

KHAIRPUR SUGAR MILLS LTD.



KHAIRPUR
SUGAR MILLS LIMITED

QUARTERLY

Financial Statements

**FOR THE
PERIOD ENDED
JUNE 30, 2020
(UN-AUDITED)**

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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 OFFIER

Mr. Mirza Muhammad Bilal Kamil

COMPANY SECRETARY

Mr. Shoaibul Haque

BANKERS

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

STATUTORY AUDITORS

M/S. Haroon Zakaria & Company
Chartered Accountants
M-1-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
Miss Arisha Mubeen Jumani	Member

HR AND REMUNERATION COMMITTEE

Lt. Gen (Retd.) Anis Ahmed Abbasi	Chairman
Lt. Gen (Retd). Tahir Mahmud Qazi	Member
Mr. Muhammad Mubeen Jumani	Member

LEGAL ADVISOR

Asad Ali Riar (Advocate)
Suite no. 17 & 18 Farid Chambers
2nd Floor, Abdullah Haroon Road Karachi

SHARES REGISTRAR

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

REGISTERED OFFICE

3rd Floor, 15-C, 9th Commercial Lane,
Zamzama, Defence Housing Authority, Phase V,
Karachi.
Ph: 021-35810771-75
Fax: 021-35810776

MILLS

Naroo Dhero, Taluka Kot Diji,
Khairpur.

E-MAIL & WEBSITE

headoffice@jumanigroup.com
<http://khairpursugar.com.pk>

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.

CHAIRPERSON REVIEW REPORT

Dear Shareholders

On the end of third quarter of financial year 2019-20, I welcome you. As stakeholders in Khairpur Sugar Mills Limited, where you have invested your capital in facilitating us to create a valuable product and we express our gratitude in the trust you have endowed on us.

The last nine months was very challenging for sugar industry where at one side industry was struggling for sugar cane and due to unavailability of sugarcane almost all mills stop crushing by the start of March 2020 and on the other hand sugarcane procurement cost are quite high due to short availability of sugar cane. Despite the sugar cane cost, your company has managed to profit after tax after the nine months due to the increase in sugar and molasses prices in the local market.

Your Board is responsible for setting the right tone from the top and ensuring that a strong governance structure is in place to enable the business to succeed and deliver long term sustainable growth. Your board follows strict measure to ensure it evaluates your directors and the value they add to your board.

I firmly believe that our business is well placed for the competitive future. I take this opportunity to thanks our shareholders, employee, financial institution and all other stakeholders for their continued support and contribution in making company a success story.

A handwritten signature in black ink, appearing to read 'Qamar Mubeen Jumani', written over a horizontal line.

Qamar Mubeen Jumani

Chairperson

Karachi: dated: July 17, 2020

DIRECTORS' REPORT

Dear Members,

On behalf of the Board of Directors, it is my privilege to present before you the un-audited accounts for the Third quarter ended 30th June, 2020.

FINANCIAL RESULTS

	<u>30-06-2020</u>	<u>30-06-2019</u>
	<i>Rupees in '000</i>	
Profit/(Loss) before Taxation	155,696	(31,007)
Taxation	(84,018)	(11,876)
Profit/(Loss) after Taxation	71,678 =====	(42,883) =====
Earnings/ (loss) per Share	4.48 =====	(2.68) =====

PERFORMANCE REVIEW

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

	SEASON 2019-2020	SEASON 2018-2019
Season Started	21-11-2019	26-11-2018
Season Ended	05-03-2020	17-03-2019
Number of days worked	106	112
Sugarcane Crushing (MT)	524,252.512	663,364.694
Recovery (%) Sugar	9.833	10.358
Recovery (%) Molasses	4.559	4.145
Production – Sugar (MT)	51,552.00	68,714
Production – Molasses (MT)	23,900	27,500

The crushing season 2019-20 started on 21st November 2019 and ends on 05-03-2020. During the sugar cane season 2019-20 your company has crushed 524,252.512 M.T Sugar-cane and produced 51,552.00 M.T sugar with average recovery of 9.833% in 106 days, as compared to crushing of 663,364.694 M.T Sugar-cane and producing 68,714.00 M.T Sugar with average recovery of 10.358% in 112 days in corresponding period of last year/season 2018-19.

The Government of Sindh (Agriculture, Supply & Prices Department) has decided but not yet notified fixing the minimum support price of sugar-cane at Rs.192/= per 40 Kg. for crushing season 2019-20. Due to low average yield sugar cane production was lower as compared to

previous years and due to this factor competition was tough and higher rates were paid to the growers to meet the targets. Similarly, the prices of Sugar and Molasses has also shown an upward trend during the current season 2019-20.

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:

- a. Male: 5
- b. Female: 2

2. The composition of board is as follows:

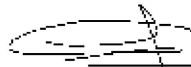
- a) Independent Directors
Lt. Gen (Rtd). Anees Ahmed Abbasi
Lt. Gen (Rtd). Tahir Mahmud Qazi
- b) Other Non-executive Director
Mr. Fahad Mubeen Jumani
Mrs. Qamar Mubeen Jumani
Miss. Arisha Mubeen Jumani
- c) Executive Directors
Mr. Muhammad Mubeen Jumani
Mr. Faraz Mubeen Jumani
- d) Female Directors
Mrs. Qamar Mubeen Jumani
Miss. Arisha Mubeen Jumani

3. The board has formed committees comprising of members given below:

- a) Audit Committee
Lt. Gen (Retd) Anis Ahmed Abbasi Chairman
Lt. Gen Tahir Mahmud Qazi Member
Miss. Arisha Mubeen Jumani Member
- b) HR and Remuneration Committee
Lt. Gen (Retd) Anis Ahmed Abbasi Chairman
Lt. Gen (Retd) Tahir Mahmud Qazi Member
Mr. Muhammad Mubeen Jumani Member

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.

For and on behalf of the Board




Faraz Mubeen Jumani
Managing Director

KHAIRPUR SUGAR MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT JUNE 30, 2020

	June 30 2020 (Unaudited)	September 30 2019 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipment	5 2,317,450	2,317,193
Intangible Assets	6,307	6,307
Long Term deposits	3,979	3,979
	2,327,736	2,327,479
CURRENT ASSETS		
Stores & spare and loose tools	151,585	139,596
Stock in Trade	1,654,256	854,265
Loans and Advances	430,206	352,219
Deposits, prepayments and other receivables	221,727	219,227
Tax refund due from Government	-	-
Cash and bank balances	79,467	80,503
	2,537,241	1,645,810
TOTAL ASSETS	4,864,977	3,973,289
EQUITY AND LIABILITIES		
Authorised share capital 20,000,000 ordinary shares of Rs. 10/- each	200,000	200,000
Issued, subscribed and paidup capital	160,175	160,175
Surplus on revaluation of fixed assets-net	663,037	682,383
Accumulated Profit	239,352	148,329
SHAREHOLDER'S EQUITY	1,062,564	990,887
NON-CURRENT LIABILITIES		
Long Term Financing	787,218	674,177
Liabilities against asset subject to finance lease	16,717	7,452
Deferred Liability	131,502	128,890
	935,437	810,519
CURRENT LIABILITIES		
Short term borrowing	6 2,113,041	1,345,324
Current portion of liabilities against assets subject to finance lease	6,878	4,963
Trade & other payables	699,297	751,210
Provision for taxation	43,677	22,280
Accrued Markup	4,083	48,106
	2,866,976	2,171,883
CONTINGENCIES	7 4,864,977	3,973,289

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



MUHAMMAD MUBEEN JUMANI
Chief Executive Officer



**MIRZA MUHAMMAD BILAL
KAMIL**
Chief Financial Officer




FARAZ MUBEEN JUMANI
Managing Director

Place: Karachi, Dated: July 17, 2020

KHAIRPUR SUGAR MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED JUNE 30, 2020

	<i>Nine months ended</i>		<i>Third quarter ended</i>	
	<i>June 30, 2020</i>	<i>June 30, 2019</i>	<i>June 30, 2020</i>	<i>June 30, 2019</i>
	-----Rupees in 000's-----			
Sales - net	3,038,500	3,695,560	585,229	979,507
Cost of Sales	(2,512,412)	(3,363,080)	(481,405)	(942,656)
Gross Profit	526,088	332,480	103,824	36,851
Administrative Expenses	(149,396)	(174,952)	(41,294)	(69,087)
Distribution Expense	(14,694)	(16,760)	(347)	(337)
	(164,090)	(191,712)	(41,641)	(69,424)
Operating Profit / (loss)	361,998	140,768	62,183	(32,573)
Other Operating Charges	-	(8,497)	-	(1,863)
Other Income	208	282	-	30
	362,206	132,553	62,183	(34,406)
Financial charges	(206,510)	(163,560)	(47,873)	(72,296)
Profit / (loss) before Taxation	155,696	(31,007)	14,310	(104,839)
Taxation	(84,018)	(11,876)	(8,779)	41,790
Profit / (Loss) after Taxation	71,678	(42,883)	5,531	(64,912)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/ profit for the period	71,678	(42,883)	5,531	(64,912)
Earnings per (Loss)share-basic and diluted	4.48	(2.68)	0.35	(4.06)

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



MUHAMMAD MUBEEN JUMANI
Chief Executive Officer



MIRZA MUHAMMAD BILAL
KAMIL
Chief Financial Officer



FARAZ MUBEEN JUMANI
Managing Director

Place: Karachi, Dated: July 17, 2020

KHAIRPUR SUGAR MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2020

	<i>June 30,</i> 2020	<i>June 30,</i> 2019
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	----- Rupees in '000 -----	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before taxation	155,696	(31,007)
Adjustments for:		
- Financial cost	135,468	114,205
- Depreciation	87,472	80,186
- Gratuity	-	-
- Amortization of interest free loan	71,041	48,828
	293,981	243,219
Working capital changes:		
Stores, spares and loose tools	(11,989)	(20,890)
Stock in trade	(799,991)	(182,810)
Loans and advances - Considered good	(77,987)	(101,221)
Deposits, prepayments and other receivables	(2,500)	249,458
Trade and other payables	(51,913)	(407,170)
	(944,380)	(462,633)
	(494,703)	(250,421)
Taxes paid - net	(15,402)	(28,853)
Financial charges paid	(179,491)	(125,146)
	(194,893)	(153,999)
Net cash (used in) operating activities	(689,596)	(404,420)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(86,297)	(101,966)
Long term deposits	-	(572)
Capital work-in-progress	(1,432)	(4,778)
Net cash (used in) investing activities	(87,729)	(107,315)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term borrowing and long term loan	809,717	505,617
Repayment of lease rentals	11,180	(3,504)
Repayment of staff gratuity	(44,608)	(6,507)
Net cash generated from financing activities	776,289	495,606
Net decrease in cash and cash equivalents	(1,036)	(16,129)
Cash and cash equivalent at beginning of the period	80,503	23,908
Cash and cash equivalent at end of the period	79,467	7,779

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



MUHAMMAD MUBEEN JUMANI
 Chief Executive Officer



MIRZA MUHAMMAD BILAL KAMIL
 Chief Financial Officer



FARAZ MUBEEN JUMANI
 Managing Director

Place: Karachi, dated July 17, 2020

KHAIRPUR SUGAR MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2020

	<i>Issued, subscribed & paid-up capital</i>	<i>Capital Reserve Surplus on revaluation of fixed assts</i>	<i>Accumulated loss</i>	<i>Total</i>
-----Rupees in 000's-----				
Balance as at September 30, 2018 - Restated	160,175	255,329	(208,130)	207,374
Revaluation during the period - net off deferred tax		485,159		
Total comprehensive income for the period ended June 30 2019				
- Profit for the period	-	-	(42,883)	(42,883)
- Other comprehensive income for the period	-	-	-	-
	-	-	(42,883)	(42,883)
Transfer on account of incremental depreciation-net of deferred tax	-	(21,524)	21,524	-
Balance as at June 30, 2019 - Restated	160,175	718,964	(229,490)	649,649
Balance as at September 30, 2019	160,175	682,383	148,329	990,887
Revaluation during the period - net off deferred tax		-		
Total comprehensive income for the period ended June 30 2020				
- Profit for the period	-	-	71,678	71,678
- Other comprehensive income for the period	-	-	-	-
	-	-	71,678	71,678
Transfer on account of incremental depreciation-net of deferred tax	-	(19,346)	19,346	-
Balance as at June 30, 2020	160,175	663,037	239,352	1,062,564

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



MUHAMMAD MUBEEN JUMANI
 Chief Executive Officer



MIRZA MUHAMMAD BILAL KAMIL
 Chief Financial Officer



FARAZ MUBEEN JUMANI
 Managing Director

Place: Karachi, dated July 17, 2020

KHAIRPUR SUGAR MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2020

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 Limited (formerly 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 manufacture and sale of sugar and by products.

2. BASIS OF PREPARATION

This condensed interim financial statements is unaudited and has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting which comprise of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and provisions of, and directives issued under the Companies Act 2017; in case, where the requirements of the International Accounting Standard differ, the provisions of, and directives issued under the Companies Act 2017 (the act). In cases where the requirements of the International Accounting Standard differ, the provisions of, and directives issued under the Act shall prevail.

This condensed interim financial statements does not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the company as at and for the year ended September 30, 2019.

This condensed interim financial statements are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Karachi Stock Exchange.

The comparative balance sheet presented in these interim financial statements has been extracted from the audited financial statements of the Company for the year ended September 30, 2019, whereas the comparative profit and loss account, statement of changes in equity, statement of comprehensive income and cash flow statement are extracted from the unaudited interim financial statements for the nine months period ended June 30, 2020.

2.1 Functional and Presentation Currency

This condensed interim financial statements are prepared in Pakistani Rupees which is also the Company's functional currency and all the 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 statements are the same as those applied in the preparation of the audited financial statements of the company as at and for the year ended September 30, 2019. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the company's operations and did not have any impact on the accounting policies of the company.

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, 2019.

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, 2019.

		<i>Un-audited</i> June 30, 2020	<i>Audited</i> September 30, 2019
	<i>Note</i>	<i>----- Rupees in '000 -----</i>	
5. PROPERTY, PLANT & EQUIPMENT			
Written down value at 1 October		2,266,294	1,591,925
Additions	5.1	86,297	206,030
Revaluation		-	569,968
Depreciation		(87,472)	(101,629)
		2,265,119	2,266,294
Capital work in progress		23,093	21,661
Advance against purchase of property		29,238	29,238
		2,317,450	2,317,193

	<i>Un-audited June 30, 2020</i>	<i>Audited September 30, 2019</i>
5.1 Additions	<i>----- Rupees in '000 -----</i>	
Building on freehold land	-	67,180
Plant and machinery	64,786	120,793
Office equipment	2,700	10,144
Furniture & fixture	198	-
Right of use assets	18,811	-
Vehicle	-	7,913
	<u>86,297</u>	<u>206,030</u>

6. SHORT TERM BORROWINGS

From Related parties - Unsecured

- From directors	148,941	31,407
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From banking company - Secured

- Cash finance	1,964,100	1,313,917
	<u>2,113,041</u>	<u>1,345,324</u>

7 CONTINGENCIES AND COMMITMENTS

As at 30 June 2020, 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 2019.

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, 2020</i>	<i>June 30, 2019</i>
	<i>----- Rupees in '000 -----</i>	
Loan from director - receipts	156,600	10,000
Loan from director - repayments	59,065	-
Remuneration and other benefits of Chief Executive and Directors	28,518	32,770
Loan received from associate	-	75,600
Loan repaid to associate	17,132	18,700

10 DATE OF AUTHORIZATION

This condensed interim financial information has been authorized for issue on **July 17, 2020** 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 Officer


MIRZA MUHAMMAD BILAL KAMIL
 Chief Financial Officer


FARAZ MUBEEN JUMANI
 Managing Director

Place: Karachi, dated July 17, 2020