



Shakarganj  
Limited



# Annual Report For The Year Ended 2021



# CONTENTS



## Financial Statements (Unconsolidated)

<b>31</b>	Independent Auditor's Report
<b>36</b>	Statement of Financial Position
<b>38</b>	Statement of Profit Or Loss
<b>39</b>	Statement of Comprehensive Income
<b>40</b>	Statement of Changes in Equity
<b>41</b>	Statement of Cash Flows
<b>42</b>	Notes to the Financial Statements

## Financial Statements (Consolidated)

<b>106</b>	Consolidated Directors' Report
<b>108</b>	Independent Auditor's Report
<b>114</b>	Consolidated Statement of Financial Position
<b>116</b>	Consolidated Statement of Profit Or Loss
<b>117</b>	Consolidated Statement of Comprehensive Income
<b>118</b>	Consolidated Statement of Changes in Equity
<b>119</b>	Consolidated Statement of Cash Flows
<b>120</b>	Notes to the Consolidated Financial Statements
<b>196</b>	Pattern of Shareholding

## Organization Overview and Governance

<b>02</b>	Vision, Mission & Core Values
<b>03</b>	Quality Policy
<b>04</b>	Geographical Presence
<b>05</b>	Company Information
<b>06</b>	Shareholders Information
<b>07</b>	Company Profile and Group Structure
<b>10</b>	Management Committees
<b>11</b>	Organizational Chart
<b>12</b>	Review Report by the Chairman
<b>14</b>	Directors' Report

## Performance

<b>23</b>	Financial Highlights
<b>24</b>	Production Data
<b>26</b>	Statement of Compliance with Code of Corporate Governance
<b>29</b>	Review Report to the Members on Statement of Compliance with Code of Corporate Governance

<b>199</b>	Notice of 54 <sup>th</sup> Annual General Meeting
<b>209</b>	Notice of 54 <sup>th</sup> Annual General Meeting (Urdu)
<b>211</b>	Consolidated Directors' Report (Urdu )
<b>219</b>	Directors' Report (Urdu )
<b>221</b>	Review Report by the Chairman (Urdu )
<b>222</b>	Form of Proxy
<b>223</b>	Form of Proxy (Urdu)
<b>224</b>	Consent Form for Electronic Transmission of Annual Report and Notice of AGM
<b>225</b>	Consent Form for Electronic Transmission of Annual Report and Notice of AGM (Urdu)
<b>226</b>	Standard Request Form for Hard Copies of Annual Audited Accounts
<b>227</b>	Standard Request Form for Hard Copies of Annual Audited Accounts (Urdu)
<b>228</b>	E-Dividend Form
<b>229</b>	E-Dividend Form (Urdu)
<b>230</b>	Form for Video Conference Facility
<b>231</b>	Form for Video Conference Facility (Urdu)





## VISION

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

## MISSION

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

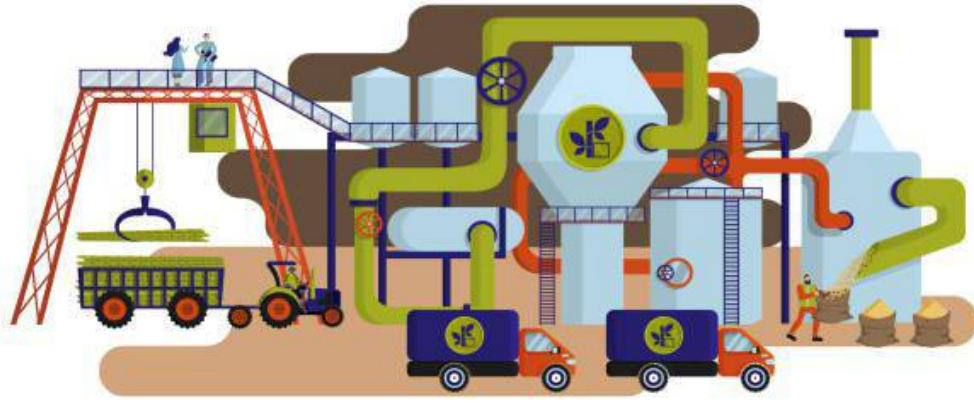


## CORE VALUES

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



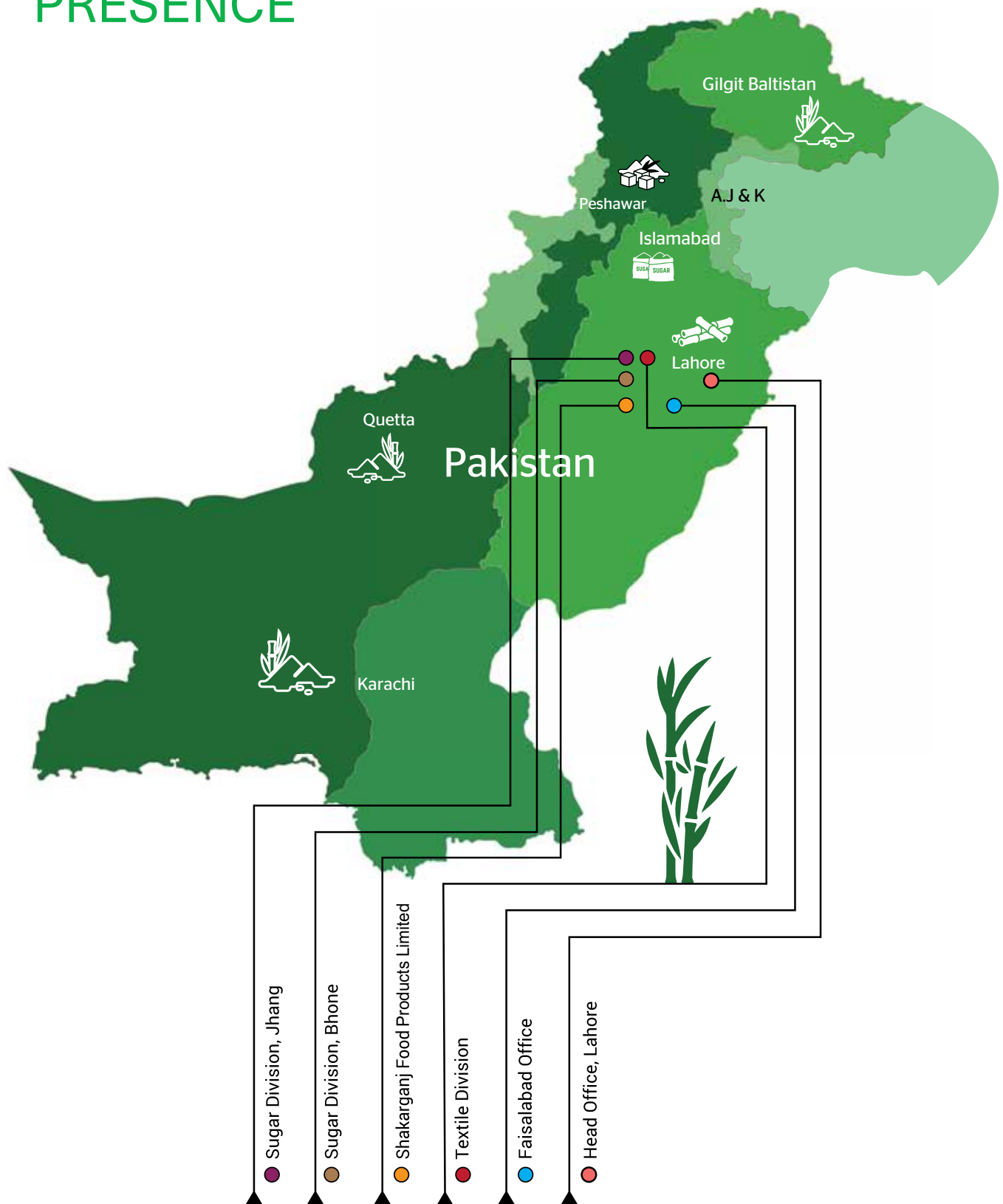
# QUALITY POLICY

Our quality policy, stemming from our vision, is to maintain industry leadership and customer satisfaction through production of high quality sugar, biofuel, yarn, and other allied products at lowest cost, using environment friendly technology in safe working conditions.

We run our businesses with integrity and professionalism, and believe in continual improvements and a fair deal for our investors, customers, suppliers and above all our employees.



# GEOGRAPHICAL PRESENCE



## COMPANY INFORMATION



## Board of Directors

From Left to Right

1. Chairman (Non-Executive)
2. Chief Executive Officer

*In alphabetic order:*

3. Executive Director
4. Non-Executive Director
5. Non-Executive Director
6. Non-Executive Director (Independent)
7. Non-Executive Director
8. Non-Executive Director (Independent)

Mian Muhammad Anwar  
Anjum Muhammad Saleem

Ali Altaf Saleem  
Javed Anjum  
Khalid Bashir  
Sheikh Asim Rafiq  
Yasir Ghaffar  
Zahra Ahsan Saleem

**Chief Financial Officer**  
Muhammad Asif

**Company Secretary**  
Asif Ali

**Audit Committee**  
Chairman  
Sheikh Asim Rafiq (Independent)

Member  
Javed Anjum  
Khalid Bashir  
Zahra Ahsan Saleem (Independent)

**Human Resource & Remuneration Committee**  
Chairperson  
Zahra Ahsan Saleem (Independent)

Member  
Anjum Muhammad Saleem  
Khalid Bashir  
Mian Muhammad Anwar

# 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)

## 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.



## 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



## 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

## Faisalabad Office

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



## 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



## 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)

## Annual General Meeting

The 54th Annual General Meeting of Shakarganj Limited will be held on Monday, 28 February 2022 at 10:00 a.m. through video link.



# 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 office in Faisalabad. 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 790 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 center at prime locations in Pakistan.

- Collection center 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



# MANAGEMENT COMMITTEES

## Executive Committee

Anjum Muhammad Saleem  
Chairman  
Ali Altaf Saleem  
Muhammad Pervez Akhtar

This committee devises long term policies and visions for the Company with the sole objective for providing the best returns to shareholders by optimum allocation of existing resources. The Committee is also responsible for review of Company's operation on ongoing basis, establishing and ensuring adequacy of internal controls and monitoring compliance of key policies.

## Business Strategy Committee

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

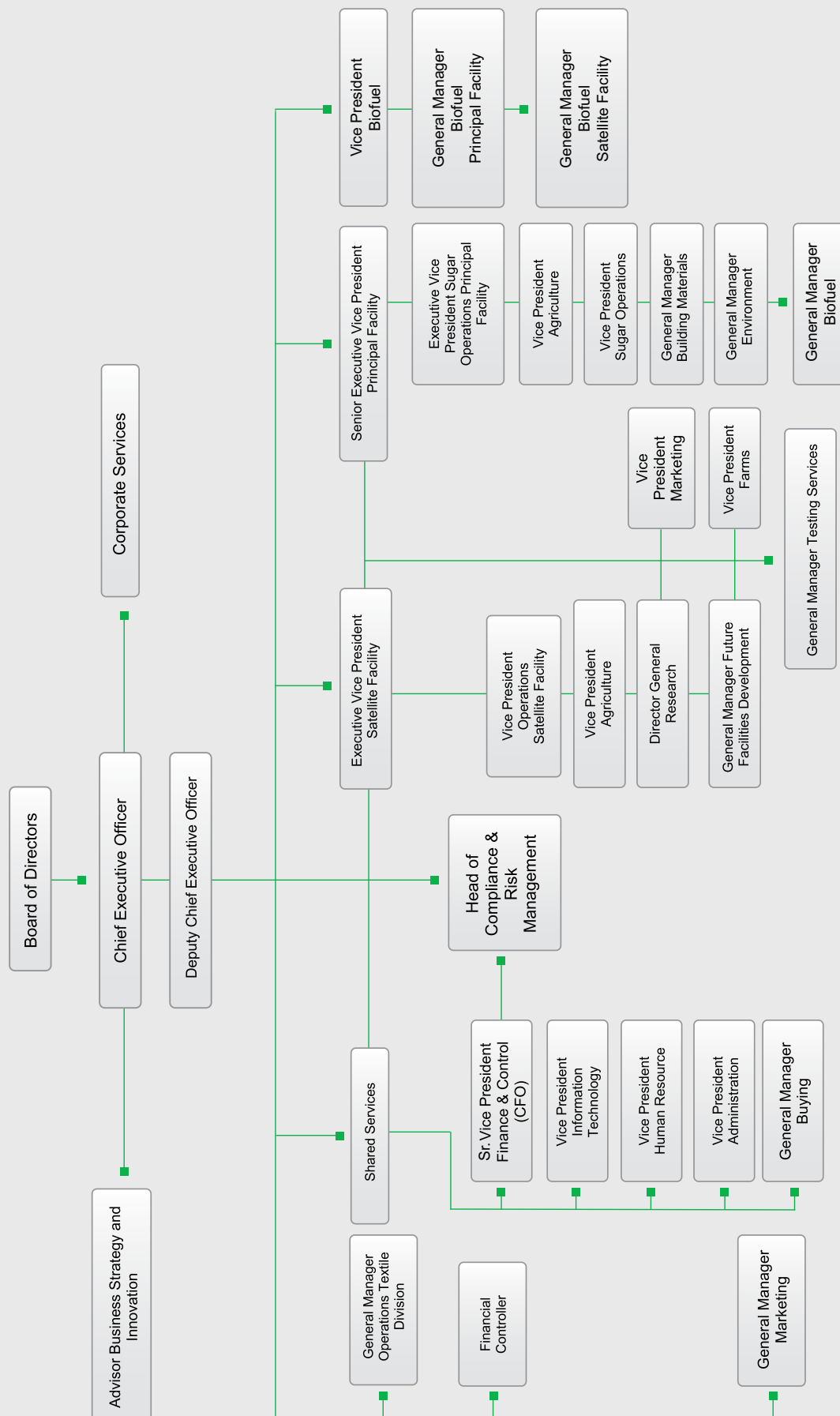
This Committee is responsible for formulation of business strategy, review of risks and their mitigation plan. Further, the Committee is also responsible for staying abreast of developments and trends in the Industry to assist the Board in planning for future capital intensive investments and growth of the Company.

## System and Technology Committee

Muhammad Pervez Akhtar  
Chairman  
Muhammad Asif  
Ibrahim Ahmad Cheema

This committee is responsible for devising the I.T. Strategy within the organization to keep all information systems of the Company updated in a fast changing environment.

# ORGANIZATIONAL CHART



# REVIEW REPORT BY CHAIRMAN

It gives me immense pleasure to present this report to the shareholders of Shakarganj Limited pertaining to the overall performance of the Board and the effectiveness of its role in attaining the Company's aims and objectives.

I wish to begin by extending my gratitude to individuals and institutions which have been at the forefront in the battle against the Covid-19 pandemic in the country and the world at large. The pandemic has severely affected the global economy. Everyone in industry impacts that are likely to be felt for some time to come. Economic activities and especially largescale manufacturing had been declined. Now another wave of Covid-19, Omicron infection is affecting businesses and any such spike will hamper business activities further. We hope that as the Federal and Provincial Governments in Pakistan responded well to the crisis and implemented a carefully crafted lockdown during previous phases, the current wave would also be managed well.

Shakarganj Limited has implemented a strong governance framework supportive of an effective and prudent management of business matters which is regarded as instrumental in achieving long-term success of the Company.

During the year, the Board Committees continued to work with a great measure of proficiency. The Audit Committee has focused in particular on the management and control of risks associated with the business. At the same time, the Human Resource and Remuneration Committee has ensured that the HR policies regarding performance management, HR staffing, compensation and benefits are market driven, and are properly aligned not only with the Company's performance and shareholders' interests but also with the long-term success of the Company.

The Board as a whole has reviewed the Annual Report and Financial Statements, and is pleased to confirm that in its view the report and financial statements, taken as a whole, are fair, balanced, and understandable.

The Board carries out a review of its effectiveness and performance each year on a self-assessment basis. The last such review was carried out in May 2021 for the fiscal year 2021. The overall effectiveness of the Board was assessed as satisfactory and areas that required improvement were duly considered and suitable action plans were framed.

The overall assessment was based on an evaluation of the following integral components:

- 1. Vision, Mission, and Core Values:** The Board members are familiar with the current vision, mission, and core values and found them appropriate for the organization.
- 2. Engagement in strategic planning:** The Board has a clear understanding of the stakeholders whom the organization is meant to serve i.e. its shareholders, farmers, customers, employees, vendors, and the community. The Board has the strategic vision of how the organization should be evolving over the next three to five years and has identified key indicators for tracking its progress.
- 3. Formulation of policies:** The Board has established policies that cover all essential areas of board responsibility and operations of the Company.
- 4. Monitoring the organization's business activities:** The Board is knowledgeable about the organization's current business activities including strengths and weaknesses of each major activity, and has an effective process for tracking performance activity-wise as well as area-wise.
- 5. Adequacy of financial resources management:** The Board is knowledgeable about key aspects relating to managing the financial resources of the Company and provides appropriate direction and oversight on a timely basis.
- 6. Provide effective fiscal oversight:** The Board ensures that the budget reflects the priorities established in the annual strategic plan and it complies with regulations governing the audit or independent examination of accounts and considers all recommendations made in the independent auditors' report.
- 7. Act as a responsible employer:** The Board has created necessary policies which ensure that the organization behaves in an equitable and legal manner towards staff, contractors, vendors, and any other individual working on its behalf.
- 8. Relationship between Board and Staff:** Roles and Responsibilities of Board and management staff are clearly defined and understood and climate of mutual trust and respect exists between Board and management.



- 9. Organization's Public Image:** Board members promote a positive image of the organization in the community.
- 10. Review of CEO performance:** The Board assesses the performance of the Chief Executive Officer in a fair and systematic manner and ensures that CEO's pay is properly aligned with the Company's performance, shareholders' interests and the long-term success of the Company.
- 11. Board Structure and Dynamics:** Size and composition of the Board is adequate to govern the Board procedures and the members are actively engaged in the work of the Board. The Board meets frequently enough to adequately discharge its responsibilities.

On an overall basis, I believe that the strategic direction of the Company for the next three years is clear and appropriate despite of the tough macroeconomic situation. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of Company's objectives are comprehensive. Here, I would also like to recognize the management and our people for their resolve, perseverance and untiring support in these testing times, they have stood firm with us and continued to deliver despite hardships of last couple of years.

I would also like to thank all the stakeholders for consistent support, and I hope that your patronage of the Company would continue in years to come.



Mian Muhammad Anwar  
Chairman

07 February 2022

# DIRECTORS' REPORT

Dear Shakarganj Shareholder:

The Directors of Shakarganj Limited ("the Company") have the pleasure in submitting their report together with audited financial statements of the Company for the year ended 30 September 2021.

## State of the Company's affairs and Overview of its Business

The Company was incorporated in Pakistan and is listed on the Pakistan Stock Exchange. It is principally engaged in the manufacture, purchase, and sale of sugar, biofuel, yarn (textile). The Company has its principal manufacturing facilities at Jhang and satellite manufacturing facilities at Bhone.

## Financial Results

The financial results of the Company are summarised below:

	2021	2020
	Rupees in thousand	
Sales - net	9,161,763	6,409,384
Gross loss	(590,166)	(671,675)
Loss from operations	(954,369)	(293,219)
Share of profit / (loss) from equity accounted investee	157,377	(538,637)
Loss before taxation	(1,072,017)	(1,170,655)
Taxation	(315,893)	173,072
Loss for the year	(1,387,910)	(997,583)
Loss per share - basic and diluted (Rupees)	(11.10)	(7.98)

## Overview of the Company's Business

During the year under review, inspite of the fact that sugarcane availability remained considerably low, Shakarganj crushing was increased significantly. Comparatively, per acre yield was lower as was witnessed and reported by the growers during field survey however, sugar recovery was improved. Due to early start of cane crushing season i.e., from 15<sup>th</sup> November 2020, industry had to pass through tough competition in cane procurement that resulted into price war among the mills. That's why the Company had to pay higher value than notified support price, resulting in substantially increased cane procurement cost compared to the last year.

Impact of the COVID-19 pandemic is witnessed to every industry all over the world and with the development of the Omicron Variant, Pakistan continues battle against uptick in COVID-19 numbers. Our export shipments had 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 and during the year 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 year. 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, but 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 rise throughout the crushing season, as a result the cost escalated 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 average sugarcane cost for Shakarganj to more than Rs. 250 per 40 kg as compared to Rs. 227 per 40 kg in the previous year.

Unpredictable and inconsistent policies and actions of the Government impacted negatively on 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 good but the methodology adopted 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 in both income tax and sales tax areas and created huge demands of billions of rupees even on very trivial and illogical grounds which would probably increase unnecessary litigation.

Our distilleries operations were also started late at Shakarganj with some procurement of molasses but not on the largescale basis. Prices of raw material in core areas of sugar and biofuel have constantly increased which rendered the bottom line in negative. In spite of increase in the selling prices, the Company incurred an overall after tax loss of Rs. 1,387.91 million as compared to after tax loss of Rs. 997.58 million in the previous year.

### Principal Risks and Uncertainties Facing

Following are the principal risks and uncertainties currently faced by the Company:

- Higher purchase price of sugarcane as compared to sugar sale price
- Heavy taxation, sales tax rates on finished products
- Lack of irrigation water, reducing the yield of crop & low capacity utilizations
- Vulnerable to political interests
- Being an agro based industry, inherent risks of natural calamities / conditions
- Increasing cost of production and labour
- Overall inflationary increase in operational expenses
- Environmental concerns and sugar free products
- Further Rupee devaluation will result in cost escalation

### Adequacy of Internal Control

The system of internal control of the Company is sound in design and has been effectively implemented and monitored. The Board of Directors is aware of its responsibility with respect to internal controls environment and accordingly has established an efficient system of internal financial controls, for ensuring effective and efficient conduct of operations, safeguarding of Company's assets, compliance with applicable laws and regulations and has a reliable financial reporting system. The outsourced independent internal audit function is in operation and such function regularly appraises and monitors the implementation of financial controls. Audit Committee of the Board, reviews the effectiveness of the internal control framework and financial statements regularly on quarterly basis.

### Auditors

The auditors Riaz Ahmad & Co, Chartered Accountants will retire and are eligible for re-appointment as auditors of the Company for the next year. The Board, on recommendation of the Audit Committee, has recommended the re-appointment of Riaz Ahmad & Co, Chartered Accountants as auditors for consideration of members at the forthcoming Annual General Meeting.



## Corporate Social Responsibility

We 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. During the year Shakarganj contributed around Rs. 8.47 million toward these activities. As a responsible member of the corporate community, Shakarganj always contributes substantially towards the national economy on account of taxes and other government levies. Company's contribution toward federal, provincial and local taxes was in excess of Rs. 1,570 million during the year under review.

At Shakarganj, Corporate Social Responsibility (CSR) is a strategic management driven initiative that incorporates our business, environmental, and citizenship activities in a manner that supports our vision and upholds our values. We aim to play a positive role in the communities in which we operate. Our community involvement policy is one of the core components underpinning our ethical behaviour. Our programmes involve building long term relationships with local communities to deliver our shared objective: establishing strong, safe, healthy and educated communities by investing time and resources into projects that directly address local needs. Our Social Action Programme (under Shakarganj Foundation) delivers a variety of social services in our extended community under the banner of "Sukh Char Programme". These services include education, healthcare, promotion of arts, and protection of our cultural heritage.

Our school adoption initiative provides support to 35 local girls' and boys' schools that includes provision of clean drinking water, nutrition supplements, uniforms, maintenance of infrastructure and building additional facilities where required. Shakarganj also provides support to education programme of The Citizens Foundation. To provide backbone support to the education initiative a purpose-built teachers training institute was established at Shakarganj premises as a public service.

Shakarganj funded special incentives for school children include recognition of high achievers in school exams with scholarships and awards, sports competitions for school children, and inter-school handwriting competitions for school children and teachers. Our Healthcare initiative delivers primary medical facilities at the doorsteps of our extended community. Three teams of qualified doctors, paramedical staff, and mobile dispensaries served over 19,345 patients during the year. Due to Covid-19 activities the numbers were decreased during the year. Diagnostic facilities, preventive treatment, and free medicines are provided through this programme.

We provide support to promising local talent in improving their artistic skills in a structured training programme at the School of Art and Calligraphy. A display centre exhibiting the works of these artists and promotion of cultural heritage is also maintained by Shakarganj at the School.

## Health, Safety, and Environment

As we always aim to be an exemplary corporate citizen, health, safety, and environmental concerns are always among our key focal points. We are committed to providing healthy, safe, and clean conditions for our employees, contractors and visitors. In providing a good working environment there is no higher priority than safety and we target continuous improvement to reduce recordable injury and accident times to zero. Nearly eight hundred and fifty-five members of Team Shakarganj have participated in a structured program to obtain professional training and certification in first aid in collaboration with Pakistan Red Crescent Society – Punjab. Preventive action and training and timely response procedures to deal with potential accidents have resulted in minimising recordable injuries and accidents.

Environmental protection issues are always considered on a higher priority than profit concerns. Shakarganj produces all its products from renewable crops and raw materials and does not believe in making profits at the cost of damage to our environment. We proactively fund and support environmental protection activities in our communities in particular and on national level generally. Energy conservation

and aiming for 'zero' waste are our key environment friendly policies. Using sugar by-products in our production lines substantially reduces use of fossil fuels and waste disposal problems. Distillery spent-wash is the ultimate waste product in our production process. This is now biologically treated to produce bio-gas as fuel, and water which is safe to use for irrigation. In addition to this we encourage and promote biological pest control, organic farming techniques, and return of all natural nutrients to the soil that are brought with supply of sugarcane to the mills. We strongly support the activities of Worldwide Fund for Nature - Pakistan, run regular training and education programmes for water management and participate in tree plantation campaigns twice every year. Our approach to HSE is apparent in our Mission Zero Agenda that targets zero accidents and work-related illnesses. To effectively implement the mission zero agenda, we empower and encourage our people to play their part. We all have a part to play in keeping our workplaces safe. One of the most effective ways we can do this is by being aware of the risks around us and taking action to address these. That's why we actively encourage all our people to regularly assess their working environments and report any identified risks - as they arise. As a result, we have achieved 4.3 million safe working man hours without lost time injury.

To ensure a safe and healthy work environment, the Company is adapting its health and safety practices in line with the development of the Omicron as Pakistan continues battle against uptick in COVID-19 numbers as Omicron spreads. Within the Company premises stiff checking is ensured and measures also include categorization of staff essential to be present in office for uninterrupted operations, whereas the other staff is shifted to work-from-home wherever required. 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.

Shakarganj is committed to providing a healthy and safe workplace for all personnel performing their duties on its behalf, in a manner that protects the environment, prevention of pollution, and compliance of applicable legal and other requirements. We remain committed to protecting the physical and mental health of our employees, extending the scope and coverage of occupational health services, and constantly improving our occupational health management system. At Shakarganj, health checks are organised on a regular basis for our employees. In addition, we keep health records of employees for better health management and disease prevention. We also pay close attention to a dedicated health support system and provide special disease checks to ensure the health and safety of our employees. We have also released the comprehensive Emergency Plan for incidents and accidents at Shakarganj, and have established a safety management and risk prevention system for the Company. We organise regular emergency drills to improve the plan, enhance awareness of prevention and self-help of the employees and improve the team's ability to handle emergencies.

### Board of Directors & its Committees

The Board of Directors consists of eight members including seven male members and one female member. During the year, five (5) meetings of the Board of Directors, five (5) meetings of the Audit Committee and one (1) meeting of Human Resource and Remuneration Committee were held. Attendance of each director is also given below.

Category	Name of Director	Meeting Attended
Independent Directors	Mr. Sheikh Asim Rafiq	5
	Ms. Zahra Ahsan Saleem	5
	<b>Outgoing Director</b> Mr. Jawad Amjad (Resigned on 07 April 2021)	3
Non-Executive Directors	Mr. Khalid Bashir	5
	Mr. Mian Muhammad Anwar	5
	Mr. Javed Anjum	5
	Mr. Yasir Ghaffar	-
	<b>Outgoing Directors</b> Mr. Muhammad Anees (Resigned on 09 December 2020)	-
	Mr. Muhammad Amin Pal (Resigned on 30 January 2022)	2
Executive Directors	Mr. Anjum Muhammad Saleem (Chief Executive Officer)	5
	Mr. Ali Altaf Saleem (Deputy Chief Executive Officer)	5

The Board has formed committees comprising of members given below:

Name of Committee	Names of Members and Chairman	Meeting Attended
Audit Committee	Mr. Sheikh Asim Rafiq (Chairman)	5
	Mr. Khalid Bashir	5
	Ms. Zahra Ahsan Saleem	5
	Mr. Javed Anjum	3
	<b>Outgoing Members</b> Mr. Muhammad Anees (Resigned on 09 December 2020)	1
Human Resource and Remuneration Committee	Ms. Zahra Ahsan Saleem (Chairperson)	1
	Mr. Mian Muhammad Anwar	1
	Mr. Khalid Bashir	1
	Mr. Anjum Muhammad Saleem	1

Casual vacancies were filled up as and when occurred on the Board.

As per threshold reviewed by the Board of Directors, the heads of all departments of the Company shall be considered as “executives”.

### Non-executive and Independent Director's Remuneration

The Board of Directors has approved a 'Directors' Remuneration Policy', the salient features of the approved policy are as follows:

- No Director shall determine his/her own remuneration.
- Meeting fee of a Director other than regular paid Chief Executive, Sponsors and or family Directors and full time working Director(s), shall be amounting to Rs. 20,000 (twenty thousand rupees only) per meeting or as time to time determined by the Board for attending the Board and its Committee meetings.

- Directors shall also be entitled for all reasonable expenses including travelling, stay and other expenses incurred by them for attending meetings.

### Performance Evaluation of Board of Directors and its Committees

- Human Resource and Remuneration Committee has assessed the performance of Board of Directors and its Committees based on the established mechanism of self-assessment by the individual Board or Committee members as the case may be. The above mechanism was approved by the Board on the recommendation of Human Resource and Remuneration Committee.

### CEO's Performance Evaluation

During the year, the Human Resource and Remuneration Committee of the Board evaluated the performance of the CEO in line with the established performance based evaluation system. The evaluation was reviewed against the following criteria:

- Leadership
- Policy and Strategy
- People Management
- Business Processes/Excellence
- Governance and Compliance
- Financial Performance
- Impact on Society

Subsequently, on the recommendation of the Committee, the evaluation was approved by the Board after their review.

### Pattern of Shareholding and Shares Traded

The pattern of shareholding and additional information thereof is attached with this report. No trade in the shares of the Company was reported / carried out by the directors, executives and their spouses and minor children except the following:

Name of Director	Purchase	Sale
Mr. Sheikh Asim Rafiq	100	-
Mr. Javed Anjum	-	725,000

### Financial Statements

As required under the accounting and reporting standards as applicable in Pakistan and as per the requirements of Companies Act, 2017 (XIX of 2017), the management is aware of its responsibility for the preparation and fair presentation of the financial statements for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Chief Executive Officer and Chief Financial Officer presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors and the Board, after consideration and approval, authorised the signing of financial statements for issuance and circulation. The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company, Riaz Ahmad & Co., Chartered Accountants and their report is attached with the financial statements. The Directors endorse the contents of this annual report and those shall form an integral part of the Directors' Report in terms of Section 227 of the Companies Act, 2017 and the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017.



## Dividend and Carried Forward

The Directors have not recommended the payment of dividend for the year ended 30 September 2021. Moreover, no amount is being carried forward to the general reserve or any other reserve funds account.

## Subsequent Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Directors' Report.

## Default in Payments, Debt or Loan

The Company recognizes its responsibility of timely repayments of due amount and adhering to the best practices prevails in the industry it is stated that no default in payment of any loan or debts was occurred during the year under review except as disclosed in financial statements.

## Change in Nature of Business

No change has been occurred during the financial year relating to the nature of the business of the Company.

## Related Party Transactions

All related party transactions are approved by the Board after review and recommendation of Audit Committee. The Company has made detailed disclosures about related party transactions in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

## Financial Review and Going Concern Assumption

Since last couple of years, the Company have faced huge losses and ultimately financial crunch. In current year, Company's sugarcane crushing was increased by more than 14% as compared to last year but heavy increase in sugarcane procurement cost as discussed above impacted significantly. Sugar Plants capacity utilization was not at optimal level. Our Biofuel Division also had not been fully operational since couple of years. Keeping in view the situation, management considering following measures to mitigate the situation:

- Company is making arrangements to sell its agriculture land having market value of more than Rupees 755 million. For this purpose, approval of shareholders is being obtained as disclosed in Note 45. The proceeds through disposal of land will be utilized by the Company to pay to sugarcane growers and to settle the other liabilities of the Company while the remaining proceeds will be utilized for upgradation of plant and machinery of textile and sugar divisions at Jhang.
- The management of the Company has firmed up a turnaround plan based on disposal of the Bhone Unit of the Company which includes Sugar and Biofuel Divisions. Revalued amount of freehold land, building and plant and machinery as at 30 September 2021 is Rupees 8.749 billion. Price discovery by the management for the whole Bhone Unit of the Company including related licenses / rights when built in the future plan results in debt free business, surplus funds and profits for the Company. The management has planned to seek required approvals in next couple of months for roll out of the turnaround plan.
- The Company undertook some operational measures in the current year to improve its productivity and intends to continue in next year as well. During the year, the Company has

crushed 1 006 075 MT of sugarcane which has almost increased by 14% as compared to 884 724 MT of sugarcane crushed in the corresponding year and produced 91 837 MT of sugar in current season which has increased by more than 18% as compared to 77 560 MT of sugar in the corresponding year. Moreover, the Company produced 15 199 777 litres of biofuel during the year which has been increased by almost 55% as compared to 9 816 686 litres in the corresponding year.

- 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 helps to improve the optimization of the evaporator's 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 production of yarn has been 5 930 820 kgs during the year which has been increased by more than 91% as compared to 3 102 521 kgs in the corresponding year. Moreover, with the installation of better plant and machinery, the quality of textile products will be improved.
- The Company remains committed to its best efforts to improve liquidity portion. The financial projections of the Company show improvements in cash generation and profits.

During the year, the Company has successfully renewed certain working capital lines. The Company also availed facility of Rupees 165.7 million under SBP Refinance Scheme for payment of wages and salaries. The Company expects significant improvement in its biofuel in the next year owing to restoration of exports of biofuel. Subsequent to the reporting date, the Company is in negotiations with its lenders for working capital finance for operational liquidity. Further, fresh working capital lines of Rupees 1,000 million, in addition to existing lines, are being arranged to meet operational liquidity requirements. 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.

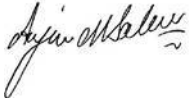
## Future Outlook

Sugarcane crushing campaign started late in Fiscal 2022 and in view of price war scenario, Company would try its best to increase recovery by crushing quality sugarcane with better margins and by using expected cash generation. The Government fixed the sugar price as being an essential commodity and sugar mills challenged the price fixation notification in the Lahore High Court which is pending. The outcome of the case may result significant difficulties for sugar mills. Biofuel and textile businesses could not start yet, however, we are hopeful to start the operations of biofuel with own molasses. With the ease out 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 depending 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 biofuel production. Difficult business environments in the textile business have forced us to close the textile operations in the last month however, now we are planning to start the operations from March 2022. Another wave of Covid-19, Omicron Variant is affecting businesses and any such spike will hamper business activities badly. We hope that as the Federal and Provincial Governments in Pakistan responded well to the crisis and implemented a carefully crafted lockdown during previous phases, the current wave would also be managed well. The country's macroeconomic indicators are expected to slowly revert to a stable trajectory and with the revival efforts for businesses in Pakistan; we are hopeful for better future.

## Acknowledgment

The Directors wish to express their appreciation to the staff & workers of the Company for their dedication and devotion to the Company. The Directors feel pleasure in expressing appreciation for the continued interest and support of the shareholders, bankers and all other parties involved and hope that the same spirit will prevail in the future as well.

By Order of the Board



Anjum Muhammad Saleem  
Chief Executive Officer



Ali Altaf Saleem  
Director

07 February 2022

# FINANCIAL HIGHLIGHTS

		2021	2020	2019	2018	2017	2016	2015
<b>Profitability &amp; Ratios Area:</b>								
Net Sales	(Rs 000)	9,161,763	6,409,384	6,256,738	7,404,243	11,360,157	4,373,219	6,578,986
Cost of Sales	(Rs 000)	9,751,929	7,081,059	6,283,349	7,047,093	10,704,342	4,668,941	6,647,610
Gross Profit / (Loss)	(Rs 000)	(590,166)	(671,675)	(26,611)	357,150	655,815	(295,722)	(68,624)
Operating Profit/(Loss)	(Rs 000)	(954,369)	(293,219)	(448,715)	92,871	324,500	(140,704)	(183,146)
Profit / (Loss) Before Tax	(Rs 000)	(1,072,017)	(1,170,655)	(774,470)	158,161	350,012	(31,663)	(42,652)
Profit / (Loss) After Tax	(Rs 000)	(1,387,910)	(997,583)	(728,411)	(14,008)	210,819	(17,893)	(142,756)
Earnings/(Loss) Before Interest, Taxes, Depreciation & Amortization (EBITDA)	(Rs 000)	(290,031)	(262,493)	172,169	858,121	1,054,322	733,985	829,395
Gross Profit Ratio	(%)	(6.44)	(10.48)	(0.43)	4.82	5.77	(6.76)	(1.04)
Net Profit to Sales	(%)	(15.15)	(15.56)	(11.64)	(0.19)	1.86	(0.41)	(2.17)
EBITDA Margin to Sales (net)	(%)	(0.03)	(0.04)	0.03	0.12	0.09	0.17	0.13
Operating Leverage Ratio	(%)	(0.10)	35.90	14.43	0.89	1.53	0.68	4.19
Return on Capital Employed	(%)	(7.09)	(9.53)	(4.54)	4.08	7.66	(2.60)	(3.52)
<b>Liquidity Ratios Area:</b>								
Current Assets	(Rs 000)	1,177,334	1,246,767	992,065	1,485,414	1,599,932	814,003	2,767,463
Current Liabilities	(Rs 000)	4,831,358	4,556,514	4,170,356	4,052,096	3,962,002	4,567,308	7,972,985
Net Current Assets / (Liabilities)	(Rs 000)	(3,654,024)	(3,309,747)	(3,178,291)	(2,566,682)	(2,362,070)	(3,753,305)	(5,205,522)
Property, Plant and Equipment	(Rs 000)	16,166,485	9,745,632	10,253,780	10,825,661	8,487,270	8,987,560	9,599,483
Total Assets	(Rs 000)	19,135,860	12,724,256	13,467,068	14,307,132	11,270,752	10,839,796	13,328,591
Current Ratio	(Times)	0.24	0.27	0.24	0.37	0.40	0.18	0.35
Quick / Acid Test Ratio	(Times)	0.09	0.12	0.08	0.09	0.10	0.08	0.23
Cash to Current Liabilities	(%)	0.04	0.18	2.01	0.70	0.13	0.41	19.17
Cash Flow from Operations to Sales	(%)	5.13	11.03	17.47	4.07	(10.87)	13.70	20.99
<b>Activity / Turnover Ratios Area:</b>								
Inventory Turnover Ratio	(Times)	18.02	10.80	7.24	6.21	13.42	7.14	9.05
No. of days in Inventory	(Days)	20.26	33.80	50.38	58.82	27.21	51.09	40.32
Debtor Turnover Ratio	(Times)	64.43	54.16	167.95	71.49	125.62	200.06	189.45
No. of Days in Receivables / Average Collection Period	(Days)	5.66	6.74	2.17	5.11	2.91	1.82	1.93
Total Assets Turnover Ratio	(Times)	0.48	0.50	0.46	0.52	1.01	0.40	0.49
Fixed Assets Turnover Ratio	(Times)	0.57	0.66	0.61	0.68	1.34	0.49	0.69
<b>Investment / Market Ratios Area:</b>								
Earnings / (Loss) Per Share	(Rupees)	(11.10)	(7.98)	(5.83)	0.11	1.80	(0.16)	(1.89)
Dividend Yield Ratio	(%)	-	-	-	-	1.38	-	-
Dividend Payout Ratio	(%)	-	-	-	-	69.44	-	-
Dividend Cover Ratio	Times	-	-	-	-	1.44	-	-
Cash Dividend per Share	(Rupees)	-	-	-	-	1.25	-	-
Market Value Per Share at the Year End	(Rupees)	52.50	38.00	34.10	55.00	90.75	26.62	17.71
- Highest during the Year	(Rupees)	60.65	50.00	76.48	90.44	132.25	29.65	20.60
- Lowest during the Year	(Rupees)	29.70	30.17	26.25	54.15	22.50	10.75	12.30
Breakup Value Per Share Including Surplus on Revaluation of Fixed Assets	(Rupees)	89.77	54.87	63.67	69.46	49.09	45.14	64.60
<b>Capital Structure Ratios Area:</b>								
Shareholders' Equity (Without Surplus on revaluation of property, plant and Equipment)	(Rs 000)	(245,421)	770,716	1,601,612	1,857,468	1,416,858	(19,900)	(711,810)
Share Capital	(Rs 000)	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,100,000	695,238
Financial Leverage Ratio	Times	(5.51)	2.44	1.37	1.50	1.55	(80.80)	(5.08)
Weighted Average Cost of Debt	(%)	8.60	11.42	12.39	7.84	7.63	8.10	9.93
Long Term Debt : Equity Ratio	:	(1.70)	0.60	0.24	0.29	0.37	(32.10)	(1.45)
Interest Cover Ratio	(Times)	(2.90)	(2.46)	(1.34)	1.79	3.06	0.83	0.82

# PRODUCTION DATA

Season	Duration Season (Days)	Cane Crushed (MT)	Raw Sugar Processed (MT)	Sugar Produced (MT)	Recovery (Percent)
2020-21	114	1,006,075		91,837	9.13
2019-20	108	884,724		77,560	8.76
2018-19	83	484,762		49,016	10.13
2017-18	105	669,064		61,634	9.2
2016-17	145	1,543,849		144,460	9.36
2015-16	97	450,804		45,707	10.16
2014-15	129	615,394		59,905	9.73
2013-14	140	1,259,272		112,271	8.92
2012-13	135	1,409,811		133,753	9.49
2011-12	164	1,957,358		173,620	8.87
2010-11	136	1,567,361		141,549	9.01
2009-10	109	913,272		78,540	8.62
2008-09	110	784,056		71,600	9.13
2007-08	174	2,254,712		177,092	7.85
2006-07	155	1,587,929		128,170	8.04
2005-06	170	1,288,548	92,968.40	178,934	6.97
2004-05	160	1,324,510	67,930.40	177,679	8.63
2003-04	159	1,614,539		136,813	8.48
2002-03	196	1,675,370		127,060	7.58
2001-02	195	1,704,812		128,000	7.53
2000-01	161	1,054,992	27,811.59	105,550	7.5
1999-00	144	524,377		39,965	7.63
1998-99	157	1,350,119		101,479	7.51
1997-98	163	1,434,389		112,430	7.85
1996-97	176	1,036,955		79,740	7.69
1995-96	151	763,316		60,285	7.92
1994-95	157	1,057,036		86,075	8.11
1993-94	196	1,203,371		88,117	7.34
1992-93	161	691,839		54,055	7.85
1991-92	174	746,506		63,986	8.57
1990-91	204	866,552		65,537	7.56
1989-90	187	708,632		57,912	8.17
1988-89	170	446,325		36,367	7.7
1987-88	193	698,605		55,726	7.98
1986-87	149	333,601		27,899	8.36
1985-86	113	237,602		20,625	8.66
1984-85	168	441,718		39,523	8.96
1983-84	173	427,169		35,501	8.31
1982-83	173	361,291		29,440	8.16
1981-82	207	466,040		39,474	8.47
1980-81	187	287,723		25,562	8.89
1979-80	112	61,207		5,619	8.95
1978-79	114	107,106		9,267	8.8
1977-78	177	319,960		27,620	8.61
1976-77	166	308,987		26,086	8.45
1975-76	157	246,394		18,865	7.61
1974-75	107	104,069		8,253	8.3
1973-74	101	87,825		5,477	6.28



Process Losses (Percent)	Process Molasses (MT)	Biofuel (Litres)	Building Materials (m3)	Yarn (Bags)	Bio Power (MWh)
2.01	48,153	15,199,777		67,915	
2.02	40,229	9,816,686		36,930	
2.22	22,458	15,164,206		102,978	
2.17	31,025	56,728,278		76,107	
2.12	68,086	41,621,230	1,578	75,559	
2.06	19,295	10,201,684		72,776	
2.15	27,270	46,134,870		95,719	10,702
2.07	55,817	76,377,765	6,096	112,846	12,857
2.16	61,450	63,372,339	6,894	146,466	22,865
2.2	93,575	93,796,731	8,789	149,872	27,779
2.02	70,505	68,860,824	5,920	86,209	21,826
2.05	40,901	22,669,768	3,562	149,878	27,292
1.95	33,070	33,319,694	1,643	148,426	23,542
2.17	117,742	66,490,739	6,540	149,788	17,714
2.3	79,340	35,093,676	1,834	135,935	
2.54	71,008	27,625,611	1,477	133,580	
2.17	66,190	33,245,964	3,584	119,106	
2.41	81,953	35,408,000	5,141	119,922	
2.36	84,277	26,233,000	1,668	109,096	
2.42	91,890	15,800,156	5,670	96,326	
2.31	53,601	10,469,000	1,571	82,063	
2.2	24,243	4,967,000	497	96,999	
2.23	61,756	5,324,756	1,922	103,555	
2.38	73,477	6,350,000	2,784	85,259	
2.5	54,711	6,015,000		98,406	
2.65	39,397	2,573,700	2,118	83,542	
2.77	53,172	5,460,000	5,299	73,938	
2.65	60,150	5,250,076	4,335	50,880	
2.68	35,980	4,887,020	1,663	115,488	
2.53	37,710	4,525,900	3,360	117,902	
2.59	47,135	3,422,204	643	113,341	
2.31	33,180	3,030,217		97,388	
2.44	22,410				
2.61	38,740	308,494			
2.24	15,060	1,855,809			
2.29	11,470	20,239			
2.38	22,580				
2.4	21,860				
2.44	16,255				
2.48	21,255				
2.42	13,373				
2.25	2,358				
2.27	4,147				
2.44	14,103				
2.67	15,228				
2.68	11,424				
2.75	4,182				
3.57	4,726				

# STATEMENT OF COMPLIANCE

## With Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company : SHAKARGANJ LIMITED  
Year Ended : 30 September 2021

Shakarganj Limited (the company) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are eight as per the following:
  - a. Male : Seven
  - b. Female : One
2. The composition of the Board of Directors (the Board) is as follows

Category	Names
Independent Directors*	Mr. Shaikh Asim Rafiq Ms. Zahra Ahsan Saleem (female)
Executive Directors	Mr. Anjum Muhammad Saleem (Chief Executive Officer) Mr. Ali Altaf Saleem (Deputy Chief Executive Officer)
Non-Executive Directors	Mr. Mian Muhammad Anwar Mr. Khalid Bashir Mr. Javed Anjum Mr. Muhammad Amin Pal**

\*The company could not round up independent directors fraction due to challenges in inducting further independent directors. The company will strive to fill this gap at the earliest.

\*\*Mr. Muhammad Amin Pal has resigned with effect from 30 January 2022. Subsequently appointment of Mr. Yasir Ghaffar has been made on 07 February 2022.

3. Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has already arranged Directors' Training program for the following:

1. Mr. Ali Altaf Saleem
2. Mr. Sheikh Asim Rafiq
3. Mr. Muhammad Amin Pal (Resigned with effect from 30 January 2022)
4. Mr. Javed Anjum

Moreover, our following three directors meet the exemption criteria of minimum 14 years education and 15 years of experience on the boards of listed companies, hence exempt from Directors' Training Program:

1. Mr. Mian Muhammad Anwar
2. Mr. Khalid Bashir
3. Mr. Anjum Muhammad Saleem

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

**a) Audit Committee**

Mr. Sheikh Asim Rafiq	(Chairman)
Mr. Khalid Bashir	(Member)
Mr. Javed Anjum	(Member)
Ms. Zahra Ahsan Saleem	(Member)

**b) HR and Remuneration Committee**

Ms. Zahra Ahsan Saleem	(Chairperson)
Mr. Khalid Bashir	(Member)
Mr. Mian Muhammad Anwar	(Member)
Mr. Anjum Muhammad Saleem	(Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the aforesaid committees were as per following:

a) Audit Committee: Five meetings during the financial year ended 30 September 2021.

b) HR and Remuneration Committee: One meeting was held during the financial year ended 30 September 2021.

15. The Board has set up an effective outsourced internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company secretary or Director of the company.

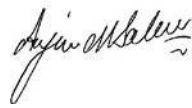
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with and all other requirements of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Non-Mandatory Requirement	Reg. No.	Explanation
<b>Nomination Committee:</b> The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29(1)	The Board has not constituted separate Nomination Committee and currently functions required to be performed by nomination committee are being dealt with by HR & R Committee.
<b>Risk Management Committee:</b> The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	The Board has not constituted separate Risk Management Committee and currently functions required to be performed by such committee are currently being performed by the Board.

By Order of the Board



Anjum Muhammad Saleem  
Chief Executive Officer



Ali Altaf Saleem  
Director

07 February 2022

## **Independent Auditor's Review Report**

To the members of Shakarganj Limited

Review Report on the Statement of Compliance contained in  
Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shakarganj Limited (the Company) for the year ended 30 September 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2021.

Faisalabad  
Date: 07 February 2022

*Riaz Ahmad & Co.*

RIAZ AHMAD & COMPANY  
Chartered Accountants





**Shakarganj Limited**

**Financial Statements  
(Unconsolidated)**

**For The Year Ended  
30 September 2021**

## INDEPENDENT AUDITOR'S REPORT

To the members of Shakarganj Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of Shakarganj Limited (the Company), which comprise the statement of financial position as at 30 September 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty relating to Going Concern

We draw attention to Note 1.3 to the financial statements which states that the Company has suffered loss after taxation of Rupees 1,387.910 million during the current year and has accumulated losses of Rupees 3,661.819 million as at the reporting date. The current liabilities of the Company exceeded its current assets by Rupees 3,654.024 million. These conditions along with other matters as stated in Note 1.3 to the financial statements indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Contingencies</b></p> <p>As disclosed in Note 14 to the accompanying financial statements, the Company has contingent liabilities in respect of various matters, which are pending adjudication before respective authorities and courts of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules and regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies in accordance with applicable financial reporting standards.</p> <p>Due to significance of amounts involved, uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered this as a key audit matter.</p> <p>For further information on contingencies, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Contingent liabilities (Note 2.18 and Note 2.1(c) to the financial statements).</li> </ul> <p>Contingencies [Note 14(a)] to the financial statements.</p>	<p>Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have:</p> <ul style="list-style-type: none"> <li>• Obtained and reviewed detail of the pending matters and discussed the same with the Company's management;</li> <li>• Reviewed the correspondence of the Company with the relevant authorities, tax and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;</li> <li>• Obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the probable outcome of the open tax assessments and other contingencies.</li> <li>• Involved internal tax professionals to assess reasonability of management's conclusions on such pending matters;</li> <li>• Reviewed and evaluated the adequacy of disclosures made in respect of such contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.</li> </ul>
2.	<p><b>Surplus on revaluation of property, plant and equipment</b></p> <p>As at 30 September 2021, the Company revalued its certain items of property, plant and equipment representing freehold land, building, plant and machinery, based on the valuation carried out by an independent valuer engaged by the management. Consequent to revaluation, surplus on</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining and inspecting the valuation reports prepared by independent valuer;</li> <li>• Evaluating the information provided by the Company to the independent valuer by inspecting the relevant underlying</li> </ul>

	<p>revaluation of property, plant and equipment - net of deferred income tax amounting to Rupees 5,911.609 million has been recognized in the financial statements and the balance of surplus on revaluation of property, plant and equipment - net of deferred income tax at the year-end was Rupees 11,466.335 million. We have identified valuation of certain items of property, plant and equipment as key audit matter due to the significance of this balance to the financial statements, as well as the significance of management's judgements in determining its valuation.</p> <p>For further information on surplus on revaluation of property, plant and equipment, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Property, plant and equipment (Note 2.5 to the financial statements).</li> <li>- Surplus on revaluation of property, plant and equipment - net of deferred income tax (Note 4.1 to the financial statements).</li> </ul>	<p>documentation;</p> <ul style="list-style-type: none"> <li>• Evaluating the methodology used by the independent valuer in determining the revalued amount and the reasonableness of key estimates and assumptions adopted in the valuations report by the independent valuer;</li> <li>• Checking that the surplus on revaluation of property, plant and equipment has been recorded in the financial statements as per applicable accounting and reporting standards;</li> <li>• Reviewing the adequacy of disclosures made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.</li> </ul>
3.	<p><b>Revenue recognition</b></p> <p>The Company recognized revenue of Rupees 9,161.763 million for the year ended 30 September 2021.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue recognition, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Revenue from contracts with customers (Note 2.2 to the financial statements).</li> </ul> <p>Revenue (Note 26 to the financial statements).</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;</li> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers';</li> <li>• We also considered the appropriateness of disclosures in the financial statements.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to



events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar.

Faisalabad  
07 February 2022

  
Riaz Ahmad & Co.  
Chartered Accountants

# STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
150 000 000 (2020: 150 000 000)			
ordinary shares of Rs. 10 each		1,500,000	1,500,000
50 000 000 (2020: 50 000 000)			
preference shares of Rs. 10 each		500,000	500,000
		2,000,000	2,000,000
<b>Issued, subscribed and paid up share capital</b>	3	1,250,000	1,250,000
<b>Reserves</b>			
<b>Capital reserves</b>			
Surplus on revaluation of property, plant and equipment - net of deferred income tax	4	11,466,335	6,087,758
Other capital reserves	4	1,650,092	1,676,901
		13,116,427	7,764,659
<b>Revenue reserves</b>	5	516,306	516,306
		13,632,733	8,280,965
<b>Accumulated loss</b>		(3,661,819)	(2,672,491)
<b>Total equity</b>		11,220,914	6,858,474
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	-	219,945
Deferred income - Government grant	7	-	3,405
Employees' retirement benefits	8	219,112	160,503
Deferred income tax liability	9	2,864,476	925,415
		3,083,588	1,309,268
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	3,336,841	2,798,120
Short term borrowings	11	935,000	1,415,698
Accrued mark-up	12	56,524	57,152
Current portion of non-current liabilities	13	416,938	245,419
Unclaimed dividend		1,944	1,954
Provision for taxation		84,111	38,171
		4,831,358	4,556,514
<b>TOTAL LIABILITIES</b>		7,914,946	5,865,782
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		19,135,860	12,724,256

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

  
Chief Executive Officer

	NOTE	2021 Rupees in thousand	2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	16,166,485	9,745,632
Biological assets	16	18,333	18,819
Long term investments	17	1,737,573	1,679,003
Long term advances and deposits	18	36,135	34,035
		17,958,526	11,477,489
<b>CURRENT ASSETS</b>			
Biological assets	16	16,232	20,973
Stores, spare parts and loose tools	19	50,572	55,596
Stock-in-trade	20	361,197	615,116
Trade debts	21	82,781	201,609
Loans and advances	22	44,955	61,522
Prepayments and other receivables	23	284,512	283,852
Cash and bank balances	24	1,905	8,099
		842,154	1,246,767
Non-current assets held for sale	25	335,180	-
		1,177,334	1,246,767
<b>TOTAL ASSETS</b>		<b>19,135,860</b>	<b>12,724,256</b>

  
Director

  
Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
Revenue	26	9,161,763	6,409,384
Cost of sales	27	(9,751,929)	(7,081,059)
Gross loss		(590,166)	(671,675)
Distribution cost	28	(119,449)	(66,676)
Administrative expenses	29	(365,910)	(320,360)
Other expenses	30	(83,754)	(38,460)
Other income	31	204,910	803,952
Loss from operations		(954,369)	(293,219)
Finance cost	32	(275,025)	(338,799)
Share of profit / (loss) from equity accounted investee	17	157,377	(538,637)
Loss before taxation		(1,072,017)	(1,170,655)
Taxation	33	(315,893)	173,072
Loss after taxation		(1,387,910)	(997,583)
Loss per share - basic and diluted (rupees)	34	(11.10)	(7.98)

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 Rupees in thousand	2020
LOSS AFTER TAXATION	(1,387,910)	(997,583)
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligations	(40,913)	(207,519)
Related deferred income tax liability	9,755	44,964
	(31,158)	(162,555)
(Deficit) / surplus arising on remeasurement of investments at fair value through other comprehensive income	(3,123)	5,413
Share of other comprehensive (loss) / income of equity accounted investee	(3,435)	6,330
Surplus on revaluation of property, plant and equipment - net	7,624,939	-
Related deferred income tax liability	(1,713,330)	-
	5,911,609	-
	5,873,893	(150,812)
Items that may be reclassified subsequently to statement of profit or loss	-	-
Other comprehensive income / (loss) for the year - net of deferred income tax	5,873,893	(150,812)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>	<b>4,485,983</b>	<b>(1,148,395)</b>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

SHARE CAPITAL	RESERVES											ACCUMULATED 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 comprehensive income	Difference of capital under scheme of arrangement 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			
Rupees in thousand													
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
-	-	-	-	-	(314,120)	(314,120)	-	-	-	-	(314,120)	314,120	-
-	-	-	-	-	48,397	48,397	-	-	-	-	48,397	-	48,397
-	-	-	-	-	(3,379)	(3,379)	-	-	-	-	(3,379)	3,379	-
-	-	(24,933)	-	-	-	(24,933)	-	-	-	-	(24,933)	24,933	-
-	-	-	-	-	-	-	-	-	-	-	-	(997,583)	(997,583)
-	-	-	5,413	-	-	5,413	-	-	-	-	5,413	(156,225)	(150,812)
-	-	-	5,413	-	-	5,413	-	-	-	-	5,413	(1,153,808)	(1,148,395)
1,250,000	1,056,373	472,496	(7,898)	155,930	6,087,758	7,764,659	410,606	22,700	83,000	516,306	8,280,965	(2,672,491)	6,858,474
-	-	-	-	-	(247,404)	(247,404)	-	-	-	-	(247,404)	247,404	-
-	-	-	-	-	(123,543)	(123,543)	-	-	-	-	(123,543)	-	(123,543)
-	-	-	-	-	(162,085)	(162,085)	-	-	-	-	(162,085)	162,085	-
-	-	(23,686)	-	-	-	(23,686)	-	-	-	-	(23,686)	23,686	-
-	-	-	-	-	-	-	22,700	(22,700)	-	-	-	-	-
-	-	-	-	-	-	-	83,000	-	(83,000)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	(1,387,910)	(1,387,910)
-	-	-	(3,123)	-	5,911,609	5,908,486	-	-	-	-	5,908,486	(34,593)	5,873,893
-	-	-	(3,123)	-	5,911,609	5,908,486	-	-	-	-	5,908,486	(1,422,503)	4,485,983
1,250,000	1,056,373	448,810	(11,021)	155,930	11,466,335	13,116,427	516,306	-	-	516,306	13,632,733	(3,661,819)	11,220,914

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	35	470,436	706,933
Finance cost paid		(259,434)	(357,347)
Income tax paid		(65,761)	(35,739)
Net increase in long term advances and deposits		(2,100)	(34)
Workers' profit participation fund paid		-	(124)
Employees' retirement benefits paid		(29,293)	(28,447)
<b>Net cash generated from operating activities</b>		<b>113,848</b>	<b>285,242</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(93,369)	(69,859)
Proceeds from sale of property, plant and equipment		153,366	13,453
Proceeds from sale of non-current assets held for sale		352,501	-
<b>Net cash from / (used in) investing activities</b>		<b>412,498</b>	<b>(56,406)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(217,532)	(81,581)
Proceeds from long term financing		165,700	165,606
Short term borrowings - net		(480,698)	(388,379)
Dividend paid		(10)	(85)
<b>Net cash used in financing activities</b>		<b>(532,540)</b>	<b>(304,439)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(6,194)</b>	<b>(75,603)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>8,099</b>	<b>83,702</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	24	<b>1,905</b>	<b>8,099</b>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 1. THE COMPANY AND ITS OPERATIONS

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.

- 1.1 Geographical locations and addresses of all business units of the Company except for the registered office are as follows:

Manufacturing units and offices	Address
Jhang Unit (Sugar, biofuel and textile)	5 KM Toba Tek Singh Road, Jhang, Punjab
Bhone Unit (Sugar and biofuel)	63 KM Jhang - Sargodha Road, Bhone, Tehsil and District Jhang, Punjab
Liaison Office	Nishatabad, Chak Jhumra Road, Faisalabad, Punjab

- 1.2 These financial statements are the separate financial statements of the Company. Consolidated financial statements are prepared separately. Detail of the Company's investment in subsidiary as equity accounted investee is stated in Note 17 to these financial statements.

### 1.3 Going concern assumption

The Company has suffered loss after taxation of Rupees 1,387.910 million (2020: Rupees 997.583 million) and its accumulated losses are of Rupees 3,661.819 million (2020: Rupees 2,672.491 million). The current liabilities of the Company exceeded its current assets by Rupees 3,654.024 million (2020: Rupees 3,309.747 million). Moreover, the Company has some overdue installments of long-term financing and short-term borrowings and overdue statutory obligations as stated in Note 42.1(c), Note 11.2 and Note 10 respectively. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared on going concern basis due to following reasons:

- The Company is making arrangements to sell its agriculture land having market value of Rupees 755.547 million. For this purpose, approval of shareholders is being obtained as disclosed in Note 45. The proceeds through disposal of land will be utilized by the Company to pay to sugarcane growers and to settle the other liabilities of the Company while the remaining proceeds will be utilized for upgradation of plant and machinery of textile and sugar divisions at Jhang.

- The management of the Company has firmed up a turnaround plan based on disposal of the Bhone Unit of the Company which includes Sugar and Biofuel divisions. Revalued amount of freehold land, building and plant and machinery as at 30 September 2021 is Rupees 8.749 billion. Price discovery by the management for the whole Bhone Unit of the Company including related licenses / rights when built in the future plan results in debt free business, surplus funds and profits for the Company. The management has planned to seek required approvals in next couple of months for roll out of the turnaround plan.

- One of the largest shareholders of the Company has affirmed its commitment to fully financially support the Company, in case of any need.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

- The Company undertook significant operational measures in the current year to improve its productivity. During the year, the Company has crushed 1 006 075 MT of sugarcane which has almost increased by 14% as compared to 884 724 MT of sugarcane crushed in the corresponding year and produced 91 837 MT of sugar in current season which has increased by more than 18% as compared to 77 560 MT of sugar in the corresponding year. Moreover the Company produced 15 199 777 litres of biofuel during the year which has been increased by almost 55% as compared to 9 816 686 litres in the corresponding year.

- The production of textile products (yarn) has been 5 930 820 kgs during the year which has been increased by more than 91% as compared to 3 102 521 kgs in the corresponding year. Moreover, with the installation of better plant and machinery, the quality of textile products will be improved.

- The Company has availed further facility of Rupees 165.700 million under SBP Refinance Scheme for payment of wages and salaries. Moreover, the working capital lines with BankIslami Pakistan Limited and MCB Bank Limited have been renewed.

- 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 helps to improve the optimization of the evaporator's 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 remains committed to its best efforts to improve liquidity portion. The financial projections of the Company show improvements in cash generation and profits.

The management 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 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

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

### 2.1 Basis of preparation

#### a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### b) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan 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. Revision to accounting estimates is recognized in the year in which the estimate is revised and in any future periods affected. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

### Useful lives, patterns of economic benefits and impairments

The estimates for revalued amounts of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendations of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

### Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

### Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on the tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date. Deferred income tax assets are recognized for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

### Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

### Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

### Provision for obsolescence of stores, spare parts and loose tools

The Company reviews the carrying amount of stores, spare parts and loose tools on regular basis and provision for obsolescence is made if there is any change in usage pattern and physical form of stores, spare parts and loose tools.

### Employees' retirement benefits

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligations. Changes in these assumptions in future years may affect the liability under these schemes in those years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

## Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the tax advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

### d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 October 2020:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
- International Accounting Standards Board's revised Conceptual Framework – March 2018
- IFRS 3 (Amendments) 'Business Combinations';
- IFRS 16 (Amendments) 'Leases';
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

### e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 October 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

### f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 October 2021 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to de-recognize a financial liability.

IFRS 16 'Leases' - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 'Agriculture' - the amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgment') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in its financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

COVID-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The IASB has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements are likely to have no significant impact on these financial statements.

## g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 October 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

## 2.2 Revenue from contracts with customers

### i) Revenue recognition

#### Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

#### Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### Rent

Revenue is recognized when rent is accrued.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

## Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

### ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

### iii) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company satisfies its performance obligations under the contract.

### iv) Refund liabilities

Refund liabilities are recognized where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances.

### v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

## 2.3 Financial Instruments

### i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when these are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

### ii) Classification and measurement of financial instruments

#### Investments and other financial assets

##### a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

For assets measured at fair value, gains and losses will be recorded in other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

## *b) Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### *Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following measurement category:

#### *Amortized cost*

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

#### *Equity instruments*

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3). The Company classifies its equity instruments into following measurement category:

#### *Fair Value Through Other Comprehensive Income (FVTOCI)*

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value. Dividend from such investments is recognized in statement of profit or loss as other income when the Company's right to receive payments is established.

### *Financial liabilities*

#### *Classification and measurement*

Financial liabilities are classified at amortized cost. These are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## iii) Impairment of financial assets

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## iv) De-recognition of financial assets and financial liabilities

### Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial asset that is created or retained by the Company is recognized as a separate asset or liability.

### Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired. Any gain or loss on de-recognition is included in profit or loss.

## v) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

## 2.4 Taxation

### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 2.5 Property, plant and equipment

Property, plant and equipment except freehold land, building, plant and machinery are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Building, plant and machinery are stated at revalued amount less accumulated depreciation and any identified impairment loss. Cost of the property, plant and equipment consists of historical cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'accumulated loss'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which these are incurred.

Capital work-in-progress is stated at cost less any recognized impairment loss. Cost includes expenditure and advances directly attributable to the acquisition of the asset and those incurred during installation and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

### Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss on the reducing balance method so as to write off the cost of an asset over its estimated useful life at the annual rates given in Note 15.1 after taking into account the impact of their residual values, if considered significant. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed of.

### De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

## 2.7 Biological assets

Biological assets comprise of standing crops and livestock. These are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognized in the statement of profit or loss. The fair value of standing crops is based on the support price fixed by the Government and other factors such as estimated crop yield and area under cultivation. The fair value of livestock is estimated on the basis of market prices of livestock of similar age, breed and genetic merit. Point-of-sale costs include all costs that are necessary to sell the assets, excluding costs necessary to get the assets to the market.

## 2.8 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

### Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon up-to the reporting date. Provision is made in the financial statements for obsolete and slow moving stores and spares based on management's estimate as a result of changes in usage pattern and physical form.

### Stock-in-trade

Stock of raw materials is valued at the weighted average cost. Cost of work-in-process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads. Cost of own produced molasses, a by product, is determined on the basis of monthly average cost of molasses purchased from third parties in the relevant months when molasses is produced. Cost of stillage, a by product of the Effluent Treatment Plant, used in the generation of electricity by the Power division is valued at Nil as it does not have any market value.

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon up to the reporting date. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to be incurred in order to make a sale.

## 2.9 Trade and other receivables

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

## 2.11 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

## 2.12 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. These are subsequently measured at amortized cost using the effective interest method.

## 2.13 Government grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that these are intended to compensate.

## 2.14 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

## 2.15 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

## 2.16 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in statement of profit or loss in the period in which these are incurred.

## 2.18 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

## 2.19 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

## 2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. The Company has four reportable business segments: Sugar, Biofuel, Textile and Farms.

Transactions among the operating segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

## 2.21 Earnings / (Loss) Per Share (EPS / LPS)

The Company presents EPS / LPS data for its ordinary shares. Basic EPS / LPS is calculated by dividing the profit or loss for the year by weighted average number of ordinary shares outstanding during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 2.22 Employees' retirement benefits

### Defined benefit plans

The main feature of the schemes operated by the Company for its employees are as follows:

The Company operates a funded gratuity scheme as a defined benefit plan for its permanent employees and also funded defined benefit pension plan. All permanent employees who are in the management cadre of the Company participate in these plans subject to a minimum qualifying period of service according to the terms of employment. Monthly contributions are made to these funds on the basis of actuarial recommendation at the rate of 20% per annum of basic salary for pension and 8.33% per annum of basic salary for gratuity. Actuarial valuation using projected unit credit method for the schemes was carried out as at 30 September 2021. The main features of defined benefit schemes are mentioned in Note 8.1 and Note 8.2.

The Company's net obligation in respect of these defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liabilities, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

When the benefits of plans are changed or when plans are curtailed, the resulting change in benefits that relate to past service or the gain or loss on curtailment are recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of defined benefit plans when the settlement occurs.

## Defined contribution plan

There is an approved contributory provident fund for all employees. Equal monthly contributions are made both by the employees and the Company at the rate of 8.33 percent of basic salary to the fund. The Company's contributions are charged to statement of profit or loss.

## 2.23 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

## 2.24 Investment in subsidiary company

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

## 2.25 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. These are stated at the lower of carrying amount and fair value less costs to sell.

## 3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2021 Number of shares			2020 Rupees in thousand	
2021	2020		2021	2020
79 021 000	79 021 000	Ordinary shares of Rupees 10 each fully paid in cash	790,210	790,210
33 131 816	33 131 816	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	331,318	331,318
12 847 184	12 847 184	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	128,472	128,472
125 000 000	125 000 000		1,250,000	1,250,000



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 3.1 Ordinary shares of the Company held by related parties:

	2021 Number of shares	2020
Crescent Steel and Allied Products Limited	27 409 075	27 409 075
The Crescent Textile Mills Limited	9 019 690	9 019 690
CS Capital (Private) Limited	7 602 272	7 602 272
Premier Insurance Limited	5 000	5 000
Shakarganj Mills Limited Employees' Provident Fund Trust	1 375 427	1 375 427
Shakarganj Mills Limited Gratuity Fund	107 876	107 876
Shakarganj Mills Limited Pension Fund	916 582	916 582
	46 435 922	46 435 922

	NOTE	2021 Rupees in thousand	2020
<b>4. CAPITAL RESERVES</b>			
Surplus on revaluation of property, plant and equipment - net of deferred income tax	4.1	11,466,335	6,087,758
<b>Other capital reserves</b>			
Premium on issue of right shares	4.2	1,056,373	1,056,373
Share in capital reserves of equity accounted investee		448,810	472,496
Fair value reserve of investments at fair value through other comprehensive income	4.3	(11,021)	(7,898)
Difference of capital under scheme of arrangement of merger		155,930	155,930
		1,650,092	1,676,901
		13,116,427	7,764,659

## 4.1 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX

	2021 Rupees in thousand	2020
As at 01 October	6,087,758	6,356,860
<b>Add:</b>		
Impact of change in deferred tax rate	-	48,397
Net surplus arising on revaluation during the year - net of deferred income tax	5,911,609	-
	11,999,367	6,405,257
<b>Less:</b>		
Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred income tax	(247,404)	(314,120)
Surplus on revaluation of property, plant and equipment disposed of during the year - net of deferred income tax	(162,085)	(3,379)
Impact of change in deferred tax rate	(123,543)	-
	(533,032)	(317,499)
As at 30 September	11,466,335	6,087,758

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

**4.1.1** The latest valuation of land, building, plant and machinery was carried out by an independent valuer Messrs Hamid Mukhtar and Company (Private) Limited on 30 September 2021. The valuation was determined by reference to market value of the similar properties / assets. Previously revaluations were carried out on 30 September 2012, 30 September 2014, 09 April 2018 and 27 September 2018 by independent valuers.

**4.2** This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

**4.3** This represents the unrealized loss on remeasurement of investments at fair value through other comprehensive income. Reconciliation of fair value reserve is as under:

	2021 Rupees in thousand	2020
Balance as on 01 October	(7,898)	(13,311)
Fair value adjustment during the year	(3,123)	5,413
Balance as on 30 September	(11,021)	(7,898)

	NOTE	2021 Rupees in thousand	2020
<b>5. REVENUE RESERVES</b>			
General		516,306	410,606
Dividend equalization	5.1	-	22,700
Equity investment market value equalization	5.1	-	83,000
		516,306	516,306

**5.1** Dividend equalization reserve and equity investment market value equalization reserve were transferred to general reserve as decided by the management in the meeting of Board of Directors dated 04 January 2021.

## **6. LONG TERM FINANCING**

From banking companies - secured	6.1	410,105	456,919
Less: Current portion shown under current liabilities	13	410,105	236,974
		-	219,945

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 6.1 From banking companies

LENDER	2021	2020	RATE OF INTEREST PER ANNUM	EFFECTIVE RATE OF INTEREST	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
(Rupees in thousand)								
National Bank of Pakistan	58,622	78,163	3 Month KIBOR + 1%	8.25% - 8.59%	Sixteen equal quarterly installments commenced on 31 March 2017 and ending on 31 December 2021 including deferment of one year	Quarterly	Quarterly	First joint pari passu charge of 182,378 million over entire present and future fixed assets of the Company with 25% margin and personal guarantees of Chief Executive Officer and one Director of the Company.
National Bank of Pakistan	106,250	168,750	3 Month KIBOR + 3%	10.25% - 10.59 %	Seven quarterly installments commenced on 31 October 2019 and ending on 30 April 2022 including deferment of one year	Quarterly	Quarterly	First joint pari passu charge of Rupees 306,667 million over present and future fixed assets of the Company with 25% margin and personal guarantee of Chief Executive Officer and one Director of the Company. It is also secured through pledge of 6,387,000 number of shares of Crescent Steel and Allied Products Limited.
First Credit and Investment Bank Limited	45,000	56,250	3 Month KIBOR + 3.5%	10.76% - 10.98%	Six equal quarterly installments commenced on 07 March 2020 and ending on 07 June 2022 including deferment of one year	Quarterly	Quarterly	Ranking hypothecation charge over present and future assets of the Company with 25% margin excluding land and building plus against pledge of shares from KSE 100 index acceptable to the Bank at market value with 35% margin and personal guarantee of Chief Executive Officer and one Director of the Company.
MCB Bank Limited - Loan under SBP Refinance Scheme (Note 6.1.1)	100,099	153,756	SBP rate + 3%	3%	Eight equal quarterly installments commenced on 01 January 2021 and ending on 30 September 2022.	-	Quarterly	First joint pari passu charge over present and future fixed assets of Rupees 1,000 million, first pari passu charge of Rupees 551 million over stocks, ranking charge of Rupees 200 million on fixed assets, first pari passu charge on plant and machinery of Rupees 250 million, ranking charge of Rupees 200 million on current assets of the Company and personal guarantee of Chief Executive Officer and one Director of the Company.
MCB Bank Limited - Loan under SBP Refinance Scheme (Note 6.1.2)	100,134	-	SBP rate + 3%	3%	Eight equal quarterly installments commenced on 01 January 2021 and ending on 30 September 2022.	-	Quarterly	
	<u>410,105</u>	<u>456,919</u>						

**6.1.1** This facility aggregating to Rupees 165,606 million was obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This loan was recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment was recognized at discount rate of 10.25% per annum.

**6.1.2** This facility aggregating to Rupees 165,700 million is obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 10.30% per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>7. DEFERRED INCOME - GOVERNMENT GRANT</b>			
Opening balance as on 01 October		11,850	-
Recognized during the year		11,202	15,797
Amortized during the year	31	(16,219)	(3,947)
		6,833	11,850
Current portion shown under current liabilities	13	(6,833)	(8,445)
Closing balance as on 30 September		-	3,405

- 7.1** State Bank of Pakistan (SBP), through IH&SMEFD Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns (the Refinance Scheme). The Refinance Scheme is funded by SBP. Borrowers can obtain loans from the banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance' the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained these loans as disclosed in Note 6.1.1 and Note 6.1.2 to these financial statements. In accordance with IFRS 9 'Financial Instruments', loans obtained under the Refinance Scheme was initially recognized at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loans determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

	NOTE	2021 Rupees in thousand	2020
<b>8. EMPLOYEES' RETIREMENT BENEFITS</b>			
Pension fund	8.1	204,941	132,896
Gratuity fund	8.2	14,171	27,607
		219,112	160,503
<b>8.1 Pension fund</b>			
The amount recognized in the statement of financial position is determined as follows:			
Present value of defined benefit obligation	8.1.1	500,076	511,634
Fair value of plan assets	8.1.2	(295,135)	(378,738)
Net defined benefit obligation		204,941	132,896

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

		NOTE	2021 Rupees in thousand	2020
<b>8.1.1</b>	The movement in the defined benefit obligation over the year is as follows:			
	Present value of defined benefit obligation as at 01 October		511,634	401,271
	Current service cost		24,971	18,917
	Interest cost		52,467	50,599
	Remeasurement (gains) / losses		(65,099)	64,950
	Benefits paid during the year		(23,897)	(24,103)
	Present value of defined benefit obligation as at 30 September		500,076	511,634
<b>8.1.2</b>	The movement in the fair value of plan assets for the year is as follows:			
	Fair value as at 01 October		378,738	428,493
	Return on plan assets		39,536	55,399
	Contributions during the year		19,492	19,405
	Benefits paid during the year		(23,897)	(24,103)
	Return on plan assets excluding interest income		(118,734)	(100,456)
	Fair value as at 30 September		295,135	378,738
<b>8.1.3</b>	The amounts recognized in the statement of profit or loss are as follows:			
	Current service cost		24,971	18,917
	Interest cost		52,467	50,599
	Expected return on plan assets		(39,536)	(55,399)
	Net charge for the year		37,902	14,117
<b>8.1.3.1</b>	The amounts recognized in the statement of profit or loss are classified as follows:			
	Cost of sales	27.2	23,923	4,531
	Distribution cost	28.1	235	487
	Administrative expenses	29.1	13,590	8,845
	Other expenses	30.1	154	254
			37,902	14,117
<b>8.1.4</b>	Remeasurements of net defined benefit liability			
	Actuarial (gains) / losses due to experience adjustments		(65,099)	64,950
	Return on plan assets excluding interest income		118,734	100,456
	Amount chargeable to other comprehensive income		53,635	165,406

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 Rupees in thousand	2020
<b>8.15</b> Reconciliation of net defined benefit liability		
As at 01 October	132,896	(27,222)
Expense chargeable to profit or loss during the year	37,902	14,117
Amount chargeable to other comprehensive income during the year	53,635	165,406
Contributions paid by the Company during the year	(19,492)	(19,405)
As at 30 September	204,941	132,896

**8.16** The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 September 2022 are Rupees 45.659 million.

<b>8.17</b> Actual return on plan assets		
Interest income for the year	39,536	55,399
Return on plan assets excluding interest income	(118,734)	(100,456)
	(79,198)	(45,057)

	2021	2020
<b>8.18</b> The principal actuarial assumptions used were as follows:		
Discount rate (per annum)	11.00%	10.50%
Future salary increases (per annum)	10.00%	9.50%
Expected rate of future pension increases (per annum)	6.00%	5.50%
Average expected remaining working life time of employees	10 years	10 years
Expected average duration of obligation	18 years	19 years
Expected mortality rate	SLIC (2001-05) mortality table	

	2021 Rupees in thousand	2020
<b>8.19</b> Plan assets are comprised as follows:		
Equity instruments	259,143	307,054
Cash and cash equivalents	87,697	135,379
Others - net	(51,705)	(63,695)
	295,135	378,738

**8.1.10** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2021	2020
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(82,009)	(51,631)
Decrease in assumption (Rupees in thousand)	98,081	62,777
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	52,326	21,790
Decrease in assumption (Rupees in thousand)	(47,364)	(19,122)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 8.2 Gratuity fund

The amount recognized in the statement of financial position are determined as follows:

	NOTE	2021 Rupees in thousand	2020
Present value of defined benefit obligations	8.2.1	104,506	111,375
Fair value of plan assets	8.2.2	(90,335)	(83,768)
Net defined benefit obligation		14,171	27,607
<b>8.2.1</b> The movement in the defined benefit obligation over the year is as follows:			
Present value of defined benefit obligation as at 01 October		111,375	67,775
Current service cost		6,873	8,428
Interest cost		10,800	8,811
Benefits paid during the year		(1,222)	-
Remeasurement (gains) / losses		(23,320)	26,361
Present value of defined benefit obligation as at 30 September		104,506	111,375
<b>8.2.2</b> The movement in the fair value of plan assets for the year is as follows:			
Fair value as at 01 October		83,768	79,549
Contributions during the year		9,801	9,042
Return on plan assets		8,586	10,929
Benefits paid during the year		(1,222)	-
Return on plan assets excluding interest income		(10,598)	(15,752)
Fair value as at 30 September		90,335	83,768
<b>8.2.3</b> The amounts recognized in the statement of profit or loss are as follows:			
Current service cost		6,873	8,428
Interest cost		10,800	8,811
Return on plan assets		(8,586)	(10,929)
Net charge for the year		9,087	6,310
<b>8.2.3.1</b> The amounts recognized were included in the statement of profit or loss as follows:			
Cost of sales	27.2	5,744	2,530
Administrative expenses	29.1	3,256	3,679
Distribution cost	28.1	56	-
Other expenses	30.1	31	101
		9,087	6,310

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 Rupees in thousand	2020
<b>8.2.4</b> Remeasurements of net defined benefit liability		
Actuarial (gains) / losses due to experience adjustments	(23,320)	26,361
Return on plan assets excluding interest income	10,598	15,752
Amount chargeable to other comprehensive income	(12,722)	42,113

**8.2.5** The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 September 2022 are Rupees 9.823 million.

<b>8.2.6</b> Reconciliation of net defined benefit liability		
As at 01 October	27,607	(11,774)
Expense chargeable to profit or loss during the year	9,087	6,310
Amount chargeable to other comprehensive income during the year	(12,722)	42,113
Contributions paid by the Company during the year	(9,801)	(9,042)
As at 30 September	14,171	27,607

	2021 Rupees in thousand	2020
<b>8.2.7</b> Actual return on plan assets		
Interest income for the year	8,586	10,929
Return on plan assets excluding interest income	(10,598)	(15,752)
	(2,012)	(4,823)

	2021	2020
<b>8.2.8</b> The principal actuarial assumptions used were as follows:		
Discount rate	10.50%	9.75%
Future salary increases	9.50%	8.75%
Average expected remaining working life time of employees	9 years	9 years
Expected average duration of benefit obligation	8 years	9 years
Expected mortality rate	SLIC (2001-05) mortality table	

	2021 Rupees in thousand	2020
<b>8.2.9</b> Plan assets are comprised as follows:		
Equity instruments	23,276	26,041
Cash and cash equivalents	67,356	67,362
Others - net	(297)	(9,635)
	90,335	83,768

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

**8.2.10** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2021	2020
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(8,439)	(7,998)
Decrease in assumption (Rupees in thousand)	9,183	9,178
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	9,180	9,178
Decrease in assumption (Rupees in thousand)	(8,440)	(8,137)

**8.3** The sensitivity analysis for pension fund and gratuity fund are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the previous year except for certain changes as given in Note 8.1.8 and Note 8.2.8.

## **8.4 Risks associated with the defined benefit plans**

The defined benefit plans expose the Company to the following risks:

### **Interest rate risk**

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bonds yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted. A decrease in bond interest rates will increase the liability, and vice versa.

### **Salary risk**

The present value of the defined benefit liability is calculated by reference to the future salaries of the plan participants. As such an increase in the salary of the plan participants will increase the liability and vice versa.

### **Pension rate risk**

The present value of the defined benefit liability is calculated after taking into account the future pension growth of plan participants. As such, an increase in the pension growth rate of the plan participants will increase the liability and vice versa.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## Withdrawal rate risk

The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase / decrease the liability and vice versa depending on the age-service distribution of the existing employees.

## Mortality rate risk

The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants during employment. An improvement in the mortality rate of the participants may increase / decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

		2021	2020
		Rupees in thousand	
<b>9.</b>	<b>DEFERRED INCOME TAX LIABILITY</b>		
	This comprises the following:		
	<b>Taxable temporary difference</b>		
	Accelerated tax depreciation	371,451	413,815
	Surplus on revaluation of property, plant and equipment	2,683,268	942,320
	Undistributed reserve of investment	26,216	161,249
		3,080,935	1,517,384
	<b>Deductible temporary differences</b>		
	Unused tax losses	(138,005)	(551,000)
	Provision for doubtful receivables	(25,537)	(5,591)
	Provision for obsolete stores, spare parts and loose tools	(672)	(611)
	Employees' retirement benefits	(52,245)	(34,767)
		(216,459)	(591,969)
		2,864,476	925,415
		2021	2020
		Rupees in thousand	
<b>9.1</b>	As at 01 October	925,415	1,209,962
	Employees' retirement benefits	(17,478)	(34,767)
	Accelerated tax depreciation	(42,364)	76,162
	Unused tax losses	412,995	(25,144)
	Provision for doubtful receivables	(19,946)	(6,165)
	Provision for obsolete stores, spare parts and loose tools	(61)	(50)
	Surplus on revaluation of property, plant and equipment	1,740,948	(135,826)
	Undistributed reserve of investment	(135,033)	(158,757)
		1,939,061	(284,547)
	As at 30 September	2,864,476	925,415

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>9.1.1</b>	<b>Charged to the statement of profit or loss:</b>		
Net movement of temporary differences	9.1	1,939,061	(284,547)
- on surplus on revaluation of property, plant and equipment		(1,836,873)	48,397
- on remeasurement of employees' retirement benefits		9,755	44,964
		(1,827,118)	93,361
		111,944	(191,186)

- 9.2** Deferred income tax asset on unused tax losses available for carry forward are recognized to the extent that the realization of related tax benefits through future taxable profits is probable. The Company has not recognized deferred income tax asset on Rupees 8,739.877 million (2020: Rupees 5,017.307 million) in respect of tax losses, as sufficient tax profits may not be available to set off these in the foreseeable future. Total minimum tax available to carry forward under section 113 of the Income Tax Ordinance, 2001 as at 30 September 2021 is of Rupees 433.750 million (2020: Rupees 336.482 million), while no deferred tax asset is recognized on minimum tax.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

9.3 The unused tax losses would expire as follows:

Accounting year to which the unused tax losses relates	Amount of unused tax losses	Accounting year in which unused tax losses will expire
Rupees in thousand		
2015	391,002	2021
2017	1,274,929	2023
2018	1,018,549	2024
2019	721,455	2025
2020	545,983	2026
2021	349,014	2027
	<u>4,300,932</u>	

9.4 The minimum tax would expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
Rupees in thousand		
2016	37,518	2021
2017	92,747	2022
2018	52,627	2023
2019	66,047	2024
2020	87,543	2025
2021	97,268	2026
	<u>433,750</u>	

	NOTE	2021 Rupees in thousand	2020
<b>10. TRADE AND OTHER PAYABLES</b>			
Creditors		834,130	1,186,288
Advances for sale of property, plant and equipment		373,198	297,915
Contract liabilities - unsecured		487,887	201,389
Payable to related parties	10.1	40,490	61,616
Security deposits - interest free	10.2	803	1,680
Accrued liabilities		387,185	303,867
Payable to Government authorities:			
- Taxes and duties		805,928	548,985
- Income tax deducted at source		121,402	55,288
- Others		10,021	-
Payable to Employees' Provident Fund Trust		2,851	2,804
Payable to Pension Fund and Gratuity Fund		72,146	63,339
Other payables		200,800	74,949
		<u>3,336,841</u>	<u>2,798,120</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

**10.1** These include Rupees 7.523 million (2020: Rupees 2.581 million) due to Shakarganj Food Products Limited, the subsidiary of the Company.

**10.2** These deposits are being utilized for the purpose of business and payable on completion of contracts.

	NOTE	2021 Rupees in thousand	2020
<b>11. SHORT TERM BORROWINGS</b>			
<b>From banking companies - secured</b>			
- Cash finance	11.1	-	468,100
- Export refinance / Istisna	11.2	935,000	935,000
<b>Others - unsecured</b>			
- Short term interest free finance	11.3	-	12,598
		935,000	1,415,698

## **11.1 Cash finance**

The Company has arranged this short term finance facility from MCB Bank Limited to meet working capital requirements to the extent of Rupees 525 million (2020: Rupees 725 million). During the year whole of the facility has been repaid. Mark-up ranged from 9.26% to 9.38% (2020: 9.03% to 15.65%) per annum on the outstanding balance or part thereof. Expiry date of this facility was 30 September 2021 which has been extended till 31 December 2021.

It is secured against exclusive charge of Rupees 1,177 million over pledge stocks of sugar, molasses and biofuel along with first joint pari passu charge of Rupees 1,000 million over all present and future fixed assets of the Company.

## **11.2 Export refinance**

The Company has arranged facilities for short term finances to meet working capital requirements from various banks under mark-up arrangements. These finances were available at mark-up ranging from 8.35% to 12.51% (2020: 3.00% to 16.35%) per annum on the outstanding balance or part thereof. These include Istisna of Rupees 425 million (2020: Rupees 425 million) payable to BankIslami Pakistan Limited, a related party. Expiry dates of these finances are upto 28 February 2022 except for the facility from National Bank of Pakistan which has been expired since 15 April 2021 and renewal is in process. However Rupees 510 million is outstanding against this facility.

Total credit facilities against the export finances are of Rupees 934.300 million (2020: Rupees 2,800 million). The aggregate export finances are secured against ranking charge over fixed assets of the Company with 25% margin, ranking charge over current assets of the Company with 25% margin, pledge of molasses and biofuel, first joint pari passu charge over all present and future fixed assets of the Company and personal guarantees of Chief Executive Officer and a Director. These are additionally secured by pledge of shares of the Company and of other related parties.

## **11.3 Short term interest free finance**

It represented unsecured short term interest free finance provided by a sugar agent for financing the operations of the Company which has been repaid during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>12. ACCRUED MARK-UP</b>			
Long term financing		24,846	18,035
Short term borrowings	12.1	31,678	39,117
		56,524	57,152

**12.1** This includes mark-up of Rupees 4.663 million (2020: Rupees 16.294 million) payable to BankIslami Pakistan Limited, a related party.

## 13. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing	6	410,105	236,974
Deferred income - Government grant	7	6,833	8,445
		416,938	245,419

## 14. CONTINGENCIES AND COMMITMENTS

### a) Contingencies

(i) The Government of Punjab under the powers conferred through the Punjab Excise Act, 1914 through notification No. SO. Tax (E&T) 3-4/2012 dated 03 July 2012, levied a duty of Rupees 2 per 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 Lahore High Court, Lahore. Keeping in view all the court proceedings and grounds discussed in various higher courts, Punjab Government, after due deliberations of the Provincial Cabinet of the Punjab Government, on 20 August 2019, through its notification no. SO(E&M)2-5/2018/ED withdrew the imposed duty of Rupees 2 per 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 Rupees 229.918 million (2020: Rupees 229.918 million) previously deposited on this account has been recognized as receivable being refundable.

(ii) The Company has paid an advance amounting to Rupees 12.999 million (2020: Rupees 12.999 million) to Messrs Industrial Enterprises for designing the boiler project to use only biogas as fuel with no option of burning bagasse. However, the boiler could not generate steam as per specification. It is unlikely that this project will be completed. Therefore the Company has gone into litigation with Industrial Enterprises in Civil Court, Jhang on 03 July 2018 for the recovery of the advance paid along with damages. Based on the advice of legal counsel, there are favourable grounds that the case will be decided in favour of the Company and the advance amount paid will be refunded back.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

- (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 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) imposed penalties of Rupees 312.595 million on sharing commercially sensitive information and Rupees 437.633 million against collective decision on export quantities. Against these penalties, the Company has lodged appeal before Competition Appellate Tribunal on 14 October 2021, whose decision is pending. On the advice of legal counsel, management is confident that the matter will be decided in the favour of the Company.
- (v) Deputy Commissioner Inland Revenue issued pre-audit reports of the Company under section 177(6) of Income Tax Ordinance, 2001 relevant to tax years 2018 and 2019. The Company obtained stay against the issuance of final order by the department from Lahore High Court, Lahore. On the advice of legal counsel, as the issuance of final order has been stayed, no contingent liability can be arisen.
- (vi) Deputy Commissioner Inland Revenue passed orders against the Company dated 23 November 2020 and raised demands of sales tax amounting to Rupees 164.609 million, Rupees 1,017.747 million and Rupees 802.714 million relating to tax years 2017, 2018 and 2019 respectively on the grounds of suppression of production / sales of molasses, bagasse and mud along with default surcharge and penalty under Sales Tax Act, 1990. Against these orders, the Company filed appeals before Commissioner Inland Revenue Appeals (CIR(A)) who set aside the orders on 06 September 2021, with the direction to assessing officer to reconsider the arguments of the Company. As per Company's legal counsel, no provision is required as the Company has good arguable cases.
- (vii) Deputy Commissioner Inland Revenue passed an order against the Company dated 23 November 2020 and raised demand of Federal Excise Duty in sales tax mode amounting to Rupees 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. Against this order, the Company filed appeal before Commissioner Inland Revenue Appeals (CIR(A)) who set aside the order on 06 September 2021, with the direction to assessing officer to reconsider the arguments of the Company. As per Company's legal counsel, no provision is required as the Company has good arguable case.
- (viii) Commissioner Inland Revenue (Appeals) (CIR(A)) lodged petition in Lahore High Court, Lahore against the Company on 17 June 2021 regarding the order to recover sales tax of Rupees 78.867 million along with default surcharge and penalty against which an appeal of the Company was accepted by Appellate Tribunal Inland Revenue on 10 November 2020. According to legal counsel of the Company, the petition filed by CIR(A) is on weak grounds therefore no provision is recognized in these financial statements.
- (ix) Company's share in contingencies of the equity accounted investee is Rupees 727.320 million (2020: Rupees 42.284 million).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

- (x) 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 financial statements, there would be no significant liability of the Company against such cases.

## b) Commitments

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

	NOTE	2021 Rupees in thousand	2020
<b>15. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	15.1	16,036,918	9,603,953
Capital work-in-progress	15.2	129,567	141,679
		16,166,485	9,745,632

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 15.1 OPERATING FIXED ASSETS

	Freehold land	Building	Plant and machinery	Tools and equipment	Water, electric and weighbridge equipment	Furniture and fixtures	Office equipment	Vehicles	Laboratory equipment	Arms and ammunition	Library books	Total
(Rupees in thousand)												
<b>At 30 September 2019</b>												
Cost / revalued amount	2,655,850	1,078,412	6,917,005	51,749	277,060	49,262	59,961	134,299	23,106	575	10,983	11,258,262
Accumulated depreciation	-	(79,486)	(518,684)	(49,592)	(260,129)	(45,054)	(59,922)	(101,712)	(22,981)	(513)	(10,820)	(1,148,893)
Net book value	2,655,850	998,926	6,398,321	2,157	16,931	4,208	39	32,587	125	62	163	10,109,369
<b>Year ended 30 September 2020</b>												
Opening net book value	2,655,850	998,926	6,398,321	2,157	16,931	4,208	39	32,587	125	62	163	10,109,369
Additions	-	3,712	65,402	332	2,353	709	-	83	-	-	-	72,591
Disposals:												
Cost / revalued amount	(3,000)	-	(6,000)	(1,444)	(2,936)	(108)	-	(3,319)	-	-	-	(16,807)
Accumulated depreciation	-	-	832	1,443	2,843	89	-	2,956	-	-	-	8,163
	(3,000)	-	(5,168)	(1)	(93)	(19)	-	(363)	-	-	-	(8,644)
Depreciation charge	-	(75,174)	(481,602)	(803)	(4,185)	(947)	(16)	(6,536)	(51)	(12)	(37)	(569,363)
Closing net book value	2,652,850	927,464	5,976,953	1,685	15,006	3,951	23	25,771	74	50	126	9,603,953
<b>At 30 September 2020</b>												
Cost / revalued amount	2,652,850	1,082,124	6,976,407	50,637	276,477	49,863	59,961	131,063	23,106	575	10,983	11,314,046
Accumulated depreciation	-	(154,660)	(999,454)	(48,952)	(261,471)	(45,912)	(59,938)	(105,292)	(23,032)	(525)	(10,857)	(1,170,093)
Net book value	2,652,850	927,464	5,976,953	1,685	15,006	3,951	23	25,771	74	50	126	9,603,953
<b>Year ended 30 September 2021</b>												
Opening net book value	2,652,850	927,464	5,976,953	1,685	15,006	3,951	23	25,771	74	50	126	9,603,953
Additions	-	-	96,203	897	4,855	205	128	86	3,087	-	20	105,481
Net revaluation surplus	439,650	587,486	6,597,803	-	-	-	-	-	-	-	-	7,624,939
Disposals:												
Cost / revalued amount	(19,147)	(178)	(248,773)	-	(979)	(213)	(158)	(223)	(4,083)	-	-	(273,754)
Accumulated depreciation	-	171	42,464	-	943	204	157	215	4,082	-	-	48,236
	(19,147)	(7)	(206,309)	-	(36)	(9)	(1)	(8)	(1)	-	-	(225,518)
Classified as non-current assets held for sale (Note 25.1):												
Cost / revalued amount	(148,548)	-	(506,714)	-	-	-	-	-	-	-	-	(655,262)
Accumulated depreciation	-	-	81,286	-	-	-	-	-	-	-	-	81,286
	(148,548)	-	(425,428)	-	-	-	-	-	-	-	-	(573,976)
Depreciation charge	-	(69,560)	(416,821)	(505)	(4,286)	(809)	(29)	(5,160)	(751)	(10)	(30)	(497,961)
Closing net book value	2,924,805	1,445,383	11,622,401	2,077	15,539	3,338	121	20,689	2,409	40	116	16,036,918
<b>At 30 September 2021</b>												
Cost / revalued amount	2,924,805	1,669,432	12,914,926	51,534	280,353	49,855	59,931	130,926	22,110	575	11,003	18,115,450
Accumulated depreciation	-	(224,049)	(1,292,525)	(49,457)	(264,814)	(46,517)	(59,810)	(110,237)	(19,701)	(535)	(10,887)	(2,078,532)
Net book value	2,924,805	1,445,383	11,622,401	2,077	15,539	3,338	121	20,689	2,409	40	116	16,036,918
<b>Annual rate of depreciation (%)</b>	-	75	75, 30	20, 40	20, 40	20	40	20	40	20	20, 30	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

15.1.1 Particulars of immovable properties (i.e. land and building) in the name of the Company are as follows:

Particulars	Location	Area of land	Covered Area of building Sq. ft.
Freehold land (Farms)	Land at Chak Rasool Pur	103 Kanals, 13 Marlas	-
	Land at Moza Billi Habib (Nualan Par)	284 Kanals, 16 Marlas	-
	Land at Moza Chandia Nasheb	438 Kanals, 1 Marla	-
	Land at Moza Turbat Haji Shah	17 Kanals, 9 Marlas	-
	Land at Moza Doka Baloucha	639 Kanals, 5 Marlas	-
	Land at Moza Kot Esa Shah	1 262 Kanals	-
	Land at Moza Kot Khan	2 926 Kanals 4 Marlas	-
	Land at Chak 462 JB	781 Kanals, 13 Marlas	-
	Land at Kot Sahai Singh	52 Kanals, 4 Marlas	-
Freehold land (Bhone)	Land at Chund Bharwana	1 Kanal	-
	Land at Adda Massan	1 Kanal	-
	Land at Thatti Raju	8 Kanals	-
	Bhone Unit (factory land)	1 419 Kanals, 14 Marlas	496 365
Freehold land (Jhang)	Land at Lalazar	1 Kanal	-
	Land at Moza Suleman Adda Sher Abad	1 Kanal	-
	Land at Chak 338 Adda Nia Lahore	1 Kanal	-
	Land at Chak 426 Adda Pul	1 Kanal	-
	Land at Chak 428 Adda Pul	1 Kanal	-
	Land at Chak 316 Talwandi	15 Kanals, 16 Marlas	-
	Land at Moza Sangra Adda Kot Shakir	1 Kanal	-
	Land at Adda Daal More	1 Kanal	-
	Land at Islam Wala Adda Pul Gagan	1 Kanal	-
	Land at Adda Kot Bahadar	1 Kanal	-
	Land at Dari Gondal Maharaja Road	1 Kanal	-
	Land at Chak 1/3L Ahmad Pur Sial	1 Kanal	-
	Land at Moza Kalachi Adda	1 Kanal	-
	Land at Moza Gilmala	1 Kanal	-
	Land at Malluana More	1 Kanal	-
	Land at Roran Wali	1 Kanal	-
	Land at Pahar Pur, Abbas Nagar	1 Kanal	-
	Jhang Unit (factory land)	1 289 Kanals, 5 Marlas	1 710 670

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

15.1.2 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

Description	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
(Rupees in thousand)							
<b>Freehold land</b>							
At Moza Bagh (1 Kanal)	3,000	-	3,000	9,200	6,200	Auction	Rana Sajid Ali, Chak Ghumnana, Tehsil and District Jhang
At Chak 214 Adda Gojra More (1 Kanal)	2,000	-	2,000	9,200	7,200	Auction	Umar Daraz, Adda Gojra More, Tehsil and District Jhang
At Chak 457, Kot Lakhnana (1 Kanal)	2,000	-	2,000	8,050	6,050	Auction	Sohail Anjum, Kot Lakhnana, Tehsil and District Jhang
At Ballo Shahabal (Adda Chabeel) (1 Kanal)	2,000	-	2,000	7,100	5,100	Auction	Malik Anwaar Ul Haq, Adda Chabeel, Tehsil and District Jhang
At Jhang Shumali (Pacca wala) (12 Marlas)	2,400	-	2,400	5,500	3,100	Auction	Rana Sajid Ali, Chak Ghumnana, Tehsil and District Jhang
At Sahiwal (1 Kanal)	2,122	-	2,122	6,500	4,378	Auction	Amir Sultan, Chak No. 149 Shumali, Tehsil Sillan Wali, District Sargodha
At Moza Wijnhalka (Muhammad Wala) (1 Kanal)	1,000	-	1,000	3,000	2,000	Auction	Chaudhry Zameer Ul Hassan, Moza Wijnhalka, Tehsil Lalian, District Chiniot
At Moza Wadhi (1 Kanal)	1,000	-	1,000	2,000	1,000	Auction	Imtiaz Ahmad, Moza Wadhi, Tehsil Shahpur, District Sargodha
At Moza Dholka Adda Akrian Wala (1.05 Kanal)	2,625	-	2,625	6,500	3,875	Auction	Muhammad Ramzan, Rata Mata, Tehsil and District Jhang
At Moza Wadhan (1 Kanal)	1,000	-	1,000	2,350	1,350	Auction	Muhammad Ramzan, Rata Mata, Tehsil and District Jhang
	19,147	-	19,147	59,400	40,253		
<b>Plant and machinery</b>							
Bio Gas Power Plant	229,323	39,284	190,039	66,000	(124,039)	Negotiation	Shafaqat Ali, Chak No. 225 R.B., Tehsil and District Faisalabad
Assembly Winding Twisters and parts	12,000	1,925	10,075	9,975	(100)	Negotiation	Super Fine Textile, Small Industrial Estate, Faisalabad and others
Aqua Splicer Complete	2,200	354	1,846	8,827	6,981	Negotiation	Muhammad Amjad, Chak No. 219 J.B., Tehsil and District Jhang
Scutcher Pc 1	1,600	257	1,343	2,662	1,319	Negotiation	Abdul Hameed Trading Company, Dar Ul Ehsan Town, Faisalabad
Draw frames (02 Nos) and parts	3,650	644	3,006	1,600	(1,406)	Negotiation	Venus Industries (Private) Limited, Faisalabad
	248,773	42,464	206,309	89,064	(117,245)		
<b>Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000</b>							
	5,834	5,772	62	4,902	4,840		
	273,754	48,236	225,518	153,366	(72,152)		

15.1.3 The carrying amount of freehold land, building and plant and machinery would have been Rupees 149.889 million (2020: Rupees 221.99 million), Rupees 206.973 million (2020: Rupees 223.762 million) and Rupees 1,764.749 million (2020: Rupees 2,081.437 million) respectively, had there been no revaluation.

15.1.4 Forced sale value as at 30 September 2021 was of Rupees 2,339,844 million, Rupees 1,156,306 million and Rupees 8,135,680 million for freehold land, building and plant and machinery respectively.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>15.15</b>	The depreciation charge has been allocated as follows:		
Cost of sales	27	483,135	552,217
Administrative expenses	29	14,826	17,146
		497,961	569,363

## 15.2 CAPITAL WORK-IN-PROGRESS

	Civil works	Plant and machinery	Advances for capital expenditure (Note 15.2.1)	Total
	(Rupees in thousand)			
<b>At 01 October 2019</b>	3,712	109,691	31,008	144,411
Add: Additions during the year	-	26,982	39,400	66,382
Less: Transferred to operating fixed assets during the year	(3,712)	(65,402)	-	(69,114)
<b>At 30 September 2020</b>	-	71,271	70,408	141,679
Add: Additions during the year	1,296	85,920	-	87,216
Less: Transferred to operating fixed assets during the year	-	(84,349)	(11,854)	(96,203)
Less: Adjusted during the year	-	-	(3,125)	(3,125)
<b>At 30 September 2021</b>	1,296	72,842	55,429	129,567

	2021 Rupees in thousand	2020
<b>15.2.1 Advances for capital expenditure:</b>		
Considered good:		
- Plant and machinery	55,429	70,408
Considered doubtful:		
- Plant and machinery	21,664	21,664
- Intangibles	15,274	15,274
	36,938	36,938
	92,367	107,346
Less: Provision against doubtful advances	(36,938)	(36,938)
	55,429	70,408

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>16. BIOLOGICAL ASSETS</b>			
Sugarcane			
Mature	16.1	12,207	8,676
Immature		-	1,218
		12,207	9,894
Rice - mature		3,953	11,847
Others - mature		72	450
Livestock	16.2	18,333	17,601
		34,565	39,792
Non - current			
- livestock		18,333	17,601
- sugarcane - immature		-	1,218
		18,333	18,819
Current - crops		16,232	20,973
		34,565	39,792

**16.1** The value of mature sugarcane crops is based on estimated average yield of 637.77 (2020: 561.25) maunds per acre on cultivated area of 109.37 (2020: 128.30) acres. The value of rice crops is based on the estimated yield of 30 (2020: 35) maunds per acre on cultivated area of 77.50 (2020: 145) acres.

**16.2** Livestock comprises 221 (2020: 229) cows, heifers, bulls and calves.

## **16.3 Movement during the year**

### **Livestock**

As at 01 October

Gain arising from changes in fair value less estimated point of sale

Decrease due to sale / deceased livestock

As at 30 September

17,601

3,549

(2,817)

18,333

13,910

4,149

(458)

17,601

### **Crops**

As at 01 October

Increase due to purchases / costs incurred

Decrease due to harvest / sales

Fair value adjustment related to sales during the year

Fair value adjustment of agricultural assets

As at 30 September

27

22,191

48,374

(63,124)

14,750

(5,959)

16,232

32,406

50,753

(47,444)

(3,307)

(10,217)

22,191

34,565

39,792

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>17. LONG TERM INVESTMENTS</b>			
Investment in equity accounted investee	17.1	1,727,473	1,665,780
At fair value through other comprehensive income	17.2	10,100	13,223
		1,737,573	1,679,003
<b>17.1 Investment in equity accounted investee</b>			
Shakarganj Food Products Limited - Unquoted			
87 785 643 (2020: 87 785 643) fully paid ordinary shares of Rupees 10 each. Equity held: 52.39% (2020: 52.39%)			
Cost		590,784	590,784
Share of post acquisition reserves:			
As at 01 October		1,074,996	1,532,615
Share of profit / (loss) before taxation		157,377	(538,637)
Share of provision for taxation	33	(92,249)	74,688
Share of other comprehensive (loss) / income for the year		(3,435)	6,330
		61,693	(457,619)
		1,136,689	1,074,996
Balance as on 30 September		1,727,473	1,665,780

**17.1.1** Shakarganj Food Products Limited (SFPL) is a public unlisted company incorporated in Pakistan and is principally engaged in the business of manufacturing, processing and sale of food products. Its registered office is situated at E-Floor, IT Tower, 73-E/1, Hali Road, Gulberg - III, Lahore, Punjab, Pakistan. SFPL is a subsidiary of the Company and the investment is accounted for using equity method in accordance with IAS 27 'Separate Financial Statements'.

## Summarized statement of financial position

Non-current assets	7,774,096	7,834,405
Current assets	2,710,902	2,408,575
Total assets	10,484,998	10,242,980
Non-current liabilities	(1,532,520)	(1,795,651)
Current liabilities	(5,791,164)	(5,403,773)
Total liabilities	(7,323,684)	(7,199,424)
Net assets	3,161,314	3,043,556

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021	2020
Company's share (%)	52.39%	52.39%
Company's share	1,656,212	1,594,519
Excess of purchase consideration over net assets	71,261	71,261
	1,727,473	1,665,780
<b>Reconciliation to carrying amounts:</b>		
As at 01 October	3,043,556	3,917,041
Profit / (loss) after income tax	124,315	(885,568)
Other comprehensive (loss) / income	(6,557)	12,083
As at 30 September	3,161,314	3,043,556
<b>Summarized statement of comprehensive income</b>		
Revenue	18,024,041	15,383,420
Profit / (loss) for the year	124,315	(885,568)
Other comprehensive (loss) / income	(6,557)	12,083
Total comprehensive income / (loss)	117,758	(873,485)
<b>17.2 At fair value through other comprehensive income</b>		
<b>Related party - quoted</b>		
Crescent Steel and Allied Products Limited 180 000 (2020: 180 000) fully paid ordinary shares of Rupees 10 each	15,921	15,921
<b>Others - unquoted</b>		
Crescent Group (Private) Limited 220 000 (2020: 220 000) fully paid ordinary shares of Rupees 10 each	2,200	2,200
Crescent Standard Telecommunications Limited 300 000 (2020: 300 000) fully paid ordinary shares of Rupees 10 each	3,000	3,000
Innovative Investment Bank Limited 51 351 (2020: 51 351) fully paid ordinary shares of Rupees 10 each	-	-
	21,121	21,121
Less: Fair value adjustment	(11,021)	(7,898)
	10,100	13,223

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>18. LONG TERM ADVANCES AND DEPOSITS</b>			
Security deposits:			
Considered good		36,135	34,035
Considered doubtful		265	265
		36,400	34,300
Advance to Creek Marina (Private) Limited - considered doubtful	18.1	38,557	38,557
		74,957	72,857
Less: Provision against doubtful receivables		(38,822)	(38,822)
		36,135	34,035

- 18.1** This represents payment for two apartments in the Creek Marina Projects pursuant to a settlement agreement entered into by the Company and the former Crescent Standard Investment Bank Limited in year 2006. The construction work at the site has been halted since year 2011 due to differences between Defence Housing Authority and the developer. The resumption of construction work is still uncertain in near future. Consequently, based on prudence principal the Company provided the above advance in full.

## 19. STORES, SPARE PARTS AND LOOSE TOOLS

Stores		30,204	34,460
Spare parts		22,383	23,130
Loose tools		805	826
		53,392	58,416
Less: Provision for obsolete items		(2,820)	(2,820)
		50,572	55,596

## 20. STOCK-IN-TRADE

Raw materials		21,548	41,789
Work-in-process		13,283	16,100
Finished goods	20.1	326,366	557,227
		361,197	615,116

- 20.1** These include stock of Rupees 0.216 million (2020: Rupees 0.211 million) held by a third party.

- 20.2** Stock-in-trade of Rupees 27.357 million (2020: Rupees 31.200 million) is being carried at net realizable value.

- 20.3** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 15.898 million (2020: Rupees Nil)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>21. TRADE DEBTS</b>			
<b>Considered good:</b>			
Unsecured	21.1	82,781	201,609
Considered doubtful		11,958	11,934
		94,739	213,543
Less: Allowance for expected credit losses	21.2	(11,958)	(11,934)
		82,781	201,609
<b>21.1</b>	As at 30 September 2021, trade debts due from the Subsidiary Company, Shakarganj Food Products Limited is amounting to Rupees 38.631 million (2020: Rupees 49.683 million). The ageing analysis of these trade debts is as follows:		
Upto 1 month		24,380	22,188
1 to 6 months		14,251	27,495
		38,631	49,683
<b>21.1.1</b>	Maximum aggregate balance due from the Subsidiary Company at the end of any month during the year was Rupees 107.387 million (2020: Rupees 87.485 million).		
<b>21.2 Allowance for expected credit losses</b>			
Balance as at 01 October		11,934	10,522
Recognized during the year	30	24	1,412
Balance as at 30 September		11,958	11,934
<b>21.3</b>	Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 10 days from delivery in case of local sales, and in case of export sales advance payment is received.		
<b>21.4</b>	As at 30 September 2021, trade debts due from other than the related party are aggregating to Rupees 40.305 million (2020: Rupees 140.355 million) which are past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:		
Upto 1 month		20,452	118,553
1 to 6 months		19,455	21,539
More than 6 months		398	263
		40,305	140,355
<b>21.5</b>	Whole of the trade debts are due from local parties.		

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>22. LOANS AND ADVANCES</b>			
Considered good:			
- to employees (against salary)	22.1	7,312	3,536
- to employees (against expenses)		1,410	1,240
- to executives	22.1	2,152	2,293
- to suppliers and contractors		30,755	52,031
- to sugarcane growers		3,326	2,422
		44,955	61,522
Advances - considered doubtful:			
- to employees		177	177
- to suppliers and contractors		10,012	9,468
- to sugarcane growers		6,600	4,606
		16,789	14,251
		61,744	75,773
Less: Provision against doubtful loans and advances	22.2	(16,789)	(14,251)
		44,955	61,522

**22.1** These represent interest free loans to employees and executives for various purposes. These are recoverable in monthly installments and are secured against the balances to the credit of employees and executives in the retirement benefits.

		2021 Rupees in thousand	2020
<b>22.2 Provision for doubtful loans and advances</b>			
Balance as at 01 October		14,251	14,742
Provision for the year		3,593	502
Reversal during the year		(1,055)	(993)
Net provision / (reversal) during the year	30 / 31	2,538	(491)
Balance as at 30 September		16,789	14,251

<b>23. PREPAYMENTS AND OTHER RECEIVABLES</b>			
Export rebate		41,737	41,737
Prepayments		5,238	2,912
Others:			
- considered good		237,537	239,203
- considered doubtful		2,593	2,448
		287,105	286,300
Less: Provision against doubtful receivables	23.1	2,593	2,448
		284,512	283,852



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>23.1 Provision for doubtful receivables</b>			
Balance as at 01 October		2,448	2,448
Provision for the year	30	145	-
Balance as at 30 September		2,593	2,448
<b>24. CASH AND BANK BALANCES</b>			
<b>With banks:</b>			
On current accounts		413	7,534
On saving accounts	24.1	603	123
		1,016	7,657
<b>Cash in hand</b>		889	442
		1,905	8,099

**24.1** These carry profit at the rates ranging from 3.00% to 5.50% (2020: 5.50% to 11.25%) per annum.

**24.2** Cash with banks include balance of Rupees 0.691 million (2020: Rupees 0.087 million) with BankIslami Pakistan Limited, a related party.

## **25. 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:

Property, plant and equipment (Note 25.1)	335,180	-
---	---------	---

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 advances against sale of these assets aggregating to Rupees 356.583 million are outstanding at year end. The management is hopeful of completing the sale transactions of the above mentioned assets during the next financial year.

## **25.1 Reconciliation of non-current assets held for sale**

	Freehold land	Plant and machinery	Total
	Rupees in thousand		
Book value of assets transferred from property, plant and equipment (Note 15.1)	148,548	425,428	573,976
Book value of assets disposed of during the year	(148,548)	(90,248)	(238,796)
Carrying value of non-current assets held for sale as at 30 September 2021	-	335,180	335,180

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>26. REVENUE</b>			
Local sales	26.1	7,835,459	5,831,922
Export sales		1,326,304	577,462
		9,161,763	6,409,384
<b>26.1 Local sales</b>			
Sugar		7,176,368	5,681,302
By-products		535,191	297,059
Biofuel		250,207	214,572
Yarn and polyester		1,118,864	584,679
Farm		54,017	30,082
Waste		13,970	9,453
		9,148,617	6,817,147
Less: Sales tax and federal excise duty		1,313,158	985,225
		7,835,459	5,831,922

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

**26.2** Revenue recognized during the year from the contract liabilities at the beginning of the year is Rupees 271,837 million (2020: Rupees 54,984 million).

**26.3** Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers.

	NOTE	2021 Rupees in thousand	2020
<b>27. COST OF SALES</b>			
Raw materials consumed	27.1	7,414,842	5,354,027
Cost of raw material sold		14,933	-
Salaries, wages and other benefits	27.2	532,604	459,665
Stores, spare parts and loose tools consumed		123,262	116,722
Dyes and chemicals consumed		48,710	44,951
Loading and unloading charges		4,333	4,219
Packing materials consumed		63,709	53,135
Fuel and power		733,715	409,560
Repairs and maintenance		37,627	21,423
Insurance		8,936	9,438
Vehicle running and maintenance		6,159	6,084
Travelling and conveyance		1,512	1,030
Printing and stationery		422	271
Rent, rates and taxes		2,721	2,043
Land preparation and irrigation expenses		7,430	10,165
Sugarcane research and development		1,641	1,696
Fair value adjustment of agricultural assets	16.3	5,959	10,217
Depreciation	15.1.5	483,135	552,217
Miscellaneous		26,601	23,315
		9,518,251	7,080,178
Work-in-process			
Opening stock		16,100	20,724
Closing stock		(13,283)	(16,100)
		2,817	4,624
Cost of goods manufactured		9,521,068	7,084,802
Finished goods purchased for resale		-	284,000
Finished goods			
Opening stock		557,227	269,484
Closing stock		(326,366)	(557,227)
		230,861	(287,743)
		9,751,929	7,081,059

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>27.1</b>	<b>Raw materials consumed</b>		
Opening stock		41,789	2,652
Add: Purchased during the year		7,394,601	5,393,164
		<u>7,436,390</u>	<u>5,395,816</u>
Less: Closing stock		(21,548)	(41,789)
		<u>7,414,842</u>	<u>5,354,027</u>

**27.2** Salaries, wages and other benefits include following in respect of retirement benefits:

Pension Fund	8.1.3.1	23,923	4,531
Gratuity Fund	8.2.3.1	5,744	2,530
Employees' Provident Fund Trust		5,917	3,685
		<u>35,584</u>	<u>10,746</u>

	NOTE	2021 Rupees in thousand	2020
<b>28.</b>	<b>DISTRIBUTION COST</b>		
Storage tank charges		22,638	11,662
Freight and forwarding		79,527	39,323
Handling and distribution		1,666	1,443
Commission to selling agents		7,787	6,167
Salaries and other benefits	28.1	5,430	5,413
Insurance		1,859	2,093
Sales promotion expenses		542	575
		<u>119,449</u>	<u>66,676</u>

**28.1** Salaries and other benefits include following in respect of retirement benefits:

Pension Fund	8.1.3.1	235	487
Gratuity Fund	8.2.3.1	56	-
Employees' Provident Fund Trust		212	170
		<u>503</u>	<u>657</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>29. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	29.1	280,001	246,142
Repairs and maintenance		7,187	5,313
Insurance		4,031	3,950
Vehicle running and maintenance		7,645	7,508
Travelling and conveyance		1,201	1,656
Printing and stationery		856	999
Electricity and gas		2,722	2,333
Telephone and postage		3,299	3,743
Legal and professional		20,100	11,363
Auditor's remuneration	29.2	2,780	2,285
Rent, rates and taxes		7,374	6,774
Staff training and development		131	430
Entertainment		3,713	2,985
Fee and subscription		7,348	5,181
Advertisement		329	231
Registered office expenses		988	965
Depreciation	15.15	14,826	17,146
Others		1,379	1,356
		365,910	320,360
<b>29.1</b>			
Salaries, wages and other benefits include following in respect of retirement benefits:			
Pension Fund	8.1.3.1	13,590	8,845
Gratuity Fund	8.2.3.1	3,256	3,679
Employees' Provident Fund Trust		5,462	3,141
		22,308	15,665
<b>29.2 Auditor's remuneration</b>			
Audit fee - stand alone		1,485	1,485
Fees for half yearly review, consolidation and other certifications		1,085	635
Reimbursable expenses		210	165
		2,780	2,285

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>30. OTHER EXPENSES</b>			
Net exchange loss		-	21,981
Social action programme expenses including salaries	30.1	5,744	5,468
Waste water drainage		3,151	6,577
Allowance for expected credit loss	21.2	24	1,412
Provision for doubtful loans and advances - net	22.2	2,538	-
Provision for doubtful other receivables	23.1	145	-
Donations	30.2	-	3,000
Others		-	22
Loss on sale of property, plant and equipment	15.1.2	72,152	-
		<u>83,754</u>	<u>38,460</u>
<b>30.1</b> Social action programme salaries expenses include following in respect of retirement benefits:			
Pension Fund	8.1.3.1	154	254
Gratuity Fund	8.2.3.1	31	101
Employees' Provident Fund Trust		106	112
		<u>291</u>	<u>467</u>
<b>30.2</b> During the year ended 30 September 2020, donation amounting to 2,500 million was given to Lyallpur Golf and Country Club, Faisalabad, in which a director Mr. Ali Altaf Saleem was a member.			
<b>31. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Return on bank deposits		137	617
Reversal of provision for doubtful loans and advances - net	22.2	-	491
Net exchange gain		10,305	-
		<u>10,442</u>	<u>1,108</u>
<b>Income from non-financial assets</b>			
Scrap sales		37,820	17,248
Gain on sale of property, plant and equipment		-	4,809
Gain on sale of non-current assets held for sale		113,705	-
Income from livestock - net		75	1,788
Liabilities no longer payable written back		3,780	1,249
Adjustment on account of excise duty on manufacturing of biofuel		-	666,522
Rental income		21,076	23,787
Amortization of deferred income - Government grant	7	16,219	3,947
Others		1,793	83,494
		<u>194,468</u>	<u>802,844</u>
		<u>204,910</u>	<u>803,952</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>32. FINANCE COST</b>			
Mark up on:			
Long term financing		53,893	52,816
Short term borrowings		106,872	192,003
Due to Gratuity Fund and Pension Fund - related parties		-	44,603
Bank and other charges		114,260	49,377
		275,025	338,799
<b>33. TAXATION</b>			
Charge for the year:			
Current	33.1	111,701	92,802
Deferred		111,943	(191,186)
		223,644	(98,384)
Equity accounted investee	17.1	92,249	(74,688)
		315,893	(173,072)

**33.1** Provision for current taxation represents the tax deducted against export sales, minimum tax on local sales and tax on different heads of other income under the relevant provisions of the Income Tax Ordinance, 2001. Unused tax losses available for carry forward including unabsorbed depreciation as at 30 September 2021 are of Rupees 9,215.756 million (2020: Rupees 6,917.307 million). Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of unused tax losses of the Company.

## 34. LOSS PER SHARE - BASIC AND DILUTED

2021

2020

There is no dilutive effect on basic loss per share which is based on:

Loss for the year (Rupees in thousand)	(1,387,910)	(997,583)
Weighted average number of ordinary shares (Numbers)	125 000 000	125 000 000
Loss per share (Rupees)	(11.10)	(7.98)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>35. CASH GENERATED FROM OPERATIONS</b>			
Loss before taxation		(1,072,017)	(1,170,655)
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		497,961	569,363
Liabilities no longer payable written back		(3,780)	(1,249)
Loss / (gain) on sale of property, plant and equipment		72,152	(4,809)
Gain on sale of non-current assets held for sale		(113,705)	-
Fair value adjustment of agricultural assets		5,959	10,217
Allowance for expected credit losses		24	1,412
Provision for doubtful other receivables		145	-
Provision / (reversal of provision) for doubtful loans and advances		2,538	(491)
Provision for employees' retirement benefits		46,989	20,427
Adjustment on account of excise duty on manufacturing of biofuel		-	(666,522)
Share of (profit) / loss from equity accounted investee		(157,377)	538,637
Amortization of deferred grant		(16,219)	(3,947)
Finance cost		275,025	338,799
Working capital changes	35.1	932,741	1,075,751
		<b>470,436</b>	<b>706,933</b>
<b>35.1 Working capital changes</b>			
Decrease / (increase) in current assets:			
- Stores, spare parts and loose tools		5,024	8,095
- Stock-in-trade		253,919	(38,256)
- Biological assets		(732)	(3,693)
- Trade debts		118,804	(169,427)
- Loans and advances		14,029	56,860
- Prepayments and other receivables		(805)	10,420
		<b>390,239</b>	<b>(136,001)</b>
Increase in trade and other payables		542,502	1,211,752
		<b>932,741</b>	<b>1,075,751</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 35.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2021				2020			
	Unclaimed Dividend	Long term financing	Short term borrowings	Total	Unclaimed Dividend	Long term financing	Short term borrowings	Total
	(Rupees in thousand)							
Balance as at 01 October	1,954	456,919	1,415,698	1,874,571	2,039	384,744	1,804,077	2,190,860
Dividend paid	(10)	-	-	(10)	(85)	-	-	(85)
Loans availed	-	165,700	1,442,839	1,608,539	-	165,606	2,775,325	2,940,931
Repayment of loans	-	(217,531)	(1,923,537)	(2,141,068)	-	(81,581)	(3,163,704)	(3,245,285)
Fair value adjustment	-	5,017	-	5,017	-	(11,850)	-	(11,850)
Balance as at 30 September	1,944	410,105	935,000	1,347,049	1,954	456,919	1,415,698	1,874,571

## 36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including all benefits to Chief Executive Officer, directors and executives of the Company are as follows:

	Chief Executive Officer		Executive Director		Non-Executive Directors		Executives	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)							
Managerial remuneration	11,553	10,503	6,000	6,000	-	-	88,665	81,887
Allowances								
House rent	5,199	4,726	2,400	2,400	-	-	28,329	26,716
Utilities	1,155	1,050	600	600	-	-	6,781	6,213
Medical	-	-	480	480	-	-	5,640	5,573
Others	-	-	-	-	-	-	1,875	1,816
Reimbursable expenses	-	-	-	-	-	-	-	-
Contribution to retirement benefits	4,082	3,712	2,120	2,120	-	-	14,481	14,252
Meeting fee	-	-	-	-	820	800	-	-
	21,989	19,991	11,600	11,600	820	800	145,771	136,457
Number of persons	1	1	1	1	6	6	32	32

36.1 The Chief Executive Officer, some directors and some executives are provided with company maintained car, travel facilities and club membership.

## 37. PROVIDENT FUND RELATED DISCLOSURE

As at the reporting date, Shakarganj Mills Limited - Employees' Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

## 38. NUMBER OF EMPLOYEES

	2021 (Number of Persons)	2020
Number of employees as at 30 September	1 300	1 253
Average number of employees during the year	1 390	1 256

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 39. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary company, associated companies, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties along with basis of relationship, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Name of related party	Basis of relationship	Nature of transactions	2021 Rupees in thousand	2020
<b>Subsidiary company</b>				
Shakarganj Food Products Limited (SFPL)	Common CEO and 52.39% (2020: 52.39%) of shareholding in SFPL	Sale of goods	183,104	317,571
		Common expenses shared	5,089	2,768
		Hand sanitizer processing	-	1,360
<b>Associated companies</b>				
Crescent Steel and Allied Products Limited (CSAPL)	Associate due to shareholding by CSAPL in the Company of 21.93% (2020: 21.93%)	Purchase of goods	533,641	257,434
		Common expenses shared	8,670	11,113
		Sale of goods and rendering of services	483,878	227,663
		Stores consumed by CSAPL	275	4,125
		Stores consumed by the Company	324	35
Premier Insurance Limited	Common directorship	Insurance expense	10,031	8,314
BankIslami Pakistan Limited	Subsidiary's associate	Borrowing received - net	-	325,000
		Mark-up expense on borrowing	35,434	24,890
<b>Other related parties</b>				
Begum Balqies Saleem	Mother of CEO	Service charges accrued	6,269	5,700
<b>Post employment benefit plans</b>				
	Employees' Provident Fund Trust, Gratuity Fund and Pension Fund	Expense charged in respect of: Employees' Provident Fund Trust	11,697	7,108
		Pension Fund	37,902	14,117
		Gratuity Fund	9,031	6,310
		Other transactions with Gratuity Fund and Pension Fund		
		- Funds received	-	410,975
		- Funds repaid	-	410,975
		- Mark-up expense	-	44,603

39.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 36.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021	2020
<b>40. PLANT CAPACITY AND ACTUAL PRODUCTION</b>			
<b>Sugar</b>			
<b>Jhang</b>			
Rated crushing capacity	(MT / day)	10 000	10 000
On the basis of 114 days (2020: 104 days)	(MT)	1 140 000	1 040 000
Actual sugarcane crushed	(MT)	518 192	497 156
<b>Bhone</b>			
Rated crushing capacity	(MT / day)	6 000	6 000
On the basis of 110 days (2020: 102 days)	(MT)	660 000	612 000
Actual sugarcane crushed	(MT)	487 883	387 568
The low crushing was due to low quality sugarcane.			
<b>Biofuel</b>			
<b>Jhang</b>			
Rated production capacity	(Litres / day)	150 000	150 000
On the basis of average number of 64 days (2020: 69 days) working	(Litres)	9 600 000	10 350 000
Actual production	(Litres)	6 343 333	9 816 686
<b>Bhone</b>			
Rated production capacity	(Litres / day)	200 000	200 000
On the basis of average number of 103 days (2020: Nil days) working	(Litres)	20 600 000	-
Actual production	(Litres)	8 856 444	-
Major reason for low production was due to non-availability of raw material at feasible prices.			
<b>Textile</b>			
Capacity (converted in 20s counts)	(Kg)	9 198 418	9 198 418
Actual production (converted in 20s counts)	(Kg)	5 930 820	3 102 521

The actual production was low due to non-availability of raw materials at feasible prices.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 41. SEGMENT INFORMATION

	Rupees in thousand											
	Sugar		Biofuel		Textile		Farms		Elimination of Inter-segment transactions		Total - Company	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue												
External	6,596,388	5,124,097	1,543,292	747,402	968,066	507,803	54,017	30,082	-	-	9,161,763	6,409,384
Inter segment	1,086,777	775,354	24,396	31,743	-	-	9,107	17,362	(1,120,280)	(824,459)	-	-
	7,683,165	5,899,451	1,567,688	779,145	968,066	507,803	63,124	47,444	(1,120,280)	(824,459)	9,161,763	6,409,384
Cost of sales	(8,239,224)	(6,445,818)	(1,598,825)	(874,879)	(981,188)	(540,996)	(52,972)	(43,825)	1,120,280	824,459	(9,751,929)	(7,081,059)
Gross (loss) / profit	(556,059)	(546,367)	(31,137)	(95,734)	(13,122)	(33,193)	10,152	3,619	-	-	(590,166)	(671,675)
Distribution cost	(15,061)	(13,445)	(102,165)	(51,890)	(2,223)	(1,341)	-	-	-	-	(119,449)	(66,676)
Administrative expenses	(271,884)	(252,573)	(55,564)	(33,566)	(37,550)	(33,212)	(912)	(1,008)	-	-	(365,910)	(320,360)
(Loss) / profit before taxation and unallocated expenses / income	(843,004)	(812,385)	(188,866)	(181,190)	(52,894)	(67,746)	9,240	2,611	-	-	(1,075,525)	(1,058,711)
Unallocated expenses / income:												
Other expenses											(83,754)	(38,460)
Other income											204,910	803,952
Finance cost											(275,025)	(338,799)
Share of income / (loss) from equity accounted investee											157,377	(538,637)
Taxation											(315,893)	173,072
Loss after taxation											(1,387,910)	(997,583)

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

	Rupees in thousand											
	Sugar		Biofuel		Textile		Farms		Total - Company			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total assets for reportable segments	10,304,250	7,088,552	4,988,417	2,225,377	858,091	445,410	818,929	823,504	16,969,687	10,582,843		
Unallocated assets									2,166,173	2,141,413		
Total assets as per statement of financial position									19,135,860	12,724,256		
Total liabilities for reportable segments	4,836,780	4,028,170	1,846,491	1,369,828	516,799	256,377	18,645	18,085	7,218,715	5,672,460		
Unallocated liabilities									696,231	193,322		
Total liabilities as per statement of financial position									7,914,946	5,865,782		

#### 41.2 Geographical Information

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

	Rupees in thousand											
	Sugar		Biofuel		Textile		Farms		Total - Company			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Europe	-	9,355	704,523	-	-	-	-	-	704,523	9,355		
Asia	-	4,956	621,781	563,151	-	-	-	-	621,781	568,107		
Pakistan	6,596,388	5,109,786	216,988	184,251	968,066	507,803	54,017	30,082	7,835,459	5,831,922		
	6,596,388	5,124,097	1,543,292	747,402	968,066	507,803	54,017	30,082	9,161,763	6,409,384		

#### 41.3 The Company's revenue from external customers in respect of products is detailed below:

Sugar	6,130,037	4,861,929	-	-	-	-	-	-	6,130,037	4,861,929		
By-products	466,351	262,168	4,029	1,218	-	-	-	-	470,380	263,386		
Biofuel	-	-	1,539,263	746,184	-	-	-	-	1,539,263	746,184		
Yarn and polyester	-	-	-	-	956,132	499,727	-	-	956,132	499,727		
Farm	-	-	-	-	-	-	54,017	30,082	54,017	30,082		
Waste	-	-	-	-	11,934	8,076	-	-	11,934	8,076		
	6,596,388	5,124,097	1,543,292	747,402	968,066	507,803	54,017	30,082	9,161,763	6,409,384		

#### 41.4 All non-current assets of the Company as at reporting dates are located and operating in Pakistan.

#### 41.5 The Company's revenue is earned from a large mix of customers.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 42. FINANCIAL RISK MANAGEMENT

### 42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Company's Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of non-derivative financial instruments and investment of excess liquidity.

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to any currency risk at statement of financial position date as it doesn't have any outstanding balance in foreign currency.

##### (ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

#### Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange Limited (PSX) Index on the Company's equity (fair value reserve of FVTOCI investments). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on statement of other comprehensive income (fair value reserve)	
	2021	2020
	Rupees in thousand	
PSX 100 (5% increase)	505	661
PSX 100 (5% decrease)	(505)	(661)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as FVTOCI.

##### (iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing, short term borrowings and deposit in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2021 Rupees in thousand	2020
<b>Fixed rate instruments</b>		
<b>Financial liabilities</b>		
Long term financing	200,233	153,756
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	603	123
<b>Financial liabilities</b>		
Long term financing	209,872	303,163
Short term borrowings	935,000	1,403,100

## Fair value sensitivity for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss of the Company.

## Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 11.443 million (2020: Rupees 17.061 million) higher / lower mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

## (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Investments	10,100	13,223
Trade debts	82,781	201,609
Loans and advances	9,464	5,829
Deposits	36,135	34,035
Other receivables	7,619	9,285
Bank balances	1,016	7,657
	147,115	271,638

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 21.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

				2021	2020
	Short term	Rating Long term	Agency		
Banks	Rupees in thousand				
Conventional accounts					
Allied Bank Limited	A1+	AAA	PACRA	6	519
Bank Alfalah Limited	A1+	AA+	PACRA	74	1,152
Habib Bank Limited	A-1+	AAA	VIS	-	798
MCB Bank Limited	A1+	AAA	PACRA	45	1,190
National Bank of Pakistan	A1+	AAA	PACRA	137	319
Standard Chartered Bank (Pakistan) Li	A1+	AAA	PACRA	29	29
Askari Bank Limited	A1+	AA+	PACRA	12	1
The Bank of Punjab	A1+	AA+	PACRA	-	3
				303	4,011

	Rating			2021	2020
	Short term	Long term	Agency	Rupees in thousand	
Banks					
Shariah compliant accounts					
Askari Bank Limited	A1+	AA+	PACRA	1	12
BankIslami Pakistan Limited	A1	A+	PACRA	691	87
Bank Alfalah Limited	A1+	AA+	PACRA	12	14
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	2	152
Meezan Bank Limited	A-1+	AAA	VIS	7	3,303
Habib Bank Limited	A-1+	AAA	VIS	-	7
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	-	71
				713	3,646
				1,016	7,657

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

## (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 September 2021, the Company had Rupees 1,034.300 million (2020: Rupees 2,121.900 million) available borrowing limits from financial institutions and Rupees 1.905 million (2020: Rupees 8.099 million) cash and bank balances. Management believes the liquidity risk to be low. Followings are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Contractual maturities of financial liabilities as at 30 September 2021:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	More than one year
Rupees in thousand					
<b>Non-derivative financial liabilities:</b>					
Long term financing	410,105	420,042	294,870	125,172	-
Trade and other payables	1,463,408	1,463,408	1,463,408	-	-
Unclaimed dividend	1,944	1,944	1,944	-	-
Accrued mark-up	56,524	56,524	56,524	-	-
Short term borrowings	935,000	953,420	953,420	-	-
	<b>2,866,981</b>	<b>2,895,338</b>	<b>2,770,166</b>	<b>125,172</b>	<b>-</b>

Contractual maturities of financial liabilities as at 30 September 2020:

<b>Non-derivative financial liabilities:</b>					
Long term financing	456,919	502,551	84,400	178,433	239,718
Trade and other payables	1,751,331	1,751,331	1,751,331	-	-
Unclaimed dividend	1,954	1,954	1,954	-	-
Accrued mark-up	57,152	57,152	57,152	-	-
Short term borrowings	1,415,698	1,448,758	1,448,758	-	-
	<b>3,683,054</b>	<b>3,761,746</b>	<b>3,343,595</b>	<b>178,433</b>	<b>239,718</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 September. The rates of interest / mark-up have been disclosed in Note 6 and Note 11 to these financial statements.

Carrying amount of long term financing as at 30 September 2021 includes overdue installments of principal amounting to Rupees 81.581 million (2020: Rupees Nil).

## 42.2 Financial instruments by categories

2021			2020		
At amortized cost	At FVTOCI	Total	At amortized cost	At FVTOCI	Total

Rupees in thousand

Assets as per statement of financial position

Investments	-	10,100	10,100	-	13,223	13,223
Loans and advances	9,464	-	9,464	5,829	-	5,829
Deposits	36,135	-	36,135	34,035	-	34,035
Other receivables	7,619	-	7,619	9,285	-	9,285
Trade debts	82,781	-	82,781	201,609	-	201,609
Cash and bank balances	1,905	-	1,905	8,099	-	8,099
	<b>137,904</b>	<b>10,100</b>	<b>148,004</b>	<b>258,857</b>	<b>13,223</b>	<b>272,080</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## Liabilities as per statement of financial position

	2021	2020
	At amortized cost	
	Rupees in thousand	
Long term financing	410,105	456,919
Short term borrowings	935,000	1,415,698
Trade and other payables	1,463,408	1,751,331
Accrued mark-up	56,524	57,152
Unclaimed dividend	1,944	1,954
	2,866,981	3,683,054

42.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

2021			2020		
Financial assets	Other than financial assets	Assets as per financial position	Financial assets	Other than financial assets	Assets as per financial position

-----Rupees in thousand-----

## Assets as per statement of financial position

Investments	10,100	1,727,473	1,737,573	13,223	1,665,780	1,679,003
Loans and advances	9,464	35,491	44,955	5,829	55,693	61,522
Deposits	36,135	-	36,135	34,035	-	34,035
Prepayments and other receivables	7,619	276,893	284,512	9,285	274,567	283,852
Trade debts	82,781	-	82,781	201,609	-	201,609
Cash and bank balances	1,905	-	1,905	8,099	-	8,099
	148,004	2,039,857	2,187,861	272,080	1,996,040	2,268,120

2021			2020		
Financial liabilities	Other than financial liabilities	Liabilities as per financial position	Financial liabilities	Other than financial liabilities	Liabilities as per financial position

-----Rupees in thousand-----

Long term financing	410,105	-	410,105	456,919	-	456,919
Short term borrowings	935,000	-	935,000	1,415,698	-	1,415,698
Trade and other payables	1,463,408	1,873,433	3,336,841	1,751,331	1,046,789	2,798,120
Accrued mark-up	56,524	-	56,524	57,152	-	57,152
Unclaimed dividend	1,944	-	1,944	1,954	-	1,954
	2,866,981	1,873,433	4,740,414	3,683,054	1,046,789	4,729,843

## 42.4 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 42.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred in Note 6 and 11 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy remained unchanged from last year.

		2021	2020
Borrowings	Rupees in thousand	1,345,105	1,872,617
Total equity	Rupees in thousand	11,220,914	6,858,474
Total capital employed	Rupees in thousand	12,566,019	8,731,091
Gearing ratio	Percentage	10.70	21.45

Decrease in gearing ratio resulted primarily due to surplus on revaluation of property, plant and equipment.

## 43. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these 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:

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
	Rupees in thousand			

#### Financial assets

#### At 30 September 2021

At fair value through other comprehensive income	10,100	-	-	10,100
--	--------	---	---	--------

#### At 30 September 2020

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 year. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives 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.

## (ii) Valuation technique used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices for listed securities.

## 44. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

### (i) Fair value hierarchy

The judgements and estimates are made for the non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
	-----Rupees in thousand-----			
At 30 September 2021				
Recurring fair value measurements				
Freehold land	-	2,924,805	-	2,924,805
Building	-	1,445,383	-	1,445,383
Plant and machinery	-	11,622,401	-	11,622,401
Biological assets	-	18,333	16,232	34,565
Non-recurring fair value measurements				
Non-current assets held for sale	-	335,180	-	335,180
Total non-financial assets	-	16,346,102	16,232	16,362,334
At 30 September 2020				
Recurring fair value measurements				
Freehold land	-	2,652,850	-	2,652,850
Building	-	927,464	-	927,464
Plant and machinery	-	5,976,953	-	5,976,953
Biological assets	-	17,601	22,191	39,792
Total non-financial assets	-	9,574,868	22,191	9,597,059

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.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## (ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuation for its freehold land, building, plant and machinery at least after every three years. The management updates the assessment of the fair value of property, plant and equipment taking into account the most recent independent valuation. The management determines the value of these assets within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of building is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the value of new plant and machinery of the same specifications. The fair value of standing crops is based on the support price fixed by the Government and other factors such as estimated crop yield and area under cultivation. The fair value of livestock is estimated on the basis of market prices of livestock of similar age, breed and genetic merit. Property, plant and equipment classified as held for sale was measured at the lower of its carrying amount and fair value less cost to sell. The fair value of plant and machinery classified as held for sale was determined using market value method.

### Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land, building, plant and machinery after three years. The fair value of these assets has been determined by an independent valuer Messrs Hamid Mukhtar and Company (Private) Limited on 30 September 2021. The fair value of biological assets are determined by the related experts keeping in view the current market conditions and other salient factors.

## 45. EVENT AFTER THE REPORTING PERIOD

The Company issued notice dated 05 November 2021 to hold an Extraordinary General Meeting (EOGM) on 30 November 2021 to obtain approval from shareholders regarding sale of certain parcels of agriculture land.

The EOGM could not be conducted as scheduled because a shareholder obtained stay from Sindh High Court, Karachi on 29 November 2021 regarding the agenda of EOGM by claiming that the he held 10% shareholding in the Company, and that the EOGM was in contravention of applicable laws.

As per legal counsel of the Company, the stay obtained by misleading the honorable court will be dismissed, and that the Honorable Sindh High Court has not restrained the Company from conducting its business in accordance with Companies Act 2017.

## 46. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	NOTE	2021 Rupees in thousand	2020
Revenue earned from shariah compliant business	26	9,161,763	6,409,384
Gain / (loss) or dividend earned from shariah compliant investments			
Unrealized gain on remeasurement of investments at FVTOCI		-	5,413
Exchange gain / (loss) incurred	30/31	10,305	(21,981)
Shariah compliant bank deposits and bank balances			
Bank balances	24	713	3,646
Profit earned from shariah compliant bank deposits			
Profit on deposits with banks	31	1	1
Mark-up accrued on Islamic mode of financing	31	35,434	24,890

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>Profit earned or interest paid on any conventional loan / advance</b>			
Mark-up on long term financing	32	53,893	52,816
Mark-up on short term borrowings	32	71,438	167,113
Profit earned on deposits with banks	31	136	616
<b>Loans / advances obtained as per Islamic mode</b>			
Contract liabilities	10	487,887	201,389
Short term borrowings	11	425,000	437,598

The relationship with shariah compliant banks is related to bank accounts as given in Note 42.1(b) and short term borrowings obtained from BankIslami Pakistan Limited as mentioned in Note 11.2.

## 47. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of better presentation and comparison. However, no significant re-arrangements have been made except for the following:

Head of account	Reclassification		Rupees in thousand
	From	To	
Payable to related parties	Trade and other payables	Trade debts	1,484
Share of other comprehensive income of equity accounted investee	Share in capital reserves of equity accounted investee	Accumulated loss	6,330
Due from related party	Loans and advances	Trade and other payables	8,847

## 48. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 07 February 2022 by the Board of Directors of the Company.

## 49. GENERAL

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer





**Shakarganj Limited**

**Financial Statements  
(Consolidated)**

**For The Year Ended  
30 September 2021**

# CONSOLIDATED DIRECTORS' REPORT

The directors of Shakarganj Limited have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 30 September 2021. The Group comprises of Shakarganj Limited and its partially owned subsidiary namely Shakarganj Food Products Limited.

The comments on performance of Shakarganj Limited for the year ended 30 September 2021 has been presented separately in directors' report.

## Group Financial Results

The financial results of the Group are summarised below:

	2021 Rupees in thousand	2020
Sales - net	27,022,450	21,424,125
Gross loss	1,782,160	559,321
Loss from operations	(335,000)	(905,129)
Loss before taxation	(928,996)	(1,660,149)
Taxation	(534,757)	399,702
Loss for the year	(1,463,753)	1,260,447
Loss per share - basic and diluted (Rupees)	(12.18)	(6.71)

On a Group basis, the consolidated balance sheet footing stood at Rs. 27,669.63 million, compared to Rs. 21,139.27 million as at 30 September 2020. Total equity increased to Rs. 12,680.97 million on the year end 30 September 2021 from Rs. 8,397.50 million as at 30 September 2020.

## Pattern of Shareholding and Shares Traded

The pattern of shareholding and additional information thereof is attached with this report. No trade in the shares of the Company was reported / carried out by the directors, executives and their spouses and minor children except the following:

Name of Director	Purchase	Sale
Mr. Sheikh Asim Rafiq	100	-
Mr. Javed Anjum	-	725,000

## Subsequent Events and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the directors' report.

## Acknowledgment

The Directors wish to express their appreciation to the staff & workers of the Company for their dedication and devotion to the Company. The Directors feel pleasure in expressing appreciation for the continued interest and support of the shareholders, bankers and all other parties involved and hope that the same spirit will prevail in the future as well.

By Order of the Board



Anjum Muhammad Saleem  
Chief Executive Officer



Ali Altaf Saleem  
Director

07 February 2022

## INDEPENDENT AUDITOR'S REPORT

To the members of Shakarganj Limited

Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the annexed consolidated financial statements of Shakarganj Limited and its Subsidiary Company (the Group), which comprise the consolidated statement of financial position as at 30 September 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty for the Holding Company relating to Going Concern

We draw attention to Note 1.2 to the consolidated financial statements which states that the Holding Company has suffered loss after taxation of Rupees 1,387.910 million during the current year and has accumulated losses of Rupees 3,661.819 million as at the reporting date. The current liabilities of the Holding Company exceeded its current assets by Rupees 3,654.024 million. These conditions along with other matters as stated in Note 1.2 to the consolidated financial statements indicate the existence of material uncertainty which may cast significant doubt on the Holding Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Contingencies</b></p> <p>As disclosed in Note 14(a)(i) to Note 14(a)(ix) to the accompanying consolidated financial statements, the Holding Company of the Group has contingent liabilities in respect of various matters, which are pending adjudication before respective authorities and courts of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules and regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies in accordance with applicable financial reporting standards.</p> <p>Due to significance of amounts involved, uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered this as a key audit matter. For further information on contingencies, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Contingent liabilities (Note 2.22 and Note 2.1(c) to the consolidated financial statements).</li> <li>- Contingencies [Note 14(a)(i) to Note 14(a)(ix)] to the consolidated financial statements.</li> </ul>	<p>Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have:</p> <ul style="list-style-type: none"> <li>• Obtained and reviewed detail of the pending matters and discussed the same with the Holding Company's management;</li> <li>• Reviewed the correspondence of the Holding Company with the relevant authorities, tax and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;</li> <li>• Obtained and reviewed confirmations from the Holding Company's external tax and legal advisors for their views on the probable outcome of the open tax assessments and other contingencies.</li> <li>• Involved internal tax professionals to assess reasonability of management's conclusions on such pending matters;</li> <li>• Reviewed and evaluated the adequacy of disclosures made in respect of such contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
2.	<p><b>Surplus on revaluation of property, plant and equipment</b></p> <p>As at 30 September 2021, the Holding Company revalued its certain items of property, plant and equipment representing freehold land, building, plant and machinery, based on the valuation carried out by an independent valuer engaged by the management. Consequent to revaluation, surplus on revaluation of property, plant and equipment - net of deferred income tax amounting to Rupees 5,911.609 million has been recognized in the consolidated financial statements. We have identified valuation of certain items of property, plant and equipment as key audit matter due to the significance of it to the consolidated financial statements, as well as the significance of management's judgments in determining its valuation.</p> <p>For further information on surplus on revaluation of property, plant and equipment, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Property, plant and equipment (Note 2.8 to the consolidated financial statements).</li> <li>- Surplus on revaluation of property, plant and equipment - net of deferred income tax (Note 4.1 to the consolidated financial statements).</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining and inspecting the valuation reports prepared by independent valuer;</li> <li>• Evaluating the information provided by the Holding Company to the independent valuer by inspecting the relevant underlying documentation;</li> <li>• Evaluating the methodology used by the independent valuer in determining the revalued amount and the reasonableness of key estimates and assumptions adopted in the valuations report by the independent valuer;</li> <li>• Checking that the surplus on revaluation of property, plant and equipment has been recorded in the consolidated financial statements as per applicable accounting and reporting standards;</li> <li>• Reviewing the adequacy of disclosures made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.</li> </ul>
3.	<p><b>Revenue recognition</b></p> <p>We identified recognition of revenue of sugar, biofuel, textile and farms segments of the Group as a key audit matter because revenue is one of the key performance indicator of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Revenue from contracts with customers (Note 2.3 to the consolidated financial statements).</li> <li>- Revenue (Note 29 to the consolidated financial statements).</li> </ul>	<ul style="list-style-type: none"> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;</li> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers';</li> <li>• We also considered the appropriateness of disclosures in the consolidated financial statements.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going



concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar.

Faisalabad  
07 February 2022



RIAZ AHMAD & COMPANY  
Chartered Accountants

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
150 000 000 (2020: 150 000 000)			
ordinary shares of Rs. 10 each		1,500,000	1,500,000
50 000 000 (2020: 50 000 000)			
preference shares of Rs. 10 each		500,000	500,000
		2,000,000	2,000,000
<b>Issued, subscribed and paid up share capital</b>	3	1,250,000	1,250,000
<b>Capital reserves</b>			
Surplus on revaluation of property, plant and equipment - net of deferred income tax	4	11,955,684	6,600,793
Other capital reserves	4	1,273,805	1,276,928
		13,229,489	7,877,721
<b>Revenue reserves</b>	5	516,306	516,306
		13,745,795	8,394,027
<b>Accumulated loss</b>		(3,819,927)	(2,695,569)
<b>Equity attributable to equity holders of the Holding Company</b>		11,175,868	6,948,458
<b>Non-controlling interest</b>		1,505,102	1,449,037
<b>Total equity</b>		12,680,970	8,397,495
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	634,097	1,067,406
Long term deposits		7,000	7,000
Lease liabilities	7	534,578	639,181
Deferred liabilities	8	575,958	465,917
Deferred income tax liability	9	2,660,662	654,242
		4,412,295	2,833,746
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	8,223,571	7,557,771
Short term borrowings	11	1,284,194	1,764,892
Accrued mark-up	12	85,959	96,846
Current portion of non-current liabilities	13	896,587	448,392
Unclaimed dividend		1,944	1,954
Provision for taxation		84,111	38,171
		10,576,366	9,908,026
<b>TOTAL LIABILITIES</b>		14,988,661	12,741,772
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		27,669,631	21,139,267

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

  
Chief Executive Officer

	NOTE	2021 Rupees in thousand	2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	22,369,388	16,178,240
Right-of-use assets	16	1,284,228	1,180,192
Intangible asset	17	3,437	4,771
Biological assets	18	18,333	18,819
Long term investments	19	10,100	13,223
Long term loans and advances	20	12,910	14,985
Long term deposits	21	129,153	125,959
		23,827,549	17,536,189
<b>CURRENT ASSETS</b>			
Biological assets	18	16,232	20,973
Stores, spare parts and loose tools	22	244,503	251,156
Stock-in-trade	23	1,968,867	1,839,290
Trade debts	24	181,513	275,787
Loans and advances	25	117,002	200,980
Deposits, prepayments and other receivables	26	594,255	563,568
Advance income tax		100,304	121,312
Cash and bank balances	27	284,226	330,012
		3,506,902	3,603,078
Non-current assets held for sale	28	335,180	-
		3,842,082	3,603,078
<b>TOTAL ASSETS</b>		<b>27,669,631</b>	<b>21,139,267</b>

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
Revenue	29	27,022,450	21,424,125
Cost Of sales	30	(25,240,290)	(20,864,804)
Gross profit		1,782,160	559,321
Distribution cost	31	(1,712,817)	(1,786,160)
Administrative expenses	32	(515,082)	(476,680)
Other expenses	33	(115,580)	(39,440)
Other income	34	226,319	837,830
Loss from operations		(335,000)	(905,129)
Finance cost	35	(593,996)	(755,020)
Loss before taxation		(928,996)	(1,660,149)
Taxation	36	(534,757)	399,702
Loss after taxation		(1,463,753)	(1,260,447)
Share of (loss) / profit attributable to:			
Equity holders of holding company		(1,522,939)	(838,828)
Non-controlling interest		59,186	(421,619)
		(1,463,753)	(1,260,447)
Loss per share - basic and diluted (Rupees)	37	(12.18)	(6.71)

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 Rupees in thousand	2020
<b>LOSS AFTER TAXATION</b>	(1,463,753)	(1,260,447)
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of retirement benefits	(50,148)	(195,436)
Related deferred income tax liability	12,433	44,964
	(37,715)	(150,472)
Surplus on revaluation of property, plant and equipment - net	7,624,939	-
Related deferred income tax liability	(1,713,330)	-
	5,911,609	-
(Deficit) / surplus arising on remeasurement of investments at fair value through other comprehensive income	(3,123)	5,413
	5,870,771	(145,059)
Items that may be reclassified subsequently to statement of profit or loss	-	-
Other comprehensive income / (loss) for the year - net of deferred income tax	5,870,771	(145,059)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>	<b>4,407,018</b>	<b>(1,405,506)</b>
<b>SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:</b>		
<b>EQUITY HOLDERS OF HOLDING COMPANY</b>	4,350,953	(989,640)
<b>NON-CONTROLLING INTEREST</b>	56,065	(415,866)
	<b>4,407,018</b>	<b>(1,405,506)</b>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY															TOTAL EQUITY
	SHARE CAPITAL	CAPITAL RESERVES						REVENUE RESERVES				TOTAL RESERVES	ACCUMULATED LOSS	SHAREHOLDERS' EQUITY	NON-CONTROLLING INTEREST	
	Premium on issue of right shares	Musharakah financing - equity portion	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	Sub total	General	Dividend equalization	Equity investment market value equalization	Sub total						
(Rupees in thousand)																
Balance as at 01 October 2019	1,250,000	1,056,373	72,523	(13,311)	155,930	6,894,890	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
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	(339,053)	(339,053)	-	-	-	-	(339,053)	339,053	-	-	-
Adjustment of deferred income tax liability due to re-assessment at year end	-	-	-	-	-	48,397	48,397	-	-	-	-	48,397	-	48,397	-	48,397
Transfer from surplus on revaluation of property, plant and equipment on disposal of property, plant and equipment - net of deferred income tax	-	-	-	-	-	(3,441)	(3,441)	-	-	-	-	(3,441)	3,441	-	-	-
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	-	(838,828)	(838,828)	(421,619)	(1,260,447)
Other comprehensive loss for the year	-	-	-	5,413	-	-	5,413	-	-	-	-	5,413	(156,225)	(150,812)	5,753	(145,059)
Total comprehensive loss for the year	-	-	-	5,413	-	-	5,413	-	-	-	-	5,413	(995,053)	(989,640)	(415,866)	(1,405,506)
Balance as at 30 September 2020	1,250,000	1,056,373	72,523	(7,898)	155,930	6,600,793	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
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	-	(271,090)	(271,090)	-	-	-	-	(271,090)	271,090	-	-	-
Adjustment of deferred income tax liability due to re-assessment at year end	-	-	-	-	-	(123,543)	(123,543)	-	-	-	-	(123,543)	-	(123,543)	-	(123,543)
Transfer from surplus on revaluation of property, plant and equipment on disposal of property, plant and equipment - net of deferred income tax	-	-	-	-	-	(162,085)	(162,085)	-	-	-	-	(162,085)	162,085	-	-	-
Transfer from dividend equalization reserve to general reserve (Note 5.1)	-	-	-	-	-	-	22,700	(22,700)	-	-	-	-	-	-	-	-
Transfer from equity investment market value equalization reserve to general reserve (Note 5.1)	-	-	-	-	-	-	83,000	-	(83,000)	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	-	(1,522,939)	(1,522,939)	59,186	(1,463,753)
Other comprehensive income for the year	-	-	-	(3,123)	-	5,911,609	5,908,486	-	-	-	-	5,908,486	(34,594)	5,873,892	(3,121)	5,870,771
Total comprehensive income for the year	-	-	-	(3,123)	-	5,911,609	5,908,486	-	-	-	-	5,908,486	(1,557,533)	4,350,953	56,065	4,407,018
Balance as at 30 September 2021	1,250,000	1,056,373	72,523	(11,021)	155,930	11,955,684	13,229,489	516,306	-	-	516,306	13,745,795	(3,819,927)	11,175,868	1,505,102	12,680,970

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	38	1,305,385	1,747,965
Finance cost paid		(470,207)	(654,731)
Mark-up paid against lease liabilities		(81,742)	(96,609)
Income tax paid		(285,829)	(200,858)
Net decrease in long term loans and advances		2,075	3,236
Net increase in long term security deposits		(3,194)	(5,831)
Workers' profit participation fund paid		-	(124)
Employees' benefits paid		(51,307)	(46,380)
<b>Net cash generated from operating activities</b>		<b>415,181</b>	<b>746,668</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(202,399)	(310,507)
Proceeds from sale of property, plant and equipment		167,068	17,654
Proceeds from sale of non-current assets held for sale		352,501	-
Interest received on loan to Sui Northern Gas Pipelines Limited		1,062	67
<b>Net cash from / (used in) investing activities</b>		<b>318,232</b>	<b>(292,786)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(266,281)	(256,998)
Proceeds from long term financing		165,700	265,606
Repayment of lease liabilities - net		(197,910)	(308,303)
Short term borrowings - net		(480,698)	(338,379)
Dividend paid		(10)	(85)
<b>Net cash used in from financing activities</b>		<b>(779,199)</b>	<b>(638,159)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(45,786)</b>	<b>(184,277)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>330,012</b>	<b>514,289</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	27	<b>284,226</b>	<b>330,012</b>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 1. THE GROUP AND ITS OPERATIONS

The Group consists of Shakarganj Limited (the Holding Company) and its Subsidiary Company, Shakarganj Food Products Limited. Brief profiles of the Holding Company and its Subsidiary Company are as follows:

#### Shakarganj Limited

Shakarganj Limited (SML) 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. SML has its principal manufacturing facilities at Jhang and satellite manufacturing facilities at Bhone. The registered office of SML is situated at E-Floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore.

Geographical locations and addresses of all business units of SML except for the registered office are as follows:

Manufacturing units and offices	Address
Jhang Unit (Sugar, biofuel and textile)	5 KM Toba Tek Singh Road, Jhang, Punjab
Bhone Unit (Sugar and biofuel)	63 KM Jhang - Sargodha Road, Bhone, Tehsil and District Jhang, Punjab
Liaison Office	Nishatabad, Chak Jhumra Road, Faisalabad, Punjab

### 1.2 Going concern assumption

The Holding Company has suffered loss after taxation of Rupees 1,387.910 million (2020: Rupees 997.583 million) and its accumulated losses are of Rupees 3,661.819 million (2020: Rupees 2,672.491 million). The current liabilities of the Holding Company exceeded its current assets by Rupees 3,654.024 million (2020: Rupees 3,309.747 million). Moreover, the Holding Company has some overdue installments of long-term financing and short-term borrowings and overdue statutory obligations as stated in Note 46.1(c), Note 11.2 and Note 10 respectively to these consolidated financial statements. These factors indicate the existence of material uncertainty which may cast significant doubt about the Holding Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the financial statements of the Holding Company have been prepared on going concern basis due to following reasons:

- The Holding Company is making arrangements to sell its agriculture land having market value of Rupees 755.547 million. For this purpose, approval of shareholders is being obtained as disclosed in Note 49 to these consolidated financial statements. The proceeds through disposal of land will be utilized by the Holding Company to pay to sugarcane growers and to settle the other liabilities of the Holding Company while the remaining proceeds will be utilized for upgradation of plant and machinery of textile and sugar divisions at Jhang.

- The management of the Holding Company has firmed up a turnaround plan based on disposal of the Bhone Unit of the Holding Company which includes Sugar and Biofuel divisions. Revalued amount of freehold land, building and plant and machinery as at 30 September 2021 is Rupees 8.749 billion. Price discovery by the management for the whole Bhone Unit of the Holding Company including related licenses / rights when built in the future plan results in debt free business, surplus funds and profits for the Holding Company. The management has planned to seek required approvals in next couple of months for roll out of the turnaround plan.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

- One of the largest shareholders of the Holding Company has affirmed its commitment to fully financially support the Holding Company, in case of any need.

- The Holding Company undertook significant operational measures in the current year to improve its productivity. During the year, the Holding Company has crushed 1 006 075 MT of sugarcane which has almost increased by 14% as compared to 884 724 MT of sugarcane crushed in the corresponding year and produced 91 837 MT of sugar in current season which has increased by more than 18% as compared to 77 560 MT of sugar in the corresponding year. Moreover the Holding Company produced 15 199 777 litres of biofuel during the year which has been increased by almost 55% as compared to 9 816 686 litres in the corresponding year.

- The production of textile products (yarn) has been 5 930 820 kgs during the year which has been increased by more than 91% as compared to 3 102 521 kgs in the corresponding year. Moreover, with the installation of better plant and machinery, the quality of textile products will be improved.

- The Holding Company has availed further facility of Rupees 165.700 million under SBP Refinance Scheme for payment of wages and salaries. Moreover, the working capital lines with BankIslami Pakistan Limited and MCB Bank Limited have been renewed.

- 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 helps to improve the optimization of the evaporator's 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 remains committed to its best efforts to improve liquidity portion. The financial projections of the Holding Company show improvements in cash generation and profits.

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

## 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.

Geographical locations and addresses of all business units of SFPL except for the registered office are as follows:

Manufacturing Unit	Address
Dairy Plant	4 KM Lahore Road, Jaranwala
Juice Plant	Near Ahmad Nagar, Sargodha Road, Tehsil Lalian, District Chiniot
Fruit procurement center	Chak No. 13 S.B. Ajnala Station, Tehsil Bhalwal, District Sargodha

SML held 52.39% shares of SFPL as at 30 September 2021 (2020: 52.39%)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

### 2.1 Basis of preparation

#### a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs and IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except otherwise stated.

#### c) Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying 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. Revision to accounting estimates is recognized in the year in which the estimate is revised and in any future period affected. The areas where various assumptions and estimates are significant to the consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

#### Useful lives, patterns of economic benefits and impairments

The estimates for revalued amounts of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendations of technical teams of the Group. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Group. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

#### Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### Taxation

In making the estimates for income tax currently payable by the Group, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on the tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date. Deferred income tax assets are recognized for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

### Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Group's experience of actual credit loss in past years.

### Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

### Provision for obsolescence of stores, spare parts and loose tools

The Group reviews the carrying amount of stores, spare parts and loose tools on regular basis and provision for obsolescence is made if there is any change in usage pattern and physical form of stores, spare parts and loose tools.

### Employees' benefits

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligations. Changes in these assumptions in future years may affect the liability under these schemes in those years.

### Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the consolidated statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

### Contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on the judgment and the advice of the tax advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the consolidated statement of financial position date.

### d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 October 2020:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
- International Accounting Standards Board's revised Conceptual Framework - March 2018
- IFRS 3 (Amendments) 'Business Combinations';
- IFRS 16 (Amendments) 'Leases';
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

The amendments listed above do not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

**e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Group**

There are amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 October 2020 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

**f) Amendments to published approved accounting standards that are not yet effective but relevant to the Group**

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 October 2021 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

Following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to de-recognize a financial liability.

IFRS 16 'Leases' - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 'Agriculture' - the amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgment') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in its financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

COVID-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The IASB has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements are likely to have no significant impact on these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Group

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 October 2021 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

## 2.2 Consolidation

Subsidiary is the entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary is consolidated from the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases.

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

Intragroup balances and transactions are eliminated.

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

## 2.3 Revenue from contracts with customers

### i) Revenue recognition

#### Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

#### Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### Rent

Revenue is recognized when rent is accrued.

#### Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

#### Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

### ii) Contract assets

Contract assets arise when the Group performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## iii) Contract liabilities

Contract liability is the obligation of the Group to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract.

## iv) Refund liabilities

Refund liabilities are recognized where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances.

## v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

## 2.4 Intangible asset and amortization

Intangible asset represents the cost of computer software acquired and is stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to the consolidated statement of profit or loss on straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization is charged from the month in which the asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed of. Intangible asset is amortized over a period of five years.

The Group assesses at each reporting date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such asset is reviewed to assess whether it is recorded in excess of its recoverable amount. When carrying value exceeds the respective recoverable amount, asset is written down to its recoverable amount and resulting impairment is recognized in the consolidated statement of profit or loss. When an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

## 2.5 Leases

The Group assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets, if any. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received and any initial direct costs incurred.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are recognized as expense on a straight-line basis over the lease term.

## Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which these are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to consolidated statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

## 2.6 Financial instruments

### i) Recognition of financial instruments

The Group initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

### ii) Classification and measurement of financial instruments

#### Investments and other financial assets

##### a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### *b) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into following measurement category:

##### *Amortized cost*

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

#### *Equity instruments*

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3). The Group classifies its equity instruments into following measurement category:

##### *Fair Value Through Other Comprehensive Income (FVTOCI)*

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value. Dividend from such investments is recognized in consolidated statement of profit or loss as other income when the Group's right to receive payments is established.

#### *Financial liabilities*

##### *Classification and measurement*

Financial liabilities are classified at amortized cost. These are also subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## iii) Impairment of financial assets

The Group recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

At each reporting date, the Group assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

## iv) De-recognition of financial assets and financial liabilities

### Financial assets

The Group de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### Financial liabilities

The Group de-recognizes a financial liability (or a part of financial liability) from its consolidated statement of financial position when the obligation specified in the contract is discharged or cancelled or expired. Any gain or loss on de-recognition is included in profit or loss.

### v) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legal enforceable right to set off and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

## 2.7 Taxation

### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to other comprehensive income or directly in equity, in which case it is included in other comprehensive income or directly in equity, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 2.8 Property, plant and equipment

Property, plant and equipment except freehold land, building, plant and machinery are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Building, plant and machinery are stated at revalued amount less accumulated depreciation and any identified impairment loss. Cost of the property, plant and equipment consists of historical cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated statement of profit or loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'accumulated loss'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which these are incurred.

Capital work-in-progress is stated at cost less any identified impairment loss. It consists of all expenditure and advances connected with specific assets incurred and made during installation and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

### Depreciation

Depreciation on property, plant and equipment is charged to consolidated statement of statement of profit or loss on the reducing balance method so as to write off the cost of an asset over its estimated useful life at the annual rates given in Note 15.1 after taking into account the impact of their residual values, if considered significant. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed of.

### De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the consolidated statement of profit or loss.

## 2.10 Biological assets

Biological assets comprise of standing crops and livestock. These are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognized in the consolidated statement of profit or loss. The fair value of standing crops is based on the support price fixed by the Government and other factors such as estimated crop yield and area under cultivation. The fair value of livestock is estimated on the basis of market prices of livestock of similar age, breed and genetic merit. Point-of-sale costs include all costs that are necessary to sell the assets, excluding costs necessary to get the assets to the market.

## 2.11 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

### Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon up to the reporting date. Provision is made in the consolidated financial statements for obsolete and slow moving stores and spares based on management's estimate as a result of changes in usage pattern and physical form.

### Stock-in-trade

Stock of raw materials is valued at the weighted average cost. Cost of work-in-process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads. Cost of own produced molasses, a by-product, is determined on the basis of monthly average cost of molasses purchased from third parties in the relevant months when molasses is produced. Cost of stillage, a by-product of the Effluent Treatment Plant, used in the generation of electricity by the Power division is valued at Nil as it does not have any market value.

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon up to the reporting date. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to be incurred in order to make a sale.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 2.12 Trade and other receivables

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

## 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

## 2.14 Ijarah contracts

Under the Ijarah contracts, the Group obtains usufruct of an asset for an agreed period and consideration. The Group accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Group as a Mustaj'ir (lessee) in the Ijarah contract recognizes the Ujrah (lease) payments as an expense in the consolidated statement of profit or loss on straight line basis over the Ijarah term.

## 2.15 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

## 2.16 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. These are subsequently measured at amortized cost using the effective interest method.

## 2.17 Government grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

## 2.18 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

## 2.19 Provisions

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

## 2.20 Functional and presentation currency along with foreign currency transactions and translation

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in consolidated statement of profit or loss. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

## 2.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in consolidated statement of profit or loss in the period in which these are incurred.

## 2.22 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

## 2.23 Contingent assets

Contingent assets are disclosed when the Group has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized until their realization becomes certain.

## 2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors of the Group that makes strategic decisions.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. The Group has six reportable business segments: Sugar, Biofuel, Dairy, Juice, Textile and Farms.

## 2.25 Earnings / (Loss) Per Share (EPS / LPS)

The Group presents EPS / LPS data for its ordinary shares. Basic EPS / LPS is calculated by dividing the profit or loss for the year by weighted average number of ordinary shares outstanding during the year.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 2.26 Employees' benefits

### Defined benefit plans

The main feature of the schemes operated by the Group for its employees are as follows:

The Holding Company operates a funded gratuity scheme as a defined benefit plan for its permanent employees and also funded defined benefit pension plan. All permanent employees who are in the management cadre of the Holding Company participate in these plans subject to a minimum qualifying period of service according to the terms of employment. Monthly contributions are made to these funds on the basis of actuarial recommendation at the rate of 20% per annum of basic salary for pension and 8.33% per annum of basic salary for gratuity. Actuarial valuation using projected unit credit method for the schemes was carried out as at 30 September 2021. The main features of defined benefit schemes are mentioned in Note 8.2.1 and Note 8.2.2.

The Holding Company's net obligation in respect of these defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Holding Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liabilities, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Holding Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in profit or loss.

When the benefits of plans are changed or when plans are curtailed, the resulting change in benefits that relate to past service or the gain or loss on curtailment are recognized immediately in profit or loss. The Holding Company recognizes gains and losses on the settlement of defined benefit plans when the settlement occurs.

The Subsidiary Company operates an unfunded gratuity scheme covering all permanent employees. Qualifying period for permanent employees is one year of continuous service. Provision is made in the consolidated financial statements on the basis of actuarial recommendations. The latest actuarial valuation was carried out as at 30 September 2021. The conditions and policies are the same as of the Holding Company.

### Defined contribution plan

There is an approved contributory provident fund for all employees of Holding Company. Equal monthly contributions are made both by the employees and the Holding Company at the rate of 8.33 percent of basic salary to the fund in accordance with the fund rules. The Holding Company's contributions are charged to consolidated statement of profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## Accumulating compensated absences

The Subsidiary Company provides leave encashment benefit to its employees. Employees are entitled to receive 14 days leaves per annum. The un-utilized leaves are accumulated subject to a maximum of 28 days. The unutilized accumulated leaves are encashed at the time of leaving the service.

Provisions are made at each reporting date by Subsidiary Company to cover the obligation for accumulating compensated absences and are charged to consolidated statement of profit or loss. Provision is made in the consolidated financial statements on the basis of actuarial recommendations. The latest actuarial valuation was carried out as at 30 September 2021.

## 2.27 Dividend and other appropriations

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the periods in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

## 2.28 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. These are stated at the lower of carrying amount and fair value less costs to sell.

## 3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	2021 Number of shares	2020		2021 Rupees in thousand	2020
	79,021,000	79,021,000	Ordinary shares of Rupees 10 each fully paid in cash	790,210	790,210
	33,131,816	33,131,816	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	331,318	331,318
	12,847,184	12,847,184	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	128,472	128,472
	125 000 000	125 000 000		1,250,000	1,250,000

## 3.1 Ordinary shares of the Holding Company held by related parties:

	2021 Number of shares	2020
Crescent Steel and Allied Products Limited	27 409 075	27 409 075
The Crescent Textile Mills Limited	9 019 690	9 019 690
CS Capital (Private) Limited	7 602 272	7 602 272
Premier Insurance Limited	5 000	5 000
Shakarganj Mills Limited Employees' Provident Fund Trust	1 375 427	1 375 427
Shakarganj Mills Limited Gratuity Fund	107 876	107 876
Shakarganj Mills Limited Pension Fund	916 582	916 582
	46 435 922	46 435 922

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>4. CAPITAL RESERVES</b>			
Surplus on revaluation of property, plant and equipment - net of deferred income tax (Note 4.1)		11,955,684	6,600,793
Other capital reserves			
Premium on issue of right shares	4.2	1,056,373	1,056,373
Musharakah financing - equity portion		72,523	72,523
Fair value reserve of investments at fair value through other comprehensive income	4.3	(11,021)	(7,898)
Difference of capital under scheme of arrangement of merger		155,930	155,930
		1,273,805	1,276,928
		13,229,489	7,877,721
<b>4.1 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX</b>			
As at 01 October		6,600,793	6,894,890
Add:			
Impact of change in deferred tax rate		-	48,397
Net surplus arising on revaluation during the year - net of deferred income tax		5,911,609	-
		12,512,402	6,943,287
Less:			
Impact of change in deferred tax rate		(123,543)	-
Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred income tax		(271,090)	(339,053)
Surplus on revaluation of property, plant and equipment disposed of during the year - net of deferred income tax		(162,085)	(3,441)
		(556,718)	(342,494)
As at 30 September		11,955,684	6,600,793
<b>4.1.1</b>	The latest valuation of land, building, plant and machinery was carried out by independent valuers Hamid Mukhtar and Company (Private) Limited and Messer Surval on 30 September 2021 and 30 September 2019 respectively. The valuations was determined by reference to market value of the similar properties / assets. Previously revaluations were carried out on 30 September 2012, 30 September 2014, 09 April 2018 and 27 September 2018 by independent valuers.		
<b>4.2</b>	This reserve can be utilized by the Holding Company only for the purposes specified in section 81 of the Companies Act, 2017.		
<b>4.3</b>	This represents the unrealized loss on remeasurement of investments at fair value through other comprehensive income. Reconciliation of fair value reserve is as under:		
Balance as on 01 October		(7,898)	(13,311)
Fair value adjustment during the year		(3,123)	5,413
Balance as on 30 September		(11,021)	(7,898)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>5. REVENUE RESERVES</b>			
General		516,306	410,606
Dividend equalization	5.1	-	22,700
Equity investment market value equalization	5.1	-	83,000
		<b>516,306</b>	<b>516,306</b>

**5.1** Dividend equalization reserve and equity investment market value equalization reserve were transferred to general reserve as decided by the management in the meeting of Board of Directors of the Holding Company dated 04 January 2021.

### 6. LONG TERM FINANCING

#### From banking companies - secured

Long term loans	6.1	410,105	456,919
Diminishing musharakah	6.2	667,500	716,250
Musharakah financing	6.3	199,097	173,711
		<b>1,276,702</b>	<b>1,346,880</b>
Less: Current portion shown under current liabilities	13	642,605	279,474
		<b>634,097</b>	<b>1,067,406</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 6.1 Long term loans

LENDER	2021	2020	RATE OF INTEREST PER ANNUM	EFFECTIVE RATE OF INTEREST	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
Rupees in thousand								
<b>Shakarganj Limited - Holding Company</b>								
National Bank of Pakistan	58,622	78,163	3 Month KIBOR + 1%	8.25% - 8.59%	Sixteen equal quarterly installments commenced on 31 March 2017 and ending on 31 December 2021 including deferment of one year	Quarterly	Quarterly	First joint pari passu charge of 182.378 million over entire present and future fixed assets of the Company with 25% margin and personal guarantees of Chief Executive Officer and one Director of the Company.
National Bank of Pakistan	106,250	168,750	3 Month KIBOR + 3%	10.25% - 10.59%	Seven quarterly installments commenced on 31 October 2019 and ending on 30 April 2022 including deferment of one year	Quarterly	Quarterly	First joint pari passu charge of Rupees 306.667 million over present and future fixed assets of the Company with 25% margin and personal guarantee of Chief Executive Officer and one Director of the Company. It is also secured through pledge of 6 387 000 number of shares of Crescent Steel and Allied Products Limited.
First Credit and Investment Bank Limited	45,000	56,250	3 Month KIBOR + 35%	10.76% - 10.98%	Six equal quarterly installments commenced on 07 March 2020 and ending on 07 June 2022 including deferment of one year	Quarterly	Quarterly	Ranking hypothecation charge over present and future assets of the Company with 25% margin excluding land and building plus against pledge of shares from KSE 100 index acceptable to the Bank at market value with 35% margin and personal guarantee of Chief Executive Officer and one Director of the Company.
MCB Bank Limited - Loan under SBP Refinance Scheme (Note 6.1.1)	100,099	153,756	SBP rate + 3%	3%	Eight equal quarterly installments commenced on 01 January 2021 and ending on 30 September 2022.	-	Quarterly	First joint pari passu charge over present and future fixed assets of Rupees 1,000 million, first pari passu charge of Rupees 551 million over stocks, ranking charge of Rupees 200 million on fixed assets, first pari passu charge on plant and machinery of Rupees 250 million, ranking charge of Rupees 200 million on current assets of the Company and personal guarantee of Chief Executive Officer and one Director of the Company.
MCB Bank Limited - Loan under SBP Refinance Scheme (Note 6.1.2)	100,134	-	SBP rate + 3%	3%	Eight equal quarterly installments commenced on 01 January 2021 and ending on 30 September 2022.	-	Quarterly	
	410,105	456,919						

**6.1.1** This facility aggregating to Rupees 165.606 million was obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 10.25% per annum.

**6.1.2** This facility aggregating to Rupees 165.700 million is obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 10.30% per annum.

## 6.2 Diminishing musharakah

### Shakarganj Food Products Limited - Subsidiary Company

Sindh Modaraba Management Limited (SMML)(Note 6.2.1)	87,500	100,000	6 Month KIBOR + 35%	10.80%-11.15%	Sixteen equal quarterly installments commenced on 11 June 2021 and ending on 11 March 2026	Semi annually	Quarterly	Post dated cheques and a title of the assets in the name of SMML for entire facility period.
Diminishing Musharaka Sukuk (Note 6.2.2)	580,000	616,250	3 Month KIBOR + 1.75%	8.61%-9.25%	Twenty equal quarterly installments commenced on 10 October 2019 and ending on 10 July 2025 including deferment of one year.	Quarterly	Quarterly	First pari passu charge over fixed assets of the Company amounting to Rupees 967 million.
	667,500	716,250						

**6.2.1** The Company is in breach of covenant of current ratio. The management does not have unconditional right to defer the settlement of this loan for at least twelve months after the reporting date, resultantly, considering the requirements of IAS 1, 'Presentation of Financial Statements', the management has classified the whole loan as current; including Rupees 62.500 million which would otherwise be classified as non-current. On the basis of past practice, the management expects to pay these loans in accordance with original loan schedules, despite presentation of loans in current liabilities.

**6.2.2** This represents rated and privately placed Diminishing Musharakah Sukuk Certificates of Rupees 725 million issued in 2018.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>6.3</b>	<b>Musharakah financing</b>		
	<b>Shakarganj Food Products Limited - Subsidiary Company</b>		
Balance as at 01 October		173,711	151,562
Add: Unwinding of discount	35	25,386	22,149
Balance as at 30 September		199,097	173,711
<b>6.3.1</b>	This represents musharakah financing facility amounting to Rupees 280 million obtained from BankIslami Pakistan Limited, a related party on 01 April 2019 for a period of five years. To secure the musharakah facility, the Subsidiary Company has provided an Equity Warrant Option to Bank under which Bank may opt for conversion of its musharakah finance claim, either wholly or partially, into ordinary shares of the Subsidiary Company at a fixed price of Rupees 15 per share, subject to necessary approval from its regulator. The facility has been treated as a compound financial instrument with the debt instrument being measured first using an effective rate of 14.12% per annum while the remainder has been classified as equity portion as given above. In subsequent years, mark-up expense shall be recognized through consolidated statement of profit or loss by using the same rate of interest, and equivalent amount shall be reinstated to the loan through unwinding of discount.		
<b>7.</b>	<b>LEASE LIABILITIES</b>		
Total lease liabilities	7.1	781,727	799,654
Less: Current portion shown under current liabilities	13	247,149	160,473
		534,578	639,181
<b>7.1</b>	<b>Reconciliation of lease liabilities</b>		
Balance as at 01 October		799,654	-
Add:			
Adjustment on adoption of IFRS 16		-	1,077,961
Additions during the year		179,983	29,996
Accretion of interest on lease liabilities	35	80,025	78,922
		1,059,662	1,186,879
Less: Payments during the year		277,935	387,225
Balance as at 30 September		781,727	799,654
Less: Current portion shown under current liabilities		247,149	160,473
Non-current portion		534,578	639,181

- 7.1.1** The value of minimum lease payments were discounted using implicit interest rate ranged from 8.50 percent to 17.40 percent (2020: 8.50 percent to 17.40 percent) per annum. These arrangements relate to Tetra Pak processing and filling machines and corresponding liability of head office building classified as right-of-use asset. Repayment period ranges from 36 to 60 months.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

7.2 Minimum lease payments and their present values are regrouped as under:

	2021		2020	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
	-----Rupees in thousand-----			
Lease rentals	317,491	600,705	224,153	756,205
Less: Finance cost for future years	70,342	66,127	63,680	117,024
Present value of lease liabilities	247,149	534,578	160,473	639,181

	NOTE	2021 Rupees in thousand	2020 Rupees in thousand
<b>8. DEFERRED LIABILITIES</b>			
Deferred income	8.1	20,707	25,216
Employees' benefits	8.2	555,251	440,701
		575,958	465,917

		2021 (RUPEES IN THOUSAND)	2020 (RUPEES IN THOUSAND)
<b>8.1 DEFERRED INCOME</b>			
Government grant	8.1.1	6,833	11,850
Others (Note 8.1.2)		20,707	21,811
		27,540	33,661
Less: Current portion shown under current liabilities	13	6,833	8,445
		20,707	25,216

<b>8.1.1 Government grant</b>			
Opening balance as on 01 October		11,850	-
Recognized during the year		11,202	15,797
Amortized during the year	34	(16,219)	(3,947)
		6,833	11,850

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

**8.1.1.1** The State Bank of Pakistan (SBP), through its IH&SMEFD Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns (the Refinance Scheme). The Refinance Scheme is funded by SBP. Borrowers can obtain loans from the Banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance' the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Holding Company has obtained this loan as disclosed in Note 6.1.1 and Note 6.1.2 to these consolidated financial statements. In accordance with IFRS 9 'Financial Instruments', loan obtained under the Refinance Scheme was initially recognized at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the consolidated statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

	NOTE	2021 Rupees in thousand	2020
<b>8.1.2 Others</b>			
Grants received - gross		30,186	30,186
Less: Amortization			
Opening balance		8,375	7,209
Charged during the year	34	1,104	1,166
Closing balance		9,479	8,375
		<u>20,707</u>	<u>21,811</u>

**8.1.2.1** This represents the grants received by Subsidiary Company in 2014 from United States Agency for International Development (USAID) amounting to Rupees 8.527 million and from Market Development Facility (MDF), Australia amounting to Rupees 21.659 million from 2014-2017. These grants were provided in order to support the Subsidiary Company for the purchase and installation of Farm Cooling Tanks (FCTs) at different locations of milk collections, purchase of motor bikes and training of farmers for dairy farming development.

## 8.2 EMPLOYEES' BENEFITS

### Shakarganj Limited - Holding Company

Pension fund	8.2.1	204,941	132,896
Gratuity fund	8.2.2	14,171	27,607

### Shakarganj Food Products Limited - Subsidiary Company

Staff retirement gratuity	8.2.3	307,149	255,679
Accumulating compensated absences	8.2.4	28,990	24,519
		<u>555,251</u>	<u>440,701</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>8.2.1 Pension fund</b>			
The amount recognized in the consolidated statement of financial position is determined as follows:			
Present value of defined benefit obligation	8.2.1.1	500,076	511,634
Fair value of plan assets	8.2.1.2	(295,135)	(378,738)
Net defined benefit obligation		204,941	132,896
<b>8.2.1.1</b>	The movement in the defined benefit obligation over the year is as follows:		
Present value of defined benefit obligation as at 01 October		511,634	401,271
Current service cost		24,971	18,917
Interest cost		52,467	50,599
Remeasurement (gains) / losses		(65,099)	64,950
Benefits paid during the year		(23,897)	(24,103)
Present value of defined benefit obligation as at 30 September		500,076	511,634
<b>8.2.1.2</b>	The movement in the fair value of plan assets for the year is as follows:		
Fair value as at 01 October		378,738	428,493
Return on plan assets		39,536	55,399
Contributions during the year		19,492	19,405
Benefits paid during the year		(23,897)	(24,103)
Return on plan assets excluding interest income		(118,734)	(100,456)
Fair value as at 30 September		295,135	378,738
<b>8.2.1.3</b>	The amounts recognized in the consolidated statement of profit or loss are as follows:		
Current service cost		24,971	18,917
Interest cost		52,467	50,599
Expected return on plan assets		(39,536)	(55,399)
Net charge for the year		37,902	14,117
<b>8.2.1.4</b>	The amounts recognized in the consolidated statement of profit or loss are classified as follows:		
Cost of sales	30.2	23,923	4,531
Distribution cost	31.2	235	487
Administrative expenses	32.1	13,590	8,845
Other expenses	33.1	154	254
		37,902	14,117

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 Rupees in thousand	2020
<b>8.2.15</b> Remeasurements of net defined benefit liability		
Actuarial (gains) / losses due to experience adjustments	(65,099)	64,950
Return on plan assets excluding interest income	118,734	100,456
Amount chargeable to other comprehensive income	53,635	165,406
<b>8.2.16</b> Reconciliation of net defined benefit liability		
As at 01 October	132,896	(27,222)
Expense chargeable to profit or loss during the year	37,902	14,117
Amount chargeable to other comprehensive income during the year	53,635	165,406
Contributions paid by the Company during the year	(19,492)	(19,405)
As at 30 September	204,941	132,896
<b>8.2.17</b> The estimated expenses to be charged to the consolidated statement of profit or loss for the year ending on 30 September 2022 are Rupees 45.659 million.		
<b>8.2.18</b> Actual return on plan assets		
Interest income for the year	39,536	55,399
Return on plan assets excluding interest income	(118,734)	(100,456)
	(79,198)	(45,057)
<b>8.2.19</b> The principal actuarial assumptions used were as follows:		
	2021	2020
Discount rate (per annum)	11.00%	10.50%
Future salary increases (per annum)	10.00%	9.50%
Expected rate of future pension increases (per annum)	6.00%	5.50%
Average expected remaining working life time of employees	10 years	10 years
Expected average duration of obligation	18 Years	19 years
Expected mortality rate	SLIC (2001-05) mortality table	
	2021 Rupees in thousand	2020
<b>8.2.110</b> Plan assets are comprised as follows:		
Equity instruments	259,143	307,054
Cash and cash equivalents	87,697	135,379
Others - net	(51,705)	(63,695)
	295,135	378,738
<b>8.2.111</b> The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021	2020
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(82,009)	(51,631)
Decrease in assumption (Rupees in thousand)	98,081	62,777
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	52,326	21,790
Decrease in assumption (Rupees in thousand)	(47,364)	(19,122)

## 8.2.2 Gratuity fund

The amount recognized in the consolidated statement of financial position is determined as follows:

	NOTE	2021 Rupees in thousand	2020
Present value of defined benefit obligations	8.2.2.1	104,506	111,375
Fair value of plan assets	8.2.2.2	(90,335)	(83,768)
Net defined benefit obligation		14,171	27,607
<b>8.2.2.1</b> The movement in the defined benefit obligation over the year is as follows:			
Present value of defined benefit obligation as at 01 October		111,375	67,775
Current service cost		6,873	8,428
Interest cost		10,800	8,811
Benefits paid during the year		(1,222)	-
Remeasurement (gains) / losses		(23,320)	26,361
Present value of defined benefit obligation as at 30 September		104,506	111,375
<b>8.2.2.2</b> The movement in the fair value of plan assets for the year is as follows:			
Fair value as at 01 October		83,768	79,549
Contributions during the year		9,801	9,042
Return on plan assets		8,586	10,929
Benefits paid during the year		(1,222)	-
Return on plan assets excluding interest income		(10,598)	(15,752)
Fair value as at 30 September		90,335	83,768
<b>8.2.2.3</b> The amounts recognized in the consolidated statement of profit or loss are as follows:			
Current service cost		6,873	8,428
Interest cost		10,800	8,811
Expected return on plan assets		(8,586)	(10,929)
Net charge for the year		9,087	6,310

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>8.2.2.4</b>	The amounts recognized were included in the consolidated statement of profit or loss as follows:		
	Cost of sales	5,744	2,530
	Administrative expenses	3,256	3,679
	Distribution cost	56	-
	Other expenses	31	101
		9,087	6,310
<b>8.2.2.5</b>	Remeasurements of net defined benefit liability		
	Actuarial (gains) / losses due to experience adjustments	(23,320)	26,361
	Return on plan assets excluding interest income	10,598	15,752
	Amount chargeable to other comprehensive income	(12,722)	42,113
<b>8.2.2.6</b>	The estimated expenses to be charged to the consolidated statement of profit or loss for the year ending on 30 September 2022 are Rupees 9.823 million.		
<b>8.2.2.7</b>	Reconciliation of net defined benefit liability		
	As at 01 October	27,607	(11,774)
	Expense chargeable to profit or loss during the year	9,087	6,310
	Amount chargeable to other comprehensive income during the year	(12,722)	42,113
	Contributions paid by the Company during the year	(9,801)	(9,042)
	As at 30 September	14,171	27,607
<b>8.2.2.8</b>	Actual return on plan assets		
	Interest income for the year	8,586	10,929
	Return on plan assets excluding interest income	(10,598)	(15,752)
		(2,012)	(4,823)
<b>8.2.2.9</b>	The principal actuarial assumptions used were as follows:	2021	2020
	Discount rate	10.50%	9.75%
	Future salary increases	9.50%	8.75%
	Average expected remaining working life time of employees	9 years	9 years
	Expected average duration of benefit obligation	8 years	9 years
	Expected mortality rate	SLIC (2001-05) mortality table	
<b>8.2.2.10</b>	Plan assets are comprised as follows:	2021 Rupees in thousand	2020
	Equity instruments	23,276	26,041
	Cash and cash equivalents	67,356	67,362
	Others - net	(297)	(9,635)
		90,335	83,768

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

**8.2.2.11** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2021	2020
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(8,439)	(7,998)
Decrease in assumption (Rupees in thousand)	9,183	9,178
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	9,180	9,178
Decrease in assumption (Rupees in thousand)	(8,440)	(8,137)

## **8.2.2.12** Risks associated with pension fund and gratuity fund

The pension fund and gratuity fund expose the Company to the following risks:

### Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bonds yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted. A decrease in bond interest rate will increase the liability, and vice versa.

### Salary risk

The present value of the defined benefit liability is calculated by reference to the future salaries of the plan participants. As such an increase in the salary of the plan participants will increase the liability and vice versa.

### Pension rate risk

The present value of the defined benefit liability is calculated after taking into account the future pension growth of plan participants. As such, an increase in the pension growth rate of the plan participants will increase the liability and vice versa.

### Withdrawal rate risk

The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase / decrease the liability and vice versa depending on the age-service distribution of the existing employees.

### Mortality rate risk

The present value of the defined benefit liability is calculated by reference to the best estimated of the mortality of plan participants during employment. An improvement in the mortality rate of the participants may increase / decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 8.2.3 Staff retirement gratuity

8.2.3.1 The amount recognized in the consolidated statement of financial position is as follows:

	NOTE	2021 Rupees in thousand	2020
Present value of defined benefit obligation as at 01 October		255,679	222,044
Current service cost		38,226	40,402
Interest cost		23,580	26,250
Benefit paid during the year		(19,571)	(15,998)
Remeasurements losses / (gains)		9,235	(17,019)
Present value of defined benefit obligation as at 30 September		307,149	255,679

8.2.3.2 The amounts recognized in the consolidated statement of profit or loss are as follows:

Current service cost		38,226	40,402
Interest cost		23,580	26,250
Charge for the year		61,806	66,652

8.2.3.3 The amounts recognized in the consolidated statement of profit or loss are classified as follows:

Cost of sales	30.2	28,503	25,598
Distribution cost	31.2	29,278	27,910
Administrative expenses	32.1	4,025	13,144
		61,806	66,652

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 Rupees in thousand	2020
<b>8.2.3.4</b> Reconciliation of net defined benefit liability		
As at 01 October	255,679	222,044
Expense chargeable to profit or loss during the year	61,806	66,652
Amount chargeable to other comprehensive income during the year	9,235	(17,019)
Benefit paid by the Company during the year	(19,571)	(15,998)
As at 30 September	307,149	255,679

<b>8.2.3.5</b> The principal actuarial assumptions used were as follows:	2021	2020
Future salary increases	9.50%	8.75%
Discount rate	10.50%	9.75%
Expected average duration of defined benefit obligation	9 years	9 years

**8.2.3.6** The estimated expenses to be charged to the consolidated statement of profit or loss for the year ending on 30 September 2022 are Rupees 71.99 million.

**8.2.3.7** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(24,696)	(20,558)
Decrease in assumption (Rupees in thousand)	29,056	24,187
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	29,056	24,187
Decrease in assumption (Rupees in thousand)	(25,115)	(20,906)

## **8.2.4** Accumulating compensated absences

**8.2.4.1** The amount recognized in the consolidated statement of financial position is as follows:

	2021 Rupees in thousand	2020
Present value of defined benefit obligation as at 01 October	24,519	24,378
Current service cost	1,909	1,957
Interest cost	2,272	2,926
Benefit paid during the year	(2,443)	(1,938)
Remeasurement losses / (gains)	2,733	(2,804)
Present value of defined benefit obligation as at 30 September	28,990	24,519

**8.2.4.2** The amounts recognized in the consolidated statement of profit or loss are as follows:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
Current service cost		1,909	1,957
Interest cost		2,272	2,926
Re-measurement losses / (gains)		2,733	(2,804)
Charge for the year		6,914	2,079
<b>8.2.4.3</b> The amounts recognized were included in the consolidated statement of profit or loss as follows:			
Cost of sales	30.2	2,366	116
Distribution cost	31.2	3,986	1,601
Administrative expenses	32.1	562	362
		6,914	2,079
<b>8.2.4.4</b> Reconciliation of net defined benefit liability			
As at 01 October		24,519	24,378
Expense / remeasurement chargeable to profit or loss during the year		6,914	2,079
Benefit paid by the Company during the year		(2,443)	(1,938)
As at 30 September		28,990	24,519
<b>8.2.4.5</b> The principal actuarial assumptions used were as follows:			
Future salary increases		9.50%	8.75%
Discount rate		10.50%	9.75%
Expected average duration of benefit obligation		10 years	10 years



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

**8.2.4.6** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(2,619)	(2,215)
Decrease in assumption (Rupees in thousand)	3,114	2,634
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	3,059	2,587
Decrease in assumption (Rupees in thousand)	(2,613)	(2,210)

## **8.2.4.7 Risks associated with staff retirement gratuity and accumulating compensated absences**

The staff retirement gratuity and accumulating compensated absences expose the Company to the following risks:

### **- Salary increase / inflation risk**

The liabilities of the defined benefit plans are sensitive to the salary increases.

### **- Discount rate risk**

The risk of changes in discount rate may have an impact on the plan's liability.

### **- Mortality risk**

Actual mortality experience may be different than that assumed in the calculation.

### **- Withdrawal risk**

Actual withdrawals experience may be different from that assumed in the calculation.

**8.2.5** The sensitivity analysis for pension fund, gratuity fund, staff retirement gratuity and accumulating compensated absences are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to previous year except for certain changes as given in Note 8.2.1.9, Note 8.2.2.9, Note 8.2.3.5 and Note 8.2.4.5 to these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021 Rupees in thousand	2020
9.	<b>DEFERRED INCOME TAX LIABILITY</b>		
	<b>Taxable temporary differences</b>		
	Accelerated tax depreciation	1,330,655	1,274,209
	Surplus on revaluation of property, plant and equipment	3,034,128	1,311,646
		4,364,783	2,585,855
	<b>Deductible temporary differences</b>		
	Unused tax losses, minimum tax and alternate corporate tax	(1,590,219)	(1,868,741)
	Provision for doubtful receivables	(25,537)	(5,591)
	Provision for obsolete stores, spare parts and loose tools	(672)	(611)
	Deferred and unpaid liabilities	(87,693)	(56,670)
		(1,704,121)	(1,931,613)
		2,660,662	654,242

	NOTE	2021 Rupees in thousand	2020	
9.1	As at 01 October	654,242	1,496,490	
	Accelerated tax depreciation	56,446	155,308	
	Surplus on revaluation of property, plant and equipment	1,722,482	(155,312)	
	Unused tax losses, minimum tax and alternate corporate tax	278,522	(791,479)	
	Provision for doubtful receivables	(19,946)	(5,591)	
	Provision for obsolete stores, spare parts and loose tools	(61)	(611)	
	Deferred and unpaid liabilities	(31,023)	(44,563)	
		2,006,420	(842,248)	
	As at 30 September	2,660,662	654,242	
9.1.1	Charged to the consolidated statement of profit or loss:			
	Net movement of temporary differences	9.1	2,006,420	(842,248)
	- on surplus on revaluation of property, plant and equipment	(1,836,873)	48,397	
	- on remeasurement of employees' benefits	12,433	44,964	
		(1,824,440)	93,361	
		181,980	(748,887)	

**9.1.2** Deferred income tax asset on unused tax losses of the Holding Company available for carry forward are recognized to the extent that the realization of related tax benefits through future taxable profits is probable. The Holding Company has not recognized deferred income tax asset on Rupees 8,739.877 million (2020: Rupees 5,017.307 million) in respect of tax losses, as sufficient tax profits may not be available to set off these in the foreseeable future. Total minimum tax available to carry forward under section 113 of the Income Tax Ordinance, 2001 as at 30 September 2021 is of Rupees 1,323.467 million (2020: Rupees 987.731 million), while deferred tax is created on Rupees 889.717 million (2020: Rupees 651.249 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

9.1.3 The unused tax losses would expire as follows:

Accounting year to which the unused tax losses relates	Amount of unused tax losses	Accounting year in which unused tax losses will expire
Rupees in thousand		
2015	391,002	2021
2017	1,274,929	2023
2018	1,018,549	2024
2019	721,455	2025
2020	545,983	2026
2021	716,286	2027
	<u>4,668,204</u>	

9.1.4 The minimum tax would expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
Rupees in thousand		
2016	37,518	2021
2017	92,747	2022
2018	207,437	2023
2019	322,493	2024
2020	327,536	2025
2021	335,736	2026
	<u>1,323,467</u>	

9.1.5 The alternate corporate tax of Rupees 48.288 million would expire in 2025.

	NOTE	2021 Rupees in thousand	2020
<b>10. TRADE AND OTHER PAYABLES</b>			
Creditors		4,446,948	4,957,808
Advances for sale of property, plant and equipment		373,198	297,915
Contract liabilities - unsecured		1,331,430	864,256
Payable to related parties		37,325	66,031
Security deposits - interest free	10.1	803	1,680
Accrued liabilities		579,429	429,185
Payable to Government authorities:			
- Taxes and duties		805,928	548,985
- Income tax deducted at source		162,795	75,216
- Others		10,021	-
Workers' profit participation fund	10.2	199,897	172,744
Workers' welfare fund		-	2,859
Payable to Employees' Provident Fund Trust		2,851	2,804
Payable to Pension Fund and Gratuity Fund		72,146	63,339
Other payables		200,800	74,949
		<u>8,223,571</u>	<u>7,557,771</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

10.1 These deposits are being utilized for the purpose of business and payable on completion of contracts.

	NOTE	2021 Rupees in thousand	2020
<b>10.2 Workers' profit participation fund</b>			
Balance as on 01 October		172,744	154,271
Interest for the year	35	11,329	18,597
Provision for the year	33	15,824	-
		199,897	172,868
Less: Payments during the year		-	124
Balance as on 30 September		199,897	172,744

10.2.1 Interest is accrued at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized till the date of allocation to workers.

	NOTE	2021 Rupees in thousand	2020
<b>11. SHORT TERM BORROWINGS</b>			
<b>Shakarganj Limited - Holding Company</b>			
<b>From banking companies - secured</b>			
- Cash finance	11.1	-	468,100
- Export refinance / Istisna	11.2	935,000	935,000
<b>Others - unsecured</b>			
Short term interest free finance	11.3	-	12,598
		935,000	1,415,698
<b>Shakarganj Food Products Limited - Subsidiary Company</b>			
<b>From banking companies - secured</b>			
- Running finances / Istisna	11.4	349,194	349,194
		1,284,194	1,764,892

## 11.1 Cash finance

The Company has arranged this short term finance facility from MCB Bank Limited to meet working capital requirements to the extent of Rupees 525 million (2020: Rupees 725 million). During the year whole of the facility has been repaid. Mark-up ranged from 9.26% to 9.38% (2020: 9.03% to 15.65%) per annum on the outstanding balance or part thereof. Expiry date of this facility was 30 September 2021 which has been extended till 31 December 2021.

It is secured against exclusive charge of Rupees 1,177 million over pledge stocks of sugar, molasses and biofuel along with first joint pari passu charge of Rupees 1,000 million over all present and future fixed assets of the Company.

## 11.2 Export refinance

The Company has arranged facilities for short term finances to meet working capital requirements from various banks under mark-up arrangements. These finances were available at mark-up ranging from 8.35% to 12.51% (2020: 3.00% to 16.35%) per annum on the outstanding balance or part thereof. These include Istisna of Rupees 425 million (2020: Rupees 425 million) payable to BankIslami Pakistan Limited, a related party. Expiry dates of these finances are upto 28 February 2022 except for the facility from National Bank of Pakistan which has been expired since 15 April 2021 and renewal is in process. However Rupees 510 million is outstanding against this facility.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Total credit facility against the export finances are of Rupees 934.300 million (2020: Rupees 2,800 million). The aggregate export finances are secured against ranking charge over fixed assets of the Company with 25% margin, ranking charge over current assets of the Company with 25% margin, pledge of molasses and biofuel, first joint pari passu charge over all present and future fixed assets of the Company and personal guarantees of Chief Executive Officer and a Director. These are additionally secured by pledge of shares of the Company and of other related parties.

## 11.3 Short term interest free finance

It represented unsecured short term interest free finance provided by a sugar agent for financing the operations of the Company which has been repaid during the year.

## 11.4 Running finances / Istisna

The Company has an Istisna Islamic running finance facility with BankIslami Pakistan Limited (BIPL), a related party of Rupees 200 million (2020: Rupees 200 million), running finance facilities from National Bank of Pakistan (NBP) and United Bank Limited (UBL) of Rupees 100 million (2020: Rupees 100 million) and Rupees 49.194 million (2020: Rupees 49.194 million) respectively. The facilities from BIPL, NBP and UBL have range of Rupees 200 million (2020: Rupees 200 million), Rupees 100 million (2020: Rupees 100 million) and Rupees 49.500 million (2020: Rupees 49.500 million) respectively. The mark-up rates on these facilities from BIPL, NBP and UBL were 6 Month KIBOR + 2% (2020: 6 Month KIBOR + 2 %) per annum, 3 Month KIBOR + 2% (2020: 3 Month KIBOR + 2%) per annum and deposit rate + 0.75% (deposit rate + 1%) to be charged monthly, respectively. The effective mark-up rates during the year for the facilities availed from BIPL, NBP and UBL ranged from 8.53% to 15.61% (2020: 14.23% to 15.64%) per annum, 9.25% to 9.58% (2020: 9.03% to 15.86%) per annum and 6.30% to 7.75% (2020: 7.73% to 13.50%) per annum respectively. The facility from BIPL is secured against first charge over fixed assets (land, building, plant and machinery) amounting to Rupees 286 million (inclusive of 30% safety margin) and ownership of Istisna assets. This facility was expired on 30 April 2021 but has been renewed subsequently. The facility from NBP is secured against first charge over present and future current assets of the Company amounting to Rupees 133.300 million (inclusive of 25% safety margin). Expiry date of this facility is 30 September 2021. Meanwhile the facility from UBL is secured by lien over Term Deposit Receipt of the Company maintained with UBL amounting to Rupees 55 million. This facility will expire on 30 November 2021.

	NOTE	2021 Rupees in thousand	2020
<b>12. ACCRUED MARK-UP</b>			
Long term financing		37,342	31,731
Lease liabilities		10,710	8,993
Short term borrowings	12.1	37,907	56,122
		<b>85,959</b>	<b>96,846</b>
<b>12.1</b>	This includes mark-up of Rupees 7.610 million (2020: Rupees 30.012 million) payable to BankIslami Pakistan Limited, a related party.		
<b>13. CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Long term financing	6	642,605	279,474
Lease liabilities	7	247,149	160,473
Deferred income - Government grant	8.1	6,833	8,445
		<b>896,587</b>	<b>448,392</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 14. CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- (i) The Government of Punjab under the powers conferred through the Punjab Excise Act, 1914 through notification No. SO. Tax (E&T) 3-4/2012 dated 03 July 2012, levied a duty of Rupees 2 per 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 Lahore High Court, Lahore. Keeping in view all the court proceedings and grounds discussed in various higher courts, Punjab Government, after due deliberations of the Provincial Cabinet of the Punjab Government, on 20 August 2019, through its notification no. SO(E&M)2-5/2018/ED withdrew the imposed duty of Rupees 2 per 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 Holding Company. In view of the aforesaid, the duty on manufacturing of spirit (biofuel) of Rupees 229.918 million (2020: Rupees 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 Rupees 12.999 million (2020: Rupees 12.999 million) to Messrs Industrial Enterprises for designing the boiler project to use only biogas as fuel with no option of burning bagasse. However, the boiler could not generate steam as per specification. It is unlikely that this project will be completed. Therefore the Holding Company has gone into litigation with Industrial Enterprises in Civil Court, Jhang on 03 July 2018 for the recovery of the advance paid along with damages. Based on the advice of legal counsel, there are favourable grounds that the case will be decided in favour of the Holding Company and the advance amount paid will be refunded back.
- (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) imposed the penalty of Rupees 312.595 million on sharing commercially sensitive information and Rupees 437.633 million against collective decision on export quantities. Against these penalties, the Holding Company has lodged appeal before Competition Appellate Tribunal, whose decision is pending. On the advice of legal counsel, management is confident that the matter will be decided in the favour of the Holding Company.
- (v) Deputy Commissioner Inland Revenue issued pre-audit reports of the Holding Company under section 177(6) of Income Tax Ordinance, 2001 relevant to tax years 2018 and 2019. The Holding Company obtained stay against the issuance of final order by the department from Lahore High Court, Lahore. On the advice of legal counsel, as the issuance of final order has been stayed, no contingent liability can be arisen.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

- (vi) Deputy Commissioner Inland Revenue passed orders against the Holding Company dated 23 November 2020 and raised demands of sales tax amounting to Rupees 164.609 million, Rupees 1,017.747 million and Rupees 802.714 million relating to tax years 2017, 2018 and 2019 respectively on the grounds of suppression of production / sales of molasses, bagasse and mud along with default surcharge and penalty under Sales Tax Act, 1990. Against these orders, the Holding Company filed appeals before Commissioner Inland Revenue Appeals (CIR(A)) who set aside the orders on 06 September 2021, with the direction to assessing officer to reconsider the arguments of the Holding Company. As per Holding Company's legal counsel, no provision is required as the Holding Company has good arguable cases.
- (vii) Deputy Commissioner Inland Revenue passed an order against the Holding Company dated 23 November 2020 and raised demand of Federal Excise Duty in sales tax mode amounting to Rupees 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. Against this order, the Holding Company filed appeal before Commissioner Inland Revenue Appeals (CIR(A)) who set aside the orders on 06 September 2021, with the direction to assessing officer to reconsider the arguments of the Holding Company. As per Holding Company's legal counsel, no provision is required as the Holding Company has good arguable case.
- (viii) Commissioner Inland Revenue (Appeals) (CIR(A)) lodged petition against the Holding Company on 17 June 2021 regarding the order to recover sales tax of Rupees 78.867 million along with default surcharge and penalty against which an appeal of the Holding Company was accepted by Appellate Tribunal Inland Revenue on 10 November 2020. According to legal counsel of the Holding Company, the petition filed by CIR(A) is on weak grounds therefore no provision is recognized in these consolidated financial statements.
- (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 financial statements, there would be no significant liability of the Holding Company against such cases.
- (x) Bank guarantee amounting to Rupees 59.400 million (2020: Rupees 59.400 million) has been 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 preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIR(A)) against order passed by the Additional Commissioner Inland Revenue for the tax year 2011 under Section 122 (5A) of the Income Tax Ordinance, 2001, whereby tax demand of Rupees 6.24 million was created. However, on request for rectification, the tax demand was curtailed to Rupees 1.29 million. The main appeal has been heard on 15 October 2020 and the CIR(A) has deleted the tax demand of Rupees 1.29 million. Additions to the deemed income amounting to Rupees 1.28 million remained in field by deleting impugned additions of Rupees 89.8 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 financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

- (xii) Assessment for the tax year 2012 was amended under Section 122 (5A) of the Income Tax Ordinance, 2001 resulting into additions of Rupees 17.210 million and income tax demand of Rupees 3.366 million. On appeal, the Commissioner Inland Revenue (Appeals) (CIR(A)) has deleted all the additions and demand vide order number 05 dated 12 July 2018. However the department has preferred further appeal against this order of the CIR(A) which is pending for adjudication before the Appellate Tribunal Inland Revenue. Based on opinion of the Subsidiary Company's tax advisor, management is confident that no tax liability would arise, therefore, no provision has been made in these consolidated financial statements.
- (xiii) Proceedings under Section 122 (5A) of Income Tax Ordinance, 2001 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 Commissioner Inland Revenue Appeals (CIR(A)), 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 CIR(A), additions to the tune of Rupees 25.153 million were annulled through order number 01 dated 06 January 2020. The Subsidiary Company has preferred an appeal against the said order before the Appellate Tribunal Inland Revenue which is pending for hearing. Based on tax advisor's opinion, management is confident that no tax liability would arise, therefore, no provision has been made in these consolidated financial statements.
- (xiv) Proceedings under sections 161/205 of the Income Tax Ordinance, 2001 for the tax years 2014 and 2015 were initiated and concluded by Deputy Commissioner Inland Revenue on 14 February 2017 and 03 March 2017 respectively. Under these proceedings, demands of Rupees 1.349 million and Rupees 1.396 million respectively were created. The Subsidiary Company has filed appeals before the Commissioner Inland Revenue (Appeals) (CIR(A)) against orders of afore-mentioned years. With respect to tax year 2014, the appeal of the Subsidiary Company was heard by CIR(A) 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. Subsidiary Company and department 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 CIR(A) 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 case of 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 Income Tax Ordinance, 2001 were completed creating tax demand of Rupees 3.074 million and impugned additions of Rupees 71.312 million. On appeal before the Commissioner Inland Revenue (Appeals) (CIR(A)), 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. Subsidiary Company and the 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 financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

- (xvi) Proceedings under Section 122 of the Income Tax Ordinance, 2001 read with Section 177(1) 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 Commissioner Inland Revenue (Appeals) (CIR(A)) 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 financial statements.
- (xvii) An order involving revenue of Rupees 144.159 million for financial years 2018, 2019 and 2020 was passed by the Additional Commissioner, Punjab Revenue Authority (PRA) under section 52(1) of the Punjab Sales Tax on Services Act, 2012. Against said order, an appeal was filed before the Commissioner Inland Revenue (Appeals) (CIR(A)) which has been allowed by setting aside of the order of Additional Commissioner PRA. In reassessment proceedings, the Subsidiary Company has been held liable for short payment of Rupees 1.272 million vide order dated 15 July 2021. Based on tax advisor's opinion, management is confident that no tax liability would arise, therefore, no provision has been made in these consolidated financial statements.
- (xviii) Proceedings under Section 161/205 of the Income Tax Ordinance 2001 for the tax year 2013 were culminated into amended assessment order dated 30 September 2014 whereby tax demand of Rupees 1.264 million was raised. The Subsidiary Company deposited the impugned tax demand to the tune of Rupees 0.707 million and for the remaining amount preferred an appeal before Commissioner Inland Revenue (Appeals) (CIR(A)) from where the matter has been remanded back for verification which is not yet concluded. 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 financial statements.
- (xix) The Deputy Commissioner Inland Revenue passed an order dated 26 October 2020 under section 11(2) of the Sales Tax Act 1990 and raised tax demand of Rupees 88.926 million against inadmissible input tax adjustment during the tax periods from July 2014 to June 2017. On filing of appeal, the Commissioner Inland Revenue (Appeals) (CIR(A)) vide order No.21/2020 dated 20 February 2021 upheld the demand of Rupees 1.909 million by disallowing input tax on certain items. Based on tax advisor's opinion, management is confident that no tax liability would arise, therefore, no provision has been made in these consolidated financial statements.
- (xx) The Deputy Commissioner Inland Revenue passed an order for tax period October 2015 to September 2016 by concluding sales tax audit during the year ended 30 September 2021. Sales tax demand of Rupees 1,145.798 million along with penalty of Rupees 159.342 million were raised on matters of classification of fat filled milk "Chaika & Qudrat", inadmissible input tax claim and excess receipt of sales tax refund. The order is based on the grounds that Subsidiary Company has supplied tea whiteners at zero percent sales tax whereas the liquid tea whiteners are neither milk nor fat filled milk. The Subsidiary Company has filed appeal against the assessment order before Commissioner Inland Revenue (Appeals) which is pending for adjudication. However, the matter of tea whiteners is already settled from the various High Courts of Pakistan and Supreme Court of Pakistan in favor of the dairy industry. Based on tax advisor's opinion, management is confident that no tax liability would arise, therefore no provision has been made in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## b) Commitments

- i) Contracts for capital expenditure of the Group are of Rupees Nil (2020: Rupees 8.800 million), while there is no contract for other than capital expenditure (2020: Rupees Nil)
- ii) Ijarah commitments are of Rupees 15.862 million (2020: Rupees 45.912 million).

The total of future ijarah payments under arrangement are as follows:

	NOTE	2021 Rupees in thousand	2020
Not later than one year		14,244	28,566
Later than one year and not later than five years		1,618	17,346
		<u>15,862</u>	<u>45,912</u>

These Ijarah arrangements are with BankIslami Pakistan Limited, a related party and Orix Modaraba against vehicles.

## 15. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	15.1	22,239,821	15,961,600
Capital work-in-progress	15.2	129,567	216,640
		<u>22,369,388</u>	<u>16,178,240</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 15.1 OPERATING FIXED ASSETS

	OWNED										LEASED	
	Freehold land	Building	Plant and machinery	Tools and equipment	Water, electric and weighbridge equipment	Furniture and fixtures	Office equipment	Vehicles	Laboratory and milk collection equipment	Arms and ammunition	Library books	Plant and machinery
	Rupees in thousand											
<b>At 30 September 2019</b>												
Cost / revalued amount	2,785,207	1,759,616	12,515,528	51,749	424,900	85,364	92,284	212,304	35,135	575	10,983	2,115,700
Accumulated depreciation	-	(153,960)	(1,337,010)	(49,592)	(295,779)	(56,607)	(78,940)	(140,331)	(27,045)	(513)	(10,820)	(105,552)
Net book value	2,785,207	1,605,656	11,178,518	2,157	129,121	28,757	13,344	71,973	8,090	62	163	2,010,148
<b>Year ended 30 September 2020</b>												
Opening net book value	2,785,207	1,605,656	11,178,518	2,157	129,121	28,757	13,344	71,973	8,090	62	163	-
Additions	-	15,356	202,723	332	16,506	709	2,433	2,603	-	-	-	-
Transfer:												
Cost / revalued amount	-	-	876,375	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(67,275)	-	-	-	-	-	-	-	-	-
	-	-	809,100	-	-	-	-	-	-	-	-	-
Disposals:												
Cost / revalued amount	(3,000)	(655)	(6,824)	(1,444)	(2,936)	(108)	-	(6,856)	-	-	-	-
Accumulated depreciation	210	1210	1,443	89	2,843	89	-	5,165	-	-	-	-
	(3,000)	(445)	(5,614)	(1)	(93)	(19)	-	(1,691)	-	-	-	-
Depreciation charge	-	(106,003)	(754,849)	(803)	(15,521)	(3,400)	(4,440)	(14,434)	(848)	(12)	(37)	-
Closing net book value	2,782,207	1,514,564	11,429,878	1,685	130,013	26,047	11,337	58,451	7,242	50	126	-
<b>At 30 September 2020</b>												
Cost / revalued amount	2,782,207	1,774,317	13,587,802	50,637	438,470	85,965	94,717	208,051	35,135	575	10,983	-
Accumulated depreciation	-	(259,753)	(2,157,924)	(48,952)	(308,457)	(59,918)	(83,380)	(149,600)	(27,893)	(525)	(10,857)	-
Net book value	2,782,207	1,514,564	11,429,878	1,685	130,013	26,047	11,337	58,451	7,242	50	126	-
<b>Year ended 30 September 2021</b>												
Opening net book value	2,782,207	1,514,564	11,429,878	1,685	130,013	26,047	11,337	58,451	7,242	50	126	-
Additions	-	11,547	251,121	897	14,559	2,916	3,400	1,926	3,087	-	20	-
Net revaluation surplus	439,650	587,486	6,597,803	-	-	-	-	-	-	-	-	-
Disposals:												
Cost / revalued amount	(19,147)	(178)	(248,773)	-	(979)	(213)	(873)	(12,353)	(4,083)	-	-	-
Accumulated depreciation	-	171	42,463	-	942	204	761	7,389	4,082	-	-	-
	(19,147)	(7)	(206,310)	-	(37)	(9)	(112)	(4,964)	(1)	-	-	-
Classified as non current assets held for sale (Note 28.1):												
Cost / revalued amount	(148,548)	-	(506,714)	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	81,286	-	-	-	-	-	-	-	-	-
	(148,548)	-	(425,428)	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(99,358)	(694,970)	(505)	(16,594)	(3,107)	(4,016)	(11,570)	(1,468)	(10)	(30)	-
Closing net book value	3,054,162	2,014,232	16,952,094	2,077	127,941	25,847	10,609	43,843	8,860	40	116	-
<b>At 30 September 2021</b>												
Cost / revalued amount	3,054,162	2,373,172	19,681,239	51,534	452,050	88,668	97,244	197,624	34,139	575	11,003	-
Accumulated depreciation	-	(358,940)	(2,729,145)	(49,457)	(324,109)	(62,821)	(86,635)	(153,781)	(25,279)	(535)	(10,887)	-
Net book value	3,054,162	2,014,232	16,952,094	2,077	127,941	25,847	10,609	43,843	8,860	40	116	-
<b>Annual rate of depreciation (%)</b>	-	5.75	5.75.30	20.40	10.20.40	10.20	30.40	20	10.40	20	20.30	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

15.11 Particulars of immoveable fixed assets (i.e. land and building) in the name of the Group are as follows:

Particulars	Location	Area of land
<b>Shakarganj Limited</b>		
Freehold land (Farms)	Land at Chak Rasool Pur	103 Kanals, 13 Marlas
	Land at Moza Billi Habib (Nualan Par)	284 Kanals, 16 Marlas
	Land at Moza Chandia Nasheb	438 Kanals, 1 Marla
	Land at Moza Turbat Haji Shah	17 Kanals, 9 Marlas
	Land at Moza Doka Baloucha	639 Kanals, 5 Marlas
	Land at Moza Kot Esa Shah	1 262 Kanals
	Land at Moza Kot Khan	2 926 Kanals, 4 Marlas
	Land at Chak 462 JB	781 Kanals, 13 Marlas
	Land at Kot Sahai Singh	52 Kanals, 4 Marlas
Freehold land (Bhone)	Land at Chund Bharwana	1 Kanal
	Land at Adda Massan	1 Kanal
	Land at Thatti Raju	8 Kanals
	Bhone Unit (factory land)	1 419 Kanals, 14 Marlas
Freehold land (Jhang)	Land at Lalazar	1 Kanal
	Land at Moza Suleman Adda Sher Abad	1 Kanal
	Land at Chak 338 Adda Nia Lahore	1 Kanal
	Land at Chak 426 Adda Pul	1 Kanal
	Land at Chak 428 Adda Pul	1 Kanal
	Land at Chak 316 Talwandi	15 Kanals, 16 Marlas
	Land at Moza Sangra Adda Kot Shakir	1 Kanal
	Land at Adda Daal More	1 Kanal
	Land at Islam Wala Adda Pul Gagan	1 Kanal
	Land at Adda Kot Bahadar	1 Kanal
	Land at Dari Gondal Maharaja Road	1 Kanal
	Land at Chak 1/3L Ahmad Pur Sial	1 Kanal
	Land at Moza Kalachi Adda	1 Kanal
	Land at Moza Gilmala	1 Kanal
	Land at Malluana More	1 Kanal
	Land at Roran Wali	1 Kanal
	Land at Pahar Pur, Abbas Nagar	1 Kanal
	Jhang Unit (factory land)	1 289 Kanals, 5 Marlas
<b>Shakarganj Food Products Limited</b>		
Dairy plant	4 KM Lahore Road, Jaranwala	701 316 Square Feet
Juice plant	Near Ahmad Nagar, Sargodha Road, Tehsil Lalian, District Chiniot	231 957 Square Feet
Fruit procurement centre	Chak No. 13 S.B. Ajnala Station, Tehsil Bhalwal, District Sargodha	43 560 Square Feet

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

15.1.2 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

Description	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
Rupees in thousand							
<b>Freehold land</b>							
At Moza Bagh (1 Kanal)	3,000	-	3,000	9,200	6,200	Auction	Rana Sajid Ali, Chak Ghumnana, Tehsil and District Jhang
At Chak 214 Adda Gojra More (1 Kanal)	2,000	-	2,000	9,200	7,200	Auction	Umar Daraz, Adda Gojra More, Tehsil and District Jhang
At Chak 457, Kot Lakhnana (1 Kanal)	2,000	-	2,000	8,050	6,050	Auction	Sohail Anjum, Kot Lakhnana, Tehsil and District Jhang
At Ballo Shahabal (Adda Chabeel) (1 Kanal)	2,000	-	2,000	7,100	5,100	Auction	Malik Anwaar UI Haq, Adda Chabeel, Tehsil and District Jhang
At Jhang Shumali (Pacca wala) (12 Marlas)	2,400	-	2,400	5,500	3,100	Auction	Rana Sajid Ali, Chak Ghumnana, Tehsil and District Jhang
At Sahiwal (1 Kanal)	2,122	-	2,122	6,500	4,378	Auction	Amir Sultan, Chak No. 149 Shumali, Tehsil Sillan Wali, District Sargodha
At Moza Wijnhalka (Muhammad Wala) (1 Kanal)	1,000	-	1,000	3,000	2,000	Auction	Chaudhry Zameer UI Hassan, Moza Wijnhalka, Tehsil Lalian, District Chiniot
At Moza Wadhi (1 Kanal)	1,000	-	1,000	2,000	1,000	Auction	Imtiaz Ahmad, Moza Wadhi, Tehsil Shahpur, District Sargodha
At Moza Dholka Adda Akrian Wala (1.05 Kanal)	2,625	-	2,625	6,500	3,875	Auction	Muhammad Ramzan, Rata Mata, Tehsil and District Jhang
At Moza Wadhan (1 Kanal)	1,000	-	1,000	2,350	1,350	Auction	Muhammad Ramzan, Rata Mata, Tehsil and District Jhang
	19,147	-	19,147	59,400	40,253		
<b>Plant and machinery</b>							
Bio Gas Power Plant	229,323	39,284	190,039	66,000	(124,039)	Negotiation	Shafaqat Ali, Chak No. 225 R.B., Tehsil and District Faisalabad
Assembly Winding Twisters and parts	12,000	1,925	10,075	9,975	(100)	Negotiation	Super Fine Textile, Small Industrial Estate, Faisalabad and others
Aqua Splicer Complete	2,200	354	1,846	8,827	6,981	Negotiation	Muhammad Amjad, Chak No. 219 J.B., Tehsil and District Jhang
Scutcher Pc 1	1,600	257	1,343	2,662	1,319	Negotiation	Abdul Hameed Trading Company, Dar UI Ehsan Town, Faisalabad
Draw frames (02 Nos) and parts	3,650	644	3,006	1,600	(1,406)	Negotiation	Venus Industries (Private) Limited, Faisalabad
	248,773	42,464	206,309	89,064	(117,245)		
<b>Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000</b>							
	18,679	13,548	5,131	18,604	13,473		
	286,599	56,012	230,587	167,068	(63,519)		

15.1.3 The carrying amount of freehold land, building and plant and machinery would have been Rupees 204.196 million (2020: Rupees 276.297 million), Rupees 658.565 million (2020: Rupees 687.345 million) and Rupees 7,276.203 million (2020: Rupees 7,544.822 million) respectively, had there been no revaluation.

15.1.4 Forced sale value as per last valuation was of Rupees 2,443.330 million, Rupees 1,641.690 million and Rupees 13,694.575 million for freehold land, building and plant and machinery respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>15.15</b>	The depreciation charge has been allocated as follows:		
Cost of sales	30	806,868	872,024
Distribution cost	31	7,896	8,772
Administrative expenses	32	16,864	19,551
		<b>831,628</b>	<b>900,347</b>

**15.16** Plant and machinery includes assets having cost of Rupees 25.890 million (2020: Rupees 25.890 million) and book value of Rupees 15.178 million (2019: Rupees 15.977 million) mounted on transport contractors' vehicles.

## **15.2 CAPITAL WORK-IN-PROGRESS**

	Civil works	Plant and machinery	Advances for capital expenditure (Note 15.2.1)	Electric Installations	Total
	Rupees in thousand				
<b>At 01 October 2019</b>	5,885	110,431	31,008	-	147,324
Add: Additions during the year	10,671	237,303	39,400	16,506	303,880
Less: C69 Transferred to operating fixed assets during the year	(15,356)	(202,723)	-	(16,485)	(234,564)
<b>At 30 September 2020</b>	1,200	145,011	70,408	21	216,640
Add: Additions during the year	11,643	167,098	-	14,538	193,279
Less: Transferred to operating fixed assets during the year	(11,547)	(239,267)	(11,854)	(14,559)	(277,227)
Less: Adjusted during the year	-	-	(3,125)	-	(3,125)
<b>At 30 September 2021</b>	1,296	72,842	55,429	-	129,567

	2021 Rupees in thousand	2020
<b>15.2.1 Advances for capital expenditure</b>		
Considered good:		
- Plant and machinery	55,249	70,408
Considered doubtful:		
- Plant and machinery	21,664	21,664
- Intangibles	15,274	15,274
	<b>36,938</b>	<b>36,938</b>
	<b>92,187</b>	<b>107,346</b>
Less: Provision against doubtful advances	(36,938)	(36,938)
	<b>55,249</b>	<b>70,408</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 16. RIGHT-OF-USE ASSETS

### NOTE

	Plant and machinery	Building	Total
	Rupees in thousand		
Net carrying amount			
01 October 2020	1,160,565	19,627	1,180,192
30 September 2021	1,274,366	9,862	1,284,228
Depreciation expense for the year (Note 16.1)	66,182	9,765	75,947
Additions during the year	179,983	-	179,983
Annual rate of depreciation (%)	5	33	

### 16.1 Depreciation charge for the year has been allocated as follows:

Cost of sales	30	66,182	70,479
Distribution cost	31	4,968	4,914
Administrative expenses	32	4,797	4,754
		75,947	80,147

### NOTE

2021  
Rupees in thousand

2020

## 17. INTANGIBLE ASSET

### Computer software

#### Net carrying value basis

Opening net book value		4,771	5,467
Add: Additions during the year		-	530
Amortization	32	(1,334)	(1,226)

Closing net book value		3,437	4,771
------------------------	--	-------	-------

#### Gross carrying amount

Cost		6,605	6,605
Accumulated amortization		(3,168)	(1,834)

Closing net book value		3,437	4,771
------------------------	--	-------	-------

2021

2020

Amortization rate (per annum)		20%	20%
-------------------------------	--	-----	-----

17.1 This represents enhancements made to the ERP system named Sidat Hyder Financials. It is stated at historical cost and amortized on straight-line basis over its expected useful life of 5 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>18. BIOLOGICAL ASSETS</b>			
Sugarcane			
Mature	18.1	12,207	8,676
Immature		-	1,218
		12,207	9,894
Rice - mature		3,953	11,847
Others - mature		72	450
Livestock - mature	18.2	18,333	17,601
		34,565	39,792
Non - current			
- livestock		18,333	17,601
- sugarcane - immature		-	1,218
		18,333	18,819
Current - crops		16,232	20,973
		34,565	39,792

**18.1** The value of mature sugarcane crops is based on estimated average yield of 637.77 (2020: 561.25) maunds per acre on cultivated area of 109.37 (2020: 128.30) acres. The value of rice crops is based on the estimated yield of 30 (2020: 35) maunds per acre on cultivated area of 77.50 (2020: 145) acres.

**18.2** Livestock comprises 221 (2020: 229) cows, heifers, bulls and calves.

## **18.3 Movement during the year**

### **Livestock**

As at 01 October	17,601	13,910
Gain arising from changes in fair value less estimated point of sale costs	3,549	4,149
Decrease due to sale / deceased livestock	(2,817)	(458)
As at 30 September	18,333	17,601

### **Crops**

As at 01 October	22,191	32,406
Increase due to purchases / costs incurred	48,374	50,753
Decrease due to harvest / sales	(63,124)	(47,444)
Fair value adjustment related to sales during the year	14,750	(3,307)
Fair value adjustment of agricultural assets	(5,959)	(10,217)
As at 30 September	16,232	22,191

		34,565	39,792
--	--	--------	--------



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>19. LONG TERM INVESTMENTS</b>			
At fair value through other comprehensive income			
Related party - quoted			
Crescent Steel and Allied Products Limited 180 000 (2020: 180 000) fully paid ordinary shares of Rupees 10 each.		15,921	15,921
Others - unquoted			
Crescent Group (Private) Limited 220 000 (2020: 220 000) fully paid ordinary shares of Rupees 10 each.		2,200	2,200
Crescent Standard Telecommunications Limited 300 000 (2020: 300 000) fully paid ordinary shares of Rupees 10 each.		3,000	3,000
Innovative Investment Bank Limited 51 351 (2020: 51 351) fully paid ordinary shares of Rupees 10 each		-	-
		21,121	21,121
Less: Fair value adjustment		(11,021)	(7,898)
		10,100	13,223
<b>20. LONG TERM LOANS AND ADVANCES</b>			
Long term loans - considered good:			
Sui Northern Gas Pipelines Limited	20.1	-	2,496
Executives	20.2 / 20.3	12,801	12,723
Employees		10,393	11,338
		23,194	26,557
Advance to Creek Marina (Private) Limited - considered doubtful	20.5	38,557	38,557
		61,751	65,114
Less: Provision against doubtful advances		38,557	38,557
		23,194	26,557
Less: Current portion shown under current assets	25	10,284	11,572
		12,910	14,985

**20.1** This represented unsecured long term loan provided to Sui Northern Gas Pipelines Limited (SNGPL) for the development of infrastructure for supply of natural gas to the dairy plant of the Subsidiary Company. The loan carried mark-up at the rate of 1.5% per annum payable annually in arrears. This loan has been completely repaid during the year.

**20.2** Maximum aggregate balance due from executives at the end of any month during the year was Rupees 12.801 million (2020: Rupees 12.723 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

- 20.3** These represent the interest free loans given to Subsidiary Company's executives and other employees for purchase of vehicles and other purposes recoverable in equal monthly installments and secured against balance to the credit of these employees in the retirement benefit.
- 20.4** The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments: Recognition and Measurement' arising in respect of staff loan is not considered material and hence not recognized.
- 20.5** This represents payment for two apartments in the Creek Marina Projects pursuant to a settlement agreement entered into by the Holding Company and the former Crescent Standard Investment Bank Limited in year 2006. The construction work at the site has been halted since year 2011 due to differences between Defence Housing Authority and the developer. The resumption of construction work is still uncertain in near future. Consequently, based on prudence principal the Holding Company provided the above advance in full.

	NOTE	2021 Rupees in thousand	2020
<b>21. LONG TERM DEPOSITS</b>			
Margin against bank guarantee - considered good		59,400	59,400
Security deposits:			
Considered good		69,753	66,559
Considered doubtful		265	265
		129,418	126,224
Less: Provision for doubtful receivables		265	265
		129,153	125,959
<b>22. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		60,415	79,005
Spare parts		186,103	174,145
Loose tools		805	826
		247,323	253,976
Less: Provision for obsolete items		(2,820)	(2,820)
		244,503	251,156

- 22.1** The Group holds stores and spare parts for specific capitalization amounting to Rupees Nil (2020: Rupees 9.888 million).

	NOTE	2021 Rupees in thousand	2020
<b>23. STOCK-IN-TRADE</b>			
Raw materials	23.1	1,100,338	778,629
Work-in-process		13,283	16,100
Finished goods	23.3	855,246	1,044,561
		1,968,867	1,839,290

- 23.1** These include raw material in transit of Rupees 229.604 million (2020: Rupees Nil)
- 23.2** Stock-in-trade of Rupees 27.357 million (2020: Rupees 31.200 million) is being carried at net realizable value.
- 23.3** These include stock of Rupees 0.216 million (2020: Rupees 0.211 million) held by a third party.
- 23.4** The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 15.898 million (2020: Rupees Nil)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>24. TRADE DEBTS</b>			
Considered good - unsecured		181,513	275,787
Considered doubtful		11,958	11,934
		193,471	287,721
Less: Allowance for expected credit losses	24.1	11,958	11,934
		181,513	275,787
<b>24.1 Allowance for expected credit losses</b>			
Balance as at 01 October		11,934	10,522
Recognized during the year	33	24	1,412
Balance as at 30 September		11,958	11,934
<b>24.2</b>	Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 10-30 days from delivery against local sales, and in case of export sales for the Holding Company advance payment is received while for Subsidiary Company payment is generally due within 30 days from dispatch.		
<b>24.3</b>	As at 30 September 2021, trade debts aggregating to Rupees 177.646 million (2020: Rupees 191.649 million) are past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:		
Upto 1 month		92,724	142,754
1 to 6 months		79,902	45,592
More than 6 months		5,020	3,303
		177,646	191,649
<b>24.4</b>	Trade debts in respect of foreign and local jurisdictions are as follows:		
Asia		-	2,835
Europe		12,640	6,209
Pakistan		168,873	266,743
		181,513	275,787

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>25. LOANS AND ADVANCES</b>			
Considered good:			
- to employees (against salary)		22,354	19,929
- to employees (against expenses)		1,410	1,240
- to executives		2,152	2,293
- to suppliers and contractors		75,838	157,844
- to sugarcane growers		3,326	2,422
		105,080	183,728
Current portion of long term loans and advances	20	10,284	11,572
Due from related party		1,638	5,680
Advances - considered doubtful:			
- to employees		177	177
- to suppliers and contractors		10,012	9,468
- to sugarcane growers		6,600	4,606
		16,789	14,251
		133,791	215,231
Less: Provision against doubtful loans and advances	25.2	16,789	14,251
		117,002	200,980
<b>25.1 Due from related party</b>			
Crescent Steel and Allied Products Limited	25.1.1	1,638	5,680
<b>25.1.1</b>	Maximum aggregate balance due from the related party at the end of any month during the year was Rupees 6.541 million (2020: Rupees 5.680 million).		
<b>25.1.2</b>	The ageing analysis of the balance due from related party is as follows:		
Upto 1 month		437	405
1 to 6 months		1,201	2,286
More than 6 months		-	2,989
		1,638	5,680
<b>25.2 Provision for doubtful loans and advances</b>			
Balance as at 01 October		14,251	14,742
Provision for the year		3,593	502
Reversal during the year		(1,055)	(993)
Net provision / (reversal) during the year	33 / 34	2,538	(491)
Balance as at 30 September		16,789	14,251

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>26. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Security deposits		3,067	3,359
Export rebate		41,737	41,737
Prepayments		28,694	18,336
Sales tax recoverable		283,220	259,871
Others:			
- considered good		237,537	240,265
- considered doubtful		2,593	2,448
		596,848	566,016
Less: Provision against doubtful receivables	26.1	2,593	2,448
		594,255	563,568
<b>26.1 Provision for doubtful receivables</b>			
Balance as at 01 October		2,448	2,448
Provision for the year	33	145	-
Balance as at 30 September		2,593	2,448
<b>27. CASH AND BANK BALANCES</b>			
<b>With banks:</b>			
On current accounts		223,039	212,951
Term deposit receipt	27.1	55,000	55,000
On saving accounts	27.2	3,551	61,229
		281,590	329,180
Cash in hand		2,636	832
		284,226	330,012

**27.1** This represents term deposit receipt with United Bank Limited having maturity period of three months and carry profit at the rate ranging from 5.30% to 6.75% (2020: 6.73% to 12.50%) per annum.

**27.2** These carry profit at the rates ranging from 3.00% to 8.63% (2020: 5.50% to 13.50%) per annum.

**27.3** Cash with banks include balance of Rupees 34.228 million (2020: Rupees 77.199 million) with BankIslami Pakistan Limited, a related party.

## **28. 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:

Property, plant and equipment	28.1	335,180	-
-------------------------------	------	---------	---

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 Holding Company in the meeting held on 04 January 2021. The buyers of these assets have been finalized and advances against sale of these assets aggregating to Rupees 356.583 million are outstanding at year end. The management is hopeful of completing the sale transactions of the above mentioned assets during the next financial year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 28.1 Reconciliation Of non-current asset held for sale

	Freehold land	Plant and machinery	Total
	Rupees in thousand		
Book value of assets transferred from property, plant and equipment (Note 15.1)	148,548	425,428	573,976
Book value of assets disposed of during the year	(148,548)	(90,248)	(238,796)
Carrying value of non-current assets held for sale as at 30 September 2021	-	335,180	335,180

	NOTE	2021 Rupees in thousand	2020 Rupees in thousand
<b>29. REVENUE</b>			
Local sales	29.1	25,622,247	20,734,716
Export sales		1,400,203	689,409
		<u>27,022,450</u>	<u>21,424,125</u>
<b>29.1 Local sales</b>			
Sugar		6,985,244	5,269,769
By-products		535,191	297,059
Biofuel		250,207	214,572
Dairy		22,244,594	18,834,542
Yarn and polyester		1,118,864	584,679
Juice		213,497	80,861
Farm		54,017	10,261
Waste		13,970	9,453
		31,415,584	25,301,196
Less:			
Sales tax and federal excise duty		2,916,180	2,279,860
Trade discounts / replacements		2,877,157	2,286,620
		5,793,337	4,566,480
		<u>25,622,247</u>	<u>20,734,716</u>

**29.2** Revenue recognized during the year from the contract liabilities at the beginning of the year is Rupees 934.704 million (2020: Rupees 848.915 million).

**29.3** Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>30. COST OF SALES</b>			
Raw materials consumed	30.1	15,770,200	12,669,212
Cost of raw material sold		14,933	-
Salaries, wages and other benefits	30.2	801,347	704,373
Consumption of stores, spare parts and loose tools / repair and maintenance		830,615	655,945
Dyes and chemicals consumed / processing charges		66,899	45,631
Loading and unloading charges		4,333	4,219
Packing materials consumed		5,210,387	4,729,820
Fuel and power		1,253,921	822,013
Insurance		23,249	23,810
Vehicle running and maintenance		26,125	24,967
Travelling and conveyance		12,059	12,029
Printing and stationery		4,350	3,171
Rent, rates and taxes	30.3	82,993	67,016
Land preparation and irrigation expenses		7,430	10,165
Sugarcane research and development		1,641	1,696
Fair value adjustment of agricultural assets	18.3	5,959	10,217
Depreciation - owned assets	15.15	806,868	872,024
Depreciation - right-of-use assets	16.1	66,182	70,479
Miscellaneous		58,668	46,837
		25,048,159	20,773,624
Work-in-process			
Opening stock		16,100	20,724
Closing stock		(13,283)	(16,100)
		2,817	4,624
Cost of goods manufactured		25,050,975	20,778,248
Finished goods purchased for resale		-	284,000
Finished goods			
Opening stock		1,044,561	847,117
Closing stock		(855,246)	(1,044,561)
		189,315	(197,444)
		25,240,290	20,864,804
<b>30.1 Raw materials consumed</b>			
Opening stock		778,629	832,461
Add: Purchased during the year		16,091,909	12,615,380
		16,870,538	13,447,841
Less: Closing stock		(1,100,338)	(778,629)
		15,770,200	12,669,212

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

**30.2** Salaries, wages and other benefits include following in respect of employees' retirement / other benefits:

	NOTE	2021 Rupees in thousand	2020
Pension Fund	8.2.1.4	23,923	4,531
Gratuity Fund	8.2.2.4	5,744	2,530
Employees' Provident Fund Trust		5,917	3,685
Staff retirement gratuity	8.2.3.3	28,503	25,598
Accumulating compensated absences	8.2.4.3	2,366	116
		66,453	36,460

**30.3** These include ijarah rentals amounting to Rupees 0.728 million (2020: Rupees 1.383 million).

## **31. DISTRIBUTION COST**

Storage tank charges		22,638	11,662
Freight and forwarding		786,709	783,204
Handling and distribution		1,666	1,443
Commission to selling agents		7,787	6,167
Travelling and conveyance		36,230	28,506
Rent, rates and taxes	31.1	29,063	34,083
Postage and telephone		7,816	7,465
Vehicles' running and maintenance		41,386	37,241
Entertainment		3,796	2,235
Printing and stationery		970	749
Repair and maintenance		4,864	1,787
Salaries and other benefits	31.2	332,971	296,414
Insurance		8,377	7,845
Sales promotion expenses and advertisement	31.3	411,396	546,519
Utilities		2,529	2,315
Depreciation - owned assets	15.1.5	7,896	8,772
Depreciation - right-of-use assets	16.1	4,968	4,914
Others		1,755	4,839
		1,712,817	1,786,160

**31.1** These include ijarah rentals amounting to Rupees 19.477 million (2020: Rupees 25.518 million).

**31.2** Salaries and other benefits include following in respect of employees' retirement / other benefits:

Pension Fund	8.2.1.4	235	487
Gratuity Fund	8.2.2.4	56	-
Employees' Provident Fund Trust		212	170
Staff retirement gratuity	8.2.3.3	29,278	27,910
Accumulating compensated absences	8.2.4.3	3,986	1,601
		33,767	30,168

**31.3** Sales promotion expenses and advertisement are net of marketing support credits allowed by Tetra Pak Pakistan Limited aggregating to Rupees 121.061 million (2020: Rupees 87.955 million).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>32. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	32.1	342,853	317,700
Repairs and maintenance		9,062	7,388
Insurance		5,247	5,134
Vehicles' running and maintenance		16,711	16,171
Travelling and conveyance		9,075	9,290
Printing and stationery		2,049	1,818
Electricity and gas		4,206	3,994
Telephone and postage		5,124	6,024
Legal and professional		37,977	31,309
Auditors' remuneration	32.2	4,540	3,725
Rent, rates and taxes	32.3	15,625	15,314
Staff training and development		131	430
Entertainment		5,197	4,806
Fee and subscription		28,544	24,154
Advertisement		329	231
Registered office expenses		988	965
Amortization	17	1,334	1,226
Depreciation - owned assets	15.15	16,864	19,551
Depreciation - right-of-use assets	16.1	4,797	4,754
Others		4,429	2,696
		515,082	476,680
<b>32.1 Salaries, wages and other benefits include following in respect of employees' retirement / other benefits:</b>			
Pension Fund	8.2.1.4	13,590	8,845
Gratuity Fund	8.2.2.4	3,256	3,679
Employees' Provident Fund Trust		5,462	3,141
Staff retirement gratuity	8.2.3.3	4,025	13,144
Accumulating compensated absences	8.2.4.3	562	362
		26,895	29,171
<b>32.2 Auditors' remuneration</b>			
<b>Riaz Ahmad and Company</b>			
Audit fee		1,485	1,485
Fees for half yearly review, consolidation and other certifications		1,085	635
Reimbursable expenses		210	165
		2,780	2,285
<b>EY Ford Rhodes</b>			
Audit fee		1,015	715
Review of interim financial statements		325	325
Group reporting		200	200
Certifications		100	100
Reimbursable expenses		120	100
		1,760	1,440
		4,540	3,725

**32.3** These include ijarah rentals amounting to Rupees 7.995 million (2020: Rupees 8.442 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>33. OTHER EXPENSES</b>			
Workers' profit participation fund	10.2	15,824	-
Workers' welfare fund		514	-
Trade debts written off		-	907
Net exchange loss		-	21,884
Social action programme expenses including salaries	33.1	5,744	5,468
Waste water drainage		3,151	6,577
Allowance for expected credit loss	24.1	24	1,412
Provision for doubtful loans and advances - net	25.2	2,538	-
Provision for doubtful receivables	26.1	145	-
Donations	33.2	300	3,170
Loss on sale of property, plant and equipment	15.1.2	63,519	-
Agriculture expense - net		19,672	-
Cold store rent - Fruit pulp dairy		4,149	-
Others		-	22
		115,580	39,440
<b>33.1</b> Social action programme salaries expenses include following in respect of retirement benefits:			
Pension Fund	8.2.1.4	154	254
Gratuity Fund	8.2.2.4	31	101
Employees' Provident Fund Trust		106	112
		291	467
<b>33.2</b> The Directors or their spouses have no interest in the donees (2020: Donation amounting to 2.500 million was given to Lyallpur Golf and Country Club, Faisalabad, in which a director Mr. Ali Altaf Saleem was a member).			
<b>34. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Return on bank deposits		8,660	14,599
Interest income on loan to SNGPL		-	35
Net exchange gain		10,823	-
Reversal of provision for doubtful loans and advances - net	25.2	-	491
		19,483	15,125
<b>Income from non-financial assets</b>			
Scrap sales		49,159	35,321
Gain on sale of property, plant and equipment		-	6,791
Gain on sale of non-current assets held for sale		113,705	-
Agriculture income - net		-	1,788
Liabilities no longer payable written back		3,780	1,249
Adjustment on account of excise duty on manufacturing of biofuel		-	666,522
Rental income		21,076	23,787
Amortization of deferred income - Government grant	8.1.1	16,219	3,947
Amortization of deferred income - Others	8.1.2	1,104	1,166
Others		1,793	82,134
		206,836	822,705
		226,319	837,830

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>35. FINANCE COST</b>			
Mark up / interest on:			
Long term financing		121,930	151,054
Lease liabilities	7.1	80,025	78,922
Short term borrowings		146,169	241,259
Due to Gratuity Fund and Pension Fund - related parties		-	44,603
Workers' profit participation fund	10.2	11,329	18,597
Unwinding of discount	6.3	25,386	22,149
Bank and other charges		115,340	50,935
Delayed payment surcharge to Tetra Pak Pakistan Limited		93,817	147,501
		593,996	755,020

		2021 Rupees in thousand	2020
<b>36. TAXATION</b>			
Charge for the year:			
Current		350,787	333,915
Prior year adjustment		1,990	15,270
		352,777	349,185
Deferred		181,980	(748,887)
		534,757	(399,702)

		2021	2020
<b>37. LOSS PER SHARE - BASIC AND DILUTED</b>			
There is no dilutive effect on basic loss per share which is based on:			
Loss for the year (Rupees in thousand)		(1,522,939)	(838,828)
Weighted average number of ordinary shares of Holding Company (Numbers)		125 000 000	125 000 000
Loss per share (Rupees)		(12.18)	(6.71)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	NOTE	2021 Rupees in thousand	2020
<b>38. CASH GENERATED FROM OPERATIONS</b>			
Loss before taxation		(928,996)	(1,660,149)
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		907,575	980,494
Liabilities no longer payable written back		(3,780)	(1,249)
Loss / (gain) on sale of property, plant and equipment		63,519	(6,791)
Gain on sale of non-current assets held for sale		(113,705)	-
Fair value adjustment of agricultural assets		5,959	10,217
Interest income on loan to SNGPL		-	(35)
Allowance for expected credit losses		24	1,412
Provision for doubtful other receivables		145	-
Trade debts written off		-	907
Provision / (reversal of provision) for doubtful loans and advances		2,538	(491)
Provision for employees' benefits		115,709	89,158
Adjustment on account of excise duty on manufacturing of biofuel		-	(666,522)
Amortization of deferred grant		(17,323)	(5,113)
Amortization of intangible asset		1,334	1,226
Finance cost		593,996	755,020
Working capital changes	38.1	678,390	2,249,881
		1,305,385	1,747,965
<b>38.1 Working capital changes</b>			
Decrease / (increase) in current assets:			
- Stores, spare parts and loose tools		6,653	26,022
- Stock-in-trade		(129,577)	145,012
- Biological assets		(732)	(3,693)
- Trade debts		94,250	(123,113)
- Loans and advances		81,440	137,554
- Deposits, prepayments and other receivables		(31,894)	262,890
		20,140	444,672
Increase in trade and other payables		658,250	1,805,209
		678,390	2,249,881

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 38.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2021				
	Unclaimed dividend	Long term financing	Lease liabilities	Short term borrowings	Total
	----- Rupees in thousand -----				
Balance as at 01 October	1,954	1,346,880	799,654	1,764,892	3,913,380
Lease liabilities obtained	-	-	179,983	-	179,983
Dividend paid	(10)	-	-	-	(10)
Loans availed	-	165,700	-	-	165,700
Short term borrowings availed	-	-	-	1,442,839	1,442,839
Repayment of loans	-	(266,281)	-	(1,923,537)	(2,189,818)
Repayment of lease liabilities	-	-	(197,910)	-	(197,910)
Fair value adjustment	-	5,017	-	-	5,017
Unwinding of discount	-	25,386	-	-	25,386
Balance as at 30 September	1,944	1,276,702	781,727	1,284,194	3,344,567

	2020				
	Unclaimed dividend	Long term financing	Lease liabilities	Short term borrowings	Total
	----- Rupees in thousand -----				
Balance as at 01 October	2,039	1,327,973	-	2,103,271	3,433,283
Transferred on adoption of IFRS 16 'Leases'	-	-	1,077,961	-	1,077,961
Lease liabilities obtained	-	-	29,996	-	29,996
Dividend paid	(85)	-	-	-	(85)
Loans availed	-	265,606	-	-	265,606
Short term borrowings availed	-	-	-	2,825,325	2,825,325
Repayment of loans	-	(256,998)	-	(3,163,704)	(3,420,702)
Repayment of lease liabilities	-	-	(308,303)	-	(308,303)
Fair value adjustment	-	(11,850)	-	-	(11,850)
Unwinding of discount	-	22,149	-	-	22,149
Balance as at 30 September	1,954	1,346,880	799,654	1,764,892	3,913,380

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 39. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for remuneration including all benefits to Chief Executive Officer, directors and executives of the Holding Company is as follows:

	Chief Executive Officer		Executive Director		Non-Executive Directors		Executives	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees in thousand							
<b>Managerial remuneration</b>	11,553	10,503	6,000	6,000	-	-	88,665	81,887
<b>Allowances</b>								
House rent	5,199	4,726	2,400	2,400	-	-	28,329	26,716
Utilities	1,155	1,050	600	600	-	-	6,781	6,213
Medical	-	-	480	480	-	-	5,640	5,573
Others	-	-	-	-	-	-	1,875	1,816
Reimbursable expenses	-	-	-	-	-	-	-	-
Contribution to retirement benefits	4,082	3,712	2,120	2,120	-	-	14,481	14,252
Meeting fee	-	-	-	-	820	800	-	-
	21,989	19,991	11,600	11,600	820	800	145,771	136,457
<b>Number of persons</b>	1	1	1	1	6	6	32	32

39.1 The Chief Executive Officer, some directors and some executives of the Holding Company are provided with company maintained car, travel facilities and club membership.

## 40. PROVIDENT FUND RELATED DISCLOSURE

As at the reporting date, Shakarganj Mills Limited - Employees' Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

## 41. NUMBER OF EMPLOYEES

	2021	2020
Number of employees as on 30 September	2 042	2 001
Average number of employees during the year	2 125	2 009

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 42. 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. Detail of transactions with related parties along with basis of relationship, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

Name of related party	Basis of relationship	Nature of transactions	2021 Rupees in thousand	2020
Associated companies				
Crescent Steel and Allied Products Limited (CSAPL)	Associate due to shareholding by CSAPL in the Holding Company of 21.93% (2020: 21.93%)	Purchase of goods	533,641	257,434
		Common expenses shared	11,064	14,274
		Sale of goods and rendering of services	486,135	230,160
		Guest house rent and utilities expenses	4,278	4,072
		Stores consumed by CSAPL	275	4,125
		Stores consumed by the Holding Company	324	35
Premier Insurance Limited	Common directorship	Insurance expense	10,031	8,314
BankIslami Pakistan Limited	Subsidiary's associate	Short term borrowings received / (repaid) - net	-	375,000
		Mark-up expense	62,864	58,935
		Ijarah rentals	1,448	9,454
		Long term financing repaid	-	66,667
Other related parties				
Begum Balqies Saleem	Mother of CEO	Service charges accrued	6,269	5,700
Post employment benefit plans	Employees' Provident Fund Trust, Gratuity Fund and Pension Fund	Expense charged in respect of:		
		Employees' Provident Fund Trust	11,697	7,108
		Pension Fund	37,902	14,117
		Gratuity Fund	9,031	6,310
		Other transactions withGratuity Fund and Pension Fund		
		- Funds received	-	410,975
		- Funds repaid	-	410,975
		- Mark-up expense	-	44,603

42.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 39.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021	2020
<b>43. PLANT CAPACITY AND ACTUAL PRODUCTION</b>			
<b>a) Holding Company</b>			
<b>Sugar</b>			
<b>Jhang</b>			
Rated crushing capacity	(MT / day)	10 000	10 000
On the basis of 114 days (2020: 104 days)	(MT)	1 140 000	1 040 000
Actual sugarcane crushed	(MT)	518 192	497 156
<b>Bhone</b>			
Rated crushing capacity	(MT / day)	6 000	6 000
On the basis of 110 days (2020: 102 days)	(MT)	660 000	612 000
Actual sugarcane crushed	(MT)	487 883	387 568
The low crushing was due to low quality sugarcane.			
<b>Biofuel</b>			
<b>Jhang</b>			
Rated production capacity	(Litres / day)	150 000	150 000
On the basis of average number of 64 days (2020: 69 days) working	(Litres)	9 600 000	10 350 000
Actual production	(Litres)	6 343 333	9 816 686
<b>Bhone</b>			
Rated production capacity	(Litres / day)	200 000	200 000
On the basis of average number of 103 days (2020: Nil days) working	(Litres)	20 600 000	-
Actual production	(Litres)	8 856 444	-
Major reason for low production was due to non-availability of raw material at feasible prices.			
<b>Textile</b>			
Capacity (converted in 20s counts)	(Kgs)	9 198 418	9 198 418
Actual production (converted in 20s counts)	(Kgs)	5 930 820	3 102 521
The actual production was low due to non-availability of raw materials at feasible prices.			
<b>b) Subsidiary Company</b>			
<b>Dairy segment</b>			
<b>Ultra Heat Treated Packed Milk, Juice and Cream</b>			
Rated processing capacity on the basis of 353 days (2020: 354 days)	(Litres)	442 619 640	422 781 120
Actual milk, juice and cream processed	(Litres)	212 544 179	187 509 058
<b>Desi Ghee</b>			
Rated production capacity on the basis of 353 days (2020: 354 days)	(Kgs)	635 400	531 000
Actual desi ghee produced	(Kgs)	207 479	98 745
<b>Juice segment</b>			
<b>Fruit Pulp and Concentrate Juices</b>			
Rated production capacity on the basis of 79 days (2020: 36 days)	(Kg)	3 405 600	1 257 200
Actual fruit processed	(Kg)	1 950 710	578 244
Under utilization of production / processing capacities was due to limited sales orders.			



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 44. SEGMENT INFORMATION

	Rupees in thousand															
	Sugar		Biofuel		Dairy		Juice		Textile		Farms		Elimination of inter-segment transactions		Total - Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue																
External	6,433,034	4,772,356	1,543,292	747,402	17,806,517	15,286,656	217,524	96,767	968,066	507,803	54,017	13,141	-	-	27,022,450	21,424,125
Inter segment	1250,131	1,127,092	24,396	31,743	-	-	91,716	86,377	-	-	9,107	34,303	(1,375,350)	(1,279,515)	-	-
Cost of sales	7,683,165	5,899,448	1,567,688	779,145	17,806,517	15,286,656	309,240	183,144	968,066	507,803	63,124	47,444	(1,375,350)	(1,279,515)	27,022,450	21,424,125
	(8,239,224)	(6,445,818)	(1,598,825)	(874,879)	(15,437,437)	(14,015,118)	(305,994)	(223,683)	(981,188)	(540,996)	(52,972)	(43,825)	1,375,350	1,279,515	(25,240,290)	(20,864,804)
Gross (loss) / profit	(556,059)	(546,370)	(31,137)	(95,734)	2,369,080	1,271,538	3,246	(40,539)	(13,122)	(33,193)	10,152	3,619	-	-	1,782,160	559,321
Distribution cost	(15,061)	(13,445)	(102,165)	(51,890)	(1,586,157)	(1,711,663)	(7,210)	(7,821)	(2,223)	(1,341)	-	-	-	-	(1,712,817)	(1,786,160)
Administrative expenses	(271,884)	(252,573)	(55,564)	(33,566)	(149,172)	(156,320)	-	-	(37,550)	(33,212)	(912)	(1,008)	-	-	(515,082)	(476,680)
(Loss) / profit before taxation and unallocated expenses / income	(843,004)	(812,388)	(188,866)	(181,190)	633,751	(596,445)	(3,964)	(48,360)	(52,895)	(67,746)	9,240	2,611	-	-	(445,739)	(1,703,519)
Unallocated expenses / income:																
Other expenses															(115,580)	(39,440)
Other income															226,319	837,830
Finance cost															(593,996)	(755,020)
Taxation															(534,757)	399,702
Loss after taxation															(1,463,753)	(1,260,447)

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

	Rupees in thousand															
	Sugar		Biofuel		Dairy		Juice		Textile		Farms		Total - Group			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total assets for reportable segments	10,088,020	7,007,614	4,988,417	2,225,377	9,806,538	9,393,250	670,937	766,549	858,091	447,340	818,929	823,504	27,230,932	20,663,634		
Unallocated assets													438,699	475,633		
Total assets as per consolidated statement of financial position													27,669,631	21,139,267		
Total liabilities for reportable segments	5,062,242	3,994,335	1,846,491	1,659,023	7,123,711	6,594,715	161,342	186,031	516,799	258,307	18,645	18,085	14,729,230	12,710,496		
Unallocated liabilities													259,431	31,276		
Total liabilities as per consolidated statement of financial position													14,988,661	12,741,772		

### 44.2 Geographical information

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

Europe	-	9,355	704,523	-	-	-	17,536	30,816	-	-	-	-	722,059	40,171
Asia	-	4,956	621,781	563,151	46,482	69,869	9,881	11,262	-	-	-	-	678,144	649,238
Pakistan	6,433,034	4,758,045	216,988	184,251	17,760,035	15,216,787	190,107	54,689	968,066	507,803	54,017	13,141	25,622,247	20,734,716
	6,433,034	4,772,356	1,543,292	747,402	17,806,517	15,286,656	217,524	96,767	968,066	507,803	54,017	13,141	27,022,450	21,424,125
The Company's revenue from external customers in respect of products is detailed below:														
Sugar	5,966,683	4,510,188	-	-	-	-	-	-	-	-	-	-	5,966,683	4,510,188
By-products	466,351	262,168	4,029	1,218	-	-	-	-	-	-	-	-	470,380	263,386
Biofuel	-	-	1,539,263	746,184	-	-	-	-	-	-	-	-	1,539,263	746,184
Dairy	-	-	-	-	17,806,517	15,286,656	-	-	-	-	-	-	17,806,517	15,286,656
Yarn and polyester	-	-	-	-	-	-	-	-	956,132	499,727	-	-	956,132	499,727
Juice	-	-	-	-	-	-	217,524	96,767	-	-	-	-	217,524	96,767
Farm	-	-	-	-	-	-	-	-	-	-	54,017	13,141	54,017	13,141
Waste	-	-	-	-	-	-	-	-	11,934	8,076	-	-	11,934	8,076
	6,433,034	4,772,356	1,543,292	747,402	17,806,517	15,286,656	217,524	96,767	968,066	507,803	54,017	13,141	27,022,450	21,424,125

44.4 All non-current assets of the Group as at reporting dates are located and operating in Pakistan.

44.5 The Group's revenue is earned from a large mix of customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 45. INTERESTS IN OTHER ENTITY

### Non-Controlling Interest (NCI)

Set out below is summarized financial information for Shakarganj Food Products Limited - Subsidiary Company that has non-controlling interest to the Group. The amounts disclosed for Subsidiary Company are before inter-company eliminations.

	2021 Rupees in thousand	2020
<b>Summarized statement of financial position</b>		
Current assets	2,710,902	2,408,575
Current liabilities	(5,791,164)	(5,403,773)
Net current liabilities	(3,080,262)	(2,995,198)
Non-current assets	7,774,096	7,834,405
Non-current liabilities	(1,532,520)	(1,795,651)
Net non-current assets	6,241,576	6,038,754
Net assets	3,161,314	3,043,556
Accumulated non-controlling interest	1,505,102	1,449,037
<b>Summarized statement of comprehensive income</b>		
Revenue	18,024,041	15,383,420
Profit / (loss) for the year	124,315	(885,568)
Other comprehensive (loss) / income	(6,557)	12,083
Total comprehensive income / (loss)	117,758	(873,485)
Profit / (loss) allocated to non-controlling interest	59,186	(421,619)
Total comprehensive income / (loss) allocated to non-controlling interest	56,065	(415,866)
<b>Summarized cash flows</b>		
Cash flows from operating activities	292,811	447,443
Cash flows used in investing activities	(85,743)	(252,394)
Cash flows used in financing activities	(246,660)	(303,723)
Net decrease in cash and cash equivalents	(39,592)	(108,674)

## 46. FINANCIAL RISK MANAGEMENT

### 46.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Risk management is carried out by the respective Board of Directors of the Holding Company and Subsidiary Company under the policies approved by the respective Board of Directors. The Board of each Group Company provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of non-derivative financial instruments and investment of excess liquidity.

## (a) Market risk

### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Group's foreign exchange risk exposure is restricted to the amounts receivable from the foreign entities. The Group's exposure to currency risk was as follows:

	2021	2020
Trade debts - USD	74,157	54,587
Following significant exchange rates were applied during the year:		
<b>Rupees per US Dollar</b>		
Average rate	159.31	160.30
Reporting date rate	170.45	165.68

### Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on loss after taxation for the year would have been Rupees 0.632 million (2020: Rupees 0.452 million) lower / higher mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

### (ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Group is not exposed to commodity price risk.

### Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange Limited (PSX) Index on the Group's equity (fair value reserve of FVTOCI investments). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables of FVTOCI instruments held constant and all the Group's equity instruments moved according to the historical correlation with the index:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Index	Impact on statement of other comprehensive income (fair value reserve)	
	2021	2020
	Rupees in thousand	
PSX 100 (5% increase)	505	661
PSX 100 (5% decrease)	(505)	(661)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as FVTOCI.

## (iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from long term financing, lease liabilities, short term borrowings, long term loans and advances, term deposit receipt and deposits in saving accounts. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	2021	2020
	Rupees in thousand	
Fixed rate instruments		
Financial assets		
Long term loan to SNGPL	-	2,496
Financial liabilities		
Long term financing	200,233	153,756
Lease liabilities	781,727	799,654
	2021	2020
	Rupees in thousand	
Floating rate instruments		
Financial assets		
Term deposit receipt	55,000	55,000
Bank balances - saving accounts	3,551	61,229
Financial liabilities		
Long term financing	877,372	1,019,413
Short term borrowings	1,284,194	1,752,294

## Fair value sensitivity for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 21.030 million (2020: Rupees 26.555 million) higher / lower mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

## (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021 Rupees in thousand	2020
Investments	10,100	13,223
Trade debts	181,513	275,787
Loans and advances	49,338	54,459
Deposits	132,220	129,318
Other receivables	7,619	10,347
Bank balances	281,590	329,180
	662,380	812,314

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

The Group's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 24.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

The credit quality of Group's bank balances can be assessed with reference to external credit ratings as follows:

Banks	Rating			2021	2020
	Short term	Long term	Agency	Rupees in thousand	
Allied Bank Limited	A1+	AAA	PACRA	6	530
Bank Alfalah Limited	A1+	AA+	PACRA	10,856	4,685
Habib Bank Limited	A-1+	AAA	VIS	109,302	94,625
MCB Bank Limited	A1+	AAA	PACRA	65,876	78,973
National Bank of Pakistan	A1+	AAA	PACRA	873	3,876
Standard Chartered Bank (Pakistan) Lir	A1+	AAA	PACRA	29	29
Askari Bank Limited	A1+	AA+	PACRA	13	13
The Bank of Punjab	A1+	AA+	PACRA	-	3
United Bank Limited	A1+	AA+	PACRA	59,496	61,764

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

	RATING			2021	2020
	Short term	Long term	Agency	Rupees in thousand	
Banks					
BankIslami Pakistan Limited	A1	A+	PACRA	34,228	77,200
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	194	152
Meezan Bank Limited	A-1+	AAA	VIS	32	6,064
Silkbank Limited	A-2	A-	VIS	27	27
The Bank of Khyber	A1	A	PACRA	366	1,060
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	-	71
MCB Islamic Bank Limited	A1	A	PACRA	292	108
				281,590	329,180

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Accordingly, the credit risk is minimal.

### (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 September 2021, the Group had Rupees 1,034.606 million (2020: Rupees 2,122.200 million) available borrowing limits from financial institutions and Rupees 284.226 million (2020: Rupees 330.012 million) cash and bank balances. Management believes the liquidity risk to be low. Followings are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.

### Contractual maturities of financial liabilities as at 30 September 2021:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	More than one year
	Rupees in thousand				
Non-derivative financial liabilities:					
Long term financing	1,276,702	1,517,666	487,540	230,342	799,784
Lease liabilities	781,727	918,196	181,779	135,712	600,705
Trade and other payables	5,265,305	5,265,305	5,265,305	-	-
Unclaimed dividend	1,944	1,944	1,944	-	-
Accrued mark-up	85,959	85,959	85,959	-	-
Short term borrowings	1,284,194	1,302,614	1,302,614	-	-
	8,695,831	9,091,684	7,325,141	366,054	1,400,489

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Carrying Amount	Contractual cash flows	6 months or less	6-12 months	More than one year
Rupees in thousand				

Contractual maturities of financial liabilities as at 30 September 2020:

Non-derivative financial liabilities:

Long term financing	1,346,880	1,498,801	84,400	263,433	1,150,968
Lease liabilities	799,654	980,358	114,879	114,879	750,600
Trade and other payables	5,529,653	5,529,653	5,529,653	-	-
Unclaimed dividend	1,954	1,954	1,954	-	-
Accrued mark-up	96,846	96,846	96,846	-	-
Short term borrowings	1,764,892	1,797,952	1,797,952	-	-
	9,539,879	9,905,564	7,625,684	378,312	1,901,568

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 September. The rates of interest / mark-up have been disclosed in Note 6, Note 7 and Note 11 to these consolidated financial statements.

Carrying amount of long term financing as at 30 September 2021 includes overdue installments of principal amounting to Rupees 81.581 million (2020: Rupees Nil).

## 46.2 Financial instruments by categories

2021			2020		
At amortized cost	At FVTOCI	Total	At amortized cost	At FVTOCI	Total
Rupees in thousand					

Assets as per consolidated statement of financial position

Investments	-	10,100	10,100	-	13,223	13,223
Loans and advances	49,338	-	49,338	54,459	-	54,459
Deposits	132,220	-	132,220	129,318	-	129,318
Other receivables	7,619	-	7,619	10,347	-	10,347
Trade debts	181,513	-	181,513	275,787	-	275,787
Cash and bank balances	284,226	-	284,226	330,012	-	330,012
	654,916	10,100	665,016	799,923	13,223	813,146

2021	2020
At amortized cost	
Rupees in thousand	

Liabilities as per consolidated statement of financial position

Long term financing	1,276,702	1,346,880
Lease liabilities	781,727	799,654
Short term borrowings	1,284,194	1,764,892
Trade and other payables	5,265,305	5,529,653
Accrued mark-up	85,959	96,846
Unclaimed dividend	1,944	1,954
	8,695,831	9,539,879

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

**46.3** Reconciliation of financial assets and financial liabilities to the line items presented in the consolidated statement of financial position is as follows:

2021			2020		
Financial assets	Other than financial assets	Total	Financial assets	Other than financial assets	Total

-----Rupees in thousand-----

## Assets as per consolidated statement of financial position

Investments	10,100	-	10,100	13,223	-	13,223
Loans and advances	49,338	80,574	129,912	54,459	161,506	215,965
Deposits	132,220	-	132,220	129,318	-	129,318
Prepayments and other receivables	7,619	583,569	591,188	10,347	549,862	560,209
Trade debts	181,513	-	181,513	275,787	-	275,787
Cash and bank balances	284,226	-	284,226	330,012	-	330,012
	665,016	664,143	1,329,159	813,146	711,368	1,524,514

2021			2020		
Financial liabilities	Other than financial liabilities	Total	Financial liabilities	Other than financial liabilities	Total

-----Rupees in thousand-----

## Liabilities as per consolidated statement of financial position

Long term financing	1,276,702	-	1,276,702	1,346,880	-	1,346,880
Lease liabilities	781,727	-	781,727	799,654	-	799,654
Short term borrowings	1,284,194	-	1,284,194	1,764,892	-	1,764,892
Trade and other payables	5,265,305	2,958,266	8,223,571	5,529,653	2,028,118	7,557,771
Accrued mark-up	85,959	-	85,959	96,846	-	96,846
Unclaimed dividend	1,944	-	1,944	1,954	-	1,954
	8,695,831	2,958,266	11,654,097	9,539,879	2,028,118	11,567,997



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 46.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, lease liabilities and short term borrowings obtained by the Group as referred in Note 6, 7 and 11 respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

		2021	2020
Borrowings	Rupees in thousand	3,342,623	3,911,426
Total equity	Rupees in thousand	12,680,970	8,397,495
<b>Total capital employed</b>	<b>Rupees in thousand</b>	<b>16,023,593</b>	<b>12,308,921</b>
<b>Gearing ratio</b>	<b>Percentage</b>	<b>20.86</b>	<b>31.78</b>

## 47. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

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

#### Recurring fair value measurements

Financial assets At 30 September 2021	Level 1	Level 2	Level 3	Total
At fair value through other comprehensive income	10,100	-	-	10,100
<b>At 30 September 2020</b>				
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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

The Group'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 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 Group 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.

## (ii) Valuation technique used to determine fair values

Specific valuation technique used to value financial instruments include the use of quoted market prices for listed securities.

## 48. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

### (i) Fair value hierarchy

The judgements and estimates are made for the non-financial assets that are recognized and measured at fair value in these consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the following three levels.

Level 1	Level 2	Level 3	Total
Rupees in thousand			

At 30 September 2021

#### Recurring fair value measurements

Freehold land	-	3,054,162	-	3,054,162
Building	-	2,014,232	-	2,014,232
Plant and machinery	-	16,952,094	-	16,952,094
Biological assets	-	18,333	16,232	34,565

#### Non-recurring fair value measurements

Non-current assets held for sale	-	335,180	-	335,180
----------------------------------	---	---------	---	---------

<b>Total non-financial assets</b>	-	22,374,001	16,232	22,390,233
-----------------------------------	---	------------	--------	------------

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Level 1	Level 2	Level 3	Total
Rupees in thousand			

At 30 September 2020

## Recurring fair value measurements

Freehold land	-	2,782,207	-	2,782,207
Building	-	1,514,564	-	1,514,564
Plant and machinery	-	11,429,878	-	11,429,878
Biological assets	-	17,601	22,191	39,792
<b>Total non-financial assets</b>	-	<b>15,744,250</b>	<b>22,191</b>	<b>15,766,441</b>

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

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

## (ii) Valuation techniques used to determine level 2 fair values

The Group obtains independent valuation for its freehold land, building, plant and machinery at least after every three years. The management updates the assessment of the fair value of property, plant and equipment taking into account the most recent independent valuation. The management determines the value of these assets within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of building is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the value of new plant and machinery of the same specifications. The fair value of standing crops is based on the support price fixed by the Government and other factors such as estimated crop yield and area under cultivation. The fair value of livestock is estimated on the basis of market prices of livestock of similar age, breed and genetic merit. Property, plant and equipment classified as held for sale was measured at the lower of its carrying amount and fair value less cost to sell. The fair value of plant and machinery classified as held for sale was determined using market value method.

## Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's freehold land, building, plant and machinery after three years. The fair value of these assets has been determined by independent valuers Messrs Hamid Mukhtar and Company (Private) Limited and Messrs Surval on 30 September 2021 and on 30 September 2019 respectively. The fair value of biological assets are determined by the related experts keeping in view the current market conditions and other salient factors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 49. EVENT AFTER THE REPORTING PERIOD

The Holding Company issued notice dated 05 November 2021 to hold an Extraordinary General Meeting (EOGM) on 30 November 2021 to obtain approval from shareholders regarding sale of certain parcels of agriculture land.

The EOGM could not be conducted as scheduled because a shareholder obtained stay from Sindh High Court, Karachi on 29 November 2021 regarding the agenda of EOGM by claiming that he held 10% shareholding in the Holding Company, and that the EOGM was in contravention of applicable laws.

As per legal counsel of the Holding Company, the stay obtained by misleading the honorable court will be dismissed, and that the Honorable Sindh High Court has not restrained the Holding Company from conducting its business in accordance with Companies Act 2017.

## 50. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of better presentation and comparison. However, no significant re-arrangements have been made except for the following:


Head of account	Reclassification		Rupees in thousand
	From	To	
Payable to related parties	Trade and other payables	Trade debts	1,484
Due from related party	Loans and advances	Trade and other payables	8,847
Deferred income tax liability	Deferred liabilities	Face of statement of financial position	654,242
Sales tax	Trade and other payables	Deposits, prepayments and other receivables	259,871
Advance income tax	Loans and advances	Face of statement of financial position	121,312
Provision for taxation	Advance income tax	Provision for taxation	38,171
Long term deposits	Long term loans, advances and deposits	Long term deposits	125,959

## 51. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on 07 February 2022 by the Board of Directors.

## 52. GENERAL

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# PATTERN OF SHAREHOLDING

Form - 34

The Companies ACT, 2017  
The Companies (General Provisions and Forms) Regulations,  
2018[Section 227(2)(f)]  
Pattern of Shareholding

## PART -I

1.1 Name of The Company **Shakarganj Limited**

## PART -II

2.1 Pattern of Holding of the Shares held by the Shareholders as at : 30 September 2021

2.2	No. of Shareholders	Shareholding	Total Shares held
		From To	
	432	1 100	12,122
	319	101 500	97,625
	187	501 1,000	143,975
	283	1,001 5,000	624,006
	62	5,001 10,000	436,932
	16	10,001 15,000	182,848
	11	15,001 20,000	196,217
	8	20,001 25,000	177,753
	8	25,001 30,000	218,980
	5	30,001 35,000	167,142
	4	35,001 40,000	157,164
	4	40,001 45,000	165,633
	6	45,001 50,000	285,849
	4	50,001 55,000	207,339
	3	55,001 60,000	177,420
	2	60,001 65,000	122,779
	3	65,001 70,000	200,120
	9	70,001 75,000	660,633
	1	75,001 80,000	76,252
	1	80,001 85,000	84,504
	2	85,001 90,000	176,363
	2	95,001 100,000	195,146
	1	100,001 105,000	100,872
	2	105,001 110,000	216,852
	1	115,001 120,000	115,967
	2	120,001 125,000	244,221
	1	130,001 135,000	133,178
	1	140,001 145,000	142,017
	1	145,001 150,000	147,057
	1	160,001 165,000	164,772
	1	175,001 180,000	175,230
	1	185,001 190,000	189,501
	1	195,001 200,000	198,863
	1	210,001 215,000	214,500
	1	215,001 220,000	219,000

No. of Shareholders	Shareholding		Total Shares held
	From	To	
2	220,001	225,000	448,140
1	250,001	255,000	252,552
1	260,001	265,000	263,700
1	265,001	270,000	269,500
1	295,001	300,000	297,727
1	320,001	325,000	320,454
1	655,001	660,000	657,754
1	740,001	745,000	743,980
1	770,001	775,000	772,727
1	785,001	790,000	788,611
1	795,001	800,000	798,500
1	915,001	920,000	916,582
1	965,001	970,000	968,463
1	1,375,001	1,380,000	1,375,427
1	1,475,001	1,480,000	1,478,600
1	2,035,001	2,040,000	2,035,600
1	5,090,001	5,095,000	5,090,908
1	5,305,001	5,310,000	5,306,818
1	6,015,001	6,020,000	6,018,137
1	7,050,001	7,055,000	7,051,136
1	7,600,001	7,605,000	7,602,272
1	7,920,001	7,925,000	7,923,254
1	9,015,001	9,020,000	9,019,690
1	12,210,001	12,215,000	12,210,221
1	17,950,001	17,955,000	17,951,340
1	27,405,001	27,410,000	27,409,075
<b>1,414</b>			<b>125,000,000</b>

2.3	Categories of Shareholder	Share held	Percentage
2.3.1	- Directors, CEO, Their Spouse and Minor Children	6,321,921	5.06
2.3.2	- Associated Companies, Undertakings & Related Parties	46,435,922	37.15
2.3.3	- NIT & ICP	6,018,137	4.81
2.3.4	- Banks, DFIs, NBFCs	106,854	0.09
2.3.5	- Insurance Companies	8	0.00
2.3.6	- Modarabas and Mutual Funds	453	0.00
2.3.8	- A. General Public (Local)	23,409,523	18.73
2.3.9	- A. Other Companies (Local)	42,706,966	34.17
2.3.9	- B. Other Companies (Foreigner)	216	0.00
		125,000,000	100.00
<b>Shareholders More Than 10.00%</b>			
	M/s. CRESCENT STEEL AND ALLIED PRODUCTS LTD.	27,409,075	21.93
	M/s. MASOOD FABRICS LTD	17,951,340	14.36

# NOTICE OF 54<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that 54<sup>th</sup> Annual General Meeting (“AGM”) of Shakarganj Limited (the “Company”) will be held on Monday, 28 February 2022 at 10:00 a.m through video-link to transact the following business:

## Ordinary Business:

1. To receive, consider and adopt the Chairman’s Review Report, Reports of Directors and Auditors together with Audited Annual Financial Statements (Unconsolidated and Consolidated) of the Company for the year ended 30 September 2021.
2. To appoint Company’s auditors and to fix their remuneration. The members are hereby notified that the Audit Committee and the Board of Directors have recommended the name of M/s. Riaz Ahmad & Company, Chartered Accountants for re-appointment as auditors of the Company.

## Special Business:

3. To consider and approve the sale of freehold agricultural land of the Company by passing the following resolution(s) as ordinary resolution(s) with or without modification in terms of section 183(3)(a) of the Companies Act, 2017 (“Act”).

**“Resolved That** approval of the members of Shakarganj Limited (“Company”) be are hereby accorded in terms of Section 183(3)(a) of the Companies Act, 2017 for disposal of freehold agricultural land measuring 5,066 Kanals and 18 Marlas located in Jhang, subject to no objection from the lenders.

**Further Resolved That** the Board of Directors be and are hereby authorized and empowered to sell the agriculture land and delegate any or all of its powers in this regard to the Chief Executive Officer (CEO) or any other person on such terms and conditions as they deem fit, to act on behalf of the Company in carrying out and performing all acts, matters, things and deeds to implement and/or give effect to the sale of Agriculture land and utilization of the proceeds thereof, which shall include, but not be limited to:-

- a) conducting negotiations with interested parties in such manner and on such terms and conditions as are in the best interests of the Company and its members and which secure the best available market price for the assets;
- b) selling the assets to any individual, firm/partnership or private/public limited company or organization or to any other person and, for that purpose, negotiating with financial institutions for vacating lien/charges against Agriculture land if any, entering into an agreement to sell, executing a sale deed or any other agreement with the buyer(s) or any other person, receiving the sale consideration, executing, preparing and signing any sale deed, conveyance deed and/or transfer documents in favor of the buyer(s) or another person to effect the sale in favor



of the buyer(s) or any other person by representing the same before all parties & authorities concerned and admitting execution thereof;

c) representing before the Sub-Registrar or any other competent authority and getting any sale deed or other documents registered and collecting the consideration amount in respect of the sale of Agriculture land;

d) To utilize the proceeds from the disposal of agriculture land to pay to Sugarcane Growers and partially settle the other liabilities of the Company and the remaining proceeds will be applied towards capital expenditures.

e) Generally performing and executing in respect of the agriculture land all lawful deeds, agreements, acts and things as they may think fit and proper in order to implement and complete the sale of Agriculture land.

By the Order of the Board

Lahore: 07 February 2022

Asif Ali  
Company Secretary

#### 1. AGM to be held via video-link facility.

Due to surge in cases of Pandemic Covid19, the AGM will be conducted virtually via video link for safety and well-being of the shareholders of the Company and general public. The AGM can be attended using smart phones/tablets/computers. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through WhatsApp at 0300-0801554 or email at [asif.malik@shakarganj.com.pk](mailto:asif.malik@shakarganj.com.pk) by 25 February 2022.

Name of member	CNIC No.	CDC Account No/Folio No.	Cell Number.	Email address

The members who are registered after the necessary verification shall be provided a video link by the Company on the same email address that they email with the Company with. The Login facility will remain open from start of the meeting till its proceedings are concluded. The shareholders who wish to send their comments/ suggestions on the agenda of the AGM can email the Company at [asif.malik@shakarganj.com.pk](mailto:asif.malik@shakarganj.com.pk) or WhatsApp at 0300-0801554. The

Company shall ensure that comments/ suggestions of the shareholders will be read out at the meeting and the responses will be made part of the minutes of the meeting.

## 2. Placement of Financial Statements

The Company has placed the Annual Report which includes *inter alia* notice of meeting, Audited Annual Financial Statements (Unconsolidated and Consolidated) together with Chairman's Review Report, Directors' and Auditors' Report thereon for the year ended 30 September 2021 on its website: [www.shakarganj.com.pk](http://www.shakarganj.com.pk)

## 3. Closure of Share Transfer Books.

The Share Transfer Books of the Company will remain closed from 21 February 2022 to 28 February 2022 (both days inclusive). Transfers received in order at the office of our Share Registrar, M/s CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on 19 February 2022, will be treated in time for the entitlement to attend, speak and vote at the AGM.

A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time of holding the meeting. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form. A proxy must be a member of the Company. The proxy form is annexed to the notice sent to the members. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be submitted along with copy of CNIC of the representative.

## 4. CNIC/IBAN for E-Dividend Payment

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.

## 5. Replacement of physical shares with book-entry

As per Section 72 of The Companies Act, 2017 every existing company shall replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e., 31 May 2017. The shareholders holding shares in physical form are requested to please convert their shares in the book entry form. For this purpose, the shareholders may open CDC Sub-account with any of the brokers or investor account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares at any time they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.

## 6. Zakat Declarations

The members of the Company are required to submit Declarations for Zakat exemption to the Company in terms of Zakat and Ushr Ordinance, 1980.

## 7. Circulations of Annual Reports through CD/DVD/USB/Email

The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: [www.shakarganj.com.pk](http://www.shakarganj.com.pk).

## 8. Unclaimed Dividend and Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar M/s Corptec Associates (Private) Limited, 503-E, Johar Town, Lahore, to collect/enquire about their unclaimed dividend or pending shares, if any.

## 9. Shareholders are also requested to notify immediately any change in their E-mail address to the Share Registrar of the Company, M/s. Corptec Associates (Private) Limited, 503-E, Johar Town, Lahore. Ph. 042-35170335- 37

### Statement of Material Facts Under Section 134(3) of the Companies Act, 2017

This statement set the material facts pertaining to the special business to be transacted at the Annual General Meeting of the company to be held on Monday 28 February 2022 at 10:00 am.

#### Particulars of the Asset

Sr #	Detail of land	Purchase date	Location (District)	Measurement		Historical cost	Recent revaluation / Book value as of 30 Sep 2021
				Kanal	Marla	Rupees	Rupees
Agriculture Land							
1	Kot Sahai Singh Jhang	30 Sep 2005 To 30 Sep 2006	Jhang	52.00	4.00	20,978,900	156,600,000
2	Moza Kot Essa Shah	11 June 2003 To 19 May 2004	Jhang	1,262.00	0.00	21,564,215	126,200,000
3	Moza Chandia Nasheb	25 Sep 2004 To 31 Mar 2006	Jhang	438.00	1.00	21,377,373	27,378,000
4	Chak Rasool Pur, Jhang	05 Jan 2005	Jhang	103.00	13.00	3,135,000	38,869,000
5	Moza Kot Khan	01 Oct 1993 To 01 Oct 1995	Jhang	2,926.00	4.00	14,181,168	402,188,000
6	Moza Billi Habib (Naulan Par)	01 June 2007	Jhang	284.00	16.00	3,499,866	4,312,000
	Total			5,066	18	84,736,522	755,547,000

\*\* The valuation of the assets has been conducted by Hamid Mukhtar & Co. (Pvt.) Ltd. as on 30 September 2021.

#### Approximate current market price/fair value:

Rs. 755,547,000

#### Proposed manner of sale

The land will be disposed of through advertisement in newspapers and negotiations with the buyers through persons authorized by the board of directors in a way that is most beneficial for the Company and its shareholders.

#### Purpose of the sale

The agriculture land was purchased to develop new sugarcane varieties but due to change of business dynamics, purchase of sugarcane by all the sugar mills in the areas of other sugar mills, the same is not required for development of sugarcane varieties by the Company. Accordingly, the

Board decided to dispose of the agriculture land. The same will improve the liquidity of the Company.

#### Utilization of proceeds

The proceeds to be generated through sale of Agriculture land will be used to pay to Sugarcane Growers and partially settle the other liabilities of the Company and the remaining proceeds will be applied towards Capital Expenditures.

#### Effect of sale on the operational capacity of the company

There will be no impact on operational capacity of the Company as no major economic activity is being carried out on this land.

#### Quantitative and qualitative benefits expected to accrue to the members

The sale of agriculture land will enable the Company to improve liquidity and hopefully, performance and profitability in future.

#### Nature & Extent of Interest of Directors, directly or indirectly.

The Directors have no direct or indirect interest in the above said special business except to the extent of their directorship and shareholdings in the company.

### فروخت کا مقصد

گنے کی نئی اقسام تیار کرنے کے لیے زرعی اراضی خریدی گئی تھی لیکن کاروباری حرکیات میں تبدیلی کے باعث دیگر شوگر ملوں کے علاقوں میں تمام شوگر ملوں کی جانب سے گنے کی خریداری گزشتہ چند سالوں سے جاری ہے۔ اس طرح کمپنی کو گنے کی اقسام کی ترقی کے لیے زرعی زمین کی ضرورت نہیں ہے۔ اس کے مطابق بورڈ نے زرعی اراضی کو فروخت کرنے کا فیصلہ کیا۔ اسی سے کمپنی کی لیکویڈیٹی میں بہتری آئے گی۔

### آمدنی کا استعمال

زرعی اراضی کی فروخت سے حاصل ہونے والی رقم کا استعمال گنے کے کاشتکاروں کو ادائیگی اور کمپنی کی دیگر واجبات کو جزوی طور پر حل کرنے کے لیے استعمال کیا جائے گا اور باقی رقم کا اطلاق کیپٹل اخراجات میں کیا جائے گا۔

### کمپنی کے آپریشنز پر فروخت کا اثر

کمپنی کے کاروباری کاموں پر کوئی بڑا اثر نہیں پڑے گا کیونکہ اس زمین پر کوئی بڑی اقتصادی سرگرمی نہیں ہو رہی ہے۔

### اراکین کو حاصل ہونے والے مقداری اور معیاری فوائد کی توقع

زرعی زمین کی فروخت کمپنی کو مستقبل میں لیکویڈیٹی، مقداری کارکردگی اور منافع کو بہتر بنانے کے قابل بنائے گی۔

### براہ راست یا بالواسطہ طور پر ڈائریکٹرز کی دلچسپی کی نوعیت اور حد

ڈائریکٹرز کو مذکورہ خصوصی کاروبار میں سوائے کمپنی میں ان کی ڈائریکٹر شپ اور شیئر ہولڈنگ کی حد کے براہ راست یا بالواسطہ کوئی دلچسپی نہیں ہے۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت مادی حقائق کا بیان

یہ سیٹھٹیٹ بروڈ سو مو ا ر 28 فروری 2022 کو صبح 10:00 بجے ہونے والی کمپنی کے سالانہ اجلاس عام میں لین دین کے لیے خصوصی کاروبار سے متعلق مادی حقائق کا تعین کرتی ہے۔

سیریل نمبر	تفصیل اراضی	تاریخ خریداری	مقام (ضلع)	پیمائش	پیمائش	ہسٹوریکل قیمت	حالیہ ریویلیویشن / بک ویلیو (30 ستمبر 2021)
				کنال	مرلہ	روپے	روپے
	زرعی اراضی						
1	کوٹ ساہی سنگھ	30 ستمبر 2005 سے 30 ستمبر 2006	جھنگ	52.00	4.00	20,978,900	156,600,000
2	موضع کوٹ عیسی شاہ	11 جون 2003 سے 19 مئی 2004	جھنگ	1,262.00	0.00	21,564,215	126,200,000
3	موضع چانڈیہ نشیب	25 ستمبر 2004 سے 31 مارچ 2006	جھنگ	438.00	1.00	21,377,373	27,378,000
4	چک رسول پور جھنگ	05 جنوری 2005	جھنگ	103.00	13.00	3,135,000	38,869,000
5	موضع کوٹ خان	01 اکتوبر 1993 سے 01 اکتوبر 1995	جھنگ	2,926.00	4.00	14,181,168	402,188,000
6	موضع بلی حبیب (نولال پار)	01 جون 2007	جھنگ	284.00	16.00	3,499,866	4,312,000
ٹوٹل				5,066.00	18.00	84,736,522	755,547,000

\*\* اثاثہ کی ویلیویشن 30 ستمبر 2021 کو حاملہ مختار اینڈ کو (پرائیویٹ) لمیٹڈ کے ذریعے کی گئی ہے۔

تقریباً موجودہ مارکیٹ قیمت / فیرو ویلیو:

755,547,000 روپے

فروخت کا مجوزہ طریقہ

ارضی کو اخبارات میں اشتہار کے ذریعے اور بورڈ آف ڈائریکٹرز کے ذریعے مجاز افراد کے ذریعے خریداروں کے ساتھ گفت و شنید کے ذریعے اس طریقے سے نمٹایا جائے گا جو شیئر ہولڈرز اور کمپنی کے لیے سب سے زیادہ فائدہ مند ہو۔

چاہیں فروخت کریں گے کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضوابط کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہیں ہے۔

#### 6۔ زکوٰۃ ڈیکلیریشن

کمپنی کے ارکان کو زکوٰۃ اینڈ عشر آرڈیننس 1980 کی شرائط میں زکوٰۃ ایگزیمپشن کے لئے کمپنی کے ہاں ڈیکلیریشن جمع کرانا ضروری ہے۔

#### 7۔ مالی حسابات کی ترسیل بذریعہ سی ڈی / ڈی وی ڈی / ایو ایس بی

حصص داران جو مذکورہ بالا دستاویزات کی ہارڈ کاپیاں وصول کرنا چاہتے ہوں کمپنی سیکرٹری / شیئر رجسٹرار کو سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم ارسال کریں اور کمپنی حصص داران کو مطالبہ پر مذکورہ بالا دستاویزات ایسی طلب کے ایک ہفتہ کے اندر مفت مہیا کرے گی۔ حصص داران جو سالانہ رپورٹ بشمول اجلاس کے نوٹسز بذریعہ ای میل بھی وصول کرنا چاہتے ہوں سے درخواست ہے کہ سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ [www.shakarganj.com.pk](http://www.shakarganj.com.pk) پر بھی دستیاب معیاری درخواست فارم پر اپنی تحریری رضامندی فراہم کریں۔

#### 8۔ ان کلیم ڈیویڈنڈ اور بونس شیئرز

حصص داران کے ان کلیم ڈیویڈنڈز، جو کسی وجہ سے اپنے ڈیویڈنڈ یا بونس شیئرز کلیم نہیں کر سکے یا اپنے مادی حصص حاصل نہیں کر سکے تھے، اگر کوئی ہوں، سے التماس ہے کہ ہمارے شیئر رجسٹرار میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، E-503، جو ہرٹاؤن لاہور سے اپنے ان کلیم ڈیویڈنڈ، اگر کوئی ہوں، کے بارے دریافت حاصل کرنے کے لئے رابطہ کریں۔

9۔ شیئر ہولڈرز سے یہ بھی درخواست کی جاتی ہے کہ وہ اپنے ای میل ایڈریس میں کسی بھی تبدیلی کی اطلاع فوری طور پر کمپنی کے شیئر رجسٹرار میسرز کارپ ٹیک ایسوسی ایٹس

(پرائیویٹ) لمیٹڈ، E-503، جو ہرٹاؤن لاہور۔ فون 042-35170335-37 کو دیں۔



## 1- AGM ویڈیولنک کی سہولت کے ذریعے منعقد کی جائے گی۔

وبائی مرض COVID-19 کی وجہ سے کمپنی کے حصص یافتگان اور عام لوگوں کی حفاظت اور فلاح و بہبود کے لئے ویڈیولنک کے ذریعے ای۔ جی ایم کو عملی طور پر انجام دیا جائے گا۔ سمارٹ فونز/ٹیبلیٹ/کمپیوٹر کا استعمال کرتے ہوئے ای۔ جی ایم میں شرکت کی جاسکتی ہے۔ ویڈیولنک کے ذریعے اجلاس میں شرکت کے لئے، ممبران اور ان کے پراکسیز سے درخواست ہے کہ وہ 25 فروری 2022 تک 0300-0801554 پر واٹس اپ یا asif.malik@shakarganj.com.pk پر ای میل کے ذریعے اپنے کمپیوٹر یا ڈیجیٹل شہریت کارڈ (دونوں اطراف) / پاسپورٹ، بورڈ ریزولوشن / پاور آف اٹارنی کی تصدیق شدہ کاپی (کارپوریٹ شیئر ہولڈرز کی صورت میں) کے ساتھ مندرجہ ذیل معلومات فراہم کر کے اپنا اندراج کریں۔

ممبر کا نام	شناختی کارڈ نمبر	CDC اکاؤنٹ نمبر	موبائل نمبر	ای میل ایڈریس

ضروری تصدیق کے بعد رجسٹرڈ ہونے والے ممبروں کو کمپنی کے ذریعے اسی ای میل ایڈریس پر ایک ویڈیولنک فراہم کیا جائے گا جس کے ساتھ وہ کمپنی کو ای میل کرتے ہیں۔ لاگ ان کی سہولت میٹنگ کے آغاز سے اس کی کارروائی مکمل ہونے تک کھلی رہے گی۔

جو شیئر ہولڈرز ای۔ جی ایم کے ایجنڈے پر اپنے تاثرات / تجاویز بھیجنا چاہتے ہیں وہ کمپنی کو asif.malik@shakarganj.com.pk پر ای میل یا 0300-0801554 پر واٹس اپ کر سکتے ہیں۔ کمپنی اس بات کو یقینی بنائے گی کہ شیئر ہولڈرز کے تبصرے / مشورے میٹنگ میں پڑھ کر سنائے جائیں گے اور جوابات کو میٹنگ کے منٹس کا حصہ بنایا جائے گا۔

## 2- مالی حسابات کی پلیسمنٹ

کمپنی 30 ستمبر 2021ء مختتم سال کیلئے نظر ثانی شدہ - جداگانہ اور مربوط سالانہ مالی حسابات معائنہ پر آڈیٹران اور ڈائریکٹران کی رپورٹس اور چیئرمین کی جائزہ رپورٹ اپنی ویب سائٹ www.shakarganj.com.pk پر رکھ چکی ہے۔

## 3- حصص منتقلی کتابوں کی بندش

کمپنی کی حصص منتقلی کتابیں 21 فروری 2022ء تا 28 فروری 2022ء (بشمول ہر دو ایام) بند رہیں گی۔ کمپنی کے شیئر رجسٹر ادفٹر میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ E-503 جو ہرٹاؤن لاہور پر 19 فروری 2022ء کو کاروبار کے اختتام تک موصولہ منتقلیاں اجلاس عام (AGM) میں شرکت کے استحقاق بولنے اور ووٹ دینے کے حق

## کیلئے بروقت تصور ہوگی۔

اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اجلاس میں شرکت اور ووٹ دینے کیلئے دیگر ممبر کو بطور پراکسی مقرر کر سکتا ہے۔ مؤثر ہونے کے لیے پراکسیز کمپنی کو رجسٹرڈ آفس میں میٹنگ کے انعقاد کے وقت سے 48 گھنٹے پہلے موصول ہونی چاہیے۔ پراکسی فارم کی گواہی دو افراد دیں گے، جن کے نام، پتے اور CNIC نمبرز کا فارم پر ذکر کیا جائے گا۔ پراکسی لازماً کمپنی کا ممبر ہونا چاہئے۔ پراکسی فارم ممبران کو بھیجے گئے نوٹس کے ساتھ منسلک ہے۔ کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی ریزولوشن / پاور آف اٹارنی، نامزد امیدوار کے نمونے کے دستخط کے ساتھ، نمائندے کے CNIC کی کاپی کے ساتھ پیش کیا جائے گا۔

## 4- ای ڈیویڈنڈ ادائیگی کے لئے IBAN / CNIC

کمپنیز ایکٹ 2017ء کی دفعہ 242 کی پروویژنز کے مطابق فہرستی کمپنیوں کیلئے ضروری ہے کہ کوئی منافع منقسمہ قابل ادا نقد صورت میں فقط الیکٹرونک موڈ کے ذریعے براہ راست مستحق حصص داران کی طرف سے منسوب بینک اکاؤنٹ میں کیا جائیگا۔ اس کے مطابق مادی حصص کے مالک حصص داران سے درخواست ہے درج بالا پتہ پر کمپنی کے شیئر رجسٹر اڈر کو سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب ای ڈیویڈنڈ فارم پر الیکٹرونک ڈیویڈنڈ مینڈیٹ فراہم کریں۔ سی ڈی سی میں حصص رکھنے کی صورت میں، یہ معلومات اپ ڈیٹنگ اور کمپنی کو ارسال کرنے کیلئے سی ڈی ایس پائپسٹنس کو مہیا کی جانی چاہئیں۔ جمع نہ کروانے کی صورت میں، آئندہ کے تمام منافع کی ادائیگی روکی جاسکتی ہے۔

## 5- فزیکل شیئرز کی بک انٹری میں تبدیلی

کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق ہر موجودہ کمپنی اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ تبدیل کرے گی جیسا کہ بیان کیا گیا ہو اور ایس ای سی پی کی طرف سے مطلع کردہ تاریخ سے، اس مدت کے اندر جو کہ کمپنیز ایکٹ، 2017 یعنی 31 مئی، 2017 شروع ہونے سے چار سال سے زیادہ نہ ہو۔ فزیکل صورت میں حصص رکھنے والے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو بک انٹری فارم میں تبدیل کر دیں۔ اس مقصد کے لیے، شیئر ہولڈرز اپنے فزیکل شیئرز کو اسکرپ لیس فارم میں رکھنے کے لیے براہ راست سی ڈی سی کے ساتھ کسی بھی بروکرز یا انویسٹر اکاؤنٹ کے ساتھ سی ڈی سی سب اکاؤنٹ کھول سکتے ہیں۔ یہ انہیں کئی طریقوں سے سہولت فراہم کرے گا جس میں حصص کی محفوظ تحویل اور کسی بھی وقت وہ

## اطلاع 54 واں سالانہ اجلاس عام

(a)۔ دلچسپی رکھنے والی پارٹیوں کے ساتھ ایسے طریقے سے اور ایسی شرائط و ضوابط پر بات چیت کرنا جو کمپنی اور اس کے اراکین کے بہترین مفاد میں ہوں اور جو اثاثوں کے لیے بہترین دستیاب مارکیٹ قیمت کو یقینی بنائیں؛

(b)۔ کسی فرد، فرم/ پارٹنرشپ یا پرائیویٹ/ پبلک لمیٹڈ کمپنی یا ادارہ یا کسی دوسرے شخص کو اثاثے فروخت کرنا اور، اس مقصد کے لیے، اگر زرعی اراضی کے خلاف کوئی دعویٰ/ چارجز ہوں تو ان کو ختم کرنے کے لیے مالیاتی اداروں کے ساتھ بات چیت کرنا، بیچنے کے لیے معاہدہ کرنا، خریدار (خریداروں) یا کسی دوسرے شخص کے ساتھ سیل ڈیڈ یا کسی دوسرے معاہدے پر عمل درآمد کرنا، مذکورہ قیمت فروخت کو وصول کرنا، کسی بھی سیل ڈیڈ کنونینس ڈیڈ اور/ یا خریدار (خریداروں) یا دوسرے شخص کے حق میں ٹرانسفر دستاویزات پر عمل درآمد، خریدار (خریداروں) یا کسی دوسرے شخص کے حق میں فروخت کو مؤثر بنانے کے لیے تمام فریقین اور متعلقہ حکام کے سامنے پیش کرنا اور اس پر عمل درآمد کرنا؛

(c)۔ سب رجسٹرار یا کسی دوسری مجاز اتھارٹی کے سامنے پیش ہونا اور کسی بھی سیل ڈیڈ یا دیگر دستاویزات کو رجسٹر کروانا اور زرعی اراضی کی فروخت کے سلسلے میں مذکورہ رقم وصول کرنا؛

(d)۔ زرعی اراضی کی فروخت سے حاصل ہونے والی آمدنی کو گنے کے کاشتکاروں کو ادا کرنے اور کمپنی کی دیگر واجبات کو جزوی طور پر حل کرنے کے لیے استعمال کرنا اور باقی رقم کا اطلاق کیپٹل اخراجات میں کیا جائے گا؛

(e)۔ زرعی زمین کے سلسلے میں تمام قانونی ڈیڈز، معاہدوں، قوانین اور اشیا کو عموماً انجام دینا اور ان پر عمل کرنا جیسا کہ وہ زرعی زمین کی فروخت کو نافذ اور مکمل کرنے کے لیے مناسب سمجھیں۔

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ شرکاء گنج لمیٹڈ (کمپنی) کا 54 واں سالانہ اجلاس ویڈیو لنک کے ذریعے 28 فروری 2022ء بروز سوموار صبح 10:00 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عمومی امور:

1۔ 30 ستمبر 2021ء کو مختتم سال کیلئے کمپنی کے نظر ثانی شدہ جداگانہ اور مربوط سالانہ مالی حسابات معائنہ پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس، چیئرمین کی جائزہ رپورٹ کی وصولی، غور و خوض اور منظور کرنا۔

2۔ کمپنی کے آڈیٹرز کا تقرر اور ان کے صلہ خدمت کا تعین کرنا۔ ارکان کو بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز کی حیثیت سے دوبارہ مقرر کرنے کی سفارش کی ہے۔

خصوصی امور:

3۔ کمپنیز ایکٹ، 2017 ("ایکٹ") کے سیکشن (a) 183(3) کی شرائط کے مطابق مندرجہ ذیل قرارداد (قراردادیں) ترمیم کے ساتھ یا اس کے بغیر پاس کر کے عمومی قرارداد کے طور پر کمپنی کی فری ہولڈرز کی زمین کی فروخت پر غور کرنا اور منظوری دینا۔

"قرار پایاکہ" شرکاء گنج لمیٹڈ ("کمپنی") کے ممبران کی منظوری کمپنیز ایکٹ 2017 کے سیکشن (a) 183(3) کے تحت جھنگ میں واقع 5,066 کنال اور 18 مرلے کی فری ہولڈر اراضی، قرض دہندگان کی جانب سے کوئی اعتراض نہ ہونے سے مشروط، کو فروخت کیے جانے کی منظوری دی جاتی ہے۔

"مزید قرار پایاکہ" بورڈ آف ڈائریکٹرز زرعی اراضی کو فروخت کرنے اور اس سلسلے میں کمپنی کی جانب سے تمام امور، معاملات، اشیا اور معاہدوں کو انجام دینے اور عمل درآمد کرنے اور یا زرعی زمین کی فروخت اور اس سے حاصل ہونے والی آمدنی کو استعمال کرنے کے لیے اپنے کسی بھی یا تمام اختیارات کو چیف ایگزیکٹو آفیسر (سی ای او) یا کسی دوسرے شخص کو ایسی شرائط و ضوابط پر تفویض کرنے کا مجاز اور اختیار ہے جو وہ مناسب سمجھتے ہیں، جس میں شامل ہوں گے، لیکن محدود نہیں ہوں گے؛

بحکم بورڈ

آصف علی

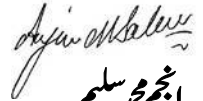
کمپنی سیکرٹری

لاہور


مورخہ: 07 فروری 2022ء

ڈائریکٹر کمپنی کے عملے اور کارکنوں کی کمپنی کے لئے لنگن اور جان نثاری کو سراہتے ہیں۔ ڈائریکٹر حصص داران، بینکوں اور شریک تمام جماعتوں کی مسلسل دلچسپی اور حمایت کی تعریف کا اظہار کرنے میں خوشی محسوس کرتے ہیں اور امید رکھتے ہیں کہ مستقبل میں بھی جذ بہ غالب رہے گا۔

منجانب بورڈ

  
انجم محمد سلیم

چیف ایگزیکٹو آفیسر

  
علی الطاف سلیم

ڈائریکٹر

07 فروری 2022ء

## ڈائریکٹرز کی مجتمع رپورٹ

شکرگنج لمیٹڈ کے ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والے سال کے لئے گروپ کے آڈٹ شدہ مجتمع مالی حسابات کے ساتھ اپنی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔ اس گروپ میں شکرگنج لمیٹڈ اور اس کی جزوی طور پر ملکیتی ماتحت ادارہ ہے جس کا نام شکرگنج فوڈ پروڈکٹس لمیٹڈ ہے۔

30 ستمبر 2021 کو ختم ہونے والے سال کے لئے شکرگنج لمیٹڈ کی کارکردگی سے متعلق تبصروں کو ڈائریکٹرز کی رپورٹ میں الگ سے پیش کیا گیا ہے۔

### گروپ کے مالیاتی نتائج:

گروپ کے مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

### روپے ہزاروں میں

2020	2021	
21,424,125	27,022,450	فروخت - خالص
559,321	1,782,160	مجموعی منافع
(905,129)	(335,000)	آپریٹنگ سے نقصان
(1,660,149)	(928,996)	قبل از ٹیکس نقصان
399,702	(534,757)	ٹیکسیشن
(1,260,447)	(1,463,753)	بعد از ٹیکس نقصان
(6.71)	(12.18)	نقصان فی شیئر - بنیادی اور معتدل (روپے)

گروپ کی بنیاد پہ مجتمع بیلنس شیٹ 30 ستمبر 2020 کے 21,139.27 ملین روپے کے مقابلے میں 30 ستمبر 2021 کو 27,669.63 ملین روپے پر رہی۔ مجموعی ایکویٹی 30 ستمبر 2020 پہ 8,397.50 ملین روپے سے 30 ستمبر 2021 پہ 12,680.97 ملین روپے تک بڑھ گئی۔

### ترتیب حصص داری اور حصص کی تجارت

ترتیب حصص داری اور اضافی معلومات اس رپورٹ سے منسلک ہیں۔ ڈائریکٹرز، ایگزیکٹو اور ان کے زوج اور چھوٹے بچوں کی طرف سے ذیل کے علاوہ کمپنی کے حصص میں کوئی تجارت نہیں کی گئی ہے۔

نام ڈائریکٹر	خرید	فروخت
جناب شیخ عاصم رفیق	100	-
جناب جاوید انجم	-	725,000

### بعد کے واقعات اور وعدے

مالی سال جس سے یہ بیلنس شیٹ متعلقہ ہے کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت پر اثر انداز ہونے والی کوئی مادی تبدیلیاں وقوع پذیر اور وعدے نہیں کئے گئے ہیں۔

اظہار تشکر

سال کے دوران، کمپنی نے کچھ ورکنگ کیپیٹل لائٹوں کی کامیابی کے ساتھ تجدید کی ہے۔ کمپنی نے اجرت اور تنخواہوں کی ادائیگی کے لیے SBP ری فنانس سکیم کے تحت 165.7 ملین روپے کی سہولت بھی حاصل کی۔ کمپنی کو بائیو فیول کی برآمدات کی بحالی کی وجہ سے اگلے سال اپنے بائیو فیول میں نمایاں بہتری کی توقع ہے۔ رپورٹنگ کی تاریخ کے بعد، کمپنی آپریشنل لیکویڈیٹی کے لیے ورکنگ کیپیٹل فنانس کے لیے اپنے قرض دہندگان کے ساتھ بات چیت کر رہی ہے۔ مزید، موجودہ لائٹوں کے علاوہ 1,000 ملین روپے کی تازہ ورکنگ کیپیٹل لائٹوں کا انتظام کیا جا رہا ہے تاکہ آپریشنل لیکویڈیٹی کی ضروریات کو پورا کیا جاسکے۔ انتظامیہ اور بورڈ اس بات پر غور کرتا ہے کہ اوپر بیان کیے گئے اقدامات کے نتیجے میں کمپنی کو مستقبل قریب کے لیے اپنے کاروبار کے تسلسل کو برقرار رکھنے کے لیے مناسب مالی وسائل کی دستیابی ہوگی اور اس طرح اس کی گونینگ کنسرن کی صورتحال برقرار رہے گی۔

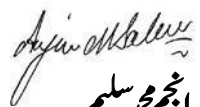
### مستقبل کا نقطہ نظر

گئے کی کرشنگ مہم مالیاتی سال 2022 میں دیر سے شروع ہوئی اور قیمتوں کی جنگ کے منظر نامے کے پیش نظر، کمپنی بہتر مارجن کے ساتھ معیاری گئے کی کرشنگ اور متوقع کیش جزیشن کا استعمال کر کے ریکوری بڑھانے کی پوری کوشش کرے گی۔ حکومت نے اشیائے ضروریہ ہونے کی وجہ سے چینی کی قیمت مقرر کی اور شوگر ملز نے قیمتوں کے تعین کے نوٹیفکیشن کو لاہور ہائی کورٹ میں چیلنج کیا جو ریالتو ہے۔ کیس کا نتیجہ شوگر ملوں کے لیے اہم مشکلات کا باعث بن سکتا ہے۔ بائیو فیول اور ٹیکسٹائل کا کاروبار ابھی تک شروع نہیں ہو سکا، تاہم، ہم پرامید ہیں کہ بائیو فیول کا کام اپنے مولا س سے شروع کریں گے۔ لاک ڈاؤن میں آسانی اور پاکستان میں کاروبار کے لیے بحالی کی کوششوں کے ساتھ، ہم بائیو فیول کی اپنی برآمدات کے تسلسل کے لیے پرامید ہیں۔ کمپنی کی انتظامیہ جہاں بھی ممکن ہو کاروبار کے تسلسل کے لیے تمام ضروری اقدامات کر رہی ہے۔ ہمارے ڈسٹریبیوٹرز کے کاموں کا مستقبل کا نقطہ نظر ہمیشہ اچھے معیار کے مولا س کی مسلسل دستیابی پر منحصر ہوتا ہے۔ تاہم، خام مال کی مارکیٹ کی قیمت میں نمایاں اضافہ ہوا ہے، اب بھی انتظامیہ صورتحال کا جائزہ لے رہی ہے اور خریداری بہتر مارجن کے ساتھ کی جائے گی بصورت دیگر کمپنی کے پاس موجود اسٹاک کو اس کی بائیو فیول کی پیداوار جاری رکھنے کے لیے استعمال کیا جائے گا۔ ٹیکسٹائل کے کاروبار میں مشکل کاروباری ماحول نے ہمیں پچھلے مہینے میں ٹیکسٹائل آپریشنز بند کرنے پر مجبور کیا تاہم، اب ہم مارچ 2022 سے آپریشن شروع کرنے کا منصوبہ بنا رہے ہیں۔ COVID-19 کی ایک اور لہر، Omicron Variant کا کاروبار کو متاثر کر رہی ہے اور اس طرح کی کوئی بھی تیزی کاروباری سرگرمیوں کو بری طرح متاثر کرے گی۔ ہم امید کرتے ہیں کہ جیسا کہ پاکستان میں وفاقی اور صوبائی حکومتوں نے بحران پر اچھا رد عمل ظاہر کیا اور پچھلے مراحل کے دوران احتیاط سے تیار کردہ لاک ڈاؤن کو نافذ کیا، موجودہ لہر کو بھی اچھی طرح سے سنبھال لیا جائے گا۔ توقع ہے کہ ملک کے معاشی اشاریے آہستہ آہستہ ایک مستحکم رفتار کی طرف لوٹ جائیں گے اور پاکستان میں کاروبار کی بحالی کی کوششوں کے ساتھ، ہم بہتر مستقبل کے لیے پرامید ہیں۔


### اظہار تشکر

ڈائریکٹر کمپنی کے عملے اور کارکنوں کی کمپنی کے لئے لگن اور جان نثاری کو سراہتے ہیں۔ ڈائریکٹر حصص داران، بینکوں اور شریک تمام جماعتوں کی مسلسل دلچسپی اور حمایت کی تعریف کا اظہار کرنے میں خوشی محسوس کرتے ہیں اور امید رکھتے ہیں کہ مستقبل میں بھی یہی جذبہ غالب رہے گا۔

منجانب بورڈ

  
انجم محمد سلیم

چیف ایگزیکٹو آفیسر

  
علی الطاف سلیم

ڈائریکٹر

07 فروری 2022ء

بھی قرض یا ڈیبٹ کی ادائیگی میں کوئی تاخیر نہیں ہوئی۔

## کاروبار کی نوعیت میں تبدیلی

کمپنی کے کاروبار کی نوعیت سے متعلق مالی سال کے دوران کوئی تبدیلی نہیں ہوئی ہے۔

## متعلقہ پارٹی کے معاملات

آڈٹ کمیٹی کے جائزہ اور سفارش کے بعد تمام متعلقہ پارٹی لین دین کو بورڈ کی طرف سے منظور کیا گیا ہے۔ کمپنی نے اس سالانہ رپورٹ سے منسلک اپنے مالی حسابات میں متعلقہ پارٹی معاملات کے بارے میں تفصیلی وضاحت کی ہے۔ اس طرح کا وضاحت کمپنیز ایکٹ، 2017 کے چوتھے شیڈول اور قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات کی ضروریات کے مطابق ہے۔

## مالی جائزہ

پچھلے کچھ سالوں سے، کمپنی کو بڑے نقصانات اور بالآخر مالی بحران کا سامنا کرنا پڑا ہے۔ موجودہ سال میں کمپنی کی گنے کی کرٹنگ میں گزشتہ سال کے مقابلے میں 14 فیصد سے زیادہ اضافہ ہوا لیکن گنے کی خریداری کی لاگت میں بھاری اضافہ جیسا کہ اوپر بتایا گیا ہے 'نے نمایاں طور پر متاثر کیا۔ شوگر پلانٹس کی صلاحیت کا استعمال بہترین سطح پر نہیں تھا۔ ہماری بائیو فیول ڈویژن بھی چند سالوں سے مکمل طور پر کام نہیں کر رہی تھی۔ صورتحال کو مد نظر رکھتے ہوئے انتظامیہ صورتحال کو کم کرنے کے لیے درج ذیل اقدامات پر غور کر رہی ہے۔

کمپنی اپنی زرعی زمین کو فروخت کرنے کے انتظامات کر رہی ہے جس کی مارکیٹ ویلیو 755 ملین روپے سے زیادہ ہے۔ اس مقصد کے لیے، شیئر ہولڈرز کی منظوری حاصل کی جا رہی ہے جیسا کہ نوٹ 45 میں بتایا گیا ہے۔ زمین کی فروخت کے ذریعے حاصل ہونے والی رقم کمپنی گنے کا شیکاروں کو ادائیگی کرنے اور کمپنی کی دیگر ذمہ داریوں کے تصفیہ کے لیے استعمال کرے گی جب کہ بقیہ رقم کا استعمال جھنگ میں ٹیکسٹائل اور شوگر ڈویژن کے پلانٹ اور مشینری کی اپ گریڈیشن کیا جائے گا۔

کمپنی کی انتظامیہ نے کمپنی کے بھون پونٹ کو فروخت کرنے کی بنیاد پر ایک ٹرن اراؤنڈ منصوبہ بنایا ہے جس میں شوگر اور بائیو فیول ڈویژن شامل ہیں۔ 30 ستمبر 2021 تک فری ہولڈ اراضی، عمارت اور پلانٹ اور مشینری کی دوبارہ تخمینہ شدہ رقم 8.749 ملین روپے ہے۔ انتظامیہ کی طرف سے کمپنی کے پورے بھون پونٹ کے لیے قیمتوں کی دریافت بشمول متعلقہ لائسنس/حقوق جب مستقبل کے منصوبے میں بنائے جائیں تو اس کا نتیجہ کمپنی کے لیے قرض سے پاک کاروبار، اضافی فنڈز اور منافع میں ہوتا ہے۔ انتظامیہ نے اگلے دو مہینوں میں مطلوبہ منظوری حاصل کرنے کا منصوبہ بنایا ہے تاکہ ٹرن اراؤنڈ پلان کو آگے بڑھایا جاسکے۔

کمپنی نے اپنی پیداواری صلاحیت کو بہتر بنانے کے لیے موجودہ سال میں کچھ آپریشنل اقدامات کیے اور اگلے سال بھی جاری رکھنے کا ارادہ رکھتی ہے۔ سال کے دوران، کمپنی نے 1,006,075 میٹرک ٹن گنے کی کرٹنگ کی ہے جس میں اسی سال کے 884,724 میٹرک ٹن گنے کے مقابلے میں تقریباً 14 فیصد اضافہ ہوا ہے اور موجودہ سیزن میں پچھلے سال 77,560 MT کے مقابلے میں 91,837 MT چینی پیدا کی گئی ہے پچھلے سال کے مقابلے میں 18 فی صد کا اضافہ ہوا ہے۔ مزید برآں، کمپنی نے سال کے دوران 15,199,777 لیٹر استھنول کی پیداوار کی جس میں پچھلے سال کے 9,816,686 لیٹر کے مقابلے میں تقریباً 55% اضافہ ہوا ہے۔

کمپنی پرنسپل پونٹ اور سیٹلائٹ پونٹ میں بھی فالنگ فلم ایوپورٹیکو انسٹال کرنے کے عمل میں ہے۔ فالنگ فلم کے ایوپورٹیکو برٹ قسم کے ایوپورٹیکو کا متبادل ہیں اور یہ ایوپورٹیکو کے اسٹیشن کی اصلاح اور پلانٹ کی توانائی کی کارکردگی کو بہتر بنانے میں مدد کرتے ہیں۔ بھاپ کا استعمال کا فیصد 9% تک کم ہو جائے گا۔ اس کے مطابق ریکوری کا تناسب بھی بڑھے گا۔

سال کے دوران یارن کی پیداوار پچھلے سال 3,120,521 کلوگرام کے مقابلے میں 5,930,820 کلوگرام رہی جس میں 91 فیصد سے زیادہ اضافہ ہوا ہے۔ مزید یہ کہ بہتر پلانٹ اور مشینری کی تنصیب سے ٹیکسٹائل مصنوعات کا معیار بہتر ہوگا۔

کمپنی لیکویڈیٹی پورشن کو بہتر بنانے کے لیے اپنی بہترین کوششوں کے لیے پرعزم ہے۔ کمپنی کے مالیاتی تخمینوں سے نقد رقم اور منافع میں بہتری دکھائی دیتی ہے۔

- ✓ لوگوں کی مینجمنٹ
- ✓ بزنس پرائسز / مہارت
- ✓ گورننس اور تعمیل
- ✓ مالیاتی کارکردگی
- ✓ معاشرہ پر اثرات

اس کے بعد، کمیٹی کی سفارش پر جائزہ کے بعد بورڈ کی طرف سے تشخیص کی منظوری دی گئی۔

### ترتیب حصص داری اور حصص کی تجارت

ترتیب حصص داری اور اضافی معلومات اس رپورٹ سے منسلک ہیں۔ ڈائریکٹرز، ایگزیکٹو اور ان کے زوج اور چھوٹے بچوں کی طرف سے ذیل کے علاوہ کمپنی کے حصص میں کوئی تجارت نہیں کی گئی ہے

نام ڈائریکٹر	خرید	فروخت
جناب شیخ عاصم رفیق	100	-
جناب جاوید انجم	-	725,000

### مالیاتی حسابات

پاکستان میں قابل اطلاق اکاؤنٹنگ اور رپورٹنگ معیارات کے تحت درکار اوپنٹیز ایکٹ، 2017 کی ضروریات (XIX of 2017) کے مطابق، انتظامیہ ایسے داخلی کنٹرول کے لئے مالی حسابات کی تیاری اور منصفانہ پریزنٹیشن کی اپنی ذمہ داری سے آگاہ ہے کیونکہ انتظامیہ کا تعین مالی حسابات کی تیاری کو مستحکم کرنے کے لئے ضروری ہے جس میں مواد غلطی سے پاک ہو، چاہے دھوکہ دہی یا غلطی کی وجہ سے ہو۔

چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے مالیاتی حسابات اپنے دستخطوں کے ساتھ باقاعدہ توثیق شدہ بورڈ آف ڈائریکٹرز کے غور و خوض اور منظوری کے لئے پیش کئے ہیں اور بورڈ غور و خوض اور منظوری کے بعد مالی حسابات جاری اور ترسیل کرنے کے لئے دستخط کرنے کا مجاز ہے۔ کمپنی کے مالیاتی حسابات کمپنی کے آڈیٹر، ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی طرف سے کوالیفیکیشن کے بغیر باقاعدہ نظر ثانی شدہ اور منظور شدہ ہیں اور ان کی رپورٹ مالیاتی حسابات کے ہمراہ منسلک ہے۔ ڈائریکٹرز چیف ایگزیکٹو کے جائزہ اور اس سالانہ رپورٹ کے مواد کی تصدیق کرتے ہیں اور اوپنٹیز ایکٹ 2017ء کی دفعہ 227 کی شرائط اور مندرجہ ذیل (کوڈ آف کارپوریٹ گورننس) کے ضابطے 2017 کے مطابق ڈائریکٹرز رپورٹ کا لازمی حصہ بنے گا۔

### ڈیویڈنڈ اور کیریڈ فارورڈ

مجموعی نقصانات، منفی موجودہ تناسب کو مد نظر رکھتے ہوئے، ڈائریکٹرز نے 30 ستمبر 2021 کو ختم ہونے والے سال کے لئے ڈیویڈنڈ کی ادائیگی کی سفارش نہیں کی ہے۔ اس کے علاوہ کوئی رقم عام ریزرو یا کسی بھی دیگر ریزرو فنڈز کا وٹ میں آگے نہیں بھیجی جارہی ہے۔

### بعد کے واقعات

مالی سال جس سے یہ بیلنس شیٹ متعلقہ ہے کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت پر اثر انداز ہونے والی کوئی مادی تبدیلیاں وقوع پذیر اور وعدے نہیں کئے گئے ہیں۔

### ادائیگیوں، ڈیبٹ یا قرض میں تاخیر

کمپنی واجب رقم کی بروقت واپسی کی اپنی ذمہ داری کو تسلیم کرتی ہے اور صنعت میں کامیابی حاصل کرنے والے بہترین طریقوں کی تعمیل کی جاتی ہے یہ بیان کیا گیا ہے کہ زیر جائزہ سال کے دوران کسی

بورڈ نے حسب ذیل ارکان پر مشتمل کمیٹیاں تشکیل دی ہیں:

نام کمیٹی	نام ارکان اور چیئرمین	تعداد حاضری
آڈٹ کمیٹی	جناب شیخ عاصم رفیق (چیئرمین) جناب خالد بشیر محترمہ زہرا احسان سلیم جناب جاوید انجم	5 5 5 3
آڈٹ گونگ ڈائریکٹرز	جناب محمد انیس (09 دسمبر 2020 کو مستعفی ہوئے)	1
ہیومن ریسورس اینڈ ریمیزیشن کمیٹی	محترمہ زہرا احسان سلیم (چیئرمین) جناب میاں محمد انور جناب خالد بشیر جناب انجم محمد سلیم	1 1 1 1

بورڈ کی عارضی آسامیاں جب جب خالی ہوئیں، پوری کی گئیں۔

بورڈ آف ڈائریکٹرز کی طرف سے حد کے مطابق جائزہ لیا گیا، کمپنی کے تمام محکموں کے سربراہ "ایگزیکٹوز" تصور کئے جائیں گے۔

### نان ایگزیکٹو اور آزاد ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے ایک "ڈائریکٹرز ریمیزیشن پالیسی" کی منظوری دی ہے، منظور شدہ پالیسی کی اہم خصوصیات حسب ذیل ہیں:

✓ کوئی ڈائریکٹر اپنی خود کی ریمیزیشن متعین نہیں کرے گا/گی۔

✓ باقاعدہ پیڈ چیف ایگزیکٹو، سپانسرز اور فیملی ڈائریکٹرز اور کل وقتی کام کرنے والے ڈائریکٹرز کے علاوہ بورڈ اور اسکی کمیٹی کے اجلاسوں میں شرکت کے لئے ڈائریکٹر مینٹنگ فیس کی رقم 20,000 روپے (بیس ہزار روپے صرف) یا بورڈ کی طرف سے وقتاً فوقتاً متعین کردہ کے مطابق ہوگی۔

✓ ڈائریکٹرز اجلاسوں میں شرکت کے لئے سفری، قیام اور دیگر اخراجات کے بشمول تمام مناسب اخراجات لینے کے بھی اہل ہوں گے۔

### بورڈ آف ڈائریکٹرز اور اسکی کمیٹیوں کی کارکردگی کی تشخیص

ہیومن ریسورس اینڈ ریمیزیشن کمیٹی نے انفرادی بورڈ یا کمیٹی ارکان کی طرف سے جو بھی صورت ہو خود تشخیصی کے قائم شدہ میکانزم پر مبنی بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لیا ہے۔

مندرجہ بالا میکانزم بورڈ کی طرف سے ہیومن ریسورس اینڈ ریمیزیشن کمیٹی کی سفارش پر منظور کیا گیا۔

### سی ای او کی کارکردگی کی تشخیص

سال کے دوران بورڈ کی ہیومن ریسورس اینڈ ریمیزیشن کمیٹی نے تشخیصی نظام پر مبنی قائم شدہ کارکردگی کے مطابق سی ای او کی کارکردگی کا تعین کیا۔ مندرجہ ذیل معیار پر تشخیصی جائزہ لیا گیا:

✓ قیادت

✓ پالیسی اور حکمت عملی



گھنٹے حاصل کیے ہیں

ایک محفوظ اور صحت مند کام کے ماحول کو یقینی بنانے کے لیے، کمپنی Omicron کی ڈیلوپیمنٹ کے مطابق اپنی صحت اور حفاظت کے طریقوں کو ڈھال رہی ہے کیونکہ Omicron کے پھیلنے کے ساتھ ساتھ پاکستان COVID-19 کی تعداد میں اضافے کے خلاف جنگ جاری رکھے ہوئے ہے۔ کمپنی کے احاطے کے اندر سخت چیکنگ کو یقینی بنایا گیا ہے اور اقدامات میں عملے کی درجہ بندی بھی شامل ہے جو بلا تعطل کارروائیوں کے لیے دفتر میں موجود ہونا ضروری ہے، جبکہ دوسرے عملے کو جہاں بھی ضرورت ہو گھر سے کام پر منتقل کر دیا جاتا ہے۔ تکنیکی ترقیات نے کم سے کم جسمانی تعامل کو مجازی میٹنگز میں تبدیل کر کے ممکن بنایا ہے۔ وبائی امراض کا سامنا کرنے والی صورتحال کو کم کرنے کی تمام کوششیں کی جارہی ہیں۔

شکرگنج ماحولیات، آلودگی کی روک تھام، اور قابل اطلاق قانونی اور دیگر ضروریات کی تعمیل کی طرح، اپنے ملازمین کو ان کے فرائض انجام دینے کے لیے ایک صحت مند اور محفوظ کام کی جگہ فراہم کرنے کے لیے پرعزم ہے۔ ہم اپنے ملازمین کی جسمانی اور ذہنی صحت کی حفاظت، پیشہ ورانہ صحت کی خدمات کے سکوپ اور کوریج کو بڑھانے اور مسلسل اپنے پیشہ ورانہ صحت کے انتظام کے نظام کو بہتر بنانے کے لیے پرعزم رہتے ہیں۔ شکرگنج میں، ہمارے ملازمین کے لئے باقاعدگی سے صحت کی دیکھ بھال کی جاتی ہے۔ اس کے علاوہ، ہم بہتر صحت کے انتظام اور بیماری کی روک تھام کے لئے ملازمین کی صحت کا ریکارڈ رکھتے ہیں۔ ہم ایک وقف صحت کے معاون نظام پر بھی گہری توجہ دیتے ہیں اور اپنے ملازمین کی صحت اور حفاظت کو یقینی بنانے کے لئے خصوصی بیماری کی جانچ فراہم کرتے ہیں۔ ہم نے شکرگنج میں واقعات اور حادثات کے لئے جامع ایمرجنسی پلان بھی جاری کیا ہے اور کمپنی کے لئے حفاظتی انتظام اور خطرے کی روک تھام کا نظام قائم کیا ہے۔ ہم منصوبہ کو بہتر بنانے، ملازمین کی روک تھام اور خود کی مدد بارے شعور کو بڑھانے اور ہنگامی صورتحال کو سنبھالنے کے لئے ٹیم کی صلاحیت کو بہتر بنانے کے لئے باقاعدگی سے ایمرجنسی مشق منظم کرتے ہیں۔

## بورڈ آف ڈائریکٹرز اور اسکی کمیٹیاں

بورڈ آف ڈائریکٹرز آٹھ ارکان پر مشتمل ہے جس میں سات مرد ارکان اور ایک خاتون رکن شامل ہے۔ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس، آڈٹ کمیٹی کے پانچ (5) اجلاس اور ہیومن ریسورس اینڈ ریمیزیشن کمیٹی کا ایک (1) اجلاس منعقد ہوا۔ ذیل میں ہر ایک ڈائریکٹر کی حاضری دی گئی ہے۔

کمیٹری	نام ڈائریکٹر	تعداد حاضری
آزاد ڈائریکٹرز	جناب شیخ عاصم رفیق	5
	محترمہ ہر احسان سلیم	5
	آؤٹ گونگ ڈائریکٹر جناب جواد امجد (07 اپریل 2021 کو مستعفی ہوئے)	3
نان ایگزیکٹو ڈائریکٹرز	جناب خالد بشیر	5
	جناب میاں محمد انور	5
	جناب جاوید انجم	5
	جناب یاسر غفار	0
	آؤٹ گونگ ڈائریکٹر جناب محمد انیس (09 دسمبر 2020 کو مستعفی ہوئے)	0
	جناب محمد امین پال (30 جنوری 2022 کو مستعفی ہوئے)	2
ایگزیکٹو ڈائریکٹرز	جناب انجم محمد سلیم (چیف ایگزیکٹو آفیسر)	5
	جناب علی الطاف سلیم (ڈپٹی چیف ایگزیکٹو آفیسر)	5

مشترکہ مقصد ڈیور کرنے کیلئے مقامی کمیونٹیز کے ساتھ طویل مدتی تعلقات تعمیر کرنے میں مصروف ہمارے پروگرامز، منصوبے جو براہ راست مقامی ضروریات کو پورا کرتے ہیں میں وقت اور ذرائع کی سرمایہ کاری کے ذریعے مضبوط، محفوظ، صحت مند اور تعلیم یافتہ کمیونٹیز کا قیام ہیں۔ ہمارا سوشل ایکشن پروگرام (شکر گنج فاؤنڈیشن کے تحت) "Sukh Char Programme" عنوان کے تحت ہماری وسیع کمیونٹی میں سماجی خدمات کی ورائٹی مہیا کرتا ہے۔ ان خدمات میں تعلیم، صحت کی حفاظت، فنون کی ترقی اور ہمارے ثقافتی ورثہ کی حفاظت شامل ہیں۔

ہمارا سکول کو اپنانے کا اقدام 35 مقامی گراؤ اور بوائز سکولوں کو مدد فراہم کرتا ہے جس میں جہاں ضرورت ہو پیسے کا صاف پانی، نیوٹریشن سپلیمنٹ، یونیفارمز، بنیادی ڈھانچہ کی بحالی اور اضافی سہولیات کی تعمیر شامل ہیں۔ شکر گنج سٹیڈیز فاؤنڈیشن کے ایجوکیشن پروگرام کو بھی مدد فراہم کرتی ہے۔ تعلیم کو بنیادی تعاون فراہم کرنے کے مقصد کے ساتھ ایک پبلک سروسز کے طور پر شکر گنج کے پریسز میں ٹیچرز ٹریننگ انسٹیٹیوٹ قائم کیا گیا ہے۔

شکر گنج سکول کے بچوں کو خصوصی مراعات بھی دیتا ہے جس میں سکول کے امتحانات میں اعلیٰ نمبرز حاصل کرنے والوں کو اسکالرشپس اور انعامات، سکول کے بچوں کے لئے کھیلوں کے مقابلے اور سکول کے بچوں اور اساتذہ کیلئے انٹر سکول خوشحالی کے مقابلے شامل ہیں۔ ہمارے ہیلتھ کیئر کے اقدامات ہماری وسیع کمیونٹی کے دروازے پر بنیادی طبی سہولیات فراہم کرتے ہیں۔ ماہر ڈاکٹروں، پیرامیڈیکل سٹاف کی تین ٹیموں اور موبائل ڈسپنسریوں نے سال کے دوران 19,345 سے زائد مریضوں کا علاج کیا۔ COVID-19 سرگرمیوں کی وجہ سے اس سال تعداد کم ہوئی۔ اس پروگرام کے ذریعے تشخیصی سہولیات، حفاظتی علاج اور مفت ادویات فراہم کی گئی ہیں۔

ہم اسکول آف آرٹ اینڈ کیلی گرافی میں سٹرکچرل ٹریننگ پروگرام میں فنکارانہ مہارتوں کو بہتر بنانے میں مقامی ذہانت کو مدد فراہم کرتے ہیں۔ سکول میں شکر گنج کے زیر انتظام ان فنکاروں کے کام کی نمائش اور ثقافتی ورثہ کی ترقی کیلئے ایک ڈسپلے سنٹر بھی قائم کیا گیا ہے۔

## صحت، حفاظت اور ماحول

جیسا کہ ہم ہمیشہ مثالی کارپوریٹ شہری بننے کا ارادہ رکھتے ہیں، صحت، حفاظت، اور ماحولیاتی خدشات ہمیشہ ہمارے اہم فوکل پوائنٹس ہیں۔ ہم اپنے ملازمین، ٹھیکیداروں اور زائرین کے لئے صحت مند، محفوظ اور صاف حالات فراہم کرنے کے لئے مصروف عمل ہیں۔ ایک اچھا کام کرنے والا ماحول فراہم کرنے میں حفاظت سے زیادہ کسی اور کو اعلیٰ ترجیح نہیں دی جاتی ہے اور ہم شدید چوٹ اور حادثے کے اوقات کو صفر درجہ تک کم کرنے کے لئے مسلسل کوشاں رہتے ہیں۔ شکر گنج ٹیم کے تقریباً آٹھ سو بچپن اراکین نے پاکستان ہلال احمر سوسائٹی۔ پنجاب کے تعاون سے ابتدائی طبی امداد میں پیشہ ورانہ تربیت اور ٹھیکہ حاصل کرنے کے لئے منظم پروگرام میں حصہ لیا ہے۔ ممکنہ حادثات سے نمٹنے کے لئے حفاظتی اقدامات اور ٹریننگ اور بروقت رد عمل کے طریقہ کار نے شدید زخم اور حادثات کو کم سے کم کیا۔

ماحولیاتی تحفظ کے معاملات کو ہمیشہ منافع کے خدشات سے زیادہ ترجیح دی جاتی ہے۔ شکر گنج اپنی تمام مصنوعات کو قابل تجدید فصلوں اور خام مال سے پیدا کرتی ہے اور ہمارے ماحول کو نقصان پہنچانے کی لاگت میں منافع بنانے میں یقین نہیں رکھتی ہے۔ ہم فعال طور پر اپنی کمیونٹی میں اور قومی سطح پر ماحولیاتی تحفظ کی سرگرمیوں کو فنڈز اور معاونت دیتے ہیں۔ بجلی کی بچت اور اصفریاضی کا مقصد ہماری اہم ماحول دوست پالیسیاں ہیں۔ ہماری پروڈکشن لائنوں میں چینی کی بائی مصنوعات کے استعمال نے فوسل فیوز کے استعمال اور فضلہ کو ضائع کرنے کے مسائل کو نمایاں طور پر کم کر دیا ہے۔ ہمارے پیداواری عمل میں ڈسٹری سپنٹ واش قطعی ویسٹ مصنوعات ہے۔ اب اسے حیاتیاتی طریقہ سے بطور ایندھن بائیو گیس تیار کی جاتی ہے اور پانی آبپاشی کے لئے استعمال کیا جاتا ہے۔ اس کے علاوہ ہم زمین کے حیاتیاتی کیڑوں کے کنٹرول، نامیاتی زراعت کی تکنیک، اور تمام قدرتی غذائی اجزاء کی واپسی اور فروغ دینے کی حوصلہ افزائی کرتے ہیں۔ ہم فطرت، پاکستان کے لئے ورلڈ وائڈ فنڈ کی سرگرمیوں کی بھرپور مدد کرتے ہیں، واٹر مینجمنٹ کیلئے باقاعدہ تربیتی اور تعلیمی پروگرام چلاتے ہیں اور ہر سال دوبارہ شجرکاری مہم میں شرکت کرتے ہیں۔ HSE کا ہمارا نقطہ نظر ہمارے مشن زیر ایجنڈا میں ظاہر ہوتا ہے جو صفر حادثات اور کام سے متعلق کمیوں کو نشانہ بناتا ہے۔ مشن زیر ایجنڈا کو مؤثر طریقے سے نافذ کرنے کے لئے، ہم اپنے لوگوں کو اپنے حصہ کا کردار ادا کرنے کے لئے بااختیار بناتے اور حوصلہ افزائی کرتے ہیں۔ ہم سب کو اپنے کام کی جگہوں کو محفوظ رکھنے میں اپنے حصہ کا کردار ادا کرنا چاہئے۔ سب سے زیادہ مؤثر طریقوں میں سے ایک جو ہم کر سکتے ہیں اپنے ارد گرد کے خطرات کے بارے میں آگاہ رہنا اور ان سے نمٹنے کے لئے کارروائی کرنا ہے۔ لہذا ہم اپنے تمام لوگوں کی فعال طور پر ان کے کام کے ماحول کا باقاعدگی سے جائزہ لینے اور کسی بھی شناختی خطرات کی اطلاع دینے کے لئے سرگرمی کی حوصلہ افزائی کرتے ہیں۔ اس کے نتیجے میں، ہم نے بغیر لوسٹ ٹائم انجری کے 4.3 ملین سیف ورکنگ مین

کے معاملات کھولنا شروع کر دیئے اور یہاں تک کہ بہت ہی معمولی اور غیر منطقی بنیادوں پر بھی اربوں روپے کے زبردست مطالبات پیدا کرنا شروع کر دیئے جس سے ممکنہ طور پر غیر ضروری قانونی چارہ جوئی میں اضافہ ہوگا۔

شکر گنج میں ہماری ڈسٹریبٹرز بھی کچھ مولا سس کی خریداری سے دیر سے سٹارٹ ہوئی لیکن بڑے پیمانے پر نہیں۔ چینی اور ہائیڈرو پائل کے بنیادی شعبوں میں خام مال کی قیمتوں میں مسلسل اضافہ ہوا ہے جس نے بوٹم لائن کو منفی قرار دیا ہے۔ فروخت کی قیمتوں میں اضافے کے باوجود، کمپنی کو مجموعی طور پر ٹیکس کے بعد پچھلے سال 997.58 ملین روپے کے مقابلے میں ٹیکس کے بعد 1,387.91 ملین روپے کا نقصان ہوا۔

## بنیادی خطرات اور غیر یقینی صورتحال کا مقابلہ

کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال حسب ذیل ہیں۔

✓ چینی کی قیمت فروخت کے مقابلے گرنے کی زیادہ قیمت خرید۔

✓ تیار پراڈکٹس پر بھاری ٹیکسز، سیلز ٹیکس ریٹس۔

✓ آپاشی کے لیے پانی کی کمی، فصل کی فی ایکڑ پیداوار میں کمی اور کم صلاحیتی استعمالات۔

✓ نقصان دہ سیاسی دلچسپیاں

✓ زراعت پر مبنی صنعت، قدرتی آفات کے حالات کے اصل خطرات۔

✓ پیداوار اور لیبر کی لاگت میں اضافہ۔

✓ آپریشنل اخراجات میں مجموعی افراط زر میں اضافہ۔

✓ ماحولیاتی تعلقات اور گورنری مصنوعات۔

✓ روپے کی قدر میں مزید کمی لاگت میں اضافہ پر منتج ہوگی۔

## کافی داخلی کنٹرول

کمپنی کے داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے مؤثر طریقے سے لاگو اور نگرانی کی جاتی ہے۔ بورڈ آف ڈائریکٹرز داخلی کنٹرول کے ماحول کی بابت اپنی ذمہ داریوں سے آگاہ ہے اور اس کے مطابق آپریشنز کی مؤثرگی کو یقینی بنانے، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین و ضوابط کی تعمیل اور قابل اعتماد مالی رپورٹنگ کیلئے داخلی مالیاتی کنٹرولز کا مؤثر نظام قائم کیا ہے۔ آؤٹ سورس خود مختار انٹرئل آؤٹ فنکشن کام کر رہا ہے اور ایسا فنکشن مالیاتی کنٹرولز کے اطلاق کی باقاعدگی سے تشخیص اور نگرانی کرتا ہے۔ بورڈ کی آؤٹ کمیٹی، سہ ماہی بنیاد پر باقاعدگی سے داخلی کنٹرول فریم ورک اور مالیاتی حسابات کی مؤثرگی کا جائزہ لیتی ہے۔

## آڈیٹرز

آڈیٹرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو جائیں گے اور کمپنی کے اگلے سال کے لیے دوبارہ تقرری کے اہل ہیں۔ بورڈ کی آؤٹ کمیٹی نے اگلے سالانہ اجلاس عام میں ارکان کے غور کے لئے ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔

## کارپوریٹ سماجی ذمہ داری

ہم کمیونٹیز، جس میں کاروبار کرتے ہیں، میں فعال طور پر حصہ لینے اور ماحول کو بہتر بنانے کے مواقع تلاش کرتے ہیں۔ بنیادی توجہ کے ہمارے شعبے تعلیم، صحت اور حفاظت، توانائی کی بچت، فضلہ کی کمی اور کمیونٹیز کی تعمیر ہیں۔ سال کے دوران شکر گنج نے ان سرگرمیوں میں 8.47 ملین روپے کا حصہ شامل کیا۔ کارپوریٹ کمیونٹی کا ایک ذمہ دار رکن ہونے کی حیثیت سے، شکر گنج نے ہمیشہ ٹیکسز اور دیگر حکومتی لیویز کی مد میں قومی معیشت میں کافی حصہ شامل کیا ہے۔ کمپنی کا وفاقی، صوبائی اور ملکی ٹیکسز کا حصہ زیر جائزہ سال کے دوران 1,570 ملین روپے سے زائد تھا۔

شکر گنج میں، کارپوریٹ سماجی ذمہ داری (سی ایس آر) ایک بنیادی اسٹریٹجک مینجمنٹ چلائی ہے جو ہمارے کاروبار، ماحول اور سٹینڈن شپ کو اس انداز سے قائم کرتی ہے جو ہمارے وژن کو مدد دیتی ہے اور ہماری اقدار کو برقرار رکھتی ہے۔ ہمارا مقصد کمیونٹیز جس میں ہم کاروبار کرتے ہیں میں ایک مثبت کردار ادا کرنا ہے۔ ہماری کمیونٹی انوالمونٹ پالیسی ہمارے اخلاقی رویہ کے بنیادی عناصر میں سے ایک ہے۔ ہمارا

# ڈائریکٹرز کی رپورٹ

محترم شکر گنج حصص داران:

شکر گنج لمیٹڈ ("کمپنی") کے ڈائریکٹرز 30 ستمبر 2021ء کو ختم ہونے والے سال کے لئے اپنی رپورٹ مع کمپنی کے نظر ثانی شدہ مالیاتی حسابات بخوشی پیش کر رہے ہیں۔

کمپنی کے معاملات اور اسکے کاروبار کا جائزہ

کمپنی پاکستان میں قائم ہوئی اور پاکستان شاک آپکھنچ پر مندرج ہے۔ یہ بنیادی طور پر چینی، بانیو فیول، یارن (ٹیکسٹائل) کی تیاری، خریداری اور فروخت کے کاروبار میں مشغول ہے۔ کمپنی کی بنیادی مینوفیکچرنگ سہولیات جھنگ اور سیٹلا سٹ مینوفیکچرنگ سہولیات بھون میں واقع ہیں۔

مالیاتی نتائج:

کمپنی کے مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

روپے ہزاروں میں

2020	2021	
6,409,384	9,161,763	فروخت۔ خالص
(671,675)	(590,166)	مجموعی نقصان
(293,219)	(954,369)	آپریشنز سے نقصان
(538,637)	157,377	ایکویٹی سے نفع/نقصان کا حصہ بلحاظ سرمایہ کاری
(1,170,655)	(1,072,017)	قبل از ٹیکس نقصان
173,072	(315,893)	ٹیکسیشن
(997,583)	(1,387,910)	بعد از ٹیکس نقصان
(7.98)	(11.10)	نقصان فی شیئر۔ بنیادی اور معتدل (روپے)

کمپنی کے کاروبار کا جائزہ

زیر جائزہ سال کے دوران، اس حقیقت کے باوجود کہ گئے کی دستیابی کافی کم رہی، شکر گنج کی کرشنگ میں نمایاں اضافہ ہوا۔ تقابلی طور پر، فی ایکڑ پیداوار کم تھی جیسا کہ فیلڈ کے سروے کے دوران کاشتکاروں نے دیکھا اور رپورٹ کیا تاہم چینی کی ریکوری میں بہتری آئی۔ 15 نومبر 2020 سے گئے کی کرشنگ سیزن کے جلد شروع ہونے کی وجہ سے انڈسٹری کو گئے کی خریداری میں سخت مقابلے سے گزرنا پڑا جس کے نتیجے میں ملوں کے درمیان قیمتوں کی جنگ ہوئی۔ اسی وجہ سے کمپنی کو نوٹیفائیڈ سپورٹ پرائس سے زیادہ قیمت ادا کرنی پڑی، جس کے نتیجے میں پچھلے سال کے مقابلے گئے کی خریداری کی لاگت میں کافی اضافہ ہوا۔ COVID-19 وبائی امراض کا اثر پوری دنیا کی ہر صنعت پر دیکھا گیا ہے اور Omicron ویرینٹ کی ڈیلوپیمنٹ کے ساتھ، پاکستان COVID-19 کی تعداد میں اضافے کے خلاف جنگ جاری رکھے ہوئے ہے۔ مختلف ممالک کی پابندیوں کی وجہ سے ہماری برآمدی ترسیل میں تاخیر ہوئی تھی۔ جیسا کہ ہمارے پچھلے جائزہ میں بتایا گیا ہے پچھلے سال کے مقابلے میں بروقت 10 دن پہلے کرشنگ مہم شروع کرنے نے شکر گنج کو اپنی کرشنگ میں اضافہ کرنے کے قابل کیا اور پچھلے سال 884,724 MT گئے کے مقابلے میں زیر جائزہ سال کے دوران کمپنی 1,006,075 M گنا کچلنے کے قابل رہی۔ تاہم، ایک دفعہ پھر کاشتکار پنجاب حکومت کے مقرر کردہ نرخ پر گئے فروخت کرنے پر راضی نہیں تھے۔ ملوں نے اس کی درخواست کی تھی اور حکومت نے گئے کی سپلائی چین میں ٹڈل مین کی شمولیت کو ختم کرنے پر اتفاق کیا تھا، اس پر عمل درآمد نہیں ہو سکا۔ ٹڈل مین اعلیٰ قیمتوں کو حاصل کرنے کے لئے آزادانہ طور پر گئے میں سودے بازی کر رہا تھا جس سے گئے کی قلت پیدا ہو گئی اور گئے کی عدم فراہمی نے کرشنگ سیزن میں گئے 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 عروج پر مارکیٹ میں گئے کی قیمتوں میں غیر متناسب اضافہ ہوا اور حتیٰ کہ خریداری اس سے بھی زیادہ قیمت 350 روپے فی 40 کلوگرام پر کی جا رہی تھی۔ اس سے شکر گنج کے لئے گئے کی اوسط قیمت پچھلے سال 227 روپے فی 40 کلوگرام کے مقابلے میں 250 روپے فی 40 کلوگرام روپے 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 اچھا تھا لیکن اپنایا ہوا طریقہ کار مناسب نہیں تھا۔ حکومت کو شوگر انڈسٹری 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 رہی۔ مزید یہ کہ حکومت کی ہدایت پر، فیڈرل بورڈ آف ریونیو نے انکم ٹیکس اور سیلز ٹیکس دونوں ایریاز میں شوگر ملوں کے جائزے

8- بورڈ اور عملہ کے درمیان تعلقات: بورڈ اور انتظامی عملے کے کردار اور ذمہ داریوں کی واضح طور پر وضاحت، فہم، باہمی اعتماد کا ماحول اور بورڈ اور انتظامیہ کے درمیان احترام موجود

ہے۔

9- تنظیم کے بارے عوامی تصور: بورڈ کے ارکان کمیونٹی میں تنظیم کے مثبت تصور کو فروغ دیتے ہیں۔

10- سی ای او کی کارکردگی کا جائزہ: بورڈ منصفانہ اور منظم طریقے سے سی ای او کی کارکردگی کی تشخیص کرتا ہے اور اس بات کو یقینی بناتا ہے کہ سی ای او کی تنخواہ کمپنی کی کارکردگی، حصص داران کے مفادات اور کمپنی کی طویل مدتی کامیابی سے موزوں طور منسلک ہے۔

11- بورڈ کی ساخت اور محرکات: بورڈ کا سائز اور ساخت بورڈ کے طریقہ کار کو کنٹرول کرنے کے لئے کافی ہے اور اراکین بورڈ کے کام میں فعال طور پر مصروف ہیں۔ بورڈ اپنی ذمہ داریوں کی ادائیگی کے لئے کافی ضروریات کو پورا کرتا ہے۔

مجموعی طور پر، میں سمجھتا ہوں کہ سخت معاشی صورتحال کے باوجود اگلے تین سالوں کے لئے کمپنی کی اسٹریٹجک سمت واضح اور مناسب ہے۔ مزید یہ کہ مجموعی کارپوریٹ حکمت عملی تیار کرنے اور اس کے جائزہ لینے میں اپنا جانے والے عمل اور کمپنی کے مقاصد کی تکمیل جامع ہے۔ یہاں میں انتظامیہ اور اپنے لوگوں کو ان کے عزم، استقامت اور آزمائش کی اس گھڑی میں انتھک تعاون کے لیے بھی تسلیم کرنا چاہوں گا، وہ گزشتہ چند سالوں کی مشکلات کے باوجود ہمارے ساتھ ثابت قدم رہے اور ڈیلیوریز کرتے رہے۔

میں مسلسل تعاون کے لیے تمام اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہوں گا، اور مجھے امید ہے کہ کمپنی کی آپ کی سرپرستی آنے والے سالوں میں بھی جاری رہے گی۔

~ ~ ~ ~ ~

میاں محمد انور

چیرمین

07 فروری 2022ء

## چیئر مین کی جائزہ رپورٹ

مجھے شکر گنج لمیٹڈ کے حصص داروں کو بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں ان کے کردار کی موثرگی سے متعلق یہ رپورٹ پیش کرنے میں بہت خوشی ہو رہی ہے۔

میں ان افراد اور اداروں کا شکریہ ادا کرتے ہوئے شروع کرنا چاہتا ہوں جو ملک اور پوری دنیا میں COVID-19 کی وبا کے خلاف جنگ میں سب سے آگے رہے ہیں۔ وبائی مرض نے عالمی معیشت کو بری طرح متاثر کیا ہے۔ صنعت میں ہر کوئی اثر انداز ہے جو آنے والے کچھ عرصے تک محسوس کیے جانے کا امکان ہے۔ اقتصادی سرگرمیاں اور خاص طور پر بڑے پیمانے پر مینوفیکچرنگ میں کمی آئی تھی۔ اب COVID-19 کی ایک اور لہر Omicron<sup>1</sup> انفیکشن کا روبرو کمپنی کو متاثر کر رہی ہے اور اس طرح کی کوئی بھی تیزی کاروباری سرگرمیوں کو مزید متاثر کرے گی۔ ہم امید کرتے ہیں کہ جیسا کہ پاکستان میں وفاقی اور صوبائی حکومتوں نے بحران پر اچھا رد عمل ظاہر کیا اور پچھلے مراحل کے دوران احتیاط سے تیار کردہ لاک ڈاؤن کو نافذ کیا، موجودہ لہر کو بھی اچھی طرح سے سنبھال لیا جائے گا۔

شکر گنج نے کاروباری معاملات کا ایک موثر اور محتاط انتظامات کا حمایتی مضبوط گورننس فریم ورک لاگو کیا ہے جو کمپنی کی طویل مدتی کامیابی حاصل کرنے میں اہم کردار ادا کرتا ہے۔

سال کے دوران بورڈ کمیٹیوں نے بڑی صلاحیت کے ساتھ کام جاری رکھا۔ آڈٹ کمیٹی نے خاص طور پر کاروبار سے منسلک خطرات کے انتظام اور کنٹرول پر توجہ مرکوز رکھی ہے۔ ساتھ ہی ساتھ، ہیومن ریسورس اور ریزریشن کمیٹی نے اس بات کو یقینی بنایا ہے کہ کارکردگی کے انتظامات، ایچ آر عملے، معاوضہ اور فوائد کے بارے میں ایچ آر کی پالیسیاں مارکیٹ کے مقابلہ کی ہیں اور صرف کمپنی کی کارکردگی اور حصص داران کے مفادات کے ساتھ نہیں بلکہ کمپنی کی طویل مدتی کامیابی سے بھی موزوں طور پر منسلک ہیں۔

بورڈ نے مجموعی طور پر سالانہ رپورٹ اور مالی حسابات کا جائزہ لیا ہے، اور خوشی سے اس بات کی تصدیق کی ہے کہ مجموعی طور پر گئی ان کی جائزہ رپورٹ اور مالی حسابات، منصفانہ، متوازن اور قابل فہم ہیں۔

بورڈ خود تشخیص کی بنیاد پر، مالی سال کے اختتام کے بعد ہر سال اپنی موثرگی اور کارکردگی کا جائزہ لیتا ہے۔ اس طرح کا گذشتہ جائزہ مالی سال 2021 کے لئے مئی 2021 میں لیا گیا تھا۔ بورڈ کی مجموعی طور پر موثرگی اطمینان بخش تھی۔ شعبہ جن میں بہتری کی ضرورت ہے ان پر مناسب طریقے سے غور و خوض کیا گیا ہے اور موزوں کارروائی کے منصوبے تیار کئے گئے ہیں۔

مجموعی تشخیص مندرجہ ذیل لازمی اجزاء کی تشخیص پڑتی تھی:

- 1- **نقطہ نظر، مشن اور اقدار:** بورڈ کے اراکین موجودہ نقطہ نظر، مشن اور اقدار سے واقف ہیں اور تنظیم کے لئے انہیں موزوں پاتے ہیں۔
- 2- **اسٹریٹجک منصوبہ بندی میں مصروفیت:** بورڈ حصص داروں کو بخوبی سمجھتا ہے جن کو تنظیم خدمات فراہم کرتی ہے یعنی اپنے حصص داران، صارفین، ملازمین، وینڈرز، معاشرہ وغیرہ۔ بورڈ کا اسٹریٹجک نقطہ نظر ہے کہ اگلے تین سے پانچ سالوں میں تنظیم کو کس طرح تیار رہنا چاہئے اور اس کی ترقی کو ٹریک کرنے کے لئے اہم اشاروں کی نشاندہی کی ہے۔
- 3- **پالیسیوں کی تشکیل:** بورڈ نے ایسی پالیسیاں تشکیل دی ہیں جو بورڈ کی ذمہ داری اور کمپنی کے آپریشنز کے تمام ضروری شعبوں کا احاطہ کرتی ہیں۔
- 4- **تنظیم کی کاروباری سرگرمیوں کی نگرانی:** بورڈ تنظیم کی موجودہ کاروباری سرگرمیوں بشمول ہر ایک اہم سرگرمی کی مضبوطی اور کمزوری کے بارے بخوبی واقف ہے اور سرگرمی/شعبہ وار کارکردگی کی نگرانی کے لئے ایک موثر طریقہ کار رکھتا ہے۔
- 5- **مالی وسائل کے انتظام کی مہارت:** بورڈ کمپنی کے مالی وسائل کے انتظامات سے متعلق اہم پہلوؤں کے بارے میں جانتا ہے اور بروقت بنیاد پر مناسب سمت اور نگرانی فراہم کرتا ہے۔
- 6- **موثر مالی نگرانی کی فراہمی:** بورڈ یقینی بناتا ہے کہ بجٹ سالانہ اسٹریٹجک منصوبہ میں قائم ترجیحات کی عکاسی کرتا ہے اور یہ اکاؤنٹس کے آڈٹ یا آزاد آڈٹ پر قابو پانے والے قواعد و ضوابط پر عمل کرتا ہے اور آزاد آڈیٹر کی رپورٹ اور مینجمنٹ لیٹر میں تمام سفارشات پر غور کرتا ہے۔
- 7- **ایک ذمہ دار آجر کا کردار ادا کرنا:** بورڈ نے ضروری پالیسیاں تشکیل دی ہیں جو اس بات کو یقینی بناتی ہیں کہ تنظیم عملے، ٹھیکیداروں، وینڈرز اور اس کی جانب سے کام کرنے والے کسی دوسرے فرد کی طرف مناسب اور قانونی طریقے کا سلوک روا رکھتی ہے۔

# FORM OF PROXY

I/We \_\_\_\_\_, being member(s) of Shakarganj Limited and holder of \_\_\_\_\_ Shares as per Folio No. \_\_\_\_\_/CDC Participation ID # \_\_\_\_\_ and Sub Account # \_\_\_\_\_ /CDC Investor Account ID # \_\_\_\_\_ do hereby appoint \_\_\_\_\_ of \_\_\_\_\_ having Folio No. \_\_\_\_\_ CDC Participation ID # \_\_\_\_\_ and Sub Account # \_\_\_\_\_ /CDC Investor Account ID # \_\_\_\_\_ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of Shakarganj Limited scheduled to be held on Monday, 28 February 2022 at 10:00 a.m through video-link to transact the following Ordinary Business:

As witness my / our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

1. Name \_\_\_\_\_

C.N.I.C \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

2. Name \_\_\_\_\_

C.N.I.C \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Please affix here  
Revenue Stamp of  
Rs. 5/-

## Notes:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instrument appointing a Proxy together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Share Registrar Office of the Company, CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular# 1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan for appointing Proxies:
  - i) In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
  - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
  - v) In case of a corporate entity, the Board of Directors' resolution/Power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

# مختار نامہ

میں / ہم \_\_\_\_\_ کا / کے \_\_\_\_\_  
 بحیثیت رکن شکر گنج لمیٹڈ اور حامل عام حصص، بمطابق شیئر رجسٹر فلیو نمبر \_\_\_\_\_ اور ایسی ڈی سی  
 پارٹسپنٹ (شرکت) آئی ڈی نمبر \_\_\_\_\_ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر \_\_\_\_\_  
 محترم / محترمہ \_\_\_\_\_ کو اپنے / ہمارے ایماء پر \_\_\_\_\_ مورخہ 28 فروری 2022ء بروز سوموار  
 ویڈیولنک کے ذریعے \_\_\_\_\_ منعقد ہونے والے کمپنی کے سالانہ اجلاس عام

میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2022ء کو دستخط کئے گئے۔

گواہان:

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

1- دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

2- دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

نوٹ:

1- ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہوا، اپنی جگہ کسی کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔

2- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل

لاہور کے پتے پر ارسال کر دے۔

3- سی ڈی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:

(الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ جس کی سکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ

لوڈ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔

(ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

(ج) ہیفیشیل اونرز (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامے کے ہمراہ پیش کرے گا۔

(د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

(و) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی قرارداد / مع نامزد کردہ شخص / انٹرنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے

ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔



# CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

M/s Corptec Associates (Private) Limited  
503-E Johar Town, Lahore  
Email: info@corptec.com.pk

**SUBJECT: CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM**

Dear Sirs,

I/we, being the shareholder(s) of Shakarganj Limited ("Company"), do hereby consent and authorize the Company for electronic transmission of the Audited Annual Financial Statements of the Company along with Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the Company of any change in my Email address.

I understand that the transmission of Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email shall meet the requirements as mentioned under the provisions of Companies Act, 2019.

1. Name of Shareholder(s) : \_\_\_\_\_

\_\_\_\_\_

2. Fathers / Husband Name: \_\_\_\_\_

\_\_\_\_\_

3. CNIC: \_\_\_\_\_

\_\_\_\_\_

4. NTN: \_\_\_\_\_

\_\_\_\_\_

5. Participant ID / Folio No: \_\_\_\_\_

\_\_\_\_\_

6. E-mail address: \_\_\_\_\_

\_\_\_\_\_

7. Telephone: \_\_\_\_\_

\_\_\_\_\_

8. Mailing address: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

Signature:

(In case of corporate shareholders,  
the authorized signatory must sign)

## سالانہ رپورٹ اور اے جی ایم نوٹس کی الیکٹرانک ٹرانسمیشن کی اجازت کا فارم

میسرز کارپریٹ ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

503-E، جوہر ٹاؤن، لاہور

ای میل: info@corptec.com.pk

عنوان: سالانہ رپورٹ اور اے جی ایم نوٹس کی الیکٹرانک ٹرانسمیشن کی اجازت کا فارم

جناب عالی:

میں/ہم بذریعہ ہذا شکریہ لکھنے والے ("کمپنی") کا/کے شیئر ہولڈر (ہولڈرز) ہونے کے ناطے کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس بمع سالانہ اجلاس عام کے نوٹس کی، ذیل میں دیئے گئے ای میل کے ذریعے الیکٹرانک ٹرانسمیشن کی اجازت اور اختیار دیتا ہوں/دیتے ہیں اور اپنے ای میل ایڈریس میں کسی تبدیلی کی کمپنی کو فوری طور پر اطلاع دینے کا وعدہ کرتا ہوں/کرتے ہیں۔

میں سمجھتا ہوں کہ کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس بمع سالانہ اجلاس عام کے نوٹس کی ای میل کے ذریعے ٹرانسمیشن سے ان تقاضوں کی تکمیل ہوگی جن کا کمپنیز ایکٹ، 2017ء کی دفعات کے تحت ذکر کیا گیا ہے۔

- 1۔ شیئر ہولڈر (ہولڈرز) کا نام.....
- 2۔ والد/شوہر کا نام.....
- 3۔ سی این آئی سی.....
- 4۔ این ٹی این.....
- 5۔ پارٹیشنڈ آئی ڈی/فولیو نمبر.....
- 6۔ ای میل ایڈریس.....
- 7۔ فون نمبر:.....
- 8۔ میننگ ایڈریس:.....

دستخط

(کارپوریٹ شیئر ہولڈرز کی صورت میں،  
مجاز دستخط کنندہ لازمی دستخط کرے)

تاریخ:.....

# STANDARD REQUEST FORM FOR HARD COPIES OF ANNUAL AUDITED ACCOUNTS

1. Name of member: \_\_\_\_\_

\_\_\_\_\_

2. CNIC No/Passport No: \_\_\_\_\_

\_\_\_\_\_

3. Folio/CDC Participant ID/ Sub a/c/Investor a/c: \_\_\_\_\_

\_\_\_\_\_

4. Registered Address: \_\_\_\_\_

\_\_\_\_\_

I/We hereby request you to provide me/us a hard copy of the Annual Report of Shakarganj Limited for the year ended September 30, \_\_\_\_\_ at my above mentioned registered address instead of CD/DVD/USB. I undertake to intimate any change in the above information through revised Standard Request Form.

Date:

Member's Signature:

## Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

### Company Secretary

Shakarganj Limited  
E-Floor, IT Tower, 73/E-1, Hali Road, Lahore  
Email: asif.malik@shakarganj.com.pk

### Chief Executive,

M/s Corptec Associates (Private) Limited  
Independent Share Registrar of Shakarganj Limited  
503-E, Johar Town, Lahore  
Email: info@corptec.com.pk

In case a member prefers to receive hard copies for all the future annual audited accounts, then such preference shall be communicated to the company in writing.

## معیاری درخواست فارم برائے سالانہ آڈٹ شدہ حسابات کی ہارڈ کاپیز

..... ممبر کا نام:  
..... سی این آئی سی نمبر/ پاسپورٹ نمبر  
..... فولیو/ سی ڈی سی پارٹیشن آئی ڈی/ سب/ ا/c/ انویسٹر a/c  
..... رجسٹرڈ ایڈریس:

میں/ ہم آپ سے درخواست کرتا ہوں/ کرتے ہیں کہ مجھے/ ہمیں شکر گنج لمیٹڈ کے 30 ستمبر ..... کو ختم ہونے والے سال کی سالانہ رپورٹ کی ہارڈ کاپی، سی ڈی/ ڈی وی ڈی/ یو ایس بی کے بجائے میرے مذکورہ بالا رجسٹرڈ پتے پر فراہم کی جائے۔ میں وعدہ کرتا ہوں کہ میں مذکورہ بالا معلومات میں کسی تبدیلی کی اطلاع نظر ثانی شدہ معیاری درخواست فارم کے ذریعے دوں گا/ دیں گے۔

..... تاریخ  
..... ممبر کے دستخط

**نوٹ:** یہ معیاری درخواست فارم کمپنی سیکرٹری یا کمپنی کے انڈیپنڈنٹ شیئر رجسٹرار، کسی کے بھی درج ذیل پتے پر بھیجا جاسکتا ہے۔

**کمپنی سیکرٹری**

شکر گنج لمیٹڈ

E فلور، آئی ٹی ٹاور، 73/E-1، حالی روڈ، لاہور

ای میل: asif.malik@shakarganj.com.pk

**چیف ایگزیکٹو**

میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

انڈیپنڈنٹ شیئر رجسٹرار آف شکر گنج لمیٹڈ

E-503، جوہر ٹاؤن، لاہور

ای میل: info@corpetc.com.pk

اگر کوئی ممبر مستقبل کے تمام سالانہ آڈٹ شدہ حسابات کی ہارڈ کاپیوں کی وصولی کو ترجیح دیتا ہے تو اس ترجیح کے بارے میں کمپنی کو تحریری طور پر مطلع کیا جائے۔

# E-DIVIDEND FORM (DIVIDEND PAYMENT THROUGH ELECTRONIC MODE)

The Company Secretary/Share Registrar,

I/We, \_\_\_\_\_, holding CNIC No. \_\_\_\_\_, being the registered shareholder of the company under folio no. \_\_\_\_\_, state that pursuant the relevant provisions of Section 242 of the Companies Act, 2019 pertaining to dividend payments by listed companies, the below mentioned information relating to my Bank Account for receipt of current and future cash dividends through electronic mode directly into my bank account are true and correct and I will intimate the changes, if any in the above-mentioned information to the company and the concerned Share Registrar as soon as these occur through revised E-Dividend Form.

Title of Bank Account	
Bank Account Number	
IBAN Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline number of Shareholder	
Email of Shareholder	

In case of CDC shareholding, I hereby also undertake that I shall update the above information of my bank account in the Central Depository System through respective participant.

Date:

Member's Signature:

## Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

### Company Secretary

Shakarganj Limited  
E-Floor, IT Tower, 73/E-1, Hali Road, Lahore  
Email: asif.malik@shakarganj.com.pk

### Chief Executive,

M/s Corptec Associates (Private) Limited  
Independent Share Registrar of Shakarganj Limited  
503-E, Johar Town, Lahore  
Email: info@corptec.com.pk

## ای۔ ڈیویڈنڈ فارم (الیکٹرانک طریقے سے ڈیویڈنڈ کی ادائیگی)

دی کمپنی سیکرٹری/شیئر رجسٹرار،

میں / ہم..... حامل سی این آئی سی نمبر..... فو لیو نمبر..... کے تحت کمپنی کے رجسٹرڈ شیئر ہولڈر ہونے کی حیثیت سے بیان کرتا ہوں کہ لسٹڈ کمپنیوں کی طرف سے ڈیویڈنڈ کی ادائیگیوں سے متعلق کمینیز ایکٹ، 2017ء کے سیکشن 242 کی متعلقہ دفعات کی رو سے موجودہ اور مستقبل کے کیش ڈیویڈنڈز کی الیکٹرانک طریقے سے براہ راست میرے بینک اکاؤنٹ میں وصولی کے لئے ذیل میں دی جانے والی معلومات صحیح اور درست ہیں۔ اگر اوپر بیان کردہ معلومات میں کوئی تبدیلی ہوئی تو جیسے ہی یہ تبدیلی ہوگی میں نظر ثانی شدہ ای۔ ڈیویڈنڈ فارم کے ذریعے کمپنی اور متعلقہ شیئر رجسٹرار کو فوری طور پر اس کی اطلاع دوں گا۔

ٹائٹل آف بینک اکاؤنٹ	
بینک اکاؤنٹ نمبر	
آئی بی اے این نمبر	
بینک کا نام	
برانچ کا نام اور ایڈریس	
شیئر ہولڈر کا سیل نمبر	
شیئر ہولڈر کا لینڈ لائن نمبر	
شیئر ہولڈر کا ای میل	

سی ڈی سی شیئر ہولڈنگ کی صورت میں، میں بذریعہ ہذا یہ وعدہ بھی کرتا ہوں کہ متعلقہ پارٹیسپنٹ کے ذریعے سنٹرل ڈیپازٹری سسٹم میں اپنے بینک اکاؤنٹ کی مذکورہ بالا معلومات کو اپ ڈیٹ کروں گا۔

تاریخ.....

ممبر کے دستخط

نوٹ: یہ معیاری درخواست فارم کمپنی سیکرٹری یا کمپنی کے انڈیپنڈنٹ شیئر رجسٹرار، کسی کے بھی درج ذیل پتے پر بھیجا جاسکتا ہے۔

چیف ایگزیکٹو

میسرز کارپٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ  
انڈیپنڈنٹ شیئر رجسٹرار آف شکر گنج لمیٹڈ  
E-503، جوہر ٹاؤن، لاہور  
ای میل: info@corpetc.com.pk

کمپنی سیکرٹری

شکر گنج لمیٹڈ  
E فلور، آئی ٹی ٹاور، 73/E-1، حالی روڈ، لاہور  
ای میل: asif.malik@shakarganj.com.pk

# FORM FOR VIDEO CONFERENCE FACILITY

The Company Secretary/Share Registrar,

I/we, \_\_\_\_\_, of \_\_\_\_\_, being the registered shareholder(s) of the company under Folio No(s). \_\_\_\_\_/ CDC Participant ID No.\_\_\_\_ and Sub Account No.\_\_\_\_ CDC Investor Account ID No., and holder of \_\_\_\_\_ Ordinary Shares, hereby request for video conference facility at \_\_\_\_\_ for the Annual General Meeting of the Company to be held on \_\_\_\_\_.

Date:

Member's Signature:

## Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

### Company Secretary

Shakarganj Limited  
E-Floor, IT Tower, 73/E-1, Hali Road, Lahore  
Email: asif.malik@shakarganj.com.pk

### Chief Executive,

M/s Corptec Associates (Private) Limited  
Independent Share Registrar of Shakarganj Limited  
503-E, Johar Town, Lahore  
Email: info@corptec.com.pk

# فارم برائے ویڈیو کانفرنس سہولت

دی کمپنی سیکرٹری/شیئر رجسٹرار،

..... سے تعلق رکھنے والا/والے، میں/ہم..... حامل..... عام حصص فلیو نمبر (نمبرز)..... /سی ڈی سی پارٹنر شپ  
ID نمبر..... اور سب اکاؤنٹ نمبر..... سی ڈی سی انویسٹر اکاؤنٹ ID نمبر..... کے تحت کمپنی کے رجسٹرڈ شیئر ہولڈر (ہولڈرز) کی حیثیت سے  
..... کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام کے لئے..... میں ویڈیو کانفرنس سہولت کی درخواست کرتا ہوں/کرتے ہیں۔

..... تاریخ.....

ممبر کے دستخط

نوٹ: یہ معیاری درخواست فارم کمپنی سیکرٹری یا کمپنی کے انڈیپنڈنٹ شیئر رجسٹرار، کسی کے بھی درج ذیل پتے پر بھیجا جاسکتا ہے۔

کمپنی سیکرٹری

شکر گنج لمیٹڈ

E فلور، آئی ٹی ٹاور، 73/E-1، حالی روڈ، لاہور

ای میل: asif.malik@shakarganj.com.pk

چیف ایگزیکٹو

میسرز کارپوریک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

انڈیپنڈنٹ شیئر رجسٹرار آف شکر گنج لمیٹڈ

E-503، جوہر ٹاؤن، لاہور

ای میل: info@corpetc.com.pk





## **Shakarganj Limited**

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

