

KHAIRPUR SUGAR MILLS LTD.



KHAIRPUR
SUGAR MILLS LIMITED

QUARTERLY

Financial Statements

**FOR THE
PERIOD ENDED
JUNE 30, 2016
(UN-AUDITED)**

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COMPANY PROFILE

**KHAIRPUR SUGAR MILLS LTD.
BOARD OF DIRECTORS**

Executive Directors

Mr. Muhammad Mubeen Jumani (Chief Executive)
Mr. Faraz Mubeen Jumani (Managing Director)

Non-Executive Directors

Mrs. Qamar Mubeen Jumani - Chairperson
Mr. Fahad Mubeen Jumani
Miss. Arisha Mubeen Jumani
Mr. Ahmed Ali Jumani
Lt. Gen (Retd.) Anis Ahmed Abbasi

COMPANY SECRETARY

Mr. Abdul Wahid Naviwala

BANKERS

National Bank of Pakistan
Sindh Bank Limited
Habib Bank Limited
United Bank Limited
Allied Bank Limited
MCB Bank Limited
Bank Al Falah Limited

STATUTORY AUDITORS

M/S. Haroon Zakaria & Company
Chartered Accountants
M1-M4, 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,
Haroon Shopping Emporium,
Sector 15-A-1,
North Karachi, Karachi-75850

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,
Near Old Subzi Mandi No. 2, University Road, .
Gulshan-e-Iqbal, Karachi

SHARES REGISTERAR

C & K Management Associates (Pvt) Ltd.
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.

Web Site : www.jumanigroup.com

CHAIRPERSON’S REVIEW

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, 2016

FINANCIAL RESULTS

	<u>30-06-2016</u>	<u>30-06-2015</u>
	> >>>>>RUPEES IN ‘000’<<<<<<	
Profit before Taxation	49,131	109,110
Taxation	(13,879)	(18,987)
Profit after Taxation	35,252	90,123
Earning per Share	2.20	5.63

PERFORMANCE REVIEW

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

	<u>SEASON 2015-2016</u>	<u>SEASON 2014-2015</u>
Season Started	20-11-2015	05-12-2014
Season Ended	13-03-2016	03-04-2015
Number of days worked	115	120
Sugarcane Crushing (MT)	647634.964	649133.525
Recovery (%) Sugar	10.317	10.600
Recovery (%) Molasses	3.883	3.993
Production – Sugar (MT)	66,817.50	68,797.50
Production – Molasses (MT)	25,148	25,915

During the current quarter prices of sugar and molasses have improved which pushed the company's profit towards a positive direction. The last quarter of our financial year has started and the company expects this price improvement to go on which will translate in even better results.

The management is hopeful for a better future and this moment I would like to mention the hard work invested by our workers and stake holders on the growth of our KSML family.

For and on behalf of the Board



Qamar Mubeen Jumani
Chairperson

Karachi
July 27, 2016


KHAIRPUR SUGAR MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
(UNAUDITED)
AS AT JUNE 30, 2016

	Note	June 30 2016 (Unaudited) Rupees	September 30 2015 (Audited) Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	1,477,586,252	1,514,109,795
Long Term Loans		-	-
Long Term deposits		261,888	261,888
		1,477,848,140	1,514,371,683
CURRENT ASSETS			
Stores & spare and loose tools		110,902,458	108,828,086
Stock in Trade		960,555,760	389,016,185
Loans and Advances		159,911,819	250,659,295
Advance income tax		9,329,712	
Trade Deposits and short term prepayments		9,009,471	8,204,675
Cash and bank balances		64,835,809	59,977,840
		1,314,545,029	816,686,081
TOTAL ASSETS		2,792,393,169	2,331,057,764

EQUITY AND LIABILITIES

Authorised share capital 20,000,000 ordinary shares of Rs. 10/- each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paidup capital	<u>160,175,000</u>	160,175,000
Accumulated (Loss)	<u>(288,767,799)</u>	(328,845,787)
SHAREHOLDER'S EQUITY	<u>(128,592,799)</u>	(168,670,787)
Surplus on Revaluation of fixed Assets	276,977,501	309,458,196
 NON-CURRENT LIABILITIES		
Long Term Financing	<u>945,019,769</u>	904,895,194
Deferred Liability	<u>162,135,434</u>	201,019,042
	<u>1,107,155,203</u>	1,105,914,236
 CURRENT LIABILITIES		
Short term borrowing	6 874,156,781	210,338,736
Trade & other payables	616,848,424	857,542,060
Provision for taxation	32,657,792	5,791,494
Accrued Markup	<u>13,190,266</u>	10,683,825
	<u>1,536,853,263</u>	1,084,356,115
 Contingencies and commitments	7	
	<u>2,792,393,169</u>	<u>2,331,057,764</u>

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.



MUHAMMAD MUBEEN JUMANI
Chief Executive
Karachi
the dated 27th July, 2016



FARAZ MUBEEN JUMANI
Managing Director

KHAIRPUR SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED JUNE 30, 2016

Nine month ended		Third quarter ended	
June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015

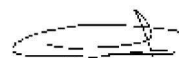
<<<<<<< R U P E E S >>>>>>>>

Profit for the period	35,252,416	90,124,000	24,802,103	68,979,000
Other comprehensive income:				
Incremental depreciation transferred from surplus on revaluation of fixed assets-net of deferred tax	4,764,020	7,863,000	4,764,020	7,863,000
Total Comprehensive Profit	40,016,436	97,987,000	29,566,123	76,842,000

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.



MUHAMMAD MUBEEN JUMANI
 Chief Executive
 Karachi the dated 27th July 2016




FARAZ MUBEEN JUMANI
 Managing Director

KHAIRPUR SUGAR MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE NINE MONTHS ENDED June 30, 2016

	<i>June 30,</i> <i>2016</i> <i>(Unaudited)</i>	<i>June 30,</i> <i>2015</i> <i>(Unaudited)</i>
<i>----- Rupees in '000 -----</i>		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	49,131,028	109,111,000
Adjustments for:		
- Financial cost	92,533,474	51,785,000
- Depreciation	26,402,302	55,821,000
- Gratuity	8,238,273	4,792,000
- Amortization of interest free loan	40,124,920	-
	167,298,968	112,398,000
Working capital changes:		
Stores, spares and loose tools	(2,074,372)	(18,290,000)
Stock in trade	(571,539,575)	(947,871,000)
Trade debts	-	-
Loans and advances - Considered good	90,747,476	7,625,000
Deposits, prepayments and other receivables	(804,796)	-
Trade and other payables	(240,693,636)	433,441,000
	(724,364,903)	(525,095,000)
	(507,934,907)	(303,586,000)
Taxes paid - net	-	(4,301,000)
Financial charges paid	(90,027,033)	(42,871,000)
Net cash used in operating activities	(597,961,940)	(350,758,000)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(43,491,356)	(64,269,000)
Net cash used in investing activities	(43,491,356)	(64,269,000)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term borrowing and long term loan	646,311,264	575,681,000
Net cash generated from financing activities	646,311,264	575,681,000
Net decrease in cash and cash equivalents	4,857,969	160,654,000
Cash and cash equivalent at beginning of the period	59,977,840	21,205,000
Cash and cash equivalent at end of the period	64,835,809	181,859,000

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.



MUHAMMAD MUBEEN JUMANI
 Chief Executive
 Karachi the dated 27th July 2016


FARAZ MUBEEN JUMANI
 Managing Director

KHAIRPUR SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2016

	<i>Issued, subscribed & paid-up capital</i>	<i>Accumulated loss</i>	<i>Total</i>
	----- Rupees -----		
Balance as at September 30, 2014	160,175,000	(719,221,000)	(559,046,000)
Total comprehensive income for the period ended June 30, 2015			
Profit for the period	-	90,124,000	90,124,000
- Other comprehensive income	-	7,863,000	7,863,000
Total comprehensive income	-	97,987,000	97,987,000
Balance as at June 30, 2015	160,175,000	(621,234,000)	(461,059,000)
Balance as at September 30, 2015	160,175,000	(328,845,787)	(168,670,787)
Total comprehensive income for the period ended June 30, 2016			
profit for the period	-	35,252,416	35,252,416
- Other comprehensive income	-	4,764,020	4,764,020
Total comprehensive income	-	40,016,436	40,016,436
Balance as at June 30, 2016	160,175,000	(288,829,351)	(128,654,351)

The annexed notes 1 to 10 form an integral part of these financial statements.


MUHAMMAD MUBEEN JUMANI
 Chief Executive
 Karachi the dated 27th July, 2016


FARAZ MUBEEN JUMANI
 Managing Director

KHAIRPUR SUGAR MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2016

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.15C, 9th Commercial lane, Zamzama, D.H.A Karachi. The principal activity of the Company is the production and sale of white sugar.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and provisions of, and directives issued under the Companies Ordinance 1984; in case, where the requirements of the International Accounting Standard differ, the provisions of, and directives issued under the Companies Ordinance 1984, have been followed. The 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, 2015.

These condensed interim financial statements 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.

These condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency and all numbers presented have been rounded off to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended September 30, 2015.

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, 2015.

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, 2015.

	<i>Un-audited</i> <i>June 30,</i> <i>2016</i>	<i>Audited</i> <i>September 30,</i> <i>2015</i>
	----- Rupees in '000 -----	
5. PROPERTY, PLANT & EQUIPMENT		
Written down value at 1 October	1,514,109,795	1,477,789,808
Deficit	(53,612,596)	-
Additions <i>5.1</i>	40,196,652	119,167,915
Disposals - net	-	-
Depreciation	<u>(26,402,302)</u>	<u>(82,847,928)</u>
	1,474,291,549	1,514,109,795
Capital work in progress	<u>3,294,704</u>	-
	<u>1,477,586,253</u>	<u>1,514,109,795</u>
	<i>Un-audited</i> <i>June 30,</i> <i>2016</i>	<i>Audited</i> <i>September 30,</i> <i>2015</i>
	----- Rupees in '000 -----	
5.1 Additions		
Building on freehold land	-	26,078,391
Plant and machinery	7,970,132	84,010,524
Office equipment	-	106,500
Factory equipment	24,815,720	-
Vehicles	7,410,800	8,972,500
	<u>40,196,652</u>	<u>119,167,915</u>

	<i>Un-audited June 30, 2016</i>	<i>Audited September 30, 2015</i>
	----- Rupees in '000 -----	
6. SHORT TERM BORROWINGS		
<i>From Related parties - Unsecured</i>		
- From directors	(17,506,781)	38,736
<i>From banking company - Secured</i>		
- Cash finance	<u>(856,650,000)</u>	<u>210,300,000</u>
	<u>(874,156,781)</u>	<u>210,338,736</u>

6.1 This represents roll over secured cash financing of Rs. 1,200 million (2015 : Rs. 600 millions) from Banking companies and carries markup ranges from 3 Month KIBOR + 2.5% to 3 Month KIBOR + 5 % (2015 : 3 Month KIBOR + 2.5% to 3 Month KIBOR 2.5% to 5%) per annum. The facility is secured against pledge of sugar stock of the Company, first equitable mortgage over land and property of associated company and personal guarantees

7. CONTINGENCIES AND COMMITMENTS

As at 30 June 2016, there is no material change in the status of matters reported as contingencies and commitments in the notes to financial statements of the company for the year ending 30 September 2015.

8. SEASONALITY OF OPERATIONS

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 in this period.

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: -

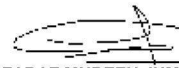
	<i>Nine months ended</i>	
	<i>June 30, 2016</i>	<i>June 30, 2015</i>
	----- Rupees in '000 -----	
Loan from director - receipts	<u>170,600,000</u>	<u>211,090,000</u>
Loan from director - repayments	<u>153,132,300</u>	<u>186,059,000</u>

10. *DATE OF AUTHORIZATION*

This condensed interim financial information has been authorized for issue on 27-07-2016 by the Board of Directors of the Company.



MUHAMMAD MUBEEN JUMANI
Chief Executive
Karachi the dated 27th July, 2016



FARAZ MUBEEN JUMANI
Managing Director