



# **CHASHMA SUGAR MILLS LIMITED**

**QUARTERLY FINANCIAL STATEMENTS  
(UN-AUDITED)  
AS ON 30 JUNE, 2016**

**CHASHMA SUGAR MILLS LIMITED**  
**COMPANY INFORMATION**

**Board of Directors**

Mr. Aziz Sarfaraz Khan  
Chairman / Chief Executive  
Begum Laila Sarfaraz  
Mr. Abbas Sarfaraz Khan  
Ms. Zarmine Sarfaraz  
Ms. Najda Sarafaraz  
Mr. Iskander M. Khan  
Mr. Baber Ali Khan  
Mr. Abdul Qadar Khattak  
Mr. Sher Ali Jafar Khan

**Company Secretary**

Mr. Mujahid Bashir

**Chief Financial Officer**

Mr. Rizwan Ullah Khan

**Head of Internal Audit**

Syed Naveed Ali

**Auditors**

ShineWing Hameed Chaudhri & Co., Chartered Accountants

**Cost Auditors**

M/s. Munawar Associates Chartered Accountants

**Tax Consultants**

ShineWing Hameed Chaudhri & Co., Chartered Accountants

**Legal Advisor**

Mr. Tariq Mehmood Khokhar Barrister-at-Law, Advocate

**Bankers**

Bank Al-Habib Limited  
The Bank of Khyber  
MCB Bank Limited  
The Bank of Punjab  
Bank Al-Falah Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
National Bank of Pakistan  
Habib Bank Limited  
United Bank Limited  
Meezan Bank Limited  
Al-Barka Bank (Pakistan) Limited  
Soneri Bank Limited  
Askari Bank Limited

**CHASHMA SUGAR MILLS LIMITED**  
**BRIEF REVIEW**

The interim financial statements for the nine months that ended on 30 June, 2016 are being presented to the shareholders in accordance with the requirements of the International Accounting Standard No. 34 "Interim Financial Reporting", under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange.

**OPERATIONAL PERFORMANCE**

The sugarcane crushing season 2015-16 commenced on 14 December, 2015 and continued till 27 March, 2016. The Mills crushed 1,689,633 tons of sugarcane to produce 155,443 tons of sugar at an average recovery of 9.20%.

**ETHANOL FUEL PLANT**

The Ethanol Plant produced 18,691 M. Tons of Ethanol up to 24 July 2016.

**FINANCIAL PERFORMANCE**

During the past nine months, the Company has earned profit of Rs. 211.108 million.

**ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these quarterly financial statements are the same as applied in the preparation of the preceding annual financial statements of the Company.

**ACKNOWLEDGEMENT**

The Directors appreciate the spirit of good work done by the Company's staff at all levels.

ON BEHALF OF THE BOARD



CHIEF EXECUTIVE/DIRECTOR

**Mardan:**  
27 July, 2016

## CHASHMA SUGAR MILLS LIMITED

### CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE, 2016 (UN-AUDITED)

		Unaudited June 30, 2016	Audited Sep. 30, 2015
(Rupees in thousand)			
<b>ASSETS</b>	<b>Note</b>		
<b>Non-current Assets</b>			
Property, plant and equipment	4	6,720,325	6,764,869
Intangible assets		571	983
Security deposits		4,163	4,158
		6,725,059	6,770,010
<b>Current Assets</b>			
Stores and spares		284,202	267,775
Stock-in-trade		761,366	2,044,696
Trade debts	5	805,003	341,109
Loans and advances		271,705	213,904
Prepayments and other receivables	6	258,999	282,100
Tax refunds due from the Government		403,875	265,502
Bank balances		87,211	79,943
		2,872,361	3,495,029
<b>TOTAL ASSETS</b>		9,597,420	10,265,039
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised capital		500,000	500,000
Issued, subscribed and paid-up capital		286,920	286,920
General reserve		327,000	327,000
Accumulated profit / (loss)		570,576	320,253
<b>Shareholders' Equity</b>		1,184,496	934,173
<b>Surplus on revaluation of property, plant and equipment</b>		1,576,287	1,687,232
<b>Non-current Liabilities</b>			
Long term finances	7	2,330,060	1,765,383
Loans from related parties		352,071	437,000
Liabilities against assets subject to finance lease		30,814	18,688
Deferred taxation		643,914	669,911
		3,356,859	2,890,982
<b>Current Liabilities</b>			
Trade and other payables	8	893,107	339,295
Accrued mark-up		147,609	183,281
Short term borrowings		1,759,923	3,816,799
Current maturity of non-current liabilities	9	629,191	413,277
Taxation		49,948	0
		3,479,778	4,752,652
<b>Total Liabilities</b>		6,836,637	7,643,634
<b>TOTAL EQUITY AND LIABILITIES</b>		9,597,420	10,265,039
<b>Contingencies and Commitments</b>	10		

The annexed notes form an integral part of this condensed interim financial information.

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.



DIRECTOR



DIRECTOR

## CHASHMA SUGAR MILLS LIMITED

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED 30 JUNE, 2016

	For the 3rd Quarter		Cumulative	
	April - June 2016	April - June 2015	Oct - June 2016	Oct - June 2015
----- Rupees in thousand -----				
<b>Turnover</b>				
-Local	4,766,926	3,097,781	10,471,989	4,602,320
-Export	442,528	427,469	1,003,174	1,191,962
	5,209,454	3,525,250	11,475,163	5,794,282
<b>Less : Sales tax</b>	356,749	74,779	791,337	83,244
<b>Sales-net</b>	4,852,705	3,450,471	10,683,826	5,711,038
<b>Cost of sales</b>	4,468,637	3,103,000	9,636,696	5,221,200
<b>Gross profit</b>	384,068	347,471	1,047,130	489,838
<b>Distribution cost</b>	62,352	7,820	192,209	28,815
<b>Administrative expenses</b>	90,407	49,287	216,720	143,628
<b>Other income</b>	(580)	(34,417)	(9,773)	(206,374)
<b>Other expenses</b>	5,423	(861)	12,574	123
	157,602	21,829	411,730	(33,808)
<b>Profit from operations</b>	226,466	325,642	635,400	523,646
<b>Finance cost</b>	125,639	126,378	400,341	306,920
<b>Profit before taxation</b>	100,827	199,264	235,059	216,726
<b>Taxation</b>				
-Current	44,768	0	49,948	0
-Deferred	(17,403)	7,109	(25,997)	(43,181)
	27,365	7,109	23,951	(43,181)
<b>Profit after Taxation</b>	73,462	192,155	211,108	259,907
<b>Other comprehensive income</b>	0	0	0	0
<b>Total comprehensive income</b>	73,462	192,155	211,108	259,907
----- Rupees -----				
<b>Earnings per share</b>	2.56	6.70	7.36	9.06

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DIRECTOR



DIRECTOR

## CHASHMA SUGAR MILLS LIMITED

### CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE PERIOD ENDED 30 JUNE, 2016

	<u>Nine months ended</u>	
	<u>JUNE 30,</u>	<u>JUNE 30,</u>
	<u>2016</u>	<u>2015</u>
	<b>(Rupees in thousand)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period - before taxation	235,059	216,726
Adjustments for non-cash charges and other items:		
Depreciation	375,588	265,813
Gain on disposal of vehicles - net	(1,054)	(421)
Amortisation of intangible assets	412	412
Finance cost	400,341	306,920
<b>Profit before working capital changes</b>	<b>1,010,346</b>	<b>789,450</b>
<b>Effect on cash flow due to working capital changes</b>		
Decrease / (Increase) in current assets:		
Stores and spares	(16,427)	10,785
Stock-in-trade	1,283,330	(1,947,070)
Trade debts	(463,894)	(29,242)
Loans and advances	(57,801)	(100,916)
Prepayments and other receivables	23,101	(130,674)
Sales tax refundable - net	(104,965)	(13,731)
Increase in trade and other payables	552,499	13,042
	<b>1,215,843</b>	<b>(2,197,806)</b>
<b>Cash used in operations</b>	<b>2,226,189</b>	<b>(1,408,356)</b>
Income tax paid	(33,408)	(47,876)
Security deposits paid	(5)	0
<b>Net cash used in operating activities</b>	<b>2,192,776</b>	<b>(1,456,232)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment acquired	(334,379)	(464,979)
Intangible assets acquired	0	(1,300)
Sale proceeds / insurance claim of disposal of vehicles	4,389	425
<b>Net cash used in investing activities</b>	<b>(329,990)</b>	<b>(465,854)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term finances - net	689,131	37,892
Lease finances - net	18,657	(4,430)
Short term borrowings - net	(2,056,876)	2,330,784
Dividend paid	(70,417)	0
Finance cost paid	(436,013)	(283,529)
<b>Net cash generated from financing activities</b>	<b>(1,855,518)</b>	<b>2,080,717</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,268</b>	<b>158,631</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>79,943</b>	<b>122,290</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>87,211</b>	<b>280,921</b>

The annexed notes form an integral part of this condensed interim financial information.

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.



DIRECTOR



DIRECTOR

## CHASHMA SUGAR MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE PERIOD ENDED 30 JUNE, 2016

	Share capital	General reserve	(Accumulated loss) / Unappropriated profit	Total
	----- Rupees in thousand -----			
Balance as at September 30, 2014	286,920	327,000	(18,206)	595,714
<b>Total comprehensive loss for the period</b>				
Profit after taxation for the nine months ended June 30, 2015	0	0	259,907	259,907
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	121,459	121,459
Balance as at June 30, 2015	286,920	327,000	363,160	977,080
Balance as at September 30, 2015	286,920	327,000	320,253	934,173
<b>Total comprehensive profit for the period</b>				
Profit after taxation for the nine months ended June 30, 2016	0	0	211,108	211,108
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	110,945	110,945
Transaction with owners:				
Cash dividend at the rate of Rs.2.50 per ordinary share for the year ended September 30, 2015	0	0	(71,730)	(71,730)
<b>Balance as at June 30, 2016</b>	<b>286,920</b>	<b>327,000</b>	<b>570,576</b>	<b>1,184,496</b>

The annexed notes form an integral part of this condensed interim financial information.

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.



DIRECTOR



DIRECTOR

## CHASHMA SUGAR MILLS LIMITED

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED 30 JUNE, 2016

#### 1. CORPORATE INFORMATION

Chashma Sugar Mills Ltd. (the Company) was incorporated on May 05, 1988 as a Public Company and it commenced commercial production from October 01, 1992. The Company is principally engaged in manufacture and sale of white sugar. Its shares are quoted on Pakistan Stock Exchange. The Head Office of the Company is situated at King's Arcade, 20-A Markaz F-7, Islamabad and the Mills are located at Dera Ismail Khan. The Company is a Subsidiary of The Premier Sugar Mills & Distillery Company Ltd.

#### 2. BASIS OF PREPARATION

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the nine months ended June 30, 2015 have, however, been prepared as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended September 30, 2015.

#### 3. ACCOUNTING POLICIES

The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding published financial statements of the Company for the year ended September 30, 2015.

#### 4. PROPERTY, PLANT AND EQUIPMENT

	<b>Unaudited</b>	<b>Audited</b>
	<b>Period ended</b>	<b>Year ended</b>
	<b>June 30,</b>	<b>September 30,</b>
	<b>2016</b>	<b>2015</b>
<b>Note</b>	<b>(Rupees in thousand)</b>	
Operating fixed assets - tangible	<b>4,888,598</b>	5,213,269
Capital work-in-progress	<b>1,830,696</b>	1,550,570
Stores held for capital expenditure	<b>1,031</b>	1,030
	<b><u>6,720,325</u></b>	<u>6,764,869</u>

#### 4.1 Operating fixed assets - tangible

	<b>Period ended June 30, 2016 (Rupees in thousand)</b>
Opening book value	<b>5,213,269</b>
Additions during the period:	
- building	<b>1,213</b>
- electric installations	<b>20,040</b>
- office equipment	<b>6,609</b>
- furniture and fixtures	<b>2,966</b>
- vehicles:	
owned	<b>665</b>
leased	<b>22,759</b>
	<b>54,252</b>
Book value of vehicles disposed-off during the period	<b>(3,335)</b>
Depreciation charge for the period	<b>(375,588)</b>
Closing book value	<b><u>4,888,598</u></b>

#### 5. TRADE DEBTS - Unsecured, considered good

Period-end balance of trade debts includes a debt amounting Rs.19.450 million (September 30, 2015 Rs. 22.300 million); to secure this debt, the Company has executed a sale deed with the debtor whereby commercial property owned by him will be transferred to the Company if he fails to meet his commitment.

#### 6. PREPAYMENTS AND OTHER RECEIVABLES

	<b>Unaudited</b>	<b>Audited</b>
	<b>Period ended</b>	<b>Year ended</b>
	<b>June 30,</b>	<b>September 30,</b>
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in thousand)</b>	
Prepayments	<b>3,814</b>	3,935
Sugar export subsidy receivable	<b>255,185</b>	275,335
Others	<b>0</b>	2,830
	<b><u>258,999</u></b>	<u>282,100</u>

7. LONG TERM FINANCES - Secured From banking companies	Note	Unaudited	Audited
		Period ended June 30, 2016 (Rupees in thousand)	Year ended September 30, 2015
Bank Alfalah Ltd. - Term finance		150,000	200,000
<b>Bank Al-Habib Limited: (BAH)</b>			
- Fixed loan		90,562	101,884
- Long term finance [(LTFF) - SBP]		332,948	362,067
		423,510	463,951
Faysal Bank Ltd. - Term finance		416,637	499,964
<b>Soneri Bank Limited: (SBL)</b>			
- Term finance		127,025	141,139
- LTFF (ERF)		333,525	345,581
		460,550	486,720
<b>The Bank of Khyber - Demand finance</b>		41,338	68,896
<b>The Bank of Punjab: (BoP)</b>			
- Demand finance		73,978	92,472
- LTFF		316,046	355,856
		390,024	448,328
Dubai Islamic Bank Pakistan Ltd. - Term finance		974,931	0
		2,856,990	2,167,859
Less: current maturity grouped under current liabilities		526,930	402,476
		<u>2,330,060</u>	<u>1,765,383</u>
<b>8. TRADE AND OTHER PAYABLES</b>			
Creditors		146,322	214,452
Due to Associated Companies	8.1	8,882	9,615
Accrued expenses		61,477	59,620
Retention money		31,316	26,196
Security deposits - interest free repayable on demand		778	778
Advance payments		601,726	3,549
Income tax deducted at source		2,962	2,097
Workers' (profit) participation fund	8.2	22,861	10,490
Unclaimed dividends		4,587	3,274
Due to employees		12,196	9,224
		<u>893,107</u>	<u>339,295</u>

8.1 This represents amounts due to Associated Companies	Note	Unaudited	Audited
		Period ended June 30, 2016 (Rupees in thousand)	Year ended September 30, 2015
- Azlak Enterprises (Pvt.) Ltd.		8,548	9,439
- Arpak International Investment Ltd.		176	176
- The Frontier Sugar Mills & Distillery Ltd.		155	0
- Phipson & Co Pakistan (Pvt.) Ltd.		3	0
		<u>8,882</u>	<u>9,615</u>
<b>8.2 Workers' (profit) participation fund</b>			
Opening balance		10,490	3,439
Add: interest on funds utilised in the Company's business		0	421
		<u>10,490</u>	<u>3,860</u>
Add: allocation for the period		12,371	6,630
Closing balance		<u>22,861</u>	<u>10,490</u>
<b>9. CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>			
Long term finances	7	526,930	402,476
Loans from related parties		84,929	0
Liabilities against assets subject to finance lease		17,332	10,801
		<u>629,191</u>	<u>413,277</u>
<b>10. CONTINGENCIES AND COMMITMENTS</b>			
<b>10.1</b> There has been no significant changes in the status of matters as reported in notes 12 to the audited financial statements of the Company for the year ended September 30, 2015.			
<b>10.2</b> Refer contents of taxation notes.			
<b>11. TAXATION</b>			
<b>11.1</b> There has been no significant change in the status of taxation matters as reported in note 24 to the preceding published financial statements of the Company for the year ended September 30, 2015.			
<b>11.2</b> The Company, for the current period, is mainly liable to pay tax due under sections 113 (minimum tax on turnover) and 154 (tax on export proceeds) of the Tax Ordinance.			

## 12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on July 27, 2016 by the Board of Directors of the Company.

## 13. GENERAL

13.1 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation and comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim financial information.

13.2 Figures in this condensed interim financial information have been rounded-off to the nearest thousand Rupees.

The Chief Executive is out of Pakistan and in his absence this condensed interim financial information has been signed by two Directors as required under section 241(2) of the Companies Ordinance, 1984.



**DIRECTOR**



**DIRECTOR**