



SHAHTAJ

SUGAR MILLS LIMITED

Interim Financial
Information
(Un-audited)

For the nine month
period ended
30 June

2018

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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 Shahnawaz Idris	
Mr. Rashed Amjad Khalid	
Mr. Toqueer Nawaz	
Mr. Attaullah A. Rasheed	(S.L.I.C.)
Mr. Aamir Amin	(N.I.T.)

Company Secretary

Mr. Jamil Ahmad Butt, FCMA

Chief Financial Officer

Mr. Waqar Ahmad, FCA

Audit Committee

Mr. Attaullah A. Rasheed	Chairman
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member
Mr. Toqueer Nawaz	Member

Human Resource & Remuneration Committee

Mr. Attaullah A. Rasheed	Chairman
Mr. M. Naeem	Member
Mr. Muneer Nawaz	Member
Mr. Rashed Amjad Khalid	Member

Head Office

72/C-1, M. M. Alam Road,
Gulberg III, Lahore - 54660.
Phone : (042) 3571 0482 - 84
Fax : (042) 3571 1904
Website : www.shahtajsugar.com
E-mail : mail@shahtajsugar.com

Registered Office

19, Dockyard Road,
West Wharf, Karachi - 74000
Phone : (021) 3231 3934 - 38
Fax : (021) 3231 0623
E-mail : 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, 4th Floor, PACE Mall Building,
M. M. Alam Road, Gulberg-II,
Lahore - 54660.

Legal Advisor

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

Share Registrar

JWAFFS Registrar Services (Private) Limited
Suite No. 407 - 408,
4th Floor, Al-Ameera Centre,
Shahrah-e-Iraq, Saddar, Karachi.

Bankers

United Bank Limited
Habib Bank Limited
MCB Bank Limited
Bank Alfalah Limited
Bank AL-Habib Limited
JS Bank Limited
Allied Bank Limited
National Bank of Pakistan
Faysal Bank Limited

Directors' Report to the Members

Your Directors have pleasure in presenting the un-audited interim financial information for the nine month period ended 30 June 2018.

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

Production Data

		Season	
		2018	2017
Start of Season		30.11.2017	23.11.2016
End of Season		19.03.2018	06.04.2017
Duration	Days	110	134
Sugarcane Crushed	(M. Tons)	940,405	1,148,874
Production:			
Sugar	(M. Tons)	90,756	115,754
Molasses	(M. Tons)	42,987	48,947
Recovery:			
Sugar	%	9.65	10.08
Molasses	%	4.57	4.26

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

At industry level, overall production of sugar in the country for the season is slightly less than last season. Current market conditions i.e. sugar price is very unfavorable. With the efforts of PSMA and keeping in view surplus stocks of sugar in the country the Federal Government has allowed export of 1,500,000 tons of sugar with freight support of Rs. 10.70/ kg. Despite with the export of 1,500,000 tons of sugar domestic price of sugar has not improved reasonably so far.

Sugar prices during the nine month period were drastically less than the corresponding period of last year due to surplus stocks and decrease in international prices of sugar. Further molasses prices during the period under review were also depressed as compared to corresponding period due to high production and available stocks of molasses in the market.

For the nine month period, your Company recorded a turnover of Rs. 4,271.538 million as against Rs. 5,139.904 million in the corresponding period of 2017. The cost of sales was Rs. 4,347.218 million as against Rs. 4,420.167 million of the previous period. Thus, the Company has a gross loss of Rs. 75.680 million for the nine month period ended 30 June 2018 as against a gross profit of Rs. 719.737 million of the corresponding period. The net loss has been recorded to be Rs. 265.845 million against the profit of Rs. 308.645 million of the corresponding period. The loss was due to decrease in average selling price of sugar of Rs. 8,228 per metric ton as compared with corresponding period and price of sugarcane remained at Rs. 180/- per 40 Kg. The finance cost for the period was Rs. 38.476 million as against Rs. 59.464 million of the corresponding period.

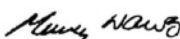
Sowing of sugarcane crop for the next crushing season is reported to be less than last year. However, our field staff is doing its best to persuade the sugarcane growers to use better quality seed. Let us pray for good monsoon rains in the summer season, so that higher quantity is available for crushing.

Directors' Report to the Members


As informed earlier we are in 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. Alhamdulillah, Two steam turbines of generation capacity of 16MW each have been installed. Work on the construction of Switch Yard of 132 KV is in progress. We have already established letters of credit for the purchase of equipment related to 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) on 10th November 2016 and 2nd January 2017 respectively. Our EPA has been sanctioned by the BOD of CPPA and vetted by NEPRA but it still has to be signed, delay on the side of CPPA. However we are actively pursuing for the signing of the EPA at all levels.

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



MEHMOOD NAWAZ
Chairman

Karachi: 23 July 2018.

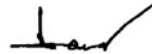
ڈائریکٹرز رپورٹ برائے ممبران

آئندہ بیزنس کے لیے فصل کی کاشت گزشتہ سال کی نسبت کم رپورٹ ہوئی ہے۔ ہمارا فیملڈ سٹاف کسانوں کو گنے کا بہتر بیج کاشت کرنے کے لیے قائل کرنے کی بھرپور کوشش کر رہا ہے۔ تاہم ہم دعا گو ہیں کہ موسم گرما میں مون سون کی اچھی بارشیں ہوں تاکہ بہتر کوالٹی کا گنا کریشنگ کے لیے دستیاب ہو۔

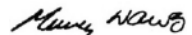
جیسا کہ پہلے ہی آپ کے علم میں لایا جا چکا ہے کہ ادارے کا بگاس (گنے کی کھوٹی) سے چلنے والا بجلی کا پلانٹ جو 32 میگا واٹ کی صلاحیت رکھتا ہے تنصیب کے مراحل میں ہے۔ ابتدائی مرحلہ میں ہم اس بجلی کے پلانٹ سے انشاء اللہ 22.85 میگا واٹ بجلی پیدا کر سکیں گے۔ تاہم اس میں سے 15 میگا واٹ بجلی نیشنل گرڈ کو ترسیل کی جاسکے گی۔ الحمد للہ مزید ہم آپ کو یہ بتاتے ہوئے خوشی محسوس کر رہے ہیں کہ 16 میگا واٹ صلاحیت کی دو عدد ڈربائوں کی تنصیب کا کام مکمل ہو چکا ہے جبکہ 132KV صلاحیت کے گرڈ اسٹیشن کی تنصیب کا کام جاری ہے گرڈ اسٹیشن سے متعلق سامان کی ترسیل کے لیے اعتباری معاہدے ہو چکے ہیں مزید آپ کی اطلاع کے لیے عرض ہے کہ نیشنل پاور اینڈ ریگولیشن اتھارٹی نے مورخہ 10 نومبر 2016 کو آپ کے ادارے کو بجلی کی پیداوار کا اجازت نامہ (جنریشن لائسنس) تیس سال کے لیے جاری کر دیا ہے اور اسی طرح بجلی خریداری کی شرح کا معاہدہ بھی مورخہ 02 جنوری 2017 کو منظور ہو چکا ہے۔ ہمارا حکومتی ادارے CPPA کی جانب سے بجلی خریداری کا معاہدہ بورڈ آف ڈائریکٹرز سے منظور ہو چکا ہے جس کی NEPRA کی طرف سے بھی منظوری ہو چکی ہے۔ لیکن ابھی تک اس پر دستخط ہونا باقی ہیں جس میں CPPA کی جانب سے تاخیر ہے۔ تاہم بجلی خریداری کے معاہدے کے جلد از جلد تکمیل کے لیے ہم سرگرم عمل ہیں۔

آپ کے ڈائریکٹرز اس موقع پر ادارے کے آفیسرز، اسٹاف ممبران اور تمام کارکنان کی جانفشانی اور کام سے لگاؤ کے معترف ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز



محمود نواز
چیئر مین



منیر نواز
چیف ایگزیکٹو آفیسر

کراچی

23 جولائی 2018

ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز آپ کی خدمت میں اختتام شدہ نو ماہی 30 جون 2018 کے لیے کمپنی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہیں۔ اس کرٹنگ سیزن کے دوران گذشتہ سیزن کے مقابل پیداواری کارکردگی درج ذیل رہی۔

برائے سیزن		پیداواری اعداد و شمار
2017	2018	
23 نومبر 2016	30 نومبر 2017	آغاز سیزن
106 اپریل 2017	19 مارچ 2018	اختتام سیزن
134 دن	110 دن	دورانیہ
1,148,874 میٹرک ٹن	940,405 میٹرک ٹن	گنے کی کرٹنگ
		پیداوار
115,754 میٹرک ٹن	90,756 میٹرک ٹن	چینی
48,947 میٹرک ٹن	42,987 میٹرک ٹن	شیرہ
		ریکیوری
10.08%	9.65%	چینی
4.26%	4.57%	شیرہ

اوپر دیے گئے اعداد و شمار کے مطابق چینی کی پیداوار نسبت گذشتہ سال سیزن دیر سے شروع ہونے کی وجہ سے کم رہی جبکہ ریکیوری بھی گذشتہ سال کی نسبت کم رہی تاہم شیرہ کی ریکیوری بہتر رہی۔ گنے کی امدادی قیمت میں اس سال اضافہ نہیں ہوا اور وہ گذشتہ سال کی طرح 180 روپے فی من رہی۔

انٹرنسٹی کی سطح پر اس سال چینی کی مجموعی پیداوار گذشتہ سیزن کی نسبت کم ہے۔ موجودہ کاروباری حالات میں چینی کی قیمت غیر موزوں ہے۔ پاکستان شوگر ملز ایسوسی ایشن کی کوششوں سے موجودہ سیزن میں زائد چینی کی پیداوار کو مد نظر رکھتے ہوئے مرکزی حکومت نے 1,500,000 میٹرک ٹن چینی کی برآمد کی اجازت 10.70 روپے فی کلوگرام کر ایہ بار برداری کی مد میں چھوٹ کی اجازت کے ساتھ دی ہے۔ باوجود 1,500,000 میٹرک ٹن چینی کی برآمد کے باوجود قیمت فروخت میں ابھی تک معقول اضافہ نہیں ہوا۔

چینی کی قیمت فروخت اس نو ماہ کے دورانیہ میں گذشتہ سال کے اسی دورانیہ کی نسبت انتہائی کم رہی جس کی وجہ سے زائد ذخائر اور بین الاقوامی منڈی میں چینی کی کم قیمت ہے۔ اسی طرح شیرہ کی قیمت فروخت بھی پیش کردہ دورانیہ میں گذشتہ دورانیہ کی نسبت کم رہی اس کا سبب شیرہ کی زائد پیداوار اور مارکیٹ میں موجود اشناک ہے۔

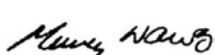
نو ماہ کے دورانیہ میں آپ کی کمپنی کی فروخت 4,271,538 ملین روپے رہی جبکہ 2017 کے اسی دورانیہ میں 5,139,904 ملین روپے فروخت ریکارڈ کی گئی۔ پیداواری لاگت گذشتہ سال کی لاگت 4,420,167 ملین روپے کے مقابل 4,347,218 ملین روپے رہی۔ اس طرح ادارے کا دوران عرصہ مجموعی نقصان 75,680 ملین روپے رہا جبکہ گذشتہ سال کے اسی عرصہ میں 30 جون 2018 کے مقابل مجموعی منافع 719,737 ملین روپے رہا۔ جبکہ خالص نقصان دوران عرصہ 265,845 ملین روپے ریکارڈ کیا گیا جبکہ گذشتہ سال دوران عرصہ خالص منافع 308,645 ملین روپے رہا۔ نقصان کی بڑی وجہ گذشتہ سال کے اسی دورانیہ کے مقابل پر چینی کی قیمت فروخت میں 8,228 روپے فی میٹرک ٹن کے حساب سے کمی ہے اور گنے کی قیمت خریدہ 180 روپے فی من رہی۔ مالیاتی لاگت دوران عرصہ 38,476 ملین روپے رہی جبکہ اس کے مقابل گذشتہ سال اسی دورانیہ میں مالیاتی لاگت 59,464 ملین روپے تھی۔

Condensed Interim Balance Sheet

As at 30 June 2018

		(Un-audited) 30 June 2018	(Audited) 30 September 2017
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
	Property, plant and equipment	1,863,032	1,560,357
	Investment in associate	122,741	113,196
	Long term loans and advances	3,361	4,695
	Long term deposits	1,103	1,103
		1,990,237	1,679,351
CURRENT ASSETS			
	Stores, spares and loose tools	150,048	119,294
	Stock in trade	957,918	804,212
	Trade debts	57,216	44,342
	Loans and advances	47,419	54,904
	Trade deposits and short term prepayments	5,674	3,470
	Other receivables	8,406	8,473
	Income tax recoverable	433,125	294,680
	Cash and bank balances	35,039	50,240
		1,694,845	1,379,615
		3,685,082	3,058,966
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
	Share capital	120,111	120,111
	Capital reserve - share premium	27,534	27,534
	Revenue reserve	799,632	1,116,528
		947,277	1,264,173
NON CURRENT LIABILITIES			
	Long term borrowings	1,036,942	771,742
	Retirement benefits obligation	34,113	32,238
	Deferred taxation	382	71,588
		1,071,437	875,568
CURRENT LIABILITIES			
	Trade and other payables	435,269	102,576
	Short term borrowings	1,053,600	696,911
	Accrued interest on borrowings	51,485	21,864
	Current maturity of long-term borrowings	-	25,000
	Provision for taxation	126,014	72,874
		1,666,368	919,225
		2,737,805	1,794,793
		3,685,082	3,058,966
TOTAL LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES			

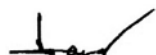
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Chief Executive



Chief Financial Officer



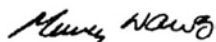
Chairman

Condensed Interim Profit and Loss Account (Un-audited)

For the nine month period ended 30 June 2018

	Note	Nine Month Period Ended 30 June		Three Month Period Ended 30 June	
		2018	2017	2018	2017
(Rupees in thousand)					
Sales - net	13	4,271,538	5,139,904	1,538,641	1,961,458
Cost of sales	14	(4,347,218)	(4,420,167)	(1,523,676)	(1,773,991)
Gross (loss) / profit		(75,680)	719,737	14,965	187,467
Distribution cost		(10,105)	(9,889)	(2,312)	(2,309)
Administrative expenses		(180,434)	(195,422)	(40,975)	(50,667)
Other operating expenses		(2,747)	(34,599)	(915)	(8,233)
Other income		17,241	5,187	1,163	1,423
		(176,045)	(234,723)	(43,039)	(59,786)
Operating (loss) / profit		(251,725)	485,014	(28,074)	127,681
Finance cost		(38,476)	(59,464)	(20,132)	(30,354)
Share of profit of associate - net of tax		4,702	7,764	-	-
(Loss) / profit before taxation		(285,499)	433,314	(48,206)	97,327
Taxation	15	19,654	(124,669)	(19,286)	(31,083)
(Loss) / profit for the period		(265,845)	308,645	(67,492)	66,244
(Loss) / earnings per share - basic and diluted (Rupees per share)		(22.13)	25.70	(5.62)	5.52

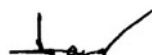
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Chief Executive



Chief Financial Officer



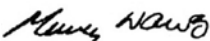
Chairman

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine month period ended 30 June 2018

	Nine Month Period Ended 30 June		Three Month Period Ended 30 June	
	2018	2017	2018	2017
	(Rupees in thousand)			
Net (loss) / profit for the period	(265,845)	308,645	(67,492)	66,244
Other comprehensive income for the period	9,005	-	9,005	-
Total comprehensive (loss) / income for the period	(256,840)	308,645	(58,487)	66,244

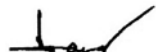
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Chief Executive



Chief Financial Officer



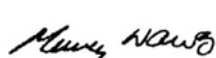
Chairman

Condensed Interim Cash Flow Statement (Un-audited)

For the nine month period ended 30 June 2018

	Nine Month Period Ended 30 June	
	2018	2017
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(285,499)	433,314
Non-cash adjustments to reconcile (loss) / profit before tax to net cash flows:		
Depreciation on property, plant and equipment	46,033	48,986
Interest / mark-up	36,683	58,401
Profit on bank deposits	(860)	(506)
Share of profit of associate	(4,702)	(7,764)
Gain on disposal of property, plant and equipment	(494)	(1,163)
Provision for gratuity and retirement benefits	2,747	3,060
Gain on initial recognition of financial assets at fair value	(344)	(50)
	79,063	100,964
Operating (loss) / profit before working capital changes	(206,436)	534,278
Working capital adjustments:		
Increase in current assets:		
Stores, spares and loose tools	(30,754)	(23,284)
Stock in trade	(153,706)	(1,270,114)
Trade debts	(12,874)	(1,830)
Loans and advances	7,485	(67,533)
Trade deposits and short term prepayments	(2,204)	(77)
Other receivables	67	16,594
	(191,986)	(1,346,244)
Increase in current liabilities		
Trade and other payables	332,048	317,605
Cash used in operations	(66,374)	(494,361)
Income tax paid	(138,445)	(77,136)
Interest / mark-up paid	(7,062)	(20,956)
Profit on bank deposits received	860	506
Retirement benefits paid	(872)	(598)
Net Cash used in operating activities	(211,893)	(592,545)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(993)	(11,763)
Addition in capital work in progress	(349,373)	(543,539)
Sale proceeds from disposal of operating fixed assets	2,151	2,413
Decrease in loans and advances	1,678	(133)
Dividend received from associate	5,750	5,175
Net cash used in investing activities	(340,787)	(547,847)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(59,410)	(58,491)
Short-term borrowings obtained	356,689	789,037
Long-term borrowings obtained	240,200	521,213
Net cash generated from financing activities	537,479	1,251,759
Net decrease in cash and cash equivalents	(15,201)	111,367
Cash and cash equivalents at the beginning of the period	50,240	38,579
Cash and cash equivalents at the end of the period	35,039	149,946

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



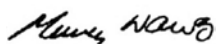
Chairman

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

For the nine month period ended 30 June 2018

	Share capital	Capital reserve	Revenue reserve		Total
		Share premium	General reserve	Un-appropriated profits / (losses)	
(Rupees in thousand)					
Balance as at 01 October 2016	120,111	27,534	926,000	108,530	1,182,175
Transfer to general reserve	-	-	30,000	(30,000)	-
Final Dividend @ Rs. 5/- per share for the year ended 30 September 2016	-	-	-	(60,056)	(60,056)
Profit for the period	-	-	-	308,645	308,645
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	308,645	308,645
Balance as at 30 June 2017	120,111	27,534	956,000	327,119	1,430,764
Balance as at 01 October 2017	120,111	27,534	956,000	160,528	1,264,173
Transfer to general reserve	-	-	60,000	(60,000)	-
Final Dividend @ Rs. 5/- per share for the year ended 30 September 2017	-	-	-	(60,056)	(60,056)
Loss for the period	-	-	-	(265,845)	(265,845)
Other comprehensive income	-	-	-	9,005	9,005
Total comprehensive loss for the period	-	-	-	(256,840)	(256,840)
Balance as at 30 June 2018	120,111	27,534	1,016,000	(216,368)	947,277

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



Chairman

Notes to the Interim Financial Information (Un-audited)

For the nine month period ended 30 June 2018

1. The Company and its Operations

Shahtaj Sugar Mills Limited (the Company) was incorporated in Pakistan on 27 March 1965 as a Public Limited Company under the Companies Act, 1913, and then under the Companies Ordinance, 1984, which is now superseded by the Companies Act, 2017. The Company is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale 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 confirmation by the Securities and Exchange Commission of Pakistan received on 07 April 2016, the Company is in the process to setup a bagasse based co-generation power project with an installed capacity of 32 MW. The project is being financed through a combination of debt and equity. The Company has received power generation license and upfront tariff for thirty years from the National Electric Power Regulatory Authority (NEPRA). The Company expects to commence commercial generation after obtaining approval from the competent authority 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 Interim Financial Information of the Company for the nine month period ended 30 June 2018 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for Interim Financial Reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

3. Basis of Presentation and Measurement

This 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 2017.

4. Significant Accounting Policies

The accounting policies adopted and applied by the Company for the preparation of this 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 standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

- IAS 7 - Statement of Cash Flows - Disclosure Initiative - (Amendment)
- IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)

Notes to the Interim Financial Information (Un-audited)

For the nine month period ended 30 June 2018

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12 - Disclosure of Interest in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above standards, amendments and improvements to accounting standards did not have any effect on this 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 increase volume of inventories and financing at the end of the first half.

6. Taxation, Retirement Benefit Obligations, WWF and WPPF

Provisions in respect of Taxation, Retirement Benefit Obligations, Workers' Welfare Fund (WWF) and Workers' Profit Participation Fund (WPPF) are estimated and these are subject to final adjustments in the annual audited financial statements.

7. Property, Plant and Equipment

Operating fixed assets
Capital work in progress

Note	(Un-audited)	(Audited)
	30 June 2018	30 September 2017
(Rupees in thousand)		
7.1	541,073	571,398
7.2	1,321,959	988,959
	<u>1,863,032</u>	<u>1,560,357</u>

7.1 Additions and deletions made to operating fixed assets during the nine month period ended 30 June 2018 are as under:

Operating Fixed Assets

Plant and Machinery
Motor vehicles
Furniture and Fitting
Office equipment

Additions	Deletions
(Rupees in thousand)	
14,461	25,485
1,912	1,704
65	32
928	590
<u>17,366</u>	<u>27,811</u>

Notes to the Interim Financial Information (Un-audited)

For the nine month period ended 30 June 2018

7.2 Additions and transfers made to capital work in progress during the nine month period ended 30 June 2018 are as under:

Capital Work in Progress	As at 01 October 2017	Additions	Transfer	Transfer to Operating Fixed Assets	As at 30 June 2018
	(Rupees in thousand)				
Civil works and buildings	10,758	17,129	-	-	27,887
Plant and machinery	723,601	76,154	214,034	(14,461)	999,328
Other directly attributable overheads	81,077	58,466	-	-	139,543
Advances to Suppliers	173,523	197,624	(214,034)	(1,912)	155,201
	988,959	349,373	-	(16,373)	1,321,959

	Note	(Un-audited) 30 June 2018	(Audited) 30 September 2017
		(Rupees in thousand)	
8. Stock In Trade			
Sugar		925,593	758,601
Molasses		10,738	-
Bagasse		17,164	42,045
Sugar in process		3,125	3,104
Molasses in process		44	52
		956,664	803,802
Insecticide		63	8
Stock at fair price shop		1,191	402
		1,254	410
		957,918	804,212
9. Long Term Borrowing			
Loan I	10.1	1,036,942	771,742
Loan II		-	25,000
Less: Current maturity		-	(25,000)
		1,036,942	771,742
10. Deferred Taxation			
This comprises:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation investment in associate		(129,739)	(131,564)
		(16,686)	(15,254)
		(146,425)	(146,818)
Deferred tax assets on deductible temporary differences			
Employee benefits		14,214	13,875
Carry forward tax losses and credits		131,829	61,355
		146,043	75,230
Net Deferred tax asset / (liability)		(382)	(71,588)

Notes to the Interim Financial Information (Un-audited)

For the nine month period ended 30 June 2018

10.1 This represents a long term syndicated term finance facility obtained from a consortium of banking companies comprising MCB Bank Limited, United Bank Limited and Bank AL-Habib Limited. The facility is secured against first mortgage charge over properties and first pari passu hypothecation charge over hypothecated assets in favour of the syndicate for the purpose of co-generation power project with 25% margin limited to Rs. 2,608 million. Mark-up is chargeable at a rate of 6 month KIBOR + 1.25% per annum semi-annually with a two years grace period. The loan is repayable in ten equal semi-annual installments. Out of total available facility of Rs. 1,956 million, the un-utilized portion as at 30 June 2018 amounts to Rs. 919 million (30 September 2017 Rs. 1,184 million).

11. Short Term Borrowings

The aggregate facility of short term borrowings available from commercial banks as at 30 June 2018 is Rs. (thousand) 2,670,000 (30 September 2017: Rs. (thousand) 2,670,000). These facilities are secured against pledge over stock. The un-utilized portion of the said facility amounts to Rs. (thousand) 1,616,400 (30 September 2017: Rs. (thousand) 1,973,089).

The aggregate facility for letters of credit and guarantees as at 30 June 2018 amounts to Rs. (thousand) 1,545,000 (30 September 2017: Rs. (thousand) 1,545,000) and Rs. (thousand) 16,000 (30 September 2017: Rs. (thousand) 16,000), respectively. Out of total facilities available, the unutilized facility for letters of credit and guarantees amounts to Rs. (thousand) 1,089,102 (30 September 2017: Rs. (thousand) 1,015,591) and Rs. (thousand) 14,352 (30 September 2017: Rs. (thousand) 7,440), respectively.

12. Contingencies and Commitments

12.1 Contingencies

There is no material change in contingencies since the last published financial statements except for the following:

For the Tax Year 2012, the Additional Commissioner Inland Revenue (ADCIR) passed the amended order dated 28 February 2018 under section 122(5A) of the Income Tax Ordinance, 2001 whereby tax demand amounting to Rs. 2.3 million was created. The company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. Management of the Company is expecting favorable outcome of this appeal.

12.2 Commitments

- i. The Company's commitments for capital expenditure as at 30 June 2018 amounts to Rs. (thousand) Nil (30 September 2017: Rs. (thousand) 4,526) in the normal course of business.
- ii. The Company's commitments for letters of credit and guarantees as at 30 June 2018 amounts to Rs. (thousand) 455,898 (30 September 2017: Rs. (thousand) 529,409) and Rs. (thousand) 1,648 (30 September 2017: Rs. (thousand) 8,560) respectively.

Notes to the Interim Financial Information (Un-audited)

For the nine month period ended 30 June 2018

	(Un-audited) Nine Month Period Ended 30 June		(Un-audited) Three Month Period Ended 30 June	
	2018	2017	2018	2017
	(Rupees in thousand)			
13. Sales - net				
Sugar	4,336,695	5,213,452	1,544,920	2,090,079
Molasses	290,426	350,920	145,390	68,101
Bagasse	145,571	96,019	20,164	-
Press mud	4,655	4,825	-	128
	4,777,347	5,665,216	1,710,474	2,158,308
Less:				
Broker's commission on sugar	10,774	11,585	3,458	4,581
Sales Tax / Federal Excise Duty	491,259	509,146	167,569	191,126
Withholding tax on sales	3,776	4,581	806	1,143
	505,809	525,312	171,833	196,850
	4,271,538	5,139,904	1,538,641	1,961,458
14. Cost of Sales				
Cost of sugarcane procurement	4,086,137	5,253,214	-	150,543
Process materials	51,868	56,915	464	2,471
Fuel and power	12,817	14,013	8,409	8,531
Stores and spares consumed	55,931	61,067	8,599	15,906
Repairs and maintenance	18,881	7,144	2,544	865
Salaries, wages and other benefits	173,889	185,391	20,703	32,789
Company's contribution to provident fund	1,601	1,586	490	499
Rent, rates and taxes	1,053	956	145	62
Insurance	7,460	6,722	2,487	2,241
Depreciation	42,262	45,477	14,147	15,359
Conveyance and travelling	6,307	6,591	942	1,291
Other expenses	5,796	9,241	149	1,278
	4,464,002	5,648,317	59,079	231,835
Add: Opening stock of sugar and by-products in process	3,156	3,108	3,139	49,124
Less: Closing stock of sugar and by-products in process	(3,169)	(3,208)	(3,169)	(3,208)
Cost of sugar manufactured	4,463,989	5,648,217	59,049	277,751
Packing material consumed	36,078	41,199	-	1,299
Cost of sugar bagged	4,500,067	5,689,416	59,049	279,050
Add: Opening stock of sugar and by-products	800,646	159,130	2,418,122	2,923,320
Less: Closing stock of sugar and by-products	(953,495)	1,428,379)	(953,495)	(1,428,379)
	4,347,218	4,420,167	1,523,676	1,773,991
15. Taxation				
Taxation for the period:				
Current	(53,139)	(86,816)	(19,286)	(31,083)
Deferred	72,793	(37,853)	-	-
	19,654	(124,669)	(19,286)	(31,083)

Notes to the Interim Financial Information (Un-audited)

For the nine month period ended 30 June 2018

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, are as follows:

Nine Month Period Ended 30 June 2018 - Un-audited						
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
(Rupees in thousand)						
Dividend received	5,750	-	-	-	-	-
Utilities paid	-	-	224	-	-	-
Purchases and services received	-	572	2,103	491	-	-
Dividend Paid	-	-	-	-	1,428	-
Sales	-	591,155	-	-	-	-
Staff provident fund	-	-	-	-	-	3,780
Remuneration and Benefits	-	-	-	-	-	55,290
	5,750	591,727	2,327	491	1,428	3,780
						55,290

Nine Month Period Ended 30 June 2017 - Un-audited						
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
(Rupees in thousand)						
Dividend received	5,175	-	-	-	-	-
Utilities paid	-	-	201	-	-	-
Purchases and services received	-	455	863	627	-	-
Dividend Paid	-	-	-	-	1,428	-
Sales	-	504,860	-	-	-	-
Staff provident fund	-	-	-	-	-	3,581
Remuneration and Benefits	-	-	-	-	-	58,140
	5,175	505,315	1,064	627	1,428	3,581
						58,140

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.

Notes to the Interim Financial Information (Un-audited)

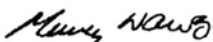
For the nine month period ended 30 June 2018

17. Authorization

This interim financial information was authorized for issue by the Board of Directors on 23 July 2018.

18. General

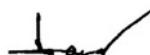
Figures in this interim financial information have been rounded off to the nearest thousand of rupees.



Chief Executive



Chief Financial Officer



Chairman

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