



Shakarganj Limited

REACHES GOLD



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Condensed Interim Report  
For the Nine Months Period Ended  
30 June 2018

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## VISION, MISSION & CORE VALUES

To gain and maintain leadership in our relevant sectors by producing the best quality products at the lowest possible cost

To give the best returns to our shareholders by optimal allocation of resources to the products and markets we compete in

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

To provide the best working environment to our employees and provide them opportunities to enhance their skills

To work with our farmers, suppliers, and distributors as partners in 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

To be a socially responsible corporate citizen supporting education, health, environment, and socio economic development of its community

# 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 (Independent)	Khawaja Jalaluddin
7. Non-Executive Director	Muhammad Arshad
8. Non-Executive Director (Independent)	Sheikh Asim Rafiq

## Audit Committee

Chairman	Khalid Bashir
Member	Hajerah Ahsan Saleem
Member	Khawaja Jalaluddin (Independent)
Member	Sheikh Asim Rafiq (Independent)

## Human Resource & Remuneration Committee

Chairman	Muhammad Anwar
Member	Anjum Muhammad Saleem
Member	Khalid Bashir

## Chief Financial Officer

Muhammad Asif

## Company Secretary

Asif Ali

## 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](mailto: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](mailto:info@corptec.com.pk)

## Products

- Sugar
- Biofuel
- 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](mailto: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](http://www.shakarganj.com.pk)  
Note: This Report is available on Shakarganj website.

## Registered and Principal Office

Executive Floor, IT Tower, 73 E 1  
Hali Road, Gulberg III, Lahore, Pakistan  
UAN: (042) 111 111 765  
Tel: (042) 3578 3801-06  
Fax: (042) 3578 3811

## Karachi Office

12th 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](mailto: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, biofuel, building materials, as well as textiles. We transform renewable crops such as sugarcane and cotton into value added products including refined sugar, textiles, biofuel, and building materials. Our registered office is in Lahore with regional offices in Faisalabad and Karachi.

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

## Sugar Business:

We have two manufacturing facilities, which are both 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 Tons of Cane per Day (TCD) which is extendable to 32,000 TCD.

## Biofuel Business:

We have six distillation plants of which three are located at our Jhang facility and the remaining three are located at our Bhone facility where various grades of biofuel are produced. Our products include Rectified Ethanol (REN) for industrial and food grades, Anhydrous Ethanol for fuel grade, and Extra Neutral Alcohol (ENA) for pharmaceutical and perfume grades. The combined capacity of our distilleries is 350,000 litres per day.

## Bio Power Business:

We have a biogas based power generation facility located at Jhang. This facility consists of an Effluent Treatment Plant (ETP) and a Power Generation Facility. ETP operations involve biological treatment of distillery waste to produce methane, which then undergoes a biological de-sulphurisation process that removes sulphur from it. This gas can then either be utilised as fuel in our boilers, or more efficiently utilised to generate electricity in our biogas based generators which have a capacity 8 Megawatts.

## Building Materials Business:

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

## Textile Business:

Located at our Jhang facility, this cotton spinning unit produces carded cotton and PC yarn ranging from 10/s to 31/s and doubled yarn ranging from 8 to 40 TPI. The installed capacity is 15,360 spindles for cotton spinning and 2,304 spindles for doubling.

## Farming & Allied Business:

This comprises different parcels of land mainly located in Jhang District near our manufacturing facilities. Total area under cultivation is 1,285 acres which is our 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. A 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 standardised microbial culture in filter cake. The compost is a rich source of organic matter, with macro and micro nutrients to help improve soil and it 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 the 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 providing 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 originally. 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 Programmes 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 utilise 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 nine months period ended 30 June 2018.

## Financial and Operational Performance:

### Summary of operating performance:

As discussed in our last interim review, we could not start our crushing campaign timely due to declined selling prices of sugar and high procurement rates of sugarcane fixed by the Government. In view of the overall surplus sugar scenario in Pakistan and anticipated sugar production in the country, the millers were reluctant to start crushing season as the same was considered just a loss-making exercise. Shakarganj first time in its history started its crushing in the last week of December 2017 as compelled by the Government. Unpredictable and impractical policies of the Government pertaining to sugar exports have created difficulties for sugar mills in the shape of sugar glut in the market as well as difficulties for farmers as mills were finding it difficult to pay for sugarcane supplies.

However, our biofuel business has performed well as it gained momentum, prices are reasonable and there is a good margin in this business. We are hopeful that the Company will meet its production targets for the Biofuel Division. In spite of the situation of our core business activities and delayed start as discussed above, the Company earned a gross profit of Rs. 201.56 million compared to a gross profit of Rs. 1,236.10 million in the corresponding period last year. The Company earned an overall after-tax profit of Rs. 17.07 million as compared to after tax profit of Rs. 935.16 million in corresponding period.

## Business Segments:

### Sugar Division:

The crushing campaign had started late, on 25 December 2017 and the production of sugar has declined significantly. The Sugar Division crushed 669,064 MT (3QFY17: 1,543,849 MT) of sugarcane to produce 61,634 MT (3QFY17: 144,460 MT) of sugar at an average recovery rate of 9.20 percent (3QFY17: 9.36 percent) resulting in a 57 percent decrease in sugar production.

### Biofuel Division:

The production of this Division increased to 41.19 million litres (3QFY17: 32.75 million litres). During the period under review, the performance of Biofuel Division was good and the trend was improving in terms of production and profitability. During the period, exports accounted for 92 percent of total biofuel sales.

### 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, there was no bio power generation as was the case in 3QFY17.

### Building Materials Division:

In view of lower crushing and non-availability of sufficient bagasse, the production of this division could not be started during the period (3QFY17: 1,578).

### Textile Division:

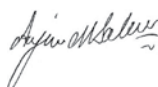
Yarn production increased to 2.66 million kg (3QFY17: 2.61 million kg). The slight increase in production was attributable to full operational days during the current period as compared to corresponding period.

### **Outlook:**

The management is confident for further improvements in biofuel business in the remaining three months of fiscal year 2018. The distilleries operation depends on continuous availability of good quality molasses, the management is striving to add sufficient quantity of molasses at reasonable cost to create enough margins for healthy bottom line. Sugar business outlook is dependent of government policies and sugar selling prices. However, the management would try its level best to achieve better results in other operative segments. The Textile Division performance is expected to improve in view of the margin available.

As explained in our last annual report, the Company has been in a tight liquidity position since 2009. During the nine months of fiscal year 2018, the Company has successfully renewed its working capital lines for financing of its operations. Negotiations with the Company lenders were being successfully finalized as fully explained in note 1.2 to the attached condensed interim financial information. The Company remains committed to its best efforts to achieve better performance and to improve further its liquidity scenario.

On behalf of the Board



**Anjum Muhammad Saleem**  
**Chief Executive Officer**



**Ali Altaf Saleem**  
**Director**

Date: 31 July 2018

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2018 (Un-audited)

	Note	30 June 2018 (Un-audited)	30 September 2017 (Audited) (Restated)	30 September 2016 (Audited) (Restated)
(Rupees in thousand)				
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Authorized capital				
150,000,000 (30 September 2017: 150,000,000)				
ordinary shares of Rs. 10 each		1,500,000	1,500,000	1,500,000
50,000,000 (30 September 2017: 50,000,000)				
preference shares of Rs. 10 each		500,000	500,000	500,000
		<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid up capital				
125,000,000 (30 September 2017: 125,000,000)				
ordinary shares of Rs 10 each		1,250,000	1,250,000	1,100,000
Equity portion of director loan - net of tax		-	47,055	57,205
Reserves		1,714,411	1,726,474	906,114
Accumulated loss		(1,484,801)	(1,560,360)	(2,034,861)
Surplus on revaluation of property, plant and equipment		4,511,282	4,678,971	4,942,775
		<u>5,990,892</u>	<u>6,142,140</u>	<u>4,971,233</u>
<b>Non-current liabilities</b>				
Long term finances	7	212,244	405,767	491,213
Deferred taxation		705,183	760,843	810,042
		<u>917,427</u>	<u>1,166,610</u>	<u>1,301,255</u>
<b>Current liabilities</b>				
Current portion of long term liabilities		97,703	123,707	147,543
Short term borrowings	8	2,397,037	1,661,160	969,199
Trade and other payables		2,263,277	2,059,100	3,230,484
Unclaimed dividend		2,317	1,519	1,537
Accrued finance cost		42,556	116,516	218,545
		<u>4,802,890</u>	<u>3,962,002</u>	<u>4,567,308</u>
<b>Contingencies and commitments</b>				
	9	<u>11,711,209</u>	<u>11,270,752</u>	<u>10,839,796</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

	Note	30 June 2018 (Un-audited)	30 September 2017 (Audited) (Restated)	30 September 2016 (Audited) (Restated)
(Rupees in thousand)				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	8,198,773	8,487,270	8,988,245
Biological assets		10,972	11,840	7,734
Investments - related parties	11	1,259,887	1,084,476	954,356
Employees' retirement benefits		39,262	50,703	38,927
Long term loans, advances and deposits		33,986	36,531	36,531
		9,542,880	9,670,820	10,025,793
<b>Current assets</b>				
Biological assets	12	10,345	14,811	13,718
Stores, spares and loose tools		79,074	61,342	70,879
Stock-in-trade		1,456,342	1,115,847	347,650
Trade debts		35,837	167,717	13,154
Loans, advances, deposits, prepayments and other receivables		539,808	234,960	349,962
Cash and bank balances		46,923	5,255	18,640
		2,168,329	1,599,932	814,003
		11,711,209	11,270,752	10,839,796

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the Nine Months Period Ended 30 June 2018 (Un-Audited)

		Quarter ended		Nine months ended	
	Note	30 June 2018	30 June 2017	30 June 2018	30 June 2017
----- (Rupees in thousand) -----					
Sales - net	13.1	1,140,061	1,525,161	5,784,918	10,261,984
Cost of sales	13.2	(969,680)	(1,523,756)	(5,583,358)	(9,025,881)
Gross profit		170,381	1,405	201,560	1,236,103
Administrative expenses		(70,261)	(64,752)	(218,612)	(202,207)
Distribution and selling costs		(65,113)	(57,906)	(150,473)	(91,298)
Other expenses		(27,133)	4,363	(58,643)	(66,028)
Other income		23,292	23,216	259,387	129,219
Profit / (loss) from operations		31,165	(93,674)	33,218	1,005,789
Finance cost		(111,791)	(45,490)	(190,146)	(126,550)
Share of profit from associate		68,978	34,451	237,713	166,618
Profit / (loss) before taxation		(11,648)	(104,713)	80,785	1,045,857
Taxation					
- Company		11,979	(221)	(13,481)	(55,803)
- Associate		(4,397)	(14,734)	(50,239)	(54,891)
		7,582	(14,955)	(63,720)	(110,694)
Profit / (loss) after taxation		(4,066)	(119,668)	17,065	935,163
Earnings / (loss) per share - basic and diluted	Rupees	(0.03)	(1.09)	0.14	7.48

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Nine Months Period Ended 30 June 2018 (Un-Audited)

	Quarter ended		Nine months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	----- (Rupees in thousand) -----			
<b>Profit / (loss) after taxation for the period</b>	(4,066)	(119,668)	17,065	935,163
<b><u>Other comprehensive income</u></b>				
<i>Item that are or may be subsequently reclassified to profit or loss account:</i>				
Fair value (loss) / gain on 'Available for sale' investments	(6,361)	(2,111)	(12,063)	20,261
Share of other comprehensive (loss) / income of associate	-	-	-	-
	(6,361)	(2,111)	(12,063)	20,261
<b>Total comprehensive income / (loss) for the period</b>	<b>(10,427)</b>	<b>(121,779)</b>	<b>5,002</b>	<b>955,424</b>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM CASH FLOW STATEMENT

For the Nine Months Period Ended 30 June 2018 (Un-Audited)

		Nine months ended	
	Note	30 June 2018 (Rupees in thousand)	30 June 2017
<b>Cash flows from operating activities</b>			
Cash generated / (used in) operations	16	76,402	(496,058)
Finance cost paid		(178,851)	(214,670)
Dividend Paid		(155,452)	-
Taxes paid		(66,101)	(80,182)
Net changes in long term advances, loans, deposits and prepayments		2,545	-
<b>Net cash generated used in operating activities</b>		<b>(321,457)</b>	<b>(790,910)</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(85,252)	(23,642)
Dividend received		585	-
Proceeds from sale of livestock		753	313
Proceeds from sale of property, plant and equipment		800	85,987
<b>Net cash (used in) / generated from investing activities</b>		<b>(83,114)</b>	<b>62,658</b>
<b>Cash flows from financing activities</b>			
Short term borrowings - net		735,877	851,157
Long term finances obtained		95,000	-
Long term finances repaid		(384,639)	(88,235)
<b>Net cash generated from financing activities</b>		<b>446,238</b>	<b>762,922</b>
<b>Net increase in cash and cash equivalents</b>		<b>41,668</b>	<b>34,670</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>5,255</b>	<b>18,640</b>
<b>Cash and cash equivalents at end of period</b>		<b>46,923</b>	<b>53,310</b>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Nine Months Period Ended 30 June 2018 (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	Surplus on revaluation of property, plant and equipment	General	Dividend Equalization	Equity Investment Market Value Equalization	Accumulated loss	Total
Balance as on 01 October 2016 as previously reported	11000000	237755	(10638)	676	155930	57205	4942775	410606	22700	83000	(2034861)	28468
Effect of restatement as explained in note 3.2	-	-	-	-	-	-	-	-	-	-	-	4942775
Balance as on 01 October 2016 - restated	11000000	237755	(10638)	676	155930	57205	4942775	410606	22700	83000	(2034861)	4971233
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the nine months period ended 30 June 2017	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-	-	-
Fair value gain on Available for sale investments	-	-	-	20261	-	-	-	-	-	-	-	20261
Share of other comprehensive income of associates	-	-	-	20261	-	-	-	-	-	-	-	-
Surplus transferred to accumulated losses on account of incremental depreciation on property, plant and equipment - net of tax	-	-	-	-	-	-	(4286) (81851)	-	-	-	4286	-
Transactions with owners of the Company, recognized directly in equity	-	-	-	-	-	-	(86137)	-	-	-	86137	-
Equity portion of loan from director - net of tax	-	-	-	-	-	(7313)	-	-	-	-	7313	-
Balance as on 30 June 2017 as previously reported	11000000	237755	(10638)	27022	155930	49882	4756638	410606	22700	83000	(906248)	1770019
Effect of restatement as explained in note 3.2	-	-	-	-	-	-	-	-	-	-	-	4756638
Balance as on 30 June 2017 - restated	11000000	237755	(10638)	27022	155930	49882	4756638	410606	22700	83000	(906248)	5336657
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the quarter ended 30 September 2017	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-	-	-
Fair value gain on Available for sale investments	-	-	-	(14469)	-	-	(16382)	-	-	-	-	(14469)
Proration rate adjustment	-	-	-	-	-	-	-	-	-	-	-	(16382)
Remeasurement gain on employee retirement benefits	-	-	-	-	-	-	-	-	-	-	-	6110
Share of other comprehensive income of associates	-	-	(4050)	-	-	-	-	-	-	-	6110	(4050)
Surplus transferred to accumulated losses on account of disposal of land	-	-	-	(14469)	-	-	(16382)	-	-	-	(718234)	(733130)
Incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	-	-	-	(0452) (59833)	-	-	-	1452	-
Total comprehensive income for the period	-	-	-	-	-	-	(61285)	-	-	-	61285	-
Transactions with owners of the Company, recognized directly in equity	150000	825000	-	-	-	-	-	-	-	-	-	975000
Proceeds from right shares	-	(6382)	-	-	-	(2837)	-	-	-	-	2837	(6382)
Incremental cost on the issuance of right shares	-	-	-	-	-	-	-	-	-	-	-	-
Equity portion of loan from director - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on 30 September 2017 - restated	12500000	1056373	(14688)	12553	155930	47055	4678971	410606	22700	83000	(1560360)	6142410
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the nine months period ended 30 June 2018	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	(12063)	-	-	-	-	-	-	-	17065
Fair value gain on Available for sale investments	-	-	-	(12063)	-	-	-	-	-	-	-	(12063)
Surplus transferred to accumulated losses on account of incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	(12063)	-	-	(167689)	-	-	-	17065	5002
Transactions with owners of the Company, recognized directly in equity	-	-	-	-	-	-	-	-	-	-	167689	-
Equity portion of loan from director - net of tax	-	-	-	-	-	(47055)	-	-	-	-	47055	(156250)
Dividend paid for the year ended 30 September 2017	-	-	-	-	-	(47055)	-	-	-	-	(1091951)	(1091951)
Balance as at 30 June 2018	12500000	1056373	(14688)	490	155930	-	4511282	410606	22700	83000	(1484801)	5990892

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Nine Months Period Ended 30 June 2018 (Un-Audited)

## 1. The Company and its operations

- 1.1 The Company is incorporated in Pakistan and is listed on Pakistan Stock Exchange under the Listing Regulations of Pakistan Stock Exchange. It is principally engaged in manufacture, purchase and sale of sugar, biofuel, 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 at E-floor, IT tower, 73-E/1, Hali Road, Gulberg-III, Lahore. Following are the business unit and their respective locations.

Business Unit	Location
- Jhang Unit	Toba tek singh road, Jhang -35200 Pakistan.
- Bhone Unit	57 km Jhang - Sargodha road, Bhone -35200 Pakistan..

## 1.2 Going concern assumption

The Company has crushed 0.67 million MT (30 June 2017: 1.54 million MT) of sugarcane, produced 61,634 tonnes (30 June 2017: 144,460 tonnes) of sugar at average recovery of 9.2% (30 June 2017: 9.36%) and manufactured 41.19 million litres (30 June 2017: 32.75 million litres) of biofuel during this interim period. The core reason for the lower level of operational production was due to unrest faced by the sugar industry and the growers' community for the last 2-3 seasons as a result of declined selling prices of sugar and high procurement rates of sugarcane fixed by the Government. Unpredictable Government policies pertaining to sugar exports are creating difficulties for sugar mills in the shape of sugar glut in the market and difficulties for farmers as mills are finding it difficult to pay for sugarcane supplies. Considering the overall surplus sugar position in Pakistan and sugar production in the country, the Company as well as the millers were reluctant to start in the latest crushing season. However, the management has re-inforced its focus towards production and export of biofuel due to good margin in this business. Further, this business has gained momentum during and subsequent to the period end due to rupee depreciation, recent improvements in the global oil prices coupled with falling molasses prices. The management expects to improve the overall profitability of the Company from production and export of biofuel in future.

The Company also 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. 2,300 million were available for utilization. However, the Company is in negotiations with its lenders for working capital finance for operational liquidity.

As at the reporting date the current liabilities of the Company have exceeded its current assets by Rs. 2,634.56 million (30 September 2017: Rs. 2,362.07 million). The management is confident that with the support of lenders and by export of biofuel, the Company will be able to generate sufficient cash flows during the financial year 30 September 2018.

## **2. Basis of preparation**

### **2.1 Basis of accounting**

**2.1.1** This condensed interim financial information comprises the condensed interim statement of financial position of the Company as at 30 June 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the period from 01 October 2017 to 30 June 2018.

**2.1.2** This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.1.3** This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 September 2017.

**2.1.4** Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 September 2017, whereas comparative figures of profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the nine months period ended 30 June 2017.

**2.1.5** This condensed interim unconsolidated financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.

### **3. Statement of consistency in accounting policies**

**3.1** The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial information are same as those applied in the preparation of the audited financial statements for the year ended 30 September 2017 except for change in accounting policy as disclosed in note 3.2.

#### **3.2 Change in accounting policy**

Effective 01 January 2018, the provisions of the Companies Act, 2017 relating to the preparation of the financial statements have become applicable. Accordingly, the treatment of surplus on revaluation of property, plant and equipment is now in line with the requirements of IAS 16 – Property, plant and equipment since the provisions of Section 235 of the repealed Companies Ordinance, 1984 has not been carried forward by the Companies Act, 2017. This change in accounting policy has resulted in reclassification of surplus on revaluation of land, building and plant and machinery - net of tax to equity by restating the corresponding figures which resulted in increase in equity by Rs. 4,942.76 million and Rs. 4,678.97 million as at 30 September 2016 and 30 September 2017 respectively.

- 3.3** The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

<b>Standard or interpretation</b>	<b>Effective date (accounting periods beginning on or after)</b>
IFRS 2 - Share-based Payments	01 January 2018
IAS 40 - Investment Property	01 January 2018
IAS 28 - Investments in Associates and Joint Ventures	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
IFRS 15 - Revenue from Contract with Customer	01 July 2018
IFRS 9 - Financial Instruments	01 July 2018
IAS 28 - Investments in Associates and Joint Ventures	01 January 2019
IFRS 3 - Business Combinations	01 January 2019
IFRS - 11 Joint Ventures	01 January 2019
IAS - 12 Income Taxes	01 January 2019
IAS - 23 Borrowing Cost	01 January 2019

#### **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 2017.

#### **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.

The sugar cane crushing season starts from November and lasts till April in each year.

#### **6. Taxation**

The provision for taxation for the nine months ended 30 June 2018 has been made on an estimated basis.

	Note	(Un-audited) 30 June 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>7. Long term finances</b>			
Long term loans - secured			
Interest bearing		309,947	273,569
Interest free		-	76,460
		309,947	350,029
Loan from director - interest free	7.1	-	179,445
		309,947	529,474
Less: Current portion shown under current liabilities			
- Long term loans - secured		(97,703)	(123,707)
		212,244	405,767

- 7.1** This represents unsecured interest free loan obtained from executive director of the Company and has been paid during the period.

	Note	(Un-audited) 30 June 2018 (Rupees in thousand)	(Audited) 30 September 2017
Balance as at 30 September		179,445	166,863
Finance cost recognized on unwinding of loan from director		60,555	12,582
Repaid during the period / year		(240,000)	-
	7.1.1	-	179,445

- 7.1.1** 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	(Un-audited) 30 June 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>8. Short term borrowings</b>			
<i>Secured - interest bearing:</i>			
- Cash / Running finances	8.2	487,200	395,420
- Export refinance	8.3	1,585,917	843,396
<i>Unsecured:</i>			
- Short term interest free financing	8.4	323,920	422,344
		2,397,037	1,661,160

Note	(Un-audited) 30 June 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>8.1 Types of short term borrowings</b>		
Interest / mark-up based financing	1,973,117	1,138,816
Islamic mode of financing	100,000	100,000
Interest free financing	323,920	422,344
	<b>2,397,037</b>	<b>1,661,160</b>

## 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 8.11% to 8.77% (30 September 2017: 8.07% to 8.13%) on the outstanding balance or part thereof. Expiry date of this facility is 30 September 2018.

The cash / running finance is secured against pledge of sugar and first pari passu charge of Rs. 1,000 million over all present and future fixed assets of 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.1,775 million (30 September 2017: Rs. 875 million). These finances were available at a mark-up ranging from 3.00% to 8.77% (30 September 2017: 8.07% to 8.35%) on the outstanding balance or part thereof. Foreign currency borrowings were available at mark-up rates based on LIBOR ranging from 4.86% to 5.72% (30 September 2017: 3.43% to 4.86%). Expiry date of the finances obtained from Bank Islamic Pakistan Limited is 28 February 2019 for MCB Bank Limited 30 September 2018 and that of National Bank of Pakistan are 31 December 2018 for FE-25 and 31 May 2019 for FAPC.

The aggregate export finance is secured against lien on export contracts, pledge of stock-in-trade, pledge of shares and charge on fixed 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 2017.

### 9.2 Commitments

The Company has the following commitments in respect of:

- (i) Contracts for acquisition of intangible (computer software) amounting to Rs 20.00 million (30 September 2017: Rs. 20.00 million).
- (ii) Contracts for other than capital expenditures Rs. 1.10 million (30 September 2017: Rs 1.20 million)

	Note	(Un-audited) 30 June 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>10. Property, plant and equipment</b>			
Operating assets - at net book value	101	8,096,509	8,386,457
Capital work in progress	10.2	102,264	100,813
		<u>8,198,773</u>	<u>8,487,270</u>
<b>10.1 Operating assets - at net book value</b>			
Net book value at the beginning of the period / year		8,386,457	8,941,152
Add: Additions during the period / year	10.1.1	83,801	5,441
Less: Deletions during the period / year		53	25,658
Depreciation charged during the period / year		373,696	534,478
		<u>373,749</u>	<u>560,136</u>
		<u>8,096,509</u>	<u>8,386,457</u>
<b>10.1.1 Additions during the period / year</b>			
Plant and machinery		49,126	3,833
Water, electric and weighbridge equipment		2,098	-
Tools & equipments		-	1,460
Office equipment		70	-
Vehicles		31,650	-
Furniture and fixtures		857	148
		<u>83,801</u>	<u>5,441</u>
<b>10.2 Capital work in progress</b>			
Civil works		3,243	3,208
Plant and machinery		76,314	68,833
		<u>79,557</u>	<u>72,041</u>
Advances to suppliers		59,644	28,772
Less: Provision for doubtful advances and impairment		(36,937)	-
		<u>22,707</u>	<u>28,772</u>
		<u>102,264</u>	<u>100,813</u>

	Note	(Un-audited) 30 June 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>11. Investments - related parties</b>			
In equity instrument of associate	11.1	1,243,476	1,056,002
Available for sale	11.2	16,411	28,474
		<u>1,259,887</u>	<u>1,084,476</u>
<b>11.1 In equity instruments of associate</b>			
<b>Unquoted</b>			
<b>Shakarganj Food Products Limited</b>			
74,654,596 (30 September 2017: 74,654,596)			
fully paid ordinary shares of Rs. 10 each			
Equity Held: 49.24% (30 September 2017: 49.24%)		1,243,476	1,056,002
<b>11.1.1 Movement during the period / year</b>			
Cost		393,818	393,818
Brought forward amounts of post acquisition reserves		662,184	537,856
		<u>1,056,002</u>	<u>931,674</u>
Share of movement in reserves during the period / year		-	(4,050)
Share of profit for the period / year			
- before taxation		237,713	195,344
- provision for taxation		(50,239)	(66,966)
		<u>187,474</u>	<u>128,378</u>
		<u>1,243,476</u>	<u>1,056,002</u>
Balance as at period / year end	11.1	<u>1,243,476</u>	<u>1,056,002</u>
<b>11.1.2</b>	Investment in associate includes goodwill amounting to Rs. 71.26 million (30 September 2017: Rs. 71.26 million).		
<b>11.1.3</b>	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.		

	(Un-audited) 30 June 2018 (Percentage)	(Audited) 30 September 2017
<b>Percentage interest held</b>	<u>49.24%</u>	<u>49.24%</u>

	(Un-audited) 30 June 2018 (Rupees in thousand)	(Audited) 30 September 2017
Non-current assets	3,398,058	2,645,709
Current assets	2,504,606	2,208,544
Non-current liabilities	(584,687)	(557,365)
Current liabilities	(2,937,504)	(2,297,007)
<b>Net assets (100%)</b>	<b>2,380,473</b>	<b>1,999,881</b>
Company's share of net assets	1,172,215	984,741
Goodwill recognized	71,261	71,261
<b>Carrying amount of interest in associate</b>	<b>1,243,476</b>	<b>1,056,002</b>
Revenue	11,558,965	12,416,404
Profit from operations	380,712	260,705
Other comprehensive income	-	(8,224)
Total comprehensive income (100%)	380,712	252,481
<b>Company's share of total comprehensive income</b>	<b>187,474</b>	<b>124,328</b>

The current period figures of SFPL are based on condensed interim financial information as of 30 June 2018.

- 11.1.4** Investments with face value of Rs 550.00 million (30 September 2017: Rs. 575.55 million) are pledged as security against short term borrowings.

## 11.2 Available for sale

### a) 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 2017: 0.23%)  
Market value - Rs. 16.41 million  
(30 September 2017: Rs. 28.47 million)

#### Unquoted - associated company

*Crescent Standard Telecommunications Limited:*  
300,000 (30 September 2017: 300,000)  
fully paid ordinary shares of Rs. 10 each  
Equity held: 24.88% (30 September 2017: 24.88%)

	(Un-audited) 30 June 2018 (Rupees in thousand)	(Audited) 30 September 2017
	15,921	15,921
	3,000	3,000



	Note	(Un-audited) 30 June 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>b) Others</b>			
<b><u>Unquoted</u></b>			
<i>Crescent Group Services ( Private ) Limited</i>			
220,000 (30 September 2017: 220,000) fully paid ordinary shares of Rs. 10 each Equity held: 01.03% (30 September 2017: 01.03%)		2,200	2,200
 Innovative Investment Bank Limited 51,351 (30 September 2017: 51,351) fully paid ordinary shares of Rs. 10 each		-	-
		21,121	21,121
Cumulative fair value reserve	11.2.1	490	12,553
Cumulative impairment losses recognized	11.2.2	(5,200)	(5,200)
		(4,710)	7,353
		16,411	28,474
<b>11.2.1 Cumulative fair value reserve</b>			
As at 01 October		12,553	6,761
Fair value adjustment during the period / year		(12,063)	5,792
As at period / year end		490	12,553
<b>11.2.2 Cumulative impairment losses recognized</b>			
As at 01 October		5,200	5,200
As at period / year end		5,200	5,200
<b>12. Stock in trade</b>			
Raw materials		285,601	338,471
Work-in-process		13,363	12,540
Finished goods		1,157,378	764,836
		1,456,342	1,115,847

**12.1** The amount charged to profit and loss account on account of write down of finished goods to net realizable value amount to Rs. 40.59 million (30 September 2017: Rs. 26.92 million).

### 13. SEGMENTS INFORMATION

(Rupees in thousand)

	Sugar				Biofuel				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 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
<b>13.1 Sales - Net</b>																				
External																				
- Local	321620	309574	3018004	7678001	43324	46423	105512	48230	-	-	-	-	-	2927	4243	10669	364944	359324	3127759	7736900
- Export	10306	294035	21354	295322	524360	671792	1659788	973372	-	-	-	-	-	-	-	-	534666	966827	1681142	1268693
- By product	5898	7272	253128	621049	6345	2237	13941	8153	-	-	-	-	-	-	-	-	12243	9509	267069	629202
	337824	611281	3292486	8594372	574029	720452	1779241	1029755	-	-	-	-	-	2927	4243	10669	911853	1334660	5075970	9634795
Intersegment	98413	150025	443329	889760	47250	73228	112389	19146	-	-	-	-	-	-	-	-	-	-	-	-
	436237	761306	3735815	9434132	621279	793680	1891630	1148900	-	-	-	-	-	2927	4243	10669	911853	1334660	5075970	9634795
<b>13.2 Segment expenses</b>																				
Cost of sales																				
Net of intersegment costs	539958	804480	4059562	8362714	208766	510080	818715	110827	5026	5482	15267	16583	-	3736	1384	5719	756527	1323778	4907356	8395843
Intersegment cost	47313	73228	119406	124886	98375	150022	443279	834033	-	-	-	-	-	8	20	5727	-	-	-	-
	587271	877708	4178968	8387540	307141	660102	1261994	944860	5026	5482	15267	16583	-	3736	1384	5719	756527	1323778	4907356	8395843
Gross profit / (loss)	(151034)	(116402)	(443153)	1046592	314138	133578	629636	204040	(5026)	(5482)	(16267)	(16583)	(16583)	(812)	(9590)	(777)	156326	10882	168614	1238952
Administrative expenses	(33650)	(43633)	(129363)	(163544)	(29041)	(15006)	(66503)	(19918)	-	-	-	-	-	336	(147)	(185)	(62329)	(58717)	(195013)	(163657)
Distribution and selling cost	(2179)	(3564)	(7976)	(13168)	(62662)	(53992)	(141523)	(76856)	-	-	-	-	-	9	(3)	(6)	(64831)	(57559)	(149504)	(90030)
	(35830)	(47597)	(137339)	(176722)	(91676)	(68998)	(207026)	(96774)	-	-	-	-	-	345	(152)	(191)	(127161)	(116276)	(344517)	(273687)
<b>Segment results</b>	(186864)	(163599)	(580492)	869870	222462	64180	422610	107266	(5026)	(5482)	(15267)	(16583)	(16583)	(893)	(9742)	(968)	28165	(105394)	(175904)	965265

## 13. SEGMENTS INFORMATION

	Sub-total brought forward										(RUPEES IN THOUSAND)					
	Textile			Farms			Others			Total						
	Quarter ended 30 June 2018	Quarter ended 30 June 2018	Quarter ended 30 June 2018	Quarter ended 30 June 2018	Quarter ended 30 June 2018	Quarter ended 30 June 2018	Quarter ended 30 June 2018	Quarter ended 30 June 2018	Quarter ended 30 June 2018		Quarter ended 30 June 2018	Quarter ended 30 June 2018	Quarter ended 30 June 2018	Quarter ended 30 June 2018	Quarter ended 30 June 2018	Quarter ended 30 June 2018
<b>13.1 Sales - Net</b>																
External	364,944	359,324	312,759	77,36,900	61,18,26	67,69,54	183,707	78,63	24,945	11,044	592,165	549,825	3,83,0749	8,36,4089		
- Local	534,666	965,827	1,681,142	1,26,86,93	-	-	-	-	-	-	534,666	965,827	1,26,86,93	1,68,1142		
- Export	12,243	95,09	267,069	629,202	-	59,58	-	-	-	-	13,230	95,09	2,73,027	62,9202		
- By product																
Intersegment	911,853	1,334,660	5,075,570	9,634,795	61,18,26	68,29,12	183,707	78,63	24,945	11,044	1,140,061	1,525,161	5,78,4918	10,26,1984		
								64	80,94	84,76						
	911,853	1,334,660	5,075,570	9,634,795	61,18,26	68,29,12	183,707	79,27	33,039	19,521	1,140,061	1,525,161	5,78,4918	10,26,1984		
<b>13.2 Segment expenses</b>																
<b>Cost of sales</b>																
Net of intersegment costs	756,527	1,323,778	4,907,356	8,395,843	61,13,87	65,43,45	192,812	1,023	5,896	20,831	969,680	1,523,756	5,583,368	9,025,881		
Intersegment cost											30			30		
	756,527	1,323,778	4,907,356	8,395,843	61,13,87	65,43,45	192,812	1,023	5,896	20,831	969,680	1,523,756	5,583,368	9,025,881		
Gross profit / (loss)	155,326	10,882	168,614	12,38,952	439	28,567	(9,105)	6,904	(2,339)	11,132	170,381	1405	20,1560	1236,103		
Administrative expenses	(62,329)	(58,717)	(196,013)	(18,36,57)	(17,83,2)	(22,54,7)	(5,881)	(393)	(93)	(1014)	(70,261)	(64,752)	(218,612)	(202,207)		
Distribution and selling cost	(64,830)	(57,559)	(149,504)	(90,030)	(1,26,8)	(9,69)	(4,47)	-	-	-	(65,119)	(57,906)	(150,473)	(91,288)		
	(127,161)	(116,276)	(344,517)	(27,36,87)	(19,100)	(32,516)	(6,228)	(393)	(93)	(1014)	(135,374)	(122,658)	(369,085)	(293,505)		
Segment results	28,165	(105,394)	(75,904)	9,65,265	5,051	15,333	423	6,511	(2,432)	10,118	35,006	(121,253)	(167,525)	942,598		
Other operating expenses											(27,133)	4,363	(58,643)	(66,028)		
Finance costs											(111,791)	(45,490)	(90,146)	(126,550)		
Other operating income											23,292	23,216	259,387	129,219		
Share of income of associates											68,978	34,451	237,713	166,618		
Taxation											7582	(14,955)	(63,720)	(110,694)		
Profit for the period											(40,66)	(119,668)	17,065	93,163		

	Segment assets		Segment liabilities	
	30 June 2018	30 September 2017 (Rupees in thousand)	30 June 2018 (Rupees in thousand)	30 September 2017
Sugar	5,791,574	5,817,779	3,220,929	2,841,265
Biofuel	2,868,121	2,512,461	1,772,635	1,853,758
Bio Power	224,052	237,145	24,201	25,171
Building materials	44,746	53,804	12,039	21,812
Textile	320,358	321,324	106,442	97,641
Farms	692,014	700,635	1,038	17,703
Others	590	8	-	179
Unallocated	1,769,755	1,627,596	583,034	271,084
	11,711,209	11,270,752	5,720,317	5,128,612

#### 14. Reconciliation of movement of liabilities to cash flows arising from financing activities

	30 June 2018					
	Issued, subscribed and paid-up capital	Dividend Payable	Long term financing	Short term borrowing	Accrued markup	Total
	----- (Rupees in thousand) -----					
<u>As at 01 October 2017</u>	1,250,000	1,519	529,474	1,661,160	116,516	3,558,669
<u>Changes from financing cash flows</u>						
Dividend paid	-	(155,452)	-	-	-	(155,452)
Financial charges paid	-	-	-	-	(178,851)	(178,851)
Long term finances obtained	-	-	95,000	-	-	95,000
Change in borrowings	-	-	-	735,877	-	735,877
Repayment of long term financing	-	-	(384,639)	-	-	(384,639)
<b>Total changes from financing cash flows</b>	-	(155,452)	(289,639)	735,877	(178,851)	111,935
<u>Other changes</u>						
Dividend for the period	-	156,250	-	-	-	156,250
Liabilities written back	-	-	-	-	(15,143)	(15,143)
Effect of unwinding of interest free loan	-	-	70,112	-	(70,112)	-
Interest expense	-	-	-	-	190,146	190,146
<b>Total liability related other changes</b>	-	156,250	70,112	-	104,891	331,253
<u>As at 30 June 2018</u>	1,250,000	2,317	309,947	2,397,037	42,556	4,001,857

#### 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										
30 June 2018 (Un-audited)										
Financial assets - measured at fair value										
11.2	Available for sale investments	16,411	-	-	-	16,411	16,411	-	-	16,411
151	Biological assets	-	21,317	-	-	21,317	-	-	21,317	21,317
		16,411	21,317	-	-	37,728	16,411	-	21,317	37,728
Financial assets - not measured at fair value										
151	Long term deposits	-	33,986	-	-	33,986	-	-	-	-
111	Investments - related parties	-	1,243,476	-	-	1,243,476	-	-	-	-
151	Trade debts - unsecured, considered good	-	35,837	-	-	35,837	-	-	-	-
151	Advances, deposits, prepayments and other receivables	-	333,693	-	-	333,693	-	-	-	-
151	Cash and bank balances	-	-	46,923	-	46,923	-	-	-	-
		-	1,646,992	46,923	-	1,693,914	-	-	-	-
Financial liabilities - measured at fair value										
		-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value										
151	Long term loans	-	-	-	309,947	309,947	-	309,947	-	309,947
151	Short term borrowing	-	-	-	2,397,037	2,397,037	-	2,397,037	-	2,397,037
151	Trade and other payables	-	-	-	1,567,771	1,567,771	-	-	-	-
151	Accrued mark up	-	-	-	42,556	42,556	-	-	-	-
		-	-	-	4,317,312	4,317,312	-	2,706,984	-	2,706,984

30 September 2017 - (Audited)

Financial assets - measured at fair value

Available for sale investments  
Biological assets

	28,474	-	-	28,474	28,474	-	-	28,474
	-	26,651	-	26,651	-	-	26,651	26,651
	28,474	26,651	-	55,125	28,474	-	26,651	55,125

Financial assets - not measured at fair value

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

	-	36,531	-	-	36,531	-	-	-	-
	-	1,056,002	-	-	1,056,002	-	-	-	-
	-	167,717	-	-	167,717	-	-	-	-
	-	38,267	-	-	38,267	-	-	-	-
	-	-	5,255	-	5,255	-	-	-	-
	-	1,298,517	5,255	-	1,303,772	-	-	-	-

Financial liabilities - measured at fair value

Financial liabilities - not measured at fair value

Long term loans  
Short term borrowings  
Trade and other payables  
Accrued mark-up

	-	-	-	529,474	529,474	-	529,474	-	529,474
	-	-	-	1,661,160	1,661,160	-	1,661,160	-	1,661,160
	-	-	-	1,119,873	1,119,873	-	-	-	-
	-	-	-	116,516	116,516	-	-	-	-
	-	-	-	3,427,023	3,427,023	-	2,190,634	-	2,190,634

**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

	Nine months ended	
	30 June 2018 (Rupees in thousand)	30 June 2017
Profit before taxation	80,785	1,045,857
<i>Adjustments for:</i>		
Depreciation on operating fixed assets	373,696	401,248
Amortization of intangible assets	-	23
Gain on sale of property, plant and equipment	(747)	(62,970)
Share of profit from associates	(237,713)	(166,618)
Fair value loss / (gain) on livestock	117	(991)
Finance cost	190,146	126,550
Dividend income	(585)	-
Employees' retirement benefits	11,441	-
Liabilities no longer payable written back	(15,143)	(7,211)
	321,212	290,031
Profit before working capital changes	401,998	1,335,888
Effect on cash flow due to working capital changes (Increase) / decrease in current assets:		
Stock-in-trade	(340,495)	(1,074,562)
Trade debts	131,880	(6,944)
Stores and spares	(17,732)	1,222
Other receivables	(324,205)	(74,451)
Biological assets	4,466	5,165
Increase / (decrease) in current liabilities:		
Trade and other payables	220,490	(682,376)
	(325,596)	(1,831,946)
Cash generated from / (used in) operations	76,402	(496,058)

## 17. Transactions with related parties

The related parties comprise subsidiaries, associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

		Nine months ended	
Relationship with the company	Nature of transactions	30 June 2018 (Rupees in thousand)	30 June 2017
i. Associated / Related undertakings			
Crescent Steel & Allied Products Limited (CSAPL)	Purchase of goods	582	82
	Common expenses	2,809	2,582
	Dividend income	585	270
Shakarganj Engineering (Division of CSAPL)	Purchase of goods	140	-
Shakarganj Food Products Limited	Sale of goods	167,531	190,583
	Salary expense and other Common expenses	1,464	1,311

		Nine months ended	
Relationship with the company	Nature of transactions	30 June 2018	30 June 2017
		(Rupees in thousand)	
Shakarganj Energy (Private) Limited associated undertaking of CSAPL	Sale of bagasse and water	253,128	621,049
	Purchase of electricity and steam	275,155	752,369
	Purchase of material	-	197
	Common expenses (Salary)	8,219	13,256
	Rent paid against use of boiler	-	-
Crescent Hadeed (Private) Limited associated undertaking of CSAPL	Rendering of services	640	1,035
	Sale of material	-	-
	Purchase of material	-	63
Premier Insurance Limited	Insurance expenses	8,083	2,689
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	17,162	17,925
	Transactions with gratuity and pension fund account		
	- Funds received	548,550	407,550
	- Funds repaid	548,550	407,550
	- Markup expense	21,534	27,278
iii. Key Management Personnel	Salaries and other employee benefits	88,470	95,525
		(Un-audited) 30 June 2018 (Rupees in thousand)	(Audited) 30 September 2017
<b>Period / year end balances</b>			
<u>Payable to Associated/Related undertakings:</u>			
Crescent Steel & Allied Products Limited (CSAPL)		2,557	2,448
Shakarganj Energy (Private) Limited associated undertaking of CSAPL		286	26,228
Premier Insurance Limited		3,454	3,661
<u>Receivable from Associated/Related undertakings:</u>			
Shakarganj Food Products Limited		4,173	726
Crescent Hadeed (Private) Limited associated undertaking of CSAPL		4,008	2,730
Post employment benefit plans		39,262	38,927



## 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 2017.

## 19. Tax on undistributed reserves

The Finance Act, 2017 introduced a tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or Modarba, that derives profits for tax year and does not distribute at least 40% of the after tax profit within nine months of the end of said tax year through cash or bonus shares.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 September 2018 to comply with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been made in this condensed interim financial statements.

## 20. Date of authorization for issue

This condensed interim financial information was authorized for issue on 31 July 2018 by the Board of Directors of the Company.

## 21. Events after the balance sheet date

There are no material subsequent events occurred after the date of statement of financial position.



Chief Executive



Director



Chief Financial Officer

## ڈائریکٹرز کا جائزہ

میں 30 جون 2018ء کو ختم ہونے والی نو ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ متحد عبوری مالیاتی معلومات بخوشی پیش کر رہا ہوں۔

مالی اور آپریشنل کارکردگی:

آپریٹنگ کارکردگی کا خلاصہ:

جیسا کہ ہمارے پچھلے عبوری جائزہ میں بتایا گیا کہ، حکومت کی طرف سے چینی کی کم قیمتوں اور مقرر کردہ گئے کی خریداری کی اعلیٰ شرحوں کی وجہ سے ہم بروقت اپنی کرشنگ مہم کو شروع نہیں کر سکے۔ پاکستان میں مجموعی اضافی چینی کے منظر نامہ اور ملک میں متوقع چینی کی پیداوار کے پیش نظر، مل مالکان کرشنگ سیزن شروع کرنے سے بچکھاتے تھے کیونکہ اسی طرح کی مشق سے وہ پہلے ہی نقصان اٹھا چکے ہیں۔ شکر گنج نے تاریخ میں پہلی بار حکومت کی طرف سے مجبور کرنے کی وجہ سے دسمبر 2017ء کے آخری ہفتہ میں اپنے کرشنگ سیزن کا آغاز کیا۔ چینی کی برآمدات سے متعلق حکومت کی ناقابل اعتماد اور غیر متوقع پالیسیاں مارکیٹ میں وافر چینی کی شکل میں شوگر ملوں اور کسانوں کے لئے مشکلات پیدا کر رہی ہیں کیونکہ ملوں کو گئے کی فراہمی کے لئے ادائیگی کرنا مشکل ہو رہا ہے۔

تاہم، ہمارے بائیو فیول کاروبار نے اچھی کارکردگی کا مظاہرہ کیا ہے کیونکہ اس نے رفتار بکڑی ہے، قیمتیں موزوں ہیں اور اس کاروبار میں بہت اچھا منافع ہے۔ ہمیں امید ہے کہ کمپنی بائیو فیول ڈویژن کے لئے اپنے پیداواری اہداف کو پورا کرے گی۔ مندرجہ بالا بحث کے مطابق ہمارے بنیادی کاروبار کی صورت حال اور آغاز میں تاخیر کے باوجود، کمپنی نے گزشتہ سال کی اسی مدت میں 1,236.10 ملین روپے کے مجموعی منافع کے مقابلے میں 201.56 ملین روپے کا مجموعی منافع کمایا ہے۔ کمپنی نے بالترتیب اسی مدت میں 935.16 ملین روپے کا بعد از ٹیکس منافع کے مقابلے میں 17.07 ملین روپے کا بعد از ٹیکس مجموعی منافع کمایا ہے۔

کاروباری شعبہ جات:

شوگر ڈویژن

مندرجہ بالا بحث کے مطابق، کرشنگ مہم بہت تاخیر سے 25 دسمبر 2017ء کو شروع ہوئی اور چینی کی پیداوار نمایاں کم ہوئی۔ شوگر ڈویژن نے 9.20 فیصد (3QFY17: 9.36 فیصد) کی اوسط وصولی کی شرح پر 61,634 میٹرک ٹن (144,460:3QFY17) میٹرک ٹن) چینی بنانے کے لئے 669,064 میٹرک ٹن (1,543,849:3QFY17) میٹرک ٹن) گنا کرش کیا جس کے نتیجے میں چینی کی پیداوار میں 57 فی صد کی واپس ہوئی۔

بائیو فیول ڈویژن:

اس ڈویژن کی پیداوار 41.19 ملین لیٹرز (3QFY17: 15.18 ملین لیٹرز) تک بڑھ گئی۔ زیر جائزہ مدت کے دوران، بائیو فیول ڈویژن کی کارکردگی اچھی تھی اور پیداوار اور منافع کے لحاظ سے یہ درجہ اول بہتر ہوا۔ اس مدت کے دوران، برآمدات کل بائیو فیول کی فروخت 92 فیصد شمار کیا گیا ہے۔

بائیو پاور ڈویژن

بائیو پاور ڈویژن خام مال کی عدم دستیابی کے ساتھ ساتھ بجلی کی پیداوار دوبارہ شروع کرنے کی خاطر بھاری مرمت اور بحالی کی وجہ سے نہیں چلا یا گیا تھا۔ لہذا، مالی سال 2017ء کی نو ماہی میں حالات کے تحت کوئی بائیو پاور جنریشن نہیں ہوئی تھی۔

بلڈنگ میٹریل ڈویژن:

کم کرشنگ اور کافی ریگاس کی عدم دستیابی کے پیش نظر، اس ڈویژن کی پیداوار اس مدت میں شروع نہیں کی جاسکتی تھی (1,578: 3QFY17)۔

ٹیکسٹائل ڈویژن

یارن کی پیداوار 2.66 ملین کلوگرام (3QFY17: 2.61 ملین کلوگرام) تک بڑھ گئی۔ پیداوار میں قدرے اضافہ تقابلی مدت کے مقابلے موجودہ مدت کے دوران مکمل آپریشنل ایام کی دستیابی سے منسوب ہے۔

### مستقبل کا نقطہ نظر:

مالی سال 2018 کے باقی تین ماہ میں انتظامیہ بائیوفیل کاروبار میں مزید بہتری پر یقین رکھتی ہے۔ اچھے معیاری مولا س کی مسلسل دستیابی پر منحصر ہمارے کشید کاری کے آپریشن کے مستقبل کے نقطہ نظر کے مطابق، انتظامیہ صحت مند چلی لائن کے لئے کافی منافع پیدا کرنے کے لئے موزوں لاگت پر مولا س کی بلک مقدار بڑھانے کی کوشش کر رہی ہے۔ شوگر کاروبار کے مستقبل کا نقطہ نظر حکومت کی پالیسیوں اور چینی کی فروخت کی قیمتوں پر منحصر ہے۔ تاہم، انتظامیہ دیگر آپریٹو شعبوں میں بہتر نتائج حاصل کرنے کے لئے اپنی بہترین کوششیں کرے گی۔ ٹیکسٹائل ڈویژن کی کارکردگی دستیاب منافع کے پیش نظر بہتر ہونے کا امکان ہے۔

جیسا کہ ہماری گزشتہ سالانہ رپورٹ میں وضاحت کی گئی ہے، کمپنی 2009 سے عدم استحکام کی حیثیت رکھتی ہے۔ مالی سال 2018 کی نو ماہی کے دوران، کمپنی نے اپنے آپریشنز کی فنانسنگ کے لئے اپنی ورکنگ کیپٹل لائنوں کی کامیابی سے تجدید کی ہے۔ کمپنی کے قرض دہندگان کے ساتھ مذاکرات کو کامیابی سے حتمی شکل دی گئی جیسا کہ منسلک منجمد عبوری مالیاتی معلومات کے نوٹ 1.2 میں مکمل طور پر بیان کیا گیا ہے۔ کمپنی بہتر کارکردگی حاصل کرنے اور اپنے لیکویڈیٹی منظر نامہ کو مزید بہتر بنانے کے لئے اپنی بہترین کوششیں کر رہی ہے۔

منجانب بورڈ



علی الطاف سلیم

ڈائریکٹر



انجم محمد سلیم

چیف ایگزیکٹو آفیسر

تاریخ: 31 جولائی 2018ء







## **Shakarganj Limited**

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