



**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
MARCH 31, 2018**

SAKRAND SUGAR MILLS LIMITED



COMPANY PROFILE

BOARD OF DIRECTORS	Mr. Jamil Akberi Mr. Dinshaw H. Anklesaria Mr. Abdul Naeem Quraishi Mr. Neville Mehta Dr. Jamshed H. Anklesaria	Chairman/Director Chief Executive /Director Director Director Director
AUDIT COMMITTEE	Mr. Abdul Naeem Quraishi Mr. Jamil Akbari Mr. Neville Mehta	Chairman Member Member
HR COMMITTEE	Mr. Jamil Akberi Mr. Neville Mehta	Member Member
CHIEF FINANCIAL OFFICER	Mr. Amad Uddin	
COMPANY SECRETARY	Mr. Amad Uddin	
BANKERS	Allied Bank Limited Bank Al Habib Limited Habib Bank Limited Meezan Bank Limited MCB Bank Limited National Bank Of Pakistan Soneri Bank Limited Sindh Bank Limited Summit Bank Limited United Bank Limited	
AUDITORS	Parker Randall - A.J.S. Chartered Accountants	
LEGAL ADVISOR	Barrister Muhammad Jameel Choudhry	
REGISTRAR	M/s JWAFPS Registrar Services (Pvt.) Ltd. 407-408, Al Ameera Centre Shahrah-e-Iraq, Saddar Karachi-74400	
REGISTERED OFFICE	41-K, Block-6, P.E.C.H.S., Karachi Phone. 0092-21-35303291-2 www.sakrandsugar.com	
FACTORY ADDRESS	Deh Tharo Unar, Taluka Sakrand District Shaheed Benazir Abad, Sindh.	



DIRECTORS' REPORT

On behalf of the Board of Directors, it is my privilege to present to you the unaudited condensed interim financial statements of the Company for the half year ended March 31, 2018.

The financial results show an operating profit of Rs. 290.669 million and pre-tax profit of Rs. 342.319 million as compared to operating profit of Rs. 31.407 million and pre-tax profit of Rs. 27.059 million of the corresponding period 2016-17. As a result, the Board of Directors has declared an interim cash dividend of Rs. 2 per share i.e 20%.

The Company's overall performance can be seen from the following comparative statistics:

OPERATING RESULTS		2017-18	2016-17
Season started		30-Nov-17	15-Nov-16
Season upto / closed		31-Mar-18	15-Mar-17
Duration of season		122	121
Sugarcane crushed	MT	323,289	459,573
Sugar produced	MT	34,590	42,320
Sugar recovery	%	10.871	9.221
Molasses produced	MT	15,700	19,530
Molasses recovery	%	4.957	4.252

As evident from the above table, the mill focused on quality cane procurement and highest possible recovery of white crystalline sugar. The management team worked in day and night to ensure highest quality and improve variety of sugarcane is purchased, thus ensuring mill-grower relationship as well establishing the mill's status quo. Alhamdulillah, by the grace of almighty Allah, we managed to achieve the highest to-date recovery of 10.871% that gave us a very high edge over other mills in terms of cane cost per kg of sugar produced. The results so obtained increased our gross margins to many folds thus achieving a high earning per share for the half year under consideration as well as ensuring a double full year Earnings Per Share, subject to market factors being constant. Since, the industry has exported an immense 1.5 million metric tons of sugar, we expect the sugar price in the local market to remain higher.

During the season, the Supreme Court of Pakistan took Sou Moto notice for the sugar cane price, which confirmed the per mds price of Sugar Cane at Rs. 160.

This year, the over all sugar cane crop was in good quantity which gave our quality control team to ensure good cane supply. Further, the mechanical improvements made, the addition to technical equipments and the overall change of strategy and very tight internal controls has yielded great results in terms of reduction in costs and maximisation of revenue. We are confident of achieving a higher economies of scale and more profitability in the coming years.

The Company has set up new imported fertilizer granulation plant that process a by product into a high quality organic fertilizer. This shall bring in additional revenue stream and increase the earnings by an estimate of 15-20% directly via sales revenue and 5% indirectly via enhanced recovery of sugar from cane. Further, plans to set up a baggase based power plant are under way. Before the start of current season, the Company invested Rs. 187 Million in upgradation and automation of systems. For the year to come, the Company plans to invest Rs. 150 Million more in BMR and Expansion of capacity to 8,000 TCD. It is pertinent to mention here, that the Company has already obtained the permission to increase capacity to 12,000 TCD that shall be achieved in a phase wise manner in two years.

I would like to appreciate the efforts of the team and look forward towards a new beginning for the Company.

D. H. Anklesaria

DINSHAW H. ANKLESARIA
Chief Executive
Dated: July 10, 2018



ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے ششماہی غیر آڈٹ شدہ مالیاتی حسابات برائے 31 مارچ 2018 پیش خدمت ہے۔

رواں ششماہی میں کمپنی نے آپریشن کی مد میں 290,669 ملین کا نفع اور 342,319 ملین کا قبل از ٹیکس نفع حاصل کیا ہے جبکہ سابقہ سال (2016-17) اسی دورانیے میں کمپنی نے آپریشن کی مد میں 31,407 ملین اور 27,059 ملین کا قبل از ٹیکس نفع حاصل کیا تھا اسی پیش نظر بورڈ آف ڈائریکٹرز نے Rs.2 فی شیئر کا عبوری پیش ڈیویڈنڈ دینے کا فیصلہ کیا ہے جو کہ 20% بنتا ہے۔

OPERATING RESULTS

	2017-18	2016-17
Season started	30-Nov-17	15-Nov-16
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Molasses recovery	% 4.957	4.252

اوپر دیئے گئے چارٹ سے یہ بات عیاں ہوتی ہے کہ مل نے اپنی توجہ عمدہ کوالٹی گنے کی خریداری پر مرکوز رکھی جس سے بہترین ریکوری کی مد میں عمدہ سفید شکر نصیب ہوئی۔ مل انتظامیہ نے دن رات کی کاوشوں کے بعد اعلیٰ قسم اور جدید ورائٹی گنے کی خریداری کی، جس سے مل اور کاشت کاروں کے باہمی اعتماد میں بہتری آئی ہے۔ اللہ تعالیٰ کے کرم سے اس سیزن میں ہم نے تاریخ کی بلند ترین ریکوری، % 10.871 حاصل کی جس کی وجہ سے ہمیں دوسری تمام شوگر ملوں سے گنے کی قیمت، ہفتا بلکہ چینی کی پیداوار میں سہولت حاصل ہوئی۔ ان نتائج سے ہمارے مجموعی مارجن کئی گنا بڑھ گئے جس کی وجہ سے فی حصص آمدنی بہتر ہوئی ہے جو کہ رواں سال کے آخر تک دوگنی ہونے کی توقع ہے۔ چینی کی بیرون ملک برآمدات بڑھنے کی وجہ سے ہمیں توقع ہے کہ چینی کی لوکل مارکیٹ میں قیمت زیادہ رہے گی۔

رواں سیزن کے دوران معزز سپریم کورٹ آف پاکستان کی گنے کی قیمت خرید کے از خود نوٹس کی بدولت Rs. 160 پر مبنی قیمت کا تعین کیا گیا۔ اس سال گنے کی فصل کافی اچھی رہی جس کی بدولت ہماری کوالٹی کنٹرول ٹیم کو اچھے گنے کی سپلائی ہوئی۔ اس کے علاوہ میکینیکل اصلاحات، اور نئی تکنیکی سامان متعارف کروانے گئے جو نئی حکمت عملی اور سخت اندرونی کنٹرول کی بدولت بہترین نتائج حاصل ہوئے۔ قیمت خرید میں واضح کمی اور آمدن کے ذریعے میں بہتری اسی ذرائع کی کڑی ہے۔ ہمیں اعتماد اور یقین ہے کہ اسی تسلسل سے ہم اگلے سالوں میں بھی مزید بہتری لائیں گے۔

کمپنی نے ایک نئے درآمدی پلانٹ کی بدولت عمدہ قسم کی نامیاتی کھاد بھی تیار کر لی ہے جس سے اضافی آمدن کی مد میں % 15 سے % 20 اور % 5 شوگر ریکوری کی بہتری کی مد میں توقع ہے۔ اسکے علاوہ بگاس (بھوسہ) سے چلنے والا پاور پلانٹ کا منصوبہ بھی قابل غور ہے۔ رواں سیزن میں کمپنی نے 187 ملین مل کی آٹومیشن اور اپ گریڈنگ میں خرچ کئے۔ اگلے سیزن میں بھی کمپنی 150 ملین سے اپنی کرٹنگ کی صلاحیت 8000 ٹن تک بڑھانے اور سسٹم میں مزید بہتری کے لئے سرمایہ کاری کا ارادہ رکھتی ہے۔ اس ضمن میں کمپنی نے پہلے ہی 12000 ٹن تک کی اجازت لے رکھی ہے جو کہ مرحلہ وار کی جائے گی۔

میں کمپنی کے تمام ملازمین کی کاوشوں کا شکر گزار ہوں اور ایک نئے کل کی امید کرتا ہوں۔

D. H. Aklesan

ڈائریکٹر انچارج انکسیریا

چیف ایگزیکٹو

کراچی: 10 جولائی 2018



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SAKRAND SUGAR MILLS LIMITED (the "Company") as at March 31, 2018, the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts (here-in-after referred to as the 'condensed interim financial information') for the half year then ended. Management is responsible for the preparation and presentation of these condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial information based on our review.

The figures of the condensed interim statement of profit and loss and condensed interim statement of comprehensive income for the quarters ended March 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended March 31, 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these accompanying condensed interim financial information as of and for the half year ended March 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner:
Muhammad Shabbir Kasbati

Date: July 10, 2018

Place: Karachi



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018**

	Note	Unaudited March 31, 2018	Audited September 30, 2017
..... Rupees in '000'			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,970,481	2,936,016
Intangible assets		4,670	-
Long-term investments		96,346	178,590
Long-term loans		329	344
Long-term deposits		2,114	1,626
		3,073,940	3,116,576
CURRENT ASSETS			
Stores, spares and loose tools		43,989	28,490
Stock-in-trade		535,113	3,374
Trade debts - unsecured (considered good)		42,347	160,287
Loans and advances		26,549	40,803
Prepayments and other receivables		59,059	14,842
Short-term investments		-	86,000
Tax refunds due from government		23,936	23,377
Cash and bank balances	7	204,695	141,775
		935,688	498,948
TOTAL ASSETS		4,009,628	3,615,524
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		600,000	600,000
Share capital		446,160	446,160
Issued, subscribed and paid-up capital			
Capital reserve		1,799,613	1,811,584
Surplus on revaluation of fixed assets			
Revenue reserve		(570,584)	(824,289)
Accumulated loss			
Directors' / Sponsors' subordinated loan		92,767	92,767
		1,767,956	1,526,222
NON-CURRENT LIABILITIES			
Deferred taxation		355,767	315,048
Long term finance - secured	8	1,081,239	618,907
Deferred liabilities		77,113	76,070
		1,514,119	1,010,025
CURRENT LIABILITIES			
Trade and other payables		610,771	994,463
Short-term borrowings		74,497	81,247
Accrued mark-up		1,656	1,992
Current tax liability		40,629	1,575
		727,553	1,079,277
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		4,009,628	3,615,524

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

D.H. Anklesaria
Dinshaw H. Anklesaria
Chief Executive Officer

Jamil Akberi
Jamil Akberi
Director

Amad Uddin
Amad Uddin
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2018
(UN-AUDITED)**

	Note	Half Year ended		Quarter ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
..... Rupees in '000'					
Sales - net	10	1,265,109	2,131,689	948,708	1,671,830
Cost of sales	11	(924,137)	(2,054,935)	(715,225)	(1,517,823)
Gross profit		340,972	76,754	233,483	154,007
Operating expenses					
Administrative expenses		(45,639)	(42,221)	(29,087)	(24,812)
Distribution cost		(4,664)	(3,126)	(4,069)	(2,107)
		(50,303)	(45,347)	(33,156)	(26,919)
Operating profit		290,669	31,407	200,327	127,089
Finance cost		(49,344)	(14,700)	(38,419)	(9,263)
Other charges		(24,915)	-	(24,915)	-
Unrealized gain on loan amortisation		(594)	9,615	(6,019)	9,615
Other income	12	126,503	737	97,956	427
		51,650	(4,348)	28,603	779
Profit before tax		342,319	27,059	228,930	127,868
Income tax expense	13	(100,584)	170,937	(105,141)	175,536
Profit after tax		241,735	197,996	123,789	303,403
Earning per share					
- Basic and diluted		5.42	8.88	2.77	13.60

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

D.H. Anklesaria
Dinshaw H. Anklesaria
Chief Executive Officer

Jamil Akberi
Jamil Akberi
Director


Amad Uddin
Amad Uddin
Chief Financial Officer



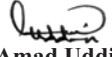
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2018
(UN-AUDITED)**

	Half Year ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
 Rupees in '000'			
Net profit for the period	241,735	197,996	123,789	303,403
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>241,735</u>	<u>197,996</u>	<u>123,789</u>	<u>303,403</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.


Dinshaw H. Anklesaria
Chief Executive Officer


Jamil Akberi
Director



Amad Uddin
Chief Financial Officer



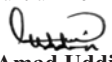
**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED MARCH 31, 2018
(UN-AUDITED)**

	Note	March 31, 2018	March 31, 2017
..... Rupees in '000'			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	14	(416,253)	(40,528)
Taxes paid		(21,369)	(8,639)
Finance cost paid		(46,055)	(6,855)
		(67,424)	(15,494)
Net cash used in operating activities		(483,677)	(56,022)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(72,538)	(9,263)
Disposal of property, plant and equipment		-	1,000
Long-term investments		167,650	-
Long-term loans		15	(195)
Long-term deposits		(488)	(92)
Net cash generated from / (used in) investing activities		94,639	(8,550)
CASH FLOWS FROM FINANCING ACTIVITIES			
Directors'/sponsors' subordinated loan		-	73,155
Long term finance - secured		458,708	-
Net cash generated from financing activities		458,708	73,155
Net increase in cash and cash equivalents		69,670	8,583
Cash and cash equivalents at the beginning of the period		60,528	(123,665)
Cash and cash equivalents at the end of the period		130,198	(115,082)
Cash and cash equivalents comprises of:			
Short-term borrowings		(74,497)	(124,997)
Cash and bank balances		204,695	9,915
		130,198	(115,082)

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.


Dinshaw H. Anklesaria
Chief Executive Officer


Jamil Akberi
Director


Amad Uddin
Chief Financial Officer




**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED MARCH 31, 2018
(UN-AUDITED)**

Paid-up capital	Capital reserve	Revenue reserve	Directors' / sponsors subordinated loan	Total equity
Issued, subscribed & paid-up capital	Surplus on revaluation of fixed assets	Accumulated loss	Directors' / sponsors' subordinated loan	Total

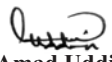
..... Rupees in '000'

Balance as at October 01, 2016	223,080	1,849,374	(1,045,626)	65,767	1,092,595
Directors' / Sponsors' subordinated loan during the period	-	-	-	73,155	73,155
Total comprehensive income for the period	-	-	197,996	-	197,996
Transferred from surplus on revaluation of fixed assets - incremental depreciation charged during the period - net of deferred tax	-	(34,849)	34,849	-	-
Balance as at March 31, 2017	223,080	1,814,525	(812,781)	138,922	1,363,746
Balance as at October 01, 2017	446,160	1,811,583	(824,289)	92,767	1,526,221
Total comprehensive income for the period	-	-	241,735	-	241,735
Transferred from surplus on revaluation of fixed assets - incremental depreciation charged during the period - net of deferred tax	-	(11,970)	11,970	-	-
Balance as at March 31, 2018	446,160	1,799,613	(570,584)	92,767	1,767,956

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.


Dinshaw H. Anklesaria
Chief Executive Officer


Jamil Akberi
Director


Amad Uddin
Chief Financial Officer



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED MARCH 31, 2018
(UN-AUDITED)**

1. THE COMPANY AND ITS OPERATIONS

Sakrand Sugar Mills Limited (the Company) was incorporated in Pakistan on March 02, 1989, as a public limited company. The Company is listed on the Pakistan Stock Exchange. The principal business of the Company is to manufacture and sell white sugar. The manufacturing facilities of the Company including the Mill are located at Deh Tharo Unar, Taluka Sakrand, District Shaheed Benazirabad, Sindh.

1.1 Seasonality of operations

Due to the seasonal availability of sugarcane during the period beginning early December 2017 to March 2018, the Company's production facilities operated at 37% capacity during the period covered under these condensed interim financial information. Due to seasonal nature of sugar production, the results are expected to fluctuate in second half of the year.

2. STATEMENT OF COMPLIANCE

The condensed interim financial information of the Company for the six months period ended March 31, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. These accounting & reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

3. BASIS OF PREPARATION

- 3.1** The condensed interim financial information are un-audited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the listing Regulations of the Pakistan Stock Exchange. The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2017.



The figures of the condensed interim statement of profit and loss and condensed interim statement of comprehensive income for the quarters ended March 31, 2018 and March 31, 2017 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended March 31, 2018 & March 31, 2017.

Effective May 30, 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act.

The said section of the repealed Ordinance specified presentation and accounting treatment relating to the revaluation of property, plant and equipment which was not in accordance with the requirement of IAS 16 'Property, Plant and Equipment'. Consequent to deletion of said section from the Act, the Company has changed its accounting policy with respect to surplus arising on revaluation of property, plant and equipment to conform it to the requirement of IAS 16.

Previously, the Company used to transfer such surplus to an account called 'Surplus on revaluation of fixed assets' which was shown separately in statement of financial position after Capital and Reserves (i.e. Equity). Further, the surplus on revaluation of fixed assets was allowed to be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed assets of the Company. The said change in accounting policy has been made in accordance with the requirement of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors.

The Company has made the changes in its accounting policy as per the requirements of the Companies Act 2017, however, there was no change in the reported amounts of statement of profit or loss and comprehensive income.

4. ACCOUNTING POLICIES

These condensed interim financial information have been prepared using the same accounting policies as those applied in the preparation of the audited annual financial statements of the Company for the year ended September 30, 2017 except that the Company has adopted the following IFRSs which became effective during the period:

IAS 7 - Statement of Cash Flows: Disclosures - Disclosure Initiative (Amendment)

IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (Amendment)

IFRS 12 - Disclosure of Interests in Other Entities: Clarification of the Scope of Disclosure Requirements (improvements)

The adoption of the above standards did not have any material effect on the condensed interim financial statements.



5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial information are same as those applied to financial statements as at and for the year ended September 30, 2017.

Un-audited **Audited**
March 31, **September 30,**
2018 **2017**
..... Rupees in '000'

6. PROPERTY, PLANT AND EQUIPMENT

Opening book value	2,936,016	2,347,815
Additions during the period		
Plant and machinery	55,706	23,761
Office equipment & others	1,565	2,840
Furniture and fixtures	22	401
Vehicles	9,653	1,373
	66,946	28,375
Disposals	-	(1,691)
Depreciation for the period	(32,481)	(74,490)
Revaluation surplus	-	636,007
Closing book value	2,970,481	2,936,016

7. CASH AND BANK BALANCES

Cash in hand	9,949	379
Cash at bank		
- Current accounts	194,736	141,386
- Deposit accounts	10	10
	204,695	141,775



8. LONG TERM FINANCE - SECURED

There is no change in the terms and conditions of long-term financing as disclosed in the Company's annual audited financial statements for the year ended September 30, 2017, except that during the current period, the Company has received remaining Rs. 570 million against its Syndicated Long-Term Finance Facility from commercial banks. Further, the Company has repaid outstanding liability of Habib Bank Limited amounting to Rs. 111.292 million through encashment of Defence Saving Certificate (DSC).

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

During the period, Civil Appeal Nos. 334 to 344 of 2004 filed by various sugar mills vs Government of Sindh, Federation of Pakistan & others against judgment dated May 27, 2003, passed by the High Court of Sindh, Karachi, has been disposed off through judgment dated May 05, 2018, by Honourable Supreme Court of Pakistan at Islamabad in favour of grant of quality premium to cane growers at the rate of 50 paisas per 40 kg cane for each 0.10 percent of excess sucrose recovery above the benchmark rate of 8.7%.

The Company already carries full provision for quality premium for the years 2003 till 2004 and has not reversed this provision until further clarification from Provincial Government as a matter of precaution.

For crushing season 1998 - 1999, the Company is in the process of determining liability, based on verdict issued by Honourable Supreme Court of Pakistan and advice from its legal counsel. At this juncture, it is not possible to assess and estimate the financial impact of the decision, therefore, no provision on account of quality premium payable for crushing season 1998 -1999 has been made in these interim financial statements.

The status of contingencies is same as that disclosed in annual audited financial statements for the year ended September 30, 2017.

10. SALES - NET

	Half Year ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
 Rupees in '000'			
Gross sales				
Sugar - local	1,228,154	2,246,659	894,401	1,772,479
Sugar - exports	78,796	-	78,796	-
Molasses	88,856	115,753	88,856	80,523
Sales tax	(130,697)	(230,724)	(113,345)	(181,172)
	<u>1,265,109</u>	<u>2,131,688</u>	<u>948,708</u>	<u>1,671,830</u>



11. COST OF SALES

Note	Half Year ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
 Rupees in '000'			
Sugarcane consumed	1,297,338	2,103,605	1,126,426	1,529,812
Manufacturing expenses 11.1	158,537	189,775	99,227	115,104
	<u>1,455,875</u>	<u>2,293,380</u>	<u>1,225,653</u>	<u>1,644,916</u>
Sugar in process				
Opening	3,374	-	19,416	57,404
Closing	(23,003)	(3,374)	(23,003)	(3,374)
	<u>(19,629)</u>	<u>(3,374)</u>	<u>(3,587)</u>	<u>54,030</u>
Sugar				
Opening	-	-	5,268	48,960
Closing	(344,794)	(187,272)	(344,794)	(187,272)
	<u>(344,794)</u>	<u>(187,272)</u>	<u>(339,526)</u>	<u>(138,312)</u>
Molasses				
Opening	-	-	-	4,988
Closing	(6,234)	(47,799)	(6,234)	(47,799)
	<u>(6,234)</u>	<u>(47,799)</u>	<u>(6,234)</u>	<u>(42,811)</u>
Baggase				
Opening	-	-	-	-
Closing	(25,300)	-	(25,300)	-
	<u>(25,300)</u>	<u>-</u>	<u>(25,300)</u>	<u>-</u>
Fertilizer				
Opening	-	-	-	-
Closing	(135,781)	-	(135,781)	-
	<u>(135,781)</u>	<u>-</u>	<u>(135,781)</u>	<u>-</u>
	<u>924,137</u>	<u>2,054,935</u>	<u>715,225</u>	<u>1,517,823</u>

11.1 Manufacturing expenses

Stores and spares consumed	42,900	38,214	36,347	29,407
Fuel and power	18,848	17,760	7,379	12,479
Salaries, wages including bonus and staff amenities	56,251	54,029	34,262	33,023
Repairs and maintenance	8,054	23,225	4,031	8,240
Vehicle maintenance	1,155	463	730	275
Insurance	2,754	1,064	1,541	844
Depreciation	24,164	50,747	11,382	28,119
Others	4,411	4,273	3,555	2,717
	<u>158,537</u>	<u>189,775</u>	<u>99,227</u>	<u>115,104</u>



12. OTHER INCOME

This includes export subsidy amounting to Rs. 41.600 (2017: nil) million.

13. INCOME TAX EXPENSE

	Half Year ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees in '000'			
Current	(59,865)	(21,317)	(40,589)	(16,718)
Deferred	(40,719)	192,254	(64,552)	192,254
	<u>(100,584)</u>	<u>170,937</u>	<u>(105,141)</u>	<u>175,536</u>
			March 31, 2018	March 31, 2017
			Rupees in '000'	

14. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax	342,319	27,059
Adjustment for:		
Depreciation	32,479	63,436
Amortisation	923	-
Finance cost	45,720	10,936
Interest expense - imputed	3,624	3,763
Gain on disposal of property, plant and equipment	-	(307)
Loss / (Gain) on amortization of investment	594	(9,642)
Sindh workers' profit participation fund	16,049	-
Sindh workers' welfare fund	6,551	-
Export subsidy	(41,600)	-
Liabilities no longer payable written back	(80,763)	-
Effect of increase in KIBOR	-	27
Provision for gratuity	1,043	989
	<u>(15,380)</u>	69,202
Operating profit before working capital changes	326,939	96,261
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(15,500)	(1,113)
Stock-in-trade	(531,739)	(238,445)
Trade debts - unsecured (considered good)	117,939	(2,459)
Loans and advances	14,255	342
Prepayments and other receivables	(2,617)	(2,002)
	<u>(417,662)</u>	(243,677)
	(90,723)	(147,416)
Increase / (decrease) in current liabilities		
Trade and other payables	(325,530)	106,888
Cash (used in) operation	(416,253)	(40,528)



15. RELATED PARTY TRANSACTIONS

The related parties comprise of directors, key management personnel and retirement benefits plan established for the benefits of the employees. There have been no transactions with related parties during the period :

Relationship	Nature of Transaction	Half Year ended	
		March 31, 2018	March 31, 2017
	 Rupees in '000'	
Key management personnel	Directors' / Sponsors' subordinated loan	-	73,155

16. No remuneration has been paid by the Company to its chief executive and any of its directors for the current period.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES


Financial risk management objectives and policies used to meet these objectives were same as being followed as at September 30, 2017.

18. AUTHORIZATION FOR ISSUE

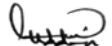
These condensed interim financial information have been authorized for issue on July 10, 2018 by the board of directors of the Company.

19. GENERAL

Figures have been rounded off to the nearest thousand rupee, unless otherwise stated.


Dinshaw H. Anklesaria
Chief Executive Officer


Jamil Akberi
Director


Amad Uddin
Chief Financial Officer

CORPORATE

BOOK POST

UNDER POSTAL CERTIFICATE



SAKRAND SUGAR MILLS LIMITED
41-K, BLOCK-6, P.E.C.H.S., KARACHI-75400, PAKISTAN.
TEL : 021-35303291, 021-35303292