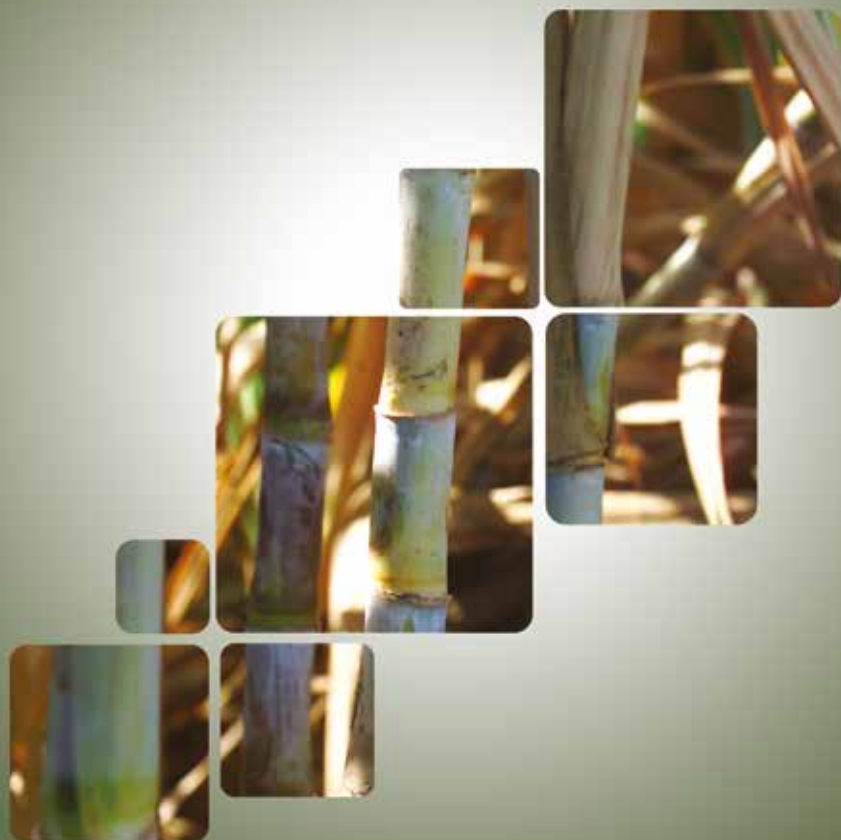




# Shah Taj Sugar Mills Limited



CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTH PERIOD ENDED  
31 MARCH 2017 (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. M. Naeem	Chairman
Mr. Muneer Nawaz	Member
Mr. Rashed Amjad Khalid	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

EY Ford Rhodes,  
Chartered Accountants,  
96-B-1, 4<sup>th</sup> Floor, PACE Mall Building,  
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 - Ameer 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 six month period ended 31 March 2017.

The operational performance as compared to the last six month period was as under:

		Half year ended 31 March	
		2017	2016
Sugarcane crushed	M. Tons	1,118,096	716,070
Sugar produced	M. Tons	111,825	71,599
Recovery	%	10.09	10.00

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

		Production Data	
		Season	
		2017	2016
Start of season		23.11.2016	30.11.2015
End of season		06.04.2017	06.03.16
Duration	Days	134	97
Sugarcane crushed	(M.Tons)	1,148,874	716,070
<b>Production:</b>			
Sugar	(M.Tons)	115,754	71,599
Molasses	(M.Tons)	48,947	32,377
<b>Recovery:</b>			
Sugar	%	10.08	10.00
Molasses	%	4.26	4.52

By the grace of Allah, our operational results for the season 2016-17 have been exceptional and we have achieved the highest level of crushing, production and recovery since our inception. You will appreciate that this is a big achievement.

Our shareholders will appreciate that this record crushing, production and recovery has resulted in satisfactory financial results as are shown in the attached Interim financial information.

Sugar prices during the period were slightly better than last year and cost of production had gone down due to better recovery and reduced cost of sugarcane procurement for the current season. For the quarter January to March, as well as for the six months October to March, your Company made an after tax profit of Rs. 190.393 million and Rs. 242.401 million respectively.

This season, since the sugarcane in our area was better than last season, we had to procure 22% sugarcane from outside areas as compared to 45% during the last season to achieve our crushing target. Average sugarcane price during the six month period has been about Rs. 183/- per 40 Kg as compared to Rs. 187/- per 40 Kg of corresponding period.

We would like to inform our shareholders that nowadays sugar market is depressed and every day the prices are coming down although normally the prices show an upward trend during the summer months. The reason for this pressure is the record production of sugar in the country, which has resulted in a big surplus. However, PSMA is trying to get export quota from the Government for the surplus quantity.

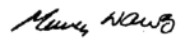
Sowing of sugarcane crop for the next crushing season is reported to be of same level as of last year. Our field staff

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.

It is our earnest desire to generate electricity for the national grid under the Government's co-generation policy for sugar mills in the next crushing season. Letter of credits have been established for the turbines and switchyard. All regulatory requirements have been fulfilled and we are at the final stage of negotiation of Energy Purchase Agreement with Central Power Purchasing Agency (Guarantee) Limited. We are trying our best to achieve commercial operation date of our co-generation power plant in December this year.

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

For and on behalf of the Board,



MUNEER  
NAWAZ

Chief Executive

Karachi: 26 May 2017

## ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز انتہائی مسرت کے ساتھ، اختتام شدہ ششماہی ۳۱ مارچ ۲۰۱۷ء کے لیے کمپنی کی غیر آڈٹ شدہ مالیاتی معلومات آپ کی خدمت پیش کرتے ہیں۔ دوران ششماہی پیداواری کارکردگی گذشتہ سال کے اسی عرصہ کے تقابلی جائزے کے ساتھ درج ذیل رہی:

اختتام ششماہی ۳۱ مارچ ۲۰۱۶	اختتام ششماہی ۳۱ مارچ ۲۰۱۷	گئے کی کرٹھنگ
۷۱۹،۰۷۰ میٹرک ٹن	۱،۱۱۸،۰۹۶ میٹرک ٹن	چینی کی پیداوار
۷۱،۵۹۹ میٹرک ٹن	۱۱۱،۸۲۵ میٹرک ٹن	ریکوری
۱۰ فیصد	۱۰ اعشاریہ ۰۹ فیصد	

جبکہ موجودہ مکمل سیزن کی پیداواری کارکردگی گذشتہ سیزن کے تقابلی جائزے کے ساتھ درج ذیل رہی:

سیزن ۲۰۱۶	سیزن ۲۰۱۷	پیداواری اعداد و شمار
۳۰ نومبر ۲۰۱۶	۲۳ نومبر ۲۰۱۶	آغاز سیزن
۰۶ مارچ ۲۰۱۶	۰۶ اپریل ۲۰۱۷	اختتام سیزن
۹۷ دن	۱۳۳ دن	دورانیہ
۷۱۹،۰۷۰ میٹرک ٹن	۱،۱۳۸،۸۷۳ میٹرک ٹن	گئے کی کرٹھنگ
		<u>پیداوار</u>
۷۱،۵۹۹ میٹرک ٹن	۱۱۵،۷۵۳ میٹرک ٹن	چینی
۳۲،۳۷۷ میٹرک ٹن	۳۸،۹۴۷ میٹرک ٹن	شیرہ
		<u>ریکوری</u>
۱۰ فیصد	۱۰ اعشاریہ ۰۸ فیصد	چینی
۳ اعشاریہ ۵۴ فیصد	۳ اعشاریہ ۲۶ فیصد	شیرہ

اللہ تعالیٰ کے فضل و کرم سے، پیداواری کارکردگی برائے سیزن ۲۰۱۷ بہت شاندار رہی اور ہم نے ادارے کے آغاز سے اب تک کی ریکارڈ کرٹھنگ، پروڈکشن اور ریکوری کا معیار حاصل کیا ہے۔ آپ اس بات کے معترف ہوں گے کہ ایک اہم کامیابی ہے۔

ہمارے شیرہ ہولڈرز اس بات کے بھی معترف ہوں گے کہ تاریخی کرٹھنگ، پروڈکشن اور ریکوری کی بدولت مالیاتی گوشوارہ بھی تسلی بخش ہے جیسا کہ منسلک مالیاتی رپورٹ سے ظاہر ہے۔ چینی کی قیمت فروخت گذشتہ سال کی نسبت معمولی سی بہتر ہے جبکہ پیداواری لاگت اس سیزن میں بہتر ریکوری اور گئے کی کفایتی قیمت کی وجہ سے کم رہی۔ دوران سماہی بخوری ۳۱ مارچ اور دوران ششماہی اکتوبر تا مارچ، آپ کے ادارے کا خالص منافع بالترتیب ۱۹۰ اعشاریہ ۳۹۳ ملین روپے اور ۲۴۲ اعشاریہ ۳۰۱ ملین روپے رہا۔

اس سیزن میں، اس وقت تک ہمارے زون ایریا میں گئے کی ترسیل گذشتہ سال کی نسبت بہتر تھی، اسی وجہ سے بیرون ایریا صرف ۲۲ فیصد گنا خرید آ گیا، جبکہ گذشتہ سال گئے کی خریداری کا ٹارگٹ حاصل کرنے کے لیے ۳۵ فیصد گنا بیرون ایریا سے خرید آ گیا۔ دوران ششماہی گئے کی خریداری کی فی من اوسط قیمت خرید ۱۸۳ روپے رہی جبکہ گذشتہ سال کے اسی عرصہ میں اوسط قیمت ۱۸۷ روپے فی ٹن تھی۔

ہم یہاں اپنے شیرہ ہولڈرز کو آگاہ کرنا ضروری سمجھتے ہیں کہ ان دنوں چینی کی قیمت فروخت دباؤ کا شکار ہے اور روز بروز اس میں کمی آ رہی ہے، حالانکہ روایتی طور پر موسم گرما کے ان دنوں میں قیمت فروخت میں اضافہ ہوتا ہے۔ اس دباؤ کی بڑی وجہ ملک میں مجموعی طور چینی کی ریکارڈ پیداوار ہے، جس کی وجہ سے چینی کی بہتات ہے۔ تاہم پاکستان شوگر ملز ایسوسی ایشن گورنمنٹ سے اس زائد اسٹاک کے برآمدی کوڈ کے حصول کی کوشش کر رہی۔

اندازہ ہے کہ گنے کی پیداوار آئندہ سیزن میں بھی حالیہ سیزن کے مطابق رہے گی۔ ہمارا فیملڈ سٹاف کوٹشاں ہے کہ کاشتکار کو بہترین بیج کے استعمال پر آمادہ کیا جائے۔ آئیں دعا کریں کہ اس موسم گرما میں اچھی مون سون بارشیں ہوں، تاکہ آئندہ سیزن میں زیادہ تعداد میں گنا کرٹنگ کے لیے دستیاب ہو۔

ہماری شدید خواہش کہ ہم آئندہ سیزن تک گورنمنٹ کی کوچریٹیشن پالیسی کے تحت بجلی کی پیداوار انٹینشل گروڈ کو تزیل کر سکیں۔ اس سلسلہ میں گروڈ انٹینشن اور ڈرائنگ کے لیے اعتباری معاہدے تکمیل کے مراحل میں ہیں۔ تمام ریگولیشنری ضروریات پوری ہو چکی ہیں اور ہمارے انٹرنل پاور پراجیکٹس (کارٹنی) لمیٹڈ کے ساتھ توانائی خریداری کا معاہدہ آخری مراحل میں ہے۔ ہم اپنی پوری کوشش کر رہے ہیں کہ ہم کوچریٹیشن پاور پلانٹ کے کمرشل آپریشن کا ٹارگٹ اس سال دسمبر تک حاصل کر لیں۔

آپ کے ادارے کے ڈائریکٹرز اس موقع پر ادارے کے آفیسرز، دیگر اسٹاف ممبران اور تمام ورکرز کی کام کے ساتھ لگن، جان افشانی اور محنت کے معترف ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز

*Munir Nawaz*

منیر نواز

چیف ایگزیکٹو آفیسر

کراچی، 26 مئی 2017

# Independent Auditors' Report To The Members On Review Of Condensed Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Shahtaj Sugar Mills Limited as at 31 March 2017 and the related condensed interim profit and loss account and condensed interim statements of comprehensive income, cash flows and changes in equity, together with the notes forming part thereof (here-in-after referred to as '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.

Lahore: 26 May 2017



Chartered Accountants

Review Engagement Partner: Farooq Hameed

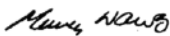


# Condensed Interim Balance Sheet

As at 31 March 2017

	Note	(Un-audited) 31 March 2017	(Audited) 30 September 2016
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	1,007,870	811,280
Investment in associate	8	112,164	109,575
Loans and advances		3,484	3,568
Deposits		1,103	1,103
Deferred taxation	9	–	35,213
		1,124,621	960,739
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		115,891	110,933
Stock in trade	10	2,973,250	162,713
Trade debts		168,763	2,074
Loans and advances		51,715	66,130
Deposits, prepayments and other receivables		8,168	23,295
Income tax recoverable		330,714	256,540
Cash and bank balances		53,202	38,579
		3,701,703	660,264
<b>TOTAL ASSETS</b>		<b>4,826,324</b>	<b>1,621,003</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		120,111	120,111
Capital reserve - share premium		27,534	27,534
Revenue reserve - general reserve and unappropriated profits		1,216,875	1,034,530
<b>TOTAL EQUITY</b>		<b>1,364,520</b>	<b>1,182,175</b>
<b>NON CURRENT LIABILITIES</b>			
Long term borrowing	11	292,335	25,000
Deferred taxation	9	2,641	–
Retirement benefits obligation		30,206	28,454
		325,182	53,454
<b>CURRENT LIABILITIES</b>			
Trade and other payables		814,014	60,225
Short term borrowings	12	2,143,163	224,666
Accrued interest on borrowings		27,569	3,693
Current maturity of long-term borrowing		50,000	50,000
Provision for taxation		101,876	46,790
		3,136,622	385,374
<b>TOTAL LIABILITIES</b>		<b>3,461,804</b>	<b>438,828</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,826,324</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

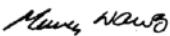
  
Director

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

for the six month period ended 31 March 2017

	Note	Six Month Period Ended		Three Month Period Ended	
		31 March		31 March	
		2017	2016	2017	2016
<b>(Rupees in thousand)</b>					
Sales - net	14	3,178,446	2,963,748	2,230,849	2,000,312
Cost of sales	15	(2,646,176)	(2,649,151)	(1,815,709)	(1,760,873)
<b>Gross profit</b>		532,270	314,597	415,140	239,439
Distribution cost		(7,580)	(6,276)	(5,443)	(4,104)
Administrative expenses		(144,755)	(114,654)	(96,648)	(70,556)
Other operating expenses		(26,366)	(13,261)	(22,076)	(10,949)
Other income		3,764	1,612	1,142	930
		(174,937)	(132,579)	(123,025)	(84,679)
<b>Operating profit</b>		357,333	182,018	292,115	154,760
Finance cost		(29,110)	(30,930)	(26,023)	(20,940)
		328,223	151,088	266,092	133,820
Share of profit of associate - net		7,764	6,253	7,764	6,253
<b>Profit before taxation</b>		335,987	157,341	273,856	140,073
Taxation	16	(93,586)	(54,234)	(83,463)	(44,240)
<b>Profit for the period</b>		242,401	103,107	190,393	95,833
Earnings per share - basic and diluted (Rupees per share)		20.18	8.58	15.85	7.98

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 2017

	Six Month Period Ended		Three Month Period Ended	
	31 March		31 March	
	2017	2016	2017	2016
	(Rupees in thousand)			
<b>Net profit for the period</b>	242,401	103,107	190,393	95,833
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the period</b>	242,401	103,107	190,393	95,833

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 2017

	Six Month Period Ended	
	31 March	
	2017	2016
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	335,987	157,341
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant and equipment	32,406	33,765
Interest / mark-up	28,511	30,287
Profit on bank deposits	(506)	(294)
Share of profit of associate	(7,764)	(6,253)
Gain on disposal of property, plant and equipment	(1,156)	(306)
Provision for gratuity and retirement benefits	2,040	2,063
Gain on initial recognition of financial assets at fair value	(134)	(186)
	53,397	59,076
<b>Operating profit before working capital changes</b>	389,384	216,417
<b>Working capital adjustments:</b>		
<b>Decrease / (increase) in current assets:</b>		
Stores, spares and loose tools	(4,958)	2,209
Stock in trade	(2,810,537)	(976,968)
Trade debts	(166,689)	(175,440)
Loans and advances	14,415	10,648
Deposits, prepayments and other receivables	15,127	(4,361)
	(2,952,642)	(1,143,912)
<b>Increase in current liabilities</b>		
Trade and other payables	753,636	283,453
	(1,809,622)	(644,042)
Income tax paid	(74,821)	(26,652)
Interest / mark-up paid	(4,635)	(66,879)
Profit on bank deposits	506	294
Retirement benefits paid	(288)	(726)
<b>Net cash used in operating activities</b>	(1,888,860)	(738,005)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(230,235)	(6,052)
Sale proceeds from disposal of property, plant and equipment	2,395	1,092
Decrease / (Increase) in loans and advances	219	791
Dividend received from associate	5,175	2,875
<b>Net cash used in investing activities</b>	(222,446)	(1,294)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(59,903)	(2)
Short-term borrowing	1,918,497	762,043
Long-term borrowing	267,335	(25,000)
<b>Net cash generated from financing activities</b>	2,125,929	737,041
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	14,623	(2,258)
<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>	53,202	10,945

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 2017

	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	–	–	–	103,107	103,107
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the period	–	–	–	103,107	103,107
Balance as at 31 March 2016	120,111	27,534	926,000	32,552	1,106,197
<b>Balance as at 01 October 2016</b>	120,111	27,534	926,000	108,530	1,182,175
Transfer to general reserve	–	–	75,000	(75,000)	–
Final Dividend @ Rs. 5/- per share for the year ended 30 September 2016	–	–	–	(60,056)	(60,056)
Profit for the period	–	–	–	242,401	242,401
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the period	–	–	–	242,401	242,401
<b>Balance as at 31 March 2017</b>	120,111	27,534	1,001,000	215,875	1,364,520

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 2017

### 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. The shares of the Company are quoted on 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 Securities and Exchange Commission of Pakistan received on 07 April 2016, the Company is in process to setup a bagasse based co-generation power project with an installed capacity of 32 MW. The project is being financed through a combination of debt equity ratio of 80:20. 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 for the six month period ended 31 March 2017 has been prepared in accordance with the requirements of IAS - 34 "Interim Financial Reporting", as applicable in Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provision 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 2016.
- 3.2** This Condensed Interim Financial Information is un-audited but subject to limited scope review by the auditors. Three month period ended 31 March 2017 were not subject to limited scope review by the auditors as the scope of the review covered only the cumulative figures for the six month period ended 31 March 2017.

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and applied by the Company for the preparation of this Condensed Interim Financial Information are consistent with those of the previous financial year except as follows:

#### **New Standards, Interpretations and Amendments**

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

## Notes to the Condensed Interim Financial Information (Un-audited) for the six month period ended 31 March 2017

### Standard or Interpretation

IFRS 10, IFRS 12 and IAS 27	– Consolidated Financial Statement, Disclosure of Interests in Other Entities and Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)
IFRS 11	– Joint Arrangements – Accounting for Acquisition of Interest in Joint Operation (Amendment)
IAS 1, IAS 16 and IAS 38	– Presentation of Financial Statements – Disclosure Initiative (Amendment) Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
IAS 16 and IAS 41	– Property, Plant and Equipment and Agriculture – Agriculture: Bearer Plants (Amendment)
IAS 27	– Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

### Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5	– Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7	– Financial Instruments: Disclosures - Servicing contracts
IFRS 7	– Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	– Employee Benefits - Discount rate: regional market issue
IAS 34	– Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report

The adoption of the above amendments 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 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.

## Notes to the Condensed Interim Financial Information (Un-audited) for the six month period ended 31 March 2017

	Note	(Un-audited) 31 March 2017 (Rupees in thousand)	(Audited) 30 September 2016	
<b>7</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>			
	Operating fixed assets	7.1	599,771	615,665
	Capital work in progress	7.2	408,099	195,615
			1,007,870	811,280

**7.1** Additions and deletions made to operating fixed assets during the six month period ended 31 March 2017 are as under:

	Additions (Rupees in thousand)	Deletions
Plant and machinery	7,119	–
Motor vehicles	10,463	4,944
Office equipment	169	–
	17,751	4,944

**7.2** Additions and transfers made to capital work in progress during the six month period ended 31 March 2017 are as under:

	Additions (Rupees in thousand)	Transfers
Civil works and buildings	2,450	–
Plant and machinery	75,264	7,119
Advances to suppliers	141,889	–
	219,603	7,119

	Note	(Un-audited) 31 March 2017 (Rupees in thousand)	(Audited) 30 September 2016	
<b>8</b>	<b>INVESTMENT IN ASSOCIATE</b>			
	Associates - Equity method			
	Shahtaj Textile Limited - Listed	8.1	112,164	109,575

**8.1** Fair value of investment as at 31 March 2017 is Rs. (thousand) 212,037 (30 September 2016: Rs. (thousand) 211,600).



## Notes to the Condensed Interim Financial Information (Un-audited) for the six month period ended 31 March 2017

	Note	(Un-audited) 31 March 2017	(Audited) 30 September 2016
(Rupees in thousand)			
<b>9</b>	<b>DEFERRED TAXATION</b>		
	<b>This comprises:</b>		
	<b>Deferred tax liabilities on taxable temporary differences</b>		
	Accelerated tax depreciation	(136,588)	(142,922)
	Investment in associate	(12,583)	(12,259)
		(149,171)	(155,181)
	<b>Deferred tax assets on deductible temporary differences</b>		
	Employee benefits	12,396	5,169
	Carry forward tax losses and credits	134,134	185,225
		146,530	190,394
		(2,641)	35,213
<b>10</b>	<b>STOCK IN TRADE</b>		
	Sugar	2,718,227	141,492
	Molasses	112,464	–
	Sugar in process	43,475	3,071
	Molasses in process	5,649	37
	Bagasse	92,629	17,638
		2,972,444	162,238
	Insecticide	63	93
	Stock at fair price shop	743	382
		806	475
		2,973,250	162,713
<b>11</b>	<b>LONG TERM BORROWING</b>		
	Long term borrowing	342,335	75,000
	Less: Current maturity	(50,000)	(50,000)
		292,335	25,000

**11.1** This includes a long term syndicated term finance facility obtained from a consortium of banking companies comprising MCB Bank Limited, United Bank Limited and Bank Al Habib Limited. The facility is secured against first mortgage charge over properties and first pari passu hypothecation charge over all present and future movable fixed assets in favor of the syndicate for the purpose of co-generation power project with 25% margin limited to Rs. (thousand) 2,608,000. Markup is chargeable at a rate of 6 month KIBOR + 1.25% per annum quarterly with a two years grace period.

## Notes to the Condensed Interim Financial Information (Un-audited) for the six month period ended 31 March 2017

This also includes an outstanding loan amounting to Rs. (thousand) 50,000 obtained from MCB Bank Limited for purchase and installation of high pressure boiler and ancillary machinery. Markup is chargeable at a rate of 6 month KIBOR + 1% per annum bi-annually. This facility is secured against first exclusive charge over entire plant and machinery with 25% margin limited to Rs. 267 million.

### 12 SHORT TERM BORROWINGS

The aggregate facility of short term borrowings available from commercial banks is Rs. (thousand) 2,920,000 (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.

The rates of markup ranges between 1 month / 3 month KIBOR + 0.65% to 1 month / 3 month KIBOR + 1.15% (30 September 2016: 1 month / 3 month KIBOR + 0.65% to 1 month / 3 month KIBOR + 1.25%).

The aggregate facility for letters of credit and guarantees as at 31 March 2017 amounts to Rs. (thousand) 1,545,000 (30 September 2016: Rs. (thousand) 1,545,000) and Rs. (thousand) 16,000 (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) 770,293 (30 September 2016: Rs. (thousand) 1,192,514) and Rs. (thousand) 7,612 (30 September 2016: Rs. (thousand) 6,051), respectively.

### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

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

#### 13.2 Commitments

- i. The Company's commitments for capital expenditure as at 31 March 2017 amounts to Rs. (thousand) Nil (30 September 2016: Rs. (thousand) 9,648) in the normal course of business.
- ii. The Company's commitments for letters of credit and guarantees as at 31 March 2017 amounts to Rs. (thousand) 774,707 (30 September 2016: Rs. (thousand) 352,486) and Rs. (thousand) 8,388 (30 September 2016: Rs. (thousand) 1,649), respectively. The amount of letters of credit includes Rs. (thousand) 726,764 (30 September 2016: Rs. (thousand) 284,886) which relates to capital expenditure for the co-generation power project.

## Notes to the Condensed Interim Financial Information (Un-audited) for the six month period ended 31 March 2017

	Un-Audited Six Month Period Ended		Un-Audited Three Month Period Ended	
	31 March		31 March	
	2017	2016	2017	2016
	(Rupees in thousand)			
<b>14 SALES - NET</b>				
Sugar	3,123,373	2,935,784	2,202,572	1,915,785
Molasses	282,819	211,978	188,618	191,308
Bagasse	96,019	70,978	67,021	67,240
Press mud	4,697	3,222	3,335	2,126
	3,506,908	3,221,962	2,461,546	2,176,459
Less:				
Broker's commission on sugar	7,004	6,388	4,901	4,083
Sales Tax / Federal Excise Duty	318,020	248,242	223,650	170,000
Withholding tax on sales	3,438	3,584	2,146	2,064
	328,462	258,214	230,697	176,147
	3,178,446	2,963,748	2,230,849	2,000,312
<b>15 COST OF SALES</b>				
Cost of sugarcane procured	5,102,671	3,349,274	3,617,216	2,239,268
Process materials	54,444	34,384	35,015	20,027
Fuel and power	5,482	5,865	(238)	940
Stores and spares consumed	45,161	38,549	21,525	17,221
Repairs and maintenance	6,279	8,957	2,564	4,436
Salaries, wages and other benefits	152,602	115,769	102,573	74,008
Company's contribution to provident fund	1,087	973	570	518
Rent, rates and taxes	894	909	640	658
Insurance	4,481	2,572	2,262	1,296
Conveyance and travelling	5,300	4,265	3,130	2,454
Depreciation	30,118	31,799	15,359	15,910
Other expenses	7,963	4,031	6,032	2,567
	5,416,482	3,597,347	3,806,648	2,379,303
Add: Opening stock of sugar and molasses in process	3,108	2,581	64,085	44,560
Less: Closing stock of sugar and molasses in process	(49,124)	(2,994)	(49,124)	(2,994)
Cost of sugar manufactured	5,370,466	3,596,934	3,821,609	2,420,869
Packing material	39,900	27,869	28,820	18,686
Cost of sugar bagged	5,410,366	3,624,803	3,850,429	2,439,555
Add: Opening stock of sugar and by-products	159,130	567,573	888,600	864,543
Less: Closing stock of sugar and by-products	(2,923,320)	(1,543,225)	(2,923,320)	(1,543,225)
	2,646,176	2,649,151	1,815,709	1,760,873
<b>16 TAXATION</b>				
Taxation for the period				
Current	(55,733)	(24,132)	(45,610)	(14,138)
Deferred	(37,853)	(30,102)	(37,853)	(30,102)
	(93,586)	(54,234)	(83,463)	(44,240)

## Notes to the Condensed Interim Financial Information (Un-audited) for the six month period ended 31 March 2017

### 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 with related parties and associated undertakings are as follows:

31 March 2017							
Related Parties							
Shahtaj Textile Limited	Shezan International Limited	Shahnawaz (Private) Limited	Information System Associates Limited	Shezan Services (Private) Limited	Staff Provident Fund	Key Management Personnel	
<b>( Rupees in thousand )</b>							
Dividend received	5,175	–	–	–	–	–	–
Utilities paid	–	–	134	–	–	–	–
Purchases and services received	–	26	736	223	–	–	–
Dividend Paid	–	–	–	–	1,428	–	–
Sales	–	236,735	–	–	–	–	–
Staff Provident Fund	–	–	–	–	–	2,381	–
Remuneration and benefits	–	–	–	–	–	–	37,463
	5,175	236,761	870	223	1,428	2,381	37,463

31 March 2016							
Related Parties							
Shahtaj Textile Limited	Shezan International Limited	Shahnawaz (Private) Limited	Information System Associates Limited	Shezan Services (Private) Limited	Staff Provident Fund	Key Management Personnel	
<b>( Rupees in thousand )</b>							
Dividend received	2,875	–	–	–	–	–	–
Utilities paid	–	–	134	–	–	–	–
Purchases and services received	–	448	611	227	–	–	–
Dividend Paid	–	–	–	–	–	–	–
Sales	–	349,450	–	–	–	–	–
Staff Provident Fund	–	–	–	–	–	2,146	–
Remuneration and benefits	–	–	–	–	–	–	35,162
	2,875	349,898	745	227	–	2,146	35,162

## Notes to the Condensed Interim Financial Information (Un-audited) for the six month period ended 31 March 2017

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.

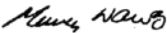
No buying or selling commission has been paid to any associated undertaking.

### 18 AUTHORIZATION

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

### 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

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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)