



## **SHAHMURAD SUGAR MILLS LIMITED**

Half Yearly Results for the period  
1st October 2018 to 31st March, 2019

## COMPANY INFORMATION

### BOARD OF DIRECTORS

MR. ISMAIL H. ZAKARIA	Chairman
MR. ZIA ZAKARIA	Managing Director & CEO
MR. ABDUL AZIZ AYOOB	
MR. NOOR MOHAMMAD ZAKARIA	
MRS. SANOBAR HAMID ZAKARIA	
MR. NAEEM AHMED SHAFI	Independent Director
MR. KHURRAM AFTAB	Independent Director

### BOARD AUDIT COMMITTEE

MR. NAEEM AHMED SHAFI	Chairman
MR. NOOR MOHAMMAD ZAKARIA	Member
MRS. SANOBAR HAMID ZAKARIA	Member

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. KHURRAM AFTAB	Chairman
MR. NOOR MOHAMMAD ZAKARIA	Member
MR. ZIA ZAKARIA	Member

### CHIEF FINANCIAL OFFICER

MR. IQBAL UMER

### COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL  
FCMA

### AUDITORS

M/s. KRESTON HYDER BHIMJI & CO.  
Chartered Accountants

### LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR  
Advocate

### REGISTERED OFFICE

96-A, SINDHI MUSLIM HOUSING SOCIETY,  
KARACHI-74400  
Tel: 34550161-63 Fax: 34556675

### FACTORY

JHOK SHARIF,  
TALUKA MIRPUR BATHORO,  
DISTRICT SUJAWAL (SINDH)

### REGISTRAR & SHARES REGISTRATION OFFICE

M/S C & K MANAGEMENT ASSOCIATES (PVT) LTD.  
404-TRADE TOWER, ABDULLAH HAROON ROAD,  
NEAR METROPOLE HOTEL,  
KARACHI - 75530

### WEBSITE

[www.shahmuradsugar.co](http://www.shahmuradsugar.co)

## SHAHMURAD SUGAR MILLS LTD.

### DIRECTORS' REPORT

Dear Members Asslamu-o- Alaikum

On behalf of Board of Directors' I take the opportunity to place before you the un-audited financial statements of your company for the period ended March 31st 2019. These statements have been reviewed by the Auditors as required under the Code of Corporate Governance.

Salient features of production and Financial Statements are as under:

<b>PRODUCTION DATA</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Crushing commenced on	13-12-2018	28-11-2017
Crushing completed up to	13-03-2019	18-03-2018
Duration of crushing (days)	91	124
Sugarcane crushed (M Tons)	500,270	738,134
Sugar produced (M Tons)	55,425	81,195
Sugar recovery percentage	11.08	11.07
Molasses produced (M Tons)	23,100	34,470
Ethanol Production (M Tons)	34,897	18,553

### FINANCIAL DATA

(Rupees in thousands)

Sales revenue	4,543,954	4,028,621
Cost of sales	(3,266,141)	(3,875,796)
Gross profit	1,277,813	152,825
Distribution cost	(453,722)	(364,745)
Administrative expenses	(124,044)	(103,008)
Other operating charges	(47,943)	(15,882)
Financial cost	(168,701)	(80,324)
Other income inclusive of profit on trading activities	71,632	571,984
Profit before taxation	555,035	160,850
Provision for taxation	(3,687)	(47,649)
Profit after taxation	551,348	113,201
Earnings per share	Rs.26.11	Rs.5.36

Segment wise performance is elaborated as under:

### SUGAR DIVISION

During the period under review the mill crushed 500,270 metric tons of cane and produced 55,425 metric tons of sugar. During the same period last year the mill crushed 738,134 metric tons of cane and produced 81,195 metric tons of sugar. The current period production is lower than last year by 32 percent or 25,770 metric tons. The decrease in production of sugar was mainly due to non-availability of sugarcane as the crop in the lower part of the province was not good as it was last year. The recovery percentage achieved this year was 11.08 as against 11.07 percent achieved last year. The price of sugar cane was notified by the government of Sindh at Rs 182/= per 40 kg, which was the same as notified for the crushing season 2017-18. The Government of Sindh did not consider the view point of Pakistan Sugar Mills Association to fix the raw material price keeping in view the

## SHAHMURAD SUGAR MILLS LTD.

---

final product price in domestic and international markets. However the price of sugar during the second quarter registered an increase and reached up to Rs.59,000/= per ton where as during the first quarter the same was Rs.48,000/= per ton. View point of Pakistan Sugar Mills Association is clear that the price of raw material be fixed keeping in view the price of the final product in the domestic and international markets. During the current period the cane crop was not good as it was last year and due to this factor the production of sugar in the country decline to 5.50 million tons as against 7.90 million tons produced last year.

Although the production during the current season is low but carry over stock available out of the last year's production with the sugar mills the surplus of approximately two million tons of sugar is expected. Keeping in view the excess stock it is expected that the Government would allow export of sugar in order to liquidate the stock in excess of the requirement of the country.

### **ETHANOL DIVISION**

During the period under consideration the Ethanol Division produced 34,897 metric tons of ethanol as against 18,553 metric tons produced in the same period of last year. As stated previously the capacity of the ethanol division has been enhanced by installation of additional plant and machinery. The total capacity of the plant has increased to 66,000 metric tons on an annualized basis as additional plant and equipment has been installed which started production of ethanol during the second half of the previous year. Due to poor sugarcane crop the availability of molasses has reduced considerably during the period under consideration. The price of molasses available with the sugar mills has been increased substantially and the last quoted price was Rs. 16,000/= per ton. Price of ethanol was not increased as the price of molasses has enhanced.

### **FUTURE OUTLOOK**

It is expected that during the next crushing season cane crop in Punjab and KPK would be good as natural fall and canal water is available in upper part of the country but cane crop in Sindh would be seriously affected due to non availability of water. We hope that the Government takes timely decision for export of surplus stock as well as building buffer stock which would be the only way to stabilize domestic sugar prices.

Future outlook of ethanol appears to be positive as the price of crude oil registered an upward trend but non-availability of raw material would certainly effect the production of ethanol.

### **BOARD OF DIRECTORS**

The tenure of the Board of Directors ended on March 28<sup>th</sup> 2019 and the members in the Extraordinary General Meeting held on the said date elected the following members on the Board of your Company for a period of three years.

## SHAHMURAD SUGAR MILLS LTD.

01.	Mr. Ismail H Zakaria	Director
02.	Mr. Zia Zakaria	Director
03.	Mr. Abdul Aziz Ayoob	Director
04.	Mr. Noor Mohammad Zakaria	Director
05.	Mrs. Sanober Hamid Zakaria	Director
06.	Mr. Khurram Aftab	Independent Director
07.	Mr. Naeem Ahmed Shafi	Independent Director

The Board of Directors wishes to assure its respectable stakeholders for the dedicated efforts to achieve the success with better planning to overcome, In Shah Allah, the difficult situation being faced presently by the sugar industry of the country. Please extend your pray to Almighty Allah to guide / help us to achieve the desired goals. (Aameen)



**ZIA ZAKARIA**  
Managing Director & CEO



**ABDUL AZIZ AYOOB**  
Director

Karachi:  
Dated: May 21, 2019



**AUDITORS' REPORT TO THE MEMBERS**  
**ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

**Introduction:**

We have reviewed the accompanying condensed interim statement of financial position of **SHAHMURAD SUGAR MILLS LIMITED** ("the Company") as of March 31, 2019, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures for the quarters ended March 31, 2019 and March 31, 2018 in these condensed interim financial statements have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2019.

**Scope of Review:**

We conducted our review in accordance with the International Standard on Review engagements 2410, "Review of condensed Interim financial statements Performed by the Independent Auditor of the Entity". A review of condensed Interim financial statements 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 condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Shaikh Muhammad Tanvir.



Chartered Accountants  
Karachi  
Dated: May 21, 2019

---

Suite No. 1601, 16th Floor, Kashif Centre, Shahr-e-Faisal, Karachi. Phone: 92-21-35640050 to 52  
Website: [www.krestonhb.com](http://www.krestonhb.com) E-mail: [hyderbhimji@yahoo.com](mailto:hyderbhimji@yahoo.com), [hyderbhimji@gmail.com](mailto:hyderbhimji@gmail.com)

**OTHER OFFICES LAHORE - FAISALABAD - ISLAMABAD**

A member of kreston international A global network of independent accounting firms.

# SHAHMURAD SUGAR MILLS LTD.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

AS AT MARCH 31, 2019		Un-audited March 2019	Audited September 2018
		Note	(Rupees in thousand)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	5,491,978	5,315,321
Long term investment under equity method in associate		1,815	1,815
Long term loans		1,454	1,504
Long term deposits		2,429	2,429
Deferred taxation - Net		65,013	68,700
		5,562,689	5,389,769
CURRENT ASSETS			
Stores, spare parts and loose tools		248,019	213,993
Stock-in-trade		4,622,832	2,568,492
Trade debts		585,846	387,967
Loans and advances		685,500	662,935
Trade deposits and short term prepayments		9,021	716
Other receivables including Export subsidy		385,653	524,422
Income tax refundable-Net		170,393	125,326
Cash and bank balances		60,754	45,452
		6,768,018	4,529,303
		12,330,707	9,919,072
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital 25,000,000 ordinary shares of Rs. 10 each		250,000	250,000
Issued, subscribed and paid-up capital		211,187	211,187
Revenue reserve			
General reserve		80,000	80,000
Share of associate's unrealized loss on re-measurement of its investment		(2,501)	(2,501)
Unappropriated profit		1,912,482	1,462,075
Capital reserve			
Revaluation surplus on property, plant and equipment		1,536,069	1,582,959
		3,737,237	3,333,720
NON CURRENT LIABILITIES			
Long term financing		1,531,056	1,659,686
CURRENT LIABILITIES			
Trade and other payables		1,221,973	1,012,970
Accrued finance cost		78,401	54,977
Short term borrowings		5,311,076	3,452,943
Loan from related parties		144,483	167,336
Current portion of long term financing		300,053	233,472
Unclaimed dividend		6,428	3,968
		7,062,414	4,925,666
CONTINGENCIES AND COMMITMENTS			
	5	-	-
		12,330,707	9,919,072

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

  
**ZIA ZAKARIA**  
Managing Director & CEO

  
**Aziz Ayoob**  
Director

  
**IQBAL UMER**  
Chief Financial Officer

**SHAHMURAD SUGAR MILLS LTD.**

**CONDENSED INTERIM STATEMENT OF PROFIT & LOSS (UN-AUDITED)  
FOR THE HALF YEAR ENDED MARCH 31, 2019**

Notes	For the half year October to March		For the Quarter January to March	
	2019	2018	2019	2018
(Rupees in thousand)				
Sales	4,543,954	4,028,621	1,937,597	1,833,594
Cost of sales	(3,266,141)	(3,875,796)	(1,421,288)	(1,691,102)
Gross profit	1,277,813	152,825	516,309	142,492
Profit/(loss) from trading activities	1,353	14	866	(39)
	1,279,166	152,839	517,175	142,453
Distribution cost	(453,722)	(364,745)	(229,882)	(182,183)
Administrative expenses	(124,044)	(103,008)	(68,080)	(55,677)
Other operating charges	(47,943)	(15,882)	(16,591)	(15,275)
	(625,709)	(483,635)	(314,553)	(253,135)
Operating profit/(loss)	653,457	(330,796)	202,622	(110,682)
Other income	70,279	571,970	35,836	397,541
	723,736	241,174	238,458	286,859
Finance cost	(168,701)	(80,324)	(99,425)	(43,288)
<b>Profit before taxation</b>	<b>555,035</b>	<b>160,850</b>	<b>139,033</b>	<b>243,571</b>
Taxation				
- Current	-	(39,721)	-	(16,205)
- Deferred	(3,687)	(7,928)	20,701	(47,736)
	(3,687)	(47,649)	20,701	(63,941)
<b>Profit after taxation</b>	<b>551,348</b>	<b>113,201</b>	<b>159,734</b>	<b>179,630</b>
<b>Earning per share-Basic and diluted - Rupees</b>	<b>26.11</b>	<b>5.36</b>	<b>7.56</b>	<b>8.51</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

  
**ZIA ZAKARIA**  
Managing Director & CEO

  
**Aziz Ayoob**  
Director

  
**IQBAL UMER**  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED MARCH 31, 2019**

	For the half year October to March		For the Quarter January to March	
	2019	2018	2019	2018
(Rupees in thousand)				
Profit after taxation	551,348	113,201	159,734	179,626
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	551,348	113,201	159,734	179,626

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

  
**ZIA ZAKARIA**  
Managing Director & CEO

  
**Aziz Ayoob**  
Director

  
**IQBAL UMER**  
Chief Financial Officer

**SHAHMURAD SUGAR MILLS LTD.**

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)  
FOR THE HALF YEAR ENDED MARCH 31, 2019**

	March 2019	March 2018
	(Rupees in thousand)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	555,035	160,850
<b>Adjustment for :</b>		
Depreciation	167,698	63,928
Profit on disposal of property, plant and equipment	(231)	(2,903)
Provision for obsolescence and slow moving items	6,500	2,550
Finance cost	168,701	80,324
	342,668	143,899
	897,703	304,749
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(40,526)	(9,489)
Stock in trade	(2,054,340)	(1,364,193)
Trade debts	(197,879)	(81,889)
Loans & advances	(22,565)	(188,761)
Short term prepayments	(8,305)	(2,560)
Other receivables	138,769	(521,684)
	(2,184,846)	(2,168,576)
<b>Increase in current liabilities</b>		
Trade and other payables	209,003	1,806,155
Short term borrowings	1,858,133	863,449
	2,067,136	2,669,604
	779,993	805,777
Decrease/ (increase) in long term loan	50	(140)
Income tax paid	(45,067)	(53,090)
Finance cost paid	(145,277)	(85,699)
	(190,294)	(138,929)
<b>Net cash inflow from operating activities</b>	589,699	666,848
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions in property, plant & equipment	(344,838)	(923,686)
Sale proceeds from disposal of property, plant and equipment	714	7,034
<b>Net cash outflow from investing activities</b>	(344,124)	(916,652)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term finance received	39,687	354,557
Repayment of long term financing	(124,589)	(77,986)
Dividend paid	(145,371)	(10,302)
<b>Net cash (outflows)/inflows from financing activities</b>	(230,273)	266,269
<b>Net increase in cash and bank balances (A+B+C)</b>	15,302	16,465
Cash and bank balance at the beginning of the period	45,452	38,492
<b>Cash and bank balance at the end of period</b>	60,754	54,957

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

  
**ZIA ZAKARIA**  
Managing Director & CEO

  
**Aziz Ayoob**  
Director

  
**IQBAL UMER**  
Chief Financial Officer

# SHAHMURAD SUGAR MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2019

	Issued, Subscribed & paid up capital	General reserves	Share of Associate's unrealised (loss)/gain on remeasurement of investment	Un- appropriated profit	Capital Reserve Surplus on revaluation of Property Plant & Equipment	Total
	(Rupees in thousand)					
Balances as at October 01, 2017	211,187	80,000	(1,885)	842,010	546,707	1,678,019
<b>During the half year ended March 31, 2018</b>						
<b>Transactions with owners</b>						
Final Dividend for 30-September-2017 @ Rs. 0.50 Per Share	-	-	-	(10,559)	-	(10,559)
<b>Total Comprehensive Income for the half year ended March 31, 2018</b>	-	-	-	113,201	-	113,201
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation -net of deferred tax	-	-	-	12,334	(12,334)	-
Transfer from revaluation surplus on account of disposal of property, plant and equipment net of deferred tax	-	-	-	443	(443)	-
	-	-	-	12,777	(12,777)	-
<b>Balances at March 31, 2018</b>	<b>211,187</b>	<b>80,000</b>	<b>(1,885)</b>	<b>957,429</b>	<b>533,930</b>	<b>1,780,661</b>
Balances as at October 01, 2018	211,187	80,000	(2,501)	1,462,075	1,582,959	3,333,720
<b>During the half year ended March 31, 2019</b>						
<b>Transactions with owners</b>						
Final Dividend for 30-September-2018 @ Re. 7.00 Per Share	-	-	-	(147,831)	-	(147,831)
<b>Total Comprehensive Income for the half year ended March 31, 2019</b>	-	-	-	551,348	-	551,348
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation -net of deferred tax	-	-	-	46,890	(46,890)	-
<b>Balances at March 31, 2019</b>	<b>211,187</b>	<b>80,000</b>	<b>(2,501)</b>	<b>1,912,482</b>	<b>1,536,069</b>	<b>3,737,237</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

  
**ZIA ZAKARIA**  
Managing Director & CEO

  
**Aziz Ayoob**  
Director

  
**IQBAL UMER**  
Chief Financial Officer

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED MARCH 31, 2019

### 1. The Company and its Operations

The Company was incorporated in Pakistan as a public limited company on April 9, 1979. Its shares are quoted on the Pakistan Stock Exchange. The registered office of the Company is located at 96-A, Sindhi Muslim Cooperative Housing Society, Karachi, Sindh. The Company owns and operates Sugar and Ethanol manufacturing units which are located at Jhoke Sharif, District Sujawal in the province of Sindh. The total area of industry land which includes the main factory is spread over 333.32 Acres.

### 2. Basis of Preparation

- 2.1 These condensed interim financial statements have 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 Standards 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. The condensed interim financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended September 30, 2018.

- 2.2 These condensed Interim financial statements comprise of the condensed Interim Statement of Financial Position as at March 31, 2019 and the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and the condensed interim statement of cash flows together with notes forming part thereof for the half year then ended which have been subjected to review and are not audited. This also includes the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter ended March 31, 2019. The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the company for the year ended September 30, 2018, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows figures have been extracted from the unaudited condensed interim financial statements for the half year ended March 31, 2018.
- 2.3 The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter ended March 31, 2019 and 2018 are not subject to review by the auditor.

### 3. Significant accounting policies and disclosures

- 3.1 The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the company's annual financial statements for the year ended September 30, 2018.

- 3.2** Due to the seasonal availability of sugarcane, the manufacture of sugar is carried out during the period of availability of sugarcane and costs incurred/accrued up to the reporting date have been accounted for. Accordingly, the costs incurred/accrued after the reporting date will be reported in the subsequent interim and annual financial statements.
- 3.3** Certain new IFRSs and amendments to existing IFRSs, effective for periods beginning on or after October 01, 2018 do not have any significant impact on the condensed interim financial statements, and are therefore not disclosed, except for the following;

**IFRS 15 Revenue from Contract with customers**

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of the contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations.

The Company has assessed that significant performance obligation in contracts with customers are closely related to the delivery of goods and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirement of the new accounting standard.

**IFRS 9 Financial Instruments**

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after July 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and impairment and hedge accounting.

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking Expected Credit Loss (ECL) approach. ECL are based on the difference between the contractual cash flows in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

SECP has notified vide its S.R.O 229 (I)/2019 that the effective date for the applicability will be for the reporting period/year ending on or after year ending June 30, 2019. Accordingly, the Company intends to apply IFRS 9 in preparation of financial statements for the year ending September 30, 2019.

- 3.4** The preparation of these condensed interim financial statements require management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended September 30, 2018.

## SHAHMURAD SUGAR MILLS LTD.

		Un-Audited March 31, 2019	Audited September 30, 2018
		(Rupees in thousand)	
<b>4. Property, Plant and Equipment</b>			
Operating fixed assets	4.1	4,971,529	5,073,393
Capital work in progress	4.2	520,449	241,928
		5,491,978	5,315,321
<b>4.1 OPERATING FIXED ASSETS</b>			
<b>Opening book value</b>		5,073,393	2,467,576
<b>Direct additions during the period / year</b>			
Furniture, Fixture and Fittings		90	282
Office Equipment		1,452	3,517
Vehicle		18,193	18,725
		19,735	22,524
<b>Transfer from CWIP during the period / year</b>			
Owned			
Non Factory building		-	7,414
Plant and Machinery		46,582	1,630,853
		46,582	1,638,267
Add fresh revaluation of the period		-	1,130,961
<b>Disposals - Operating assets (net book value)</b>			
Plant and Machinery		-	(1,037)
Vehicles		(483)	(3,151)
		(483)	(4,188)
<b>Depreciation Charged for the period / year</b>		(167,698)	(181,747)
<b>Closing book value</b>		4,971,529	5,073,393
<b>4.2 CAPITAL WORK IN PROGRESS</b>			
<b>Opening balance</b>		241,928	584,737
<b>Additions during the period / year</b>			
Civil Works		4,546	1,330
Plant & Machinery		320,557	1,294,128
		325,103	1,295,458
<b>Capitalization during the period/year</b>			
Civil Works		-	(7,414)
Plant & Machinery		(46,582)	(1,630,853)
		(46,582)	(1,638,267)
<b>Closing balance</b>		520,449	241,928

## SHAHMURAD SUGAR MILLS LTD.

### 5. CONTINGENCIES AND COMMITMENTS

#### 5.1 Contingencies

There is no material change in status of contingencies as disclosed in note No. 26 (a) of the annual financial statements for the year ended September 30, 2018.

	Un-Audited March 31, 2019	Audited September 30, 2018
	(Rupees in thousand)	
<b>5.2 Commitments</b>		
Commitments for capital expenditure	17,769	127,083
Commitments for stores and spares	-	6,212
	17,769	133,295
<b>Bank Guarantees</b>		
in favor of Excise and Taxation Department	500	500

### 6. COST OF SALES

	For the half year October to March		For the Quarter January to March	
	2019	2018	2019	2018
	(Rupees in thousand)			
Opening stock of finished goods	1,539,616	1,762,935	841,093	481,983
Cost of goods manufactured	4,760,335	4,473,421	3,614,005	3,569,679
	6,299,951	6,236,356	4,455,098	4,051,662
Closing stock of finished goods (Note 6.1)	(3,033,810)	(2,360,560)	(3,033,810)	(2,360,560)
	3,266,141	3,875,796	1,421,288	1,691,102

- 6.1** Finished goods costing Rs. Nil (March 2018: Rs. 2,448.740 million) have been written down to their net realizable value of Rs. Nil (March, 2018 : Rs. 2,268.645 million). At period end stock pledged against short term borrowings amounted to Rs. 2,524 million (March 2018 : 1,317 million).

### 7. TAXATION

Provision for current taxation is made on the basis of minimum and final taxation net of tax credit of Rs. 49.203 million under section 65B of income tax ordinance, 2001.

## SHAHMURAD SUGAR MILLS LTD.

### 8. TRANSACTION WITH RELATED PARTIES

Related parties comprises of associated entities, staff retirement funds, directors and key management personnel. The transactions with balances of related parties during the period/as at period end are given below:

Transactions: Relationship with the Company	Nature of Transactions	March 2019 (Rupees in thousand)	March 2018
Associates			
Al-Noor Sugar Mills Limited	-Purchase of Goods	284,854	176,795
Reliance Insurance Company Ltd	-Insurance premium	20,130	16,829
Other related parties			
Directors' and key management personnel	-Directors remuneration	14,735	11,910
	-Executive remuneration	22,591	23,473
	-Non-executive directors' meeting fee	72	65
Staff provident fund excluding Directors	-Company's Contribution during the period	2,969	2,613

Balances: Relationship with the Company	Nature of Transactions	March 2019 (Rupees in thousand)	September 2018
Associates			
Al-Noor Sugar Mills Limited	Loan and advances	49,546	37,500
Reliance Insurance Company Ltd	Trade & other payables	9,408	-
Staff provident fund	Trade & other payables	1,211	-



## SHAHMURAD SUGAR MILLS LTD.

### 9. RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL FINANCIAL INSTITUTION

The Company in the normal course of business deals with sole Islamic financial institutions as well as the financial institutions who operate both the conventional side and Islamic window. The details segregation between Shariah complaints and conventional assets/liabilities and income/expenditure are given below:

	As at March 31, 2019			As at September 30, 2018		
	Rupees in thousand			Rupees in thousand		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
Long term financing-Musharka and other finances	908,750	622,306	1,531,056	1,112,500	547,186	1,659,686
Current portion of long term finance	235,000	65,053	300,053	93,750	78,472	233,472
	1,143,750	687,359	1,831,109	1,206,250	625,658	1,893,158
Accrued finance cost	30,228	48,173	78,401	20,385	34,592	54,977
Short term borrowings	1,100,000	4,211,076	5,311,076	553,000	2,899,943	3,452,943
Cash at banks	(5,762)	(54,992)	(60,754)	(478)	(44,974)	(45,452)
	2,268,216	4,891,616	7,159,832	1,779,157	3,515,219	5,355,626

	Half year ended March 31, 2019			Half year ended March 31, 2017		
	Rupees in thousand			Rupees in thousand		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
Finance cost	71,946	96,755	168,701	28,201	52,123	80,324
Income from PLS bank account	-	-	-	-	(7)	(7)
	71,946	96,755	168,701	28,201	52,116	80,317

## SHAHMURAD SUGAR MILLS LTD.

### 10. SEGMENT INFORMATION

The Company's operating businesses are organized and managed separately according to the nature of products produced with each segment representing a strategic business unit that offer different products and serves different markets. The sugar segment is engaged in manufacturing and sale of the sugar and its by products whereas ethanol segment is engaged in manufacturing and sale of ethanol. The following tables represents revenue and profit information regarding business segment for the half year ended March 31, 2019 and March 31, 2018 and assets and liabilities information regarding business segments as at March 31, 2019 and September 30, 2018.

	Sugar		Ethanol		Consolidated	
	Half year ended March 31,		Half year ended March 31,		Half year ended March 31,	
	2019	2018	2019	2018	2019	2018
(Rupees in thousand)						
<b>REVENUE</b>						
External Sales	1,245,475	2,440,772	3,298,479	1,587,849	4,543,954	4,028,621
Inter segment transfer	272,175	201,189	-	-	272,175	201,189
Total	1,517,650	2,641,961	3,298,479	1,587,849	4,816,129	4,229,810
<b>RESULTS</b>						
Profit/(loss) from operation	(146,713)	(652,110)	846,760	337,182	700,047	(314,928)
Profit from trading activity					1,353	14
					701,400	(314,914)
Other operating charges					(47,943)	(15,882)
Other income					70,279	571,970
Finance cost					(168,701)	(80,324)
Profit before tax					555,035	160,850
Taxation					(3,687)	(47,649)
Profit for the period					551,348	113,201

#### SEGMENT ASSETS AND LIABILITIES

	March 2019	September 2018	March 2019	September 2018	March 2019	September 2018
(Rupees in thousand)						
<b>Assets</b>						
Segment assets	5,144,676	3,954,065	6,512,750	5,382,530	11,657,426	9,336,595
Un-allocated assets					671,466	580,662
Long term investment					1,815	1,815
Total assets					12,330,707	9,919,072
<b>Liabilities</b>						
Segment liabilities	4,356,649	3,531,332	4,162,499	3,013,368	8,519,148	6,544,700
Unallocated liabilities					74,322	40,652
					8,593,470	6,585,352

	Half year ended March 31,		Half year ended March 31,		Half year ended March 31,	
	2019	2018	2019	2018	2019	2018
<b>OTHER INFORMATION</b>						
Additions to property, plant and equipment	93,913	64,207	250,925	859,479	344,838	923,686
Depreciation	43,783	36,295	123,915	27,633	167,698	63,928

## SHAHMURAD SUGAR MILLS LTD.

### Revenue from major customers

During the period external sales to major customers amounted to Rs. 2,245 million. (2018: Rs. 2,262 million)

### Geographical information

All non-current assets of the Company are located in Pakistan. Company's local external sales represent sales to various external customers in Pakistan as well as outside Pakistan as follows:

	For the period ended March 31,	
	2019	2018
Pakistan	1,245,475	630,256
Ghana	468,982	397,464
Nigeria	333,548	162,956
Angola	312,324	-
Singapore	273,448	-
Turkey	263,481	369,416
Philippines	242,091	-
Italy	239,391	-
Netherlands	124,327	-
Ivory Coast	109,311	-
Spain	105,038	-
Cameroon	100,459	96,317
Taiwan	44,023	449,147
India	35,389	361,403
Afghanistan	-	610,377
Vietnam	-	120,870
Others	646,667	830,415
	<b>4,543,954</b>	<b>4,028,621</b>

### 11. WORKERS PROFIT PARTICIPATION FUND, WORKERS WELFARE FUND AND TAXATION

Allocation to the Worker's Profit Participation Fund, Worker's Welfare Fund and provision for taxation are provisional. Final Liability would be determined on the basis of annual results.

### 12. FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company while assessing fair values uses calculation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques:

- Level 1: Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.

## SHAHMURAD SUGAR MILLS LTD.

- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs are unobservable inputs for the asset or liability. Inputs for the asset or liability that are not based on observation market data (that is, unobservable inputs).

Financial assets and liabilities of the Company are either short term in nature or are repriced periodically therefore; their carrying amounts approximate their fair values.

### 13. AUTHORIZATION

These condensed interim financial statements were authorized for issue on May 21, 2019 by the Board of Directors of the Company.

### 14. GENERAL

Figures have been rounded off nearest to thousand rupees.

  
**ZIA ZAKARIA**  
Managing Director & CEO

  
**Aziz Ayoob**  
Director

  
**IQBAL UMER**  
Chief Financial Officer

### مستقبل پر نظر

یہ توقع ہے کہ اگلے کرشنک موسم کے دوران پنجاب اور خیبر پختونخواہ میں گنے کی فصل بہتر ہوگی کیونکہ ملک کے بالائی حصوں میں پانی، بارشیں اور نہروں میں دستیاب ہوگا جس کی وجہ سے گنے کی فصل اچھی ہوگی لیکن سندھ میں فصل پر مضر اثرات عدم دستیاب پانی کے باعث متاثر ہوں گے۔ ہمیں امید ہے کہ حکومت اضافی اسٹاک کے برآمد کیلئے بروقت فیصلے کرے گی جو مقامی چینی کی قیمتوں کو مستحکم کرنے کا واحد راستہ ہوگا۔


ہمیں اُمید ہے کہ انتھول ڈویژن پر مستقبل میں اچھے نتائج کی اُمید کی جاسکتی ہے کیونکہ خام تیل کی قیمتوں میں بہتری کے آثار پیدا ہوئے ہیں جو کہ اچھی پیداوار کے لیے موثر ثابت ہوئے لیکن خام مال کی غیر دستیابی انتھول کی پیداواری صلاحیت پر منفی اثرات پڑ سکتے ہیں۔


### بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کے عہدے 28 مارچ، 2019 کو اپنے اختتام پر پہنچے اور مقررہ تاریخ پر غیر معمولی اجلاس میں ارکان نے درج ذیل ممبران کا انتخاب کیا:

- |                           |               |
|---------------------------|---------------|
| ۱۔ جناب اسماعیل ایچ ذکریا | ڈائریکٹر      |
| ۲۔ جناب ضیاء ذکریا        | ڈائریکٹر      |
| ۳۔ جناب عبدالعزیز ایوب    | ڈائریکٹر      |
| ۴۔ جناب نور محمد ذکریا    | ڈائریکٹر      |
| ۵۔ مسماہ صنوبر حامد ذکریا | ڈائریکٹر      |
| ۶۔ جناب نعیم احمد شفیع    | آزاد ڈائریکٹر |
| ۷۔ جناب خرم آفتاب         | آزاد ڈائریکٹر |

بورڈ آف ڈائریکٹرز اپنے اسٹیک ہولڈروں کو یقین دہانی کرانا چاہتا ہے کہ بہتر منصوبہ بندی کے ساتھ کامیابی حاصل کرنے کے لئے انتھک محنت اور کوششوں کو یقینی بنایا جائے گا انشاء اللہ۔ ملک میں اس وقت چینی انڈسٹری کو مشکل صورتحال کا سامنا ہے، ہمیں اللہ تعالیٰ کے حضور دعا کرنا ہوگی کہ وہ ہمیں اپنے مطلوبہ مقاصد کو حاصل کرنے میں مدد فراہم کرے۔ (آمین)

  
عبدالعزیز ایوب  
ڈائریکٹر

  
ضیاء ذکریا  
مینیجنگ ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر

کراچی، 21 مئی، 2019

شعبہ جات کے لحاظ کارکردگی درج ذیل کے مطابق رہی۔

### شوگر ڈویژن

متذکرہ عرصے کے دوران جائزہ کے مطابق 500,270 میٹرک ٹن گنا کر ہڈ کیا گیا اور 55,425 میٹرک ٹن شوگر کی پیداوار حاصل ہوئی۔ گزشتہ اسی عرصے میں 738,134 میٹرک ٹن گنا کر ہڈ کر کے شوگر کی پیداوار 81,195 میٹرک ٹن ہوئی تھی، موجودہ مدت کی پیداوار گزشتہ سال 25,770 میٹرک ٹن یا 32 فیصد کم ہے۔ چینی کی پیداوار میں کمی بنیادی طور پر صوبے کی کھلی جانب سے گنے کی عدم دستیابی تھی۔ اس سال چینی کی ریکوری کا تناسب 11.08 فیصد رہا جبکہ گزشتہ سال کے 11.07 فیصد تھا۔ گنے کی قیمت سندھ سرکار کی جانب سے مبلغ = 182/ روپے کی چالیس کلوگرام مقرر تھی جو کہ کرشنک کے سال 18-2017 میں بھی یہی تھی۔ حکومت سندھ نے پاکستان شوگر ملز ایسوسی ایشن کے نقطہ نظر یعنی خام میٹرک کی قیمتوں کا تعین بیرون ملک اور مقامی مارکیٹس کے حتمی قیمت کے مطابق نہیں کیا تھا، چینی کی قیمت دوسری سہ ماہی کے دوران مبلغ -/59,000 فی ٹن تک جا پہنچی۔ جبکہ پہلی سہ ماہی کے دوران یہ ہی قیمت مبلغ -/48,000 فی ٹن تھی۔ پاکستان شوگر ملز ایسوسی ایشن کا نقطہ نظر بالکل واضح تھا کہ بیرون ملک اور مقامی مارکیٹوں کے مطابق گنے کی قیمت مقرر کی جائے۔ رواں سال کے دوران گنے کی عدم دستیابی کے باعث ملک میں شوگر کی پیداوار 5.50 ملین ٹن تک پہنچ گئی جبکہ گزشتہ سال یہ 7.90 ملین ٹن پیداوار تھی۔ رواں سال کے دوران چینی کی پیداوار کم رہی لیکن امید ہے کہ گزشتہ سال کے دستیاب اسٹاک جو کہ شوگر ملز کے پاس ہے اس کا اندازہ کم از کم 2 ملین ٹن ہے۔ اضافی اسٹاک کو دیکھ کر یہ توقع کی جا رہی ہے کہ حکومت ملک کی ضروریات سے زائد اسٹاک کو ختم کرنے کے لئے چینی کی برآمد کی اجازت دے گی۔

### اتھنول ڈویژن

گزشتہ سال کی اسی مدت کے 18,553 میٹرک ٹن اتھنول کی پیداوار کے مقابلے میں 34,897 میٹرک ٹن رہی جیسا کہ گزشتہ سال اتھنول ڈویژن نے اضافی پلانٹ مشینری کی تنصیب کا عمل انجام دیا تھا جس کے نتیجے میں سالانہ پیداواری صلاحیت 66,000 میٹرک ٹن ہو گئی ہے جو کہ گزشتہ سال کے دوسرے نصف عرصے کے دوران اتھنول ڈویژن کے اضافی مشینری کی تنصیب پر پیداوار شروع ہونے پر ملا۔ جبکہ گنے کی عدم دستیابی پر اسی عرصے کے دوران مولاسز میں کمی واقع ہوئی۔ مولاسز کی قیمت غیر مناسب حد تک بڑھادی مولاسز کی موجودہ قیمت -/16,000 فی ٹن ہے۔ اتھنول کی قیمت مولاسز کی قیمت کے تناسب سے نہیں بڑھی۔

ڈائریکٹرز رپورٹ برائے ممبران

معزز ممبران گرامی  
السلام علیکم!

بورڈ آف ڈائریکٹرز کی جانب سے میں آپ کے سامنے کمپنی کے مالی عرصہ جس کا اختتام 31 مارچ، 2019 کو ہوا کی غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتا ہوں۔ یہ مالیاتی گوشوارے کمپنی کے آڈیٹرز نے نظر ثانی کئے ہیں جیسے کہ کوڈ آف کارپوریٹ گورنس میں بتایا گیا ہے۔  
مصنوعات کے اہم عمل کاری اور مالیاتی گوشوارے درج ذیل ہیں۔

معلومات بابت پیداوار	31 مارچ 2019	31 مارچ 2018
آغاز پائی مورخہ	13-12-2018	28-11-2017
تھمیل پائی مورخہ	13-03-2019	18-03-2018
دورانہ پائی (ڈوں میں)	91	124
گنے کی پائی (میٹرک ٹن)	500,270	738,134
پیداوار برائے چینی (میٹرک ٹن)	55,425	81,195
ریکوری برائے چینی (فیصد)	11.08	11.07
پیداوار برائے راب (میٹرک ٹن)	23,100	34,470
پیداوار برائے استخوانول (میٹرک ٹن)	34,897	18,553

مالیاتی معلومات	(روپے ہزاروں میں)	(روپے ہزاروں میں)
فروختگی	4,543,954	4,028,621
لاگت برائے فروختگی	(3,266,141)	(3,875,796)
خام منافع	1,277,813	152,825
اخراجات برائے ترسیلات	(453,722)	(364,745)
انتظامی اخراجات	(124,044)	(103,008)
مالیاتی اخراجات	(47,943)	(15,882)
دیگر آمدن و اخراجات	(168,701)	(80,324)
ٹریڈنگ سرگرمیوں پر ہونے والے نفع سے آمدنی	71,632	571,984
منافع قبل از ٹیکس	555,035	160,850
ٹیکس کے لئے فراہمی	(3,687)	(47,649)
منافع بعد از ٹیکس	551,348	113,201
آمدن فی حصص (بنیادی)	Rs.26.11	Rs.5.36

**BOOK POST**  
**PRINTED MATTER**



*If undelivered please return to :*  
**SHAHMURAD SUGAR MILLS LTD.**  
96-A, SINDHI MUSLIM SOCIETY,  
KARACHI-74400.