



# Shahtaj Sugar Mills Limited

Condensed Interim Financial Statements (Un-audited)  
For The Nine Month Period Ended  
30 June 2021

Contents	Page No.
Company Information	02
Directors' Report To The Members	03
Condensed Interim Statement of Financial Position	06
Condensed Interim Statement of Profit or Loss (Un-audited)	07
Condensed Interim Statement of Comprehensive Income (Un-audited)	08
Condensed Interim Statement of Changes in Equity (Un-audited)	09
Condensed Interim Statement of Cash Flows (Un-audited)	10
Notes to the Condensed Interim Financial Statements (Un-audited)	11

## Company Information

### Board of Directors

Mr. Toqueer Nawaz  
 Mr. Muneer Nawaz  
 Mr. Cyrus R. Cowasjee  
 Mr. M. Naeem  
 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)

### 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

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

### 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.

### 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 2021.

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

Production Data		Season	
		2021	2020
Start of Season		15.11.2020	30.11.2019
End of Season		12.03.2021	10.03.2020
Duration	Days	118	102
Sugarcane Crushed	(M.Tons)	842,079	630,074
<b>Production:</b>			
Sugar	(M.Tons)	81,181	59,204
Molasses	(M.Tons)	36,593	28,800
<b>Recovery:</b>			
Sugar	%	9.64	9.41
Molasses	%	4.35	4.34

As explained earlier, we were able to produce 81,181 M. Tons of sugar i.e higher by about 37% than last season. We endeavored our best to procure maximum sugarcane to maximize the production and succeed due to significant increase in sugarcane crop cultivation area in Punjab and better yield. The Government of Punjab increased support price for the season from Rs. 190/- to Rs. 200/- per 40 kg.

Sugar prices during the nine month period were better than the corresponding period of last year due to the significant increase in sugar production cost and high international sugar prices. However, sugar demand during the third quarter was very low because of availability of sugar in the market supplied by the mills under Ramazan quota of 155,000 MT on the direction of the Honorable Lahore High Court. Further molasses prices during the period under review were also better as compared to corresponding period due to high demand for ethanol in the international market.

For the nine month period, your Company recorded a turnover of Rs.4.680 billion as against Rs.3.529 billion in the corresponding period of 2020. The cost of sales was Rs.4.144 billion as against Rs.3.249 billion in the corresponding period. Thus, the Company has a gross profit of Rs.536.533 million for the nine month period ended 30 June 2021 as against Rs.279.618 million for the corresponding period. The net profit has been recorded at Rs.110.379 million against loss of Rs.17.890 million for the corresponding period. The finance cost for the period was Rs.186.687 million as against Rs.95.949 million for the corresponding period due to higher utilization of banking limits against pledge of sugar stocks to procure maximum sugarcane for the season and interest paid on our long term loan. The earnings per share for the period was Rs.9.19 as against loss per share of Rs.1.49 for the corresponding period.

Sowing of sugarcane crop for the next crushing season is reported to be better than last year due to traditional cyclical trend of crops and market conditions. However, our field staff is doing its best to persuade the sugarcane growers to use better quality seed. Let us pray for good monsoon rains in the summer season, so that higher quantity is available for crushing.

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. Recently, the minister for energy gave his recommendation to the court for policy advice to NEPRA to review our up-front tariff in the light of CCoE decision. The court has directed to NEPRA to revalidate our notified up-front tariff as per the decision dated February 27, 2019 of the Cabinet Committee on Energy (CCoE) and the decision dated August 08, 2020 by the Council of Common Interests. We are hopeful for the favorable outcome of the NEPRA decision.

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*

Muneer Nawaz  
Chief Executive

*Toqueer Nawaz*

Toqueer Nawaz  
Chairman

Karachi: 28 July 2021

## ڈائریکٹرز رپورٹ برائے ممبران

۲۰۱۰-۱۱ ملین روپے رہا جبکہ اس کے مقابل گذشتہ سال نقصان ۸۹۰-۷۱ ملین روپے تھا۔ اس مدت کی مالیاتی لاگت ۶۸-۸۶ ملین روپے رہی جبکہ گذشتہ سال کے اسی عرصہ میں یہ رقم ۹۴-۹۵ ملین روپے تھی جسکی وجہ بیزنس میں زیادہ سے زیادہ گئے کی خریداری کے لئے چینی ذخائر کے گروہ کی عوض بینکاری حدود کا استعمال اور طویل مدتی قرضوں پر سود کی رقم کی ادائیگی ہے۔ اس مدت کے لیے فی حصص آمدنی ۱۹-۹ روپے ہے جبکہ اس سال کے مقابل گذشتہ سال نقصان فی حصص ۴۹-۱ روپے تھا۔

فصلوں کے روایتی گردش ریحان اور مارکیٹ کے حالات کی وجہ سے اگلے کرشننگ بیزنس کے لیے گئے کی فصل کی بوائی پچھلے سال کے مقابلے میں بہتر بنائی گئی ہے۔ ہمارا فیلڈ شاف کسان کو گنے کا بہتر بیج کاشت کرنے کے لیے قابل کرنے کی بھرپور کوشش کر رہا ہے۔ تاہم ہم دعا گو ہیں کہ موسم گرما میں مون سون کی اچھی بارشیں ہوں تاکہ بہتر کوالٹی کا گنا کرشننگ کے لیے دستیاب ہو۔

جیسا کہ پہلے ہی آپ کے علم میں لایا جا چکا ہے کہ ادارے کا لگاس (گنے کی کھوٹی) سے چلنے والا بجلی کا پلانٹ جو کہ ۳۲ میگا واٹ کی صلاحیت پر مشتمل ہے جس میں سے ۱۵ میگا واٹ نیشنل گرڈ کو قابل ترسیل ہوگا تنصیب کے مرحلہ میں ہے۔ ۱۶ میگا واٹ صلاحیت کی دودھ دربانین کی تنصیب کا کام مکمل ہو چکا ہے جبکہ ۱۳ کے وی اے صلاحیت کے گرڈ اسٹیشن کی تنصیب کا کام جاری ہے مزید آپ کی اطلاع کے لیے عرض ہے کہ نیشنل پاور اینڈ ریگولیٹری اتھارٹی نے آپ کے ادارے کو بجلی کی پیداوار کا اجازت نامہ (جنریشن لائسنس) تیس سال کے لیے جاری کر دیا ہے اور اسی طرح بجلی خریداری کی قیمت (شرح) کا معاہدہ بھی ہو چکا ہے۔ ہم سینٹرل پاور پراجیکشنی (CPPA) کے ساتھ بجلی خریداری کا معاہدہ بھی رضامندی کے ساتھ طے کر چکے ہیں جسے CPPA کے بورڈ آف ڈائریکٹرز نے منظور کر کے دستخط کے لیے بھجوا دیا تھا۔ تاہم CPPA نے حال اس پر دستخط نہیں کیے۔ اس سلسلہ میں ہمارے سمیت دیگر ۵ لگاس سے چلنے والے پراجیکٹ والے اداروں نے معزز اسلام آباد ہائی کورٹ میں فیڈریشن آف پاکستان، CPPA اور پنچر اے خلاف CCoE 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 اٹھا کر تے ہوئے بجلی کے منصوبوں میں بڑی رقم کی سرمایہ کاری کی ہے۔ حال ہی میں وزیر توانائی نے عدالت کو CCoE کے فیصلے کی روشنی میں ہمارے اپ فرنٹ ٹریف کا جائزہ لینے کے لیے NEPRA کو پالیسی مشورے کے لیے اپنی سفارش دی ہے۔ عدالت نے NEPRA کو ہدایت کی ہے کہ وہ کاہنہ کمیٹی برائے توانائی CCoE کے ۲۷ فروری ۲۰۱۹ کے فیصلے اور مشترکہ مفادات کی کونسل کے ۱۸ اگست ۲۰۲۰ کے فیصلے کے مطابق ہمارے مطلع کردہ اپ فرنٹ ٹریف کی دوبارہ توثیق کرے۔ ہم NEPRA کے فیصلے کے موافق نتائج کے لیے پرامید ہیں۔

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 اطراف بورڈ آف ڈائریکٹرز

*Singh Munir News*

توقیر نواز

چیئر مین

منیر نواز

چیف ایگزیکٹو آفیسر

کراچی

۲۸ جولائی ۲۰۲۱

## ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز انتہائی مسرت کے ساتھ اختتام شدہ نو ماہی ۳۰ جون ۲۰۲۱ کے لیے ادارہ کا غیر محاسب شدہ مختصر عبوری مالیاتی گوشوارہ آپ کی خدمت میں پیش کرتے ہیں۔ گزشتہ سال کے مقابلے میں موجودہ کرشنک سیزن کی پیداواری کارکردگی ذیل میں درج ہے۔

پیداواری اعداد و شمار	۲۰۲۱	۲۰۲۰	سیزن
آغاز سیزن	۱۵ نومبر ۲۰۲۰	۳۰ نومبر ۲۰۱۹	
اختتام سیزن	۱۲ مارچ ۲۰۲۱	۱۰ مارچ ۲۰۲۰	
دورانیہ سیزن	۱۱۸ دن	۱۰۲ دن	
گنے کی پسائی	۸۴۲,۰۷۹ میٹرک ٹن	۶۳۰,۰۷۳ میٹرک ٹن	
پیداوار			
چینی	۸۱,۱۸۱ میٹرک ٹن	۵۹,۲۰۴ میٹرک ٹن	
راب	۳۶,۵۹۳ میٹرک ٹن	۲۸,۸۰۰ میٹرک ٹن	
پیداواری تناسب			
چینی	۹-۶۴ فیصد	۹-۴۱ فیصد	
راب	۴-۳۵ فیصد	۴-۳۴ فیصد	

جیسا کہ پہلے بھی آپ کے علم میں لایا جا چکا ہے کہ ہم مجموعی طور پر ۱۸۱,۱۸۱ میٹرک ٹن چینی بنانے میں کامیاب ہوئے جو گزشتہ سیزن کے مقابلے تقریباً ۳۷ فیصد زیادہ ہے۔ ہم نے زائد پیداوار کے حصول کے لیے زیادہ سے زیادہ گنے کی خریداری کی بھرپور کوشش کی اور ہم پنجاب بھر میں فصل کے زیادہ رقبہ پر کاشت اور بہتر پیداواری وجہ سے کامیاب ہوئے۔ حکومت پنجاب نے اس سیزن کے لئے گنے کی امدادی قیمت ۱۹۰ روپے فی من سے بڑھا کر ۲۰۰ روپے فی من کر دی۔

چینی کی پیداواری لاگت میں نمایاں اضافے اور عالمی منڈیوں میں چینی کی قیمتوں میں اضافے کی وجہ سے نو ماہ کے دوران چینی کی قیمتیں گزشتہ سال کی اسی مدت سے بہتر ہیں۔ تاہم تیسری سہ ماہی کے دوران چینی کی طلب بہت کم تھی کیونکہ معزز لاہور ہائیڈرو پاور کی ہدایت پر رمضان کوٹہ کے تحت ملوں کی جانب سے فراہم کی جانے والی ۱۵۵,۰۰۰ میٹرک ٹن چینی مارکیٹ میں دستیاب تھی۔ مزید یہ کہ بین الاقوامی مارکیٹ میں آتھنول کی زیادہ مانگ کی وجہ سے اسی مدت کے مقابلے میں راب کی قیمتیں بھی بہتر رہیں۔

اس نو ماہی کے دوران، آپ کے ادارے کی فروخت ۶۸۰-۳۰ بلین روپے رہی جو کہ ۲۰۲۰ کے اسی عرصہ میں ۵۲۹-۳۰ بلین روپے تھی۔ پیداواری لاگت ۱۴۴-۳۰ بلین روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۲۴۹-۳۰ بلین روپے تھی۔ اس طرح اختتام شدہ نو ماہی ۳۰ جون ۲۰۲۱ میں ادارے کو ۵۳۳-۵۳۶ بلین روپے کا مجموعی منافع ہوا جبکہ گزشتہ سال کے دورانیہ میں مجموعی نفع ۶۱۸-۲۷۹ بلین روپے تھا۔ جبکہ خالص نفع

## Condensed Interim Statement of Financial Position

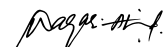
As at 30 June 2021

		(Un-audited) 30 June 2021	(Audited) 30 September 2020
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	3,772,915	3,766,132
Investment in associate		148,322	140,373
Long-term loans and advances		1,033	1,180
Long-term deposits		1,103	1,103
Deferred tax	8	9,758	2,115
		3,933,131	3,910,903
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		158,869	140,593
Stock-in-trade	9	2,201,300	258,663
Trade debts		11,386	55,348
Loans and advances		30,441	28,421
Trade deposits and short-term prepayments		3,776	2,016
Other receivables		13,600	13,600
Income tax refundable		334,992	332,231
Cash and bank balances		90,337	52,962
		2,844,701	883,834
<b>TOTAL ASSETS</b>		6,777,832	4,794,737
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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 loss - Revenue reserve		742,953	631,989
Loan from directors		150,000	150,000
<b>TOTAL EQUITY</b>		2,546,709	2,435,745
<b>NON CURRENT LIABILITIES</b>			
Long-term borrowings	10	930,303	1,106,176
Loan from associates		110,000	110,000
Lease liabilities		18,591	19,898
Deferred grant		6,787	11,192
Retirement benefits obligations		35,221	32,428
		1,100,902	1,279,694
<b>CURRENT LIABILITIES</b>			
Trade and other payables		201,213	175,575
Contract liabilities		143,816	200,940
Unclaimed dividend		1,958	1,971
Short-term borrowings	11	2,294,654	471,172
Accrued interest on borrowings		129,763	55,561
Current maturity of long-term borrowings		226,545	100,664
Current maturity of lease liabilities		2,809	3,450
Provision for taxation		129,463	69,965
		3,130,221	1,079,298
<b>TOTAL LIABILITIES</b>		4,231,123	2,358,992
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		6,777,832	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 nine month period ended 30 June 2021

	Note	Nine month period ended 30 June		Three month period ended 30 June	
		2021 (Rupees in thousand)	2020	2021 (Rupees in thousand)	2020
Revenue from contracts with customers - net	13	4,680,948	3,528,945	1,306,572	876,029
Cost of sales	14	(4,144,415)	(3,249,327)	(1,132,644)	(829,306)
<b>Gross profit</b>		<b>536,533</b>	279,618	<b>173,928</b>	46,723
Distribution costs		(10,913)	(7,816)	(2,110)	(1,616)
Administrative expenses		(192,371)	(162,348)	(52,506)	(43,211)
Other operating expenses		(15,107)	(4,393)	(4,131)	1,427
Other operating income		18,818	3,001	2,692	443
		(199,573)	(171,556)	(56,055)	(42,957)
<b>Operating profit</b>		<b>336,960</b>	108,062	<b>117,873</b>	3,766
Finance costs		(186,687)	(95,949)	(81,696)	(35,176)
Share of profit of associate - net of tax		11,965	10,180	-	-
<b>Profit/(Loss) before taxation</b>		<b>162,238</b>	22,293	<b>36,177</b>	(31,410)
Taxation	15	(51,859)	(40,183)	(1,210)	(4,158)
<b>Profit/(Loss) for the period</b>		<b>110,379</b>	(17,890)	<b>34,967</b>	(35,568)
<b>Earnings per share - basic and diluted (Rupees per share)</b>		<b>9.19</b>	(1.49)	<b>2.91</b>	(2.96)


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)**

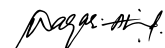
For the nine month period ended 30 June 2021

	Nine month period ended 30 June		Three month period ended 30 June	
	2021 (Rupees in thousand)	2020	2021 (Rupees in thousand)	2020
<b>Profit/(Loss) for the period</b>	<b>110,379</b>	(17,890)	<b>34,967</b>	(35,568)
<b>Other comprehensive income for the period</b>				
<b>Other comprehensive income not to be re-classified to profit or loss in subsequent periods (net of deferred tax)</b>				
Share of associate's other comprehensive income	585	453	-	-
<b>Total comprehensive income for the period</b>	<b>110,964</b>	(17,437)	<b>34,967</b>	(35,568)

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 Changes in Equity (Un-audited)

For the nine month period ended 30 June 2021

	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
	120,111	27,534	1,506,111	1,016,000	(329,928)
Balance as at 01 October 2019					120,000
Loss for the period	-	-	-	-	(17,890)
Other comprehensive income	-	-	-	-	453
Total comprehensive income for the period	-	-	-	-	(17,437)
Loan from directors	-	-	-	-	30,000
Balance as at 30 June 2020	120,111	27,534	1,506,111	1,016,000	(347,365)
	120,111	27,534	1,506,111	1,016,000	(384,011)
Balance as at 01 October 2020					150,000
Profit for the period	-	-	-	-	110,379
Other comprehensive income	-	-	-	-	585
Total comprehensive income for the period	-	-	-	-	110,964
Balance as at 30 June 2021	120,111	27,534	1,506,111	1,016,000	(273,047)
					150,000
					2,435,745
					110,379
					585
					110,964
					2,546,709

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)**

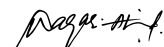
For the nine month period ended 30 June 2021

	30 June 2021	2020
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	162,238	22,293
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant and equipment	21,306	38,559
Interest / mark-up	215,742	90,066
Profit on bank deposits	(775)	(1,889)
Share of profit of associate	(11,965)	(10,180)
Gain on disposal of property, plant and equipment	(513)	-
Unwinding of deferred grant	(4,405)	-
Provision for gratuity and retirement benefits	3,780	3,420
Gain on initial recognition of financial assets at fair value	(92)	(382)
	223,078	119,594
Operating profit before working capital changes	385,316	141,887
Working capital adjustments:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(18,276)	(948)
Stock in trade	(1,942,637)	(787,709)
Trade debts	43,962	91,153
Loans and advances	(2,020)	(12,809)
Trade deposits and short-term prepayments	(1,760)	(624)
Other receivable	-	(1,600)
	(1,920,731)	(712,537)
Increase / (decrease) in current liabilities		
Trade and other payables	25,908	43,505
Contract liabilities	(57,124)	45,457
Cash used in operations	(1,566,631)	(481,688)
Income tax paid	(2,761)	(17,009)
Interest / mark-up paid	(140,037)	(45,793)
Profit on bank deposits received	775	1,889
Leave encashment paid	(270)	(511)
Retirement benefits paid	(987)	(540)
Net cash used in operating activities	(1,709,911)	(543,652)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,595)	(1,242)
Addition in capital work-in-progress	(26,555)	(151,256)
Sale proceeds from disposal of property, plant and equipment	570	-
Decrease in loans and advances	239	1,323
Dividend received from associate	4,600	11,500
Net cash used in investing activities	(22,741)	(139,675)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(13)	-
Lease liabilities paid	(3,450)	(3,450)
Short-term borrowings obtained	1,823,482	709,670
Loan from associate	-	(50,000)
Loan from directors received	-	30,000
Long-term borrowings obtained / (repaid)	(49,992)	40,411
Net cash generated from financing activities	1,770,027	726,631
Net increase in cash and cash equivalents	37,375	43,304
Cash and cash equivalents at the beginning of the period	52,962	30,661
Cash and cash equivalents at the end of the period	90,337	73,965

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 nine month period ended 30 June 2021

#### 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. 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.

- 1.1 The Company is in the process to setup a bagasse based co-generation power project with an installed capacity of 32 MW. The project 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).
- 1.2 Covid-19 was declared a world-wide pandemic by the World Health Organization (WHO) on 11 March 2020. The measures to slow the impact of the virus have had a significant impact on global economy. The Company generates all of its revenue from sale within Pakistan where sugar is considered as a necessity and because of which it has not resulted in major impacts upon the Company. Therefore, the management of the Company believes that this pandemic does not have a significant impact on the amounts recognized in the statement of financial position, the carrying values of assets and liabilities and on the going concern assumption of the Company.

#### 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 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.

#### 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 and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 30 September 2020, except as follows:

##### 4.1 New standards, interpretations, amendments and improvements effective during current period

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 01 October 2020, as listed below. The Company has not early-adopted any other standard, interpretation, amendment and improvement that has been issued but is not yet effective.

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

### For the nine month period ended 30 June 2021

#### New Standards, Interpretations and Amendments

IFRS 3	Business Combinations - Definition of a business (amendments)
IFRS 9, IAS 39 and IFRS 7	Interest rate benchmark reform (amendments)
IAS 1 and IAS 8	Definition of material (amendments)
IFRS 16	Covid-19 related rent concessions (amendments)

The adoption of new standards, interpretations and amendments applied for the first time in the period did not have any material impact on these condensed interim financial statements of the Company.

#### 4.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard, interpretation and amendment:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 — (Amendments)	01 January 2021
IFRS 3	Reference to conceptual framework — (Amendments)	01 January 2022
IAS 16	Property, plant and equipment: Proceeds before intended use — (Amendments)	01 January 2022
IAS 37	Onerous contracts - costs of fulfilling a contract — (Amendments)	01 January 2022
AIP IFRS 1	First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	01 January 2022
AIP IFRS 9	Fees in the "10 per cent" test for derecognition of financial liabilities	01 January 2022
AIP IAS 41	Agriculture — Taxation in fair value measurements	01 January 2022
IFRS 17	Insurance contracts	01 January 2023
IAS 1	Classification of liabilities as current or non-current — (Amendments)	01 January 2023
IAS 8	Definition of accounting estimates — (Amendments)	01 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies — (Amendments)	01 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture — (Amendments)	01 January 2023

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above new standards and amendments to standard and interpretations, improvements to various accounting standards have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after 01 January 2022. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 1	First time adoption of International Financial Reporting Standards	01 January 2009
IFRS 17	Insurance Contracts	01 January 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 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 nine month period ended 30 June 2021

### 6 TAXATION, RETIREMENT BENEFITS OBLIGATION, WWF AND WPPF

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

	Note	(Un-audited) 30 June 2021 (Rupees in thousand)	(Audited) 30 September 2020
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	1,952,867	1,972,638
Capital work-in-progress	7.2	1,820,048	1,793,494
		<b>3,772,915</b>	<b>3,766,132</b>

7.1 Additions or deletions made to operating fixed assets during the nine month period ended 30 June 2021 are as under:

	Additions (Rupees in thousand)	Deletions (Rupees in thousand)
Plant and Machinery	-	(525)
Motor Vehicles and Bi-cycles	-	(1)
Furniture and Fittings	86	(580)
Office Equipment	777	(353)
Telephone Exchange	733	-
	<b>1,596</b>	<b>(1,459)</b>

7.2 Additions and transfers made to capital work in progress during the nine month period ended 30 June 2021 are as under:

	Additions (Rupees in thousand)	Transfers (Rupees in thousand)
Plant and machinery	14,650	(733)
Other directly attributable overheads	12,639	-
	<b>27,289</b>	<b>(733)</b>

	(Un-audited) 30 June 2021 (Rupees in thousand)	(Audited) 30 September 2020
<b>8 DEFERRED TAXATION</b>		

This comprises:

Deferred tax liabilities on taxable temporary differences  
Deferred tax assets on deductible temporary differences  
Deferred tax assets on deductible temporary differences  
Gratuity and retirement benefits  
Taxable losses and minimum tax credits carried forward

Net deferred tax asset

(100,775)	(101,929)
14,200	13,467
96,333	90,577
110,533	104,044
<b>9,758</b>	<b>2,115</b>

### 9 STOCK IN TRADE

Sugar	1,925,631	183,795
Molasses	228,211	-
Bagasse	37,255	65,264
	<b>2,191,097</b>	<b>249,059</b>
Sugar in process	8,884	8,706
Molasses in process	300	202
	<b>9,184</b>	<b>8,908</b>
Insecticide	213	60
Stock at fair price shop	806	636
	<b>1,019</b>	<b>696</b>
	<b>2,201,300</b>	<b>258,663</b>

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

For the nine month period ended 30 June 2021

		(Un-audited) 30 June 2021	(Audited) 30 September 2020
10 LONG TERM BORROWINGS - SECURED	Note	(Rupees in thousand)	
Loan - I	10.1	933,248	933,248
Loan - II	10.2	112,500	150,000
Loan - III	10.3	111,100	123,592
		<b>1,156,848</b>	<b>1,206,840</b>
Less: Current maturity		<b>(226,545)</b>	<b>(100,664)</b>
		<b>930,303</b>	<b>1,106,176</b>

**10.1** 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.

**10.2** 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.

**10.3** 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.

**11 SHORT TERM BORROWINGS - SECURED**

The aggregate facility of short term borrowings available from commercial banks is Rs. (thousand) 3,270,000 (30 September 2020: Rs. (thousand) 3,020,000). These facilities are secured against pledge over stock and first charge of Rs. (thousand) 432,200 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) 975,346 (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) 9,471 (30 September 2020: Rs. (thousand) 8,386) and Rs. (thousand) 5,000 (30 September 2020: Rs. (thousand) 5,000), respectively.

**12 CONTINGENCIES AND COMMITMENTS****12.1 Contingencies**

There is 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 2020.

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

For the nine month period ended 30 June 2021

**12.1.1** The Commissioner Inland Revenue Audit II has issued notice to the Company under section 177(1) of the income tax ordinance 2001, whereby the Company has been selected for the audit for the tax year 2015 and has been directed to submit various documents.

**12.1.2** The Deputy Commissioner Inland Revenue issued notices to the Company under section 111 and 122(9) of the income tax ordinance 2001 for the tax year 2017, 2018 and 2019 whereby the department intends to make certain additions to the assessments made. The Company has submitted its response for the tax year 2019 and is in a process of submitting its response for the tax years 2017 and 2018. The Company expects no material impact on these condensed interim financial statements. The stay has been granted by the Honorable Lahore High Court against the said notices.

### 12.2 Commitments

The Company's commitments on 30 June 2021 for letters of credit amounts to Rs. (thousand) 529 (30 September 2020: Rs. (thousand) 1,614) in the normal course of business.

	(Un-audited) Nine Month Period Ended 30 June		(Un-audited) Three Month Period Ended 30 June	
	2021 (Rupees in thousand)	2020	2021 (Rupees in thousand)	2020
<b>13 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET</b>				
Gross revenue	<b>5,424,138</b>	4,083,549	<b>1,509,539</b>	1,019,797
<b>Less:</b>				
Broker's commission on sugar	<b>8,051</b>	6,707	<b>1,697</b>	1,698
Sales tax / federal excise duty	<b>732,935</b>	546,678	<b>200,552</b>	141,763
Withholding tax on sales	<b>2,204</b>	1,219	<b>718</b>	307
	<b>743,190</b>	554,604	<b>202,967</b>	143,768
	<b>4,680,948</b>	3,528,945	<b>1,306,572</b>	876,029
Set out below is the disaggregation of the Company's revenue from contracts with customers:				
<b>Major Products:</b>				
Sugar	<b>4,567,112</b>	3,504,058	<b>1,280,833</b>	992,066
Molasses	<b>618,179</b>	445,700	<b>98,684</b>	27,730
Bagasse	<b>221,921</b>	112,526	<b>130,022</b>	-
Press mud	<b>16,926</b>	21,265	-	-
	<b>5,424,138</b>	4,083,549	<b>1,509,539</b>	1,019,796
<b>Geographical region:</b>				
Pakistan	<b>5,424,138</b>	4,083,549	<b>1,509,539</b>	1,019,796
<b>Type of customers:</b>				
Government customers	<b>269,440</b>	-	<b>269,440</b>	-
Non-government customers	<b>5,154,698</b>	4,083,549	<b>1,240,099</b>	1,019,796
	<b>5,424,138</b>	4,083,549	<b>1,509,539</b>	1,019,796
<b>Timing of transfer of goods:</b>				
Goods transferred at the point in time	<b>5,424,138</b>	4,083,549	<b>1,509,539</b>	1,019,796



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

For the nine month period ended 30 June 2021

	(Un-audited) Nine Month Period Ended 30 June		(Un-audited) Three Month Period Ended 30 June	
	2021	2020	2021	2020
	(Rupees in thousand)		(Rupees in thousand)	
<b>14 COST OF SALES</b>				
Cost of sugarcane procurement	<b>5,657,680</b>	3,671,498	<b>581</b>	159
Process materials	<b>58,457</b>	43,038	<b>784</b>	563
Fuel and power	<b>21,547</b>	23,126	<b>9,960</b>	6,789
Stores and spares consumed	<b>55,850</b>	41,105	<b>12,427</b>	5,699
Repairs and maintenance	<b>14,434</b>	5,181	<b>2,425</b>	394
Salaries, wages and other benefits	<b>191,413</b>	166,171	<b>39,253</b>	30,461
Company's contribution to provident fund	<b>1,683</b>	1,716	<b>534</b>	540
Rent, rates and taxes	<b>1,061</b>	1,265	<b>161</b>	118
Insurance	<b>4,165</b>	4,117	<b>1,388</b>	1,373
Depreciation	<b>16,815</b>	33,869	<b>5,603</b>	11,290
Conveyance and travelling	<b>7,666</b>	7,789	<b>1,812</b>	902
Other expenses	<b>8,733</b>	5,414	<b>240</b>	165
	<b>6,039,504</b>	4,004,289	<b>75,168</b>	58,453
Add: Opening stock of sugar and by-products in process	<b>8,908</b>	4,258	<b>9,086</b>	8,782
Less: Closing stock of sugar and by-products in process	<b>(9,184)</b>	(8,873)	<b>(9,184)</b>	(8,873)
<b>Cost of sugar manufactured</b>	<b>6,039,228</b>	3,999,674	<b>75,070</b>	58,362
Packing material consumed	<b>47,225</b>	32,064	<b>255</b>	-
<b>Cost of sugar bagged</b>	<b>6,086,453</b>	4,031,738	<b>75,325</b>	58,362
Add: Opening stock of sugar and by-products	<b>249,059</b>	288,942	<b>3,248,416</b>	1,842,297
Less: Closing stock of sugar and by-products	<b>(2,191,097)</b>	(1,071,353)	<b>(2,191,097)</b>	(1,071,353)
	<b>4,144,415</b>	3,249,327	<b>1,132,644</b>	829,306
<b>15 TAXATION</b>				
<b>Taxation for the period:</b>				
Current	<b>59,500</b>	54,771	<b>7,904</b>	13,168
Deferred	<b>(7,641)</b>	(14,588)	<b>(6,694)</b>	(9,010)
	<b>51,859</b>	40,183	<b>1,210</b>	4,158

**16 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value except for investment in associate whose fair value is measured at Rs. (thousand) 109,089 (30 September 2020: Rs. (thousand) 128,202). Accordingly, detailed disclosure with reference to fair value has not been given.

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

### For the nine month period ended 30 June 2021

#### 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) 30 June	
		2021	2020
Name of Related Party	Nature of Transaction	(Rupees in thousand)	
Association on basis of common directorship			
Shahtaj Textile Limited	Dividend received	4,600	11,500
Shahnawaz (Private) Limited	Purchases and services received	1,240	1,960
	Utilities paid	124	125
	Loan repaid and obtained	300,000	50,000
	Interest charged	4,684	-
Shezan International Limited	Sale of sugar	139,045	402,411
Information System Associates Limited	Services received	183	355
Shezan Services (Private) Limited	Interest charged	6,788	5,574
State Life Insurance Corporation of Pakistan	Premium paid	1,890	1,598
Staff Provident Fund Trust	Contributions paid	3,863	3,943
Key Management Personnel	Remuneration and benefits	61,368	55,298
Mr. Muneer Nawaz - Director	Loan obtained and repaid	-	30,000

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 July 2021.



Chief Executive



Chief Financial Officer



Director

**NOTE:**

[illegible]

**NOTE:**

[illegible]








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