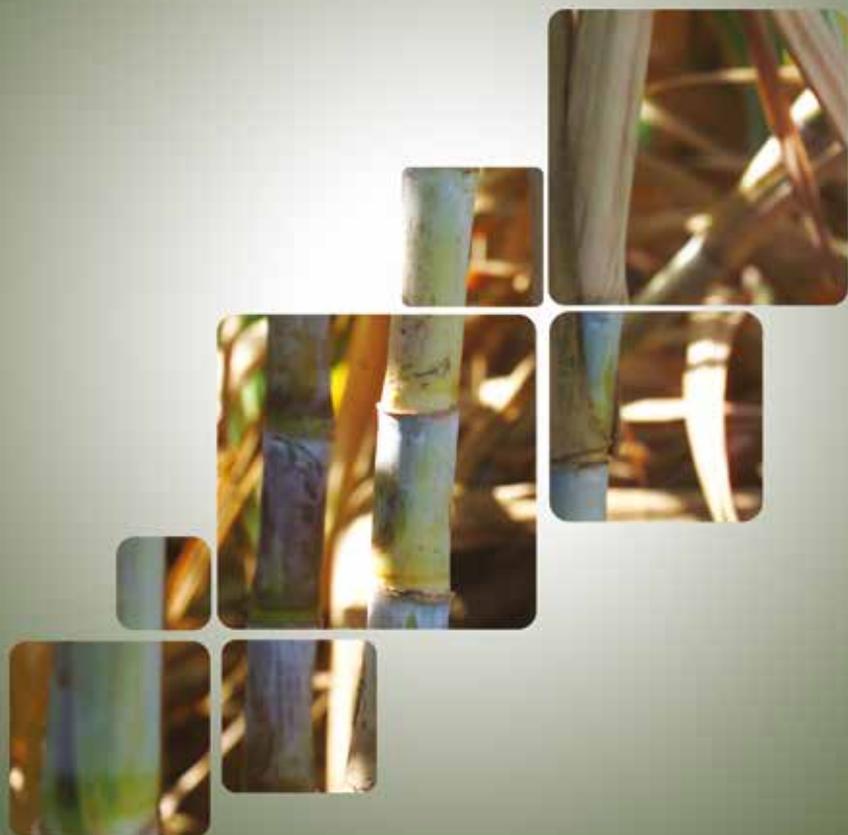




Shah Taj Sugar Mills Limited



CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED
30 JUNE 2017 (UN-AUDITED)

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Company Information

Board of Directors

Mr. Mahmood Nawaz	Chairman
Mr. Muneer Nawaz	Chief Executive
Mr. Cyrus R. Cowasjee	Independent Director
Mr. M. Naeem	
Mr. Ijaz Ahmad	
Mrs. Samia Shah Nawaz Idris	
Mr. Rashed Amjad Khalid	
Mr. Toqueer Nawaz	
Mr. Attaullah A. Rasheed	(S.L.I.C.)
Mr. Aamir Amin	(N.I.T.)

Company Secretary

Mr. Jamil Ahmad Butt

Chief Financial Officer

Mr. Waqar Ahmad, ACA

Audit Committee

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

Human Resource & Remuneration Committee

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

Head Office

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

Registered Office

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

Production Facility

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

Auditors

EY Ford Rhodes,
Chartered Accountants,
96-B-1, 4th Floor, PACE Mall Building,
Gulberg-II, M.M Alam Road,
Lahore - 54660.

Legal Advisor

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

Share Registrar

JWAFS Registrar Services (Private) Limited
Suite No. 407 - 408,
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

Directors' Report to the Members

Your Directors have pleasure in presenting the un-audited condensed interim financial information for the nine month period ended 30 June 2017.

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

		Production Data	
		Season	
		2017	2016
Start of season		23.11.2016	30.11.2015
End of season		06.04.2017	06.03.2016
Duration	Days	134	97
Sugarcane crushed	(M.Tons)	1,148,874	716,070
Production:			
Sugar	(M.Tons)	115,754	71,599
Molasses	(M.Tons)	48,947	32,377
Recovery:			
Sugar	%	10.08	10.00
Molasses	%	4.26	4.52

By the grace of Allah, our operational results for the season 2016-17 have been exceptional and we have achieved the ever highest crushing, production and recovery since our inception. This record crushing, production and recovery has resulted in satisfactory financial results as are shown in the attached condensed interim financial information.

However, sugar prices during the period were less than last year but cost of production had gone down due to better recovery and reduced cost of sugarcane procurement for the current season which resulted better results for the nine month period ended as compared to last year. For the quarter April to June, as well as for the nine months October to June, your Company made an after tax profit of Rs. 66.244 million and Rs. 308.645 million respectively.

This season, since the sugarcane in our area was better than last season, we had to procure 23% cane from outside areas as compared to 45% during the last season to achieve our crushing target. Average sugarcane price during the nine month period has been about Rs. 183/- per 40 Kg as compared to Rs. 187/- per 40 Kg of corresponding period.

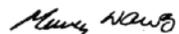
We would like to inform our shareholders that nowadays sugar market is depressed and every day the prices are coming down although normally the prices show an upward trend during the summer months. The reason for this pressure is the record production of sugar in the country, which has resulted in a big surplus. However, PSMA has obtained export quota of 300,000 M. Tons which is very low against huge surplus of sugar.

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

It is our earnest desire to generate electricity for the national grid under the Government's co-generation policy for sugar mills in the next crushing season. Two steam turbo generators of 16 MW each have been received and are in the process of installation. The contracts for construction, erection and installation of Switchyard have been awarded and work is in progress. All regulatory requirements have been fulfilled and we are in the process of negotiation of Implementation Agreement with the Alternative Energy Development Board (AEDB). We are trying our best to achieve commercial operation date (COD) of our co-generation power plant in December this year.

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

For and on behalf of the Board,



MUNEER NAWAZ
Chief Executive

Karachi: 21 July 2017.

ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز انتہائی مسرت کے ساتھ، اختتام شدہ نو ماہی ۳۰ جون ۲۰۱۷ کے لیے کمپنی کی غیر آڈٹ شدہ مالیاتی معلومات آپ کی خدمت پیش کرتے ہیں۔ موجودہ سیزن کی پیداواری کارکردگی گزشتہ سیزن کے تقابلی جائزے کے ساتھ درج ذیل رہی:

سیزن ۲۰۱۶	سیزن ۲۰۱۷	پیداواری اعداد و شمار
۳۰ نومبر ۲۰۱۵	۲۳ نومبر ۲۰۱۶	آغاز سیزن
۰۶ مارچ ۲۰۱۶	۰۶ اپریل ۲۰۱۷	اختتام سیزن
۹۷ دن	۱۳۳ دن	دورانیہ
۷۱۶،۰۷۰ میٹرک ٹن	۱،۱۳۸،۸۷۳ میٹرک ٹن	گنے کی کرشنگ
۷۱،۵۹۹ میٹرک ٹن	۱۱۵،۷۵۳ میٹرک ٹن	پیداوار چینی
۳۲،۳۷۷ میٹرک ٹن	۳۸،۹۳۷ میٹرک ٹن	شیرہ
۱۰ فیصد	۱۰ اعشاریہ ۰۸ فیصد	رکوری چینی
۳ اعشاریہ ۵۲ فیصد	۳ اعشاریہ ۲۶ فیصد	شیرہ

اللہ تعالیٰ کے فضل و کرم سے، پیداواری کارکردگی برائے سیزن ۲۰۱۷ بہت شاندار رہی اور ہم نے ادارے کے آغاز سے اب تک کی ریکارڈ کرشنگ، پروڈکشن اور ریکوری کا معیار حاصل کیا ہے۔ اس ریکارڈ کرشنگ، پروڈکشن اور ریکوری کی بدولت مالیاتی گوشوارہ بھی تسلی بخش ہے جیسا کہ منسلک مالیاتی رپورٹ سے ظاہر ہے۔

چینی کی قیمت فروخت میں گزشتہ سال کی نسبت کمی واقع ہوئی جبکہ اسی کے ساتھ ساتھ پیداواری لاگت میں بھی گزشتہ سیزن کے مقابلہ میں کمی ہوئی جس کی بڑی وجہ بہتر ریکوری اور گنے کی کفایتی قیمت میں خرید چینی جس کے نتیجے میں اس نو ماہی دورانیہ کے نتائج گزشتہ سال کے اسی عرصہ کے مقابل بہتر رہے۔ دوران سہ ماہی اپریل تا جون اور دوران نو ماہی اکتوبر تا جنوری، آپ کے ادارے کا خاص منافع بالترتیب ۶۲ اعشاریہ ۲۳ ملین روپے اور ۳۰۸ اعشاریہ ۶۳۵ ملین روپے رہا۔

اس سیزن میں، ہمارے زون ایریا میں گنے کی فصل گزشتہ سال کی نسبت بہتر تھی، اسی وجہ سے بیرون ایریا سے صرف ۲۳ فیصد گنا خرید گیا، جبکہ گزشتہ سال گنے کی خریداری کا ہدف حاصل کرنے کے لیے ۳۵ فیصد گنا بیرون ایریا سے خریدا گیا۔ دوران عرصہ گنے کی خریداری کی فی من اوسط قیمت خرید ۱۸۳ روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں اوسط قیمت ۱۸۷ روپے فی من تھی۔

ہم یہاں اپنے شیئر ہولڈرز کو آگاہ کرنا ضروری سمجھتے ہیں کہ ان دنوں چینی کی قیمت فروخت ہاؤ کا شمار ہے اور روز بروز اس میں کمی آ رہی ہے، حالانکہ دراپتی طور پر موسم گرما کے ان دنوں میں قیمت فروخت میں اضافہ ہوتا ہے۔ اس ہاؤ کی بڑی وجہ ملک میں مجموعی طور پر چینی کی ریکارڈ پیداوار ہے، جس کی وجہ سے چینی کی بہتات ہے۔ تاہم پاکستان شوگر ملز ایسوسی ایشن نے گورنمنٹ سے ۳۰۰،۰۰۰ میٹرک ٹن چینی کی برآمد کا کوئٹہ حاصل کیا ہے جو کہ ملک میں موجود چینی کے اسٹاک کے مقابل پر بہت کم ہے۔

اگلے سیزن کے لیے گنے کی پیداواری فصل کا تخمینہ کم و بیش موجودہ سال کے مطابق ہے۔ ہمارے قبیلہ اسٹاف نے اپنی بھرپور کوشش کی کہ کاشتکاروں کو آمادہ کیا جائے کہ گنے کی بہتر پیداوار کے حصول کے لیے معیاری بیج استعمال کریں۔ آئیں دعا کریں کہ اس موسم گرما میں اچھی مون سون بارشیں ہوں۔ تاکہ آئندہ سیزن میں زیادہ تعداد میں گنا کرشنگ کے لیے دستیاب ہو۔

ہماری شدید خواہش کہ ہم آئندہ بیزنس گورنمنٹ کی گورنیشن پالیسی کے تحت بجلی کی پیداوار اینٹھل گروڈ کو ترسیل کر سکیں۔ ۲۰۱۶ء میں ۱۶ میگا واٹ صلاحیت والے اٹھم فرائنس جزیرے موصول ہو گئے ہیں۔ ان جزیرے کی تنصیب کا عمل جاری ہے۔ اسی طرح اسونچ یارڈ کی تعمیر و تنصیب کے معاہدات بھی کیے جا چکے ہیں اور ان پر کام بھی جاری ہے۔ تمام انضباطی معاملات کے متعلق امور مکمل ہو چکے ہیں اور اس سلسلہ میں ہم آلٹرنیٹو انرجی ڈیولپمنٹ بورڈ کے ساتھ عملدرآمدی معاہدے کو حتمی شکل دینے کے مراحل میں ہے۔ ہماری بھرپور کوشش ہے کہ ہم جزیرے پاور پلانٹ کے کمرشل آپریشن کا مارگٹ اس سال دسمبر تک حاصل کر لیں۔

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

برائے اور از طرف بورڈ آف ڈائریکٹرز

Muhammad
منیر نواز

چیف ایگزیکٹو آفیسر

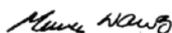
کراچی: 21 جولائی 2017

Condensed Interim Balance Sheet

As at 30 June 2017

	Note	(Un-audited) 30 June 2017	(Audited) 30 September 2016
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,316,347	811,280
Investment in associate	8	112,164	109,575
Loans and advances		3,752	3,568
Deposits		1,103	1,103
Deferred taxation	9	–	35,213
		1,433,366	960,739
CURRENT ASSETS			
Stores, spares and loose tools		134,217	110,933
Stock in trade	10	1,432,827	162,713
Trade debts		3,904	2,074
Loans and advances		133,663	66,130
Deposits, prepayments and other receivables		6,778	23,295
Income tax recoverable		333,029	256,540
Cash and bank balances		149,946	38,579
		2,194,364	660,264
TOTAL ASSETS		3,627,730	1,621,003
EQUITY AND LIABILITIES			
Share capital		120,111	120,111
Capital reserve - share premium		27,534	27,534
Revenue reserve - general reserve and unappropriated profits		1,283,119	1,034,530
TOTAL EQUITY		1,430,764	1,182,175
NON CURRENT LIABILITIES			
Long term borrowing	11	546,213	25,000
Deferred taxation	9	2,641	–
Retirement benefits obligation		30,916	28,454
		579,770	53,454
CURRENT LIABILITIES			
Trade and other payables		379,395	60,225
Short term borrowings	12	1,013,703	224,666
Accrued interest on borrowings		41,138	3,693
Current maturity of long-term borrowing		50,000	50,000
Provision for taxation		132,960	46,790
		1,617,196	385,374
TOTAL LIABILITIES		2,196,966	438,828
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		3,627,730	1,621,003

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


Chief Executive


Director

Condensed Interim Profit and Loss Account (Un-audited)

for the nine month period ended 30 June 2017

	Note	Nine Month Period Ended		Three Month Period Ended	
		30 June		30 June	
		2017	2016	2017	2016
(Rupees in thousand)					
Sales - net	14	5,139,904	4,624,885	1,961,458	1,661,137
Cost of sales	15	(4,420,167)	(4,057,455)	(1,773,991)	(1,408,304)
Gross profit		719,737	567,430	187,467	252,833
Distribution cost		(9,889)	(8,390)	(2,309)	(2,114)
Administrative expenses		(195,422)	(153,498)	(50,667)	(38,844)
Other operating expenses		(34,599)	(28,031)	(8,233)	(14,770)
Other income		5,187	1,745	1,423	133
		(234,723)	(188,174)	(59,786)	(55,595)
Operating profit		485,014	379,256	127,681	197,238
Finance cost		(59,464)	(45,217)	(30,354)	(14,287)
		425,550	334,039	97,327	182,951
Share of profit of associate - net		7,764	6,253	–	–
Profit before taxation		433,314	340,292	97,327	182,951
Taxation	16	(124,669)	(70,845)	(31,083)	(16,611)
Profit for the period		308,645	269,447	66,244	166,340
Earnings per share - basic and diluted (Rupees per share)		25.70	22.43	5.52	13.85

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

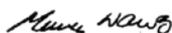

Chief Executive


Director

Condensed Interim Statement of Comprehensive Income (Un-audited) for the nine month period ended 30 June 2017

	Nine Month Period Ended		Three Month Period Ended	
	2017	2016	2017	2016
	30 June		30 June	
	(Rupees in thousand)			
Net profit for the period	308,645	269,447	66,244	166,340
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	308,645	269,447	66,244	166,340

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


Chief Executive


Director

Condensed Interim Cash Flow Statement (Un-audited)

for the nine month period ended 30 June 2017

	Nine Month Period Ended	
	30 June	
	2017	2016
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	433,314	340,292
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant and equipment	48,986	50,857
Interest / mark-up	58,401	44,158
Profit on bank deposits	(506)	(321)
Share of profit of associate	(7,764)	(6,253)
Gain on disposal of property, plant and equipment	(1,163)	(306)
Provision for gratuity and retirement benefits	3,060	3,096
(Gain) / loss on initial recognition of financial assets at fair value	(50)	156
	100,964	91,387
Operating profit before working capital changes	534,278	431,679
Working capital adjustments		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(23,284)	(3,146)
Stock in trade	(1,270,114)	366,288
Trade debts	(1,830)	20,134
Loans and advances	(67,533)	(743)
Deposits, prepayments and other receivables	16,517	(6,204)
	(1,346,244)	376,329
Increase in current liabilities		
Trade and other payables	317,605	33,890
	(494,361)	841,898
Income tax paid	(77,136)	(122,603)
Interest / mark-up paid	(20,956)	(47,298)
Profit on bank deposits	506	321
Retirement benefits paid	(598)	(2,902)
Net cash (used in) / generated from operating activities	(592,545)	669,416
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(555,302)	(24,863)
Sale proceeds from disposal of property, plant and equipment	2,413	1,092
Decrease / (Increase) in loans and advances	(133)	(638)
Dividend received from associate	5,175	2,875
Deposits received / (paid)	-	-
Net cash used in investing activities	(547,847)	(21,534)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(58,491)	(2)
Short-term borrowings	789,037	(516,721)
Long-term borrowing	521,213	(25,000)
Net cash generated from / (used in) financing activities	1,251,759	(541,723)
NET INCREASE IN CASH AND CASH EQUIVALENTS	111,367	106,159
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	38,579	13,203
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	149,946	119,362

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


Chief Executive


Director

Condensed Interim Statement of Changes in Equity (Un-audited) for the nine month period ended 30 June 2017

	Capital reserve		Revenue reserve		Total
	Share capital	Share premium	General reserve	Unappropriated profits / (losses)	
(Rupees in thousand)					
Balance as at 01 October 2015	120,111	27,534	926,000	(70,555)	1,003,090
Profit for the period	-	-	-	269,447	269,447
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	269,447	269,447
Balance as at 30 June 2016	120,111	27,534	926,000	198,892	1,272,537
Balance as at 01 October 2016	120,111	27,534	926,000	108,530	1,182,175
Transfer to general reserve for the	-	-	30,000	(30,000)	-
Final Dividend @ Rs. 5/- per share for the year ended 30 September 2016	-	-	-	(60,056)	(60,056)
Profit for the period	-	-	-	308,645	308,645
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	308,645	308,645
Balance as at 30 June 2017	120,111	27,534	956,000	327,119	1,430,764

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


Chief Executive


Director

Notes to the Condensed Interim Financial Information (Un-audited) for the nine month period ended 30 June 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 under the Companies Act, 2017. Its registered office is situated at 19, Dockyard Road, West Wharf, Karachi. Previously, the shares of the company were quoted on Karachi and Lahore Stock Exchanges. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange, effective from 11 January 2016 the shares of the Company are now quoted on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sales of sugar, whereas molasses and bagasse are its significant by-products.

Pursuant to an amendment in the Company's Memorandum and Articles of Association, after the approval of members in the Company's annual general meeting held on 27 January 2016 and the confirmation by the Securities and Exchange Commission of Pakistan received on 07 April 2016, the Company now in process to setup a bagasse based co-generation power project with an installed capacity of 32 MW. The project is being financed through a combination of debt equity ratio of 80:20. The Company has received power generation license and Upfront tariff for thirty years from the National Electric Power Regulatory Authority (NEPRA). The Company expects to commence commercial generation in 2017-18 and any surplus electric power, not consumed by the Company itself, will be sold to the Central Power Purchasing Agency (Guarantee) Limited (CPPA).

2 STATEMENT OF COMPLIANCE

This Condensed Interim Financial Information for the nine month period ended 30 June 2017 has been prepared in accordance with the requirements of IAS - 34 "Interim Financial Reporting", as applicable in Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

3 BASIS OF PRESENTATION AND MEASUREMENT

This Condensed Interim Financial Information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with financial statements of the Company for the year ended 30 September 2016.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New Standards, Interpretations and Amendments

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

Notes to the Condensed Interim Financial Information (Un-audited) for the nine month period ended 30 June 2017

Standard or Interpretation

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

Improvements to Accounting Standards Issued by the IASB in September 2014

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

The adoption of the above amendments to accounting standards and interpretations did not have any material effect on this condensed interim financial information.

5 SEASONALITY OF OPERATIONS

The Company is inter-alia, engaged in manufacturing of sugar for which the season begins in November/ December and ends in March / April. Therefore, majority of expenses are incurred and production activities are undertaken in first half of the Company’s financial year thus increasing volume of inventories and financing at the end of the first half.

6 TAXATION, WORKERS’ WELFARE FUND AND WORKERS’ PROFIT PARTICIPATION FUND

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

Notes to the Condensed Interim Financial Information (Un-audited) for the nine month period ended 30 June 2017

	Note	(Un-audited) 30 June 2017 (Rupees in thousand)	(Audited) 30 September 2016
7			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	584,311	615,665
Capital work in progress	7.2	732,036	195,615
		1,316,347	811,280

7.1 Additions and deletions made to operating fixed assets during the nine month period ended 30 June 2017 are as under:

	Additions (Rupees in thousand)	Deletions (Rupees in thousand)
Plant and machinery	7,119	–
Motor vehicles	11,253	4,944
Furniture and Fittings	202	12
Office equipment	308	125
	18,882	5,081

7.2 Additions and transfers made to capital work in progress during the nine month period ended 30 June 2017 are as under:

	Additions (Rupees in thousand)	Transfers (Rupees in thousand)
Civil works and buildings	5,203	–
Plant and machinery	110,562	7,119
Advances to suppliers	427,774	–
	543,539	7,119

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

8.1 Fair value of investment as at 30 June 2017 is Rs. (thousand) 152,295 (30 September 2016: Rs. (thousand) 211,600).

Notes to the Condensed Interim Financial Information (Un-audited) for the nine month period ended 30 June 2017

	Note	(Un-audited) 30 June 2017	(Audited) 30 September 2016
(Rupees in thousand)			
9	DEFERRED TAXATION		
	This comprises:		
	Deferred tax liabilities on taxable temporary differences		
	Accelerated tax depreciation	(136,588)	(142,922)
	Investment in associate	(12,583)	(12,259)
		(149,171)	(155,181)
	Deferred tax assets on deductible temporary differences		
	Employee benefits	12,396	5,169
	Carry forward tax losses and credits	134,134	185,225
		146,530	190,394
		(2,641)	35,213
10	STOCK IN TRADE		
	Sugar	1,322,769	141,492
	Molasses	45,610	–
	Sugar in process	3,168	3,071
	Molasses in process	40	37
	Bagasse	60,000	17,638
		1,431,587	162,238
	Insecticide	75	93
	Stock at fair price shop	1,165	382
		1,240	475
		1,432,827	162,713
11	LONG TERM BORROWING		
	Long term borrowing	596,213	75,000
	Less: Current maturity	(50,000)	(50,000)
		546,213	25,000

- 11.1** This includes a long term syndicated term finance facility obtained from a consortium of banking companies comprising MCB Bank Limited, United Bank Limited and Bank Al-Habib Limited. The facility is secured against first mortgage charge over properties and first pari passu hypothecation charge over all present and future movable fixed assets in favour 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 quarterly with a two years grace period.

Notes to the Condensed Interim Financial Information (Un-audited) for the nine month period ended 30 June 2017

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

12 SHORT TERM BORROWINGS

The aggregate facility of short term borrowings available from commercial banks is Rs. (thousand) 2,920,000 (30 September 2016: Rs. (thousand) 2,970,000). Out of total facilities available Rs. (thousand) 2,650,000 is secured against pledge over stock and hypothecation over stores and spares.

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

The aggregate facility for letters of credit and guarantees as on 30 June 2017 amounts to Rs. (thousand) 1,545,000 (30 September 2016: Rs. (thousand) 1,545,000) and Rs. (thousand) 1,6000 (30 September 2016: Rs. (thousand) 7,700), respectively. Out of total facilities available, the unutilized facility for letters of credit and guarantees amounts to Rs. (thousand) 718,486 (30 September 2016: Rs. (thousand) 1,192,514) and Rs. (thousand) 7,611 (30 September 2016: Rs. (thousand) 6,051), respectively.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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

13.2 Commitments

- i. The Company's commitments for capital expenditure as on 30 June 2017 amounts to Rs. (thousand) 823,583 (30 September 2016: Rs. (thousand) 9,648) in the normal course of business.
- ii. The Company's commitments for letters of credit and guarantees amounts to Rs. (thousand) 826,514 (30 September 2016: Rs. (thousand) 352,486) and Rs. (thousand) 8,388 (30 September 2016: Rs. (thousand) 1,649), respectively. The amount of letters of credit includes Rs. (thousand) 823,583 (30 September 2016: (thousand) 284,886) which relating to capital commitments.

Notes to the Condensed Interim Financial Information (Un-audited) for the nine month period ended 30 June 2017

	(Un-Audited) Nine Month Period Ended		(Un-Audited) Three Month Period Ended	
	30 June		30 June	
	2017	2016	2017	2016
	(Rupees in thousand)			
14 SALES - NET				
Sugar	5,213,452	4,663,926	2,090,079	1,728,142
Molasses	350,920	272,587	68,101	60,609
Bagasse	96,019	86,551	–	15,573
Press mud	4,825	3,222	128	–
	5,665,216	5,026,286	2,158,308	1,804,324
Less:				
Broker's commission on sugar	11,585	9,493	4,581	3,105
Sales Tax / Federal Excise Duty	509,146	387,238	191,126	138,996
Withholding tax on sales	4,581	4,670	1,143	1,086
	525,312	401,401	196,850	143,187
	5,139,904	4,624,885	1,961,458	1,661,137
15 COST OF SALES				
Cost of Sugarcane Procurement	5,253,214	3,349,621	150,543	347
Process Material	56,915	34,724	2,471	340
Fuel and Power	14,013	14,104	8,531	8,239
Stores and Spares Consumed	61,067	49,422	15,906	10,873
Repair and Maintenance	7,144	9,379	865	422
Salaries, Wages and Other Benefits	185,391	141,837	32,789	26,068
Provident Fund Company Contribution	1,586	1,429	499	456
Rent, Rates and Taxes	956	961	62	52
Insurance	6,722	3,858	2,241	1,286
Depreciation	45,477	47,821	15,359	16,022
Conveyance and Travelling	6,591	5,293	1,291	1,028
Other Expenses	9,241	4,156	1,278	125
	5,648,317	3,662,605	231,835	65,258
Add: Opening stock of sugar and molasses in process	3,108	2,581	49,124	2,994
Less: Closing stock of sugar and molasses in process	(3,208)	(3,050)	(3,208)	(3,050)
Cost of sugar manufactured	5,648,217	3,662,136	277,751	65,202
Packing material	41,199	27,869	1,299	–
Cost of sugar bagged	5,689,416	3,690,005	279,050	65,202
Add: Opening stock of sugar and by-products	159,130	567,573	2,923,320	1,543,225
Less: Closing stock of sugar and by-products	(1,428,379)	(200,123)	(1,428,379)	(200,123)
	4,420,167	4,057,455	1,773,991	1,408,304
16 TAXATION				
Taxation for the period				
Current	86,816	40,743	31,083	16,611
Deferred	37,853	30,102	–	–
	124,669	70,845	31,083	16,611

Notes to the Condensed Interim Financial Information (Un-audited) for the nine month period ended 30 June 2017

17 TRANSACTIONS WITH RELATED PARTIES

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

30 June 2017							
Related Parties							
Shahtaj Textile Limited	Shezan International Limited	Shahnawaz (Private) Limited	Information System Associates Limited	Shezan Services (Private) Limited	Staff Provident Fund	Key Management Personnel	
(Rupees in thousand)							
Dividend received	5,175	–	–	–	–	–	–
Utilities paid	–	–	201	–	–	–	–
Purchases and services received	–	455	863	627	–	–	–
Dividend Paid	–	–	–	–	1,428	–	–
Sales	–	504,860	–	–	–	–	–
Staff Provident Fund	–	–	–	–	–	3,581	–
Remuneration and benefits	–	–	–	–	–	–	58,140
	5,175	505,315	1,064	627	1,428	3,581	58,140

30 June 2016							
Related Parties							
Shahtaj Textile Limited	Shezan International Limited	Shahnawaz (Private) Limited	Information System Associates Limited	Shezan Services (Private) Limited	Staff Provident Fund	Key Management Personnel	
(Rupees in thousand)							
Dividend received	2,875	–	–	–	–	–	–
Utilities paid	–	–	201	–	–	–	–
Purchases and services received	–	473	780	478	–	–	–
Dividend Paid	–	–	–	–	–	–	–
Sales	–	688,140	–	–	–	–	–
Staff Provident Fund	–	–	–	–	–	3,221	–
Remuneration and benefits	–	–	–	–	–	–	46,167
	2,875	688,613	981	478	–	3,221	46,167

Notes to the Condensed Interim Financial Information (Un-audited) for the nine month period ended 30 June 2017

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

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

18 AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors on 21 July 2017.

19 GENERAL

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


Chief Executive


Director

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