



SHAHTAJ

SUGAR MILLS LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED
30 JUNE 2022**

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Company Information

Board of Directors

Mr. Toqueer Nawaz

Mr. Muneer Nawaz

Mr. M. Naeem

Mrs. Samia Shahnawaz Idris

Mr. Rashed Amjad Khalid

Mr. Abid Nawaz

Ms. Ava Ardeshir Cowasjee

Mr. Suleman Lalani

Mr. Mushtaq Ahmad

Mr. Muhammad Salman Hussain Chawala

Chairman

Chief Executive

J.S.I.L

S.L.I.C.

N.I.T.

Company Secretary

Mr. Jamil Ahmad Butt, FCMA

Chief Financial Officer

Mr. Waqar Ahmad, FCA

Audit Committee

Mr. Mushtaq Ahmad

Mr. Toqueer Nawaz

Mr. M. Naeem

Mr. Rashed Amjad Khalid

Chairman

Human Resource & Remuneration Committee

Mr. Muhammad Salman Hussain Chawala

Mr. Muneer Nawaz

Mr. M. Naeem

Mr. Rashed Amjad Khalid

Chairman

Head Office

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E-mail : jamilbutt@shahtaj.com

Production Facility

Mandi Bahauddin - 50400.

Phone : (0546) 501 147 - 49

(0546) 508 047 - 48

Fax : (0546) 501 768

E-mail : mills@shahtajsugar.com

Auditors

Riaz Ahmad & Company

Chartered Accountants,

10-B, Saint Mary Park,

Main Boulevard, Gulberg-III,

Lahore - 54660.

Legal Advisor

Mr. Ras Tariq Chowdhary,

52 - Ravi Block, Fort Green,

Canal Road, 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

Soneri Bank Limited



Directors' Report to the Members

Your Directors have pleasure in presenting the un-audited condensed interim financial statements for the nine month period ended 30 June 2022.

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

		30 June	
Production Data		2022	2021
Start of Season		20.11.2021	15.11.2020
End of Season		25.03.2022	12.03.2021
Duration	Days	126	118
Sugarcane Crushed	(M. Tons)	1,031,923	842,079
Production:			
Sugar	(M. Tons)	91,603	81,181
Molasses	(M. Tons)	48,817	36,593
Recovery:			
Sugar	%	8.88	9.64
Molasses	%	4.44	4.35

As explained earlier, we were able to produce 91,603 M. Tons of sugar i.e higher by about 12.84% than last season. We endeavored our best to procure maximum sugarcane from the outside areas to maximize the production and could succeed due to significant increase in sugarcane crop for the season because of increase in sugarcane cultivation area in Punjab and better sugarcane yield per acre. The Government of Punjab increased support price for the season from Rs. 200/- to Rs. 225/- per 40 kg.

We would like to inform our shareholders that 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 is trying to get export quota of 500,000 M.Tons from the Federal Government, which is very low against huge surplus of sugar. Further molasses prices during the period under review remains almost same as compared to corresponding period last year.

For the nine month period, your Company recorded a turnover of Rs. 5,456.073 million as against Rs. 4,680.948 million in the corresponding period of 2021. The cost of sales was Rs.4,741.987 million as against Rs. 4,144.415 million of the corresponding period. Thus, the Company has a gross profit of Rs. 714.086 million for the nine month period ended 30 June 2022 as against a gross profit of Rs. 536.533 million of the corresponding period. The net profit has been recorded to Rs. 111.052 million against the profit of Rs. 110.379 million of the corresponding period. The profit was due to lower cost of basic raw material i.e. sugarcane for the season 2021-22 and better sale of molasses. The finance cost for the period was Rs. 305.637 million as against Rs. 186.687 million of the corresponding period due to high utilization of banking facilities and increase in policy rate. The earnings per share for the period were Rs. 9.25 as against Rs. 9.19 per share of the corresponding period of 2021.

Sowing of sugarcane crop for the next crushing season is reported to be at same level as last season. This season due to the climatic conditions that enforced poor sucrose content in the sugarcane planted in our area our field staff is doing its best to persuade the sugarcane growers to use amplified quality seed and fertilizers to get healthy sugarcane. Let us pray for good monsoon rains in the summer season, so that better quality and higher quantity is available for crushing.

UPDATE ON POWER PROJECT:

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 EPA could not be executed on account of the decision of the Cabinet Committee on Energy (CCoE), that only those projects shall be implemented where either the Implementation

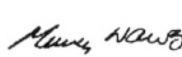
Agreement (the "IA") or EPA has been signed. Consequently, the Company along with five (5) other Bagasse Based Cogeneration power projects filed writ petitions in the Honorable Islamabad High Court in 2018 against Federation of Pakistan, CPPA (G) L, NEPRA and others against the impugned decision of Cabinet Committee on Energy (CCoE).

During the pendency of our writ petition, the Government modified the earlier decision of CCoE and decided that all those projects which have been granted LOS by AEDB will be permitted to proceed towards the achievement of their requisite milestones as per RE Policy, 2006. However, if more than one year has elapsed since determination of tariff by NEPRA, the said tariffs would be reviewed by NEPRA and that NEPRA will review the same to make it consistent with the current market environment/conditions/consumer interest and such review will include appropriate time extensions to reach financial closing.

Now, NEPRA has reviewed and modified our tariff dated January 02, 2017, and awarded revised/modified tariff vide its determination dated January 24, 2022. We are waiting for the Gazette Notification of the tariff. We are hopeful that EPA will be signed after Gazette Notification by the Power Division.

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: 27 July 2022.



ڈائریکٹر ز رپورٹ برائے ممبران

اگلے کرٹنگ میزن کے لیے گئے کی فیکل کی ہوائی چھٹے میزن کی سطح پر ہونے کی اطلاع ہے۔ اس میزن میں موکی حالات کی وجہ سے ہمارے علاقے میں لگائے گئے میں سو کروڑ کی مقدار کم ہے۔ ہمارا فیلڈ سٹاف گئے کے کاشکاروں کو صحت مند فصل حاصل کرنے کے لیے بہتر معیار کے بیج اور کھاد کے استعمال پر آمادہ کرنے کی پوری کوشش کر رہا ہے۔ آئیے گرمیوں کے موسم میں مون مون کی اچھی بارشوں کے لیے دعا کریں، تاکہ کرٹنگ کے لیے اعلیٰ معیار اور بہتر مقدار دستیاب ہو۔

پاور پراجیکٹ پراپٹیٹ

جیسا کہ پہلے ہی آپ کے علم میں لایا جا چکا ہے کہ ادارے کا بگاس (گئے کی کھوٹی) سے چلنے والا بجلی کا پلانٹ جو کہ ۳۳ میگا واٹ کی صلاحیت پر مشتمل ہے جس میں سے ۱۵ میگا واٹ نیٹشل گرڈ کو قائل تر سیل ہوگا تنصیب کے مرحلہ میں ہے۔ ۱۶ میگا واٹ صلاحیت کی دو عدد ربا مین کی تنصیب کا کام مکمل ہو چکا ہے جبکہ ۱۳۲ کے وی اے صلاحیت کے گرڈ اسٹیشن کی تنصیب کا کام جاری ہے مزید آپ کی اطلاع کے لیے عرض ہے کہ نیٹشل 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۔

ہم سینٹرل پاور پراجیکٹ (CPPA) کے ساتھ بجلی خریداری کا معاہدہ باہمی رضامندی کے ساتھ طے کر چکے ہیں جسے CPPA کے بورڈ آف ڈائریکٹرز نے منظور کر لیا تھا۔ ای پی اے کو توانائی سے متعلق کا بیڑہ کینی (سی سی او ای) کے فیصلے کی وجہ سے جتنی شکل نہیں دی جاسکتی ہے کیونکہ صرف ان منصوبوں پر عمل درآمد کیا جائے گا جہاں یا تو عمل درآمد معاہدہ (IA) یا EPA پر دستخط ہو چکے ہیں۔ اس کے نتیجے میں ہمارے سمیت دیگر ۵ بگاس سے چلنے والے پراجیکٹ والے اداروں نے ۲۰۱۸ میں معزز اسلام آباد ہائی کورٹ میں فیڈریشن آف پاکستان، CPPA اور پھر اس کے خلاف CCCE کے اس مہم فیصلہ کے خلاف رٹ پیشین دائر کر دی تھی۔

ہماری رٹ پیشین کے زیر التوا ہونے کے دوران، حکومت نے CCCE کے پہلے فیصلے میں ترمیم کی اور فیصلہ کیا کہ وہ تمام پروجیکٹس جنہیں AEDB نے LOS دیا ہے، آراہی پالیسی ۲۰۰۶ کے مطابق اپنے مطلوبہ سنگ میل کے حصول کے لیے آگے بڑھنے کی اجازت دی جائے گی۔ تاہم، اگر پھر اکی جانب سے متعین کردہ میٹرف کوایک سال سے زیادہ کا عرصہ گزر چکا ہے تو پھر اندکورہ میٹرف کا جائزہ لگایا جائے گا تاکہ اس کا جائزہ لگایا جاسکے اور اس طرح کے جائزے میں ایلیاقتی اختتام تک پہنچنے کے لیے مناسب وقت کی توسیع شامل ہوگی۔

اب، پھر ۲۰۱۸ جنوری ۲۰۱۸ کے ہمارے میٹرف کا جائزہ لیا اور اس میں ترمیم کی ہے، اور ۲۰۲۲ کے اپنے تعین کے ذریعے نظر ثانی شدہ/تبدیل شدہ میٹرف سے نوازا ہے۔ ہم میٹرف کے گزٹ نوٹیفیکیشن کا انتظار کر رہے ہیں۔ ہم پر امید ہے کہ پاور ڈویژن کے گزٹ نوٹیفیکیشن کے بعد EPA پر دستخط ہو جائیں گے۔

آپ کے ڈائریکٹر ز 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

Tung

تو قیرو نواز
چیئر مین

Munir Nawaz

مینر نواز
چیئر ایگزیکٹو آفیسر

کراچی

۲۰ جولائی ۲۰۲۲

ڈائریکٹر ز پورٹ برائے ممبران

ادارے کے ڈائریکٹر ز انتہائی مسرت کے ساتھ اختتام شدہ نو ماہی جون ۲۰۲۲ کے لیے ادارہ کا غیر محاسب شدہ مختصر عبوری مالیاتی گوشوارہ آپ کی خدمت میں پیش کرتے ہیں۔ گزشتہ سال کے مقابلے میں موجودہ کرشنگ سیزن کی پیداواری کارکردگی ذیل میں درج ہے۔

جون ۲۰۲۰

پیداواری اعداد و شمار

۲۰۲۱	۲۰۲۲	
۲۰ اکتوبر ۲۰۲۰	۲۰ نومبر ۲۰۲۱	آغاز سیزن
۱۲ مارچ ۲۰۲۱	۲۵ مارچ ۲۰۲۲	اختتام سیزن
۱۸ دن	۲۶ دن	دورانیہ سیزن
۸۳۲۰۷۹ میٹرک ٹن	۱۰۳۱۰۹۲۳ میٹرک ٹن	گنے کی پٹائی
		پیداوار
۸۱۰۱۸۱ میٹرک ٹن	۹۱۰۶۰۳ میٹرک ٹن	چینی
۳۶۰۵۹۳ میٹرک ٹن	۴۸۰۸۱۷ میٹرک ٹن	راب
		پیداواری تناسب
۹-۲۳ فیصد	۸-۸۸ فیصد	چینی
۲-۳۵ فیصد	۲-۴۴ فیصد	راب

جیسا کہ پہلے بیان کیا گیا ہے کہ اس نے اور ملحقہ علاقہ جات میں موجود گنے کی کرشنگ کے بعد، ہم ۹۱۰۶۰۳ میٹرک ٹن چینی بنانے میں کامیاب ہوئے جو گزشتہ سیزن کے مقابل تقریباً ۱۲-۸۴ فیصد زیادہ ہے۔ ہم نے زائد پیداوار کے حصول کے لیے بیرون علاقہ سے زیادہ سے زیادہ گنے کی خریداری کے لیے بھرپور کوشش کی اور پنجاب بھر میں فصل کے زیادہ رقبہ پر کاشت اور ادائیگی بیکز بہتر گنے کی پیداوار کے باعث سیزن کے لیے گنے کی فصل میں نمایاں اضافے کی وجہ سے کامیابی حاصل کی۔ حکومت پنجاب نے اس سیزن کے لئے گنے کی امدادی قیمت کو ۲۰ روپے فی من سے بڑھا کر ۲۵ روپے فی من کر دی۔

ہم اپنے شیئر ہولڈرز کو بتانا چاہتے ہیں کہ آج کل چینی کی مارکیٹ میں مندی ہے اور ہر روز قیمتیں نیچے آ رہی ہیں حالانکہ عام طور پر گرمی کے مہینوں میں قیمتوں میں اضافہ کا رجحان ہوتا ہے۔ اس وبا کی وجہ ملک میں چینی کی ریکارڈ پیداوار ہے، جس کی وجہ سے فاضل مقدار میں چینی موجود ہے۔ تاہم، PSMA وفاقی حکومت سے ۵۰۰۰۰۰ میٹرک ٹن کا برآمدی کوٹہ حاصل کرنے کی کوشش کر رہی ہے، حالانکہ یہ چینی کی بھاری فاضل مقدار کے مقابلے میں بہت کم ہے۔ زیر جائزہ مدت کے دوران راب کی قیمتیں گزشتہ سال کی اسی مدت کے مقابل تقریباً ایک چھٹی رہیں۔

اس نو ماہی کے دوران، آپ کے ادارے کی فروخت ۵۰،۵۵۶-۷۳ ملین روپے رہی جو کہ ۲۰۲۱ کے اسی عرصہ میں ۶۸۰۹۲۸-۲۸ ملین روپے تھی۔ پیداواری لاگت ۹۸-۹۸ ملین روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۱۲۴-۱۲۴ ملین روپے تھی۔ اس طرح اختتام شدہ نو ماہی جون ۲۰۲۲ میں ادارے کو ۷۱۳-۱۳ ملین روپے کا مجموعی منافع ہوا جبکہ گزشتہ سال کے دورانیہ میں مجموعی نفع ۵۳۳-۵۳ ملین روپے تھا۔ جبکہ خالص نفع ۵۵۲-۵۵ ملین روپے رہا جبکہ اس کے مقابل گزشتہ سال خالص نفع ۳۵۹-۳۵ ملین روپے رہا۔ اس منافع کی وجہ گنے (خام مال) کی قیمت میں کمی اور راب کی بہتر فروخت ہے۔ اس مدت کی مالیاتی لاگت ۲۳۷-۳۵ ملین روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۶۸-۱۸۶ ملین روپے تھی جسکی وجہ سیزن میں زیادہ سے زیادہ گنے کی خریداری کے لئے چینی ذخائر کے گرو کی عوض بینکاری حدود کا استعمال اور پالیسی کی شرح میں اضافہ ہے۔

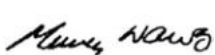


Condensed Interim Statement of Financial Position


As at 30 June 2022

	Note	(Un-audited) 30 June 2022 (Rupees in thousand)	(Audited) 30 September 2021 (Rupees in thousand)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,775,438	3,761,188
Investment in associate		180,504	168,840
Long-term loans and advances		3,774	879
Long-term deposits		4,103	4,103
		3,963,819	3,935,010
CURRENT ASSETS			
Stores, spares and loose tools		179,489	153,772
Stock-in-trade		3,040,385	958,139
Trade debts		157,392	105,375
Loans and advances		61,898	31,945
Trade deposits and short-term prepayments		3,348	2,245
Other receivable		16,000	13,600
Income tax refundable		376,829	275,596
Cash and bank balances		169,015	21,554
		4,004,356	1,562,226
TOTAL ASSETS		7,968,175	5,497,236
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		120,111	120,111
Share premium - capital reserve		27,534	27,534
Revaluation surplus on property, plant and equipment - capital reserve		1,506,111	1,506,111
General reserve and accumulated losses - revenue reserve		892,094	841,097
Loan from directors		150,000	150,000
TOTAL EQUITY		2,695,850	2,644,853
NON-CURRENT LIABILITIES			
Long-term borrowings	8	634,665	789,609
Loan from associates		110,000	110,000
Lease liabilities		16,999	18,589
Deferred grant		-	4,691
Retirement benefits obligations		35,185	32,747
Deferred taxation		42,574	28,250
		839,423	983,886
CURRENT LIABILITIES			
Trade and other payables		235,091	155,811
Contract liabilities		66,134	29,322
Unclaimed dividend		7,353	1,953
Short-term borrowings		3,471,584	1,169,653
Accrued interest on borrowings		236,873	91,601
Current maturity of long-term borrowings		273,882	335,894
Current maturity of lease liabilities		2,991	4,313
Current maturity of deferred grant		1,895	-
Provision for taxation		137,099	79,950
		4,432,902	1,868,497
TOTAL LIABILITIES		5,272,325	2,852,383
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	9	7,968,175	5,497,236

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



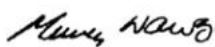
Director

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

For the nine month period ended 30 June 2022

		Nine Month Period Ended 30 June		Quarter Ended 30 June	
	Note	2022	2021	2022	2021
		(Rupees in thousand)			
Revenue from contracts with customers - net	10	5,456,074	4,680,948	1,825,432	1,306,572
Cost of sales	11	(4,741,987)	(4,144,415)	(1,661,477)	(1,132,644)
Gross profit		714,087	536,533	163,955	173,928
Distribution cost		(13,727)	(10,913)	(4,074)	(2,110)
Administrative expenses		(236,500)	(192,371)	(75,271)	(52,506)
Other operating expenses		(15,636)	(15,107)	1,751	(4,131)
		(265,863)	(218,391)	(77,594)	(58,747)
		448,224	318,142	86,361	115,181
Other operating income		15,048	18,818	5,218	2,692
Profit from operations		463,272	336,960	91,579	117,873
Finance cost		(305,637)	(186,687)	(132,027)	(81,696)
		157,635	150,273	(40,448)	36,177
Share of profit of associate - net of tax		24,890	11,965	-	-
Profit before taxation		182,525	162,238	(40,448)	36,177
Taxation		(71,473)	(51,859)	3,387	(1,210)
Profit after taxation		111,052	110,379	(37,061)	34,967
Earnings / (loss) per share - basic and diluted (rupees)	12	9.25	9.19	(3.09)	2.91

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

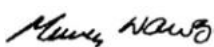


Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine month period ended 30 June 2022

	Nine Month Period Ended 30 June		Quarter Ended 30 June	
	2022	2021	2022	2021
	(Rupees in thousand)			
Profit after taxation	111,052	110,379	(37,061)	34,967
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Share of associate's other comprehensive income	-	585	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	585	-	-
Total comprehensive income for the period	111,052	110,964	(37,061)	34,967

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer




Director

Condensed Interim Statement of Changes in Equity

For the nine month period ended 30 June 2022

	CAPITAL RESERVE				REVENUE RESERVE				LOANS FROM DIRECTORS	TOTAL EQUITY
	SHARE CAPITAL	Share premium	Revaluation surplus on prop-erty, plant and equipment	Subtotal	General reserve	Accumulated losses	Subtotal	Total		
(Rupees in thousand)										
Balance as at 30 September 2020 (audited)	120,111	27,534	1,506,111	1,533,645	1,016,000	(384,011)	631,989	2,165,634	150,000	2,435,745
Profit for the period	-	-	-	-	-	110,379	110,379	110,379	-	110,379
Other comprehensive income for the period	-	-	-	-	-	585	585	585	-	585
Total comprehensive income for the period	-	-	-	-	-	110,964	110,964	110,964	-	110,964
Balance as at 30 June 2021 (Un-audited)	120,111	27,534	1,506,111	1,533,645	1,016,000	(273,047)	742,953	2,276,598	150,000	2,546,709
Profit for the period	-	-	-	-	-	94,448	94,448	94,448	-	94,448
Other comprehensive income for the period	-	-	-	-	-	1,469	1,469	1,469	-	1,469
Total comprehensive income for the period	-	-	-	-	-	95,917	95,917	95,917	-	95,917
Share of associate's changes in equity	-	-	-	-	-	2,227	2,227	2,227	-	2,227
Balance as at 30 September 2021 - (audited)	120,111	27,534	1,506,111	1,533,645	1,016,000	(174,903)	841,097	2,374,742	150,000	2,644,853
Transaction with owners - Final dividend for the year ended 30 September 2021 @ Rupees 5 per share										
	-	-	-	-	-	(60,055)	(60,055)	(60,055)	-	(60,055)
Profit for the period	-	-	-	-	-	111,052	111,052	111,052	-	111,052
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	111,052	111,052	111,052	-	111,052
Balance as at 30 June 2022 - (un-audited)	120,111	27,534	1,506,111	1,533,645	1,016,000	(123,906)	892,094	2,425,739	150,000	2,695,850

The annexed notes form an integral part of these condensed interim financial statements.


Chief Executive

Wage: AH
Chief Financial Officer

Director



Condensed Interim Statement of Cash Flows (Un-audited)

For the nine month period ended 30 June 2022

Nine Month Period Ended
30 June

2022 2021
(Rupees in thousand)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for non-cash charges and other items:

- Depreciation on property, plant and equipment
- Interest / mark-up
- Profit on bank deposits
- Share of profit of associate
- Unwinding of deferred grant
- Gain on disposal of property, plant and equipment
- Provision for retirement benefits obligations
- (Loss) / gain on initial recognition of financial assets at fair value

Operating profit before working capital changes

Working capital changes

(Increase) / decrease in current assets:

- Stores, spares and loose tools
- Stock-in-trade
- Trade debts
- Loans and advances
- Trade deposits and short-term prepayments
- Other receivables

Increase / (decrease) in current liabilities

- Trade and other payables
- Contract liabilities

Cash used in operations

- Income tax paid
- Interest / mark-up paid
- Profit on bank deposits received
- Leave encashment paid
- Retirement benefits paid

Net cash used in operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

- Purchase of property, plant and equipment
- Additions in capital work-in-progress
- Sale proceeds from disposal of property, plant and equipment
- (Increase) / decrease in long term loans and advances
- Dividend received from associate

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

- Dividend paid
- Repayment of lease liabilities
- Short-term borrowings - net
- Long-term borrowings repaid

Net cash from financing activities

NET INCREASE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

2022	2021
182,525	162,238
20,445	21,306
305,637	215,742
(8,252)	(775)
(24,890)	(11,965)
(2,796)	(4,405)
(1,123)	(513)
2,859	3,780
1,049	(92)
292,929	223,078
475,454	385,316
(25,717)	(18,276)
(2,082,246)	(1,942,637)
(52,017)	43,962
(29,953)	(2,020)
(1,103)	(1,760)
(2,400)	-
(2,193,436)	(1,920,731)
79,844	25,908
36,812	(57,124)
(1,601,326)	(1,566,631)
(101,231)	(2,761)
(160,365)	(140,037)
8,252	775
(564)	(270)
(421)	(987)
(1,855,655)	(1,709,911)
(987)	(1,595)
(33,736)	(26,555)
1,151	570
(3,944)	239
13,225	4,600
(24,291)	(22,741)
(54,655)	(13)
(2,912)	(3,450)
2,301,930	1,823,482
(216,956)	(49,992)
2,027,407	1,770,027
147,461	37,375
21,554	52,962
169,015	90,337

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Selected Notes to the Condensed Interim Financial Statements (Un-audited) For the nine month period ended 30 June 2022

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 repealed Companies Act 1913 (Now Companies Act, 2017). Its registered office is situated at 19, Dockyard Road, West Wharf, Karachi. The Company is listed on Pakistan Stock Exchange Limited 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 locations 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.

- 1.1 The Company is in the process to setup a bagasse based co-generation power project with an installed capacity of 32 MW. Any surplus electric power, not consumed by the Company itself, will be sold to the Central Power Purchasing Agency (Guarantee) Limited (CPPA). 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). During the period, NEPRA has reviewed and revised the earlier tariff granted on 02 January 2017. The Company is waiting for the notification in official gazette of the revised tariff. The Company expects to commence commercial generation after the notification of tariff in official gazette and signing of Energy Purchase Agreement (EPA).

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PREPARATION

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 financial statements of the Company for the year ended 30 September 2021. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

4. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the company for the year ended 30 September 2021.



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

For the nine month period ended 30 June 2022

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 resulting in increased volume of inventories, receivables, payables and financing at the end of the first half.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 September 2021.

		(Un-audited) 30 June 2022	(Audited) 30 September 2021
	Note	(Rupees in thousand)	
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	1,933,907	1,953,393
Capital work-in-progress	7.2	1,841,531	1,807,795
		3,775,438	3,761,188
7.1 Operating fixed assets			
Opening book value		1,953,393	1,972,638
Add: Cost of additions during the period / year	7.1.1	987	10,061
Less: Book value of deletions during the period / year	7.1.2	(28)	(770)
		1,954,352	1,981,929
Less: Depreciation charged during the period / year		(20,445)	(28,536)
		1,933,907	1,953,393
7.1.1 Cost of additions			
Plant and machinery		-	7,279
Motor vehicles		34	450
Furniture and fittings		124	86
Office equipment		829	1,513
Telephone exchange		-	733
		987	10,061

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

For the nine month period ended 30 June 2022

	(Un-audited) 30 June 2022	(Audited) 30 September 2021
	(Rupees in thousand)	
7.1.2 Book value of deletions		
Plant and machinery	-	31
Motor vehicles	28	701
Furniture and fittings	-	25
Office equipment	-	13
	28	770
7.2 Capital work in progress		
Civil works and buildings	63,171	63,171
Plant and machinery	1,217,047	1,216,249
Other directly attributable overheads	510,899	479,564
Advances to suppliers	50,414	48,811
	1,841,531	1,807,795
8. LONG TERM BORROWINGS		
Opening balance	1,125,503	1,206,840
Add: Obtained during the period / year	-	21,907
Less: Repaid during the period / year	(219,700)	(108,879)
Less: Deferred income recognized during the period / year	-	(1,528)
Add: Deferred income amortized during the period / year	2,744	7,163
Net impact	2,744	5,635
	908,547	1,125,503
Less: Current portion shown under current liabilities	(273,882)	(335,894)
	634,665	789,609
9. CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
There has been no material change in the status of the contingencies reported in the annual audited financial statements of the Company for the year ended 30 September 2021 except following:		

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

For the nine month period ended 30 June 2022

9.1.1 Market committee fee payable by the Company has been recorded at Rupees 5 per metric ton. However, a notification has been issued by the Agriculture Department, Government of Punjab dated 02 August 2017 for increase in rate to Rupees 10 per metric ton. Based on the advice of legal counsel, management is confident of favorable outcome of the matter. Therefore, no provision has been made for the additional market committee fee amounting to Rupees 20.96 million which would have been payable at the increased rate.

9.1.2 During the year ended 30 September 2021, various notifications regarding the fixation of price of sugar were issued by the Government. The Company has filed petition in the Honourable Lahore High Court, Lahore and challenged the lifting of sugar from the mill at notified ex-mill price. However, Lahore High Court disposed off such petition vide its order dated 29 September 2021 and concluded that benefit shall be extended to consumers for any excess amount charged subject to the decision of Appellate Committee. The Appellate Committee vide its order dated 07 October 2021 endorsed the notified price. The Company has filed intra court appeal in Honourable Lahore High Court, Lahore and challenged the decision of Appellate Committee order which has granted a stay order by directing that till the next date of hearing both Government of Punjab as well as Federal Government are restrained from forcible shifting of sugar stock from mills premises of the Company. Further, the Company has also filed writ petition in Honourable Lahore High Court, Lahore and challenged the decision of Appellate Committee and the price notifications. Both cases are pending adjudication. Based on the advice of the legal counsel, the Company is hopeful for the favourable outcome of the matter, hence, no provision has been made in these condensed interim financial statements.

9.2 Commitments

The Company does not have any commitment as at 30 June 2022 (30 September 2021: Nil).

	(Un-audited) Nine Month Period Ended 30 June		(Un-audited) Quarter Ended 30 June	
	2022	2021	2022	2021
	(Rupees in thousand)			
10. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET				
Gross revenue	6,306,384	5,424,138	2,134,466	1,509,539
Less:				
Broker's commission on sugar	8,433	8,051	2,432	1,697
Sales tax / federal excise duty	836,699	732,935	304,931	200,552
Withholding tax on sales	5,178	2,204	1,672	718
	850,310	743,190	309,035	202,967
	5,456,074	4,680,948	1,825,431	1,306,572

Selected Notes to the Condensed Interim Financial Statements (Un-audited) For the nine month period ended 30 June 2022

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	(Un-audited) Nine Month Period Ended 30 June		(Un-audited) Quarter Ended 30 June	
	2022	2021	2022	2021
	(Rupees in thousand)			
Major Products:				
Sugar	4,974,207	4,567,112	1,594,211	1,280,833
Molasses	1,085,412	618,179	471,433	98,684
Bagasse	220,630	221,921	68,823	130,022
Press mud	26,135	16,926	-	-
Gross revenue	<u>6,306,384</u>	<u>5,424,138</u>	<u>2,134,466</u>	<u>1,509,539</u>
Geographical region:				
Pakistan	<u>6,306,384</u>	<u>5,424,138</u>	<u>2,134,466</u>	<u>1,509,539</u>
Type of customer:				
Non-government customers	<u>6,306,384</u>	<u>5,424,138</u>	<u>2,134,466</u>	<u>1,509,539</u>
Timing of transfer of goods:				
Goods transferred to customers at a point in time	<u>6,306,384</u>	<u>5,424,138</u>	<u>2,134,466</u>	<u>1,509,539</u>



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

For the nine month period ended 30 June 2022

	(Un-audited) Nine Month Period Ended 30 June		(Un-audited) Quarter Ended 30 June	
	2022	2021	2022	2021
	(Rupees in thousand)			
11. COST OF SALES				
Cost of sugarcane procured	6,213,360	5,657,680	268	581
Process materials	123,250	58,457	1,059	784
Fuel and power	26,464	21,547	15,633	9,960
Stores and spares consumed	76,926	55,850	15,785	12,427
Repairs and maintenance	13,692	14,434	1,450	2,425
Salaries, wages and other benefits	247,964	191,413	65,256	39,253
Company's contribution to provident fund	1,957	1,683	623	534
Rent, rates and taxes	935	1,061	200	161
Insurance	4,201	4,165	1,169	1,388
Conveyance and travelling	16,238	16,815	5,413	5,603
Depreciation	8,799	7,666	1,981	1,812
Other expenses	11,393	8,733	325	240
	6,745,179	6,039,504	109,162	75,168
Add: Opening stock of sugar and molasses in process	9,349	8,908	4,144	9,086
Less: Closing stock of sugar and molasses in process	(4,141)	(9,184)	(4,141)	(9,184)
Cost of sugar manufactured	6,750,387	6,039,228	109,165	75,070
Packing material consumed	78,121	47,225	(184)	255
Cost of sugar bagged	6,828,508	6,086,453	108,981	75,325
Add: Opening stock of sugar and by-products	948,220	249,059	4,587,237	3,248,416
Less: Closing stock of sugar and by-products	(3,034,741)	(2,191,097)	(3,034,741)	(2,191,097)
	4,741,987	4,144,415	1,661,477	1,132,644

Selected Notes to the Condensed Interim Financial Statements (Un-audited) For the nine month period ended 30 June 2022

		(Un-audited) Nine Month Period Ended 30 June	
		2022	2021
12. EARNINGS PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders	(Rupees in thousand)	111,052	110,379
Weighted average number of ordinary shares	(Numbers)	12,011,096	12,011,096
Earnings per share	(Rupees)	9.25	9.19

13. OPERATING SEGMENTS

Based on the information provided to chief operating decision maker (the CEO), the Company considers its operations as a single operating segment and disclosures are presented accordingly. The co-generation power project is in progress as disclosed in note 1.1. Once completed and operational, the power project shall be treated as a separate segment.

14. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, staff retirement fund trust and key management personnel. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties are as follows:

		(Un-audited) Nine Month Period Ended 30 June		(Un-audited) Quarter Ended 30 June	
		2022	2021	2022	2021
(Rupees in thousand)					
I) Transactions					
Shahtaj Textile Limited					
Dividend received		13,225	4,600	-	-
Shahnawaz (Private) Limited					
Purchases and services		1,223	1,240	263	156
Utilities paid		146	124	47	108
Funds / loan obtained		200,000	150,000	100,000	150,000
Funds / loan repaid		200,000	150,000	100,000	150,000
Interest charged		1,650	4,684	1,650	2,887
Shezan International Limited					
Sale of sugar		477,060	139,045	334,080	94,000
Information Systems Associates Limited					
Purchases and services		211	183	211	-



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

For the nine month period ended 30 June 2022

	(Un-audited) Nine Month Period Ended 30 June		(Un-audited) Quarter Ended 30 June	
	2022	2021	2022	2021
	(Rupees in thousand)			
Shezan Services (Private) Limited				
Interest charged	6,788	6,788	2,263	2,263
State Life Insurance Corporation of Pakistan				
Premium paid	440	1,890	-	-
Staff Provident Fund Trust				
Contributions paid	4,056	3,863	1,417	1,257
Key Management Personnel				
Remuneration and benefits	68,140	61,368	22,928	18,510

As at 30 June 2022 (Un-audited)

	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Investment in associate	180,504	-	180,504
Loans from directors	-	150,000	150,000
Loans from associates	110,000	-	110,000
Contract liabilities	56,676	-	56,676
Accrued interest on borrowings	44,922	-	44,922

ii) Period end balances

As at 30 September 2021 (Audited)

	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Investment in associate	168,840	-	168,840
Loans from directors	-	150,000	150,000
Loans from associates	110,000	-	110,000
Accrued interest on borrowings	36,484	-	36,484

Selected Notes to the Condensed Interim Financial Statements (Un-audited) For the nine month period ended 30 June 2022

15. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 September 2021.

16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

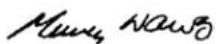
Corresponding figures have been re-measured, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

17. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

18. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on **27 July 2022**.



Chief Executive



Chief Financial Officer



Director



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