



# 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

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

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
<b>Production:</b>			
Sugar	(M. Tons)	91,603	81,181
Molasses	(M. Tons)	48,817	36,593
<b>Recovery:</b>			
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 price 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

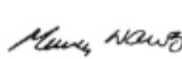
Agreement (the "IA") or EPA has been signed. Consequently, the Company along with five (5) other Bagasse Based Cogeneration power projects filed writ petitions in the Honorable Islamabad High Court in 2018 against Federation of Pakistan, CPPA (G) L, NEPRA and others against the impugned decision of Cabinet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



## ڈائریکٹرز رپورٹ برائے ممبران

اگلے کرٹنگ بیزنس کے لیے گئے کی فصل کی ہوائی پھیلے بیزنس کی سطح پر ہونے کی اطلاع ہے۔ اس بیزنس میں موسمی حالات کی وجہ سے ہمارے علاقے میں لگائے گئے گئے میں سو کروڑ کی مقدار کم ہے۔ ہمارا فیملہ سٹاف گئے کے کاشتکاروں 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 سون 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 بینٹل گروڈ کو قائل ترسیل ہوگا، تنصیب کے مرحلہ میں ہے۔ ۱۶ میگا واٹ صلاحیت کی دو عدد وٹر بائین کی تنصیب کا کام مکمل ہو چکا ہے جبکہ ۱۳ کے وی اے صلاحیت کے گروڈ اسٹیشن کی تنصیب کا کام جاری ہے۔ مزید آپ کی اطلاع کے لیے عرض ہے کہ بینٹل 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 ۲۰۱۸ء میں معزز اسلام آباد ہائی کورٹ میں فیڈریشن آف پاکستان، CPPA اور نیچر اے کے خلاف CCoE اس مہ فیصلہ کے خلاف رٹ پیشین دائر کر دی تھی۔

ہماری رٹ پیشین کے زیر التوا ہونے کے دوران، حکومت نے CCoE کے پہلے فیصلے میں ترمیم کی اور فیصلہ کیا کہ وہ تمام پروجیکٹس جنہیں AEDB نے LOS دیا ہے، آراہی پالیسی ۲۰۰۶ء کے مطابق اپنے مطلوبہ سنگ میل کے حصول کے لیے آگے بڑھنے کی اجازت دی جائے گی۔ تاہم، اگر نیچر اے کی جانب سے متعین کردہ ٹیرف کو ایک سال سے زیادہ کا عرصہ گزر چکا ہے تو نیچر اے کو یہ ٹیرف کا جائزہ لے گا۔ اور یہ کہ نیچر اے اس کا جائزہ لے گا تاکہ اسے موجودہ مارکیٹ کے ماحول/ حالات/ صارفین کی دلچسپی سے ہم آہنگ کیا جاسکے اور اس طرح کے جائزے میں مالیاتی اہتمام تک پہنچنے کے لیے مناسب وقت کی توسیع شامل ہوگی۔

اب، نیچر اے ۲ جنوری ۲۰۲۲ء کے ہمارے ٹیرف کا جائزہ لیا اور اس میں ترمیم کی ہے، اور ۲۳ جنوری ۲۰۲۲ء کے اپنے تعین کے ذریعے نظر ثانی شدہ/تبدیل شدہ ٹیرف سے نوازا ہے۔ ہم ٹیرف 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 ڈائریکٹرز اس موقع پر کینی کے آفیسرز، اسٹاف ممبران اور تمام کارکنان کی جاں فشانی اور کام سے لگاؤ کے معترف ہیں۔

برائے اور اطراف پورڈ آف ڈائریکٹرز

*Tuz*

*Muhammad*

تو قیر نواز  
چیئر مین

منیر نواز  
چیئر ایگزیکٹو آفیسر

کراچی  
۲۷ جولائی ۲۰۲۲

## ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز 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 ۲۰

۲۰۲۱	۲۰۲۲	پیداواری اعداد و شمار
۱۵ نومبر ۲۰۲۰	۲۰ نومبر ۲۰۲۱	آغاز سیزن
۱۲ مارچ ۲۰۲۱	۲۵ مارچ ۲۰۲۲	اختتام سیزن
۱۸ ادا دن	۲۶ ادا دن	دوران سیزن
۸۳۲۰۰۷۹ میٹرک ٹن	۳۱۰۹۲۳ میٹرک ٹن	گنے کی پٹائی
		پیداوار
۸۱۰۱۸۱ میٹرک ٹن	۹۱۰۶۰۳ میٹرک ٹن	چینی
۳۶۰۵۹۳ میٹرک ٹن	۳۸۰۸۱۷ میٹرک ٹن	راب
		پیداواری تناسب
۶۳-۹ فیصد	۸۸-۸ فیصد	چینی
۳۵-۲ فیصد	۴۴-۲ فیصد	راب

جیسا کہ پہلے بیان کیا گیا ہے کہ اپنے 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 ۱۲-۸۳ فیصد زیادہ ہے۔ ہم نے زائد پیداوار کے حصول کے لیے بیرون علاقہ سے زیادہ سے زیادہ گنے کی خریداری کے لیے بھر پور کوشش کی اور پنجاب بھر میں فصل کے زیادہ رقبہ پر کاشت اور افرونی ایکڑ 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 ۲۲۵ روپے فی من کر دی۔

ہم اپنے شیئرز 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 اضافے کا رجحان ہوتا ہے۔ اس دباؤ کی وجہ ملک میں چینی کی ریکارڈ پیداوار ہے، جس کی وجہ سے فاضل مقدار میں چینی موجود ہے۔ تاہم، PSMA وفاقی حکومت سے ۵۰۰۰۰۰۰ میٹرک ٹن کا آمدی کوٹہ حاصل کرنے کی کوشش کر رہی ہے، حالانکہ یہ چینی کی بھاری فاضل مقدار کے مقابلے میں بہت کم ہے۔ زبردانہ مدت کے دوران راب کی قیمتیں گزشتہ سال کی اسی مدت کے مقابل تقریباً ایک تہی رہیں۔

اس نو ماہی کے دوران، آپ کے ادارے کی فروخت ۵۰،۵۶۶،۰۷۳ روپے رہی جو کہ ۲۰۲۱ کے اسی عرصہ میں ۹۲۸،۶۸۰ روپے تھی۔ پیداواری لاگت ۲،۹۸،۷۹۸ روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۳۱۵،۱۴۳ روپے تھی۔ اس طرح اختتام شدہ نو ماہی جون ۲۰۲۲ میں ادارے کو ۱۳،۷۱۳ روپے کا مجموعی منافع ہوا جبکہ گزشتہ سال کے دوران یہ مجموعی نفع ۵۳۶،۵۳۳ روپے تھا۔ جبکہ خالص نفع ۱۱۱،۱۱۱ روپے رہا جبکہ اس کے مقابل گزشتہ سال خالص نفع ۳،۷۹ روپے رہا۔ اس منافع کی وجہ سے گنے (غام مال) کی قیمت میں کمی اور راب کی بہتر فروخت ہے۔ اس مدت کی مالیاتی لاگت ۲۱۷،۲۱۷ روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۶۸،۱۸۶ روپے تھی جسکی وجہ سیزن میں زیادہ سے زیادہ گنے کی خریداری کے لئے چینی ذخائر کے گرو کی عوض بیجکاری حدود کا استعمال اور پالیسی کی شرح میں اضافہ ہے۔



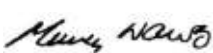


# Condensed Interim Statement of Financial Position

## As at 30 June 2022

		(Un-audited) 30 June 2022	(Audited) 30 September 2021
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
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
		<b>3,963,819</b>	<b>3,935,010</b>
<b>CURRENT ASSETS</b>			
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
		<b>4,004,356</b>	<b>1,562,226</b>
		<b>7,968,175</b>	<b>5,497,236</b>
<b>TOTAL ASSETS</b>			
<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 losses - revenue reserve		892,094	841,097
Loan from directors		150,000	150,000
		<b>2,695,850</b>	<b>2,644,853</b>
<b>TOTAL EQUITY</b>			
<b>NON-CURRENT LIABILITIES</b>			
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
		<b>839,423</b>	<b>983,886</b>
<b>CURRENT LIABILITIES</b>			
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
		<b>4,432,902</b>	<b>1,868,497</b>
		<b>5,272,325</b>	<b>2,852,383</b>
<b>TOTAL LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	<b>7,968,175</b>	<b>5,497,236</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			

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

	Note	Nine Month Period Ended 30 June		Quarter Ended 30 June	
		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)
<b>Gross profit</b>		<b>714,087</b>	536,533	<b>163,955</b>	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
<b>Other operating income</b>		<b>15,048</b>	18,818	<b>5,218</b>	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	-	-
<b>Profit before taxation</b>		<b>182,525</b>	162,238	<b>(40,448)</b>	36,177
<b>Taxation</b>		<b>(71,473)</b>	(51,859)	<b>3,387</b>	(1,210)
<b>Profit after taxation</b>		<b>111,052</b>	110,379	<b>(37,061)</b>	34,967
<b>Earnings / (loss) per share - basic and diluted (rupees)</b>	12	<b>9.25</b>	9.19	<b>(3.09)</b>	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)

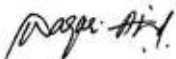
For the nine month period ended 30 June 2022

	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

	RESERVES							TOTAL EQUITY		
	CAPITAL RESERVE		REVENUE RESERVE			Subtotal	Loans from Directors			
	Share premium	Revaluation surplus on property, plant and equipment	General reserve	Accumulated losses	Total					
SHARE CAPITAL	27,534	1,506,111	1,533,645	1,016,000	(384,011)	631,989	150,000	2,435,745		
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

  
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	20,445	21,306
Interest / mark-up	305,637	215,742
Profit on bank deposits	(8,252)	(775)
Share of profit of associate	(24,890)	(11,965)
Unwinding of deferred grant	(2,796)	(4,405)
Gain on disposal of property, plant and equipment	(1,123)	(513)
Provision for retirement benefits obligations	2,859	3,780
(Loss) / gain on initial recognition of financial assets at fair value	1,049	(92)

162,238

Operating profit before working capital changes

Working capital changes

(Increase) / decrease in current assets:

Stores, spares and loose tools	(25,717)	(18,276)
Stock-in-trade	(2,082,246)	(1,942,637)
Trade debts	(52,017)	43,962
Loans and advances	(29,953)	(2,020)
Trade deposits and short-term prepayments	(1,103)	(1,760)
Other receivables	(2,400)	-

223,078

385,316

Increase / (decrease) in current liabilities

Trade and other payables	79,844	25,908
Contract liabilities	36,812	(57,124)

Cash used in operations

Income tax paid	(101,231)	(2,761)
Interest / mark-up paid	(160,365)	(140,037)
Profit on bank deposits received	8,252	775
Leave encashment paid	(564)	(270)
Retirement benefits paid	(421)	(987)

(1,920,731)

Net cash used in operating activities

(1,855,655)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(987)	(1,595)
Additions in capital work-in-progress	(33,736)	(26,555)
Sale proceeds from disposal of property, plant and equipment	1,151	570
(Increase) / decrease in long term loans and advances	(3,944)	239
Dividend received from associate	13,225	4,600

Net cash used in investing activities

(22,741)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	(54,655)	(13)
Repayment of lease liabilities	(2,912)	(3,450)
Short-term borrowings - net	2,301,930	1,823,482
Long-term borrowings repaid	(216,956)	(49,992)

Net cash from financing activities

1,770,027

NET INCREASE IN CASH AND CASH EQUIVALENTS

37,375

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD

52,962

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

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.

	Note	(Un-audited)	(Audited)
		30 June 2022	30 September 2021
(Rupees in thousand)			
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	<b>1,933,907</b>	1,953,393
Capital work-in-progress	7.2	<b>1,841,531</b>	1,807,795
		<b>3,775,438</b>	3,761,188
<b>7.1 Operating fixed assets</b>			
Opening book value		<b>1,953,393</b>	1,972,638
Add: Cost of additions during the period / year	7.1.1	<b>987</b>	10,061
Less: Book value of deletions during the period / year	7.1.2	<b>(28)</b>	(770)
		<b>1,954,352</b>	1,981,929
Less: Depreciation charged during the period / year		<b>(20,445)</b>	(28,536)
		<b>1,933,907</b>	1,953,393
<b>7.1.1 Cost of additions</b>			
Plant and machinery		-	7,279
Motor vehicles		<b>34</b>	450
Furniture and fittings		<b>124</b>	86
Office equipment		<b>829</b>	1,513
Telephone exchange		-	733
		<b>987</b>	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)	
<b>7.1.2 Book value of deletions</b>		
Plant and machinery	-	31
Motor vehicles	28	701
Furniture and fittings	-	25
Office equipment	-	13
	<b>28</b>	<b>770</b>
<b>7.2 Capital work in progress</b>		
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
	<b>1,841,531</b>	<b>1,807,795</b>
<b>8. LONG TERM BORROWINGS</b>		
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
	<b>908,547</b>	<b>1,125,503</b>
Less: Current portion shown under current liabilities	(273,882)	(335,894)
	<b>634,665</b>	<b>789,609</b>
<b>9. CONTINGENCIES AND COMMITMENTS</b>		
<b>9.1 Contingencies</b>		
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 advise 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)			
<b>10. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET</b>				
Gross revenue	<b>6,306,384</b>	5,424,138	<b>2,134,466</b>	1,509,539
Less:				
Broker's commission on sugar	<b>8,433</b>	8,051	<b>2,432</b>	1,697
Sales tax / federal excise duty	<b>836,699</b>	732,935	<b>304,931</b>	200,552
Withholding tax on sales	<b>5,178</b>	2,204	<b>1,672</b>	718
	<b>850,310</b>	743,190	<b>309,035</b>	202,967
	<b>5,456,074</b>	4,680,948	<b>1,825,431</b>	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)			
<b>Major Products:</b>				
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	<b>6,306,384</b>	5,424,138	<b>2,134,466</b>	1,509,539
<b>Geographical region:</b>				
Pakistan	<b>6,306,384</b>	5,424,138	<b>2,134,466</b>	1,509,539
<b>Type of customer:</b>				
Non-government customers	<b>6,306,384</b>	5,424,138	<b>2,134,466</b>	1,509,539
<b>Timing of transfer of goods:</b>				
Goods transferred to customers at a point in time	<b>6,306,384</b>	5,424,138	<b>2,134,466</b>	1,509,539



## 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)			
<b>11. COST OF SALES</b>				
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
	<b>6,745,179</b>	6,039,504	<b>109,162</b>	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	<b>6,750,387</b>	6,039,228	<b>109,165</b>	75,070
Packing material consumed	78,121	47,225	(184)	255
Cost of sugar bagged	<b>6,828,508</b>	6,086,453	<b>108,981</b>	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)
	<b>4,741,987</b>	4,144,415	<b>1,661,477</b>	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
<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>111,052</b>	110,379
Weighted average number of ordinary shares	(Numbers)	<b>12,011,096</b>	12,011,096
Earnings per share	(Rupees)	<b>9.25</b>	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)				
<b>l) Transactions</b>				
<b>Shahtaj Textile Limited</b>				
Dividend received	13,225	4,600	-	-
<b>Shahnawaz (Private) Limited</b>				
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
<b>Shezan International Limited</b>				
Sale of sugar	477,060	139,045	334,080	94,000
<b>Information Systems Associates Limited</b>				
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)			
<b>Shezan Services (Private) Limited</b>				
Interest charged	6,788	6,788	2,263	2,263
<b>State Life Insurance Corporation of Pakistan</b>				
Premium paid	440	1,890	-	-
<b>Staff Provident Fund Trust</b>				
Contributions paid	4,056	3,863	1,417	1,257
<b>Key Management Personnel</b>				
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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