

**Electric Power
Generation Segment**

Cost Auditors' Report

For the year ended September 30, 2016



سانگھڑ شوگر ملز لمیٹڈ

Sanghar Sugar Mills Limited



Sanghar Sugar Mills 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,
E-mail: info@sangharsugarmills.com, Website: www.sangharsugarmills.com

March 06, 2017

To,
The Directors and Shareholders of
Sanghar Sugar Mills Limited

**Circulation & Distribution of Cost Auditors' Report
Along With Reconciliation with Financial Accounts of
SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)
For the Year Ended September 30, 2016**

It is hereby notified that in order to comply with the requirements mentioned in the Companies Cost Accounting Record (General Order) 2008 issued by Securities & Exchange Commission of Pakistan (The Commission), the Cost Auditors' Report together with the Reconciliation as cited above, be and are hereby circulated and distributed to the directors, members and shareholders of the Company, the Commission and the Registrar concerned.

Regards,

For Sanghar Sugar Mills Limited

Muhammad Mubeen Alam

Muhammad Mubeen Alam

Company Secretary

Copy submitted for compliance to:

- 1). **The Director Enforcement**
Securities & Exchange Commission of Pakistan
NIC Building, Jinnah Avenue, Islamabad.
- 2). **The Registrar of Companies.**
Securities & Exchange Commission of Pakistan
4th Floor State Life Building No-2
Wallace Road, Karachi.

COST AUDITORS' REPORT
2015-2016
SANGHAR SUGAR MILLS LIMITED

I N D E X

- Schedule – II

Cost Auditors' Report	1
(1) Capacity	2
(2) Cost Accounting System	2
(3) Production	2
(4) Raw Material	2
(5) Salaries, Wages & Salaries	3
(6) Stores & Spare Parts	4
(7) Depreciation	4
(8) Overheads	5
(9) Royalty / Technical Aid Payment	5
(10) Abnormal Non-Recurring Features	5
(11) Cost of Production	6
(12) Sales	6
(13) Profitability	6
(14) Cost Auditors' Observations and Conclusions	7
(15) Reconciliation with Financial Account	8
(16) Cost Statements	8
(17) Miscellaneous	8

- Reconciliation of cost sales between cost accounts with audited financial accounts

Cost Accounting Records:	Annexures
1. Statement of Capacity (Schedule-III)	1
2. Statement of Quantity of Power Produced and Sold	2
3. Statement showing Cost of Power Produced and Sold	3
4. Statement of Consumption of Furnace Oil/Diesel Oil and Variance in Consumption	4
5. Statement Showing Consumption of Coal and Variance in Consumption	5
6. Statement Showing Consumption of Gas	6
7. Statement Showing Salaries, Wages and Other Benefits	7
8. Statement of Manufacturing Overheads	8
9. Statement of Operation and Maintenance Charges	9
10. Statement of Administrative Overheads	10
11. Statement of Selling, Distribution and Transmission Overheads	11
12. Statement of Fixed Assets and Allocation of Depreciation	12

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

SCHEDULE-II

1. General Information:

- (a) Name of the company : Sanghar Sugar Mills Limited
(b) Registered office address of the company : C-27, Plot No. F-24, Block-9, Clifton,
Karachi-75600.

2. Corporate Information:

- (a) Status of the company whether public limited (listed or non-listed), private limited or single member company. : Public Limited Company
(b) Company's financial year for which audit is being conducted : September 30, 2016
(c) Date of Board of Directors' meeting wherein cost statements of the company were approved : January 07, 2017
(d) Name, qualification and designation of the officer heading the cost accounting section : Asad Ali Hingorjo
Manager Costing - ACCA (Affiliate)

3. Technical Information:

- (a) Location of plant SITE
(i) Location of plant site : 13 K.M. Sanghar - Sindhari Road, Deh Kehore,
District Sanghar, Sindh.
(ii) Location of mines, if any : Not applicable
(b) Capacity of Power Generation
(i) Installed capacity : 13.50 MW
(ii) Licensed capacity : 13.50 MW
(iii) Utilized capacity : 08.25 MW
(iv) Energy Dispatched (NEO) : Not applicable
(c) Date of commencement of commercial operation : February 25, 2015
(d) Type of Project (IPP / WAPDA subsidiary / other) : Captive Power Producer - CPP
(e) Type of raw / direct material used for producing power : Steam / Diesel

4. Details of distribution network:

- (a) Local arrangements : N/A
(b) Sale to WAPDA and other distribution companies : Distribution Company - HESCO
(c) Sale at bulk to other customers (to be specified) : NIL

5. Tariff:

- (a) Notifications No. and date of approving the tariff : NEPRA/PAC-143/9592-9594 dated June 30, 2016
(b) Other important features of the approved tariff : N/A

6. Applicability of Tax Laws:

- (a) Application of tax laws : Federal & Provincial Taxes as per applicable Law
(b) Any exemption available from excise and other levies : N/A

Cont'd.....

7. Cost Accounting System:

(a) Brief description of the system

The actual cost incurred by the company is charged to various cost centers / units on actual basis. The cost accounting system of the company is adequate and enables to determine correctly the cost of sugar produced.

(b) Major accounting policies

– **Operating Assets:**

Owned Assets

Recognition & Measurement

These are stated at cost less accumulated depreciation and impairment, if any, except for free hold land, buildings and plant and machinery which are stated at revalued amounts.

Depreciation

Depreciation is charged, on a systematic basis over the economic useful life of the asset, on reducing balance method, which reflects the pattern in which the assets economic benefits are consumed by the company, at the specified rates. Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

Revaluation Surplus - owned assets

The surplus on revaluation of property, plant and equipment is recognized in accordance with Section 235 of the Companies Ordinance, 1984. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation net of deferred tax thereon charged on the related assets is transferred to statement of changes in equity under unappropriated profit. In case of disposal of revalued property, plant and equipment, any revaluation surplus is directly transferred to retained earning through statement of changes in equity.

Subsequent Cost

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

Assets subject to finance lease

These are accounted for by recording the assets at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired. Depreciation is charged to the profit and loss account using the same basis as for owned assets.

– **Stores, spare parts and loose tools**

These are valued at cost calculated on moving average basis less provision for obsolescence, and slow moving items, except for the items in transit, which are valued at costs accumulated upto the ended date of accounts.

– **Employees retirement benefits**

Defined benefit plan

The company operates an unfunded gratuity scheme for all employees eligible to the scheme with qualifying service period. Provision is made annually to cover the obligation on the basis of actuarial valuation carried out using Projected Unit Credit Method, and is charged to profit and loss account. Remeasurement gains or losses are recognized in full as and when arise and are charged to other comprehensive income.

SIDDIQI & COMPANY

Cost & Management Accountants

COST AUDITORS' REPORT

We, **SIDDIQI & COMPANY, Cost & Management Accountants** having been appointed to conduct an audit of cost accounts of **Electric Power Generation Segment** of **SANGHAR SUGAR MILLS LIMITED**, have examined the books of account and the statements prescribed under clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984 and the other relevant record for the year ended September 30, 2016, and report that-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of this audit.
2. In our opinion:
 - (a) proper cost accounting records of electric power generation segment as required by clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984 (XLVII of 1984), and as required by these rules, have been kept by the company;
 - (b) proper returns, statements and schedules for the purpose of audit of cost accounts relating to branches were not required as the Company has no branches in or outside Pakistan;
 - (c) the said books and records give the information required by the rules in the manner so required; and
3. In our opinion and, subject to best of our information-
 - (a) The annexed statements of capacity utilization are in agreement with the books of account of electric power generation segment of the company and exhibit true and fair view of the company's affairs; and
 - (b) Cost accounting records have been properly kept so as to give a true and fair view of the cost electric power generation and marketing thereof.

The matters contained in the ANNEXED Forms are part of this report.

SIDDIQI & COMPANY

Cost & Management Accountants

Engagement Partner: Mustafa Hussain Siddiqui, FCMA

Karachi: 30 JAN 2017

1. CAPACITY - (Electric Power Generation Segment)

(a) The licensed / installed capacity and its utilization is given as follows:

	Year: 2016		Year: 2015	
	Mega Watt (MW)	%	Mega Watt (MW)	%
– Licensed capacity	13.50	100%	N/A	N/A
– Installed capacity	13.50	100% of licensed capacity	N/A	N/A
– Utilized capacity	8.25	61% of installed capacity	N/A	N/A

The electric power generation segment is a wholly part of sugar segment, most of the generation utilized in sugar segment during the year under review.

(b) The principal activity of the segment of the company is Electric Power Generation only.

2. COST ACCOUNTING SYSTEM

– The actual cost incurred by the company is charged to various cost centers / units on actual basis and the cost of service department is allocated on the basis considered appropriate.

The cost accounting system of the company is adequate and enables to determine correctly the cost of power production.

3. PRODUCTION - (Electric Power Generation Segment)

	2016 Qty in KWH	2015 Qty in KWH
a) Production in quantities	20,851,584	N/A
b) % of Production in relation to installed capacity	61%	N/A

(c) There is no addition to the production capacity during the year under review or in the last two years.

4. RAW MATERIAL - (Electric Power Generation Segment)

	2016 Rs. In '000	2015 Rs. In '000
a) Major raw material consumed:		
– Diesel (Annex-4)	3,532	N/A
– Steam (Annex-3)	59,512	N/A
b) Consumption of major raw material per unit of production compared with the standard requirements, if any	0.17 Per KWH	N/A
c) Explanation of variances:		
– This is the first year of cost audit of electric power generation segment, therefore no comparison is available.		
d) Comments on the method of accounting		
– These are valued at lower of the weighted average cost and net realizable value.		

Note:- This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

5. SALARIES, WAGES & BENEFITS - (Electric Power Generation Segment)

(a) Total salaries, wages and benefits paid for all categories of employees

	2016 Rs. In '000	2015 Rs. In '000
i) Direct labour costs on production	6,331	N/A
ii) Indirect employees cost on production	-	N/A
iii) Employees cost on administration	-	N/A
iv) Employees cost on selling and distribution	-	N/A
v) Bonus to workers and employees	-	N/A
vi) Other employees cost, if any.	-	N/A
vii) Total employees cost (total of item i to iv above)	6,331	N/A

Rupees in '000

(b) Salaries and perquisites of chief executive and directors

Remuneration
Perquisites
Total Rupees – 2016
Total Rupees – 2015
Number of Persons – 2016
Number of Persons – 2015

Chief Executive	Directors	Total
Nil	Nil	Nil
Nil	Nil	Nil
Nil	Nil	Nil
Nil	Nil	Nil
Nil	Nil	Nil
Nil	Nil	Nil

Salaries & perquisites of chief executive and directors are paid by the Sugar Segment of the company.

(c) Total men-days of direct labour

49 men x 109 days (worked)
49 men x 117 days (available)

Worked	Available	% Worked
5,341	5,733	93

(d) Average number of production workers employed

2016	2015	% Increase/(Decrease)
49	N/A	N/A

(e) Direct labour cost per ton

Electricity produced in kwh
Direct Labour (Rs. in '000)
Direct Labour Cost (Rs. per Unit)

	2016	2015	2014	Increase / (Decrease)			
				As compared to 2015		As compared to 2014	
					%		%
Electricity produced in kwh	20,851,584	N/A	N/A	N/A	N/A	N/A	N/A
Direct Labour (Rs. in '000)	6,331	N/A	N/A	N/A	N/A	N/A	N/A
Direct Labour Cost (Rs. per Unit)	0.30	N/A	N/A	N/A	N/A	N/A	N/A

(f) Brief explanations for variances

- This is the first year of cost audit of electric power generation segment, therefore no comparison is available.

(g) Comments on Incentives Scheme

- The company operates an un-funded gratuity scheme for all its eligible employees to the scheme with qualifying service period.

Note:- This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

6. STORES AND SPARE PARTS - (Electric Power Generation Segment)

(a) The expenditure per unit of output on stores, etc.

Production (KWH)

20,851,584		Nil	
2016		2015	
Rs.in '000	Per Ton	Rs. in '000	Per Ton
4,395	0.21	Nil	Nil

Stores and spares parts consumed

(b) System of stores accounting

These are valued at cost calculated on moving average basis less provision for obsolescence and slow moving items, except for the items in transit, which are valued at cost.

(c) Proportion of closing inventory of stores representing items which have not moved for over 24 months.

NONE

7. DEPRECIATION - (Electric Power Generation Segment)

(a) Method of depreciation

- Depreciation is charged, on a systematic basis over the economic useful life of the asset, on reducing balance method, which reflects the pattern in which the assets economic benefits are consumed by the company. Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

The Surplus on revaluation of Property, Plant and Equipment is recognized in accordance with section 235 of the Companies Ordinance, 1984. The surplus on revaluation of Property, Plant and Equipment to the extent of incremental depreciation net of deferred tax thereon charged on the related assets is transferred by the Company to statement of changes in equity under unappropriated profit. In case of disposal of revalued Property, Plant and Equipment, any revaluation surplus is directly transferred to retained earning through statement of Other Comprehensive Income. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Profit or loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

(b) Basis of allocation of depreciation on common assets to the different departments.

Depreciation on electric power generation segment assets is allocated as	2016 Rs.in '000	2015 Rs.in '000
(i) Manufacturing overheads (Annexure-8)	5,612	N/A
(ii) Admin. & General	Nil	N/A
Total	5,612	N/A

(c) Basis of charging depreciation to cost of products

- The depreciation is allocated to cost of production on the value of assets employed.

Note:- This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

8. OVERHEADS - (Electric Power Generation Segment)

	Notes	2016 Rs.in '000	2015 Rs.in '000
(a) Total amounts of the overheads			
- Factory	8.1	21,010	N/A
- Administration	8.2	Nil	N/A
- Selling & distribution	8.3	Nil	N/A
- Financial	8.4	Nil	N/A
		<u>21,010</u>	<u>N/A</u>

8.1 Factory Overheads

Consumable stores & spare parts
Operation & maintenance services charges
Rates & taxes
Others
Depreciation

	2016 Rs.in '000	2015 Rs. in '000	% Increase / (Decrease) As compared to 2015	
			Rupees	%
Consumable stores & spare parts	4,395	N/A	N/A	N/A
Operation & maintenance services charges	1,548	N/A	N/A	N/A
Rates & taxes	185	N/A	N/A	N/A
Others	9,270	N/A	N/A	N/A
Depreciation	5,612	N/A	N/A	N/A
	<u>21,010</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

8.2 Administration Overheads

8.3 Selling Overheads

8.4 Financial Expenses

	2016 Rs.in '000	2015 Rs. in '000	% Increase / (Decrease) As compared to 2015	
			Rupees	%
8.2 Administration Overheads	Nil	N/A	N/A	N/A
8.3 Selling Overheads	Nil	N/A	N/A	N/A
8.4 Financial Expenses	Nil	N/A	N/A	N/A

(b) Brief explanation for variance

= N O N E =

(c) Basis of allocation of overheads

= N O N E =

(d) Cost of Packing

Nil Nil Nil Nil

9. ROYALTY / TECHNICAL AID PAYMENTS

= N O N E =

10. ABNORMAL NON-RECURRING FEATURES

(a) Features affecting production

= N O N E =

(b) Special expenses

= N O N E =

Note:- This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

	2016 Rs.in '000	2015 Rs.in '000
11. COST OF PRODUCTION (Electric Power Generation Segment)		
Cost of power produced (Annex-3)	90,385	N/A
Cost of power purchased	2,412	N/A
	<u>92,797</u>	<u>N/A</u>
Less: Self consumed in Sugar Segment	(72,893)	N/A
Net cost of production	<u>19,904</u>	<u>N/A</u>
Total Units Produced (kwh)	20,851,584	N/A
Per Unit Cost (Rs. Per kwh)	<u>4.33</u>	<u>N/A</u>
12. SALES (Electric Power Generation Segment)		
Sale of electric power	<u>35,946</u>	<u>N/A</u>
Total Units Sold Out (kwh)	<u>4,596,664</u>	<u>N/A</u>
Per Unit Cost (Rs. Per kwh)	<u>7.82</u>	<u>N/A</u>
13. PROFITABILITY (Electric Power Generation Segment)		
Sales	35,946	N/A
Less: Cost of sales	(19,904)	N/A
Net Profit	<u>16,042</u>	<u>N/A</u>
Total Units Sold Out (kwh)	<u>4,596,664</u>	<u>N/A</u>
Per Unit Profitability (Rs. Per kwh)	<u>3.49</u>	<u>N/A</u>

Note:- This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

14. COST AUDITORS' OBSERVATIONS AND CONCLUSIONS

(a) *Matters which appear to him to be clearly wrong in principle or apparently unjustifiable.*

= N O N E =

(b) *Cases where the company funds have been used in a negligent or inefficient manner.*

= N O N E =

(c) *Factors which could have been controlled but have not been done resulting in increase in the cost of production.*

= N O N E =

(d) (i) *The Adequacy or otherwise of Budgetary Control System, if any, in vogue in the company.*

– The Company prepares annual budget for planning purpose.

(ii) *The scope and performance of Internal Audit, if any.*

– A full fledged internal audit department has been established by the company. The audit findings are reported to the top management and corrective measures are adopted wherever necessary.

(e) *Suggestions for improvements in performance.*

(i) *rectification of general imbalance in production facilities*

= N O N E =

(ii) *fuller utilisation of installed capacity*

– Fuller utilization of installed capacity rests on increase of sugar production requiring more consumption.

(iii) *Comments on areas offering scope for*

(a) Cost reduction

– Cost reduction may be achieved by operating the plant at higher capacity to achieve savings in

(b) Increased productivity

– Same comments as given at 14(e)(ii) above.

(c) Key limiting factors causing production bottle necks

– No comments.

(d) Improved inventory policies

– Present inventory policies are satisfactory.

(e) Energy conservancy

- Bagasse is the cheapest source of fuel, which is being used to the maximum extent.

(iv) *State of technology, whether modern or obsolete.*

- Captive Power Plant.

(v) *Plant, whether new or second hand when installed.*

- The plant was new when installed.

15. RECONCILIATIONS WITH FINANCIAL STATEMENTS

After the auditor appointed under section 252 of Companies Ordinance, 1984, submits his report, the cost auditor shall submit a supplementary report on reconciliation with financial accounts, to the directors before the date fixed for holding the annual general meeting of the company.

- Cost accounts are in agreement with audited financial accounts of the company for the year ended Sept. 30, 2016.

16. COST STATEMENTS

- Copies of all cost statements on the formats prescribed by Securities and Exchange Commission of Pakistan under clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984, duly authenticated by the Chief Executive and Chief Financial Officer of the company, and verified by us are appended to the report.

17. MISCELLANEOUS

- Figures have been rounded off to nearest thousand. Previous year's figures have been re-arranged and regrouped where necessary to facilitate comparison.
- This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

SIDDIQI & COMPANY

Cost & Management Accountants

Engagement Partner: Mustafa Hussain Siddiqui, FCMA

Karachi: 30 JAN 2017

RECONCILIATION OF COST OF SALES
between
Cost Accounts & Financial Accounts
For the year ended September 30, 2016

COST OF SALES	2016 Rs. in '000
Cost of sales electric power generation segment as per cost accounts	19,904
Less: Sale of electric power outside	(35,946)
	<hr/>
	(16,042)
Add: Cost of sales sugar segments	2,697,117
Total Cost of sales as per audited financial accounts	<hr/> <u>2,681,075</u>

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

SCHEDULE-III

Annexure - 1

Statement of Capacity
For the year ended September 30, 2016

		Current Year	Previous Year
	No. of Generators Installed	THREE	N/A
	Type of Generation	Thermal Based Captive Power Plant	
	Capacity of Each Generator		
	Generator No. 01	6.00 MW	N/A
	Generator No. 02	5.50 MW	N/A
	Generator No. 03	2.00 MW	N/A
	Total Capacity of Generator	13.50 MW	N/A

	Name of Capacity	Mega Watts (MW)	Percentage	Mega Watts (MWH)	Percentage
A	Licensed Capacity	13.50	100%	N/A	N/A
B	Installed Capacity	13.50	100% of licensed capacity	N/A	N/A
C	Dependable Capacity	12.15	90% of installed capacity	N/A	N/A

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive

Karachi: 30 JAN 2017

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

Annexure - 2

Statement of Quantity of Power Produced and Sold

For the year ended September 30, 2016

(Qty in KWH)

		Current Year		Previous Year	
		Qty in kwh	Percentage (%)	Qty in kwh	Percentage (%)
A	Units Generated:				
	(i) By diesel oil	4,640	00.02%	N/A	N/A
	(ii) By Coal	-	-	N/A	N/A
	(iii) By Gas	-	-	N/A	N/A
	(iv) By any other (Steam)	23,176,610	99.98%	N/A	N/A
B	Power Purchased from other sources	115,406	00.50%	N/A	N/A
C	Less: Losses during generation of Power	2,329,666	10.00%	N/A	N/A
D	Net Electrical Output = (A - C)	20,851,584	90.00%	N/A	N/A
E	Self Consumption in Sugar Segment	16,370,326	70.27%	N/A	N/A
F	Units available for sale [B+D-E]	4,596,664	19.73%	N/A	N/A
G	Units sold	4,596,664	21.92%	N/A	N/A

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

Annexure - 3

Statement showing Cost of Power Produced and Sold

For the year ended September 30, 2016

Sr. No.	Particulars	Current Year		Previous Year	
		Amount (Rs. in '000)	Cost per Unit	Amount (Rs. in '000)	Cost per Unit
A	No. of units generated (kwh)	20,851,584		N/A	
	No. of units purchased (kwh)	115,406		N/A	
	No. of units sold (kwh)	4,596,664		N/A	
		Amount (Rs. in '000)	Cost per Unit	Amount (Rs. in '000)	Cost per Unit
B	Direct Materials				
	(i) Diesel Oil Consumed (Annexure - 4)	3,532	0.17	N/A	N/A
	(ii) Coal Consumed (Annexure - 5)	-	-	N/A	N/A
	(iii) Gas Consumed (Annexure - 6)	-	-	N/A	N/A
	(iv) Cost of Wind/Steam/Water, (if any) If cost is more than 20% of total material cost than separate annexure be given.	-	-	N/A	N/A
	(v) Any other material consumed (to be specified) - Steam	59,512	2.85	N/A	N/A
C	Transportation charges	-	-	N/A	N/A
D	Lubrication of Lube Oil Consumed	-	-	N/A	N/A
E	Salaries, Wages, Other Benefits (Annexure - 7)	6,331	0.30	N/A	N/A
F	Manufacturing Overheads (Annexure - 8)	21,010	1.01	N/A	N/A
G	Total Cost of Electric Power Generated =B+C+D+E+F	90,385	4.33	N/A	N/A
H	Administrative Overheads (Annexure - 10)	-	-	N/A	N/A
I	Selling & Distribution Overheads (Annexure - 11)	-	-	N/A	N/A
J	Financial Overheads	-	-	N/A	N/A
K	Total Cost of generate electricity = G+H+I+J	90,385	4.33	N/A	N/A
	Cost of Power Purchased	2,412	-	N/A	N/A
	Total cost of power	92,797	-	N/A	N/A
	Less: Self consumed in Sugar Segment	(72,893)	-	N/A	N/A
L	Abnormal Losses	-	-	N/A	N/A
M	Total Cost to sell electricity	19,904	4.33	N/A	N/A

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

Annexure - 4

Statement of Consumption of Furnace Oil / Diesel Oil and Variance in Consumption
For the year ended September 30, 2016

		Current Year			Previous Year			Variance		
		Qty in Litre	Price	Rs. in '000	Qty in Litre	Price	Rs. in '000	Qty in Litre	Price	Rs. in '000
A	Opening Furnace / Diesel Oil	-	-	-	N/A	N/A	N/A	-	-	-
B	Diesel Oil Purchased	45,453	77.71	3,532	N/A	N/A	N/A	-	-	-
C	Total Diesel Oil Available (A+B)	45,453	77.71	3,532	N/A	N/A	N/A	-	-	-
D	Closing Balance	-	-	-	N/A	N/A	N/A	-	-	-
E	Gross Consumption (C-D)	45,453	77.71	3,532	N/A	N/A	N/A	-	-	-
F	Shortage/Wastage	-	-	-	N/A	N/A	N/A	-	-	-
G	Sludge Extracted	-	-	-	N/A	N/A	N/A	-	-	-
H	Net Consumption (E-F-G)	45,453	77.71	3,532	N/A	N/A	N/A	-	-	-
I	Electric Power Despatched (KWH): (Annexure-2)	-	-	20,851,584	N/A	N/A	N/A	-	-	-
J	Grammage/Unit (Gm per KWH) (H/I)	-	-	KWH	N/A	N/A	N/A	-	-	-
K	Cost / Unit (Rs. per KWH) (H/I) (Annexure-3)	-	-	0.17	N/A	N/A	N/A	-	-	-

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

Annexure - 5

Statement Showing Consumption of Coal and Variance in Consumption

For the year ended September 30, 2016

		Current Year			Previous Year			Variance		
		Qty (tons)	Price	Value	Qty (tons)	Price	Value	Qty (tons)	Price	Value
A	Opening Stock	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
B	Purchased during the year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C	In case of coal mines owned or taken on lease by the company:									
	i) Amortization (Nature to be specified)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ii) Cost incurred on raising coal	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total cost of extracting coal (i+ii)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
D	Total Available for consumption (A+B+C)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
E	Wastage	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
F	Closing Balance	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
G	Total Coal combusted (D-E-F)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
H	Electric Power Despatched (NEO) (KWH): (Annexure-2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
I	Cost/Unit (G/H) (Annexure-3)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

Annexure - 6

Statement showing Consumption of Gas
For the year ended September 30, 2016

S. No.	Particulars	Current Year	Previous Year
A	Total Gas combusted (MMBTU)	Nil	Nil
B	Price	Nil	Nil
C	Value of Gas combusted (A x B)	Nil	Nil
D	Electric Power Generated (KWH):	Nil	Nil
E	Cost/Unit (D / E) (Annexure - 3)	Nil	Nil
F	Total Heat Equivalent of Gas Combusted	Nil	Nil
G	Heat Rate D/F	Nil	Nil

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

Annexure - 7

Statement showing Salaries, Wages and Other Benefits

For the year ended September 30, 2016

S. No.	Particulars	Current Year	Previous Year
1	Salaries and Wages:	(Rs. in '000)	(Rs. in '000)
	i) Officers and Permanent Staff	6,331	N/A
	ii) Labour on Contract and Daily basis	-	N/A
	iii) Bonuses	-	N/A
2	Other Benefits		
3	Total (1 + 2)	6,331	N/A
4	Less allocated to:		
	a) Admin Overheads - Annexure - 10	-	N/A
	b) Selling & Distribution Overheads (Annexure - 11)	-	N/A
	(c) Any other (specify)	-	N/A
5	Balance Transferred to Generation Process (3-4) (Annexure-3)	6,331	N/A

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

Annexure - 8

Statement of Manufacturing Overheads

For the year ended September 30, 2016

S. No.	Particulars	Current Year Rs. in '000	Previous Year Rs. in '000
1	Consumable stores and spare parts	4,395	N/A
2	Operation and Maintenance Service Charges (Annexure 9)	1,548	N/A
3	Repair and maintenance	-	N/A
4	Utilities	-	N/A
5	Insurance	-	N/A
6	Lubrication Oil	-	N/A
7	Rent	-	N/A
8	Rates & Taxes	185	N/A
9	Office Supplies	-	N/A
10	Other Overheads	9,270	N/A
11	WAPDA / NTDC LDs	-	N/A
12	Amortization	-	N/A
13	Depreciation (Annexure 12)	5,612	N/A
Total (Annexure - 3)		21,010	N/A

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

Annexure - 9

Statement of Operation and Maintenance Charges

For the year ended September 30, 2016

S. No.	Particulars	Current Year Rs. in '000	Previous Year Rs. in '000
1	Salaries & Wages	-	N/A
2	Consumable stores and spare parts	-	N/A
3	Repair and maintenance	1,511	N/A
4	Utilities	-	N/A
5	Insurance	-	N/A
6	Depreciation	-	N/A
7	Amortization	-	N/A
8	Oil and Lubricants	-	N/A
9	Rent, Rates & Taxes	-	N/A
10	Office Supplies	-	N/A
11	Administrative Expenses	-	N/A
12	Other Overheads	37	N/A
Total		1,548	N/A
Allocated to:			
(a)	Manufacturing Overheads (Annexure 8)	1,548	N/A
(b)	Admin Overheads (Annexure 10)	-	N/A

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

Annexure - 10

Statement of Administrative Overheads

For the year ended September 30, 2016

S. No.	Particulars	Current Year	Previous Year
1	Salaries, Wages & Other Benefits (Annexure 7)	--	--
2	Directors Remuneration	--	--
3	Directors Traveling	--	--
4	Staff Traveling	--	--
5	Vehicle Running Expenses	--	--
6	Communication Expenses	--	--
7	Repair & Maintenance	--	--
	i) Office Equipment	--	--
	ii) Furniture & Fixtures	--	--
8	Building others (to be specified)	--	--
9	Advertisement	--	--
10	Utilities	--	--
11	Rent, Rates & Taxes	--	--
12	Printing & Stationary	--	--
13	Legal & Professional Expenses	--	--
14	Entertainment	--	--
15	Insurance Costs	--	--
16	Charity & Donation	--	--
17	Others to be specified (individually)	--	--
18	Depreciation	--	--
19	Amortization	--	--
20	Operation and Maintenance Service Charges (Annexure 9)	--	--
	Total (Annexure 3)	--	--

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

Annexure - 11

Statement of Selling, Distribution and Transmission Overheads

For the year ended September 30, 2016

S. No.	Particulars	Current Year	Previous Year
1	Salaries, Wages & Other Benefits (Annexure 7)	--	--
2	Stores & Spares	--	--
3	Loose Tools	--	--
4	Depreciation	--	--
5	Amortization	--	--
6	Insurance	--	--
7	Line Losses (normal)	--	--
8	Repair & Maintenance	--	--
9	Other Overheads (to be specified)	--	--
	Total (Annexure 3)	--	--

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive

SANGHAR SUGAR MILLS LIMITED
(Electric Power Generation Segment)

Annexure - 12

Statement of Fixed Assets and Allocation of Depreciation
For the year ended September 30, 2016

Rupees in '000

Particulars	C O S T				Rate	Depreciation	WDV
	WDV	Addition/ deletion/ transfer	Revaluation	Closing Balance		Charged During the Year	
Freehold land	93,500	-	-	93,500	0%	-	93,500
Factory Building on freehold land	124,245	-	-	124,245	10%	12,424	111,821
Non-Factory Building on freehold land	63,513	-	-	63,513	10%	6,351	57,162
Plant & Machinery	799,370	12,324	-	811,694	5%	40,431	771,263
Furniture & Fittings	1,651	37	-	1,688	10%	169	1,519
Vehicles	8,438	9,367	-	17,805	20%	2,352	15,453
Computer Equipment & Appliances	2,816	190	-	3,006	10 & 20%	360	2,646
Stores & Spares held for Capital exp.	5,371	-	-	5,371	5%	269	5,102
Plant & Machinery (leased)	65,373	-	-	65,373	5%	3,269	62,104
Total	1,164,277	21,918	-	1,186,195	--	65,625	1,120,570

Particulars	Current Year (Rs.in'000)	Previous Year (Rs.in'000)
Depreciation Allocated to		
Sugar Segment:		
Sugar Manufacturing Segment	50,512	N/A
Sugar Administrative Segment	9,501	N/A
Electric Power Generation Segment:		
Manufacturing overheads (Annexure 8)	5,612	N/A
Administrative overheads (Annexure 10)	-	N/A
Selling & distribution (Annexure 11)	-	N/A
TOTAL	65,625	N/A

Note:

This is the first year of cost audit of Electric Power Generation as per SECP SRO 954(1)/2015 dated 22-09-2015 as such last year's comparative figures are not available (N/A).

Chief Financial Officer

Chief Executive