)
Net cash inflow / (outflow) from financing activities		<u>33,792</u>	<u>(23,114)</u>
Net decrease in cash and cash equivalents		<u>(257,493)</u>	<u>(1,036,343)</u>
Cash and cash equivalents at beginning of the period		(462,784)	21,717
Cash and cash equivalents at end of the period	14	<u>(720,277)</u>	<u>(1,014,626)</u>

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

CHIEF EXECUTIVE

Karachi: July 29, 2015

DIRECTOR



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2015 (Un-Audited)**

1 THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

This condensed interim financial information 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 required in the annual financial statements and should be read in conjunction with company's annual financial statements for the year ended September 30, 2014

This condensed interim financial information comprises of the condensed interim balance sheet as at June 30, 2015 and the condensed interim profit & loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the nine months period ended June 30, 2015 are not audited. This also includes the condensed interim profit & loss account, condensed interim statement of comprehensive income for the quarter ended June 30, 2015. 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, 2014, 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 figures have been extracted from the financial information for the nine months period ended June 30, 2014.

3 ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements of the Company for the year ended September 30, 2014.

4 SEASONAL PRODUCTION

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

5 PROVISIONS

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

6 PROPERTY, PLANT & EQUIPMENT

Operating Fixed Assets:

Owned
Leased

Note - 6.1
Note - 6.2

Capital Work in Progress

Un-Audited
Jun. 30
2015
Audited
Sep. 30
2014

(Rupees in '000)

Owned	1,099,399	959,169
Leased	35,965	127,143
	1,135,364	1,086,312
	872	60,036
	1,136,236	1,146,348



Un-Audited Un-Audited
Jun. 30 Jun. 30
2015 2014
(Rupees in '000)

6.1 Operating Fixed Assets

Additions & Transfers during the period:

Direct additions during the period

Plant & Machinery	—	624
Vehicles	—	781
Furniture & Fittings	—	45
Computer, Equipment & Appliances	207	253
	207	1,703

Transferred from Capital Work in Progress

Factory Building on free hold land	2,091	—
Non-Factory Building on free hold land	776	—
Plant & Machinery	94,519	8,084
	97,386	8,084

Total Additions & Transfers during the period

97,593 **9,787**

Disposal during the period at WDV

— 136

Depreciation charged during the period:

48,541 **29,721**

6.2 Capital Work in Progress

Additions during the period

Plant & Machinery	38,222	240
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Transfer to operating fixed assets

Factory & Non Factory Building on free hold land	2,867	—
Plant & Machinery	94,520	8,084
	97,387	8,084

7 INTANGIBLE ASSETS

Additions during the period

— 637

Amortization charged during the period

158 88

Un-Audited Audited
Jun. 30 Sep. 30
2015 2014
(Rupees in '000)

8 TRADE DEBTS

Unsecured - Considered Good

Note - 8.1

11,382 —

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



	Un-Audited Jun. 30 2015	Audited Sep. 30 2014
9 LONG TERM FINANCING	(Rupees in '000)	
Secured		
From Banking Company under mark-up arrangements		
Demand Finance Note - 9.1	88,000	—
Current portion shown under current liabilities	(19,000)	—
	69,000	—

9.1 This represents Demand Finance obtained from Banking Company under mark-up arrangements with a grace period of one year from disbursement of loan and repayable in 16 varying quarterly installments starting from December 2015 with a mark-up payments @ 3 months KIBOR + 2.5% in quarterly basis. The finance is secured against 1st registered charge over land and building and 1st pari passu charge over plant & machinery and 1st exclusive charge over specific equipments.

	Un-Audited Jun. 30 2015	Audited Sep. 30 2014
10 DEFERRED LIABILITIES	(Rupees in '000)	
Deferred taxation	229,779	238,788
Market committee fee	47,924	41,621
Employees retirement benefits - Defined benefits plan	45,677	40,429
	323,380	320,838

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies:

There is no material change in the status of contingencies as disclosed in note No. 21.1.2 to 21.1.5 of the annual financial statements for the year ended September 30, 2014 except that;

- a)** The amount of the aggregate provision of the market committee fee, as stated in note # 21.1.1 of the annual financial statements, has increased to Rs. 47,924 thousands due to provision in respect of current crushing season amounting to Rs. 6,303 thousands.
- b)** The Company filed a suit before the Honorable High Court of Sindh during the season 2013-14 against the cane purchase price of Rs. 172 per 40 kg as fixed by Government of Sindh which was dismissed by the Honorable High Court and the matter was taken up by the Company with the Honorable Supreme Court of Pakistan. In the due course of time, the Government of Sindh fixed the price of sugarcane for the season 2014-15 at Rs. 182 per 40 Kg in pursuance of which the Sindh Chamber of Agriculture filed a petition in the Honorable High Court of Sindh. The Honorable High Court disposed of the case upon settlement with the consent of all the stake holders whereby it was settled that Sugar Mills shall purchase the sugarcane from growers at Rs. 160 per 40 kg for crushing season 2014-15 whereas Rs. 12 per 40 kg will be paid by the Government of Sindh. The Honorable High Court has subjected this interim arrangement to the decision of Civil appeal No 48 of 2015 pending before the Honorable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and 172 will also be dependent upon the decision of Honorable Supreme Court of Pakistan. The Company as a matter of prudence has accounted for the said difference of Rs. 10/- in the accounts aggregating to Rs. 157,579 thousand.

11.2 Commitments:

- a)** Commitments in respect of plant and machinery amount to Rs. 14,000 thousands (June 2014: Rs. Nil thousands).
- b)** The Company is committed for minimum Ijarah rental payments for each of the following period as follows:

	Un-Audited Jun. 30 2015	Un-Audited Jun. 30 2014
	(Rupees in '000)	
Not more than one year	7,468	7,533
More than one year but not more than five years	18,670	26,364
	26,138	33,897



	Un-Audited Jun. 30 2015	Un-Audited Jun. 30 2014
	(Rupees in '000)	
12 SALES		
Export	—	140,786
Local	2,431,766	2,465,468
Less: Federal Excise Duty	180,130	174,640
	2,251,636	2,290,828
	2,251,636	2,431,614
13 COST OF SALES		
Opening stock of finished goods	440,832	299,754
Cost of goods manufactured during the period - Net	2,650,463	3,211,205
	3,091,295	3,510,959
Closing stock of finished goods	(1,042,228)	(1,263,630)
	2,049,067	2,247,329

13.1 The closing stock of sugar having carrying value of Rs. 494,975 thousands (2014: Rs. 1,007,558 thousands) has been pledged against cash finance obtained from the Banking Companies.

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items;

Cash and bank balances	76,121	85,004
Short term borrowings	(796,398)	(1,099,630)
	(720,277)	(1,014,626)

15 RELATED PARTY TRANSACTIONS

The details of the transactions carried out as detailed below:

Relationship with Company	Nature of Transaction	Un-Audited Jun. 30 2015	Un-Audited Jun. 30 2014
		(Rupees in '000)	
Directors, Key Management Personnel and their relatives	Purchase of sugarcane	27,069	105,620
CEO, Directors & Executives	Salaries, Benefits & Fee	15,814	15,574

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

16 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on July 29, 2015 by the Board of Directors of the Company.

17 GENERAL

Figures have been rounded off to nearest thousand of rupees.

CHIEF EXECUTIVE
Karachi: July 29, 2015

DIRECTOR



BOOK POST

UNDER
CERTIFICATE
OF POSTING

REGISTERED / HEAD OFFICE:

C-27, Plot No. F-24, Block-9, Clifton, Karachi-75600
Telephone No. 021-35371441 to 43 (three lines), Fax No.: 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