

KHAIRPUR SUGAR MILLS LTD.



KHAIRPUR
SUGAR MILLS LIMITED

QUARTERLY

Financial Statements

FOR THE
PERIOD ENDED
JUNE 30, 2014
(UN-AUDITED)

COMPANY PROFILE

BOARD OF DIRECTORS	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
COMPANY SECRETARY	Mr. Abdul Wahid Naviwala
BANKERS	National Bank Of Pakistan United Bank Limited Allied Bank Limited MCB Bank Limited Askari Bank Limited Habib Bank Limited
STATUTORY AUDITORS	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.
COST AUDITORS	M/S. Siddiqi & Company Cost & Management Accountants Suite # 147, First Floor, Haroom Shopping Emporium, Sector 15-A-1, North Karachi, Karachi-75850
AUDIT COMMITTEE	Mr. Muhammad Bux Jumani Chairman Mr. Ahmed Ali Jumani Member Mrs. Qamar Mubeen Jumani Member
HR & REMUNERATION COMMITTEE	Mr. Fahad Mubeen Jumani Chairman Miss. Arisha Mubeen Jumani Member Mr. Muhammad Mubeen Jumani Member
LEGAL ADVISOR	Mr. Mirza Ghulam Dastagir (Advocate) Falak Numa Building, Abdullah Haroon Road, 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, D.H.A., Phase-V, Karachi.
FACTORY	Naroo Dhoro, Taluka Kot Diji, Khairpur.

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, 2014

FINANCIAL RESULTS

	<u>30-06-2014</u>	<u>30-06-2013</u>
Profit/(Loss) before Taxation	171,415,526	(286,693,600)
Taxation	(16,417,555)	(18,848,443)
Profit/(Loss) after Taxation	154,997,971	(305,542,042)
Earning/(Loss) per Shar	9.68	(19.08)

PERFORMANCE REVIEW

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

	SEASON 2013-2014	SEASON 2012-2013
Season Started	01-11-2013	06-11-2012
Season Ended	04-04-2014	28-03-2013
Number of days worked	155	143
Sugarcane Crushing (MT)	819,718.97	556,436.73
Recovery (%) Sugar	10.30	8.47
Recovery (%) Molasses	4.32	4.21
Production – Sugar (MT)	84,430	47,130
Production – Molasses (MT)	36,332.78	23,421

As already stated in half yearly accounts, above operating results for crushing season 2013-2014 are evident as your mill performed a historical achievement in crushing capacity as well as recovery of sugar. For crushing season 2013-2014 support price of sugarcane remained unchanged i.e. Rs.172 per 40 kg by Government of Sindh.

During the current quarter, Sugar and Molasses prices in domestic market is impressive which cause increase in profitability of the company. By the Grace of Almighty Allah, your company successfully exported 19,586 M.Tons sugar and also participated in the tenders floated by the Trading Corporation of Pakistan for procurement of sugar and has been awarded a quantity of 2,826 M.Tons sugar.

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. 2014

Muhammad Mubeen Jumani
Chairman/Chief Executive

BALANCE SHEET
(Un-audited)
AS AT JUNE 30, 2014

	June 30 2014 (Unaudited) Rupees	September 30 2013 (Audited) Rupees
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipment	1,490,833,406	1,520,744,999
Long Term Loan and Advances	695,000	694,735
Long Term deposits	218,899	218,899
CURRENT ASSETS		
Stores & spare and loose tools	103,120,293	83,754,046
Stock in Trade	1,234,568,958	300,047,331
Loans and Advances	235,746,703	156,530,787
Deposits, prepayments and other receivables	15,417,603	6,821,330
Tax refunds due from Government	27,951,196	29,568,840
Cash and bank balances	295,685	119,438,447
	1,617,100,438	696,160,781
TOTAL ASSETS	3,108,847,743	2,217,819,414

The annexed notes form an integral part of these accounts.

Muhammad Mubeen Jumani
Chief Executive

KARACHI:
JULY 22, 2014

	June 30 2014 (Unaudited) Rupees	September 30 2013 (Audited) Rupees
EQUITY AND LIABILITIES		
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)	(558,280,420)	(721,555,389)
SHAREHOLDER'S EQUITY	(398,105,420)	(561,380,389)
Surplus on Revaluation of fixed Assets	333,460,405	341,737,405
NON-CURRENT LIABILITIES		
Long Term Financing	987,498,743	988,671,743
Deferred Liability	46,164,664	38,514,664
	1,033,663,407	1,027,186,407
CURRENT LIABILITIES		
Current portion of long term financing	-	-
Short term borrowing	864,751,550	426,804,038
Trade & other payables	1,250,503,063	972,898,862
Accrued Markup	24,574,737	10,573,091
	2,139,829,351	1,410,275,991
CONTINGENCIES		
Total Equity and Liabilities	3,108,847,743	2,217,819,414

Faraz Mubeen Jumani
Managing Director

PROFIT & LOSS ACCOUNT
(Un-audited)
FOR THE PERIOD ENDED JUNE 30,2014

	HALF YEAR ENDED		QUARTER ENDED	
	2014 Oct. To June	2013 Oct. To June	2014 Apr. To June	2013 Apr. To June
	← Rupees →			
Sales - net	3,283,510,920	1,884,844,260	935,810,920	1,272,908,243
Cost of Sales	2,931,540,329	2,058,428,875	780,143,329	1,306,158,614
Gross Profit / (Loss)	351,970,592	(173,584,615)	155,667,592	(33,250,371)
Administrative Expenses	85,772,042	73,943,675	23,060,042	26,407,792
Distribution Expense	56,609,494	9,025,786	492,494	357,694
	142,381,535	82,969,461	23,552,535	26,765,486
Operating Profit/(Loss)	209,589,056	(256,554,076)	132,115,056	(60,015,857)
Other Income	3,082,085	29,025	7,221,085	855
	212,671,141	(256,525,051)	139,336,141	(60,015,002)
Financial charges	41,255,615	30,168,549	24,812,615	16,103,901
Other Operating Charges	-	-	-	-
	41,255,615	30,168,549	24,812,615	16,103,901
Profit/(Loss) before Taxation	171,415,526	(286,693,600)	114,523,526	(76,118,903)
TAXATION	16,417,555	18,848,443	(7,059,445)	15,788,763
Profit/(Loss) after Taxation	154,997,971	(305,542,043)	121,582,971	(91,907,666)
Earning/(Loss) per share-basic and diluted	9.68	(19.08)	7.59	(5.74)

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

KARACHI:
JULY 22, 2014

STATEMENT OF COMPREHENSIVE INCOME
(Un-audited)
 FOR THE QUARTER ENDED JUNE 30,2014

	2014 Oct. To June	2013 Oct. To June	2014 Apr. To June	2013 Apr. To June
	← Rupees →			
(Loss)/Profit for the period	154,997,971	(305,542,042)	121,582,971	91,907,665
Other comprehensive income:				
Incremental depreciation transferred from surplus on revaluation of fixed assets-net of deferred tax	8,277,000	8,050,323	-	-
Total Comprehensive (Loss)/Profit	<u>163,274,971</u>	<u>(297,491,719)</u>	<u>121,582,971</u>	<u>91,907,665</u>

Muhammad Mubeen Jumani
 Chief Executive

Faraz Mubeen Jumani
 Managing Director

KARACHI:
 JULY 22, 2014

CASH FLOW STATEMENT
(Un-audited)
FOR THE PERIOD ENDING JUNE 30, 2014

	30-06-2014	30-06-2013
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit for the period	171,415,526	(286,693,600)
Adjustments for:		
Financial Cost	41,255,615	30,168,549
Depreciation	58,203,825	15,784,616
Gratuity (Net)	7,650,000	4,798,912
	278,524,966	(235,941,523)
(Increase)/ decrease in current assets		
Store & spare parts	(19,366,247)	(117,028,439)
Stock in trade	(934,521,627)	(532,582,536)
Trade Debts		37,043,527
Loan and advances	(79,215,916)	24,026,337
Deposits, prepayments and other receivables	(8,596,273)	180,446
	(1,041,700,063)	(588,360,665)
Increase/ (decrease) in current liabilities		
Trade & others payables	291,605,847	434,752,090
Net Cash from operating activities before tax and Financial Charges	(471,569,249)	(389,550,098)
Taxes Paid	14,622,835	(13,753,239)
Financial Charges paid	41,255,615	30,168,549
Net Cash from operating activities	(527,447,699)	(405,965,408)
CASH FLOW FROM INVESTMENT ACTIVITIES		
Addition to Property, Plant & Equipment	28,469,393	3,862,465
Long term Security deposits	(265)	-
Net cash used in investing activities	28,469,128	3,862,465
CASH FLOW FROM FINANCING ACTIVITIES		
Long term Loans	(1,173,000)	75,214,607
Short term finance	437,947,512	327,300,000
Net cash inflow on financing activities	436,774,513	402,514,607
Net increase/decrease in cash and cash equivalents	(119,142,314)	(7,313,266)
Cash and cash equivalent at beginning of the year	119,438,000	8,357,799
	295,686	1,044,533

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

KARACHI:
JULY 22, 2014

STATEMENT OF CHANGES IN EQUITY
(Un-audited)
FOR THE YEAR ENDED JUNE 30, 2014

	Issued, Subscribed & paid up Capital	Accumulated Losses	Total
	----- Rupees -----		
Balance as at October 01, 2012	160,175,000	(403,643,579)	(243,468,579)
Total Comprehensive Income			
Recognized profit for Six months October 2012 to March 2013		(213,634,377)	(213,634,377)
Other Comprehensive Income			
Incremental depreciation transferred from Surplus on revaluation of fixed assets - net of deferred tax		8,050,000	8,050,000
		(205,584,377)	
Balance as on March 31, 2013	160,175,000	(609,227,956)	(449,052,956)
Total Comprehensive Income			
Recognized profit for the six months April 2013 to September 2013		(119,483,190)	(119,483,190)
Other Comprehensive Income			
Incremental depreciation transferred from Surplus on revaluation of fixed assets (after adjustment) - net of deferred tax		7,155,756	7,155,756
Balance as on September 30, 2013	160,175,000	(721,555,391)	(561,380,390)
Total Comprehensive Income			
Recognized profit for the Nine months October 2013 to June 2014		154,997,971	154,997,971
Other Comprehensive Income			
Incremental depreciation transferred from Surplus on revaluation of fixed assets (after adjustment) - net of deferred tax		8,277,000	8,277,000
		163,274,971	
	160,175,000	(558,280,420)	(398,105,419)

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

KARACHI:
JULY 22, 2014

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE QUARTER ENDED JUNE 30, 2014**

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 3rd Floor, Plot No. 15-C, 9th Commercial Lane, Zamzama, D.H.A., Phase-V, 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, 2013.

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 financial 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, 2013.

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, 2013.

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, 2013.

	JUN 30, 2014	SEP 30, 2013
5. Property, plant and equipments		
Opening WDV	1,520,744,999	1,446,453,828
Total additions/revaluation during the period	28,292,232	149,692,053
Depreciation charge for the period	(58,203,825)	(75,400,882)
Closing WDV	<u>1,490,833,406</u>	<u>1,520,744,999</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 30,2013.

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 as well as from Sindh Bank Limited @ 14% with the limit of Rs. 200 million. Both the facilities are secured against stock of sugar, personal property and guarantees of directors of the company.

	Jun 30, 2014	Jun 30, 2013
National Bank Of Pakistan	600,000,000	482,300,000
Sindh Bank Limited	<u>74,269,355</u>	-
	674,269,355	482,300,000
from Directors and relatives	<u>190,482,195</u>	-
	864,751,550	482,300,000

9. Transactions with related parties

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

During the period, following transactions with directors are carried out:

	Jun 30, 2014	Jun 30, 2013
- Loan from Director - Receipts	106,020,000	194,100,000
- Loan from Director - Payments	100,022,560	113,425,000

10. Date of authorisation for issue

These financial statements were authorized for issue on 22-07-2014 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, 2014
