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Company Information

Board of Directors

Mr. Toqueer Nawaz
 Mr. Muneer Nawaz
 Mr. Cyrus R. Cowasjee
 Mr. M. Naeem
 Mr. Ijaz Ahmad
 Mrs. Samia Shahnawaz Idris
 Mr. Rashed Amjad Khalid
 Mr. Mushtaq Ahmad
 Mr. Muhammad Salman Hussain Chawala
 Mr. Suleman Lalani

Chairman
 Chief Executive

(SLIC)
 (NIT)
 (JSIL)

Production Facility

Mandi Bahauddin - 50400.
 Phone : (0546) 501 147 - 49
 (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.

Company Secretary

Mr. Jamil Ahmad Butt, FCMA

Chief Financial Officer

Mr. Waqar Ahmad, FCA

Legal Advisor

Mr. Ras Tariq Chowdhary,
 52 - Ravi Block, Fort Green,
 Canal Road, Lahore.

Audit Committee

Mr. Mushtaq Ahmad
 Mr. Toqueer Nawaz
 Mr. M. Naeem
 Mr. Rashed Amjad Khalid

Chairman

Share Registrar

JWAFFS Registrar Services (Private) Limited
 Suite No. 407 - 408,
 4th Floor, Al-Ameera Centre,
 Shahrah-e-Iraq, Saddar, Karachi.

Human Resource &

Remuneration Committee

Mr. Muhammad Salman Hussain Chawala
 Mr. Muneer Nawaz
 Mr. M. Naeem
 Mr. Rashed Amjad Khalid

Chairman

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
 Soneri Bank Limited

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 : jamilbutt@shahtaj.com

Directors' Report To The Members

Your Directors have pleasure in presenting the un-audited condensed interim financial statements for the three month period ended 31 December 2020.

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

Production Data		Season	
		2020	2019
Start of Season		15.11.2020	30.11.2019
Sugarcane Crushed	(M. Ton)	245,065	191,841
Production:			
Sugar	(M. Ton)	22,107	16,615
Molasses	(M. Ton)	9,550	7,000
Recovery:			
Sugar	%	9.35	9.35
Molasses	%	4.12	3.95

For the season 2020-21, due to promulgation of The Sugar Factories (Control) Ordinance, 2020, the crushing of sugarcane in Central Punjab started on November 15, 2020. In Central Punjab, early start of season always has negative impact on sugar recovery because of premature sugarcane crop and this will affect the overall sugar production during the season. However, in compliance with the Government of Punjab Notification, we commenced our crushing season on the notified date.

As per data produced above there is an increase in production with high crushing of sugarcane due to early start of crushing season as compared to last year. Further, recovery percentage of sugar is same as of the corresponding period of last year. Molasses recovery is better than the corresponding period of last year. The Government of Punjab has fixed support price of sugarcane for this season @ Rs. 200/- per 40 Kg. whereas last year it was Rs. 190/- per 40 Kg.

Estimates of availability of sugarcane are slightly better than last year because cane crop is healthier due to timely and abundant rainfall in this monsoon. The current working environment indicates that the company is poised to produce more sugar than last year which, will improve both the top and bottom lines of the company. We are putting our best efforts to procure the maximum sugarcane from out zone as well as in zone. The sugarcane prices are continuously increasing both in out-zone and in zone due to competition and price war among the neighboring sugar mills. This increasing trend in sugarcane prices would affect the financial performance of the company.


Sugar prices during the three month period were better than the corresponding period of last year due to shortage of sugar in market and higher demand in the country. Further molasses prices during the period under review were also better as compared to corresponding period due to higher consumption of ethanol in the market. The Government has allowed the import of 800,000 MT refined and raw sugar for the season 2020-21 and allowed a comprehensive tax relief to the sugar importers to arrest the shortage of sugar and increasing trends of sugar prices in local market. This permission for import of sugar will depress future sugar prices.


For the first quarter, your Company recorded a turnover of Rs. 846.402 million as against Rs. 667.943 million in the corresponding period of 2019. The cost of sales was Rs. 742.897 million as against Rs. 569.626 million of the previous period. Thus, the Company made a gross profit of Rs. 103.505 million for the first quarter ended 31 December 2020 as against a gross profit of Rs. 98.317 million of the corresponding period. The net profit has been recorded at Rs. 17.796 million against the profit of Rs. 15.354 million of the corresponding period. However, we are expecting better results in next quarters. The finance cost for the period was Rs. 12.296 million as against Rs. 13.753 million of the corresponding period due to downward adjustment in interest rates due to change of discount rates.

As informed earlier we are in the process of setting up a Bagasse based Power Project of installed gross capacity of 32 MW with 15 MW spillover to the National Grid. Two steam turbines of generation capacity of 16MW each have been installed successfully. Work on the construction of Switch Yard of 132 KV is in progress. Further, your Company has been granted Generation License and Upfront Tariff for 30 years by National Electric Power Regulatory Authority (NEPRA). We had negotiated and finalized the Energy Purchase Agreement (EPA) with Central Power Purchasing Agency (CPPA) which was subsequently approved by the Board of Directors of CPPA. The CPPA has not yet signed off the negotiated EPA till date. Consequently, the Company along with five (5) other Bagasse Based Cogeneration power projects filed writ petitions in the Honorable Islamabad High Court against Federation of Pakistan, CPPA (G) L, NEPRA and others against the impugned decision of Cabinet Committee on Energy (CCoE). Subsequently, the Honorable Court had referred the matter to the Federal Minister for Energy to consider the petitioners' grievances, keeping in view the fact that they have invested huge amounts in power projects on the reliance of Government Policy. We are sorry to point out the inordinate delay in obtaining a judgment in our case, which has now been pending for nearly two years. Last hearing was held on 17 July 2020 and still final judgment is awaited.

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


Toqueer Nawaz
Chairman

Karachi: 28 January 2021

ڈائریکٹر رپورٹ برائے ممبران

پہلی سہ ماہی کے دوران، آپ کے ادارے کی فروخت ۸۴۶-۸۴۶ ملین روپے رہی جو کہ ۲۰۱۹ کے اسی عرصہ میں ۹۳۳-۶۶۷ ملین روپے تھی۔ پیداوری لاگت ۷۳۷-۸۹۷ ملین روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۶۲۶-۵۶۹ ملین روپے تھی۔ اس طرح دوران اختتام شدہ سہ ماہی ۳۱ دسمبر ۲۰۲۰ میں ادارے کو ۵۰۵-۱۰ ملین روپے کا مجموعی منافع ہوا جبکہ گزشتہ سال کے دورانیہ میں مجموعی نفع ۷۳۱-۹۸ ملین روپے تھا۔ جبکہ خالص نفع ۷۹۶-۷۱ ملین روپے رہا جبکہ اس کے مقابل گزشتہ سال مجموعی نفع ۳۵۴-۱۵ ملین روپے رہا۔ تاہم، ہم دوران سال بہتر نتائج کی توقع کر رہے ہیں۔ اس مدت کی مالیاتی لاگت ۲۹۶-۱۲ ملین روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۵۳-۱۳ ملین روپے تھی جسکی وجہ شرح سود میں کمی اور عایدی نرخوں میں تبدیلی ہے۔

جیسا کہ پہلے ہی آپ کے علم میں لایا جا چکا ہے کہ ادارے کا بگاس (گٹے کی کھوٹی) سے چلنے والا بجلی کا پلانٹ جو کہ ۳۲ میگا واٹ کی صلاحیت پر مشتمل ہے جس میں سے ۱۵ میگا واٹ بیٹھل گرو کو قابل تریل ہوگا تنصیب کے مرحلہ میں ہے۔ ۱۶ میگا واٹ صلاحیت کی دودھ درہا ٹین کی تنصیب کا کام مکمل ہو چکا ہے جبکہ ۱۳۲ کی وی اے صلاحیت کے گروڈ انٹین کی تنصیب کا کام جاری ہے مزید آپ کی اطلاع کے لیے عرض ہے کہ بیٹھل پاور اینڈ ریگولیشن اتھارٹی نے آپ کے ادارے کو بجلی کی پیداوار کا اجازت نامہ (جنریشن لائسنس) تین سال کے لیے جاری کر دیا ہے اور اسی طرح بجلی خریداری کی قیمت (شرح) کا معاہدہ بھی ہو چکا ہے۔ ہم سینٹرل پاور پراجیکٹ اینجینی (CPPA) کے ساتھ بجلی خریداری کا معاہدہ باہمی رضامندی کے ساتھ طے کر چکے ہیں جسے CPPA کے بورڈ آف ڈائریکٹرز نے منظور کر کے دیکھنے کے لیے بھیج دیا تھا۔ تاہم CPPA نے تا حال اس پر دستخط نہیں کیے۔ اس سلسلہ میں ہمارے سمیت دیگر ۵ بگاس سے چلنے والے پراجیکٹ والے اداروں نے معزز اسلام آبادائی کورٹ میں فیڈریشن آف پاکستان، CPPA اور نیچر اے کے خلاف CCQ کے اس مہم فیصلہ کے خلاف رٹ پٹیشن دائر کر دی تھی۔ اس کے بعد معزز عدالت نے اس معاملے کو وفاقی وزیر توانائی کے پاس درخواست گزاروں کی شکایات پر غور کرنے کے لئے رجوع کیا تھا، اس حقیقت کو مد نظر رکھتے ہوئے کہ انہوں نے حکومتی پالیسی پر انحصار کرتے ہوئے بجلی کے منصوبوں میں بڑی رقم کی سرمایہ کاری کی ہے۔ ہمیں افسوس ہے کہ اس معاملے پر فیصلہ تقریباً دو سالوں سے زیر التوا ہے۔ آخری ساعت ۷ جولائی ۲۰۲۰ کو ہونی تھی اور پھر بھی فیصلہ نہیں ہوا۔

آپ کے ڈائریکٹرز اس موقع پر کمپنی کے آفیسرز، اسٹاف ممبران اور تمام کارکنان کی جاں فشانی اور کام سے لگاؤ کے معترف ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز

Munir Nawaz
منیر نواز
چیف ایگزیکٹو آفیسر

توقیر نواز
چیئر مین

کراچی
۲۸ جنوری ۲۰۲۱

ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز کی طرف سے غیر محاسب شدہ مختصر عہدوری مالیاتی گوشوارہ برائے دورانیہ اختتام شدہ سہ ماہی ۳۱ دسمبر ۲۰۲۰ پیش خدمت ہے۔

سیزن	2020	2019	پیداواری اعداد و شمار
آغاز سیزن	۱۵ نومبر ۲۰۲۰	۳۰ نومبر ۲۰۱۹	
گنے کی پانی	۲۳۵,۰۶۵ میٹرک ٹن	۱۹۱,۸۳۱ میٹرک ٹن	
پیداوار			
چینی	۲۲,۱۰۷ میٹرک ٹن	۱۶,۶۱۵ میٹرک ٹن	
راب	۹,۵۵۰ میٹرک ٹن	۹,۰۰۰ میٹرک ٹن	
پیداواری تناسب			
چینی	۹-۳۵ فیصد	۹-۳۵ فیصد	
راب	۱۲-۳۰ فیصد	۳-۹۵ فیصد	

شوگر فیئریر (کنٹرول) آرڈیننس ۲۰۲۰ کے جاری ہونے کی وجہ سے سیزن ۲۰۲۰-۲۱ میں، وسطی پنجاب میں گنے کی پانی ۱۵ نومبر ۲۰۲۰ کو شروع ہوئی۔ وسطی پنجاب میں سیزن کا جلد آغاز قبل از وقت گنے کی فصل کی کٹائی کی وجہ سے چینی کی ریکوری پر ہمیشہ منفی اثر ڈالتا ہے اور پورے سیزن کے دوران چینی کی مجموعی پیداوار کو متاثر کرتا ہے۔ تاہم حکومت پنجاب کے نوٹیفیکیشن کی تعمیل کرتے ہوئے، ہم نے اپنی کرٹنگ کا آغاز مطلع شدہ تاریخ کو کیا۔

اوپر درج شدہ اعداد و شمار کے مطابق چینی کی پیداوار میں سیزن جلد شروع ہونے کی وجہ سے گزشتہ سال کے مقابل اضافہ ہوا۔ مزید یہ کہ چینی کی بازیابی کا تناسب پچھلے سال کے اسی عرصے کے برابر ہے۔ جبکہ راب کی بازیابی پچھلے سال کے مقابل بہتر رہی۔ حکومت پنجاب نے اس سیزن کے لئے گنے کی لمدادی قیمت ۲۰۰ روپے فی من مقرر کی ہے جبکہ پچھلے سال یہی قیمت ۱۹۰ روپے تھی۔

گنے کی دستیابی کا اندازہ گزشتہ سال کے مقابل قدرے بہتر ہے کیونکہ اس من سون میں بروقت اور وافر مقدار میں بارش کی وجہ سے گنے کی فصل سحتند ہے۔ موجودہ صورت کو پیش نظر ادارہ گزشتہ سال کے مقابل زیادہ چینی پیدا کر سکے گا، جس سے ادارے کی کارکردگی پر مثبت اثر پڑے گا۔ ہم آؤٹ زون کے ساتھ زون سے بھی زیادہ سے زیادہ گنا حاصل کرنے کی بھرپور کوشش کر رہے ہیں۔ پڑوسی شوگر ملوں میں قیمتوں میں لاگت بازی کی وجہ سے آؤٹ زون اور زون میں گنے کی قیمت مسلسل بڑھ رہی ہے۔ گنے کی قیمتوں میں اس بڑھتے ہوئے رجحان سے ادارہ کی مالی کارکردگی متاثر ہو سکتی ہے۔

مارکیٹ میں چینی کی قلت اور ملک میں زائد طلب کے باعث تین ماہ کے دوران چینی کی قیمت گزشتہ سال کے اسی عرصہ کے مقابل بہتر رہی۔ مزید برآں مارکیٹ میں ۱۳ تھول کی زیادہ کھپت کی وجہ سے گزشتہ مدت کے مقابل راب کی قیمتیں بھی بہتر ہیں۔ حکومت نے ۲۰۲۰-۲۱ کے سیزن کے لئے ۸۰,۰۰۰ میٹرک ٹن خالص اور خام چینی کی درآمد کی اجازت دی ہے اور چینی کے درآمد کنندگان کو چینی کی قلت اور مقامی مارکیٹ میں چینی کی قیمتوں کے بڑھتے ہوئے رجحان کو روکنے کے لئے ٹیکس میں ایک جامع چھوٹ دی ہے۔ چینی کی درآمد کی اس اجازت سے مستقبل میں چینی کی قیمتوں میں کمی ہوگی۔

Condensed Interim Statement of Financial Position

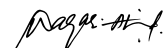
As at 31 December 2020

	Note	(Un-audited) 31 December 2020	(Audited) 30 September 2020
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	3,800,937	3,766,132
Investment in associate	8	135,773	140,373
Long-term loans and advances		977	1,180
Long-term deposits		1,103	1,103
Deferred tax		2,115	2,115
		3,940,905	3,910,903
CURRENT ASSETS			
Stores, spares and loose tools		162,658	140,593
Stock-in-trade	9	980,264	258,663
Trade debts		113,726	55,348
Loans and advances		29,590	28,421
Trade deposits and short-term prepayments		8,060	2,016
Other receivables		13,600	13,600
Income tax refundable		333,364	332,231
Cash and bank balances		125,634	52,962
		1,766,896	883,834
TOTAL ASSETS		5,707,801	4,794,737
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		120,111	120,111
Capital reserve - Share premium		27,534	27,534
Revaluation surplus on property, plant and equipment - Capital reserve		1,506,111	1,506,111
General reserve and accumulated loss - Revenue reserve		649,785	631,989
Loan from directors	10	150,000	150,000
		2,453,541	2,435,745
TOTAL EQUITY			
NON CURRENT LIABILITIES	11	1,087,742	1,106,176
Long-term borrowings		110,000	110,000
Loan from associates		16,448	19,898
Lease liabilities		11,192	11,192
Deferred grant		33,028	32,428
Retirement benefits obligations		1,258,410	1,279,694
CURRENT LIABILITIES		359,266	175,575
Trade and other payables		745,756	200,940
Contract liabilities		1,971	1,971
Unclaimed dividend	12	603,860	471,172
Short-term borrowings		69,655	55,561
Accrued interest on borrowings		128,505	100,664
Current maturity of long-term borrowings		3,450	3,450
Current maturity of lease liabilities		83,387	69,965
Provision for taxation		1,995,850	1,079,298
TOTAL LIABILITIES		3,254,260	2,358,992
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		5,707,801	4,794,737


The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Statement of Profit or Loss (Un-audited)

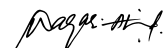
For the three month period ended 31 December 2020

		31 December	
	Note	2020	2019
		(Rupees in thousand)	
Revenue from contracts with customers - net	14	846,402	667,943
Cost of sales	15	(742,897)	(569,626)
Gross profit		103,505	98,317
Distribution costs		(2,647)	(2,063)
Administrative expenses		(56,076)	(53,088)
Other operating expenses		(3,337)	(3,279)
Other operating income		2,070	991
		(59,990)	(57,439)
Operating profit		43,515	40,878
Finance costs		(12,296)	(13,753)
Share of profit of associate - net of tax		-	-
Profit before taxation		31,219	27,125
Taxation	16	(13,423)	(11,771)
Profit for the period		17,796	15,354
Earnings per share - basic and diluted (Rupees per share)		1.48	1.28

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three month period ended 31 December 2020

	31 December 2020	2019
	(Rupees in thousand)	
Profit for the period	17,796	15,354
Other comprehensive income for the period	-	-
Total comprehensive income for the period	17,796	15,354

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Munir Nawaz

Chief Executive

Raza Ali

Chief Financial Officer

Fery


Director

Condensed Interim Statement of Changes in Equity (Un-audited)

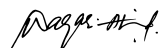
For the three month period ended 31 December 2020

	Capital reserve			Revenue reserve			
	Share Capital	Share Premium	Revaluation surplus on Property, plant and equipment	General Reserve	Unappropriated profits / accumulated (losses)	Director's Loan	Total
	(Rupees in thousand)						
Balance as at 01 October 2019	120,111	27,534	1,506,111	1,016,000	(329,928)	120,000	2,459,828
Profit for the period	-	-	-	-	15,354	-	15,354
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	15,354	-	15,354
Loan received from director / chief executive	-	-	-	-	-	40,000	40,000
Balance as at 31 December 2019	120,111	27,534	1,506,111	1,016,000	(314,574)	160,000	2,515,182
Balance as at 01 October 2020	120,111	27,534	1,506,111	1,016,000	(384,011)	150,000	2,435,745
Profit for the period	-	-	-	-	17,796	-	17,796
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	17,796	-	17,796
Balance as at 31 December 2020	120,111	27,534	1,506,111	1,016,000	(366,215)	150,000	2,453,541

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Statement of Cash Flows (Un-audited)

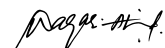
For the three month period ended 31 December 2020

	31 December 2020	2019
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	31,219	27,125
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant and equipment	7,106	12,165
Interest / mark-up	34,793	13,367
Profit on bank deposits	(738)	(347)
Gain on disposal of property, plant and equipment	(236)	-
Provision for gratuity and retirement benefits	1,260	1,260
Gain on initial recognition of financial assets at fair value	(124)	-
	42,061	26,445
Operating profit before working capital changes	73,280	53,570
Working capital adjustments:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(22,065)	(22,432)
Stock in trade	(721,601)	(550,447)
Trade debts	(58,378)	17,480
Loans and advances	(1,169)	(14,217)
Trade deposits and short-term prepayments	(6,044)	(7,374)
	(809,257)	(576,990)
Increase / (decrease) in current liabilities		
Trade and other payables	183,843	318,189
Contract liabilities	544,816	326,414
Cash (used in) / generated from operations	(7,318)	121,183
Income tax paid	(1,132)	(10,442)
Interest / mark-up paid	(20,699)	3,630
Profit on bank deposits received	738	347
Leave encashment paid	(151)	(265)
Retirement benefits paid	(660)	(48)
Net cash (used in) / generated from operating activities	(29,222)	114,405
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(657)	(422)
Addition in capital work-in-progress	(41,258)	(44,996)
Sale proceeds from disposal of property, plant and equipment	237	-
Decrease in loans and advances	327	318
Dividend received from associate	4,600	11,500
Net cash used in investing activities	(36,751)	(33,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liabilities paid	(3,450)	-
Short-term borrowings obtained	132,688	185,475
Loan from directors received	-	40,000
Long-term borrowings obtained / (repaid)	9,407	(12,500)
Net cash generated from financing activities	138,645	212,975
Net increase in cash and cash equivalents	72,672	293,780
Cash and cash equivalents at the beginning of the period	52,962	30,661
Cash and cash equivalents at the end of the period	125,634	324,441

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Notes to the Condensed Interim Financial Statements (Un-audited) for the three month period ended 31 December 2020

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Shahtaj Sugar Mills Limited (the Company) was incorporated in Pakistan on 27 March 1965 as a public limited company under the Companies Act 1913. Its registered office is situated at 19, Dockyard Road, West Wharf, Karachi. The Company is listed on Pakistan Stock Exchange and is engaged in the manufacture and sale of sugar whereas molasses and bagasse are its significant by-products. The business units of the Company along with their location are as follows:

Business Unit	Address
Registered Office	19, Dockyard Road, West Wharf, Karachi.
Head Office	72-C/1, M. M. Alam Road, Gulberg-III, Lahore.
Production Plant	Kuthiala Saidan, Mandi Bahauddin.

- 1.2 The Company is 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 after obtaining approval from the competent authority 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

These condensed interim financial statements for the three month period ended 31 December 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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 provisions of and directives issued under the Companies Act, 2017 differ with the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The Company accordingly has adopted and applied the accounting policies, same as applied in the latest audited financial statements of the Company for the year ended 30 September 2020.

3 BASIS OF PRESENTATION AND MEASUREMENT

- 3.1 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 30 September 2020.
- 3.2 These condensed interim financial statements have been prepared under the historical cost convention. These financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and applied by the Company for the preparation of these condensed interim financial statements are the same as were adopted and applied in the preparation of the preceding annual audited financial statements for the year ended 30 September 2020.

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 the volume of inventories and financing at the end of the first half.

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

for the three month period ended 31 December 2020

6 TAXATION, RETIREMENT BENEFITS OBLIGATIONS, WWF AND WPPF

Provisions in respect of Taxation, Retirement Benefits 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 2020	(Audited) 30 September 2020
		(Rupees in thousand)	
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	1,966,187	1,972,638
Capital work-in-progress	7.2	1,834,750	1,793,494
		3,800,937	3,766,132

7.1 Additions or deletions made to operating fixed assets during the three month period ended 31 December 2020 are as under:

	Additions (Rupees in thousand)	Deletions (Rupees in thousand)
Plant and machinery	-	153
Furniture and fittings	61	-
Office equipment	596	-
	657	153

7.2 Additions and transfers made to capital work in progress during the three month period ended 31 December 2020 are as under:

	Additions (Rupees in thousand)	Transfers (Rupees in thousand)
Plant and machinery	25,555	-
Other directly attributable overheads	14,330	-
Advances to suppliers	1,373	-
	41,258	-

	Note	(Un-audited) 31 December 2020	(Audited) 30 September 2020
		(Rupees in thousand)	
8 INVESTMENT IN ASSOCIATE			
Associate - Equity method			
Shahtaj Textile Limited - Listed	8.1	135,773	140,373

8.1 Fair value of investment as at 31 December 2020 is Rs. (thousand) 112,815 (30 September 2020: Rs. (thousand) 128,202).

	(Un-audited) 31 December 2020	(Audited) 30 September 2020
	(Rupees in thousand)	
9 STOCK IN TRADE		
Sugar	781,636	183,795
Molasses	57,543	-
Bagasse	80,302	65,264
	919,481	249,059
Sugar in process	48,102	8,706
Molasses in process	11,678	202
	59,780	8,908
Insecticide	42	60
Stock at fair price shop	961	636
	1,003	696
	980,264	258,663

Notes to the Condensed Interim Financial Statements (Un-audited) for the three month period ended 31 December 2020

10 LOAN FROM DIRECTORS

This represents unsecured, interest free loan given by Directors to meet the liquidity requirements of the Company. The loan is repayable at the discretion of the Company. In line with the Technical Release - 32 (TR-32 - Accounting Directors' Loan) issued by the Institute of the Chartered Accountants of Pakistan (ICAP), the loan is classified as part of equity.

	Note	(Un-audited) 31 December 2020 (Rupees in thousand)	(Audited) 30 September 2020
11 LONG TERM BORROWINGS - SECURED			
Loan - I	11.1	933,248	933,248
Loan - II	11.2	137,500	150,000
Loan - III		145,499	123,592
		1,216,247	1,206,840
Less: Current maturity		(128,505)	(100,664)
		1,087,742	1,106,176

11.1 This represents a long-term syndicated term finance facility amounting to Rs. 1,956 million obtained from a consortium of banking companies comprising MCB Bank Limited, United Bank Limited and Bank AL Habib Limited (the consortium). 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 was originally repayable in ten equal semi-annual installments starting from August 2019. During the year ended 30 September 2020, the Company has entered into supplemental agreement with the consortium, as a result of which, further two years grace period has been granted to the Company for principal repayment. As a result of the supplemental agreement with consortium, the facility is also secured against personal guarantee from Mr. Muneer Nawaz, CEO / Director of the Company.

11.2 This represents a long term loan amounting to Rs. 200 million obtained from MCB Bank Limited for BMR of machinery. Markup is chargeable at a rate of 3 month KIBOR + 1.25% per annum quarterly. This facility is secured against first pari passu charge over present and future plant and machinery with 25% margin limited to Rs. 267 million. The loan is repayable in sixteen equal quarterly installments commencing from November 2019 after a grace period of one year.

11.3 The Company has obtained term finance under refinance scheme for payment of wages and salaries to the workers and employees of business concerns of up to Rs. (thousand) 157,010 (30 September 2020: Rs. (thousand) 135,103) to finance wages and salaries of permanent, contractual and daily wage employees for six months from April 2020 to September 2020. This facility carries markup at SBP rate + 2% and 3% per annum payable quarterly whereas the principal is repayable in eight equal quarterly installments starting from January 2021. The facility is secured against ranking charge over fixed assets at 25% margin.

12 SHORT TERM BORROWINGS - SECURED

The aggregate facility of short term borrowings available from commercial banks is Rs. (thousand) 2,570,000 (30 September 2020: Rs. (thousand) 3,020,000). These facilities are secured against pledge over stock and first charge of Rs. (thousand) 98,200 on all present and future plant & machinery, equipment, fixtures and other installations and such movables etc of the company. The un-utilized portion of the said facility amounts to Rs. (thousand) 1,966,140 (30 September 2020: Rs. (thousand) 2,548,828).

The rates of markup range between 1 month / 3 month KIBOR + 0.75% to 1 month / 3 month KIBOR + 1.50% (30 September 2020: 1 month / 3 month KIBOR + 0.65% to 1 month / 3 month KIBOR + 0.75%) per annum.

The aggregate facility for letters of credit and guarantees amounts to Rs. (thousand) 10,000 (30 September 2020: Rs. (thousand) 10,000) and Rs. (thousand) 5,000 (30 September 2020: Rs. (thousand) 5,000), respectively. Out of total facilities available, the unutilized facility for letters of credit and guarantees amounts to Rs. (thousand) 8,390 (30 September 2020: Rs. (thousand) 8,386) and Rs. (thousand) 5,000 (30 September 2020: Rs. (thousand) 5,000), respectively.

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

for the three month period ended 31 December 2020

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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

13.2 Commitments

The Company's commitments on 31 December 2020 for letters of credit amounts to Rs. (thousand) 1,610 (30 September 2020: Rs. (thousand) 1,614) in the normal course of business.

	(Un-audited) 31 December	
	2020	2019
	(Rupees in thousand)	
14 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET		
Sugar	793,939	678,115
Molasses	158,963	66,755
Bagasse	15,145	19,020
Press mud	4,925	6,474
	972,972	770,364
Less:		
Broker's commission on sugar	1,550	1,276
Sales tax / federal excise duty	124,450	100,719
Withholding tax on sales	570	426
	126,570	102,421
	846,402	667,943
15 COST OF SALES		
Cost of sugarcane procurement	1,325,064	982,472
Process materials	19,779	17,127
Fuel and power	7,441	9,482
Stores and spares consumed	20,162	23,701
Repairs and maintenance	8,820	4,371
Salaries, wages and other benefits	58,104	54,325
Company's contribution to provident fund	550	536
Rent, rates and taxes	611	813
Insurance	1,388	1,979
Depreciation	5,606	11,290
Conveyance and travelling	2,759	3,081
Other expenses	1,898	518
	1,452,182	1,109,695
Add: Opening stock of sugar and by-products in process	8,909	4,258
Less: Closing stock of sugar and by-products in process	(59,780)	(88,033)
Cost of sugar manufactured	1,401,311	1,025,920
Packing material consumed	12,008	9,513
Cost of sugar bagged	1,413,319	1,035,433
Add: Opening stock of sugar and by-products	249,059	288,942
Less: Closing stock of sugar and by-products	(919,481)	(754,749)
	742,897	569,626

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

for the three month period ended 31 December 2020

		(Un-audited) 31 December	
		2020	2019
		(Rupees in thousand)	
16 TAXATION			
Taxation for the period:			
Current		13,423	11,771

17 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise related group companies, local associates, staff retirement funds, 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:


		(Un-audited) 31 December	
		2020	2019
		(Rupees in thousand)	
Name of Related Party	Nature of Transaction		
Association on basis of common directorship			
Shahtaj Textile Limited	Dividend received	4,600	11,500
Shahnawaz (Private) Limited	Purchases and services received	668	425
	Utilities paid	16	62
Shezan International Limited	Sale of sugar	45,045	116,781
Information System Associates Limited	Services received	-	113
Shezan Services (Private) Limited	Interest charged	2,287	1,872
State Life Insurance Corporation of Pakistan	Premium paid	1,890	1,598
Staff Provident Fund Trust	Contributions paid	1,282	1,252
Mr. Muneer Nawaz - Director	Loan received	-	40,000

All transactions with the related parties and associated undertakings are entered into at 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, as per group policy. The effect of this policy on the balance sheet and profit or loss account is considered to be immaterial.


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

18 AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors on 28 January 2021.



Chief Executive



Chief Financial Officer



Director

NOTE:








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