



**HALF YEARLY  
UNAUDITED ACCOUNTS  
31<sup>ST</sup> MARCH, 2014**

**SAKRAND SUGAR MILLS LIMITED**



## COMPANY PROFILE

<b>BOARD OF DIRECTORS</b>	Mr. Dinshaw H. Anklesaria Mr. Jamil Akberi Syed Abid Hussain Mr. Abdul Naeem Quraishi Mr. Neville Mehta Mrs. Fatma Gulamali Dr. Jamshed H. Anklesaria	Chief Executive/ Director Director Director Director Director Director Director
<b>AUDIT COMMITTEE</b>	Mr. Abdul Naeem Quraishi Mr. Jamil Akberi Mr. Neville Mehta	Chairman Member Member
<b>HR &amp; R COMMITTEE</b>	Syed Abid Hussain Mr. Jamil Akberi Mr. Neville Mehta	Chairman Member 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 & Company Chartered Accountants	
<b>LEGAL ADVISOR</b>	Abdul Naeem Quraishi, Adv.	
<b>REGISTRAR</b>	M/s Evolution Factor (Private) Limited 407-408, Al Aameera Centre Shahrah-e-Iraq, Saddar Karachi-74400	
<b>REGISTERED OFFICE</b>	41-K, Block 6, P.E.C.H.S, Karachi Tel: 111-484-848 Fax: 021-34546456 www.sakrand sugar.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, 2014.

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

	2013-2014	2012-2013
<b>OPERATING RESULTS</b>		
Season started	<b>01-11-2013</b>	30-11-2012
Season closed	<b>22-03-2014</b>	18-03-2013
Duration of season	<b>142</b>	109
Sugarcane crushed	Tonnes <b>770,516</b>	516,227
Sugar produced	Tonnes <b>70,864</b>	51,050
Sugar recovery	% <b>9.188</b>	9.890
Molasses produced	Tonnes <b>33,397</b>	22,306
Molasses recovery	% <b>4.33</b>	4.322

The Mill started crushing season on November 01, 2013 and closed on March 22, 2014. During the current season the mill operated for 142 days and crushed 770,516 metric tons of sugarcane and produced 70,864 metric tons of sugar as compare to last season when it operated 109 days and crushed 516,227 metric tons of sugarcane to produce 51,050 metric tons of sugar. The recovery of sucrose declined to 9.188% as against 9.890% last season. In current season the production of molasses increased to 33,397 metric tons as compare to 22,306 metric tons last year.

The Government of Sindh vide notification dated Dec 11, 2013 fixed the sugarcane minimum price for the season 2013-14 at Rs. 172 per 40 kg and Rs. 0.50 per 40 kg for each 0.1 percent of excess sucrose recovery above 8.7 percent as quality premium. The industry is continuously agitating the unilateral increase in basic raw material prices without relating proportion with the sugar prices and this continuation of high price of basic raw material caused the increase in cost of production. The Government allowed incentives against export of sugar, however, the fall in international prices reduced the impact of profitability.

Because of an oversupply position during current season, the prices of sugar have dropped (due to the market forces of demand and supply) to an unsustainable level, and kept the prices even below the cost of the product.

Our new auditors have repeated the qualifications on the issues that have been raised by previous audit company in our last annual audited accounts for the year ended September 30, 2013, 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, goodwill 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: June 30, 2014



## **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, 2014, 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, 2013 and relevant facts are still unsubstantial including non accrual of markup since 2008.
- d) Confirmation from trade debts of Rs.147.739 million remained un-responded and relevant facts are not substantial 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 above paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the period ended March 31, 2014 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.771.102 million and its current liability has exceeded its current assets by Rs.877.744 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, 2014 and March 31, 2013 have not been reviewed as we are required to review only the cumulative figures for the six months period ended March 31, 2014.

Financial statements of the company for the year ended September 30, 2013 were audited by another firm of chartered accountants who have issued modified audit report in respect of above mentioned matters dated January 04, 2014.

#### **Haroon Zakaria & Company**

Chartered Accountants

Engagement Partner: Farhan Ahmed Memon

Karachi:

Dated: June 30, 2014



**CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2014**

<b>ASSETS</b>	<b>Note</b>	<b>Unaudited March 31, 2014</b>	<b>Audited September 30, 2013</b>
(Rupees)			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	1,538,781,472	1,568,312,424
Long term investments		119,352,937	112,517,500
Long term loans		399,444	238,448
Long term deposits		1,591,366	1,591,366
<b>Current Assets</b>			
Stores, spares and loose tools		30,958,812	24,537,306
Stock in trade		903,557,266	288,296,433
Trade debts - unsecured (considered good)	6	150,061,857	185,003,492
Loans and advances		21,711,944	19,309,306
Prepayments and other receivables		8,592,009	8,041,771
Taxation refundable		34,758,522	23,555,945
Cash and bank balances		55,386,448	4,959,712
		1,205,026,858	553,703,967
<b>Total Assets</b>		<b>2,865,152,077</b>	<b>2,236,363,703</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized Capital 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		(771,102,845)	(569,463,570)
		(548,022,845)	(346,383,570)
Surplus on revaluation of property, plant and equipment		730,495,678	745,637,561
<b>Non-Current Liabilities</b>			
Deferred taxation	7	275,911,078	283,711,454
Long term finance - Secured			
Markup bearing		290,669,838	310,108,101
Markup free		26,895,850	6,516,548
		317,565,688	316,624,649
Provision for gratuity		6,431,038	6,519,559
<b>Current Liabilities</b>			
Trade and other payables		1,340,413,117	693,671,630
Current portion of non current liabilities		124,893,000	119,018,050
Short term borrowings	8	577,279,684	380,144,847
Mark up accrued		40,185,639	37,419,523
		2,082,771,440	1,230,254,050
Contingencies and Commitments	9	-	-
		<b>2,865,152,077</b>	<b>2,236,363,703</b>

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

**Dinshaw H. Anklesaria**  
Chief Executive

**Syed Abid Hussain**  
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2014  
(UN-AUDITED)**

	Note	For the Half Year ended		For the Quarter ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>( R u p e e s )</b>					
Sales - Net	10	2,784,148,676	1,983,558,837	1,570,738,132	1,225,190,219
Cost of sales	11	(2,902,844,004)	(2,051,199,267)	(1,620,284,483)	(1,291,297,773)
<b>Gross loss</b>		<b>(118,695,328)</b>	<b>(67,640,430)</b>	<b>(49,546,351)</b>	<b>(66,107,554)</b>
Operating expenses					
Administrative expenses		(69,109,304)	(61,930,455)	(38,297,846)	(34,279,474)
Distribution cost		(4,637,906)	(3,296,339)	(2,763,774)	(2,575,596)
		(73,747,210)	(65,226,794)	(41,061,620)	(36,855,070)
<b>Operating loss</b>		<b>(192,442,538)</b>	<b>(132,867,224)</b>	<b>(90,607,971)</b>	<b>(102,962,624)</b>
Finance costs		(38,956,441)	(38,581,919)	(26,986,535)	(23,203,384)
Other charges		(582,576)	(9,858,965)	(357,616)	(9,790,965)
Unrealized gain on amortization of loans / investments		7,368,713	7,874,896	3,950,994	4,827,443
Other income		31,318	794,235	25,957	330,438
		(32,138,986)	(39,771,753)	(23,367,200)	(27,836,468)
<b>Loss before taxation</b>		<b>(224,581,524)</b>	<b>(172,638,977)</b>	<b>(113,975,171)</b>	<b>(130,799,092)</b>
<b>Taxation</b>					
- Current		-	(10,376,879)	-	(6,585,001)
- Prior		-	-	-	-
- Deferred		-	-	-	-
		-	(10,376,879)	-	(6,585,001)
<b>Loss after taxation</b>		<b>(224,581,524)</b>	<b>(183,015,856)</b>	<b>(113,975,171)</b>	<b>(137,384,093)</b>
Loss per share - basic and diluted		<b>Rs.(10.07)</b>	<b>Rs.(8.20)</b>	<b>Rs.(5.11)</b>	<b>Rs.(6.16)</b>

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

**Dinshaw H. Anklesaria**  
Chief Executive

**Syed Abid Hussain**  
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR AND QUARTER ENDED MARCH 31, 2014  
(UN-AUDITED)**

	For the Half Year ended		For the Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	( R u p e e s )			
Loss for the period	(224,581,524)	(183,015,856)	(113,975,171)	(137,384,093)
<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	22,942,248	24,611,762	11,471,124	12,305,881
Total comprehensive loss for the period transferred to equity	<u>(201,639,276)</u>	<u>(158,404,094)</u>	<u>(102,504,047)</u>	<u>(125,078,212)</u>

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

**Dinshaw H. Anklesaria**  
Chief Executive

**Syed Abid Hussain**  
Director





**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED MARCH 31, 2014  
(UN-AUDITED)**

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
(Rupees)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	<b>(224,581,524)</b>	<b>(172,638,977)</b>
<b>Adjustment for:</b>		
Depreciation	39,521,020	41,545,726
Financial cost	38,956,441	38,581,919
Gain on Disposal of Property, Plant and Equipment	-	(456,897)
Gain on amortisation of investment	(7,368,713)	(7,874,896)
Provision for gratuity	601,850	601,850
	71,710,598	72,397,702
<b>Operating profit before working capital changes</b>	<b>(152,870,926)</b>	<b>(100,241,275)</b>
<b>Changes in working capital (Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(6,421,506)	4,033,127
Stock in trade	(615,260,833)	(421,903,802)
Trade debts	34,941,635	(88,401,769)
Loans and advances	(2,402,638)	10,010,382
Prepayments and other receivables	(550,238)	4,694,157
	(589,693,580)	(491,567,905)
<b>Increase in current liabilities</b>	<b>(742,564,506)</b>	<b>(591,809,180)</b>
Trade and other payables	646,741,487	469,864,080
<b>Cash used in operating activities</b>	<b>(95,823,019)</b>	<b>(121,945,100)</b>
Taxes paid	(11,202,585)	(9,691,074)
Financial cost paid	(32,174,396)	(36,858,331)
Gratuity paid	(690,371)	(607,292)
	(44,067,352)	(47,156,697)
<b>Net cash used in operating activities</b>	<b>(139,890,371)</b>	<b>(169,101,797)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(9,990,068)	(4,382,822)
Proceed from disposal of vehicle	-	755,000
Long term loans	(160,996)	(165,880)
<b>Net cash used in investing activities</b>	<b>(10,151,064)</b>	<b>(3,793,702)</b>



	<b>March 31, 2014</b>	<b>March 31, 2013</b>
	( 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 generated from / (used in) financing activities</b>	<u>3,333,334</u>	<u>(16,666,666)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(146,708,101)</b>	<b>(189,562,165)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(375,185,135)</b>	<b>(414,660,806)</b>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>(521,893,236)</b></u>	<u><b>(604,222,971)</b></u>
<b>Cash and cash equivalents comprises of:</b>		
Short term borrowing	(577,279,684)	(615,611,378)
Cash and bank	55,386,448	11,388,407
	<u><b>(521,893,236)</b></u>	<u><b>(604,222,971)</b></u>

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

**Dinshaw H. Anklesaria**  
Chief Executive

**Syed Abid Hussain**  
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED MARCH 31, 2014  
(UN-AUDITED)**

	Issued, Subscribed & Paid-up Capital	Accumulated Loss	Total
	( Rupees )		
<b>Balance as at October 1, 2012</b>	223,080,000	(287,403,942)	(64,323,942)
Total comprehensive loss for the half year	-	(158,404,094)	(158,404,094)
<b>Balance as at March 31, 2013 (Unaudited)</b>	<u>223,080,000</u>	<u>(445,808,036)</u>	<u>(222,728,036)</u>
Total comprehensive loss for the half year	-	(123,655,533)	(123,655,533)
<b>Balance as at September 30, 2013 (Audited)</b>	<u>223,080,000</u>	<u>(569,463,569)</u>	<u>(346,383,569)</u>
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>

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

**Dinshaw H. Anklesaria**  
Chief Executive

**Syed Abid Hussain**  
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED MARCH 31, 2014  
(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 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 November to March next year, 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.224.581 million. Its accumulated losses amounted to Rs.771.102 million and its current liabilities exceeds its current assets by Rs.877.744 million.

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.147.739 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, 2013. The figures for the half year ended March 31, 2014 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, 2014 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, 2014 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, 2013 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2013 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, 2013 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, 2013 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, 2013.

### 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, 2013.

	March 31, 2014	September 30, 2013
	( Rupees )	
<b>5 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Opening WDV	1,568,312,424	1,641,428,110
Additions to property, plant & equipment during the period		
Non factory building	23,957	335,370
Factory building	15,561	-
Plant and machinery	-	7,180,000
Office equipment & others	57,500	164,900
Furniture and fixtures	632,150	191,500
Vehicles	8,874,500	7,767,662
Tents and tarpaulins	386,400	-
Tools and tackles	-	1,550,000
	9,990,068	17,189,432
Disposals	-	(6,912,557)
Depreciation for the period	(39,521,020)	(83,392,561)
Closing WDV	<u>1,538,781,472</u>	<u>1,568,312,424</u>



## 6 TRADE DEBTS

This includes trade debts due from a customer amounting to Rs.147.739 million (September 30, 2013 : Rs.184.299 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.

## 7 TAXATION

### Current

No current year tax is computed on the basis of minimum tax u/s 113 of Income Tax Ordinance 2001 as the company suffered gross loss.

### Deferred Tax

Deferred tax assets amounting to Rs. 225.645 million has not been recognized due to continuous losses.

## 8 SHORT TERM FINANCES

		March 31, 2014	September 30, 2013
		( Rupees )	
<b>National Bank of Pakistan</b>			
Running Finance	8.1	107,279,684	120,456,847
Cash Finance	8.2	300,000,000	259,688,000
		407,279,684	380,144,847
<b>Summit Bank Limited</b>			
Running Finance	8.3	70,000,000	-
<b>Sindh Bank Limited</b>			
Running Finance		100,000,000	-
		577,279,684	380,144,847

### 8.1 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% 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, 2014, the company has an unavailed facility amounting to Rs. 17,720,316.



## **8.2 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% p.a.

**Security:**

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

## **8.3 Summit Bank Limited - Cash Finance Facility:**

**Purpose:**

To finance the Company for procurement of sugarcane and raw sugar.

**Mark up rate:**

3 month KIBOR (ask) + 3.5% p.a.

**Security:**

- 1 Pledge of white refined sugar stocks with 25% margin.
- 2 Personal Guarantees of the directors of the Company.

## **8.4 Sindh Bank Limited**

**Purpose:**

To finance the Company for procurement of sugarcane and raw sugar.

**Mark up rate:**

14% p.a fixed

**Security:**

- 1 Pledge of refined current season stock of sugar with 25% margin.
- 2 Ranking Charges over all present and future current assets of the company with 25% margin.
- 3 Personal Guarantees of the directors of the Company.

## **9 CONTINGENCIES AND COMMITMENTS**

### **9.1 Contingencies**

The status of contingencies is same as that disclosed in annual audited financial statements for the year ended September 30, 2013.

### **9.2 Commitments**

During the period, the company has outstanding unlifted delivery orders 7,153 M.Ton (2013: 622 M.ton) of Rs. 353.604 million (2013: Rs. 32 million).



## 10 NET SALES

	March 31, 2014	March 31, 2013
(Rupees)		
Sales Gross		
Local	2,989,171,108	2,024,378,275
Export	-	89,447,908
	<u>2,989,171,108</u>	<u>2,113,826,183</u>
Less: Sales tax & federal excise duty	<u>(205,022,432)</u>	<u>(130,267,346)</u>
	<u><u>2,784,148,676</u></u>	<u><u>1,983,558,836</u></u>

## 11 COST OF SALES

Note	Half year ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(Rupees)				
Sugarcane consumed	3,323,563,029	2,309,097,943	1,961,141,245	1,585,371,502
Manufacturing expenses	194,541,808	164,005,126	108,081,261	95,211,810
	<u>3,518,104,837</u>	<u>2,473,103,069</u>	<u>2,069,222,506</u>	<u>1,680,583,312</u>
Sugar in process				
Opening	5,385,343	4,288,604	67,030,565	40,026,222
Closing	(2,323,701)	(5,379,036)	(2,323,701)	(5,379,036)
	<u>3,061,642</u>	<u>(1,090,432)</u>	<u>64,706,864</u>	<u>34,647,186</u>
Sugar				
Opening	282,911,090	420,309,817	363,316,528	355,169,345
Closing	(819,361,747)	(841,885,292)	(819,361,747)	(841,885,292)
	<u>(536,450,657)</u>	<u>(421,575,475)</u>	<u>(456,045,219)</u>	<u>(486,715,947)</u>
Molasses				
Opening	-	7,762,105	24,272,150	69,783,222
Closing	(81,871,818)	(7,000,000)	(81,871,818)	(7,000,000)
	<u>(81,871,818)</u>	<u>762,105</u>	<u>(57,599,668)</u>	<u>62,783,222</u>
	<u><u>2,902,844,004</u></u>	<u><u>2,051,199,267</u></u>	<u><u>1,620,284,483</u></u>	<u><u>1,291,297,773</u></u>

### 11.1 Manufacturing expenses

Stores and spares consumed	63,727,367	39,137,778	40,920,155	27,228,920
Fuel and power	12,454,679	9,685,638	5,023,669	4,263,492
Salaries, wages including bonus and staff amenities	48,866,170	38,400,636	28,613,226	23,187,711
Repair and maintenance	29,510,766	38,046,290	13,426,677	18,201,922
Vehicle maintenance	848,298	689,966	422,322	351,419
Insurance	2,824,103	2,600,839	1,479,485	1,313,647
Depreciation	28,351,388	29,513,090	14,175,694	14,769,045
Others	7,959,037	5,930,889	4,020,033	5,895,654
	<u>194,541,808</u>	<u>164,005,126</u>	<u>108,081,261</u>	<u>95,211,810</u>





## 11.2 Sugar Stock

Sugar Stock is valued at NRV

## 12 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, 2014	March 31, 2013
	————— ( R u p e e s ) —————	
<b>Significant transactions with the related parties during the half year ended are as follows:</b>		
Chief Executive and Directors remuneration	<b>9,763,152</b>	8,855,472
Loan from director	<b>20,000,000</b>	-

## 13 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, 2013.

## 14 AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized for issue on June 30, 2014 by the Board of Directors of the Company.

## 15 GENERAL

Figures have been rounded off to the nearest rupee.

**Dinshaw H. Anklesaria**  
Chief Executive

**Syed Abid Hussain**  
Director

**BOOK POST**

UNDER POSTAL CERTIFICATE



**SAKRAND SUGAR MILLS LIMITED**

41-K, BLOCK-6, P.E.C.H.S, KARACHI-75400, PAKISTAN.

TEL : 34531642, 34531105, UAN: 111-48-48-48, FAX: (92-21) 34546456