Shakarganj Limited

GROWING UP FOR THE FUTURE | ANNUAL REPORT 2016

Contents

Vision, Mission & Values

To gain and maintain leadership in the industries it competes in by producing the best quality products with lowest possible cost.

To give the best returns to shareholders by optimal allocation of resources to the products and markets the company competes in.

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

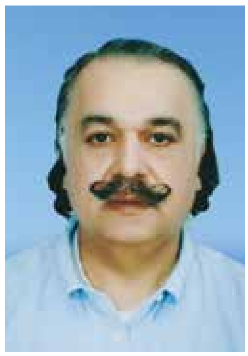
To provide the best working environment to its employees and provide opportunities to them for enhancing their skills.

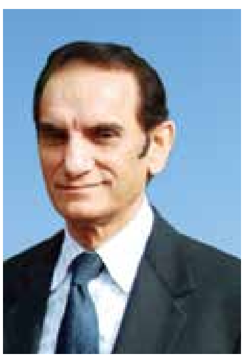
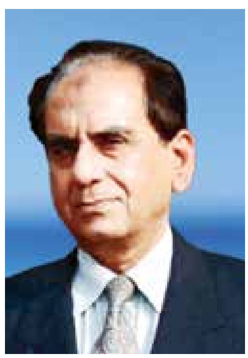
To work with its farmers, suppliers and distributors as partners developing their expertise and profitability.

To pursue environment friendly policies and effectively and efficiently use all energy resources aiming for zero waste and a clean healthy environment in its vicinity.

To be a socially responsible corporate citizen supporting education, health, environment and socio economic development of the society.

Company Information


Board Of Directors

From Left to Right

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

Chief Financial Officer
Muhammad Asif

Company Secretary
Asif Ali

Audit Committee
Chairman
Khalid Bashir

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

Human Resource & Remuneration Committee
Chairman
Muhammad Anwar

Member
Anjum Muhammad Saleem
Khalid Bashir

Management Committees

Executive Committee

Chairman

Anjum M. Saleem
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

Chairman

Anjum M. Saleem
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

Chairman

Muhammad Pervaiz Akhtar
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.

Shareholders' Information

Stock Exchange Listing

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

Public Information

Financial analysts, Stock brokers, interested investors and financial media desiring information about "Shakarganj" should contact
Mr. Asif Ali
at the Company's Office, Jhang.
Tel: 047 763 1001 - 05
Fax: 047 763 1011
E-mail: info@shakarganj.com.pk

Shareholders' Information

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

Products

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

Legal Advisor

Hassan & Hassan Advocates,
Lahore

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Bankers

MCB Bank Limited
National Bank of Pakistan
Bank Islami Pakistan Limited

Works

Principal Facility

Management House
Toba Road, Jhang, Pakistan
Tel: 047 763 1001 - 05
Fax: 047 763 1011
E-mail: info@shakarganj.com.pk

Satellite Facility

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

Website

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

Registered and Principal Office

10th Floor, BOP Tower,
10-B Block E 2, Gulberg III,
Lahore, Pakistan
Tel: 042 3578 3801- 06
Fax: 042 3578 3811

Karachi Office

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

Faisalabad Office

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

Share Registrar

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

Annual General Meeting

The 49th Annual General Meeting of Shakarganj Limited will be held on Tuesday, 31 January 2017 at 11:00 a.m. at Qasr-e-Noor, 9-E-2, Main Boulevard, Gulberg III, Lahore

Company Profile

Shakarganj Limited was incorporated in Pakistan in 1967 as a Public Limited Company and is listed on the Pakistan Stock Exchange. Shakarganj is a leading manufacturer of food products, bio fuel and building materials as well as textiles. We transform renewable crops such as sugarcane and cotton into value added products comprising refined sugar, textiles, bio fuel and building materials in addition to generating bio power from biogas. The Company has two manufacturing facilities in Jhang District. Our registered office is in Lahore.

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

Sugar Business:

We have two manufacturing facilities, located in District Jhang. We produce different types of sugar comprising pharmaceutical, beverage and commercial grades sugar as well as soft brown sugar, castor and icing sugar, sugar cubes, sachets and retail packs.

Our combined crushing capacity is of 20,000 MT of sugarcane per day which is extendable to 32,000 MT per day.

Bio Fuel Business:

We have distilleries located at Jhang and Bhone where various grades of bio fuel are produced. Our products include rectified bio fuel for industrial and food grades, anhydrous bio fuel for fuel grade and extra neutral bio fuel for pharmaceutical and perfume grades. The combined capacity of our distilleries is 280,000 - 300,000 litres per day.

Bio Power Business:

Biogas power generation facility is located at Jhang. This facility comprises an Effluent Treatment Plant (ETP) and a Power Generation Facility. ETP operations involve biological treatment of distillery waste to produce methane and a biological de-sulphurization plant to remove sulphur from the methane gas. This gas is then used in the power house to produce electricity which is sold to a utility company on the national grid. The present capacity of this plant is 8 megawatts. For better control, from January 2013 ETP has been transferred to Bio Fuel Business.

Building Materials Business:

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

Textile Business:

Located at Jhang, this cotton spinning unit produces carded cotton yarns ranging from 10/s to 30/s and doubled cotton yarn ranging from 8 to 15 TPI. The installed capacity is 25,856 spindles for cotton spinning and 2,304 spindles for doubling.

Farming & Allied Business:

This comprises different parcels of land mainly located at Jhang Division nearby our manufacturing facilities. Total area under cultivation is 1,285 acres which is owned land. The main crops include sugarcane, wheat, gram, maize, fodder and seasonal vegetables. A dairy farm located at Jhang has been developed, with a herd of 150 milking and fattening cattle. Small herd of rams and bucks for fattening purpose has also been developed.

Shakarganj has also launched a new product in the area of non chemicals fertilizers under the brand name of "Shakarganj Tiger Compost". The product as organic fertilizer has been developed using aerobic decomposition process with addition of standardized microbial culture in filter cake. The compost is a rich source of organic matter, with macro and micro nutrients to help improve soil is very useful for better growth, yield and quality of all field crops in general and specifically for sugarcane. This is at its initial stage and would grow up in the farmer's community with the practical exposures.

Business Vision and Strategy:

Shakarganj's vision is to create country's leading renewable ingredients business. We aim to achieve this by building a consistent portfolio of distinctive, profitable, high-value solutions in products and services for our customers. Shakarganj is committed to provide long-term value for our shareholders. Our strategy is to build a stronger value added business with a low-cost commodity base.

We focus on five key business objectives to deliver consistent growth.

- Serve our Customers:

Delivering excellent customer service is at the core of everything we do. Our aim is to be the partner of choice in our customers' processes and to help them develop more successful consumer products.

- Operate Efficiently and Safely:

We aim to be the lowest-cost and most efficient producer in all our markets. Through our expertise in high-volume process management, our focus is on technical and manufacturing excellence and the efficient use of services such as logistics and utilities. We are continually working to improve operational efficiency and strive to ensure safe and healthy conditions for everyone at our sites.

- Invest in Long Term Assets and Partnerships:

We continually evaluate investment opportunities that would add strategic value by enabling us to enter new markets or add products, technologies and knowledge more efficiently than we could organically. We also aim to grow our business by forming joint ventures and partnerships to enhance the capabilities of our existing product portfolio. Using alliances and joint ventures can be an efficient way to lower our cost of investing in new areas and markets, and will help secure access to new and complementary technology and expertise.

- Invest in Technology and People:

We are investing in our research and development capabilities to help us in developing innovative solutions that meet our customers' product challenges. We are also complementing our own capabilities through business and technology partnerships, and university collaborations. To develop talent, improve leadership and help our employees succeed, we operate various programs designed to ensure the right skills at all levels to grow our business.

- Grow the Contribution from Value Added Products:

We are committed to grow the contribution from our value added products. Value added products utilize technology and intellectual property enabling us to obtain a price premium along with sustainable and/or higher margins.

Director's Report

Dear Shakarganj Shareholder:

The directors of your Company are pleased to submit their report together with the audited financial statements of the Company for the year ended 30 September 2016:

Financial Results

The financial results of the Company are summarised below:

		2016	2015
		(Rupees in thousand)	
Loss before taxation		(31,663)	(42,652)
Taxation		13,770	(100,104)
Loss after taxation		(17,893)	(142,756)
Loss per share - basic and diluted	(Rupees)	(0.18)	(1.89)

Keeping in view accumulated losses, adverse current ratio and conditionalities of our lenders, the directors have not recommended declaration of any dividend for the year ended 30 September 2016.

Statement on corporate and financial reporting framework

1. These financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of accounts of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgement.

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from, if any has been adequately disclosed and explained.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the Company's ability to continue as a going concern as it has adequate resources and operating capabilities to continue in operation for the foreseeable future as has been explained in the Chief Executive's Review and financial statements.

7. The significant deviations from last year in operating results have been explained in detail together with the reason thereof in the Chief Executive's Review which has been endorsed by the Directors.

8. Key operating and financial data for the last six years in summarised form is annexed herewith.

9. The outstanding statutory duties, taxes, charges and levies, if any have been fully disclosed in the financial statements.

10. All related party transactions are approved by the Board after review and recommendation of Audit Committee.

11. The Company did not declare any dividend due to accumulated losses.

12. The significant plans and decisions particularly corporate restructuring of the Company along with future prospects and risks & uncertainties have been outlined in the Chief Executive's Review. The detail information is also available in financial statements.

13. The directors of the Company having 15 years of experience on the board of a listed company are exempt from the requirements of directors training program. All the board members except three directors qualify for exemption under this provision of the Code. Three remaining directors have also completed training courses until 30 September 2016 to acquire certification as per requirement.

14. Total number of regular employees at the end of the year was1,213.

15. Following is the value of investments of funds based on their respective un-audited accounts for the year ended 30 September 2016:

Gratuity Fund	Rupees	16.61 million
Pension Fund	Rupees	56.00 million
Provident Fund	Rupees	53.91 million

Auditors

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

Meetings of the Board of Directors

During the year, five (5) meetings of the Board of Directors, four (4) meetings of the Audit Committee and two (2) meetings of Human Resource and Remuneration Committee were held and the attendance of each Director is annexed herewith.

Pattern of Shareholding

The pattern of shareholding and additional information thereof is attached. No trade in the shares of the Company was carried out by the directors, executives and their spouses and minor children except the following right shares options availed:

Name of Director/ Spouses / Executive	Right shares subscribed
Mr. Ali Altaf Saleem	97,000
Mr. Anjum M. Saleem	1,719,000
Mr. Muhammad Anwar	39,136
Mr. Khalid Bashir	33,890
Mr. Muhammad Arshad	83,332
Ms. Hajerah Ahsan Saleem	2,400
Mrs. Saira Anjum Saleem	54,000
Mr. Altaf Muhammad Saleem	2,937,000

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

Default in payments of debts

The details of overdue debts, reasons thereof and the measures taken by the Company to address and settle such default situation has been adequately explained in the Chief Executive's Review which is endorsed by the Directors. The detailed information is also available in the financial statements.

Financial Statements

The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company, KPMG Taseer Hadi & Co, Chartered Accountants and their report is attached with the financial statements. The auditors have given a paragraph of emphasis drawing attention to the conditions that may affect the Company's ability to continue as a going concern, for which complete information and explanation are included in the Chief Executive's Review.

Chief Executive's Review

The directors endorse the contents of the Chief Executive's Review for the year ended 30 September 2016 which contains the state of Company's affairs, operational performance, reasons for incurring losses, debts status and default and a reasonable indication of the future prospects and other requisite information. The contents of the report shall be read along with this report and shall form an integral part of the Directors Report in terms of Section 236 of the Companies Ordinance, 1984 and requirements of Code of Corporate Governance under Rule Book of the Pakistan Stock Exchange Limited.

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.

By Order of the Board

Anjum M. Saleem
Chief Executive Officer

Date: 06 January 2017

Board And Its Committees' Meetings Attendance In Meetings

Name of Directors	Board		Audit Committee		Human Resource and Remuneration Committee	
	Required	Attended	Required	Attended	Required	Attended
NON - EXECUTIVE DIRECTORS						
Khalid Bashir	5	4	4	3	2	1
Muhammad Anwar	5	5	4	4	2	2
Muhammad Arshad	5	5	-	-	-	-
Shaikh Asim Rafiq	5	5	4	4	-	-
*Shehryar Mazhar	2	0	2	0	-	-
Hajerah Ahsan Saleem	3	2	2	1	-	-
EXECUTIVE DIRECTORS						
Anjum Muhammad Saleem	5	5	-	-	2	2
Ali Altaf Saleem	5	5	-	-	-	-

* Shehryar Mazhar resigned on February 29, 2016

Chief Executive's Review

I welcome you to the 49th Annual General Meeting of Shakarganj Limited to present the audited financial statements of the Company for the year ended 30 September 2016.

Overall financial performance of the Company remained weak as bio fuel prices were under pressure in line with the global trend of declining petroleum product prices. Continued financial pressure also restricted operations during the year under review, particularly in the second half of fiscal year 2016. These factors compelled Shakarganj to close its bio fuel as well as other operational segments in the 2nd half of fiscal year 2016, wiping out after tax profit of Rs. 206.85 million earned in the 1st half. During the year under review, on account of plant closure, the bio fuel business posted a gross loss of Rs. 47.30 million as compared to a gross profit of Rs. 552.64 million in FY15. Your Company incurred an after tax loss of Rs. 17.89 million in the year under review, compared to an after tax loss of Rs. 142.76 million in the previous year.

The Company significantly reduced production due to uncertainty in sugar and bio fuel selling prices and volatility in local and international markets. Lower production, particularly a 78% reduction in bio fuel production, had a major impact on the bottom-line. Selling price of sugar recovered somewhat in the second half of fiscal year 2016 and the surge was in anticipation of insufficient stocks to meet the national consumption levels till next crushing season; however the Company was unable to capitalize on increasing sugar prices on account of selling sugar stocks while production was ongoing, to meet working capital requirements. While there was a 4% increase in average recovery of sugar at Shakarganj, Sugar Division recorded operational losses of Rs. 408 million because of increased cost of production, higher fixed overhead costs and low capacity utilization. Operational losses amounted to Rs. 141 million during the period under review, compared to the loss of Rs. 183 million in the previous year.

Consequently, our Sugar Division crushed 450,804 MT of sugarcane to produce 45,707 MT of sugar, a recovery rate of 10.16 percent. This was an overall increase of 4% in sugar recovery compared to the previous fiscal year with 59,905 MT of sugar produced from 615,394 MT of sugarcane at a recovery rate of 9.73 percent.

During the year under review, the performance of bio fuel Division remained depressed with production of 10.2 million litres (FY15: 46.1 million litres). Bio fuel production reduced by 78 percent when compared to the last year mainly on account of drop in average selling price of petroleum products and bio fuel, and low crushing level resulting in shortage of molasses. Export sales declined significantly due to low level of production accordingly.

Bio power generation by the Company could not be started this year because of inconsistent distillery operations and non-availability of sufficient spent wash. The power generation during the year was nil as compared to previous year generation of 10.70 million units. Due to heavy repair, maintenance and necessary overhauling cost involved to start up bio gas generators, no power generation is expected in the next year, so profitability due to such factors would remain under pressure.

Due to non-availability of surplus bagasse, the Building Materials Division could not start its operations in the year under review as well. However, in anticipation of increased level of sugarcane crushing in fiscal year 2017, surplus bagasse is expected and we are hopeful to restart the operations in this division. We use surplus bagasse to produce particleboard in our Building Materials Division.

Yarn production at our Textile Division decreased to 3.30 million kg from 4.34 million kg in the previous year. The decrease in production was mainly attributable to changes in product mix and focus on higher count yarn. The costs of raw materials were higher compared to lower prices for yarn, resulting in negative contribution to the bottom line.

Financial & Business Review:

The Company has enacted certain operational and financial measures to improve its productivity and generate liquidity for financing of operations and repayment of borrowings. The Company, in its efforts to re-profile its borrowings, continued the process of negotiations with its lenders seeking short term financing facilities for operational liquidity and relaxation in payments of its existing loans. During the year, restructuring for the outstanding over-due loans with National Bank of Pakistan (NBP) has been completed. Long term loans and accrued markup amounting to Rs. 481 million and Rs. 348.83 million has been converted into a new long term loan of Rs. 312.5 million and Rs. 122.88 million, as explained in note to the financial statements. The Company requested its lenders to restructure over-due balances including mark-up to term borrowings under reduced and/or non-mark-up arrangements. The Company has in current and prior periods successfully restructured/rescheduled various loans amounting to Rs. 2,105 million with respective lenders (including term finance certificate holders), out of which Rs. 1,676 million has been repaid. As of 30 September 2016 all over-due finances of the Company have been successfully restructured. Over-due principal and markup of Faysal Bank Limited under PPTFC (individual term finance certificate holder) amounting to Rs. 58.20 million and Rs. 66.58 million has been paid, subsequent to the year end.

The management of the Company, in continuing its efforts for working capital arrangements, has negotiated short term secured financing with its lenders for its operations. At the yearend working capital lines of Rs 1,400 million were availed from a number of banks, of which Rs. 470.02 million was utilized. These facilities have been obtained against pledge of sugar, molasses, and bio fuel at margin ranging from 10% to 15% and have resulted in operational liquidity support in the current period. Subsequent to the year end, the Company has again requested its lenders for working capital lines for financing of its operations in next year against pledge of stocks of sugar, molasses and bio fuel. On the other hand, the crushing season of fiscal year 2017 has been started from 14 November 2016 with a positive note both in terms of level of crushing and commodity prices. The financial statements have been prepared on a going concern basis based on management's expectation that it will continue to be supported by the lenders for operational liquidity and will utilize such funds to streamline its operations and generate positive operational results.

During the year under review, crushing and liquidity problems impacted sugar and allied business segments negatively, consequently overall performance of the Company during the fiscal year 2016 was also affected. As explained in the annual report of fiscal year 2015, the Company has been in a tight liquidity position since 2009 and our current ratio has been adversely affected due to reclassification of various long term obligations as short term borrowings. This has led to the current liabilities of the Company exceeding its current assets by Rs 3,753 million. So far, as a part of the restructuring process, the Company has successfully disposed off various assets such as the Dargai Shah Sugar & High Bar Boiler, entire divestment of Safeway Fund Limited, Safeway Mutual Fund Limited, Asian Stocks Fund Limited, Crescent Jute Products Limited, Altern Energy Limited and partial disposal of land. The detail of restructuring process, significant future plans, defaults in payments of debts and reasons thereof etc. have been provided in the financial statements. The Company has successfully negotiated with a majority of its lenders on bilateral terms and obtained various short term finance facilities to help overcome the liquidity crunch and increased capacity utilization.

Keeping in view the financial position, without qualifying their opinion, the Company auditors' have given a paragraph of emphasis in auditors' report drawing attention to conditions that may affect the Company's ability to continue as a going concern. The Company believes that there is no significant doubt upon its ability to continue as a going concern as it has adequate resources and operating capabilities to continue operations for the foreseeable future. The current situation is considered to be temporary in nature and will reverse in the near future with support from all stakeholders and concerted efforts by the management. The management is confident that through restructuring of liabilities, availability of improved liquidity, higher operational activities and anticipated positive financial results, the Company will be able to remove mitigate apprehension regarding its ability to operate as a going concern, as stated by the auditors in the paragraph of emphasis. The steps taken by the management so far and planned in future are also explained further in notes to the financial statements particularly in note 1.2.

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. Our Social Action Programme 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. During the year Shakarganj contributed around Rs. 3.58 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. Your Company's contribution to federal, provincial and local taxes was in excess of Rs 466 million during the year under review.

Health, Safety and Environment

At Shakarganj, we take steps to maintain health and safety standards at our plants and offices seriously as we always aim to be an exemplary corporate citizen. Health and safety and environmental concerns are always among our key focal points. We are committed to providing clean, healthy and safe 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. Environmental protection issues are always considered on a higher priority and 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. All activities at Shakarganj are required to conform to international standards for health and safety certified by ISO14001:2004.

Outlook

Financial year 2016 being an exceptionally challenging one for some of our businesses and the external environment in the country will continue to remain challenging for sugar and petroleum businesses in Pakistan for some time. However, the government at both federal and provincial levels is determined to revive the industrial sector and has taken various steps to resolve bottlenecks. Industrial growth is expected to accelerate on the back of increased activity in large-scale manufacturing and construction being driven primarily by initiation of China Pakistan Economic Corridor (CPEC). Going into fiscal year 2017, we expect a positive outlook on country performance as capital markets are progressing and expected to perform well on the back of healthy corporate environment in view of planned reforms and activities under CPEC as infrastructure and energy projects are being developed on large scale basis.

The Company remains committed to continue operating and improving its liquidity scenario. As mentioned in our Future Outlook section of our previous report, the prices of sugar and bio fuel impact the performance of our businesses. Improvement in selling prices, in both domestic and international markets will positively impact the bottom line. Our agricultural farming part of sugar business, had showed improvement in its results and contributed positively toward bottom line this year as well. The management has also planned to arrange increased financing to satisfy the demand for molasses to run bio fuel operations throughout the year in fiscal year 2017.

The Company has entered into an agreement for the sale of carbon dioxide (CO_2), produced, as a by-product of bio fuel manufacturing process, to generate additional liquidity at improved margins. Due to stoppage of bio fuel operations, sale of CO_2 could not start as planned; however revenue generation is expected from January 2017.

Currently, Pakistan's textile industry is going through one of the toughest period in decades and recession in the textile industry globally, is compounded with internal issues such as the energy crisis, increase in cost of inputs, falling quality of locally produced cotton and withdrawal of subsidies etc. More than 100 units have been forced to shut down due to such un-favorable circumstances whereas others spinners are shifting production towards man-made fibers and blended yarns. However, management of your Company is managing these issues and the Textile Division is expected to enhance production in the next year to contribute positively in future through improved power supply and better marketing of yarn. Other business segments would also improve its results in fiscal year 2017 wherever possible.

Inspite of all these challenges, in fiscal year 2017 results are expected to be comparatively better. With improvements in productivity of various divisions, the Company would be back on track of profitability. Shakarganj has always had a positive and forward looking approach in its operations and hopes for the same for all its business segments. We expect to achieve economies of scale, revisiting and simplifying our organizational layout and reducing costs Company-wide for coming years as well.

General

The Directors are always a source of guidance and support for the management and we appreciate their commitment to your Company's progress and prosperity. The Directors would also like to express their appreciation for the dedicated efforts, loyalty and hard work of the workers, staff and members of the management team. Our sugarcane farmers are the backbone of our industry and we thank them for their continued support. I would also like to thank our shareholders, customers and other stakeholders for their continued support.

By Order of the Board

Anjum M. Saleem
Chief Executive Officer

06 January 2017

Production Data

Season	Duration Season (Days)	Cane Crushed (MT)	Raw Sugar Processed (MT)	Sugar Produced (MT)	Recovery (Percent)
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	7.50
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	7.70
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	8.80
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	8.30
1973-74	101	87,825		5,477	6.28

Losses (Percent)	Process Molasses (MT)	Bio Fuel (Litres)	Building Materials (m3)	Yarn (Bags)	Bio Power (MWh)
2.07	19,295	10,201,684		72,776	
2.18	27,270	46,134,870		95,719	10,702
2.15	55,817	76,377,765	6,096	112,846	12,857
2.16	61,450	63,372,339	6,894	146,466	22,865
2.20	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
2.30	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	
2.20	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	
2.50	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				
2.40	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				

Financial Highlights

		2016	2015	2014	2013	2012	2011
Operating Results:							
Net Sales	(Rs 000)	4,373,219	6,578,986	11,356,340	13,507,225	14,762,318	13,354,705
Cost of Sales	(Rs 000)	4,668,941	6,647,610	11,402,233	12,512,771	13,044,568	12,061,782
Gross Profit/(Loss)	(Rs 000)	(295,722)	(68,624)	(45,893)	994,454	1,717,750	1,292,923
Operating Profit/(Loss)	(Rs 000)	(140,704)	(183,146)	(378,875)	568,825	1,033,342	841,167
Profit/(Loss) Before Tax	(Rs 000)	(31,663)	(42,652)	(584,585)	329,362	442,453	(48,195)
Profit/(Loss) After Tax	(Rs 000)	(17,893)	(142,756)	(638,809)	267,012	498,476	(81,523)
Dividends	(Rs 000)	-	-	-	-	-	-
Earnings/(Loss) Before Interest, Taxes, Depreciation & Amortization	(Rs 000)	733,895	829,305	71,560	1,110,038	1,457,672	1,196,749
Per Share Results and Return:							
Earning Per Share	(Rupees)	(0.18)	(1.89)	(9.19)	3.84	7.17	(1.17)
Cash Dividend Per Share	(Rupees)			-	-	-	-
Dividend Yield Ratio	(%)			-	-	-	-
Dividend Pay Out Ratio	(%)			-	-	-	-
Market Price Per Share at the end of the year (KSE 100 Index)	(Rupees)	26.62	17.71	15.75	19.50	12.9	4.9
Price Earning Ratio	(Times)	(147.89)	(9.37)	(1.71)	5.08	1.80	(4.19)
Financial Position							
Reserves	(Rs 000)	906,114	896,940	1,109,735	1,187,887	970,230	892,985
Current Assets	(Rs 000)	814,003	2,767,463	1,501,818	1,414,570	2,519,539	2,064,613
Current Liabilities	(Rs 000)	4,567,308	7,972,985	6,669,301	6,611,816	7,569,321	7,355,989
Net Current Assets / (Liabilities)	(Rs 000)	(3,753,305)	(5,205,522)	(5,167,483)	(5,197,246)	(5,049,782)	(5,291,376)
Property, Plant and Equipment	(Rs 000)	8,987,560	9,599,483	10,254,043	6,252,667	6,401,019	5,241,210
Total Assets	(Rs 000)	10,839,796	13,328,591	12,411,426	8,810,991	9,726,433	7,982,265
Long-Term Debt	(Rs 000)	638,756	1,034,356	1,354,663	2,135,741	2,410,570	2,794,162
Shareholders' Equity	(Rs 000)	28,458	(711,810)	(654,867)	21,110	(603,224)	(1,178,945)
Share Capital	(Rs 000)	1,100,000	695,238	695,238	695,238	695,238	695,238
Break-up Value per Share	(Rupees)	0.26	(10.24)	(9.42)	0.30	(8.68)	(16.96)
Break-up Value per share including Surplus on Revaluation of Fixed Assets	(Rupees)	45.19	64.60	66.78	31.11	24.14	3.42
Financial Ratios:							
Current Ratio	(Times)	0.18	0.35	0.23	0.21	0.33	0.28
Long-Term Debt to Capitalization	(%)	95.73	320.68	193.58	99.02	133.38	172.99
Total Debt to Total Assets	(%)	54.14	66.30	62.59	75.45	82.74	97.02
Weighted Average Cost Of Debt	%	8.10	9.93	10.56	10.38	12.86	13.94
Quick / Acid Test Ratio	(Times)	0.10	0.25	0.15	0.13	0.10	0.14
Earnings before Interest, Taxes, Depreciation & Amortization Margin (EBITDA)	(%)	0.17	0.13	0.01	0.08	0.10	0.10
Profitability Ratios:							
Gross Profit Ratio	(%)	(6.76)	(1.04)	(0.40)	7.36	11.64	9.68
Net Profit Margin	(%)	(0.41)	(2.17)	(5.63)	1.98	3.38	(0.61)
Average Collection Period	(Days)	1.10	1.70	2.40	5.22	12.09	13.63
Fixed Assets Turnover	(Times)	0.49	0.69	1.11	2.16	2.31	2.55
Total Assets Turnover	(Times)	0.40	0.49	0.91	1.53	1.52	1.67
Other Data:							
Depreciation & Amortization	(Rs 000)	582,894	633,833	327,817	342,546	285,750	298,815
Capital Expenditure	(Rs 000)	10,634	13,320	315,213	371,289	311,455	139,072

Statement Of Compliance With Code Of Corporate Governance

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 5.19.23 of listing regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Shaikh Asim Rafiq
Non-Executive Directors	Ms. Hajerah Ahsan Saleem Mr. Khalid Bashir Mr. Muhammad Anwar Mr. Muhammad Arshad
Executive Directors	Mr. Anjum M. Saleem Mr. Ali Altaf Saleem

The independent director(s) meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed Companies including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy was occurred on the Board of Directors on 29 February 2016 that was duly filled up by the directors on the same day.
5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the board/shareholders.
8. 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 and the Board met four times during the year ended 30 September 2016 for approval of quarterly and annual financial statements of the Company. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors were apprised about the applicable laws and their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of the Company. The directors of the Company having 15 years of experience on

the board of a listed company are exempt from the requirements of directors training program. All the board members except three directors qualify for exemption under this provision of the Code. However, all three remaining directors have completed training course during the year.

10. During the year, the Company appointed Chief Financial Officer (CFO) and Head of Internal Audit (HIA). The appointment, remuneration and terms and conditions of employment of CFO has been determined and approved by the Board of directors. However, the appointment, remuneration and terms and conditions of employment of Head of Internal Audit has been determined and approved by the Board of directors in their meeting held on 06 January 2017 with effect from 12 August 2016. There was no new appointment of the Company Secretary during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four members, of whom all are non-executive directors. The Chairman of the committee is a non-executive director.
16. The meetings of the audit committee were held four times during the year ended 30 September 2016 prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, two of whom are non-executive directors and one member is executive director. The Chairman of the committee is a non-executive director.
18. The Board has outsourced the internal audit function to Riaz Ahmad and Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. 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, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with including that the Board has developed criteria for annual evaluation of its own performance and assessment against the developed criteria has been done by the Board of Directors.

By order of the Board

Anjum M. Saleem
Chief Executive Officer

06 January 2017

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Review Report To The Members
On Statement Of Compliance With Best
Practices Of Code Of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Shakarganj Limited ("the Company") for the year ended 30 September 2016 to comply with the requirements of Listing Regulation no. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited where the Company is listed.

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

As a part of our audit of 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 Director's 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 Code requires 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 of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of the requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended 30 September 2016.

KPMG Taseer Hadi & Co.

Lahore
06 January 2016

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

Shakarganj Limited

Financial Statements
For The Year Ended 30 September 2016

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Shakarganj Limited** ("the Company") as at 30 September 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in accounting policy as referred to in note 3.1 with which we concur;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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 2016 and of the loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and was deposited after the year end in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 1.2 to the financial statements, which highlights poor operational results of the Company primarily because of insufficient operational liquidity along-with the Company's inability to timely meet its obligation in respect of principal and markup repayments on borrowings from financial institutions. The current liabilities of the Company have exceeded its current assets by Rs. 3,753 million and accumulated losses stand at Rs. 2,035 million. These conditions, along with other matters set forth in note 1.2 indicate the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

KPMG Taseer Hadi & Co.

Lahore
06 January 2017

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

BALANCE SHEET

As at 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
150,000,000 (2015: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
50,000,000 (2015: 50,000,000) preference shares of Rs. 10 each		500,000	500,000
		2,000,000	2,000,000
Issued, subscribed and paid up capital			
110,000,002 (2015: 69,523,798) ordinary shares of Rs 10 each	5	1,100,000	695,238
Equity portion of director loan - net of tax		57,205	-
Reserves		906,114	896,940
Accumulated loss		(2,034,861)	(2,303,988)
		28,458	(711,810)
Surplus on revaluation of property, plant and equipment - net of tax	6	4,942,775	5,203,063
Non-current liabilities			
Long term finances	7	491,213	-
Deferred taxation	8	810,042	864,353
		1,301,255	864,353
Current liabilities			
Current portion of long term liabilities	9	147,543	1,034,356
Short term borrowings	10	969,199	2,584,737
Trade and other payables	11	3,232,021	3,737,147
Accrued finance cost	12	218,545	616,745
		4,567,308	7,972,985
Contingencies and commitments	13		
		10,839,796	13,328,591

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	14	8,987,560	9,599,483
Intangible assets	15	685	775
Biological assets	16	7,734	9,954
Investments	17	954,356	901,845
Employees' retirement benefits	18	38,927	12,126
Long term loans, advances and deposits	19	36,531	36,945
		10,025,793	10,561,128
Current assets			
Biological assets	16	13,718	20,668
Stores, spares and loose tools	20	70,879	83,516
Stock-in-trade	21	347,650	804,951
Trade debts	22	13,154	30,564
Loans, advances, deposits, prepayments and other receivables	23	349,962	299,308
Cash and bank balances	24	18,640	1,528,456
		814,003	2,767,463
		10,839,796	13,328,591

Chairman

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
Sales - net	25	4,373,219	6,578,986
Cost of sales	26	(4,668,941)	(6,647,610)
Gross loss		(295,722)	(68,624)
Administrative expenses	27	(222,983)	(258,743)
Distribution and selling costs	28	(55,965)	(174,258)
Other operating expenses	29	(26,551)	(44,034)
Other income	30	460,517	362,513
Loss from operations		(140,704)	(183,146)
Finance cost	31	(182,754)	(238,124)
Share of profit from associates	17.1.1	291,795	378,618
Loss before taxation		(31,663)	(42,652)
Taxation			
- Company		19,028	(46,594)
- Associates		(5,258)	(53,510)
	32	13,770	(100,104)
Loss for the year		(17,893)	(142,756)
			Restated
Loss per share - basic and diluted **Rupees**	33	(0.18)	(1.89)

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive **Chairman**

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2016

	2016	2015
	(Rupees in thousand)	
Loss for the year	(17,893)	(142,756)
Other comprehensive income for the year		
Items that are or may be reclassified to profit or loss account:		
Fair value gain / (deficit) on 'Available for sale' investments	7,738	(16,247)
Loss / (gain) realised on disposal of 'Available for sale' investments transferred to profit and loss	15,270	(170,414)
Share of other comprehensive (loss) / income of associates	(8,307)	445
Items that will never be reclassified to profit or loss account:		
Remeasurement gain on employee retirement benefits	26,732	22,033
Total comprehensive income / (loss) for the year	23,540	(306,939)

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive

Chairman

CASH FLOW STATEMENT

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	34	599,155	1,380,887
Finance cost paid		(285,346)	(228,100)
Taxes paid		(88,314)	(65,647)
Employees' retirement benefits paid		(13,641)	(15,939)
Net decrease in long term deposits		-	414
Net cash generated from operating activities		211,854	1,071,615
Cash flows from investing activities			
Fixed capital expenditure		(3,546)	(3,903)
Dividends received		11,070	6,582
Income from bank deposits received		14,039	310
Proceeds from sale of investment		329,605	381,216
Proceeds from sale of property, plant and equipment		66,519	9,797
Net cash generated from investing activities		417,687	394,002
Cash flows from financing activities			
Repayment of long term borrowings		(669,650)	(320,307)
Short term borrowings - net		(2,114,469)	298,085
Loan from director		240,000	-
Proceeds against right shares		404,762	-
Finance lease liabilities - net		-	(9,931)
Net cash used in financing activities		(2,139,357)	(32,153)
Net (decrease) / increase in cash and cash equivalents		(1,509,816)	1,433,464
Cash and cash equivalents at beginning of the year		1,528,456	94,992
Cash and cash equivalents at end of the year	24	18,640	1,528,456

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive

Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016

			CAPITAL RESERVES				REVENUE RESERVES				
	Share capital	Share premium	Share in capital reserves of associates	Fair value reserve	Difference of capital under scheme of arrangement of merger	Equity portion of director loan - net of tax	General	Dividend equali-zation	Equity investment market value equalization	Accumu-lated loss	Total
	(Rupees in thousand)										
Balance as at 01 October 2014	695,238	243,282	23,803	170,414	155,930	-	410,606	22,700	83,000	(2,459,840)	(654,867)
Total comprehensive income for the year ended 30 September 2015											
Loss for the year	-	-	-	-	-	-	-	-	-	(142,756)	(142,756)
Other comprehensive income for the year:											
Fair value gain on 'Available for sale' investments	-	-	-	(16,247)	-	-	-	-	-	-	(16,247)
Remeasurement gain on employee retirement benefits	-	-	-	-	-	-	-	-	-	22,033	22,033
Gain realised on disposal of 'Available for sale' investments transferred to profit and loss account		-	-	(170,414)	-		-	-	-	-	(170,414)
Other comprehensive income of associate reclassified to profit and loss on loss of significant influence	-	-	(26,579)	-	-	-	-	-	-	-	(26,579)
Share of other comprehensive income of associates	-	-	445	-	-	-	-	-	-	-	445
	-	-	(26,134)	(186,661)	-	-	-	-	-	(120,723)	(333,518)
Surplus transferred to accumulated losses on account of:											
- disposal of plant and machinery	-	-	-	-	-	-	-	-	-	154	154
- incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	-	-	276,421	276,421
	-	-	-	-	-	-	-	-	-	276,575	276,575
Total comprehensive loss for the year	-	-	(26,134)	(186,661)	-	-	-	-	-	155,852	(56,943)
Balance as on 30 September 2015	695,238	243,282	(2,331)	(16,247)	155,930	-	410,606	22,700	83,000	(2,303,988)	(711,810)
Total comprehensive income for the year ended 30 September 2016											
Loss for the year	-	-	-	-	-	-	-	-	-	(17,893)	(17,893)
Other comprehensive income for the year:											
Fair value gain on 'Available for sale' investments	-	-	-	7,738	-	-	-	-	-	-	7,738
Remeasurement gain on employee retirement benefits	-	-	-	-	-	-	-	-	-	26,732	26,732
Loss realised on disposal of 'Available for sale' investments transferred to profit and loss account	-	-	-	15,270	-	-	-	-	-	-	15,270
Share of other comprehensive income of associate	-	-	(8,307)	-	-	-	-	-	-	-	(8,307)
	-	-	(8,307)	23,008	-	-	-	-	-	8,839	23,540
Surplus transferred to accumulated losses on account of											
- disposal of land	-	-	-	-	-	-	-	-	-	4,892	4,892
- incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	-	-	255,396	255,396
Total comprehensive income for the year	-	-	(8,307)	23,008	-	-	-	-	-	269,127	283,828
Transactions with owners of the Company, recognized directly in equity											
Proceeds from right shares	404,762	-	-	-	-	-	-	-	-	-	404,762
Incremental cost on the issuance of right shares	-	(5,527)	-	-	-	-	-	-	-	-	(5,527)
Equity portion of loan from director - net of tax	-	-	-	-	-	57,205	-	-	-	-	57,205
Balance as on 30 September 2016	1,100,000	237,755	(10,638)	6,761	155,930	57,205	410,606	22,700	83,000	(2,034,861)	28,458

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive

Chairman

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company is incorporated in Pakistan and is listed on Pakistan Stock Exchange. It is principally engaged in manufacture, purchase and sale of sugar, bio fuel, building materials, yarn (textile) and engaged in generation and sale of electricity (bio power). The Company has its principal manufacturing facilities at Jhang and satellite manufacturing facilities at Bhone. The registered office of the Company is situated at 10th floor, BOP tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.

1.2 Going concern assumption

The Company has been facing liquidity crunch for the last few years. During the current year, the liquidity position further deteriorated resulting in low level of cane procurement and consequent low level of crushing. The Company has incurred a net loss of Rs. 17.89 million during the current year and as at the reporting date the current liabilities of the Company have exceeded its current assets by Rs. 3,753 million (2015: Rs. 5,206 million).

During the year the Company has only crushed 0.45 million tonnes (2015: 0.62 million tonnes) of sugarcane and produced sugar of 45,707 tonnes (2015: 59,905 tonnes) at an average recovery of 10.16% (2015: 9.73%). Further only 10.20 million litre (2015: 46.13 million litre) of bio fuel was produced during the year. The lower level of operations is primarily due to liquidity constraints as the Company was not able to procure sufficient quantity of sugarcane during the crushing season.

Long term loans and redeemable term finance certificates over-due as of 30 September 2016 amount to Rs. 12.28 million and Rs. 58.2 million respectively alongwith over-due accrued markup of Rs. 166.88 million. Subsequent to the year end, the Company has paid over-due installments in respect of long term loans and term finance certificates and Rs. 83.65 million has been paid in respect of over-due accrued markup.

The above conditions raise significant doubts on the Company's ability to continue as a going concern and, therefore, it may not be able to realize its assets and discharge its liabilities in the normal course of business. However, the management is confident of the Company's ability to continue as a going concern based on its concerted effort to re-profile borrowings and utilization of improved liquidity in cost efficient operational levels of cane crushing and bio fuel manufacturing.

The steps taken by management up till now and planned in future are as follows:

To-date out of total over-due finances, the Company has repaid the bridge finance and other over-due borrowings through utilization of cash flows from operational results and sale of certain assets of the Company, namely, Sugar Unit at Dargai Shah, power division at Dargai Shah, disposal of certain investments (Safeway Fund Limited, Safeway Mutual Fund Limited, Asian Stocks Fund Limited, Crescent Jute Products Limited, Altern Energy Limited and Crescent Steel and Allied Products Limited) and partial disposal of agricultural land.

The Company has also entered into agreement for sale of carbon dioxide (CO_2), produced as a by-product of bio fuel manufacturing process and sales of CO_2 are expected in the next financial year.

During the year, further equity amounting to Rs. 404.76 million has been injected through issuance of right shares and as explained in note 5.3 the same was utilized for redemption of preference shares and outstanding preference dividend. Further, as referred to in note 7.5, Rs. 240 million has been given as interest free long term loan by Executive Director of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

The Company, in its efforts to re-profile its borrowings, continued the process of negotiations with its lenders seeking short term financing facilities for operational liquidity and relaxation in payments of its existing loans.

Long term financing - secured

During the year, restructuring for the outstanding over-due finances with National Bank has been completed and long term loans and accrued markup amounting to Rs. 481 million and Rs. 348.83 million has been converted into a new long term loan of Rs. 312.5 million and Rs. 122.88 million as fully explained in note 7.1.1. The Company requested its lenders for restructuring of over-due balances including mark-up to term borrowings under reduced and / or non-mark-up arrangements. The Company has in current and prior periods successfully restructured / rescheduled various loans amounting to Rs. 2,105 million with respective lenders (including term finance certificate holders), out of which Rs. 1,676 million has been repaid as of 30 September 2016 and as of this date all over-due finances of the Company have been successfully restructured. Further over-due principal and markup of Faysal Bank Limited under PPTFC (individual term finance certificate holder) amounting to Rs. 58.20 million and Rs. 66.58 million has been paid subsequent to the year end.

Short term financing- secured

The Company has negotiated with its lenders for short term secured financing for operational liquidity and as at 30 September 2016 working capital lines of Rs 1,400 million are availed from a number of banks of which Rs. 470.02 million has been utilized. These facilities have been obtained against pledge of Sugar / Molasses / Bio fuel at margin ranging from 10% to 15% and have resulted in operational liquidity support in the current period.

Subsequent to the year end, the Company has again requested its lenders for working capital lines for financing of its operations in next year against pledge of stocks of sugar, molasses and bio fuel. The crushing season has been started since 14 November 2016.

The financial statements have been prepared on a going concern basis based on management's expectation that it will continue to be supported by the lenders for operational liquidity and will utilize such funds to increase its operations and generate positive operational results. The financial statements consequently, do not include any adjustments relating to the realisation of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of financial statements are set out below. These policies have been consistently applied to all years presented, except as mentioned in note 3.1

3.1 Change in accounting policy

IFRS 13 'Fair value measurement' establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required and permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants on the measurement date. It replaces and expands the disclosure requirements about fair value measurement in other IFRSs, including IFRS 7 'Financial Instruments : Disclosures'. As a result, the Company has added additional disclosures in this regard in note 41.3 to these financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impacts on the measurements of the Company's financial assets and liabilities.

3.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for the measurement of certain items of property, plant and equipment as referred to in note 14 at revalued amounts, measurement of biological assets and certain financial instruments at fair value and recognition of certain employee retirement benefits as referred to in note 18 at present value.

3.3 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 balance sheet 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. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. 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 balance sheet date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime are also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

3.4 Property, plant and equipment

Property, plant and equipment except freehold land, buildings on freehold land and plant and machinery are stated at cost less accumulated depreciation and identified impairment loss. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less any identified impairment loss. Buildings and plant and machinery are stated at revalued amount carried out by independent valuers by reference to its current market price less accumulated depreciation and identified impairment loss. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the buildings and plant and machinery, and the net amount is restated to the revalued amount of the buildings and plant and machinery. Property, plant and equipment acquired under finance lease are capitalized at the lease's commencement at the lower of the present value of minimum lease payments under the lease arrangements and the fair value of the leased asset. Costs in relation to certain property, plant and equipment includes borrowing costs referred to in note 3.21.

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 profit and loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Depreciation on all property, plant and equipment, except land is charged to profit 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 14.1 after taking into account the impact of their residual values, if considered significant.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at 30 September 2016 has not required any adjustment as its impact is considered insignificant.

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 off.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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 they are incurred.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

3.5 Intangible assets

Intangible assets represent the cost of computer software and licenses acquired and are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on the straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged at annual rates as specified in note 15.

The Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where 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.

3.6 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 profit and loss account. 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.

3.7 Leases

The Company is the lessee:

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at lower of present value of minimum lease payments under the lease arrangements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit and loss account over the lease term.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

3.8 Investments

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Available for sale

Investments, including investments in associated undertakings where the Company does not have significant influence, that are intended to be held for an indefinite period or may be sold in response to a need for liquidity, are classified as available for sale. Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value, unless fair value cannot be reliably measured. Unrealized gains and losses arising from changes in the fair value are included in comprehensive income in the period in which they arise and accumulated in fair value reserve. At the time of disposal, the accumulated surplus or deficit in the fair value reserve is re-classified to profit and loss account. Investment in un-quoted subsidiaries are carried at cost.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Held for trading

Investments that are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as trading investments and included in current assets. These are initially measured at cost and at subsequent reporting dates, these investments are remeasured at fair value. Realized and unrealized gains and losses arising from changes in fair value are included in net profit or loss for the period in which they arise.

The fair value of publicly traded securities is based on market prices quoted on the stock exchange at the balance sheet date. The investments for which a quoted market price is not available, are measured at cost as it is not practical to apply any other valuation methodology.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment. Transaction costs are charged to profit and loss.

At each balance sheet date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

Investments in associates

Associates are the entities over which the Company has significant influence but not control, generally represented by a shareholding of between 20% and 50% of the voting right. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the company's share of the profit or loss of the associate after the date of acquisition. The company's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of its associates post acquisition profits or losses is recognized in the profit and loss account and its share in post acquisition movements in the other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in associates equals or exceeds its interest in the associate including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates. Gain on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associate.

Associates, which the Company intends to dispose off within twelve months of the balance sheet date are not accounted for under the equity method and are shown under non-current assets held for sale at the lower of carrying and fair value.

Dilution gains and losses arising in investments in associates are recognized in the profit and loss account.

At each balance sheet date, the Company reviews the carrying amounts of its investments in associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated using the discounted cash flow methodology, in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense.

3.9 Stores, spares and loose tools

Usable stores and spares 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 balance sheet 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.

3.10 Stock-in-trade

Stock of raw materials, work-in-process and finished goods, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's estimate.

3.11 Financial assets and liabilities

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets include available for sale investments, trade debts, loans, advances, deposits and other receivables and cash and bank balances.

Financial liabilities include long term finances, short term borrowings, accrued finance cost and trade and other payables.

3.12 Off-setting of financial assets and liabilities

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

3.13 Trade debts

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is an objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered as indicators that the trade debt is impaired. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

3.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.15 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying value is to be recovered principally through a sale transaction within one year of the date of balance sheet rather than through continuing use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

3.16 Borrowings

Loans and borrowings are recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Preference shares, which are redeemable on a specific date at the option of the holder, are classified as liabilities. The dividend on these preference shares is recognized in the profit and loss account as finance cost. Preference shares are classified as equity to the extent there is conclusive evidence that these will not result in an outflow of another financial asset or exchange of financial assets or liabilities under conditions that are potentially unfavorable to the company.

Finance costs are accounted for on an accrual basis and are included in accrued finance cost to the extent of the amount remaining unpaid.

3.17 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if amount is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable, will result in an outflow of resources embodying economic benefits, to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

3.18 Deferred income

Deferred income represents excess of sale proceeds in relation to the carrying amount of the asset acquired under sale and lease back arrangement. Deferred income is amortized on a straight line basis over the period of lease term.

3.19 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account within 'other operating income / expenses'.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

Amounts accumulated in equity are recycled in the profit and loss account in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the profit and loss account within 'finance costs'. The gain or loss relating to the ineffective portion is recognized in the profit and loss account within 'other operating income / expenses'.

3.20 Foreign currency transactions and translation

Functional and presentation currency

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.

Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. 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 taken to income currently. 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.

Figures are rounded to nearest thousand.

3.21 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized up to the date of commissioning of the respective property, plant and equipment, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit and loss account.

3.22 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably and there is no continuing management involvement with the goods.

- Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer.

- Revenue from sale of electricity is recognized on transmission of electricity.

- Dividend on equity investments is recognized as income when the right of receipt is established.

- Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

3.23 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.

3.24 Dividends and appropriations to general reserve

Dividends and appropriations to general reserves are recognized in the financial statements in the period in which these are approved.

3.25 Employees' retirement benefits

3.25.1 Defined benefit plans

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

All permanent employees who are in the management cadre of the company participate in an approved funded defined benefit pension plan. In addition, there is an approved funded defined benefit gratuity scheme for all permanent employees, who are in the management cadre of the company 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 2016.

Actuarial gains and losses rising from experience adjustments and changes in actuarial assumptions are charged to equity through other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the profit and loss account.

3.25.2 Defined contribution plan

There is an approved defined contribution provident fund for all employees. Equal monthly contributions are made by the employer and the employee to the fund in accordance with the fund rules. Interest is payable to the fund on the balances utilized @ 7-8% per annum, which is charged to profit and loss account.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

3.26 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the

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use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – 'Consolidated Financial Statements' and IAS 28 – 'Investments in Associates and Joint Ventures') [effective for annual periods beginning on or after 01 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 01 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 01 January 2016). Bearer plants are now in the scope of IAS 16 'Property, Plant and Equipment' for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 'Agriculture'. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 01 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 01 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and / or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 01 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

These amendments are not likely to have any material impact on these financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

	Note
Provision for taxation	3.3
Provision for deferred taxation	3.3
Residual values and useful lives of depreciable assets	3.4
Write down of stock in trade to their net realizable value	3.10
Provision for doubtful debts	3.13
Employees' retirement benefits	3.25

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016	2015	Ordinary share capital	2016	2015
(Number of shares)			(Rupees in thousand)	
64,021,002	23,544,798	Ordinary shares of Rs. 10 each fully paid in cash	640,210	235,448
33,131,816	33,131,816	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	331,318	331,318
12,847,184	12,847,184	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	128,472	128,472
110,000,002	69,523,798		1,100,000	695,238

	Note	2016	2015
		(Number of shares)	
5.1 Reconciliation of number of shares			
At 01 October		69,523,798	69,523,798
Right issue during the year	5.3	40,476,204	-
At 30 September		110,000,002	69,523,798

5.2 Ordinary shares of the Company held by associated undertakings as at year end are as follows:

	2016	2015
	(Number of shares)	
Crescent Steel and Allied Products Limited	24,119,987	15,244,665
Crescent Cotton Mills Limited	3,534,293	2,865,830
The Crescent Textile Mills Limited	8,587,328	5,427,488
CS Capital (Private) Limited	6,690,000	4,227,104
	42,931,608	27,765,087

5.3 During the year, the Company issued 40,476,204 ordinary shares as right shares in the ratio of 0.5822 share for every 1 share held at a price of Rs. 10 per share. The primary purpose of the right issue was redemption of preference shares along with outstanding preference dividend as referred to in note 7.3.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	(Rupees in thousand)	
Revaluation surplus as at 01 October	6,192,079	6,555,805
Surplus transferred to accumulated losses on account of:		
- disposal of property, plant and equipment - net of deferred tax	(4,892)	(154)
- incremental depreciation charged during the year - net of deferred tax	(255,396)	(276,421)
Related deferred tax liability		
- disposal of property, plant and equipment	-	(48)
- incremental depreciation charged during the year	(80,863)	(87,103)
	(341,151)	(363,726)
Revaluation surplus as at 30 September	5,850,928	6,192,079
Less: deferred tax liability on revaluation surplus as at 01 October	989,016	1,257,925
Reduction in deferred tax liability due to:		
- disposal of property, plant and equipment	-	(48)
- incremental depreciation charged during the year	(80,863)	(87,103)
- reduction in tax rate	-	(181,758)
	(80,863)	(268,909)
Deferred tax liability on revaluation surplus as at 30 September	908,153	989,016
Revaluation surplus as at 30 September - net	4,942,775	5,203,063

6.1 The latest valuation of land, buildings and plant and machinery was carried out by an independent valuer, Danish Enterprises and Saleem Engineers (Pvt.) Limited on 30 September 2014. The valuation was determined by reference to current market value of the similar properties / assets. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery respectively.

Previously on 30 September 2012, valuation of land and buildings was carried out by M / s Empire Enterprises (Pvt.) Limited that resulted in increase in revaluation surplus of land by Rs. 345.40 million and increase in revaluation of buildings by Rs. 714 million.

6.2 Except and to the extent actually realized on disposal of the assets which are revalued, the surplus on revaluation of fixed assets shall not be applied to set off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Company, or utilized directly or indirectly by way of dividend or bonus, provided that the surplus on revaluation of fixed assets may be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed asset of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

7. LONG TERM FINANCES

	Note	2016	2015
		(Rupees in thousand)	
Under interest / markup arrangements:			
Long term loans - secured			
- Interest bearing		312,650	569,400
- Interest free		101,043	-
	7.1	413,693	569,400
Redeemable capital			
- Preference shares (non-voting) - unsecured	7.3	-	345,756
- Term finance certificates (non-voting) - secured	7.4	58,200	119,200
		58,200	464,956
Loan from director	7.5	166,863	-
		638,756	1,034,356
Less: transferred to current maturity			
- Long term loans - secured		(89,343)	(569,400)
- Redeemable capital - preference shares (non-voting) - unsecured		-	(345,756)
- Redeemable capital - term finance certificates (non-voting) - secured		(58,200)	(119,200)
	7.2	(147,543)	(1,034,356)
		491,213	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

7.1 Long term loans - secured

Loan	Lender	2016	2015		Rate of mark-up per annum	Number of installments outstanding	Security
		(Rupees in thousand)					
1	MCB Bank Limited	-	88,400	*	Base rate + 2% payable semi-annually	Repaid during the year	The loan was secured by way of mortgage and hypothecation over mortgaged properties and hypothecated assets and personal guarantees of the directors of the Company.
2	National Bank of Pakistan Limited	312,650	-	**	Base rate + 1% payable quarterly	16 equal quarterly installments of Rs. 19.54 million starting March 2017 and ending on December 2020.	This loan is secured against first pari passu charge over entire present and future fixed assets of the Company, first exclusive charge over specific machinery and personal guarantees of the directors of the Company.
3	National Bank of Pakistan Limited	-	190,326	*	Base rate + 2.5% payable semi-annually		This loan was secured against first pari passu charge over present and future fixed assets of the Company.
4	National Bank of Pakistan Limited	-	119,674	**	Base rate + 3% payable quarterly	Loan 3, 4 and 5 have been restructured during the year into loan 2 as fully explained in note 7.1.1.	Loan 4 and 5 were secured against first pari passu charge over fixed assets of the Company, specific charge over plant and machinery of satellite facility.
5	National Bank of Pakistan Limited	-	171,000	**	Base rate + 2% payable quarterly		
		312,650	481,000				
6	National Bank of Pakistan Limited	101,043	-	***	Interest free loan measured at amortized cost as explained in note 7.1.2	19 equal quarterly installments (including two over-due) of Rs. 6.14 million ending December 2020.	This loan is secured against first pari passu charge over entire present and future fixed assets of the Company, first exclusive charge over specific machinery and personal guarantees of the directors of the Company.
		413,693	569,400				

* Base rate: Average ask rate of six-month Karachi Inter Bank Offer Rate ("KIBOR") reset for each mark-up period.
** Base rate: Average ask rate of three-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period.
*** Outstanding accrued markup restructured and carries no markup.

7.1.1 During the year, the Company has executed a restructuring arrangement for the settlement of their outstanding exposure with National Bank of Pakistan. As per the arrangement, the principal overdue under demand finances amounting to Rs. 481 million has been rescheduled to a term loan repayable in five years with an upfront deposit of 35% of the overdue principal amount and at 100bps over 3 months Kibor (previously 200bps to 300bps over Kibor). The total markup payable under the overdue demand finances (frozen markup) was Rs. 348.83 million out of which Rs. 189.05 million has been restructured to an interest free term loan repayable in five years with an upfront deposit of 35% of the restructured markup amount. The remaining overdue markup of Rs. 159.78 million has been waived off by the bank and recognized as income in profit and loss account. Further the export refinance working capital line has also been renewed up-to Rs. 300 million after an upfront deposit of 35% of outstanding principal and markup. As per the restructuring arrangement, an event of default will occur if the Company fails to make any repayment under the arrangement and the bank shall be entitled to cancel this arrangement and recover all the liabilities outstanding without any further notice.

7.1.2 The frozen markup restructured to an interest free loan has been recognized at amortized cost using discount rate of 7.49%. The resulting change has been recognized in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
Interest free loan	7.1.1	122,883	-
Present value adjusted on initial recognition of loan	30	(21,170)	-
Notional finance cost	31	5,474	-
Payment made during the year		(6,144)	-
		101,043	-

7.2 The aggregate current portion of Rs. 147.54 million (2015: Rs. 1,034 million) includes over-due principal installments aggregating to Rs. 70.49 million (2015: Rs. 870 million). These overdue installments have been repaid subsequent to the year end.

Further, the lenders as part of financing / restructuring agreements have restricted dividend distribution by the Company until full satisfaction of the entire over-due amount and other amounts due during the tenor of the facilities.

7.3 Redeemable preference shares (non-voting) - unsecured

Redeemable Preference shares (non-voting) were issued in 2005 to the shareholders of the Company in the ratio of 85 preference shares for every 100 ordinary shares held as on 22 October 2004 and to certain institutional investors in equal proportion. These shares were listed on Pakistan Stock Exchange. The conversion option was not binding either on the Company or the preference shareholders except in case of the conversion upon maturity, where the preference shareholders opt for conversion, subsequent to the Company's failure to pay preferred dividend during the entire tenure of five years.

The preference shareholders had a preferred right of dividend @ 8.5% per annum on a cumulative basis during the tenure of five years which ended in December 2009. The Company had till 30 September 2012 accrued preferred dividend for periods after the maturity of such shares in December 2009 as it intended to pay the dividends for periods post maturity till the preference shares are redeemed. However, in the year 2012, the Company re-evaluated its obligation to pay dividend on preference shares and decided to restrict its obligation in respect of preferred dividend to the tenure of such shares. As per the terms and conditions to issuance of preference shares, the Company has no obligation to accrue or pay dividends after aforementioned tenure of five years. Consequently, preferred dividend in respect of periods subsequent to December 2009 aggregating to Rs. 52.82 million was reversed in the year ended 30 September 2012.

During the year, the Company redeemed these overdue preference shares along with two years unpaid cumulative preference dividend.

7.4 Redeemable term finance certificates (non-voting) - secured

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

Terms of redemption

As per the original terms of the agreement the principal balance was payable in ten equal semi-annual installments after a grace period of 1 year. The first installment was due at the end of March 2010. Mark up is charged at average 6 months KIBOR plus 2.25% and is payable semi-annually in arrears. However, in May 2010, the Company signed a second supplementary trust deed with the trustee for relaxation in payment terms. The term finance certificates (TFC's) are now redeemable in 10 equal semi-annual installments starting in March 2012 and ending in September 2016.

Pursuant to the liquidity constraints and the Company's efforts to re-profile its borrowings, the Company negotiated with the individual TFC holders for restructuring of their outstanding exposure.

The breakup of the outstanding term finance certificates is as follows.

	Note	2016	2015
		(Number of shares)	
Bank Islami Pakistan Limited	7.4.1	-	45,000
Faysal Bank Limited	7.4.2	58,200	58,200
MCB Bank Limited	7.4.3	-	16,000
		58,200	119,200

7.4.1 This loan was repaid during the year.

7.4.2 As per the revised terms (second supplementary trust deed), Rs. 58.2 million is overdue as of 30 September 2016, however, subsequent to the year end, this loan has been fully repaid.

7.4.3 This loan was repaid during the year.

Security

The TFC's are secured by a first pari passu charge by way of hypothecation over all present and future movable fixed assets of the Company and first pari passu mortgage by deposit of title deeds over land and building of the Company to the extent of outstanding face value of the TFC's plus 25% margin.

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

	Note	2016	2015
		(Rupees in thousand)	
Loan from director		240,000	-
Equity portion of loan - Present value adjustment		(73,137)	-
	7.5.1	166,863	-

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	2016	2015
	(Rupees in thousand)	
8. DEFERRED TAXATION		
Accelerated tax depreciation	(383,444)	(387,102)
Revaluation surplus on property, plant and equipment	(908,153)	(989,016)
Unused tax losses	565,151	511,765
Undistributed reserves of associates	(67,232)	-
Equity portion of director loan	(16,364)	-
	(810,042)	(864,353)

8.1 Deferred tax asset on 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 tax assets of Rs. 1,602.16 million (2015: Rs. 1,679.63 million) in respect of tax losses, as sufficient tax profits may not be available to set these off in the foreseeable future. Minimum tax paid u/s 113 aggregating to Rs. 262.63 million would not be available for carry forward against future tax liabilities subsequent to years 2017 through 2023. Tax losses amounting to Rs. 441.27 million, Rs. 390.49 million, Rs. 781.29 million, Rs. 51.77 million, Rs. 669.22 million and Rs. 522.81 million expire in tax year 2018, 2019, 2020, 2021, 2022 and 2023 respectively.

8.2 Movement in deferred tax balance is as follows:

	2016			
		Reversal from / (charge to)		
	Opening	Profit and loss	Equity	Closing
	(Rupees in thousand)			
Deferred taxation				
Taxable / deductable				
Accelerated tax depreciation allowances	(387,102)	3,658	-	(383,444)
Surplus on revaluation of property, plant and equipment	(989,016)	80,863	-	(908,153)
Unused tax losses	511,765	53,386	-	565,151
Undistributed reserves of associate	-	(67,232)	-	(67,232)
Equity portion of director loan	-	-	(16,364)	(16,364)
	(864,353)	70,675	(16,364)	(810,042)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	2015			
		Reversal from / (charge to)		
	Opening	Profit and loss	Equity	Closing
	------- (Rupees in thousand) ----------			
Taxable temporary difference				
Accelerated tax depreciation allowances	(488,281)	101,179	-	(387,102)
Surplus on revaluation of property, plant and equipment	(1,247,005)	76,231	181,758	(989,016)
Unused tax losses	618,558	(106,793)	-	511,765
Undistributed reserves of associate	26,903	(26,903)	-	-
	(1,089,825)	43,714	181,758	(864,353)

	Note	2016	2015
		(Rupees in thousand)	
9. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term finances	7	147,543	1,034,356
10. SHORT TERM BORROWINGS			
Secured:			
- Cash / Running finances	10.2	139,053	-
- Export refinance	10.3	331,215	659,578
- Short term loan	10.4	-	1,500,000
Unsecured:			
- Short term interest free financing	10.5	498,931	425,159
		969,199	2,584,737
10.1 Types of short term borrowings			
Interest / mark-up based financing		370,268	559,578
Islamic mode of financing		100,000	1,600,000
Interest free financing		498,931	425,159
		969,199	2,584,737

10.2 Cash / Running finances

The Company has arranged facilities for short term finances to meet working capital requirements from various bank under mark-up arrangements to the extent of Rs. 525 million (2015: Rs. 525 million). These finances were available at a mark-up ranging from 8.10% to 8.36% (2015: 8.68% to 12.22%) on the outstanding balance or part thereof. Expiry date of these finances is 30 September 2016.

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

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For the year ended 30 September 2016

10.3 Export refinance

The Company has arranged facilities for short term finances to meet working capital requirements from various bank under mark-up arrangements to the extent of Rs. 875 million (2015: Rs. 875 million). These finances were available at a mark-up ranging from 8.05% to 9.25% (2015: 8.68% to 13.16%) on the outstanding balance or part thereof. Foreign currency borrowings were available at mark-up rates based on LIBOR ranging from 3.43% to 3.94% (2015: 3.38% to 4.68%). Expiry date of the finances obtained from Bank Islami Pakistan Limited is 30 September 2016 and that of National Bank of Pakistan is 31 December 2016.

The aggregate export finances are secured against lien on export contracts and first charge on current assets of the Company.

As explained in note 7.1.1, it includes Rs. 230.96 million from National Bank of Pakistan as part of the restructuring arrangement finalized with the bank.

10.4 Short term loan

This loan was available at a mark-up of base rate (corporate saving account rate) plus 1.5% and was secured by 100% cash security in shape of lien over corporate saving account of the Company maintained with the bank as referred to in note 24.1 and exclusive charge over diminishing musharika (DM) assets, where Company's share is minimum 10% of DM assets. This loan has been fully repaid during the year.

10.5 Short term interest free financing

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

11. TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees in thousand)	
Trade creditors	11.1	1,033,362	1,673,208
Advances for sale of property, plant and equipment		12,000	12,000
Advances from customers		1,759,496	1,786,551
Security deposits	11.2	2,198	2,353
Associated undertakings	11.3	2,669	3,083
Accrued liabilities		175,250	113,188
Payable to government			
- Sales tax		133,285	47,582
- Withholding tax payable		50,148	43,432
Unclaimed dividend		1,537	1,537
Workers' profit participation fund		470	498
Payable to provident fund		-	-
Payable to pension and gratuity fund		24,670	16,518
Others	11.4	36,936	37,197
		3,232,021	3,737,147

11.1 Trade creditors include interest free amounts due to associated companies amounting to Rs. Nil (2015: Rs. 51.77 million) in the normal course of business.

11.2 These are interest free and refundable on completion of contracts.

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11.3 These are interest free and represent expenses incurred by associated companies on behalf of the Company:

	2016	2015
	(Rupees in thousand)	
Crescent Steel & Allied Products	2,669	1,473
Shakarganj Food Products Limited	-	1,610
	2,669	3,083

11.4 Included in other liabilities are provisions aggregating to Rs. 3.12 million (2015: Rs 3.12 million) in respect of probable loss from pending litigation of the Company against Sales Tax Authorities and the Excise Department.

The above provisions have been made as per the management's best estimate against various demands raised by the Sales Tax Authorities and the Excise Department, which are being contested by the Company at various forums.

12. ACCRUED FINANCE COST

	Note	2016	2015
		(Rupees in thousand)	
Accrued mark-up on:			
- Long term finances	12.1	173,258	563,465
- Liabilities against assets subject to finance leases		1,957	1,957
- Short term borrowings		43,330	51,323
	12.2	218,545	616,745

12.1 This includes accrued preference dividend amounting to Rs. Nil (2015: Rs. 64.79 million).

12.2 This includes finance cost of Rs. 212.16 million (2015: Rs. 602.33 million) which is overdue for payment as at 30 September 2016. Subsequent to the year end, Rs. 83.65 million has been paid in respect of overdue accrued markup.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

(i) Bank guarantee of Rs. 9.55 million (2015: Rs. 9.55 million) in favour of Sui Northern Gas Pipelines Limited against performance of contracts.

(ii) The Company has issued post dated cheques in favour of the Collector of Customs against custom duty clearance in respect of import of plant and machinery amounting to Rs. 14.02 million (2015: Rs. 14.02 million).

(iii) In the prior years, the Company had accrued markup on reduced rates contained in the bridge finance agreement (negotiated in year 2010) of Rs. 2,466 million for restructuring of its over-due borrowings. Had the mark-up been accrued at the terms of original agreements, it would have been higher by Rs.

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149.53 million (2015: Rs. 149.53 million) approximately. Moreover the Company has not recognised penalties of Rs. 494.62 million (2015: Rs. 494.62 million) approximately on its over-due borrowings which may be leviable under the terms of borrowings agreements including the bridge finance facility. However, the Company is confident that the lenders will not demand markup as per original agreements or levy any penalties as all over-due finances have been restructured and paid.

(iv) The Sindh High Court (the Court) in the case of 'Kasim Textile' in its order of 07 May 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a Company has assessed losses on which no tax is payable, the Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company is not entitled to carry forward minimum tax paid in the tax year 2012 to 2017 of Rs. 262.74 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also, in the case of refunds claimed in any year, those would also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome.

(v) The Government of Punjab under the powers conferred through the Punjab Excise Act, 1914 through notification No. SO. Tax (E&T) 3-4/2012 dated 03 July 2012, levy a charge of Rs. 2 per litre on manufacturing of spirit (ethanol). The management through its legal council has challenged the imposition of said levy through a writ petition in the Honorable Lahore High Court. The Honorable Lahore High Court, through such petition, has granted an interim relief in favour of the Company and accordingly provision amounting to Rs. 265.23 million (2015: Rs. 244.84 million) has not been incorporated in these financial statements.

(vi) A case is pending against the Company is the Environmental Protection Agency, Punjab (EPA) as a result of wastes and emissions generated during operational conditions of the principle manufacturing facility in Jhang. The Company has filed an appeal before the EPA and is confident of a favourable outcome.

13.2 Commitments

The Company has the following commitments in respect of:

(i) Contracts for acquisition of intangible (computer software) amounting to Rs. 20 million (2015: Rs. 20 million).

(ii) Contracts for other than capital expenditures Rs. 1.90 million (2015: Rs. 2.45 million).

	Note	2016	2015
		(Rupees in thousand)	
14. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	14.1	8,941,152	9,545,987
Capital work-in-progress	14.2	46,408	53,496
		8,987,560	9,599,483

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14.1 Operating assets

2016 (Rupees in thousand)

	Cost/ re-valued amount 01 October 2015	Transfers in / (Out)	Additions / (deletions)	Cost / re-valued amount 30 September 2016	Accumulated depreciation as at 01 October 2015	Transfers in / (Out)	Depre-ciation charge/ (deletions) for the year	Accumulated depreciation as at 30 September 2016	Book value as at 30 September 2016	Rate of depreci-ation %
Owned assets										
Freehold land	1,955,004	-	- (26,325)	1,928,679	-	-	- -	-	1,928,679	-
Buildings and roads on freehold land	1,062,568	-	1,693 -	1,064,261	79,724	-	73,816 -	153,540	910,721	7.5
Plant and machinery	7,086,055	-	8,374 -	7,094,429	564,833	-	489,825 -	1,054,658	6,039,771	7.5-30
Tools and equipment	52,832	-	2 (1,853)	50,981	48,351	-	1,145 (1,478)	48,018	2,963	20-40
Water, electric and weighbridge equipment	277,021	-	209 (670)	276,560	243,138	-	6,885 (566)	249,457	27,103	20-40
Furniture and fixtures	48,027	-	136 (323)	47,840	40,973	-	1,419 (258)	42,134	5,706	20
Office equipment	60,568	-	220 (214)	60,574	57,569	-	1,916 (165)	59,320	1,254	40
Vehicles	159,186	-	- (18,981)	140,205	122,300	-	7,267 (13,234)	116,333	23,872	20
Laboratory equipment	23,106	-	-	23,106	22,086	-	411 -	22,497	609	40
Arms and ammunition	575	-	-	575	427	-	29	456	119	10
Library books	10,983	-	-	10,983	10,537	-	91	10,628	355	30
	10,735,925	- -	10,634 (48,366)	10,698,193	1,189,938	-	582,804 (15,701)	1,757,041	8,941,152	
Leased assets										
Plant and machinery	-	-	-	-	-	-	-	-	-	7.5
	-	-	-	-	-	-	-	-	-	
2016	10,735,925	-	10,634 (48,366)	10,698,193	1,189,938	-	582,804 (15,701)	1,757,041	8,941,152	

2015 (Rupees in thousand)

	Cost / re-valued amount 01 October 2014	Transfers in / (Out)	Additions / (deletions)	Cost / re-valued amount 30 September 2015	Accumulated depreciation as at 01 October 2014	Transfers in / (Out)	Depre-ciation charge / (deletions) for the year	Accumulated depreciation as at 30 September 2015	Book value as at 30 September 2015	Rate of depreci-ation %
Owned assets										
Freehold land	1,954,904	-	100 -	1,955,004	-	-	- -	-	1,955,004	-
Buildings and roads on freehold land	1,062,568	-	- -	1,062,568	-	-	79,724 -	79,724	982,844	7.5
Plant and machinery	6,981,260	92,822	12,501 (528)	7,086,055	-	38,960	526,181 (308)	564,833	6,521,222	7.5-30
Tools and equipment	52,883	-	79 (130)	52,832	46,569	-	1,905 (123)	48,351	4,481	20-40
Water, electric and weighbridge equipment	278,551	-	152 (1,682)	277,021	235,952	-	8,704 (1,518)	243,138	33,883	20-40
Furniture and fixtures	48,318	-	147 (438)	48,027	39,484	-	1,757 (268)	40,973	7,054	20
Office equipment	60,378	-	334 (144)	60,568	54,586	-	3,093 (110)	57,569	2,999	40
Vehicles	169,815	-	- (10,629)	159,186	119,353	-	9,895 (6,948)	122,300	36,886	20
Laboratory equipment	23,106	-	- -	23,106	21,401	-	685 -	22,086	1,020	40
Arms and ammunition	575	-	- -	575	390	-	37 -	427	148	10
Library books	10,976	-	7	10,983	10,423	-	114	10,537	446	30
	10,643,334	92,822 -	13,320 (13,551)	10,735,925	528,158	38,960	632,095 (9,275)	1,189,938	9,545,987	
Leased assets										
Plant and machinery	92,822	(92,822)	-	-	37,222	(38,960)	1,738	-	-	7.5
	92,822	(92,822)	-	-	37,222	(38,960)	1,738	-	-	
2015	10,736,156	-	13,320 (13,551)	10,735,925	565,380	-	633,833 (9,275)	1,189,938	9,545,987	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

14.1.1 Disposal of property, plant and equipment

Particulars of assets	Sold to	Cost / Carrying value	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees in thousand)				
Freehold land	**Outside parties**					
	Mr. Muhammad Umer Afzal/ Amir Afzal/Hafiz Yasir Afzal	26,325	-	26,325	55,019	Negotiation
Tools and equipment	**Outside parties**					
	Mr. Allah Ditta	397	147	250	80	Negotiation
Water, electric and weighbridge equipment	**Outside party**					
	Shakarganj Engineering (Private) Limited	602	500	102	602	Negotiation
Vehicles	**Outside parties**					
	Mr. Muhammad Kashif	1,099	656	443	575	Auction
	Mr. Ghulam Shabbir	639	576	63	620	-do-
	Mr. Muhammad Farrukh	961	542	419	675	-do-
	Mr. Muhammad Arshid	995	614	381	675	-do-
	Mr. Khalid Naveed Khan	995	614	381	725	-do-
	Mr. Muhammad Rashid	618	399	219	905	-do-
	Employees					
	Mr. Javed Hasan	878	595	283	219	Company Policy
	Mr. Ahmed Sher	420	336	84	104	-do-
	Mr. Muhammad Hussain	883	575	308	224	-do-
	Mr. Akhtar Habib	883	592	291	225	-do-
	Mr. Ibrahim Ahmad Cheema	883	580	303	225	-do-
	Mr. Sadaqat Hussain	883	592	291	225	-do-
	Mr. Iqbal Anjum	539	354	185	134	-do-
	Miss Mehmil Attique Khan	883	574	309	225	-do-
	Mr. Adeel Mukhtar	539	354	185	134	-do-
	Mr. Muhammad Asif	883	580	303	225	-do-
	Mr. Khalid Shabbir	544	360	184	135	-do-
	Mr. Mehmood Usmani	600	528	72	154	-do-
	Mr. Khalil Ahmad Khan	639	566	73	98	-do-
Other assets having book value below Rs. 50,000 (Note 14.1.5)		6,278	5,067	1,211	4,191	Company Policy
		48,366	15,701	32,665	66,394	

14.1.2 The Company bases its valuation of operating assets suspect to impairment upon valuation performed by an independent valuation expert.

14.1.3 The carrying amount of freehold land, buildings and plant and machinery would have been Rs. 224.55 million (2015: Rs. 245.98 million), Rs. 283.37 million (2015: Rs. 304.59 million) and Rs. 2,520.33 million (2015: Rs. 2,716.42 million) respectively, had there been no revaluation.

14.1.4 The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with the corresponding effect on the depreciation charge and impairment.

14.1.5 This includes assets with net book value of Rs. 0.13 million donated to Shakarganj Foundation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
14.1.5 The depreciation charge has been allocated as follows:			
Cost of sales	26	561,142	607,128
Administrative expenses	27	21,662	26,705
		582,804	633,833
14.2 Capital work-in-progress			
Civil works		2,446	2,813
Plant and machinery		30,734	36,805
		33,180	39,618
Advances given for capital work in progress	14.2.1	13,228	13,878
		46,408	53,496
14.2.1 Advances			
Considered good:			
- Plant and machinery	14.2.3	33,582	34,232
Considered doubtful:			
- Plant and machinery		1,310	1,310
- Intangibles		15,274	15,274
		16,584	16,584
		50,166	50,816
Less: Provision against doubtful advances		(16,584)	(16,584)
Less: Impairment charged	29	(20,354)	(20,354)
		13,228	13,878

14.2.2 These advances include interest free amount due from an associated company amounting to Rs. 0.23 million (2015: Rs. 0.88 million) in the normal course of business.

14.2.3 Advances included an amount given to Mian Muhammad Sugar Mill Limited in pursuance to a purchase arrangement whereby the Company was to get a beneficial interest in the machinery installed at the premises. In the prior year, the management re-evaluated the status of this arrangement and decided to discontinue with it. Appropriate legal proceedings were initiated in this regard and consequently the remaining advance was fully impaired. The movement to date is as follows:

	2016	2015
	(Rupees in thousand)	
Advance to date	217,817	217,817
Machinery received	(169,315)	(169,315)
	48,502	48,502
Impairment charged	(48,502)	(48,502)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

15. INTANGIBLE ASSETS

2016 (Rupees in thousand)

	Cost as at 01 October 2015	Additions/ (transfers/ deletions)	Cost as at 30 September 2016	Accumulated amortization 01 October 2015	Amorti-zation charge for the year	Accumulated amortization 30 September 2016	Book value as at 30 September 2016	Rate of amorti-ization %
Computer software - acquired	2,000	-	2,000	1,940	60	2,000	-	20
NEPRA license fee	1,007	-	1,007	292	30	322	685	3.7-5.0
	3,007	-	3,007	2,232	90	2,322	685	

2015 (Rupees in thousand)

	Cost as at 01 October 2014	Additions/ (transfers/ deletions)	Cost as at 30 September 2015	Accumulated amortization 01 October 2014	Amorti-zation charge for the year	Accumulated amortization 30 September 2015	Book value as at 30 September 2015	Rate of amorti-ization %
Computer software - acquired	2,000	-	2,000	1,880	60	1,940	60	20
NEPRA license fee	1,007	-	1,007	262	30	292	715	3.7-5.0
	3,007	-	3,007	2,142	90	2,232	775	

15.1 The amortization charge for the year has been allocated to cost of sales as referred to in note 26.

	Note	2016 (Rupees in thousand)	2015
16. BIOLOGICAL ASSETS			
Sugarcane			
Mature		11,306	14,058
Immature		-	523
		11,306	14,581
Rice - mature		408	4,055
Others - mature		2,004	2,555
Livestock - mature		7,734	9,431
		21,452	30,622
Non - current			
- livestock		7,734	9,431
- sugarcane - immature		-	523
		7,734	9,954
Current - crops		13,718	20,668
	16.2	21,452	30,622

16.1 The value of sugarcane crops is based on estimated average yield of 571 (2015: 533) maunds per acre on cultivated area of 138 (2015: 172) acres. The value of rice crops is based on the estimated yield of 30 (2015: 35) maunds per acre on cultivated area of 16 (2015: 90) acres.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
16.2 Movement during the year			
Livestock			
As at 01 October		9,431	13,654
Increase due to purchases/costs incurred		-	-
(Loss) / gain arising from changes in fair value less estimated point of sale costs		(308)	988
Decrease due to sale / deceased livestock		(1,389)	(5,211)
As at 30 September		7,734	9,431
Crops			
As at 01 October		21,191	29,477
Increase due to purchases/costs incurred		26,449	38,768
Decrease due to harvest / sales		(14,552)	(30,683)
Fair value loss related to sales during the year		(11,896)	(8,086)
Transferred to finished goods		-	(556)
Fair value adjustment of agricultural assets	29	(7,474)	(7,729)
As at 30 September		13,718	21,191
		21,452	30,622

17. INVESTMENTS - RELATED PARTIES

	Note	2016	2015
In equity instruments of associates	17.1	931,674	653,444
Available for sale	17.2	22,682	248,401
		954,356	901,845

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
17.1 In equity instruments of associates			
Unquoted			
Shakarganj Food Products Limited			
74,654,596 (2015: 74,654,596) fully paid ordinary shares of Rs. 10 each			
Equity Held: 49.24% (2015: 49.24%)	17.1.1	931,674	653,444
17.1.1 In equity instruments of associates			
Cost		393,818	444,494
Brought forward amounts of post acquisition reserves		259,626	159,193
		653,444	603,687
Share of movement in reserves during the year		(8,307)	445
Share of profit for the year			
- before taxation		291,795	378,618
- provision for taxation	32	(5,258)	(53,510)
		286,537	325,108
		931,674	929,240
Dividends received during the year		-	(4,488)
Transferred to available for sale		-	(271,308)
		-	(275,796)
Balance as on 30 September	17.1	931,674	653,444

17.1.2 Investments in associates include goodwill amounting to Rs. 71.26 million (2015: Rs. 71.26 million).

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

	2016	2015
Percentage interest held	49.24%	49.24%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	2016	2015
	(Rupees in thousand)	
Non-current assets	2,412,211	1,779,944
Current assets	2,224,746	1,720,836
Non-current liabilities	(742,680)	(426,730)
Current liabilities	(2,146,891)	(1,891,712)
Net assets (100%)	1,747,386	1,182,338
Company's share of net assets	860,413	582,183
Goodwill recognized	71,261	71,261
Carrying amount of interest in associate	931,674	653,444
Revenue	10,106,352	8,425,534
Profit from operations	581,883	640,642
Other comprehensive income	(16,870)	(2,728)
Total comprehensive income (100%)	565,013	637,914
Company's share of total comprehensive income	278,212	314,109

The financial year end of SFPL is 30 September and above figures are based on audited financial statements as of the same period.

17.1.4 The Company has assessed the recoverable amount of investment in Shakarganj Food Products Limited based on value in use calculation. This calculation has been made on discounted cash flow methodology which assumes gross profit margin of 19.44% - 19.77%, EBITDA of 6.83% - 7.21%, terminal growth rate of 2% and discount rate of approximately 10.69%.

	Note	2016	2015
		(Rupees in thousand)	
17.2 Available for sale			
Associated / related companies			
Quoted - related party			
Crescent Steel and Allied Products Limited:			
180,000 (2015: 2,992,068) fully paid ordinary shares of Rs. 10 each	17.2.1	15,921	264,648
Equity held: 0.23% (2015: 4.82%)			
Market value - Rs. 22.7 million (2015: 248.4 million)			
Unquoted - associated company			
Crescent Standard Telecommunications Limited:			
300,000 (2015: 300,000) fully paid ordinary shares of Rs 10 each		3,000	3,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
Others			
Unquoted			
Crescent Group Services (Private) Limited:			
220,000 (2015: 220,000) fully paid ordinary shares of Rs 10 each		2,200	2,200
Innovative Investment Bank Limited			
51,351 (2015: 51,351) fully paid ordinary shares of Rs 10 each		-	-
		21,121	269,848
Less: Cumulative fair value reserve	17.2.2	6,761	(16,247)
Less: Cumulative impairment losses recognized	17.2.3	(5,200)	(5,200)
Fair value gain/(loss)		1,561	(21,447)
		22,682	248,401

17.2.1 During the year, 2.81 million shares were sold for Rs. 329.61 million resulting in a profit of Rs. 80.88 million. Further, letter of right for 0.75 million ordinary shares were not subscribed by the Company and were disposed off for Rs. 31.68 million. The proceeds were used to finance operations.

	2016	2015
	(Rupees in thousand)	
17.2.2 Cumulative fair value reserve		
As at 01 October	(16,247)	-
Disposal of shares	15,270	-
Fair value adjustment during the year	7,738	(16,247)
As at 30 September	6,761	(16,247)
17.2.3 Cumulative impairment losses recognized		
As at 01 October	5,200	5,200
Reversal during the year	-	-
As at 30 September	5,200	5,200

17.2.4 Investments with face value of Rs. 575.55 million (2015: Rs. 575.55 million) are pledged as security against short term borrowings as referred to in note 10.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
18. EMPLOYEES' RETIREMENT BENEFITS			
Pension fund	18.1	(28,379)	(7,108)
Gratuity fund	18.2	(10,548)	(5,018)
		(38,927)	(12,126)
Profit and Loss account charge for:			
Pension Benefits	18.1	10,479	12,869
Gratuity Benefits	18.2	3,093	3,690
		13,572	16,559

18.1 Pension fund

		2016	2015
The amounts recognized in the balance sheet are determined as follows:			
Present value of defined benefit obligations		357,078	354,879
Fair value of plan assets		(385,457)	(361,987)
Asset as at 30 September		(28,379)	(7,108)
The movement in the defined benefit obligation over the year is as follows:			
Present value of defined benefit obligations as at 01 October		354,879	320,228
Current service cost		11,686	12,454
Interest cost		35,226	41,074
Benefits paid during the year		(22,431)	(20,470)
Remeasurement (gains) / losses		(22,282)	1,593
Present value of defined benefit obligations as at 30 September		357,078	354,879
The movement in the fair value of plan assets for the year is as follows:			
Fair value as at 01 October		361,987	311,642
Expected return on plan assets		36,433	40,659
Contributions during the year		9,349	10,901
Benefits paid during the year		(22,431)	(20,470)
Remeasurement gains		119	19,255
Fair value as at 30 September		385,457	361,987

NOTES TO THE FINANCIAL STATEMENTS

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The amounts recognized in the profit and loss account are as follows:

	2016	2015
	(Rupees in thousand)	
Current service cost	11,686	12,454
Interest cost	35,226	41,074
Expected return on plan assets	(36,433)	(40,659)
Total, included in salaries and wages	10,479	12,869
The amounts recognized were included in the profit and loss account as follows:		
Cost of sales	2,700	3,640
Administrative expenses	6,203	7,802
Selling expenses	136	140
Other expenses	1,440	1,287
Total, included in salaries and wages	10,479	12,869

The actual return on plan assets was Rs. 36.55 million (2015: Rs. 59.91 million).

The principal actuarial assumptions used were as follows:	2016	2015
Discount rate	10.00%	10.25%
Expected return on plan assets	10.00%	10.25%
Future salary increases	9.00%	9.25%
Average expected remaining working life time of employees	9 years	10 years
Expected mortality rate:	SLIC (2001-05) mortality table	
Expected withdrawal and early retirement rate:	Based on for industry/country experience	

Plan assets are comprised as follows:	2016	2015
	(Rupees in thousand)	
Equity Instruments	52,957	37,658
Debt Instruments	370,538	341,486
Others - net	(38,038)	(17,157)
	385,457	361,987

Fair value of plan assets include ordinary shares and preference shares of the Company whose fair values as at 30 September 2016 are Rs. 6.61 million (2015: Rs. 7.01 million) and Rs. Nil (2015: Rs. 1.55 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of pension fund is as follows:

	2015-16	2014-15	2013-14	2012-13	2011-12
			(Rupees in thousand)		
As at 30 September					
Present value of defined benefit obligations	357,078	354,879	320,228	273,937	237,192
Fair value of plan assets	(385,457)	(361,987)	(311,642)	(284,825)	(248,836)
(Surplus) / deficit	(28,379)	(7,108)	8,586	(10,888)	(11,644)
Experience adjustment due to:					
(Gain) / losses on plan liabilities	(22,282)	1,593	21,589	4,014	17,398
Gains on plan assets	119	19,255	3,855	1,704	7,728

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

	Present value of defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	1%	325,392	395,000
Salary increase	1%	368,518	347,041

The above sensitivity analysis is 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 obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

18.2 Gratuity fund

	2016	2015
	(Rupees in thousand)	
The amounts recognized in the balance sheet are determined as follows:		
Present value of defined benefit obligations	48,717	47,496
Fair value of plan assets	(59,265)	(52,514)
Asset as at 30 September	(10,548)	(5,018)

NOTES TO THE FINANCIAL STATEMENTS

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The movement in the defined benefit obligation over the year is as follows:

	2016	2015
	(Rupees in thousand)	
Present value of defined benefit obligations as at 01 October	47,496	48,924
Current service cost	3,827	3,931
Interest cost	4,789	5,899
Benefits paid during the year	(1,552)	(8,805)
Remeasurement gains	(5,843)	(2,453)
Present value of defined benefit obligations as at 30 September	48,717	47,496
The movement in the fair value of plan assets for the year is as follows:		
Fair value as at 01 October	52,514	48,223
Expected return on plan assets	5,523	6,140
Contributions during the year	4,292	5,038
Benefits paid during the year	(1,552)	(8,805)
Remeasurement (losses) / gains	(1,512)	1,918
Fair value as at 30 September	59,265	52,514
The amounts recognized in the profit and loss account are as follows:		
Current service cost	3,827	3,931
Interest cost	4,789	5,899
Expected return on plan assets	(5,523)	(6,140)
Total included in salaries and wages	3,093	3,690
The amounts recognized were included in the profit and loss account as follows:		
Cost of sales	1,754	2,122
Administrative expenses	1,259	1,258
Other expenses	80	310
Total, included in salaries and wages	3,093	3,690

The actual return on plan assets was Rs. 4.01 million (2015: Rs. 8.06 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

The principal actuarial assumptions used were as follows:

	2016	2015
Discount rate	10.00%	10.25%
Expected return on plan assets	10.00%	10.25%
Future salary increases	9.00%	9.25%
Average expected remaining working life time of employees	9 years	9 years
Expected mortality rate:	SLIC (2001-05) mortality table	
Expected withdrawal and early retirement rate:	Based on for industry/country experience	

Plan assets are comprised as follows:

	2016	2015
	(Rupees in thousand)	
Equity instruments	15,458	7,955
Debt instruments	58,200	51,075
Others - net	(14,393)	(6,516)
	59,265	52,514

Fair value of plan assets include ordinary shares and preference shares of the Company whose fair values as at 30 September 2016 are Rs. 2.53 million (2015: Rs 1.06 million) and Rs. Nil (2015: Rs. 0.23 million) respectively.

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

	2015-16	2014-15	2013-14	2012-13	2011-12
			(Rupees in thousand)		
As at 30 September					
Present value of defined benefit obligations	48,717	47,496	48,924	48,450	36,504
Fair value of plan assets	(59,265)	(52,514)	(48,223)	(50,653)	(42,835)
(Surplus)/deficit	(10,548)	(5,018)	701	(2,203)	(6,331)
Experience adjustment due to:					
(Gain) / losses on plan liabilities	(5,843)	(2,453)	3,913	8,345	3,356
(Losses) / gains on plan assets	(1,512)	1,918	313	2,063	378

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

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

	Present value of defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	1%	45,497	52,441
Salary increase	1%	52,441	45,442

The above sensitivity analysis is 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 obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

19. LONG TERM LOANS, ADVANCES AND DEPOSITS

	Note	2016	2015
		(Rupees in thousand)	
Loan to Sui Northern Gas Pipelines Limited - considered good	19.1	414	828
Less: Current portion shown under short term advances	23	414	414
		-	414
Security deposits - considered good		36,531	36,531
Security deposits - considered doubtful		265	265
Advance to Creek Marina (Private) Limited - considered doubtful	19.2	38,557	38,557
		75,353	75,767
Less: Provision against doubtful receivables		(38,822)	(38,822)
		36,531	36,945

19.1 This represents an un-secured loan given to SNGPL for development of infrastructure for supply of gas to the principal facility. Mark-up is charged at the rate of 1.5% per annum. This amount is receivable in 10 equal annual installments ending May 2017.

19.2 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 (CSIBL) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
20. STORES, SPARES AND LOOSE TOOLS			
Stores		43,296	54,253
Spares		30,859	32,534
Loose tools		1,334	1,339
		75,489	88,126
Less: Provision for obsolete items		(4,610)	(4,610)
		70,879	83,516
21. STOCK-IN-TRADE			
Raw materials		136,245	293,549
Work-in-process		12,489	6,419
Finished goods		198,916	504,983
		347,650	804,951

21.1 Raw materials and finished goods amounting to Rs. 240.54 million (2015: Rs. 505 million) are pledged with lenders as security against short term borrowings as referred to in note 10.

21.2 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounts to Rs. Nil (2015: Rs. 81.28 million).

	Note	2016	2015
		(Rupees in thousand)	
22. TRADE DEBTS			
Considered good:			
- Unsecured	22.1	13,154	30,564
Considered doubtful:			
- Unsecured		6,696	6,696
		19,850	37,260
Less: Provision for doubtful debts	22.2	(6,696)	(6,696)
		13,154	30,564

22.1 These include receivable from Shakarganj Food Products Limited (SFPL), an associated company, amounting to Rs. 5.85 million (2015: Rs. 0.20 million). Out of the total receivable of associate, Rs. 5.05 million is due by 90 days and Rs. 0.80 million is due between 90 and 180 days.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
22.2 Provision for doubtful balances			
Balance as at 01 October		6,696	5,436
Provision for the year	27	-	1,260
Balance as at 30 September		6,696	6,696
23. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good:			
- to employees		12,297	4,857
- to suppliers and contractors	23.1	39,035	43,214
- to sugarcane growers		13,158	19,874
		64,490	67,945
Advances - considered doubtful:			
- to employees		628	628
- to suppliers and contractors		8,700	7,652
- to sugarcane growers		237	237
		9,565	8,517
Due from related parties - unsecured and considered good	23.2	22,843	3,097
		22,843	3,097
Due from related parties -unsecured considered doubtful		80	80
		80	80
Current portion of long term loan receivable from Sui Northern Gas Pipelines Limited	23.1	414	414
Receivable from Government			
- Income tax		208,897	171,758
- Export rebate		47,716	41,827
Prepayments		2,934	3,979
Receivable from provident fund		2	2,060
Margins against bank guarantees		2,180	4,200
Others:			
- considered good		486	4,028
- considered doubtful		2,368	4,551
		361,975	312,456
Less: Provision against doubtful receivables	23.3	(12,013)	(13,148)
		349,962	299,308

23.1 These relate to normal business of the Company and are interest free.

23.2 Due from related parties - unsecured and considered good

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	2016	2015
	(Rupees in thousand)	
Shakarganj Food Products Limited	968	1,639
Shakarganj Energy (Private) Limited	18,745	-
Crescent Steel & Allied Product Limited	443	4
Crescent Hadeed (Private) Limited	2,687	1,454
	22,843	3,097

23.2.1 These are interest free in the normal course of business and are due by not more than six months.

	Note	2016	2015
		(Rupees in thousand)	
23.3 Provision against doubtful receivables			
As at 01 October		13,148	12,984
Provision during the year		1,384	164
Written off against provision		(2,519)	-
As at 30 September		12,013	13,148
24. CASH AND BANK BALANCES			
At banks on:			
– Saving accounts			
- Pak rupees	24.1	132	1,500,056
- Foreign currency	24.2	74	74
		206	1,500,130
– Current accounts	24.3	17,674	27,609
		17,880	1,527,739
In hand		260	217
In transit		500	500
		18,640	1,528,456

24.1 Profit on balances in saving accounts ranges from 3.50% to 4.10% (2015: 0.10% to 6.00%) per annum. These include balances amounting Rs. 0.06 million (2015: Rs. 1,507.87 million) which have been maintained under shariah based arrangements. Moreover, this includes Rs. Nil (2015: 1,500 million) under lien with lenders as referred to in note 10.4.

24.2 Foreign currency account includes Euros 635 (2015: Euros 635).

24.3 These include balances amounting Rs. 0.53 million (2015: Rs. 9.64 million) which have been maintained under shariah based arrangements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

25. SALES

(Rupees in thousand)

	Sugar		Bio Fuel		Bio Power		Building Materials		Textile		Farms		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Gross sales																
- Local	3,074,915	2,655,817	35,721	219,890	-	-	-	25,182	746,097	979,827	19,927	31,111	2,264	10,972	3,878,924	3,922,799
- Export	37,555	91,330	475,870	2,620,530	-	-	-	-	-	-	-	-	-	-	513,425	2,711,860
- By-products	273,395	241,018	-	-	-	-	-	-	8,088	15,353	-	-	-	-	281,483	256,371
- Inter-segment	230,361	591,354	28,305	137,613	-	121,588	-	-	-	-	9,297	14,689	2,714	-	-	-
	3,616,226	3,579,519	539,896	2,978,033	-	121,588	-	25,182	754,185	995,180	29,224	45,800	4,978	10,972	4,673,832	6,891,030
Less:																
Commission to selling agents	1,252	4,663	-	69	-	-	-	1,789	1,324	3,632	-	-	-	81	2,576	10,234
Sales tax and Special Excise Duty	276,705	245,080	5,564	32,653	-	-	-	3,938	15,768	20,139	-	-	-	-	298,037	301,810
	277,957	249,743	5,564	32,722	-	-	-	5,727	17,092	23,771	-	-	-	81	300,613	312,044
Net sales	3,338,269	3,329,776	534,332	2,945,311	-	121,588	-	19,455	737,093	971,409	29,224	45,800	4,978	10,891	4,373,219	6,578,986

25.1 Inter-segment sales have been eliminated from total figures.

26. COST OF SALES

(Rupees in thousand)

	Note	Sugar		Bio Fuel		Bio Power		Building Materials		Textile		Farms		Others		Total	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Inter-segment		43,860	100,435	224,101	596,457	-	58,287	2	122	-	105,672	2,714	4,230	-	41	-	-
Raw materials consumed		2,131,587	2,813,632	164,211	1,328,417	-	-	-	-	487,637	668,342	621	2,776	1,545	1,981	2,785,601	4,815,148
		2,175,447	2,914,067	388,312	1,924,874	-	58,287	2	122	487,637	774,014	3,335	7,006	1,545	2,022	2,785,601	4,815,148
Salaries, wages and other benefits	26.2	177,490	246,376	23,837	41,215	1,705	2,548	902	3,015	70,710	92,685	4,292	6,707	288	546	279,224	393,092
Stores and spares consumed		55,181	84,500	2,069	11,196	127	6,916	-	-	14,795	25,676	1,018	5,526	-	1	73,190	133,815
Dyes and chemicals		19,914	28,789	4,576	31,660	-	20	-	-	-	-	-	-	-	-	24,490	60,469
Packing material consumed		20,156	40,613	-	-	-	-	-	-	10,143	15,998	-	-	184	412	30,483	57,023
Fuel and power		299,471	342,844	8	41	14	11,892	-	-	122,098	85,987	3,881	4,694	-	-	425,472	445,458
Repairs and maintenance		9,574	14,605	1,028	6,432	1,481	6,956	-	17	316	583	641	822	-	-	13,040	29,415
Insurance		4,798	5,925	1,644	1,803	326	484	66	93	1,566	1,722	48	129	-	-	8,448	10,156
Vehicle running and maintenance		3,419	6,339	-	-	-	-	-	-	-	-	-	-	-	-	3,419	6,339
Travelling and conveyance		545	855	93	484	-	-	-	-	569	981	-	-	-	-	1,207	2,320
Printing and stationery		171	392	31	72	-	5	-	-	-	-	-	-	-	-	202	469
Rent, rates and taxes		11,820	1,304	-	-	-	-	-	-	289	296	798	1,537	-	-	12,907	3,137
Land preparation and irrigation expense		-	-	-	-	-	-	-	-	-	-	4,769	10,280	-	-	4,769	10,280
Sugarcane research and development	26.2	813	1,236	-	-	-	-	-	-	-	-	-	-	-	-	813	1,236
Depreciation on property, plant and equipment	14.1.6	362,240	392,393	148,036	160,064	20,787	22,391	4,166	4,504	24,735	26,267	1,178	1,509	-	-	561,142	607,128
Amortization on intangibles		60	60	-	-	30	30	-	-	-	-	-	-	-	-	90	90
Other expenses		13,828	23,927	5,361	8,825	123	906	13	65	714	1,349	91	333	4	44	20,134	35,449
		3,154,927	4,104,225	574,995	2,186,666	24,593	110,435	5,149	7,816	733,572	1,025,558	20,051	38,543	2,021	3,025	4,244,631	6,611,024
Opening work-in-process		2,182	2,401	-	-	-	-	-	6,334	4,238	10,047	-	-	-	-	6,420	18,782
Less: closing work-in-process		(8,417)	(2,182)	-	-	-	-	-	-	(4,072)	(4,238)	-	-	-	-	(12,489)	(6,420)
		(6,235)	219	-	-	-	-	-	6,334	166	5,809	-	-	-	-	(6,069)	12,362
Cost of goods produced		3,148,692	4,104,444	574,995	2,186,666	24,593	110,435	5,149	14,150	733,738	1,031,367	20,051	38,543	2,021	3,025	4,238,562	6,623,386
Opening stock of finished goods		464,903	176,682	6,920	212,926	-	-	-	14,690	31,629	14,293	-	-	976	4,394	504,428	422,985
Purchases		124,867	105,667	-	-	-	-	-	-	-	-	-	-	-	-	124,867	105,667
Less: closing stock of finished goods		(187,111)	(464,903)	(285)	(6,920)	-	-	-	-	(11,520)	(31,629)	-	-	-	(976)	(198,916)	(504,428)
		402,659	(182,554)	6,635	206,006	-	-	-	14,690	20,109	(17,336)	-	-	976	3,418	430,379	24,224
		3,551,351	3,921,890	581,630	2,392,672	24,593	110,435	5,149	28,840	753,847	1,014,031	20,051	38,543	2,997	6,443	4,668,941	6,647,610

26.1 Inter-segment purchases have been eliminated from total figures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

26.2 Salaries, wages and other benefits and sugarcane research and development include following in respect of retirement benefits:

	Note	2016	2015
		(Rupees in thousand)	
Pension fund		2,700	3,640
Gratuity fund		1,754	2,122
Provident fund		3,953	5,799
		8,407	11,561

27. ADMINISTRATIVE EXPENSES

	Note	2016	2015
Salaries, wages and other benefits	27.1	149,210	168,794
Repairs and maintenance		3,919	4,811
Insurance		2,725	3,422
Vehicle running and maintenance		5,255	7,906
Travelling and conveyance		2,204	2,670
Printing and stationery		1,256	1,079
Electricity and gas		2,846	2,775
Telephone, postage and telegram		4,039	4,617
Legal and professional charges	27.2	9,350	10,826
IT Consultancy and advisory services		4,502	4,530
Rent, rates and taxes		4,273	4,062
Staff training and development		121	377
Entertainment		2,752	3,425
Subscriptions		6,145	7,645
Advertisements		225	604
Registered office expenses		773	762
Bad debts written off		-	390
Provision for doubtful:			
- Short term loans, advances, deposits and receivables	23.3	1,384	164
- Trade debtors	22.2	-	1,260
Depreciation on property, plant and equipment	14.1.6	21,662	26,705
Others		342	1,919
		222,983	258,743

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

	2016	2015
Pension fund	6,203	7,802
Gratuity fund	1,259	1,258
Provident fund	2,578	2,795
	10,040	11,855

27.2 Professional services

The charges for professional services include the following in respect of auditors' services for:

	2016	2015
- Statutory audit	1,350	1,350
- Half yearly review	550	550
- Certification charges	180	100
- Out of pocket expenses	275	275
	2,355	2,275

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
28. DISTRIBUTION AND SELLING COSTS			
Salaries, wages and other benefits	28.1	2,782	2,772
Freight and forwarding		46,934	163,605
Handling and distribution		1,488	1,709
Loading and unloading charges		2,419	4,049
Sales promotion expenses		341	468
Insurance		1,995	1,651
Others		6	4
		55,965	174,258
28.1 Salaries, wages and other benefits include following in respect of retirement benefits:			
Pension fund		136	140
Provident fund		93	97
		229	237
29. OTHER OPERATING EXPENSES			
Donations		127	-
Net exchange loss		6,564	-
Impairment of advance for capital work in progress	14.2.3	-	20,354
Social action programme expenses including salaries	29.1	3,577	3,776
Waste water drainage		5,555	8,947
Fair value adjustment of agricultural assets	16.2	7,474	7,729
Others		3,254	3,228
		26,551	44,034
29.1 Social action programme expenses include following in respect of retirement benefits:			
Pension fund		185	201
Gratuity fund		81	88
Provident fund		49	43
		315	332

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	Note	2016	2015
		(Rupees in thousand)	
30. OTHER INCOME			
Income from financial assets			
Profit on sale of 'Available for Sale' investments		80,878	255,909
Profit on the sale of right allotment letters		31,682	-
Gain on reclassification of investment		-	19,919
Return on bank deposits		14,039	310
		126,599	276,138
Income from non-financial assets			
Scrap sales		13,542	11,712
Profit on sale of:			
- Property, plant and equipment	14.1.1	33,854	5,521
- Store items		262	46
Liabilities no longer payable written back	30.1	226,735	29,636
Net exchange gain		-	2,424
Rental income		11,913	9,233
Export rebate		8,580	18,890
Present value adjustment on initial recognition of interest free loan	7.1.2	21,170	-
Sale of mud		7,374	5,161
Others		1,152	1,658
		324,582	84,281
Income from related party			
Dividend income		9,336	2,094
		460,517	362,513

30.1 This includes Rs. 159.78 million waived off by National Bank of Pakistan as part of the restructuring arrangement as explained in note 7.1.1.

	Note	2016	2015
		(Rupees in thousand)	
31. FINANCE COST			
Interest and mark-up on:			
- Long term finances	31.1	39,227	90,819
- Short term borrowings	31.1	82,913	93,079
- Due to gratuity and pension funds - related party		50,801	47,566
- Finance lease		-	647
Notional finance cost	7.1.2	5,474	-
Bank charges, commission and excise duty		3,115	4,571
Others		1,224	1,442
		182,754	238,124

31.1 This includes penalties aggregating to Rs. 1.04 million (2015: Rs. 6.94 million) levied by financial institutions due to delayed payments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

32. TAXATION

	2016	2015
	(Rupees in thousand)	
For the year		
- Current	51,647	27,119
- Deferred	(70,675)	(43,714)
	(19,028)	(16,595)
Prior year		
- Current	-	63,189
	(19,028)	46,594
Associates	5,258	53,510
	(13,770)	100,104

32.1 The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

32.2 In view of the available income tax losses, the provision for current taxation represents tax under 'Final Tax Regime' and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001. Minimum tax under section 113 is available for set off for five years against normal tax liability arising in future years whereas tax under 'Final Tax Regime' is not available for set off against normal tax liabilities.

For the purposes of current taxation, the tax losses available for carry forward as at 30 September 2016 are estimated approximately at Rs. 7,224.38 million (2015: Rs. 7,304.63 million).

32.3 Tax charge reconciliation

	2016	2015
	%	%
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	31.00	32.00
Tax effect for income under presumptive tax regime	(12.16)	(24.17)
Effect of tax credit	2.71	2.98
Tax effect of amounts that are not deductible for tax purposes	(396.82)	83.62
Impact of tax related to associates	286.83	167.49
Impact of prior year tax	-	(148.16)
Impact of change in tax rate	-	(77.07)
Impact of exempt income	131.93	198.01
	12.49	202.70
Average effective tax rate charged to profit and loss account	43.49	234.70

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

		2016	2015 Restated
33. LOSS PER SHARE			
33.1 Basic loss per share			
Loss for the year	*Rupees*	(17,893,000)	(142,756,000)
Weighted average number of ordinary shares in issue during the year	*Number*	99,364,600	75,646,713
Loss per share - basic	*Rupees*	(0.18)	(1.89)

33.2 Diluted loss per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had a commitment to convert 1,000 preference shares into 167 ordinary shares of Rs 10 each. These preference shares have been redeemed in cash during the year, therefore, no figure for diluted EPS is presented.

		2016	2015 Restated
Loss for the year		(17,893,000)	(142,756,000)
Loss used to determine diluted earnings per share	*Rupees*	(17,893,000)	(142,756,000)
Weighted average number of ordinary shares in issue during the year	*Number*	99,364,600	75,646,713
Assumed conversion of convertible preference shares into ordinary shares	*Number*	-	5,774,108
Weighted average number of ordinary shares for diluted earnings per share	*Number*	99,364,600	81,420,821
Loss per share - diluted	*Rupees*	(0.18)	(1.75)

The effect of conversion of preference shares into ordinary shares was anti-dilutive in prior year, accordingly the diluted EPS was restricted to the basic EPS.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	2016	2015
	(Rupees in thousand)	
34. CASH GENERATED FROM OPERATING ACTIVITIES		
Loss before taxation	(31,663)	(42,652)
Adjustment for:		
Depreciation/amortization of:		
- property, plant and equipment	582,804	633,833
- intangible assets	90	90
Liabilities no longer payable written back	(226,735)	(29,636)
Gain on sale of property, plant and equipment	(33,854)	(5,521)
Interest from bank deposits	(14,039)	(310)
Provision for doubtful:		
- Short term loans, advances, deposits and receivables	1,384	164
- Trade debtors	-	1,260
Impairment of advance for capital work in progress	-	20,354
Provision for employees' retirement benefits	13,572	16,559
Dividend income	(9,336)	(2,094)
Net income from livestock	1,604	4,223
Gain on reclassification of investment	-	(19,919)
Gain on sale of 'Available for sale' investments	(80,878)	(255,909)
Present value adjustment on initial recognition of interest free loan	(21,170)	-
Share of profit from associates	(291,795)	(378,618)
Finance cost	182,754	238,124
	104,401	222,600
Profit before working capital changes	72,738	179,948
Effect on cash flow due to working capital changes:		
Decrease in stores and spares	12,637	16,771
Decrease / (increase) in stock in trade	457,301	(325,007)
Decrease in biological assets - net	7,473	8,286
(Increase) / decrease in trade debts	17,410	7,064
(Increase) / decrease in loans, advances, prepayments and other receivables	(16,219)	138,376
(Decrease) / increase in trade and other payables	47,815	1,355,449
	526,417	1,200,939
Cash generated from operating activities	599,155	1,380,887

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35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the chief executive officer, executive directors, non-executive directors and executives of the Company is as follows:

	Chief Executive Officer		Executive Directors		Non-Executive Directors		Executives	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)							
Managerial remuneration	5,100	-	4,008	4,263	-	-	39,289	54,831
Contribution to retirement benefits	1,802	-	281	298	-	-	8,728	11,699
House rent	2,295	-	1,603	1,705	-	-	15,691	22,281
Utilities	510	-	401	426	-	-	3,698	5,120
Medical	-	-	321	341	-	-	2,607	3,414
Others	-	-	-	-	-	-	2,211	3,128
Reimbursable expenses	-	-	-	14	-	-	-	18
Fees	-	-	-	-	660	600	-	-
	9,707	-	6,614	7,047	660	600	72,224	100,491
Number of persons	1	1	1	1	6	6	27	36

35.1 The chief executive officer, directors and some executives are provided with company maintained cars, travel facilities and club membership.

35.2 The Company has contributed Rs. 2.32 million (2015: 2.51 million) and 5.49 million (2015: 5.94 million) in gratuity and pension fund respectively for key management personnel.

36. PROVIDENT FUND RELATED DISCLOSURE

The Company operates a provident fund through an independent trust for its employees as explained in note 3.25.2.

The following is based on information provided by the provident fund trust;

	Un-audited 2016	Audited 2015
	(Rupees in thousand)	
Size of the fund	143,950	144,144
Cost of investment made	61,802	80,505
Fair value of investments	53,912	42,129
Percentage of investments made	37%	29%
The breakup of investments is as follows:		
Available for sale		
Ordinary shares - listed companies	52,850	33,610
Preference shares - listed companies	-	7,533
Mutual funds	1,062	986
	53,912	42,129

The fund has made investment in ordinary shares of the Company which is not in line with the requirements of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

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For the year ended 30 September 2016

37. NUMBER OF EMPLOYEES

The Company has employed following number of persons:

	2016	2015
	(Number of persons)	
- As at 30 September	1,213	1,384
- Average number of employees	1,299	1,699

38. RELATED PARTY DISCLOSURES

The related parties comprise subsidiaries, associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under loans, advances, deposits, prepayments and other receivables note 23 and trade and other payables note 11 and remuneration of directors and key management personnel are disclosed in note 35. Other significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	2016	2015
		(Rupees in thousand)	
i. Related parties			
Crescent Steel & Allied Products Limited (CSAPL)	Purchase of goods	19,650	38,250
	Sale of goods	-	93
	Salary expense and other common expenses	3,264	5,174
	Dividend income	9,336	6,583
Shakarganj Energy (Private) Limited - associated undertaking of CSAPL	Purchase of electricity & steam	164,850	248,734
	Sale of bagasse & water	286,813	241,018
	Sale of material	3,973	-
	Rent paid against use of boiler	5,000	-
	Advances received for bagasse	70,000	40,000
	Common expenses	8,679	-
Crescent Hadeed (Private) Limited associated undertaking of CSAPL	Rendering of services	2,577	1,848
	Sale of electricity	-	1,132
	Sale of material	1,643	-
Crescent Cotton Mills Limited	Purchase of Yarn	4,353	-
ii. Associated undertakings			
Shakarganj Food Products Limited	Sale of goods	160,411	13,105
	Salary expense and other common expenses	4,078	1,859
Premier Insurance Limited	Insurance expenses	5,389	5,620
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	18,991	23,985
	Transactions with pension and gratuity fund account		
	- Funds received	747,436	1,189,986
	- Funds paid	747,436	1,189,986
	- Markup expense	50,801	47,566
iv. Key management personnel	Loan received from director	240,000	-

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For the year ended 30 September 2016

39. CAPACITY AND PRODUCTION

		2016	2015
Sugar			
Jhang			
Rated crushing capacity	MT / day	10,000	10,000
On the basis of 97 days (2015: 129 days)	MT	970,000	1,290,000
Actual cane crushed	MT	269,018	381,760
Bhone			
Rated crushing capacity	MT / day	6,000	6,000
On the basis of 86 days (2015: 100 days)	MT	516,000	600,000
Actual cane crushed	MT	181,786	233,635
The low crushing was due to liquidity crunch.			
Ethanol			
Jhang			
Rated production capacity	Litres / day	150,000	150,000
On the basis of average number of days 53 (2015: 172 days) working	Liters	8,000,000	25,150,000
Actual production	Liters	7,192,675	24,302,188
Bhone			
Rated production capacity	Litres / day	200,000	200,000
On the basis of average number of days 21 (2015: 157 days) working	Liters	4,150,000	22,250,000
Actual production	Liters	3,001,263	21,808,163
Low plant operational days were due to liquidity crunch and low level of crushing.			
Building Materials			
On the basis of 5 years average (2015: 5 years) working	Cubic meter	6,163	6,163
Actual production	Cubic meter	-	-
The plant was not operated during the year due to liquidity crunch and unavailability of surplus bagasse.			
Textile			
Capacity (converted in 20s counts)	Kg	6,586,511	8,771,469
Actual production (converted in 20s counts)	Kg	5,836,313	6,503,368
The actual production was 89% of the capacity. The low production was due to financial crunch			
Power			
Rated capacity - 8 generators			
Nil (2015: 4 generators worked on 260 days)	KWh	-	19,968,000
Actual generation	KWh	-	10,702,300

Plant was not operated during the year due to liquidity crunch and low level of crushing.

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For the year ended 30 September 2016

40. BUSINESS SEGMENTS INFORMATION

(Rupees in thousand)

	Note	Sugar		Bio Fuel		Bio Power		Building Materials		Textile		Farms		Others		Elimination		Total	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue																			
- External	25	3,107,908	2,738,422	506,027	2,807,698	-	-	-	19,455	737,093	971,409	19,927	31,111	2,264	10,891	-	-	4,373,219	6,578,986
- Intersegment	25	230,361	591,354	28,305	137,613	-	121,588	-	-	-	-	9,297	14,689	2,714	-	(270,677)	(865,244)	-	-
		3,338,269	3,329,776	534,332	2,945,311	-	121,588	-	19,455	737,093	971,409	29,224	45,800	4,978	10,891	(270,677)	(865,244)	4,373,219	6,578,986
Segment expenses																			
Cost of sales																			
- Intersegment	26	43,860	100,435	224,101	596,457	-	58,287	2	122	-	105,672	2,714	4,230	-	41	(270,677)	(865,244)	-	-
- External	26	3,507,491	3,821,455	357,529	1,796,215	24,593	52,148	5,147	28,718	753,847	908,359	17,337	34,313	2,997	6,402	-	-	4,668,941	6,647,610
		3,551,351	3,921,890	581,630	2,392,672	24,593	110,435	5,149	28,840	753,847	1,014,031	20,051	38,543	2,997	6,443	(270,677)	(865,244)	4,668,941	6,647,610
Gross (loss) / profit		(213,082)	(592,114)	(47,298)	552,639	(24,593)	11,153	(5,149)	(9,385)	(16,754)	(42,622)	9,173	7,257	1,981	4,448	-	-	(295,722)	(68,624)
- Administrative expenses	27	170,674	118,694	27,318	104,990	-	4,335	-	694	23,573	27,232	1,164	2,409	254	389	-	-	222,983	258,743
- Distribution and selling costs	28	7,666	9,788	46,810	162,934	-	-	-	25	1,489	1,511	-	-	-	-	-	-	55,965	174,258
		178,340	128,482	74,128	267,924	-	4,335	-	719	25,062	28,743	1,164	2,409	254	389	-	-	278,948	433,001
Segment results		(391,422)	(720,596)	(121,426)	284,715	(24,593)	6,818	(5,149)	(10,104)	(41,816)	(71,365)	8,009	4,848	1,727	4,059	-	-	(574,670)	(501,625)
Other operating expenses																		(26,551)	(44,034)
Operating loss																		(601,221)	(545,659)
Finance costs																		(182,754)	(238,124)
Other income																		460,517	362,513
Taxation																		19,028	(46,594)
Share of income from associates - net of tax																		286,537	325,108
Loss for the year																		(17,893)	(142,756)

40.1 Inter-segment sales and purchases

Inter - segment sales and purchases have been eliminated from total figures.

40.2 Basis of inter-segment pricing

All inter-segment transfers are made at cost.

	Sugar 2016	Sugar 2015	Bio Fuel 2016	Bio Fuel 2015	Bio Power 2016	Bio Power 2015	Building Materials 2016	Building Materials 2015	Textile 2016	Textile 2015	Farms 2016	Farms 2015	Others 2016	Others 2015	Elimination 2016	Elimination 2015	Total 2016	Total 2015
40.3 Segment assets	5,841,191	7,417,190	1,977,339	2,826,749	257,608	277,934	51,682	55,548	348,636	397,019	685,223	700,700	2,838	22,212	-	-	9,164,517	11,697,352
Unallocated assets																	1,675,279	1,631,239
																	10,839,796	13,328,591
All non-current assets of the Company as at the reporting date are located in Pakistan.																		
40.4 Segment liabilities	4,010,295	5,917,096	1,315,885	2,259,940	28,235	32,661	33,820	22,239	133,072	158,434	17,090	77,323	1,070	8,971	-	-	5,539,467	8,476,664
Unallocated liabilities																	329,096	360,674
																	5,868,563	8,837,338
40.5 Capital expenditure	628	10,950	6,493	56	-	-	-	-	1,318	1,638	51	68	-	-	-	-	8,490	12,712
Unallocated																	2,144	608
																	10,634	13,320
40.6 Depreciation on property, plant and equipment	362,240	392,393	148,036	160,064	20,787	22,391	4,166	4,504	24,735	26,267	1,178	1,509	-	-	-	-	561,142	607,128
Unallocated																	21,662	26,705
																	582,804	633,833
40.7 Amortization on intangible assets	60	60	-	-	30	30	-	-	-	-	-	-	-	-	-	-	90	90
																	90	90
40.8 Secondary reporting format Segment revenue from external customers by geographical areas is as follows:																		
Export sales - Europe	-	-	121,865	207,208	-	-	-	-	-	-	-	-	-	-	-	-	121,865	207,208
Export sales - Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Export sales - Asia	37,555	91,330	354,005	2,413,321	-	-	-	-	-	-	-	-	-	-	-	-	391,560	2,504,651
Local sales	3,070,353	2,647,092	30,157	187,169	-	-	-	19,455	737,093	971,409	19,927	31,111	2,264	10,891	-	-	3,859,794	3,867,127
	3,107,908	2,738,422	506,027	2,807,698	-	-	-	19,455	737,093	971,409	19,927	31,111	2,264	10,891	-	-	4,373,219	6,578,986

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41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

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

The Company's Board of Directors ("the board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risk, the way these risks affect the financial position and performance and the manner in which such risks are managed is as follows:

41.1.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures with acceptable parameters, while optimizing return.

(i) Currency risk

Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The company, where considered necessary, uses money market borrowing contracts against receivables exposed to foreign currency risks.

The Company is exposed to currency risk arising only with respect to the United States Dollar (USD). The Company has a minimal bank balance in Euro and thus is not exposed to currency risk in respect of Euros. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities and short term borrowings with banks. The Company's exposure to currency risk is as follows:

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For the year ended 30 September 2016

	Note	2016	2015
		(USD)	
Financial liabilities			
Export refinance	10.3	2,204,889	1,526,100
Trade and other payables	11	648,699	31,543

The following significant exchange rates were applied during the year:

	2016	2015
	(USD)	
Rupees per USD		
Average rate	104.58	101.10
Reporting date rate	104.75	104.40

At 30 September 2016, if the Rupee had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax loss for the year would have been higher / lower as under, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated short term borrowings, trade receivables and payables.

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's loss before tax and equity. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in Exchange rate %	Effect on loss before tax	Effect on equity
		(Rupees in thousand)	
2016	10%	(29,891)	(29,891)
	-10%	29,891	29,891
2015	10%	(16,262)	(16,262)
	-10%	16,262	16,262

(ii) Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified as available for sale. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The Company's investments in equity of other entities that are publicly traded are listed on Pakistan Stock Exchange.

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The summary below explains the impact of increase of the PSX-100 index on equity. The analysis is based on the assumption that the PSX-100 index had increased/decreased by 10% with all other variables held constant and all the company's equity instruments moved according to the historical correlation with the PSX-100 index:

	Impact on other components of equity	
	2016	2015
	(Rupees in thousand)	
Karachi Stock Exchange	2,268	24,840

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available for sale.

(iii) Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises from both long-term and short term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

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

	2016	2015
	(Rupees in thousand)	
- **Financial assets**		
Fixed rate instruments		
Bank balances - deposit accounts	206	1,500,130
- **Financial liabilities**		
Variable rate instruments		
Long term financing	371,005	688,600
Short term financing	470,268	2,159,578
	841,273	2,848,178

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 carrying value of any of company's assets or liabilities.

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For the year ended 30 September 2016

Cash flow sensitivity analysis for variable rate instruments

At 30 September 2016, if interest rates on both short term and long borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been Rs. 5.80 million (2015: Rs. 19.08 million) higher/lower, mainly as a result of higher interest expense on KIBOR based borrowings.

41.1.2 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and other customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to customers are settled in cash.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2016	2015
	(Rupees in thousand)	
Long term loan and deposits	36,531	36,945
Trade debts	13,154	30,564
Loans, advances and other receivables	41,298	23,915
Cash and bank balances	17,880	1,527,739
	108,863	1,619,163

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties. The Company does not hold any collateral or any other credit enhancement instruments in relation to trade receivables. The aging of trade receivables is as follows:

	2016	2015
	(Rupees in thousand)	
Up to 30 days	-	6,611
30 to 60 days	-	63
60 to 180 days	5,953	14,320
180 to 365 days	6,139	9,351
More than 365 days	1,062	219
	13,154	30,564

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it will not received the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited to income statement.

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For the year ended 30 September 2016

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

Banks	Rating Short term	Long term	Rating Agency	2016	2015
				(Rupees in thousand)	
Askari Bank Limited	A-1+	AA+	PACRA	727	10,610
Allied Bank Limited	A1+	AA+	PACRA	1	125
Bank Alfalah Limited	A1+	AA	PACRA	230	239
Bank Islami Pakistan Limited	A1	A+	PACRA	91	1,506,846
The Bank of Punjab	A1+	AA+	PACRA	90	2,412
Habib Bank Limited	A-1+	AAA	JCR-VIS	6,338	138
MCB Bank Limited	A1+	AAA	PACRA	2,602	4,850
National Bank of Pakistan	A1+	AAA	PACRA	7,665	2,334
Standard Chartered	A1+	AAA	PACRA	131	130
United Bank Limited	A-1+	AAA	JCR-VIS	2	2
Dubai Islamic Bank	A-1	A+	JCR-VIS	3	53
				17,880	1,527,739

Due to the Company's long standing business relationships with theses 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.

41.1.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the Company's businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the company's undrawn borrowing facilities (note 10) and cash and cash equivalents (note 24) on the basis of expected cash flow. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans. As explained in note 1.2, the Company has been facing liquidity crunch for the last few years as a result of which it was unable to timely meet its financial obligations. However, the Company through continuous support from its lenders has been able to obtain working capital lines to manage its liquidity requirements.

NOTES TO THE FINANCIAL STATEMENTS

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The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	(Rupees in thousand)			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 September 2016				
Fixed rate long term debt	-	-	-	-
Floating rate long term debt	110,678	78,162	175,866	-
Variable rate short term borrowings	470,268	-	-	-
Trade and other payables	1,286,424	-	-	-
Accrued finance cost	218,545	-	-	-
	2,085,915	78,162	175,866	-

	(Rupees in thousand)			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 September 2015				
Fixed rate long term debt	345,756	-	-	-
Floating rate long term debt	688,600	-	-	-
Variable rate short term borrowings	2,159,578	-	-	-
Trade and other payables	1,856,731	-	-	-
Accrued finance cost	616,745	-	-	-
	5,667,410	-	-	-

	Loans and receivables	
	2016	2015
	(Rupees in thousand)	
41.2 Financial instruments by categories		
Long term deposits	36,531	36,945
Trade debts	13,154	30,564
Advances, deposits, prepayments and other receivables	41,298	23,915
Cash and bank balances	17,880	1,527,739

	Available for sale	
	2016	2015
	(Rupees in thousand)	
Investments - available for sale	22,682	248,401

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	Financial liabilities at amortized cost	
	2016	2015
	(Rupees in thousand)	
Long term finances	638,756	1,034,356
Short term borrowings - secured	969,199	2,584,737
Trade and other payables	1,286,424	1,856,731
Accrued finance cost	218,545	616,745

41.3 Fair value measurement of financial instruments

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	Note	Carrying amount					Fair value			
		Available for sale	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousands								
2016										
Financial assets - measured at fair value										
Available for sale	17	22,682	-	-	-	22,682	22,682	-	-	22,682
Biological assets		-	21,452	-	-	21,452	-	-	21,452	21,452
		22,682	21,452	-	-	44,134	22,682	-	21,452	44,134
Financial assets - not measured at fair value										
Long term deposits	19	-	36,531	-	-	36,531	-	-	-	-
Trade debts	22	-	13,154	-	-	13,154	-	-	-	-
Advances, deposits, prepayments and other receivables	23	-	41,298	-	-	41,298	-	-	-	-
Cash and Bank balances	24	-	-	18,640	-	18,640	-	-	-	-
		-	90,983	18,640	-	109,623	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value										
Long term loans	7 & 9	-	-	-	638,756	638,756	-	638,756	-	638,756
Short term borrowings	10	-	-	-	969,199	969,199	-	969,199	-	969,199
Trade and other payables	11	-	-	-	1,286,424	1,286,424	-	-	-	-
Accrued mark-up	12	-	-	-	218,545	218,545	-	-	-	-
		-	-	-	3,112,924	3,112,924	-	1,607,955	-	1,607,955

41.4 Capital risk management

The board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The board of directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The board of directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and;

(ii) to provide an adequate return to shareholders.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity. Total debt represents the total current and non-current borrowings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

	2016	2015
	(Rupees in thousand)	
Total debt	1,607,955	3,619,093
Total equity	28,458	(711,810)
Total debt and equity	1,636,413	2,907,283
Gearing ratio	98%	124%

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. As at the reporting date, the Company has accumulated losses of Rs. 2,034.86 million. These indicators and other matters as explained in note 1.2 to the financial statements may cause changes in the Company's approach to capital management.

For working capital requirements and capital expenditure, the Company primarily relies on substantial short term borrowings.

42. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on 06 January 2017 by the board of directors of the Company.

43. EVENTS AFTER THE BALANCE SHEET DATE

There are no subsequent events occurring after balance sheet date.

44. CORRESPONDING FIGURES

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

Chief Executive **Chairman**

PATTERN OF SHAREHOLDING

The Companies Ordinance 1984 Form - 34
(Section 236(1) and 464)

1. Incorporation Number **0002546**
2. Name of The Company **Shakarganj Limited**
3. Pattern of Holding of the Shares held by the Shareholders as at : 30 September 2016

No. of Shareholders	Shareholding From	To	Total shares held
385	1	100	11,049
421	101	500	154,770
379	501	1,000	334,879
686	1,001	5,000	1,871,918
206	5,001	10,000	1,689,309
82	10,001	15,000	1,066,450
53	15,001	20,000	986,122
35	20,001	25,000	847,283
25	25,001	30,000	725,251
10	30,001	35,000	330,547
20	35,001	40,000	775,468
9	40,001	45,000	384,677
28	45,001	50,000	1,375,617
6	50,001	55,000	320,337
9	55,001	60,000	522,937
5	60,001	65,000	317,197
6	65,001	70,000	403,126
7	70,001	75,000	517,155
4	75,001	80,000	310,705
3	80,001	85,000	247,175
4	85,001	90,000	350,539
3	90,001	95,000	277,269
11	95,001	100,000	1,095,500
5	100,001	105,000	515,494
1	105,001	110,000	106,358
1	110,001	115,000	113,878
1	115,001	120,000	117,197
2	120,001	125,000	240,552
2	125,001	130,000	259,722
1	140,001	145,000	145,000
4	145,001	150,000	596,500
1	150,001	155,000	154,219
7	155,001	160,000	1,115,530
1	165,001	170,000	166,761

No. of Shareholders	Shareholding From	To	Total shares held
1	170,001	175,000	175,000
1	175,001	180,000	180,000
1	185,001	190,000	187,500
1	195,001	200,000	200,000
1	200,001	205,000	205,000
2	210,001	215,000	426,000
1	215,001	220,000	217,000
5	220,001	225,000	1,115,238
1	225,001	230,000	226,468
1	245,001	250,000	248,404
1	260,001	265,000	262,000
1	280,001	285,000	282,000
1	295,001	300,000	300,000
1	320,001	325,000	325,000
1	345,001	350,000	350,000
1	475,001	480,000	479,000
1	495,001	500,000	500,000
1	650,001	655,000	654,703
1	655,001	660,000	657,754
1	785,001	790,000	787,563
1	850,001	855,000	853,902
1	890,001	895,000	891,000
1	895,001	900,000	900,000
1	985,001	990,000	990,000
1	1,065,001	1,070,000	1,066,138
1	1,210,001	1,215,000	1,210,376
1	1,395,001	1,400,000	1,400,000
1	1,495,001	1,500,000	1,500,000
1	1,865,001	1,870,000	1,867,000
1	1,970,001	1,975,000	1,974,764
1	1,985,001	1,990,000	1,985,469
1	2,030,001	2,035,000	2,030,993
1	3,530,001	3,535,000	3,534,293
1	4,475,001	4,480,000	4,480,000
1	4,665,001	4,670,000	4,670,000
1	6,200,001	6,205,000	6,205,000
1	6,685,001	6,690,000	6,690,000
1	8,585,001	8,590,000	8,587,328
1	8,815,001	8,820,000	8,818,629
1	24,115,001	24,120,000	24,119,987
2,468			**110,000,000**

Categories of Shareholder	Physical	CDC	Total	%age
Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mr. Anjum M. Saleem	-	4,670,000	4,670,000	4.25
Directors				
Ms Hajerah Ahsan Saleem	-	6,000	6,000	0.01
Mr. Ali Altaf Saleem	-	262,000	262,000	0.24
Mr. Khalid Bashir	-	92,102	92,102	0.08
Mr. Muhammad Anwar	-	106,358	106,358	0.10
Mr. Muhammad Arshad	-	226,468	226,468	0.21
Director's Spouses and Their Minor Childern				
Mrs. Fizza Ali Saleem	-	2,000	2,000	0.00
Mrs. Saira Anjum Saleem	-	145,000	145,000	0.13
Mst. Abida Anwar	-	59,427	59,427	0.05
Mrs. Tanveer Khalid Bashir	-	222,246	222,246	0.20
	-	**5,791,601**	**5,791,601**	**5.27**
Executives	**-**	**6,205,000**	**6,205,000**	**5.64**
Associated Companies, Undertakings & Related Parties				
Crescent Cotton Mills Ltd	-	3,534,293	3,534,293	3.21
Crescent Steel and Allied Products Limited	-	24,119,987	24,119,987	21.93
CS Capital (Pvt) Limited	-	6,690,000	6,690,000	6.08
The Cresent Textile Mills Ltd	-	8,587,328	8,587,328	7.81
Trustees - SGML Gratuity Fund	-	94,931	94,931	0.09
Trustees - SGML Pension Fund	-	248,404	248,404	0.23
Trustees - SGML Provident Fund	-	1,210,376	1,210,376	1.10
	-	**44,485,319**	**44,485,319**	**40.44**
NIT & ICP (Name Wise Detail)				
CDC - Trustee National Investment (Unit) Trust	-	8,818,629	8,818,629	8.02
National Bank of Pakistan-Trustee Wing	71	-	71	0.00
	71	**8,818,629**	**8,818,700**	**8.02**
Mutual Funds (Name Wise Detail)				
CDC - Trustee AKD Opportunity Fund	-	1,985,469	1,985,469	1.80
Golden Arrow Selected Stocks Fund Limited	-	2,030,993	2,030,993	1.85
	-	**4,016,462**	**4,016,462**	**3.65**
Banks, NBFCs, DFIs and Pension Funds	**102,741**	**988,273**	**1,091,014**	**0.99**
Modarabas	**453**	**-**	**453**	**0.00**
Insurance Companies	**8**	**-**	**8**	**0.00**
Other Companies,Corporate Bodies, Trust etc.	**858,618**	**3,868,138**	**4,726,756**	**4.30**
General Public	**913,972**	**33,950,715**	**34,864,687**	**31.70**
	1,875,863	**108,124,137**	**110,000,000**	**100.00**

Shareholders More Than 5.00%		
Crescent Steel and Allied Products Limited	24,119,987	21.93
CDC - Trustee National Investment (unit) Trust	8,818,629	8.02
The Cresent Textile Mills Ltd	8,587,328	7.81
CS Capital (Pvt) Limited	6,690,000	6.08
Altaf Muhammad Saleem	6,205,000	5.64

NOTICE OF 49TH ANNUAL GENERAL MEETING

Notice is hereby given that the 49th Annual General Meeting of shareholders of Shakarganj Limited (the "Company") will be held on Tuesday, 31 January 2017 at 11:00 am at Qasr-e-Noor, 9 E-2 Main Boulevard, Gulberg-III, Lahore to transact the following Business:

Ordinary Business:

1. To receive, consider and adopt the Reports of Directors and Auditors together with Audited Annual Financial Statements for the year ended 30 September 2016.

2. To appoint Company's auditors and to fix their remuneration.

Special Business

3. To obtain consent of the shareholders in terms of S.R.O. 470(I)/2016 dated 31 May 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company either through CD or DVD or USB and to pass the following resolution as an Ordinary Resolution, with or without modification:

"Resolved that consent & approval of the members of Shakarganj Limited (the "Company") be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on 30 September 2017 through CD or DVD or USB instead of transmitting the same in hard copies.

Resolved Further that Chief Executive Officer or Company Secretary of the Company be and is hereby singly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution"

4. To consider and, if deemed fit, pass the following resolution as a Special Resolution with or without modification for alterations in the Articles of Association of the Company:

"RESOLVED that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting a new Article 47A immediately after the existing Article 47 to read as under;

> **47A. ELECTRONIC VOTING:** The Company shall comply with the mandatory e-voting requirements as may be prescribed by the Securities and Exchange Commission of Pakistan from time to time and members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting pursuant to this Article."

RESOLVED FURTHER that the Chief Executive Officer or Company Secretary be and is hereby singly authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/ statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution."

5. To consider and, if deemed fit, pass the following resolution as a Special Resolution with or without modification to increase in authorized capital of the Company and to make consequent amendments in the Memorandum and Articles of Association subject to requisite approvals, if any:

"RESOLVED that:

a) the Authorized Share Capital of the Company be and is hereby increased from Rs. 2,000,000,000/- divided into 150,000,000 ordinary shares of Rs 10 each and 50,000,000 preference shares of Rs. 10 each to Rs. 2,500,000,000/- divided into 200,000,000 ordinary shares of Rs. 10 each and 50,000,000 preference shares of Rs. 10 each by creation of additional 50,000,000 Ordinary Shares of Rs. 10 each.

b) in consequent of the said increase in the Authorized Share Capital of the Company, the existing Clause V of the Memorandum of Association of the Company and Article 5 (2) of the Articles of Association of the Company be and are hereby amended accordingly, to read as follows:

Clause V of the Memorandum of Association:

"V. The authorized share capital of the Company is Rs.2,500,000,000 (Rupees two billion five hundred million only) divided into 200,000,000 (two hundred million) ordinary shares of Rs.10 (Rupees ten) each, and 50,000,000 (fifty million) preference shares of Rs.10 (Rupees ten) each, with the power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Ordinance, 1984 and any rules made thereunder, and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association or the Policies of the Company for the time being, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association or Policies of the Company."

Article 5 (2) of the Articles of Association:

"(2). The authorized share capital of the Company is Rs.2,500,000,000 (Rupees two billion five hundred million only) divided into 200,000,000 (two hundred million) ordinary shares of Rs.10 (Rupees ten) each, and 50,000,000 (fifty million) preference shares of Rs.10 (Rupees ten) each, with such preferential, qualified or special rights, privileges, conditions or restrictions or postponement of rights as the Company may from time to time determine by Special Resolution, with the power insofar as is permitted by law, to redeem any of its shares, to increase or reduce the share capital for the time being and to divide the share capital into several classes, and to attach thereto, respectively, such preferential, qualified or special rights, privileges, conditions or restrictions or postponement of rights and to vary, modify or abrogate such rights, as may be determined by or in accordance with the Ordinance and the Policies of the Company for the time being."

c) the ordinary shares when issued shall carry equal voting rights and rank pari passu with the existing ordinary shares of the company in all respects/matters in conformity with the provisions of Section 92 of the Companies ordinance, 1984.

d) The Chief Executive Officer or Company Secretary be and are hereby singly authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal and corporate formalities and file all requisite documents with the Registrar to effectuate and implement this resolution."

By Order of the Board

Asif Ali
Company Secretary

Lahore: 06 January 2017

NOTES:

1. Book Closure:

The Share Transfer Books of the Company will remain closed from 24 January 2017 to 31 January 2017 (both days inclusive). Transfers received in order at Share Registrar's Office, CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on 23 January 2017, will be treated in time for the purpose of attending and voting at the meeting.

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company.

3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.

4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
b. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. Notice to Shareholders who have not provided CNIC:

In terms of the directive of the Securities and Exchange Commission of Pakistan ("SECP") the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders are required to be mentioned in the annual return filed by the Company with the SECP. Therefore, the shareholders who have not yet provided copies of their CNICs are advised to provide at earliest the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar at the address given herein above.

6. Mandate for E-DIVIDENDS for shareholders

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 05 April 2013 has advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed.

7. Electronic Transmission of Financial Statements Etc.,

SECP through its Notification No. SRO. 787(1)/2014, dated 08 September 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: www.shakarganj.com.pk

8. Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of Finance Act, 2016 effective 1 July 2016, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No	Nature of Shareholders	Rate of deduction
1	Filers of Income Tax Return	12.5%
2	Non- Filers of Income Tax Return	20.0%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio/CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder

9. Placement of Financial Statements

The Company has placed the Audited Annual Financial Statements for the year ended 30 September 2016 along with Auditors and Directors Reports thereon on its website: www.shakarganj.com.pk

Statement under Section160 (1)(b) of the Companies Ordinance,1984

This statement set out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on 31 January 2017.

Circulation of Annual Reports through CD/DVD/USB

Securities and Exchange Commission of Pakistan has vide S.R.O 470(I)/2016 dated 31 May 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.

The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as proposed in the notice of meeting. The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors Report.

Alteration in the Articles of Association

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on 22 January 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 47A therein which will give the members option to be part of the decision making in the general meeting of the Company through electronic means. Accordingly, it has been proposed to pass the resolution as a Special Resolution for alteration in the Articles of Association of the Company, as specified in the notice of meeting.

Increase in Authorized Shares Capital of the Company and Consequent Amendments in the Memorandum and Articles of Association:

In order to cater for the future increase in paid up share capital, the Authorized Share Capital of the Company needs to be enhanced. Accordingly, the Board of Directors has recommended to increase the Authorized Share Capital of the Company from Rs. 2,000,000,000/- divided into 150,000,000 ordinary shares of Rs 10 each and 50,000,000 preference shares of Rs. 10 each to Rs. 2,500,000,000/- divided into 200,000,000 ordinary shares of Rs. 10 each and 50,000,000 preference shares of Rs. 10 each by creation of additional 50,000,000 ordinary shares of Rs. 10 each.

The proposed increase in the Authorized Share Capital of the Company will also necessitate amendments in clause V of the Memorandum of Association and clause 5(2) of the Articles of Association of the Company. The Board of Directors have also recommended alteration in the Memorandum and Articles of Association of the Company to reflect increase in Authorized Share Capital of the company.

The new ordinary shares when issued shall rank pari passu with the existing ordinary shares in all respects.

A copy of the Memorandum and Articles of Association has been kept at the registered Office of the Company and may be inspected during business hours on any working day from the date of publication of this notice till the conclusion of the general meeting.

The directors are not interested, directly or indirectly, in the above special businesses except to the extent of their shareholdings as has been detailed in the pattern of shareholding annexed to the Directors Report.

FORM OF PROXY

I/We____ S/o, D/o, W/o ____________________________________ of

____ (full address) a member(s)

of Shakarganj Limited and holder of ____ shares as per Registered

Folio No. ____________ and/or CDC Participant I.D. No. _______________ and Sub Account No. ______________

do hereby appoint ______________________________ of ____________________________________ (full address)

or failing him/her _____________________________________ of ____

(full address) 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 Tuesday, 31 January 2017 at 11:00 a.m. at the Qasr-e-Noor, 9-E-2, Main Boulevard Gulberg-III, Lahore and at any adjournment thereof.

As witness my / our hand this ___________________________ day of ___________________________ 2016.

Please affix here
Revenue Stamp of
Rs. 5/-

Member _____________________________

Witness _____________________________

Address _____________________________

Dated _______________________________

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 Registered office, 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 No. 1 dated 26 January 2000 of the Securities & Exchange Commission of Pakistan for appointing proxies.
   - i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account 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 NIC numbers shall be mentioned on the form.
   - iii. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   - iv. The proxy shall produce his original NIC 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 شکرگنج لمیٹڈ اور حامل عام حصص، بمطابق شیئر رجسٹر فولیو نمبر ______________ اور/یا سی ڈی سی

پارٹیسپنٹ (شرکت) آئی ڈی نمبر ______________ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ______________

محترم/ محترمہ ______________ کو اپنے/ہمارے ایماء پر ______________ مورخہ 31 جنوری 2017ء بروز منگل

بمقام قصرِ نور، 2-E-9، مین بلیوارڈ گلبرگ-3، لاہور میں صبح 11:00 بجے ______________ 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 ______________ 2017ء کو دستخط کئے گئے۔

گواہان:

-1 دستخط: ______________

نام: ______________

پتہ ______________

____

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: ______________

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

-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 کرسکتا ہے۔

2۔ ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کرسکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی سیکرٹری شکرگنج لمیٹڈ لاہور کے پتے پر ارسال کردے۔

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 سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد وضوابط 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) بینیفیشل 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/اٹارنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔


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