



**Condensed Interim  
Financial Information**  

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**For the First Quarter ended  
December 31, 2015**  
*(Un-Audited)*



سانگھڑ شوگر ملز لمیٹیڈ  
**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

Al-Baraka Bank (Pakistan) Limited  
Bank Islami Pakistan Limited  
Bank Al-Falah Limited  
United Bank Limited  
Meezan Bank Limited  
Soneri Bank 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](http://www.sangharsugarmills.com)  
E-mail: [info@sangharsugarmills.com](mailto:info@sangharsugarmills.com)

#### MANUFACTURING FACILITIES

13 K.M., Sanghar - Sindhari Road  
Deh Kehore, District Sanghar, Sindh  
Phone: (0345) 3737001, (0345) 8222911



## DIRECTORS' REVIEW

The Un-audited Condensed Interim Financial Information of the Company for the first quarter ended December 31, 2015 is presented to the Shareholders of the Company.

### Review of the Performance of the Company

The crushing season for the year 2015-2016 commenced on November 05, 2015. Our Company started crushing ten days earlier as compared with the corresponding quarter ended December 31, 2014 and was able to operate 57 days crushing at the average rate of 5,025 Metric Tons of sugarcane per day as compared with the average of 4,751 Metric Tons per day crushing during corresponding quarter ended December 31, 2014.

### Operating Results

The summary of operating results of the Company during the first quarter ended December 31, 2015 along with the comparatives for the corresponding period are given below:

	Oct.– Dec. 2015	Oct.– Dec. 2014
Season started on	<b>05-11-2015</b>	15-11-2014
Duration of crushing days	<b>57</b>	47
Sugarcane crushed Metric Tons	<b>287,992</b>	223,291
Cane sugar produced Metric Tons	<b>26,657</b>	20,580
Sucrose recovery %	<b>9.50</b>	9.45

### Review of Operation

The Company operated at optimum level during the first quarter ended December 31, 2015 and was able to manufacture larger quantity of sugar along-with higher Sucrose Recovery by 0.05% under the circumstances as compared with the corresponding period.

### Financial Results

The key financial figures of the financial results of the Company for the first quarter ended December 31, 2015 along with the comparatives for the corresponding period are summarized as under:

	Oct.– Dec. 2015	Oct.– Dec. 2014
	(Rupees '000)	
Profit / (Loss) before taxation	<b>5,503</b>	(16,282)
Taxation	<b>18,626</b>	1,100
Loss after taxation	<b>(13,123)</b>	(17,382)
Loss per share – basic and diluted (Rupees)	<b>(1.10)</b>	(1.46)



## Review of Financial Results

Financial results are better as compared to the corresponding period due to the higher sucrose recovery, better selling price of sugar and also due to the fact that till December 31, 2015 your Company is paying minimum price of cane as fixed by the Government of Sindh.

## Future Prospects

As feared in the Directors' Report dated January 06, 2016, price war has started over cane, pushing the prices of cane much above the minimum price fixed by the Government of Sindh, however we are also anticipating upward trend in selling price of sugar, which may compensate the rising prices of cane to a certain extent.

## 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: January 28, 2016



**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2015**

		Un-Audited December 31 2015	Audited September 30 2015
		(Rupees in '000)	
<b>ASSETS</b>	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	1,155,068	1,166,639
Intangible asset	7	763	869
Long term deposits		10,966	10,966
Deferred cost		36,106	33,373
		<b>1,202,903</b>	1,211,847
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		49,988	42,326
Stock-in-trade		767,770	560,944
Trade debts	8	28,240	11,635
Loans and advances		24,315	24,603
Trade deposits & short term prepayments		7,536	1,012
Other receivables		26,609	26,609
Tax refund due from Government - net of provision		6,730	11,778
Cash and bank balances		245,245	9,749
		<b>1,156,433</b>	688,656
<b>TOTAL ASSETS</b>		<b>2,359,336</b>	<b>1,900,503</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		324,141	331,805
		<b>443,601</b>	451,265
Surplus on revaluation of property, plant & equipment		403,911	409,370
<b>NON CURRENT LIABILITIES</b>			
Long term financing	9	58,000	66,000
Liabilities against assets subject to finance lease		33,939	37,640
Deferred liabilities	10	337,650	325,349
		<b>429,589</b>	428,989
<b>CURRENT LIABILITIES</b>			
Trade and other payables		662,593	242,365
Accrued mark-up / financial charges		6,733	13,756
Short term borrowings		375,000	317,304
Current portion of long term financing		22,000	22,000
Current portion of liabilities against assets subject to finance lease		15,909	15,454
		<b>1,082,235</b>	610,879
<b>CONTINGENCIES AND COMMITMENTS</b>	11	—	—
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,359,336</b>	<b>1,900,503</b>

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: January 28, 2016



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015 (Un Audited)

	Notes	Un-Audited December 31 2015 (Rupees in '000)	Un-Audited December 31 2014
Sales	12	1,055,715	752,621
Cost of sales	13	1,022,217	737,103
<b>Gross Profit</b>		<b>33,498</b>	15,518
Distribution cost		—	220
Administrative expenses		18,253	17,937
Other operating expenses		806	166
		<b>19,059</b>	18,323
		<b>14,439</b>	(2,805)
Other income		11	7
<b>Operating Profit / (Loss)</b>		<b>14,450</b>	(2,798)
Finance cost		8,947	13,484
<b>Profit / (Loss) before taxation</b>		<b>5,503</b>	(16,282)
Taxation		18,626	1,100
<b>Loss after taxation</b>		<b>(13,123)</b>	(17,382)
<b>Loss per share - Basic and diluted (Rupees)</b>		<b>(1.10)</b>	(1.46)

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: January 28, 2016



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015 (Un Audited)**

	Un-Audited December 31 2015	Un-Audited December 31 2014
	(Rupees in '000)	
Loss after taxation	(13,123)	(17,382)
Other Comprehensive Income	—	—
<b>Total Comprehensive Income for the period</b>	<b>(13,123)</b>	<b>(17,382)</b>

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: January 28, 2016

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015 (Un Audited)**

Particulars	Share Capital	Unappropriated Profit	Total
	(Rupees in '000)		
<b>Balance as at October 01, 2014</b>	119,460	251,401	370,861
<b>Total Comprehensive Income for the period</b>			
Loss after tax for quarter ended December 31, 2014	—	(17,382)	(17,382)
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	5,208	5,208
	—	(12,174)	(12,174)
<b>Balance as at December 31, 2014</b>	<b>119,460</b>	<b>239,227</b>	<b>358,687</b>

<b>Balance as at October 01, 2015</b>	<b>119,460</b>	<b>331,805</b>	<b>451,265</b>
<b>Total Comprehensive Income for the period</b>			
Loss after tax for quarter ended December 31, 2015	—	(13,123)	(13,123)
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	5,459	5,459
	—	(7,664)	(7,664)
<b>Balance as at December 31, 2015</b>	<b>119,460</b>	<b>324,141</b>	<b>443,601</b>

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: January 28, 2016





## CONDENSED INTERIM CASH FLOW STATEMENT

### FOR THE FIRST QUARTER ENDED DECEMBER 31, 2015 (Un Audited)

	Un-Audited December 31 2015	Un-Audited December 31 2014
	(Rupees in '000)	
Profit / (Loss) before taxation	5,503	(16,282)
<b>Adjustment for non cash charges and other items:</b>		
Depreciation	16,123	15,683
Amortization	106	41
Amortization of deferred cost	2,407	—
Employees retirement benefits expense	2,593	2,593
Provision for market committee fee	2,880	2,233
Finance cost	8,947	13,484
	<b>33,056</b>	<b>34,034</b>
	<b>38,559</b>	<b>17,752</b>
<b>Changes in Working capital</b>		
<b>Decrease / ( Increase) in current assets</b>		
Stores, spare parts and loose tools	(7,662)	(8,833)
Stock - in - trade	(206,826)	(282,708)
Trade debts	(16,605)	—
Loans and advances	288	(7,297)
Trade deposits & Short term prepayments	(6,524)	22,037
Other Receivables	—	82
	<b>(237,329)</b>	<b>(276,719)</b>
<b>Increase in current liabilities</b>		
Trade and other payables	420,228	637,441
<b>Cash generated from Operations</b>	<b>221,458</b>	<b>378,474</b>
Employees retirement benefits paid during the period	(64)	(843)
Finance cost paid during the period	(15,970)	(25,867)
Deferred Cost incurred during the period	(5,140)	—
Income tax paid during the period	(6,686)	(4,021)
	<b>(27,860)</b>	<b>(30,731)</b>
<b>Net cash inflow from operating activities</b>	<b>193,598</b>	<b>347,743</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions in property, plant & equipment	—	(24)
Addition in capital work in progress	(4,550)	(13)
<b>Net cash outflow from investing activities</b>	<b>(4,550)</b>	<b>(37)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(8,000)	—
Proceeds from long term financing	—	1,000
Payments of liabilities against asset subject to finance lease	(3,248)	(14,324)
<b>Net cash outflow from financing activities</b>	<b>(11,248)</b>	<b>(13,324)</b>
<b>Net increase in cash and cash equivalents</b>	<b>177,800</b>	<b>334,382</b>
Cash and cash equivalents at beginning of the period	(307,555)	(462,784)
<b>Cash and cash equivalents at end of the period</b>	<b>(129,755)</b>	<b>(128,402)</b>

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: January 28, 2016



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE FIRST QUARTER ENDED DECEMBER 31, 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 company has also installed transmission equipment to sell surplus electric power. The registered office of the Company is situated at C-27, Plot No. F-24, Block - 9, Clifton, Karachi and its manufacturing facilities are located in district Sanghar, Sindh.

**2 BASIS OF PREPARATION**

This condensed interim financial information for the first quarter ended December 31, 2015 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, 2015

This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 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 first quarter ended December 31, 2015 are not audited. 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, 2015, 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 financial information for the first quarter ended December 31, 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, 2015.

**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 first quarter results and final liabilities will be determined on the basis of annual results.



	Un-Audited December 31 2015	Audited September 30 2015
	(Rupees in '000)	
<b>6 PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Operating Fixed Assets:</b>		
Owned	1,083,601	1,098,904
Leased	64,556	65,373
	<b>1,148,157</b>	1,164,277
<b>Capital Work in Progress</b>	<b>6,911</b>	2,362
	<b>1,155,068</b>	<b>1,166,639</b>
<b>6.1 Operating Fixed Assets</b>		
<i>Additions &amp; Transfers during the period / year:</i>		
Direct additions during the period / year		
Computer, Equipment & Appliances	—	272
	—	272
<i>Transferred from Capital Work in Progress</i>		
Factory Building on free hold land	—	2,091
Non-Factory Building on free hold land	—	776
Plant & Machinery	—	140,282
	—	143,149
Total Additions & Transfers during the period / year	—	143,421
Transfer from Leased to Owned Assets at WDV	—	88,655
Assets Sold & Leased Back	—	30,000
Depreciation charged during the period (December 31, 2015 & 2014)	<b>16,123</b>	15,683
<b>6.2 Capital Work in Progress</b>		
<i>Additions during the period / year</i>		
Plant & Machinery	<b>4,549</b>	85,475
<i>Transfer to operating fixed assets</i>		
Factory Building on free hold land	—	2,091
Non-Factory Building on free hold land	—	776
Plant & Machinery	—	140,282
	—	143,149
<b>7 INTANGIBLE ASSETS</b>		
Additions during the period / year	—	638
Amortization charged during the period (December 31, 2015 & 2014)	<b>106</b>	41
<b>8 TRADE DEBTS</b>		
Unsecured - Considered Good	Note - 8.1	28,240
		11,635
<b>8.1</b>	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. Pending the finalizing the terms of supplying electricity with the authorities the amount is worked out based on provisional prices of electricity expected to be received.	



	<b>Un-Audited December 31 2015</b>	<b>Audited September 30 2015</b>
	(Rupees in '000)	
<b>9 LONG TERM FINANCING</b>		
<b>Secured</b>		
<b>From Banking Company under mark-up arrangements</b>		
Demand Finance <span style="float: right;">Note - 9.1</span>	<b>80,000</b>	88,000
Current portion shown under current liabilities	<b>(22,000)</b>	(22,000)
	<b><u>58,000</u></b>	<u>66,000</u>

- 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.

	<b>Un-Audited December 31 2015</b>	<b>Audited September 30 2015</b>
	(Rupees in '000)	
<b>10 DEFERRED LIABILITIES</b>		
Deferred taxation	<b>238,938</b>	232,046
Market committee fee	<b>50,804</b>	47,924
Employees retirement benefits - Defined benefits plan	<b>47,908</b>	45,379
	<b><u>337,650</u></b>	<u>325,349</u>

**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 24.2 of the annual financial statements for the year ended September 30, 2015 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. 50,804 thousands due to provision in respect of current crushing season amounting to Rs. 2,880 thousands.

**11.2 Commitments:**

- a) There is no material change in the status of Commitments as disclosed in note No. 24.3.1 of the annual financial statements for the year ended September 30, 2015.
- b) The Company is committed for minimum Ijarah rental payments for each of the following period as follows:

	<b>Un-Audited December 31 2015</b>	<b>Un-Audited December 31 2014</b>
	(Rupees in '000)	
Not more than one year	<b>7,468</b>	7,533
More than one year but not more than five years	<b>14,936</b>	22,598
	<b><u>22,404</u></b>	<u>30,131</u>
<b>12 SALES</b>		
Local	<b>1,140,172</b>	812,817
Less: Federal Excise Duty	<b>84,457</b>	60,196
	<b><u>1,055,715</u></b>	<u>752,621</u>



	Un-Audited December 31 2015	Un-Audited December 31 2014
	(Rupees in '000)	
<b>13 COST OF SALES</b>		
Opening stock of finished goods	557,362	440,832
Cost of goods manufactured during the period - Net	1,216,249	1,012,228
	1,773,611	1,453,060
Closing stock of finished goods	(751,394)	(715,957)
	<u>1,022,217</u>	<u>737,103</u>

Note - 13.1

**13.1** The closing stock of sugar having carrying value of Rs. 109,355 thousands (2014: Rs. Nil) has been pledged against cash finance obtained from the Banking Companies.

	Un-Audited December 31 2015	Un-Audited December 31 2014
	(Rupees in '000)	
<b>14 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents comprise of the following items;		
Cash and bank balances	245,245	196,598
Short term borrowings	(375,000)	(325,000)
	<u>(129,755)</u>	<u>(128,402)</u>

**15 RELATED PARTY TRANSACTIONS**  
The details of the transactions carried out as detailed below:

Relationship with Company	Nature of Transaction	Un-Audited December 31 2015	Un-Audited December 31 2014
		(Rupees in '000)	
Directors, Key Management Personnel and their relatives	Purchase of sugarcane	14,723	10,024
CEO, Directors & Executives	Salaries, Benefits & Fee	6,024	4,919

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 January 28, 2016 by the Board of Directors of the Company.

## 17 GENERAL

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

**17.2** The Board of Directors of the Company has recommended final cash dividend of Rs. 2/- per share for the year ended September 30, 2015. This condensed interim financial information does not reflect the appropriation of cash dividend, which is subject to the approval of Shareholders in the Annual General Meeting, which will be held on January 30, 2016.

CHIEF EXECUTIVE

DIRECTOR

Karachi: January 28, 2016





**PRINTED MATTER**  
Under Postal Certificate

**REGISTERED / HEAD OFFICE:**

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**MANUFACTURING FACILITIES:**

13 K.M., Sanghar – Sindhri Road, Deh Kehore,  
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