

CONDENSED INTERIM REPORT  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED  
30 JUNE 2021

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Shakarganj  
Limited

growing  
together



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## **VISION MISSION & CORE VALUES**

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

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

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

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

To work with our farmers, suppliers, and distributors as partners in developing their expertise and profitability

To pursue environment friendly policies, and effectively and efficiently use all energy resources aiming for zero waste and a clean healthy environment

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

# COMPANY INFORMATION

## Board of Directors

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

## Audit Committee

Chairman	Sheikh Asim Rafiq (Independent)
Member	Javed Anjum
Member	Khalid Bashir
Member	Zahra Ahsan Saleem (Independent)

## Human Resource & Remuneration Committee

Chairperson	Zahra Ahsan Saleem (Independent)
Member	Anjum Muhammad Saleem
Member	Khalid Bashir
Member	Mian 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](mailto:info@shakarganj.com.pk)

## Shareholders' Information

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

## Products

- Sugar
- Biofuel
- 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](mailto:info@shakarganj.com.pk)

### Satellite Facility

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

## Website

[www.shakarganj.com.pk](http://www.shakarganj.com.pk)  
Note: This Report is available on Shakarganj website.

## Registered and Principal Office

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

## Karachi Office

12th Floor, Sidco Avenue Centre,  
264 R.A. Lines, Karachi, Pakistan  
Tel: (021) 3568 8149  
Fax: (021) 3568 0476

## Faisalabad Office

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

## Share Registrar

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

# COMPANY PROFILE 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.

## 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 16,000 Tons of Cane per Day (TCD) which is extendable to 20,000 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. The installed capacity is 24,960 spindles for cotton spinning.

## Farming & Allied Business:

This comprises different parcels of land mainly located in Jhang District near our manufacturing facilities. Total area for farming 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 around 200 milking and fattening cattle. 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



# DIRECTORS' REPORT

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 2021.

## Financial and Operational Performance:

Impact of the COVID-19 pandemic is witnessed to every industry all over the world. Our export shipments have been delayed due to sanctions by various countries. As discussed earlier in our last review, timely start of crushing campaign earlier by 10 days as to previous season enabled Shakarganj to increase its crushing during the period under review. The Company was able to crush 1,006,075 MT of sugarcane as compared to 884,724 MT of sugarcane in the corresponding period. However, again, this year growers were not willing to sell sugarcane at the rate fixed by the Punjab Government. It was requested by the mills and agreed by the government to eliminate the involvement of the middleman in the sugarcane supply chain, the same could not be implemented. Middleman was freely dealing in sugarcane and in order to secure high prices, created shortage of sugarcane and non-availability of sugarcane kept sugarcane prices on the higher side throughout the crushing season. As a result, huge cost escalation was experienced, which reduced the margins. Sugarcane prices in the market at the peak of the season were increased unproportionally and the procurement was being made even at the rate more than Rs. 350 per 40 kg. This increased the average sugarcane cost for Shakarganj more than Rs. 250 per 40 kg against the support price of Rs.200/40 kg.

Unpredictable and inconsistent policies and actions of the Government impacted negatively for all the stakeholders in sugar industry. Government formed the sugar inquiry commission to investigate the reasons for price hike but as a result of this report, prices were further increased and facts & figures reported by the commission could not prove true in the scenario created subsequent to the report. Although the intention of the Government was not bad but the methodology adopted so far was not proper. The Government should have engaged the sugar industry to find the solution of the problems but it is unfortunate that instead of engaging stakeholders throughout the sugar supply chain, the Government engaged coercive measures against the sugar mills. Moreover, upon Government directions, Federal Board of Revenue started opening up the assessment cases of sugar mills in both income tax and sales tax areas, creating demands of billions of rupees even on very trivial and illogical grounds which would probably increase unnecessary litigation at large scale in future.

Our distilleries operations were also started partially with meager procurement of molasses but not on the large scale basis. Prices of raw material in our core areas of sugar and biofuel increased constantly which rendered the bottom line in negative. In spite of increase in the selling price of sugar, the Company incurred an overall after tax loss of Rs. 1049.68 million as compared to after tax loss of Rs. 651.16 million incurred in the corresponding period of last year.

During the period ended 30 June 2021, Company's overall sales revenue stood at Rs. 8,455.8 million (3QFY20: Rs. 6,013.6 million) and gross loss of the Company was Rs. 422.5 million as compared to gross loss of Rs. 413.2 million in corresponding period last year. The Company's loss before tax was Rs. 939.63 million as compared to loss before tax of Rs. 725.41 million in the corresponding period.

## Business Segments:

### Sugar Division:

Sugar Division revenue net of sales tax for the period was Rs. 6,547.5 million and inter-segment sale of this division was Rs. 1,070.6 million as against net sales revenue of Rs. 4,883.0 million and inter-segment sale of Rs. 733.0 million during corresponding period of last year. The Sugar Division crushed 1,006,075 MT (3QFY20: 884,724 MT) of sugarcane to produce 91,837 MT (3QFY20: 77,560 MT) of sugar at an average recovery rate of 9.13 percent (3QFY20: 8.76 percent). Sugar recovery was improved during the period under review.

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 increased which resulted gross loss of 4.95% during the current period, compared to gross loss of 6.05% during the corresponding period of last year. The bottom-line resulted in loss before tax of Rs. 621.2 million as compared to loss before tax of Rs. 554.4 million for the corresponding period last year.

### Biofuel Division:

Net sales revenue of Biofuel Division during the period amounted to Rs. 1,162.1 million with inter segment sale of Rs. 23.6 million as compared to net sales revenue of Rs. 616.2 million with inter segment sale of Rs. 25.9 million during corresponding period. Gross loss for the period stood at Rs. 1.1 million as compared to loss of Rs. 42.2 million in corresponding period last year. The bottom-line resulted in loss before tax of Rs. 120.5 million as compared to loss before tax of Rs. 114.3 million for the corresponding period last year. The production of this division increased to 14.36 million litres (3QFY20: 7.21 million litres). Capacity utilization of Biofuel Division remained under pressure due to poor demand of importing countries.

### Textile Division:

Textile Division revenue was increased significantly to Rs. 694.9 million as compared to Rs. 485.4 million in corresponding period last year. Yarn production increased to 2.31 million kg (3QFY20: 1.55 million kg). Gross loss for the period stood at Rs. 58.8 million. Cotton prices were increased around 25% but not in proportionate with yarn prices which were increased only around 10%. Textile Division gross loss margin was 8.46% during the current period as compared to gross loss margin of 6.50% during corresponding period. Main factors behind increase in loss included significant increase in raw material cost and per unit cost of electricity. The bottom-line resulted in loss before tax of Rs. 88.18 million as compared to loss before tax of Rs. 57.45 million for the corresponding period last year.

## Unconsolidated Financial Position

Balance sheet footing stood at Rs. 12,638.6 million as of 30 June 2021 compared to Rs. 12,734.6 million on 30 September 2020. Total shareholders' fund decreased to Rs. 5,810.7 million as at 30 June 2021 from Rs. 6,858.5 million as at 30 September 2020. Break-up value per share was Rs. 46.49.

## Consolidated Financial Performance

On a consolidated basis, operating loss before finance costs and taxation amounted to Rs. 397.65 million (3QFY20: loss Rs. 564.14 million). Consolidated loss after tax for the Group for the period was

Rs. 1004.83 million as compared to loss after tax of Rs. 968.0 million in 3QFY20. During period under review, profit after tax of Shakarganj Food Products Limited – the subsidiary company amounted to Rs. 94.21 million (3QFY20: loss after tax Rs. 666.69 million). Results of subsidiary company were improved significantly due to increase in sales volume, selling price, and Input cost control, so the margins were improved in all the areas. Continuity of the progress would result even much better bottom line in next part of Fiscal 2021.

On a Group basis, the consolidated balance sheet footing stood at Rs. 20,666.58 million as at 30 June 2021, compared to Rs. 20,850.07 million as at 30 September 2020. Total equity decreased to Rs. 7,394.56 million as at 30 June 2021 from Rs. 8,397.50 million as at 30 September 2020.

### Health, Safety, Environment and Corporate Social Responsibility

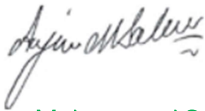
To ensure a safe and healthy work environment, the Company is adapting its health and safety practices in line with the development of the COVID-19 pandemic. Measures include categorization of staff essential to be present in office for uninterrupted operations, whereas the other staff is shifted to work-from-home. Covid vaccination has been arranged for all the workers and staff on priority basis. 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:

Bio fuel and textile businesses are in operations right now. With the ease of lockdown and revival efforts for businesses in Pakistan, we are hopeful for continuation of our exports of biofuel. Company's management is taking all essential measures for continuity of business wherever possible. Future outlook of our distilleries operations is always dependent on continuous availability of good quality molasses. However, market price of raw material has increased significantly, still management is reviewing the situation and procurement would be done subject to better margins otherwise stocks available with the Company would be used to continue its distilleries operations. Difficult business environments in the textile business have forced us to close the textile operations in the last month however, now the same has been restarted. As explained in Note on Accounts No. 1.2, we are facing liquidity crunch which also increases the cost of doing business.

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

28 July 2021

Unconsolidated Condensed Interim  
Financial Statements (Un-audited)  
For the nine months period ended 30 June 2021  
(Shakarganj Limited)

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Un-audited)

	Note	30 June 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized share capital</b>			
150,000,000 (30 September 2020: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
50,000,000 (30 September 2020: 50,000,000) preference shares of Rs. 10 each		500,000	500,000
		<u>2,000,000</u>	<u>2,000,000</u>
<b>Issued, subscribed and paid up share capital</b>			
125,000,000 (30 September 2020: 125,000,000) ordinary shares of Rs. 10 each		1,250,000	1,250,000
<b>Capital Reserves</b>			
Surplus on revaluation of property, plant and equipment - net of deferred income tax		5,900,180	6,087,758
Other capital reserve		1,667,360	1,683,231
<b>Revenue Reserves</b>		516,306	516,306
<b>Accumulated losses</b>		(3,523,163)	(2,678,821)
<b>TOTAL EQUITY</b>		<u>5,810,683</u>	<u>6,858,474</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	3	76,342	219,945
Deferred income - Govt. grant		711	3,405
Employees' retirement benefits		185,107	160,503
Deferred income tax liability		862,421	925,415
		<u>1,124,581</u>	<u>1,309,268</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,910,387	2,808,451
Short term borrowings		1,152,100	1,415,698
Accrued Mark-up		73,858	57,152
Current portion of non-current liabilities		474,589	245,419
Unclaimed dividend		1,944	1,954
Provision for taxation		90,423	38,171
		<u>5,703,301</u>	<u>4,566,845</u>
<b>TOTAL LIABILITIES</b>		<u>6,827,882</u>	<u>5,876,113</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	4		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>12,638,565</u>	<u>12,734,587</u>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

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

Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the Quarter and Nine Months Period Ended 30 June 2021 (Un-Audited)

	Note	Nine months ended		Quarter ended	
		30 June 2021	30 June 2020 (Rupees in thousand)	30 June 2021 thousand)	30 June 2020
Revenue	9.1	8,455,832	6,013,581	1,072,529	1,070,692
Cost of sales	9.1	(8,878,284)	(6,426,816)	(1,214,190)	(1,091,055)
Gross loss		(422,452)	(413,235)	(141,661)	(20,363)
Distribution cost		(102,703)	(65,969)	(47,642)	(11,032)
Administrative expenses		(290,934)	(247,653)	(85,610)	(77,016)
Other expenses		(114,233)	(34,626)	3,496	(24,201)
Other income		60,130	726,060	15,422	9,857
Loss from operations		(870,192)	(35,423)	(255,995)	(122,755)
Finance cost		(189,196)	(245,137)	(68,012)	(71,409)
Share of profit / (loss) from equity accounted investee		119,754	(444,848)	61,123	(116,017)
Loss before taxation		(939,634)	(725,408)	(262,884)	(310,181)
Taxation		(110,050)	74,251	11,999	58,007
Loss after taxation		(1,049,684)	(651,157)	(250,885)	(252,174)
Loss per share - Basic And diluted (Rupees)		(8.40)	(5.21)	(2.01)	(2.02)

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 Quarter and Nine Months Period Ended 30 June 2021 (Un-Audited)

	Nine months ended		Quarter ended	
	30 June 2021	30 June 2020 (Rupees in thousand)	30 June 2021	30 June 2020
Loss after taxation	(1,049,684)	(651,157)	(250,885)	(252,174)
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	1,893	380	3,216	(229)
Items that may be reclassified to profit or loss in subsequent periods	-	-	-	-
Other comprehensive income / (loss) for the period	1,893	380	3,216	(229)
Total comprehensive loss for the period	<u>(1,047,791)</u>	<u>(650,777)</u>	<u>(247,669)</u>	<u>(252,403)</u>

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 CHANGES IN EQUITY

For the Nine Months Period Ended 30 June 2021 (Un-Audited)

Rupees in thousand

SHARE CAPITAL	RESERVES											ACCUMUL- ATED LOSS	TOTAL EQUITY
	CAPITAL RESERVES						REVENUE RESERVES				TOTAL		
	Premium on issue of right shares	Share in capital reserves of equity accounted investee	Fair value reserve of investments at fair value through other comprehens- ive income	Difference of capital under scheme of arrangeme- nt of merger	Surplus on revaluation of property, plant and equipment - net of deferred income tax	Sub total	General	Dividend equalization	Equity investment market value equalization	Sub total			
1,250,000	1,056,373	497,429	(13,311)	155,930	6,356,860	8,053,281	410,606	22,700	83,000	516,306	8,569,587	(1,861,115)	7,958,472
-	-	-	-	-	(225,718)	(225,718)	-	-	-	-	(225,718)	225,718	-
-	-	(18,701)	-	-	-	(18,701)	-	-	-	-	(18,701)	18,701	-
-	-	-	-	-	-	-	-	-	-	-	-	(651,157)	(651,157)
-	-	-	380	-	-	380	-	-	-	-	380	-	380
-	-	-	380	-	-	380	-	-	-	-	380	(651,157)	(650,777)
1,250,000	1,056,373	478,728	(12,931)	155,930	6,131,142	7,809,242	410,606	22,700	83,000	516,306	8,325,548	(2,267,853)	7,307,695
-	-	-	-	-	(88,402)	(88,402)	-	-	-	-	(88,402)	88,402	-
-	-	-	-	-	48,397	48,397	-	-	-	-	48,397	-	48,397
-	-	-	-	-	(3,379)	(3,379)	-	-	-	-	(3,379)	3,379	-
-	-	(6,232)	-	-	-	(6,232)	-	-	-	-	(6,232)	6,232	-
-	-	-	-	-	-	-	-	-	-	-	-	(346,426)	(346,426)
-	-	6,330	5,033	-	-	11,363	-	-	-	-	11,363	(162,555)	(151,192)
-	-	6,330	5,033	-	-	11,363	-	-	-	-	11,363	(508,981)	(497,618)
1,250,000	1,056,373	478,826	(7,898)	155,930	6,087,758	7,770,989	410,606	22,700	83,000	516,306	8,287,295	(2,678,821)	6,858,474
-	-	-	-	-	(176,730)	(176,730)	-	-	-	-	(176,730)	176,730	-
-	-	-	-	-	(10,848)	(10,848)	-	-	-	-	(10,848)	10,848	-
-	-	(17,765)	-	-	-	(17,765)	-	-	-	-	(17,765)	17,765	-
-	-	-	-	-	-	-	22,700	(22,700)	-	-	-	-	-
-	-	-	-	-	-	-	83,000	-	(83,000)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	(1,049,684)	(1,049,684)
-	-	-	1,893	-	-	1,893	-	-	-	-	1,893	-	1,893
-	-	-	1,893	-	-	1,893	-	-	-	-	1,893	(1,049,684)	(1,047,791)
1,250,000	1,056,373	461,062	(6,005)	155,930	5,900,180	7,567,540	516,306	-	-	516,306	8,083,846	(3,523,163)	5,810,683

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 CASH FLOWS

For the Nine Months Period Ended 30 June 2021 (Un-Audited)

		Nine months ended	
	Note	30 June 2021 Rupees in thousand	30 June 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	10	349,990	354,641
Finance cost paid		(113,439)	(277,604)
Net increase in long term advances and deposits		(2,100)	(34)
Income tax paid		(50,392)	(29,314)
<b>Net cash generated from operating activities</b>		<b>184,059</b>	<b>47,689</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(89,465)	(42,390)
Proceeds from sale of livestock		-	2,267
Proceeds from sale of property, plant and equipment		98,866	369
<b>Net cash from / (used in) investing activities</b>		<b>9,401</b>	<b>(39,754)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		(263,598)	(163,774)
Proceeds from long term financing		165,700	165,606
Repayment of long term financing		(82,826)	(81,581)
Dividend paid		(10)	(79)
<b>Net cash used in financing activities</b>		<b>(180,734)</b>	<b>(79,828)</b>
<b>Net Increase / (Decrease) In Cash And Cash Equivalents</b>		<b>12,726</b>	<b>(71,893)</b>
<b>Cash And Cash Equivalents At The Beginning Of Period</b>		<b>8,099</b>	<b>83,702</b>
<b>Cash And Cash Equivalents At The End Of Period</b>		<b>20,825</b>	<b>11,809</b>

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 2021 (Un-Audited)

## 1. The Company and its Operations

- 1.1. Shakarganj Limited (the Company) is a public limited company incorporated on 20 September 1967 in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. It is principally engaged in manufacture, purchase and sale of sugar, biofuel and yarn. The Company has its principal manufacturing facilities at Jhang and satellite manufacturing facilities at Bhone. The registered office of the Company is situated at E-Floor, IT tower, 73-E/1, Hali Road, Gulberg-III, Lahore.

## 1.2. Going concern assumption

Owing to losses mainly due to underutilization of production capacities, higher purchase price of sugarcane as compared to sugar sale price, relatively low recovery from the sugarcane and production of low quality yarn, current liabilities of the Company exceed its current assets by Rs. 3,529.044 million. Moreover the Company has suffered from loss after taxation of Rs. 1,049.684 million during the current period and has accumulated losses of Rs. 3,523.163 million as at 30 June 2021. The operations of the Company are being financed through equity injection / bank borrowings.

However, the Company has crushed 1 006 075 MT of sugarcane in current season which has almost increased by 14% as compared to 884 724 MT of sugarcane crushed in the corresponding period and produced 91 837 MT of sugar in current season which has almost increased by 18% as compared to 77 560 MT of sugar in the corresponding period. This will favorably affect the financial position and performance of the Company in the next part of Fiscal 2021.

The Company is in the process of installing the falling film evaporator at principal unit and satellite unit also. Falling film evaporators are alternative to Robert type evaporators and help to improve the optimization of the evaporators station and energy efficiency of the plant. The percentage of steam's usage will be reduced by 9%. It would also increase the recovery ratio accordingly.

The Company has availed further facility of Rs. 165.700 million under SBP Refinance Scheme for payment of wages and salaries.

The production of textile products (yarn) has been 2 313 360 kgs during the period which is more than the production of textile segment for the whole previous year. Moreover, with the installation of better plant and machinery, the quality of textile products will be improved.

The Company is in negotiation with its banks to avail further long term financing and short term borrowings so that it can enhance its capital expenditure for new plant and machinery and for improving working capital lines to avail better quality raw material in time.

The future business plan shows improvement in cash generation.

The management and the Board considers that the measures as explained above would result in availability of adequate financial resources for the Company to sustain the continuity of its business for the foreseeable future and thus maintain its going concern status. Accordingly, these unconsolidated condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will continue to operate its business, realize its assets, and discharge its liabilities, in the normal course of business.

## 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 2020. These unconsolidated condensed interim financial statements are unaudited 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 2020, except for the accounting policy disclosed in Note 2.4 to these unconsolidated condensed interim 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 audited annual financial statements of the Company for the year ended 30 September 2020.

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 2020.

## 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.

## 2.4. Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

## 3. Long Term Financing

### Financing from banking companies and financial institution - secured

	30 June 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited
Opening balance	456,919	384,744
Add:		
Obtained during the period / year	165,700	165,606
Fair value adjustment	12,890	3,947
	635,509	554,297
Less:		
Repaid during the period / year	82,826	81,581
Deferred income - Government grant	11,231	15,797
	94,057	97,378
	541,452	456,919
Less: Current portion shown under current liabilities	(465,110)	(236,974)
	76,342	219,945

## 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 Rs. 2 per litre 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 Rs. 2 per litre 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) of Rs. 229.918 million (30 September 2020: Rs. 229.918 million) previously deposited on this account has been recognized as receivable being refundable.

- (ii) The Company has paid an advance amounting to Rs. 12,999 million (30 September 2020: Rs. 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 favorable grounds that the case will be decided in favor of the Company and the advance amount paid will be refunded back.
- (iii) An appellate order was made by Commissioner Inland Revenue, Appeals, Lahore on 30 November 2020 under section 33 of Federal Excise Act, 2005, confirming payment of federal excise duty of Rs. 12,757 million including penalty regarding export of sugar to Afghanistan through land route in 2014. The Company has filed appeal before Appellate Tribunal Inland Revenue, Lahore against this order on 23 December 2020. No provision has been recognized in the books of account as the Company is confident on positive outcome of the appeal, on the advice of legal counsel.
- (iv) The Competition Commission of Pakistan (CCP) issued show cause notices on 03 November 2020 and 04 November 2020, under the provisions of the Competition Act, 2010, demanding facts and materials to satisfy CCP against various violations given in the show cause notice including closure of sugarcane crushing, price hike and other factors. The Company submitted replies before the CCP on 21 November 2020, denying any of the violations contained in the show cause notice. Management is confident that the above-mentioned reply will satisfy CCP accordingly.
- (v) Deputy Commissioner Inland Revenue (DCIR) issued pre-audit reports under section 177(6) of Income Tax Ordinance, 2001 (the Ordinance) relevant to tax years 2018 and 2019 of the Company. The Company obtained stay against audit from Honourable Lahore High Court, Lahore. Moreover show cause notice under Section 122(9) of the Ordinance has also been issued by DCIR regarding tax year 2018 on 08 December 2020. As the proceedings have been stayed, no contingent liability involved currently.
- (vi) The Deputy Commissioner Inland Revenue has passed orders against the Company dated 23 November 2020 and raised demands of sales tax amounting to Rs. 164,609 million, Rs. 1,017,747 million and Rs. 802,714 million relating to tax year 2017, 2018 and 2019 respectively on fake and frivolous grounds of suppression of production / sales of molasses, bagasse and mud along with default surcharge and penalty under Sales Tax Act, 1990. However, the Company has filed appeals and stay was allowed by Appellate Tribunal Inland Revenue. No provision against the above-mentioned demands has been created as the proceedings have currently been stayed.
- (vii) The Deputy Commissioner Inland Revenue has passed an order against the Company dated 23 November 2020 and raised demand of Federal Excise Duty in sales tax mode amounting to Rs. 475,145 million relating to tax year 2017 on the grounds of suppression of production / sales of white crystalline sugar along with default surcharge and penalty under Federal Excise Act, 2005. However, the Company has filed appeal and stay was allowed by Appellate Tribunal Inland Revenue. No provision against the above-mentioned demands has been created as the proceedings have currently been stayed.
- (viii) During the period, an Information Document Request (IDR) under section 177(1) of the Ordinance for tax year 2015 was issued to the Company by the Deputy Commissioner Inland Revenue. On 14 April 2021, pre audit report under section 177(6) of the Ordinance was issued by Deputy Commissioner Inland Revenue however, subsequently order was issued confirming Company's refund by adding back some credit entries to the available accumulated losses for which the Company has filed appeal as per legal advice and expects positive outcome in this regard.
- (ix) In addition to above-mentioned matters there are certain cases which have been filed against the Company, primarily by the Company's employees, customers and vendors. However, the

management is of the view that in the overall context of these unconsolidated condensed interim financial statements there would be no significant liability of the Company against such cases.

## 4.2. Commitments

There is no contract for capital and other expenditure as at 30 June 2021 (30 September 2020: Nil).

	Note	30 June 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited
<b>5 Property, plant and equipment</b>			
Operating fixed assets	5.1	8,467,189	9,603,953
Capital work-in-progress	5.2	211,899	141,679
		<u>8,679,088</u>	<u>9,745,632</u>
<b>5.1 Operating fixed assets</b>			
Opening book value		9,603,953	10,109,369
Add: Cost of additions during the period / year	5.1.1	19,245	72,591
		<u>9,623,198</u>	<u>10,181,960</u>
Less:			
Book value of deletions during the period / year	5.1.2	205,487	8,644
Transferred to non-current assets held for sale	8.1	571,266	-
		<u>776,753</u>	<u>8,644</u>
		<u>8,846,445</u>	<u>10,173,316</u>
Less: Depreciation charged during the period / year		379,256	569,363
Closing book value		<u>8,467,189</u>	<u>9,603,953</u>
<b>5.1.1 Cost of additions during the period / year</b>			
Building		-	3,712
Plant and machinery		13,222	65,402
Tools and equipment		465	332
Office equipment		128	-
Laboratory equipment		3,087	-
Water electric and weighbridge equipment		2,052	2,353
Furniture and fixtures		205	709
Vehicles		86	83
		<u>19,245</u>	<u>72,591</u>

## 5.1.2 Book value of deletions during the period / year

	30 June 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited
Freehold land	2,122	3,000
Building	7	-
Plant and machinery	203,304	5,168
Tools and equipment	-	1
Water electric and weighbridge equipment	37	93
Furniture and fixtures	9	19
Vehicles	8	363
	205,487	8,644

## 5.2 Capital work-in-progress

Civil works	2,497	-
Plant and machinery	144,283	71,271
	146,780	71,271
Advances against capital work in progress	102,057	107,346
Less: Provision against doubtful advances	(36,938)	(36,938)
	65,119	70,408
	211,899	141,679

## 6 Long Term Investments

	30 June 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited
Investment in equity accounted investee (Note 6.1.1)	1,715,134	1,665,780
Investment at fair value through other comprehensive income	15,116	13,223
	1,730,250	1,679,003

### 6.1 Investment in equity accounted investee

#### Shakarganj Food Products Limited - Unquoted

87 785 643 (30 September 2020: 87 785 643) fully paid ordinary shares of Rupees 10 each. Equity held: 52.39% (30 Sep 2020: 52.39%)

#### 6.1.1 Movement during the period / year

Cost	590,784	590,784
Share of post acquisition reserves:		
Opening balance	1,074,996	1,532,615
Share of profit / (loss) for the period / year before taxation	119,754	(538,637)
Provision for taxation	(70,400)	74,688
Share of other comprehensive income for the period / year	-	6,330
	1,124,350	1,074,996
Closing balance	1,715,134	1,665,780



## 7. Stock-in-Trade

	30 June 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited
Raw materials	79,576	38,827
Work-in-process	17,619	16,100
Finished goods	558,593	560,189
	<u>655,788</u>	<u>615,116</u>

## 8. Non-Current Assets Held for Sale

The non-current assets classified as held for sale under IFRS-5 "Non-Current Assets held for Sale and Discontinued Operations" are summarized hereunder:

	30 June 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited
Property, plant and equipment	<u>571,266</u>	<u>-</u>

Specific items of freehold land, plant and machinery of Sugar segment of the Company have been presented as held for sale following the approval of Board of Directors (BOD) of the Company in the meeting held on 04 January 2021. The buyers of these assets have been finalized and partial advances against sale of these assets aggregating to Rs. 693.300 million have been received. The management is hopeful of completing the sale transactions of the above mentioned assets uptill the end of the current financial year.

### 8.1. Book value of assets transferred from property, plant and equipment (Note 5.1)

Freehold land	148,548	-
Plant and machinery	422,718	-
Carrying value of non-current assets held for sale	<u>571,266</u>	<u>-</u>

## 9. SEGMENT INFORMATION

(Rupees in thousand)  
(Un-audited)

Sugar		Biofuel		Textile		Farms		Others		Elimination of Inter-segment transactions		Total	
Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended	
30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020

### 9.1 Revenue

External Intersegment	6,547,521	4,883,048	1,162,147	616,244	694,937	485,397	51,227	28,892	-	-	-	8,455,832	6,013,581
	1,070,609	733,012	23,647	25,932	-	-	9,107	16,463	-	-	(1,103,363)	-	-
Cost of sales	7,618,130	5,616,060	1,185,794	642,176	694,937	485,397	60,334	45,355	-	-	(1,103,363)	8,455,832	6,013,581
	(7,995,105)	(5,955,716)	(1,186,897)	(684,368)	(753,751)	(516,968)	(45,894)	(45,171)	-	-	1,103,363	(8,878,284)	(6,426,816)
Gross (loss) / profit	(376,975)	(339,656)	(1,103)	(42,192)	(58,814)	(31,571)	14,440	184	-	-	-	(422,452)	(413,235)
Distribution cost	(17,140)	(15,532)	(84,004)	(49,357)	(1,559)	(1,080)	-	-	-	-	-	(102,703)	(65,969)
Administrative expenses	(277,079)	(199,195)	(35,346)	(22,777)	(27,802)	(24,803)	(707)	(878)	-	-	-	(290,934)	(247,653)
	(244,219)	(214,727)	(119,350)	(72,134)	(29,361)	(25,883)	(707)	(878)	-	-	-	(393,637)	(313,622)
(Loss) / profit before taxation and unallocated income and expenses	(621,194)	(554,383)	(120,453)	(114,326)	(88,175)	(57,454)	13,733	(694)	-	-	-	(816,089)	(726,857)
Unallocated income and expenses:													
Other expenses												(114,233)	(34,626)
Finance cost												(189,196)	(245,137)
Other income												60,130	726,060
Share of profit / (loss) for equity accounted investee												119,754	(444,848)
Taxation												(110,050)	74,251
Loss after taxation												(1,049,684)	(651,157)

### 9.2 Reconciliation of reportable segment assets and liabilities:

(Rupees in thousand)

Sugar		Biofuel		Textile		Farms		Others		Total	
(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020

Total assets for reportable segments	6,035,337	7,096,953	2,643,777	2,225,377	531,461	447,340	673,617	823,504	-	-	9,884,192	10,593,174
Unallocated assets											2,183,107	2,141,413
Non-current assets held for sale											571,266	-
Total assets as per unconsolidated condensed interim statement of financial position											12,638,565	12,734,587
Total liabilities for reportable segments	4,830,928	4,036,571	1,270,677	1,369,828	363,256	258,307	17,504	18,085	-	-	6,482,365	5,682,791
Unallocated liabilities											345,517	193,322
Total liabilities as per unconsolidated condensed interim statement of financial position											6,827,882	5,876,113

### 9.3 Geographical Information

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

(Rupees in thousand)  
(Un-audited)

Sugar		Biofuel		Textile		Farms		Others		Total	
Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended	
30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Europe	-	9,355	704,523	-	-	-	-	-	-	704,523	9,355
Asia	-	4,956	264,677	563,151	-	-	-	-	-	264,677	568,107
Pakistan	6,547,521	4,868,737	192,947	53,093	694,937	485,397	51,227	28,892	-	7,486,632	5,436,119
	6,547,521	4,883,048	1,162,147	616,244	694,937	485,397	51,227	28,892	-	8,455,832	6,013,581

	Nine months ended (Un-Audited)	
	30 June 2021 (Rupees in thousand)	30 June 2020
<b>10. CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
Loss before taxation	(939,634)	(725,408)
Adjustments for non-cash charges and other items:		
Depreciation	379,256	426,475
Liabilities no longer payable written back	(3,295)	-
Provision for employees' retirement benefits	24,604	-
Loss / (gain) on sale of property, plant and equipment	106,621	(298)
Fair value adjustment of agricultural assets	4,035	-
Share of (profit) / loss from equity accounted investee	(119,754)	444,848
Unrealized loss on agriculture income	1,507	-
Amortization of deferred grant	12,890	-
Finance cost	176,306	245,137
Adjustment on account of excise duty on manufacturing of ethanol	-	(666,734)
Allowance for expected credit losses	-	1,062
Working capital changes (Note 10.1)	707,454	629,559
	<b>349,990</b>	<b>354,641</b>
<b>10.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	7,582	(15,449)
Stock-in-trade	(40,672)	(353,965)
Trade debts	(326,500)	(103,573)
Loans and advances	16,130	65,858
Prepayments and other receivables	5,951	(227,551)
Biological assets - net	(1,217)	15,211
	(338,726)	(619,469)
Increase in trade and other payables	1,046,180	1,249,028
	<b>707,454</b>	<b>629,559</b>

## 11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary company, associated companies, key management personnel and other related parties. 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 2021	30 June 2020	30 June 2021	30 June 2020
	(Rupees in thousand)			
<b>i) Transactions</b>				
<b>Subsidiary company</b>				
Sale of goods	187,340	203,871	4,939	117,792
Common expenses shared	3,686	1,772	1,455	609
<b>Associated companies</b>				
Purchase of goods	558,770	257,444	6,060	-
Common expenses shared	7,636	9,515	2,940	2,160
Insurance expenses	6,978	6,590	2,734	1,995
Sale of goods and rendering of services	551,340	259,410	-	-
Finance cost	26,533	15,532	8,927	8,001
Short term borrowings obtained	425,000	525,000	-	425,000
Short term borrowings repaid	425,000	200,000	-	100,000
<b>Other related parties</b>				
Company's contribution to Employees' Provident Fund Trust	9,295	9,044	2,959	2,893
Mark-up expense	-	38,881	-	5,149
Service charges accrued	4,587	4,170	1,529	1,390
Remuneration and meeting fee paid to Chief Executive Officer, directors and executives	133,784	129,985	44,626	42,638
			<b>30 June 2021 (Un-Audited)</b>	<b>30 September 2020 (Audited)</b>
			(Rupees in thousand)	
<b>ii) Period end balances</b>				
<b>Subsidiary company</b>				
Trade debts			73,853	51,167
Trade and other payables			8,623	4,065
<b>Associated companies</b>				
Trade and other payables			55,428	67,882
Cash and bank balances			33	87
Loans and advances			10,746	8,847
Short term borrowings			425,000	425,000
<b>Other related parties</b>				
Trade and other payables			82,242	77,037
Loans and advances			1,672	2,293

## 12. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

### Description

#### Shariah compliant bank deposits and bank balances

	30 June 2021 (Un-Audited) (Rupees in thousand)	30 September 2020 (Audited)
Bank balances	7,770	3,646

#### Loans / advances obtained as per Islamic mode

Contract liabilities	450,503	374,704
Short term borrowings	425,000	437,598

### Nine months ended

#### (Un-audited)

	30 June 2021 (Rupees in thousand)	30 June 2020
Revenue earned from shariah compliant business	8,455,832	6,013,581
Gain / (loss) or dividend earned from shariah complaint investments		
Unrealized gain on remeasurement of investments at FVTOCI	1,893	380
Exchange gain / (loss) incurred	3,771	(21,643)
Mark-up paid on Islamic mode of financing	26,533	15,532
Profit earned or interest paid on any conventional loan / advance		
Mark-up on long term financing	41,532	44,045
Mark-up on short term borrowings	55,903	134,397
Profit earned on deposit with banks	40	486

#### Relationship with shariah compliant banks

Name	Relationship
Askari Bank Limited	Bank balances
BankIslami Pakistan Limited	Bank balances and short term borrowings
Bank Alfalah Limited	Bank balances
Dubai Islamic Bank Pakistan Limited	Bank balances
Meezan Bank Limited	Bank balances
Habib Bank Limited	Bank balances
AlBaraka Bank (Pakistan) Limited	Bank balances

121. There was no profit on deposits with shariah compliant banks.

### 13. Recognized Fair Value Measurements - Financial Instruments

#### 13.1. 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 2021 - (Un-audited)

At fair value through other comprehensive income	15,116	-	-	15,116
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##### At 30 September 2020 - Audited

At fair value through other comprehensive income	13,223	-	-	13,223
--	--------	---	---	--------

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.

### 14. Date of Authorization of Issue

These unconsolidated condensed interim financial statements were approved and authorized for issue on 28 July 2021 by the Board of Directors of the Company.

## 15. 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. However, no significant re-arrangements have been made.

## 16. 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 (Un-audited)  
For the nine months period ended 30 June 2021  
(Shakarganj Limited and Its Subsidiary Company)



# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Un-audited)

	Note	30 June 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited (Rupees in thousand)
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized share capital</b>			
150,000,000 (30 September 2020: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
50,000,000 (30 September 2020: 50,000,000) preference shares of Rs. 10 each		500,000	500,000
		<u>2,000,000</u>	<u>2,000,000</u>
<b>Issued, subscribed and paid up share capital</b>			
125,000,000 (30 September 2020: 125,000,000) ordinary shares of Rs. 10 each		1,250,000	1,250,000
<b>Capital Reserves</b>			
Surplus on revaluation of property, plant and equipment - net of deferred income tax		6,395,451	6,600,793
Other capital reserve		1,278,821	1,276,928
<b>Revenue Reserves</b>		516,306	516,306
<b>Accumulated loss</b>		(3,539,910)	(2,695,569)
Equity attributable to equity holders of the Holding Company		5,900,668	6,948,458
<b>Non-controlling interest</b>		1,493,888	1,449,037
<b>TOTAL EQUITY</b>		<u>7,394,556</u>	<u>8,397,495</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	3	808,876	1,067,406
Long term deposits		7,000	7,000
Lease liabilities		590,653	639,181
Deferred liabilities		1,106,643	1,120,162
		<u>2,513,172</u>	<u>2,833,749</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		8,285,556	7,306,744
Short term borrowings		1,501,294	1,764,892
Accrued Mark-up		100,445	96,846
Current portion of non-current liabilities		869,616	448,392
Unclaimed dividend		1,944	1,954
		<u>10,758,855</u>	<u>9,618,828</u>
<b>TOTAL LIABILITIES</b>		<u>13,272,027</u>	<u>12,452,577</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	4		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>20,666,583</u>	<u>20,850,072</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 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	14,965,658	16,178,240
Right-of-use assets		1,303,403	1,180,192
Intangible asset		3,774	4,771
Biological assets		18,835	18,819
Long term Investments		15,116	13,223
Long term advances and deposits		140,353	140,944
		<u>16,447,139</u>	<u>17,536,189</u>
<b>CURRENT ASSETS</b>			
Biological assets		16,631	20,973
Stores, spare parts and loose tools		261,524	251,156
Stock-in-trade	6	1,879,539	1,839,290
Trade debts		597,853	275,787
Loans and advances		284,651	209,827
Prepayments and other receivables		291,737	386,838
Cash and bank balances		316,243	330,012
		<u>3,648,178</u>	<u>3,313,883</u>
Non-current assets held for sale	7	571,266	-
		<u>4,219,444</u>	<u>3,313,883</u>
<b>TOTAL ASSETS</b>		<u><u>20,666,583</u></u>	<u><u>20,850,072</u></u>

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 PROFIT OR LOSS

For the Quarter and Nine Months Period Ended 30 June 2021 (Un-Audited)

	Note	Nine months ended		Quarter ended	
		30 June 2021	30 June 2020 (Rupees in thousand)	30 June 2021 thousand)	30 June 2020
Revenue	8.1	21,574,776	16,816,200	5,480,874	4,501,254
Cost of sales	8.1	(20,246,491)	(16,298,057)	(5,025,705)	(4,176,099)
Gross profit		1,328,285	518,143	455,169	325,155
Administrative expenses		(401,626)	(361,176)	(124,235)	(117,341)
Distribution cost		(1,276,199)	(1,438,482)	(413,391)	(404,324)
Other expenses		(125,503)	(35,013)	(1,612)	(24,334)
Other income		77,393	752,393	21,485	17,487
Loss from operations		(397,650)	(564,135)	(62,584)	(203,357)
Finance cost		(433,157)	(564,967)	(144,754)	(212,256)
Loss before taxation		(830,807)	(1,129,102)	(207,338)	(415,613)
Taxation		(174,026)	161,099	(16,736)	115,330
Loss after taxation		(1,004,833)	(968,003)	(224,074)	(300,283)
Share of (loss) / profit attributable to:					
Equity holders of holding company		(1,049,684)	(650,591)	(250,885)	(238,092)
Non-controlling interest		44,851	(317,412)	26,811	(62,191)
		(1,004,833)	(968,003)	(224,074)	(300,283)
Loss per share - Basic					
And diluted (Rupees)		(8.40)	(5.20)	(2.01)	(1.90)

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 Quarter and Nine Months Period Ended 30 June 2021 (Un-Audited)

	Nine months ended		Quarter ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Rupees in thousand			
Loss after taxation	(1,004,833)	(968,003)	(224,074)	(300,283)
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	1,893	380	3,216	(229)
Items that may be reclassified to profit or loss in subsequent periods	-	-	-	-
Other comprehensive income / (loss) for the period	1,893	380	3,216	(229)
<b>Total comprehensive loss for the period</b>	<b>(1,002,940)</b>	<b>(967,623)</b>	<b>(220,858)</b>	<b>(300,512)</b>
Share of total comprehensive (loss) / income attributable to:				
Equity holders of holding company	(1,047,791)	(650,211)	(247,669)	(238,321)
Non-controlling interest	44,851	(317,412)	26,811	(62,191)
	<b>(1,002,940)</b>	<b>(967,623)</b>	<b>(220,858)</b>	<b>(300,512)</b>

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 2021 (Un-Audited)

SHARE CAPITAL	RESERVES											ACCUMULATED LOSS	SHAREHOLDERS' EQUITY	NON-CONTROLLING INTEREST	TOTAL EQUITY	
	CAPITAL RESERVES						REVENUE RESERVES				Total Reserves					
	Premium on issue of right shares	Fair value reserve of investments at fair value through other comprehensive income	Difference of capital under scheme of arrangement of merger	Surplus on revaluation of property, plant and equipment - net of deferred income tax	Musharakah financing - equity portion	Sub total	General	Dividend equalization	Equity investment market value equalization	Sub total						
1,250,000	1,056,373	(13,311)	155,930	6,894,890	72,523	8,166,405	410,606	22,700	83,000	516,306	8,682,711	(2,043,010)	7,889,701	1,864,903	9,754,604	
-	-	-	-	(244,418)	-	(244,418)	-	-	-	-	(244,418)	244,418	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	(650,591)	(650,591)	(317,412)	(968,003)	
-	-	380	-	-	-	380	-	-	-	-	380	-	380	-	380	
-	-	380	-	-	-	380	-	-	-	-	380	(650,591)	(650,211)	(317,412)	(967,623)	
1,250,000	1,056,373	(12,931)	155,930	6,650,472	72,523	7,922,367	410,606	22,700	83,000	516,306	8,438,673	(2,449,183)	7,239,490	1,547,491	8,786,981	
-	-	-	-	(94,635)	-	(94,635)	-	-	-	-	(94,635)	94,635	-	-	-	
-	-	-	-	48,397	-	48,397	-	-	-	-	48,397	-	48,397	-	48,397	
-	-	-	-	(3,441)	-	(3,441)	-	-	-	-	(3,441)	3,441	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	(188,237)	(188,237)	(104,207)	(292,444)	
-	-	5,033	-	-	-	5,033	-	-	-	-	5,033	(156,225)	(151,192)	5,753	(145,439)	
-	-	5,033	-	-	-	5,033	-	-	-	-	5,033	(344,462)	(339,429)	(98,454)	(437,883)	
1,250,000	1,056,373	(7,898)	155,930	6,600,793	72,523	7,877,721	410,606	22,700	83,000	516,306	8,394,027	(2,695,569)	6,948,458	1,449,037	8,397,495	
-	-	-	-	(194,494)	-	(194,494)	-	-	-	-	(194,494)	194,494	-	-	-	
-	-	-	-	(10,848)	-	(10,848)	-	-	-	-	(10,848)	10,848	-	-	-	
								22,700	(22,700)							
								83,000	(83,000)							
-	-	-	-	-	-	-	-	-	-	-	-	(1,049,684)	(1,049,684)	44,851	(1,004,833)	
-	-	1,893	-	-	-	1,893	-	-	-	-	1,893	-	1,893	-	1,893	
-	-	1,893	-	-	-	1,893	-	-	-	-	1,893	(1,049,684)	(1,047,791)	44,851	(1,002,939)	
1,250,000	1,056,373	(6,005)	155,930	6,395,451	72,523	7,674,272	516,306	-	-	516,306	8,190,578	(3,539,910)	5,900,668	1,493,888	7,394,556	

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 2021 (Un-Audited)

	Note	Nine months ended	
		30 June 2021 (Rupees in thousand)	30 June 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	995,798	1,061,285
Finance cost paid		(286,279)	(561,854)
Net increase / (decrease) in long term loans, advances and deposits		591	(9,827)
Employees' retirement benefits paid		(17,613)	(7,921)
Income tax paid		(201,589)	(162,201)
<b>Net cash generated from operating activities</b>		<b>490,908</b>	<b>319,482</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(193,784)	(289,775)
Proceeds from sale of livestock		-	2,267
Proceeds from disposal of property, plant and equipment		101,144	369
Interest received on loan to Sui Northern Gas Pipelines Limited		-	68
<b>Net cash used in investing activities</b>		<b>(92,640)</b>	<b>(287,071)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		(263,598)	(113,774)
Repayment of long term financing		(89,076)	(256,998)
Proceeds from long term financing		165,700	265,606
Lease liabilities - net		(225,053)	(163,571)
Dividend paid		(10)	(79)
<b>Net cash used in financing activities</b>		<b>(412,037)</b>	<b>(268,816)</b>
<b>Net Decrease In Cash And Cash Equivalents</b>		<b>(13,769)</b>	<b>(236,405)</b>
<b>Cash And Cash Equivalents At The Beginning Of Period</b>		<b>330,012</b>	<b>514,289</b>
<b>Cash And Cash Equivalents At The End Of Period</b>		<b>316,243</b>	<b>277,884</b>

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 2021 (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.

### 1.1. Shakarganj Limited

Shakarganj Limited (SL) is a public limited company incorporated on 20 September 1967 in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. It is principally engaged in manufacture, purchase and sale of sugar, biofuel and yarn. SL has its principal manufacturing facilities at Jhang and satellite manufacturing facilities at Bhone. The registered office of SL is situated at E-Floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore.

### 1.2. Shakarganj Food Products Limited

Shakarganj Food Products Limited (SFPL) was incorporated in Pakistan initially as a private limited company on 03 April 2001 under the Companies Ordinance, 1984 (Now Companies Act, 2017). Its name was later changed from A.M. Fruit Products (Private) Limited to Shakarganj Food Products Limited along with change of its status from private limited to public limited on 03 January 2006. The principal activity of the SFPL is manufacturing, processing and sale of food products (dairy, fruit pulps and concentrate juices). The registered office of SFPL is situated at E-Floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore.

### 1.3. Going concern assumption

Owing to losses mainly due to underutilization of production capacities, higher purchase price of sugarcane as compared to sugar sale price, relatively low recovery from the sugarcane and production of low quality yarn, current liabilities of the Holding Company exceed its current assets by Rs. 3,529.044 million. Moreover the Holding Company has suffered from loss after taxation of Rs. 1,049.684 million during the current period and has accumulated losses of Rs. 3,523.163 million as at 30 June 2021. The operations of the Company are being financed through equity injection / bank borrowings.

However, the Holding Company has crushed 1 006 075 MT of sugarcane in current season which has almost increased by 14% as compared to 884 724 MT of sugarcane crushed in the corresponding period and produced 91 837 MT of sugar in current season which has almost increased by 18% as compared to 77 560 MT of sugar in the corresponding period. This will favorably affect the financial position and performance of the Company in the next part of Fiscal 2021.

The Holding Company is in the process of installing the falling film evaporator at principal unit and satellite unit also. Falling film evaporators are alternative to Robert type evaporators and help to improve the optimization of the evaporators station and energy efficiency of the plant. The percentage of steam's usage will be reduced by 9%. It would also increase the recovery ratio accordingly.

The Holding Company has availed further facility of Rs. 165.700 million under SBP Refinance Scheme for payment of wages and salaries.

The production of textile products (yarn) has been 2 313 360 kgs during the period which is more than the production of textile segment for the whole previous year. Moreover, with the installation of better plant and machinery, the quality of textile products will be improved.

The Holding Company is in negotiation with its banks to avail further long term financing and short term borrowings so that it can enhance its capital expenditure for new plant and machinery and for improving working capital lines to avail better quality raw material in time.

The future business plan shows improvement in cash generation.

The management and the Board considers that the measures as explained above would result in availability of adequate financial resources for the Company to sustain the continuity of its business for the foreseeable future and thus maintain its going concern status. Accordingly, these consolidated condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will continue to operate its business, realize its assets, and discharge its liabilities, in the normal course of business.

## 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 Group for the year ended 30 September 2020. 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 financial statements are the same as approved in the preparation of the audited annual financial statements of the Group for the year ended 30 September 2020.

### 2.2. 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 Group for the year ended 30 September 2020.

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding annual audited financial statements of the Group for the year ended 30 September 2020.

### 2.3. Seasonality of operations

The holding 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.

### 2.4. Non-current assets held for sale

Non-current assets of the holding company are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

## 3. Long Term Financing

	30 June 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited
Opening balance	1,346,880	1,327,973
Add:		
Obtained during the period / year	165,700	265,606
Unwinding of discount / fair value adjustment	31,713	26,096
	1,544,293	1,619,675
Less:		
Repaid during the period / year	89,076	256,998
Deferred income - Government grant	11,231	15,797
	100,307	272,795
	1,443,986	1,346,880
Less: Current portion shown under current liabilities	(635,110)	(279,474)
	808,876	1,067,406

## 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 Rs. 2 per litre 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 Rs. 2 per litre 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 Company. In view of the aforesaid, the duty on manufacturing of spirit (biofuel) of Rs. 229.918 million (30 September 2020: Rs. 229.918 million) previously deposited on this account has been recognized as receivable being refundable.

- (ii) The Holding Company has paid an advance amounting to Rs. 12.999 million (30 September 2020: Rs. 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 favorable grounds that the case will be decided in favor of the Holding Company and the advance amount paid will be refunded back.
- (iii) An appellate order was made by Commissioner Inland Revenue, Appeals, Lahore on 30 November 2020 under section 33 of Federal Excise Act, 2005, confirming payment of federal excise duty of Rupees 12.757 million including penalty regarding export of sugar to Afghanistan through land route in 2014. The Holding Company has filed appeal before Appellate Tribunal Inland Revenue, Lahore against this order on 23 December 2020. No provision has been recognized in the books of account as the Holding Company is confident on positive outcome of the appeal, on the advice of legal counsel.
- (iv) The Competition Commission of Pakistan (CCP) issued show cause notices on 03 November 2020 and 04 November 2020, under the provisions of the Competition Act, 2010, demanding facts and materials to satisfy CCP against various violations given in the show cause notice including closure of sugarcane crushing, price hike and other factors. The Holding Company submitted replies before the CCP on 21 November 2020, denying any of the violations contained in the show cause notice. Management is confident that the above-mentioned reply will satisfy CCP accordingly.
- (v) Deputy Commissioner Inland Revenue (DCIR) issued pre-audit reports under section 177(6) of Income Tax Ordinance, 2001 (the Ordinance) relevant to tax years 2018 and 2019 of the Holding Company. The Holding Company obtained stay against audit from Honourable Lahore High Court, Lahore. Moreover show cause notice under Section 122(9) of the Ordinance has also been issued by DCIR regarding tax year 2018 on 08 December 2020. As the proceedings have been stayed, no contingent liability involved currently.
- (vi) The Deputy Commissioner Inland Revenue has passed orders against the Holding Company dated 23 November 2020 and raised demands of sales tax amounting to Rs. 164.609 million, Rs. 1,017.747 million and Rs. 802.714 million relating to tax year 2017, 2018 and 2019 respectively on fake and frivolous grounds of suppression of production / sales of molasses, bagasse and mud along with default surcharge and penalty under Sales Tax Act, 1990. However, the Holding Company has filed appeals and stay was allowed by Appellate Tribunal Inland Revenue. No provision against the above-mentioned demands has been created as the proceedings have currently been stayed.
- (vii) The Deputy Commissioner Inland Revenue has passed an order against the Holding Company dated 23 November 2020 and raised demand of Federal Excise Duty in sales tax mode

amounting to Rs. 475.145 million relating to tax year 2017 on the grounds of suppression of production / sales of white crystalline sugar along with default surcharge and penalty under Federal Excise Act, 2005. However, the Holding Company has filed appeal and stay was allowed by Appellate Tribunal Inland Revenue. No provision against the above-mentioned demands has been created as the proceedings have currently been stayed.

- (viii) During the period, an Information Document Request (IDR) under section 177(1) of the Ordinance for tax year 2015 was issued to the Holding Company by the Deputy Commissioner Inland Revenue. On 14 April 2021, pre audit report under section 177(6) of the Ordinance was issued by Deputy Commissioner Inland Revenue however, subsequently order was issued confirming Company's refund by adding back some credit entries to the available accumulated losses for which the Holding Company has filed appeal as per legal advice and expects positive outcome in this regard.
- (ix) In addition to above-mentioned matters there are certain cases which have been filed against the Holding Company, primarily by the Holding Company's employees, customers and vendors. However, the management is of the view that in the overall context of these consolidated condensed interim financial statements there would be no significant liability of the Holding Company against such cases.
- (x) Bank guarantee amounting to Rupees 59.400 million (30 September 2020: Rupees 59.400 million) given by the Bank of the Subsidiary Company in favor of Sui Northern Gas Pipelines Limited for the performance of contract.
- (xi) The Subsidiary Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against order passed by the Additional Commissioner Inland Revenue for the tax year 2011 under Section 122 (5A) of Income Tax Ordinance, 2001 (the Ordinance) whereby tax demand of Rupees 6.240 million was created. However, on request for rectification, the tax demand was curtailed to Rupees 1.290 million. The main appeal has been heard on 15 October 2020, and the learned Commissioner Inland Revenue (Appeals) has deleted the tax demand of Rupees 1.290 million. Additions to the deemed income amounting to Rupees 1.280 million remain in field by deleting impugned additions of Rupees 89.800 million. Based on tax advisor's opinion, management is confident that no tax liability would arise, therefore, no provision has been made in these consolidated condensed interim financial statements.
- (xii) Assessment for the tax year 2012 was amended under Section 122 (5A) of the Ordinance resulting into additions of Rupees 17.210 million and income tax demand of Rupees 3.366 million from the Subsidiary Company. On appeal, the learned Commissioner Inland Revenue (Appeals) has deleted all the additions and demand vide order number 05 dated 12 July 2018 while the department has preferred further appeal against this order of the Commissioner Inland Revenue (Appeals) which is pending for adjudicating before the Appellate Tribunal Inland Revenue.
- (xiii) Proceedings under Section 122 (5A) of the Ordinance were initiated and order passed for the tax year 2013 wherein arbitrary additions to the tune of Rupees 177.439 million and tax demand of Rupees 85.448 million were made. This triggered the Subsidiary Company for filing an appeal before the learned Commissioner Inland Revenue (Appeals) who vide order dated 14 June 2018 annulled the amended assessment order for de-novo proceedings. In reassessment proceedings, additions were curtailed to Rupees 32.625 million. On filing an appeal before the learned Commissioner Inland Revenue (Appeals), additions to the tune of Rupees 25.153 million were annulled through order number 01 dated 06 January 2020. The Subsidiary Company has filed an appeal against the said order before the Appellate Tribunal Inland Revenue which is pending for hearing.
- (xiv) Proceedings under sections 161/205 of the Ordinance for the tax years 2014, 2015 and 2016 have been initiated and concluded by Deputy Commissioner Inland Revenue on 14 February

2017, 03 March 2017 and 23 February 2018 respectively. Under these proceedings, demand of Rupees 1.349 million, Rupees 1.396 million and Rupees 1.305 million respectively have been created. The Subsidiary Company has filed appeals before the concerned Commissioner Inland Revenue (Appeals) against orders of aforementioned years. With respect to tax year 2014, the appeal of the Subsidiary Company was heard by the learned Commissioner Inland Revenue (Appeals) who deleted impugned recovery amounting to Rupees 0.247 million vide order dated 21 May 2020. The default surcharge was also deleted subject to verification of refunds. Both the Subsidiary Company and Deputy Commissioner Inland Revenue had preferred further appeals before the Appellate Tribunal Inland Revenue which are pending for adjudication. The appeal for tax year 2015 has been concluded by the learned Commissioner Inland Revenue (Appeals) by deleting impugned demand of Rupees 0.904 million vide order dated 23 September 2020. Based on tax advisor's opinion, management expects favorable outcome of the appeals, therefore no provision has been recorded in these consolidated financial statements.

- (xv) The Subsidiary Company was selected for audit of its income tax affairs for the tax year 2014 in the random computerized balloting held on 14 September 2015. The proceedings under Section 177 read with Section 122 of the Ordinance were completed creating tax demand of Rupees 3.074 million and impugned additions of Rupees 71.312 million. On appeal before the learned Commissioner Inland Revenue (Appeals), additions to the tune of Rupees 5.993 million were deleted and demand of tax was confirmed through order number 03 dated 05 June 2020. Both the Subsidiary Company and the Income Tax Department have further assailed the order before the Appellate Tribunal Inland Revenue which is pending for adjudication. Based on the tax advisor's opinion, management is confident of favorable outcome of the appeal. Therefore, no provision has been made in these consolidated condensed interim financial statements.
- (xvi) Proceedings under Section 122 read with Section 177(1) of the Ordinance for the tax year 2015 were culminated into amended assessment order dated 30 September 2020 whereby tax demand of Rupees 3.232 million has been raised. The Subsidiary Company has filed an appeal before the learned Commissioner Inland Revenue (Appeals) which is pending for adjudication. Based on the tax advisor's opinion, management is confident of favorable outcome of the appeal. Therefore, no provision has been made in these consolidated condensed interim financial statements.

## 4.2. Commitments

- (i) Contracts for capital expenditure of Group are of Rupees 2.710 million as at 30 June 2021 (30 September 2020: Rupees 8.800 million).
- (ii) Ijarah (operating lease) commitments are of Rupees 30.519 million as at 30 June 2021 (30 September 2020: Rupees 45.912 million).

	Note	30 June 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited
<b>5 Property, plant and equipment</b>			
Operating fixed assets	5.1	14,748,825	15,961,600
Capital work-in-progress		216,833	216,640
		<u>14,965,658</u>	<u>16,178,240</u>
<b>5.1 Operating fixed assets</b>			
Opening book value		15,961,600	15,823,049
Add: Cost of addition during the period / year	5.1.1	193,591	240,661
Transfer from right-of-use assets / assets subject to finance arrangements		-	809,100
		<u>16,155,191</u>	<u>16,872,810</u>
Less:			
Book value of deletion during the period / year		206,253	10,863
Transferred to non-current assets held for sale	7.1	571,266	-
		<u>777,519</u>	<u>10,863</u>
		15,377,672	16,861,947
Less: Depreciation charged during the period / year		628,847	900,347
Closing book value		<u>14,748,825</u>	<u>15,961,600</u>
<b>5.1.1 Cost of additions during the period / year</b>			
Building		10,000	15,356
Plant and machinery		168,792	202,723
Tools and equipment		465	332
Water electric and weighbridge equipment		11,756	16,506
Furniture and fixture		205	709
Office equipment		2,287	2,433
Vehicles		86	2,602
		<u>193,591</u>	<u>240,661</u>
<b>6. Stock-in-Trade</b>			
Raw materials		849,774	775,667
Work-in-process		75,068	16,100
Finished goods		954,697	1,047,523
		<u>1,879,539</u>	<u>1,839,290</u>

## 7. Non-Current Assets Held for Sale

The non-current assets classified as held for sale under IFRS-5 "Non-Current Assets held for Sale and Discontinued Operations" are summarized hereunder:

	30 June 2021 Un-Audited (Rupees in thousand)	30 September 2020 Audited
Property, plant and equipment	571,266	-

Specific items of freehold land, plant and machinery of Sugar segment of the Holding Company have been presented as held for sale following the approval of Board of Directors (BOD) of the Company in the meeting held on 04 January 2021. The buyers of these assets have been finalized and partial advances against sale of these assets aggregating to Rupees 693.300 million have been received. The management is hopeful of completing the sale transactions of the above mentioned assets uptill the end of the current financial year.

### 7.1. Book value of assets transferred from property, plant and equipment (Note 5.1)

Freehold land	148,548	-
Plant and machinery	422,718	-
Carrying value of non-current assets held for sale	571,266	-

8. SEGMENT INFORMATION

(Rupees in thousand)  
(Un-audited)

Sugar		Biofuel		Textile		Farms		Dairy		Juice		Others		Elimination of Inter-segment transactions		Total	
Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended	
30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020

8.1 Revenue

External	6,360,181	4,679,177	1,162,147	616,244	694,937	485,397	51,227	28,892	13,151,882	10,946,413	154,402	60,077	-	-	-	-	21574,776	16,816,200
Intersegment	1,257,949	936,883	23,647	25,932	-	-	9,107	16,463	-	-	-	-	-	-	(1,290,703)	(979,278)	-	-
Cost of sales	7,618,130	5,616,060	1,185,794	642,176	694,937	485,397	60,334	45,355	13,151,882	10,946,413	154,402	60,077	-	-	(1,290,703)	(979,278)	21574,776	16,816,200
Gross (loss) / profit	(7,995,105)	(5,955,716)	(1,186,897)	(684,368)	(753,751)	(516,968)	(45,894)	(45,171)	(11,394,459)	(10,005,230)	(161,087)	(69,882)	-	-	1,290,703	979,278	(20,246,491)	(16,298,057)
Distribution cost	(376,975)	(339,656)	(1,103)	(42,192)	(58,814)	(31,751)	14,440	184	1,757,423	941,183	(6,685)	(9,805)	-	-	-	-	1,328,285	518,143
Administrative expenses	(17,140)	(15,532)	(84,004)	(49,357)	(1,559)	(1,080)	-	-	(1,170,427)	(1,367,523)	(3,069)	(4,989)	-	-	-	-	(1,276,199)	(1,438,482)
(Loss) / profit before taxation and unallocated income and expenses	(227,079)	(199,195)	(35,346)	(22,777)	(27,802)	(24,803)	(707)	(878)	(110,692)	(113,523)	-	-	-	-	-	-	(401,626)	(361,176)
	(244,219)	(214,727)	(119,350)	(72,134)	(29,361)	(25,883)	(707)	(878)	(1,281,119)	(1,481,046)	(3,069)	(4,989)	-	-	-	-	(1,677,825)	(1,799,658)
	(621,194)	(554,383)	(120,453)	(114,326)	(88,175)	(57,454)	13,733	694	476,304	(539,863)	(9,754)	(14,794)	-	-	-	-	(349,540)	(1,281,515)

Unallocated income and expenses:

Other expenses																	(125,503)	(35,013)
Finance cost																	(433,157)	(564,967)
Other income																	77,393	752,393
Taxation																	(174,026)	161,099
Loss after taxation																	(1,004,833)	(968,003)

8.2 Reconciliation of reportable segment assets and liabilities:

(Rupees in thousand)

Sugar		Biofuel		Textile		Farms		Dairy		Juice		Others		Total	
(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020	30 June 2021	30 Sep 2020

Total assets for reportable segments

Unallocated assets	5,961,484	7,007,614	2,643,777	2,225,377	531,461	447,340	673,617	823,504	9,179,211	9,104,055	637,795	766,549	-	-	19,627,345	20,374,439
Non-current assets held for sale															571,265	-

Total assets as per consolidated condensed interim statement of financial position

															20,666,583	20,850,072
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Total liabilities for reportable segments

Unallocated liabilities	4,822,664	3,994,335	1,270,677	1,369,828	363,256	258,307	17,504	18,085	6,542,897	6,594,715	214,382	186,031	-	-	13,231,380	12,421,301
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Total liabilities as per consolidated condensed interim statement of financial position

															40,647	31,276
															13,272,027	12,452,577

		Nine months ended (Un-audited)	
		30 June 2021 (Rupees in thousand)	30 June 2020
<b>9. CASH GENERATED FROM OPERATIONS</b>			
Loss before taxation		(830,807)	(1,129,102)
Adjustments for non-cash charges and other items:			
Depreciation of operating fixed assets owned		628,847	692,492
Depreciation on right of use assets / assets subject to financing arrangement		56,773	52,859
Amortization of intangible asset		997	911
Gain on sale of property, plant and equipment		105,109	(46)
Amortization of deferred grant		12,890	-
Finance cost		415,958	565,534
Adjustment on account of excise duty on manufacturing of ethanol		-	(666,734)
Allowance for expected credit losses		-	1,062
Exchange loss		-	(85)
Provision for employees' retirement benefits		104,311	36,424
Interest income on loan to SNGPL		-	(28)
Amortization of deferred income		(828)	(879)
Fair value adjustment of agricultural assets		4,036	-
Unrealized loss / (gain) on agriculture income		1,507	-
Provision for workers' profit participation fund		19,977	-
Working capital changes (Note 9.1)		477,027	1,508,877
		<b>995,798</b>	<b>1,061,285</b>
<b>9.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
Stock-in-trade		(40,249)	(370,330)
Trade debts		(322,066)	(48,136)
Stores, spare parts and loose tools		(10,368)	(1,824)
Loans and advances		(74,824)	(69,383)
Deposits, prepayments and other receivables		25,967	213,538
Biological assets - net		(1,217)	15,211
		(422,757)	(260,924)
(Decrease) / Increase in trade and other payables		899,784	1,769,801
		<b>477,027</b>	<b>1,508,877</b>



## 10. 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		Quarter ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	(Rupees in thousand)			
<b>i) Transactions</b>				
<b>Associated companies</b>				
Purchase of goods	558,770	257,444	6,060	-
Common expenses shared	7,636	9,515	2,940	2,160
Insurance expenses	6,978	6,950	2,734	1,995
Sale of goods and rendering of services	551,340	259,410	-	-
Finance cost	48,454	29,492	8,927	8,001
Short term borrowings obtained	625,000	725,000	-	425,000
Short term borrowings repaid	625,000	400,000	-	100,000
Ijarah rentals	1,389	7,462	203	4,215
Long term loan repayment	-	66,667	-	-
<b>Other related parties</b>				
Holding Company's contribution to Employees' retirement benefits	6,636	9,044	3,532	1,777
Mark-up expense	-	38,881	-	5,149
Share of common expenses	1,736	2,575	868	907
Service charges accrued	4,587	4,170	1,529	1,390
Remuneration paid to Chief Executive Officer, directors and executives	279,778	277,061	93,291	91,664
<b>ii) Period end balances</b>				
<b>Associated companies</b>				
Trade and other payables			57,425	74,875
Cash and bank balances			1,020	77,198
Loans and advances			11,726	8,847
Short term borrowings			625,000	625,000
<b>Other related parties</b>				
Trade and other payables			82,242	77,037
Loans and advances			1,672	2,293

## 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 consolidated 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 2021 - (Un-audited)

At fair value through other comprehensive income	15,116	-	-	15,116
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##### At 30 September 2020 - Audited

At fair value through other comprehensive income	13,223	-	-	13,223
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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 of Issue

These consolidated condensed interim financial statements were approved and authorized for issue on 28 July 2021 by the Board of Directors of the Holding Company.

### 13. Corresponding Figures

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework however, no significant re-arrangements have been made.

### 14. General

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

## ڈائریکٹر رپورٹ

آپ کی کمپنی کے ڈائریکٹر 30 جون 2021ء کو ختم ہونے والی مدت کے لئے کمپنی اور گروپ کے مناسب عبوری مالیاتی بیانات پیش کرنے پر خوش ہیں۔

### مالی اور آپریشنل کارکردگی:

کوویڈ 19 وبا کی مرض کے اثرات پوری دنیا کی صنعت میں دیکھنے کو مل رہے ہیں۔ مختلف ممالک کی جانب سے عائد پابندیوں کی وجہ سے ہماری برآمدات کی ترسیل میں تاخیر ہوئی ہے۔ جیسا کہ ہمارے پچھلے جائزہ میں بات کی گئی ہے، پچھلے سیزن کے مقابلے میں 10 دن پہلے کرشنگ مہم کے بروقت آغاز سے شکر گنج نے زیر جائزہ مدت کے دوران اپنی کرشنگ کو بڑھایا۔ کمپنی پچھلے سال اسی عرصے میں MT 884,724 گنے کے مقابلے میں 1,006,075 MT گنا کرش کرنے میں کامیاب رہی۔ تاہم، ایک بار پھر، کاشنگار پنجاب حکومت کی طرف سے مقرر کردہ نرخ پر گنا فروخت کرنے پر راضی نہیں تھے۔ ملوں نے اس کی درخواست کی تھی اور حکومت نے گنے کی سپلائی چین میں مل میں گنا کرش کرنے پر اتفاق کیا تھا، اس پر عمل درآمد نہیں ہو سکا۔ مل میں اعلیٰ قیمتوں کو حاصل کرنے کے لئے آزادانہ طور پر گنے میں سودے بازی کر رہا تھا جس سے گنے کی قلت پیدا ہو گئی اور گنے کی عدم فراہمی نے کرشنگ سیزن میں گنے کی قیمتوں میں اضافے کو برقرار رکھا۔ اس کے نتیجے میں، قیمت میں زبردست اضافہ دیکھنے کو ملا، جس سے مارجن کم ہوا۔ سیزن کے اختتام پر مارکیٹ میں گنے کی قیمتوں میں غیر متناسب اضافہ ہوا اور حتیٰ کہ خریداری اس سے بھی زیادہ قیمت 350 روپے فی 40 کلو گرام پر کی جارہی تھی۔ اس سے شکر گنج کے لئے گنے کی اوسط قیمت 200 روپے فی 40 کلو گرام سپورٹ پرائس کے مقابلے میں 250 روپے فی 40 کلو گرام سے زیادہ ہو گئی۔

حکومت کی غیر متوقع اور متضاد پالیسیوں اور اقدامات نے چینی کی صنعت میں تمام اسٹیک ہولڈرز کے لئے منفی اثر ڈالا۔ حکومت نے قیمت میں اضافے کی وجوہات کی تحقیقات کے لئے شوگر انکوائری کمیشن تشکیل دیا لیکن اس رپورٹ کے نتیجے میں قیمتوں میں مزید اضافہ ہوا اور کمیشن کے ذریعہ رپورٹ کردہ حقائق اور اعداد و شمار اس رپورٹ کے نتیجے میں پیدا ہونے والے منظر نامے میں سچ ثابت نہیں ہو سکے۔ اگرچہ حکومت کا ارادہ خراب نہیں تھا لیکن ابھی تک اپنا یا ہوا طریقہ کار مناسب نہیں ہے۔ حکومت کو شوگر کی صنعت کو مسائل کا حل تلاش کرنے کے لیے شامل کرنا چاہئے تھا لیکن بد قسمتی ہے کہ شوگر سپلائی چین میں اسٹیک ہولڈرز کو شامل کرنے کے بجائے حکومت شوگر ملز کے خلاف زبردستی اقدامات کرنے میں مصروف ہے۔ مزید یہ کہ حکومت کی ہدایت پر، فیڈرل بورڈ آف ریونیو نے انکم ٹیکس اور سیلز ٹیکس دونوں ایریاز میں شوگر ملوں کے جائزے کے معاملات کھولنا شروع کر دیئے اور یہاں تک کہ بہت ہی معمولی اور غیر منطقی بنیادوں پر بھی ایروں روپے کے زبردست مطالبات پیدا کرنا شروع کر دیئے جس سے مستقبل میں شاید غیر ضروری قانونی چارہ جوئی میں بڑے پیمانے پر اضافہ ہوگا۔

ہماری ڈسٹریبٹرز کی کارروائیاں بھی جزوی طور پر مولاس کی خریداری سے شروع کی گئیں لیکن بڑے پیمانے پر نہیں۔ چینی اور بائیو فیول کے ہمارے بنیادی شعبہ جات میں خام مال کی قیمتوں میں مسلسل اضافہ ہوا جس نے چلی لائن کو منفی میں پیش کیا۔ چینی کی فروخت کی قیمتوں میں اضافے کے باوجود، کمپنی کو ٹیکس کے بعد مجموعی طور پر پچھلے سال کے اسی عرصے میں 651.16 ملین روپے نقصان کے مقابلے میں 1,049.68 ملین روپے کا نقصان ہوا۔

30 جون 2021 کو ختم ہونے والی مدت کے دوران، کمپنی کی مجموعی فروخت سے آمدنی 8,455.8 ملین روپے (6,013.6:3QFY20) ملین روپے رہی۔ اس عرصے کے دوران کمپنی کا مجموعی خسارہ گزشتہ سال اسی عرصے میں 413.2 ملین روپے کے مجموعی نقصان کے مقابلے میں 422.5 ملین روپے تھا۔ ٹیکس سے پہلے کمپنی کا خسارہ گزشتہ عرصے میں 725.41 ملین روپے کے مقابلے میں 939.63 ملین روپے تھا۔

### کاروباری شعبہ جات: شوگر ڈویژن

اس مدت میں شوگر ڈویژن کی آمدنی پچھلے سال کی خالص فروخت 4,883.0 ملین روپے اور انٹر سیگمنٹ فروخت 733.0 ملین روپے کے مقابلے میں 6,547.5 ملین روپے اور انٹر سیگمنٹ فروخت 1,070.6 ملین روپے رہی۔ شوگر ڈویژن نے 1,006,075 میٹرک ٹن (884,724 MT:3QFY20) گنا کرش کر کے 9.13 فی صد (8.76:3QFY20) کی اوسط سے 91,837 میٹرک ٹن (77,560 MT:3QFY20) چینی پیدا کی۔ شوگر ریکوری زیر جائزہ مدت کے دوران بہتر ہوئی۔

سیزن کے جلدی آغاز اور چینی کی قیمت فروخت میں اضافے کی وجہ سے پچھلے سال کے اسی عرصے کے مقابلے میں پیداوار اور فروخت میں نمایاں اضافہ ہوا۔ تاہم، سخت مقابلے کی وجہ سے خام مال کی لاگت میں اضافہ ہوا جس کے نتیجے میں گزشتہ سال کے اسی عرصے کے دوران مجموعی نقصان 6.05 فی صد کے مقابلے میں موجودہ مدت کے دوران 4.95 فی صد کا مجموعی نقصان ہوا۔ چلی لائن پچھلے سال کے اسی عرصے میں ٹیکس سے پہلے 554.4 ملین روپے خسارے کے مقابلے میں ٹیکس سے پہلے 621.2 ملین روپے کا خسارہ ہوا۔

### بائیو فیول ڈویژن:

اس عرصے کے دوران بائیو فیول ڈویژن کی خالص فروخت آمدنی پچھلے سال کی خالص فروخت 616.2 ملین روپے اور انٹر سیگمنٹ فروخت 25.9 ملین روپے کے مقابلے میں 1,162.1 ملین روپے اور انٹر سیگمنٹ فروخت 23.6 ملین روپے رہی۔ اس مدت کا مجموعی نقصان پچھلے سال کے 42.2 ملین روپے نقصان کے مقابلے میں 1.1 ملین روپے رہا۔ چلی لائن پچھلے سال کے اسی عرصے میں ٹیکس سے پہلے 114.3 ملین روپے خسارے کے مقابلے میں ٹیکس سے پہلے 120.5 ملین روپے کا خسارہ ہوا۔ اس ڈویژن کی پیداوار 14.36 ملین لیٹرز (7.21:3QFY20) ملین لیٹرز تک کم ہوئی۔ درآمد کرنے والے ممالک کی کم ڈیمانڈ کی وجہ سے بائیو فیول ڈویژن کی صلاحیت کا استعمال دباؤ میں رہا۔

### ٹیکسٹائل ڈویژن

ٹیکسٹائل ڈویژن کی آمدنی پچھلے سال اسی عرصے میں 485.4 ملین روپے سے نمایاں طور پر بڑھ کر 694.9 ملین روپے ہو گئی۔ یارن کی پیداوار 2.31 ملین کلو گرام (1.55:3QFY20) ملین کلو گرام) تک بڑھ گئی۔ اس مدت میں مجموعی نقصان 58.8 ملین روپے رہا۔ کاٹن کی قیمت تقریباً 25 فی صد تک بڑھی لیکن یہ یارن کی قیمتوں کے متناسب نہیں تھا جو کہ تقریباً صرف 10 فی صد تک بڑھیں۔ موجودہ مدت کے دوران ٹیکسٹائل ڈویژن کے مجموعی خسارے کا مارجن پچھلی مدت کے 6.50 فی صد کے مقابلے میں 8.46 فی صد رہا۔ نقصان میں اضافے کے بنیادی عوامل میں خام مال کی لاگت اور بجلی کی فی یونٹ لاگت میں نمایاں

اضافہ شامل ہے۔ نچلی لائن پہ پچھلے سال کے اسی عرصے میں ٹیکس سے پہلے 57.45 ملین روپے خسارے کے مقابلے میں ٹیکس سے پہلے 88.18 ملین روپے کا خسارہ ہوا۔

## غیرمجمعی مالی پوزیشن

30 جون 2021 پہ بیلنس شیٹ 30 ستمبر 2020 کے 12,734.6 ملین روپے کے مقابلے میں 12,638.6 ملین روپے پر رہی۔ مجموعی شیئر ہولڈرز فنڈ 30 ستمبر 2020 کے 6,858.5 ملین روپے کے مقابلے میں 5,810.7 ملین روپے تک کم ہو گیا۔ بریک اپ ویلیو 46.49 روپے تھی۔

## مجمعی مالی پوزیشن

مجمعی بنیاد پر فنانس لاگت اور ٹیکس سے پہلے آپریٹنگ نقصان 397.65 ملین روپے (3QFY20: 564.14 ملین روپے نقصان) تھا۔ گروپ کو 3QFY20 میں ٹیکس کے بعد 968.0 ملین روپے نقصان کے مقابلے میں اس مدت میں ٹیکس کے بعد مجموعی نقصان 1,004.83 ملین روپے تھا۔ زیر جائزہ مدت کے دوران، شکر گنج فوڈ پروڈکٹ لمیٹڈ۔ سبسڈری کمپنی کا ٹیکس کے بعد منافع 94.21 ملین روپے (3QFY20: 666.69 ملین روپے ٹیکس کے بعد نقصان) تھا۔ فروخت کی قیمت میں اضافے اور فروخت کے حجم کی وجہ سے ماتحت کمپنی کے نتائج میں نمایاں بہتری آئی ہے۔ ان پٹ لاگت پر قابو پایا گیا، لہذا اتمام شعبہ جات میں مارجن بہتر ہوئے۔ ترقی کے تسلسل کے نتیجے میں مالی سال 2021 کے اگلے حصے میں نچلی لائن اور بھی بہتر ہوگی۔

گروپ کی بنیاد پہ بیلنس شیٹ 30 ستمبر 2020 کے 20,850.07 ملین روپے کے مقابلے میں 30 جون 2021 کو 20,666.58 ملین روپے پر رہی۔ مجموعی ایکویٹی 30 ستمبر 2020 پہ 8,397.50 ملین روپے سے 30 جون 2021 پہ 7,394.56 ملین روپے تک کم ہو گئی۔

## صحت، حفاظت، ماحول اور کارپوریٹ سماجی ذمہ داری

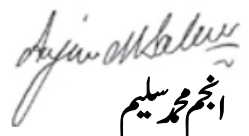
محفوظ اور مستند کام کے ماحول کو یقینی بنانے کے لئے، کمپنی COVID-19 وبائی مرض کی ڈیولپمنٹ کے مطابق اپنی صحت اور حفاظت کے طریقوں کو ڈھال رہی ہے۔ اقدامات میں بلا تعطل کارروائیوں کے لئے دفتر میں حاضر ہونے کے لئے ضروری عمل کی درجہ بندی بھی شامل ہے، جبکہ دوسرے عمل کو گھر سے کام میں منتقل کر دیا گیا ہے۔ ترجیحی بنیادوں پر تمام کارکنوں اور عملے کے لئے کوویڈ ٹیسٹنگ کا انتظام کیا گیا ہے۔ تکنیکی پیشرفت نے ورچوئل میٹنگز میں تبدیلی کے ذریعہ کم سے کم جسمانی تعامل کو ممکن بنایا ہے۔ وبائی مرض کا سامنا کرنے والی صورتحال کو کم کرنے کے لئے تمام تر کوششیں کی جارہی ہیں۔ ہم ان سرگرمیوں میں حصہ لینے کے فعال طور پر مواقع تلاش کرتے ہیں جن میں ہم کام کرتے ہیں اور اس ماحول کو بہتر بناتے ہیں جو ہم سب کو برقرار رکھتا ہے۔ ہماری بنیادی توجہ کے شعبے تعلیم، صحت اور حفاظت، توانائی کا تحفظ، فضلہ کی کمی، اور کمیونٹی کی تعمیر ہیں۔

## مستقبل کا نقطہ نظر:

بائیو فیول اور ٹیکسٹائل کے کاروبار بھی سے آپریشنز میں ہیں۔ پاکستان میں کاروباری اداروں کے لئے لاک ڈاؤن اور تجدید نو کی کوششوں میں آسانی کے ساتھ، ہم بائیو فیول کی اپنی برآمدات کے تسلسل کے لئے پرامید ہیں۔ کمپنی کی انتظامیہ جہاں بھی ممکن ہو کاروبار کے تسلسل کے لیے تمام ضروری اقدامات کر رہی ہے۔ ہماری ڈسٹریبٹرز کے کاموں کا مستقبل کا آؤٹ لک ہمیشہ اچھے معیار کے مولا س کی مستقل دستیابی پر منحصر ہوتا ہے۔ تاہم، خام مال کی مارکیٹ قیمت میں نمایاں اضافہ ہوا ہے، پھر بھی انتظامیہ اس صورتحال کا جائزہ لے رہی ہے اور اس کی خریداری بہتر مارجن سے مشروط کی جائے گی۔ بصورت دیگر کمپنی کے پاس موجود اسٹاک اس کی ڈسٹری کی کارروائیوں کو جاری رکھنے کے لئے استعمال ہوگا۔ ٹیکسٹائل کے کاروبار میں کاروبار کے مشکل ماحول نے ہمیں ٹیکسٹائل کے آپریشن کو بند کرنے پر مجبور کر دیا، تاہم اب دوبارہ آپریشن شروع کر دیا گیا ہے۔ جیسا کہ نوٹس ٹو اکاؤنٹس نمبر 1.2 میں بیان کیا گیا ہے، ہمیں لیکویڈیٹی بحران کا سامنا ہے جس سے کاروبار کرنے کی لاگت بھی بڑھ جاتی 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۔

منجانب بورڈ



انجم محمد سلیم

چیف ایگزیکٹو آفیسر



علی الطاف سلیم

ڈائریکٹر

28 جولائی 2021ء



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