

# Condensed Interim Report

For the Nine Months Period  
Ended 30 June 2015



**Shakarganj Limited**  
(Formerly Shakarganj Mills Limited)



## > CONTENTS

|  |    |
|--|----|
| Vision, Mission and Values                           | 2  |
| Company Information                                  | 3  |
| Shareholders' Information                            | 4  |
| Company Profile                                      | 5  |
| Directors' Review                                    | 7  |
| Condensed Interim Balance Sheet                      | 8  |
| Condensed Interim Profit and Loss Account            | 10 |
| Condensed Interim Statement of Comprehensive Income  | 11 |
| Condensed Interim Cash Flow Statement                | 12 |
| Condensed Interim Statement of Changes in Equity     | 13 |
| Notes to the Condensed Interim Financial Information | 14 |

## > VISION, MISSION & VALUES

To gain and maintain leadership in the industries it competes in by producing the best quality products with lowest possible cost.

To give the best returns to shareholders by optimal allocation of resources to the products and markets the company competes in.

To provide the best value products and services to its customers through investment in technology, human resources, operational systems and processes.

To provide the best working environment to its employees and provide opportunities to them for enhancing their skills.

To work with its farmers, suppliers and distributors as partners developing their expertise and profitability.

To pursue environment friendly policies and effectively and efficiently use all energy resources aiming for zero waste and a clean healthy environment in its vicinity.

To be a socially responsible corporate citizen supporting education, health, environment and socio economic development of the society.



## > COMPANY INFORMATION

### Board of Directors

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|   |                   |
|---|-------------------|
| 1. Chairman (Non-Executive)             | Muhammad Anwar    |
| 2. Chief Executive Officer              | Ahsan M. Saleem   |
| <i>In alphabetic order:</i>             |                   |
| 3. Executive Director                   | Ali Altaf Saleem  |
| 4. Non-Executive Director               | Khalid Bashir     |
| 5. Non-Executive Director               | Muhammad Arshad   |
| 6. Non-Executive Director (Independent) | Shehryar Mazhar   |
| 7. Non-Executive Director (NIT)         | Sheikh Asim Rafiq |

### Audit Committee

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|          |                               |
|----------|-------------------------------|
| Chairman | Khalid Bashir                 |
| Member   | Muhammad Anwar                |
| Member   | Sheikh Asim Rafiq (NIT)       |
| Member   | Shehryar Mazhar (Independent) |

### Human Resource & Remuneration Committee

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|          |                 |
|----------|-----------------|
| Chairman | Muhammad Anwar  |
| Member   | Ahsan M. Saleem |
| Member   | Khalid Bashir   |

### Chief Financial Officer

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S. M. Chaudhry

### Company Secretary

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Asif Ali

### Management Committees

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#### Executive Committee

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|          |                  |
|----------|------------------|
| Chairman | Ahsan M. Saleem  |
|          | Anjum M. Saleem  |
|          | Ali Altaf Saleem |

#### Business Strategy Committee

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|          |                        |
|----------|------------------------|
| Chairman | Ahsan M. Saleem        |
|          | Anjum M. Saleem        |
|          | Ali Altaf Saleem       |
|          | Muhammad Pervez Akhtar |
|          | S. M. Chaudhry         |
|          | Manzoor Hussain Malik  |

#### System & Technology Committee

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|          |                        |
|----------|------------------------|
| Chairman | Muhammad Pervez Akhtar |
|          | S. M. Chaudhry         |
|          | Ibrahim Ahmad Cheema   |

## > SHAREHOLDERS' INFORMATION

### Stock Exchange Listing

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Shakarganj Limited (Formerly Shakarganj Mills Limited) is a listed company and its shares are traded on all the three stock exchanges of Pakistan. Daily quotes on the Company's stock can be obtained from leading newspapers. Shakarganj is listed under 'Sugar & Allied Industries'

### Public Information

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Financial analysts, Stock brokers, interested investors and financial media desiring information about "Shakarganj" should contact Mr. Asif Ali at the Company's Office, Jhang. Tel: 047 763 1001 - 05 Fax: 047 763 1011 E-mail: info@shakarganj.com.pk

### Shareholders' Information

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Inquiries concerning lost stock certificates, dividend payment, change of address, verification of transfer deeds and share transfers should be directed to CorpTec Associates (Pvt) Limited, Share Registrar of the Company at Lahore. Tel: 042 3517 0336 - 7 Fax: 042 3517 0338 E-mail: info@corptec.com.pk

### Products

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- Sugar
- Bio Fuel
- Bio Power
- Building Materials
- Yarn
- Tiger Compost

### Legal Advisor

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Hassan & Hassan Advocates,  
Lahore

### Auditors

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KPMG Taseer Hadi & Co.  
Chartered Accountants

### Bankers

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Faysal Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank

### Works

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#### Principal Facility

Management House  
Toba Road, Jhang, Pakistan  
Tel: 047 763 1001 - 05  
Fax: 047 763 1011  
E-mail: info@shakarganj.com.pk

#### Satellite Facility

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Management House  
63 km, Jhang Sargodha Road  
Bhone, Pakistan  
Tel: 048 688 9211 - 13  
Fax: 047 763 1011

#### Website

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www.shakarganj.com.pk  
Note: This Interim Report is available on Shakarganj website.

#### Registered and Principal Office

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10<sup>th</sup> Floor, BOP Tower,  
10-B Block E 2, Gulberg III,  
Lahore, Pakistan  
Tel: 042 3578 3801- 06  
Fax: 042 3578 3811

#### Karachi Office

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12<sup>th</sup> Floor, Sidco Avenue Centre,  
264 R.A. Lines, Karachi, Pakistan  
Tel: 021 3568 8149  
Fax: 021 3568 0476

#### Faisalabad Office

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Nishatabad, New Lahore Road,  
Faisalabad, Pakistan  
Tel: 041 875 2810  
Fax: 041 875 2811

#### Share Registrar

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CorpTec Associates (Pvt) Limited  
503-E, Johar Town  
Lahore  
Tel: 042 3517 0336 - 7  
Fax: 042 3517 0338  
E-mail: info@corptec.com.pk



## > COMPANY PROFILE

Shakarganj Limited (Formerly Shakarganj Mills Limited) was incorporated in Pakistan in 1967 as a Public Limited Company and is listed on all three stock exchanges of Pakistan. Shakarganj is a leading manufacturer of food products, bio fuel and building materials as well as textiles. We transform renewable crops such as sugarcane and cotton into value added products comprising refined sugar, textiles, bio fuel and building materials in addition to generating bio power from biogas. The Company has two manufacturing facilities in Jhang District. Our registered office is in Lahore.

Shakarganj, through its interest in Shakarganj Food Products Limited, is also active in production of dairy and fruit products.

### **Sugar Business:**

We have two manufacturing facilities, located in District Jhang. We produce different types of sugar comprising pharmaceutical, beverage and commercial grades sugar as well as soft brown sugar, castor and icing sugar, sugar cubes, sachets and retail packs.

Our combined crushing capacity is of 20,000 MT of sugarcane per day which is extendable to 32,000 MT per day.

### **Bio Fuel Business:**

We have distilleries located at Jhang and Bhone where various grades of bio fuel are produced. Our products include rectified bio fuel for industrial and food grades, anhydrous bio fuel for fuel grade and extra neutral bio fuel for pharmaceutical and perfume grades. The combined capacity of our distilleries is 280,000 - 300,000 litres per day.

### **Bio Power Business:**

Biogas power generation facility is located at Jhang. This facility comprises an Effluent Treatment Plant (ETP) and a Power Generation Facility. ETP operations involve biological

treatment of distillery waste to produce methane and a biological de-sulphurization plant to remove sulphur from the methane gas. This gas is then used in the power house to produce electricity which is sold to a utility company on the national grid. The present capacity of this plant is 8 megawatts. For better control, from January 2014 ETP has been transferred to Bio Fuel Business.

### **Building Materials Business:**

Our Building Materials Division is located at Jhang facility, with a capability to produce 12 x 4 feet sheets of particle board of varying thickness. Our daily production capacity is 30 cubic metres.

### **Textile Business:**

Located at Jhang, this cotton spinning unit produces carded cotton yarns ranging from 10/s to 30/s and doubled cotton yarn ranging from 8 to 15 TPI. The installed capacity is 25,856 spindles for cotton spinning and 2,304 spindles for doubling.

### **Farming & Allied Business:**

This comprises different parcels of land mainly located at Jhang Division nearby our manufacturing facilities. Total area under cultivation is over 1,470 acres of which nearly 1,285 acres is owned land and rest is leased. The main crops include sugarcane, wheat, gram, maize, fodder and seasonal vegetables. A dairy farm located at Jhang has been developed, with a herd of 100 milking and fattening cattle. Small herd of rams and bucks for fattening purpose has also been developed.

Shakarganj has also launched a new product in the area of non chemicals fertilizers under the brand name of "Shakarganj Tiger Compost". The product as organic fertilizer has been developed using aerobic decomposition process with addition of standardized microbial culture in filter cake. The compost is a rich source of organic matter, with macro

and micro nutrients to help improve soil is very useful for better growth, yield and quality of all field crops in general and specifically for sugarcane. This is at its initial stage and would grow up in the farmer's community with the practical exposures.

#### **Business Vision and Strategy:**

Shakarganj's vision is to create country's leading renewable ingredients business. We aim to achieve this by building a consistent portfolio of distinctive, profitable, high-value solutions in products and services for our customers. Shakarganj is committed to provide long-term value for our shareholders. Our strategy is to build a stronger value added business with a low-cost commodity base.

We focus on five key business objectives to deliver consistent growth.

#### **- Serve our Customers:**

Delivering excellent customer service is at the core of everything we do. Our aim is to be the partner of choice in our customers' processes and to help them develop more successful consumer products.

#### **- Operate Efficiently and Safely:**

We aim to be the lowest-cost and most efficient producer in all our markets. Through our expertise in high-volume process management, our focus is on technical and manufacturing excellence and the efficient use of services such as logistics and utilities. We are continually working to improve operational efficiency and strive to ensure safe and healthy conditions for everyone at our sites.

#### **- Invest in Long Term Assets and Partnerships:**

We continually evaluate investment opportunities that would add strategic value by enabling us to enter new markets or add products, technologies and knowledge more efficiently than we could organically. We also aim to grow our business by forming joint ventures and partnerships to enhance the capabilities of our existing product portfolio. Using alliances and joint ventures can be an efficient way to lower our cost of investing in new areas and markets, and will help secure access to new and complementary technology and expertise.

#### **- Invest in Technology and People:**

We are investing in our research and development capabilities to help us in developing innovative solutions that meet our customers' product challenges. We are also complementing our own capabilities through business and technology partnerships, and university collaborations. To develop talent, improve leadership and help our employees succeed, we operate various programs designed to ensure the right skills at all levels to grow our business.

#### **- Grow the Contribution from Value Added Products:**

We are committed to grow the contribution from our value added products. Value added products utilize technology and intellectual property enabling us to obtain a price premium along with sustainable and/or higher margins.



## > DIRECTORS' REVIEW

I am pleased to present you the un-audited condensed interim financial information of the Company for the period ended 30 June 2015.

### **Financial and Operational Performance:**

#### Summary of operating performance:

In third quarter, Shakarganj performed well financially, and despite of all the challenges achieved significant profit before tax of Rs. 310 million as compared to the loss of Rs. 83 million in corresponding quarter of Fiscal 2014. It was one of the most difficult seasons to-date due to sugar price uncertainty and volatility in local as well as international markets. Sugar production was significantly reduced due to a sharp increase in sugarcane procurement costs in the absence of a corresponding rise in sugar prices. The floods in Jhang region also adversely affected our crushing campaign. During the season, Sindh Government issued notification reducing downward the sugarcane price to Rs. 155 per 40 kg as compared to Rs. 180 per 40 kg announced and enforced by the Punjab Government. This forced Shakarganj as well as all other Sugar Mills in Punjab to sell refined sugar at the rate below the cost of production.

In spite of 9% increase in average recovery of sugar at Shakarganj, the Sugar Division recorded operational losses of Rs. 565 million due to increased cost of production on account of higher sugarcane price and increased fixed overheads cost per unit due to low capacity utilization. However, Bio Fuel Division perform well and recorded operational profit of more than Rs. 450 million adding major positive contribution toward bottom line. It helped the Company to manage its affairs within range bound. With the share of profit from associated companies as well as sale of investments, your Company posted Rs. 275 million profit before tax as compared to Rs. 263 million loss before tax in the corresponding period. After tax profit for the period under review was Rs. 173 million as compared to Rs. 387 million loss in corresponding period of last year.

### **Business Segments:**

#### Sugar Division:

The Sugar Division crushed 615,394 MT (3QFY14: 1,259,272 MT) of sugarcane to produce 59,905 MT (3QFY14: 112,271 MT) of sugar at an average recovery rate of 9.73 percent (3QFY14: 8.92 percent) resulting in a 47 percent decrease in sugar production.

#### Bio-Fuel Division:

During the period under review, the performance of Bio-Fuel Division remained reasonable with production at 45.2 million litres (3QFY14: 61.1 million litres), down 26 percent when compared to the corresponding period last year mainly on account of low crushing level resulting shortage of molasses. Exports accounted for around 90 percent of total sales.

#### Bio-Power Division:

The Bio-Power Division generated 10.7 million units of power (3QFY 14: 8.6 million units) for the nine month period ended 30 June 2015. Performance during the period was good primarily due to timely startup of operations.

#### Building Materials Division:

In view of shortage of bagasse due to low crushing as mentioned above as well as depressed selling prices of particle board, this division could not start its operations whereas in the corresponding period of last year, this division was able to produce 5,823 cubic metres of particle board.

#### Textile Division:

Yarn production was almost same as in the corresponding period which was 3.91 million kg (3QFY14: 4.07 million kg). Raw material prices soared during the period while lower yarn demand dampened selling prices, shrinking margins and profits.

### **Outlook:**

The management is trying its best to deal with the situation of adverse business environment and financial pressure and hope to achieve similar results for the financial year 2014-15.

On behalf of the Board

**Ahsan M. Saleem**  
**Chief Executive Officer**

Date: 31 July 2015



## > CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at 30 June 2015

|  | Note | 30 June<br>2015<br>(Un-audited)<br>(Rupees in thousand)         | 30 September<br>2014<br>(Audited)                                 |
|--|------|---|---|
| <b>EQUITY AND LIABILITIES</b>  |      |   |   |
| <b>Share capital and reserves</b>  |      |   |   |
| Authorised capital<br>150,000,000 (30 September 2014: 150,000,000)<br>ordinary shares of Rs 10 each<br>50,000,000 (30 September 2014: 50,000,000)<br>preference shares of Rs 10 each |      | 1,500,000<br>500,000<br><hr/> 2,000,000                         | 1,500,000<br>500,000<br><hr/> 2,000,000                           |
| Issued, subscribed and paid up capital<br>69,523,798 (30 September 2014: 69,523,798)<br>ordinary shares of Rs 10 each<br>Reserves<br>Accumulated loss                                |      | 695,238<br>939,603<br>(2,076,356)<br><hr/> (441,515)            | 695,238<br>1,109,735<br>(2,459,840)<br><hr/> (654,867)            |
| Surplus on revaluation of property, plant and equipment  |      | 5,087,494   | 5,297,880   |
| <b>Non-current liabilities</b>   |      |   |   |
| Long term finances<br>Liabilities against assets subject to finance lease<br>Deferred taxation<br>Employees' retirement benefits   | 7    | -<br>-<br>1,089,825<br>9,287<br><hr/> 1,099,112                 | -<br>-<br>1,089,825<br>9,287<br><hr/> 1,099,112                   |
| <b>Current liabilities</b>   |      |   |   |
| Current portion of long term liabilities<br>Short term borrowings - secured<br>Trade and other payables<br>Accrued finance cost  |      | 1,114,230<br>878,182<br>3,707,992<br>583,331<br><hr/> 6,283,735 | 1,364,594<br>1,861,493<br>2,836,493<br>606,721<br><hr/> 6,669,301 |
| <b>Contingencies and commitments</b>   | 8    | <hr/> 12,028,826  | <hr/> 12,411,426  |

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

  
Chief Executive



|   | Note | 30 June<br>2015<br>(Un-audited)<br>(Rupees in thousand) | 30 September<br>2014<br>(Audited) |
|---|------|---|-----------------------------------|
| <b>ASSETS</b>   |      |   |                                   |
| <b>Non-current assets</b>                                       |      |   |                                   |
| Property, plant and equipment                                   | 9    | 9,786,208   | 10,254,043                        |
| Intangible assets   |      | 797   | 865                               |
| Biological assets   |      | 8,220   | 13,654                            |
| Investments - related parties                                   | 10   | 858,741   | 603,687                           |
| Long term loans, advances, deposits and prepayments             |      | 36,928  | 37,359                            |
|   |      | 10,690,894  | 10,909,608                        |
| <b>Current assets</b>   |      |   |                                   |
| Biological assets   |      | 14,802  | 29,477                            |
| Stores, spares and loose tools                                  |      | 102,984   | 100,287                           |
| Stock-in-trade  | 11   | 532,397   | 479,944                           |
| Trade debts   |      | 351,894   | 38,888                            |
| Investments   | 12   | -   | 295,721                           |
| Loans, advances, deposits, prepayments<br>and other receivables |      | 326,923   | 462,509                           |
| Cash and bank balances  |      | 8,932   | 94,992                            |
|   |      | 1,337,932   | 1,501,818                         |
|   |      | 12,028,826  | 12,411,426                        |

  
**Chairman**

## > CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the Nine Months Period Ended 30 June 2015 (Un-Audited)

|  | Note | Quarter ended   |                 | Nine months ended |                 |
|--|------|-----------------|-----------------|-------------------|-----------------|
|  |      | 30 June<br>2015 | 30 June<br>2014 | 30 June<br>2015   | 30 June<br>2014 |
| ----- (Rupees in thousand) -----           |      |                 |                 |                   |                 |
| Sales                                      | 13.1 | 1,798,394       | 2,146,489       | 6,433,172         | 9,707,795       |
| Cost of sales                              | 13.2 | (1,604,035)     | (2,044,808)     | (6,216,083)       | (9,630,159)     |
| <b>Gross profit</b>                        |      | 194,359         | 101,681         | 217,089           | 77,636          |
| Administrative expenses                    |      | (59,825)        | (69,502)        | (200,883)         | (231,411)       |
| Distribution and selling costs             |      | (62,770)        | (101,838)       | (158,243)         | (241,490)       |
| Other operating expenses                   |      | (4,451)         | (3,669)         | (13,111)          | (32,438)        |
| Other income                               |      | 222,364         | 31,014          | 329,426           | 325,452         |
| <b>Profit / (loss) from operations</b>     |      | 289,677         | (42,314)        | 174,279           | (102,251)       |
| Finance cost                               |      | (62,303)        | (81,969)        | (196,266)         | (249,256)       |
| Share of income from associates            |      | 82,160          | 41,133          | 296,986           | 88,781          |
| <b>Profit / (loss) before taxation</b>     |      | 309,534         | (83,150)        | 274,999           | (262,726)       |
| Taxation                                   |      |                 |                 |                   |                 |
| - Company                                  |      | (17,981)        | (30,949)        | (64,173)          | (106,420)       |
| - Associates                               |      | (17,585)        | (7,573)         | (37,729)          | (17,876)        |
|  |      | (35,566)        | (38,522)        | (101,901)         | (124,296)       |
| <b>Profit / (loss) after taxation</b>      |      | 273,968         | (121,672)       | 173,098           | (387,022)       |
| <b>Earnings per share</b>                  |      |                 |                 |                   |                 |
| <b>Basic earnings / (loss) per share</b>   | 14.1 | 3.94            | (1.75)          | 2.49              | (5.57)          |
| <b>Diluted earnings / (loss) per share</b> | 14.2 | 3.64            | (1.62)          | 2.30              | (5.14)          |

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chairman

# > CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the Nine Months Period Ended 30 June 2015 (Un-Audited)



|  | Quarter ended                    |                 | Nine months ended |                 |
|--|----------------------------------|-----------------|-------------------|-----------------|
|  | 30 June<br>2015                  | 30 June<br>2014 | 30 June<br>2015   | 30 June<br>2014 |
|  | ----- (Rupees in thousand) ----- |                 |                   |                 |
| <b>(Loss) / profit after taxation for the period</b>                               | 369,283                          | (121,672)       | 173,098           | (387,022)       |
| <b><u>Other comprehensive income</u></b>   |                                  |                 |                   |                 |
| <b>Item that are or may be subsequently reclassified to profit or loss account</b> |                                  |                 |                   |                 |
| Fair value gain on ' Available for sale' investments                               | (49,700)                         | (34,202)        | -                 | 21,051          |
| Share of other comprehensive income of associates                                  | 73                               | (7,233)         | 282               | (921)           |
|  | (49,627)                         | (41,435)        | 282               | 20,130          |
| <b>Total comprehensive income / (loss) for the period</b>                          | 319,656                          | (163,107)       | 173,380           | (366,892)       |

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chairman

## > CONDENSED INTERIM CASH FLOW STATEMENT

For the Nine Months Period Ended 30 June 2015 (Un-Audited)

|   | Note | Nine months ended                 |                  |
|---|------|-----------------------------------|------------------|
|   |      | June 2015<br>(Rupees in thousand) | June 2014        |
| <b>Cash flows from operating activities</b>                         |      |                                   |                  |
| Cash generated from / (used in) operations                          | 15   | 1,010,939                         | 103,614          |
| Finance cost paid   |      | (193,442)                         | (518,963)        |
| Taxes paid  |      | (55,825)                          | (79,443)         |
| Employees' retirement benefits paid                                 |      | -                                 | (13,661)         |
| Net increase in long term advances, loans, deposits and prepayments |      | 431                               | 26,545           |
| <b>Net cash used in operating activities</b>                        |      | <b>762,103</b>                    | <b>(481,908)</b> |
| <b>Cash flows from investing activities</b>                         |      |                                   |                  |
| Fixed capital expenditure   |      | (8,374)                           | (98,998)         |
| Dividend received   |      | 4,488                             | 16,611           |
| Proceeds from sale of investment                                    |      | 381,216                           | 657,818          |
| Sale proceeds from sale of livestock                                |      | 4,579                             | 1,096            |
| Proceeds from sale of property, plant and equipment                 |      | 3,604                             | 56,285           |
| <b>Net cash generated from investing activities</b>                 |      | <b>385,513</b>                    | <b>632,812</b>   |
| <b>Cash flows from financing activities</b>                         |      |                                   |                  |
| Repayment of finance lease  |      | (9,931)                           | (3,641)          |
| Short term financing - net  |      | (983,311)                         | 581,106          |
| Long term financing - net   |      | (240,433)                         | (766,518)        |
| <b>Net cash generated from financing activities</b>                 |      | <b>(1,233,675)</b>                | <b>(189,053)</b> |
| <b>Net increase / (decrease) in cash and cash equivalents</b>       |      | <b>(86,060)</b>                   | <b>(38,149)</b>  |
| <b>Cash and cash equivalents at the beginning of the period</b>     |      | <b>94,992</b>                     | <b>100,369</b>   |
| <b>Cash and cash equivalents at the end of the period</b>           |      | <b>8,932</b>                      | <b>62,220</b>    |

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chairman

# > CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Nine Months Period Ended 30 June 2015 (Un-Audited)

(Rupees in thousand)

|  | CAPITAL RESERVE |               |   |                    | REVENUE RESERVE   |         |                       |   | Total       |                  |
|--|-----------------|---------------|---|--------------------|---|---------|-----------------------|---|-------------|------------------|
|  | Share Capital   | Share Premium | Share in capital reserves of associates | Fair Value Reserve | Difference of Capital Under Scheme of Arrangement of Merger | General | Dividend Equalization | Equity Investment Market Value Equalization |             | Accumulated loss |
| <b>Balance as at 01 October 2013 Restated</b>  | 695,238         | 243,282       | 26,865                                  | 245,504            | 155,930   | 410,606 | 22,700                | 83,000                                      | (1,857,703) | 25,422           |
| Loss for the nine months period ended 30 June 2014   | -               | -             | -                                       | -                  | -   | -       | -                     | -   | (387,022)   | (387,022)        |
| Other comprehensive income for the year:   |                 |               |   |                    |   |         |                       |   |             |                  |
| Fair value gain on 'Available for sale' investments  | -               | -             | -                                       | 21,051             | -   | -       | -                     | -   | -           | 21,051           |
| Gain realised on disposal of 'Available for sale' investments transferred to profit and loss | -               | -             | (921)                                   | (122,204)          | -   | -       | -                     | -   | -           | (122,204)        |
| Share of other comprehensive loss of associates  | -               | -             | (921)                                   | (101,153)          | -   | -       | -                     | -   | -           | (921)            |
| Surplus on property, plant and equipment transferred to accumulated losses on account of:    |                 |               |   |                    |   |         |                       |   |             |                  |
| - disposal of land   | -               | -             | -                                       | -                  | -   | -       | -                     | -   | 16,181      | 16,181           |
| - incremental depreciation for the period - net of deferred tax                              | -               | -             | -                                       | -                  | -   | -       | -                     | -   | 32,250      | 32,250           |
| <b>Balance as at 30 June 2014</b>  | 695,238         | 243,282       | 25,944                                  | 144,351            | 155,930   | 410,606 | 22,700                | 83,000                                      | (2,196,294) | (415,243)        |
| Loss for the three months period ended 30 September 2014                                     | -               | -             | -                                       | -                  | -   | -       | -                     | -   | (251,787)   | (251,787)        |
| Other comprehensive income for the year:   |                 |               |   |                    |   |         |                       |   |             |                  |
| Fair value loss on 'Available for sale' investments  | -               | -             | -                                       | 26,063             | -   | -       | -                     | -   | -           | 26,063           |
| Loss realized on disposal of 'available for sale' investments transferred to profit and loss | -               | -             | -                                       | -                  | -   | -       | -                     | -   | (21,336)    | (21,336)         |
| Remeasurement loss on employee retirement benefits   | -               | -             | (2,141)                                 | -                  | -   | -       | -                     | -   | -           | (2,141)          |
| Share of other comprehensive loss of associates  | -               | -             | (2,141)                                 | 26,063             | -   | -       | -                     | -   | (21,336)    | 2,586            |
| Surplus on property, plant and equipment transferred to accumulated losses on account of:    |                 |               |   |                    |   |         |                       |   |             |                  |
| - disposal of land   | -               | -             | -                                       | -                  | -   | -       | -                     | -   | 5,037       | 5,037            |
| - incremental depreciation for the period - net of deferred tax                              | -               | -             | -                                       | -                  | -   | -       | -                     | -   | 4,540       | 4,540            |
| <b>Balance as at 30 September 2014</b>   | 695,238         | 243,282       | 23,803                                  | 170,414            | 155,930   | 410,606 | 22,700                | 83,000                                      | (2,459,840) | (654,867)        |
| Profit for the nine months period ended 30 June 2015   | -               | -             | -                                       | -                  | -   | -       | -                     | -   | 173,098     | 173,098          |
| Other comprehensive income for the year:   |                 |               |   |                    |   |         |                       |   |             |                  |
| Fair value gain on 'Available for sale' investments  | -               | -             | -                                       | (170,414)          | -   | -       | -                     | -   | -           | (170,414)        |
| Gain realised on disposal of 'Available for sale' investments transferred to profit and loss | -               | -             | 282                                     | -                  | -   | -       | -                     | -   | -           | 282              |
| Share of other comprehensive profit of associates  | -               | -             | 282                                     | (170,414)          | -   | -       | -                     | -   | -           | (170,132)        |
| Surplus on property, plant and equipment transferred to accumulated losses on account of:    |                 |               |   |                    |   |         |                       |   |             |                  |
| - disposal of land   | -               | -             | -                                       | -                  | -   | -       | -                     | -   | 210,386     | 210,386          |
| - incremental depreciation for the period - net of deferred tax                              | -               | -             | -                                       | -                  | -   | -       | -                     | -   | (2,076,356) | (2,076,356)      |
| <b>Balance as at 30 June 2015</b>  | 695,238         | 243,282       | 24,085                                  | -                  | 155,930   | 410,606 | 22,700                | 83,000                                      | (2,076,356) | (441,515)        |

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chairman



## > NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Nine Months Ended 30 June 2015 (Un-Audited)

### 1. THE COMPANY AND ITS OPERATIONS

**1.1** The Company is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The name of the Company has been changed from 'Shakarganj Mills Limited' to 'Shakarganj Limited' on 29 January 2015. It is principally engaged in manufacture, purchase and sale of sugar, bio fuel, building materials, yarn (textile) and engaged in generation and sale of electricity (bio power). The Company has its principal manufacturing facilities at Jhang and satellite manufacturing facilities at Bhone. The registered office of the Company is situated in Lahore.

### 1.2 Going concern assumption

The Company has been facing liquidity crunch for the last few years. During this interim period the liquidity position further deteriorated resulting in low level of cane procurement and consequent low level of crushing. The Company could only be able to crush 0.62 million tons of sugarcane in the current crushing season compared to 1.26 million tons of sugarcane in the crushing season 2013-2014. The Company has incurred a net profit of Rs. 173.098 million during the current period and as at the reporting date the current liabilities of the Company have exceeded its current assets by Rs. 4,946 million (30 September 2014: Rs. 5,168 million), the equity has eroded and stands at negative Rs. 442 million. The Company has not been able to meet its various obligations for long term loans and short term borrowings. Borrowings (including mark-up payable thereon) aggregating Rs.1,795 million (30 September 2014: Rs. 2,165 million) are over-due for payment.

In February 2010, the Company entered into agreements for a bridge finance facility of Rs. 2,466 million and short term running finance facility of Rs. 2,980 million from a consortium of its existing lenders that could not become operative due to delays in obtaining No-objection certificate from National Bank of Pakistan for creation of pari passu charge on the assets against the above facilities. Furthermore, the Company was not able to liquidate all of the specified assets as per timelines identified in the bridge loan agreement and subsequent to 30 June 2011, these facilities stood expired.

Furthermore the Company had issued redeemable preference shares in 2005 to the shareholders of the Company which were to be redeemed along with any outstanding dividend payable in December 2009. Due to liquidity crunch the Company has not redeemed the preference shares and preference dividend amounting to Rs. 64.79 million is also outstanding as on 30 June 2015.

The above conditions raise significant doubts on the Company's ability to continue as a going concern. However, the management is confident of the Company's ability to continue as a going concern based on its concerted effort to re-profile borrowings and utilisation of improved liquidity in cost efficient operational levels of cane crushing and bio fuel manufacturing.

The steps taken by management up till now and planned in future are as follows:

The Company undertook significant operational measures in previous years to improve its productivity and financial results in order to generate liquidity for financing of operations and repayment of borrowings. However as explained above because of the liquidity crunch, the operational performance is not consistently improving.



The Company repaid Rs. 1,666 million of the bridge loan through utilisation of improved liquidity resulting from operational results and sale of certain assets of the Company, namely, Sugar Unit at Dargai Shah, Power Division at Dargai Shah, partial disinvestment in Safeway Mutual Fund, full disinvestment in Asian Stocks Fund and partial disposal of agricultural land. Moreover during the current and prior periods, the Company also disposed off its entire holding in Asian Stock Fund, Crescent Jute Products Limited and Safeway Mutual Fund and in Altern Energy Limited. The realised proceeds were utilized towards repayment of bank borrowings and to finance operations.

The Company, in its efforts to re-profile its borrowings, continued the process of negotiations with its lenders seeking short term financing facilities for operational liquidity and relaxation in payments of its existing loans, the details of which are as follows:

#### **Long term financing - secured**

The Company requested its lenders for restructuring of over-due balances including mark-up to term borrowings under reduced and/or non-mark-up arrangements. As a result, the Company has in current and prior years successfully restructured/ rescheduled various loans amounting to Rs. 1,435 million with respective lenders (including term finance certificate holders), out of which Rs. 1,275 million has been repaid as of 30 June 2015. The Company expects relaxation in payment terms and support by the lenders for the remaining overdue loans.

#### **Short term financing- secured**

The Company has negotiated with its lenders for following short term secured financing for operational liquidity.

- Working capital line against pledge of sugar at 20% margin for 120 to 150 days with an incentive for lender to adjust 10% of the new disbursement against settlement of existing over-due loans (principal only); and
- An FE 25 loan in US Dollars with a maturity of 120-150 days after settlement of working capital against pledge of sugar. Such loan is being offered to be securitised against pledge of molasses/Bio Fuel with an incentive for lender to adjust 20% of the new disbursement against settlement of existing overdue loans (principal only).

As a result of above negotiations, the Company obtained working capital lines of Rs 1,100 million from a number of banks of which Rs 260 million has been utilized as of 30 June 2015. These facilities have been obtained against pledge of Sugar /Molasses /Bio Fuel at margin ranging from 15% to 25% and have resulted in significantly improved operational liquidity in current period.

The Company is confident that based on its above mentioned plan it will continue to be supported by the lenders and also be able to reschedule remaining of its existing over-due borrowings as well.

The condensed interim financial information have been prepared on a going concern basis based on management's expectation that:

- the Company will continue to get support of its lenders and will be able to obtain relaxation in payment terms of its over-due borrowings; and



- the Company will be able to generate adequate liquidity through new short term borrowings and will be successful in utilising such funds to increase its operations and achieve its budgeted targets for production of sugar, Bio Fuel etc.

The condensed interim financial information consequently, do not include any adjustments relating to the realisation of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

## **2. BASIS OF PREPARATION**

This condensed interim financial information is un-audited and has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in this condensed interim financial information does not include all the information reported for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 September 2014.

This condensed interim financial information is being submitted to the shareholders as required by section 245 the Companies Ordinance, 1984.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 September 2014 and should be read in conjunction with those financial statements.

## **4. ESTIMATES**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 September 2014.

## **5. SEASONALITY OF OPERATIONS**

Due to seasonal nature of sugar segment lower operating profits are usually expected in the last quarter than the first nine months.

## **6. TAXATION**

The provision for taxation for the nine months period ended 30 June 2015 has been made on an estimated basis.



|   | Note | 30 June<br>2015<br>(Rupees in thousand) | 30 September<br>2014 |
|---|------|---|----------------------|
| <b>7. LONG TERM FINANCES</b>  |      |   |                      |
| Long term loans - secured   |      | 641,274                                 | 826,557              |
| Redeemable Capital  |      |   |                      |
| Preference shares (non-voting) - unsecured                              |      | 345,756                                 | 345,756              |
| Term finance certificates (non-voting) - secured                        |      | 127,200                                 | 182,350              |
|   |      | 472,956                                 | 528,106              |
|   |      | 1,114,230                               | 1,354,663            |
| Less: Current portion shown under current liabilities                   | 7.1  |   |                      |
| - Long term loans - secured   |      | (641,274)                               | (826,557)            |
| - Redeemable capital - Preference Shares (non-voting) - secured         |      | (345,756)                               | (345,756)            |
| - Redeemable capital - term finance certificates (non-voting) - secured |      | (127,200)                               | (182,350)            |
|   |      | (1,114,230)                             | (1,354,663)          |
|   |      | -                                       | -                    |

**7.1** The aggregate current portion of Rs. 1,114 million (30 September 2014: Rs. 1,355 million) includes over-due principal installments aggregating to Rs. 840 million (30 September 2014: Rs. 888 million) and Rs. 274 million (30 September 2014: Rs. 467 million) representing principal installments which under the term of original loan agreements are due for repayment in period subsequent to 30 June 2016. However, as the Company could not repay on a timely basis the installments due up till the period ended 30 June 2015 and is not compliant with certain debt covenants, which represents a breach of the respective agreements, therefore these loans have been disclosed as a current liability under the guidance contained in "IAS 1 Presentation of financial statements".

Further the lenders as part of the financing/restructuring agreements have restricted dividend distribution by the company until full satisfaction of the entire over-due amount and other amounts due during the tenor of the finance facilities.

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There is no material change in the status of contingencies as set out in note 14.1 to the financial statements of the Company for the year ended 30 September 2014.

### 8.2 Commitments

The Company has the following commitments in respect of:

- (i) Contract for capital expenditure amounting to Rs. 76.18 million (30 September 2014: Rs. 76.18 million).
- (ii) Contracts for acquisition of intangible (computer software) amounting to Rs. 20 million (30 September 2014: Rs. 20 million).
- (iii) Contracts for other than capital expenditures Rs. 2.31 million (30 September 2014: Rs. 7.81 million).

(iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

|  | Note       | 30 June<br>2015<br>(Rupees in thousand) | 30 September<br>2014 |
|--|------------|---|----------------------|
| Not later than one year                              |            | 180                                     | 438                  |
| Later than one year and not later than five years    |            | 180                                     | 180                  |
|  |            | 360                                     | 618                  |
| <b>9. PROPERTY, PLANT AND EQUIPMENT</b>              |            |   |                      |
| <i>Operating assets - at net book value</i>          |            |   |                      |
| - Owned assets                                       |            | 9,694,916                               | 10,115,176           |
| - Leased assets                                      |            | -                                       | 55,600               |
|  |            | 9,694,916                               | 10,170,776           |
| Capital work in progress                             | 9.1<br>9.2 | 91,292                                  | 83,267               |
|  |            | 9,786,208                               | 10,254,043           |
| <b>9.1 Operating assets - at net book value</b>      |            |   |                      |
| Net book value at the beginning of the period / year |            | 10,115,176                              | 5,871,414            |
| Add: Additions during the period / year              | 9.1.1      | 2,086                                   | 315,213              |
| Transfer from leased assets - plant and machinery    |            | 53,863                                  | -                    |
| Effect of revaluation during the period / year       |            | -                                       | 4,303,799            |
|  |            | 55,949                                  | 4,619,012            |
| Less: Deletions during the period / year             |            | (2,670)                                 | (51,941)             |
| Depreciation charged during the period / year        |            | (473,539)                               | (323,309)            |
|  |            | (476,209)                               | (375,250)            |
|  |            | 9,694,916                               | 10,115,176           |
| <b>9.1.1 Additions during the period / year</b>      |            |   |                      |
| Freehold Land  |            | 100                                     | 2,181                |
| Building and roads on freehold land                  |            | -                                       | 5,618                |
| Plant and machinery                                  |            | 1,469                                   | 298,787              |
| Tools and equipments                                 |            | 32                                      | 2,072                |
| Laboratory equipment                                 |            | -                                       | 16                   |
| Office equipments                                    |            | 239                                     | 3,360                |
| Water, electric and weighbridge equipments           |            | 87                                      | 2,494                |
| Furniture and fixtures                               |            | 152                                     | 598                  |
| Vehicles   |            | -                                       | 65                   |
| Library books  |            | 7                                       | 22                   |
|  |            | 2,086                                   | 315,213              |



|  | Note | 30 June<br>2015<br>(Rupees in thousand) | 30 September<br>2014 |
|--|------|---|----------------------|
| <b>9.2 Capital work in progress</b>  |      |   |                      |
| Civil works  |      | 2,763                                   | 1,154                |
| Plant and machinery  |      | 46,654                                  | 41,001               |
|  |      | 49,417                                  | 42,155               |
| Advances to suppliers  |      | 58,459                                  | 57,696               |
| Less: Provision for doubtful advances  |      | (16,584)                                | (16,584)             |
|  |      | 41,875                                  | 41,112               |
|  |      | 91,292                                  | 83,267               |
| <b>10. INVESTMENTS - RELATED PARTIES</b>   |      |   |                      |
| In equity instruments of associates  | 10.1 | 858,741                                 | 603,687              |
| Available for sale   | 10.3 | -                                       | -                    |
|  |      | 858,741                                 | 603,687              |
| <b>10.1 In equity instruments of associates</b>  |      |   |                      |
| Cost   |      | 444,494                                 | 444,494              |
| Brought forward amounts of post acquisition reserves,<br>profits and negative goodwill recognized directly in<br>profit and loss account |      | 159,196                                 | 84,139               |
|  |      | 603,690                                 | 528,633              |
| Share of movement in reserves during the period / year   |      | 282                                     | (3,062)              |
| Share of profit for the period / year  |      |   |                      |
| - before taxation  |      | 296,986                                 | 122,618              |
| - provision for taxation   |      | (37,729)                                | (37,430)             |
|  |      | 259,257                                 | 85,188               |
|  |      | 863,229                                 | 610,759              |
| Dividend received during the period / year   |      | (4,488)                                 | (7,072)              |
| Balance as at period / year end  | 10.2 | 858,741                                 | 603,687              |

## 10.2 In equity instruments of associates

### Quoted

#### **Crescent Steel and Allied Products Limited**

2,992,068 (30 September 2014: 2,992,068)  
fully paid ordinary shares of Rs. 10 each  
Equity held: 4.82% (30 September 2014: 4.82%)

### Unquoted

#### **Shakarganj Food Products Limited**

74,654,596 (30 September 2014: 74,654,596)  
fully paid ordinary shares of Rs. 10 each  
Equity Held: 49.24% (30 September 2014: 49.24%)

|  | <b>30 June<br/>2015<br/>(Rupees in thousand)</b> | 30 September<br>2014 |
|--|--|----------------------|
|  | 262,571  | 264,369              |
|  | 596,070  | 339,318              |
|  | <u>858,741</u>                                   | <u>603,687</u>       |

**10.2.1** Investments in associates include goodwill amounting to Rs. 82.886 million (30 September 2014: Rs. 82.886 million).

**10.2.2** The Company's share of the results of its principal associates, all of which are incorporated in Pakistan, and its share of the assets (including goodwill) and liabilities are as follow:

### For the nine months ended 30 June 2015

| Name                                       | Percentage<br>interest<br>held | Assets                           | Liabilities        | Revenues         | Profit         |
|--|--------------------------------|----------------------------------|--------------------|------------------|----------------|
|  |                                | ----- (Rupees in thousand) ----- |                    |                  |                |
| Crescent Steel and Allied Products Limited | 4.82%                          | 318,216                          | (67,169)           | 90,700           | 3,269          |
| Shakarganj Food Products Limited           | 49.24%                         | 1,565,433                        | (1,040,627)        | 3,112,615        | 255,988        |
|  |                                | <u>1,883,649</u>                 | <u>(1,107,796)</u> | <u>3,203,315</u> | <u>259,257</u> |

### For the year ended 30 September 2014

| Name                                       | Percentage<br>(interest<br>held) | Assets                           | Liabilities      | Revenues         | Profit        |
|--|----------------------------------|----------------------------------|------------------|------------------|---------------|
|  |                                  | ----- (Rupees in thousand) ----- |                  |                  |               |
| Crescent Steel and Allied Products Limited | 4.82%                            | 297,021                          | (44,276)         | 194,161          | 26,659        |
| Shakarganj Food Products Limited           | 49.24%                           | 989,606                          | (721,550)        | 3,346,242        | 58,529        |
|  |                                  | <u>1,286,627</u>                 | <u>(765,826)</u> | <u>3,540,403</u> | <u>85,188</u> |

**10.2.3** The Company's investment in Crescent Steel and Allied Products Limited is less than 20% but it is considered to be associate as per the requirements of IAS-28 'Investments in Associate' because the company has significant influence over its financial and operating policies through chief executive of the company.



**10.2.4** The above figures of Crescent Steel and Allied Products Limited are based on un-audited consolidated condensed interim financial information as at 31 March 2015.

**10.2.5** The Company has assessed the recoverable amount of investment in Crescent Steel and Allied Products Limited based on value in use calculation. This calculation has been made on discounted cashflow methodology which assumes gross profit margin of 13.04% - 16.17%, EBITDA of 25.5% - 30%, terminal growth rate of 3.5% and weighted average cost of capital of approximately 15.16%.

**10.2.6** The Company has assessed the recoverable amount of investment in Shakarganj Food Products Limited based on value in use calculation. This calculation has been made on discounted cashflow methodology which assumes gross profit margin of 14.60% - 15.56%, EBITDA of 3.77% - 4.15%, terminal growth rate of 4% and weighted average cost of capital of approximately 14.64%.

|  | Note   | 30 June<br>2015<br>(Rupees in thousand) | 30 September<br>2014 |
|--|--------|---|----------------------|
| <b>10.3 Available for sale</b>   |        |   |                      |
| Associated companies - at cost   | 10.3.1 | 3,000                                   | 3,000                |
| Others - at cost   | 10.3.2 | 2,200                                   | 2,200                |
|  |        | 5,200                                   | 5,200                |
| Add: Cumulative fair value gain  | 10.3.3 | -                                       | -                    |
| Less: Cumulative impairment losses recognized                                  | 10.3.4 | (5,200)                                 | (5,200)              |
| Impairment loss  |        | (5,200)                                 | (5,200)              |
|  |        | -                                       | -                    |
| <b>10.3.1 Associated companies</b>   |        |   |                      |
| <i>Unquoted</i>  |        |   |                      |
| <b>Crescent Standard Telecommunications Limited</b>                            |        |   |                      |
| 300,000 (30 September 2014: 300,000) fully paid ordinary shares of Rs. 10 each |        |   |                      |
|  |        | 3,000                                   | 3,000                |
|  |        | 3,000                                   | 3,000                |
| <b>10.3.2 Others</b>   |        |   |                      |
| <i>Unquoted</i>  |        |   |                      |
| <b>Crescent Group Services (Private) Limited</b>                               |        |   |                      |
| 220,000 (30 September 2014: 220,000) fully paid ordinary shares of Rs. 10 each |        |   |                      |
|  |        | 2,200                                   | 2,200                |
|  |        | 2,200                                   | 2,200                |
| <b>10.3.3 Cumulative fair value gain</b>                                       |        |   |                      |
| As at October 01   |        | -                                       | 122,204              |
| Disposal of shares/units   |        | -                                       | (122,204)            |
| Fair value gain during the period / year                                       |        | -                                       | -                    |
| As at period / year end  |        | -                                       | -                    |

|   | <b>30 June<br/>2015<br/>(Rupees in thousand)</b> | 30 September<br>2014 |
|---|--|----------------------|
| <b>10.3.4 Cumulative impairment losses recognized</b> |  |                      |
| As at October 1                                       | 5,200  | 93,257               |
| Reversed during the period / year                     | -  | (88,057)             |
| As at period / year end                               | <u>5,200</u>                                     | <u>5,200</u>         |

**10.4** Investments with face value of Rs 594.246 million (30 September 2014: 594.246 million) and market value of Rs. 672.730 million (30 September 2014: 651 million) pledged as security against long term running finances and short term borrowings.

## 11. STOCK IN TRADE

The amount charged to profit and loss account on account of write down of finished goods to net realizable value amount to Nil (30 September 2014: Rs. 6.87 million).

|  | Note | <b>30 June<br/>2015<br/>(Rupees in thousand)</b> | 30 September<br>2014 |
|--|------|--|----------------------|
| <b>12. INVESTMENTS</b>   |      |  |                      |
| Available for sale - at cost   | 12.1 | -  | 125,307              |
| Add: Cumulative fair value gain  | 12.2 | -  | 170,414              |
|  |      | <u>-</u>   | <u>295,721</u>       |
| <b>12.1 Available for sale - at cost</b>   |      |  |                      |
| <b>Altern Energy Limited - Quoted</b>  |      |  |                      |
| Nil (30 September 2014: 12,530,582)<br>fully paid ordinary shares of Rs. 10 each |      | -  | 125,307              |
| <b>Innovative Investment Bank Limited - Unquoted</b>                             |      |  |                      |
| 51,351 (30 September 2014: 51,351)<br>fully paid ordinary shares of Rs. 10 each  |      | -  | -                    |
|  |      | <u>-</u>   | <u>125,307</u>       |
| <b>12.2 Cumulative fair value gain</b>   |      |  |                      |
| As at October 01   |      | 170,414  | 123,300              |
| Disposal of shares   |      | (170,414)  | -                    |
| Fair value gain during period / year   |      | -  | 47,114               |
| As at period / year end  |      | <u>-</u>   | <u>170,414</u>       |

**12.3** Investments with face value of Nil (30 September 2014: Rs. 124.66 million) and market value of Nil (30 September 2014: Rs. 294.2 million) are pledged as security against short term borrowings.

### 13. SEGMENTS INFORMATION

(Rupees in thousand)

|                               | Sugar         |              |                   |              | Bio Fuel      |              |                   |              | Bio Power     |              |                   |              | Building materials |              |                   |              | Sub-total carried forward |              |                   |           |  |
|-------------------------------|---------------|--------------|-------------------|--------------|---------------|--------------|-------------------|--------------|---------------|--------------|-------------------|--------------|--------------------|--------------|-------------------|--------------|---------------------------|--------------|-------------------|-----------|--|
|                               | Quarter ended |              | Nine months ended |              | Quarter ended |              | Nine months ended |              | Quarter ended |              | Nine months ended |              | Quarter ended      |              | Nine months ended |              | Quarter ended             |              | Nine months ended |           |  |
|                               | 30 June 2015  | 30 June 2014 | 30 June 2015      | 30 June 2014 | 30 June 2015  | 30 June 2014 | 30 June 2015      | 30 June 2014 | 30 June 2015  | 30 June 2014 | 30 June 2015      | 30 June 2014 | 30 June 2015       | 30 June 2014 | 30 June 2015      | 30 June 2014 | 30 June 2015              | 30 June 2014 | 30 June 2015      |           |  |
| <b>13.1 Sales</b>             |               |              |                   |              |               |              |                   |              |               |              |                   |              |                    |              |                   |              |                           |              |                   |           |  |
| External                      | 102,570       | 215,502      | 2,720,348         | 5,104,402    | 1,443,928     | 1,505,946    | 2,769,356         | 3,340,092    | -             | -            | -                 | -            | -                  | -            | -                 | -            | -                         | -            | -                 | -         |  |
| Intersegment                  | 88,776        | 194,973      | 525,823           | 1,016,133    | 55,398        | 80,491       | 131,208           | 124,128      | 48,449        | 70,713       | 121,588           | 103,016      | 3,599              | 11,498       | 8,972             | 48,543       | 1,732,946                 | 5,498,676    | 8,493,037         | -         |  |
|                               | 191,346       | 410,475      | 3,246,171         | 6,120,534    | 1,499,326     | 1,586,437    | 2,900,564         | 3,464,220    | 48,449        | 70,713       | 121,588           | 103,016      | 3,599              | 11,498       | 8,972             | 48,543       | 1,732,946                 | 5,498,676    | 8,493,037         | -         |  |
| <b>13.2 Segment expenses</b>  |               |              |                   |              |               |              |                   |              |               |              |                   |              |                    |              |                   |              |                           |              |                   |           |  |
| <b>Cost of sales</b>          |               |              |                   |              |               |              |                   |              |               |              |                   |              |                    |              |                   |              |                           |              |                   |           |  |
| Net of intersegment costs     | 325,681       | 466,309      | 3,617,293         | 6,561,112    | 1,022,430     | 1,191,380    | 1,680,679         | 1,872,518    | 15,617        | 16,349       | 46,956            | 38,427       | 6,359              | 5,672        | 16,427            | 13,702       | 1,679,710                 | 5,361,355    | 8,485,759         | -         |  |
| Intersegment cost             | 39,834        | 57,638       | 100,435           | 96,580       | 92,751        | 194,258      | 530,927           | 984,387      | 19,189        | 31,759       | 51,882            | 47,752       | 15                 | 6,222        | 122               | 37,383       | -                         | -            | -                 | -         |  |
|                               | 365,515       | 523,947      | 3,717,728         | 6,657,693    | 1,115,181     | 1,385,638    | 2,211,606         | 2,856,905    | 34,806        | 48,108       | 98,838            | 86,178       | 6,374              | 11,894       | 16,549            | 51,085       | 1,679,710                 | 5,361,355    | 8,485,759         | -         |  |
| Gross profit/(loss)           | (174,169)     | (113,472)    | (471,557)         | (537,158)    | 384,145       | 200,799      | 688,958           | 607,315      | 13,643        | 22,605       | 22,750            | 16,837       | (2,775)            | (396)        | (7,577)           | (2,542)      | 180,010                   | 53,236       | 137,321           | 7,278     |  |
| Administrative expenses       | (7,704)       | (20,755)     | (86,253)          | (129,618)    | (43,647)      | (37,637)     | (88,578)          | (73,437)     | (1,429)       | (1,566)      | (3,462)           | (2,182)      | (133)              | (249)        | (377)             | (955)        | (52,913)                  | (60,207)     | (178,670)         | (206,192) |  |
| Distribution and selling cost | (715)         | (3,743)      | (7,324)           | (15,114)     | (61,678)      | (97,548)     | (149,688)         | (225,092)    | -             | -            | -                 | -            | (3)                | (9)          | (41)              | (41)         | (62,396)                  | (101,300)    | (157,021)         | (240,247) |  |
|                               | (6,419)       | (24,498)     | (93,577)          | (144,732)    | (105,325)     | (135,185)    | (238,266)         | (298,529)    | (1,429)       | (1,566)      | (3,462)           | (2,182)      | (136)              | (258)        | (386)             | (996)        | (115,309)                 | (161,507)    | (335,691)         | (446,439) |  |
| <b>Segment results</b>        | (182,588)     | (137,970)    | (565,134)         | (681,890)    | 278,820       | 65,614       | 450,692           | 308,787      | 12,214        | 21,039       | 19,288            | 14,656       | (2,911)            | (654)        | (7,963)           | (3,539)      | 64,701                    | (108,271)    | (198,370)         | (439,161) |  |





### 13. SEGMENTS INFORMATION

(RUPEES IN THOUSAND)

|                                | Sub-total brought forward |              |              |                   |              |              |              |              |              |              |              |              | Total        |              |              |              |              |            |           |   |
|--------------------------------|---------------------------|--------------|--------------|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-----------|---|
|                                | Quarter ended             |              |              | Nine months ended |              |              | Textile      |              |              | Farms        |              |              | Others       |              |              | Total        |              |            |           |   |
|                                | 30 June 2015              | 30 June 2014 | 30 June 2015 | 30 June 2014      | 30 June 2015 | 30 June 2014 | 30 June 2015 | 30 June 2014 | 30 June 2015 | 30 June 2014 | 30 June 2015 | 30 June 2014 | 30 June 2015 | 30 June 2014 | 30 June 2015 | 30 June 2014 | 30 June 2015 |            |           |   |
| <b>13.1 Sales</b>              | 1,550,097                 | 1,732,946    | 5,498,676    | 8,493,036         | 908,211      | 1,159,722    | -            | 1,309        | 11,608       | 15,920       | 25,822       | 1,346        | 17,135       | 10,365       | 29,214       | 1,798,394    | 2,146,489    | 6,433,172  | 9,707,795 |   |
| External Intersegment          | -                         | -            | -            | -                 | -            | -            | -            | -            | -            | 14,449       | 13,446       | -            | -            | -            | -            | -            | -            | -          | -         |   |
| <b>13.2 Segment expenses</b>   | 1,550,097                 | 1,732,946    | 5,498,676    | 8,493,036         | 908,211      | 1,159,722    | 245,542      | 384,799      | 908,211      | 30,369       | 39,268       | 1,346        | 17,135       | 10,365       | 29,214       | 1,798,394    | 2,146,489    | 6,433,172  | 9,707,795 |   |
| Net of intersegment costs      | 1,370,087                 | 1,679,710    | 5,361,355    | 8,485,759         | 821,708      | 1,088,297    | 226,352      | 344,059      | 821,708      | 3,990        | 2,244        | 648          | 8,357        | 5,996        | 16,300       | 1,604,035    | 2,044,808    | 6,216,083  | 9,630,159 |   |
| Intersegment cost              | -                         | -            | -            | -                 | 105,672      | 87,753       | 40,796       | 55,996       | 105,672      | -            | 87,753       | -            | 41           | 304          | 41           | 624          | -            | -          | -         | - |
| Gross profit/(loss)            | 1,370,087                 | 1,679,710    | 5,361,355    | 8,485,759         | 927,380      | 1,176,051    | 267,148      | 400,055      | 927,380      | 31,011       | 42,046       | 689          | 8,661        | 6,037        | 16,924       | 1,604,035    | 2,044,808    | 6,216,083  | 9,630,159 |   |
| Administrative expenses        | 180,010                   | 53,236       | 137,321      | 7,277             | (19,169)     | (16,329)     | (21,506)     | (15,256)     | (19,169)     | (642)        | (2,778)      | 657          | 8,474        | 4,328        | 12,290       | 194,359      | 101,681      | 217,089    | 77,656    |   |
| Distribution and selling cost  | (52,913)                  | (60,207)     | (178,670)    | (206,192)         | (19,970)     | (22,282)     | (6,252)      | (8,047)      | (19,970)     | (1,871)      | (2,319)      | (45)         | (388)        | (371)        | (619)        | (59,825)     | (69,502)     | (200,883)  | (231,411) |   |
|                                | (62,396)                  | (101,300)    | (157,021)    | (240,247)         | (1,222)      | (1,242)      | (374)        | (537)        | (1,222)      | -            | -            | -            | -            | -            | -            | (62,770)     | (101,838)    | (158,243)  | (241,490) |   |
| <b>Segment results</b>         | (115,309)                 | (161,507)    | (335,691)    | (446,439)         | (21,192)     | (23,524)     | (6,626)      | (8,584)      | (21,192)     | (1,871)      | (2,319)      | (45)         | (388)        | (371)        | (619)        | (1,22,595)   | (171,340)    | (359,126)  | (472,901) |   |
| Other operating expenses       | 64,701                    | (108,271)    | (198,370)    | (439,162)         | (28,132)     | (23,840)     | (28,132)     | (23,840)     | (40,361)     | (2,513)      | (5,097)      | 612          | 8,086        | 3,957        | 11,672       | 71,764       | (69,659)     | (1,42,037) | (395,265) |   |
| Finance costs                  | -                         | -            | -            | -                 | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -          | -         |   |
| Other operating income         | -                         | -            | -            | -                 | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -          | -         |   |
| Share of income of associates  | -                         | -            | -            | -                 | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -          | -         |   |
| Taxation                       | -                         | -            | -            | -                 | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -          | -         |   |
| Profit / (loss) for the period | 273,968                   | (121,672)    | 173,098      | (387,022)         | 273,968      | (121,672)    | 173,098      | (387,022)    | 273,968      | (121,672)    | 173,098      | (387,022)    | 273,968      | (121,672)    | 173,098      | 273,968      | (121,672)    | 173,098    | (387,022) |   |



|                    | Segment assets              |                   | Segment liabilities |                   |
|--------------------|-----------------------------|-------------------|---------------------|-------------------|
|                    | 30 June 2015                | 30 September 2014 | 30 June 2015        | 30 September 2014 |
|                    | <b>(Rupees in thousand)</b> |                   |                     |                   |
| Sugar              | 6,014,414                   | 5,590,260         | 4,771,566           | 4,466,701         |
| Bio Fuel           | 2,886,918                   | 2,225,763         | 1,066,829           | 1,586,602         |
| Bio Power          | 240,577                     | 451,837           | 4,430               | 6,141             |
| Building materials | 120,288                     | 80,136            | 6,645               | 2,139             |
| Textile            | 360,865                     | 430,900           | 104,837             | 114,782           |
| Farms              | 601,441                     | 720,427           | 14,028              | 16,854            |
| Others             | -                           | 6,367             | -                   | -                 |
| Unallocated        | 1,804,323                   | 2,905,736         | 1,414,512           | 1,575,194         |
|                    | 12,028,826                  | 12,411,426        | 7,382,847           | 7,768,413         |

### 13.3 Segment assets and liabilities

## 14. EARNINGS / (LOSS) PER SHARE

### 14.1 Basic earnings / (loss) per share

|   |               | Quarter ended |               | Nine months ended |               |
|---|---------------|---------------|---------------|-------------------|---------------|
|   |               | 30 June 2015  | 30 June 2014  | 30 June 2015      | 30 June 2014  |
| Profit / (loss) for the period  | <b>Rupees</b> | 273,968,000   | (121,672,000) | 173,098,000       | (387,022,000) |
| Weighted average number of ordinary shares in issue during the period | <b>Number</b> | 69,523,798    | 69,523,798    | 69,523,798        | 69,523,798    |
| Earnings / (loss) per share - basic                                   | <b>Rupees</b> | 3.94          | (1.75)        | 2.49              | (5.57)        |

### 14.2 Diluted earnings / (loss) per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has a commitment to convert 1,000 preference shares into 167 ordinary shares of Rs. 10 each. For the purposes of computing the diluted EPS the convertible preference shares are assumed to have been converted into ordinary shares, and the profit is adjusted to eliminate the preference dividend.

|   |               | Quarter ended |               | Nine months ended |               |
|---|---------------|---------------|---------------|-------------------|---------------|
|   |               | 30 June 2015  | 30 June 2014  | 30 June 2015      | 30 June 2014  |
| Profit / (loss) for the period  | <b>Rupees</b> | 273,968,000   | (121,672,000) | 173,098,000       | (387,022,000) |
| Profit used to determine diluted earnings per shares                      | <b>Rupees</b> | 273,968,000   | (121,672,000) | 173,098,000       | (387,022,000) |
| Weighted average number of ordinary shares in issue during the period     | <b>Number</b> | 69,523,798    | 69,523,798    | 69,523,798        | 69,523,798    |
| Assumed conversion of convertible preference shares into ordinary shares  | <b>Number</b> | 5,774,108     | 5,774,108     | 5,774,108         | 5,774,108     |
| Weighted average number of ordinary shares for diluted earnings per share | <b>Number</b> | 75,297,906    | 75,297,906    | 75,297,906        | 75,297,906    |
| Earnings / (loss) per share - diluted                                     | <b>Rupees</b> | 3.64          | (1.62)        | 2.30              | (5.14)        |

The effect of conversion of preference shares into ordinary shares is anti-dilutive for the current period, accordingly the diluted EPS is restricted to the basic EPS.

## 15. CASH GENERATED FROM OPERATING ACTIVITIES

|  | <b>Nine months ended</b>                         |                 |
|--|--|-----------------|
|  | <b>30 June<br/>2015<br/>(Rupees in thousand)</b> | 30 June<br>2014 |
| Profit / (loss) before taxation                        | 274,999  | (262,726)       |
| <i>Adjustments for:</i>                                |  |                 |
| Depreciation on operating assets                       | 473,539  | 243,643         |
| Amortization of intangible assets                      | 68   | 45              |
| (Gain) / loss on sale of property, plant and equipment | (936)  | (18,221)        |
| Dividend income  | -  | (12,531)        |
| Share of profit from associates                        | (296,986)  | (88,781)        |
| Fair value gain on livestock                           | 856  | (444)           |
| Profit on sale of Investment                           | (255,909)  | (226,935)       |
| Provision for employee benefits                        | -  | 10,835          |
| Finance cost   | 196,266  | 249,256         |
| Markup waived off                                      | (26,214)   | (4,400)         |
|  | 90,684   | 152,467         |
| Profit / (loss) before working capital changes         | 365,683  | (110,259)       |
| <i>(Increase)/ decrease in current assets:</i>         |  |                 |
| Stock-in-trade   | (52,453)   | (588,798)       |
| Trade debts  | (313,006)  | (129,022)       |
| Stores and spares                                      | (2,697)  | (1,915)         |
| Other receivables                                      | 127,238  | (68,348)        |
| Biological assets                                      | 14,675   | 10,290          |
| <i>Increase in current liabilities:</i>                |  |                 |
| Trade and other payables                               | 871,499  | 991,666         |
|  | 645,256  | 213,873         |
| Cash generated from / (used in) operations             | 1,010,939  | 103,614         |



## 16. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, post employment benefit plans, other related companies, and key management personnel. The company in the normal course of business carries out transactions with various related parties. Transactions with related parties (other than disclosed elsewhere in this interim financial information) are as follows:

| Relationship with the company            | Nature of transactions                                 | Nine months ended                    |              |
|--|--|--------------------------------------|--------------|
|  |  | 30 June 2015<br>(Rupees in thousand) | 30 June 2014 |
| i. Associated / Related undertakings     |  |                                      |              |
| Crescent Steel & Allied Products Limited | Purchase of goods                                      | 39,537                               | 3,572        |
|  | Sale of goods  | 53                                   | 1,655        |
|  | Common expenses  | 6,074                                | 5,887        |
|  | Dividend income  | 4,488                                | 4,080        |
| Crescent Hadeed (Private) Limited        | Services Rendered                                      | 1,883                                | -            |
|  | Sale of land   | -                                    | 36,250       |
| Shakarganj Food Products Limited         | Sale of goods  | 10,941                               | 4,864        |
|  | Common expenses  | 1,239                                | 1,050        |
| Premier Insurance Limited                | Insurance expenses                                     | 4,043                                | 4,206        |
| Shakarganj Energy (Private) Limited      | Sale of bagasse and water                              | 241,018                              | -            |
|  | Purchase of electricity and steam                      | 248,734                              | -            |
|  | Advance against purchase                               | 40,000                               | -            |
| ii. Post employment benefit plans        |  |                                      |              |
|  | Expense charged in respect of retirement benefit plans | 9,430                                | 10,186       |
|  | Transactions with gratuity and pension fund account    |                                      |              |
|  | - Funds received                                       | 651,951                              | -            |
|  | - Funds repaid   | 651,951                              | -            |
|  | - Markup expense                                       | 21,561                               | -            |
| iii. Key Management Personnel            |  |                                      |              |
|  | Salaries and other employee benefit                    | 74,882                               | 78,902       |

## 17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on 31 July 2015 by the Board of Directors of the Company.

## 18. GENERAL

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework.

  
Chief Executive

  
Chairman

BOOK POST



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