



**SHAHTAJ**  
SUGAR MILLS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)  
FOR THE THREE MONTH PERIOD ENDED  
31 DECEMBER 2023

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## Company Information

### Board of Directors

Mr. Toqueer Nawaz  
 Mr. Muneer Nawaz  
 Mrs. Samia Shahnawaz Idris  
 Mr. Rashed Amjad Khalid  
 Mr. Abid Nawaz  
 Mrs. Sadia Muhammad  
 Ms. Ava Ardeshir Cowasjee  
 Mr. Mushtaq Ahmad  
 Mr. Sheikh Asim Rafiq  
 Mr. Zahid Ullah Khan

Chairman  
 Chief Executive

S.L.I.C.  
 N.I.T.  
 J.S.I.L.

### Production Facility

Mandi Bahauddin - 50400.  
 Phone : (0546) 501 147 - 49  
 (0546) 508 047 - 48  
 Fax : (0546) 501 768  
 E-mail : mills@shahtajsugar.com

### Auditors

BDO Ebrahim & Company,  
 Chartered Accountants,  
 Office No. 4, 6th Floor,  
 Askari Corporate Tower, 75/76 D-1,  
 Main Boulevard Gulberg-III,  
 Lahore – 54660

### Company Secretary

Mr. Jamil Ahmad Butt, FCMA

### Chief Financial Officer

Mr. Waqar Ahmad, FCA

### Audit Committee

Mr. Mushtaq Ahmad  
 Mr. Toqueer Nawaz  
 Mr. Zahid Ullah Khan  
 Mr. Rashed Amjad Khalid

Chairman

### Human Resource &

### Remuneration Committee

Mr. Sheikh Asim Rafiq  
 Mr. Muneer Nawaz  
 Mr. Toqueer Nawaz  
 Mr. Abid Nawaz  
 Mrs. Sadia Muhammad

Chairman

### 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

### Legal Advisor

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

### Web Presence

www.shahtajsugar.com

### PSX Symbol

SHJS

### QR Code Report Download



## 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 2023.

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

<b>Production Data</b>		<b>31 December</b>	
		<b>2023</b>	<b>2022</b>
Start of Season		<b>25.11.2023</b>	25.11.2022
Sugarcane Crushed	(M. Ton)	<b>272,631</b>	258,371
<b>Production:</b>			
Sugar	(M. Ton)	<b>26,387</b>	24,127
Molasses	(M. Ton)	<b>11,300</b>	10,600
<b>Recovery:</b>			
Sugar	%	<b>10</b>	9.57
Molasses	%	<b>4.34</b>	4.27

As per data produced above, there is an increase in production due to higher crushing of sugarcane. Moreover, the recovery percentage of sugar is better as compared with the corresponding period of last year due to healthy sugarcane crop with high sucrose contents because of better weather conditions. Molasses recovery is also better than the corresponding period of last year. The Government of Punjab has fixed support price of sugarcane for this season @ Rs. 400/- per 40 Kg, whereas last year it was Rs. 300/- per 40 Kg.

As already informed that estimates for availability of sugarcane are less than last year due to decrease in area under cultivation, however, yield per acre is better. We are putting our best efforts to procure the maximum sugarcane from in-zone as well as out-zone. Due to significant increase in Minimum Support Price to Rs. 400/- per 40 Kg, the average sugarcane procurement cost for the quarter ended 31 December 2023 was Rs. 408/- per 40 Kg as compared with Rs. 302/- per 40 Kg of corresponding quarter ended 31 December 2022. The sugarcane prices are continuously increasing both in in-zone and out-zone due to competition among neighboring sugar mills resulting increased average sugarcane procurement cost. This increasing trend in sugarcane prices would affect the financial performance of the company.

For the first quarter, your Company recorded a turnover of Rs. 2,469.452 million as against Rs. 1,831.457 million in the corresponding quarter of 2022-23. The cost of sales was Rs. 1,871.042 million as against Rs. 1,578.335 million for the corresponding quarter. Thus, the Company recorded a gross profit of Rs. 598.410 million as against a gross profit of Rs. 253.122 million for the corresponding quarter. This increased gross profit is mainly due to better sale prices during the three month period than the corresponding period of last quarter. The net profit has been recorded at Rs. 269.085 million against the profit of Rs. 42.183 million in the corresponding quarter of 2022-23. The finance cost for the period was Rs. 44.223 million as against Rs. 106.807 million for the corresponding quarter due to less utilization of finance facilities as compared with that of corresponding period.

The earnings per share for the period is Rs. 22.40 as against Rs. 3.51 in the corresponding quarter of 2022-23.

### UPDATE ON POWER PROJECT:

The Company is in the process to setup a bagasse-based co-generation power project with an installed capacity of 32 MW (the Project). The project is being financed through a combination of debt and equity. The Company has received power generation license and upfront tariff (revised dated 24 January 2022) for thirty years from the National Electric Power Regulatory Authority (NEPRA). The Company has achieved all other milestones (NOCs/Licenses/Approvals) as per Letter of Intent (LOI) issued by Alternative Energy Development Board (AEDB) in respect of power project including revised Energy Purchase Agreement (EPA), which has been signed and vetted by NEPRA. Further, implementation agreement between the Company and

Government of Pakistan has also been signed on 04 April 2023. The Company has finalized syndicated term finance agreement for the project with MCB Bank Limited. The Company has also achieved the "Financial Close" of the project with AEDB.

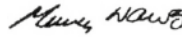
The Commercial Operation Date (COD) for the project was originally set for December 31, 2023, as per the EPA. However, due to issues related to the completion of the interconnection facility between the project's switch yard and Gujranwala Electric Power Company Limited (GEPCO)'s system, the COD could not be achieved as planned.

The company has signed an Interconnection works-loan agreement with GEPCO, and an amount of Rupees 80 million has been paid to GEPCO for the installation of the interconnection facility. GEPCO faced challenges in completing the Transmission Line due to right-of-way issues, resulting in a delay in the project.

As a result of these issues, the new estimated completion date for the interconnection facility by GEPCO is June 2024. Moreover, due to non-availability of fuel (Bagasse) during off-season, COD may not be achieved after completion of interconnection facility by GEPCO in June 2024, hence the company is currently in the process of seeking an extension in the COD from CPPA-G (Central Power Purchasing Agency-Guarantee) up to the next crushing season.

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



RASHED AMJAD KHALID  
Director

Karachi: 28 January 2024

## ڈائریکٹرز رپورٹ برائے ممبران

پاور پراجیکٹ کی تازہ ترین صورت حال

کبھی ۳۲ میگا واٹ (پراجیکٹ) کی صلاحیت کے ساتھ گئے کی کھوٹی (پلاس) سے چلنے والے کو-جزیرین پاور پروجیکٹ قائم کرنے کے عمل میں ہے۔ اس منصوبے کی مالی اعانت قرض اور ایلیکٹریٹی کے استخراج سے کی جارہی ہے۔ کبھی نے نیشنل الیکٹریک پاور ریگولیٹری اتھارٹی (پھرا) سے تیس سال کے لیے پاور جزیرین اسٹنس اور اپ فرنٹ ٹیرف (نظر ثانی شدہ مورخہ ۲۳ جنوری ۲۰۲۲) حاصل کیا ہے۔ کبھی نے پاور پراجیکٹ کے حوالے سے تبادلہ تو انائی کے ترقیاتی بورڈ (اے۔ای۔ڈی۔بی) کی طرف سے جاری کردہ لیو آف انٹیٹ (ایل۔او۔آئی) کے مطابق دیگر تمام سنگ میل (/انسٹر/منظور بات) حاصل کر لیے ہیں، بشمول نظر ثانی شدہ انرجی پریچارجریمٹ جس پر پھرا کی طرف سے جانچ پڑتال کے بعد دستخط کیے گئے ہیں۔ مزید برآں، ادارے اور حکومت پاکستان کے مابین عملدرآمد کے معاہدہ پر ۰۳ اپریل ۲۰۲۳ کو دستخط کیے گئے ہیں۔ کبھی نے ایم سی بی بینک لمیٹڈ کے ساتھ پاور پروجیکٹ کے لیے سینڈیکہڈ ٹرم ٹرانس ایگریمنٹ کو حتمی شکل دے دی ہے۔ کبھی نے تو انائی کے ترقیاتی ادارے (اے۔ای۔ڈی۔بی) کے ساتھ پاور پراجیکٹ کے مالیاتی اعتمام کا ہدف بھی حاصل کر لیا ہے۔

تجلی خریداری کے معاہدہ کے مطابق منصوبے کی ابتدائی کمرشل آپریشن کی تاریخ ۳۱ دسمبر ۲۰۲۳ مقرر کی گئی تھی۔ تاہم، منصوبے کے سوچے پاڑ اور گورنوالہ الیکٹریک پاور کبھی لمیٹڈ (گھیکو) کے سسٹم کے درمیان انٹرنکشن کی سہولت کی تکمیل سے متعلق مسائل کی وجہ سے کمرشل آپریشن کی تاریخ کا ہدف حاصل نہیں کیا جا سکا۔

سال کے دوران، گورنوالہ الیکٹریک پاور کبھی لمیٹڈ کے ساتھ سوچے پاڑ اور گھیکو کے سسٹم کے درمیان انٹرنکشن کی سہولت کی تخصیص کے لیے انٹرنکشن ورس لون کے معاہدے پر دستخط کیے گئے ہیں۔ کبھی نے انٹرنکشن ورس لون معاہدے کی تعمیل میں انٹرنکشن سہولت کی تخصیص کے لیے گورنوالہ الیکٹریک سپلائی کبھی کو ۸۰ ملین روپے کے قرض کی رقم منظور کی ہے۔ گورنوالہ الیکٹریک سپلائی کبھی کو ٹرانسمیشن لائن کو مکمل کرنے میں چیلنجز کا سامنا کرنا پڑا جس کی بنیادی وجہ زراگاہ کے مسائل ہیں جس کے نتیجے میں پراجیکٹ میں تاخیر ہوئی۔

ان مسائل کے نتیجے میں گھیکو کی طرف سے انٹرنکشن کی سہولت کی تکمیل کی نئی متوقع تاریخ جون ۲۰۲۳ مقرر کی گئی ہے۔ مزید برآں، آف سیزن کے دوران اینڈرمن (گنے کی کھوٹی) کی عدم دستیابی کی وجہ سے انٹرنکشن سہولت کی تکمیل کے بعد کمرشل آپریشن کا ہدف حاصل نہیں کیا جا سکتا۔ اس لیے کبھی فی الحال سنٹرل پاور پریچارجریمٹ-انجینی-گائری) سے اگلے کرٹنگ سیزن تک کمرشل آپریشن کی تاریخ میں توسیع کی کوشش کر رہی ہے۔

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

برائے اور از طرف بورڈ آف ڈائریکٹرز

Muhy Nawaz

Rashid A Khaliq

منیر نواز  
چیف ایگزیکٹو

راشد امجد خالد  
ڈائریکٹر

کراچی

۲۸ جنوری ۲۰۲۳

## ڈائریکٹرز رپورٹ برائے ممبران

بورڈ آف ڈائریکٹرز کی نمائندگی میں ہم انتہائی مسرت کے ساتھ غیر محاسب شدہ مختصر عبوری مالیاتی گوشوارہ برائے دورانیہ اختتام شدہ سہ ماہی ۳۱ دسمبر ۲۰۲۳ء کی آپ کی خدمت میں پیش کرتے ہیں۔

پچھلے سال کے مقابلے موجودہ کرشنگ سیزن کی کارکردگی ذیل میں پیش کی گئی ہے:

۲۰۲۳		۲۰۲۲		پیداواری اعداد و شمار
۲۵ نومبر ۲۰۲۳	۲۵ نومبر ۲۰۲۲	۲۵ نومبر ۲۰۲۳	۲۵ نومبر ۲۰۲۲	آغاز سیزن
۲۵۸,۳۷۱ میٹرک ٹن	۲۵۸,۳۷۱ میٹرک ٹن	۲۷۷,۲۳۱ میٹرک ٹن	۲۷۷,۲۳۱ میٹرک ٹن	گنے کی پربائی
				پیداوار
۲۳,۱۲۷ میٹرک ٹن	۲۳,۱۲۷ میٹرک ٹن	۲۶,۳۸۷ میٹرک ٹن	۲۶,۳۸۷ میٹرک ٹن	چینی
۱۰,۶۰۰ میٹرک ٹن	۱۰,۶۰۰ میٹرک ٹن	۱۱,۳۰۰ میٹرک ٹن	۱۱,۳۰۰ میٹرک ٹن	راب
				پیداواری تناسب
۹.۵۷ فیصد	۹.۵۷ فیصد	۱۰	۱۰	چینی
۳.۲۷ فیصد	۳.۲۷ فیصد	۳.۳۳	۳.۳۳	راب

اوپر دیے گئے اعداد و شمار کے مطابق گنے کی زیادہ کرشنگ کی وجہ سے پیداوار میں اضافہ ہوا ہے۔ مزید برآں بہتر موسمی حالات کی وجہ سے زیادہ سوکروز کے مواد کے ساتھ صحت مند گنے کی فصل کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلے میں چینی کی بازیابی کا تناسب بہتر رہا۔ راب کی بازیابی کا تناسب بھی گزشتہ سال کی اسی مدت سے بہتر رہا۔ حکومت پنجاب نے اسی سیزن کے لیے گنے کی امدادی قیمت ۳۰۰ روپے فی ۳۰ گلوگرام مقرر کی ہے جبکہ پچھلے سال یہ ۳۰۰ روپے فی ۳۰ گلوگرام تھی۔

جیسا کہ پہلے بھی آپ کے علم میں لایا جا چکا ہے کہ زراعت رقبہ میں کمی اور فی ایکڑ پیداوار کم ہونے کی وجہ سے گنے کی دستیابی کا تخمینہ گزشتہ سال کے مقابلے قدرے کم ہے۔ ہم ان زون کے ساتھ ساتھ آؤٹ زون میں بھی زیادہ سے زیادہ گنے کی خریداری کے لیے پوری کوشش کر رہے ہیں۔ کم از کم امدادی قیمت روپے میں نمایاں اضافے (۳۰۰ روپے فی ۳۰ گلوگرام) کی وجہ سے ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والی سہ ماہی کے لیے گنے کی خریداری کی اوسط لاگت ۳۰۸ روپے فی ۳۰ گلوگرام رہی جبکہ ۳۱ دسمبر ۲۰۲۲ کو ختم ہونے والی اسی سہ ماہی میں اوسط لاگت ۳۰۲ روپے فی ۳۰ گلوگرام تھی۔ پڑوسی شوگر ملوں کے درمیان لاگت بازی کی وجہ سے گنے کی قیمتوں میں ان زون اور آؤٹ زون میں مسلسل اضافہ ہو رہا ہے جس کے نتیجے میں گنے کی اوسط خریداری لاگت میں اضافہ ہوا ہے۔ گنے کی قیمتوں میں یہ بڑھتا ہوا رجحان کچنی کی مالی کارکردگی کو متاثر کرے گا۔

پہلی سہ ماہی کے دوران، آپ کے ادارے کی فروخت ۳۵۲-۳۶۹-۲ ملین روپے رہی جو کہ ۲۰۲۲ء کے اسی عرصہ میں ۳۵۷-۸۳۱-۱ ملین روپے تھی۔ پیداواری لاگت ۲۰۲۳-۱۸۷۱-۱ ملین روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۳۳۵-۸۳۵-۱ ملین روپے تھی۔ اس طرح دوران اختتام شدہ سہ ماہی ۳۱ دسمبر ۲۰۲۳ میں ادارے کو ۱۰۸۱۰-۴۱۰ ملین روپے کا مجموعی منافع ہوا جبکہ گزشتہ سال کے دوران یہ مجموعی منافع ۱۲۲-۲۵۳ ملین روپے تھا۔ مجموعی منافع میں یہ اضافہ بنیادی طور پر گزشتہ سہ ماہی کی اسی مدت کے مقابلے میں بہتر قیمت فروخت کی وجہ سے ہوا۔ خالص نفع ۰۸۵-۲۶۹ ملین روپے رہا جبکہ اس کے مقابلے میں گزشتہ سال مجموعی خالص نفع ۱۲۳-۱۸۳ ملین روپے رہا۔ اس مدت کی مالیاتی لاگت ۲۲۳-۲۲۳ ملین روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۸۰۷-۱۰۶ ملین روپے تھی جسکی وجہ قرضوں کی مدین سٹیٹ بینک سہولیات کو کم استعمال کرنا ہے۔

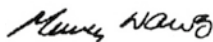
۳۱ دسمبر ۲۰۲۳ء کو ختم ہونے والی پہلی سہ ماہی کی فی ٹینر آمدنی ۲۰-۲۲ روپے ہے جو کہ گزشتہ سال اسی مدت کے دوران ۵۱-۳۳ روپے تھی۔

## Condensed Interim Statement of Financial Position

### As at 31 December 2023

Note	(Un-audited) 31 December 2023 (Rupees in thousand)	(Audited) 30 September 2023 (Rupees in thousand)
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital 15,000,000 (30 September 2023: 15,000,000) ordinary shares of Rupees 10 each	<b>150,000</b>	150,000
Issued, subscribed and paid-up share capital 12,011,096 (30 September 2023: 12,011,096) ordinary shares of Rupees 10 each	<b>120,111</b>	120,111
Reserves	<b>3,412,540</b>	3,143,455
Loans from directors	<b>126,000</b>	126,000
<b>Total equity</b>	<b>3,658,651</b>	3,389,566
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	<b>1,456,461</b>	1,217,177
Loan from associate	<b>106,793</b>	106,004
Lease liability	<b>13,558</b>	17,676
Retirement benefits obligations	<b>34,528</b>	33,458
Deferred taxation	<b>86,218</b>	86,218
	<b>1,697,558</b>	1,460,533
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>1,276,475</b>	307,088
Contract liabilities	<b>15,919</b>	112,409
Short term borrowings	<b>1,657,667</b>	979,541
Accrued mark-up	<b>153,507</b>	162,832
Current portion of non-current liabilities	<b>2,378</b>	1,992
Unclaimed dividend	<b>7,346</b>	7,346
Provision for taxation - net	<b>67,828</b>	-
	<b>3,181,120</b>	1,571,208
<b>TOTAL LIABILITIES</b>	<b>4,878,678</b>	3,031,741
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,537,329</b>	6,421,307

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



Chief Executive



	(Un-audited) 31 December 2023 (Rupees in thousand)	(Audited) 30 September 2023
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7 4,892,983	4,563,508
Right-of-use asset	12,525	13,184
Long term investment	184,238	191,713
Long term loans	41,614	39,904
Long term deposits	40,256	40,256
	5,171,616	4,848,565
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	392,053	209,519
Stock-in-trade	2,283,077	1,081,609
Trade debts	361,781	65,924
Loans and advances	136,080	61,029
Short term prepayments	10,465	4,211
Advance income tax - net	-	61,163
Cash and bank balances	182,257	89,287
	3,365,713	1,572,742
<b>TOTAL ASSETS</b>	<b>8,537,329</b>	<b>6,421,307</b>

*Rashed A Khalid*  
Director

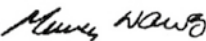
*Masque AH*  
Chief Financial Officer

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

For the three month period ended 31 December 2023

	Note	31 December 2023	2022 (Rupees in thousand)
Revenue from contracts with customers	10	2,469,452	1,831,457
Cost of sales	11	(1,871,042)	(1,578,335)
<b>Gross profit</b>		<b>598,410</b>	253,122
Distribution cost		(5,956)	(4,501)
Administrative expenses		(94,249)	(74,537)
Other operating expenses		(31,740)	(6,446)
		(131,945)	(85,484)
		466,465	167,638
Other Income		6,015	6,597
<b>Operating profit</b>		<b>472,780</b>	174,235
Finance cost		(44,223)	(106,807)
		428,257	67,428
Share of profit from associate - net of tax		-	-
<b>Profit before taxation</b>		<b>428,257</b>	67,428
Taxation		(159,172)	(25,245)
<b>Profit for the period</b>		<b>269,085</b>	42,183
<b>Earnings per share - basic and diluted (rupees per share)</b>	12	<b>22.40</b>	3.51

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

  
Chief Executive

  
Director

  
Chief Financial Officer

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three month period ended 31 December 2023

31 December  
2023      2022  
(Rupees in thousand)

Profit for the period	269,085	42,183
Other comprehensive income		
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	269,085	42,183

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

  
Chief Executive

  
Director

  
Chief Financial Officer

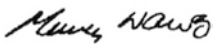


## Condensed Interim Statement of Cash Flows (Un-audited)

### For the three month period ended 31 December 2023

	31 December	
	2023	2022
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	428,257	67,428
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets and right-of-use assets	9,220	8,854
Finance cost	44,223	106,807
Profit on bank deposits	(2,351)	(1,144)
Gain on disposal of operating fixed assets	(415)	(663)
Provision for gratuity and retirement benefits	1,529	1,300
Gain on initial recognition of financial assets at fair value	(337)	1,448
Reversal of fair value adjustment on loan to GEPCO	(1,937)	-
Provision for leave encashment	499	-
	50,431	116,602
Operating profit before working capital changes	478,688	184,030
Working capital changes		
(Increase) / decrease in current assets:		
-Stores, spares and loose tools	(182,534)	(58,707)
-Stock-in-trade	(1,201,468)	(589,555)
-Trade debts	(295,857)	(138,825)
-Loans and advances	(73,114)	24,744
-Short term prepayments	(6,254)	(3,453)
	(1,759,227)	(765,796)
Increase / (decrease) in current liabilities		
-Trade and other payables	969,267	646,329
-Contract liabilities	(96,490)	(11,427)
Cash (used in) / generated from operations	(407,762)	53,136
Income tax paid	(30,181)	(7,284)
Finance cost paid	(52,582)	(124,564)
Profit on bank deposits received	2,351	1,144
Leave encashment paid	(377)	(127)
Retirement benefits paid	(455)	-
Net cash used in operating activities	(489,006)	(77,695)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment - acquired	(338,521)	(38,888)
Proceeds from disposal of property, plant and equipment	900	-
Increase in long term deposits	-	(2,684)
Increase in long term loans	(1,379)	-
Dividend received from associate	7,475	14,949
Net cash used in investing activities	(331,525)	(26,623)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short-term borrowings - net	678,126	107,842
Repayment of lease liability	(4,698)	(2,693)
Long-term financing obtained	240,073	-
Long-term financing repaid	-	(10,509)
Net cash generated from financing activities	913,501	94,640
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	92,970	(9,678)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	89,287	36,538
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	182,257	26,860

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



Chief Executive



Director



Chief Financial Officer

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

## For the three month period ended 31 December 2023

### 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 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 (the Project). The project is being financed through a combination of debt and equity. The Company has received power generation license and upfront tariff (revised dated 24 January 2022) for thirty years from the National Electric Power Regulatory Authority (NEPRA). The Company has achieved all other milestones (NOCs/ Licenses/Approvals) as per Letter of Intent (LOI) issued by Alternative Energy Development Board (AEDB) in respect of project including revised Energy Purchase Agreement (EPA), which has been signed and vetted by NEPRA. Further, implementation agreement between the Company and Government of Pakistan has also been signed on 04 April 2023. The Company has finalized syndicated term finance agreement for the project with MCB Bank Limited. The Company has also achieved the "Financial Close" of the project with AEDB.

The Commercial Operation Date (COD) for the project was originally set for December 31, 2023, as per the EPA. However, due to issues related to the completion of the interconnection facility between the project's switch yard and Gujranwala Electric Power Company Limited (GEPCO)'s system, the COD could not be achieved as planned. The company has signed an Interconnection works-loan agreement with GEPCO, and an amount of Rupees 80 million has been paid to GEPCO for the installation of the interconnection facility. GEPCO faced challenges in completing the Transmission Line due to right-of-way issues, resulting in a delay in the project.

As a result of these issues, the new estimated completion date for the interconnection facility by GEPCO is June 2024. Moreover, due to non-availability of fuel (Bagasse) during off-season, COD may not be achieved after completion of interconnection facility by GEPCO in June 2024, hence the company is currently in the process of seeking an extension in the COD from Central Power Purchasing Agency-Guarantee (CPPA-G) up to the next crushing season.

### 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.

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

### For the three month period ended 31 December 2023

#### 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 2023. 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 2023.

#### 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 JUDGMENTS

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 2023.

Note	(Un-audited) 31 December 2023	(Audited) 30 September 2023
(Rupees in thousand)		
Operating fixed assets	2,508,363	2,510,771
Capital work-in-progress	2,384,620	2,052,737
	4,892,983	4,563,508

#### 7. PROPERTY, PLANT AND EQUIPMENT

7.1

2,508,363

2,510,771

7.2

2,384,620

2,052,737

4,892,983

4,563,508

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

### For the three month period ended 31 December 2023

		(Un-audited) 31 December 2023	(Audited) 30 September 2023
(Rupees in thousand)			
<b>7.1</b>	<b>Operating fixed assets</b>		
	Opening book value	2,510,771	2,511,032
	Add: Cost of additions during the period / year	7.1.1 6,638	34,427
	Less: Book value of deletions during the period / year	7.1.2 (485)	(1,332)
		<b>2,516,924</b>	2,544,127
	Less: Depreciation charged during the period / year	<b>(8,561)</b>	(33,356)
		<b>2,508,363</b>	2,510,771
<b>7.1.1</b>	<b>Cost of additions</b>		
	Plant and machinery	635	23,741
	Tube Wells	-	2,305
	Motor vehicles	5,280	7,393
	Furniture and fittings	-	23
	Office equipment	723	965
		<b>6,638</b>	34,427
<b>7.1.2</b>	<b>Book value of deletions</b>		
	Motor vehicles	485	1,332
		<b>485</b>	1,332
<b>7.2</b>	<b>Capital work in progress</b>		
	Civil works and buildings	57,651	53,640
	Plant and machinery	1,135,858	1,087,003
	Other directly attributable overheads	840,242	753,601
	Advances to suppliers	350,869	158,493
		<b>2,384,620</b>	2,052,737
<b>8.</b>	<b>LONG TERM BORROWINGS</b>		
	From banking companies - Secured	1,217,177	1,217,177
	Add: Obtained during the period	239,284	-
		<b>1,456,461</b>	1,217,177



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

### For the three month period ended 31 December 2023

#### 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 2023.

##### 9.2 Commitments

There has been no material change in the status of the commitments reported in the annual audited financial statements of the Company for the year ended 30 September 2023.

#### 10. REVENUE FROM CONTRACTS WITH CUSTOMERS

	(Un-audited) 31 December	
	2023	2022
	(Rupees in thousand)	
Gross revenue	2,921,802	2,150,727
Less:		
Broker's commission on sugar	3,541	3,990
Sales tax / federal excise duty	445,277	312,085
Withholding tax on sales	3,532	3,195
	452,350	319,270
	<b>2,469,452</b>	<b>1,831,457</b>

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

##### Major Products:

Sugar	2,901,927	2,135,269
Molasses	79	-
Bagasse	14,313	13,083
Press mud	5,483	2,375
Gross revenue	<b>2,921,802</b>	<b>2,150,727</b>

##### Geographical region:

Pakistan	<b>2,921,802</b>	<b>2,150,727</b>
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##### Type of customer:

Non-government customers	<b>2,921,802</b>	<b>2,150,727</b>
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##### Timing of transfer of goods:

Goods transferred to customers at a point in time	<b>2,921,802</b>	<b>2,150,727</b>
---	------------------	------------------

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

### For the three month period ended 31 December 2023

	(Un-audited)	
	31 December	
	2023	2022
	(Rupees in thousand)	
<b>11. COST OF SALES</b>		
Raw materials consumed:		
Sugarcane purchased	2,764,749	1,940,386
Sugarcane development cess	17,046	16,154
Market committee fee	1,364	1,292
	2,783,159	1,957,832
Process materials	47,069	41,445
Fuel and power	14,755	12,863
Stores and spares consumed	45,286	33,047
Repairs and maintenance	12,851	8,902
Salaries, wages and other benefits	117,850	73,863
Company's contribution to provident fund	676	626
Rent, rates and taxes	456	430
Insurance	2,094	1,304
Conveyance and travelling	6,176	4,674
Depreciation on operating fixed assets	7,453	7,249
Ijarah rentals	1,190	1,068
Other expenses	3,381	602
	3,042,396	2,143,905
<b>Work-in-process</b>		
Add: Opening stock of sugar and molasses in process	4,790	4,232
Less: Closing stock of sugar and molasses in process	(57,130)	(32,478)
	(52,340)	(28,246)
Cost of sugar manufactured	2,990,056	2,115,659
Packing material consumed	29,044	22,793
Cost of sugar bagged	3,019,100	2,138,452
<b>Finished goods</b>		
Add: Opening stock of sugar and by-products	1,076,273	2,069,345
Less: Closing stock of sugar and by-products	(2,224,331)	(2,629,462)
	(1,148,058)	(560,117)
	1,871,042	1,578,335

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

For the three month period ended 31 December 2023

		(Un-audited)	
		31 December	
		2023	2022
		(Rupees in thousand)	
<b>12. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders	(Rupees in thousand)	<b>269,085</b>	42,183
Weighted average number of ordinary shares	(Numbers)	<b>12,011,096</b>	12,011,096
Earnings per share	(Rupees)	<b>22.40</b>	3.51

### 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:

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

For the three month period ended 31 December 2023

	(Un-audited) 31 December	
	2023	2022
	(Rupees in thousand)	
<b>i) Transactions</b>		
<b>Shahtaj Textile Limited</b>		
Dividend received	7,475	14,950
<b>Shahnawaz (Private) Limited</b>		
Purchases and services	27	90
Utilities	110	110
<b>Shezan International Limited</b>		
Sale of sugar	121,000	136,440
<b>Shezan Services (Pvt) Limited</b>		
Interest charged	2,287	2,287
<b>State Life Insurance Corporation of Pakistan</b>		
Premium paid	236	185
<b>KSB Pumpas Company Limited</b>		
Services received	8,988	
<b>Staff Provident Fund Trust</b>		
Company's Contributions	1,606	1,368
<b>Key Management Personnel</b>		
Remuneration and benefits	23,221	18,180

As at 31 December 2023 (Un-audited)		
Associated companies	Other related parties	Total

(Rupees in thousand)

<b>ii) Period end balances</b>			
Investment in associate	184,238	-	184,238
Loans from directors	-	126,000	126,000
Loans from associates	106,793	-	106,793
Accrued interest on borrowings	58,583	-	58,583

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

### For the three month period ended 31 December 2023

	As at 30 September 2023 (Audited)		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Investment in associate	191,713	-	191,713
Loans from directors	-	126,000	126,000
Loans from associates	106,004	-	106,004
Accrued interest on borrowings	56,296	-	56,296

#### 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 2023.

#### 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

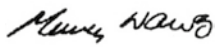
Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

#### 18. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on 28 January 2024.

#### 19. APPROPRIATIONS

The shareholders of the Company have approved at the Annual General Meeting held on 26 January 2024, final cash dividend of Rs. 14 (2022: Rs. Nil) per share, amounting to Rs. (thousand) 168,154 (2022: Rs. Nil) for the year ended 30 September 2023 which was earlier proposed by Board of Directors in their meeting held on 02 January 2024. These condensed interim financial statements do not reflect the effect of these appropriations.

  
Chief Executive

  
Director

  
Chief Financial Officer



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

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




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