



SHAHTAJ
SUGAR MILLS LIMITED

Condensed Interim
Financial Information
(Un-audited)

For the three month
period ended
31 December

2017

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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

Chief Financial Officer

Mr. Waqar Ahmad, FCA

Audit Committee

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

Human Resource & Remuneration Committee

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

Head Office

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

Registered Office

19, Dockyard Road,
West Wharf, Karachi - 74000
Phone : (021) 3231 3934 - 38
Fax : (021) 3231 0623
E-mail : registeredoffice@shahtajsugar.com

Production Facility

Mandi Bahauddin - 50400.
Phone : (0546) 501 147 - 48
(0546) 508 047 - 48
Fax : (0546) 501 768
E-mail : mills@shahtajsugar.com

Auditors

EY Ford Rhodes,
Chartered Accountants,
96-B-1, 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

The Directors of the Company are pleased to submit the Un-audited Condensed Interim Financial Information for the three month period ended 31 December 2017. Production data for the three month period ended 31 December 2017 is given below:

Production Data

		31 December	
		2017	2016
Start of season		30.11.2017	23.11.2016
Sugar cane crushed	(M. tons)	249,258	324,284
Production:			
Sugar	(M. tons)	21,290	30,090
Molasses	(M. tons)	10,725	13,473
Recovery:			
Sugar	%	9.04	9.61
Molasses	%	4.58	4.55

The crushing season 2017-18 was started on 30 November 2017 and until the morning of 25 January 2018, we crushed 474,274 M. tons of sugarcane, and produced 43,575 M. tons of sugar at an average recovery of 9.40%.

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. Our cost of sugarcane procured upto 31 December 2017 remained at Rs. 182/- per 40 Kg as compared with Rs. 183/- per 40 Kg in the first three month period of previous year. So far sugar recovery is less than the last season, which indicates less production of sugar for the season.

At industry level, projections for overall production of sugar in the country for the season are higher than last season. However, current market conditions i.e. sugar price is very unfavorable. With the efforts of PSMA and keeping in view of the expected higher sugar production in the country the Federal Govt. has allowed export of 1,500,000 M. tons of sugar with freight support of Rs. 10.70 per kg subject to the condition that the said amount of freight support will be given on a sliding scale between the international price of US\$ 376 / M. tons (as on 08-09-2017) and US\$ 499 / M. tons, i.e. once the price reaches at the level of US\$ 499 / M. tons in international market, the State Bank of Pakistan would affect the stoppage of the freight support. Freight support will be shared by Federal and Provincial Government on 50:50 basis. We are hopeful that with the export of 1,500,000 M. tons of sugar domestic price of sugar will improve.

Sugar prices during the three month period were drastically less than the corresponding period of last year due to high production and decrease in international price 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.

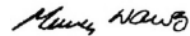
Directors' Report to the Members

For the three month period, your Company recorded a turnover of Rs. 1,034.095 million as against Rs. 947.597 million in the corresponding period of 2016. The cost of sales was Rs. 1,101.619 million as against Rs. 830.467 million of the previous period. Thus, the Company has a gross loss of Rs. 67.524 million as against a gross profit of Rs. 117.130 million for the three month period ended 31 December 2017. The net loss has been recorded to be Rs. 126.812 million against the profit of Rs. 52.008 million of the corresponding period. The loss was due to decrease in average selling price of sugar of Rs. 11,116 per M. tons as compared with corresponding period of 2016. The finance cost for the period was Rs. 6.584 million as against Rs. 3.087 million of the corresponding period.

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. This will now accelerate the process of setting up of Co-generation Power Project. Our objective is to achieve commercial operation date in July 2018. Our EPA has been sanctioned by the BOD of CPPA but it still has to be signed, delay on the side of CPPA. However we are actively pursuing for the signing of the EPA.

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

For and on behalf of the Board,



MUNEER NAWAZ
Chief Executive

Karachi: 25 January 2018.

ڈائریکٹرز رپورٹ برائے ممبران

اوارے کے ڈائریکٹرز آپ کی خدمت میں اختتام شدہ سہ ماہی 31 دسمبر 2017 کے لیے کمپنی کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرتے ہیں۔ اختتام شدہ سہ ماہی 31 دسمبر 2017 کے پیدوار کی اعداد و شمار ذیل میں درج ہیں۔

برائے سہ ماہی 31 دسمبر		پیدوار کی اعداد و شمار
2016	2017	
23 نومبر 2016	30 نومبر 2017	آغاز بیزن
324,284 میٹرک ٹن	249,258 میٹرک ٹن	گنے کی کرشنگ
30,090 میٹرک ٹن	21,290 میٹرک ٹن	پیدوار
13,473 میٹرک ٹن	10,725 میٹرک ٹن	چینی
		شیرہ
9.61%	9.04%	ریکوری
4.55%	4.58%	چینی
		شیرہ

کرشنگ بیزن کا آغاز مورخہ 30 نومبر 2017 کو ہوا اور مورخہ 25 جنوری 2018 کی صبح تک ہم نے 474,274 میٹرک ٹن گنے کی کرشنگ کی اور 9,40 فیصد ریکوری کے ساتھ 43,575 میٹرک ٹن چینی کی پیدوار حاصل کی۔

اوپر دیے گئے اعداد و شمار مطابق چینی کی پیدوار گزشتہ سال کی نسبت کم رہی جبکہ ریکوری بھی گزشتہ سال کی نسبت کم رہی۔ تاہم ہماری ریکوری گزشتہ سال کی نسبت بہتر رہی۔ گنے کی اعداد کی قیمت میں اس سال اضافہ نہیں ہوا اور وہ گزشتہ سال کی طرح 180 روپے فی من رہی۔ ہماری گنے کی خریداری لاگت برائے اختتام شدہ سہ ماہی 31 دسمبر 2017 کے لیے 182 روپے فی من رہی جبکہ گزشتہ سال خریداری لاگت 183 روپے فی من تھی۔ اب بک چینی کی ریکوری گزشتہ سال کی نسبت کم ہے، جو کہ نشانہ دہی کر رہا ہے کہ چینی کی پیدوار گزشتہ سال کی نسبت کم کرنے کا امکان ہے۔

تاہم اظہار سڑکی کی سطح پر اٹھانے سے کم اس سال چینی کی مجموعی پیدوار گزشتہ سال کی نسبت زیادہ ہوگی جبکہ موجودہ کاروباری حالات میں چینی کی قیمت فیوز ہو رہی ہے۔ پاکستان شوگر ملز ایسوسی ایشن کی کوششوں سے موجودہ بیزن میں زائد چینی کی پیدوار کو مد نظر رکھتے ہوئے مرکزی حکومت نے 1,500,000 میٹرک ٹن چینی کی برآمد کی اجازت 10,70 روپے فی ٹن کو گوارا دیا۔ برآمداری کی حد میں چھوٹ کی اجازت اس شرط کے ساتھ دی ہے کہ اگر چینی کی بین الاقوامی قیمت 376 امریکی ڈالر سے 499 امریکی ڈالر کے درمیان رہے۔ جیسے ہی قیمت 499 امریکی ڈالر کی سطح پر پہنچے گی انٹرنیشنل بینک آف پاکستان اس چھوٹ کو ختم کر دے گا۔ یہ گوارا برآمداری کی چھوٹ مرکزی اور صوبائی حکومت 50:50 برداشت کرے گی۔ ہم پر امید ہیں کہ اس 1,500,000 میٹرک ٹن چینی کی بیرون ملک برآمد سے چینی کی قیمت فروخت میں اضافہ ہوگا۔

چینی کی قیمت فروخت اس تین ماہ کے دوران میں پیدوار گزشتہ سال کی نسبت انتہائی کم رہی جس کی وجہ گزشتہ سال کی نسبت زائد چینی کی پیدوار اور بین الاقوامی منڈی میں چینی کی کم قیمت ہے۔ اسی طرح شیرہ کی قیمت فروخت بھی پیش کردہ دوران میں گزشتہ سال کے مقابلے میں گزشتہ سال کے مقابلے میں موجود اسٹاک ہے۔

تین ماہ کے اس عرصہ میں آپ کی کمپنی کی فروخت 1,034.095 ملین روپے رہی جبکہ 2016 کے اسی دورانیہ میں 947.597 ملین روپے فروخت ریکارڈ کی گئی۔ جبکہ پیدوار کی لاگت گزشتہ سال کی لاگت 830.467 ملین روپے کے مقابلے میں 1,101.619 ملین روپے رہی۔ اس طرح اوارے کا دوران عرصہ مجموعی نقصان 67.524 ملین روپے رہا جبکہ گزشتہ سال کے اسی عرصہ میں 31 دسمبر 2017 کے مقابلے مجموعی منافع 117.130 ملین روپے رہا۔ جبکہ خالص نقصان دوران عرصہ 126.812 ملین روپے رہا کیا جبکہ گزشتہ سال دوران عرصہ خالص منافع 52.008 ملین روپے رہا۔ نقصان کی بڑی وجہ 2016 کے اسی دورانیہ کے مقابلے میں چینی کی قیمت فروخت میں 11,116 روپے فی ٹن کے اضافے کے لیے ہونے کی ہے۔ مالیاتی لاگت دوران عرصہ 6,584 ملین روپے رہی جبکہ اس کے مقابلے گزشتہ سال اسی دورانیہ میں مالیاتی لاگت 3,087 ملین روپے تھی۔

جیسا کہ پہلے ہی آپ سے علم دلایا جا چکا ہے کہ ادارے کا ایکس (گنے کی کوٹنی) سے ملنے والا کھلی کا پلاٹ 32 میگا واٹ کی صلاحیت رکھتا ہے تنصیب کے مراحل میں ہے۔ ابتدائی مرحلہ میں ہم اس بجلی کے پلانٹ سے اضافہ 22.85 میگا واٹ بجلی پیدا کر سکیں گے۔ تاہم اس میں سے 15 میگا واٹ بجلی فیض گرد کوثر تیل کی کاسکے گی۔ الحمد للہ مدیہ ایم کو بی تائے ہوئے فوٹی محسوس کر رہے ہیں کہ 16 میگا واٹ صلاحیت کی دو عدد ٹرپائمن کی تنصیب کا کام مکمل ہو چکا ہے جبکہ 132KV صلاحیت کے گزشتہ سال کی تنصیب کا کام جاری ہے۔ مزید آپ کی اطلاع کے لیے عرض ہے کہ فیض پاور اینڈ ریلیز انٹرنیٹ ڈیپارٹمنٹ نے مورخہ 10 نومبر 2016 کو آپ کے ادارے کو بجلی کی پیدوار کا اجازت نامہ (جنریشن انٹنس) تین 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۔ یہ اس بجلی کے پلانٹ کی تنصیب کا کام کو تیز کرنے میں اہم کردار ادا کرے گا۔ ہمارا ہدف ہے کہ ہم جولائی 2018 تک اس منصوبے پر تجارتی عملدرآمد مکمل کر لیں۔ ہمارا نکتہ نظر اوارے CPPA کی جانب سے بجلی خریداری کا معاہدہ بورڈ آف ڈائریکٹرز سے منظور ہو چکا ہے لیکن ابھی تک اس پر دستخط ہونے پائے ہیں جس میں CPPA کی جانب سے تاخیر ہے۔ تاہم بجلی خریداری کے معاہدے کے جلد جلد تکمیل کے لیے ہم سرگرم ہیں۔

آپ کے ڈائریکٹرز اس موقع پر آپ کے افسر، ڈائریکٹر انچارج، انڈسٹریل ڈیپارٹمنٹ کی جان فشانی اور کام سے لگاؤ کے معترف ہیں۔

برائے اوار طرف بورڈ آف ڈائریکٹرز

Muhammad Nawaz

منیجر اوار
چیف ایگزیکٹو آفیسر

کرپا

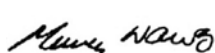
25 جنوری 2018

Condensed Interim Balance Sheet

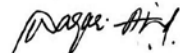
As at 31 December 2017

	Note	(Un-audited) 31 December 2017	(Audited) 30 September 2017
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,644,546	1,560,357
Investment in associate	8	107,446	113,196
Long term loans and advances		4,250	4,695
Long term deposits		1,103	1,103
		1,757,345	1,679,351
CURRENT ASSETS			
Stores, spares and loose tools		263,588	119,294
Stock in trade	9	968,297	804,212
Trade debts		234,483	44,342
Loans and advances		79,543	54,904
Trade deposits and short term prepayments		20,086	3,470
Other receivables		8,481	8,473
Income tax recoverable		311,877	294,680
Cash and bank balances		220,610	50,240
		2,106,965	1,379,615
TOTAL ASSETS		3,864,310	3,058,966
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		120,111	120,111
Capital reserve - share premium		27,534	27,534
Revenue reserve - general reserve and unappropriated profits		989,716	1,116,528
TOTAL EQUITY		1,137,361	1,264,173
NON CURRENT LIABILITIES			
Long term borrowings	10	1,036,942	771,742
Retirement benefits obligation		32,878	32,238
Deferred taxation		71,588	71,588
		1,141,408	875,568
CURRENT LIABILITIES			
Trade and other payables		1,332,691	102,576
Short term borrowings	11	113,695	696,911
Accrued interest on borrowings		28,177	21,864
Current maturity of long-term borrowings	10	25,000	25,000
Provision for taxation		85,978	72,874
		1,585,541	919,225
TOTAL LIABILITIES		2,726,949	1,794,793
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		3,864,310	3,058,966


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



Chief Executive



Chief Financial Officer



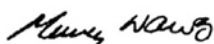
Chairman

Condensed Interim Profit and Loss Account (Un-audited)

For the three month period ended 31 December 2017

	Note	31 December	
		2017	2016
		(Rupees in thousand)	
Sales - net	13	1,034,095	947,597
Cost of sales	14	(1,101,619)	(830,467)
Gross (loss) / profit		(67,524)	117,130
Distribution cost		(2,458)	(2,137)
Administrative expenses		(48,235)	(48,107)
Other operating expenses		(916)	(4,290)
Other income		12,009	2,622
		(39,600)	(51,912)
Operating (loss) / profit		(107,124)	65,218
Finance cost		(6,584)	(3,087)
Share of profit of associate - net of tax		-	-
(Loss) / profit before taxation		(113,708)	62,131
Taxation	15	(13,104)	(10,123)
(Loss) / Profit for the period		(126,812)	52,008
(Loss) / Earnings per share - basic and diluted (Rupees per share)		(10.56)	4.33

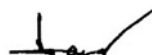
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Chief Executive



Chief Financial Officer



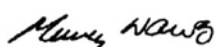
Chairman

Condensed Interim Statement of Comprehensive Income (Un-audited)


For the three month period ended 31 December 2017

	31 December	
	2017	2016
	(Rupees in thousand)	
(Loss) / profit for the period	(126,812)	52,008
Other comprehensive income for the period	-	-
Total comprehensive (loss) / income for the period	(126,812)	52,008

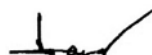
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Chief Executive



Chief Financial Officer



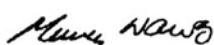
Chairman

Condensed Interim Cash Flow Statement (Un-audited)

For the three month period ended 31 December 2017

	31 December	
	2017	2016
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(113,708)	62,131
Non-cash adjustments to reconcile (loss) / profit before tax to net cash flows:		
Depreciation on property, plant and equipment	15,212	15,866
Interest / mark-up	5,807	2,950
Profit on bank deposits	(48)	(164)
Gain on disposal of property, plant and equipment	(494)	(1,047)
Provision for gratuity and retirement benefits	916	1,020
	21,393	18,625
Operating (loss) / profit before working capital changes	(92,315)	80,756
Working capital adjustments:		
Increase in current assets:		
Stores, spares and loose tools	(144,294)	(20,392)
Stock in trade	(164,085)	(791,077)
Trade debts	(190,141)	(270,111)
Loans and advances	(24,639)	(11,081)
Trade deposits and short term prepayments	(16,616)	(8,901)
Other receivables	(8)	16,594
	(539,783)	(1,084,968)
Increase in current liabilities		
Trade and other payables	1,230,115	609,273
Cash generated from / (used in) operations	598,017	(394,939)
Income tax paid	(17,197)	(9,514)
Interest / mark-up paid	506	(2,843)
Profit on bank deposits	48	164
Retirement benefits paid	(276)	(139)
Net cash generated from / (used in) operating activities	581,098	(407,271)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(697)	(89)
Addition in capital work in progress	(100,361)	(37,910)
Sale proceeds from disposal of property, plant and equipment	2,151	1,597
Decrease in loans and advances	445	563
Dividend received from associate	5,750	5,175
Net cash used in investing activities	(92,712)	(30,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Short-term borrowings obtained / (repaid) - net	(583,216)	572,892
Long-term borrowings obtained / (repaid) - net	265,200	-
Net cash (used in) / generated from financing activities	(318,016)	572,892
Net Increase in cash and cash equivalents	170,370	134,957
Cash and cash equivalents at the beginning of the period	50,240	38,579
Cash and cash equivalents at the end of the period	220,610	173,536

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



Chief Executive



Chief Financial Officer



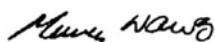
Chairman

Statement of Changes in Equity (Un-audited)

For the three month period ended 31 December 2017

	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
Profit for the period	-	-	-	52,008	52,008
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	52,008	52,008
Balance as at 31 December 2016	120,111	27,534	926,000	160,538	1,234,183
Balance as at 01 October 2017	120,111	27,534	956,000	160,528	1,264,173
Loss for the period	-	-	-	(126,812)	(126,812)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(126,812)	(126,812)
Balance as at 31 December 2017	120,111	27,534	956,000	33,716	1,137,361


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



Chief Executive



Chief Financial Officer



Chairman

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2017

1. The Company and its Operations

Shahtaj Sugar Mills Limited (the Company) was incorporated in Pakistan on 27 March 1965 as a Public Limited Company initially under the Companies Act, 1913, and then under the Companies Ordinance, 1984. Its registered office is situated at 19, Dockyard Road, West Wharf, Karachi. The Company is listed on Pakistan Stock Exchange and is engaged in 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 the confirmation by the Securities and Exchange Commission of Pakistan received on 07 April 2016, the Company is now 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 in 2017-18 and any surplus electric power, not consumed by the Company itself, will be sold to the Central Power Purchasing Agency (Guarantee) Limited (CPPA).

2. Statement of Compliance

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

The Securities and Exchange Commission of Pakistan, via its circular no. 23 of 2017, dated 04 October 2017, has instructed companies to prepare, interim financial information for the three month period ended 31 December 2017 in accordance with the provisions of the repealed Companies Ordinance, 1984. The Company will prepare its annual financial statements for the year ending 30 September 2018 in accordance with the provisions of the Companies Act, 2017.

3. Basis of Presentation and Measurement

- 3.1 This Condensed Interim Financial Information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.
- 3.2 This Condensed Interim Financial Information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with financial statements of the Company for the year ended 30 September 2017.

4. Significant Accounting Policies

The accounting policies adopted and applied by the Company for the preparation of this Condensed Interim Financial Information are the same as were adopted and applied in the preparation of the preceding Annual Audited Financial Statements for the year ended 30 September 2017.

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.

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2017

6. Taxation, Workers' Welfare Fund and Workers' Profit Participation Fund

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

Note	(Un-audited) 31 December 2017	(Audited) 30 September 2017
	(Rupees in thousand)	

7. Property, Plant and Equipment

Operating fixed assets	7.1	571,599	571,398
Capital work in progress	7.2	1,072,947	988,959
		1,644,546	1,560,357

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

Additions	Deletions
(Rupees in thousand)	

Plant and Machinery	14,461	25,485
Motor vehicles	1,912	1,704
Furniture and Fitting	697	32
Office equipment	-	590
	17,070	27,811

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

	As at 01 October 2017	Additions	Transfer	Transfer to Operating Fixed Assets	As at 31 December 2017
	(Rupees in thousand)				
Civil works and buildings	10,758	498	8,302	-	19,558
Plant and machinery	723,601	37,376	11,189	(14,461)	757,705
Other directly attributable overheads	81,077	21,575	-	-	102,652
Advances to Suppliers	173,523	40,912	(19,491)	(1,912)	193,032
	988,959	100,361	-	(16,373)	1,072,947

Note	(Un-audited) 31 December 2017	(Audited) 30 September 2017
	(Rupees in thousand)	

8. Investment in Associate

Associates - Equity method Shahtaj Textile Limited - Listed	8.1	107,446	113,196
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8.1 Fair value of investment as at 31 December 2017 is Rs. (thousand) 98,325 (30 September 2016: Rs. (thousand) 143,750).

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2017

Note	(Un-audited) 31 December 2017	(Audited) 30 September 2017
	(Rupees in thousand)	
9. Stock in Trade		
Sugar	844,453	758,601
Molasses	36,355	-
Bagasse	16,555	42,045
Sugar in process	65,986	3,104
Molasses in process	3,771	52
	967,120	803,802
Insecticide	2	8
Stock at fair price shop	1,175	402
	1,177	410
	968,297	804,212
10. Long Term Borrowings		
Loan - I	10.1 1,036,942	771,742
Loan - II	10.2 25,000	25,000
Less: Current maturity	(25,000)	(25,000)
	1,036,942	771,742

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 favor of the syndicate for the purpose of co-generation power project with 25% margin limited to Rs. 2,608 million. Markup 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 amounts to Rs. 1,184 million.

10.2 This represents an outstanding loan amounting to Rs. (thousand) 25,000 obtained from MCB Bank Limited for purchase and installation of high pressure boiler and ancillary machinery. Markup is chargeable at a rate of 6 month KIBOR + 1% per annum bi-annually. This facility is secured against first exclusive charge over entire plant and machinery with 25% margin limited to Rs. 267 million. The last installment of the loan is due to be paid in January 2018.

11. Short Term Borrowings

The aggregate facility of short term borrowings available from commercial banks 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) 2,256,305 (30 September 2017: (thousand) 1,973,089).

The aggregate facility for letters of credit and guarantees 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) 1,028,044 (30 September 2017: Rs. (thousand) 1,015,591) and Rs. (thousand) Nil (30 September 2017: Rs. (thousand) 7,440), respectively.

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2017

12. Contingencies and Commitments

12.1 Contingencies

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

12.2 Commitments

- i. The Company's commitments for capital expenditure, amounts to Rs. (thousand) 2,590 (30 September 2017: Rs. (thousand) 4,526) in the normal course of business.
- ii. The Company's commitments for letters of credit and guarantees amounts to Rs. (thousand) 516,956 (30 September 2017: Rs. (thousand) 529,409) and Rs. (thousand) 8,560 (30 September 2017: Rs. (thousand) 8,560).

(Un-audited)
31 December
2017 2016
(Rupees in thousand)

13. Sales - net

Sugar	1,082,092	920,801
Molasses	22,992	94,201
Bagasse	57,974	28,998
Press mud	1,234	1,362
	1,164,292	1,045,362
Less:		
Broker's commission on sugar	2,721	2,103
Sales tax / FED	126,072	94,370
Withholding tax on sales	1,404	1,292
	130,197	97,765
	1,034,095	947,597

14. Cost of Sales

Cost of sugar cane procurement	1,120,866	1,485,455
Process materials	13,662	19,429
Fuel and power	3,869	5,720
Stores and spares consumed	29,981	23,636
Repairs and maintenance	12,986	3,715
Salaries, wages and other benefits	53,018	50,029
Company's contribution to provident fund	504	517
Rent, rates and taxes	349	254
Insurance	2,312	2,219
Conveyance and travelling	2,739	2,170
Depreciation	13,969	14,759
Other expenses	2,113	1,931
	1,256,368	1,609,834
Add: Opening stock of sugar and by-products in process	3,156	3,108
Less: Closing stock of sugar and by-products in process	(69,758)	(64,085)
Cost of sugar manufactured	1,189,766	1,548,857
Packing material consumed	8,570	11,080
Cost of sugar bagged	1,198,336	1,559,937
Add: Opening stock of sugar and by-products	800,646	159,130
Less: Closing stock of sugar and by-products	(897,363)	(888,600)
	1,101,619	830,467

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2017

	(Un-audited) 31 December	
	2017	2016
	(Rupees in thousand)	
15. Taxation		
Taxation for the period	(13,104)	(10,123)

16. Transactions with Related Parties

The related parties and associated undertakings comprise related group companies, local associates, staff provident fund, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	31 December 2017				
	Shahtaj Textile Limited	Shezan International Limited	Shahnawaz (Private) Limited	Information System Associates Limited	Staff Provident Fund
	(Rupees in thousand)				
Dividend received	5,750	-	-	-	-
Utilities paid	-	-	67	-	-
Purchases and services received	-	-	628	113	-
Sales	-	119,070	-	-	-
Staff Provident Fund	-	-	-	-	1,202
	5,750	119,070	695	113	1,202

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

Notes to the Condensed Interim Financial Information (Un-audited)

For the three month period ended 31 December 2017

All transactions with the related parties and associated undertakings are entered into arm's length determined in accordance with comparable uncontrolled price method except for transactions with M/s Shahnawaz (Private) Limited, where an additional discount of 40% is received on service charges and 15% on spare parts in connection with the repairs of motor vehicles, due to group policy. The effect of this policy on the balance sheet and profit and loss account is considered to be immaterial.

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

17. Authorization

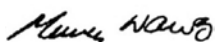
This condensed interim financial information was authorized for issue by the Board of Directors on 25 January 2018.

18. Appropriations

The Board of Directors have proposed a final dividend for the year ended 30 September 2017 of Rs. 5/- per share (2016: Rs. 5/- per share), amounting to Rs. (thousand) 60,055 (2016: Rs. (thousand) 60,055) along with the transfer to general reserve amounting to Rs. (thousand) 60,000 (2016: Rs. (thousand) 30,000) at their meeting held on 22 December 2017 for approval of the members at the Annual General Meeting to be held on 26 January 2018.

19. General

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



Chief Executive



Chief Financial Officer










Chairman



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