



## **SHAHMURAD SUGAR MILLS LIMITED**

3rd Quarterly Results for the period  
1st October 2018 to 30th June, 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 Assalam-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 June 30, 2019.

Salient features of production and Financial Statements are as under:

<b>PRODUCTION DATA</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Crushing commenced on	<b>13-12-2018</b>	28-11-2017
Crushing completed up to	<b>13-03-2019</b>	02-04-2018
Duration of crushing (days)	<b>91</b>	126
Sugarcane crushed (M Tons)	<b>500,270</b>	744,578
Sugar produced (M Tons)	<b>55,425</b>	82,366
Sugar recovery percentage	<b>11.08</b>	11.06
Molasses produced (M Tons)	<b>23,100</b>	35,310
Ethanol Production (M Tons)	<b>49,805</b>	31,142

<b>FINANCIAL DATA</b>	<b>(Rupees in thousands)</b>	
Sales revenue	<b>7,549,009</b>	5,414,067
Cost of sales	<b>(5,303,254)</b>	(4,953,861)
Gross profit	<b>2,245,755</b>	460,206
Distribution cost	<b>(682,626)</b>	(461,707)
Administrative expenses	<b>(185,725)</b>	(159,766)
Other operating charges	<b>(82,802)</b>	(37,099)
Other income	<b>153,916</b>	787,953
Financial cost	<b>(279,077)</b>	(152,721)
Profit before taxation	<b>1,169,441</b>	436,866
Provision for taxation	<b>(884)</b>	(79,941)
Profit after taxation	<b>1,168,557</b>	356,925
Earnings per share	<b>Rs.55.33</b>	Rs.16.90

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 744,578 metric tons of cane and produced 82,366 metric tons of sugar. The current period production is lower than last year by 33 percent or 26,941 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 11.06 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. Due to non-availability of raw material in the vicinity of the mill the sugarcane was procured from far flung areas which has increased the cost of raw material to Rs.212.43 per forty kg. 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 final product price in domestic

## SHAHMURAD SUGAR MILLS LTD.

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and international markets. However the price of sugar during the two second quarters registered an increase and reached up to Rs.59,000/= per metric ton where as during the first quarter the same was Rs. 48000/= per metric ton. 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 metric tons as against 7.90 million metric 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 is approximately two million metric tons 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 49,805 metric tons of ethanol as against 31,142 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 which commenced 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. 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 rain 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 would take 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 28th 2019 and the members in the Extraordinary 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 Muhammad Zakaria	Director
05.	Mrs. Sanobar 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. (Ameen)



**ZIA ZAKARIA**  
Managing Director & CEO



**ABDUL AZIZ AYOOB**  
Director

Karachi:  
Dated: July 23, 2019

# SHAHMURAD SUGAR MILLS LTD.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT JUNE 30, 2019

AS AT JUNE 30, 2019		Un-Audited June 2019	Audited September 2018
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	5,481,935	5,315,321
Long term investment under equity method in associate		1,815	1,815
Long term loans		1,033	1,504
Long term deposits		2,429	2,429
Deferred taxation - Net		76,320	68,700
		5,563,532	5,389,769
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		234,179	213,993
Stock-in-trade		3,087,305	2,568,492
Trade debts		856,867	387,967
Loans and advances		460,954	662,935
Trade deposits and short term prepayments		5,370	716
Other receivables including Export subsidy		234,779	524,422
Income tax refundable-Net		190,667	125,326
Cash and bank balances		56,658	45,452
		5,126,779	4,529,303
		10,690,311	9,919,072
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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		2,553,136	1,462,075
Capital reserve			
Revaluation surplus on property, plant and equipment		1,512,624	1,582,959
		4,354,446	3,333,720
<b>NON CURRENT LIABILITIES</b>			
Long term financing		1,461,571	1,659,686
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,043,671	1,012,970
Accrued finance cost		96,016	54,977
Short term borrowings		3,358,234	3,452,943
Loan from related parties		72,000	167,336
Current portion of long term financing		298,113	233,472
Unclaimed dividend		6,260	3,968
		4,874,294	4,925,666
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	-	-
		10,690,311	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 NINE MONTHS PERIOD ENDED JUNE 30, 2019**

		For the nine months October to June		For the Quarter April to June	
		2019	2018	2019	2018
	Notes	(Rupees in thousand)			
Sales		7,549,009	5,414,067	3,005,055	1,385,446
Cost of sales	6	(5,303,254)	(4,953,861)	(2,037,113)	(1,078,065)
Gross profit		2,245,755	460,206	967,942	307,381
Profit from trading activities		1,387	303	34	289
		2,247,142	460,509	967,976	307,670
Distribution cost		(682,626)	(461,707)	(228,904)	(96,962)
Administrative expenses		(185,725)	(159,766)	(61,681)	(56,758)
Other operating charges		(82,802)	(37,099)	(34,859)	(21,217)
		(951,153)	(658,572)	(325,444)	(174,937)
Operating profit/(loss)		1,295,989	(198,063)	642,532	132,733
Other income		152,529	787,650	82,250	215,680
		1,448,518	589,587	724,782	348,413
Finance cost		(279,077)	(152,721)	(110,376)	(72,397)
<b>Profit before taxation</b>		<b>1,169,441</b>	<b>436,866</b>	<b>614,406</b>	<b>276,016</b>
Taxation					
-Current	7	(8,504)	(53,684)	(8,504)	(13,963)
-Deferred		7,620	(26,257)	11,307	(18,329)
		(884)	(79,941)	2,803	(32,292)
<b>Profit after taxation</b>		<b>1,168,557</b>	<b>356,925</b>	<b>617,209</b>	<b>243,724</b>
<b>Earning per share-Basic and diluted - Rupees</b>		<b>55.33</b>	<b>16.90</b>	<b>29.23</b>	<b>11.54</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 NINE MONTHS PERIOD ENDED JUNE 30, 2019**

	For the nine months October to June		For the Quarter April to June	
	2019	2018	2019	2018
(Rupees in thousand)				
Profit after taxation	1,168,557	356,925	617,209	243,724
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,168,557</u>	<u>356,925</u>	<u>617,209</u>	<u>243,724</u>

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



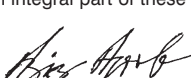
# SHAHMURAD SUGAR MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2019

	Note	June 2019	June 2018
(Rupees in thousand)			
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,169,441	436,866
<b>Adjustment for :</b>			
Depreciation	4.1	262,806	96,807
Profit on disposal of property, plant and equipment		(381)	(2,903)
Provision for obsolescence and slow moving items		6,500	2,550
Finance cost		279,077	152,721
		<b>548,002</b>	<b>249,175</b>
		<b>1,717,443</b>	<b>686,041</b>
<b>(Increase) / decrease in current assets</b>			
Stores, spare parts and loose tools		(26,686)	(33,385)
Stock in trade		(518,813)	(1,221,164)
Trade debts		(468,900)	54,316
Loans & advances		201,981	(33,611)
Short term prepayments		(4,654)	1,228
Other receivables		289,643	(435,689)
		<b>(527,429)</b>	<b>(1,668,305)</b>
<b>(Decrease)/increase in current liabilities</b>			
Trade and other payables		30,700	708,798
Short term borrowings		(94,709)	1,517,589
		<b>(64,009)</b>	<b>2,226,387</b>
		<b>1,126,005</b>	<b>1,244,123</b>
Decrease/ (increase) in long term loan		471	(752)
Income tax paid		(73,845)	(74,538)
Finance cost paid		(238,038)	(118,365)
		<b>(311,412)</b>	<b>(193,655)</b>
<b>Net cash inflow from operating activities</b>		<b>814,593</b>	<b>1,050,468</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions in property, plant & equipment		(429,904)	(1,200,582)
Sale proceeds from disposal of property, plant and equipment		865	7,034
<b>Net cash outflow from investing activities</b>		<b>(429,039)</b>	<b>(1,193,548)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term finance received		39,687	354,557
Repayment of loans from related parties		(95,336)	(27,500)
Repayment of long term financing		(173,160)	(126,909)
Dividend paid		(145,539)	(10,445)
<b>Net cash (outflows)/inflows from financing activities</b>		<b>(374,348)</b>	<b>189,703</b>
<b>Net increase in cash and bank balances (A+B+C)</b>		<b>11,206</b>	<b>46,623</b>
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>		<b>56,658</b>	<b>85,115</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

# SHAHMURAD SUGAR MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 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
During the nine months period ended June 30, 2018						
Transactions with owners						
Final Dividend for 30-September-2017 @ Rs. 0.50 Per Share	-	-	-	(10,559)	-	(10,559)
Total Comprehensive Income for the nine month ended June 30, 2018	-	-	-	356,925	-	356,925
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation -net of deferred tax	-	-	-	18,518	(18,518)	-
Transfer from revaluation surplus on account of disposal of property, plant and equipment net of deferred tax	-	-	-	443	(443)	-
	-	-	-	18,961	(18,961)	-
Balances at June 30, 2018	211,187	80,000	(1,885)	1,207,337	527,746	2,024,385
Balances as at October 01, 2018	211,187	80,000	(2,501)	1,462,075	1,582,959	3,333,720
During the nine months ended June 30, 2019						
Transactions with owners						
Final Dividend for 30-September-2018 @ Re. 7.00 Per Share	-	-	-	(147,831)	-	(147,831)
Total Comprehensive Income for the nine months ended June 30, 2019	-	-	-	1,168,557	-	1,168,557
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation -net of deferred tax	-	-	-	70,335	(70,335)	-
Balances at June 30, 2019	211,187	80,000	(2,501)	2,553,136	1,512,624	4,354,446

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 NINE MONTHS PERIOD ENDED JUNE 30, 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 at 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.

**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.

## SHAHMURAD SUGAR MILLS LTD.

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 299 (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 30, September 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.

		Un-Audited June 30, 2019	Audited September 30, 2018
		(Rupees in thousand)	
<b>4. Property, Plant and Equipment</b>			
Operating fixed assets	4.1	5,438,196	5,073,393
Capital work in progress	4.2	43,739	241,928
		5,481,935	5,315,321

## SHAHMURAD SUGAR MILLS LTD.

	Un-Audited June 30, 2019 (Rupees in thousand)	Audited September 30, 2018
<b>4.1 OPERATING FIXED ASSETS</b>		
<b>Opening book value</b>	<b>5,073,393</b>	2,467,576
<b>Direct additions during the period / year</b>		
Furniture, Fixture and Fittings	90	282
Office Equipment	2,209	3,517
Vehicle	28,861	18,725
	<b>31,160</b>	22,524
<b>Transfer from CWIP during the period / year</b>		
Owned		
Factory building	4,274	-
Non Factory building	3,993	7,414
Plant and Machinery	588,666	1,630,853
	<b>596,933</b>	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	(484)	(3,151)
	(484)	(4,188)
<b>Depreciation Charged for the period / year</b>	<b>(262,806)</b>	(181,747)
<b>Closing book value</b>	<b>5,438,196</b>	5,073,393
<b>4.2 CAPITAL WORK IN PROGRESS</b>		
<b>Opening balance</b>	<b>241,928</b>	584,737
<b>Additions during the period / year</b>		
Civil Works	8,521	1,330
Plant & Machinery	390,223	1,294,128
	<b>398,744</b>	1,295,458
<b>Capitalization during the period/year</b>		
Civil Works	(8,267)	(7,414)
Plant & Machinery	(588,666)	(1,630,853)
	<b>(596,933)</b>	(1,638,267)
<b>Closing balance</b>	<b>43,739</b>	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 June 30, 2019	Audited September 30, 2018
	(Rupees in thousand)	
<b>5.2 Commitments</b>		
Commitments for capital expenditure	122,695	127,083
Commitments for stores and spares	-	6,212
	122,695	133,295
<b>Bank Guarantees</b>		
in favor of Excise and Taxation Department	500	500

	For the Nine Month October to June		For the Quarter April to June	
	2019	2018	2019	2018
<b>6. COST OF SALES</b>	(Rupees in thousand)			
Opening stock of finished goods	1,539,616	1,762,935	3,033,810	2,360,560
Cost of goods manufactured	5,875,287	5,199,494	1,114,952	726,072
	7,414,903	6,962,429	4,148,762	3,086,632
Closing stock of finished goods (Note 6.1)	(2,111,649)	(2,008,568)	(2,111,649)	(2,008,568)
	5,303,254	4,953,861	2,037,113	1,078,064

- 6.1** Finished goods costing Rs. Nil (June 2018: Rs. 1,918.459 million) have been written down to their net realizable value of Rs. Nil (June 2018 : Rs. 1,823.575 million). At period end stock pledged against short term borrowings amounted to Rs. 191 million (June 2018 : 1,350 million).

### 7. TAXATION

Provision for current taxation is made on the basis of minimum and final taxation net of tax credit of Rs. 78.414 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:

		June 2019	June 2018
<b>Transactions:</b>			
<b>Relationship with the Company</b>	<b>Nature of Transactions</b>	<b>(Rupees in thousand)</b>	
<b>Associates</b>			
Al-Noor Sugar Mills Limited	-Purchase of Goods	394,844	319,351
Reliance Insurance Company Ltd	-Insurance premium	20,900	16,739
<b>Other related parties</b>			
Directors' and key management personnel	-Directors remuneration	20,467	17,872
	-Executive remuneration	33,886	35,210
	-Non-executive directors' meeting fee	128	95
Staff provident fund excluding Directors	-Company's Contribution during the period	4,432	4,023
		<b>June 2019</b>	<b>September 2018</b>
<b>Balances:</b>			
<b>Relationship with the Company</b>	<b>Nature of Transactions</b>	<b>(Rupees in thousand)</b>	
<b>Associates</b>			
Al-Noor Sugar Mills Limited	Loan and advances	6,116	37,500
Reliance Insurance Company Ltd	Trade & other payables	4,831	-
Staff provident fund	Trade & other payables	409	-

### 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 June 30, 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	862,500	599,071	1,461,571	1,112,500	547,186	1,659,686
Current portion of long term finance	235,000	63,113	298,113	155,000	78,472	233,472
	1,097,500	662,184	1,759,684	1,267,500	625,658	1,893,158
Accrued finance cost	51,914	44,102	96,016	20,385	34,592	54,977
Short term borrowings	820,000	2,538,234	3,358,234	553,000	2,899,943	3,452,943
Cash at banks	(6,268)	(50,390)	(56,658)	(478)	(44,974)	(45,452)
	1,963,146	3,194,130	5,157,276	1,840,407	3,515,219	5,355,626

## SHAHMURAD SUGAR MILLS LTD.

	Nine months ended June 30, 2019			Nine months ended June 30, 2018		
	Rupees in thousand			Rupees in thousand		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
Finance cost	121,375	157,702	279,077	50,502	102,219	152,721
Income from PLS bank account	-	-	-	-	(7)	(7)
	<u>121,375</u>	<u>157,702</u>	<u>279,077</u>	<u>50,502</u>	<u>102,212</u>	<u>152,714</u>

### 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 nine months ended June 30, 2019 and June 30, 2018 and assets and liabilities information regarding business segments as at June 30, 2019 and September 30, 2018.

	Sugar		Ethanol		Consolidated	
	Nine months period ended June 30,		Nine months period ended June 30,		Nine months period ended June 30,	
	2019	2018	2019	2018	2019	2018
----- (Rupees in thousand) -----						
<b>REVENUE</b>						
External Sales	1,981,335	2,924,721	5,567,674	2,489,346	7,549,009	5,414,067
Inter segment transfer	272,175	256,069	-	-	272,175	256,069
Total	<u>2,253,510</u>	<u>3,180,790</u>	<u>5,567,674</u>	<u>2,489,346</u>	<u>7,821,184</u>	<u>5,670,136</u>
<b>RESULTS</b>						
Profit/(loss) from operation	(73,176)	(785,786)	1,450,580	624,519	1,377,404	(161,267)
Profit from trading activity					1,387	303
					1,378,791	(160,964)
Other operating charges					(82,802)	(37,099)
Other income					152,529	787,650
Finance cost					(279,077)	(152,721)
Profit before tax					1,169,441	436,866
Taxation					(884)	(79,941)
Profit for the period					1,168,557	356,925

#### SEGMENT ASSETS AND LIABILITIES

	June 2018	September 2017	June 2018	September 2017	June 2018	September 2017
	(Rupees in thousand)					
<b>Assets</b>						
Segment assets	4,342,337	3,954,065	5,715,203	5,382,530	10,057,540	9,336,595
Un-allocated assets					630,956	580,662
Long term investment					1,815	1,815
Total assets					<u>10,690,311</u>	<u>9,919,072</u>
<b>Liabilities</b>						
Segment liabilities	2,696,458	3,531,332	3,561,840	3,013,368	6,258,298	6,544,700
Unallocated liabilities					77,567	40,652
					<u>6,335,865</u>	<u>6,585,352</u>



## SHAHMURAD SUGAR MILLS LTD.

	Nine months ended June 30		Nine months ended June 30		Nine months ended June 30	
	2019	2018	2019	2018	2019	2018
(Rupees in thousand)						
<b>OTHER INFORMATION</b>						
Additions to property, plant and equipment	73,633	64,207	356,271	859,479	429,904	923,686
Depreciation	66,546	36,295	196,260	27,633	262,806	63,928

### Revenue from major customers

During the period external sales to major customers amounted to Rs. 3,305 million. (2018: Rs. 3,523 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 June 30,	
	2019	2018
Pakistan	1,981,336	653,882
Ghana	661,765	410,916
Nigeria	552,645	222,370
Angola	516,822	36,183
Singapore	295,078	27,583
Turkey	276,223	835,596
Philippines	325,823	14,921
Italy	977,031	-
Sierra Leone	210,839	74,438
Netherlands	193,494	168,127
Ivory Coast	147,620	9,906
Thailand	165,885	38,289
Tanzania	146,064	-
Spain	105,038	-
Cameroon	174,115	150,925
Taiwan	81,866	485,653
India	46,780	572,173
Afghanistan	-	763,261
Vietnam	-	120,870
Others	690,585	828,974
	<b>7,549,009</b>	<b>5,414,067</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.
- 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 July 23, 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 کی جاتی ہے کہ آئندہ پانی کے سیزن کے دوران پنجاب اور کے پی کے میں گنے کی اضافی فصل ہوگی تاہم سندھ میں پانی کی عدم دستیابی کے باعث فصل شدید متاثر ہوگی۔ ہم امید کرتے ہیں کہ حکومت برآمدات نیز بفر اسٹاک کے بارے میں بروقت فیصلہ کرے گی جو چینی کے مقامی نرخوں کو مستحکم بنانے کا واحد راستہ ہے۔

ایسٹھانول ڈویژن کے مستقبل کا جائزہ بھی مثبت ظاہر ہوتا ہے کیونکہ کروڈ آئل کی قیمت میں اضافے کی وجہ سے یہ اُمید کی جاسکتی ہے کہ ایسٹھانول کی پیداوار میں خاطر خواہ اضافے کی اُمید کی جاسکتی ہے لیکن راب کی عدم دستیابی کی وجہ سے ایسٹھانول کی پیداوار میں اثر پڑسکتا ہے۔

### بورڈز آف ڈائریکٹرز

بورڈز آف ڈائریکٹرز کے معیاد 28 مارچ، 2019 کو اختتام پزیر ہوئی اور اسی مقررہ تاریخ پر غیر معمولی اجلاس میں ارکان نے درج ذیل ممبران کا انتخاب کیا:

۱۔ جناب اسماعیل ایچ زکریا	ڈائریکٹر
۲۔ جناب ضیاء زکریا	ڈائریکٹر
۳۔ جناب عبدالعزیز ایوب	ڈائریکٹر
۴۔ جناب نور محمد زکریا	ڈائریکٹر
۵۔ مسماہ صنوبر حامد زکریا	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



ضیا آئی زکریا  
مینیجنگ ڈائریکٹر ایڈیسی ای او

کراچی، 23 جولائی، 2019

شعبہ جات کے لحاظ سے کارکردگی درج ذیل کے مطابق رہی۔

### کارکردگی نظر ثانی شوگر ڈویژن

اس عرصے کے دوران ملز نے 500,270 میٹرک ٹن گنا پیسا اور چینی کی پیداوار 55,425 میٹرک ٹن رہی۔ گزشتہ سال اسی مدت کے دوران ملز نے 744,578 میٹرک ٹن گنا پیسا اور چینی کی پیداوار 82,366 میٹرک ٹن رہی۔ موجودہ مدت کی پیداوار گزشتہ سال کے مقابلے میں 33 فی صد یا 26,941 میٹرک ٹن کم رہی۔ چینی کی پیداوار میں کمی خام مال کی عدم دستیابی ہے کیونکہ سندھ کے جنوبی حصے میں گزشتہ سال کے مقابلے میں فصل اچھی نہ تھی۔ ریکوری کا تناسب اس سال 11.08 جو کہ گزشتہ سال کے مقابلے میں 11.06 فیصد رہا۔ صوبے سندھ کی جانب سے گنے کی قیمت مبلغ = / Rs. 182 فی من تھی۔ جو کہ سال 18-2017 کے دوران بھی یہی قیمت رہی۔ خام مال کی عدم دستیابی کی وجہ سے گنے کو دور دراز کے علاقوں سے بھی حاصل کیا گیا جہاں پر شاندار فضل دستیاب تھی اور صوبہ سندھ کے بالائی علاقے میں بھی اچھی فصل رہی اور گنے کی ٹرانسپورٹیشن کے لئے بھاری اخراجات صرف ہونے کی وجہ سے لاگت میں خاطر خواہ اضافہ ہو گیا۔ خام مال کی قیمت Rs. 212.43 فی من تک بڑھ گئی۔ حکومت سندھ نے پاکستان شوگر ملز ایسوسی ایشن کا نکتہ نظر پر نظر ثانی نہیں کی کہ خام مال کی قیمت چینی کی قیمت کو مد نظر رکھتے ہوئے مقامی سطح اور بین الاقوامی مارکیٹ کی سطح پر قیمت مقرر کی جائے۔ جبکہ دوسری اور تیسری سہ ماہی میں چینی کی قیمت کے اضافے کے ساتھ مبلغ - / Rs. 59,000 فی ٹن تھی جیسا کہ پہلی سہ ماہی میں وہی - / 48,000 روپے فی میٹرک ٹن تھی۔ اس سال گنے کی فصل پچھلے سال کے مقابلے میں بہتر نہیں تھی اور اس وجہ سے شوگر کی پیداوار 5.50 ملین میٹرک ٹن کم رہی جبکہ پچھلے سال 7.90 ملین ٹن تھی۔

حالیہ کرشنگ سیزن کے دوران چینی کی پیداوار کم رہی مگر مل کے پاس گزشتہ سال کی پیداوار سے تقریباً 2 ملین میٹرک ٹن کی توقع ہے لہذا مذکورہ بالا حقائق کی روشنی میں کہ گورنمنٹ ایکسپورٹ کی منظوری دے گی تاکہ ملک کی چینی کی قیمت کو استحکام ہو۔

### استھانول ڈویژن

زیر تجزیہ مدت کے دوران پلانٹ کی کارکردگی اطمینان بخش رہی۔ گزشتہ سال 31,142 میٹرک ٹن استھانول کے مقابلے میں 49,805 میٹرک ٹن استھانول پیدا کیا۔ زیر جائزہ مدت کے دوران پیداوار زائد رہی کیونکہ پلانٹ کی گنجائش اضافی پلانٹ اور ایکویمینٹس کی تنصیب کے ذریعے 66,000 میٹرک ٹن کردی گئی۔ جس کا آغاز گزشتہ سال کی دوسری سہ ماہی میں کر دیا گیا تھا۔ راب کی ناقص عدم دستیابی کی وجہ سے پیداوار پر خاطر خواہ اثر ہوا اور راب کی قیمتوں میں بھی خاطر خواہ اضافہ ہوا لیکن استھانول کی قیمت میں کوئی اضافہ نہیں ہوا۔

معزز ممبران گرامی


السلام وعلیکم

میرے لئے یہ بات باعث افتخار ہے کہ بورڈ آف ڈائریکٹر کی جانب سے میں آپ کی خدمت میں غیر آڈٹ شدہ مالیاتی حسابات برائے 30 جون 2019 پیش کرنے جارہا ہوں۔

پروڈکشن اور مالیاتی حسابات سے متعلق اہم معلومات ذیل میں پیش خدمت ہیں۔

30 جون 2018	30 جون 2019	معلومات برائے پیداوار
28-11-2017	13-12-2018	گنے کی پانی کا آغاز
02-04-2018	13-03-2019	پانی کی تکمیل
126	91	زیر نظر دورانیے میں پانی (دنوں میں)
744,578	500,270	گنے کی پانی (میٹرک ٹن میں)
82,366	55,425	چینی کی پیداوار (میٹرک ٹن میں)
11.06	11.08	چینی کی ریکوری کی شرح
35,310	23,100	راب کی پیداوار (میٹرک ٹن میں)
31,142	49,805	اسٹھول کی پیداوار (میٹرک ٹن میں)
(روپے ہزاروں میں)	(روپے ہزاروں میں)	مالیاتی معلومات
5,414,067	7,549,009	فروختگی
(4,953,861)	(5,303,254)	لاگت برائے فروختگی
460,206	2,245,755	خام منافع
(461,707)	(682,626)	اخراجات برائے ترسیلات
(159,766)	(185,725)	انتظامی اخراجات
(37,099)	(82,802)	دیگر آپریٹنگ لاگت
787,953	153,916	دیگر آمدن و اخراجات
(152,721)	(279,077)	مالیاتی اخراجات
436,866	1,169,441	منافع قبل از ٹیکس
(79,941)	(884)	ٹیکس کے لئے فراہمی
356,925	1,168,557	منافع بعد از ٹیکس
Rs.16.90	Rs.55.33	آمدن فی حصص (بنیادی)

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