



SHAHTAJ
SUGAR MILLS LIMITED

Condensed Interim
Financial Statements
(Un-audited)

For the six month
period ended
31 March

2019

Contents

2

Company
Information

3

Directors' Report
to the Members

7

Independent
Auditor's Review
Report

8

Condensed
Interim
Statement
of Financial
Position

9

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

10

Condensed
Interim Statement
of Comprehensive
Income
(Un-audited)

11

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

12

Condensed
Interim Statement
of Cash Flows
(Un-audited)

13

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

Shahtaj Sugar Mills Limited

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 - 49
(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
Soneri Bank Limited

Directors' Report to the Members

Your Directors have pleasure in presenting the un-audited condensed interim financial statements for the six month period ended 31 March 2019.

Operational performance of the present crushing season as compared with that of last year is produced below:

Production Data

		Season	
		2019	2018
Start of Season		12.12.2018	30.11.2017
End of Season		18.03.2019	19.03.2018
Duration	Days	97	110
Sugarcane Crushed	(M. Tons)	750,785	940,405
Production:			
Sugar	(M. Tons)	74,585	90,756
Molasses	(M. Tons)	31,486	42,987
Recovery:			
Sugar	%	9.94	9.65
Molasses	%	4.19	4.57

As per data produced above there is a decrease in production of sugar due to late start of season and lesser availability of sugarcane. Sugar recovery was better than the corresponding period. However, molasses recovery was less than last year. There is no change in the support price of sugarcane for this season and it remained at Rs. 180/- per 40 Kg.

At industry level, overall production of sugar in the country for the season were less than last season. Current market conditions i.e. sugar price is favorable. With the efforts of PSMA and keeping in view over stocks of sugar in the country the Federal Government has allowed export of 1,100,000 tons of sugar with freight support/export subsidy of Rs. 5.35 / kg on a sliding scale between 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 six month period were better than the corresponding period of last year due to lesser production. Further molasses prices during the period under review were also better as compared to corresponding period due to low production and non-availability of molasses stocks in the market.

For the second quarter, your Company recorded a turnover of Rs. 1.868 billion as against Rs. 1.698 billion in the corresponding period of 2018. The cost of sales was Rs. 1.728 billion as against Rs. 1.721 billion of the previous period. Thus, the Company has a gross profit of Rs. 140.712 million for the second quarter ended 31 March 2019 as against a gross loss of Rs. 23.121 million of the corresponding period. The net profit has been recorded to be Rs. 22.935 million against the loss of Rs. 74.174 million of the corresponding period.

For the six month period, your Company recorded a turnover of Rs. 2.348 billion as against Rs. 2.732 billion in the corresponding period of 2018. The cost of sales was Rs. 2.220 billion as against Rs. 2.823 billion of the previous period. Thus, the Company has a gross profit of Rs. 127.731 million for the six month period ended 31 March 2019 as against a gross loss of Rs. 90.645 million of the corresponding period. The net loss has been recorded to be Rs. 56.105 million against the loss of Rs. 198.353 million of the corresponding period. The loss was less than the corresponding period due to increase in sugar prices. However, we are

Directors' Report to the Members

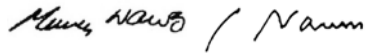
expecting better results in next quarters. The finance cost for the period was Rs. 49.081 million as against Rs. 18.344 million of the corresponding period due to higher utilization of banking limits against pledge of sugar and upward adjustment in interest rates due to change of discount rates.

Sowing of sugarcane crop for the next crushing season is reported to be less than last year. However, our field staff is doing its best to persuade the sugarcane growers to use better quality seed. Let us pray for good monsoon rains in the summer season, so that higher quantity is available for crushing.

As informed earlier we are in the process of setting up a Bagasse based Power Project of installed Gross capacity of 32 MW with 15 MW spillover 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, 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. The CPPA has not yet signed off the negotiated EPA till to date. Consequently, the Company along with five (5) other Bagasse Based Co-generation power projects filed writ petitions in the Honorable Islamabad High Court against Federation of Pakistan, CPPA (G) L, NEPRA and others against the impugned decisions of Cabinet Committee on Energy (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

دوران ششماہی آپ کے ادارے کی فروخت ۲۰۳۲۸ ارب روپے رہی جو کہ ۲۰۱۸ کے اسی عرصہ میں فروخت ۲۰۷۳۲ ارب روپے تھی۔ پیداواری لاگت ۲۰۲۲۰ ارب روپے رہی جبکہ گذشتہ سال کے اسی عرصہ میں یہ رقم ۲۰۸۳۳ ارب روپے تھی۔ اس طرح دوران اختتام شدہ ششماہی ۳۱ مارچ ۲۰۱۹ میں ادارے کو ۱۲۷ ملین روپے کا کل منافع ہوا جبکہ گذشتہ سال کے دورانیہ میں کل نقصان ۶۳۵-۹۰ ملین روپے تھا۔ تاہم دوران عرصہ گذشتہ سال کے خالص نقصان ۳۵۳-۱۹۸ ملین روپے کے مقابل ۱۰۵-۵۲ ملین روپے رہا۔ زیر جائزہ عرصہ کے دوران نقصان گذشتہ سال کی نسبت چھینی کی قیمت فروخت میں اضافہ کی وجہ سے کم رہا تاہم اگلی ششماہی کے دوران بہتر نتائج کی امید ہے۔ دوران عرصہ زائد مدت بینک قرض کے حصول کے لیے چھینی کے ذخائر بینک کے ساتھ ضمانت رکھنا پڑے اور شرح سود میں اضافہ کی بنا پر مالیاتی اخراجات ۲۰۸۱-۳۹ ملین روپے رہے جبکہ اس کے مقابل گذشتہ عرصہ کے دوران یہ رقم ۳۳۳-۱۸ ملین روپے تھی۔

رپورٹس کے مطابق آئندہ سال گنے کی بوائی گذشتہ سال کے مقابل کم ہوگی۔ تاہم ہمارا فیملڈ سٹاف کا ششکاروں کو اس بات کی طرف مائل کرنے کی بھرپور کوشش کرتا رہا ہے کہ وہ بوائی کے لیے بہتر بیج استعمال کریں۔ اب ہم عام گوبیوں کو موسم گرما کے دوران مون سون بارشیں ہوں، ہمارے کاشتکاروں کے لیے دستیاب فصل معیاری ہو۔

جیسا کہ پہلے ہی آپ کے علم میں لایا جا چکا ہے کہ ادارے کا ریگس (گنے کی کھوئی) سے چلنے والا بجلی کا پلانٹ جو کہ ۳۲ میگا واٹ کی صلاحیت پر مشتمل ہے تنصیب کے مرحلہ میں ہے۔ جس میں سے ۱۵ میگا واٹ بجلی نیشنل گرڈ کو قابل ترسیل ہوگی۔ 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 نیشنل پاور اینڈ ریگولیشن اتھارٹی نے آپ کے ادارے کو بجلی کی پیداوار کا اجازت نامہ (جنریشن لائسنس) اور بجلی زخم نامہ کا معاہدہ تیس سال کے لیے جاری کر دیا ہے جبکہ آج تک 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 بعد ازاں منظوری و دستخط کے لیے بھیجا دیا تھا۔ لیکن CPPA نے حال اس پر دستخط نہیں کیے۔ لہذا ادارے سمیت دیگر ۵ گلاس سے چلنے والے ذریعہ تعمیر منصوبوں کے اداروں نے معزز اسلام آباد ہائی کورٹ میں فیڈریشن آف پاکستان CPPA اور نیچر کے خلاف CCoE کے سبب ہم فیصلوں 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 کمپنی کے آفیسرز، اسٹاف ممبران اور تمام کارکنان کی جانفشانی اور کام سے لگاؤ کے معترف ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز

Muhammad Nawaz / Namun

منیر نواز

چیف ایگزیکٹو آفیسر

ایم پی ایم

ڈائریکٹر

کراچی

۲۶ ستمبر ۲۰۱۹

ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز کی طرف سے غیر محاسب شدہ مختصر عبوری مالیاتی معلومات برائے دورانیہ اختتام شدہ ششماہی ۳۱ مارچ ۲۰۱۹ء پیش خدمت ہیں۔ اس اختتام شدہ ششماہی کے دوران گزشتہ سال کے اسی عرصہ کے مقابل ہماری پیداواری کارکردگی درج ذیل رہی۔

بیزنس		پیداواری اعداد و شمار
۲۰۱۸	۲۰۱۹	
۳۰ نومبر ۲۰۱۸	۱۲ دسمبر ۲۰۱۸	آغاز بیزنس
۱۹ مارچ ۲۰۱۸	۱۸ مارچ ۲۰۱۹	اختتام بیزنس
۱۱۰ دن	۹۷ دن	دورانیہ
۹۳۰،۳۰۵ میٹرک ٹن	۷۵۰،۷۸۵ میٹرک ٹن	گنے کی پائی
		پیداوار
۹۰،۷۵۶ میٹرک ٹن	۷۴،۵۸۵ میٹرک ٹن	چینی
۳۳،۹۸۷ میٹرک ٹن	۳۱،۲۸۶ میٹرک ٹن	راب
		پیداواری تناسب
۹-۶۵ فیصد	۹-۹۳ فیصد	چینی
۳-۵۷ فیصد	۳-۱۹ فیصد	راب

اوپر درج شدہ اعداد و شمار کے مطابق چینی کی پیداوار میں بیزنس دیر سے شروع ہونے اور گنے کی کم تر دستیابی کی وجہ سے کمی واقع ہوئی۔ چینی کا پیداواری تناسب گزشتہ دورانیہ سے بہتر ہے تاہم راب کا پیداواری تناسب گزشتہ سال کے مقابل کم رہا۔ گنے کی امدادی قیمت میں کوئی تبدیلی نہیں ہوئی جو کہ ۱۸۰ روپے فی من رہی۔

انڈسٹری کی سطح پر چینی کی ملک بھر میں پیداوار گزشتہ بیزنس کے مقابل کم رہی۔ موجودہ کاروباری حالات کے مطابق چینی کی قیمت فروخت سازگار ہے۔ پاکستان شوگر ملز ایسوسی ایشن کی کوششوں سے ملک میں چینی کے زائد ذخائر کے مد نظر وفاقی حکومت نے ۱،۱۰۰،۰۰۰ میٹرک ٹن چینی برآمد کے لیے ۵ اعشاریہ ۳۵ روپے فی ٹون کے حساب سے بین الاقوامی مارکیٹ میں چینی کی قیمت فروخت میں ۸۰-۳۳ ڈائری میٹرک ٹن سے لے کر ۳۳۵ ڈائری میٹرک ٹن (مورچہ ۲۰۱۹-۲۰۱۰-۱ کو) تک اتار چڑھاؤ کے مطابق چھوٹ کا اعلان کیا ہے، جو کہ اس بات کے ساتھ بھی مشروط ہے کہ اس بار برداری کی مدتیں یہ رقم ۳ ارب روپے سے زائد نہ ہو۔

چینی کی قیمت فروخت اس ششماہی کے دوران گزشتہ سال کے اسی عرصہ کے مقابل کم پیداوار ہونے کی وجہ سے بہتر ہے۔ علاوہ ازیں عرصہ زیر نظر راب کی قیمت فروخت بھی گزشتہ عرصہ کے مقابل کم پیداوار اور کم ذخائر کے باعث بہتر رہی۔

سال کی دوسری سہ ماہی کے دوران، آپ کے ادارے کی فروخت سال ۲۰۱۸ کے تقابلی عرصہ کی فروخت ۲۶۹۸- ارب روپے کے مقابل ۸۶۸- ارب روپے رہی۔ جبکہ پیداواری لاگت گزشتہ عرصہ کی پیداواری لاگت ۲۱- ارب کے مقابل ۲۸- ارب روپے رہی، اس طرح کمپنی کا دوسری اختتام شدہ سہ ماہی ۳۱ مارچ ۲۰۱۹ء کے دوران کل منافع ۱۲،۴۱۰ ملین روپے رہا جبکہ گزشتہ سال کے اسی عرصہ کے دوران کل نقصان ۱۲۱-۲۳ ملین روپے تھا۔ جبکہ گزشتہ سال کے اسی عرصہ کے دوران خاص نقصان ۳-۱۷۷ ملین روپے کے مقابل دوران سال عرصہ زیر نظر خالص منافع ۳۵-۲۲ ملین روپے ریکارڈ کیا گیا۔

Independent Auditor's Review Report

To the members of Shahtaj Sugar Mills Limited Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shahtaj Sugar Mills Limited as at 31 March 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three month periods ended 31 March 2019 and 31 March 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 March 2019.

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.

Lahore
29 May 2019

EY Ford Rhodes

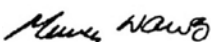
EY Ford Rhodes
Chartered Accountants

Condensed Interim Statement of Financial Position

As at 31 March 2019

		(Un-audited) 31 March 2019	(Audited) 30 September 2018
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	2,027,645	1,934,858
Investment in associate		124,968	116,039
Long term loans and advances		2,352	3,328
Long term deposits		1,103	1,103
Deferred taxation	8	7,999	-
		2,164,067	2,055,328
CURRENT ASSETS			
Stores, spares and loose tools		125,849	119,093
Stock in trade	9	2,110,876	383,474
Trade debts		101,254	55,926
Loans and advances		27,192	37,597
Trade deposits and short term prepayments		9,220	2,355
Other receivables		8,400	8,400
Income tax recoverable		444,252	370,995
Cash and bank balances		94,490	56,274
		2,921,533	1,034,114
TOTAL ASSETS		5,085,600	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		594,667	650,262
TOTAL EQUITY		742,312	797,907
NON CURRENT LIABILITIES			
Long term borrowings	10	1,004,554	1,133,248
Retirement benefits obligations		31,857	31,755
Deferred taxation	8	-	9,748
		1,036,411	1,174,751
CURRENT LIABILITIES			
Trade and other payables		879,381	116,554
Contract liabilities		357,986	206,055
Unclaimed dividend		1,995	2,048
Short term borrowings	11	1,535,612	550,003
Loan from associate		145,000	45,000
Accrued interest on borrowings		63,815	32,689
Current maturity of long-term borrowings		232,388	103,694
Provision for taxation		90,700	60,741
		3,306,877	1,116,784
TOTAL LIABILITIES		4,343,288	2,291,535
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		5,085,600	3,089,442

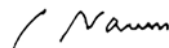
The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



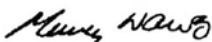
Director

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

For the six month period ended 31 March 2019

	Note	Six Month Period Ended 31 March		Three Month Period Ended 31 March	
		2019	2018	2019	2018
		(Rupees in thousand)		(Rupees in thousand)	
Revenue from contracts with customers - net	13	2,348,274	2,732,897	1,868,956	1,698,802
Cost of sales	14	(2,220,543)	(2,823,542)	(1,728,244)	(1,721,923)
Gross profit / (loss)		127,731	(90,645)	140,712	(23,121)
Distribution cost		(7,178)	(7,793)	(5,196)	(5,335)
Administrative expenses		(132,186)	(139,459)	(84,753)	(91,224)
Other operating expenses		(1,995)	(1,832)	(1,011)	(916)
Other income		7,234	16,078	5,476	4,069
		(134,125)	(133,006)	(85,484)	(93,406)
Operating (loss) / profit		(6,394)	(223,651)	55,228	(116,527)
Finance cost		(49,081)	(18,344)	(38,150)	(11,760)
		(55,475)	(241,995)	17,078	(128,287)
Share of profit of associate - net		11,582	4,702	11,582	2,069
(Loss) / profit before taxation		(43,893)	(237,293)	28,660	(126,218)
Taxation	15	(12,212)	38,940	(5,725)	52,044
(Loss) / profit for the period		(56,105)	(198,353)	22,935	(74,174)
(Loss) / earning per share - basic and diluted (Rupees per share)		(4.67)	(16.51)	1.91	(6.18)

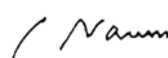
The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



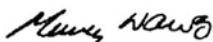
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six month period ended 31 March 2019

	Six Month Period Ended		Three Month Period Ended	
	31 March		31 March	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
(Loss) / profit for the period	(56,105)	(198,353)	22,935	(74,174)
Other comprehensive income for the period				
Other comprehensive income not to be re-classified to profit and loss in subsequent periods (net of deferred tax)				
Share of associate's other comprehensive income	510	9,005	510	9,005
Total comprehensive (loss) / income for the period	(55,595)	(189,348)	23,445	(65,169)

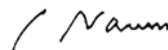
The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



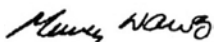
Director

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

For the six month period ended 31 March 2019

	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
Transfer to general reserve	-	-	60,000	(60,000)	-
Final Dividend @ Rs. 5/- per share for the year ended 30 September 2017	-	-	-	(60,055)	(60,055)
Loss for the period	-	-	-	(198,353)	(198,353)
Other comprehensive income	-	-	-	9,005	9,005
Total comprehensive loss for the period	-	-	-	(189,348)	(189,348)
Balance as at 31 March 2018	120,111	27,534	1,016,000	(148,875)	1,014,770
Balance as at 01 October 2018	120,111	27,534	1,016,000	(365,738)	797,907
Loss for the period	-	-	-	(56,105)	(56,105)
Other comprehensive income	-	-	-	510	510
Total comprehensive loss for the period	-	-	-	(55,595)	(55,595)
Balance as at 31 March 2019	120,111	27,534	1,016,000	(421,333)	742,312

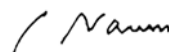
The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



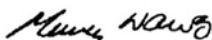
Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the six month period ended 31 March 2019

	31 March	
	2019	2018
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(43,893)	(237,293)
Non-cash adjustments to reconcile loss before tax to net cash flows:		
Depreciation on property, plant and equipment	27,250	30,622
Interest / mark-up	47,917	17,131
Profit on bank deposits	(260)	(632)
Share of profit of associate	(11,582)	(4,702)
Gain on disposal of property, plant and equipment	(1,276)	(494)
Provision for gratuity and retirement benefits	1,958	1,832
Gain on initial recognition of financial assets at fair value	36	(245)
	64,043	43,512
Operating profit / (loss) before working capital changes	20,150	(193,781)
Working capital adjustments:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(6,756)	(112,034)
Stock in trade	(1,727,402)	(1,617,927)
Trade debts	(45,328)	(277,942)
Loans and advances	10,405	6,638
Trade deposits and short term prepayments	(6,865)	(6,442)
Other receivables	-	8,468
	(1,775,946)	(1,999,239)
Increase in current liabilities		
Trade and other payables	915,408	1,813,984
Cash used in operations	(840,388)	(379,036)
Income tax paid	(73,257)	(61,612)
Interest / mark-up paid	(80,316)	(6,897)
Profit on bank deposits received	260	632
Leave encashment paid	(650)	-
Retirement benefits paid	(1,856)	(550)
Net cash used in operating activities	(996,207)	(447,463)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(220)	(875)
Addition in capital work in progress	(57,663)	(213,874)
Sale proceeds from disposal of property, plant and equipment	2,647	2,151
Decrease in long term loans and advances	940	1,165
Dividend received from associate	3,163	5,750
Net cash used in investing activities	(51,133)	(205,683)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(53)	(59,395)
Short-term borrowing obtained	985,609	452,475
Loan from associate	100,000	-
Long-term borrowing obtained	-	240,200
Net cash generated from financing activities	1,085,556	633,280
Net increase / (decrease) in cash and cash equivalents	38,216	(19,866)
Cash and cash equivalents at the beginning of the period	56,274	50,240
Cash and cash equivalents at the end of the period	94,490	30,374

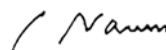
The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

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

For the six month period ended 31 March 2019

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 had negotiated and finalized the Energy Purchase Agreement (EPA) with Central Power Purchasing Agency (Guarantee) Limited (CPPA) which was subsequently approved by the Board of Directors of CPPA. The CPPA has not yet signed off the negotiated EPA till to date. Consequently, the Company along with five (5) other bagasse-based co-generation power projects filed writ petitions in the Honorable Islamabad High Court against Federation of Pakistan, CPPA, NEPRA and others against the decisions of Cabinet Committee on Energy (CCoE). The Company is hopeful of a favorable outcome of the writ petition.

2. Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Basis of Presentation and Measurement

- 3.1 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with financial statements of the Company for the year ended 30 September 2018.
- 3.2 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. Figures for three month period ended 31 March 2019 were not subject to limited scope review by the auditors as the scope of the review covers only the cumulative figures for the six month period ended 31 March 2019.

3.3 Presentation currency

These condensed interim financial statements are presented in Pak Rupee, which is the Company's functional currency. Figures have been rounded off to nearest thousand Rupees, unless otherwise stated.

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

For the six month period ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 September 2018, except as follows:

4.1 New Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

IFRS 15	- Revenue from Contracts with Customers
IFRS 2	- Classification and Measurement of Share-based Payment Transactions (Amendment)
IFRS 4	- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment)
IAS 40	- Transfers of Investment Property (Amendment)
IFRIC 22	- Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the condensed interim financial statements apart from change in policy and resultant retrospective adjustment, using modified retrospective approach, relating to revenue recognition (note 4.2). Such change does not financially impact these condensed interim financial statements. There are also certain changes in terminology in line with requirements of the new standards.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any material impact on the Company's condensed interim financial statements for the period.

4.2 Revenue from Contracts with Customers

Revenue from sale of goods is recognized at point when performance obligations are satisfied coinciding with transfer of control of the asset to the customer, usually at the time of issuance of delivery challan (i.e. on dispatch of goods to the customers). Under its previous accounting policy, the Company also recognized revenue upon dispatch of goods to customer and recognized any contract cost in the statement of profit or loss, as and when incurred. Similarly, the contract assets and liabilities were also recognized and measured, in accordance with the policy explained above. These contract asset and liabilities are now presented as separate line items.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated such as sale incentives, promotions and rebates. In considering the transaction price for the sale of sugar, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to customer (if any).

4.2.1 Contract balances

(i) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(ii) Contract assets

Contract assets are recognized by the Company on right to consideration in exchange for goods or services transferred to customers when the right to bill has not been established. Contract assets are reviewed by the Company for impairment. The Company recognizes

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

For the six month period ended 31 March 2019

impairment loss in statement of comprehensive income to the extent that carrying amount of an asset exceeds:

- a) The remaining amount of consideration that the Company expects to receive in exchange for goods or services to which the asset relates; less
- b) The costs that relate directly to providing those goods or services and that have not been recognized as expenses.

(iii) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue as the Company discharges performance obligations under the contract.

4.2.2 Costs to obtain a contract

The Company pays legal documentation costs for each contract that they obtain for sale of goods. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense these costs because the amortization period of the asset that the Company otherwise would have used is one year or less.

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 resulting in increased volume of inventories, receivables, payables 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 (WWF) and Workers' Profit Participation Fund (WPPF) are estimated and these are subject to final adjustments in the annual audited financial statements.

Note	(Un-audited)	(Audited)
	31 March 2019	30 September 2018
(Rupees in thousand)		
7.1	496,325	524,726
7.2	1,531,320	1,410,132
	2,027,645	1,934,858

7. Property, Plant and Equipment

Operating fixed assets
Capital work in progress

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

For the six month period ended 31 March 2019

- 7.1 Additions and deletions made to operating fixed assets during the six month period ended 31 March 2019 are as under:

Owned Fixed Assets

	Additions	Deletions
	(Rupees in thousand)	
Plant and machinery	-	720
Motor vehicles	-	3,273
Furniture and fittings	-	57
Office equipment	220	402
	220	4,452

- 7.2 Additions and transfers made to capital work in progress during the six month period ended 31 March 2019 are as under:

Capital Work in Progress

	Additions	Transfer
	(Rupees in thousand)	
Civil works and buildings	10,284	-
Plant and machinery	63,713	-
Other directly attributable overheads	64,734	-
Advances to suppliers	10,627	28,170
	149,358	28,170

(Un-audited)	(Audited)
31 March	30 September
2019	2018
(Rupees in thousand)	

8. Deferred Taxation

This comprises:

Deferred tax liabilities on taxable temporary differences

Accelerated tax depreciation

92,520

105,867

Deferred tax assets on deductible temporary differences

Employee benefits

(11,617)

(11,761)

Carry forward tax losses and credits

(88,902)

(84,358)

(100,519)

(96,119)

Deferred tax (asset) / liability

(7,999)

9,748

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

For the six month period ended 31 March 2019

Note	(Un-audited)	(Audited)
	31 March 2019	30 September 2018
(Rupees in thousand)		
9. Stock in Trade		
Sugar refined	1,976,027	367,843
Sugar in process	4,368	3,195
Molasses	85,909	-
Molasses in process	101	41
Bagasse	43,692	11,931
	2,110,097	383,010
Insecticide	95	11
Stock at fair price shop	684	453
	779	464
	2,110,876	383,474
10. Long Term Borrowing		
Loan-I	10.1 1,036,942	1,036,942
Loan-II	10.2 200,000	200,000
Less: Current maturity	(232,388)	(103,694)
	1,004,554	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 starting from August 2019. 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 passu charge over present and future plant and machinery with 25% margin limited to Rs. 267 million. The loan is repayable in sixteen equal quarterly installments commencing from November 2019 after a grace period of one year.

11. Short Term Borrowings

The aggregate facility of short term borrowings available from commercial banks is Rs. (thousand) 2,570,000 (30 September 2018: Rs. (thousand) 2,920,000). These facilities are secured against pledge over stocks of the Company. The un-utilized portion of the said facility amounts to Rs. (thousand) 1,034,388 (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 + 1.25% (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 un-utilized facility for letters of credit and guarantees amounts to Rs. (thousand) 1,062,083 (30 September 2018: Rs. (thousand) 1,089,005) and Rs. (thousand) Nil (30 September 2018: Rs. (thousand) Nil), respectively.

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

For the six month period ended 31 March 2019

12. Contingencies and Commitments

12.1 Contingencies

There has been no change in the status of the contingencies reported in the annual audited financial statements of the Company for the year ended 30 September 2018.

12.2 Commitments

The Company's commitments for letters of credit and guarantees as at 31 March 2019 amounts to Rs. (thousand) 482,917 (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) 481,614 (30 September 2018: (thousand) 445,503) which relating to co generation power project.

13. Revenue from contracts with customers - net

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	(Un-audited)		(Un-audited)	
	Six Month Period Ended		Three Month Period Ended	
	31 March		31 March	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Major Products:				
Sugar	2,259,323	2,791,775	1,734,861	1,709,683
Molasses	199,714	145,036	191,807	122,044
Bagasse	143,392	125,407	136,345	67,433
Press mud	6,870	4,655	5,326	3,421
	2,609,299	3,066,873	2,068,339	1,902,581
Less:				
Broker's commission on sugar	(4,881)	(7,316)	(3,825)	(4,595)
Sales Tax / Federal Excise Duty	(253,961)	(323,690)	(194,117)	(197,618)
Withholding tax on sales	(2,183)	(2,970)	(1,441)	(1,566)
	(261,025)	(333,976)	(199,383)	(203,779)
	2,348,274	2,732,897	1,868,956	1,698,802
Geographical region:				
Pakistan	2,609,299	3,066,873	2,068,339	1,902,581
Type of customer:				
Non-government customers	2,609,299	3,066,873	2,068,339	1,902,581
Timing of transfer of goods:				
Goods transferred to customers at a point in time	2,609,299	3,066,873	2,068,339	1,902,581

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

For the six month period ended 31 March 2019

	(Un-audited)		(Un-audited)	
	Six Month Period Ended		Three Month Period Ended	
	31 March		31 March	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
14. Cost of Sales				
Cost of sugarcane procured	3,626,038	4,086,137	2,858,262	2,965,271
Process materials	48,650	51,404	35,573	37,742
Fuel and power	10,082	4,408	3,382	539
Stores and spares consumed	35,279	47,332	13,546	17,351
Repairs and maintenance	7,363	16,337	1,328	3,351
Salaries, wages and other benefits	137,944	153,186	96,613	100,168
Company's contribution to provident fund	1,107	1,111	589	607
Rent, rates and taxes	931	908	380	559
Insurance	4,606	4,973	2,303	2,661
Conveyance and travelling	5,274	5,365	3,051	2,626
Depreciation	25,218	28,115	12,607	14,146
Other expenses	5,909	5,647	4,307	3,534
	3,908,401	4,404,923	3,031,941	3,148,555
Add: Opening stock of sugar and molasses in process	3,236	3,156	48,455	69,758
Less: Closing stock of sugar and molasses in process	(4,469)	(3,139)	(4,469)	(3,139)
Cost of sugar manufactured	3,907,168	4,404,940	3,075,927	3,215,174
Packing material	39,229	36,078	31,265	27,508
Cost of sugar bagged	3,946,397	4,441,018	3,107,192	3,242,682
Add: Opening stock of sugar and by-products	379,774	800,646	726,680	897,363
Less: Closing stock of sugar and by-products	(2,105,628)	(2,418,122)	(2,105,628)	(2,418,122)
	2,220,543	2,823,542	1,728,244	1,721,923
15. Taxation				
Current	(29,959)	(33,853)	(23,472)	(20,749)
Deferred	17,747	72,793	17,747	72,793
	(12,212)	38,940	(5,725)	52,044

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

For the six month period ended 31 March 2019

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 March	
		2019	2018
		(Rupees in thousand)	
Shahtaj Textile Mills Limited	Dividend Received	3,163	5,750
Shahnawaz (Private) Limited	Purchases and Services Received	425	1,982
	Utilities paid	134	134
	Loan Received	100,000	-
Shezan International Limited	Sale of Sugar	302,545	295,175
Information System Associates Limited	Purchases and Services Received	438	378
Shezan Services (Pvt.) Limited	Dividend Paid	-	1,428
Staff Provident Fund Trust	Contributions Paid	2,595	2,560
Key Management personnel	Remuneration and benefits	29,360	35,673

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 / received to any associated undertaking.

17. General

17.1 Re-classification

Corresponding figures of the following have been reclassified in accordance with requirements of IFRS 15:

Particulars	Classified from	Classified to	30 September
			2018
			(Rupees in thousand)
Advance from customers	Trade and other payables	Contract liabilities	206,055

17.2 These condensed interim financial statements were authorized for issue by the Board of Directors on 29 May 2019.


Chief Executive


Chief Financial Officer


Director

www.jamapunji.pk

 **Jama
Punji**















سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Stock trading simulator (based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 jamapunji.pk

 @jamapunji_pk

*Mobile apps are also available for download for android and ios devices



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