



SHAHTAJ

SUGAR MILLS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED
31 DECEMBER 2021

Contents

Company Information	01
Directors' Report to the Members (English)	02
Directors' Report to the Members (Urdu)	05
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. 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.

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

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

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 three month period ended 31 December 2021.

Summarized 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		20.11.2021	15.11.2020
Sugarcane Crushed	(M. Ton)	333,530	245,065
Production:			
Sugar	(M. Ton)	27,907	22,107
Molasses	(M. Ton)	12,800	9,550
Recovery:			
Sugar	%	8.72	9.35
Molasses	%	4.02	4.12

For the season 2021-22, the crushing of sugarcane in Central Punjab started on November 20, 2021. In Central Punjab, early start of season always has negative impact on sugar recovery because of premature sugarcane crop and this will affect the sugar production during the season. However, in compliance with the Government of Punjab Notification, we commenced our crushing season on the notified date.

As per data produced above there is an increase in production with high crushing of sugarcane. However, recovery percentage of sugar is less as of the corresponding period of last year due to premature sugarcane crop with low sucrose contents because of weather conditions. Molasses recovery is also less than the corresponding period of last year. The Government of Punjab has fixed support price of sugarcane for this season @ Rs. 225/- per 40 Kg. whereas last year it was Rs. 200/- per 40 Kg.

Estimates of availability of sugarcane are better than last year due to more area under cultivation and better yield. We are putting our best efforts to procure maximum sugarcane from out zone as well as in zone. The sugarcane prices are continuously increasing both in out zone and in zone due to competition among neighboring sugar mills resulting increased average sugarcane procurement cost at about Rs. 240 per 40 Kg as compared to last year it was Rs. 216.21 per 40 Kg. This increasing trend in sugarcane prices would affect the financial performance of the company.

Sugar prices during the three month period were better than the corresponding period of last year due to shortage of sugar in market. Further molasses prices during the period under review were lesser as compared to corresponding period due to low international prices of ethanol.

For the first quarter, your Company recorded a turnover of Rs. 1,563.34 million as against Rs. 846.40 million in the corresponding period of 2020. The cost of sales was Rs. 1,261.80 million as against Rs. 742.89 million of the corresponding period. Thus, the Company made a gross profit of Rs. 301.54 million for the first quarter ended 31 December 2021 as against a gross profit of Rs. 103.50 million of the corresponding period. The net profit has been recorded at Rs. 107.33 million against the profit of Rs. 17.79 million of the corresponding period. The finance cost for the period was Rs. 55.92 million as against Rs. 12.29 million of the corresponding period due to high utilization of banking facilities.

UPDATE ON POWER PROJECT:

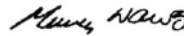
As informed earlier we are in the process of setting up a Bagasse based Power Project of installed gross capacity of 32 MW with 15 MW spillover to the National Grid. Two steam turbines of generation capacity of 16MW each have been installed successfully. Work on the construction of Switch Yard of 132 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 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. Our next date of hearing in the Islamabad High Court on the Power Project is February 03, 2022..

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: 28 January 2022.

ڈائریکٹرز رپورٹ برائے ممبران

جیسا کہ پہلے ہی آپ کے علم میں لایا جا چکا ہے کہ ادارے کا بگاس (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 دو عدد ڈبائیں کی تنصیب کا کام مکمل ہو چکا ہے جبکہ ۱۳۲ کے وی اے صلاحیت کے گرڈ اسٹیشن کی تنصیب کا کام جاری ہے۔ مزید آپ کی اطلاع کے لیے عرض ہے کہ نیشنل 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 سینٹرل پاور پریزیوریشنسی (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 دستخط کے لیے بھیجا دیا تھا۔ تاہم CPPA نے تا حال اس پر دستخط نہیں کیے۔ اس سلسلہ میں ہمارے سمیت دیگر ۵ بگاس 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 مبہم 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۔ 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 کابینہ 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 پر امید ہیں۔ پاور پراجیکٹ پر اسلام آباد ہائی کورٹ نے اگلی سماعت کی تاریخ ۳۰ فروری ۲۰۲۲ مقرر کی ہے۔

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

برائے اور از طرف بورڈ آف ڈائریکٹرز

Taq

توقیر نواز

چیئرمین

Muhammad Nawaz

منیر نواز

چیف ایگزیکٹو آفیسر

کراچی

۲۸ جنوری ۲۰۲۲



ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز کی طرف سے غیر محاسب شدہ مختصر عبوری مالیاتی گوشوارہ برائے دورانیہ اختتام شدہ مہی ۲۰۲۱ دسمبر ۲۰۲۱ پیش خدمت ہے۔

بیزن		پیداواری اعداد و شمار
۲۰۲۰	۲۰۲۱	
۱۵ نومبر ۲۰۲۰	۲۰ نومبر ۲۰۲۱	آغاز بیزن
۲۲۵,۰۰۶۵ میٹرک ٹن	۳۳۳,۵۳۰ میٹرک ٹن	گنے کی پٹائی
		پیداوار
۲۲,۱۰۷ میٹرک ٹن	۲۷,۹۰۷ میٹرک ٹن	چینی
۹,۵۵۰ میٹرک ٹن	۱۲,۸۰۰ میٹرک ٹن	راب
		پیداواری تناسب
۹-۳۵ فیصد	۸-۷۲ فیصد	چینی
۴-۱۲ فیصد	۴-۰۲ فیصد	راب

بیزن ۲۲-۲۰۲۱ میں، وسطی پنجاب میں گنے کی پٹائی ۲۰ نومبر ۲۰۲۱ کو شروع ہوئی۔ وسطی پنجاب میں بیزن کا جلد آغاز قبل از وقت گنے کی فصل کی کٹائی کی وجہ سے چینی کی ریکوری پر ہمیشگی اثر ڈالتا ہے اور پورے بیزن کے دوران چینی کی مجموعی پیداوار کم تاثر کرے گی۔ تاہم، حکومت پنجاب کے نوٹیفیکیشن کی تعمیل کرتے ہوئے، ہم نے اپنی کرٹنگ کا آغاز مطلع شدہ تاریخ کو کیا۔

ادارے پر شرح شدہ اعداد و شمار کے مطابق چینی کی پیداوار میں بیزن جلد شروع ہونے کی وجہ سے گذشتہ سال کے مقابل اضافہ ہوا۔ تاہم موسمی حالات اور گنے کی قبل از وقت کٹائی کی وجہ سے چینی کی بازیابی کا تناسب پچھلے سال کے اسی عرصے کے مقابل کم رہا۔ جبکہ راب کی بازیابی بھی پچھلے سال کے مقابل کم رہی۔ حکومت پنجاب نے اس بیزن کے لئے گنے کی امدادی قیمت ۲۲۵ روپے فی من مقرر کی ہے جبکہ پچھلے سال یہی قیمت فی من ۲۰۰ روپے تھی۔

گنے کی دستیابی کا اندازہ گذشتہ سال کے مقابل قدرے بہتر ہے۔ ہم آؤٹ زون کے ساتھ زون سے بھی زیادہ سے زیادہ گنا حاصل کرنے کی پھر پورکوشش کر رہے ہیں۔ پڑوسی شوگر ملوں میں قیمتوں میں لاگت بازی کی وجہ سے آؤٹ زون اور زون میں گنے کی قیمت مسلسل بڑھ رہی ہے۔ جس کے نتیجے میں گنے کی اوسط خریداری لاگت ۲۳۰ روپے فی من ہو گئی جو کہ پچھلے سال فی من ۲۱۰-۲۱۶ روپے تھی۔ گنے کی قیمتوں میں اس بڑھتے ہوئے رجحان سے ادارہ کی مالی کارکردگی متاثر ہو سکتی ہے۔

مارکیٹ میں چینی کی قلت اور ملک میں زائد طلب کے باعث تین ماہ کے دوران چینی کی قیمت گذشتہ سال کے اسی عرصہ کے مقابل بہتر رہی۔ مزید برآں استھونل کی بین الاقوامی قیمتوں میں کمی کی وجہ سے گذشتہ مدت کے مقابل راب کی قیمتوں میں کمی آئی۔

پہلی سہ ماہی کے دوران، آپ کے ادارے کی فروخت ۳۳-۵۶۳ ملین روپے رہی جو کہ ۲۰۲۰ کے اسی عرصہ میں ۳۰-۸۳۶ ملین روپے تھی۔ پیداواری لاگت ۸۰-۱۲۶۱ ملین روپے رہی جبکہ گذشتہ سال کے اسی عرصہ میں یہ رقم ۸۹-۳۲ ملین روپے تھی۔ اس طرح دوران اختتام شدہ مہی ۳۱ دسمبر ۲۰۲۱ میں

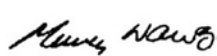
ادارے کو ۵-۳۱ ملین روپے کا مجموعی منافع ہوا جبکہ گذشتہ سال کے دورانیہ میں مجموعی نفع ۵۰-۱۰۳ ملین روپے تھا۔ خالص نفع ۳۳-۱۰۷ ملین روپے رہا جبکہ اس کے مقابل گذشتہ سال مجموعی خالص نفع ۷۰-۷۲ ملین روپے رہا۔ اس مدت کی مالیاتی لاگت ۹۲-۵۵ ملین روپے رہی جبکہ گذشتہ سال کے اسی عرصہ میں یہ رقم ۲۹-۱۲۲ ملین روپے تھی جسکی وجہ بینکنگ سہولیات کو زیادہ استعمال کرنا ہے۔

Condensed Interim Statement of Financial Position

As at 31 December 2021

	(Un-audited) 31 December 2021	(Audited) 30 September 2021
Note	(Rupees in thousand)	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7 3,758,143	3,761,188
Investment in associate	8 155,614	168,840
Long-term loans and advances	2,808	879
Long-term deposits	4,103	4,103
	3,920,668	3,935,010
CURRENT ASSETS		
Stores, spares and loose tools	195,560	153,772
Stock-in-trade	9 1,894,881	958,139
Trade debts	151,113	105,375
Loans and advances	54,092	31,945
Trade deposits and short-term prepayments	6,838	2,245
Other receivables	13,600	13,600
Income tax refundable	296,895	275,596
Cash and bank balances	773,335	21,554
	3,386,314	1,562,226
TOTAL ASSETS	7,306,982	5,497,236
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	120,111	120,111
Share premium - capital reserve	27,534	27,534
Revaluation surplus on property, plant and equipment - capital reserve	1,506,111	1,506,111
General reserve and accumulated losses - revenue reserve	948,431	841,097
Loan from directors	10 150,000	150,000
TOTAL EQUITY	2,752,187	2,644,853
NON-CURRENT LIABILITIES		
Long-term borrowings	11 763,360	789,609
Loan from associates	110,000	110,000
Lease liabilities	14,277	18,589
Deferred grant	4,691	4,691
Retirement benefits obligation	33,827	32,747
Deferred taxation	28,250	28,250
	954,405	983,886
CURRENT LIABILITIES		
Trade and other payables	321,682	155,811
Contract liabilities	105,247	29,322
Unclaimed dividend	1,953	1,953
Short-term borrowings	12 2,612,307	1,169,653
Accrued interest on borrowings	95,411	91,601
Current maturity of long-term borrowings	330,017	335,894
Current maturity of lease liabilities	4,313	4,313
Provision for taxation	129,460	79,950
	3,600,390	1,868,497
TOTAL LIABILITIES	4,554,795	2,852,383
CONTINGENCIES AND COMMITMENTS	13	
TOTAL EQUITY AND LIABILITIES	7,306,982	5,497,236

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



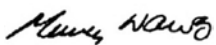
Director

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

For the three month period ended 31 December 2021

		31 December	
	Note	2021	2020
		(Rupees in thousand)	
Revenue from contracts with customers - net	14	1,563,349	846,402
Cost of sales	15	(1,261,803)	(742,897)
Gross profit		301,546	103,505
Distribution cost		(4,634)	(2,647)
Administrative expenses		(71,821)	(56,076)
Other operating expenses		(13,388)	(3,337)
Other operating income		1,066	2,070
		(88,777)	(59,990)
Operating profit		212,769	43,515
Finance cost		(55,923)	(12,296)
Share of profit of associate - net of tax		-	-
Profit before taxation		156,846	31,219
Taxation	16	(49,512)	(13,423)
Profit for the period		107,334	17,796
Earnings per share - basic and diluted (rupees per share)		8.94	1.48

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



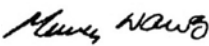
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three month period ended 31 December 2021

	31 December	
	2021	2020
	(Rupees in thousand)	
Profit for the period	107,334	17,796
Other comprehensive income for the period	-	-
Total comprehensive income for the period	107,334	17,796

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

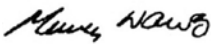


Condensed Interim Statement of Changes in Equity (Un-audited)

For the three month period ended 31 December 2021

	Capital reserve			Revenue reserve		Director's Loan	Total
	Share Capital	Share premium	Revaluation surplus on property, plant and equipment	General reserve	Un-Appropriated profit/accumulated (losses)		
	(Rupees in thousand)						
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	-	-	-	-	17,796	-	17,796
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	17,796	-	17,796
Balance as at 31 December 2020	120,111	27,534	1,506,111	1,016,000	(366,215)	150,000	2,453,541
Balance as at 01 October, 2021	120,111	27,534	1,506,111	1,016,000	(174,903)	150,000	2,644,853
Profit for the period	-	-	-	-	107,334	-	107,334
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	107,334	-	107,334
Balance as at 31 December 2021	120,111	27,534	1,506,111	1,016,000	(67,569)	150,000	2,752,187

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



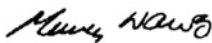
Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the three month period ended 31 December 2021

	31 December 2021	2020 (Rupees in thousand)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	156,846	31,219
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation on operating fixed assets and right-of-use assets	6,116	7,106
Interest / mark-up	55,553	34,793
Profit on bank deposits	(510)	(738)
Gain on disposal of property, plant and equipment	-	(236)
Provision for gratuity and retirement benefits	1,166	1,260
Loss / gain on initial recognition of financial assets at fair value	597	(124)
	62,922	42,061
Operating profit before working capital changes	219,768	73,280
Working capital adjustments:		
Increase in current assets:		
Stores, spares and loose tools	(41,788)	(22,065)
Stock-in-trade	(936,742)	(721,601)
Trade debts	(45,738)	(58,378)
Loans and advances	(22,148)	(1,169)
Trade deposits and short-term prepayments	(4,593)	(6,044)
	(1,051,009)	(809,257)
Increase in current liabilities		
Trade and other payables	166,052	183,843
Contract liabilities	75,925	544,816
Cash used in operations	(589,264)	(7,318)
Income tax paid	(21,299)	(1,132)
Interest / mark-up paid	(51,746)	(20,699)
Profit on bank deposits received	510	738
Leave encashment paid	(183)	(151)
Retirement benefits paid	(81)	(660)
Net cash used in operating activities	(662,063)	(29,222)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(80)	(657)
Additions in capital work-in-progress - net of transfer	(2,991)	(41,258)
Sale proceeds from disposal of operating fixed assets	-	237
Decrease in long-term loans and advances	(2,525)	327
Dividend received from associate	13,225	4,600
Net cash generated from/(used in) investing activities	7,629	(36,751)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of principal portion of lease liability	(4,313)	(3,450)
Short-term borrowings obtained - net	1,442,654	132,688
Long-term borrowings (repaid) / obtained - net	(32,126)	9,407
Net cash generated from financing activities	1,406,215	138,645
Net increase in cash and cash equivalents	751,781	72,672
Cash and cash equivalents at the beginning of the period	21,554	52,962
Cash and cash equivalents at the end of the period	773,335	125,634

The annexed notes from 1 to 19 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 three month period ended 31 December 2021

1. THE COMPANY AND ITS OPERATIONS

- 1.1 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

- 1.2 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).

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements for the three month period ended 31 December 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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 2021.
- 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.

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

For the three month period ended 31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES

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

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 quarter.

6. TAXATION, RETIREMENT BENEFITS OBLIGATION, WWF AND WPPF

Provisions in respect of Taxation, Retirement Benefits Obligation, 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 December 2021	(Audited) 30 September 2021
Note		(Rupees in thousand)	

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1	1,947,357	1,953,393
Capital work-in-progress	7.2	1,810,786	1,807,795
		3,758,143	3,761,188

- 7.1 Additions or deletions made to operating fixed assets during the three month period ended 31 December 2021 are as under:

	Additions (Rupees in thousand)	Deletions
Plant and machinery	-	-
Furniture and fittings	-	-
Office equipment	80	-
	80	-

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

	Additions (Rupees in thousand)	Transfer
Plant and machinery	-	-
Other directly attributable overheads	2,991	-
Advances to suppliers	-	-
	2,991	-



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

For the three month period ended 31 December 2021

Note	(Un-audited)	(Audited)	
	31 December 2021	30 September 2021	
(Rupees in thousand)			
8. INVESTMENT IN ASSOCIATE			
Associate - Equity method			
Shahtaj Textile Limited	8.1	155,614	168,840
8.1	Quoted market value of investment as at 31 December 2021 is Rs. (thousand) 94,875 (30 September 2021: Rs. (thousand) 111,619).		

	(Un-audited)	(Audited)
	31 December 2021	30 September 2021
(Rupees in thousand)		
9. STOCK IN TRADE		
Sugar	1,646,674	911,192
Molasses	101,054	-
Bagasse	50,485	37,028
	1,798,213	948,220
Sugar in process	82,852	9,050
Molasses in process	12,679	299
	95,531	9,349
	1,893,744	957,569
Insecticide	73	114
Stock at fair price shop	1,064	456
	1,137	570
	1,894,881	958,139

10. LOAN FROM DIRECTORS

This represents unsecured, interest free loan given by Directors to meet the liquidity requirements of the Company. The loan is repayable at the discretion of the Company. In line with the Technical Release - 32 (TR-32 - Accounting Directors' Loan) issued by the Institute of the Chartered Accountants of Pakistan (ICAP), the loan is classified as part of equity.

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

For the three month period ended 31 December 2021

Note	(Un-audited)	(Audited)
	31 December 2021	30 September 2021
(Rupees in thousand)		
11. LONG TERM BORROWINGS - SECURED		
Loan - I	11.1	933,248
Loan - II	11.2	87,500
Loan - III	11.3	72,629
		1,093,377
Less: Current maturity shown under current liabilities		(330,017)
		763,360
		933,248
		100,000
		92,255
		1,125,503
		(335,894)
		789,609

11.1 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.

11.2 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.

11.3 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 2021: Rs. 157,010) 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.

12. SHORT TERM BORROWINGS - SECURED

The aggregate facility of short term borrowings available from commercial banks is Rs. (thousand) 3,500,000 (30 September 2021: Rs. (thousand) 3,020,000). These facilities are secured against pledge over stock and charge of Rs. (thousand) 1,250,000 on all present and future plant and 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) 887,693 (30 September 2021: Rs. (thousand) 1,850,347).

The rates of markup range between 1 month / 3 month KIBOR + 0.75% to 1 month / 3 month KIBOR + 1.50% (30 September 2021: 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 2021: Rs. (thousand) 10,000) and Rs. (thousand) 5,000 (30 September 2021: 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 2021: Rs. (thousand) 10,000) and Rs. (thousand) 5,000 (30 September 2021: Rs. (thousand) 5,000), respectively.



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

For the three month period ended 31 December 2021

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There is no material change in contingencies since the last published financial statements.

13.2 Commitments

The Company's commitments for letters of credit amounts to Nil (30 September 2021: Nil).

	(Un-audited)	
	31 December	
	2021	2020
	(Rupees in thousand)	
14. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET		
Sugar	1,633,779	793,939
Molasses	151,573	158,963
Bagasse	15,361	15,145
Press mud	8,715	4,925
	1,809,428	972,972
Less:		
Broker's commission on sugar	2,648	1,550
Sales Tax / federal excise duty	241,694	124,450
Withholding tax on sales	1,737	570
	246,079	126,570
	1,563,349	846,402
15. COST OF SALES		
Cost of sugarcane procurement	1,997,923	1,325,064
Process materials	38,498	19,779
Fuel and power	7,308	7,441
Stores and spares consumed	34,324	20,162
Repairs and maintenance	10,173	8,820
Salaries, wages and other benefits	69,907	58,104
Company's contribution to provident fund	603	550
Rent, rates and taxes	617	611
Insurance	1,400	1,388
Depreciation	5,340	5,606
Conveyance and travelling	3,239	2,759
Other expenses	3,492	1,898
	2,172,824	1,452,182
Add: Opening stock of sugar and by-products in process	9,349	8,909
Less: Closing stock of sugar and by-products in process	(95,531)	(59,780)
Cost of sugar manufactured	2,086,642	1,401,311
Packing material consumed	25,154	12,008
Cost of sugar bagged	2,111,796	1,413,319
Add: Opening stock of sugar and by-products	948,220	249,059
Less: Closing stock of sugar and by-products	(1,798,213)	(919,481)
	1,261,803	742,897

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

For the three month period ended 31 December 2021

(Un-audited)
31 December
2021 2020
(Rupees in thousand)

16. TAXATION

Taxation for the period:

Current

49,512	13,423

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 December	
		2021	2020
		(Rupees in thousand)	
Association on basis of common directorship			
Shahtaj Textile Limited	Dividend Received	13,225	4,600
Shahnawaz (Private) Limited	Purchases and Services Received	56	668
	Utilities paid	49	16
Shezan International Limited	Sale of sugar	69,900	45,045
Shezan Services (Private) Limited	Interest charged	2,287	2,287
State Life Insurance Corporation of Pakistan	Premium paid	440	1,890
Staff Provident Fund Trust	Contributions paid	1,280	1,282

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.

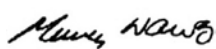
No buying or selling commission has been paid to any associated undertaking.

18. AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on 28 January 2022.

19. APPROPRIATIONS

The shareholders of the Company have approved at the Annual General Meeting held on 27 January 2022, final cash dividend of Rs. 5 (2020: Rs. Nil) per share, amounting to Rs. (thousand) 60,055 (2020: Rs. Nil) for the year ended 30 September 2021 which was earlier proposed by Board of Directors in their meeting held on 30 December 2021. These condensed interim financial statements do not reflect the effect of these appropriations.



Chief Executive



Chief Financial Officer



Director



www.jamapunji.pk

 **Jama
Punji**



سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 jamapunji.pk

 @jamapunji_pk

*Mobile apps are also available for download for android and ios devices

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