

KHAIRPUR SUGAR MILLS LTD.



**KHAIRPUR**  
SUGAR MILLS LIMITED

**QUARTERLY**

**Financial Statements**

**FOR THE  
PERIOD ENDED  
MARCH 31, 2019  
(UN-AUDITED)**

**CONTENTS**

S.No		S.No
01	COMPANY PROFILE	02
02	CHAIRPERSON REVIEW REPORT	04
03	DIRECTOR'S REPORT	05
04	REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS	07
05	CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)	08
06	CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)	09
07	CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)	10
08	CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)	11
09	NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)	12

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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 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  
 IS Bank Limited  
 Bank Al Habib Ld.

**STATUTORY AUDITORS**

M/S. Renda Haroon Zakaria & Company  
 Room No. 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
Mrs. Qamar Mubeen Jumani	Member

**HR AND REMUNERATION COMMITTEE**

Mr. 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)  
<http://khaipurugar.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.

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**CHAIRPERSON REVIEW REPORT**

Dear Shareholders

On the end of half year of financial year 2018-19, 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 six months oct. 2018 to march 2019 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 mid of March 2019 and on the other hand sugarcane procurement cost are quite high due to short availability of sugar cane further markup cost also increased substantially due to increase in kibar rates by State Bank of Pakistan. However, the board and the management of your company are well aware of the challenges and trying their level best to overcome these challenges in effective and efficient manner.

Your Board is responsible for setting up 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'.

Qamar Mubeen Jumani

Chairperson

Karachi: May 27, 2019

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**DIRECTORS' REPORT**

Dear Members

Assalam-o-alaikoom

On behalf of the Board of Directors, it is our privilege to present before you the half-yearly condensed un-audited account for the period ended March 31, 2019.

**FINANCIAL RESULTS**

During the period under review, the operation of your Company resulted in a pre-tax Profit of Rs. 82,329 Million. The financial results are as under:

	31.03.2019	31.03.2018
	<u>Rupees in thousand</u>	
Profit/(Loss) before taxation ... ..	<b>82,329</b>	(110,943)
Taxation ... ..	(53,666)	17,022
Profit/(loss) after taxation...	<b>28,663</b>	(93,921)
	=====	=====
<b>Earning/(Loss) per share</b> ... ..	<b>1.79</b>	<b>(5.86)</b>
	=====	=====

**PERFORMANCE REVIEW**

The operating results for the crushing seasons are mentioned here under:

	<u>Season 2018-19</u>	<u>Season 2017-18</u>
Season started ... ..	26-11-218	29-11-2017
Season ended ... ..	17-03-2019	25-04-2018
Number of days worked...	112 days	148 days
Sugar cane crushed (MT)	663364.694	828100.921
Recovery of sugar (percentage) ... ..	10.358 %	10.340 %
Recovery of Molasses (percentage) ... ..	4.145 %	4.530 %
Production of Sugar (MT)	68,714.00	85,625.00
Production of Molasses (MT)	27,500.00	37,516.50

The crushing season 2018-19 started on 26<sup>th</sup> November 2018 & closed on 17<sup>th</sup> March 2019 and thus up to the end of this quarter (ended on 31 March 2019) 663,364.694 M.T Sugar-cane has been crushed translating into 68,714.00 M.T of white Sugar with an average recovery of 10.358 % in 112 days, as compared to crushing of 699,489.071 M.T Sugar-cane and producing 72,170 M.T of Sugar with average recovery of 10.417 % in 123 days in corresponding period of last year/season 2017-18.

The Government of Sindh (Agriculture, Supply & Prices Department) on December 07, 2018 issued notification for commencement date of sugarcane crushing season 2018-19 with effect from 30<sup>th</sup> November 2018 and fixing the minimum support price of sugar-cane at Rs.182/= plus Quality Premium for crushing season 2018-19. The sugar production cost on said rate of sugar-cane works out to Rs.66 per kg. The price of sugar-cane is linked to the price of Sugar. It was not justified in relation to the prevailing sugar price both in domestic and international markets. Our Mill with other sugar mills filed a petition before Hon'ble High Court of Sindh challenging the said notification of Government of Sindh fixing the minimum price of sugar-cane for crushing season 2018/2019 as totally arbitrary and unjustified and would result an economic disaster for the Sugar Industry. In compliance of the Order dated 05.03.2019 passed by the Honorable High Court of Sindh in CP No. 8591/2018, The Government of Sindh (Agriculture Supply & Prices Department) issued notification No. 8(142)S.O(Ext)2018-19/336 dated 02-05-2019 fixing the minimum price of sugarcane at Rs.182/= per 40 kg. (Mds.) plus quality premium at fifty paisa per 40 kg. (Mds.) for each 0.1 % of excess sucrose recovery above 8.7 %. During current season (2018-19), in Sindh sugarcane production saw a decline of 30-35percentage. The sowing of sugar cane was lower compared to last year levels. On the other hand FBR has imposed 8 % sales tax and 3 % further tax on white sugar calculated on the basis of Rs.60 per kg whereas sugar is being sold at ex-mill of not more than Rs.53-54 per kg. Considering surplus stock in the country, the Federal Government (ECC – Economic Coordination Committee of the Cabinet) has allowed export of sugar with “no freight or financial support to millers/exporters by the Federal/Provincial Government” and “those Mills will be allowed to export who have cleared outstanding dues of farmers for sugar-cane crop up to 2017-18”. Apart from this, due to depress price of sugar in international market the export of sugar could not be materialized.

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.

Karachi; dated May 27, 2019



*Faraz Mubeen Jumani*  
*Managing Director*

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**REVIEW REPORT ON REVIEW OF  
INTERIM FINANCIAL STATEMENTS*****Independent Auditor's Review Report******To the Members of Khairpur Sugar Mills Limited******Introduction***

We have reviewed the accompanying condensed interim statement of financial position of **KHAIRPUR SUGAR MILLS LIMITED** as at March 31, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and the condensed interim statement of cash flows and notes to the financial statements for six-month period then ended (here-in-after referred to as the "Interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

***Scope of Review***

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting.

***Other matter***

The figures of the condensed statement of profit or loss and other comprehensive income for the quarters ended March 31, 2019 and 2018 have not been reviewed as we are required to review only the cumulative figures for the six months period ended March 31, 2019.


The engagement partner on the review resulting in this independent auditor's review report is **Muhammad Yameen**.



**KHAIRPUR SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019**

		<i>March 31, 2019</i>	<i>September 30, 2018</i>
		<i>Un-Audited</i>	<i>Audited</i>
	<i>Note</i>	<i>---- Rupees in thousands ----</i>	
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	2,278,789	1,608,012
Intangible assets		6,307	6,307
Long term deposits		1,035	1,557
Deferred taxation		-	5,321
		<b>2,286,131</b>	<b>1,621,197</b>
<b>Current Assets</b>			
Stores, spares and loose tools		125,868	120,742
Stock in trade	6	2,260,797	1,174,143
Loans and advances		376,050	309,452
Deposits, prepayments and other receivables		386,729	478,379
Tax refund due from government		8,330	6,288
Cash and bank balances		13,943	23,908
		<b>3,171,717</b>	<b>2,112,912</b>
<b>Total Assets</b>		<b>5,457,848</b>	<b>3,734,109</b>
<b><u>EQUITIES AND LIABILITIES</u></b>			
<b>Authorized Capital</b>			
20,000,000 Ordinary shares of Rs. 10 each		<b>200,000</b>	<b>200,000</b>
<b>Share capital and reserves</b>			
Issued, subscribed and paid up capital		160,175	160,175
Surplus on revaluation of fixed assets - net		734,079	255,329
Accumulated loss		(146,290)	(189,504)
<b>Shareholders' equity</b>		<b>747,964</b>	<b>226,000</b>
<b>Non-Current Liabilities</b>			
Long term financing		1,038,790	1,006,238
Liabilities against assets subject to finance lease	7	9,891	12,364
Deferred liabilities		220,002	86,220
		<b>1,268,683</b>	<b>1,104,822</b>
<b>Current Liabilities</b>			
Short term borrowings	8	2,191,391	894,107
Current portion of liabilities against assets subject to finance lease	7	4,806	4,709
Trade and other payables		1,197,406	1,479,815
Accrued markup		47,598	24,656
		<b>3,441,201</b>	<b>2,403,287</b>
<b>Contingencies and Commitments</b>			
<b>Total Equity and Liabilities</b>	9	<b>5,457,848</b>	<b>3,734,109</b>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

  
 \_\_\_\_\_  
**Muhammad Mubeen Jumani**  
 Chief Executive  
 Karachi, dated May 27, 2019

  
 \_\_\_\_\_  
**Mirza Muhammad Bilal Kamil**  
 Chief Financial Officer


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



**KHAIRPUR SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED MARCH 31, 2019**

	<i>March 31,</i> <b>2019</b>	<i>March 31,</i> <b>2018</b>
<i>--- Rupees in thousands ---</i>		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) before taxation</b>	<b>82,329</b>	(110,943)
<b>Adjustments for:</b>		
Financial cost	58,427	32,253
Depreciation	54,502	36,964
Gratuity	-	2,353
Amortization of interest free loan	32,552	30,490
	<b>145,481</b>	102,060
<b>Working capital changes:</b>		
Stores, spares and loose tools	(5,126)	(905)
Stock in trade	(1,086,654)	(60,875)
Loans and advances - Considered good	(66,598)	94,792
Deposits, prepayments and other receivables	91,650	(211,966)
Trade and other payables	(282,409)	(84,896)
	<b>(1,349,137)</b>	(263,850)
	<b>(1,121,327)</b>	(272,733)
Taxes paid - net	(26,604)	(35,236)
Financial charges paid	(44,670)	(45,687)
<b>Net cash used in operating activities</b>	<b>(1,192,601)</b>	(353,656)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(106,287)	(28,241)
Long term deposits	522	(6,381)
<b>Net cash used in investing activities</b>	<b>(105,765)</b>	(34,622)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowing	1,297,284	391,459
Repayment of lease rentals	(2,376)	-
Repayment of staff gratuity	(6,507)	-
<b>Net cash generated from financing activities</b>	<b>1,288,401</b>	391,459
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,965)</b>	3,181
<b>Cash and cash equivalent at beginning of the period</b>	<b>23,908</b>	37,048
<b>Cash and cash equivalent at end of the period</b>	<b>13,943</b>	40,229

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

  
 \_\_\_\_\_  
**Muhammad Mubeen Jumani**  
 Chief Executive  
 Karachi, dated May 27, 2019


  
 \_\_\_\_\_  
**Mirza Muhammad Bilal Kamil**  
 Chief Financial Officer

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

**KHAIRPUR SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED MARCH 31, 2019**

	<i>Issued, subscribed and paid up capital</i>	<i>Capital Reserve Surplus on revaluation of fixed assets</i>	<i>Unappropriated Loss</i>	<i>Total</i>
----- Rupees in thousands -----				
<b>Balance as at October 01, 2017</b>	160,175	264,583	(224,767)	199,991
<b>Total comprehensive income for the period ended March 31, 2018</b>				
- Profit for the period	-	-	(93,921)	(93,921)
- Other comprehensive income for the period	-	-	6,544	6,544
Transfer on account of incremental depreciation - net of deferred tax	-	-	(87,377)	(87,377)
	-	(6,544)	-	(6,544)
<b>Balance as at March 31, 2018</b>	<b>160,175</b>	<b>258,039</b>	<b>(312,144)</b>	<b>106,070</b>
<b>Balance as at October 01, 2018</b>	160,175	255,329	(189,504)	226,000
<b>Revaluation during the period - net of deferred tax</b>		489,774	-	489,774
<b>Total comprehensive income for the period ended March 31, 2019</b>				
- Profit for the period	-	-	28,663	28,663
- Other comprehensive income for the period	-	-	-	-
	-	-	28,663	28,663
Transfer on account of incremental depreciation - net of deferred tax	-	(14,551)	14,551	-
Reversal of deferred tax due to change of rate	-	3,527	-	3,527
	-	(11,024)	14,551	3,527
<b>Balance as at March 31, 2019</b>	<b>160,175</b>	<b>734,079</b>	<b>(146,290)</b>	<b>747,964</b>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

  
 \_\_\_\_\_  
 Muhammad Mubeen Jumani  
 Chief Executive  
 Karachi, dated May 27, 2019

  
 \_\_\_\_\_  
 Mirza Muhammad Bilal Kamil  
 Chief Financial Officer

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

**KHAIRPUR SUGAR MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED MARCH 31, 2019**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Khairpur Sugar Mills Limited (the Company) was incorporated in Pakistan on August 23, 1989 as a public limited company under the Companies Ordinance, 1984 (Now Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. The company is principally engaged in the manufacture and sale of sugar and by-products.

The geographical location and address of the Company's business units, including plant is as under:

- 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 manufacturing facilities of the company are situated at Naroo Dhoro, Tando Masti road, Taluka Kot Diji, Khairpur in the province of Sindh.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial information do not include all the information and disclosure required for the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for year ended 30 September 2018.

These condensed interim financial statements comprise of condensed interim statement of financial position as at March 31, 2019, condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes thereto for the six months period then ended which have been subjected to a review in accordance with the listing regulations but not audited. These condensed interim financial statements also include condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarter ended March 31, 2019 which has neither been reviewed nor audited.

The comparative statement of financial position presented in these condensed interim financial statements as at September 30, 2018 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2018 whereas the comparative condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes thereto for the six months period ended March 31, 2018 have been extracted from the condensed interim financial statements of the Company for the six months period then ended, which were subjected to a review but not audited. The comparative condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarter ended March 31, 2018 included in these condensed interim financial statements was neither subjected to a review nor audited.

## **2.2 Functional and presentation currency**

This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1** The accounting policies, applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2018.

### **3.2 Change in accounting standards, interpretations and amendments to published approved accounting standards**

#### **(a) Standards and amendments to published approved accounting standards which are effective during the period ended March 31, 2019**

There are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on October 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial information.

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standards do not have any significant impact on these condensed interim financial statements of the Company.

#### **(b) Standards and amendments to published approved accounting standards that are not yet effective**

- There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after October 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial information.

- SECP has modified the effective date for the applicability of IFRS - 9 (Financial Instruments) as reporting period/year ending on or after June 30, 2019.

## **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 recognized 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, 2018.

		<i>March 31, 2019</i>	<i>September 30, 2018</i>
		<i>Un-Audited</i>	<i>Audited</i>
	<i>Note</i>	<i>---- Rupees in thousands ----</i>	
<b>5 PROPERTY, PLANT &amp; EQUIPMENT</b>			
Written down value at 1 October		<b>1,591,925</b>	1,442,751
Additions	5.1	<b>101,966</b>	228,371
Revaluation		<b>618,992</b>	-
Depreciation		<b>(54,502)</b>	(79,197)
		<b>2,258,381</b>	1,591,925
Capital work in progress		<b>20,408</b>	16,087
		<b>2,278,789</b>	1,608,012
<b>5.1 Additions</b>			
Building on freehold land		-	19,858
Plant and machinery		<b>101,342</b>	208,239
Office equipment		<b>52</b>	-
Furniture and fixture		-	146
Factory equipment		<b>12</b>	64
Vehicles		<b>560</b>	64
		<b>101,966</b>	228,371
<b>6 STOCK IN TRADE</b>			
<b>Finished goods</b>			
- Sugar		<b>2,205,834</b>	1,157,311
- Molasses		<b>22,933</b>	-
- Bagasse		<b>31,659</b>	15,906
		<b>2,260,426</b>	1,173,217
Work in process		<b>371</b>	926
		<b>2,260,797</b>	1,174,143

6.1 Inventory having carrying value of Rs. 2,059.5 million has been pledged against bank financing. (September 30, 2018 : Rs.1,082.463 million).

#### **7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

The Company had entered into lease agreement with JS Bank to acquire plant and machinery. The purchase option is available to the Company after payment of the last installment and on surrender of deposit at the end of the lease period. Taxes, repairs and maintenance, insurance and other costs relating to the leased assets are to be borne by the Company. The implicit rate of return on lease finance ranges from 9.12% per annum.

The amount of future lease payments and the period in which they fall due are as follows: -

	<i>March 31, 2019</i>	<i>September 30, 2018</i>
	<i>Un-Audited</i>	<i>Audited</i>
<i>Note</i>	<i>--- Rupees in thousands ---</i>	
<b>Minimum lease payment</b>		
Upto one year	6,343	6,343
More than one year but less than five years	11,100	14,272
	<u>17,443</u>	<u>20,615</u>
<b>Financial charges</b>		
Upto one year	1,537	1,634
More than one year but less than five years	1,209	1,908
	<u>2,746</u>	<u>3,542</u>
<b>Present value of minimum lease payments</b>		
Upto one year	4,806	4,709
More than one year but less than five years	9,891	12,364
	<u>14,697</u>	<u>17,073</u>
Current maturity shown under current liabilities	<u>(4,806)</u>	<u>(4,709)</u>
	<u><u>9,891</u></u>	<u><u>12,364</u></u>

#### 8 SHORT TERM BORROWINGS

##### *From Related parties - Unsecured*

- From directors	18,907	18,907
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##### *From Banking company - Secured*

- Cash finance	8.1	2,172,484	875,200
		<u>2,191,391</u>	<u>894,107</u>

8.1 This represents roll over secured cash financing of Rs. 2,000 million (September 30, 2018 : Rs.1,800 millions) from banking companies and carries markup ranges from 3 month KIBOR + 2.5% to 3 month KIBOR + 5 % (September 30, 2018 : 3 month KIBOR + 2.5% to 3 month KIBOR + 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.

#### 9 CONTINGENCIES AND COMMITMENTS

##### 9.1 Contingencies

As at 31 March 2019, there is no material change in the status of matters reported as contingencies in the notes to financial statements of the company for the year ended 30 September 2018.

##### 9.2 Commitments

- Commitment in respect of letter of credit is NIL (September 30, 2018 : Rs. 18.455 million).
- Commitment in respect of fleet financing is NIL (September 30, 2018 : Rs. 16.650 million).



**10 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.

**11 TRANSACTIONS WITH RELATED PARTIES**

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

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


	<i>Half year ended</i>		<i>Second quarter ended</i>	
	<i>March 31, 2019</i>	<i>March 31, 2018</i>	<i>March 31, 2019</i>	<i>March 31, 2018</i>
	----- <i>Rupees in thousands</i> -----			
Loan from director - repayments	-	30,100	-	17,500
Remuneration and other benefits of Chief Executive and Directors	<b>21,825</b>	12,669	<b>10,912</b>	7,569
Loan received from associate	<b>68,000</b>	-	<b>28,000</b>	-
Loan repaid to associate	<b>18,700</b>	-	<b>10,700</b>	-

**12 DATE OF AUTHORIZATION**

This condensed interim financial information has been authorized for issue on May 27, 2019 by the Board of Directors of the Company.

**13 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

  
 \_\_\_\_\_  
 Muhammad Mubeen Jumani  
 Chief Executive  
 Karachi, dated May 27, 2019

  
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 Mirza Muhammad Bilal Kamil  
 Chief Financial Officer

  
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 Faraz Mubeen Jumani  
 Managing Director