



Sanghar Sugar Mills Limited

HEAD OFFICE: Office # 204, 2nd Floor, Clifton Centre, Block-5, Clifton, Karachi - Pakistan.
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Ref: SSML/CS/20210102-01

January 02, 2021

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: **Financial Results for the Year Ended September 30, 2020**

Dear Sir,

We have to inform you that the Board of Directors of our Company in their meeting held on Saturday January 02, 2021 at 12:30 p.m. at the registered office: Office No. 204, 2nd Floor, Clifton Centre, Block-5, Clifton, Karachi, approved the Audited Annual Financial Statements of the Company for the year ended September 30, 2020 and recommended the following.

- **CASH DIVIDEND / BONUS SHARES / RIGHT SHARES / ANY OTHER ENTITLEMENT**

Board of Directors has recommended "Nil" for the year ended September 30, 2020.

- **FINANCIAL RESULTS**

Financial Results and Independent Auditors' Report are annexed.

The Annual General Meeting (AGM) of Sanghar Sugar Mills Limited will be held on Thursday January 28, 2021 at 10:00 a.m. at Registered office of the Company situated at Office No. 204, 2nd Floor, Clifton Centre, Block 5, Clifton, Karachi.

The Share Transfer Books of the Company will be closed from 22-01-2021 to 28-01-2021 (both days inclusive). The transfer received at the Company's Share Registrar M/s Hameed Majeed Associates (Pvt) Limited, Karachi Chamber, Hasrat Mohani Road, Karachi at the close of business on 21-01-2021 will be treated in time for attending the AGM.

The Annual Report of the Company will be transmitted through PUCARS atleast 21 days before holding of Annual General Meeting.

Yours faithfully

Muhammad Mubeen Alam

Muhammad Mubeen Alam
Company Secretary



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The Financial Results for the year ended September 30, 2020 of the Company are as follows:

**SANGHAR SUGAR MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	September 30 2020	September 30 2019
	---- (Rupees in '000) ----	
Sales	2,938,182	2,770,439
Cost of sales	2,782,021	2,638,661
Gross Profit	156,161	131,778
Trading activities	-	-
Distribution cost	710	12,698
Administrative cost	99,630	91,136
Other operating cost	6,684	6,364
	107,024	110,198
Operating Profit	49,137	21,580
Other income	5,463	2,479
	54,600	24,059
Finance cost	153,446	172,667
Loss before taxation	(98,846)	(148,608)
Taxation	19,909	(49,753)
Loss after taxation	(118,755)	(98,855)
Loss per share - Basic and diluted (Rupees)	(9.94)	(8.28)

Muhammad Mubeen Alam

Muhammad Mubeen Alam
Company Secretary



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SANGHAR SUGAR MILLS LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Sanghar Sugar Mills Limited**, ("the Company") which comprise the statement of financial position as at September 30, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2020 and of the loss, comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 23.1.4 of the annexed financial statements, which describes the uncertainty related to the outcome of legal matters related to minimum sugar cane price and other matters. Our opinion is not qualified in respect of this matter.



Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter. Following are the Key audit matters:

S.N.	Key audit matter	How the matter was addressed in our audit
1.	Contingencies The Company is under litigations in respect of various matters related to sugar price fixation and other sugar industry matters and other miscellaneous claims in respect of the assets/ payables of the Company as disclosed in note 23 of the annexed financial statements. These contingencies require management's judgments and estimates in relation to the interpretation of relevant laws, notifications and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the annexed financial statements. Accordingly these are considered as key audit matter.	Our audit procedures included the following: <ul style="list-style-type: none"> Assessing management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee. Review of the relevant information including case proceedings, related industry information and correspondences in respect of the ongoing litigations. Obtaining confirmation from the legal counsel of the Company to evaluate the status of the pending litigations and view point of the Company's legal counsel thereon. Examining legal and professional expenses to confirm that all pending legal matters are identified and disclosed. Re-computing the amounts of obligations and recorded liabilities based on available underlying information and confronted parameters. Assessing the appropriateness of the related disclosures made in the accompanying financial statements in light of IAS-37 "Provisions and Contingencies".
2	Recognition of Revenue The company is engaged in the production and sale of sugar, by-products and	Our audit procedures to assess the recognition of revenue included the following:

<p>electricity and recognized revenue there from for the year ended 30 September 2020.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>(Refer to note 4.12 and 24 to the financial statements).</p>	<ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recognition of revenue and assessing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards. • Obtaining an understanding of the nature of the revenue, testing a sample of sales contracts to confirm our understanding and assessing whether or not management's application of IFRS 15 requirements was in accordance with the standard. • Performing analytical procedures and test of details by selecting sample of transactions for comparing with sales orders, sales invoices, delivery orders and other underlying records. • Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery orders and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • Reviewing the adequacy of disclosure as required under applicable financial reporting framework.
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Information Other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report of the Company, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) In our opinion, no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980(XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hanif Razzak.


Chartered Accountants
Karachi

Dated: 02 JAN 2021

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