



**HALF YEARLY  
UNAUDITED ACCOUNTS  
31<sup>ST</sup> MARCH, 2015**

**SAKRAND SUGAR MILLS LIMITED**



<b>BOARD OF DIRECTORS</b>	Mr. Dinshaw H. Anklesaria	Chief Executive/ Director
	Mr. Jamil Akberi	Director
	Syed Abid Hussain	Director
	Mr. Abdul Naeem Quraishi	Director
	Mr. Neville Mehta	Director
	Mrs. Fatma Gulamali	Director
	Dr. Jamshed H. Anklesaria	Director
<b>AUDIT COMMITTEE</b>	Mr. Abdul Naeem Quraishi	Chairman
	Mr. Jamil Akberi	Member
	Mr. Neville Mehta	Member
<b>HR &amp; R COMMITTEE</b>	Syed Abid Hussain	Chairman
	Mr. Jamil Akberi	Member
	Mr. Neville Mehta	Member
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Farhaj Badar	
<b>COMPANY SECRETARY</b>	Mr. Mustafa Kanani	
<b>BANKERS</b>	Allied Bank Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan Sindh Bank Limited Summit Bank Limited United Bank Limited	
<b>AUDITORS</b>	M/s. Haroon Zakaria & Co. Chartered Accountants	
<b>LEGAL ADVISOR</b>	Abdul Naeem Quraishi, Adv.	
<b>REGISTRAR</b>	M/s Evolution Factor (Private) Limited 407-408, Al Ameera Centre Shahrah-e-Iraq, Saddar Karachi-74400	
<b>REGISTERED OFFICE</b>	41-K, Block 6, P.E.C.H.S., Karachi. Fax: 021-34546456 www.sakrandsugar.com	
<b>FACTORY</b>	Deh Tharo Unar, Taluka Sakrand, District Shaheed Benazirabad, Sindh.	



## DIRECTORS' REPORT

The Board of Directors presents the un-audited financial information of the Company, duly reviewed by the auditors, for the half year ended March 31, 2015.

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

		2014-2015	2013-2014
<b>OPERATING RESULTS</b>			
Season started		05-12-2014	01-11-2013
Season closed		12-03-2015	22-03-2014
Duration of season		98	142
Sugarcane crushed	Tonnes	441,621	770,516
Sugar produced	Tonnes	45,100	70,864
Sugar recovery	%	10.210	9.188
Molasses produced	Tonnes	18,700	33,397
Molasses recovery	%	4.236	4.330

The Mill started crushing season on December 05, 2014 and closed on March 12, 2015. During the current season the mill operated for 98 days and crushed 441,621 metric tons of sugarcane and produced 45,100 metric tons of sugar as compare to last season when it operated 142 days and crushed 770,516 metric tons of sugarcane to produce 70,864 metric tons of sugar. The recovery of sucrose increased to 10.210% as against 9.188% last season. In current season the production of molasses decreased to 18,700 metric tons as compare to 33,397 last year.

Current season 2014-15 started with lot of controversies, as Sindh Government unilaterally fixed the sugarcane price as Rs.182/40kg which was unanimously rejected by most of the sugar mills who demanded to fix the minimum price at Rs.155/40 kg. This increase would result in increase in basic raw material of the product. The Government of Sindh promised to fix the minimum sugarcane price at Rs.155/40 kg which was further confirmed by notification No. 8(142) /S.O (Ext)95-XXIII dated 03-12-2014. But just after six (06) days this notification was withdrawn on 09-12-2014 and inacted the first notification dated 07-11-2014 and fixed the sugarcane support price for the season 2014 - 15 at Rs.182/40kg plus quality premium.

By aggrieved the decision taken by the Sindh Government most of the sugar mills filed the petition before the Hon'ble High court. Which has ordered that the price should be Rs.172 per mound of which Rs.12 will be paid by the Sindh Govt through sugar mills and further Rs.10 per mound will be paid subject to the order of Hon'ble Supreme Court which is under subjudices.

The company has booked the liability towards the cane payment based on cane price of Rs.182/40 kg and for Rs.12/40 kg claim receivable from Sindh Government.

The auditors have repeated the qualifications on the issues that have been raised in our last annual audited accounts for the year ended September 30, 2014, accordingly, the management has clarified the same.

The management / labour relations remained very cordial and helpful. I take this opportunity to thank and appreciate the spirit of understanding, good will and co-operation shown by all the financial institutions, individuals, all staff members, shareholders and the creditors and wish to place on record appreciation for their continuous support, confidence, devotion, sense of responsibility and loyalty.

**Dinshaw H. Anklesaria**  
Chief Executive  
Dated: May 27, 2015



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

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Sakrand Sugar Mills Limited as at March 31, 2015, and the related condensed interim profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to accounts for the six month period then ended (here-in-after referred to as the "Interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **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 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.

### **Basis for qualified conclusion**

- a) The Company has derecognized bank liabilities of Rs.241.815 million in 2009, the waiver of which is dependent on compliance with term of settlement and rescheduling arrangements. This result in understatement of liabilities and losses by Rs.241.815 million.
- b) Markup on IDBP loan liabilities is not recorded since 2010 owing to litigation. Currently its impact could not be determined owing to non availability of accurate mark up rate.
- c) Confirmation from MCB remained un-responded during audit for the year ended September 30, 2014 and relevant facts are still unsubstantiated including nonaccrual of markup since 2008.
- d) Confirmation from trade debts of Rs.134.424 million remained un-responded during audit for the year ended September 30, 2014 and relevant facts are not substantiated by us.

### **Qualified Conclusion**

Except for the effects of adjustments that may arise had we been able to satisfy ourselves regarding matters reported in the paragraphs a) to d) above, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the period ended March 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



#### **Emphasis of matter paragraph**

Without qualifying our opinion, we draw attention to the note 1.2 which indicates that the company has incurred continuous losses and its accumulated losses has reached to Rs.835.808 million and its current liability has exceeded its current assets by Rs.1,022.523 million. These conditions indicate the existence of material uncertainty that may cause significant doubt about the company's ability to continue as a going concern.

#### **Other matter paragraph**

The figures of the condensed profit and loss account for the quarters ended March 31, 2015 and March 31, 2014 have not been reviewed as we are required to review only the cumulative figures for the six months period ended March 31, 2015.

**Haroon Zakaria & Company**  
Chartered Accountants  
Engagement Partner: Farhan Ahmed Memon

Place: Karachi  
Dated: May 27, 2015



**CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2015**

		<b>Unaudited March 31, 2015</b>	<b>Audited September 30, 2014</b>
		(Rupees)	
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	2,531,139,486	2,592,051,216
Long term investments		133,854,319	126,188,376
Long term loans		387,236	303,304
Long term deposits		1,431,283	1,596,366
<b>Current Assets</b>			
Stores, spares and loose tools		28,951,404	29,686,694
Stock in trade		595,591,415	230,499,284
Trade debts - unsecured (considered good)	6	134,424,232	134,318,433
Loans and advances		19,688,517	65,625,705
Prepayments and other receivables		145,384,951	17,012,683
Taxation refundable		36,518,418	32,960,594
Cash and bank balances		21,512,790	31,600,756
		982,071,727	541,704,149
<b>Total Assets</b>		<b>3,648,884,051</b>	<b>3,261,843,411</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized Capital		250,000,000	250,000,000
25,000,000 Ordinary shares of Rs.10 each		250,000,000	250,000,000
Issued, subscribed and paid-up capital		223,080,000	223,080,000
Accumulated losses		(835,808,032)	(718,799,054)
		(612,728,032)	(495,719,054)
Surplus on revaluation of property, plant and equipment		1,434,733,263	1,467,993,107
<b>Non-Current Liabilities</b>			
Subordinate loan from directors		45,998,100	45,998,100
Deferred taxation		466,072,828	387,123,454
Long term finance - Secured		292,185,702	275,519,036
Markup bearing		7,799,181	7,799,181
Markup free		299,984,883	283,318,217
Provision for gratuity		10,228,173	9,338,111
<b>Current Liabilities</b>			
Trade and other payables		1,438,796,241	1,060,290,269
Current portion of non current liabilities		105,767,951	139,101,283
Short term borrowings	7	424,945,233	323,906,899
Mark up accrued		35,085,411	40,493,024
		2,004,594,836	1,563,791,475
Contingencies and Commitments	8	-	-
<b>Total Equities and Liabilities</b>		<b>3,648,884,051</b>	<b>3,261,843,410</b>

The annexed notes 1 to 15 form an integral part of these financial information.

**Dinshaw H. Anklesaria**  
Chief Executive/Director

**Syed Abid Hussain**  
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2015  
(UN-AUDITED)**

	Note	For the Half Year ended		For the Quarter ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>( R u p e e s )</b>					
Sales - Net	9	1,905,733,233	2,784,148,676	1,180,185,182	1,570,738,132
Cost of sales	10	(1,861,961,989)	(2,902,844,004)	(1,110,582,453)	(1,620,284,483)
<b>Gross profit / (loss)</b>		<b>43,771,244</b>	<b>(118,695,328)</b>	<b>69,602,729</b>	<b>(49,546,351)</b>
<b>Operating expenses</b>					
Administrative expenses		(76,235,602)	(69,109,304)	(41,711,207)	(38,297,846)
Distribution cost		(3,490,302)	(4,637,906)	(2,449,502)	(2,763,774)
		(79,725,904)	(73,747,210)	(44,160,709)	(41,061,620)
<b>Operating (loss) / profit</b>		<b>(35,954,660)</b>	<b>(192,442,538)</b>	<b>25,442,020</b>	<b>(90,607,971)</b>
<b>Finance costs</b>					
Other charges		(18,335,274)	(38,956,441)	(6,515,809)	(26,986,535)
Unrealized gain on amortization of loans / investments		(140,000)	(582,576)	(59,984)	(357,616)
Other income		398,693	7,368,713	(3,434,279)	3,950,994
		1,769,135	31,318	1,760,136	25,957
		(16,307,446)	(32,138,986)	(8,249,936)	(23,367,200)
<b>(Loss) / profit before taxation</b>		<b>(52,262,106)</b>	<b>(224,581,524)</b>	<b>17,192,084</b>	<b>(113,975,171)</b>
<b>Taxation</b>					
- Current		(19,057,332)	-	-	-
- Prior		-	-	-	-
- Deferred		(78,949,386)	-	(78,949,386)	-
		(98,006,718)	-	(78,949,386)	-
<b>(Loss) / profit after taxation</b>		<b>(150,268,824)</b>	<b>(224,581,524)</b>	<b>96,141,470</b>	<b>(113,975,171)</b>
Loss per share - basic and diluted		<b>Rs.(6.74)</b>	<b>Rs.(10.07)</b>	<b>Rs.4.31</b>	<b>Rs.(5.11)</b>

The annexed notes 1 to 15 form an integral part of these financial information

**Dinshaw H. Anklesaria**  
Chief Executive/Director

**Syed Abid Hussain**  
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR AND QUARTER ENDED (UN-AUDITED)  
MARCH 31, 2015**

	<b>For the Half Year ended</b>		<b>For the Quarter ended</b>	
	<b>March 31, 2015</b>	<b>March 31, 2014</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
	<b>( R u p e e s )</b>			
Loss for the period	(150,268,824)	(224,581,524)	96,141,470	(113,975,171)
<b>Other comprehensive income</b>				
Transfer from surplus on revaluation of on property, plant and equipment on account of incremental depreciation net of deferred tax	33,259,846	22,942,248	16,629,923	11,471,124
<b>Total comprehensive loss for the period transferred to equity</b>	<u>(117,008,978)</u>	<u>(201,639,276)</u>	<u>112,771,393</u>	<u>(102,504,047)</u>

The annexed notes 1 to 15 form an integral part of these financial information

**Dinshaw H. Anklesaria**  
Chief Executive/Director

**Syed Abid Hussain**  
Director





**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED (UN-AUDITED)  
MARCH 31, 2015**

	<b>March 31, 2015</b>	<b>March 31, 2014</b>
(Rupees)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	<b>(52,262,106)</b>	<b>(224,581,524)</b>
<b>Adjustment for:</b>		
Depreciation	65,431,349	39,521,020
Financial cost	18,335,274	38,956,441
Gain on disposal of property, plant and equipment	(1,731,045)	-
Gain on amortisation of investment	(398,693)	(7,368,713)
Provision for gratuity	1,055,934	601,850
	<b>82,692,819</b>	<b>71,710,598</b>
<b>Operating profit / (loss) before working capital changes</b>	<b>30,430,713</b>	<b>(152,870,926)</b>
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	735,290	(6,421,506)
Stock in trade	(365,092,131)	(615,260,833)
Trade debts	(105,799)	34,941,635
Loans and advances	45,937,188	(2,402,638)
Prepayments and other receivables	(128,372,268)	(550,238)
	<b>(446,897,720)</b>	<b>(589,693,580)</b>
	<b>(416,467,007)</b>	<b>(742,564,506)</b>
<b>Increase in current liabilities</b>		
Trade and other payables	378,505,972	646,741,487
<b>Cash used in operating activities</b>	<b>(37,961,035)</b>	<b>(95,823,019)</b>
Taxes paid	(22,615,156)	(11,202,585)
Financial cost paid	(31,010,138)	(32,174,396)
Gratuity paid	(165,872)	(690,371)
	<b>(53,791,166)</b>	<b>(44,067,352)</b>
<b>Net cash used in operating activities</b>	<b>(91,752,201)</b>	<b>(139,890,371)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,788,479)	(9,990,068)
Proceed from disposal of vehicle	2,999,895	-
Long term loans	(83,932)	(160,996)
Long term deposit	165,083	-
<b>Net cash used in investing activities</b>	<b>(2,707,433)</b>	<b>(10,151,064)</b>



	March 31, 2015	March 31, 2014
	( Rupees )	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of long term finance	(16,666,666)	(16,666,666)
Receipt of long term loan	-	20,000,000
<b>Net cash (used in) / generated from financing activities</b>	<b>(16,666,666)</b>	<b>3,333,334</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(111,126,300)</b>	<b>(146,708,101)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(292,306,143)</b>	<b>(375,185,135)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>(403,432,443)</b>	<b>(521,893,236)</b>
<b>Cash and cash equivalents comprises of:</b>		
Short term borrowing	(424,945,233)	(577,279,684)
Cash and bank	21,512,790	55,386,448
	<b>(403,432,443)</b>	<b>(521,893,236)</b>

The annexed notes 1 to 15 form an integral part of these financial information.

**Dinshaw H. Anklesaria**  
Chief Executive/Director

**Syed Abid Hussain**  
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED (UN-AUDITED)  
MARCH 31, 2015**

	Issued, Subscribed & Paid-up Capital	Accumulated Loss	Total
	( Rupees )		
<b>Balance as at October 01, 2013</b>			
<b>Audited</b>	223,080,000	(569,463,569)	(346,383,569)
Total comprehensive loss for the half year	-	(201,639,276)	(201,639,276)
<b>Balance as at March 31, 2014- Unaudited</b>	<u>223,080,000</u>	<u>(771,102,845)</u>	<u>(548,022,845)</u>
Total comprehensive loss for the half year	-	52,303,791	52,303,791
<b>Balance as at September 30, 2014- Audited</b>	<u>223,080,000</u>	<u>(718,799,054)</u>	<u>(495,719,054)</u>
Total comprehensive income for the half year	-	(117,008,978)	(117,008,978)
<b>Balance as at March 31, 2015 (Unaudited)</b>	<u>223,080,000</u>	<u>(835,808,032)</u>	<u>(612,728,032)</u>

The annexed notes 1 to 15 form an integral part of these financial information

**Dinshaw H. Anklesaria**  
Chief Executive/Director

**Syed Abid Hussain**  
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED (UN-AUDITED)  
MARCH 31, 2015**

**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 Karachi and Lahore Stock Exchanges. The principal business of the Company is to manufacture and sell white sugar. The manufacturing facilities of the Company including 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 from December 2014 to March 2015, the Company's production facilities operated at full capacity during the period covered under this interim financial information. Therefore, costs of production and stock levels are expected to decline in the upcoming half year compared to the period covered under this interim financial information.

**1.2 As of the reporting date, the company incurred net loss of Rs.150.268 million. Its accumulated losses amounted to Rs.835.808 million and its current liabilities exceeds its current assets by Rs.1,022.523 million. These factors reflects the existence of material uncertainties that may cause doubts regarding Company's ability to continue as a going concern.**

The company has filed suit against IDBP in 2010 in the High Court of Sindh Karachi for wrong charging of mark up. The amount of unbooked liability is expected to be reversed by the bank as the same is disputed on merit.

Besides these, trade debts of company amounting to Rs.134.424 million represents un-secured and overdue balance. The management expects subsequent recovery of outstanding trade debts in due course of business.

In view of above and expectation of improvement in operating activities, these financial statements have been prepared using going concern assumption.

**2 STATEMENT OF COMPLIANCE**

**2.1 The condensed interim financial information are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi and Lahore Stock Exchange. The condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan. 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, 2014. The figures for the half year ended March 31, 2015**



have been subject to limited scope review by the auditors as required by the Code of Corporate Governance.

- 2.2 This condensed interim financial information comprises of the condensed interim balance sheet as at March 31, 2015 and the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and the condensed interim cash flow statement for the half year then ended which have been subject to a review but not audited. This condensed interim financial information also includes the condensed interim profit and loss account for the quarter ended March 31, 2015 which is not subject to a review.
- 2.3 The comparative condensed balance sheet, presented in this condensed interim financial information, as at September 30, 2014 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2014 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement for the half year ended March 31, 2014 have been extracted from the condensed interim financial information for the half year ended March 31, 2014 which were subject to a review but not audited. The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended March 31, 2014 included in this condensed interim financial report was not subject to a review.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

These interim financial information have been prepared using the same accounting convention, basis of preparation and significant accounting policies as those applied in the preparation of the audited financial statements for the year ended September 30, 2014.

### **4 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.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended September 30, 2014.



	March 31, 2015	September 30, 2014
	(Rupees)	
<b>5 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Opening WDV	2,592,051,216	1,568,312,424
Additions to property, plant & equipment during the period		
Non factory building	38,366	23,957
Factory building	-	15,561
Plant and machinery	450,000	-
Office equipment & others	105,658	435,300
Furniture and fixtures	12,600	1,209,880
Vehicles	5,181,855	11,344,005
Tents and tarpaulins	-	386,400
	5,788,479	13,415,103
Disposals	(1,268,860)	(1,222,395)
Surplus on revaluation	-	1,103,460,844
Depreciation for the period	(65,431,349)	(91,914,760)
<b>Closing WDV</b>	<b>2,531,139,486</b>	<b>2,592,051,216</b>

## 6 TRADE DEBTS

This includes trade debts due from a customer amounting to Rs.132.539 million (September 30, 2014 : Rs.133.808 million) against sale of molasses in the year 2009-10. The terms of sales stipulated payment against delivery based on which the amount is overdue and balance remained outstanding till period end. The management expects to recover the amount in full in due course of time.

		March 31, 2015	September 30, 2014
		(Rupees)	
<b>7 SHORT TERM FINANCES</b>			
National Bank of Pakistan			
Running Finance	7.1	124,996,633	124,898,749
Cash Finance	7.2	299,948,600	199,008,150
		<b>424,945,233</b>	<b>323,906,899</b>



## 7.1 Running Finance Facility

**Purpose:**

To finance the working capital requirements of the Company and for procurement of sugarcane.

**Mark up rate:**

3 months KIBOR + 2.5% p.a.

**Security:**

- 1 First pari passu hypothecation charge over plant and machinery and equipment, and First equitable mortgage charge over land and building of the company of Rs.167 Million with 25% margin.
- 2 Personal Guarantees of all the directors of the Company.

**Unavailed Facility:**

As on March 31, 2015, the company has an unavailed facility amounting to Rs. 3,366.

## 7.2 Cash Finance Facility:

**Purpose:**

To finance the working capital requirements of the Company and for procurement of sugarcane.

**Mark up rate:**

3 months KIBOR + 2.5% p.a.

**Security:**

- 1 Pledge of refined sugar stock with 25% margin.
- 2 Personal guarantees of the directors of the Company.

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

The status of contingencies is same as that disclosed in annual audited financial statements for the year ended September 30, 2014.

### 8.2 Commitments

During the period, the company has outstanding unlifted delivery orders 2,997 M.Ton (2014: 7,153 M.ton) of Rs. 131.812 million (2014: Rs. 353.604 million).

	March 31, 2015	March 31, 2014
————— ( R u p e e s ) —————		
<b>9 NET SALES</b>		
Sales Gross		
Local	2,067,627,626	2,989,171,108
Export	-	-
	<u>2,067,627,626</u>	<u>2,989,171,108</u>
Less: Sales tax & federal excise duty	<u>(161,894,393)</u>	<u>(205,022,432)</u>
	<u><u>1,905,733,233</u></u>	<u><u>2,784,148,676</u></u>



## 10 COST OF SALES

Note	Half year ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees)			
Sugarcane consumed	1,879,984,416	3,323,563,029	1,360,952,658	1,961,141,245
Fertilizer	153,537,773	-	-	-
Manufacturing expenses	193,531,911	194,541,808	111,736,602	108,081,261
	<u>2,227,054,100</u>	<u>3,518,104,837</u>	<u>1,472,689,260</u>	<u>2,069,222,506</u>
Sugar in process				
Opening	2,324,660	5,385,343	21,242,380	67,030,565
Closing	(1,627,269)	(2,323,701)	(1,627,269)	(2,323,701)
	<u>697,391</u>	<u>3,061,642</u>	<u>19,615,111</u>	<u>64,706,864</u>
Sugar				
Opening	226,492,593	282,911,090	187,547,979	363,316,528
Closing	(573,988,530)	(819,361,747)	(573,988,530)	(819,361,747)
	<u>(347,495,937)</u>	<u>(536,450,657)</u>	<u>(386,440,551)</u>	<u>(456,045,219)</u>
Molasses				
Opening	1,682,030	-	26,129,600	24,272,150
Closing	(19,975,595)	(81,871,818)	(19,975,595)	(81,871,818)
	<u>(18,293,565)</u>	<u>(81,871,818)</u>	<u>6,154,005</u>	<u>(57,599,668)</u>
	<u>1,861,961,989</u>	<u>2,902,844,004</u>	<u>1,112,017,825</u>	<u>1,620,284,483</u>

**10.1** The company has recorded, payable and receivable respectively in respect of sugarcane purchases and receivable from Sindh Government and profit and loss account charge, considering the notifications issued by Cane Commissioner Sindh and order passed by Honorable High Court of Sindh. However the notifications have been challenged by Pakistan Sugar Mills Association and other sugar mills in Honor'able Supreme Court of Pakistan. The case has been pending with the Honor' able Supreme Court as at March 31, 2015.

### 10.2 Manufacturing expenses

Note	Half year ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees)			
Stores and spares consumed	40,459,803	63,727,367	28,863,495	40,920,155
Fuel and power	12,439,663	12,454,679	5,056,423	5,023,669
Salaries, wages including bonus and staff amenities	51,491,818	48,866,170	32,638,848	28,613,226
Repair and maintenance	30,197,928	29,510,766	13,158,647	13,426,677
Vehicle maintenance	707,798	848,298	266,439	422,322
Insurance	2,963,152	2,824,103	1,527,062	1,479,485
Depreciation	50,097,747	28,351,388	25,051,686	14,175,694
Others	5,174,002	7,959,037	5,174,002	4,020,033
	<u>193,531,911</u>	<u>194,541,808</u>	<u>111,736,602</u>	<u>108,081,261</u>





### 10.3 Sugar Stock

Sugar Stock is valued at Cost which is lower of NRV.

## 11 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 except for the following:

	Half Year Ended	
	March 31, 2015	March 31, 2014
	(Rupees)	
<b>Significant transactions with the related parties during the half year ended are as follows:</b>		
Chief Executive and Directors remuneration	<b>11,216,550</b>	9,763,152
Loan from director	<b>20,000,000</b>	20,000,000

## 12 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, 2014.

## 13 AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized for issue on May 27, 2015 by the Board of Directors of the Company.

## 14 GENERAL

Figures have been rounded off to the nearest rupee.

**Dinshaw H. Anklesaria**  
Chief Executive/Director

**Syed Abid Hussain**  
Director

## BOOK POST

UNDER POSTAL CERTIFICATE



### **SAKRAND SUGAR MILLS LIMITED**

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