

KHAIRPUR SUGAR MILLS LTD.



**KHAIRPUR**  
SUGAR MILLS LIMITED

**QUARTERLY**

**Financial Statements**

**FOR THE  
PERIOD ENDED  
DECEMBER 31, 2017  
(UN-AUDITED)**

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## COMPANY PROFILE

### CORPORATE INFORMATION

**Date of Incorporation**

August 23, 1989

**Date of Commencement of Business**

September 13, 1989

**BOARD OF DIRECTORS**

Mr. Muhammad Mubeen Jumani - Chief Executive Officer  
Mr. Faraz Mubeen Jumani - Managing Director  
Mr. Fahad Mubeen Jumani  
Mrs. Qamar Mubeen Jumani - Chairperson  
Miss. Arisha Mubeen Jumani  
Mr. Ahmed Ali Jumani  
Lt. Gen (Retd). Anis Ahmed Abbasi

**CHIEF FINANCIAL OFFICER**

Mr. Shoaibul Haque

**COMPANY SECRETARY**

Mr. Abdul Wahid Naviwala

**BANKERS**

National Bank of Pakistan  
Sindh Bank Limited  
Dubai Islamic Bank Pakistan Limited  
JS Bank Limited  
United Bank Limited  
MCB Bank Limited  
Bank Al Falah Limited  
Habib Bank Limited

**STATUTORY AUDITORS**

M/S. Reanda Haroon Zakaria & Company  
Chartered Accountants  
Room No. M1-M4, Mezzanine Floor, Progressive Plaza,  
Plot No. 5 CL - 10, Civil Lines Quarter,  
Beaumont Road, Near Dawood Centre,  
Karachi - 75530 PAKISTAN.

**AUDIT COMMITTEE**

Lt. Gen (Retd.) Anis Ahmed Abbasi	Chairman
Mr. Ahmed Ali Jumani	Member
Mrs. Qamar Mubeen Jumani	Member

**HR AND REMUNERATION COMMITTEE**

Miss. Arisha Mubeen Jumani	Chairman
Lt. Gen (Retd.) Anis Ahmed Abbasi	Member
Mr. Muhammad Mubeen Jumani	Member

**LEGAL ADVISOR**

Syed Zafar Ali Shah (Advocate)  
Bukhari Law Associates, B-8, 3rd Floor, Jumani Arcade,  
University Road, Gulshan-e-Iqbal, Karachi.

**SHARES REGISTERAR**

M/S. C & K Management Associates (Pvt.) Limited  
404, Trade Tower, Abdullah Haroon Road, Near Metropole  
Hotel, Karachi.

**REGISTERED OFFICE**

3rd Floor, Plot No. 15-C, 9th Commercial Lane,  
Zamzama, Defence Housing Authority, Phase V,  
Karachi.  
Ph: 021-35810771-75  
Fax: 021-35810776

**MILLS**

Naroo Dhoro, Taluka Kot Diji,  
Khairpur.

**E-MAIL & WEBSITE**

[headoffice@jumanigroup.com](mailto:headoffice@jumanigroup.com)  
[www.jumanigroup.com](http://www.jumanigroup.com)

**STOCK EXCHANGE SYMBOL**

KPUS

#### **VISION STATEMENT**

We aim to be a leading manufacturer of quality sugar, and other allied products and its supplier in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

#### **MISSION STATEMENT**

As a prominent producer of sugar, and other allied products, we shall continue to strive to achieve excellence in performance and aim to exceed the expectations of all stakeholders. We target to achieve technological advancements to inculcate the most efficient, ethical and time tested business practices in our management.

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**DIRECTOR'S REPORT**

Dear Shareholders,

Assalam-o-Alaikum,

On behalf of the Board of Directors, I feel pleasure in presenting the un-audited accounts of the Company for the First quarter ended December 31, 2017.

**Financial Results**

During the period under review the operation of your company resulted in pre-tax loss of Rs. 171.265 million. The financial results are as under:

	(Rupees in Thousands)
Loss before Taxation	(171,265)
Taxation	49,521
Loss after Taxation	(121,744)

**Performance Review**

The crushing season 2017-18 started on November 29, 2017 and upto the end of this quarter 132,833.158 M.T. Sugarcane has been crushed by producing 12,263.50 M.T. Sugar with average recovery of 9.258% in 33 days, as compared to crushing of 305,493.240 M.T. Sugarcane & producing 26,110 M.T. sugar with average recovery of 8.758% in 51 days in corresponding period of last year/season (2016-17).

Government of Sindh on December 05, 2017 issued notification fixing the minimum support price per 40 kg sugar cane at Rs. 182/- for crushing season 2017-18, same was fixed for the crushing season 2016-17. It was not justified in relation to the prevailing sugar price both in domestic and international markets. Your company alongwith other sugar mills filed a petition before the Hon'ble High Court of Sindh praying that the minimum support price fixed by the Government of Sindh was totally arbitrary and unjustified as it would resulted in economic disaster to the sugar industry. Now Hon. High Court of Sindh directed ordered on January 30, 2018 that sugar mills in the province of Sindh will purchase sugar cane from growers at Rs. 160/- per 40 kg for crushing season 2017-18.

Considering surplus sugar stock in the country, the Economic Coordination Committee of the Cabinet (ECC) has allowed export of 1,500,000 M.Tons of sugar with inland freight subsidy of Rs. 10.70 kg on sliding scale basis.

In the end, I would like to place on record the sincere efforts and hard work put up by workers, staff and officers of the company.

Karachi: dated

February 26, 2018



(QAMAR MUBEEN JUMANI)

CHAIRPERSON

**KHAIRPUR SUGAR MILLS LIMITED**  
**BALANCE SHEET (UNAUDITED)**  
**AS AT DECEMBER 31, 2017**

	31-12-2017 UNAUDITED	30-09-2017 AUDITED
	<i>Rupees in Thousand</i>	
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipments	1,607,444	1,570,595
Long term deposits	1,557	262
Deferred taxation	80,439	34,381
	<u>1,689,440</u>	<u>1,605,238</u>
<b>Current Assets</b>		
Stores , spares and loose tools	115,306	108,999
Stock in trade	738,432	1,618,663
Loans and advances	231,949	276,283
Deposits, prepayments and other receivables	21,118	14,144
Income tax refundable	2,046	-
Cash and bank balances	22,868	37,048
	<u>1,131,719</u>	<u>2,055,137</u>
<b>Total Assets</b>	<u><u>2,821,159</u></u>	<u><u>3,660,375</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital</b>		
<b>Authorised capital</b>		
20,000,000 ordinary shares of Rs. 10/- each	<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid up Capital	160,175	160,175
Accumulated (Loss)	<u>(343,127)</u>	<u>(224,767)</u>
<b>Shareholder's Equity</b>	<u>(182,952)</u>	<u>(64,592)</u>
Surplus on revaluation of fixed assets	261,199	264,583
<b>Non-Current Liabilities</b>		
Long term financing	960,503	945,091
Deferred liability	105,291	84,946
	<u>1,065,794</u>	<u>1,030,037</u>
<b>Current Liabilities</b>		
Short Term borrowings	431,507	1,306,048
Trade and other payables	1,245,469	1,072,169
Accrued Markup	142	26,349
Provision for taxation	-	25,781
	<u>1,677,118</u>	<u>2,430,347</u>
<b>Contingencies</b>		
<b>Total Equity and Liabilities</b>	<u><u>2,821,159</u></u>	<u><u>3,660,375</u></u>

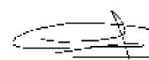
The annexed notes form an integral part of these financial statements



**MUHAMMAD MUBEEN JUMANI**  
 Chief Executive Officer  
 Karachi, dated  
 February 26, 2018



**SHOABUL HAQUE**  
 CHIEF FINANCIAL OFFICER



**FARAZ MUBEEN JUMANI**  
 Managing Director

**KHAIRPUR SUGAR MILLS LIMITED**  
**PROFIT & LOSS ACCOUNT (un audited)**  
**FOR THE QUARTER ENDED DECEMBER 31, 2017**

	31-12-2017	31-12-2016
	<i>Rupees in Thousand</i>	
Sales net	1,419,069	678,258
Cost of Sales	(1,514,181)	(656,370)
<b>Gross (Loss)/Profit</b>	<b>(95,112)</b>	<b>21,888</b>
Administrative expenses	(39,190)	(32,338)
Distribution expenses	(2,665)	(4,172)
	<b>(41,855)</b>	<b>(36,510)</b>
<b>Operating (Loss)</b>	<b>(136,967)</b>	<b>(14,622)</b>
Other Income	33	32
	<b>(136,934)</b>	<b>(14,590)</b>
Financial cost	(32,753)	(20,491)
Other operating charges	(1,578)	-
	<b>(34,331)</b>	<b>(20,491)</b>
<b>(Loss) before taxation</b>	<b>(171,265)</b>	<b>(35,081)</b>
Taxation	49,521	1,553
<b>(Loss) after taxation</b>	<b>(121,744)</b>	<b>(33,528)</b>
<b>(Loss) per share - basic &amp; diluted</b>	<b>(7.60)</b>	<b>(2.09)</b>

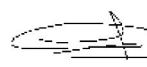
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MUHAMMAD MUBEEN JUMANI  
Chief Executive Officer



SHOAIBUL HAQUE  
Chief Financial Officer



FARAZ MUBEEN JUMANI  
Managing Director

Karachi, dated  
February 26, 2018

**KHAIRPUR SUGAR MILLS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**(Un-Audited)**  
**FOR THE QUARTER ENDED DECEMBER 31, 2017**

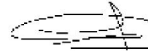
	Quarter ended	
	December 31 2017	December 31 2016
	<i>Rupees in Thousand</i>	
Loss for the period	(121,744)	(33,528)
<b>Other comprehensive income</b>		
Incremental depreciation transferred from surplus on revaluation of fixed assets-net of deferred tax	3,384	3,435
<b>Total comprehensive (Loss) for the quarter</b>	<u>(118,360)</u>	<u>(30,093)</u>



MUHAMMAD MUBEEN JUMANI  
Chief Executive Officer



SHOAIBUL HAQUE  
Chief Financial Officer



FARAZ MUBEEN JUMANI  
Managing Director

Karachi, dated  
February 26, 2018



**KHAIRPUR SUGAR MILLS LIMITED**  
**CASH FLOW STATEMENT**  
**(UN-AUDITED)**  
**FOR THE QUARTER ENDED DECEMBER 31, 2017**

	DECEMBER 31, 2017	DECEMBER 31, 2016
<i>Rupees in Thousand</i>		
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	982,444	(468,751)
Finance cost paid	(15,597)	(177)
Taxes paid	(25,827)	(13,352)
<b>Net cash generated from operating activities</b>	941,019	(482,280)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(54,451)	(19,790)
<b>Net cash used in investing activities</b>	(54,451)	(19,790)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts/Repayments of long term loans - net	-	-
Short term cash finance	(874,541)	549,568
Accrued Markup	(26,207)	-
<b>Net cash used in financing activities</b>	(900,748)	549,568
<b>Net increase in cash and cash equivalents</b>	(14,180)	47,498
<b>cash and cash equivalents at the beginning of the year</b>	37,048	25,102
<b>cash and cash equivalents at the end of the period</b>	22,868	72,600

The annexed notes form an integral part of these financial statements

  
**MUHAMMAD MUBEEN JUMANI**  
 Chief Executive Officer

  
**SHOABUL HAQUE**  
 Chief Financial Officer

  
**FARAZ MUBEEN JUMANI**  
 Managing Director

Karachi, dated  
 February 26, 2018

**KHAIRPUR SUGAR MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**(Un-Audited)**  
**FOR THE QUARTER ENDED DECEMBER 31, 2017**

	Issued, subscribed & paid up Capital	Accumulated (Loss)	Total
	<i>Rupees in Thousand</i>		
<b>Balance as on September 30, 2016</b>	160,175	(257,707)	(97,532)
(Loss) after taxation for the year	-	(93,492)	(93,492)
Other comprehensive income	-	126,432	126,432
<b>Balance as on September 30, 2017</b>	<u>160,175</u>	<u>(224,767)</u>	<u>(64,592)</u>
(Loss) after taxation for the quarter	-	(121,744)	(121,744)
Other comprehensive income	-	3,384	3,384
<b>Balance as on December 31, 2017</b>	<u><u>160,175</u></u>	<u><u>(343,127)</u></u>	<u><u>(182,952)</u></u>


The annexed notes form an integral part of these financial statements



**MUHAMMAD MUBEEN JUMANI**  
Chief Executive Officer



**SHOAIBUL HAQUE**  
Chief Financial Officer



**FARAZ MUBEEN JUMANI**  
Managing Director

Karachi, dated  
February 26, 2018

KHAIRPUR SUGAR MILLS LIMITED  
 SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
 UN-AUDITED  
 FOR THE QUARTER ENDED DECEMBER 31, 2017

**1. NATURE AND STATUS OF BUSINESS**

The Company was incorporated in Pakistan on August 23, 1989 as a public limited company under the Companies Ordinance, 1984 (The Ordinance). The company is listed on Pakistan Stock Exchange (formerly Karachi Stock Exchange). The registered office of the Company is situated at 3rd Floor, Plot No. 15-C, 9th Commercial Lane, DHA, Phase V, Karachi.

The company is principally engaged in the manufacture and sale of sugar and by products.

**2. BASIS OF PREPARATION**

These condensed interim financial statements are unaudited, except for the figures of the condensed interim Balance Sheet for the year ended September 30, 2017. These are prepared in accordance with the requirements of the International Accounting Standard (IAS)-34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Act 2017. In case where requirement differ, the provisions of or directives issued under the Companies Act 2017 have been followed. These condensed interim financial statements do not includes all the information and disclosures required in the annual financial statements and should be used in conjunction with the Company's annual financial statements for the year ended September 30, 2017.

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computation followed while finalizing this quarterly financial statements are the same as those of the published annual audited financial statements for the year ended September 30, 2017

**4. ACQUISITION AND DISPOSAL OF FIXED ASSETS**

	December 31, 2017	September 30, 2017
	<i>Rupees in Thousand</i>	
<b>Additions</b>		-
Building	500	-
Plant and machinery	53,760	83,259
Furniture and fixture	146	30
Office Equipment	-	2,487
Factory equipment	46	1,395
Vehicles	-	-
<b>Total</b>	54,451	87,171

5. CONTINGENCIES AND COMMITMENTS

There has been no significant changes in the contingencies and commitments since the last audited financial statements. (i.e. as of 30th September 2017)

6. SEASONALLY

The Sugar Industry are operating on seasonal basis normally from November to April. Therefore all major production cost other than fixed cost, (for example cost of goods manufactured, stock and short term finances) being reflected to be high during this period.

7. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issuance on February 26, 2017 by the Board of Directors of the Company.

8. GENERAL

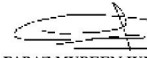
Figures have been rounded off to the nearest thousand rupees.



MUHAMMAD MUBEEN JUMANI  
Chief Executive Officer



SHOIBUL HAQUE  
Chief Financial Officer



FARAZ MUBEEN JUMANI  
Managing Director

Karachi, dated  
February 26, 2018

## ڈائریکٹر کی رپورٹ

محترم ممبران۔ السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے میں 31 دسمبر 2017ء کو ختم ہونے والے پہلی سہ ماہی کیلئے کمپنی کی غیر آڈٹ شدہ مجموعی اور غیر مجموعی عبوری مالیاتی حسابات بخوشی پیش کر رہی ہوں۔

مالیاتی نتائج:

زیر جائزہ مدت کے دوران آپ کی کمپنی کا قبل از ٹیکس خسارے کی رقم مبلغ 171,265 ملین روپے رہی۔ پہلی سہ ماہی کے مالیاتی نتائج درج ذیل ہیں:-

(روپے ہزاروں میں)

(171,265)

خسارہ قبل از ٹیکس

49,521

ٹیکس

(121,744)

خسارہ بعد از ٹیکس

کارکردگی کا جائزہ

گئے کی کرشنگ کا سیزن 2017-2018 29 نومبر 2017 کو شروع ہوا اور 31 دسمبر 2017 تک گئے کی کرشنگ 132,833,158 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا سبب 9,258 فیصد رہا اور شکر کی پیداوار 122,63,500 میٹرک ٹن بشمول شکر ان پروس ہوئی۔ مقابلاً گزشتہ سیزن کی پہلی سہ ماہی میں گئے کی کرشنگ 305,493,249 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری 8,758 فیصد تھی اور شکر کی پیداوار 26,110,110 میٹرک ٹن بشمول شکر ان پروس تھی۔ حکومت سندھ نے 5 دسمبر 2017 کو گئے کی کم از کم سپورٹ پرائس برائے سیزن 2017-2018 کے نوٹیفکیشن کا اجراء کیا جس میں گئے کی قیمت -182 روپے فی 40 کلوگرام مقرر کی گئی وہی قیمت جو گزشتہ سیزن 2016-2017 میں مقرر کی گئی تھی۔

سندھ گورنمنٹ نے گئے کی کم از کم سپورٹ پرائس میں نا انصافی کی اور اسکی مطابقت شکر کی قیمتوں میں قومی اور بین الاقوامی منڈیوں کے حساب سے نہیں کی۔ آپ کی کمپنی نے دوسری شوگر ملز کے ساتھ مل کر ایک پٹیشن معزز ہائی کورٹ آف سندھ میں دائر کی ہے اور استدعا کی ہے کہ مقرر کردہ قیمت یکطرفہ اور غیر منصفانہ ہے اور اس کے نتیجے میں سندھ کی شکر کی صنعت مالی بحران اور اقتصادی تباہی کا شکار ہوگی۔

محترم ہائی کورٹ آف سندھ نے 30 جنوری 2018 کو حکم جاری کیا کہ شوگر ملز 160 روپیہ فی 40 کلوگرام کے حساب سے گئے کی ادائیگی کرے گی۔ ملک میں اضافی شوگر ملز کے زخا کو محفوظ رکھنے ہوئے اٹنا کم کو آرڈینیشن کمیٹی آف کمیٹیٹ (ای سی سی) نے 1,500,000 ٹن شکر کی برآمد کرنے کی اجازت دی جس پر اندرون ملک کرایہ کی مدتیں 10/70 روپیہ کلو سوسینڈی ہوگی۔

عام امور:-

ڈائریکٹرز اس امر پر اپنی خوشی کا اظہار کرتے ہوئے کمپنی کے افسران، اسٹاف اور ورکرز کی بہترین کارکردگی پر خراج تحسین پیش کرتے ہیں۔

از طرف بورڈ آف ڈائریکٹرز

قریبین جمالی

چیئر پرسن

فروری 26, 2018