



**Shah Taj Sugar Mills Limited**

Condensed Interim Financial Information  
For the Six Month Period Ended  
31 March 2014 (Un-Audited)





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## Company Information

### Board of Directors

Mr. Mahmood Nawaz	Chairman
Mr. Muneer Nawaz	Chief Executive
Mr. Cyrus R. Cowasjee	
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

### Chief Financial Officer

Mr. Muhammad Asghar

### Audit Committee

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

### Human Resources & 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](http://www.shahtajsugar.com)  
E-mail : [mail@shahtajsugar.com](mailto:mail@shahtajsugar.com)  
[finance@shahtajsugar.com](mailto:finance@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](mailto: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](mailto:mills@shahtajsugar.com)

### Auditors

Ernst & Young Ford Rhodes Sidat Hyder,  
Chartered Accountants,  
Mall View Building,  
4 - Bank Square, Lahore.

### 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

## Directors' Report to the Members

Your Directors have pleasure in presenting the un-audited condensed interim financial information for the six month period ended 31 March 2014.

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

		PRODUCTION DATA	
		Six Month Period Ended 31 March	
		2014	2013
Start of season		27.11.2013	30.11.2012
End of season		06.03.2014	22.03.2013
Duration	Days	100	113
Sugarcane crushed	(M.Tons)	817,752	946,416
<b>Production:</b>			
Sugar	(M.Tons)	80,434	90,555
Molasses	(M.Tons)	39,840	45,374
<b>Recovery:</b>			
Sugar	(%)	9.84	9.57
Molasses	(%)	4.87	4.79

Production data given above is depicting decline in crushing of sugarcane, increase in recovery percentage and decrease of production in both sugar and molasses. In this season about 56% purchases of sugarcane were made from the adjoining areas as compared with 47% in the previous year. The overall cost of sugarcane procurement remained higher by about Rs. 2/- per 40 Kg. i.e. at Rs. 179/- per 40 Kg. as compared with Rs. 177/- per 40 Kg in the last year. As informed in our first quarterly report Government of Punjab did not increase the support price in this season. However sugarcane procurement cost increased due to increased transportation charges.

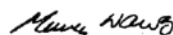
In spite of reasonable increase in cost of production due to various factors such as transportation charges, higher labour rates, surge in expenses on power, sugar selling rates did not improve. Nominal profit before tax is only because of improvement in sales of molasses and bagasse and better recovery.

High pressure boiler which was commissioned in mid December 2013 remained in operation throughout the season.

Sowing of sugarcane crop for the next crushing season is reported to be of same level as of last year. 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.

Your directors place on record their appreciation 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: 23 May 2014.

## Report to the Members on Review of Condensed Interim Financial Information


We have reviewed the accompanying condensed interim balance sheet of Shahtaj Sugar Mills Limited as at 31 March 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information 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 information 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants

Engagement Partner: Farooq Hameed

Lahore: 23 May 2014

## Condensed Interim Balance Sheet

As at 31 March 2014

	Note	(Un-Audited) 31 March 2014	(Audited) 30 September 2013
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	757,058	707,623
Investments - associates	8	88,969	88,817
Loans and advances		1,870	2,420
Deposits		843	843
Deferred taxation	9	59,379	10,760
		908,119	810,463
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		98,862	89,617
Stock in trade	10	2,077,988	261,899
Trade debts		114,907	52,334
Loans and advances		51,595	53,953
Deposits, prepayments and other receivables		23,505	28,098
Cash and bank balances		2,149	143,677
		2,369,006	629,578
<b>TOTAL ASSETS</b>		<b>3,277,125</b>	<b>1,440,041</b>
<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		967,125	934,821
<b>TOTAL EQUITY</b>		<b>1,114,770</b>	<b>1,082,466</b>
<b>NON CURRENT LIABILITIES</b>			
Long term borrowing	11	150,000	175,000
Deferred taxation		-	-
Retirement benefit obligations		25,032	24,193
		175,032	199,193
<b>CURRENT LIABILITIES</b>			
Current maturity of long term borrowing		50,000	25,000
Trade and other payables		328,952	79,875
Short term borrowings	12	1,578,619	-
Accrued interest on long term borrowing		5,066	4,690
Provision for taxation		24,686	48,817
		1,987,323	158,382
<b>TOTAL LIABILITIES</b>		<b>2,162,355</b>	<b>357,575</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,277,125</b>	<b>1,440,041</b>

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 six month period ended 31 March 2014

	Note	Six month period ended 31 March		Three month period ended 31 March	
		2014	2013	2014	2013
		<b>(Rupees in thousand)</b>			
Sales - net	14	2,253,024	2,382,050	1,434,753	1,644,995
Cost of sales	15	(2,119,541)	(2,278,214)	(1,373,796)	(1,579,997)
<b>Gross profit</b>		133,483	103,836	60,957	64,998
Distribution cost		(5,133)	(5,753)	(3,339)	(4,312)
Administrative expenses		(101,878)	(94,860)	(59,874)	(56,940)
Other operating expenses		(1,881)	(2,051)	1,864	(383)
Other operating income		13,487	13,423	5,710	1,281
		(95,405)	(89,241)	(55,639)	(60,354)
<b>Operating profit</b>		38,078	14,595	5,318	4,644
Finance cost		(35,968)	(19,382)	(35,435)	(19,222)
		2,110	(4,787)	(30,117)	(14,578)
Share of profit in associates - net		4,291	5,297	4,291	5,297
<b>Profit / (loss) before taxation</b>		6,401	510	(25,826)	(9,281)
Taxation	16	25,903	(9,235)	55,330	(5,808)
<b>Net profit / (loss) for the period</b>		32,304	(8,725)	29,504	(15,089)
Earnings per ordinary share -					
Basic and Diluted (Rupees)		2.69	(0.73)	2.46	(1.26)

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 six month period ended 31 March 2014

	Six month period ended 31 March		Three month period ended 31 March	
	2014	2013	2014	2013
	(Rupees in thousand)			
Net profit / (loss) for the period	32,304	(8,725)	29,504	(15,089)
Other comprehensive income	–	–	–	–
Total comprehensive income / (loss) for the period	32,304	(8,725)	29,504	(15,089)

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

  
Chief Executive

  
Director

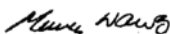
## Condensed Interim Cash Flow Statement (Un-Audited)

for the six month period ended 31 March 2014

	Six month period ended 31 March	
	2014	2013
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	6,401	510
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	31,957	16,383
Interest / Mark-up	35,532	18,294
Profit on bank deposits	(4,258)	(9,307)
Share of profit in associates	(4,291)	(5,297)
Gain on disposal of property, plant and equipment	(173)	(170)
Provision for gratuity and retirement benefits	1,725	1,885
(Gain) / loss on initial recognition of financial assets at fair value	(136)	167
	60,356	21,955
<b>Operating profit before working capital changes</b>	66,757	22,465
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(9,245)	(8,618)
Stock in trade	(1,816,089)	(2,149,330)
Trade debts	(62,573)	(205,641)
Loans and advances	2,358	30,874
Deposits, prepayments and other receivables	1,752	(1,876)
	(1,883,797)	(2,334,591)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	219,491	360,155
Short term borrowings	1,578,619	1,503,122
	1,798,110	1,863,277
Interest paid	(5,558)	-
Income tax (paid) / refund	(44,006)	9,165
Retirement benefits paid	(886)	(704)
	(50,450)	8,461
<b>Increase in non - current liabilities</b>	-	200,000
<b>Net cash used in operating activities</b>	(69,380)	(240,388)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(81,535)	(172,540)
Sale proceeds from disposal of property, plant and equipment	315	978
Profit received on bank deposits	4,258	12,604
Loans and advances	686	(300)
Dividend received	4,140	4,025
Deposits	-	(42)
<b>Net cash used in investing activities</b>	(72,136)	(155,275)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(12)	(83,833)
<b>Net cash used in financing activities</b>	(12)	(83,833)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(141,528)	(479,496)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	143,677	505,320
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	- A	2,149

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 six month period ended 31 March 2014

	Share Capital	Share Premium	General Reserve	Unappropriated Profits	Total
	( Rupees in thousand )				
<b>Balance as at 01 October 2012</b>	120,111	27,534	776,000	243,711	1,167,356
Final dividend @ Rs. 7 per share for the year 2012	–	–	–	(84,078)	(84,078)
Transfer to general reserve for the year 2012	–	–	140,000	(140,000)	–
Total comprehensive loss for the period	–	–	–	(8,725)	(8,725)
<b>Balance as at 31 March 2013</b>	120,111	27,534	916,000	10,908	1,074,553
<b>Balance as at 01 October 2013</b>	120,111	27,534	916,000	18,821	1,082,466
Total comprehensive income for the period	–	–	–	32,304	32,304
<b>Balance as at 31 March 2014</b>	120,111	27,534	916,000	51,125	1,114,770

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 six month period ended 31 March 2014

### 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 six month period ended 31 March 2014 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 where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

### 3 BASIS OF PRESENTATION AND MEASUREMENT

- 3.1** 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 2013.
- 3.2** This condensed interim financial information is un-audited but subject to limited scope review by the auditors. Quarterly figures were not subject to limited scope review by the auditors as the scope of the review covered only the cumulative figures for the six months period ended 31 March 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 standard, amendments and interpretation of IFRSs which became effective for the current period:

- "IAS 1 - Presentation of Financial Statements - Presentation of items of other comprehensive income (Amendment)
- IAS 19 - Employee Benefits - (Revised)
- IFRS 7 - Financial Instruments : Disclosures - (Amendment)

## Notes to the Condensed Interim Financial Information (Un-Audited) for the six month period ended 31 March 2014

- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine”

### Improvements to Accounting Standards Issued by the IASB

- “IAS 1 - Presentation of Financial Statements - Clarification of the requirements for comparative information
- IAS 16 - Property, Plant and Equipment - Clarification of Servicing Equipment
- IAS 32 - Financial Instruments : Presentation - Tax Effects of Distribution to Holders of Equity Instruments
- IAS 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities”

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.

### 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, WORKERS' WELFARE FUND AND WORKERS' PROFIT PARTICIPATION FUND

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 March 2014	30 September 2013
(Rupees in thousand)			
<b>7</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	7.1	755,419
	Capital work in progress	7.2	1,639
			285,630
			421,993
			757,058
			707,623

## Notes to the Condensed Interim Financial Information (Un-Audited) for the six month period ended 31 March 2014

- 7.1 Addition and deletions made to operating fixed assets during the six month period ended 31 March 2014 are as under:

	Additions (Rupees in thousand)	Deletions (Rupees in thousand)
<b>Company owned assets</b>		
Plant and machinery	499,910	–
Building on freehold land	316	–
Office equipment	329	541
Telephone exchange	89	77
Furniture and fittings	1,244	–
	501,888	618

- 7.2 The position of capital work in progress as at 31 March 2014 is as follows:

Note	(Un-audited) 31 March 2014 (Rupees in thousand)	(Audited) 30 September 2013
<b>Capital work in progress</b>		
Plant and machinery	1,639	118,207
Advance against plant and machinery	–	303,786
	1,639	421,993

### 8 LONG TERM INVESTMENTS

#### Investment in Associates

#### Associates - Equity method

Shahtaj Textile Limited - Listed	8.1	88,969	88,817
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- 8.1 Market value of investment as at 31 March 2014 is Rs. (thousand) 77,982 (30 September 2013: Rs. (thousand) 57,500).

Note	(Un-audited) 31 March 2014 (Rupees in thousand)	(Audited) 30 September 2013
<b>9 DEFERRED TAXATION</b>		
Deferred tax assets / (liabilities)		
- Taxable temporary differences	(89,146)	(66,274)
- Deductable temporary differences	15,249	14,964
- Carry forward tax losses and credits	133,276	62,070
	59,379	10,760

## Notes to the Condensed Interim Financial Information (Un-Audited) for the six month period ended 31 March 2014

Movement for the six month period ended 31 March 2014

	Opening balance	Recognized in profit and loss	Effect of change in rate recognized in profit and loss	Closing balance
<b>Deferred tax liabilities on taxable temporary differences arising in respect of:</b>				
Property, plant and equipment-owned assets	(58,542)	(22,857)	-	(81,399)
Investment in associates	(7,732)	(15)	-	(7,747)
<b>Deferred tax assets on deductible temporary differences arising in respect of:</b>				
Staff gratuity and retirement benefits	8,226	285	-	8,511
Quality premium	6,738	-	-	6,738
Carry forward tax losses and credits	62,070	71,206	-	133,276
	10,760	48,619	-	59,379

During the period, the Company has incurred taxable loss of Rs. (thousand) 62,397 (30 September 2013: Rs. (thousand) 45,026) against which a deferred tax asset has been recognized by the Company at the tax rate of 34% amounting to Rs. (thousand) 21,215 (30 September 2013: Rs. (thousand) 15,309). These include unabsorbed tax depreciation of Rs. (thousand) 33,719 (30 September 2013: Rs. (thousand) 26,899) which is adjustable for indefinite period, while remaining amount of Rs. (thousand) 28,678 (30 September 2013: Rs. (thousand) 18,163) is adjustable against future taxable income uptill tax year 2021.

Furthermore, the Company has paid minimum tax under section 113 of income tax ordinance, 2001 amounting to Rs. (thousand) 22,716 (30 September 2013: Rs. (thousand) 46,761) which is also adjustable against future taxable income till tax year 2020.

The Company is expecting growth in operations which will result in generation of taxable income in future to set off against these carry forward losses.



## Notes to the Condensed Interim Financial Information (Un-Audited) for the six month period ended 31 March 2014

Note	(Un-audited)	(Audited)
	31 March 2014 (Rupees in thousand)	30 September 2013
<b>10 STOCK IN TRADE</b>		
Sugar - Finished	1,910,951	259,631
Sugar in process	2,146	1,693
Molasses fine	115,649	–
Molasses in process	31	21
Bagasse	48,000	–
	2,076,777	261,345
Insecticides	36	3
Fair price shop - stock	1,175	551
	1,211	554
	2,077,988	261,899
<b>11 LONG TERM BORROWING</b>		
Long term borrowing	11.1	200,000
Less: Current maturity		50,000
		150,000
		175,000

**11.1** This represents long term finance facility of PKR 200 million obtained from MCB Bank Limited. The principal is repayable in 8 equal half yearly installments which will commence after a grace period of one year. First principal installment is due in 18 months after the initial disbursement date. The rate of mark-up is six months KIBOR + 1% payable half yearly in arrears. The loan is secured by 1st exclusive charge over entire plant and machinery with 25% margin.

### 12 SHORT TERM BORROWINGS - SECURED

The aggregate facility of short-term borrowings available from commercial banks as at 31 March 2014 is Rs. (thousand) 2,370,000 (30 September 2013: 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 2013: 1 month / 3 month KIBOR + 0.75% to 1 month / 3 month KIBOR + 1.15% ).

The unutilized facility for letter of credit and guarantees as at 31 March 2014 is Rs. (thousand) 49,066 (30 September 2013: Rs. (thousand) 44,429).

## Notes to the Condensed Interim Financial Information (Un-Audited) for the six month period ended 31 March 2014

### 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 31 March 2014 are Rs. Nil (30 September 2013 : Rs. (thousand) 497,287).

The Company's commitments for letter of credit as of 31 March 2014 amounts to Rs. (thousand) 1,934 (30 September 2013: Rs. (thousand) 6,571).

	Un-audited Six month period ended 31 March		Un-audited Three month period ended 31 March	
	2014	2013	2014	2013
	(Rupees in thousand)			
<b>14 SALES - net</b>				
Sugar	2,091,913	2,318,963	1,265,228	1,533,467
Molasses	286,431	262,556	232,270	250,389
Bagasse	62,477	—	59,686	—
Press mud	5,642	5,678	3,586	4,170
	2,446,463	2,587,197	1,560,770	1,788,026
Less:				
Broker's commission on sugar	5,173	6,071	3,292	4,026
Sales tax / FED	186,344	199,076	121,625	139,005
Withholding tax on sales	1,922	—	1,100	—
	193,439	205,147	126,017	143,031
	2,253,024	2,382,050	1,434,753	1,644,995

## Notes to the Condensed Interim Financial Information (Un-Audited) for the six month period ended 31 March 2014

	Un-audited Six month period ended 31 March		Un-audited Three month period ended 31 March	
	2014	2013	2014	2013
(Rupees in thousand)				
<b>15 COST OF SALES</b>				
Cost of sugarcane procured	3,659,276	4,180,233	2,346,079	3,074,366
Process materials	37,702	41,221	22,106	28,229
Fuel and power	9,700	7,400	1,750	1,729
Stores and spares consumed	34,082	30,531	15,282	10,714
Repairs and maintenance	5,696	2,494	2,237	1,868
Salaries, wages and other benefits	104,690	101,084	62,992	69,206
Company's contribution to provident fund	900	869	482	475
Rent, rates and taxes	852	796	96	88
Insurance	1,846	1,891	923	957
Conveyance and traveling	5,864	6,254	3,292	3,591
Depreciation	29,780	13,978	19,079	7,020
Other expenses	6,269	4,405	4,036	2,936
	3,896,657	4,391,156	2,478,354	3,201,179
Add: Opening stock of sugar and molasses in process	1,714	1,446	44,092	65,083
Less: Closing stock of sugar and molasses in process	(2,177)	(1,669)	(2,177)	(1,669)
Cost of sugar manufactured	3,896,194	4,390,933	2,520,269	3,264,593
Packing material	38,316	35,877	24,953	27,160
Cost of sugar bagged	3,934,510	4,426,810	2,545,222	3,291,753
Add: Opening stock of sugar and by-products	259,631	202,506	903,174	639,346
Less: Closing stock of sugar and by-products	(2,074,600)	(2,351,102)	(2,074,600)	(2,351,102)
	2,119,541	2,278,214	1,373,796	1,579,997
<b>16 TAXATION</b>				
Taxation for the period				
Current	(22,716)	(12,007)	(14,436)	(5,808)
Deferred	48,619	2,772	69,766	–
	25,903	(9,235)	55,330	(5,808)

## Notes to the Condensed Interim Financial Information (Un-Audited) for the six month period ended 31 March 2014

### 17 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise related group companies, local associates, staff provident fund, 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:

Six Month Period ended 31 March 2014					
Related Parties					
M/s. Shahtaj Textile Limited	M/s. Shezan International Limited	M/s. Shahnawaz (Private) Limited	M/s. Information System Associates Limited	M/s. Shezan Services (Pvt) Limited	Staff Provident Fund

( Rupees in thousand )

#### Transactions

Dividend received	4,600	–	–	–	–	–
Utilities paid	–	–	134	–	–	–
Purchases and services received	180	570	133	722	–	–
Dividend paid	–	–	–	–	–	–
Sales	–	259,410	–	–	–	–
Staff provident fund	–	–	–	–	–	1,848

Six Month Period ended 31 March 2013					
Related Parties					
M/s. Shahtaj Textile Limited	M/s. Shezan International Limited	Shahnawaz (Private) Limited	M/s. Information System Associates Limited	M/s. Shezan Services (Pvt) Limited	M/s. Staff Provident Fund

( Rupees in thousand )

#### Transactions

Dividend received	4,025	–	–	–	–	–
Utilities paid	–	–	125	–	–	–
Purchases and services received	180	170	156	1,181	–	–
Dividend paid	–	–	–	–	2,000	–
Sales	–	209,480	–	–	–	–
Staff provident fund	–	–	–	–	–	1,799

## Notes to the Condensed Interim Financial Information (Un-Audited) for the six month period ended 31 March 2014

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 repairs 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.

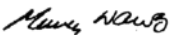
No buying or selling commission has been paid to any associated undertaking.

### 18 AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors on 23 May 2014.

### 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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