



Shakarganj
Limited

Company That
BELIEVES
in you!



CONTENTS

Vision, Mission and Core Values	3
Company Information	4
Shareholders' Information	5
Company Profile and Group Structure	6
Directors' Review	9
Unconsolidated Condensed Interim Statement of Financial Position	12
Unconsolidated Condensed Interim Statement of Profit or Loss	14
Unconsolidated Condensed Interim Statement of Comprehensive Income	15
Unconsolidated Condensed Interim Statement of Changes in Equity	16
Unconsolidated Condensed Interim Statement of Cash Flows	17
Selected Notes to the Unconsolidated Condensed Interim Financial Statements	18
Consolidated Condensed Interim Financial Statements	29

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	Khalid Bashir
5. Non-Executive Director	Muhammad Anees
6. Non-Executive Director (Independent)	Sheikh Asim Rafiq
7. Non-Executive Director (Independent)	Zahra Ahsan Saleem

Audit Committee

Chairman	Sheikh Asim Rafiq (Independent)
Member	Khalid Bashir
Member	Muhammad Anees
Member	Zahra Ahsan Saleem (Independent)

Human Resource & Remuneration Committee

Chairperson	Zahra Ahsan Saleem (Independent)
Member	Anjum Muhammad Saleem
Member	Khalid Bashir
Member	Muhammad Anwar

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

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
- Biofuel
- Yarn
- Tiger Compost

Legal Advisor

Saad Rasool Law Associates
Hassan & Hassan Advocates

Auditors

Riaz Ahmad & Company
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 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

COMPANY PROFILE AND GROUP STRUCTURE

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, as well as textiles. We transform renewable crops such as sugarcane and cotton into value added products including refined sugar, biofuel and textiles etc. 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. Shakarganj Food Products Limited is the only subsidiary company of Shakarganj Limited.

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.

Textile Business:

This cotton spinning unit produces carded cotton and PC yarn ranging from 10/s to 33/s and doubled yarn ranging from 8 to 40 TPI. The installed capacity is 24,960 spindles for cotton spinning and 2,304 spindles for doubling.

Farming & Allied Business:

This comprises different parcels of land and 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 198 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.

SFPL comprises of three divisions – Dairy, Juice and Pulp & Concentrates. The Dairy and Juice division uses Tetra Pak packages to deliver UHT dairy and beverage products to the local market. The Pulp & Concentrate division produces fruit pulps, concentrates and purees for sale in both the Pakistan and International market. Our aim is to supply premium quality food products to our customers and become one of the leading food companies in Pakistan.

DAIRY & JUICE DIVISION

Shakarganj entered into the dairy business in 2006 with the introduction of its brand “**good milk**”. Since then it has expanded with a diverse product portfolio in both the dairy and beverage category including UHT white milk, flavoured milk as well as a wide range of juices and nectars. The company has been able to leverage the Shakarganj name in the farming community to establish its milk collection network thereby developing a strong, sustainable and shared value based supply chain for the business function. The company sells its products throughout the country via a nationwide distribution network.

DAIRY & JUICE PLANT

- Processing and packaging plant located at Jaranwala.
- Machinery from internationally renowned companies such as Tetra Pak.
- Well-equipped, state of the art of laboratory and testing facility at the plant run by a team of technically skilled and experienced staff.
- Research facility for new product development.
- International and domestic quality certifications: HACCP, PSQCA, PFA and HILAL

MILK PROCUREMENT NETWORK

- Well established network of milk collection centers at prime locations in Pakistan.

- Collection centres run by highly skilled and experienced staff members.
- Quality procurement ensured by well-equipped laboratory and advanced testing facility.
- Advisory services provided by technical team to facilitate higher yield and enhanced milk quality to support the farming community

PULP & CONCENTRATE DIVISION

Shakarganj has significant capabilities regarding the production of fruit pulps and purees. It is one of the leading manufacturers in Pakistan and has a significant volume of exports to Europe, the Middle East, Africa and Far East. Our manufacturing and processing facility is located in the heart of the agricultural and fruit producing region of Pakistan; giving our customers an advantage in terms of product freshness, continuity of fruit supply and reduced ‘time to market’.

- Plant is located at Chiniot.
- Two processing lines for production of juice concentrates, puree and pulps.
- Product storage facilities consist of both, a refrigerated and frozen setup.
- Technically skilled and experienced manpower.
- Well-equipped laboratory and testing facilities ensure effective quality assurance according to international standards.
- International quality certifications: Food Safety System Certification 22000 and HACCP.

DIRECTORS' REVIEW

The directors of your company are pleased to present the condensed interim financial statements of the Company and the Group for the period ended 30 June 2020.

Economic Outlook

The COVID-19 pandemic caused irrecoverable damage to every industry in Pakistan. As the large numbers of the people were put under isolation, which disrupted supply chain and almost halted economic activities. Lockdown as imposed by the Federal and Provincial Governments had serious economic implications. However, with easing out the lockdown gradually, will probably help in restoration of demand and supply process, yet the overall impact on the economy will be seen in future?

Financial and Operational Performance:

As reported earlier, your Company was able to crush 884,724 MT of sugarcane which is almost double as compared to 484,762 MT of sugarcane crushed in the corresponding period. Shakarganj started its crushing campaign this year more than one month earlier on 25 November 2019 as compared to last season start up from 30 December 2018. However, most of the time growers were not willing to sell sugarcane at the rate fixed by Provincial Government and wanted more prices which resulted in price war among the mills. During the period, Punjab Sugar Mills Association had also announced closure of mills for couple of weeks due to non-availability of the sugarcane at announced prices. Keeping in view all the challenges we were able to significantly increase our crushing, but also increased the production cost.

In the Biofuel business, our distilleries could not start its operations properly due to non-availability of molasses at feasible rate. Operational days of distilleries were only 58 as compared to 136 days in the corresponding period. In spite of significant increase in crushing, the Company incurred an overall after tax loss of Rs. 651.16 million as compared to after tax loss of Rs. 357.50 million in the corresponding period of last year.

During the period ended 30 June 2020, Company's overall sales revenue stood at Rs. 6,013.6 million as compared to sales revenue of Rs. 5,947.4 million in the corresponding period. During the period gross loss of the Company amounted to Rs.413.2 million as compared to gross profit of Rs. 206.6 million in corresponding period last year. The Company's loss before tax was Rs. 725.4 million as compared to loss before tax of Rs.347.8 million in the corresponding period. Company incurred an overall after tax loss of Rs. 651.16 million as compared to after tax loss of Rs. 357.5 million in the corresponding period of last year.

Business Segments:

Sugar Division:

Sugar Division revenue net of tax for the nine month was Rs. 4,883.0 million and inter-segment sale of this division was Rs. 733.0 million as against net sales revenue of Rs. 2,873.7 million and inter-segment sale of Rs. 490.5 million during corresponding period of last year. The Sugar Division crushed 884,724 MT (3QFY19: 484,762 MT) of sugarcane to produce 77,560 MT (3QFY19: 49,016 MT) of sugar at an average recovery rate of 8.76 percent (3QFY19: 10.13 percent) resulting in a 58 percent increase in sugar production however due to quality of sugarcane, recovery was declined significantly.

Due to earlier start and increase in sale price of sugar at the start of the season, the production and sales were significantly increased as to corresponding period of last year. However, due

to stiff competition raw material cost was also increased. High cost of production and low recovery resulted gross loss of 6.05% during the current period, compared to gross loss of 5.70% during the corresponding period of last year. The bottom-line resulted in loss before tax of Rs. 554 million as compared to loss before tax of Rs. 328 million for the corresponding period last year.

Biofuel Division:

Net sales revenue of Biofuel Division during the period amounted to Rs. 616.2 million with inter segment sale of Rs. 25.9 million as compared to net sales revenue of Rs. 1,924.1 million with inter segment sale of Rs. 80.1 million during last period. Gross loss for the period stood at Rs. 42.2 million as compared to profit of Rs. 376.5 million in corresponding period last year. The bottom-line resulted in loss before tax of Rs. 114.3 million as compared to profit before tax of Rs. 177 million for the corresponding period last year. The production of this division decreased to 721 million litres (3QFY19: 1516 million litres).

Textile Division:

Textile Division revenue for the period amounted to Rs. 485.4 million as compared to Rs. 1,120.8 million in corresponding period last year. Yarn production decreased to 1.55 million kg (3QFY19: 3.66 million kg). Gross loss for the period stood at Rs. 31.6 million. Textile Division gross loss margin was 6.50% during the current period due to closure of mills for Covid-19 as compared to gross profit margin of 1.28% during corresponding period. Main factors behind increase in loss include closure of plant for 132 days due to lock down till the period end. Other factors of loss include significant increase in raw material cost and increase in per unit cost of electricity. The bottom-line resulted in loss before tax of Rs. 57.5 million as compared to loss before tax of Rs. 12.7 million for the corresponding period last year.

Unconsolidated Financial Position

Balance sheet footing stood at Rs. 13,163.8 million as of 30 June 2020, compared to Rs 13,371.4 million on 30 September 2019. Total shareholders' fund decreased to Rs. 7,226.4 million from Rs. 7,877.2 million as at 30 September 2019. Break-up value per share was Rs. 57.81.

Consolidated Financial Performance

On a consolidated basis, operating loss before finance costs and share of profit in equity accounted investees amounted to Rs. 564.1 million (3Q19: profit Rs. 53.0 million). Consolidated loss after tax for the Group for the period was Rs. 968.0 million as compared to loss after tax of Rs. 270.9 million in 3Q19. During period under review, loss after tax of Shakarganj Food Products Limited – the subsidiary company amounted to Rs.666.7 million (3Q19: profit after tax Rs. 86.0 million). Volume and revenue decreased due to Covid-19 and export of the Company also suffered. To sustain volume in market additional trade offers given. Input cost of imported material increased due to foreign currency translation and increase in government levies. Local raw material like raw milk rate as compared to last period also increased with the increase of packing cost. Tea creamer sale volume significantly declined.

Health, Safety, Environment and Corporate Social Responsibility

To ensure a safe and healthy work environment, the Company is adapting its health and safety practices in line with the development of the COVID-19 pandemic. Measures include categorization of staff essential to be present in office for uninterrupted operations, whereas the other staff is shifted to work-from-home. Technological developments have made the

minimal physical interaction possible by conversion to virtual meetings. All efforts are being made to mitigate the situation encountered by pandemic. We also actively seek opportunities to contribute to the communities in which we operate and to improve the environments that sustain us all. Our areas of primary focus are education, health and safety, energy conservation, waste reduction, and community building.

Future Outlook:

With the ease out of lockdown and revival efforts for businesses in Pakistan, we are hopeful for restoration of our exports of biofuel as well as local businesses from the next financial year. Company's management is reviewing the situation and would take all essential measures for continuity of business whenever possible and as allowed by the government in view of the evolving developments arising from the Covid-19 pandemic.

During the period under review, the Company has successfully renewed its working capital lines. The Company remains committed to its best efforts to keep the Company going on and to improve its liquidity scenario.

Finally, we would like to thank all stakeholders for their patronage and look forward to their continued support.

For and behalf of Board of Directors



Anjum Muhammad Saleem
Chief Executive Officer



Ali Altaf Saleem
Director

Date: 28 July 2020

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2020 (Un-audited)

	Note	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited) Restated
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
150 000 000 (30 September 2019: 150 000 000) ordinary shares of Rupees 10 each		1,500,000	1,500,000
50 000 000 (30 September 2019: 50 000 000) preference shares of Rupees 10 each		500,000	500,000
		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid up share capital			
125 000 000 (30 September 2019: 125 000 000) ordinary shares of Rupees 10 each		1,250,000	1,250,000
Capital reserves			
Surplus on revaluation of property, plant and equipment - net of deferred income tax		6,131,142	6,356,860
Other capital reserves		1,678,100	1,696,421
Revenue reserves		516,306	516,306
Accumulated loss		(2,349,136)	(1,942,398)
TOTAL EQUITY		<u>7,226,412</u>	<u>7,877,189</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	3	314,536	128,291
Deferred income tax liability		1,130,038	1,195,605
		<u>1,444,574</u>	<u>1,323,896</u>
CURRENT LIABILITIES			
Trade and other payables		2,649,125	2,028,140
Short term borrowings		1,640,303	1,804,077
Accrued mark-up		47,180	79,647
Current portion of long term financing	3	154,233	256,453
Unclaimed dividend		1,960	2,039
		<u>4,492,801</u>	<u>4,170,356</u>
TOTAL LIABILITIES		<u>5,937,375</u>	<u>5,494,252</u>
CONTINGENCIES AND COMMITMENTS			
	4		
TOTAL EQUITY AND LIABILITIES		<u>13,163,787</u>	<u>13,371,441</u>

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


Chief Executive Officer


Director


Chief Financial Officer

	Note	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited) Restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	9,869,624	10,253,780
Biological assets		16,656	17,017
Long term investments	6	1,686,682	2,035,582
Employees' retirement benefits		38,996	38,996
Long term loans, advances and deposits		34,035	34,001
		11,645,993	12,379,376
CURRENT ASSETS			
Biological assets		12,182	29,299
Stores, spare parts and loose tools		79,140	63,691
Stock-in-trade	7	930,825	576,860
Trade debts		137,589	35,078
Loans, advances, deposits, prepayments and other receivables		346,249	203,435
Cash and bank balances		11,809	83,702
		1,517,794	992,065
TOTAL ASSETS		13,163,787	13,371,441


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the Nine Months Period Ended 30 June 2020 (Un-Audited)

		Nine months ended		Quarter ended	
	Note	30 June 2020	30 June 2019	30 June 2020	30 June 2019
----- (Rupees in thousand) -----					
Revenue	8.1	6,013,581	5,947,386	1,070,692	1,502,529
Cost of Sales	8.1	(6,426,816)	(5,740,834)	(1,091,055)	(1,569,841)
Gross (Loss) / Profit		(413,235)	206,552	(20,363)	(67,312)
Administrative Expenses		(247,653)	(223,740)	(77,016)	(72,783)
Distribution Cost		(65,969)	(140,133)	(11,032)	(26,550)
Other Expenses		(34,626)	(35,274)	(24,201)	(3,927)
Other Income		726,060	51,858	9,857	16,456
Loss from Operations		(35,423)	(140,737)	(122,755)	(154,116)
Finance Cost		(245,137)	(241,057)	(71,409)	(85,467)
Share of (Loss) / Profit from Equity Accounted Investee		(444,848)	34,035	(116,017)	(64,683)
Loss before Taxation		(725,408)	(347,759)	(310,181)	(304,266)
Taxation		74,251	(9,742)	58,007	33,367
Loss after Taxation		(651,157)	(357,501)	(252,174)	(270,899)
Loss Per Share - Basic and Diluted (Rupees)		(5.21)	(2.86)	(2.02)	(2.17)

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


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the Nine Months Period Ended 30 June 2020 (Un-Audited)

	Nine months ended		Quarter ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	----- (Rupees in thousand) -----			
Loss After Taxation	(651,157)	(357,501)	(252,174)	(270,899)
Other Comprehensive Income / (Loss)				
Items that will not be reclassified to profit or loss in subsequent periods:				
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	380	(6,974)	(229)	(182)
Items that may be reclassified to profit or loss in subsequent periods	-	-	-	-
Other comprehensive income / (loss) for the period	380	(6,974)	(229)	(182)
Total Comprehensive Loss for the Period	(650,777)	(364,475)	(252,403)	(271,081)

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


Chief Executive Officer


Director


Chief Financial Officer

SHARE CAPITAL	RESERVES										ACCU- MUL- ATED LOSS	TOTAL EQUITY
	CAPITAL RESERVES						REVENUE RESERVES					
	Premium on issue of right shares	Share in capital profits of equity accounted investee	Fair value reserve of capital instruments available for sale	Fair value reserve of capital instruments at cost through other comprehensive income	Difference of capital instruments arising from arrangement of merger	Surplus on revaluation of property, plant and equipment - net of deferred income tax	Sub total	General	Dividend equalization	Equity investment at fair value equalization		

(RUPEES IN THOUSAND)



Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the Nine Months Period Ended 30 June 2020 (Un-Audited)

		Nine Months Ended	
	Note	30 June 2020 (Rupees in thousand)	30 June 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	9	354,641	921,238
Finance cost paid		(277,604)	(236,852)
Net increase in long term loans, advances and deposits		(34)	(15)
Income tax paid		(29,314)	(64,708)
Net cash generated from operating activities		47,689	619,663
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(42,390)	(58,739)
Proceeds from sale of livestock		2,267	757
Proceeds from sale of property, plant and equipment		369	19,199
Net cash used in investing activities		(39,754)	(38,783)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		(163,774)	(367,745)
Long term financing - acquired		165,606	-
Repayment of long term financing		(81,581)	(78,621)
Dividend paid		(79)	(226)
Net cash used in financing activities		(79,828)	(446,592)
Net (Decrease) / Increase in Cash and Cash Equivalents		(71,893)	134,288
Cash and Cash Equivalents at the beginning of Period		83,702	28,271
Cash and Cash Equivalents at the end of Period		11,809	162,559

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


Chief Executive Officer


Director


Chief Financial Officer

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Nine Months Period Ended 30 June 2020 (Un-Audited)

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Shakarganj Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017). The registered office of the Company is situated at E-Floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore. Its shares are quoted on Pakistan Stock Exchange Limited. The Company is engaged in the business of manufacture, purchase and sale of sugar, biofuel and yarn (textile). Moreover the Company also operates agriculture farms.
- 1.2 Due to evolution of COVID-19 pandemic, the Company's operations were also affected, as sugar sales, ethanol exports and yarn sales of the Company dropped after the country-wide lockdown from 24 March 2020. However, State Bank of Pakistan vide its circular No. ERD/M&PRD/PR/01/2020-32 dated 26 March 2020 allowed deferment of principal repayments on loan obligations due to banks by a period of one year. The Company has availed this opportunity and applied to National Bank of Pakistan (NBP) and First Credit and Investment Bank Limited (FCIBL) for deferment of loan repayments of long term financing and short term borrowings accumulating to Rupees 508.162 million. NBP & FCIBL have approved the deferment of loan repayments as requested by the Company. The Company is fully committed to continue as a going concern in subsequent periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

- i) These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

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

- ii) These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 September 2019. These unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

b) Accounting policies and computation methods

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as approved in the preparation of the audited annual financial statements for the year ended 30 September 2019, except for the following:

IFRS 16 'Leases'

The Company has adopted International Financial Reporting Standard (IFRS) 16 from 01 July 2019. The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. IFRS 16 is not applicable on short-term leases and leases of low-value assets. The Company has only short-term operating leases, hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

Investment in subsidiary company

Investment in subsidiary company is accounted for using equity method in accordance with IAS 27 'Separate Financial Statements'.

2.2 Critical accounting estimates, judgments and financial risk management

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

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 September 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual audited published financial statements of the Company for the year ended 30 September 2019.

2.3 Seasonality of operations

The Company is, interalia, engaged in manufacturing of sugar for which normally the season begins in November and ends in March. Therefore, majority of expenses are incurred and production activities are undertaken during the crushing season and thus increasing volume of inventories and financing at the end of the season.

3. LONG TERM FINANCES

Financing from banking company and financial institution - secured

Opening balance
Less: Repaid during the period / year
Add: Disbursed during the period / year

30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited)
384,744	540,406
(81,581)	(155,662)
165,606	-
468,769	384,744
(154,233)	(256,453)
314,536	128,291

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

- (i) 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, levied a duty of Rupees 2 per liter on manufacturing of spirit (biofuel) with effect from 01 July 2012. In view of legal lacunas, discrimination as to other provinces, no legislative competence and lawful authority of Government of Punjab to impose such duty on industrial ethanol which is not alcohol liquor and the fact that the Company is exporter of the spirit which is exempted under Order 6 of the Punjab Liquor Import, Export, Transportation and Possessions Orders, the management through its legal counsel has challenged the imposition of said levy and is currently contesting it at Honorable Lahore High Court, Lahore. Keeping in view all the court proceedings and grounds discussed in various higher courts, Punjab Government, after due deliberations of the Provincial Cabinet of the Punjab Government, on 20 August 2019, through its notification no. SO(E&M)2-5/2018/ED withdrew the imposed duty of Rupees 2 per liter upon the manufacture of spirit in any distillery. As per Company's legal counsel, the Company has clear-cut case and the decision of the case shall be in favor of the Company. In view of the aforesaid, the duty on manufacturing of spirit (biofuel) previously recognized as liability amounting to Rupees 430.280 million has been derecognized and Rupees 236.454 million previously deposited on this account has been recognized as receivable being refundable.
- (ii) The Company has paid an advance amounting to Rupees 12.999 million to Messrs Industrial Enterprises for designing the boiler project to use only biogas as fuel with no option of burning bagasse. However, the boiler could not generate steam as per specification. It is unlikely that this project will be completed. Therefore the Company has gone into litigation with Industrial Enterprises in Civil Court, Jhang on 03 July 2018 for the recovery of the advance paid along with damages. Based on the advice of legal counsel, there are favourable grounds that the case will be decided in favour of the Company and the advance amount paid will be refunded back.

4.2 Commitments

There is no contract for capital and other expenditure as at 30 June 2020 (30 September 2019: Rupees Nil).

	Note	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	9,715,243	10,109,369
Capital work-in-progress	5.2	154,381	144,411
		9,869,624	10,253,780
5.1 Operating fixed assets			
Opening book value		10,109,369	10,706,426
Add: Cost of additions during the period / year	5.1.1	32,420	37,731
		10,141,789	10,744,157
Less: Book value of deletion during the period / year	5.1.2	71	19,183
		10,141,718	10,724,974
Depreciation charged during the period / year		426,475	615,605
		9,715,243	10,109,369

5.1.1 Cost of additions during the period / year

	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited)
Building	3,712	4,193
Plant and machinery	25,627	28,097
Tools and equipment	23	690
Water, electric and weighbridge equipment	2,353	3,003
Furniture and fixtures	622	532
Office equipment	-	400
Vehicles	83	816
	32,420	37,731

5.1.2 Book value of deletions during the period / year

Freehold land	-	5,300
Building	-	793
Plant and machinery	-	10,157
Water, electric and weighbridge equipment	-	92
Furniture and fixtures	13	73
Office equipment	-	1
Vehicles	58	2,767
	71	19,183

5.2 Capital work-in-progress

Civil works	-	3,712
Plant and machinery	104,806	109,691
	104,806	113,403
Advances against capital work-in-progress	86,513	67,946
Less: Provision for doubtful advances and impairment	(36,938)	(36,938)
	49,575	31,008
	154,381	144,411

Note	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited) Restated
------	---	---

6. LONG TERM INVESTMENTS

Investment in subsidiary	6.1	1,678,492	2,027,772
Investments at fair value through other comprehensive income		8,190	7,810
		1,686,682	2,035,582

	Note	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited) Restated
6.1 Investment in subsidiary			
Unquoted			
Shakarganj Food Products Limited			
87 785 643 (30 September 2019: 87 785 643) fully paid ordinary shares of Rupees 10 each			
Equity held: 52.39% (30 September 2019: 52.39%)	6.1.1	1,678,492	2,027,772
6.1.1 Movement during the period / year			
Cost		590,784	590,784
Brought forward amount of post acquisition reserves		1,436,988	1,334,007
Share of (loss) / profit for the period / year before taxation		(444,848)	5,279
Provision for taxation		95,568	49,791
Share of other comprehensive income during the period / year		-	47,911
		1,087,708	1,436,988
Balance as at period / year end		1,678,492	2,027,772

6.1.2 Shakarganj Food 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. On 08 August 2018, the Company's shareholding in SFPL increased to 52.39% from 49.24%. However, the Company did not classify this investment as investment in subsidiary company in its financial statements for the year ended 30 September 2018 and onwards. In view of the applicable requirements of the Companies Act, 2017, the Company has now classified this investment as investment in subsidiary company and accounted for this investment using the equity method in accordance with IAS 27 'Separate Financial Statements' in its separate financial statements. As the Company was already applying equity method of accounting to this investment, hence there is no impact of this reclassification on separate financial statements of current and previous periods. However, the Company has now started preparing consolidated financial statements.

6.1.3 The Company has restated the post acquisition reserves as at 30 September 2019 in respect of its investment in SFPL by revising the share of post acquisition profit from the subsidiary, which was wrongly disclosed in the annual financial statements of the Company. This prior period error has been corrected retrospectively in these unconsolidated condensed interim financial statements in accordance with International Accounting Standard IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Consequently, as at 30 September 2019, investment in subsidiary and deferred income tax liability have been increased by Rupees 20,458 million and Rupees 3,069 million while accumulated loss has decreased by Rupees 17,389 million.

	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited)
7. STOCK-IN-TRADE		
Raw materials	203,314	2,652
Work-in-process	15,300	20,724
Finished goods	712,211	553,484
	930,825	576,860

7.1 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the period was Rupees 3.75 million (30 September 2019: Rupees 4.13 million).

8. SEGMENTS INFORMATION (Un-audited)

(Rupees in thousand)

	Sugar		Biofuel		Textile		Farms		Others		Elimination of Inter-segment transactions		Total	
	Nine months ended 30 June 2020	30 June 2019	Nine months ended 30 June 2020	30 June 2019	Nine months ended 30 June 2020	30 June 2019	Nine months ended 30 June 2020	30 June 2019	Nine months ended 30 June 2020	30 June 2019	Nine months ended 30 June 2020	30 June 2019	Nine months ended 30 June 2020	30 June 2019
Revenue														
External Intersegment	4883048 733012	2873729 490511	616244 25932	1924133 80065	485397	1120818	28892 16463	28234 15749	-	472	(775407)	(586325)	6013581	5947386
Cost of sales	5616060 (5955716)	3364340 (3555948)	642176 (684368)	2004198 (1627681)	485397 (516968)	1120818 (1106514)	45355 (45171)	43983 (36442)	-	472	(775407)	(586325)	6013581	5947386
Gross (loss) / profit	(339656)	(191708)	(42192)	376517	(31571)	14304	184	7541	-	(102)	-	-	(413235)	206352
Administrative expenses	(199195)	(124165)	(22777)	(74104)	(24803)	(24503)	(878)	(1016)	-	(15)	-	-	(247653)	(223740)
Distribution cost	(15532)	(12155)	(49357)	(125480)	(1080)	(2498)	-	-	-	-	-	-	(65969)	(140133)
(Loss) / profit before taxation and unallocated income and expenses	(214727)	(136320)	(72134)	(199520)	(25883)	(27001)	(878)	(1016)	-	(15)	-	-	(313622)	(363873)
Unallocated income and expenses:	(554383)	(328028)	(114326)	176996	(57454)	(12697)	(694)	6525	-	(117)	-	-	(726857)	(157321)
Other expenses														
Finance cost														(35274)
Goodwill impairment														(45137)
Share of (loss) / profit for equity accounted investee														(71958)
Taxation														(441848)
Loss after taxation														74251
														(651157)
														(557501)

8.2 Reconciliation of reportable segment assets and liabilities:

(Rupees in thousand)

	Sugar		Biofuel		Textile		Farms		Others		Total	
	(Un-audited) 30 June 2020	(Audited) 30 September 2019	(Un-audited) 30 June 2020	(Audited) 30 September 2019	(Un-audited) 30 June 2020	(Audited) 30 September 2019	(Un-audited) 30 June 2020	(Audited) 30 September 2019	(Un-audited) 30 June 2020	(Audited) 30 September 2019	(Un-audited) 30 June 2020	(Audited) 30 September 2019
Total assets for reportable segments	7,316,620	7,379,763	2,394,668	2,061,537	434,390	464,900	816,650	833,598	-	-	10,962,328	10,739,798
Unallocated assets											2,201,459	2,631,643
Total assets as per unconsolidated condensed interim statement of financial position											13,163,787	13,371,441
Total liabilities for reportable segments	4,214,161	3,254,914	1,240,229	1,798,633	229,543	184,451	13,154	13,865	-	-	5,697,087	5,251,863
Unallocated liabilities											240,288	242,389
Total liabilities as per unconsolidated condensed interim statement of financial position											5,937,375	5,494,252

8.3 Geographical Information (Un-audited)

The Company's revenue from external customers by geographical locations is detailed below:

(Rupees in thousand)

	Sugar		Biofuel		Textile		Farms		Others		Total	
	Nine months ended 30 June 2020	30 June 2019	Nine months ended 30 June 2020	30 June 2019	Nine months ended 30 June 2020	30 June 2019	Nine months ended 30 June 2020	30 June 2019	Nine months ended 30 June 2020	30 June 2019	Nine months ended 30 June 2020	30 June 2019
Europe	9355	21324	-	113382	-	-	-	-	-	9355	134706	134706
Asia	4956	6579	563151	1680141	-	-	-	-	-	568107	1686720	1686720
Africa	4868737	2845826	53093	38450	485397	1120818	28892	28234	-	38450	4087510	38450
Pakistan	4883048	2873729	616244	1924133	485397	1120818	28892	28234	472	548619	6013581	5947386

		Nine months ended (Un-audited)	
Note		30 June 2020 (Rupees in thousand)	30 June 2019
9. CASH GENERATED FROM OPERATIONS			
Loss before taxation		(725,408)	(347,759)
Adjustments for non-cash charges and other items:			
Depreciation		426,475	461,269
Gain on sale of property, plant and equipment		(298)	(4,221)
Share of loss / (profit) from equity accounted investee		444,848	(34,035)
Finance cost		245,137	241,057
Adjustment on account of excise duty on manufacturing of ethanol		(666,734)	(2,037)
Allowance for expected credit losses		1,062	-
Working capital changes	9.1	629,559	606,964
		354,641	921,238
9.1 Working capital changes			
(Increase) / decrease in current assets:			
Stock-in-trade		(353,965)	732,147
Trade debts		(103,573)	(286,722)
Stores, spare parts and loose tools		(15,449)	(10,625)
Loans, advances, deposits, prepayments and other receivables		(161,693)	70,261
Biological assets - net		15,211	3,382
		(619,469)	508,443
Increase in trade and other payables		1,249,028	98,521
		629,559	606,964

10. TRANSACTIONS WITH RELATED PARTIES

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

		(Un-audited)			
		Nine months ended		Quarter ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
		(Rupees in thousand)			
i)	Transactions				
	Subsidiary company				
	Sale of goods	203,871	289,655	117,792	133,312
	Common expenses shared	1,772	1,049	609	249
	Sale of fixed assets				
	Associated companies				
	Purchase of goods	257,444	192,826	-	
	Common expenses shared	9,515	9,204	2,160	739
	Insurance expenses	6,590	7,899	1,995	2,912
	Sale of goods and rendering of services	259,410	179,521	-	7,743
	Dividend income	-	180	-	-
	Other related parties				
	Company's contribution to employees retirement benefits	15,734	8,961	4,778	3,083
	Mark-up expense	17,076	34,392	-	12,408
	Remuneration paid to Chief Executive Officer, directors and executives	129,985	105,203	42,638	37,554
				30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited)
ii)	Period end balances				
	Subsidiary company				
	Trade debts			32,765	-
	Trade and other payables			1,623	-
	Loans, advances, deposits, prepayments and other receivables			12,937	-
	Associated companies				
	Trade and other payables			14,197	10,393
	Loans, advances, deposits, prepayments and other receivables			8,227	1,087
	Other related parties				
	Employees' retirement benefits			38,996	38,996
	Trade and other payables			62,592	36,628

11. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

11.1 Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these unconsolidated condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. An explanation of each level follows underneath the table:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets - recurring fair value measurement				
At 30 June 2020 - (Un-audited)				
At fair value through other comprehensive income	8,190	-	-	8,190
At 30 September 2019 - Audited				
At fair value through other comprehensive income	7,810	-	-	7,810

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

12. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorized for issue on 28 July 2020 by the Board of Directors of the Company.

13. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the unconsolidated condensed interim statement of financial position and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison except for the following:

Particulars	Reclassification		Amount
	From	To	
			(RUPEES IN THOUSAND)
Commission on sales netted off from revenue	Revenue	Distribution cost	4,663
Fair value gain on crops	Other expenses	Adjusted in cost of sales	5,686

14. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.


Chief Executive Officer


Director


Chief Financial Officer

Consolidated Condensed Interim Financial Statements

For the nine months period ended 30 June 2020
(Shakarganj Limited and Its Subsidiary Company)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2020 (Un-audited)

	Note	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited)
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
150 000 000 (30 September 2019: 150 000 000) ordinary shares of Rupees 10 each		1,500,000	1,500,000
50 000 000 (30 September 2019: 50 000 000) preference shares of Rupees 10 each		500,000	500,000
		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid up share capital			
125 000 000 (30 September 2019: 125 000 000) ordinary shares of Rupees 10 each		1,250,000	1,250,000
Capital reserves			
Surplus on revaluation of property, plant and equipment - net of deferred income tax		6,650,475	6,894,893
Other capital reserves		1,276,763	1,276,763
Revenue reserves		516,306	516,306
Accumulated loss		(2,539,167)	(2,132,988)
Equity attributable to equity holders of the Holding Company		<u>7,154,377</u>	<u>7,804,974</u>
Non-controlling interest		<u>1,547,479</u>	<u>1,864,891</u>
TOTAL EQUITY		<u>8,701,856</u>	<u>9,669,865</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	3	879,536	708,291
Musharakah financing - debt portion		167,985	151,562
Long term deposits		7,000	7,000
Liabilities against assets subject to financing arrangement		-	714,538
Lease liabilities		547,186	-
Deferred income		22,097	22,977
Employees' retirement benefits		235,990	207,426
Deferred income tax liability		1,341,087	1,777,370
		<u>3,200,881</u>	<u>3,589,164</u>
CURRENT LIABILITIES			
Trade and other payables		7,052,406	5,968,779
Short term borrowings		1,989,497	2,103,271
Accrued mark-up		123,065	119,385
Current portion of non-current liabilities		643,392	802,248
Unclaimed dividend		1,960	2,039
		<u>9,810,320</u>	<u>8,995,722</u>
TOTAL LIABILITIES		<u>13,011,201</u>	<u>12,584,886</u>
CONTINGENCIES AND COMMITMENTS	4		
TOTAL EQUITY AND LIABILITIES		<u>21,713,057</u>	<u>22,254,751</u>

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



Chief Executive Officer



Director



Chief Financial Officer

	Note	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	17,722,279	18,179,195
Intangible asset		4,557	5,467
Biological assets		16,656	17,017
Investments		10,868	10,225
Long term loans, advances and deposits		148,176	138,349
		17,902,536	18,350,253
CURRENT ASSETS			
Biological assets		12,182	29,299
Stores, spare parts and loose tools		528,265	526,441
Stock-in-trade	6	2,105,369	1,735,039
Trade debts		202,067	154,993
Loans, advances, deposits, prepayments and other receivables		684,754	944,437
Cash and bank balances		277,884	514,289
		3,810,521	3,904,498
TOTAL ASSETS		21,713,057	22,254,751


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the Nine Months Period Ended 30 June 2020 (Un-Audited)

		Nine months ended		Quarter ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
		----- (Rupees in thousand) -----			
Revenue	71	16,816,200	18,375,881	4,501,254	5,374,846
Cost of Sales	71	(16,298,057)	(16,414,804)	(4,176,099)	(4,969,899)
Gross Profit		518,143	1,961,077	325,155	404,947
Administrative Expenses		(361,176)	(325,129)	(117,341)	(107,657)
Distribution Cost		(1,438,482)	(1,621,027)	(404,324)	(545,483)
Other Expenses		(35,013)	(40,425)	(24,334)	(3,927)
Other Income		752,393	78,460	17,487	33,276
(Loss) / Profit from Operations		(564,135)	52,956	(203,357)	(218,844)
Finance Cost		(565,534)	(344,741)	(212,256)	(127,362)
Share of Profit / (Loss) from Associate		567	(182)	-	-
Loss before Taxation		(1,129,102)	(291,967)	(415,613)	(346,206)
Taxation		161,099	21,065	115,330	57,779
Loss after Taxation		(968,003)	(270,902)	(300,283)	(288,427)
Share of Loss Attributable to:					
Equity Holders of Holding Company		(650,591)	(311,845)	(238,092)	(213,252)
Non-Controlling Interest		(317,412)	40,943	(62,191)	(75,175)
		(968,003)	(270,902)	(300,283)	(288,427)
Loss Per Share - Basic and Diluted (Rupees)		(7.74)	(2.17)	(2.40)	(2.31)

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


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the Nine Months Ended 30 June 2020 (Un-Audited)

	Nine months ended		Quarter ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	----- (Rupees in thousand) -----			
Loss after Taxation	(968,003)	(270,902)	(300,283)	(288,427)
Other Comprehensive Loss				
Items that will not be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive loss of associate	(6)	(297)	-	-
Items that may be reclassified to profit or loss in subsequent periods	-	-	-	-
Other comprehensive loss for the period	(6)	(297)	-	-
Total Comprehensive Loss for the Period	(968,009)	(271,199)	(300,283)	(288,427)
Share of Total Comprehensive Loss Attributable to:				
Equity Holders of Holding Company	(650,597)	(312,142)	(238,092)	(213,252)
Non-Controlling Interest	(317,412)	40,943	(62,191)	(75,175)
	(968,009)	(271,199)	(300,283)	(288,427)

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



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Nine Months Period Ended 30 June 2020 (Un-Audited)

SHARE CAPITAL	RESERVES											ACCUMULATED LOSS	SHARE-HOLDERS' EQUITY	NON-CONTROLLING INTEREST	TOTAL EQUITY		
	CAPITAL RESERVES					REVENUE RESERVES											
	Premium on issue of right shares	Share in capital reserves of equity of associate	Fair value reserve of investments at fair value through other comprehensive income	Difference of capital under arrangement of merger	Surplus on revaluation of property, plant and equipment - net of income tax	Musharakah financing - equity portion	Sub total	General	Dividend equalization	Equity investment market value equalization	TOTAL						
1,25,00,000	1,05,63,73	-	(5,200)	155,930	73,07,114	-	8,514,217	410,606	22,700	83,000	516,306	9,03,033	(1,645,310)	8,635,212	1,705,623	10,341,035	
-	-	-	-	-	(155,976)	-	(155,976)	-	-	-	-	(155,976)	155,976	-	-	-	-
-	-	-	-	-	-	-	(14,36)	-	-	-	-	(14,36)	-	(14,36)	-	(14,36)	(2,29,559)
-	-	-	-	-	-	-	-	-	-	-	-	-	(270,902)	(270,902)	-	40,348	(2,29,559)
-	-	-	-	-	-	-	-	-	-	-	-	-	(2,297)	(2,297)	-	-	(2,297)
-	-	-	-	-	-	-	-	-	-	-	-	-	(271,199)	(271,199)	-	40,348	(2,30,756)
1,25,00,000	1,05,63,73	(14,36)	(5,200)	155,930	74,74,338	-	8,33,320	410,606	22,700	83,000	516,306	8,86,931	(1,75,634)	8,36,257	1,74,676	10,09,943	
-	-	-	-	-	(165,379)	-	(165,379)	-	-	-	-	(165,379)	165,379	-	-	-	-
-	-	-	-	-	(140,684)	-	(140,684)	-	-	-	-	(140,684)	-	(140,684)	-	-	(140,684)
-	-	-	-	-	(2,905)	-	(2,905)	-	-	-	-	(2,905)	2,905	-	-	-	-
-	-	-	-	-	-	71,532	71,532	-	-	-	-	71,532	-	71,532	65,907	1,81,439	
-	-	(14,36)	-	-	-	-	(14,36)	-	-	-	-	(14,36)	-	-	-	(14,36)	-
-	-	-	-	-	56,323	-	56,323	-	-	-	-	56,323	-	-	10,09	(570,230)	-
-	-	-	-	-	-	-	-	-	-	-	-	26,001	-	-	51,209	134,433	-
-	-	-	-	-	-	-	-	-	-	-	-	(544,338)	-	-	52,718	(45,597)	-
1,25,00,000	1,05,63,73	(2,872)	(5,200)	155,930	68,94,893	71,532	8,71,656	410,606	22,700	83,000	516,306	8,69,562	(1,13,968)	790,494	1,864,181	9,66,965	
-	-	-	-	-	-	-	(244,418)	-	-	-	-	244,418	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	(650,590)	-	-	(37,412)	(66,803)	-
-	-	-	-	-	-	-	-	-	-	-	-	(65,059)	-	-	(65)	(65)	-
-	-	-	-	-	-	-	-	-	-	-	-	(65,059)	-	-	(65,059)	(65,059)	-
1,25,00,000	1,05,63,73	(2,872)	(5,200)	155,930	6,650,475	71,532	732,728	410,606	22,700	83,000	516,306	8,44,344	(2,539,167)	775,437	15,47,019	8,70,156	-

Balance as at 30 September 2018

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Share of reserves of associate

Loss for the period

Other comprehensive loss for the period

Total comprehensive loss for the period

Balance as at 31 March 2019

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Adjustment of deferred income tax liability due to reassessment at year end

Transfer from surplus on revaluation of property, plant and equipment on disposal of property, plant and equipment

Musharakah financing - equity portion

Share of reserves of associate

Loss for the period

Other comprehensive income for the period

Total comprehensive loss for the period

Balance as at 30 September 2019

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Loss for the period

Other comprehensive loss for the period

Total comprehensive loss for the period

Balance as at 30 June 2020

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


Chief Executive Officer


Director



Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the Nine Months Period Ended 30 June 2020 (Un-Audited)

	Note	30 June 2020 (Rupees in thousand)	30 September 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	1,061,285	3,845,234
Finance cost paid		(561,854)	(428,341)
Net increase in long term loans, advances and deposits		(9,827)	(987)
Employees' retirement benefits paid		(7,921)	(24,591)
Income tax paid		(162,201)	(283,079)
Net cash generated from operating activities		319,482	3,108,236
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment and intangible asset		(289,775)	(3,021,946)
Proceeds from sale of livestock		2,267	-
Proceeds from sale of property, plant and equipment		369	30,461
Interest received on loan to Sui Northern Gas Pipelines Limited		68	101
Net cash used in investing activities		(287,071)	(2,991,384)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		(113,774)	(481,160)
Repayment of long term financing		(256,998)	(306,995)
Proceeds of long term financing		265,606	-
Repayment of lease liabilities - net		(163,571)	562,001
Musharakah financing obtained		-	280,000
Dividend paid		(79)	(234)
Net cash (used in) / generated from financing activities		(268,816)	53,612
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(236,405)	170,464
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		514,289	343,825
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		277,884	514,289

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


Chief Executive Officer


Director


Chief Financial Officer

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Nine Months Period Ended 30 June 2020 (Un-Audited)

1. THE GROUP AND ITS OPERATIONS

The Group consists of Shakarganj Limited (the Holding Company) and its Subsidiary Company, Shakarganj Food Products Limited.

Shakarganj Limited

Shakarganj Limited (the Holding Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017). The registered office of the Company is situated at E-Floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore. Its shares are quoted on Pakistan Stock Exchange Limited. The Company is engaged in the business of manufacture, purchase and sale of sugar, biofuel and yarn (textile). Moreover the Company also operates agriculture farms.

Shakarganj Food Products Limited

Shakarganj Food Products Limited (the Subsidiary) was incorporated in Pakistan initially as a private limited company on 03 April 2001 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The name of the company was changed from A.M. Fruit Products (Private) Limited to Shakarganj Food Products Limited along with change of its status from private to public limited on 03 January 2006. The registered office of the Company is situated at E-Floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore. The Company is engaged in the business of manufacture, process and sale of food products (dairy, fruit pulps and concentrate juices). The Company is a subsidiary of Shakarganj Limited. Ownership interest held by non-controlling interest in Shakarganj Food Products Limited is 47.61% (30 September 2019: 47.61%).

- 1.1 Due to evolution of COVID-19 pandemic, the Holding Company's operations were also affected, as sugar sales, ethanol exports and yarn sales of the Holding Company dropped after the country-wide lockdown from 24 March 2020. However, State Bank of Pakistan vide its circular No. ERD/M&PRD/PR/01/2020-32 dated 26 March 2020 allowed deferment of principal repayments on loan obligations due to banks by a period of one year. The Holding Company has availed this opportunity and applied to National Bank of Pakistan (NBP) and First Credit and Investment Bank Limited (FCIBL) for deferment of loan repayments of long term financing and short term borrowings accumulating to Rupees 508.162 million. NBP & FCIBL have approved the deferment of loan repayments as requested by the Holding Company'. The Holding Company is fully committed to continue as a going concern in subsequent periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

- i) These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

- ii) These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Holding Company and its Subsidiary for the year ended 30 September 2019. These consolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

b) Accounting policies and computation methods

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as approved in the preparation of the audited annual financial statements of the Holding Company and its Subsidiary for the year ended 30 September 2019, except for the following:

IFRS 16 'Leases'

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 01 October 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The effect of adoption of IFRS 16 {increase / (decrease) } is as follows:

	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited)
Consolidated condensed interim statement of financial position (Un-audited)		
Assets		
Property, plant and equipment: right-of-use assets	24,088	32,117
Liabilities		
Lease liabilities	(26,745)	(32,117)
Deferred income tax liability	771	-
	(1,886)	-

The effect of adoption of IFRS 16 during the period ended 30 June 2020 is as follows:

	(Rupees in thousand)
Consolidated condensed interim statement of profit or loss (un-audited)	
Lease rental expense not booked	8,883
Depreciation of right-of-use assets	(8,029)
Mark-up on lease liabilities	(3,511)
Impact on loss before taxation	(2,657)
Taxation	771
Impact on loss after taxation	(1,886)

The Group has lease contracts for various items of property, plant and equipment. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 were applied to these leases from 01 October 2019.

Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

2.2 Consolidation

a) Subsidiary

Subsidiary is the entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

The assets and liabilities of Subsidiary have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary.

Intragroup balances and transactions have been eliminated.

Non-controlling interest is that part of net results of the operations and of net assets of Subsidiary attributable to interest which are not owned by the Holding Company. Non-controlling interests are presented as separate item in the consolidated condensed interim financial statements.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in equity method accounted for associates are tested for impairment in accordance with the provision of IAS 36 'Impairment of Assets'.

2.3 Critical accounting estimates, judgments and financial risk management

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

During preparation of these consolidated condensed interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Holding Company and its Subsidiary for the year ended 30 September 2019.

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding annual audited financial statements of the Holding Company and its Subsidiary for the year ended 30 September 2019.

2.4 Seasonality of operations

Due to seasonal nature of sugar segment operating results are expected to fluctuate in the last quarter of the year than the first nine months.

3. LONG TERM FINANCES

	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited)
Opening balance	1,176,411	1,483,406
Add: Obtained during the period / year	265,606	-
Less: Repaid during the period / year	(256,998)	(306,995)
	1,185,019	1,176,411
Less: Current portion shown under current liabilities	(305,483)	(468,120)
	879,536	708,291

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

- (i) 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, levied a duty of Rupees 2 per liter on manufacturing of spirit (biofuel) with effect from 01 July 2012. In view of legal lacunas, discrimination as to other provinces, no legislative competence and lawful authority of Government of Punjab to impose such duty on industrial ethanol which is not alcohol liquor and the fact that the Holding Company is exporter of the spirit which is exempted under Order 6 of the Punjab Liquor Import, Export, Transportation and Possessions Orders, the management through its legal counsel has challenged the imposition of said levy and is currently contesting it at Honorable Lahore High Court, Lahore. Keeping in view all the court proceedings and grounds discussed in various higher courts, Punjab Government, after due deliberations of the Provincial Cabinet of the Punjab Government, on 20 August 2019, through its notification no. SO(E&M)2-5/2018/ED withdrew the imposed duty of Rupees 2 per liter upon the manufacture of spirit in any distillery. As per Holding Company's legal counsel, the Holding Company has clear-cut case and the decision of the case shall be in favor of the Holding Company. In view of the aforesaid, the duty on manufacturing of spirit (biofuel) previously recognized as liability amounting to Rupees 430.280 million has been derecognized and Rupees 236.454 million previously deposited on this account has been recognized as receivable being refundable.

- (ii) The Holding Company has paid an advance amounting to Rupees 12.999 million to Messrs Industrial Enterprises for designing the boiler project to use only biogas as fuel with no option of burning bagasse. However, the boiler could not generate steam as per specification. It is unlikely that this project will be completed. Therefore the Holding Company has gone into litigation with Industrial Enterprises in Civil Court, Jhang on 03 July 2018 for the recovery of the advance paid along with damages. Based on the advice of legal counsel, there are favourable grounds that the case will be decided in favour of the Holding Company and the advance amount paid will be refunded back.

4.2 Commitments

- (i) Contracts for capital expenditure of Subsidiary are of Rupees Nil as at 30 June 2020 (30 September 2019: Rupees 123.801 million).
- (ii) Ijarah (operating lease) commitments of Subsidiary are of Rupees 49.84 million as at 30 June 2020 (30 September 2019: Rupees 65.589 million).

	Note	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	15,687,086	16,021,724
Capital work-in-progress		222,742	147,324
Right-of-use assets / assets subject to finance arrangements		1,812,451	2,010,147
		<u>17,722,279</u>	<u>18,179,195</u>
5.1 Operating fixed assets			
Opening book value		16,021,724	13,308,522
Add:			
Cost of additions during the period / year	5.1.1	141,027	136,572
Transfer from right-of-use assets / assets subject to finance arrangements		209,909	264,963
Transfer from capital work-in-progress		-	3,125,314
		<u>16,372,660</u>	<u>16,835,371</u>
Less: Book value of deletions during the period / year		1,340	23,683
		<u>16,371,320</u>	<u>16,811,688</u>
Depreciation charged during the period / year		684,234	789,964
		<u>15,687,086</u>	<u>16,021,724</u>

5.1.1 Cost of additions during the period / year

	30 June 2020 (Un-audited) (Rupees in thousand)	30 September 2019 (Audited)
Building	15,358	4,530
Plant and machinery	119,919	107,850
Tools and equipment	23	690
Water, electric and weighbridge equipment	3,494	11,339
Laboratory and milk collection equipment	-	1,990
Furniture and fixtures	622	2,159
Office equipment	1,295	5,596
Vehicles	316	2,418
	141,027	136,572

6. STOCK-IN-TRADE

Raw materials	806,510	583,198
Work-in-process	58,754	20,724
Finished goods	1,240,105	1,131,117
	2,105,369	1,735,039

- 6.1 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the period was Rupees 3.75 million (30 September 2019: Rupees 4.13 million).

7. SEGMENTS INFORMATION (Un-audited)

7.1 Revenue

External	467,917	2,584,074	616,244	1,924,133	485,397	1,120,818	28,892	28,234	10,946,413	12,671,001	60,077	101,049	-	472	-	-	(875,980)	-	16,816,200	-	18,375,881
Intersegment	996,883	780,166	2,532	80,065	-	-	16,463	15,749	-	-	-	-	-	-	-	-	(679,278)	-	-	-	(679,278)
Cost of sales	5,616,060	3,364,240	642,716	2,004,198	485,397	1,120,818	46,355	43,983	10,946,413	12,671,001	60,077	101,049	-	472	-	-	(679,278)	-	16,816,200	-	18,375,881
Gross profit	(5,955,716)	(3,555,948)	(684,368)	(1,627,681)	(516,968)	(1,105,594)	(45,171)	(36,442)	(10,005,230)	(10,879,134)	(69,882)	(84,431)	-	(574)	-	-	(979,278)	-	(16,290,057)	-	(16,444,504)
Gross loss / profit	(339,665)	(917,709)	(421,992)	376,517	(31,571)	14,304	84	7,541	94,183	177,957	(9,805)	16,618	-	(102)	-	-	-	-	518,143	-	1,396,077
Administrative expenses	(109,195)	(241,655)	(27,771)	(71,049)	(24,803)	(24,503)	(878)	(1,016)	(13,523)	(101,903)	-	-	-	(15)	-	-	(361,176)	-	(361,176)	-	(361,176)
Distribution cost	(15,532)	(121,555)	(49,350)	(25,480)	(10,080)	(24,988)	-	-	(3,657,263)	(147,738)	(4,989)	(311)	-	-	-	-	-	-	(4,384,482)	-	(4,384,482)
	(214,727)	(136,320)	(72,134)	(99,520)	(25,883)	(27,000)	(878)	(1,016)	(14,810,465)	(15,791,731)	(4,989)	(311)	-	(15)	-	-	-	-	(17,996,658)	-	(17,996,658)
Loss / profit before taxation and unallocated income and expenses	(554,383)	(328,028)	(114,326)	(76,996)	(57,454)	(12,697)	(694)	6,525	(539,863)	(58,734)	(14,794)	13,507	-	(117)	-	-	-	-	(128,151)	-	14,921
Unallocated income and expenses:																					
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(35,013)	-	(40,425)
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(565,534)	-	(344,741)
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	752,393	-	78,460
Share of profit / (loss) from associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	567	-	(832)
taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	161,099	-	210,665
loss after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(968,003)	-	(770,902)

7.2 Reconciliation of reportable segment assets and liabilities:

	Sugar		Biofuel		Textile		Farms		Dairy		Juice		Others		Total	
	30 June	30 September	30 June	30 September	30 June	30 September	30 June	30 September	30 June	30 September	30 June	30 September	30 June	30 September	30 June	30 September
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
----- (RUPEES IN THOUSAND) -----																
Total assets for reportable segments	7076528	7379763	2394668	2061537	434390	4645900	803773	833598	9483347	10464101	970153	716835	-	-	21112799	21920724
Unallocated assets															600258	33407
Total assets as per consolidated condensed interim statement of financial position															21713657	22254751
Total liabilities for reportable segments	4202538	3254914	1240229	1798633	229543	184451	13154	13865	6598807	6460328	220574	594669	-	-	12894845	12306860
Unallocated liabilities															116356	278026
Total liabilities as per consolidated condensed interim statement of financial position															13011201	12584886

		Nine months ended	
		(Un-audited)	(Audited)
		30 June 2020	30 September 2019
		(Rupees in thousand)	
Note			
8. CASH GENERATED FROM OPERATIONS			
Loss before taxation		(1,129,102)	(769,673)
Adjustments for non-cash charges and other items:			
Depreciation		745,351	876,582
Amortization of intangible asset		911	608
Gain on sale of property, plant and equipment		(46)	(6,777)
Finance cost		565,534	513,433
Adjustment on account of excise duty on manufacturing of ethanol		(666,734)	-
Credit balances written back		-	(1,710)
Allowance for expected credit losses		1,062	-
Exchange loss		(85)	-
Provision for employees' retirement benefits		36,424	65,867
Interest income on loan to SNGPL		(28)	(75)
Amortization of deferred income		(879)	(1,232)
Working capital changes	8.1	1,508,877	3,168,211
		1,061,285	3,845,234
8.1 Working capital changes			
(Increase) / decrease in current assets:			
Stock-in-trade		(370,330)	468,709
Trade debts		(48,136)	(16,525)
Stores, spare parts and loose tools		(1,824)	(273,465)
Loans, advances, deposits, prepayments and other receivables		144,155	908,085
Biological assets - net		15,211	(15,041)
		(260,924)	1,071,763
Increase in trade and other payables		1,769,801	2,096,448
		1,508,877	3,168,211

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties as follows:

	(Un-audited) Nine months ended	
	30 June 2020	30 June 2019
	(Rupees in thousand)	
i) Transactions		
Associate and associated companies		
Purchase of goods	257,444	192,826
Common expenses shared	9,515	9,204
Insurance expenses	6,950	7,899
Sale of goods and rendering of services	259,410	179,521
Mark-up on borrowing	29,492	21,950
Ijarah rentals	7,462	6,587
Long term loan repayment	66,667	84,667
Dividend Income	-	180
Other related parties		
Holding Company's contribution to employees retirement benefits	15,734	5,878
Mark-up expense	17,076	21,984
Godown and guest house rent	4,831	1,955
Share of common expenses	2,575	907
Remuneration paid to Chief Executive Officer, directors and executives	277,061	256,031

10. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorized for issue on 28 July 2020 by the Board of Directors of the Holding Company.

11. CORRESPONDING FIGURES

As the consolidated condensed interim financial statements have been prepared for the first time, therefore the corresponding figures have been consolidated for the first time for all the previous periods presented.

12. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.


Chief Executive Officer


Director


Chief Financial Officer

ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2020 کو ختم ہونے والی مدت کے لئے کمپنی اور گروپ کے مناسب عبوری مالی بیانات پیش کرنے پر خوش ہیں

معاشی آؤٹ لک

COVID-19 وبائی مرض نے پاکستان کی ہر صنعت کو ناقابل تلافی نقصان پہنچایا۔ چونکہ لوگوں کی بڑی تعداد کو تنہائی میں ڈال دیا گیا تھا جس نے سپلائی چین کو درہم برہم کر دیا اور معاشی سرگرمیاں تقریباً رک گئی۔ وفاقی اور صوبائی حکومتوں کے ذریعہ لاک ڈاؤن کے سنگین معاشی مضمرات تھے۔ تاہم آہستہ آہستہ لاک ڈاؤن کو کم کرنے کے ساتھ طلب اور رسد کے عمل کو بحال کرنے میں یقیناً مدد ملے گی اس کے باوجود مستقبل میں معیشت پر مجموعی طور پر اثر پڑے گا۔

مالی اور آپریشنل کارکردگی

جیسا کہ پہلے بتایا گیا ہے کہ آپ کی کمپنی 884,724 میٹرک ٹن گنے کو کرش کرنے میں کامیاب رہی ہے جو اسی عرصے میں کرش ہونے والے 484,762 MT گنے کے مقابلے میں تقریباً دو گنا ہے۔ شکر گنج نے اپنی کرشنگ مہم کا آغاز رواں سال ایک ماہ سے بھی پہلے 25 نومبر 2019 کو کیا تھا جبکہ اس کے مقابلے میں گزشتہ سیزن 30 دسمبر 2018 سے شروع ہوا تھا۔ تاہم زیادہ تر وقت کاشت کار صوبائی حکومت کے مقرر کردہ نرخ پر گنا فروخت کرنے پر راضی نہیں تھے اور زیادہ قیمتیں چاہتے تھے جس کے نتیجے میں ملوں کے درمیان قیمتوں میں جنگ ہوئی۔ اس مدت کے دوران پنجاب شوگر ملز ایسوسی ایشن نے اعلان کردہ قیمتوں پر گنے کی عدم فراہمی کی وجہ سے بھی دو ہفتوں تک ملوں کو بند کر رکھنے کا اعلان کیا تھا۔ ان تمام چیلنجوں کو مد نظر رکھتے ہوئے ہم اپنی کرشنگ کونمائیاں طور پر بڑھا سکے لیکن پیداواری لاگت میں بھی اضافہ ہوا۔

بائیو فیول کے کاروبار میں ممکنہ نرخ پر مولاسز کی عدم دستیابی کی وجہ سے ہماری ڈسٹریز اپنے آپریشنز صبح طور پر شروع نہیں کر سکیں۔ اسی عرصے میں 136 دن کے مقابلے میں ڈسٹریز کے آپریشنل دن صرف 58 تھے۔ کرشنگ میں نمایاں اضافے کے باوجود کمپنی کو مجموعی طور پر 651.16 ملین روپے ٹیکس خسارے کے مقابلے میں گزشتہ سال کی اسی مدت میں 357.50 ملین روپے خسارہ ہوا۔

30 جون 2020 کو ختم ہونے والی مدت کے دوران کمپنی کی مجموعی فروخت سے آمدنی 6,013.6 ملین روپے کے مقابلے میں گزشتہ سال کے اسی عرصے میں 5,947.4 ملین روپے تھی۔ اس عرصے کے دوران کمپنی کا مجموعی خسارہ 413.2 ملین روپے رہا جبکہ گزشتہ سال اسی عرصے میں 206.6 ملین روپے مجموعی منافع رہا۔ کمپنی کے ٹیکس سے پہلے 725.4 ملین روپے خسارے کے مقابلے میں گزشتہ سال اسی عرصے میں ٹیکس سے پہلے 347.8 ملین روپے خسارہ رہا۔ کمپنی نے ٹیکس کے بعد 651.16 ملین روپے خسارے کے مقابلے میں گزشتہ سال اسی عرصے میں ٹیکس کے بعد 357.5 ملین روپے خسارہ کیا۔

کاروباری بلقیات

شوگر ڈویژن:

9 مہینے کے لئے شوگر ڈویژن کا محصول 4,883.0 ملین روپے اور انٹر سیگمنٹ فروخت 733.0 ملین روپے تھی جبکہ اس کے مقابلے میں پچھلے سال اسی عرصے میں فروخت 2,873.7 ملین روپے اور انٹر سیگمنٹ فروخت 490.5 ملین روپے تھی۔ شوگر ڈویژن نے 77,560 MT (3QFY19:49,016 MT) چینی پیدا کرنے کے لیے 8.76% (3QFY19:10.13%) کی اوسط

سے 884,724MT (3QFY19:484,762MT) گئے کو کرش کیا جس کے نتیجے میں چینی کی پیداوار میں 58 فیصد اضافہ ہوا۔ تاہم گنے کے معیار کی وجہ سے ریکوری میں نمایاں کمی واقع ہوئی۔

سیزن کے جلدی آغاز اور چینی کی فروخت کی قیمت میں اضافے کی وجہ سے پیداوار اور فروخت میں پچھلے سال کی نسبت نمایاں اضافہ ہوا۔ پیداوار کی زیادہ لاگت اور کم وصولی کے نتیجے میں موجودہ مدت کے دوران 6.05% فیصد کا مجموعی نقصان ہوا۔ اس کے مقابلے میں پچھلے سال کے اسی عرصے کے دوران 5.70% کا مجموعی نقصان ہوا۔ نچلی لائن پرنکس سے پہلے 554 ملین روپے خسارے کے مقابلے میں گذشتہ سال اسی عرصے میں ٹیکس سے پہلے 328 ملین روپے کا نقصان ہوا۔

بائیو فیول ڈویژن:

اس عرصے کے دوران بائیو فیول ڈویژن کی خالص فروخت سے حاصل ہونے والی آمدنی 616.2 ملین روپے اور انٹر سیگمنٹ فروخت 25.9 ملین روپے کے مقابلے میں گزشتہ عرصہ میں خالص فروخت 1924.1 ملین روپے اور انٹر سیگمنٹ فروخت 80.1 ملین روپے رہی۔ اس مدت کے دوران مجموعی خسارہ 42.2 ملین روپے کے مقابلے میں پچھلے سال کی اسی مدت میں 376.5 ملین روپے کا منافع ہوا۔ نچلی لائن پرنکس سے پہلے 114.3 ملین روپے نقصان کے مقابلے میں گزشتہ سال اسی مدت میں ٹیکس سے پہلے 177 ملین روپے کا منافع ہوا۔ اس ڈویژن کی پیداوار کم ہو کر 7.21 ملین لیٹر (15.16:HYFY19 ملین لیٹر) ہو گئی۔

ٹیکسٹائل ڈویژن:

ٹیکسٹائل ڈویژن کی آمدنی اس مدت کے لئے 485.4 ملین روپے کے مقابلے میں گذشتہ سال اسی عرصے میں 1,120.8 ملین روپے تھی۔ یارن کی پیداوار کم ہو کر 1.55 ملین کلوگرام (3.66:3QFY19 ملین کلوگرام) ہو گئی۔ اس عرصے میں مجموعی خسارہ 31.6 ملین روپے رہا۔ موجودہ مدت کے دوران COVID-19 کی وجہ سے ملز کے بند ہونے کی وجہ سے ٹیکسٹائل ڈویژن کے مجموعی خسارے کا مارجن 6.50 فیصد رہا۔ جبکہ اس عرصے کے مقابلے کے دوران مجموعی منافع کا مارجن 1.28 فیصد رہا۔ نقصان میں اضافے کے بنیادی عوامل میں لاک ڈاؤن کی وجہ سے 132 دن پلانٹ کا بند ہونا شامل ہے۔ نقصان کے دوسرے عوامل میں خام مال کی لاگت اور بجلی کی فی یونٹ لاگت میں نمایاں اضافہ شامل ہے۔ نچلی لائن پرنکس سے پہلے 57.5 ملین روپے نقصان کے مقابلے میں پچھلے سال اسی مدت کے لئے 12.7 ملین روپے نقصان ہوا۔

غیر مجتمع مالی مقام

نیلنس شیٹ 30 ستمبر 2019 کو 13,371.4 ملین روپے کے مقابلے میں 30 جون 2020 کو 13,163.8 ملین روپے پہ تھی۔ مجموعی شیر ہولڈر فنڈ 30 ستمبر 2019 کو 7,877.2 ملین روپے کے مقابلے میں 7,226.4 ملین روپے تک کم ہو گیا۔ فی شیئر بریک اپ ویلیو 57.81 روپے تھی۔

مجمع مالی کارکردگی

ایک مجمع بنیاد پر، مالیات کے اخراجات سے پہلے آپریٹنگ نقصان اور ایکویٹی میں شامل سرمایہ کاری میں منافع کا حصہ 564.1 ملین روپے (3QFY 19: منافع 53.0 ملین روپے) تھا۔ اس مدت کے لئے گروپ کو ٹیکس کے بعد مجمع نقصان 968.0 ملین روپے ٹیکس کے مقابلے میں 3Q19 میں ٹیکس کے بعد 270.9 ملین روپے نقصان تھا۔ زیر جائزہ مدت کے دوران، شمر گنج فوڈ پروڈکٹس لمیٹڈ۔

ماتحت کمپنی کانیکس کے بعد خسارہ 666.7 ملین روپے (3QFY 19: ٹیکس کے بعد منافع 86.0 ملین روپے) تھا۔ COVID-19 کی وجہ سے ولیم اور آمدنی میں کمی واقع ہوئی اور برآمدات بھی متاثر ہوئی۔ مارکیٹ میں ولیم کو برقرار رکھنے کے لیے اضافی تجارت کی پیشکش کی گئیں۔ غیر ملکی کرنسی کے بدلاؤ اور سرکاری محصولات میں اضافے کی وجہ سے درآمدی مواد کی ان پٹ لاگت میں اضافہ ہوا۔ پچھلی مدت کے مقابلے میں خام دودھ کی شرح جیسے مقامی خام مال میں بھی پیکیجنگ لاگت میں اضافے کے ساتھ اضافہ ہوا۔ ٹی کریر کی فروخت کے حجم میں نمایاں کمی واقع ہوئی ہے۔

صحت، حفاظت، ماحولیات اور کارپوریٹ معاشرتی ذمہ داری

محفوظ اور صحت مند کام کے ماحول کو یقینی بنانے کے لئے، کمپنی COVID-19 وبائی مرض کی ترقی کے مطابق اپنی صحت اور حفاظت کے طریقوں کو ڈھال رہی ہے۔ اقدامات میں بلا قفل کارروائیوں کے لئے دفتر میں حاضر ہونے کے لئے ضروری عمل کی درجہ بندی بھی شامل ہے، جبکہ دوسرے عمل کو کام کرنے کے لیے گھر منتقل کر دیا گیا ہے۔ تکنیکی پیشرفت نے مجازی ملاقاتوں میں تبدیلی کے ذریعہ کم سے کم جسمانی تعامل کو ممکن بنایا ہے۔ وبائی امراض سے پیدا ہونے والی صورتحال کا سامنا کرنے کے لئے تمام تر کوششیں کی جارہی ہیں۔ ہم ان سرگرمیوں میں حصہ لینے کے لئے فعال طور پر مواقع تلاش کرتے ہیں جن میں ہم کام کرتے ہیں اور ان ماحول کو بہتر بناتے ہیں جو ہم سب کو برقرار رکھتے ہیں۔ ہماری بنیادی توجہ کے شعبے تعلیم، صحت اور حفاظت، توانائی کے تحفظ، فضلہ میں کمی، اور معاشرتی تعمیر ہیں۔


مستقبل کے آؤٹ لک:

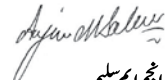
پاکستان میں کاروباری اداروں کے لئے لاک ڈاؤن اور تجدیدی کوششوں میں آسانی کے ساتھ، ہم اگلے مالی سال سے بائو فیول کے ساتھ ساتھ مقامی کاروباری اداروں کی اپنی برآمدات کی بحالی کے لئے پرامید ہیں۔ کمپنی کی انتظامیہ اس صورتحال کا جائزہ لے رہی ہے اور جب بھی ممکن ہو کاروبار کے تسلسل کے لیے تمام ضروری اقدامات اٹھائے گی اور جیسا کہ حکومت نے COVID-19 وبائی مرض سے پیدا ہونے والی ارتقائی پیشرفتوں کے پیش نظر اجازت دی ہے۔

زیر جائزہ مدت کے دوران، کمپنی نے کامیابی کے ساتھ اپنے ورکنگ کپیٹل لائون کی تجدید کی ہے۔ کمپنی کو جاری رکھنے اور اپنے لیکویڈیٹی منظر نامے میں بہتری لانے کے لئے کمپنی اپنی بہترین کوششوں کے لیے پرعزم ہے۔

آخر میں، ہم تمام اسٹیک ہولڈرز کی سرپرستی کے لئے ان کا شکریہ ادا کرنا چاہتے ہیں اور ان کی مسلسل حمایت کے منتظر ہیں۔

بورڈ آف ڈائریکٹرز کے لئے اور ان کی طرف سے


علی الطاف سلیم
ڈائریکٹر


انجم ایم سلیم
چیف ایگزیکٹو آفیسر

تاریخ: 28 جولائی 2020



Shakarganj Limited

Executive Floor, IT Tower, 73 E 1
Hali Road, Gulberg III, Lahore, Pakistan
Telephone: (042) 111 111 765
Fax: (042) 3578 3811
