



SHAHTAJ
SUGAR MILLS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED
31 DECEMBER 2022

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
Selected Notes to the Condensed Interim Financial Statements (Un-audited)	11

Company Information

Board of Directors

Mr. Toqueer Nawaz	Chairman
Mr. Muneer Nawaz	Chief Executive
Mr. M. Naeem	
Mrs. Samia Shahnawaz Idris	
Mr. Rashed Amjad Khalid	
Mr. Abid Nawaz	
Ms. Ava Ardeshir Cowasjee	
Mr. Suleman Lalani	J.S.I.L.
Mr. Mushtaq Ahmad	S.L.I.C.
Mr. Muhammad Salman Hussain Chawala*	N.I.T.

Company Secretary

Mr. Jamil Ahmad Butt, FCMA

Chief Financial Officer

Mr. Waqar Ahmad, FCA

Audit Committee

Mr. Mushtaq Ahmad	Chairman
Mr. Toqueer Nawaz	
Mr. M. Naeem	
Mr. Rashed Amjad Khalid	

Human Resource & Remuneration Committee

Mr. Muhammad Salman Hussain Chawala*	Chairman
Mr. Muneer Nawaz	
Mr. M. Naeem	
Mr. Rashed Amjad Khalid	

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

*Mr. Muhammad Salman Hussain Chawala resigned since 16.01.2023

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 Bank, Lahore.

Share Registrar

JWAFFS Registrar Services (Private) Limited
Suite No. 407 - 408,
4th Floor, Al-Ameera Centre,
Shahrah-e-Iraq, Saddar, Karachi.

Bankers

United Bank Limited
Habib Bank Limited
MCB Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
JS Bank Limited
Allied Bank Limited
National Bank of Pakistan
Soneri Bank Limited

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 2022.

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

Production Data		31 December	
		2022	2021
Start of Season		25.11.2022	20.11.2021
Sugarcane Crushed	(M. Ton)	258,371	333,530
Production:			
Sugar	(M. Ton)	24,127	27,907
Molasses	(M. Ton)	10,600	12,800
Recovery:			
Sugar	%	9.57	8.72
Molasses	%	4.27	4.02

For the season 2022-23, the crushing of sugarcane in Central Punjab started on November 25, 2022. In Central Punjab, early start of season always has negative impact on sugar recovery and over all sugar production because of premature sugarcane crop. 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 a decrease in production due to lower crushing of sugarcane. However, recovery percentage of sugar is better as compared with the corresponding period of last year due to healthy sugarcane crop with high sucrose contents due to better weather conditions. Molasses recovery is also better than the corresponding period of last year. The Government of Punjab has fixed support price of sugarcane for this season @ Rs. 300/- per 40 Kg, whereas last year it was Rs. 225/- per 40 Kg.

Estimates for availability of sugarcane are slightly less than last year due to decrease in area under cultivation and less yield per acre. We are putting our best efforts to procure the maximum sugarcane from out zone as well as in zone. Due to significant increase in Minimum Support Price to Rs. 300/- per 40 Kg, the average sugarcane procurement cost for the quarter ended 31 December 2022 was Rs. 302/- per 40 Kg as compared with Rs. 240/- per 40 Kg of corresponding quarter ended 31 December 2021. This increasing trend in sugarcane prices would affect the financial performance of the company.

Sugar price during the three-month period was significantly less than the corresponding period of last year due to production glut and oversupply of sugar in the market. Further molasses price during the period under review was better as compared to corresponding period due to better international price of ethanol.

For the first quarter, your Company recorded a turnover of Rs 1,831.457 million as against Rs.1,563.349 million in the corresponding period of 2021. The cost of sales was Rs.1,578.335 million as against Rs.1,261.803 million of the corresponding period. Thus, the Company made a gross profit of Rs.253.122 million for the first quarter ended 31 December 2022 as against a gross profit of Rs.301.546 million of the corresponding period of year 2021. The net profit has been recorded at Rs.42.183 million against the profit of Rs.107.334 million of the corresponding period. The finance cost for the period was Rs.106.807 million as against Rs.55.923 million of the corresponding period due to higher interest rates and higher utilization of banking limits against pledge of sugar stocks and long term loans. The earnings per share for the first quarter ended 31 December 2022 is Rs.3.51 as against Rs.8.94 of the corresponding period.

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).

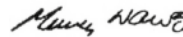
We had negotiated and finalized the Energy Purchase Agreement (EPA) with Central Power Purchasing Agency (CPPA) which was subsequently approved by the Board of Directors of CPPA. The EPA could not be executed on account of the decision of the Cabinet Committee on Energy (CCoE), that only those projects 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 to make it consistent with the current market conditions/consumer interest and such review will include appropriate time extensions to reach financial closing.

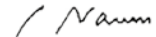
Now, NEPRA has reviewed and modified our tariff dated January 02, 2017, and awarded revised/modified tariff vide its determination dated January 24, 2022. Tariff has been duly notified in the Gazette of Pakistan. We have negotiated and finalized the Energy Purchase Agreement (EPA) with Central Power Purchasing Agency (CPPA) on the basis of Revised Tariff of dated January 24, 2022, which is subsequently approved by the Board of Directors of CPPA. The EPA has been signed between Shahtaj Sugar Mills Ltd. (SSML) and CPPA on December 23, 2022. The Implementation Agreement (IA) has been initialed between SSML and Alternate Energy Development Board (AEDB). We are hopeful that "Financial Close" of the project would be achieved after final approval of IA from the Board of Directors of AEDB.

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



M. NAEEM
Director

Karachi: 27 January 2023

ڈائریکٹرز رپورٹ برائے ممبران

ذک خانز اور طویل مدتی قرضوں کی مد میں بینکنگ سہولیات کو زیادہ استعمال کرنا ہے۔ ۳۱ دسمبر ۲۰۲۲ کو ختم ہونے والی پہلی سہ ماہی کی فی شیئر آمدنی ۵۱ روپے ہے جو کہ گذشتہ سال اسی مدت کے دوران ۹۲-۸۰ روپے تھی۔

پاور پراجیکٹ کی تازہ ترین صورت حال

جیسا کہ پہلے ہی آپ کے علم میں لایا جا چکا ہے کہ ادارے کا بگاس (گنے کی کوئی) سے چلنے والا بجلی کا پلانٹ جو کہ ۳۲ میگا واٹ کی صلاحیت پر مشتمل ہے جس میں سے ۱۵ میگا واٹ پیشل گروڈ کو قابل ترسیل ہوگا تنصیب کے مرحلہ میں ہے۔ ۶ میگا واٹ صلاحیت کی دو عدد ڈبائیں کی تنصیب کا کام مکمل ہو چکا ہے جبکہ ۱۳۲ کے وی اے صلاحیت کے گروڈ اسٹیشن کی تنصیب کا کام جاری ہے۔ مزید آپ کی اطلاع کے لیے عرض ہے کہ پیشل 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۔

ہم نے سنٹرل پاور پراجیکٹ ایجنسی (سی۔ پی۔ اے) کے ساتھ بجلی خریداری کا معاہدہ (ای۔ پی۔ اے) کو باہمی گفت و شنید کے ساتھ حتمی شکل دے دی تھی جسے بعد میں سی۔ پی۔ اے کے بورڈ آف ڈائریکٹرز نے دستخط کرنے کے لیے منظور کیا تھا۔ توانائی کی کابینہ کمیٹی (CCoE) کے فیصلہ کی وجہ سے (ای۔ پی۔ اے) پر عمل درآمد نہیں کیا جا سکا۔ توانائی کی کابینہ کمیٹی کے فیصلہ کے مطابق صرف ان منصوبوں پر عمل درآمد ہوگا جہاں نفاذ کے معاہدہ (آئی۔ اے) یا بجلی کی خریداری کے معاہدہ (ای۔ پی۔ اے) پر دستخط کیے جا چکے ہیں۔ نتیجتاً ہمارے سمیت دیگر بگاس سے چلنے والے پراجیکٹ والے اداروں نے معزز اسلام آباد ہائی کورٹ میں فیڈریشن آف پاکستان، سی۔ پی۔ اے اور نیچر اے کے خلاف توانائی کی کابینہ کمیٹی (CCoE) کے اس بہم فیصلہ کے خلاف رٹ پیشین ڈائریکٹری تھی۔

ہماری دائرہ کردہ درخواست کے زیر التوا ہونے کے دوران حکومت نے توانائی کی کابینہ کمیٹی کے پہلے فیصلے میں ترمیم کرتے ہوئے یہ فیصلہ کیا کہ وہ تمام پراجیکٹس جن کو ای۔ پی۔ اے کے بورڈ آف ڈائریکٹرز نے ایل اوبس (LOS) دے دیا ہے وہ RE پالیسی ۲۰۰۶ کے مطابق اپنے مطلوبہ پریگمٹیل کے حصول کی طرف بڑھنے کی اجازت دی جائے گی تاہم اگر نیچر اے کی جانب سے معین کردہ ٹیرف کو ایک سال سے زیادہ کا حصر گزر چکا ہے تو نیچر اے کی جانب سے مذکورہ ٹیرف کا جائزہ لیا جائے گا تاکہ اس کو موجودہ حالات اور ماحول کے مطابق صارفین کے بہتر مفاد میں بنایا جا سکے۔ اس جائزے کے دوران مالیاتی اختتام تک پہنچنے کے لیے مناسب وقت کی توسیع شامل ہوگی۔

نیچر اے ہمارے معین شدہ ٹیرف ۰۲ جنوری ۲۰۱۷ء کا جائزہ لیا اور اس میں ترمیم کرتے ہوئے ۲۳ جنوری ۲۰۲۲ء کو اپنے نظر ثانی / تبدیل شدہ ٹیرف جاری کر دیا ہے۔ پاکستان کے آئینشل گزٹ میں نئے ترمیم شدہ ٹیرف کا نوٹیفیکیشن بھی جاری ہو چکا ہے۔ ہم نے سنٹرل پاور پراجیکٹ ایجنسی (سی۔ پی۔ اے) کے ساتھ ۲۳ جنوری ۲۰۲۲ء کے ترمیم اور نظر ثانی شدہ ٹیرف کی بنیاد پر بجلی خریداری کے معاہدہ (انرجی ایگریمنٹ) کو باہمی گفت و شنید کے ساتھ حتمی شکل دی جسے بعد میں سی۔ پی۔ اے کے بورڈ آف ڈائریکٹرز نے دستخط کرنے کے لیے منظور کر لیا۔ بجلی خریداری کا معاہدہ (ای۔ پی۔ اے) شاہ تاج شوگر ملز لمیٹیڈ (ایس۔ ایس۔ ایم۔ ایل) اور سنٹرل پاور پراجیکٹ ایجنسی (سی۔ پی۔ اے) کے مابین ۲۳ دسمبر ۲۰۲۲ء کو دستخط کر لیا گیا ہے۔ نفاذ کا معاہدہ (IA) SSML اور متبادل توانائی ترقیاتی بورڈ (ای۔ پی۔ اے) کے درمیان Initial کر لیا گیا ہے۔ ہمیں امید ہے کہ ای۔ پی۔ اے کے بورڈ آف ڈائریکٹرز کی جانب سے IA کی حتمی منظوری کے بعد پروجیکٹ کا مالیاتی اختتام (Financial Close) کا ہدف حاصل کر لیا جائے گا۔

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

برائے اور از طرف بورڈ آف ڈائریکٹرز

Muhammad Nawaz

(Name)

منیر نواز
چیف ایگزیکٹو

ایم ایم
ڈائریکٹر

کراچی
۲۷ جنوری ۲۰۲۳

ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز کی طرف سے غیر حساب شدہ مختصر عبوری مالیاتی گوشوارہ برائے دورانیہ اختتام شدہ سہ ماہی ۳۱ دسمبر ۲۰۲۲ء پیش خدمت ہیں۔
پچھلے سال کے مقابلے موجودہ کرشنگ سیزن کی کارکردگی ذیل میں پیش کی گئی ہے:

۳۱ دسمبر		
۲۰۲۱	۲۰۲۲	پیداواری اعداد و شمار
۲۰ نومبر ۲۰۲۱	۲۵ نومبر ۲۰۲۲	آغاز سیزن
۳۳۳,۵۳۰ میٹرک ٹن	۲۵۸,۳۷۱ میٹرک ٹن	گنے کی پہائی
		پیداوار
۲۷,۹۰۷ میٹرک ٹن	۲۲,۱۲۷ میٹرک ٹن	چینی
۱۲,۸۰۰ میٹرک ٹن	۱۰,۱۰۰ میٹرک ٹن	راب
		پیداواری تناسب
۸۔۷۲ فیصد	۹۔۵۷ فیصد	چینی
۲۔۰۲ فیصد	۲۔۲۷ فیصد	راب

سیزن ۲۰۲۲-۲۰۲۳ میں، وسطی پنجاب میں گنے کی پہائی ۲۵ نومبر ۲۰۲۲ کو شروع ہوئی۔ وسطی پنجاب میں سیزن کا جلد آغاز قبل از وقت گنے کی فصل کی کٹائی کی وجہ سے چینی کی ریکوری پر ہمیشہ منفی اثر ڈالتا ہے اور پورے سیزن کے دوران چینی کی مجموعی پیداوار کو متاثر کرتا ہے۔ تاہم، حکومت پنجاب کے نوٹیفیکیشن کی تعمیل کرتے ہوئے، ہم نے اپنی کرشنگ کا آغاز مطلع شدہ تاریخ کو کیا۔

اور دیے گئے اعداد و شمار کے مطابق گنے کی کم کرشنگ کی وجہ سے پیداوار میں کمی واقع ہوئی ہے۔ تاہم، بہتر موسمی حالات کی وجہ سے زیادہ موکروز کے مواد کے ساتھ صحت مند گنے کی فصل کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلے میں چینی کی بازیابی کا تناسب بہتر رہا۔ راب کی بازیابی کا تناسب بھی گزشتہ سال کی اسی مدت سے بہتر رہی۔ حکومت پنجاب نے اس سیزن کے لیے گنے کی امدادی قیمت ۳۰۰ روپے فی من مقرر کی ہے۔ جبکہ پچھلے سال یہ ۲۲۵ روپے فی من تھی۔

زیرکاشت رقبہ میں کمی اور فی ایکڑ پیداوار کم ہونے کی وجہ سے گنے کی دستیابی کا تخمینہ گزشتہ سال کے مقابلے قدرے کم ہے۔ ہم آؤٹ زون کے ساتھ ساتھ زون میں بھی زیادہ سے زیادہ گنے کی خریداری کے لیے پوری کوشش کر رہے ہیں۔ کم از کم امدادی قیمت روپے میں نمایاں اضافے (۳۰۰ روپے فی من) کی وجہ سے ۳۱ دسمبر ۲۰۲۲ کو ختم ہونے والی سہ ماہی کے لیے گنے کی خریداری کی اوسط لاگت ۳۰۲ روپے فی من رہی جبکہ ۳۱ دسمبر ۲۰۲۱ کو ختم ہونے والی اسی سہ ماہی میں ۲۳۰ روپے فی من تھی۔ گنے کی قیمتوں میں یہ بڑھتا ہوا رجحان کچھنی کی مالی کارکردگی کو متاثر کرے گا۔

تین ماہ کی مدت کے دوران چینی کی قیمت پیداوار میں کمی اور مارکیٹ میں چھٹی کی زائد پہلائی کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلے میں نمایاں طور پر کم رہی۔ اکتھول کی بہتر بین الاقوامی قیمت کی وجہ سے زیرجاڑہ مدت کے دوران راب کی قیمت اسی مدت کے مقابلے میں بہتر تھی۔

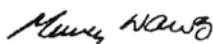
پہلی سہ ماہی کے دوران، آپ کے ادارے کی فروخت ۳۵۷-۸۳۱ ملین روپے رہی جو کہ ۲۰۲۱ کے اسی عرصہ میں ۳۳۹-۵۶۳ ملین روپے تھی۔ پیداواری لاگت ۳۳۵-۵۷۸ ملین روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۸۰۳-۱,۲۶۱ ملین روپے تھی۔ اس طرح دوران اختتام شدہ سہ ماہی ۳۱ دسمبر ۲۰۲۲ میں ادارے کو ۱۲۲-۲۵۳ ملین روپے کا مجموعی منافع ہوا جبکہ گزشتہ سال کے دورانیہ میں مجموعی نفع ۵۳۶-۳۰۷ ملین روپے تھا۔ خالص نفع ۱۸۳-۲۲۱ ملین روپے رہا جبکہ اس کے مقابلے میں گزشتہ سال مجموعی خالص نفع ۳۳۳-۷۰ ملین روپے رہا۔ اس مدت کی مالیاتی لاگت ۸۰-۱۰۶ ملین روپے رہی جبکہ گزشتہ سال کے اسی عرصہ میں یہ رقم ۹۲۳-۵۵۵ ملین روپے تھی۔ جسکی وجہ سوڈی بلنڈ شرح اور چینی

Condensed Interim Statement of Financial Position

As at 31 December 2022

Note	(Un-audited) 31 December 2022 (Rupees in thousand)	(Audited) 30 September 2022
ASSETS		
NON-CURRENT ASSETS		
7	4,256,496	4,226,040
	15,162	15,821
	175,493	190,443
	5,109	3,873
	28,365	28,365
	4,480,625	4,464,542
CURRENT ASSETS		
	231,209	172,503
	2,663,734	2,074,179
	326,948	188,123
	36,330	61,074
	7,680	4,227
	16,000	16,000
	206,325	224,286
	26,860	36,538
	3,515,086	2,776,930
	7,995,711	7,241,472
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
	120,111	120,111
	27,534	27,534
	1,928,484	1,928,484
	823,223	781,040
	146,000	146,000
	3,045,352	3,003,169
NON-CURRENT LIABILITIES		
8	518,471	518,471
	102,731	102,731
	18,322	19,668
	33,102	31,805
	27,447	27,447
	700,073	700,122
CURRENT LIABILITIES		
	811,006	165,704
	14,133	25,660
	7,353	7,353
	2,980,416	2,872,574
	188,767	207,871
	244,888	257,388
	3,723	1,731
	4,250,286	3,538,181
	4,950,359	4,238,303
9	7,995,711	7,241,472

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



Chief Executive



Director



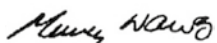
Chief Financial Officer

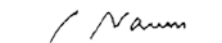
Condensed Interim Statement of Profit or Loss (Un-audited)

For the three month period ended 31 December 2022

	Note	31 December 2022 2021 (Rupees in thousand)	
Revenue from contracts with customers	10	1,831,457	1,563,349
Cost of sales	11	(1,578,335)	(1,261,803)
Gross profit		253,122	301,546
Distribution cost		(4,501)	(4,634)
Administrative expenses		(74,537)	(71,821)
Other operating expenses		(6,446)	(13,388)
Other operating income		6,597	1,066
		(78,887)	(88,777)
Operating profit		174,235	212,769
Finance cost		(106,807)	(55,923)
Share of profit of associate - net of tax		-	-
Profit before taxation		67,428	156,846
Taxation		(25,245)	(49,512)
Profit for the period		42,183	107,334
Earnings per share - basic and diluted (rupees per share)	12	3.51	8.94

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


Chief Executive


Director


Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three month period ended 31 December 2022

31 December
2022 2021
(Rupees in thousand)

Profit for the period	42,183	107,334
Other comprehensive income for the period	-	-
Total comprehensive income for the period	42,183	107,334

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


Chief Executive

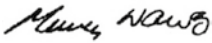

Director


Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-audited)
For the three month period ended 31 December 2022

	Capital reserve			Revenue reserve		Total
	Share Capital	Share premium	Revaluation surplus on property, plant and equipment	General reserve	Accumulated losses	
	(Rupees in thousand)					
Balance as at 01 October 2021	120,111	27,534	1,506,111	1,016,000	(174,903)	150,000
Profit for the period	-	-	-	-	107,334	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	107,334	-
Balance as at 31 December 2021	120,111	27,534	1,506,111	1,016,000	(67,569)	150,000
Balance as at 01 October 2022	120,111	27,534	1,928,484	1,145,167	(864,127)	146,000
Profit for the period	-	-	-	-	42,183	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	42,183	-
Balance as at 31 December 2022	120,111	27,534	1,928,484	1,145,167	(321,944)	146,000

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


Chief Executive


Director


Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the three month period ended 31 December 2022

31 December
2022 2021
(Rupees in thousand)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Non-cash adjustments to reconcile profit before tax to net cash flows:

Depreciation on operating fixed assets and right-of-use assets

Interest / mark-up

Profit on bank deposits

Gain on disposal of property, plant and equipment

Provision for gratuity and retirement benefits

Loss on initial recognition of financial assets at fair value

Operating profit before working capital changes

Working capital adjustments:

Increase in current assets:

Stores, spares and loose tools

Stock-in-trade

Trade debts

Loans and advances

Trade deposits and short-term prepayments

Increase in current liabilities

Trade and other payables

Contract liabilities

Cash generated from / used in operations

Income tax paid

Interest / mark-up paid

Profit on bank deposits received

Leave encashment paid

Retirement benefits paid

Net cash used in operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of operating fixed assets

Additions in capital work-in-progress - net of transfer

Decrease in long-term loans and advances

Dividend received from associate

Net cash (used in) / generated from investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of principal portion of lease liability

Short-term borrowings obtained - net

Long-term borrowings (repaid)

Net cash generated from financing activities

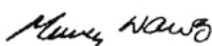
Net (decrease) / increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

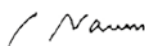
Cash and cash equivalents at the end of the period

	67,428	156,846
	8,854	6,116
	106,807	55,553
	(1,144)	(510)
	(663)	-
	1,300	1,166
	1,448	597
	116,602	62,922
	184,030	219,768
	(58,707)	(41,788)
	(589,555)	(936,742)
	(138,825)	(45,738)
	24,744	(22,148)
	(3,453)	(4,593)
	(765,796)	(1,051,009)
	646,329	166,052
	(11,427)	75,925
	53,135	(589,264)
	(7,284)	(21,299)
	(124,564)	(51,746)
	1,144	510
	(127)	(183)
	-	(81)
	(77,695)	(662,063)
	(1,072)	(80)
	(37,816)	(2,991)
	(2,684)	(2,525)
	14,949	13,225
	(26,623)	7,629
	(2,693)	(4,313)
	107,842	1,442,654
	(10,509)	(32,126)
	94,640	1,406,215
	(9,678)	751,781
	36,538	21,554
	26,860	773,335

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



Chief Executive



Director



Chief Financial Officer

Selected Notes to the Condensed Interim Financial Statements (Un-audited) For the three month period ended 31 December 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 Companies Act 1913 (Now Companies Act, 2017). Its registered office is situated at 19, Dockyard Road, West Wharf, Karachi. The Company is listed on Pakistan Stock Exchange Limited and is engaged in the manufacture and sale of sugar whereas molasses and bagasse are its significant by-products. The business units of the Company along with their locations are as follows:

Business Unit	Address
Registered Office	19, Dockyard Road, West Wharf, Karachi
Head Office	72-C/1, M. M. Alam Road, Gulberg-III, Lahore.
Production Plant	Kuthiala Saidan, Mandi Bahauddin

- 1.1 The Company is in the process to setup a bagasse-based co-generation power project with an installed capacity of 32 MW. The project is being financed through a combination of debt and equity. The Company has received power generation license and upfront tariff (revised dated 24 January 2022) for thirty years from the National Electric Power Regulatory Authority (NEPRA). The Company has achieved all other milestones (NOCs/Licenses/Approvals) as per Letter of Intent (LOI) issued by Alternative Energy Development Board (AEDB) in respect of power project including revised Energy Purchase Agreement (EPA), which has been initialed and vetted by 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-G). The Company has to achieve Commercial Operation Date (COD) of the project before 31 December 2023 in compliance with Indicative Generation Capacity Expansion Plan (IGCEP) 2021, as required by NEPRA, as per the terms and conditions of generation tariff. The Company is in the process of finalization of revised syndicate term finance facility to achieve financial close as per the conditions of Letter of Support (LOS) issued by AEDB.

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 2022. 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.

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

For the three month period ended 31 December 2022

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 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 JUDGMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

	Note	(Un-audited) 31 December 2022	(Audited) 30 September 2022
(Rupees in thousand)			
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	2,503,672	2,511,032
Capital work-in-progress	7.2	1,752,824	1,715,008
		4,256,496	4,226,040
7.1 Operating fixed assets			
Opening book value		2,511,032	1,934,935
Surplus on revaluation of land		-	422,373
Add: Cost of additions during the period / year	7.1.1	1,071	192,871
Less: Book value of deletions during the period / year	7.1.2	(237)	(5,011)
		2,511,866	2,545,168
Less: Depreciation charged during the period / year		(8,194)	(34,136)
		2,503,672	2,511,032
7.1.1 Cost of additions			
Plant and machinery		-	184,741
Motor vehicles		640	6,616
Furniture and fittings		23	147
Office equipment		408	1,367
		1,071	192,871

Selected Notes to the Condensed Interim Financial Statements (Un-audited)
For the three month period ended 31 December 2022

	(Un-audited) 31 December 2022 (Rupees in thousand)	(Audited) 30 September 2022
7.1.2 Book value of deletions		
Plant and machinery	-	3,189
Motor vehicles	237	1,797
Furniture and fittings	-	25
	237	5,011
7.2 Capital work in progress		
Civil works and buildings	50,578	50,469
Plant and machinery	1,061,905	1,057,753
Other directly attributable overheads	590,792	556,472
Advances to suppliers	49,549	50,314
	1,752,824	1,715,008
8. LONG TERM BORROWINGS		
Opening balance	775,859	1,125,503
Less: Repaid during the period / year	(12,500)	(349,644)
	763,359	775,859
Less: Current portion shown under current liabilities	(244,888)	(257,388)
	518,471	518,471
9. CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
There has been no material change in the status of the contingencies reported in the annual audited financial statements of the Company for the year ended 30 September 2022.		
9.2 Commitments		
There has been no material change in the status of the commitments reported in the annual audited financial statements of the Company for the year ended 30 September 2022.		

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

For the three month period ended 31 December 2022

	(Un-audited) 31 December	
	2022	2021
	(Rupees in thousand)	
10. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross revenue	2,150,727	1,809,428
Less:		
Broker's commission on sugar	3,990	2,648
Sales tax / federal excise duty	312,085	241,694
Withholding tax on sales	3,195	1,737
	319,270	246,079
	1,831,457	1,563,349
Set out below is the disaggregation of the Company's revenue from contracts with customers:		
Major Products:		
Sugar	2,135,269	1,633,779
Molasses	-	151,573
Bagasse	13,083	15,361
Press mud	2,375	8,715
Gross revenue	2,150,727	1,809,428
Geographical region:		
Pakistan	2,150,727	1,809,428
Type of customer:		
Non-government customers	2,150,727	1,809,428
Timing of transfer of goods:		
Goods transferred to customers at a point in time	2,150,727	1,809,428

Selected Notes to the Condensed Interim Financial Statements (Un-audited)
For the three month period ended 31 December 2022

		(Un-audited) 31 December	
		2022	2021
		(Rupees in thousand)	
11. COST OF SALES			
Cost of sugarcane procured		1,957,832	1,997,923
Process materials		41,445	38,498
Fuel and power		12,863	7,308
Stores and spares consumed		33,047	34,324
Repairs and maintenance		8,902	10,173
Salaries, wages and other benefits		73,863	69,907
Company's contribution to provident fund		626	603
Rent, rates and taxes		430	617
Insurance		1,304	1,400
Conveyance and travelling		4,674	3,239
Depreciation		7,249	5,340
Ijarah rentals		1,068	-
Other expenses		602	3,492
		2,143,905	2,172,824
Add: Opening stock of sugar and molasses in process		4,232	9,349
Less: Closing stock of sugar and molasses in process		(32,478)	(95,531)
Cost of sugar manufactured		2,115,659	2,086,642
Packing material consumed		22,793	25,154
Cost of sugar bagged		2,138,452	2,111,796
Add: Opening stock of sugar and by-products		2,069,345	948,220
Less: Closing stock of sugar and by-products		(2,629,462)	(1,798,213)
		1,578,335	1,261,803
12. EARNINGS PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders	(Rupees in thousand)	42,183	107,334
Weighted average number of ordinary shares	(Numbers)	12,011,096	12,011,096
Earnings per share	(Rupees)	3.51	8.94

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

For the three month period ended 31 December 2022

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 cogeneration 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) 31 December	
	2022	2021
	(Rupees in thousand)	
i) Transactions		
Shahtaj Textile Limited		
Dividend received	14,950	13,225
Shahnawaz (Private) Limited		
Purchases and services	90	56
Utilities paid	110	49
Shezan International Limited		
Sale of sugar	136,440	69,900
Shezan Services (Pvt) Limited		
Interest charged	2,287	2,287
State Life Insurance Corporation of Pakistan		
Premium paid	185	440
Staff Provident Fund Trust		
Contributions paid	1,368	1,280
Key Management Personnel		
Remuneration and benefits	18,180	17,477

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

For the three month period ended 31 December 2022

As at 31 December 2022 (Un-audited)

	Associated companies	Other related parties	Total
(Rupees in thousand)			
ii) Period end balances			
Investment in associate	175,492	-	175,492
Loans from directors	-	146,000	146,000
Loans from associates	102,731	-	102,731
Accrued interest on borrowings	49,507	-	49,507

As at 30 September 2022 (Audited)

	Associated companies	Other related parties	Total
(Rupees in thousand)			
Investment in associate	190,443	-	190,443
Loans from directors	-	146,000	146,000
Loans from associates	102,731	-	102,731
Accrued interest on borrowings	47,220	-	47,220

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 2022.

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.

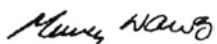
Corresponding figures have been re-measured, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

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 January 2023.



Chief Executive



Director



Chief Financial Officer

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