



سانگھڑ شوگر ملز لمیٹید  
**Sanghar Sugar Mills Limited**

## **Condensed Interim Financial Information**

For the Nine Months Period ended

**June 30, 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 &amp; 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 nine months period ended June 30, 2017 is presented to the Shareholders of the Company.

### Operating Results

The summary of operating results of the Company during the nine months period ended June 30, 2017 along with the comparatives for the corresponding period are given below:

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

### Review of the Operating Results of the Company

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 nine months period ended June 30, 2017 along with the comparatives for the corresponding period are summarized as under:

	Oct. – Jun. 2017	Oct. – Jun. 2016
	(Rupees '000)	
(Loss) / Profit before taxation	<b>(470)</b>	38,273
Taxation	<b>2,808</b>	26,998
(Loss)/ Profit after taxation	<b><u>(3,278)</u></b>	<u>11,275</u>
(Loss) / Earnings per share – basic and diluted (Rupees)	<b><u>(0.27)</u></b>	<u>0.94</u>

**Review of Financial Results**

The profitability arises during the first two quarters are wiped-out in this third quarter due to depressed selling prices of sugar. The phenomenon of depressed selling prices continued till date which may cause further erosion in profitability.

**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 and the future results are dependant totally on selling price of sugar which is at its lowest, at the moment.

The capacity expansion work is in progress and your management is working as planned 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: July 28, 2017

اکتوبر - جون  
2016 2017  
(روپے ہزاروں میں)

38,273	(470)
26,998	2,808
<u>11,275</u>	<u>(3,278)</u>
<u>0.94</u>	<u>(0.27)</u>

(نقصان) / نفع قبل از ٹیکس

ٹیکس

(نقصان) / نفع بعد از ٹیکس

(نقصان) / آمدن فی حصص - بنیادی و تحلیلی (روپے)

### مالیاتی نتائج پر نظر ثانی

شروع کی دوسہ ماہیوں کے دوران حاصل کیا گیا منافع تیسری سہ ماہی کے دوران یکسر ختم ہو کر رہ گیا جس کی وجہ چینی کی فروخت کے نرخوں میں گراؤ تھا۔ چینی کی فروخت کے نرخوں میں گراؤ کا یہ رجحان تاحال باقی ہے جس کی وجہ سے کمپنی کی منفعت پر مزید منفی اثرات مرتب ہو سکتے ہیں۔

### مستقبل پر نظر

آپ کی کمپنی قرب و جوار کی ملوں کے مقابلے میں گئے کے نرخوں کو خاطر خواہ حد تک قابو میں رکھنے میں کامیاب رہی اور انتظامیہ کی جانب سے چینی کی پیداوار کیلئے طے کیا گیا ہدف بھی حاصل کیا گیا۔ البتہ وفاقی حکومت کی جانب سے چینی کو برآمد کئے جانے کی اجازت دینے جانے کے باوجود چینی کی فروخت کے نرخ اپنی نچلی ترین سطح پر رہے۔ نیز مستقبل کے نتائج بھی پوری طرح چینی کی فروخت کے نرخوں پر منحصر ہیں جو کہ فی الحال کم ترین سطح پر ہیں۔

کمپنی میں پیداواری صلاحیت میں توسیع کا کام جاری اور آپ کی کمپنی کی انتظامیہ طے شدہ منصوبے کے مطابق کام کر رہی ہے اور اس بات کی پوری کوشش کی جا رہی ہے کہ پسائی کے نئے سیزن کا آغاز پیداواری صلاحیت میں توسیع کے ساتھ کیا جائے۔

### اظہار تشکر

آپ کے ڈائریکٹرز کمپنی کے افعال کو مستعدی کے ساتھ سرانجام دینے کیلئے ایگزیکٹوز، افسران، اسٹاف ممبران اور دیگر ملازمین کی قابل ستائش کوششوں کو ریکارڈ کا حصہ بنانا چاہتے ہیں اور امید کرتے ہیں کہ اللہ رب العزت کی مہربانی سے وہ آئندہ بھی کمپنی کی پیداواری صلاحیتوں میں اضافے کیلئے اسی جوش و جذبے کا مظاہرہ کرتے رہیں گے۔

ڈائریکٹرز تمام سرکاری اعمال، بینکاروں اور غیر بینکاری مالیاتی اداروں، سپلائروں اور حصص داران کا تہہ دل سے شکریہ ادا کرتے ہیں کہ کمپنی کی فلاح و بہبود کیلئے ان کی حمایت اور تعاون ہمارے شامل حال رہا۔

از بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو

کراچی 28 جولائی 2017

## ڈائریکٹرز جائزہ رپورٹ

کمپنی کی غیر آڈٹ شدہ مختصر عبوری مالیاتی رپورٹ بابت نو ماہی مورخہ 30 جون 2017 کمپنی کے حصص داران کی خدمت میں پیش خدمت ہے۔

### کاروباری نتائج

کمپنی کے کاروباری نتائج بابت نو ماہی مورخہ 30 جون 2017 کا خلاصہ گزشتہ سال اسی عرصے کے دوران کے نتائج کے موازنے کے ساتھ ذیل میں پیش کیا جا رہا ہے:

اکتوبر - جون	اکتوبر - جون	
2016	2017	
5 نومبر 2015	4 نومبر 2016	سیزن کا آغاز
117	133	پسائی کا دورانیہ
563,617	625,237	گنے کی پسائی
57,387.50	63,380	گنے سے چینی کی پیداوار
10.20	10.12	سکروز کی ریکوری
	%	

### کمپنی کے کاروباری نتائج پر نظر ثانی

ہماری کمپنی کی جانب سے پسائی کا آغاز اس سیزن کے دوران تقریباً اسی تاریخ پر کیا گیا جس تاریخ پر گزشتہ سال سیزن میں کیا گیا تھا۔ پسائی کے سیزن میں کمپنی کا آپریشن 133 دنوں تک جاری رہا جس کے دوران پسائی کا یومیہ حجم 4,701 میٹرک ٹن رہا جبکہ گزشتہ سال اسی عرصے کے دوران پسائی کا یہ حجم 4,817 میٹرک ٹن یومیہ تھا، اس کمی کی بنیادی وجہ پسائی کے عمل میں چند دنوں کیلئے پیش آنے والا تعطل تھا۔ دیگر وجوہات کے ساتھ ساتھ اس وجہ سے ریکوری کی شرح گزشتہ سال اسی عرصے کے دوران ریکوری کی شرح کے مقابلے میں کم رہی۔

### مالیاتی نتائج

کمپنی کے کاروباری نتائج بابت نو ماہی مورخہ 30 جون 2017 پر مبنی اہم مالیاتی نتائج کے مندرجات کا خلاصہ گزشتہ سال اسی عرصے کے دوران کے نتائج کے موازنے کے ساتھ ذیل میں پیش کیا جا رہا ہے:

**CONDENSED INTERIM BALANCE SHEET  
AS AT JUNE 30, 2017**

		Un-Audited June 30 2017	Audited September 30 2016
	Notes	(Rupees in '000)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	1,672,194	1,464,904
Intangible asset	8	125	444
Long term deposits		19,462	15,467
Deferred cost		20,379	28,885
		1,712,160	1,509,700
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		61,536	49,675
Stock-in-trade		1,791,787	606,067
Loans and advances		129,300	104,960
Trade deposits & short term prepayments		12,777	14,740
Other receivables		3,613	12,171
Sales tax refundable		—	3,606
Income tax refundable - net of provision		—	733
Cash and bank balances		66,847	123,255
		2,065,860	915,207
<b>TOTAL ASSETS</b>		<b>3,778,020</b>	<b>2,424,907</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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		357,542	347,806
		477,002	467,266
<b>Surplus on revaluation of property, plant &amp; equipment</b>		<b>375,989</b>	<b>396,171</b>
<b>NON CURRENT LIABILITIES</b>			
Long term financing	9	240,198	182,414
Liabilities against assets subject to finance lease		122,377	80,118
Deferred liabilities	10	280,110	295,067
		642,685	557,599
<b>CURRENT LIABILITIES</b>			
Trade and other payables		564,293	289,415
Accrued finance cost		46,100	20,302
Short term borrowings		1,572,496	644,680
Current portion of long term financing		57,802	22,000
Current portion of liabilities against assets subject to finance lease		31,238	27,474
Provision for income tax - net		10,415	—
		2,282,344	1,003,871
<b>CONTINGENCIES AND COMMITMENTS</b>	11	—	—
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,778,020</b>	<b>2,424,907</b>

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

CHIEF EXECUTIVE

Karachi: July 28, 2017

DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2017 (Un-Audited)**

		<u>Nine months period ended</u>		<u>Quarter ended</u>	
		<u>June 30</u>	<u>June 30</u>	<u>June 30</u>	<u>June 30</u>
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Notes</b> ..... <b>(Rupees in '000)</b> .....					
Sales	12	<b>1,997,677</b>	2,606,767	<b>475,578</b>	555,271
Cost of sales	13	<b>1,857,578</b>	2,450,139	<b>501,373</b>	521,179
<b>Gross Profit / (Loss)</b>		<b>140,099</b>	156,628	<b>(25,795)</b>	34,092
Distribution cost		<b>448</b>	583	<b>215</b>	64
Administrative expenses		<b>64,612</b>	60,806	<b>18,409</b>	17,562
Other operating expenses		<b>10,007</b>	22,731	<b>(5,337)</b>	380
		<b>75,067</b>	84,120	<b>13,287</b>	18,006
<b>Operating Profit / (Loss)</b>		<b>65,032</b>	72,508	<b>(39,082)</b>	16,086
Other income		<b>534</b>	65	<b>19</b>	5
		<b>65,566</b>	72,573	<b>(39,063)</b>	16,091
Finance cost		<b>66,036</b>	34,300	<b>33,709</b>	13,766
<b>(Loss) / Profit before taxation</b>		<b>(470)</b>	38,273	<b>(72,772)</b>	2,325
Taxation		<b>2,808</b>	26,998	<b>(19,179)</b>	2,765
<b>(Loss) / Profit after taxation</b>		<b>(3,278)</b>	11,275	<b>(53,593)</b>	(440)
<b>(Loss) / Earnings per share</b>					
- Basic and diluted (Rupees)		<b>(0.27)</b>	0.94	<b>(4.48)</b>	(0.04)

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: July 28, 2017

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2017 (Un-Audited)**

	<u>Nine months period ended</u>		<u>Quarter ended</u>	
	<b>June 30 2017</b>	<b>June 30 2016</b>	<b>June 30 2017</b>	<b>June 30 2016</b>
	..... (Rupees in '000) .....			
<b>(Loss) / Profit after taxation</b>	<b>(3,278)</b>	11,275	<b>(53,593)</b>	(440)
<b>Other Comprehensive Income</b>	—	—	—	—
<b>Total Comprehensive Income for the period</b>	<b>(3,278)</b>	11,275	<b>(53,593)</b>	(440)

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: July 28, 2017

## CONDENSED INTERIM CASH FLOW STATEMENT

### FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2017 (Un-Audited)

	Notes	June 30 2017 (Rupees in '000)	June 30 2016
(Loss) / Profit before taxation		(470)	38,273
<b>Adjustment for non cash charges and other items:</b>			
Depreciation	7.1	46,852	48,698
Amortization	8	319	319
Amortization of deferred cost		8,506	7,221
Employees retirement benefits expense		8,847	8,555
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		66,036	34,300
		<b>145,256</b>	<b>123,728</b>
		<b>144,786</b>	<b>162,001</b>
<b>Changes in Working capital</b>			
<b>(Increase) / Decrease in current assets</b>			
Stores, spare parts and loose tools		(12,176)	(5,044)
Stock - in - trade		(1,185,720)	(209,788)
Trade debts		—	(35,946)
Loans and advances		(24,340)	(178,107)
Trade deposits & Short term prepayments		1,963	(15,132)
Sales Tax refundable		3,606	—
		<b>(1,216,667)</b>	<b>(444,017)</b>
<b>Increase in current liabilities</b>			
Trade and other payables		274,878	198,869
		<b>(797,003)</b>	<b>(83,147)</b>
Employees retirement benefits paid during the period		(3,898)	(952)
Finance cost paid during the period		(40,238)	(34,690)
Deferred cost incurred during the period		—	(5,140)
(Increase) / Decrease in long term deposits		(3,995)	6,000
Dividend paid during the period		(7,168)	(23,892)
Income tax paid during the period		(17,819)	(18,257)
		<b>(73,118)</b>	<b>(76,931)</b>
		<b>(870,121)</b>	<b>(160,078)</b>
<b>Net cash outflows from operating activities</b>			
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant & equipment		515	—
Additions to property, plant and equipment		(254,227)	(96,730)
<b>Net cash outflow from investing activities</b>		<b>(253,712)</b>	<b>(96,730)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(16,000)	(19,000)
Proceeds from long term financing		109,586	—
Proceeds/(payments) of liabilities against asset subject to finance lease-net		46,023	(11,452)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>139,609</b>	<b>(30,452)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(984,224)</b>	<b>(287,260)</b>
Cash and cash equivalents at beginning of the period		(521,425)	(307,555)
<b>Cash and cash equivalents at end of the period</b>	<b>14</b>	<b>(1,505,649)</b>	<b>(594,815)</b>

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: July 28, 2017

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2017 (Un-Audited)**

Particulars	Share Capital	Unappropriated Profit	Total
	..... (Rs. in '000) .....		
<b>Balance as at October 01, 2015 - Audited</b>	119,460	331,805	451,265
<b>Transactions with Owners</b>			
Final Dividend for the year ended September 30, 2015 @ Rs. 2 per share	—	(23,892)	(23,892)
<b>Total Comprehensive Income for the nine months period ended June 30, 2016</b>	—	11,275	11,275
<b>Incremental depreciation charged on surplus on revaluation of property, plant &amp; equipment - net of deferred tax</b>	—	25,806	25,806
<b>Balance as at June 30, 2016</b>	<u>119,460</u>	<u>344,994</u>	<u>464,454</u>
<b>Balance as at October 01, 2016 - Audited</b>	<b>119,460</b>	<b>347,806</b>	<b>467,266</b>
<b>Transactions with Owners</b>			
Final Dividend for the year ended September 30, 2016 @ Rs. 0.6 per share	—	(7,168)	(7,168)
<b>Total Comprehensive Income for the nine months period ended June 30, 2017</b>	—	(3,278)	(3,278)
<b>Incremental depreciation charged on surplus on revaluation of property, plant &amp; equipment - net of deferred tax</b>	—	20,182	20,182
<b>Balance as at June 30, 2017</b>	<u><b>119,460</b></u>	<u><b>357,542</b></u>	<u><b>477,002</b></u>

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: July 28, 2017

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 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 June 30, 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 nine months period ended June 30, 2017 which are not audited. This also include the condensed interim profit & loss account, condensed interim statement of comprehensive income for the quarter ended June 30, 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 nine months period ended June 30, 2016.

This condensed interim financial information for the nine months period ended June 30, 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. However, the Securities and Exchange Commission of Pakistan through their Circular no. 17 of 2017, dated July 20, 2017 has allowed to prepare the financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 whose financial year/period closes on or before June 30, 2017. 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 nine months period ended June 30, 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 nine months period ended June 30, 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 nine months results and final liabilities will be determined on the basis of annual results.

	Un-Audited June 30 2017	Audited September 30 2016
	(Rupees in '000)	
<b>7 PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Operating Fixed Assets:</b>		
Owned	1,015,844	1,058,466
Leased	59,775	62,104
	1,075,619	1,120,570
<b>Capital Work in Progress</b>	596,575	344,334
	1,672,194	1,464,904

	Un-Audited June 30 2017	Un-Audited June 30 2016
	(Rupees in '000)	

**7.1 Operating Fixed Assets**
**Additions:**
*Direct additions during the period*

Vehicles	1,818	217
Computer, Equipment & Appliances	168	131
	1,986	348

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

—	12,324
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**Disposals:**

Disposal during the period at Net Book Value - Vehicle	85	—
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**Depreciation:**

Depreciation charged during the period	46,852	48,698
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**7.2 Capital Work in Progress**
*Additions during the period*

Civil Works	28,604	—
Plant & Machinery including borrowing cost	223,637	96,382
	252,241	96,382

**7.2.1** Borrowings cost amounted to Rs. 14,622 thousand (June 2016: Nil) has been capitalized during the period. Effective rate of interest charged is 8.60% to 10.38%.

	<b>Un-Audited June 30 2017 (Rupees in '000)</b>	<b>Un-Audited June 30 2016</b>
<b>8 INTANGIBLE ASSET</b>		
Amortization charged during the period	<b>319</b>	319
	<b>Un-Audited June 30 2017</b>	<b>Audited September 30 2016</b>
	<b>(Rupees in '000)</b>	

**9 LONG TERM FINANCING**
**Secured - From Banking Company under mark-up arrangements**

Demand Finance - I	Note 9.1 & 9.3	<b>50,000</b>	66,000
Demand Finance - II	Note 9.2 & 9.3	<b>248,000</b>	138,414
		<b>298,000</b>	204,414
Current portion shown under current liabilities		<b>(57,802)</b>	(22,000)
		<b>240,198</b>	182,414

- 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.

	<b>Un-Audited June 30 2017 (Rupees in '000)</b>	<b>Audited September 30 2016</b>
<b>10 DEFERRED LIABILITIES</b>		
Deferred taxation	<b>164,807</b>	190,966
Market committee fee	<b>59,813</b>	53,560
Employees retirement benefits - Defined benefits plan	<b>55,490</b>	50,541
	<b>280,110</b>	295,067



**11 CONTINGENCIES AND COMMITMENTS**
**11.1 Contingencies:**

There is no material change in the status of contingencies as disclosed in note No. 24.1.2 to 24.1.5 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.

**11.2 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.

**11.3 Commitments:**

- a) Capital commitments in respect of plant and machinery & civil works for expansion project amounted to Rs. 96,292 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:

	<b>Un-Audited June 30 2017 (Rupees in '000)</b>	<b>Un-Audited June 30 2016 (Rupees in '000)</b>
Not more than one year	<b>7,104</b>	8,917
More than one year but not more than three years	<b>3,552</b>	10,701
	<b><u>10,656</u></b>	<b><u>19,618</u></b>

	<b>Un-Audited June 30 2017 (Rupees in '000)</b>	<b>Un-Audited June 30 2016</b>
<b>12 SALES</b>		
Local	<b>2,228,168</b>	2,816,879
Less: Brokerage & Commission	—	(1,454)
Less: Sales Tax / Further Tax	<b>(230,491)</b>	(208,658)
	<b><u>1,997,677</u></b>	<b><u>2,606,767</u></b>
<b>13 COST OF SALES</b>		
Opening stock of finished goods	<b>599,509</b>	557,362
Cost of goods manufactured during the period - Net	<b>3,043,404</b>	2,657,088
	<b>3,642,913</b>	3,214,450
Closing stock of finished goods	Note - 13.1 <b>(1,785,335)</b>	(764,311)
	<b><u>1,857,578</u></b>	<b><u>2,450,139</u></b>
<b>13.1</b> The closing stock of sugar having carrying value of Rs. 1,331,472 thousands (June 2016: 297,713 thousand) has been pledged against cash finance obtained from Banking Companies.		
<b>14 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents comprise of the following items;		
Cash and bank balances	<b>66,847</b>	7,365
Short term borrowings	<b>(1,572,496)</b>	(602,180)
	<b><u>(1,505,649)</u></b>	<b><u>(594,815)</u></b>

**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:

	June 30, 2017			September 30, 2016		
	(Rupees in '000)					
	Islamic Mode	Conventional Mode	Total	Islamic Mode	Conventional Mode	Total
Long Term Financing	—	298,000	298,000	—	204,414	204,414
Liabilities against assets subject to finance lease	—	153,615	153,615	—	107,592	107,592
Short Term Borrowings	607,922	964,574	1,572,496	200,000	444,680	644,680
Accrued finance cost	19,815	26,285	46,100	8,809	11,493	20,302
Bank Balances	(55,717)	(10,866)	(66,583)	(43,451)	(79,440)	(122,891)
	572,020	1,431,608	2,003,628	165,358	688,739	854,097

	June 30, 2017			June 30, 2016		
	(Rupees in '000)					
	Islamic Mode	Conventional Mode	Total	Islamic Mode	Conventional Mode	Total
Finance Cost	24,664	41,372	66,036	14,044	20,256	34,300
Ijarah Lease Rental	5,335	—	5,335	3,097	—	3,097
	29,999	41,372	71,371	17,141	20,256	37,397

**16 RELATED PARTY TRANSACTIONS**

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

Relationship with Company	Nature of Transaction	Un-Audited June 30 2017 (Rupees in '000)	Un-Audited June 30 2016
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	19,525	16,421
Directors, Key Management Personnel and their relatives	Advances disbursed and adjusted against cane supplies during the period	26,520	21,414

**16.1** 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 July 28, 2017.

**19 GENERAL**

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

**CHIEF EXECUTIVE**

**DIRECTOR**

Karachi: July 28, 2017

# **PRINTED MATTER**

## **Under Postal Certificate**

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