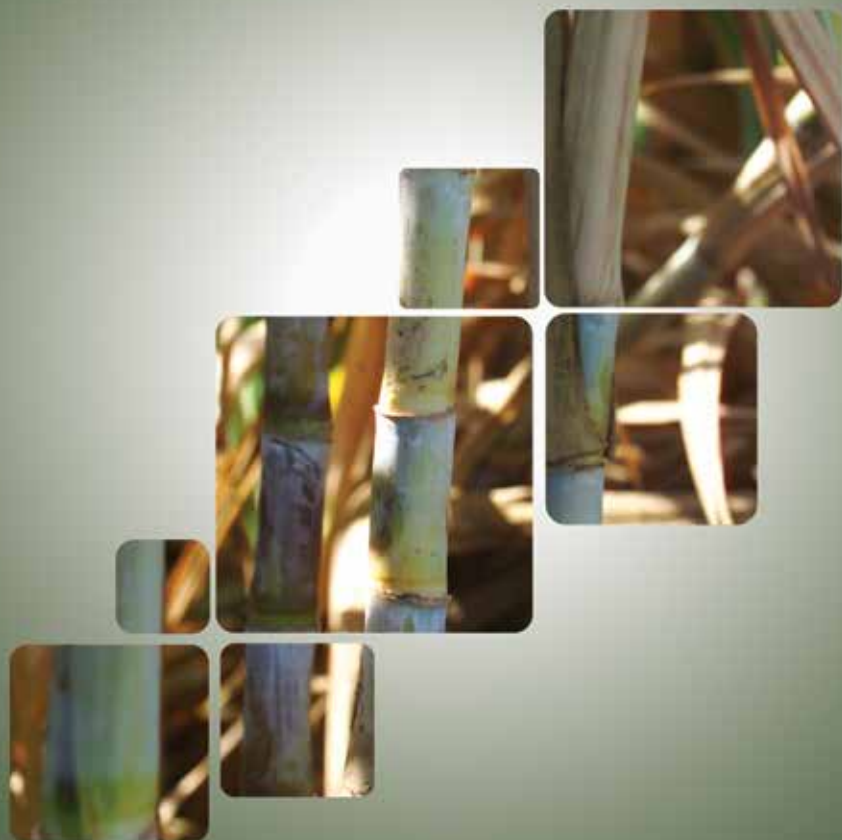




# Shahtaj Sugar Mills Limited



CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE MONTH PERIOD ENDED  
31 DECEMBER 2016 (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
Mr. Attaullah A. Rasheed	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](http://www.shahtajsugar.com)  
E-mail : [mail@shahtajsugar.com](mailto: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](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

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

### Legal Advisor

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

### Share Registrar

JWAFS Registrar Services (Private) Limited  
Suite No. 407 - 408,  
4<sup>th</sup> 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

The Directors of the Company are pleased to submit the Un-audited Condensed Interim Financial Information for the three month period ended 31 December 2016. For the crushing season 2016-17 your mills started operations on 23 November 2016. Production data for the three month period ended 31 December 2016 is given below:

		Production Data	
		31 December	
		2016	2015
Start of season		23.11.2016	30.11.2015
Sugarcane crushed	(M.Tons)	324,284	243,611
<b>Production:</b>			
Sugar	(M.Tons)	30,090	22,790
Molasses	(M.Tons)	13,473	10,790
<b>Recovery:</b>			
Sugar	(%)	9.61	9.65
Molasses	(%)	4.55	4.76

Until the morning of 26 January 2017, we crushed 561,806 M. tons of sugarcane, and produced 54,100 M. tons of sugar at an average recovery of 9.80%.

As per data produced above there is an increase in production with high crushing of sugarcane due to healthy crop and earlier start of crushing season as compared with the corresponding period of last year.

There is no change in the support price of sugarcane for this season and it remained at Rs. 180/- per 40 Kg. Our cost of sugarcane procured up to 31 December 2016 remained at about Rs. 182.76 per 40 Kg as compared with Rs. 182.29 per 40 Kg in the first three month period of previous year. Final cost of sugarcane procurement may increase further, in case adjoining mills start price war in order to increase their production. This year, final crushing of sugarcane is expected to be better than last year with good recovery percentage due to improved varieties of sugarcane and climatic factors.


Sugar prices during the three month period were better than the corresponding period of last year. Our shareholders are aware of the drop of international prices of petroleum products, because of this, the molasses prices were depressed during the period under review.

For the three month period, your Company recorded a turnover of Rs. 947.597 million as against Rs. 963.436 million in the corresponding period of 2015. The cost of sales was Rs. 830.467 million as against Rs. 888.278 million of the previous period. Thus, the Company earned gross profit of Rs. 117.130 million as against Rs. 75.158 million for the three month period ended 31 December 2016. The increase in gross profit was due to increase in selling price of sugar as compared with corresponding period of 2015. The finance cost for the period was Rs. 3.087 million as against Rs. 9.990 million of the corresponding period. The decrease in finance cost was mainly due to efficient utilization of funds and reduced markup rates.

We have already started the process of setting up a Bagasse based Power Project of installed gross capacity of 32 MW. Initially we will produce/generate electricity of 22.85 MW from our Power Plant. However, we will supply 15 MW to the National Grid. We have already established letters of credit for the purchase of two steam turbines of 16MW each and Switch Yard of 132 KV. Further, we would like to inform you that your Company has been granted Generation License and Upfront Tariff for 30 years by National Electric Power Regulatory Authority (NEPRA). This will now accelerate the process of setting up of Co-generation Power Project. Our objective is to achieve commercial operation date in November 2017. We are confident that the power project would have a beneficial 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

Karachi: 26 January 2017.

## ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز انتہائی مسرت کے ساتھ، اختتام شدہ سہ ماہی 31 دسمبر 2016 کے لیے کمپنی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہیں۔ کرشنک بیزنس برائے سال 2016-20 کے لیے آپ کی ملزمنے 23 نومبر 2016 کو پروڈکشن کے کام کا آغاز کیا۔ اختتام شدہ سہ ماہی 31 دسمبر 2016 کے پیداواری اعداد و شمار ذیل میں درج ہیں۔

### پیداواری اعداد و شمار

2015 دسمبر 31	2016 دسمبر 31		
30.11.2015	23.11.2016		آغاز بیزنس
243,611	324,284	میٹرک ٹن	گنے کی کرشنک
22,790	30,090	میٹرک ٹن	پیداوار چینی
10,790	13,473	میٹرک ٹن	شیرہ ریکوری
9.65	9.61	فیصد	چینی
4.76	4.55	فیصد	شیرہ

26 جنوری 2017 کی صبح تک ہم نے 561,806 میٹرک ٹن گنے کی کرشنک کی 54,100 میٹرک ٹن چینی کی پیداوار 9.80 فیصد ریکوری کے ساتھ حاصل کی۔

اوپر بتا کر کے گئے شارے کے مطابق پیداوار میں اضافہ صحت مند فصل کی زیادہ تعداد میں کرشنک اور گندیشہ سال کے مقابل اس سال جلد بیزنس کے آغاز کرنے کے نتیجے میں ہوا۔

اس سال گنے کی امدادی قیمت میں کوئی تبدیلی نہیں ہوئی اور یہ 180 روپے فی من کی امدادی قیمت پر برقرار رہی۔ ہماری 31 دسمبر 2016 تک گنے کی خریداری کی لاگت 182.76 روپے فی من رہی، جبکہ اس کے مقابل گندیشہ سال کی پہلی سہ ماہی کے دوران یہ لاگت 182.29 روپے فی من تھی۔ امکان ہے کہ اگر ملحقہ ملوکی طرف سے گنے کی زائد خریداری کے لیے قیمت خرید میں اضافہ کی کوشش کی گئی تو گنے کی کل پیداواری لاگت میں اضافہ ہوگا۔ یہ توقع کی جارہی ہے کہ گنے کی بہتر کوالٹی اور سمازگار موسمی حالات کے پیش نظر کل کرشنک گندیشہ سال کی نسبت زیادہ ہوگی۔ چینی کی قیمت فروخت اس تین ماہ کے دوران بیزنس میں گندیشہ سال کے اسی عرصہ کے مقابل بہتر ہے۔ جیسا کہ ہمارے ممبران اس چیز سے واقف ہیں کہ بین الاقوامی منڈی میں پیٹرولیم مصنوعات کی قیمتیں گری ہیں، اسی وجہ سے، شیرے کی قیمت فروخت بھی جائزہ کے لیے پیش کردہ دورانہ میں دباؤ میں رہی۔

اس تین ماہ کے عرصہ کے دوران آپ کے ادارے نے 947.597 ملین روپے کی سٹور ریکارڈ کی، جبکہ گندیشہ سال 2015 میں اسی عرصہ میں سٹور 963.436 ملین روپے تھی۔ جبکہ پیداواری لاگت 830.467 ملین روپے رہی جو کہ اسی عرصہ کے دوران گندیشہ سال 888.278 ملین روپے تھی۔ اس طرح ادارے نے 31 دسمبر 2016 تک اس دوران کے دوران مجموعی منافع 117.30 ملین روپے گندیشہ سال کے مجموعی منافع 75.158 ملین روپے کے مقابل کمایا۔ مجموعی منافع میں اضافہ کی بڑی وجہ سال 2015 کی نسبت اس سال چینی کی بہتر قیمت فروخت ہے۔ اس سہ ماہی کے دوران مالیاتی اخراجات کی لاگت 3.087 ملین روپے ہے جبکہ گندیشہ سال اس دوران سے یہ رقم 9.990 ملین روپے تھی۔ مالیاتی لاگت میں کمی موجودہ فنڈز کے بہتر استعمال اور کم شرح سودی وجہ سے ممکن ہوئی۔

جیسا کہ اس وقت بگاڑ سے چلنے والی بجلی کا پلانٹ، جو کہ 32 میگا واٹ کی مجموعی صلاحیت پر مشتمل ہے، تصحیب کے مراحل میں ہے۔ ابتدائی مرحلے میں ہم اس بجلی کے پلانٹ سے انشاء اللہ 22.85 میگا واٹ بجلی پیدا کر سکتے ہیں۔ تاہم اس میں سے ہم 15 میگا واٹ بجلی پمپل گروڈ کو ترسیل کریں گے۔ ہم پہلے ہی 16 میگا واٹ صلاحیت کی دو عدد اسٹیٹیم ٹرانس اور 132 KV سوئچ ہاؤس کی تصحیب کے لیے اعتباری معاہدے پر چکے ہیں۔ مزید ہم آپ کو یہ بتاتے ہوئے خوشی محسوس کر رہے ہیں کہ پمپل ہاؤس ریگولیری اتھارٹی نے آپ کے ادارے کو بجلی کی پیداواری سند (جنریشن لائسنس) اور براہ راست محصولات کا معاہدہ تین سال کے لیے جاری کر دیا ہے۔ یہ اس بجلی کے پلانٹ کی تصحیب کے کام کو تیز کرنے میں اہم کردار ادا کرے گا۔ ہمارا نگرانہ ہے کہ ہم انشاء اللہ نومبر 2017 کی تاریخ تک اس منصوبے پر تجارتی عمل درآمد مکمل کر لیں گے۔ ہم پرامید ہیں کہ بجلی کا یہ منصوبہ ادارے کے لیے نفع بخش ثابت ہوگا۔ انشاء اللہ

آپ کے ڈائریکٹرز اس موقع پر کمپنی کے آفیسر، ممبران اور تمام کارکنان کی جانفشانی اور کام سے لگاؤ کے معترف ہیں۔

برائے اور اطراف بورڈ آف ڈائریکٹرز

*Muhammad Nawaz*

منیجر نواز

چیف ایگزیکٹو آفیسر


کراچی، 26 جنوری 2017

## Condensed Interim Balance Sheet

As at 31 December 2016

	Note	(Un-audited) 31 December 2016	(Audited) 30 September 2016
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	832,863	811,280
Investment in associate	8	104,400	109,575
Loans and advances		3,220	3,568
Deposits		1,103	1,103
Deferred taxation		35,213	35,213
		976,799	960,739
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		131,325	110,933
Stock in trade	9	953,790	162,713
Trade debts		272,185	2,074
Loans and advances		76,997	66,130
Deposits, prepayments and other receivables		15,602	23,295
Income tax recoverable		265,409	256,540
Cash and bank balances		173,536	38,579
		1,888,844	660,264
<b>TOTAL ASSETS</b>		<b>2,865,643</b>	<b>1,621,003</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
Revenue reserve - general reserve and unappropriated profits		1,086,538	1,034,530
<b>TOTAL EQUITY</b>		<b>1,234,183</b>	<b>1,182,175</b>
<b>NON CURRENT LIABILITIES</b>			
Long term borrowing	10	25,000	25,000
Retirement benefits obligation		29,335	28,454
		54,335	53,454
<b>CURRENT LIABILITIES</b>			
Trade and other payables		669,500	60,225
Short term borrowings	11	797,558	224,666
Accrued interest on borrowings		3,800	3,693
Current maturity of long-term borrowing		50,000	50,000
Provision for taxation		56,267	46,790
		1,577,125	385,374
<b>TOTAL LIABILITIES</b>		<b>1,631,460</b>	<b>438,828</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,865,643</b>	<b>1,621,003</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 three month period ended 31 December 2016

	Note	31 December 2016 (Rupees in thousand)	31 December 2015
Sales - net	13	947,597	963,436
Cost of sales	14	(830,467)	(888,278)
<b>Gross profit</b>		117,130	75,158
Distribution costs		(2,137)	(2,172)
Administrative expenses		(48,107)	(44,098)
Other operating expenses		(4,290)	(2,312)
Other income		2,622	682
		(51,912)	(47,900)
<b>Operating profit</b>		65,218	27,258
Finance costs		(3,087)	(9,990)
Share of profit of associate - net		-	-
Profit before taxation		62,131	17,268
Taxation	15	(10,123)	(9,994)
Net Profit for the period		52,008	7,274
Earnings per share - basic and diluted (Rupees per share)		4.33	0.61

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

  
Chief Executive

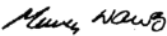
  
Director



## Condensed Interim Statement of Comprehensive Income (Un-audited) for the three month period ended 31 December 2016

Note	31 December 2016	31 December 2015
	(Rupees in thousand)	
Profit for the period	52,008	7,274
Other comprehensive income for the period	–	–
<b>Total comprehensive income for the period</b>	<b>52,008</b>	<b>7,274</b>

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

  
Chief Executive

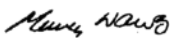
  
Director

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

for the three month period ended 31 December 2016

	31 December 2016	31 December 2015
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	62,131	17,268
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant and equipment	15,866	16,875
Interest / mark-up	2,950	9,685
Profit on bank deposits	(164)	(82)
Gain on disposal of property, plant and equipment	(1,047)	(306)
Provision for gratuity and retirement benefits	1,020	1,032
	18,625	27,204
<b>Operating profit before working capital changes</b>	80,756	44,472
<b>Working capital adjustments:</b>		
<b>Decrease / (increase) in current assets:</b>		
Stores, spares and loose tools	(20,392)	(18,098)
Stock in trade	(791,077)	(339,608)
Trade debts	(270,111)	(105,174)
Loans and advances	(11,081)	(7,950)
Deposits, prepayments and other receivables	7,693	(9,617)
	(1,084,968)	(480,447)
<b>Increase in current liabilities</b>		
Trade and other payables	609,273	657,954
<b>Cash (used in) / generated from operations</b>	(394,939)	221,979
Income tax paid	(9,514)	(10,770)
Interest / mark-up paid	(2,843)	(17,246)
Profit on bank deposits	164	82
Retirement benefits paid	(139)	(205)
<b>Net cash (used in) / generated from operating activities</b>	(407,271)	193,840
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(37,999)	(1,782)
Sale proceeds from disposal of property, plant and equipment	1,597	1,092
Increase in loans and advances	563	221
Dividend received from associate	5,175	2,875
<b>Net cash (used in) / generated from investing activities</b>	(30,664)	2,406
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(2)
Short-term borrowing	572,892	(91,351)
<b>Net cash generated from / (used in) financing activities</b>	572,892	(91,353)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	134,957	104,893
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	38,579	13,203
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	173,536	118,096

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 three month period ended 31 December 2016

	Share capital	Capital reserve	Revenue reserve		Total
		Share premium	General reserve	Unappropriated profits / (losses)	
( Rupees in thousand )					
Balance as at 01 October 2015	120,111	27,534	926,000	(70,555)	1,003,090
Profit for the period	–	–	–	7,274	7,274
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the period	–	–	–	7,274	7,274
<b>Balance as at 31 December 2015</b>	120,111	27,534	926,000	(63,281)	1,010,364
<b>Balance as at 01 October 2016</b>	120,111	27,534	926,000	108,530	1,182,175
Profit for the period	–	–	–	52,008	52,008
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the period	–	–	–	52,008	52,008
<b>Balance as at 31 December 2016</b>	120,111	27,534	926,000	160,538	1,234,183

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 three month period ended 31 December 2016

### 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 initially under the Companies Act 1913, and then under the Companies Ordinance 1984. Its registered office is situated at 19, Dockyard Road, West Wharf, Karachi. Previously, the shares of the Company were quoted on Karachi and Lahore Stock Exchanges. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange, effective from 11 January 2016 the shares of the Company are now quoted on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sales of sugar, whereas molasses and bagasse are its significant by-products.

Pursuant to an amendment in the Company's Memorandum and Articles of Association, after the approval of members in the Company's annual general meeting held on 27 January 2016 and the confirmation by the Securities and Exchange Commission of Pakistan received on 07 April 2016, the Company now intends to setup a bagasse based co-generation power project with an installed capacity of 32 MW. The Company intends to finance the project through a combination of equity and debt. The Company has received power generation license and Upfront tariff for thirty years from the National Electric Power Regulatory Authority (NEPRA). The Company expects to commence commercial generation in 2017-18 and any surplus electric power, not consumed by the Company itself, will be sold to the Central Power Purchasing Agency (Guarantee) Limited (CPPA).

### 2 STATEMENT OF COMPLIANCE

This Condensed Interim Financial Information has been prepared in accordance with the requirements of IAS - 34 "Interim Financial Reporting", as applicable in Pakistan in all material respects. This Condensed Interim Financial Information is Un-audited and is being submitted to the members under section-245 of the Companies Ordinance, 1984, and listing regulations of Pakistan Stock Exchange.

### 3 BASIS OF PRESENTATION AND MEASUREMENT

**3.1** This Condensed Interim Financial Information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

**3.2** This Condensed Interim Financial Information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with financial statements of the Company for the year ended 30 September 2016.

### 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and applied by the Company for the preparation of this Condensed Interim Financial Information are the same as were adopted and applied in the preparation of the preceding Annual Audited Financial Statements for the year ended 30 September 2016.

### 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.

## Notes to the Condensed Interim Financial Information (Un-audited) for the three month period ended 31 December 2016

### 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) 31 December 2016 (Rupees in thousand)	(Audited) 30 September 2016
<b>7</b>			
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	599,338	615,665
Capital work in progress	7.2	233,525	195,615
		832,863	811,280

7.1 Additions and deletions made to operating fixed assets during the three month period ended 31 December 2016 are as under:

	Additions (Rupees in thousand)	Deletions
Office equipment	89	–
Motor vehicles	–	2,818
	89	2,818

7.2 Additions and transfers made to capital work in progress during the three month period ended 31 December 2016 are as under:

	Additions (Rupees in thousand)	Transfers
Civil works and buildings	1,257	–
Plant and machinery	36,167	–
Advances to suppliers	486	–
	37,910	–

	Note	(Un-audited) 31 December 2016 (Rupees in thousand)	(Audited) 30 September 2016
<b>8</b>			
<b>INVESTMENT IN ASSOCIATE - (Equity Method)</b>			
Associates - Equity method			
Shahtaj Textile Limited - Listed	8.1	104,400	109,575

8.1 Fair value of investment as at 31 December 2016 is Rs. (thousand) 233,450 (30 September 2016: Rs. (thousand) 211,600).

## Notes to the Condensed Interim Financial Information (Un-audited) for the three month period ended 31 December 2016

	Note	(Un-audited) 31 December 2016	(Audited) 30 September 2016
(Rupees in thousand)			
<b>9</b>	<b>STOCK IN TRADE</b>		
	Sugar	832,639	141,492
	Molasses	17,449	–
	Sugar in process	53,884	3,071
	Molasses in process	10,201	37
	Bagasse	38,512	17,638
		952,685	162,238
	Insecticide	89	93
	Stock at fair price shop	1,016	382
		1,105	475
		953,790	162,713
<b>10</b>	<b>LONG TERM BORROWING</b>		
	Long term borrowing	75,000	75,000
	Less: Current maturity	(50,000)	(50,000)
		25,000	25,000

**10.1** This represents long term loan obtained from a commercial bank, repayable in 8 equal half yearly installments commencing 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.

### 11 SHORT TERM BORROWINGS

The aggregate facility of short term borrowings available from commercial banks is Rs. (thousand) 2,970,000 (30 September 2016: Rs. (thousand) 2,970,000). Out of total facilities available Rs. (thousand) 2,570,000 is secured against pledge over stock and hypothecation over stores and spares and Rs. (thousand) 400,000 represents syndicated bridge finance facility having hypothecation charge over all present and future movable fixed assets for the purpose of co-generation power project.

The aggregate facility for letters of credit and guarantees as on 31 December 2016 amounts to Rs. (thousand) 1,545,000 (30 September 2016: Rs. (thousand) 1,545,000) and Rs. (thousand) 7,700 (30 September 2016: Rs. (thousand) 7,700), respectively. Out of total facilities available, the unutilized facility for letters of credit and guarantees amounts to Rs. (thousand) 797,381 (30 September 2016: Rs. (thousand) 1,192,514) and Rs. (thousand) 6,051 (30 September 2016: Rs. (thousand) 6,051), respectively.

### 12 CONTINGENCIES AND COMMITMENTS

#### 12.1 Contingencies

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

#### 12.2 Commitments

The Company's commitments for capital expenditure as on 31 December 2016 amounts to Rs. (thousand) 9,648 (30 September 2016: Rs. (thousand) 9,648) in the normal course of business.

## Notes to the Condensed Interim Financial Information (Un-audited) for the three month period ended 31 December 2016

The Company's commitments for letters of credit and guarantees amounts to Rs. (thousand) 747,619 (30 September 2016: Rs. (thousand) 352,486) and Rs. (thousand) 1,649 (30 September 2016: Rs. (thousand) 1,649), respectively. The amount of letters of credit includes Rs. (thousand) 673,100 (30 September 2016: (thousand) 284,886) which relating to capital commitments.

Note	(Un-audited)	
	31 December 2016	31 December 2015
	(Rupees in thousand)	
<b>13 SALES - NET</b>		
Sugar	920,801	1,019,999
Molasses	94,201	20,670
Bagasse	28,998	3,738
Press mud	1,362	1,096
	1,045,362	1,045,503
Less:		
Broker's commission on sugar	2,103	2,305
Sales tax / FED	94,370	78,242
Withholding tax on sales	1,292	1,520
	97,765	82,067
	947,597	963,436
<b>14 COST OF SALES</b>		
Cost of sugarcane procurement	1,485,455	1,110,006
Process materials	19,429	14,357
Fuel and power	5,720	4,925
Stores and spares consumed	23,636	21,328
Repairs and maintenance	3,715	4,521
Salaries, wages and other benefits	50,029	41,761
Company's contribution to provident fund	517	455
Rent, rates and taxes	254	251
Insurance	2,219	1,276
Conveyance and travelling	2,170	1,811
Depreciation	14,759	15,889
Other expenses	1,931	1,464
	1,609,834	1,218,044
Add: Opening stock of sugar and by-products in process	3,108	2,581
Less: Closing stock of sugar and by-products in process	(64,085)	(44,560)
Cost of sugar manufactured	1,548,857	1,176,065
Packing material consumed	11,080	9,183
Cost of sugar bagged	1,559,937	1,185,248
Add: Opening stock of sugar and by-products	159,130	567,573
Less: Closing stock of sugar and by-products	(888,600)	(864,543)
	830,467	888,278

## Notes to the Condensed Interim Financial Information (Un-audited) for the three month period ended 31 December 2016

	Note	(Un-audited)	
		31 December 2016	31 December 2015
(Rupees in thousand)			
<b>15 TAXATION</b>			
Taxation for the period:			
Current		10,123	9,994
Deferred		–	–
		10,123	9,994

### 16 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 with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

31 December 2016					
Related Parties					
	M/s. Shahtaj Textile Limited	M/s. Shezan International Limited	M/s. Shahnawaz (Private) Limited	M/s. Information System Associates Limited	Staff Provident Fund
	( Rupees in thousand )				
Dividend received	5,175	–	–	–	–
Utilities paid	–	–	67	–	–
Purchases and services received	–	11	131	96	–
Sales	–	31,600	–	–	–
Staff Provident Fund	–	–	–	–	1,170
	5,175	31,611	198	96	1,170

31 December 2015					
Related Parties					
	M/s. Shahtaj Textile Limited	M/s. Shezan International Limited	M/s. Shahnawaz (Private) Limited	M/s. Information System Associates Limited	Staff Provident Fund
	( Rupees in thousand )				
Dividend received	2,875	–	–	–	–
Utilities paid	–	–	67	–	–
Purchases and services received	–	10	260	64	–
Sales	–	119,980	–	–	–
Staff Provident Fund	–	–	–	–	1,036
	2,875	119,990	327	64	1,036



## Notes to the Condensed Interim Financial Information (Un-audited) for the three month period ended 31 December 2016

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.

### 17 AUTHORIZATION

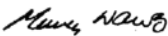
This condensed interim financial information was authorized for issue by the Board of Directors on 26 January 2017.

### 18 APPROPRIATIONS

The Board of Directors have proposed a final dividend for the year ended 30 September 2016 of Rs. 5/- per share (2015: Rs. Nil per share), amounting to Rs. (thousand) 60,055 (2015: Rs. (thousand) Nil) along with the transfer to general reserve amounting to Rs. (thousand) 30,000 (2015: Rs. (thousand) Nil) at their meeting held on 26 December 2016 for approval of the members at the Annual General Meeting to be held on 27 January 2017.

### 19 GENERAL

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

  
Chief Executive

  
Director

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## Shahtaj Sugar Mills Limited

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)