



# Shahhtaj Sugar Mills Limited



Condensed Interim Financial Information  
For the Nine Month Period Ended  
30 June 2015 (Un-Audited)



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## Company Information

### 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 Shah Nawaz 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

### Chief Financial Officer

Mr. Waqar Ahmad, ACA

### Audit Committee

|                         |          |
|-------------------------|----------|
| Mr. M. Naeem            | Chairman |
| Mr. Rashed Amjad Khalid | Member   |
| Mr. Toqueer Nawaz       | Member   |

### Human Resource & Remuneration Committee

|                          |          |
|--------------------------|----------|
| Mr. Rashed Amjad Khalid  | Chairman |
| Mr. Muneer Nawaz         | Member   |
| Mr. Attaullah A. Rasheed | 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 : registeredoffice@shahtajsugar.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

Ernst & Young Ford Rhodes Sidat Hyder,  
Chartered Accountants,  
4th Floor, PACE Mall Building,  
96-B-1, Gulberg-II, M.M Alam Road,  
Lahore 54000.

### Legal Advisor

Mr. Ras Tariq Chowdhary,  
30 - Mall Mansion,  
The Mall, Lahore.

### Share Registrar

Evolution Factor (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

## Directors' Report to the Members

Your Directors have pleasure in presenting the un-audited condensed interim financial information for the nine month period ended 30 June 2015. Operational performance of the present crushing season as compared to last year is produced below:

|                   |           | Production Data                 |            |
|-------------------|-----------|---------------------------------|------------|
|                   |           | Nine Month Period Ended 30 June |            |
|                   |           | 2015                            | 2014       |
| Start of Season   |           | 29.11.2014                      | 27.11.2013 |
| End of Season     |           | 15.03.2015                      | 06.03.2014 |
| Duration          | Days      | 107                             | 100        |
| Sugarcane Crushed | (M. Tons) | 800,969                         | 817,752    |
| <b>PRODUCTION</b> |           |                                 |            |
| Sugar             | (M. Tons) | 74,654                          | 80,434     |
| Molasses          | (M. Tons) | 38,622                          | 39,840     |
| <b>RECOVERY</b>   |           |                                 |            |
| Sugar             | ( % )     | 9.32                            | 9.84       |
| Molasses          | ( % )     | 4.82                            | 4.87       |

As already reported in our half yearly results, above data is depicting decline in crushing of sugarcane, decrease in recovery percentage and consequential decrease of both sugar and molasses production. The recovery was less than last year, primarily due to weather conditions.

About 56% of the sugarcane was purchased from our traditional area and the balance, approximately 44% from the out zone. We regularly buy sugarcane from the out zone area to maximize the production of sugar.

The Government support price last year was Rs. 170/- per 40 kg but this year the Punjab Government increased it to Rs. 180/- per 40 kg, as a result of this, the average cost of sugarcane procurement was Rs. 185/- per 40 kg as compared to Rs. 179/- per 40 kg last year.

Our shareholders are aware that due to big crash in international prices of petroleum products, the molasses prices also came down and this in return has adversely affected our profitability.

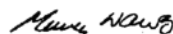
I am sorry to report a loss both for the quarter ended 30 June 2015 and for the nine month period ended 30 June 2015. Primarily, the reason for this loss is less recovery as compared to last year on account of climatic factors, production being less than last year due to shortage of cane and average selling rate of molasses also much less than last year due to depreciation in the international oil prices also sluggish price of sugar which did not offset the increase in sugarcane cost. We had expected that price of sugar to improve, no doubt, there has been improvement during this quarter but not enough to offset the loss. Our closing stock of sugar at the end of 30 June 2015 was 21,540 (M.Tons). This is a reasonable stock and we hope that during the current quarter, the prices would improve to offset our loss.

The cane sowing for the season has been completed and with the advent of monsoon, we are hopeful that we would have a healthy crop for next year and at the time of sowing, all efforts have been made to ensure use of good quality seed so that we have a sugarcane crop giving good recovery.

We are in process of negotiations with the banks for the financing of our turbine generator sets for our power project. We had hoped to achieve the financial close within July but there is some delay in finalizing the financial arrangements with the banks. We are actively pursuing with the banks and will keep our shareholders informed in this regard at the time of annual accounts.

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

For and on behalf of the Board,



MUNEER NAWAZ  
Chief Executive


Karachi: 27 July 2015.

## Condensed Interim Balance Sheet

as at 30 June 2015

|   | Note | (Un-Audited)<br>30 June<br>2015 | (Audited)<br>30 September<br>2014 |
|---|------|---------------------------------|-----------------------------------|
| (Rupees in thousand)                        |      |                                 |                                   |
| <b>ASSETS</b>                               |      |                                 |                                   |
| <b>NON CURRENT ASSETS</b>                   |      |                                 |                                   |
| Property, plant and equipment               | 7    | 692,785                         | 736,255                           |
| Investments in associates                   | 8    | 98,302                          | 92,949                            |
| Loans and advances                          |      | 2,806                           | 2,074                             |
| Deposits                                    |      | 1,140                           | 840                               |
| Deferred taxation                           | 9    | 67,829                          | -                                 |
| <b>CURRENT ASSETS</b>                       |      |                                 |                                   |
| Stores, spares and loose tools              |      | 108,511                         | 116,635                           |
| Stock in trade                              | 10   | 1,128,368                       | 185,812                           |
| Trade debts                                 |      | 155,492                         | 84,029                            |
| Loans and advances                          |      | 38,409                          | 54,126                            |
| Tax refunds due from government             |      | 148,635                         | 69,287                            |
| Deposits, prepayments and other receivables |      | 4,319                           | 2,820                             |
| Cash and bank balances                      |      | 14,563                          | 92,064                            |
|   |      | 1,598,297                       | 604,773                           |
| <b>TOTAL ASSETS</b>                         |      | 2,461,159                       | 1,436,891                         |
| <b>EQUITY AND LIABILITIES</b>               |      |                                 |                                   |
| <b>SHARE CAPITAL AND RESERVES</b>           |      |                                 |                                   |
| Share capital                               |      | 120,111                         | 120,111                           |
| Capital reserve - Share premium             |      | 27,534                          | 27,534                            |
| General reserve and un-appropriated profits |      | 881,338                         | 972,233                           |
| <b>TOTAL EQUITY</b>                         |      | 1,028,983                       | 1,119,878                         |
| <b>NON CURRENT LIABILITIES</b>              |      |                                 |                                   |
| Long term borrowing                         | 11   | 100,000                         | 125,000                           |
| Deferred taxation                           | 9    | -                               | 2,685                             |
| Retirement benefit obligations              |      | 24,707                          | 23,739                            |
|   |      | 124,707                         | 151,424                           |
| <b>CURRENT LIABILITIES</b>                  |      |                                 |                                   |
| Current maturity of long term borrowing     |      | 50,000                          | 50,000                            |
| Trade and other payables                    |      | 110,717                         | 110,555                           |
| Short term borrowings                       | 12   | 1,074,383                       | -                                 |
| Accrued interest on long term borrowing     |      | 7,480                           | 4,556                             |
| Accrued interest on short term borrowings   |      | 32,093                          | -                                 |
| Provision for taxation                      |      | 32,796                          | 478                               |
|   |      | 1,307,469                       | 165,589                           |
| <b>TOTAL LIABILITIES</b>                    |      | 1,432,176                       | 317,013                           |
| <b>CONTINGENCIES AND COMMITMENTS</b>        | 13   |                                 |                                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>         |      | 2,461,159                       | 1,436,891                         |

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

  
Chief Executive


  
Director

## Condensed Interim Profit and Loss Account (Un-Audited)

for the nine month period ended 30 June 2015

|  | Note | Nine Month Period Ended<br>30 June |             | Three Month Period Ended<br>30 June |             |
|--|------|------------------------------------|-------------|-------------------------------------|-------------|
|  |      | 2015                               | 2014        | 2015                                | 2014        |
| <b>(Rupees in thousand)</b>  |      |                                    |             |                                     |             |
| Sales - net  | 14   | 3,211,783                          | 3,442,050   | 1,347,149                           | 1,189,026   |
| Cost of sales  | 15   | (3,111,231)                        | (3,267,149) | (1,342,279)                         | (1,147,608) |
| <b>Gross profit</b>  |      | 100,552                            | 174,901     | 4,870                               | 41,418      |
| Distribution cost  |      | (7,269)                            | (6,660)     | (1,766)                             | (1,527)     |
| Administrative expenses  |      | (139,913)                          | (131,450)   | (31,514)                            | (29,572)    |
| Other operating expenses   |      | (2,688)                            | (2,634)     | (811)                               | (753)       |
| Other operating income   |      | 15,307                             | 21,771      | 2,767                               | 8,284       |
|  |      | (134,563)                          | (118,973)   | (31,324)                            | (23,568)    |
| <b>Operating (loss) / profit</b>                                     |      | (34,011)                           | 55,928      | (26,454)                            | 17,850      |
| Finance cost   |      | (78,998)                           | (76,683)    | (36,458)                            | (40,715)    |
|  |      | (113,009)                          | (20,755)    | (62,912)                            | (22,865)    |
| Share of profit of associates - net                                  |      | 8,228                              | 4,291       | -                                   | -           |
| <b>Loss before taxation</b>  |      | (104,781)                          | (16,464)    | (62,912)                            | (22,865)    |
| Taxation   | 16   | 37,908                             | 10,085      | 19,836                              | (15,818)    |
| <b>Net loss for the period</b>                                       |      | (66,873)                           | (6,379)     | (43,076)                            | (38,683)    |
| (Loss) / Earnings per ordinary share -<br>Basic and Diluted (Rupees) |      | (5.57)                             | (0.53)      | (3.59)                              | (3.22)      |

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

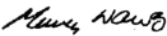
  
Chief Executive

  
Director

## Condensed Interim Statement of Comprehensive Income (Un-Audited) for the nine month period ended 30 June 2015

|  | Nine Month Period Ended<br>30 June |                | Three Month Period Ended<br>30 June |                 |
|--|------------------------------------|----------------|-------------------------------------|-----------------|
|  | 2015                               | 2014           | 2015                                | 2014            |
|  | <b>(Rupees in thousand)</b>        |                |                                     |                 |
| Net loss for the period                        | (66,873)                           | (6,379)        | (43,076)                            | (38,683)        |
| Other comprehensive income                     | –                                  | –              | –                                   | –               |
| <b>Total comprehensive loss for the period</b> | <b>(66,873)</b>                    | <b>(6,379)</b> | <b>(43,076)</b>                     | <b>(38,683)</b> |

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director



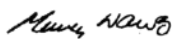
## Condensed Interim Cash Flow Statement (Un-Audited)

for the nine month period ended 30 June 2015

|   | Nine Month Period Ended<br>30 June |           |
|---|------------------------------------|-----------|
|   | 2015                               | 2014      |
|   | (Rupees in thousand)               |           |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                          |                                    |           |
| Loss before taxation  | (104,781)                          | (16,464)  |
| Non-cash adjustments to reconcile loss before tax to net cash flows |                                    |           |
| Depreciation  | 55,875                             | 52,294    |
| Interest / mark-up  | 78,064                             | 75,531    |
| Profit on bank deposits   | (2,973)                            | (4,333)   |
| Share of profit of associates                                       | (8,228)                            | (4,291)   |
| Gain on disposal of property, plant and equipment                   | (590)                              | (6,848)   |
| Provision for gratuity and retirement benefits                      | 2,518                              | 2,587     |
| Loss on initial recognition of financial assets at fair value       | 131                                | 47        |
|   | 124,797                            | 114,987   |
| <b>Operating profit before working capital changes</b>              | 20,016                             | 98,523    |
| <b>(Increase) / decrease in current assets</b>                      |                                    |           |
| Stores, spares and loose tools                                      | 8,124                              | (25,556)  |
| Stock in trade  | (942,556)                          | (726,238) |
| Trade debts   | (71,463)                           | (52,311)  |
| Loans and advances  | 15,586                             | (11,418)  |
| Deposits, prepayments and other receivables                         | (1,499)                            | 4,892     |
|   | (991,808)                          | (810,631) |
| <b>Increase / (decrease) in current liabilities</b>                 |                                    |           |
| Trade and other payables  | 162                                | 85,784    |
| Short term borrowings   | 1,074,384                          | 722,781   |
|   | 1,074,546                          | 808,565   |
| Interest paid   | (43,048)                           | (30,466)  |
| Income tax paid   | (79,636)                           | (76,262)  |
| Retirement benefits paid  | (1,550)                            | (1,762)   |
|   | (124,234)                          | (108,490) |
| <b>Net cash used in operating activities</b>                        | (21,480)                           | (12,033)  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                          |                                    |           |
| Purchase of property, plant and equipment                           | (13,369)                           | (87,395)  |
| Sale proceeds from disposal of property, plant and equipment        | 1,554                              | 7,013     |
| Profit received on bank deposits                                    | 2,973                              | 4,333     |
| Loans and advances  | (732)                              | 82        |
| Dividend received   | 2,875                              | 4,140     |
| Deposits  | (300)                              | 3         |
| <b>Net cash used in investing activities</b>                        | (6,999)                            | (71,824)  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                          |                                    |           |
| Dividend paid   | (24,022)                           | (18)      |
| Long term loan paid   | (25,000)                           | -         |
| <b>Net cash used in financing activities</b>                        | (49,022)                           | (18)      |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                    | (77,501)                           | (83,875)  |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>     | 92,064                             | 143,677   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>           | -A 14,563                          | 59,802    |

A- Cash and cash equivalents include cash and bank balances as stated in balance sheet.

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.


  
Chief Executive

  
Director

## Condensed Interim Statement of Changes in Equity (Un-Audited) for the nine month period ended 30 June 2015

|   | Share<br>Capital       | Share<br>Premium | General<br>Reserve | Unappropriated<br>Profits | Total     |
|---|------------------------|------------------|--------------------|---------------------------|-----------|
|   | ( Rupees in thousand ) |                  |                    |                           |           |
| Balance as at 01 October 2013                     | 120,111                | 27,534           | 916,000            | 18,821                    | 1,082,466 |
| Total comprehensive loss for the period           | -                      | -                | -                  | (6,379)                   | (6,379)   |
| <b>Balance as at 30 June 2014</b>                 | 120,111                | 27,534           | 916,000            | 12,442                    | 1,076,087 |
| <b>Balance as at 01 October 2014</b>              | 120,111                | 27,534           | 916,000            | 56,233                    | 1,119,878 |
| Final dividend @ Rs.2 per share for the year 2014 | -                      | -                | -                  | (24,022)                  | (24,022)  |
| Transfer to general reserve for the year 2014     | -                      | -                | 10,000             | (10,000)                  | -         |
| Total comprehensive loss for the period           | -                      | -                | -                  | (66,873)                  | (66,873)  |
| <b>Balance as at 30 June 2015</b>                 | 120,111                | 27,534           | 926,000            | (44,662)                  | 1,028,983 |

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

## Notes to the Condensed Interim Financial Information (Un-Audited) for the nine month period ended 30 June 2015

### 1 THE COMPANY AND ITS OPERATIONS

Shahtaj Sugar Mills Limited was incorporated in Pakistan on 27 March 1965 as a Public Limited Company under the Companies Ordinance, 1984 with a registered office situated in Karachi. The Company is listed on Karachi and Lahore Stock Exchanges and is engaged in the manufacture of sugar from sugarcane. Molasses is the only significant by-product contributing to Company's revenue.

### 2 STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the nine month period ended 30 June 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

### 3 BASIS OF PRESENTATION AND MEASUREMENT

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 financial statements of the Company for the year ended 30 September 2014.

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those of the previous financial year except as follows:

#### **New, Amended and Revised Standards and Interpretations of IFRSs**

The Company has adopted the following revised standards, amendments and interpretations of IFRSs which became effective for the current period:

|          |   |   |
|----------|---|---|
| IAS 19   | - | Employee Benefits – (Amendment) – Defined Benefit Plans: Employee Contributions   |
| IAS 32   | - | Financial Instruments : Presentation – (Amendment) – Offsetting Financial Assets and Financial Liabilities                      |
| IAS 36   | - | Impairment of Assets – (Amendment) – Recoverable Amount Disclosures for Non - Financial Assets                                  |
| IAS 39   | - | Financial Instruments: Recognition and Measurement – (Amendment) – Novation of derivatives and Continuation of Hedge Accounting |
| IFRIC 21 | - | Levies  |

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any material effect on this condensed interim financial information.

## Notes to the Condensed Interim Financial Information (Un-Audited) for the nine month period ended 30 June 2015

### 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 increasing volume of inventories and financing at the end of the first half.

### 6 TAXATION, RETIREMENT BENEFITS OBLIGATION, WORKERS' WELFARE FUND AND WORKERS' PROFIT PARTICIPATION FUND

Provisions in respect of Taxation, Retirement Benefits Obligation, 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)<br>30 June<br>2015<br>(Rupees in thousand) | (Audited)<br>30 September<br>2014 |
|--|------|---|-----------------------------------|
| <b>7 PROPERTY, PLANT AND EQUIPMENT</b> |      |   |                                   |
| Operating fixed assets                 | 7.1  | 673,324   | 719,583                           |
| Capital work in progress               | 7.2  | 19,461  | 16,672                            |
|  |      | 692,785   | 736,255                           |

7.1 Additions and deletions made to operating fixed assets during the nine month period ended 30 June 2015 are as under:

|                             | Additions<br>(Rupees in thousand) | Deletions |
|-----------------------------|-----------------------------------|-----------|
| <b>Company Owned Assets</b> |                                   |           |
| Plant and machinery         | 9,660                             | 1,414     |
| Motor vehicles and bicycles | 8                                 | 1,963     |
| Office equipment            | 896                               | –         |
| Furniture and fittings      | 16                                | 14        |
|                             | 10,580                            | 3,391     |

7.2 The position of capital work in progress as at 30 June 2015 is as follows:

|                                 | (Un-audited)<br>30 June<br>2015<br>(Rupees in thousand) | (Audited)<br>30 September<br>2014 |
|---------------------------------|---|-----------------------------------|
| <b>Capital work in progress</b> |   |                                   |
| Plant and machinery             | 19,461  | 16,672                            |

## Notes to the Condensed Interim Financial Information (Un-Audited) for the nine month period ended 30 June 2015

|  | Note  | (Un-audited)<br>30 June<br>2015<br>(Rupees in thousand) | (Audited)<br>30 September<br>2014 |
|--|---|---|-----------------------------------|
| <b>8 INVESTMENT IN ASSOCIATE - (Equity Method)</b> |   |   |                                   |
| Shahtaj Textile Limited - Listed                   | 8.1   | 98,302  | 92,949                            |
| <b>8.1</b>   | Market value of investment as at 30 June 2015 is Rs. (thousand) 81,650 (30 September 2014: Rs. (thousand) 176,920). |   |                                   |

|                                      | (Un-audited)<br>30 June<br>2015<br>(Rupees in thousand) | (Audited)<br>30 September<br>2014 |
|--------------------------------------|---|-----------------------------------|
| <b>9 DEFERRED TAXATION</b>           |   |                                   |
| Deferred tax assets / (liabilities)  |   |                                   |
| Taxable temporary differences        | (104,469)   | (106,871)                         |
| Deductible temporary differences     | 8,154   | 7,834                             |
| Carry forward tax losses and credits | 164,144   | 96,352                            |
|                                      | 67,829  | (2,685)                           |

Movement for the nine month period ended 30 June 2015

|   | Opening<br>balance | Recognized in<br>profit and loss<br>(Rupees in thousand) | Closing<br>balance |
|---|--------------------|--|--------------------|
| <b>Deferred tax liabilities on taxable temporary differences arising in respect of:</b> |                    |  |                    |
| Property, plant and equipment-owned assets  | (98,726)           | 2,937  | (95,789)           |
| Investment in associate   | (8,145)            | (535)  | (8,680)            |
|   | (106,871)          | 2,402  | (104,469)          |
| <b>Deferred tax assets on deductible temporary differences arising in respect of:</b>   |                    |  |                    |
| Staff gratuity and retirement benefits  | 7,834              | 319  | 8,153              |
| Carry forward tax losses and credits  | 96,352             | 67,793   | 164,145            |
|   | (2,685)            | 70,514   | 67,829             |

During the period, the Company has incurred taxable loss of Rs. (thousand) 107,497 ( 30 September 2014: Rs. (thousand) 86,644) against which a deferred tax asset has been recognized by the Company at the tax rate of 33% amounting to Rs. (thousand) 35,474 (30 September 2014: Rs. (thousand) 28,593). These include unabsorbed tax depreciation of Rs. (thousand) 50,350 ( 30 September 2014: Rs. (thousand) 199,694) which is adjustable for indefinite period, while remaining amount of Rs. (thousand) 57,147 ( 30 September 2014: Rs. (thousand) 113,050) is adjustable against future taxable income.

## Notes to the Condensed Interim Financial Information (Un-Audited) for the nine month period ended 30 June 2015

Furthermore, the Company has made provision for minimum tax under section 113 of the Income Tax ordinance, 2001 amounting to Rs. (thousand) 32,319 (30 September 2014: Rs. (thousand) Nil) which is also adjustable against future taxable income.

| Note                          | (Un-audited)    | (Audited)            |
|-------------------------------|-----------------|----------------------|
|                               | 30 June<br>2015 | 30 September<br>2014 |
| (Rupees in thousand)          |                 |                      |
| <b>10 STOCK IN TRADE</b>      |                 |                      |
| Sugar - refined               | 1,072,700       | 161,810              |
| Sugar in process              | 2,537           | 2,242                |
| Molasses in process           | 25              | 29                   |
| Bagasse                       | 51,937          | 21,315               |
|                               | 1,127,199       | 185,396              |
| Insecticides                  | 70              | 36                   |
| Fair price shop               | 1,099           | 380                  |
|                               | 1,169           | 416                  |
|                               | 1,128,368       | 185,812              |
| <b>11 LONG TERM BORROWING</b> |                 |                      |
| Long term borrowing           | 11.1 150,000    | 175,000              |
| Less: Current maturity        | 50,000          | 50,000               |
|                               | 100,000         | 125,000              |

**11.1** This represents long term loan obtained from a commercial bank, repayable in 8 equal half yearly installments commenced after grace period of one year. Mark-up is chargeable at a rate of 6 month KIBOR plus 1% per annum payable bi-annually. The facility is secured against first exclusive charge over entire plant and machinery with 25% margin limited to Rs. 267 million.

### 12 SHORT TERM BORROWINGS - SECURED

The aggregate facility of short-term borrowings available from commercial banks as at 30 June 2015 is Rs. (thousand) 2,820,000 (30 September 2014: Rs. (thousand) 2,270,000). These facilities are secured against pledge over stock and hypothecation over stores and spares.

The rates of mark - up range between 1 month / 3 month KIBOR + 0.75% to 1 month / 3 month KIBOR + 1.15% (30 September 2014: 1 month / 3 month KIBOR + 0.75% to 1 month / 3 month KIBOR + 1.50%).

The un-utilized facility for letters of credit and guarantees as at 30 June 2015 is Rs. (thousand) 48,722 (30 September 2014: Rs. (thousand) 50,061).

## Notes to the Condensed Interim Financial Information (Un-Audited) for the nine month period ended 30 June 2015

### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

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

#### 13.2 Commitments

The Company's commitments for capital expenditure as at 30 June 2015 is Rs. Nil (30 September 2014: Rs. (thousand) 16,672).

The Company's commitments for letter of credit as at 30 June 2015 amounts to Rs. (thousand) 3,078 (30 September 2014: Rs. (thousand) 939).

|  | (Un-audited)<br>Nine Month Period Ended<br>30 June |           | (Un-audited)<br>Three Month Period Ended<br>30 June |           |
|--|--|-----------|---|-----------|
|  | 2015   | 2014      | 2015  | 2014      |
|  | (Rupees in thousand)                               |           |   |           |
| <b>14 SALES - net</b>                        |  |           |   |           |
| Sugar  | 3,117,565  | 3,261,499 | 1,331,819   | 1,169,586 |
| Molasses                                     | 295,595  | 370,012   | 118,175   | 83,581    |
| Bagasse                                      | 67,026   | 106,718   | 8,802   | 44,241    |
| Press mud                                    | 5,767  | 5,643     | –   | 1         |
|  | 3,485,953  | 3,743,872 | 1,458,796   | 1,297,409 |
| Less:  |  |           |   |           |
| Broker's commission on sugar                 | 6,518  | 7,782     | 2,256   | 2,609     |
| Sales tax / Federal excise duty              | 263,979  | 291,508   | 108,137   | 105,164   |
| Withholding tax / Further sales tax on sales | 3,673  | 2,532     | 1,254   | 610       |
|  | 274,170  | 301,822   | 111,647   | 108,383   |
|  | 3,211,783  | 3,442,050 | 1,347,149   | 1,189,026 |

## Notes to the Condensed Interim Financial Information (Un-Audited) for the nine month period ended 30 June 2015

|  | (Un-audited)<br>Nine Month Period Ended<br>30 June |           | (Un-audited)<br>Three Month Period Ended<br>30 June |           |
|--|--|-----------|---|-----------|
|  | 2015   | 2014      | 2015  | 2014      |
|  | (Rupees in thousand)                               |           |   |           |
| <b>15 COST OF SALES</b>                              |  |           |   |           |
| Cost of sugarcane procured                           | 3,709,831  | 3,659,556 | 161   | 280       |
| Process materials                                    | 39,598   | 38,114    | 891   | 412       |
| Fuel and power                                       | 16,149   | 17,030    | 8,199   | 7,330     |
| Stores and spares consumed                           | 38,501   | 44,498    | 6,138   | 10,416    |
| Repairs and maintenance                              | 5,594  | 6,325     | 1,998   | 629       |
| Salaries, wages and other benefits                   | 135,070  | 120,853   | 22,869  | 16,163    |
| Company's contribution to provident fund             | 1,386  | 1,308     | 420   | 408       |
| Rent, rates and taxes                                | 956  | 912       | 35  | 60        |
| Insurance  | 4,516  | 2,768     | 1,505   | 922       |
| Conveyance and traveling                             | 6,375  | 7,456     | 1,117   | 1,592     |
| Depreciation   | 52,833   | 49,002    | 17,647  | 19,222    |
| Other expenses                                       | 5,689  | 6,388     | 118   | 119       |
|  | 4,016,498  | 3,954,210 | 61,098  | 57,553    |
| Add: Opening stock of sugar and molasses in process  | 2,271  | 1,714     | 2,602   | 2,177     |
| Less: Closing stock of sugar and molasses in process | (2,562)  | (2,233)   | (2,562)   | (2,233)   |
| Cost of sugar manufactured                           | 4,016,207  | 3,953,691 | 61,138  | 57,497    |
| Packing material                                     | 36,536   | 38,316    | –   | –         |
| Cost of sugar bagged                                 | 4,052,743  | 3,992,007 | 61,138  | 57,497    |
| Add: Opening stock of sugar and by-products          | 183,125  | 259,631   | 2,405,778   | 2,074,600 |
| Less: Closing stock of sugar and by-products         | (1,124,637)  | (984,489) | (1,124,637)   | (984,489) |
|  | 3,111,231  | 3,267,149 | 1,342,279   | 1,147,608 |
| <b>16 TAXATION</b>                                   |  |           |   |           |
| Taxation for the period                              |  |           |   |           |
| Current  | (32,606)   | (34,648)  | (13,522)  | (11,932)  |
| Deferred   | 70,514   | 44,733    | 33,358  | (3,886)   |
|  | 37,908   | 10,085    | 19,836  | (15,818)  |



## Notes to the Condensed Interim Financial Information (Un-Audited) for the nine month period ended 30 June 2015

### 17 TRANSACTIONS WITH RELATED PARTIES

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

| Nine month period ended 30 June 2015  |  |   |  |  |                            |
|---------------------------------------|--|---|--|--|----------------------------|
| M/s.<br>Shahtaj<br>Textile<br>Limited | M/s.<br>Shezan<br>International<br>Limited | M/s.<br>Shahnawaz<br>(Private)<br>Limited | M/s.<br>Information<br>System<br>Associates<br>Limited | M/s.<br>Shezan<br>Services<br>(Private)<br>Limited | Staff<br>Provident<br>Fund |

( Rupees in thousand )

|                                 |       |         |     |     |       |
|---------------------------------|-------|---------|-----|-----|-------|
| Dividend received               | 2,875 | –       | –   | –   | –     |
| Utilities paid                  | –     | –       | 201 | –   | –     |
| Purchases and services received | 270   | 263     | 799 | 652 | –     |
| Dividend paid                   | –     | –       | –   | –   | 571   |
| Sales                           | –     | 577,685 | –   | –   | –     |
| Staff provident fund            | –     | –       | –   | –   | 3,019 |

| Nine month period ended 30 June 2014  |  |   |  |  |                            |
|---------------------------------------|--|---|--|--|----------------------------|
| M/s.<br>Shahtaj<br>Textile<br>Limited | M/s.<br>Shezan<br>International<br>Limited | M/s.<br>Shahnawaz<br>(Private)<br>Limited | M/s.<br>Information<br>System<br>Associates<br>Limited | M/s.<br>Shezan<br>Services<br>(Private)<br>Limited | Staff<br>Provident<br>Fund |

( Rupees in thousand )

|                                 |       |         |     |       |       |
|---------------------------------|-------|---------|-----|-------|-------|
| Dividend received               | 4,600 | –       | –   | –     | –     |
| Utilities paid                  | –     | –       | 201 | –     | –     |
| Purchases and services received | 270   | 583     | 347 | 1,009 | –     |
| Dividend paid                   | –     | –       | –   | –     | –     |
| Sales                           | –     | 527,612 | –   | –     | –     |
| Staff provident fund            | –     | –       | –   | –     | 2,588 |

All transactions with the related parties and associated undertakings are entered into 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 repair of motor vehicles, due to group policy. The effect of this policy on the balance sheet and profit and loss account is considered to be immaterial.

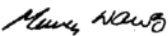
No buying or selling commission has been paid to any associated undertaking.

**18 AUTHORIZATION**

This condensed interim financial information was authorized for issue by the Board of Directors on 27 July 2015.

**19 GENERAL**

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

  
Chief Executive

  
Director





## Shahtaj Sugar Mills Limited

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