



**Shakarganj Limited**

GROWING UP  
FOR THE FUTURE

Condensed Interim Report  
For the Six Months ended  
31 March 2017



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## 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

1. Chairman (Non-Executive)	Muhammad Anwar
2. Chief Executive Officer	Anjum Muhammad Saleem
In alphabetic order:	
3. Executive Director	Ali Altaf Saleem
4. Non-Executive Director	Hajerah Ahsan Saleem
5. Non-Executive Director	Khalid Bashir
6. Non-Executive Director	Muhammad Arshad
7. Non-Executive Director (Independent)	Sheikh Asim Rafiq

### Audit Committee

Chairman	Khalid Bashir
Member	Muhammad Anwar
Member	Sheikh Asim Rafiq (Independent)
Member	Hajerah Ahsan Saleem

### Human Resource & Remuneration Committee

Chairman	Muhammad Anwar
Member	Anjum Muhammad Saleem
Member	Khalid Bashir

Chief Financial Officer	Muhammad Asif
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Company Secretary	Asif Ali
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### Management Committees

#### Executive Committee

Chairman	Anjum Muhammad Saleem
	Ali Altaf Saleem
	Muhammad Pervez Akhtar

#### Business Strategy Committee

Chairman	Anjum Muhammad Saleem
	Ali Altaf Saleem
	Muhammad Pervez Akhtar
	Muhammad Asif
	Manzoor Hussain Malik

#### System & Technology Committee

Chairman	Muhammad Pervez Akhtar
	Muhammad Asif
	Ibrahim Ahmad Cheema

## SHAREHOLDERS' INFORMATION

### Stock Exchange Listing

Shakarganj Limited is a listed company and its shares are traded on the Pakistan Stock Exchange. Daily quotes on the Company's stock can be obtained from leading newspapers. Shakarganj is listed under 'Sugar & Allied Industries'

### Public Information

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

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

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

### Legal Advisor

Hassan & Hassan Advocates, Lahore

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Bankers

MCB Bank Limited  
National Bank of Pakistan  
Bank Islami Pakistan Limited

### Works

#### 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

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

#### Website

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

### Registered and Principal Office

Executive Floor, IT Tower, 73 E1,  
Hali Road, Gulberg III,  
Lahore, Pakistan  
UAN : 042 111 111 765  
Tel: 042 3578 3801- 06  
Fax: 042 3578 3811

### Karachi Office

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

### Faisalabad Office

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

### Share Registrar

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 was incorporated in Pakistan in 1967 as a Public Limited Company and is listed on the Pakistan Stock Exchange. 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 Limited, 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.

### 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 and PC yarns ranging from 10/s to 31/s and doubled cotton yarn ranging from 8 to 15 TPI. The installed capacity is 15,360 spindles for cotton and PC 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 1,285 acres which is owned land. 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 150 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 the unaudited condensed interim financial information of the Company for the Half Year ended 31 March 2017. This condensed interim financial information was subject to a limited scope review by the external auditors, KPMG Taseer Hadi & Company, Chartered Accountants. The auditor's review report is attached to this interim condensed financial information.

### Financial and Operational Performance:

#### Summary of operating performance:

During the first half of fiscal year 2017, Sugar Division reported outstanding performance and as a result, the Company earned an overall after tax profit of Rs. 1,055 million as compared to an after tax profit of Rs. 207 million in the first half of fiscal year 2016. Overall financial results of the Company were excellent, and along with exceptional performance of our sugar division, our bio fuel business also gained momentum and has started exports at full capacity. We are hopeful that the Company will meet all its production targets for the bio fuel division. Sugarcane crushing improved by more than 240% during the period under review, and sugar selling prices maintained their upward trend and allowed us to sell a large proportion of our total production at healthy margins, allowing the Sugar Division to achieve historically high level of operational profit of Rs. 1,033 million. Although the crushing season this year started two weeks sooner compared to the last season and the trade off in recovery due to early start up was compensated by higher prices.

The Company earned an overall gross profit of Rs. 1,235 million compared to a gross profit of Rs. 39 million in the same period last year. Despite all the challenges, your

Company achieved a historically high level of operational profit, and with the associated company contributing Rs 92 million, our after tax profit crossed one billion to reach Rs. 1,055 million. In spite of continued liquidity pressures, the overall performance of the Company was outstanding and the Company kept improving its key operating indicators and is hopeful for revival of other business segments as well where margins are available in the second half of fiscal year 2017.

During previous few years, due to worldwide decrease in overall fuel prices, the price of bio fuel also suffered setbacks. However, it has seen improvements recently and coupled with falling molasses prices, we hope that like sugar business, your Company would also be able to capture the momentum in bio fuel business and with the help of better environment we would be able to back on track in the area.

### Business Segments:

#### Sugar Division:

Due to better sugarcane crop, the crushing campaign was started fairly early on 14 November 2016 and the production of sugar was much higher. The Sugar Division crushed 1,535,951 MT (HYFY16: 450,804 MT) of sugarcane to produce 142,693 MT (HYFY16: 45,707 MT) of sugar at an average recovery rate of 9.37 percent (HYFY16: 10.16 percent) resulting in a 210 percent increase in sugar production. As discussed in our first quarter review, the management policy to sell on regular basis in light of an expected bumper crop proved fruitful for the Company with significant increase in gross profitability of this business.

Bio-Fuel Division:

The production of this division increased to 15.18 million litres (HYFY16: 9.53 million litres). During the period under review, the performance of Bio-Fuel Division was much better and the trend was improving in terms of productions and profitability. Better crushing compared to the corresponding period last year improved the overall raw material scenario in the area. During the period, exports accounted for 99.6 percent of total bio fuel sales. The Carbon Dioxide Plant established by Pak Gases (Private) Limited has also been commissioned, contributing Rs. 5,915,806 toward revenues during the period under review.

Bio-Power Division:

The Bio-Power Division was not operative due to non availability of raw material as well as due to heavy repair and maintenance involved to restart the power generation. Therefore, bio power generation remained nil as was the case in HYFY16.

Building Materials Division:

In view of better crushing and availability of surplus bagasse, the production of this division started during the period and we produced 1,578 cubic metres (HYFY16: Nil). The production is expected to improve further in second half of fiscal year 2017.

Textile Division:

Yarn production increased to 1.84 million kg (HYFY16: 1.68 million kg). The increase in production was mainly attributable to full operational days during the current period compared to corresponding period.

Outlook:

Pakistan's economic turnaround continues, achieving its highest growth rate in the last eight years. Inflation has fallen to its lowest level in decades and is expected to remain below the target. The national economy is expected to grow rapidly and, recently the national equity market outperformed regional giants like India and China crossing 52,000 points mark and remain one of the best worldwide. This rise is mainly driven by projects under China Pakistan Economic Corridor (CPEC) and China's recent One Belt, One Road (OBOR) initiatives as well as positive policies by the government at both national and provincial levels. Projects under CPEC are expected to substantially increase power generation in the country enhancing growth in industry as well as service sector resulting big global players are entering the area as well as in Pakistani market.

All these factors will have a positive impact on the Company financials and the management will try its best to achieve better results in all segments especially where margins are available. The management is confident for significant improvements in bio fuel business like sugar in the next half of fiscal year 2017. The future outlook of the distillery depends on continuous availability of good quality molasses and the management is striving hard to add to its molasses pool, a bulk quantity of molasses at reasonable cost to create enough margins for healthy bottom line. The Company has also entered into agreement for sale of carbon dioxide (CO<sub>2</sub>), produced as a by-product of bio fuel manufacturing process that will help generate additional liquidity. Commissioning of the CO<sub>2</sub> plant has been completed and revenue generation from this business has started during the period.

The textile division expected to remain under pressure due to phenomenal increase in cotton prices and shortage in cotton production in the country. However, this business is expected to emerge from the present hardship by improving electricity supply to the manufacturing operation and better marketing of yarn to achieve rational in revenue as well as government policies regarding export.

As explained in our last annual report, the Company has been in a tight liquidity position since 2009. During the period under review, the Company has successfully renewed its working capital lines for financing of its operations in fiscal year 2017. Negotiations with the Company lenders were being successfully finalized as fully explained in note 1.2 to the attached condensed interim financial information. Negotiations are also in process for the long term financing with one of the Company's lenders and hopefully this would be finalized soon. The Company remains committed to its best efforts to keep the operational profitability going on and to improve further its liquidity scenario.

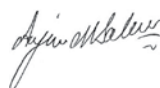
### Issue of Right Shares

In order to strengthen the working capital of the Company, the Board of Directors have declared 13.6363 % right shares at Rs. 65 per share (inclusive of Rs. 55 as premium per share) which will be offered to all the shareholders whose names will appear on the register of members on the book closure date after completing all legal formalities.

### Issue of Preference Shares

In order to further strengthen the working capital of the Company, the Board of Directors have decided to issue 50,000,000 redeemable preference shares of Rs. 10 per share at par carrying a preferred dividend of 8% per annum for a period of five years after which the shares will be redeemed. These preference shares will be offered to all the shareholders whose names will appear on the register of members on the book closure date.

On behalf of the Board



Anjum M. Saleem  
Chief Executive Officer

Date: 30 May 2017



KPMG Taseer Hadi & Co.  
Chartered Accountants  
2nd Floor,  
Servis House  
2-Main Gulberg Jail Road,  
Lahore Pakistan

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## Independent Auditor's Report on Review of Condensed Interim Financial Information to the Members

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of Shakarganj Limited ("the Company") as at 31 March 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-months period then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### *Scope of review*

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

### *Conclusion*

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

### *Other matters*

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 March 2017 and 31 March 2016, have not been reviewed and we do not express a conclusion on them.

Lahore  
Date: 30 May 2017

KPMG Taseer Hadi & Co.  
Chartered Accountants  
(Bilal Ali)

## CONDENSED INTERIM BALANCE SHEET

As at 31 March 2017 (Un-Audited)

	Note	31 March 2017 (Un-audited) (Rupees in thousand)	30 September 2016 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
150,000,000 (30 September 2016: 150,000,000)			
ordinary shares of Rs 10 each		1,500,000	1,500,000
50,000,000 (30 September 2016: 50,000,000)			
preference shares of Rs 10 each		500,000	500,000
		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid up capital			
110,000,000 (30 September 2016: 110,000,000)			
ordinary shares of Rs 10 each		1,100,000	1,100,000
Equity portion of director loan - net of tax		52,374	57,205
Reserves		928,486	906,114
Accumulated loss		(849,615)	(2,034,861)
		<u>1,231,245</u>	<u>28,458</u>
Surplus on revaluation of property, plant and equipment		4,817,441	4,942,775
<b>Non-current liabilities</b>			
Long term finances	7	448,558	491,213
Deferred taxation		778,418	810,042
		<u>1,226,976</u>	<u>1,301,255</u>
<b>Current liabilities</b>			
Current portion of long term liabilities		122,983	147,543
Short term borrowings	8	1,823,012	969,199
Trade and other payables		3,300,044	3,232,021
Accrued finance cost		118,916	218,545
		<u>5,364,955</u>	<u>4,567,308</u>
<b>Contingencies and commitments</b>			
	9		
		<u>12,640,617</u>	<u>10,839,796</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chairman

  
Chief Financial Officer

	Note	31 March 2017 (Un-audited) (Rupees in thousand)	30 September 2016 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	8,722,850	8,987,560
Intangible assets		669	685
Biological assets		14,864	7,734
Investments - related parties	11	1,068,738	954,356
Employees' retirement benefits		38,927	38,927
Long term loans, advances and deposits		36,531	36,531
		9,882,579	10,025,793
<b>Current assets</b>			
Biological assets		12,824	13,718
Stores, spares and loose tools		75,082	70,879
Stock-in-trade	12	2,021,252	347,650
Trade debts		242,935	13,154
Loans, advances, deposits, prepayments and other receivables	13	386,281	349,962
Cash and bank balances		19,664	18,640
		2,758,038	814,003
		12,640,617	10,839,796



Chief Executive



Chairman



Chief Financial Officer

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the Six Months Ended 31 March 2017 (Un-Audited)

	Note	Quarter ended		Half year ended	
		31 March	31 March	31 March	31 March
		2017	2016	2017	2016
----- (Rupees in thousand) -----					
Sales - net	14.1	6,156,931	2,868,846	8,736,823	3,461,956
Cost of sales	14.2	(5,061,097)	(2,771,704)	(7,502,125)	(3,423,293)
Gross profit		1,095,834	97,142	1,234,698	38,663
Administrative expenses		(78,081)	(68,272)	(137,455)	(121,783)
Distribution and selling costs		(27,274)	(30,186)	(33,392)	(41,083)
Other operating expenses		(54,987)	(23,791)	(70,391)	(34,324)
Other income		69,080	112,259	106,003	310,064
Profit from operations		1,004,572	87,152	1,099,463	151,537
Finance cost		(46,060)	(68,695)	(81,060)	(110,159)
Share of income from associate		60,081	99,881	132,167	186,352
Profit before taxation		1,018,593	118,338	1,150,570	227,730
Taxation					
- Company		(45,367)	(14,997)	(55,582)	(392)
- Associates		(20,454)	(7,972)	(40,157)	(20,493)
		(65,821)	(22,969)	(95,739)	(20,885)
Profit after taxation		952,772	95,369	1,054,831	206,845
Earnings per share - basic and diluted	Rupees	8.66	0.95	9.59	2.33

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chairman

  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 31 March 2017 (Un-Audited)

	Quarter ended		Half year ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	<b>(Rupees in thousand)</b>			
<b>Profit after taxation for the period</b>	952,772	95,369	1,054,831	206,845
<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	17,301	(20,317)	22,372	103,406
Share of other comprehensive (loss) / income of associates	-	(81)	-	(6)
	17,301	(20,398)	22,372	103,400
<b>Total comprehensive income for the period</b>	970,073	74,971	1,077,203	310,245

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chairman

  
Chief Financial Officer



## CONDENSED INTERIM CASH FLOW STATEMENT

For the Six Months Ended 31 March 2017 (Un-Audited)

		Half year ended	
	Note	31 March 2017 (Rupees in thousand)	31 March 2016
<b>Cash flows from operating activities</b>			
Cash used in operations	16	(608,500)	(162,514)
Finance cost paid		(173,478)	(161,982)
Taxes paid		(62,548)	(37,678)
<b>Net cash used in operating activities</b>		(844,526)	(362,174)
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(22,450)	(1,231)
Proceeds from sale of right allotment letters		-	31,682
Proceeds from sale of livestock		313	585
Proceeds from sale of property, plant and equipment		81,089	6,731
<b>Net cash generated from investing activities</b>		58,952	37,767
<b>Cash flows from financing activities</b>			
Proceeds against right shares		-	404,762
Short term borrowings - net		853,813	(965,440)
Long term finances obtained		-	200,000
Long term finances repaid		(67,215)	(317,750)
<b>Net cash generated from / (used in) financing activities</b>		786,598	(678,428)
<b>Net increase / (decrease) in cash and cash equivalents</b>		1,024	(1,002,835)
<b>Cash and cash equivalents at beginning of period</b>		18,640	1,528,456
<b>Cash and cash equivalents at end of period</b>		19,664	525,621

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chairman

  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 31 March 2017 (Un-Audited)

	CAPITAL RESERVE					REVENUE RESERVE			(Rupees in thousand)		
	Share Capital	Share Premium	Share in capital reserves of associates	Fair Value Reserve	Difference of Capital Under Scheme of Arrangement of Merger	Equity portion of director loan - net of tax	General	Dividend Equalization	Equity Investment Market Value Equalization	Accumulated loss	Total
<b>Balance as at 01 October 2015</b>	695,238	243,282	(2,331)	(16,247)	155,930	-	410,606	22,700	83,000	(2,303,988)	(711,810)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Profit for the six months period ended 31 March 2016	-	-	-	-	-	-	-	-	-	-	-
<i>Other comprehensive income for the period:</i>	-	-	-	-	-	-	-	-	-	-	-
Fair value gain on 'Available for sale' investments	-	-	-	103,406	-	-	-	-	-	-	103,406
Share of other comprehensive income of associates	-	-	(6)	103,406	-	-	-	-	-	-	(6)
Surplus transferred to accumulated losses on account of incremental depreciation on property, plant and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners of the Company, recognized directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-
Proceeds from right shares	404,762	-	-	-	-	49,275	-	-	-	-	404,762
Equity portion of loan from director - net of tax	-	-	-	-	-	-	-	-	-	-	49,275
<b>Balance as at 31 March 2016</b>	1,100,000	243,282	(2,337)	87,159	155,930	49,275	410,606	22,700	83,000	(1,958,527)	191,088
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	-	-	-	-
Loss for the six months period ended 30 September 2016	-	-	-	-	-	-	-	-	-	-	-
<i>Other comprehensive income for the period:</i>	-	-	-	-	-	-	-	-	-	-	-
Fair value gain on 'Available for sale' investments	-	-	-	(95,668)	-	-	-	-	-	-	(95,668)
Remeasurement gain on employee retirement benefits	-	-	-	-	-	-	-	-	-	-	26,732
Loss realized on disposal of 'Available for sale' investments	-	-	-	15,270	-	-	-	-	-	-	15,270
Transferred to profit and loss account	-	-	(8,301)	-	-	-	-	-	-	-	(8,301)
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-
Surplus transferred to accumulated losses on account of disposal of land	-	-	-	(80,398)	-	-	-	-	-	-	(80,398)
Incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	-	-
<i>Transactions with owners of the Company, recognized directly in equity</i>	-	-	-	-	-	-	-	-	-	-	-
Incremental cost on the issuance of right shares	-	(5,527)	-	-	-	7,930	-	-	-	-	(5,527)
Equity portion of loan from director - net of tax	-	-	-	-	-	-	-	-	-	-	7,930
<b>Balance as on 30 September 2016</b>	1,100,000	237,755	(10,638)	6,761	155,930	57,205	410,606	22,700	83,000	(2,034,861)	28,458
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	-	-	-	-
Profit for the six months period ended 31 March 2017	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-	-
Fair value gain on 'Available for sale' investments	-	-	-	22,372	-	-	-	-	-	-	22,372
Surplus transferred to accumulated losses on account of disposal of property, plant and equipment	-	-	-	22,372	-	-	-	-	-	-	1,077,203
Incremental depreciation on property, plant and equipment	-	-	-	-	-	-	-	-	-	-	4,286
Incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	-	-	-	121,298
<b>Transactions with owners of the Company, recognized directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-
Equity portion of loan from director - net of tax	-	-	-	-	-	(4,831)	-	-	-	-	4,831
<b>Balance as at 31 March 2017</b>	1,100,000	237,755	(10,638)	29,133	155,930	52,374	410,606	22,700	83,000	(849,615)	1,231,245

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chairman

  
Chief Financial Officer

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Six Months Ended 31 March 2017 (Un-Audited)

### 1. The Company and its operations

**1.1** The Company is incorporated in Pakistan and is listed on Pakistan Stock Exchange. 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. During the period the Company has changed its registered office and is now situated at E-floor, IT tower, 73-E/1, Hali Road, Gulberg-III, Lahore.

### 1.2 Going concern assumption

The Company undertook significant operational measures in the current period to improve its productivity and generate liquidity from operations. During this interim period, the Company has crushed 1.54 million tonnes (31 March 2016: 0.45 million tonnes) of sugarcane and produced sugar of 142,693 tonnes (31 March 2016: 45,707 tonnes) at average recovery of 9.37% (31 March 2016: 10.16%). Further 15.2 million litres (31 March 2016: 9.53 million litres) of bio fuel was produced during the period. The Company had faced liquidity crunch for the last few years mainly due to underutilization of available capacity. The liquidity crunch also constrained the Company to timely meet its obligations towards creditors and lenders of finance. However as of 31 March 2017, the Company has fully settled its over-due redeemable term finance certificates, repaid preference shares along with accrued markup and repaid restructured/rescheduled long term finances amounting to Rs. 1,315 million and as of this date long term loan of only Rs. 398.50 million is due to National Bank of Pakistan repayable in quarterly installments ending in December 2020. Over-due accrued markup as of 31 March 2017 amounts to Rs. 88.47 million.

The Company had faced difficulty in arranging working capital finance to meet operational liquidity from providers of finance. During this interim period working capital lines of only Rs. 1,100 million were available for utilization. The Company is evaluating to raise finances to the tune of Rs. 1,000 million through right issue to meet working capital requirements.

During the period ended 31 March 2017, the Company has earned profit after tax of Rs. 1,054.83 million. Although as at the reporting date the current liabilities of the Company have exceeded its current assets by Rs. 2,607 million (30 September 2016: Rs. 3,753 million), the management is confident that with the support of lenders and working capital finance raised through right issue, the Company will be able to increase capacity utilization and generate sufficient cashflows.

### 2. Basis of preparation

The condensed interim unconsolidated financial information for six months period ended 31 March 2017 has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and provisions of and directives issued under the Companies Ordinance, 1984 has been followed. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 has been followed.

This condensed interim unconsolidated financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and is un-audited but subject to limited scope review by external auditors as required by Code of Corporate Governance.

This condensed interim financial information does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 September 2016. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last financial statements.

### 3. Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements for the year ended 30 September 2016.

### 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 information, 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 2016.

### 5. Seasonality of operations

Due to seasonal nature of sugar segment, operating results are expected to fluctuate in the second half of the year than the first six months.

### 6. Taxation

The provision for taxation for the half year ended 31 March 2017 has been made on an estimated basis.

	Note	31 March 2017 (Rupees in thousand)	30 September 2016
<b>7. Long term finances</b>			
<b><i>Under interest/markup arrangements:</i></b>			
Long term loans - secured			
Interest bearing		312,650	312,650
Interest free		85,851	101,043
		398,501	413,693
Redeemable Capital			
Term finance certificates (non-voting) - secured	7.1	-	58,200
Loan from director	7.2	173,040	166,863
		571,541	638,756
Less: Current portion shown under current liabilities			
- Long term loans - secured		(122,983)	(89,343)
- Redeemable capital - term finance certificates (non-voting) - secured		-	(58,200)
		(122,983)	(147,543)
		448,558	491,213

**7.1 Redeemable term finance certificates (non-voting) - secured**

The term finance certificates (TFCs) were issued to finance the acquisition and establishment of the sugar plant at Dargai Shah (disposed off as a part of restructuring process) as well as the Company's existing business operations and for other purposes permitted by the Memorandum and Articles of Association. These have been fully repaid during the period

**7.2** This represents unsecured interest free loan obtained from executive director of the Company and is repayable in lump sum after five years.

	Note	31 March 2017 (Rupees in thousand)	30 September 2016
Loan from director		240,000	240,000
Equity portion of loan - Present value adjustment		(66,960)	(73,137)
	7.2.1	173,040	166,863

**7.2.1** This loan has been recognized at amortized cost using discount rate of 7.54%. The resulting change has been charged to equity (net of tax).

	Note	31 March 2017 (Rupees in thousand)	30 September 2016
<b>8. Short term borrowings</b>			
<i>Secured:</i>			
- Cash / Running finances	8.2	525,000	139,053
- Export refinance	8.3	786,512	331,215
<i>Unsecured:</i>			
- Short term interest free financing	8.4	511,500	498,931
		1,823,012	969,199
<b>8.1 Types of short term borrowings</b>			
Interest / mark-up based financing		1,211,512	370,268
Islamic mode of financing		100,000	100,000
Interest free financing		511,500	498,931
		1,823,012	969,199

**8.2 Cash / Running finances**

The Company has arranged this short term finance facility from MCB Bank Limited to meet working capital requirements. This finance was available at a mark-up ranging from 8.07% to 8.11% (30 September 2016: 8.10% to 8.36%) on the outstanding balance or part thereof. Expiry date of this facility is 30 September 2017.

The cash / running finance is secured against pledge of stock-in-trade and registered hypothecation charge on property, plant and equipment and current assets of the Company.

### 8.3 Export refinance

The Company has arranged facilities for short term finances to meet working capital requirements from various banks under mark up arrangements to the extent of Rs. 875 million (2016: Rs. 875 million). These finances were available at a mark-up ranging from 8.07% to 8.32% (30 September 2016: 8.05% to 9.25%) on the outstanding balance or part thereof. Foreign currency borrowings were available at mark-up rates based on LIBOR ranging from 3.43% to 4.86% (30 September 2016: 3.43% to 3.94%). Expiry date of the finances obtained from Bank Islamic Pakistan Limited is 15 July 2017 for MCB Bank Limited 30 September 2017 and that of National Bank of Pakistan is 31 March 2017.

The aggregate export finance is secured against lien on export contracts, pledge of stock-in-trade and registered hypothecation charge on property, plant and equipment and current assets of the Company.

### 8.4 Short term interest free financing

It represents unsecured short term interest free financing provided by a sugar agent for financing the operations of the Company.

## 9. Contingencies and commitments

### 9.1 Contingencies

There is no material change in the status of contingencies as set out in note 13.1 to the financial statements of the Company for the year ended 30 September 2016 except as disclosed below.

- The Government of Punjab under the powers conferred through the Punjab Excise Act, 1914 through notification No. SO. Tax (E&T) 3-4/2012 dated 03 July 2012, levy a charge of Rs. 2 per litre on manufacturing of spirit (ethanol). The management through its legal council challenged the imposition of said levy through a writ petition in the Honorable Lahore High Court. During this interim period, the Honorable Lahore High Court restrained the department from collection of excise duty while directing the Company to deposit the amount of excise duty with Deputy Registrar of the Court till the finalization of this case. The amount shall be deposited at the end of every month and shall be certified by the concerned excise and taxation officer. Consequently as referred in note 13, the Company deposited an advance of Rs. 30.37 million based on current periods production of ethanol with the Registrar of Court. However pending the finalization of this case, provision amounting to Rs. 295.60 million (30 September 2016: Rs. 265.23 million) in respect of current and prior years has not been incorporated in this condensed financial information.

### 9.2 Commitments

The Company has the following commitments in respect of:

- (i) Contracts for acquisition of intangible (computer software) amounting to Rs 20 million (30 September 2016: Rs. 20 million).
- (ii) Contracts for other than capital expenditures Rs. 1.87 million (30 September 2016: Rs 1.90 million)

	Note	31 March 2017 (Rupees in thousand)	30 September 2016
<b>10. Property, plant and equipment</b>			
Operating assets - at net book value	10.1	8,654,683	8,941,152
Capital work in progress	10.2	68,167	46,408
		8,722,850	8,987,560
<b>10.1 Operating assets - at net book value</b>			
Net book value at the beginning of the period / year		8,941,152	9,545,987
Add: Additions during the period / year	10.1.1	691	10,634
Less: Deletions during the period / year		19,644	32,665
Depreciation charged during the period / year		267,516	582,804
		287,160	615,469
		8,654,683	8,941,152
<b>10.1.1 Addition during the period/year</b>			
Building and roads on freehold land		-	1,693
Plant and machinery		-	8,374
Tools and equipment's		591	2
Office equipment's		-	220
Water, electric and weighbridge equipment's		-	209
Furniture and fixtures		100	136
		691	10,634
<b>10.2 Capital work-in-progress</b>			
Civil works		3,153	2,446
Plant and machinery		36,301	30,734
		39,454	33,180
Advances to suppliers		65,650	50,166
Less: Provision for doubtful advances and impairment		(36,937)	(36,938)
		28,713	13,228
		68,167	46,408

	Note	31 March 2017 (Rupees in thousand)	30 September 2016
<b>11. Investments - related parties</b>			
In equity instrument of associate	11.1	1,023,684	931,674
Available for sale	11.2	45,054	22,682
		<u>1,068,738</u>	<u>954,356</u>
<b>11.1 In equity instruments of associate</b>			
<b>Unquoted</b>			
<b><i>Shakarganj Food Products Limited</i></b>			
74,654,596 (30 September 2016: 74,654,596)			
fully paid ordinary shares of Rs. 10 each			
Equity Held: 49.24% (30 September 2016: 49.24%)	11.1.1	1,023,684	931,674
<b>11.1.1 Movement during the period / year</b>			
Cost		393,818	393,818
Brought forward amounts of post acquisition reserves		537,856	259,626
		<u>931,674</u>	<u>653,444</u>
Share of movement in reserves during the period / year		-	(8,307)
Share of profit for the period / year			
- before taxation		132,167	291,795
- provision for taxation		(40,157)	(5,258)
		<u>92,010</u>	<u>286,537</u>
		<u>1,023,684</u>	<u>931,674</u>
Dividends received during the period / year		-	-
		<u>-</u>	<u>-</u>
Balance as at period / year end	11.1	<u>1,023,684</u>	<u>931,674</u>

**11.1.2** Investment in associate includes goodwill amounting to Rs. 71.26 million (30 September 2016: Rs. 71.26 million).



**11.1.3** Shakarganj Foods Products Limited ("SFPL") is a public unlisted Company incorporated in Pakistan and is principally engaged in the business of manufacturing, processing and sale of food products. The activities of SFPL are largely independent of the Company. The following table summarizes the financial information of SFPL as included in its own financial statements and the Company's share in the results. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in its associate.

	<b>31 March 2017 (Percentage)</b>	30 September 2016
<b>Percentage interest held</b>	49.24%	49.24%
	<b>31 March 2017 (Rupees in thousand)</b>	30 September 2016
Non-current assets	2,591,582	2,412,211
Current assets	2,261,557	2,224,746
Non-current liabilities	(737,028)	(742,680)
Current liabilities	(2,181,864)	(2,146,891)
<b>Net assets (100%)</b>	1,934,247	1,747,386
Company's share of net assets	952,423	860,413
Goodwill recognized	71,261	71,261
<b>Carrying amount of interest in associate</b>	1,023,684	931,674
Revenue	6,161,221	10,106,352
Profit from operations	186,861	581,883
Other comprehensive income	-	(16,870)
Total comprehensive income (100%)	186,861	565,013
<b>Company's share of total comprehensive income</b>	92,010	278,212

The current period figures of SFPL are based on condensed interim financial information as of 31 March.

## 11.2 Available for sale

### Associated / related companies

#### Quoted - related party

*Crescent Steel and Allied Products Limited:*  
180,000 fully paid ordinary shares of Rs. 10 each  
Equity held: 0.23% (30 September 2016: 0.23%)  
Market value - Rs. 45.05 million  
(30 September 2016: Rs. 22.68 million)

#### Unquoted - associated company

*Crescent Standard Telecommunications Limited*  
300,000 (30 September 2016: 300,000)  
fully paid ordinary shares of Rs. 10 each

	<b>31 March 2017 (Rupees in thousand)</b>	30 September 2016
	15,921	15,921
	3,000	3,000

This includes Rs. 30.37 million deposited with honorable Lahore High Court for the reasons fully explained in note 9.1.



## 14. SEGMENTS INFORMATION

### 14.1 Sales - Net

[illegible]

## 14.2 Segment expenses

Cost of sales

Net of intersegment costs intersegment cost	4,834,470	2,566,951	7,072,065	3,048,116	219,821	199,191	418,575	362,337	6,180	5,432	10,859	11,680	626	130	626	1,160	5,061,097	2,771,704	7,502,125	3,423,293
	-	-	-	-	-	-	-	-	1,116	-	2,796	-	-	-	-	-	-	-	-	-
4,834,470	2,566,951	7,072,065	3,048,116	219,821	199,191	418,575	362,337	7,296	5,432	13,655	11,680	626	130	626	1,160	5,061,097	2,771,704	7,502,125	3,423,293	
Gross profit / (loss)	1,088,814	104,441	1,228,070	49,024	8,435	(4,573)	9,544	(4,657)	1,676	6,701	2,308	3,289	456	(130)	456	304	1,095,834	97,142	1,234,698	38,663
Administrative expenses Distribution and selling cost	(71,790)	(62,024)	(124,940)	(109,486)	(5,822)	(5,905)	(11,951)	(11,403)	(455)	(438)	(550)	(846)	(15)	95	(15)	(48)	(78,081)	(68,272)	(137,455)	(121,783)
	(26,802)	(30,131)	(32,471)	(40,672)	(472)	(55)	(921)	(411)	(921)	(921)	-	-	-	-	-	-	(27,744)	(30,186)	(33,392)	(41,083)
(98,592)	(92,155)	(157,411)	(150,158)	(6,294)	(5,960)	(12,872)	(11,814)	(455)	(438)	(550)	(846)	(15)	95	(15)	(48)	(105,355)	(98,458)	(170,847)	(162,866)	
Segment results	990,222	12,286	1,070,659	(101,134)	2,141	(10,533)	(3,328)	(16,471)	1,221	6,263	1,758	2,443	441	(35)	441	256	990,479	(1,316)	1,063,851	(124,203)

### Segment results

Other operating expenses	(54,987)	(23,791)	(70,391)	(34,324)
Finance costs	(46,060)	(68,695)	(81,060)	(110,159)
Other operating income	69,080	112,259	106,003	310,064
Share of income of associates	60,081	99,881	132,167	186,352
taxation	(6,621)	(22,969)	(95,739)	(20,885)
Profit for the period	952,772	95,369	1,054,831	206,845

Profit for the period

	Segment assets		Segment liabilities	
	31 March 2017	30 September 2016 (Rupees in thousand)	31 March 2017	30 September 2016
<b>14.3 Segment assets and liabilities</b>				
Sugar	6,523,181	5,841,191	4,607,419	4,010,295
Bio Fuel	3,126,917	1,977,339	1,483,686	1,315,885
Bio Power	247,628	257,608	26,415	28,235
Building materials	58,946	51,682	28,672	33,820
Textile	348,980	348,636	111,841	133,072
Farms	698,324	685,223	16,985	17,090
Others	426	2,838	770	1,070
Unallocated	1,636,215	1,675,279	316,143	329,096
	<u>12,640,617</u>	<u>10,839,796</u>	<u>6,591,931</u>	<u>5,868,563</u>

## 15. Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value				
	Available for sale	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Note	----- Rupees in thousands -----									
	On-Balance sheet financial instruments									
	31 March 2017 - (Un-audited)									
	Financial assets - measured at fair value									
	15.1	Available for sale investments	45,054	-	-	-	45,054	45,054	-	45,054
	15.1	Biological assets	-	27,688	-	-	27,688	-	27,688	27,688
			45,054	27,688	-	-	72,742	45,054	27,688	72,742
	Financial assets - not measured at fair value									
	15.1	Long term deposits	-	36,531	-	-	36,531	-	-	-
	15.1	Trade debts - unsecured, considered good	-	242,935	-	-	242,935	-	-	-
15.1	Advances, deposits, prepayments and other receivables	-	37,156	-	-	37,156	-	-	-	
15.1	Cash and bank balances	-	-	19,664	-	19,664	-	-	-	
		-	316,622	19,664	-	336,286	-	-	-	
Financial liabilities - measured at fair value										
Financial liabilities - not measured at fair value										
15.1	Long term loans	-	-	-	571,541	571,541	-	571,541	571,541	
15.1	Short term borrowing	-	-	-	1,823,012	1,823,012	-	1,823,012	1,823,012	
15.1	Trade and other payables	-	-	-	2,327,759	2,327,759	-	-	-	
15.1	Accrued mark up	-	-	-	118,916	118,916	-	-	-	
		-	-	-	4,841,228	4,841,228	-	2,394,553	2,394,553	

## 30 September 2016 - (Audited)

### Financial assets - measured at fair value

Available for sale investments	22,682	-	-	22,682	22,682	-	-
Biological assets	-	21,452	-	21,452	-	-	21,452
	22,682	21,452	-	44,134	22,682	-	21,452
							44,134

## Financial assets - not measured at fair value

Long term deposits  
Trade debts - unsecured, considered good  
Advances, deposits, prepayments and other receivables  
Cash and Bank balances

## Financial liabilities - measured at fair value

## Financial liabilities - not measured at fair value

Long term loans	-	-	638,756	638,756	-	638,756	-	638,756
Short term borrowings	-	-	969,199	969,199	-	969,199	-	969,199
Trade and other payables	-	-	1,286,424	1,286,424	-	-	-	-
Accrued mark-up	-	-	218,545	218,545	-	-	-	-
	-	-	3,112,924	3,112,924	-	1,607,955	-	1,607,955

**15.1** The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

**16. Cash generated from operating activities**

	<b>Half year ended</b>	
	<b>31 March 2017 (Rupees in thousand)</b>	<b>31 March 2016</b>
Profit before taxation	1,150,570	227,730
<i>Adjustments for:</i>		
Depreciation on operating fixed assets	267,516	291,294
Amortization of intangible assets	16	46
Gain on sale of property, plant and equipment	(61,445)	(1,970)
Dividend income	-	(4,488)
Share of profit from associates	(132,167)	(186,352)
Fair value gain on livestock	(7,443)	(157)
Profit on sale of right allotment letters	-	(31,682)
Finance cost	81,060	112,064
Present value adjustment on initial recognition of interest free loan	-	(21,170)
Liabilities no longer payable written back	(7,211)	(212,786)
	140,326	(55,201)
Profit before working capital changes	1,290,896	172,529
Effect on cash flow due to working capital changes (Increase)/ decrease in current assets:		
Stock-in-trade	(1,673,602)	78,132
Trade debts	(229,781)	(28,518)
Stores and spares	(4,203)	2,032
Other receivables	(60,977)	(101,653)
Biological assets	894	7,008
Increase in current liabilities:		
Trade and other payables	68,273	(292,044)
	(1,899,396)	(335,043)
Cash used in operations	(608,500)	(162,514)



## 17. 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 are as follows:

	Relationship with the company	Nature of transactions	Half year ended	
			31 March 2017 (Rupees in thousand)	31 March 2016
i.	Associated/Related undertakings			
	Crescent Steel & Allied Products Limited (CSAPL)	Purchase of goods	82	19,650
		Common expenses	1,351	1,934
		Dividend income	-	4,488
		Advance received for purchase of material	-	70,000
	Shakarganj Food Products Limited	Sale of goods	183,060	81,246
		Salary expense and other Common expenses	944	2,231
	Shakarganj Energy (Private) Limited associated undertaking of CSAPL	Sale of bagasse and water	613,777	160,115
		Purchase of electricity and steam	621,985	164,359
		Purchase of material	197	-
		Common expenses	6,750	-
		Rent paid against use of boiler	-	5,000
	Crescent Hadeed (Private) Limited associated undertaking of CSAPL	Rendering of services	879	200
		Sale of material	-	1,643
		Purchase of material	63	-
	Crescent Cotton Mills Limited	Purchase of Yarn	-	4,353
	Premier Insurance Limited	Insurance expenses	1,119	3,334
ii.	Post employment benefit plans	Expense charged in respect of retirement benefit plans	12,050	10,067
		Transactions with gratuity and pension fund account		
		- Funds received	274,277	489,346
		- Funds repaid	274,277	489,346
		- Markup expense	19,686	24,740
iii.	Key Management Personnel	Salaries and other employee benefits	64,419	47,715
		Loan received from director	-	200,000

Period/Year end balances	31 March 2017 (Rupees in thousand)	30 September 2016
<i>Payable to Associated/Related undertakings:</i>		
Crescent Steel & Allied Products Limited (CSAPL)	2,397	2,226
Premier Insurance Limited	3,895	4,829
<i>Receivable from Associated/Related undertakings:</i>		
Shakarganj Food Products Limited	5,673	6,816
Crescent Hadeed (Private) Limited associated undertaking of CSAPL	2,574	2,687
Shakarganj Energy (Private) Limited associated undertaking of CSAPL	5,785	18,745

## 18. Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 September 2016.

## 19. Date of authorization for issue

This condensed interim financial information was authorized for issue on 30 May 2017 by the Board of Directors of the Company.

## 20. 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

  
Chief Financial Officer

## ڈائریکٹرز کا جائزہ

میں 31 مارچ 2017ء کو ختم ہونے والی ششماہی کے لئے کمپنی کی غیر مربوط شدہ منجمد عبوری مالیاتی معلومات بخوشی پیش کر رہا ہوں۔ یہ منجمد عبوری مالیاتی معلومات بیرونی آڈیٹرز، KPMG، تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی طرف سے محدود دائرہ کار جائزہ کے حوالہ سے ہیں۔ آڈیٹرز کی جائزہ رپورٹ اس منجمد عبوری مالیاتی معلومات کے ہمراہ منسلک ہے۔

**مالی اور آپریشنل کارکردگی:**

**آپریٹنگ کارکردگی کا خلاصہ:**

مالی سال 2017ء کی پہلی ششماہی کے دوران، شوگر ڈویژن نے اچھی کارکردگی کا مظاہرہ کیا اور مالی سال 2016ء کی پہلی ششماہی میں بعد از ٹیکس منافع 207 ملین روپے کے مقابلے کمپنی نے مجموعی طور پر بعد از ٹیکس منافع 1,055 ملین روپے کمایا۔ کمپنی کے مجموعی مالیاتی نتائج بہتر تھے، اور ہمارے شوگر ڈویژن کی غیر معمولی کارکردگی کے ساتھ، ہمارے بائیو فیول کاروبار نے بھی رفتار پکڑ لی ہے اور پوری صلاحیت سے برآمد شروع کر دی ہے۔ ہم پُر امید ہیں کہ کمپنی بائیو فیول ڈویژن کے لئے اپنا تمام پیداواری ہدف پورا کر لے گی۔ گنے کی کرشنگ زیر جائزہ مدت کے دوران 240 فیصد سے زیادہ تک بہتر ہوئی اور چینی کی فروخت کی قیمتوں میں بہتری کا رجحان برقرار رہا اور ہمیں صحت مند منافع پر ہماری کل پیداوار کا ایک بڑا حصہ فروخت کرنے اور شوگر ڈویژن کو تاریخ کی سب سے زیادہ سطح پر 1,033 ملین روپے آپریشنل منافع حاصل کرنے کی اجازت دی۔ اگرچہ اس سال کرشنگ سیزن گزشتہ سیزن کے مقابلے دو ہفتے جلدی شروع کیا گیا تھا اور جلد آغاز سے ریکوری میں کاروبار سے نقصان ہوا جس کا اعلیٰ قیمتوں نے ازالہ کیا ہے۔

کمپنی نے گزشتہ سال کی اسی مدت میں 39 ملین روپے مجموعی منافع کے مقابلے مجموعی طور پر 1,235 ملین روپے کل منافع کمایا۔ تمام چینجوں کے باوجود، کمپنی نے آپریشنل منافع کی ایک تاریخی اعلیٰ سطح حاصل کی، اور شریک کمپنی میں 92 ملین روپے کی شرکت کے ساتھ، ہمارا بعد از ٹیکس منافع ایک ارب سے تجاوز کر کے 1,055 ملین روپے تک پہنچ گیا۔ لیکوئڈیٹی دباؤ جاری رہنے کے باوجود، کمپنی کی مجموعی کارکردگی شاندار تھی اور کمپنی نے اپنے کلیدی آپریٹنگ اشاروں کو بہتر بنانا جاری رکھا اور اس کے ساتھ ساتھ دیگر کاروباری طبقات کی بحالی جہاں مالی سال 2017ء کی دوسری ششماہی میں مارجنز دستیاب ہیں کے لئے پُر امید ہے۔

گزشتہ چند سالوں کے دوران، دنیا بھر میں مجموعی طور پر ایندھن کی قیمتوں میں کمی کی وجہ سے، بائیو فیول کی قیمت کو بھی رکاوٹوں کا سامنا کرنا پڑا۔ تاہم، حال ہی میں بہتری آئی اور مولاس کی قیمتیں بھی گر رہی ہیں، ہمیں اُمید ہے کہ چینی جیسے کاروبار کی کمپنی بھی بائیو فیول کاروبار میں رفتار پکڑنے کے قابل ہو جائے گی اور بہتر ماحول کی مدد سے، ہم علاقے میں ٹریک پرواپس آنے کے قابل ہو جائیں گے۔

**کاروباری شعبہ جات:**

**شوگر ڈویژن:**

گنے کی فصل بہتر ہونے کی وجہ سے، کرشنگ مہم 14 نومبر 2016ء کو جلد ہی شروع کر دی گئی اور چینی کی پیداوار بہت اعلیٰ تھی۔ شوگر ڈویژن نے 1,535,951 میٹرک ٹن گنا کرش (16 HYFY: 450,804 میٹرک ٹن) اور 9.37 فیصد اوسط

ریکوری (10.16:HYFY 16) کے ساتھ 142,693 میٹرک ٹن (45,707:HYFY 16 میٹرک ٹن) چینی پیدا کی نتیجتاً چینی کی پیداوار میں 210 فیصد اضافہ ہوا۔ ہماری پہلی سہ ماہی کے جائزہ میں زیر بحث انتظامیہ کی متوقع بڑی فصل کی روشنی میں مستقل بنیاد پر فروخت کرنے کی پالیسی اس کاروبار کے مجموعی منافع میں قابل ذکر اضافہ کے ساتھ کمپنی کے لئے نتیجہ خیز ثابت ہوئی۔

**بائیو فیول ڈویژن:**

اس ڈویژن کی پیداوار 15.18 ملین لٹرز تک بڑھ گئی (9.53:HYFY 16 ملین لٹرز)۔ زیر جائزہ مدت کے دوران، بائیو فیول ڈویژن کی کارکردگی بہت بہتر تھی اور پیداوار اور منافع کے لحاظ سے بہتری کا رجحان جاری رہا۔ گذشتہ سال کی اسی مدت کے مقابلے بہتر کرشنگ سے علاقہ میں مجموعی خام مال کا منظر نامہ بہتر ہوا۔ مدت کے دوران برآمدات کل بائیو فیول فروخت کا 99.6 فیصد شہر کی گئی۔ پاک گیسیز (پرائیویٹ) لمیٹڈ کی طرف سے قائم کردہ کاربن ڈائی آکسائیڈ پلانٹ بھی کشنڈ ہو گیا ہے، زیر جائزہ مدت کے دوران آمدنی میں 5,915,806 روپے کا حصہ شامل کر رہا ہے۔

**بائیو پاور ڈویژن:**

بائیو پاور ڈویژن خام مال کی عدم دستیابی اور پاور جزییشن کے دوبارہ آغاز کے لئے بھاری مرمت اور دیکھ بھال کی وجہ سے نہیں چلایا گیا تھا۔ اس لئے بائیو پاور جزییشن 16:HYFY کی طرح صفر رہی تھی۔

**بلڈنگ میٹریلز ڈویژن:**

زیر جائزہ مدت کے دوران بہتر کرشنگ اور سرپلس بگاس کی دستیابی کے پیش نظر اس ڈویژن کی پیداوار شروع ہو گئی اور ہم نے 1,578 کیوبک میٹر پیداوار حاصل کی (16:HYFY:صفر)۔ مالی سال 2017 کی دوسری ششماہی میں پیداوار مزید بہتر ہونے کی توقع ہے۔

**ٹیکسٹائل ڈویژن:**

ہمارے ٹیکسٹائل ڈویژن میں یارن کی پیداوار 1.84 ملین کلوگرام تک بڑھ گئی ہے (1.68:HYFY 16 ملین کلوگرام)۔ پیداوار میں اضافہ بنیادی طور پر گذشتہ مدت کے مقابلے موجودہ مدت کے دوران کل آپریشنل ایام سے منسوب ہے۔

**مستقبل کا نقطہ نظر:**

پاکستان کی معیشت مسلسل ترقی، گزشتہ آٹھ سالوں میں اپنی سب سے بلند شرح نمو حاصل کر رہی ہے۔ افراط زر دہائی کی اپنی کم ترین سطح تک گر گیا ہے اور ہدف سے کم رہنے کی توقع ہے۔ قومی معیشت تیزی سے بڑھنے کی امید ہے اور اس وقت قومی ایکوٹی مارکیٹ 52,000 پوائنٹس مارک سے تجاوز کر کے بھارت اور چین جیسے علاقائی دیوز سے بہتر کارکردگی کا مظاہرہ ہے اور دنیا کی بہترین رہی ہے۔ یہ اضافہ بنیادی طور پر دونوں قومی اور صوبائی سطحوں پر حکومت کی طرف سے چین پاکستان اقتصادی راہداری (CPEC) کے ساتھ ساتھ مثبت پالیسیوں کے ذریعے کارفرما ہے۔ CPEC تحت منصوبوں سے صنعت میں ترقی اور سروس سیکٹر میں اضافہ سے ملک میں کافی حد تک بجلی کی پیداوار میں اضافہ کی توقع کر رہے ہیں جس کے نتیجے میں علاقہ اور پاکستانی مارکیٹ میں بڑے عالمی کھلاڑی داخل ہو رہے ہیں۔

متذکرہ بالا یہ تمام عوامل بھی کمپنی پر مثبت اثر انداز ہونگے اور انتظامیہ تمام شعبوں خاص طور پر جہاں مارجن دستیاب ہیں میں بہتر نتائج حاصل کرنے کی پوری کوشش کرے گی۔ انتظامیہ اپنے بائیو فیول کاروبار اور رواں شوگر سیزن پر خصوصی غور کے ساتھ مالی سال 2017 کی آئندہ ششماہی میں شوگر اور بائیو فیول کاروباروں میں نمایاں بہتری کے لئے پُر اعتماد ہے۔ ڈسٹری کا مستقبل

کا نقطہ نظر اچھے معیاری مولا سس سے ملحق دستیابی پر انحصار کرتا ہے اور انتظامیہ صحت مند نجی لائنوں کے لئے کافی مارجن پیدا کرنے کے لئے مناسب قیمت پر اپنے مولا سس پول، مولا سس کی وافر مقدار میں اضافہ کرنے کے لئے سخت کر رہی ہے۔ کمپنی بائیو فیول کی تیاری کے مرحلہ میں ثانوی پیدا ہونے والی کاربن ڈائی آکسائیڈ (CO2) کی فروخت کا بھی معاہدہ کیا ہے جو اضافی لیکوئیڈیٹی پیدا کرنے میں مدد دے گا۔ CO2 کی کمشنگ مکمل ہو گئی ہے اور اس کا روبر سے آمدنی مدت کے دوران شروع ہو گئی ہے۔

کپاس کی قیمتوں میں غیر معمولی اضافہ اور ملک میں کپاس کی پیداوار میں کمی کی وجہ سے ٹیکسٹائل ڈویژن دباؤ کے تحت رہنے کی توقع ہے۔ تاہم، ہمارے اس کاروبار کی آمدنی میں یقینی حصول کے لئے بہتر مارکیٹنگ اور مینوفیکچرنگ آپریشن کو بجلی کی فراہمی بہتر بنا کر اور برآمدات کی مد میں حکومتی پالیسیوں کی بدولت، حالیہ درپیش مسائل سے چھٹکارا ملنے کی توقع ہے۔

جیسا کہ ہماری گذشتہ سالانہ رپورٹ میں وضاحت کی گئی ہے کہ کمپنی 2009 سے ایک سخت لیکوئیڈیٹی پوزیشن میں رہی ہے۔ زیر جائزہ مدت کے دوران، کمپنی نے مالی 2017 میں اپنے آپریشن کی فنانسنگ کے لئے ورکنگ کپٹل لائنوں کی خاطر اپنے قرض دہندہ سے تجدید میں کامیاب ہوئی ہے۔ کمپنی کے قرض دہندہ کے ساتھ بات چیت جس کی منسلکہ محمد عبوری مالی معلومات کے نوٹ 1.2 میں وضاحت کی گئی کو کامیابی سے حتمی شکل دی گئی ہے۔ طویل مدتی فنانسنگ کیلئے بات چیت بھی کمپنی کے ایک فرض دہندہ کے ساتھ جاری ہے اور ہمیں اُمید ہے کہ یہ جلد ہی حتمی ہو جائے گی۔ کمپنی آپریشنل منافع کو جاری رکھنے اور اپنے لیکوئیڈیٹی منظر نامے کو مزید بہتر بنانے کے لئے اپنی بہترین کوششیں جاری رکھنے کا عزم رکھتی ہے۔

#### رائٹ شیئرز کا اجراء

کمپنی کے ورکنگ کپٹل کو مضبوط بنانے کی خاطر، بورڈ آف ڈائریکٹرز نے 68/- روپے فی شیئر (بشمول) 55/- روپے بطور پریئم (فی شیئر) پر 13.6363 فیصد رائٹ شیئرز کا اعلان کیا ہے جو تمام حصص داران جن کے نام کتابوں کی بندش کی تاریخ کو ممبران کے رجسٹر پر ظاہر ہوئے کو تمام قانونی کارروائی پوری کرنے کے بعد پیش کئے جائیں گے۔

#### ترجیحی شیئرز کا اجراء

کمپنی کے ورکنگ کپٹل کو مضبوط بنانے کی خاطر، بورڈ آف ڈائریکٹرز نے پانچ سالوں کی مدت، جس کے بعد شیئرز ریڈیم ہوئے گئے کے لئے 8 فیصد فی انیم کے ترجیحی ڈیویڈنڈ کے حامل 10/- روپے فی شیئر کے 50,000,000 ریڈیم ایبل ترجیحی حصص جاری کرنے کا فیصلہ کیا ہے۔ یہ ترجیحی حصص تمام حصص داران جن کے نام کتابوں کی بندش کی تاریخ کو ممبران کے رجسٹر پر ظاہر ہوئے کو پیش کئے جائیں گے۔

مخائب بورڈ

انجم ایم سلیم

چیف ایگزیکٹو آفیسر

تاریخ: 30 مئی 2017ء

BOOK POST



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