

KHAIRPUR SUGAR MILLS LTD.



**KHAIRPUR**  
SUGAR MILLS LIMITED

**QUARTERLY**

**Financial Statements**

**FOR THE  
PERIOD ENDED  
JUNE 30, 2018  
(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  
Lt. Gen. (Retd) Tahir Mahmud Qazi  
Lt. Gen (Retd). Anis Ahmed Abbasi

**CHIEF FINANCIAL OFFICER**

Mr. Shoaibul Haque

**COMPANY SECRETARY**

Mr. Abdul Wahid Nawiwala

**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
Lt. Gen (Retd) Tahir Mahmud Qazi	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 Dhoru, 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

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## **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.

**Directors' Report**

Dear Members  
Assalam-o-Alaikum

On behalf of the Board of Directors, it is our privilege to present before you the condensed un-audited accounts for 3<sup>rd</sup> quarter ended 30th June, 2018

**FINANCIAL RESULTS**

	<u>30-06-2018</u>	<u>30-06-2017</u>
	>>>>>RUPEES IN '000'<<<<<<	
(Loss)/Profit before Taxation	(105,380)	(67,435)
Taxation	25,233	4,376
(Loss)/Profit after Taxation	(80,147)	(63,058)
(Loss)/Earning per Share	(5.01)	(3.94)

**PERFORMANCE REVIEW**

The crushing season 2017-18 started on November 29, 2017 ended on April 25, 2018 after crushing 828,100.92 M.T of sugarcane thereby produce 85,625 M.T. of sugar with average recovery of 10.34% in 148 days, as compared to crushing of 852,226.272 M.T. sugarcane & producing 83,579 M.T. sugar with average recovery of 9.807% in 140 days in corresponding period of last year/season (2016-17). Hon. High Court of Sindh directed and 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 cash freight support of Rs. 10.70 per kg on a sliding scale which to be shared equally by the federal Government and provincial Government. In addition to the above, the government of Sindh announced additional cash freight support of Rs. 9.30 per k.g. for Sindh Sugar mills. Your mill entered into export contracts and exported 25,948 M.T upto June 2018.

During the period under review, your mill suffered operating loss of Rs. 257.684 millions as compared to operating profit Rs. 58,184 million during the corresponding period of the previous year. The company suffered loss due to continuous depressed sugar prices in domestic and international market. Cash export support of Sugar from Government of Sindh calculating Rs. 186 million has not been accounted for due to some procedural requirement and said claim could not be file but your company but will take every possible step to complete the requisite formalities very soon as quickly as possible.

The Directors are hopeful for a better future & I would like to place on record the sincere efforts and hard work put up by workers, staff and our entire KSML family.

**On behalf of the board of Directors**



**Muhammad Mubeen Jumani**  
Chief Executive



**Faraz Mubeen Jumani**  
Managing Director




Karachi  
July 18, 2018

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**KHAIRPUR SUGAR MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
**AS AT JUNE 30, 2018**

	June 30 2018 (Unaudited)	September 30 2017 (Audited) (Restated)	September 30 2016 (Audited) (Restated)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5 1,563,124	1,570,595	1,437,394
Long Term deposits	6,643	262	262
Deferred taxation	97,336	34,381	-
	<u>1,667,103</u>	<u>1,605,238</u>	<u>1,437,656</u>
<b>CURRENT ASSETS</b>			
Stores & spare and loose tools	106,259	108,999	97,452
Stock in Trade	1,468,653	1,618,663	97,976
Loans and Advances	295,089	276,283	218,608
Deposits, prepayments and other receivables	305,485	14,144	10,282
Cash and bank balances	12,831	37,048	25,102
	<u>2,188,317</u>	<u>2,055,137</u>	<u>449,420</u>
<b>TOTAL ASSETS</b>	<u><u>3,855,420</u></u>	<u><u>3,660,375</u></u>	<u><u>1,887,076</u></u>
<b>EQUITY AND LIABILITIES</b>			
Authorised share capital	200,000	200,000	200,000
20,000,000 ordinary shares of Rs. 10/- each			
Issued, subscribed and paidup capital	160,175	160,175	160,175
Surplus on revaluation of fixed assets-net	254,955	264,583	273,036
Accumulated (Loss)	(295,287)	(224,767)	(257,707)
<b>SHAREHOLDER'S EQUITY</b>	<u>119,843</u>	<u>199,991</u>	<u>175,504</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Financing	990,826	945,091	971,856
Liabilities against asset subject to finance lease	14,759	-	-
Deferred Liability	87,300	84,946	126,443
	<u>1,092,885</u>	<u>1,030,037</u>	<u>1,098,299</u>
<b>CURRENT LIABILITIES</b>			
Short term borrowing	6 1,470,407	1,306,048	17,507
Current portion of liabilities against assets subject to finance lease	4,519	-	-
Trade & other payables	1,136,618	1,072,169	559,404
Provision for taxation	13,806	25,781	36,362
Accrued Markup	17,342	26,349	-
	<u>2,642,692</u>	<u>2,430,347</u>	<u>613,273</u>
<b>CONTINGENCIES</b>	7		
Total Equity and Liabilities	<u><u>3,855,420</u></u>	<u><u>3,660,375</u></u>	<u><u>1,887,076</u></u>
	0		

The annexed notes from 1 to 11 form an integral part of these interim financial statements.

		
Muhammad Mubeen Jumani <i>Chief Executive</i>	Shozib Ul Haque <i>Chief Financial Officer</i>	Faraz Mubeen Jumani <i>Managing Director</i>

Karachi the dated July 18, 2018



**KHAIRPUR SUGAR MILLS LTD**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE NINE MONTHS AND THIRD QUARTER ENDED JUNE 30, 2018**

	<i>Nine months ended</i>		<i>Third quarter ended</i>	
	<i>June 30, 2018</i>	<i>June 30, 2017</i>	<i>June 30, 2018</i>	<i>June 30, 2017</i>
-----Rupees in 000's-----				
Sales - net	3,780,411	2,105,195	883,568	703,996
Cost of Sales	<b>(3,837,518)</b>	(1,916,936)	<b>(813,411)</b>	(613,575)
<b>Gross (Loss)/ Profit</b>	<b>(57,107)</b>	188,259	<b>70,157</b>	90,421
Administrative Expenses	<b>(131,824)</b>	(113,457)	<b>(45,889)</b>	(34,594)
Distribution Expense	<b>(68,753)</b>	(16,618)	<b>(33,134)</b>	(437)
	<b>(200,577)</b>	(130,075)	<b>(79,023)</b>	(35,031)
<b>Operating (Loss)/ Profit</b>	<b>(257,684)</b>	58,184	<b>(8,866)</b>	55,390
Other Income	<b>281,240</b>	92	<b>73,629</b>	41
Other Operating Charges	<b>(9,644)</b>	(8,732)	<b>(2,651)</b>	(35)
	<b>271,596</b>	(8,640)	<b>70,978</b>	6
	<b>13,912</b>	49,544	<b>62,112</b>	55,396
Financial charges	<b>(119,292)</b>	(116,979)	<b>(56,549)</b>	(49,960)
<b>(Loss)/ Profit before Taxation</b>	<b>(105,380)</b>	(67,435)	<b>5,563</b>	5,436
<b>Taxation</b>	<b>25,233</b>	4,376	<b>8,211</b>	2,230
<b>(Loss) / Profit after Taxation</b>	<b>(80,147)</b>	(63,058)	<b>13,774</b>	7,667
Other comprehensive income				
Transfer from surplus on revaluation of property and plant on account of incremental depreciation-net	<b>9,628</b>	9,960	<b>3,084</b>	3,320
<b>Total comprehensive (loss) / profit for the period</b>	<b>(70,520)</b>	(53,098)	<b>16,858</b>	10,987
<b>(Loss) / Earnings per share-basic and diluted</b>	<b>(5.01)</b>	(3.94)	<b>0.86</b>	0.48

The annexed notes from 1 to 11 form an integral part of these interim financial statements.



Muhammad Mubeen Jumani  
**Chief Executive**  
Karachi the dated July 18, 2018



Shoab Ul Haque  
**Chief Financial Officer**




Faraz Mubeen Jumani  
**Managing Director**

**KHAIRPUR SUGAR MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2018**

	<i>June 30, 2018</i>	<i>June 30, 2017</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>----- Rupees in '000 -----</i>	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (loss) / profit before taxation	(105,380)	(67,435)
<b>Adjustments for:</b>		
- Financial cost	73,198	63,042
- Depreciation	55,446	56,979
- Gratuity	2,353	-
- Amortization of interest free loan	45,735	53,937
	176,732	173,958
<b>Working capital changes:</b>		
Stores, spares and loose tools	2,740	(5,159)
Stock in trade	150,010	(2,445,817)
Loans and advances - Considered good	(18,806)	19,504
Deposits, prepayments and other receivables	(291,341)	(103,825)
Trade and other payables	64,449	940,452
	(92,948)	(1,594,844)
	(21,596)	(1,488,321)
Taxes paid - net	(49,710)	(7,625)
Financial charges paid	(82,564)	(63,042)
<b>Net cash used in operating activities</b>	<b>(153,871)</b>	<b>(1,558,988)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(692)	(67,323)
Long term deposits	(6,381)	-
Capital work-in-progress	(27,632)	-
<b>Net cash used in investing activities</b>	<b>(34,705)</b>	<b>(67,323)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowing and long term loan	164,359	1,605,920
<b>Net cash generated from financing activities</b>	<b>164,359</b>	<b>1,605,920</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(24,217)</b>	<b>(20,391)</b>
<b>Cash and cash equivalent at beginning of the period</b>	<b>37,048</b>	<b>25,102</b>
<b>Cash and cash equivalent at end of the period</b>	<b>12,831</b>	<b>4,711</b>

The annexed notes from 1 to 11 form an integral part of these interim financial statements.

  
 \_\_\_\_\_  
 Muhammad Mubeen Jumani  
 Chief Executive  
 Karachi the dated July 18, 2018

  
 \_\_\_\_\_  
 Shoaib Ul Haque  
 Chief Financial Officer

  
 \_\_\_\_\_  
 Faraz Mubeen Jumani  
 Managing Director

**KHAIRPUR SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2018**

	<i>Issued, subscribed &amp; paid-up capital</i>	<i>Capital Reserve Surplus on revaluation of fixed assets</i>	<i>Accumulated loss</i>	<i>Total</i>
-----Rupees in 000's-----				
<b>Balance as at September 30, 2016</b>	160,175	273,036	(257,707)	175,504
<b>Total comprehensive income for the period ended June 30 2017</b>				
- Profit for the period	-	-	(63,058)	(63,058)
- Other comprehensive income for the period	-	-	9,960	9,960
	-	-	(53,098)	(53,098)
Effect of change in tax rate	-	3,886	-	3,886
Transfer on account of incremental depreciation-net of deferred tax	-	(9,960)	-	(9,960)
<b>Balance as at June 30, 2017</b>	<b>160,175</b>	<b>266,962</b>	<b>(310,805)</b>	<b>116,332</b>
<b>Balance as at September 30, 2017</b>	160,175	264,583	(224,767)	199,991
<b>Total comprehensive income for the period ended June 30 2018</b>				
- Profit for the period	-	-	(80,147)	(80,147)
- Other comprehensive income for the period	-	-	9,628	9,628
	-	-	(70,520)	(70,520)
Transfer on account of incremental depreciation-net of deferred tax	-	(9,628)	-	(9,628)
<b>Balance as at June 30, 2018</b>	<b>160,175</b>	<b>254,955</b>	<b>(295,287)</b>	<b>119,843</b>

The annexed notes from 1 to 11 form an integral part of these interim financial statements.



Muhammad Mubeen Jumani  
**Chief Executive**

Karachi the dated July 18, 2018



Shoab Ul Haque  
**Chief Financial Officer**



Faraz Mubeen Jumani  
**Managing Director**



**4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts. Actual results may differ from these estimates, assumptions and judgements. 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 these condensed interim financial statements, 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, 2017.

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, 2017.

	<i>Un-audited</i> <i>June 30,</i> <i>2018</i>	<i>Audited</i> <i>September 30,</i> <i>2017</i>
<i>Note</i>	<i>----- Rupees in '000 -----</i>	
<b>5. PROPERTY, PLANT &amp; EQUIPMENT</b>		
Written down value at 1 October	1,442,751	1,431,737
Additions	692	87,171
Depreciation	<u>(55,446)</u>	<u>(76,157)</u>
	1,387,997	1,442,751
Capital work in progress	<u>175,128</u>	<u>127,844</u>
	<u>1,563,125</u>	<u>1,570,595</u>

	<i>Un-audited</i> <i>June 30,</i> <i>2018</i>	<i>Audited</i> <i>September 30,</i> <i>2017</i>
<i>Note</i>	<i>----- Rupees in '000 -----</i>	
<b>5.1 Additions</b>		
Building on freehold land	500	-
Plant and machinery	-	83,259
Office equipment	-	2,487
Furniture & fixture	146	30
Factory equipment	<u>46</u>	<u>1,395</u>
	<u>692</u>	<u>87,171</u>

**6.0 SHORT TERM BORROWINGS**

<i>From Related parties - Unsecured</i>		
- From directors	18,907	49,007
<i>From banking company - Secured</i>		
- Cash finance	6.1	<u>1,451,500</u>
		<u>1,470,407</u>
		<u>1,306,048</u>

**6.1** This represents roll over secured cash financing of Rs. 1,800 million (2017 : Rs. 1,200 millions) from Banking companies and carries markup ranges from 3 Month KIBOR + 2.5% to 3 Month KIBOR + 5 % (2017 : 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 of all directors of the Company.

**7 CONTINGENCIES AND COMMITMENTS**

As at 30 June 2018, 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 2017.

**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, 2018</i>	<i>June 30, 2017</i>
	----- Rupees in '000 -----	
Loan from director - receipts	-	11,500
Loan from director - repayments	30,100	8,000

**10 DATE OF AUTHORIZATION**

This condensed interim financial information has been authorized for issue on **18th July 2018** by the Board of Directors of the Company.

**11 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

  
Muhammad Mubeen Jumani  
*Chief Executive*  
Karachi the dated July 18, 2018

  
Shoail U Haque  
*Chief Financial Officer*

  
Faraz Mubeen Jumani  
*Managing Director*

ڈائریکٹرز امید کرتے ہیں کہ آئندہ اچھے نتائج ہونگے اور میں اس سلسلے میں انتظامیہ کے تمام کارندے اور دیگر خیر پور شوگر ملز کے کارکنان کی اچھی کارکردگی پر خراج تحسین پیش کرتی ہوں۔  
از طرف بورڈ آف ڈائریکٹرز



فراز مبین جمانی  
منیجنگ ڈائریکٹر



محمد مبین جمانی  
چیف ایگزیکٹو آفیسر

کراچی جولائی 18-2018

**ڈائریکٹرز رپورٹ**

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2018ء کو ختم ہونے والی تیسری کوارٹر کے لئے غیر آڈٹ شدہ مجموعی اور غیر مجموعی عبوری مالیاتی حسابات بخوبی پیش کر رہے ہیں۔

مالیاتی نتائج:	30-06-2017	30-06-2018
(اعداد و شمار روپے ہزار میں)		
(خسارہ)/منافع قبل از مجاز	( 67,435 )	( 105,380 )
محاصل	4,376	25,233
(خسارہ)/منافع بعد از محاصل	(63,058 )	( 80,147 )
(خسارہ)/منافع فی حصہ داری	( 3.94 )	( 5.01 )

کارکردگی کا جائزہ:

گئے کی کرشنگ سیزن 2017-18 مورخہ 29 نومبر 2017ء کو شروع ہوا اور اختتام مورخہ 25 اپریل 2018ء تک گنا 828,100.921 میٹرک ٹن کرشنگ رہی جبکہ شکر کی اوسط ریکوری 10.340 فیصد رہی اور شکر کی پیداوار 85,625 میٹرک ٹن 148 دن میں ہوئی۔

مقابلہ گزشتہ سال / سیزن 2016-17 میں گئے کی کرشنگ 852,226.272 میٹرک ٹن تھی جبکہ شکر کی پیداوار 83,579 میٹرک ٹن اور اوسط ریکوری 9.807 فیصد 140 دن میں ہوئی تھی۔

مورخہ 30 جنوری 2018ء کو سندھ ہائی کورٹ نے حکم دیا کہ سندھ کی شوگر ملیں 2017-18 کے سیزن کیلئے گئے کے کاشتکاروں سے 160 روپے فی 40 کلوگرام سے خریداری کریں گے۔

ملک میں اضافی شوگر کے ذخائر کے پیش نظر کانوک کو آرڈینیشن کمیٹی (Ecc) کے کابینہ نے 1,500,000 میٹرک ٹن شکر برآمد کرنے کی اجازت دی جس پر اندرون ملک کرایہ پر 10.70 کے لئے وفاقی حکومت اور 9.30 روپے فی کلوگرام سبسڈی صوبہ سندھ حکومت ادا کرے گی۔ آپیکل نے جون 2018ء تک 25,948 میٹرک ٹن چینی (شکر) درآمد کا معاہدہ کیا اور درآمد کیا۔

اس مدت میں آپیکل نے اوپر یٹنگ نقصان مبلغ 257.684 ملین روپے ہوئے مقابلہ گزشتہ سال اسی مدت میں اوپر یٹنگ منافع مبلغ 58.184 ملین روپے حاصل کیا تھا۔ کمپنی کے اوپر یٹنگ نقصان کی اصل وجہ چینی (شکر) کی قیمت میں ملکی اور غیر ملکی کمپنی کا رجحان تھا۔ ایکسپورٹ سبسڈی جو حکومت سندھ سے مبلغ 186 ملین روپے ہیں، چند وجوہات کی وجہ سے مالیاتی حساب میں نہیں لیا گیا ہے۔ اسکے لئے ہر ممکن اقدامات کئے جا رہے ہیں تاکہ جلد از جلد مسئلے کا حل ہو جائے۔