

**KHAIRPUR SUGAR MILLS LTD.**



**KHAIRPUR**  
**SUGAR MILLS LIMITED**

**QUARTERLY**

**Financial Statements**

**FOR THE**  
**PERIOD ENDED**  
**JUNE 30, 2013**  
**(UN-AUDITED)**

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**COMPANY PROFILE**

<b>BOARD OF DIRECTORS</b>	Mr. Muhammad Mubeen Jumani (Chief Executive) Mr. Faraz Mubeen Jumani (Managing Director) Mr. Fahad Mubeen Jumani Mrs. Qamar Mubeen Jumani Miss. Arisha Mubeen Jumani Mr. Ahmed Ali Jumani Mr. Muhammad Bux Jumani
<b>COMPANY SECRETARY</b>	Mr. Abdul Wahid Naviwala
<b>BANKERS</b>	National Bank Of Pakistan United Bank Limited Allied Bank Limited MCB Bank Limited Askari Bank Limited Habib Bank Limited
<b>STATUTORY AUDITORS</b>	M/S. Haroon Zakaria & Company Chartered Accountants Room 211, 2nd Floor, Progressive Plaza, Plot No. 5 CL - 10, Civil Lines Quarter, Beaumont Road, Near Dawood Centre, Karachi - 75530 PAKISTAN.
<b>COST AUDITORS</b>	M/S. Siddiqi & Company Cost & Management Accountants Suite # 147, First Floor, Haroom Shopping Emporium, Sector 15-A-1, North Karachi, Karachi-75850
<b>AUDIT COMMITTEE</b>	Mr. Muhammad Bux Jumani Chairman Mr. Ahmed Ali Jumani Member Mrs. Qamar Mubeen Jumani Member
<b>HR &amp; REMUNERATION COMMITTEE</b>	Mr. Fahad Mubeen Jumani Chairman Miss. Arisha Mubeen Jumani Member Mr. Muhammad Mubeen Jumani Member
<b>LEGAL ADVISOR</b>	Mr. Mirza Ghulam Dastagir (Advocate) Falak Numa Building, Abdullah Haroon Road, Karachi.
<b>SHARE REGISTERAR</b>	M/S. C & K Management Associates (Pvt.) Limited 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi.
<b>REGISTERED OFFICE</b>	Khairpur House, G-22/II, Gizri Avenue Defence Housing Authority, Phase IV, Karachi.
<b>FACTORY</b>	Naroo Dhoro, Taluka Kot Diji, Khairpur.

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**DIRECTORS' REPORT**

Dear Members  
Assalam-o-Alaikum

On behalf of the Board of Directors, it is my privilege to present before you the condensed un-audited accounts for the 3rd quarter ended 30th June, 2013.

**FINANCIAL RESULTS**

	<u>30-06-2013</u>	<u>30-06-2012</u>
(Loss)/Profit before Taxation	(286,693,600)	11,970,773
Taxation	(18,848,443)	(5,689,818)
(Loss)/Profit after Taxation	(305,542,042)	6,280,956
(Loss)/Earning per Share	(19.08)	0.39

**PERFORMANCE REVIEW**

The operating results for the crushing season is mentioned here under:

	<b>SEASON 2012-2013</b>	<b>SEASON 2011-2012</b>
Season Started	06-11-2012	28-11-2011
Season Ended	28-03-2013	03-04-2012
Number of days worked	143	128
Sugarcane Crushing (MT)	556,436.73	402,176.52
Recovery (%) Sugar	8.47	8.56
Recovery (%) Molasses	4.21	4.29
Production – Sugar (MT)	47,130	34,425
Production – Molasses (MT)	23,421.000	17,258.000

Your mill started crushing (season 2012-2013) from 06-11-2012 and the support price of sugarcane was fixed at Rs.172 per 40 kg for the charged year (2012-13) as notified by Government of Sindh (Agriculture department) as compared to Rs.154 per 40 kg for the last crushing season (2011-12).

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During the period under review, your mill's crushing has increased by 38% but could not succeed to increase of sugar recovery level inspite of latest technologies are being adopted but Inshallah Management assured you for better results in increase of sugar recovery. The sugar prices in local and international market remained depressed. As regards to the local market, the sugar prices was depressed at the lower side due to carry forward stock of last year and surplus production during the current crushing season. Your mill also participated in Trading Corporation of Pakistan's tender for procurement of sugar from sugar mills, resultantly your mill was awarded a quantity of 4,920 MT of sugar and also participating in fresh TCP's tender.

Besides above facts, Management is hopeful for a better future and I would like to place on record the sincere efforts and hard work put up by our workers, staff and officers of the company.

For and on behalf of the Board

Karachi  
July 22. 2013

**Muhammad Mubeen Jumani**  
Chairman/Chief Executive

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**BALANCE SHEET**  
(Un-audited)  
AS AT JUNE 30, 2013

	<b>June 30 2013 (Unaudited) Rupees</b>	<b>September 30 2012 (Audited) Rupees</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	1,524,716,599	1,446,453,828
Long Term Loan and Advances	457,572	457,572
Long Term deposits	218,899	218,899
<b>CURRENT ASSETS</b>		
Stores & spare and loose tools	211,601,844	94,573,405
Stock in Trade	747,162,275	214,579,739
Trade Debts - considered good	-	37,043,527
Loans and Advances	149,475,266	173,501,603
Deposits, prepayments and other receivables	21,317,286	21,497,732
Tax refunds due from Government	18,324,704	2,334,793
Cash and bank balances	1,044,533	8,357,799
	1,148,925,908	551,888,598
<b>TOTAL ASSETS</b>	<u>2,674,318,979</u>	<u>1,999,018,897</u>

The annexed notes form an integral part of these accounts.

Muhammad Mubeen Jumani  
Chief Executive

KARACHI:  
JULY 22, 2013

	June 30 2013 (Unaudited) Rupees	September 30 2012 (Audited) Rupees
<b>EQUITY AND LIABILITIES</b>		
Authorised share capital 20,000,000 ordinary shares of Rs. 10/- each	200,000,000	200,000,000
Issued, subscribed and paidup capital	160,175,000	160,175,000
Accumulated (Loss)	(701,135,298)	(403,643,578)
<b>SHAREHOLDER'S EQUITY</b>	(540,960,298)	(243,468,578)
Surplus on Revaluation of fixed Assets	324,631,204	273,946,171
<b>NON-CURRENT LIABILITIES</b>		
Long Term Financing	975,932,349	900,717,742
Deferred Liability	100,689,255	34,697,625
	1,076,621,604	935,415,367
<b>CURRENT LIABILITIES</b>		
Current portion of long term financing	-	-
Short term borrowing	482,300,000	155,000,000
Trade & other payables	1,296,828,166	868,774,475
Accrued Markup	16,049,861	9,351,462
Provision for Taxation	18,848,443	
	1,814,026,469	1,033,125,937
<b>CONTINGENCIES</b>		
Total Equity and Liabilities	2,674,318,979	1,999,018,897

Faraz Mubeen Jumani  
Managing Director

**PROFIT & LOSS ACCOUNT**  
(Un-audited)  
FOR THE PERIOD ENDED JUNE 30, 2013

	2013 Oct. To June	2012 Oct. To June	2013 Apr. To June	2012 Apr. To June
	←————— Rupees —————→			
Sales - net	1,884,844,260	1,137,963,554	1,272,908,243	733,137,074
Cost of Sales	2,058,428,875	1,018,400,215	1,306,158,614	695,359,432
<b>Gross (Loss)/Profit</b>	(173,584,615)	119,563,339	(33,250,371)	37,777,642
Administrative Expenses	73,943,675	75,068,665	26,407,792	28,219,067
Distribution Expense	9,025,786	9,153,196	357,694	611,679
	82,969,461	84,221,861	26,765,486	28,830,746
<b>Operating (Loss)/Profit</b>	(256,554,076)	35,341,478	(60,015,857)	8,946,896
Other Income	29,025	25,826	855	7,026
	(256,525,051)	35,367,304	(60,015,002)	8,953,922
Financial charges	30,168,549	23,396,530	16,103,901	13,720,621
Other Operating Charges	-	-	-	-
	30,168,549	23,396,530	16,103,901	13,720,621
<b>(Loss)/Profit before Taxation</b>	(286,693,600)	11,970,774	(76,118,903)	(4,766,699)
TAXATION	18,848,443	5,689,818	15,788,763	(9,988,027)
<b>(Loss)/Profit after Taxation</b>	(305,542,042)	6,280,956	(91,907,665)	5,221,328
<b>(Loss)/Earning per share-basic and diluted</b>	(19.08)	0.39	(5.74)	0.33

Muhammad Mubeen Jumani  
Chief Executive

Faraz Mubeen Jumani  
Managing Director

KARACHI:  
JULY 22, 2013

**STATEMENT OF COMPREHENSIVE INCOME**  
**(Un-audited)**  
 FOR THE QUARTER ENDED JUNE 30,2013

	2013 Oct. To June	2012 Oct. To June	2013 Apr. To June	2012 Apr. To June
	← Rupees →			
(Loss)/Profit for the period	(305,542,042)	6,280,956	(91,907,665)	5,221,328
Other comprehensive income:				
Incremental depreciation transferred from surplus on revaluation of fixed assets-net of deferred tax	8,050,323	6,928,357	-	-
Total Comprehensive (Loss)/Profit	<u>(297,491,719)</u>	<u>13,209,313</u>	<u>(91,907,665)</u>	<u>5,221,328</u>

Muhammad Mubeen Jumani  
 Chief Executive

Faraz Mubeen Jumani  
 Managing Director

KARACHI:  
 JULY 22, 2013



**CASH FLOW STATEMENT**  
(Un-audited)  
FOR THE PERIOD ENDING JUNE 30, 2013

	30-06-2013 Rupees	30-06-2012 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit for the period	(286,693,600)	11,970,773
Adjustments for:		
Financial Cost	30,168,549	23,396,530
Depreciation	15,784,616	53,213,166
Gratuity (Net)	4,798,912	3,476,862
	<u>(235,941,522)</u>	<u>92,057,331</u>
<b>(Increase)/ decrease in current assets</b>		
Store & spare parts	(117,028,439)	(20,532,600)
Stock in trade	(532,582,536)	(761,343,446)
Trade Debts	37,043,527	
Loan and advances	24,026,337	(67,280,067)
Deposits, prepayments and other receivables	180,446	
	<u>(588,360,665)</u>	<u>(849,156,113)</u>
<b>Increase/ (decrease) in current liabilities</b>		
Trade & others payables	434,752,090	383,700,915
Net Cash from operating activities before tax and Financial Charges	(389,550,098)	(373,397,867)
Taxes Paid	(13,753,239)	2,779,966
Financial Charges paid	30,168,549	23,396,530
Net Cash from operating activities	(405,965,408)	(399,574,363)
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Addition to Property, Plant & Equipment	3,862,465	5,020,144
Long term Security deposits	-	
Net cash used in investing activities	3,862,465	5,020,144
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term Loans	75,214,607	50,649,912
Short term finance	327,300,000	337,730,000
Net cash inflow on financing activities	402,514,607	388,379,912
Net increase/decrease in cash and cash equivalents	(7,313,266)	(16,214,595)
Cash and cash equivalent at beginning of the year	8,357,799	20,672,706
	<u>1,044,533</u>	<u>4,458,111</u>

Muhammad Mubeen Jumani  
Chief Executive

Faraz Mubeen Jumani  
Managing Director

KARACHI:  
JULY 22, 2013

**STATEMENT OF CHANGES IN EQUITY**  
(Un-audited)  
FOR THE YEAR ENDED JUNE 30, 2013

	<b>Issued, Subscribed &amp; paid up Capital</b>	<b>Accumulated Losses</b>	<b>Total</b>
	----- Rupees -----		
Balance as at October 01, 2011	160,175,000	(250,071,574)	(89,896,574)
<b>Total Comprehensive Income</b>		1,059,628	1,059,628
Recognized profit for Six months October 2011 to March 2012			
<b>Other Comprehensive Income</b>		6,928,357	6,928,357
Incremental depreciation transferred from Surplus on revaluation of fixed assets - net of deffered tax		7,987,985	
Balance as on March 31, 2012	160,175,000	(242,083,589)	(81,908,589)
<b>Total Comprehensive Income</b>		(168,488,346)	(168,488,346)
Recognized profit for the six months April 2012 to September 2012			
<b>Other Comprehensive Income</b>		6,928,357	6,928,357
Incremental depreciation transferred from Surplus on revaluation of fixed assets (after adjustment) - net of deffered tax			
Balance as on September 30, 2012	160,175,000	(403,643,579)	(243,468,578)
<b>Total Comprehensive Income</b>		(305,542,042)	(305,542,042)
Recognized profit for the Nine months October 2012 to June 2013			
<b>Other Comprehensive Income</b>		8,050,323	8,050,323
Incremental depreciation transferred from Surplus on revaluation of fixed assets (after adjustment) - net of defferd tax		(297,491,719)	-
	160,175,000	(701,135,298)	(540,960,297)

Muhammad Mubeen Jumani  
Chief Executive

Faraz Mubeen Jumani  
Managing Director

KARACHI:  
JULY 22, 2013

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT  
FOR THE QUARTER ENDED JUNE 30, 2013**

**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 and its shares are quoted on the Karachi Stock Exchange. The registered office of the Company is situated at Kharipur House, G-22/II, Gizri Avenue Phase IV D.H.A Karachi. The principal activity of the Company is the production and sale of white sugar.

**2. Basis of preparation**

These financial statements 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 Stock Exchange of Pakistan and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed Interim financial information does not include all of the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended September, 2012.

**3. Significant accounting policies and estimates**

The accounting policies and methods of computation along with estimates which have been used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the preceding year ended September 30, 2012.

**4. Accounting estimates, judgments and financial risk management**

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and 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 recognised prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended September 30, 2012.

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The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended September 30, 2012.

	<b>JUN 30, 2013</b>	<b>SEP 30, 2012</b>
<b>5. Property, plant and equipments</b>		
Opening WDV	1,446,453,828	1,419,551,237
Total additions/revaluation during the period	94,047,390	102,739,079
Depreciation charge for the period	<u>(15,784,616)</u>	<u>(75,836,488)</u>
<b>Closing WDV</b>	<u><b>1,524,716,602</b></u>	<u><b>1,446,453,828</b></u>

**6. Contingencies and commitments**

There were no changes in the contingencies and commitments since the last audited financial statements for the year ended September 30, 2012.

**7. Seasonally**

The Sugar Industry are operating on seasonal basis normally from November to March. 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 on this period.

**8. Short Term Borrowings**

The Company has obtained cash finance from National Bank of Pakistan @ three months kibar + 2.5 % with the limit of Rs. 600 million. The facility is secured against stock of sugar, personal property and guarantees of directors of the company.

	<b>Jun 30, 2013</b>	Jun 30, 2012
National Bank Of Pakistan	<u><b>482,300,000</b></u>	<u>155,000,000</u>

**9. Transactions with related parties**

The related parties and associated undertakings comprise group companies, associates, directors and key management personnel.

During the period, following transactions with related parties are carried out:

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	Jun 30, 2012	Jun 30, 2012
- Loan from Director - Receipts	194,100,000	190,670,000
- Loan from Director - Payments	113,425,000	140,020,088

**10. Date of authorisation for issue**

These financial statements were authorized for issue on 22-07-2013 by the Board of Directors of the Company.

**11. General**

Figures have been rounded off to the nearest rupee.

Muhammad Mubeen Jumani  
Chief Executive

Faraz Mubeen Jumani  
Managing Director

KARACHI:  
JULY 22, 2013

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