



SHAHTAJ

SUGAR MILLS LIMITED

Condensed Interim
Financial Information
(Un-audited)

For the three month
period ended
31 December

2018

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Interim Financial
Information
(Un-audited)

Board of Directors

Mr. Mahmood Nawaz	Chairman
Mr. Muneer Nawaz	Chief Executive
Mr. Cyrus R. Cowasjee	Independent Director
Mr. M. Naeem	
Mr. Ijaz Ahmad	
Mrs. Samia Shahnawaz Idris	
Mr. Rashed Amjad Khalid	
Mr. Toqueer Nawaz	
Mr. Attaullah A. Rasheed	(S.L.I.C.)
Mr. Aamir Amin	(N.I.T.)

Company Secretary

Mr. Jamil Ahmad Butt, FCMA

Chief Financial Officer

Mr. Waqar Ahmad, FCA

Audit Committee

Mr. Attaullah A. Rasheed	Chairman
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member
Mr. Toqueer Nawaz	Member

Human Resource & Remuneration Committee

Mr. Attaullah A. Rasheed	Chairman
Mr. M. Naeem	Member
Mr. Muneer Nawaz	Member
Mr. Rashed Amjad Khalid	Member

Head Office

72/C-1, M. M. Alam Road,
Gulberg III, Lahore - 54660.
Phone : (042) 3571 0482 - 84
Fax : (042) 3571 1904
Website : www.shahtajsugar.com
E-mail : mail@shahtajsugar.com

Registered Office

19, Dockyard Road,
West Wharf, Karachi - 74000
Phone : (021) 3231 3934 - 38
Fax : (021) 3231 0623
E-mail : jamilbutt@shahtaj.com

Production Facility

Mandi Bahauddin - 50400.
Phone : (0546) 501 147 - 48
(0546) 508 047 - 48
Fax : (0546) 501 768
E-mail : mills@shahtajsugar.com

Auditors

EY Ford Rhodes,
Chartered Accountants,
96-B-1, 4th Floor, PACE Mall Building,
M. M. Alam Road, Gulberg-II,
Lahore - 54660.

Legal Advisor

Mr. Ras Tariq Chowdhary,
52 - Ravi Block, Fort Green,
Canal Bank, Lahore.

Share Registrar

JWAFFS Registrar Services (Private) Limited
Suite No. 407 - 408,
4th Floor, Al-Ameera Centre,
Shahrah-e-Iraq, Saddar, Karachi.

Bankers

United Bank Limited
Habib Bank Limited
MCB Bank Limited
Bank Alfalah Limited
Bank AL-Habib Limited
JS Bank Limited
Allied Bank Limited
National Bank of Pakistan

Directors' Report to the Members

The Directors of the Company are pleased to submit the Un-audited Condensed Interim Financial Information for the three month period ended 31 December 2018. Production data for the three month period ended 31 December 2018 is given below:

Production Data		31 December	
		2018	2017
Start of Season		12.12.2018	30.11.2017
Sugarcane Crushed	(M. Tons)	168,714	249,258
Production:			
Sugar	(M. Tons)	15,025	21,290
Molasses	(M. Tons)	6,600	10,725
Recovery:			
Sugar	%	9.41	9.04
Molasses	%	4.28	4.58

The crushing season 2018-19 was started on 12 December, 2018 and until the morning of 25 January 2019, we crushed 357,559 M. tons of sugarcane, and produced 34,100 M. tons of sugar at an average recovery of 9.77%.

As per data produced above there is a decrease in production of sugar due to late start of season. Sugar recovery was better than the corresponding period. There is no change in the support price of sugarcane for this season and it remained at Rs. 180/- per 40 Kg. Our cost of sugarcane procured up to 31 December 2018 remained at Rs. 182/- per 40 Kg as compared with the first three month period of previous year. So far sugar recovery is better than the last season.

Initial estimates of availability of sugarcane are less than of last year due to below average rainfall during the last monsoon season which led to a low sugarcane crop. Keeping in view the less availability of sugarcane, it would be expected that the production would be less than last year. However, current market conditions i.e. sugar price is slightly better than previous corresponding period. With the efforts of PSMA the Federal Government has allowed export of 1,100,000 M. Tons of sugar. Further the Punjab Government will provide freight support/export subsidy of sugar @ Rs. 5.35 / kg on a sliding scale between the international price of US\$ 343.80 / MT (as on 10-01-2019) and US\$ 435 / MT, subject to the condition that financial outlay on freight support shall not exceed Rs. 3 billion.

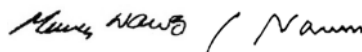
Sugar prices during the three month period were better than the corresponding period of last year due to lesser carryover stocks and export allowed by the Government. Further molasses prices during the period under review were better as compared to corresponding period.

For the three month period, your Company recorded a turnover of Rs. 479,318 million as against Rs. 1,034,095 million in the corresponding period of 2017. The cost of sales was Rs. 492,299 million as against Rs. 1,101,619 million of the previous period. Thus, the Company has a gross loss of Rs. 12,981 million as against a gross loss of Rs. 67,524 million for the three month period ended 31 December 2018. The net loss has been recorded to be Rs. 79,040 million against the net loss of Rs. 126,812 million of the corresponding period. The loss was due to depressed sugar prices during the period under review. The finance cost for the period was Rs. 10,931 million as against Rs. 6,584 million of the corresponding period.

As informed earlier we are in the process of setting up a Bagasse based Power Project of installed Gross capacity of 32 MW. Initially we will produce/generate electricity of 22.85 MW from our Power Plant. However, We will supply 15 MW to the National Grid. Two steam turbines of generation capacity of 16MW each have been installed successfully. Work on the construction of Switch Yard of 132 KV is in progress. Further, we would like to inform you that your Company has been granted Generation License and Upfront Tariff for 30 years by National Electric Power Regulatory Authority (NEPRA). We had negotiated and finalized the Energy Purchase Agreement (EPA) with Central Power Purchasing Agency (CPPA) which was subsequently approved by the Board of Directors of CPPA on 14 July 2017. Now the CPPA is reluctant to sign off the negotiated EPA with the reason that Cabinet Committee on Energy (CCoE) imposes a restriction on signing / execution of Energy Purchase Agreements with Bagasse Based Power projects. We along with five (5) other Bagasse Based Cogeneration power projects filed writ petitions in Honorable Islamabad High Court against Federation of Pakistan, CPPA (G) L, NEPRA and others against the impugned decision of CCoE. We are hopeful about favorable outcome of the writ petition which will have a positive impact on the Company.

Your Directors place on record their appreciations of the diligence and devotion of duty of the Officers, Members of Staff and Workers of all categories.

For and on behalf of the Board,



MUNEER NAWAZ
Chief Executive

M. NAEEM
Director

ڈائریکٹرز رپورٹ برائے ممبران

ری جبکہ گذشتہ سال کے اسی عرصہ میں یہ رقم ۶۹۱۔۱۰۱ ملین روپے تھی۔ اس طرح دوران اختتام شدہ سہ ماہی ۳۱ دسمبر ۲۰۱۸ میں ادارے کو ۹۸۱۔۱۲ ملین روپے کا مجموعی نقصان ہوا جو کہ گذشتہ سال کے دوران یہ میں ۵۲۳۔۶۷ ملین روپے تھا۔ جبکہ خالص نقصان ۸۱۲۔۱۲۶ ملین روپے کے مقابل ۹۰۰۔۰۰ ملین روپے رہا۔ زیر جائزہ عرصہ کے دوران چھٹی کی قیمت فروخت پر باقیہ نقصان کا باعث بنا۔ دوران عرصہ مالیاتی اخراجات ۹۳۱۔۰۰ ملین روپے رہے جبکہ اس کے مقابل گذشتہ عرصہ کے دوران یہ رقم ۵۸۳۔۶ ملین روپے تھی۔

جیسا کہ پہلے ہی آپ کے علم میں لا جا چکا ہے کہ ادارے کا بگاڑ (گنے کی کھوٹی) سے چلنے والا بجلی کا پلانٹ جو کہ ۳۲ میگا واٹ کی صلاحیت پر مشتمل ہے تنصیب کے مرحلہ میں ہے۔ ابتدائی مرحلہ میں ہم اس بجلی کے پلانٹ سے انشاء اللہ ۲۲۔۸۵ میگا واٹ بجلی پیدا کر سکیں گے۔ تاہم اس میں سے ۱۵ میگا واٹ بجلی نیشنل گرڈ کو ترسیل کریں گے۔ ۱۶ میگا واٹ صلاحیت کی دو عدد ڈب بائین کی تنصیب کا کام مکمل ہو چکا ہے جبکہ ۱۳۲ کے وی اے صلاحیت کے گرڈ اسٹیشن کی تنصیب کا کام جاری ہے۔ مزید آپ کی اطلاع کے لیے عرض ہے کہ نیشنل پاور اینڈ ریگولیشن اتھارٹی نے آپ کے ادارے کو بجلی کی پیداوار کا اجازت نامہ (جنریشن لائسنس) ہمیں سال کے لیے جاری کر دیا ہے اور اسی طرح بجلی خریداری کی قیمت (شرح) کا معاہدہ بھی ہو چکا ہے۔ ہم سینٹرل پاور پراجیکٹ (CPPA) کے ساتھ بجلی خریداری کا معاہدہ باہمی رضامندی کے ساتھ طے کر چکے ہیں جسے CPPA کے بورڈ آف ڈائریکٹرز نے مورخہ ۱۳ جولائی ۲۰۱۷ کو منظور کر کے دستخط کے لیے مجھوا دیا تھا۔ لیکن اب CPPA اس پر دستخط کرنے سے گریزاں ہے کیونکہ کیونٹ کمیٹی برائے انرجی (CCoE) نے بگاڑ سے چلنے والے بجلی کے نئے پراجیکٹ منظور کرنے پر پابندی عائد کر دی ہے۔ اس سلسلہ میں ہمارے سمیت دیگر ۵ بگاڑ سے چلنے والے پراجیکٹ والے اداروں نے معزز اسلام آباد ہائی کورٹ میں فیڈریشن آف پاکستان، CPPA اور نیچر اے کے خلاف CCoE کے اس بہم فیصلہ کے خلاف رٹ پیشین دائر کر دی ہے۔ ہمیں امید ہے کہ اس رٹ پیشین پر ہمارے حق میں فیصلہ آئے گا اور ادارے پر اس کے مثبت اثرات ہوں گے۔

آپ کے ڈائریکٹرز اس موقع پر کمیٹی کے آفیسرز، اسٹاف ممبران اور تمام کارکنان کی جان فشانی اور کام سے لگاؤ کے متعرف ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز

Muhammad / Naam

کارپوری
۲۵ جنوری ۲۰۱۹

منیر نواز
چیف ایگزیکٹو آفیسر

ایم نعیم
ڈائریکٹر

ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز کی طرف سے غیر محاسب شدہ مختصر عبوری مالیاتی معلومات برائے دورانیہ اختتام شدہ مہ ماہی ۳۱ دسمبر ۲۰۱۸ء پیش خدمت ہیں۔ اس اختتام شدہ مہ ماہی ۳۱ دسمبر ۲۰۱۸ء کے پیداواری اعداد و شمار ذیل میں درج ہیں۔

پیداواری اعداد و شمار

۲۰۱۷		۲۰۱۸	
۳۰ نومبر ۲۰۱۷	۲۳۹,۲۵۸ میٹرک ٹن	۱۲ دسمبر ۲۰۱۸	۱۶۸,۷۱۳ میٹرک ٹن
۲۱,۲۹۰ میٹرک ٹن	۱۰,۷۲۵ میٹرک ٹن	۱۵,۰۲۵ میٹرک ٹن	۶,۶۰۰ میٹرک ٹن
۹-۰۲ فیصد	۴-۵۸ فیصد	۹-۲۱ فیصد	۳-۲۸ فیصد

آغاز میزین

گنے کی پائی

پیداوار

چینی

راب

پیداواری تناسب

چینی

راب

کرٹنگ میزین برائے سال ۱۹-۲۰۱۸ کا آغاز مورخہ ۱۲ دسمبر ۲۰۱۸ء کو ہوا اور ۲۵ جنوری ۲۰۱۹ء تک ہم نے ۳۵۷,۵۵۹ میٹرک ٹن کٹ کرش کیا اور ۳۳,۱۰۰ میٹرک ٹن چینی کی پیداوار ۷۷-۹ فیصد پیداواری تناسب کے ساتھ حاصل کی۔

اوپر درج شدہ اعداد و شمار کے مطابق چینی کی پیداوار میں میزین دیر سے شروع ہونے کی وجہ سے کمی واقع ہوئی۔ چینی کا پیداواری تناسب گذشتہ دورانیہ سے بہتر ہے۔ گنے کی امدادی قیمت میں کوئی تبدیلی نہیں ہوئی جو کہ ۱۸۰ روپے فی سن رہی۔ ہماری گنے کی قیمت خرید گذشتہ سال کے مقابل ۳۱ دسمبر ۲۰۱۸ء تک ۱۸۲ روپے فی سن رہی۔ اب تک چینی کا پیداواری تناسب گذشتہ میزین کی نسبت بہتر ہے۔

ابتدائی اندازہ کے مطابق گنے کی دستیابی گذشتہ سال کے مقابل کم ہے۔ چونکہ مون سون کے موسم میں معمول سے کم بارشیں ہوئیں جس کی وجہ سے گنے کی پیداوار میں کمی واقع ہوئی۔ گنے کی کمی کو مد نظر رکھتے ہوئے یہ گمان ہے کہ چینی کی پیداوار بھی گذشتہ سال سے کم ہوگی۔ تاہم موجودہ کاروباری حالات میں چینی کی قیمت گذشتہ دورانیہ سے تھوڑی بہتر ہے۔ پاکستان شوگر ملز ایسوسی ایشن کی کاوشوں سے وفاقی حکومت نے ۱,۱۰۰,۰۰۰ میٹرک ٹن چینی کی برآمد کی اجازت دے دی ہے۔ مزید یہ کہ پنجاب گورنمنٹ مورخہ ۱۰ جنوری ۲۰۱۹ء کو جاری آرڈر کے تحت چینی کی برآمد پر ۳۵-۵ روپے فی کلوگرام کے حساب سے بین الاقوامی مارکیٹ میں ۸۰-۱۳۳ امریکی ڈالر فی میٹرک ٹن سے لے کر ۱۳۳۵ امریکی ڈالر فی میٹرک ٹن کے درمیان قیمت میں ۲۱ اربڑھوٹا کے مطابق چھوٹ دے گی، جو کہ اس بات کے ساتھ مشروط ہے کہ بار برداری کی مد میں یہ رقم ۱۳ ارب سے زائد نہ ہو۔

دوران مہ ماہی چینی کے موجودہ ذخائر میں کمی اور گورنمنٹ کی طرف سے برآمد کی اجازت کے باعث دوران عرصہ چینی کی قیمت گذشتہ مہ ماہی کے مقابل بہتر رہی۔ مزید زبر جائزہ عرصہ کے دوران راب کی قیمت بھی گذشتہ دورانیہ کے مقابل بہتر رہی۔

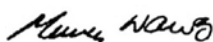
دوران مہ ماہی آپ کے ادارے کی فروخت ۳۱۸-۲۷۷ ملین روپے رہی جو کہ ۲۰۱۷ کے اسی عرصہ میں ۹۵-۱,۰۳۳ ملین روپے تھی۔ لاگتی قیمت ۲۹۹-۳۹۲ ملین روپے

Condensed Interim Statement of Financial Position

As at 31 December 2018

Note	(Un-audited)	(Audited)		
	31 December 2018	30 September 2018		
(Rupees in thousand)				
ASSETS				
NON CURRENT ASSETS				
	Property, plant and equipment	7	2,001,188	1,934,858
	Investment in associate	8	112,876	116,039
	Long term loans and advances		2,835	3,328
	Long term deposits		1,103	1,103
			2,118,002	2,055,328
CURRENT ASSETS				
	Stores, spares and loose tools		144,924	119,093
	Stock in trade	9	776,502	383,474
	Trade debts		85,244	55,926
	Loans and advances		38,467	37,597
	Trade deposits and short term prepayments		13,865	2,355
	Other receivables		8,400	8,400
	Income tax recoverable		382,141	370,995
	Cash and bank balances		93,735	56,274
			1,543,278	1,034,114
	TOTAL ASSETS		3,661,280	3,089,442
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
	Share capital		120,111	120,111
	Capital reserve - share premium		27,534	27,534
	Revenue reserve - general reserve and unappropriated profits		571,222	650,262
	TOTAL EQUITY		718,867	797,907
NON CURRENT LIABILITIES				
	Long term borrowings	10	1,133,248	1,133,248
	Retirement benefits obligation		32,596	31,755
	Deferred taxation		9,748	9,748
			1,175,592	1,174,751
CURRENT LIABILITIES				
	Trade and other payables		1,126,721	322,609
	Unclaimed dividend		2,007	2,048
	Short term borrowings	11	367,488	550,003
	Loan from associate		45,000	45,000
	Accrued interest on borrowings		54,684	32,689
	Current maturity of long-term borrowings		103,694	103,694
	Provision for taxation		67,227	60,741
			1,766,821	1,116,784
	TOTAL LIABILITIES		2,942,413	2,291,535
	CONTINGENCIES AND COMMITMENTS	12		
	TOTAL EQUITY AND LIABILITIES		3,661,280	3,089,442

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Statement of Profit or Loss (Un-audited)

For the three month period ended 31 December 2018

	Note	31 December	
		2018	2017
		(Rupees in thousand)	
Sales - net	13	479,318	1,034,095
Cost of sales	14	(492,299)	(1,101,619)
Gross loss		(12,981)	(67,524)
Distribution cost		(1,982)	(2,458)
Administrative expenses		(47,433)	(48,235)
Other operating expenses		(984)	(916)
Other income		1,758	12,009
		(48,641)	(39,600)
Operating loss		(61,622)	(107,124)
Finance cost		(10,931)	(6,584)
Share of profit of associate - net of tax		-	-
Loss before taxation		(72,553)	(113,708)
Taxation	15	(6,487)	(13,104)
Loss for the period		(79,040)	(126,812)
Loss per share - basic and diluted (Rupees per share)		(6.58)	(10.56)

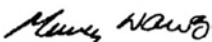
The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three month period ended 31 December 2018

	31 December	
	2018	2017
	(Rupees in thousand)	
Loss for the period	(79,040)	(126,812)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	(79,040)	(126,812)

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



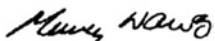
Director

Condensed Interim Statement of Changes in Equity (Un-audited)

For the three month period ended 31 December 2018

	Share capital	Capital reserve	Revenue reserve		Total
		Share premium	General reserve	Un-appropriated profits / (losses)	
	(Rupees in thousand)				
Balance as at 01 October 2017	120,111	27,534	956,000	160,528	1,264,173
Loss for the period	-	-	-	(126,812)	(126,812)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(126,812)	(126,812)
Balance as at 31 December 2017	120,111	27,534	956,000	33,716	1,137,361
Balance as at 01 October 2018	120,111	27,534	1,016,000	(365,738)	797,907
Loss for the period	-	-	-	(79,040)	(79,040)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(79,040)	(79,040)
Balance as at 31 December 2018	120,111	27,534	1,016,000	(444,778)	718,867

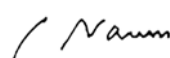
The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



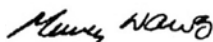
Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the three month period ended 31 December 2018

	31 December 2018	2017
	(Rupees in thousand)	
Loss before taxation	(72,553)	(113,708)
Non-cash adjustments to reconcile loss before tax to net cash flows:		
Depreciation on property, plant and equipment	13,630	15,212
Interest / mark-up	10,613	5,807
Profit on bank deposits	(200)	(48)
Gain on disposal of property, plant and equipment	(861)	(494)
Provision for gratuity and retirement benefits	979	916
	24,161	21,393
Operating loss before working capital changes	(48,392)	(92,315)
Working capital adjustments:		
Increase in current assets:		
Stores, spares and loose tools	(25,831)	(144,294)
Stock in trade	(393,028)	(164,085)
Trade debts	(29,318)	(190,141)
Loans and advances	(870)	(24,639)
Trade deposits and short term prepayments	(11,510)	(16,616)
Other receivables	-	(8)
	(460,557)	(539,783)
Increase in current liabilities		
Trade and other payables	804,332	1,230,115
Cash generated from operations	295,383	598,017
Income tax paid	(11,146)	(17,197)
Interest / mark-up paid	11,382	506
Profit on bank deposits received	200	48
Leave encashment paid	(221)	-
Retirement benefits paid	(138)	(276)
Net cash generated from operating activities	295,460	581,098
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(90)	(697)
Addition in capital work in progress	(80,009)	(100,361)
Sale proceeds from disposal of operating fixed assets	1,000	2,151
Decrease in loans and advances	493	445
Dividend received from associate	3,163	5,750
Net cash used in investing activities	(75,443)	(92,712)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(41)	-
Short-term borrowings paid	(182,515)	(583,216)
Long-term borrowings obtained	-	265,200
Net cash used in financing activities	(182,556)	(318,016)
Net Increase in cash and cash equivalents	37,461	170,370
Cash and cash equivalents at the beginning of the period	56,274	50,240
Cash and cash equivalents at the end of the period	93,735	220,610

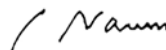
The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2018

1. The Company and its Operations

Shahtaj Sugar Mills Limited (the Company) was incorporated in Pakistan on 27 March 1965 as a Public Limited Company under the Companies Act 1913. Its registered office is situated at 19, Dockyard Road, West Wharf, Karachi. The Company is listed on Pakistan Stock Exchange and is engaged in the manufacture and sale of sugar whereas molasses and bagasse are its significant by-products. The business units of the Company along with their locations are as follows:

Business Unit	Address
Registered Office	19, Dockyard Road, West Wharf, Karachi
Head Office	72-C/1, M. M. Alam Road, Gulberg-III, Lahore.
Production Plant	Kuthiala Saidan, Mandi Bahauddin

The Company is in the process to setup a bagasse based co-generation power project with an installed capacity of 32 MW. The project is being financed through a combination of debt and equity. The Company has received power generation license and upfront tariff for thirty years from the National Electric Power Regulatory Authority (NEPRA). The Company expects to commence commercial generation after obtaining approval from the competent authority and any surplus electric power, not consumed by the Company itself, will be sold to the Central Power Purchasing Agency (Guarantee) Limited (CPPA).

2. Statement of Compliance

This Condensed Interim Financial Information of the Company for the three month period ended 31 December 2018 has been prepared in accordance with the accounting and reporting standards for interim financial reporting as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The Company accordingly has adopted and applied the accounting policies, same as applied in the latest audited Financial Statements of the Company for the year ended 30 September 2018.

3. Basis of Presentation and Measurement

- 3.1 This Condensed Interim Financial Information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.
- 3.2 This Condensed Interim Financial Information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 30 September 2018.

4. Significant Accounting Policies

The accounting policies adopted and applied by the Company for the preparation of this Condensed Interim Financial Information are the same as were adopted and applied in the preparation of the preceding Annual Audited Financial Statements for the year ended 30 September 2018.

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2018

5. Seasonality of Operations

The Company is inter-alia, engaged in manufacturing of sugar for which the season begins in November / December and ends in March / April. Therefore, majority of expenses are incurred and production activities are undertaken in first half of the Company's financial year thus increase the volume of inventories and financing at the end of the first half.

6. Taxation, Retirement Benefit Obligations, WWF and WPPF

Provisions in respect of Taxation, Retirement Benefit Obligations, Workers' Welfare Fund and Workers' Profit Participation Fund are estimated and these are subject to final adjustments in the annual audited financial statements.

Note	(Un-audited)	(Audited)
	31 December 2018	30 September 2018

(Rupees in thousand)

7. Property, Plant and Equipment

Operating fixed assets	7.1	511,047	524,726
Capital work in progress	7.2	1,490,141	1,410,132
		2,001,188	1,934,858

7.1 Additions and deletions made to operating fixed assets during the three month period ended 31 December 2018 are as under:

	Additions	Deletions
	(Rupees in thousand)	
Motor vehicles	-	1,388
Office equipment	90	-
	90	1,388

7.2 Additions and transfers made to capital work in progress during the three month period ended 31 December 2018 are as under:

	As at 01 October 2018	Additions / Transfers	Transfer to Operating Fixed Assets	As at 31 December 2018
	(Rupees in thousand)			
Civil works and buildings	51,074	10,064	-	61,138
Plant and machinery	1,103,057	50,770	-	1,153,827
Other directly attributable overheads	172,222	30,071	-	202,293
Advances to Suppliers	83,779	(10,896)	-	72,883
	1,410,132	80,009	-	1,490,141

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2018

Note	(Un-audited)	(Audited)
	31 December 2018	30 September 2018
(Rupees in thousand)		
8. Investment in Associate		
Associate - Equity method		
Shahtaj Textile Limited - Listed	8.1	112,876
8.1 Fair value of investment as at 31 December 2018 is Rs. (thousand) 117,197 (30 September 2018: Rs. (thousand) 95,588).		116,039

Note	(Un-audited)	(Audited)
	31 December 2018	30 September 2018
(Rupees in thousand)		
9. Stock in Trade		
Sugar	648,363	367,843
Molasses	38,953	-
Bagasse	39,364	11,931
Sugar in process	43,956	3,195
Molasses in process	4,499	41
	775,135	383,010
Insecticide	106	11
Stock at fair price shop	1,261	453
	1,367	464
	776,502	383,474

10. Long Term Borrowings

Loan-I	10.1	1,036,942	1,036,942
Loan-II	10.2	200,000	200,000
		1,236,942	1,236,942
Less: Current maturity		(103,694)	(103,694)
		1,133,248	1,133,248

10.1 This represents a long term syndicated term finance facility obtained from a consortium of banking companies comprising MCB Bank Limited, United Bank Limited and Bank AL Habib Limited. The facility is secured against first mortgage charge over properties and first pari passu hypothecation charge over hypothecated assets in favor of the syndicate for the purpose of co-generation power project with 25% margin limited to Rs. 2,608 million. Markup is chargeable at a rate of 6 month KIBOR + 1.25% per annum semi-annually with a two years grace period. The loan is repayable in ten equal semi-annual installments. Out of total available facility of Rs. 1,956 million, the un-utilized portion amounts to Rs. 919 million.

10.2 This represents an outstanding loan amounting to Rs. (thousand) 200,000 obtained from MCB Bank Limited for BMR of machinery. Markup is chargeable at a rate of 3 month KIBOR + 1.25% per annum quarterly. This facility is secured against first pari pasu charge over present and future plant and machinery with 25% margin limited to Rs. 267 million. The loan is repayable in 16 equal quarterly installments commencing after a grace period of one year.

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2018

11. Short Term Borrowings

The aggregate facility of short term borrowings available from commercial banks is Rs. (thousand) 2,920,000 (30 September 2018: Rs. (thousand) 2,920,000). These facilities are secured against pledge over stock and First Charge of Rs. (thousand) 334,000 on all present and future plant & machinery, equipment, fixtures and other installations and such movables etc of the Company. The un-utilized portion of the said facility amounts to Rs. (thousand) 2,552,512 (30 September 2018: Rs. (thousand) 2,369,997).

The rates of markup range between 1 month / 3 month KIBOR + 0.65% to 1 month / 3 month KIBOR + 0.75% (30 September 2018: 1 month / 3 month KIBOR + 0.65% to 1 month / 3 month KIBOR + 0.75%) per annum.

The aggregate facility for letters of credit and guarantees amounts to Rs. (thousand) 1,545,000 (30 September 2018: Rs. (thousand) 1,545,000) and Rs. (thousand) 16,000 (30 September 2018: Rs. (thousand) 16,000), respectively. Out of total facilities available, the unutilized facility for letters of credit and guarantees amounts to Rs. (thousand) 1,063,247 (30 September 2018: Rs. (thousand) 1,089,005) and Rs. (thousand) Nil (30 September 2018: Rs. (thousand) Nil), respectively.

12. Contingencies and Commitments

12.1 Contingencies

There is no material change in contingencies since the last published financial statements.

12.2 Commitments

- i. The Company's commitments on 31 December 2018 for capital expenditure, amounts to Rs. (thousand) Nil (30 September 2018: Rs. (thousand) Nil) in the normal course of business.
- ii. The Company's commitments for letters of credit and guarantees amounts to Rs. (thousand) 481,753 (30 September 2018: Rs. (thousand) 455,995) and Rs. (thousand) Nil (30 September 2018: Rs. (thousand) Nil), respectively. The amount of letters of credit includes Rs. (thousand) 480,445 (30 September 2018: (thousand) 445,503) which relating to co generation power project.

13. Sales - net

	(Un-audited)	
	31 December	
	2018	2017
	(Rupees in thousand)	
Sugar	524,462	1,082,092
Molasses	7,907	22,992
Bagasse	7,047	57,974
Press mud	1,544	1,234
	540,960	1,164,292
Less:		
Broker's commission on sugar	1,056	2,721
Sales Tax / Federal Excise Duty	59,844	126,072
Withholding tax on sales	742	1,404
	61,642	130,197
	479,318	1,034,095

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2018

	(Un-audited) 31 December	
	2018	2017
	(Rupees in thousand)	
14. Cost of Sales		
Cost of sugarcane procurement	767,777	1,120,866
Process materials	13,077	13,662
Fuel and power	6,700	3,869
Stores and spares consumed	21,733	29,981
Repairs and maintenance	6,035	12,986
Salaries, wages and other benefits	41,331	53,018
Company's contribution to provident fund	518	504
Rent, rates and taxes	551	349
Insurance	2,303	2,312
Conveyance and travelling	12,611	13,969
Depreciation	2,222	2,739
Other expenses	1,602	2,113
	876,460	1,256,368
Add: Opening stock of sugar and by-products in process	3,236	3,156
Less: Closing stock of sugar and by-products in process	(48,455)	(69,758)
Cost of sugar manufactured	831,241	1,189,766
Packing material consumed	7,964	8,570
Cost of sugar bagged	839,205	1,198,336
Add: Opening stock of sugar and by-products	379,774	800,646
Less: Closing stock of sugar and by-products	(726,680)	(897,363)
	492,229	1,101,619
15. Taxation		
Taxation for the period:		
Current	(6,487)	(13,104)
	(6,487)	(13,104)

16. Transactions with Related Parties

The related parties comprise related group companies, local associates, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as follows.

Name of Related Party	Nature of Transactions	31 December	
		2018	2017
		(Rupees in thousand)	
Shahtaj Textile Mills Limited	Dividend Received	3,163	5,750
Shahnawaz (Private) Limited	Purchases and Services Received	221	628
	Utilities paid	67	67
Shezan International Limited	Sale of Sugar	98,505	119,070
Information System Associates Limited	Purchases and Services Received	139	113
Staff Provident Fund Trust	Contributions Paid	1,268	1,202

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2018

All transactions with the related parties and associated undertakings are entered into at arm's length, determined in accordance with comparable uncontrolled price method except for transactions with M/s Shahnawaz (Private) Limited, where an additional discount of 40% is received on service charges and 15% on spare parts, in connection with the repairs of motor vehicles, as per group policy. The effect of this policy on the balance sheet and profit and loss account is considered to be immaterial.

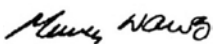
No buying or selling commission has been paid to any associated undertaking.

17. Authorization

This condensed interim financial information was authorized for issue by the Board of Directors on 25 January 2019.

18. General

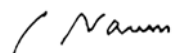
Figures in this condensed interim financial information have been rounded off to the nearest thousand of rupees.



Chief Executive



Chief Financial Officer



Director

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