



Shahtaj Sugar Mills Limited

Condensed Interim Financial Statements (Un-audited)
For The Six Month Period Ended
31 March 2021

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Company Information

Board of Directors

Mr. Toqueer Nawaz

Mr. Muneer Nawaz

Mr. Cyrus R. Cowasjee

Mr. M. Naeem

Mr. Ijaz Ahmad

Mrs. Samia Shahnawaz Idris

Mr. Rashed Amjad Khalid

Mr. Mushtaq Ahmad

Mr. Muhammad Salman Hussain Chawala

Mr. Suleman Lalani

Chairman

Chief Executive

(SLIC)

(NIT)

(JSIL)

Company Secretary

Mr. Jamil Ahmad Butt, FCMA

Chief Financial Officer

Mr. Waqar Ahmad, FCA

Audit Committee

Mr. Mushtaq Ahmad

Mr. Toqueer Nawaz

Mr. M. Naeem

Mr. Rashed Amjad Khalid

Chairman

Human Resource &

Remuneration Committee

Mr. Muhammad Salman Hussain Chawala

Mr. Muneer Nawaz

Mr. M. Naeem

Mr. Rashed Amjad Khalid

Chairman

Head Office

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Registered Office

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Phone : (021) 3231 3934 - 38

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E-mail : jamilbutt@shahtaj.com

Production Facility

Mandi Bahauddin - 50400.

Phone : (0546) 501 147 - 49
(0546) 508 047 - 48

Fax : (0546) 501 768

E-mail : mills@shahtajsugar.com

Auditors

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 six month period ended 31 March 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 |
| Production: | | | |
| Sugar | (M.Tons) | 81,181 | 59,204 |
| Molasses | (M.Tons) | 36,593 | 28,800 |
| Recovery: | | | |
| Sugar | % | 9.64 | 9.41 |
| Molasses | % | 4.35 | 4.34 |

After crushing available sugarcane of our own area as well as from adjoining areas, 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 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 yield. In this season, almost 31% of sugarcane had to be purchased from outside areas.

The Government of Punjab increased support price for the season from Rs. 190/- to Rs. 200/- per 40 kg. In order to maximize production almost every mills in our region was in price war, resulting excess payment than the government support price to sugarcane growers. This season cost to procure the sugarcane – basic raw material ended at Rs. 268.42 per 40 Kg against Rs. 233.06 per 40 Kg of the previous season of 2019-2020. This is almost 15% higher as compared with the last season. There was also improvement in sugarcane recovery percentage from 9.41% to 9.64% in this season. Due to the facts mentioned above cost to produce sugar has increased significantly.

Sugar prices during the six month period were better than the corresponding period of last year due to significant increase in sugar production cost and high international sugar prices. 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.

Before of Ramazan, Directorate General Industries, Prices, Weights & Measures, Punjab on the basis of rates given by the Federal Government, issued a notification and fixed the Ex-mill price of sugar at Rs. 80/- per Kg (including all taxes). This notification was challenged in the The Lahore High Court and on the direction of the court the Government of Punjab is allowed to get a quantity of 155,000 MT distributed on all the sugar mills of Punjab in proportion to their production for the season 2021. Therefore, as per the direction of the Honorable High Court, we provided 3,368 MT of sugar to the Government of Punjab at the rate of Rs. 80/- per Kg ex-mill inclusive of all taxes which was significantly below the prevailing market price of sugar.

For the six month period, your Company recorded a turnover of Rs. 3.374 billion as against Rs. 2.652 billion in the corresponding period of 2020. The cost of sales was Rs. 3.012 billion as against Rs. 2.420 billion of the corresponding period. Thus, the Company has a gross profit of Rs. 362.605 million for the six month period ended 31 March 2021 as against a gross profit of Rs. 232.895 million of the corresponding period. The net profit has been recorded to be Rs. 75.412 million against the profit of Rs. 17.678 million of the corresponding period. This profit is due to increase in sugar and molasses prices. The finance cost for the period was Rs. 104.991 million as against Rs. 60.773 million of the corresponding period due to higher utilization of banking limits against pledge of sugar stocks to procure maximum sugarcane for the season.

As informed earlier we are in the process of setting up a Bagasse based Power Project of installed gross capacity of 32 MW with 15 MW spillover to the National Grid. Two steam turbines of generation capacity of 16MW each have been installed successfully. Work on the construction of Switch Yard of 132 KV is in progress. Further, your Company has been granted Generation License and Upfront Tariff for 30 years by National Electric Power Regulatory Authority (NEPRA). We had negotiated and finalized the Energy Purchase Agreement (EPA) with Central Power Purchasing Agency (CPPA) which was subsequently approved by the Board of Directors of CPPA. The CPPA has not yet signed off the negotiated EPA till date. Consequently, the Company along with five (5) other Bagasse Based Cogeneration power projects filed writ petitions in the Honorable Islamabad High Court against Federation of Pakistan, CPPA (G) L, NEPRA and others against the impugned decision of Cabinet Committee on Energy (CCoE). Subsequently, the Honorable Court had referred the matter to the Federal Minister for Energy to consider the petitioners' grievances, keeping in view the fact that they have invested huge amounts in power projects on the reliance of Government Policy. We are sorry to point out the inordinate delay in obtaining a judgment in our case, which has now been pending for nearly two years. Last hearing was held on 25 May 2021 and still final judgment is awaited.

Your Directors place on record their appreciations of the diligence and devotion of duty of the Officers, Members of Staff and Workers of all categories.

For and on behalf of the Board,

Muneer Nawaz

Muneer Nawaz
Chief Executive

Toqueer Nawaz

Toqueer Nawaz
Chairman

Karachi: 28 May 2021

ڈائریکٹرز رپورٹ برائے ممبران

چینی کی پیداواری لاگت میں نمایاں اضافے اور عالمی منڈیوں میں چینی کی قیمتوں میں اضافے کی وجہ سے چھ ماہ کے دوران چینی کی قیمتیں گزشتہ سال کی اسی مدت سے بہتر ہیں۔ مزید یہ کہ بین الاقوامی مارکیٹ میں انحصار کی زیادہ مانگ کی وجہ سے اسی مدت کے مقابلے میں راب کی قیمتیں بھی بہتر ہیں۔

رمضان سے قبل ڈائریکٹرز رپورٹ جنرل صنعت، پرائمر، وزن و پیکائش، پنجاب، نے وفاقی حکومت کی طرف سے دیئے گئے نرخوں کی بنیاد پر، ایک نوٹیفکیشن جاری کیا اور چینی کی ایکس مل قیمت بشمول تمام ٹیکسز ۸۰ روپے فی کلوگرام مقرر کی اس نوٹیفکیشن کو لاہور ہائیکورٹ میں چیلنج کیا گیا اور عدالت کی ہدایت پر حکومت پنجاب کو اجازت دی گئی کہ وہ پنجاب کی تمام شوگر ملوں پر ان کے سیزن ۲۰۲۱ میں پیداواری تناسب کے حساب سے ۱۵۵,۰۰۰ میٹرک ٹن کوٹہ تقسیم کرے۔ لہذا، معزز عدالت کی ہدایت کے مطابق، ہم نے حکومت پنجاب ۳۶۸،۳۶ میٹرک ٹن چینی ۸۰ روپے فی کلوگرام بشمول تمام ٹیکسز فراہم کی، جو چینی کی موجودہ مارکیٹ قیمت سے نمایاں طور پر کم ہے۔

اس ششماہی کے دوران، آپ کے ادارے کی فروخت ۳۲-۳۳ ملین روپے رہی جو کہ ۲۰۲۰ کے اسی عرصہ میں ۲۵-۲۶ ملین روپے تھی۔ پیداواری لاگت ۱۲-۱۳ ملین روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۲۰-۲۲ ملین روپے تھی۔ اس طرح اختتام شدہ ششماہی ۳۱ مارچ ۲۰۲۱ میں ادارے کو ۶۰۵-۶۱۲ ملین روپے کا مجموعی منافع ہوا جبکہ گزشتہ سال کے دوران یہ مجموعی نفع ۸۹۵-۹۳۲ ملین روپے تھا۔ جبکہ خالص نفع ۴۱۲-۵۷۵ ملین روپے رہا جبکہ اس کے مقابلے میں گزشتہ سال خالص نفع ۸۷۸-۹۷۵ ملین روپے رہا۔ اس منافع کی وجہ چینی اور راب کی قیمتوں میں اضافہ ہے۔ اس مدت کی مالیاتی لاگت ۹۹۱-۱۰۲۰ ملین روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۴۳-۶۰ ملین روپے تھی جسکی وجہ سیزن میں زیادہ سے زیادہ گئے کی خریداری کے لئے چینی ذخائر کے گروی کے عوض بینکاری حد و حد استعمال ہے۔

جیسا کہ پہلے ہی آپ کے علم میں لایا جا چکا ہے کہ ادارے کا گلاس (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 پیش لگڈ کوکوا بل ٹریبل ہوگا تنصیب کے مرحلہ میں ہے۔ ۱۶ میگا واٹ صلاحیت کی دو عدد ٹرائیننگ بائین کی تنصیب کا کام مکمل ہو چکا ہے جبکہ ۱۳ کی وی اے صلاحیت کے گرڈ اسٹیشن کی تنصیب کا کام جاری ہے مزید آپ کی اطلاع کے لیے عرض ہے کہ فیڈل پاور اینڈ ریگولیشن 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 ہینٹرل 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 کے دیکھنے کے لیے بھیجا دیا تھا۔ تاہم CPPA نے تا حال اس پر دستخط نہیں کیے۔ اس سلسلہ میں ہمارے سمیت دیگر بگاڑ سے چلنے والے پراجیکٹ والے اداروں نے معزز اسلام آباد ہائی کورٹ میں فیڈریشن آف پاکستان، CPPA اور نیچر اے کے خلاف CCoE کے اس بہم فیصلہ کے خلاف رٹ پٹیشن دائر کر دی تھی۔ اس کے بعد معزز عدالت نے اس معاملے کو وفاقی وزیر توانائی کے پاس درخواست گزاروں کی شکایات پر غور کرنے کے لئے رجوع کیا تھا، اس حقیقت کو مد نظر رکھتے ہوئے کہ انہوں نے حکومتی پالیسی پر انحصار کرتے ہوئے بجلی کے منصوبوں میں بڑی رقم کی سرمایہ کاری کی ہے۔ ہمیں افسوس ہے کہ اس معاملے پر فیصلہ تقریباً دو سالوں سے زیر التوا ہے۔ آخری ساعت ۲۵ مئی ۲۰۲۱ کو ہوئی تھی اور ابھی تک حتمی فیصلہ کا انتظار ہے۔

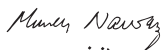
آپ کے ڈائریکٹرز اس موقع پر کمپنی کے آفیسرز، اسٹاف ممبران اور تمام کارکنان کی جاں فشانی اور کام سے لگاؤ کے معترف ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز



توقیر نواز

چیئر مین



منیر نواز

چیف ایگزیکٹو آفیسر

کراچی

۲۸ مئی ۲۰۲۱ء

ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز انتہائی مسرت کے ساتھ اختتام شدہ ششماہی ۳۱ مارچ ۲۰۲۱ کے لیے ادارہ کا فیہر 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۔

| سیزن | ۲۰۲۱ | ۲۰۲۰ |
|-----------------------|------------------|------------------|
| پیداواری اعداد و شمار | | |
| آغاز سیزن | ۱۵ نومبر ۲۰۲۰ | ۳۰ نومبر ۲۰۱۹ |
| اختتام سیزن | ۱۲ مارچ ۲۰۲۱ | ۱۰ مارچ ۲۰۲۰ |
| دورانیہ سیزن | ۱۱۸ دن | ۱۰۲ دن |
| گنے کی پٹائی | ۸۳۲,۰۷۹ میٹرک ٹن | ۶۳۰,۰۷۴ میٹرک ٹن |
| پیداوار | | |
| چینی | ۸۱,۱۸۱ میٹرک ٹن | ۵۹,۲۰۴ میٹرک ٹن |
| راب | ۳۶,۵۹۳ میٹرک ٹن | ۲۸,۸۰۰ میٹرک ٹن |
| پیداواری تناسب | | |
| چینی | ۶۴- فیصد | ۹-۴۱ فیصد |
| راب | ۴-۳۵ فیصد | ۴-۳۴ فیصد |

اپنے علاقہ اور ملحقہ علاقہ جات میں موجود گنے کی کرشنگ کے بعد، ہم ۸۱,۱۸۱ میٹرک ٹن چینی پیدا کرنے میں کامیاب ہوئے جو گزشتہ سیزن کے مقابل تقریباً ۳۷ فیصد زیادہ ہے۔ ہم نے زائد پیداوار کے حصول کے لیے بیرون علاقہ سے زیادہ گنے کی خریداری کے لیے بھرپور کوشش کی اور ہم پنجاب بھر میں فصل کے زیادہ رقبہ پر کاشت اور بہتر ریکوری کی وجہ سے کامیاب ہوئے۔ اس سیزن میں تقریباً ۳۱ فیصد گنا بیرونی علاقوں سے خرید گیا۔

حکومت پنجاب نے اس سیزن کے لئے گنے کی امدادی قیمت کو ۱۹۰ روپے فی من سے بڑھا کر ۲۰۰ روپے فی من کر دی۔ زیادہ سے زیادہ پیداوار کے حصول کے لیے ہمارے علاقہ کی ملز کے درمیان مقابلہ نرغہ شروع ہو گیا۔ جسکے نتیجے میں گنے کے کاشتکاروں کو حکومت کی امدادی قیمت خرید سے زائد ادائیگی کرنا پڑی۔ اس سیزن میں خام مال (گنا) کی لاگت ۲۶۸-۴۲ روپے فی من رہی اس کے مقابل سیزن ۲۰-۲۰۱۹ میں ۲۳۳-۳۰ روپے فی من تھی۔ یہ گزشتہ سیزن کے مقابلے میں تقریباً ۱۵ فیصد زیادہ ہے۔ اس سیزن میں گنے کے پیداواری تناسب میں ۹-۴۱ فیصد سے ۹-۶۴ فیصد تک بہتری آئی ہے۔ مذکورہ حقائق کی وجہ سے چینی کی پیداواری لاگت میں نمایاں اضافہ ہوا ہے۔

Independent Auditor's Review Report

To the members of Shahtaj Sugar Mills Limited

Report on review of Condensed Interim Financial Statements for the period ended 31 March 2021

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shahtaj Sugar Mills Limited as at 31 March 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the 'condensed interim financial statements'). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three month periods ended 31 March 2021 and 31 March 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 March 2021.

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Lahore: 28 May 2021

Condensed Interim Statement of Financial Position


As at 31 March 2021

| | Note | (Un-audited) 31 March 2021 | (Audited) 30 September 2020 |
|--|------|----------------------------------|-----------------------------------|
| (Rupees in thousand) | | | |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 3,775,910 | 3,766,132 |
| Investment in associate | | 148,322 | 140,373 |
| Long-term loans and advances | | 750 | 1,180 |
| Long-term deposits | | 1,103 | 1,103 |
| Deferred tax | 8 | 3,062 | 2,115 |
| | | 3,929,147 | 3,910,903 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 146,851 | 140,593 |
| Stock-in-trade | 9 | 3,258,935 | 258,663 |
| Trade debts | | 12,954 | 55,348 |
| Loans and advances | | 19,602 | 28,421 |
| Trade deposits and short-term prepayments | | 6,214 | 2,016 |
| Other receivables | | 13,606 | 13,600 |
| Income tax refundable | | 334,713 | 332,231 |
| Cash and bank balances | | 144,037 | 52,962 |
| | | 3,936,912 | 883,834 |
| TOTAL ASSETS | | 7,866,059 | 4,794,737 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 120,111 | 120,111 |
| Share Premium - Capital reserve | | 27,534 | 27,534 |
| Revaluation surplus on property, plant and equipment - Capital reserve | | 1,506,111 | 1,506,111 |
| General reserve and accumulated losses - Revenue reserve | | 707,986 | 631,989 |
| Loan from directors | | 150,000 | 150,000 |
| TOTAL EQUITY | | 2,511,742 | 2,435,745 |
| NON CURRENT LIABILITIES | | | |
| Long-term borrowings | | 961,292 | 1,106,176 |
| Loan from associates | | 110,000 | 110,000 |
| Lease liabilities | 10 | 18,591 | 19,898 |
| Deferred grant | | 9,005 | 11,192 |
| Retirement benefits obligations | | 34,047 | 32,428 |
| | | 1,132,935 | 1,279,694 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 611,636 | 175,575 |
| Contract liabilities | | 182,823 | 200,940 |
| Unclaimed dividend | | 1,962 | 1,971 |
| Short-term borrowings | 11 | 2,988,749 | 471,172 |
| Accrued interest on borrowings | | 86,378 | 55,561 |
| Current maturity of long-term borrowings | 10 | 225,465 | 100,664 |
| Current maturity of lease liabilities | | 2,809 | 3,450 |
| Provision for taxation | | 121,560 | 69,965 |
| | | 4,221,382 | 1,079,298 |
| TOTAL LIABILITIES | | 5,354,317 | 2,358,992 |
| CONTINGENCIES AND COMMITMENTS | | | |
| TOTAL EQUITY AND LIABILITIES | 12 | 7,866,059 | 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)

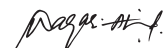
For the six month period ended 31 March 2021

| | Note | Six Month Period Ended 31 March | | Three Month Period Ended 31 March | |
|--|------|------------------------------------|-------------|--------------------------------------|-------------|
| | | 2021 (Rupees in thousand) | 2020 | 2021 (Rupees in thousand) | 2020 |
| Revenue from contracts with customers - net | 13 | 3,374,376 | 2,652,916 | 2,527,974 | 1,984,973 |
| Cost of revenue | 14 | (3,011,771) | (2,420,021) | (2,268,874) | (1,850,395) |
| Gross profit | | 362,605 | 232,895 | 259,100 | 134,578 |
| Distribution cost | | (8,803) | (6,200) | (6,156) | (4,137) |
| Administrative expenses | | (139,865) | (119,137) | (83,789) | (66,049) |
| Other operating expenses | | (10,976) | (5,820) | (7,639) | (2,541) |
| Other income | | 16,126 | 2,558 | 14,056 | 1,567 |
| | | (143,518) | (128,599) | (83,528) | (71,160) |
| Operating profit | | 219,087 | 104,296 | 175,572 | 63,418 |
| Finance cost | | (104,991) | (60,773) | (92,695) | (47,020) |
| | | 114,096 | 43,523 | 82,877 | 16,398 |
| Share of profit of associate - net | | 11,965 | 10,180 | 11,965 | 10,180 |
| Profit before taxation | | 126,061 | 53,703 | 94,842 | 26,578 |
| Taxation | 15 | (50,649) | (36,025) | (37,226) | (24,254) |
| Profit for the period | | 75,412 | 17,678 | 57,616 | 2,324 |
| Earnings per share - basic and diluted (Rupees per share) | | 6.28 | 1.47 | 4.80 | 0.19 |

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)

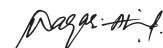
For the six month period ended 31 March 2021

| | Six Month Period Ended 31 March | | Three Month Period Ended 31 March | |
|--|------------------------------------|--------|--------------------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| | (Rupees in thousand) | | (Rupees in thousand) | |
| Profit for the period | 75,412 | 17,678 | 57,616 | 2,324 |
| Other comprehensive income for the period | | | | |
| Other comprehensive income not to be re-classified to profit or loss in subsequent periods | | | | |
| Share of associate's other comprehensive income | 585 | 453 | 585 | 453 |
| Total comprehensive income for the period | 75,997 | 18,131 | 58,201 | 2,777 |

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 six month period ended 31 March 2021

| | Capital reserve | | Revenue reserve | | | | |
|---|-----------------|---------------|--|-----------------|--------------------|---------------------|-----------|
| | Share Capital | Share Premium | Revaluation surplus on Property, plant and equipment | General Reserve | Accumulated losses | Loan from directors | Total |
| (Rupees in thousand) | | | | | | | |
| Balance as at 01 October 2019 | 120,111 | 27,534 | 1,506,111 | 1,016,000 | (329,928) | 120,000 | 2,459,828 |
| Profit for the period | - | - | - | - | 17,678 | - | 17,678 |
| Other comprehensive income | - | - | - | - | 453 | - | 453 |
| Total comprehensive income for the period | - | - | - | - | 18,131 | - | 18,131 |
| Balance as at 31 March 2020 | 120,111 | 27,534 | 1,506,111 | 1,016,000 | (311,797) | 120,000 | 2,477,959 |
| Balance as at 01 October 2020 | 120,111 | 27,534 | 1,506,111 | 1,016,000 | (384,011) | 150,000 | 2,435,745 |
| Profit for the period | - | - | - | - | 75,412 | - | 75,412 |
| Other comprehensive income | - | - | - | - | 585 | - | 585 |
| Total comprehensive income for the period | - | - | - | - | 75,997 | - | 75,997 |
| Balance as at 31 March 2021 | 120,111 | 27,534 | 1,506,111 | 1,016,000 | (308,014) | 150,000 | 2,511,742 |

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

Muncy Nawaz

Chief Executive

Aggr. H. f.

Chief Financial Officer

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Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the six month period ended 31 March 2021

| | 31 March 2021 | 2020 |
|--|----------------------|-------------|
| | (Rupees in thousand) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 126,061 | 53,703 |
| Non-cash adjustments to reconcile profit before tax to net cash flows: | | |
| Depreciation on property, plant and equipment | 14,228 | 25,680 |
| Interest / mark-up | 106,555 | 60,098 |
| Profit on bank deposits | (771) | (1,701) |
| Share of profit of associate | (11,965) | (10,180) |
| Unwinding of deferred grant | (2,183) | - |
| Gain on disposal of property, plant and equipment | (513) | - |
| Provision for gratuity and retirement benefits | 2,520 | 2,520 |
| Gain on initial recognition of financial assets at fair value | (177) | (214) |
| | 107,694 | 76,203 |
| Operating profit before working capital changes | 233,755 | 129,906 |
| Working capital adjustments: | | |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | (6,258) | (2,888) |
| Stock in trade | (3,000,272) | (1,559,004) |
| Trade debts | 42,394 | (56,439) |
| Loans and advances | 8,819 | (3,616) |
| Trade deposits and short-term prepayments | (4,198) | (2,514) |
| Other receivables | (6) | - |
| | (2,959,521) | (1,624,461) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 436,263 | 518,239 |
| Contract liabilities | (18,117) | 199,802 |
| Cash used in operations | (2,307,620) | (776,514) |
| Income tax paid | (2,482) | (16,676) |
| Interest / mark-up paid | (74,235) | (51,198) |
| Profit on bank deposits received | 771 | 1,701 |
| Leave encashment paid | (202) | (413) |
| Retirement benefits paid | (901) | (242) |
| Net cash used in operating activities | (2,384,669) | (843,342) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (1,506) | (880) |
| Addition in capital work-in-progress | (22,561) | (94,479) |
| Sale proceeds from disposal of property, plant and equipment | 569 | - |
| Decrease in long term loans and advances | 607 | 872 |
| Dividend received from associate | 4,600 | 11,499 |
| Net cash used in investing activities | (18,291) | (82,988) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (9) | - |
| Short-term borrowing obtained | 2,517,577 | 1,024,665 |
| Repayment of lease liabilities | (3,450) | (3,450) |
| Long-term borrowing repaid | (20,083) | (25,000) |
| Net cash generated from financing activities | 2,494,035 | 996,215 |
| Net increase in cash and cash equivalents | 91,075 | 69,885 |
| Cash and cash equivalents at the beginning of the period | 52,962 | 30,661 |
| Cash and cash equivalents at the end of the period | 144,037 | 100,546 |

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 six month period ended 31 March 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 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 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 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 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 financial statements of the Company for the year ended 30 September 2020.
- 3.2 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited. Figures for three month period ended 31 March 2021 were not subject to limited scope review by the auditors as the scope of the review covers only the cumulative figures for the six month period ended 31 March 2021.
- 3.3 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 rupee 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 six month period ended 31 March 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 the condensed interim financial statements of the Company.

4.2 Standards, interpretation 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 | 1 January 2021 |
| IFRS 3 | Reference to conceptual framework — (Amendments) | 1 January 2022 |
| IAS 16 | Property, plant and equipment: Proceeds before intended use — (Amendments) | 1 January 2022 |
| IAS 37 | Onerous contracts - costs of fulfilling a contract — (Amendments) | 1 January 2022 |
| AIP IFRS 1 | First-time Adoption of International Financial Reporting Standards -Subsidiary as a first-time adopter | 1 January 2022 |
| AIP IFRS 9 | Fees in the "10 per cent" test for derecognition of financial liabilities | 1 January 2022 |
| AIP IAS 41 | Agriculture – Taxation in fair value measurements | 1 January 2022 |
| IFRS 17 | Insurance contracts | 1 January 2023 |
| IAS 1 | Classification of liabilities as current or non-current — (Amendments) | 1 January 2023 |
| IAS 8 | Defination of accounting estimates — (Amendments) | 1 January 2023 |
| IAS 1 and IFRS Practice Statement 2 | Disclosure of accounting policies — (Amendments) | |
| IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its associate or Joint Venture — (Amendments) | 1 January 2023 |
| IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its associate or Joint Venture — (Amendments) | 1 January 2023 |
| IAS 1 | Classification of liabilities as current or non-current — (Amendments) | 1 January 2023 |
| IAS 16 | Property, plant and equipment: Proceeds before intended use — (Amendments) | 1 January 2022 |
| IAS 37 | Onerous contracts - costs of fulfilling a contract — (Amendments) | 1 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. | | |

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 | 1 January 2009 |
| IFRS 17 | Insurance Contracts | 1 January 2023 |

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

For the six month period ended 31 March 2021

4.3 OPERATING SEGMENTS

Based on the information provided to the 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 1.2 and related assets are disclosed in note 7.2 while related liabilities are disclosed in note 10. Once completed and operational, the power project shall be treated as a separate segment.

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 TAXATION, RETIREMENT BENEFIT OBLIGATIONS, WWF AND WPPF

Provisions in respect of taxation, retirement benefit obligations, Workers' Welfare Fund (WWF) and Workers' Profit Participation Fund (WPPF) are estimated and these are subject to final adjustments in the annual audited financial statements.

| | | (Un-audited) 31 March 2021 | (Audited) 30 September 2020 |
|--|------|----------------------------------|-----------------------------------|
| | Note | (Rupees in thousand) | |
| 7 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 7.1 | 1,959,857 | 1,972,638 |
| Capital work-in-progress | 7.2 | 1,816,053 | 1,793,494 |
| | | 3,775,910 | 3,766,132 |

7.1 Additions and deletions made to operating fixed assets during the six month period ended 31 March 2021 are as under:

| | Additions (Rupees in thousand) | Deletions (Rupees in thousand) |
|-----------------------------|-----------------------------------|-----------------------------------|
| Plant and machinery | - | (525) |
| Motor vehicles and bicycles | - | (1) |
| Furniture and fittings | 86 | (580) |
| Office equipment | 687 | (353) |
| Telephone exchange | 733 | - |
| | 1,506 | (1,459) |

7.2 Additions and transfers made to capital work-in-progress during the six month period ended 31 March 2021 are as under:

| | Additions (Rupees in thousand) | Transfer (Rupees in thousand) |
|---------------------------------------|-----------------------------------|----------------------------------|
| Plant and machinery | 14,423 | (733) |
| Other directly attributable overheads | 8,871 | - |
| | 23,294 | (733) |

7.2.1 The closing balance of capital work-in-progress relates to the co-generation power project.

| | (Un-audited) 31 March 2021 | (Audited) 30 September 2020 |
|---|----------------------------------|-----------------------------------|
| | (Rupees in thousand) | |
| 8 DEFERRED TAXATION | | |
| This comprises: | | |
| Deferred tax liabilities on taxable temporary differences | (102,815) | (101,929) |
| Deferred tax assets on deductible temporary differences | | |
| Employee benefits | 13,879 | 13,467 |
| Taxable losses and minimum tax credits carried forward | 91,998 | 90,577 |
| | 105,877 | 104,044 |
| Net deferred tax asset | 3,062 | 2,115 |

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

For the six month period ended 31 March 2021

| | | (Un-audited) 31 March 2021 (Rupees in thousand) | (Audited) 30 September 2020 |
|-----------|-----------------------------|--|-----------------------------------|
| 9 | STOCK IN TRADE | Note | |
| | Sugar refined | 2,787,552 | 183,795 |
| | Molasses | 314,833 | - |
| | Bagasse | 146,031 | 65,264 |
| | | 3,248,416 | 249,059 |
| | Sugar in proces | 8,782 | 8,706 |
| | Molasses in process | 304 | 202 |
| | | 9,086 | 8,908 |
| | | 3,257,502 | 257,967 |
| | Insecticide | 211 | 60 |
| | Stock at fair price shop | 1,222 | 636 |
| | | 1,433 | 696 |
| | | 3,258,935 | 258,663 |
| 10 | LONG TERM BORROWINGS | | |
| | Loan I | 10.1 933,248 | 933,248 |
| | Loan II | 10.2 125,000 | 150,000 |
| | Loan III | 10.3 128,509 | 123,592 |
| | Less: Current maturity | (225,465) | (100,664) |
| | | 961,292 | 1,106,176 |

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.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

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) 281,251 (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.

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

For the six month period ended 31 March 2021

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) 10,000 (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 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 2020.

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 documentation.

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 responses for the tax years 2017 and 2018. The Company expects no material impact on these condensed interim financial statements.

12.2 Commitments

The Company does not have any commitment as at 31 March 2021 (30 September 2020: Nil).

| 13 | REVENUE FROM CONTRACTS WITH CUSTOMERS - NET | (Un-audited) Six Month Period Ended 31 March | | (Un-audited) Three Month Period Ended 31 March | |
|----|---|--|-----------|--|-----------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | Rupees in thousand | | | |
| | Gross revenue | 3,914,600 | 3,063,752 | 2,941,628 | 2,293,388 |
| | Less: | | | | |
| | Broker's commission on sugar | (6,355) | (5,009) | (4,805) | (3,733) |
| | Sales Tax / federal excise duty | (532,383) | (404,915) | (407,933) | (304,196) |
| | Withholding tax on revenue | (1,486) | (912) | (916) | (486) |
| | | (540,224) | (410,836) | (413,654) | (308,415) |
| | | 3,374,376 | 2,652,916 | 2,527,974 | 1,984,973 |

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

Major Products:

| | | | | |
|---------------|-----------|-----------|-----------|-----------|
| Sugar | 3,286,280 | 2,511,992 | 2,492,341 | 1,833,877 |
| Molasses | 519,495 | 417,969 | 360,532 | 351,214 |
| Bagasse | 91,899 | 112,526 | 76,754 | 93,506 |
| Press mud | 16,926 | 21,265 | 12,001 | 14,791 |
| Gross revenue | 3,914,600 | 3,063,752 | 2,941,628 | 2,293,388 |

Geographical region:

| | | | | |
|----------|-----------|-----------|-----------|-----------|
| Pakistan | 3,914,600 | 3,063,752 | 2,941,628 | 2,293,388 |
|----------|-----------|-----------|-----------|-----------|

Type of customer:

| | | | | |
|--------------------------|-----------|-----------|-----------|-----------|
| Non-government customers | 3,914,600 | 3,063,752 | 2,941,628 | 2,293,388 |
|--------------------------|-----------|-----------|-----------|-----------|

Timing of transfer of goods:

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Goods transferred to customers at a point in time | 3,914,600 | 3,063,752 | 2,941,628 | 2,293,388 |
|---|-----------|-----------|-----------|-----------|

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

For the six month period ended 31 March 2021

| | (Un-audited) Six Month Period Ended 31 March 2021 | (Un-audited) Three Month Period Ended 31 March 2020 | (Un-audited) Six Month Period Ended 31 March 2021 | (Un-audited) Three Month Period Ended 31 March 2020 |
|--|--|--|--|--|
| | Rupees in thousand | | | |
| 14. COST OF REVENUE | | | | |
| Cost of sugarcane procured | 5,657,099 | 3,671,339 | 4,332,035 | 2,688,867 |
| Process materials | 57,673 | 42,475 | 37,894 | 25,348 |
| Fuel and power | 11,587 | 16,337 | 4,146 | 6,855 |
| Stores and spares consumed | 43,423 | 35,406 | 23,261 | 11,705 |
| Repairs and maintenance | 12,009 | 4,787 | 3,189 | 416 |
| Salaries, wages and other benefits | 152,160 | 135,710 | 94,056 | 81,385 |
| Company's contribution to provident fund | 1,150 | 1,176 | 600 | 640 |
| Rent, rates and taxes | 900 | 1,147 | 289 | 334 |
| Insurance | 2,777 | 2,744 | 1,389 | 765 |
| Conveyance and travelling | 5,854 | 6,887 | 3,096 | 3,806 |
| Depreciation | 11,210 | 22,579 | 5,603 | 11,289 |
| Other expenses | 8,493 | 5,249 | 6,595 | 4,731 |
| | 5,964,335 | 3,945,836 | 4,512,153 | 2,836,141 |
| Add: Opening stock of sugar and molasses in process | 8,908 | 4,258 | 59,780 | 88,033 |
| Less: Closing stock of sugar and molasses in process | (9,086) | (8,782) | (9,086) | (8,782) |
| Cost of sugar manufactured | 5,964,157 | 3,941,312 | 4,562,847 | 2,915,392 |
| Packing material | 46,971 | 32,064 | 34,962 | 22,551 |
| Cost of sugar bagged | 6,011,128 | 3,973,376 | 4,597,809 | 2,937,943 |
| Add: Opening stock of sugar and by-products | 249,059 | 288,942 | 919,481 | 754,749 |
| Less: Closing stock of sugar and by-products | (3,248,416) | (1,842,297) | (3,248,416) | (1,842,297) |
| | 3,011,771 | 2,420,021 | 2,268,874 | 1,850,395 |
| 15 TAXATION | | | | |
| Current | 51,596 | 41,604 | 38,173 | 29,833 |
| Deferred | (947) | (5,579) | (947) | (5,579) |
| | 50,649 | 36,025 | 37,226 | 24,254 |

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) 121,716 (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 six month period ended 31 March 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:

| Name of Related Party | Nature of Transaction | (Un-Audited) 31 March | |
|--|---------------------------------|------------------------------|---------|
| | | 2021 (Rupees in thousand) | 2020 |
| Shahtaj Textile Limited | Dividend received | 4,600 | 11,500 |
| Shahnawaz (Private) Limited | Purchases and services received | 1,084 | 1,681 |
| | Utilities paid | 16 | 93 |
| | Loan obtained and repaid | 150,000 | 100,000 |
| | Interest charged | 1,797 | - |
| Shezan International Limited | Sale of sugar | 45,045 | 158,211 |
| Information System Associates Limited | Purchases and services received | 183 | 355 |
| Shezan Services (Private) Limited | Interest charged | 4,525 | 3,723 |
| State Life Insurance Corporation of Pakistan | Premium paid | 1,890 | 1,598 |
| Staff Provident Fund Trust | Contributions paid | 2,606 | 2,666 |
| Key Management personnel | Remuneration and benefits | 42,858 | 30,597 |
| Mr. Muneer Nawaz (Director) | Loan obtained and repaid | - | 40,000 |

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

18 GENERAL

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



Chief Executive



Chief Financial Officer



Director

[illegible]








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